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To: staff@njcul.org
Conversation: The Daily Exchange -- September 26, 2014

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The Daily Exchange

September 26th, 2014

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CUNA, League Push Data-Security Protections for Card Issuers

WASHINGTON – For some, the major Home Depot breach and the more recent hit on Jimmy John's sandwich shops serve as reminders of how devastating cyberattacks can be for both consumers and financial institutions.

Even before the Target breach, CUNA and state leagues including the NJCUL had been pressing federal and state lawmakers to enact legislation that would require merchants to bolster their cybersecurity systems, and assume financial responsibility for breach-related costs when at fault.

With every passing week it seems one more example surfaces on why such action is necessary.

"Since January, CUNA and the leagues have been voicing the frustration of credit unions and raising awareness of what these breaches cost credit unions and--ultimately--their members every time a breach occurs," said CUNA President/CEO Jim Nussle. "The latest violations at Home Depot and Jimmy John's add weight to our contention that Congress must mandate consistent data standards for merchants. When Congress returns in November, it will hear our voice loud and clear for action."

That voice should be familiar to legislators.

When news broke last year that Target had been hacked, exposing millions of pieces of consumer data, CUNA leaders canvassed Capitol Hill to urge lawmakers to take up the issue and force merchants to meet data security requirements equitable to those imposed upon financial institutions.

Days after the breach, CUNA specifically reached out to House Financial Services and Senate Banking committee leaders to



Executive Leadership Series

Brought to you by the New Jersey Credit Union League 

Next ELS Session "Financing Innovation" on November 4th

Mark your calendars! The final ELS session of 2014 will take place Tuesday, November 4th at the League office.

Hear from John Best on "Financing Innovation". This session will help participants identify emerging financial technology such as mobile payments, wearable technology, emerging mobile cross channel opportunities, and the future of the credit union branch.

Click [here](#) for more information and to register.

Upcoming Events:

October 2, 2014
Webinar: Member Business Lending: Risks, Rewards, Controls & Common Mistakes

encourage them to fully examine merchant data breaches and their impact on consumers and financial institutions.

But that wasn't the first time the trade association had been in the ears of lawmakers on this issue.

"For several years, CUNA has been pushing for congressional action on legislation to require merchants to reimburse financial institutions for costs incurred when breaches occur in retailers' systems," Kathy Thompson, CUNA senior vice president for compliance, said at the time.

Still, in the months following the Target breach, CUNA redoubled its efforts in Washington and throughout the country to raise awareness about the inequity between the separate standards for financial institutions and merchants. CUNA was among the first to knock on Congress' door to demand hearings on this issue and on creating a better data security framework while the League had taken the lead on pressing lawmakers in Trenton to act.

After the Target breach, CUNA sent out a request nationwide to credit unions to report how the major beach had affected them financially. All told, credit unions were on the hook for \$30.6 million, according to CUNA's estimates, and credit unions reissued roughly 4.6 million credit and debit cards in the aftermath.

CUNA is once again urging credit unions to track the costs incurred as a result of the Home Depot incident. The trade association will soon circulate a survey to collect cost information resulting from that breach.

While those numbers are collected, CUNA continues work with groups such as the Payments Security Task Force (PST), the Payments Council and the Electronic Payments Coalition (EPC) to address data breach issues. The PST is comprised of groups that meet weekly to discuss new security measures and the process of integration; and to create resources for merchants, consumers and financial institutions.

The Payments Council is made up of several financial services trade organizations, including CUNA, and has held a number of meetings over the past few months to discuss the future of payments and cybersecurity efforts.

The EPC, a group of networks, financial services trade associations and issuers, works on communications messaging and public affairs advocacy, especially to inform the media and the Hill about key developments in data breaches and other issues.

Further, CUNA has consulted with prominent class-action attorneys from several law firms on data breach issues, while also helping credit unions reach various class-action firms that invest in this type of litigation.

The Target breach resulted in more than 30 cases directly related to financial institutions, with at least 10 credit unions serving as named plaintiffs.

Data-breach legislation is pending committee action in both houses of the state legislature. The League is actively supporting the measure

3:00 pm to 4:30 pm
[More Information Click Here](#)

October 7, 2014
VirtualCorps Webinar: Why Your CU Needs CBSV to Prevent Fraud and ID Theft
3:00 pm to 4:00 pm
[More Information Click Here](#)

October 8, 2014
Webinar: Compliance & Legal Issues in Employee Screening: Pre-Hire & Post-Hire
3:00 pm to 4:30 pm
[More Information Click Here](#)

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while the NJ Retail Merchants Association has made defeat its top priority.

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Liberty Savings FCU Hosts Homebuyer's Seminar with Symbionce

EAST HANOVER & JERSEY CITY, N.J. – On Thursday, September 18th, Liberty Savings Federal Credit Union hosted a homebuyer's education seminar with their mortgage CUSO, Symbionce Financial Solutions, LLC, at the credit union's main branch.



Stephen DiGioia, VP of Mortgage Operations, Symbionce, covering topics associated with purchasing a home.

Stephen DiGioia, Symbionce's VP of Mortgage Operations, and Dawn Brockup, Client Services Manager, covered various topics about purchasing a new home or refinancing your existing mortgage and closed with a question and answer session.

"Symbionce [Stephen & Dawn] conveyed the details on how to best position oneself for homeownership in terms that were familiar and easy to grasp. So many times, fact-finding sessions can be dull but Symbionce kept the event lively and interactive," said Karen Velasquez, Marketing & Business Development Officer.

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Share Your Feedback on this Year's Convention by Filling Out the Online Evaluation Form

HIGHTSTOWN, N.J. – First of all, thank you to everyone who made our 80th Annual Meeting and Convention a huge success! We hope you all made connections, obtained new resources, learned something new, and had fun!

This year, we went digital with our evaluation form. Please take a moment to give us your feedback on this year's Convention by visiting www.nicuconvention.com/evaluation.aspx to fill out the online evaluation form.

We want to hear from you!

2014 Annual Meeting & Convention Evaluation

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Latest Class of CUDEs Graduates; Registration for 2015 Open



Madison, Wis. – Forty-four credit union professionals became certified Credit Union Development Educators (CUDEs) last week after being guided by eight dedicated program facilitators and mentors through the intensive Credit Union Development Education (DE) Training from the National Credit Union Foundation (NCUF). The Fall DE training was held September 10-17, 2014 at the Lowell Center on the University of Wisconsin campus in Madison, Wis.

After attending the Fall DE Training, Laida Garcia, NCUF Chairman and President/CEO of floridacentral Credit Union in Tampa, Fla, said, "NCUF's DE training was an enriching experience that will stay with me for years to come. While I have 35 years of experience in the credit union industry, my week at DE Training re-kindled my passion and spirit for our cooperative movement and roots."

DE Training provides critical lessons in cooperative principles, credit union philosophy and international development issues while incorporating challenges credit unions face today. During the recent week-long program, participants were involved in group exercises, field trips, discussions with speakers from around the credit union system, and are required to complete team projects proposing solutions for credit unions to help alleviate or eliminate challenging situations in any given area. For this class' final case studies, participants worked through and presented solutions to critical issues that included opening an Islamic banking center, board development and recruiting including the debate over compensation, credit union solutions to payday lending, microfinance to women in the Philippines, credit union membership growth and engagement, and a small credit union merger dilemma.

Registration is still open for the first two DE training programs of 2015,

which will take place January 14-21, 2015 at the American Airlines Training & Conference Center in Dallas, Texas and April 29-May 6, 2015 in Madison, Wis.

Registration for the trainings can be found on the NCUF website by clicking the ["Register for DE Training"](#) button on the homepage or anywhere on the website under "Foundation Programs>Development Education>[Register for 2015 DE Trainings](#)" at the top of every page.

Congratulations to the latest class of DE graduates!

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Share Your Business Development Strengths

Join the Discussion at the October 22nd Business Development Roundtable on Strategies that Work

HIGHTSTOWN, N.J. – Join your peers for an honest discussion of how you manage your business development goals at the October 22nd Roundtable "Business Development That Works".

Do you market to the community and if so how? Are you a SEG based credit union and market to target employer groups?



We are all challenged to grow our business and this brainstorming session will allow attendees to share their own ideas as well as play off of others. Do you have a knack for networking? Do you have a business development success story to share?

Come network and be prepared to bring ideas back to your credit union!

Join facilitator Barbara Agin, Director of Education and Training for the League, and your marketing/business development peers either "live" at the League office or via video conferencing at Atlantic FCU in Kenilworth or Members 1st of NJ FCU in Vineland. Be a part of the discussion without driving all the way to Hightstown!

This session will take place in the morning from 10 a.m. to 12:30 p.m. The cost to attend is \$25 per person, which includes lunch.

To register, send an email to Mary Zelinsky at mzelinsky@njcul.org or register online [here](#).

EDUCATION CANCELLATION POLICY: NJCUL must receive written cancellation in our office seven (7) days prior to the education session in order for you to receive a refund; substitutions only after this date. All cancellations will be subject to a \$25 cancellation fee.



Matz Responds to Rep. Holding: NCUA is 'Fully Committed' to Warranted RBC Changes

ALEXANDRIA, Va. – In response to risk-based capital (RBC) concerns expressed by Rep. George Holding (R-N.C.), NCUA Chair Debbie Matz has replied to the lawmaker noting the agency is fully committed to warranted changes.

Holding, a former U.S. attorney, wrote a letter Sept. 16 encouraging the agency to open a second comment period on the proposal, and outlined concerns whether the NCUA has authority to enact such a rule.

"I want to assure you that I am fully committed to making changes and clarifications to the proposed rule, where warranted and based on all the comments received, to produce good public policy," Matz wrote.

She added that under the proposed rule, based on December 2013 call report data, 92% of all federally insured credit unions would remain well-capitalized, 5% of credit unions currently undercapitalized would remain so and 3% of credit unions would see a reduction in their Prompt Corrective Action category.

In response to Holding's questions about the whether or not the agency has the authority to make such a rule, Matz cited two sections of the Federal Credit Union Act. She said Sections 1790d(b)(1) and 1790d(d)(1) grant the NCUA "broad authority to design reasonable risk-based capital regulations to resolve the problems of federally insured credit unions at the least possible long-term loss to the National Credit Union Share Insurance Fund."

In response to Holding's call for a second comment letter, Matz said that decision would depend on the final changes made to the proposed rule, and that NCUA's general counsel would determine whether the changes warrant a second comment period.

CUNA Chief Economist Bill Hampel, along with members of CUNA's regulatory advocacy staff, met with each NCUA board member last week to discuss risk-based capital, among other topics. Hampel said that even if a second comment period were not required by the Administrative Procedures Act, it would be helpful to credit unions to get another chance to comment on the modified rule.

"We have suggested that it would just be good public policy to re-issue the rule," he said. "There appears to be no looming threat on the horizon of a dramatically undercapitalized credit union system that needs this proposal in place immediately to avoid significant losses to the share insurance fund, so there would be no harm in a second comment period."

Chairman Matz's letter is available [here](#).

Audio recordings of NCUA's 2014 Listening Sessions at which its RBC proposal dominated the discussions are available [here](#).

RBC comments letters from New Jersey credit unions and the League are available [here](#).

CUNA's Risk-based Capital Action Center is available here.

Additional information on CUNA's and the NJCUL's legislative and regulatory advocacy efforts is available through CUNA's weekly [The President's Report](#), [Legislative Update](#), [Regulatory Advocacy Reports](#), and monthly [Legislative Affairs Webcast](#), as well as reported in various NJCUL publications such as the Daily Exchange.

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Think CUs Deserve a Spot at the Fed Table? Use Hashtag #FedSeat4CUs!

HIGHTSTOWN, N.J. – New Jersey Credit Union League President/CEO Greg Michlig recently advocated for the need and logic of a credit union seat on the Federal Reserve Board in his blog post "[Time for a Seat at the Fed Table](#)".

In his latest blog post "#FedSeat4CUs", urged credit unions to bring that message to social media with the hashtag, #FedSeat4CUs.

All credit unions and credit union supporters are urged to use this hashtag to express the need for a credit union seat on the Federal Reserve Board. With the push for candidates to be identified before year-end, now is the time for credit union leaders to increase momentum in the usual and effective grassroots fashion of the movement.

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Reverse Mortgage Guide Updated by CFPB

WASHINGTON – The Consumer Financial Protection Bureau (CFPB) has announced two changes to its reverse mortgage guide in response to recent changes to the process.

The two major changes to the bureau's guide are:

- Recommending borrowers consider a monthly payment or line of credit instead of a lump-sum single payment. According to the CFPB, borrowers often get in trouble by taking a lump-sum payment early in the loan. Borrowers often outlive this money, meaning they will be in financial trouble later. A monthly payment or line of credit provides more long-term security; and
- Encouraging couples to take a reverse mortgage loan together. Couples who took out a reverse mortgage loan in the name of only one spouse ran into trouble when the borrowing spouse died. Upon a borrower's death, the non-borrowing spouse will still stop receiving money from the reverse mortgage. If both spouses sign the reverse mortgage, the

mortgage. If both spouses sign the reverse mortgage, the surviving spouse can continue to receive monthly payments or use an existing line of credit.

The guide recommends homeowners interested in pursuing a reverse mortgage speak to U.S. Department of Housing and Urban Development-approved reverse mortgage counselors.

The revised guide is available [here](#).

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Credit Unions, Mark Your Calendars

HIGHTSTOWN, N.J. – The New Jersey Credit Union League would like you to mark your calendars for these upcoming events:

NJCUL Education

October 7 -- [VirtualCorps Webinar: Why Your CU Needs CBSV to Prevent Fraud and ID Theft](#)

October 14 -- [VirtualCorps Webinar: Big, Balanced and Sustainable Loan Growth](#)

October 21 -- [Teller Training for Frontline Staff](#)

November 5 -- [Lending Roundtable: Lending Best Practices](#)

November 5 -- [Collections Roundtable \(Afternoon Session\): Collections Best Practices](#)

Industry Events

October 7 -- [3rd Annual Affinity Federal Credit Union Foundation Casino Night](#)

October 7 -- [Northern Chapter Meeting -- More Information Coming Soon](#)

October 9 -- [Reality Fair at Ocean County College \(main campus\)](#)

October 16 -- [International Credit Union Day](#)

October 16 -- [Shop for Miracles](#)

November 10 -- [Reality Fair at Ocean County College Southern Education \(SEC\)](#)

2015

March 8-12 -- [CUNA's 2015 GAC](#)

April 13-15 -- [CU Reality Check at the Golden Nugget Hotel & Casino in Atlantic City](#)

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