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The Daily Exchange

October 10th, 2014

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## Ocean County College Students Get a 'Dose of Reality', APP Highlights Successful Reality Fair

Wall, N.J. – Students in the Ocean County College first year Student Success program got a “dose of reality” Thursday when First Financial FCU partnered with the community college’s main campus in Toms River to host a Financial Reality Fair.



*OCC students visit the various lifestyle booths during the Fair to make financial decisions using their customized budget worksheets.*

The Reality Fair program is being piloted as one activity in the Student Success course curriculum, a central part of OCC's first year student success program. OCC has been recognized for its focus on building a culture that fosters student success from the point of inquiry through

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the NJ CU Foundation!  
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Calendars

## 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.

a culture that fosters student success from the point of inquiry through graduation. "The intent of the Reality Fair is to help students get a better understanding of personal finances that can help guide their academic and career goals," states Maureen Reustle, Dean of Academic Services and the Center for Student Success.

The Reality Fair, which fits perfectly into the curriculum of the course, was a full day of hands-on experience for about 220 students, who, after identifying their career choice and starting salaries, were provided a budget sheet challenging them to live within their monthly salary while paying for basics such as housing, utilities, transportation, clothing, and food.

After they had visited all the booths, students balanced their budget, and then sat down with a financial counselor to review their standing and get a "financial reality check." The Fair is a unique opportunity for each student to experience some of the financial challenges they will face when they start life on their own.

The [Asbury Park Press](#) was on hand to cover the event, speaking to students, professors, the dean Maureen Reustle, and First Financial FCU President/CEO Issa Stephan.

"The key is financial education," Stephan, told the *APP* for an [article](#) published Thursday evening. "That's what we have been lacking in this country. Since the 2008 problem, there has been more [emphasis on financial literacy] than at any other time. Financial education is the key."

Please mark your calendars for the Ocean County College Southern Education (SEC) Reality Fair on Monday, November 10th. This will also be a full-day Fair with more details to follow. Please contact Matt Brazinski at [MBrazinski@firstffcu.com](mailto:MBrazinski@firstffcu.com) to sign-up to volunteer.

Check out the [NJ Credit Union Reality Fair Facebook page](#) for more photos.

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### Michlig Discusses the Concepts of 'Right, Wrong and Stuff About Wheels' in Latest *CUinsight* Blog Post

HIGHTSTOWN, N.J. – NJCUL President/CEO Greg Michlig is a regular contributor to the *CUinsight* community and in his latest blog post, he points out a truth he has discovered about his fellow contributors: "...with all due respect to my friends throughout the Community: They are all wrong. That's right, I said it: They are all wrong. And so am I."

However, at the same time, they're also all right. Confused? Be sure to [read on](#)...

After mentioning (in alphabetical order) the concepts of beer goggles, Chewbacca, Obi-Wan Kenobi, selfies, sharks, Socrates, Star Wars and stuff about wheels, Michlig makes a statement about stepping outside the industry and taking a look in from another perspective, something he and his fellow *CUinsight* community members, do so well.

## Upcoming Events:

**November 6, 2014**  
**Webinar: Increasing the Bottom Line by Preventing Losses**  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

**November 7-9, 2014**  
**DCUL's 2014 Volunteer Leadership Conference**  
[More Information Click Here](#)

**November 12, 2014**  
**NJ DNA Meeting Hosted by Lakehurst Naval FCU**  
Location: NJCUL  
5:30 pm to 8:00 pm  
[More Information Click Here](#)

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## Connect with Us:



Click [here](#) for Michlig's latest blog post in its entirety.



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## Nussle Presses Visa, Mastercard on Breach Issues

WASHINGTON – Responding to credit union concerns about the impact of merchant data breaches on credit unions, both Visa and MasterCard high-level officials met with CUNA President/CEO Jim Nussle Thursday to talk about the need for fixes to a very serious problem.


"Credit unions are fed up with the rapid-fire succession of merchant-based data breaches—massive and small—that compromise their members' sensitive financial data and drive up credit union costs," Nussle said. "It's time for all parties to work together, and CUNA is taking all avenues to do its part to protect credit unions."

Nussle and senior CUNA staff met with Bill Sheedy, Visa global executive for corporate strategy, and Tim Murphy, general counsel for MasterCard, in separate meetings.

Nussle pressed home credit unions' growing outrage and frustrations regarding such things as:

- Their costs associated with merchant breaches;
- Confusion about whether a financial institution can reveal the source of a breach to help avoid reputational damage; and
- The fact that there has not been reimbursement of any costs from the card companies to compensate credit unions for fraud losses and the costs of re-issuing members' cards from last year's massive Target breach, which alone resulted in credit unions reissuing approximately 4.6 million credit and debit cards at a cost of more than \$30 million.

Visa and MasterCard each made commitments to address the lack of clarity over disclosure rules. Regarding reimbursements, they said they'd work for more transparency about how Visa and MasterCard process claims and determine how much is paid.



The card company executives both stated that they understood credit unions' concerns as laid out by CUNA, and both acknowledged their companies are working to improve Payment Card Industry (PCI) standards.

They also said that adoption of EMV chip technology and tokenization of card information, which replaces sensitive payment data with a unique identifier or token to enhance security, would reduce future data breach costs. CUNA agrees that such innovations will be an important step in boosting card security, although credit unions will be exposed to significant potential breach costs for quite some time until these new technologies are widely adopted.

Both Visa and MasterCard indicated to Nussle their interest in working with CUNA going forward to provide additional and more useful information to credit unions more quickly when a major breach occurs. Nussle vowed that he would immediately pass that information on to member credit unions.

People need to know they are being heard, Visa's Sheedy told the CUNA leader during their meeting, and that those in charge are invested in fixing this problem.

Murphy said he appreciates Nussle raising these concerns and reiterated MasterCard's commitment to credit unions.

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## New Guide Helps FIs Assess Readiness for TILA-RESPA Changes

WASHINGTON – An updated [readiness guide](#) to the CFPB Truth in Lending Act-Real Estate Settlement and Procedures Act (TILA-RESPA) integrated disclosures rule has been released.

The bureau's updated guide is meant to offer financial institutions guidance on how to evaluate readiness for compliance with the changes, which will take effect Aug. 1, 2015.

The update contains all changes to final rules issued through Aug. 1 of this year, but it is not a substitute for the rules, the bureau states. Only the rules and their official interpretations can provide the "complete and definitive" information about the requirements, it noted.

The revision contains the final rules issued in 2013 and 2014 in accordance with the Dodd-Frank Act. The rules amend several Regulations Z (which implements TILA), X (which implements RESPA) and B (which implements the Equal Credit Opportunity Act).

The guide also contains a readiness questionnaire, meant to be used as a self-assessment in determining progress of implementation, as well as a frequently asked questions document.

The CFPB issued an additional small entity compliance guide last month.

Click [here](#) for the full TILA-RESPA guide.

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## CFPB Fines M&T Bank for Deceptive 'Free Checking' Advertising

WASHINGTON – M&T Bank will pay \$3.1 million after the Consumer Financial Protection Bureau (CFPB) found it was deceptively advertising free checking accounts. M&T will provide \$2.9 million in refunds to the approximately 59,000 consumers deceived into paying fees and it will pay a \$200,000 penalty for the violations.

According to the bureau, it found M&T lured in consumers with promises of "no strings attached" free checking, without disclosing key eligibility requirements. When consumers failed to meet the requirements, M&T automatically switched them to checking accounts with fees.

During a routine CFPB supervision exam, the CFPB found that Buffalo, N.Y.-based M&T was advertising a "Free Checking" account, then converting many consumers into a fee-based "M&T First" account if there was no account activity for 90 days.

The CFPB claims that M&T did not notify consumers about this change, the only indication was a change to M&T First from Free Checking on account documents. Consumers with M&T First accounts who failed to maintain an average or combined monthly balance of \$1,500 were charged fees of \$5 to \$14 per month.

"Banks and credit unions are prohibited from deceptively advertising deposit accounts. If an account is described as free or no cost, it cannot, for example, have any maintenance or activity fees, or any fees to deposit, withdraw, or transfer money," reads a statement released by the CFPB announcing the action.

The CFPB order states that M&T converted approximately 80,000 Free Checking accounts to M&T First accounts. Of those, about 59,000 were charged approximately \$2.9 million in monthly maintenance fees because they did not meet the \$1,500 threshold required in the M&T First accounts.

M&T assessed approximately \$2.9 million in monthly maintenance fees from these consumers.

Click [here](#) for the CFPB's consent order for M&T Bank.

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## Tuesday's VirtualCorps Webinar: The Secret to Big, Balanced and Sustainable Loan Growth

**VirtualCorps.com™**

**Tuesday, October 14, 2014  
3 p.m. to 4 p.m.**

While some credit unions are experiencing loan growth, many continue to struggle, and the concept of “balanced” loan growth is even more elusive.

The time to diversify your loan portfolio is now! During next Tuesday's VirtualCorps Webinar titled “Get Big, Balanced and Sustainable Loan Growth”, discover how a universal credit administration program creates an infrastructure for big, balanced and sustainable loan growth and should include an evaluation of loan quality, origination methods and delivery channels, cross selling success, sales training and talent assessment, employee goals and evaluations, incentives, data mining, and so much more!

This Webinar, hosted by [Mike Dorsett](#), will help you:

Improve your loan portfolio management

Increase your ROAA

Serve more Members and increase your Borrower/Member ratio

**Time:** 3 p.m. to 4 p.m.

**Cost:**

Live Webinar Only: \$99

Recorded Version Only: \$99

Live Webinar & Recorded Version: \$125

**Registration**

To register and pay by check, email

Mary Zelinsky at [mzelinsky@njcul.org](mailto:mzelinsky@njcul.org) and your credit union will be invoiced. To register and pay online, click [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.*



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## Senators Voice Operation Choke Point Concerns to Attorney General

WASHINGTON – Six Republican senators have written to Attorney General Eric Holder expressing concerns with the U.S. Department of Justice's Operation Choke Point.

Operation Choke Point is an initiative introduced by the DOJ in 2013 that allows its Financial Fraud Task Force to investigate whether financial institutions and payment processors were enabling fraudulent activity. Its opponents claim the initiative is restricting consumer access to financial services.

The letter from the senators raises concerns about increased regulatory scrutiny and possible penalties for financial institutions doing business with merchants that fall into Operation Choke Point's list of "high-risk merchant" categories.

Federal financial regulators updated regulatory guidance and retracted the list of high-risk merchant categories last month, which the senators call an "encouraging first step" but note that the implementation of the guidance must be monitored at the examiner level.

The senators request the DOJ provide them with:

- A detailed explanation and guidance on how the Financial Institution Reform, Recovery and Enforcement Act (FIRREA) and other laws will be enforced as part of Operation Choke Point;
- All communications between the DOJ and federal financial regulators concerning the development and implementation of Operation Choke Point;
- The number of tips each regulator has made to the DOJ as part of Operation Choke Point that has resulted in an FIRREA investigation; and
- The steps the DOJ will take to refocus its implementation of Operation Choke Point in light of the new guidance.

Operation Choke Point has been met with concern by CUNA, as well as members of Congress.

CUNA signed a joint trade association letter to the House Financial Services Committee in April charging that Operation Choke Point's "broad and overly aggressive enforcement tactics" are imposing "ill-considered and costly mandates on payment systems."

A letter signed by 23 members of Congress in March stated that the lawmakers had received a number of reports that Operation Choke Point enforcement was causing financial institutions to be discouraged from processing lawful transactions.

In June, a bi-partisan group of six House members amended a Commerce, Justice and Science Appropriations bill to deny funds to Operation Choke Point. The measure has not been considered by the Senate.

Rep. Luetkemeyer (R-MO) also introduced the End Operation Choke Point Act (H.R. 4986), which was referred to committee June 26.

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**Holiday Season is Just Around the Corner...Remember to Shop AmazonSmile in Support of the NJ CU Foundation!**

HIGHTSTOWN, N.J. – As you're building your wish list on Amazon

and planning gifts for loved ones in anticipation of the holiday season, remember to shop through AmazonSmile in support of the New Jersey Credit Union Foundation!



Through AmazonSmile, the Foundation receives 0.5% of eligible purchases made through the program.

It's a simple and automatic way to support the Foundation every time you shop, at no cost to you. To shop at AmazonSmile to benefit the Foundation, click [here](#).

Tens of millions of products on AmazonSmile are eligible for donations. You will see eligible products marked "Eligible for AmazonSmile donation" on their product detail pages.



This is great way to support the Foundation while doing your everyday shopping on Amazon!

You use the same account on Amazon.com and AmazonSmile. Your shopping cart, Wish List, wedding, or baby registry, and other account settings, are also the same.

To learn more about AmazonSmile, click [here](#).

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## Check-Screening Forum Signals CFPB's Interest

WASHINGTON – Most of the 200 million Americans who have checking accounts were required to provide information to their financial institution, and the CFPB is interested in that information. The bureau hosted a forum on checking account access Wednesday to explore screening methods used by financial institutions.

CFPB Director Richard Cordray said the bureau is looking to balance the needs of financial institutions and with the needs of consumers for access and protection.

"Consumers need access to accounts that allow them to move their money around securely and efficiently, giving them control over their financial well-being without exposing them to unwanted or unforeseen risks," he said. "The information used to determine their eligibility for an account needs to be accurate so that the account screening process does not unfairly restrict their access to the banking system."

Financial institutions generally screen consumers who want to open checking accounts for various forms of risk. This often includes credit risk, a way of determining if consumers are likely to incur overdraft fees and be able to pay them.



Jane Watkins, president/CEO of \$2.5 billion-asset Richmond-based Virginia CU, and chair of CUNA's

Payments Policy Subcommittee, participated in roundtable discussions. Among the points she raised, she noted that account screening for issues such as fraud can be an appropriate tool that helps to protect a credit union's other members, who own the credit union and ultimately bear the costs it must incur in handling fraud.

Helen Godfrey Smith, president/CEO of Louisiana's Shreveport FCU, \$102 million in assets, moderated the forum's first panel discussion, and commended CUNA for attending.

Smith, during the panel, said relying solely on credit reports can deny access to consumers.

"There are consumers who could possibly be losing access to mainstream financial services because our view is a little too narrow," she said. "Our goal has to be to allow our screening systems to not deny access to a segment of consumers who really, really need access to checking accounts."

Executive Director of the National Credit Union Foundation Gigi Hyland, CUNA Deputy General Counsel Mary Dunn, Senior Associate General Counsel Jared Ihrig and Senior Assistant General Counsel Luke Martone also participated.

The areas the CFPB is specifically concerned with are:

- Accuracy of the information in reports, particularly when the reports consist of mostly negative information.
- Whether consumers are able to readily to access their reports, and whether they are able to get inaccuracies fixed.
- How these reports are being used.

The forum's page where a recording of the event will be posted 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 14 -- [VirtualCorps Webinar: Big, Balanced and Sustainable Loan Growth](#)

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

October 22 -- [Business Development Roundtable: Business Development that Works](#)

October 28 -- [CFO Roundtable: Managing Effectively through the Budget Process](#)

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

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

November 12 -- [NJ DNA Meeting at the League Office](#)

### **Industry Events**

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

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

October 25 -- [Credit Union of New Jersey Foundation Family Bowling Event](#)

October 29 -- [Southern Chapter Meeting: Indirect Lending](#)

November 5 -- Northern Chapter Meeting -- More Information Coming Soon

November 7-9 -- [DCUL's 2014 Volunteer Leadership Conference](#)

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

December 9 -- South-Central Chapter Meeting -- More Information Coming Soon

### **2015**

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

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

April 28 -- NJCUL's 27th Annual Golf Tournament

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