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The Daily Exchange

October 17th, 2014

Today's News:

- › Mark Your Calendars! NJCUL's 27th Annual Golf Tournament is Set 'Fore' April 28th, 2015!
- › CUs Across the State Celebrate the 'Local Service, Global Good' Theme During ICU Day
- › N.J. Among League's Raising Voices for Data-Breach Protection
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- › Rep. Marino Voices RBC Interest-Rate Risk Concerns
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## Mark Your Calendars! NJCUL's 27th Annual Golf Tournament is Set 'Fore' April 28th, 2015!

The New Jersey Credit Union League's 27th Annual Golf Tournament date has been set! Plan to join us on Tuesday, April 28, 2015 at the beautiful Forsgate Country Club. Save the date!



Don't miss this terrific opportunity to tour the links with other credit union professionals and vendors from around the state. In

addition to being a fun way to spend the afternoon, the tournament gives you the chance to rub elbows with your peers in a less than formal setting.

Space is limited and fills up quickly. For details, contact Yvette Segarra at (800) 792-8861 extension 103.

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## CUs Across the State Celebrate the 'Local Service, Global Good' Theme During ICU Day

As credit unions across the globe celebrated International Credit Union Day (ICU Day) Thursday with the theme of "Local Service, Global Good.", locally in New Jersey, credit unions across the state of joined in the festivities.

## 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 16, 2014  
International Credit Union  
Day & Shop for Miracles  
[More Information Click Here](#)

October 21, 2014



Credit Union of New Jersey and North Jersey FCU had fun giveaways for their members, including hand sanitizers, bags, bubbles, pens, pencils, candy and popcorn.



Community Financial Services FCU and Fairleigh Dickinson FCU offered members donuts and coffee while Polish & Slavic FCU also celebrated with donuts, but the Polish style "pączki", in all five of its N.J. branches.

How did your credit union celebrate? Let us know! Send us your stories and photos by emailing [news@njcul.org](mailto:news@njcul.org)!

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## Teller Training for Frontline Staff

Location: NJCUL and via Video Conference  
10:00 am to 3:00 pm  
[More Information Click Here](#)

October 22, 2014  
Business Development Roundtable: Business Development that Works  
Location: NJCUL and via Video Conference  
10:00 am to 12:30 pm  
[More Information Click Here](#)

### Contact Us:

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## N.J. Among League's Raising Voices for Data-Breach Protection

MADISON, Wis. – Credit union leaders continue to shape the narrative surrounding the data breach issue through both media and political channels. That narrative has begun to include work between credit union and bank organizations to coordinate joint messages about concerns regarding inconsistent data security standards for merchants.

Supporting CUNA's efforts on Capitol Hill, the Ohio Credit Union League is joining forces with the Ohio Bankers League (OBL) to press Ohio's congressional delegation to hold merchants accountable for customer data protection lapses.

The NJ Credit Union League (NJCUL) has also taken the lead and reached out to the NJ Bankers Association to support data-security bills pending committee action in the state Assembly and Senate, Greg Michlig, NJCUL president/CEO, told *News Now* Thursday.

"We are hopeful they will join the fight," Michlig said.

The legislation, spearheaded by Assembly Speaker Vincent Prieto (D-32), would prohibit the retention of magnetic-strip data and require that the entity responsible for a breach reimburse card issuers for any expenses resulting from the breach such as reissuing cards or fraud-loss costs.

On a national level, in addition to participating in CUNA's nationwide call-to-action, the NJ league is reaching out to its delegation, with a particular focus on Senate Banking Committee member Robert Menendez (D-NJ) and House Financial Services member Rep. Scott Garrett (R-5).

"We've also briefed the major candidates in the three open-seat House races to ensure they know our position well in advance of their possible election," Michlig told *News Now*.

Credit unions also continue to press their case through the opinion pages of local publications.

The *Columbus Dispatch* published a letter to the editor on the data breach issue from Ohio's Mercer in its Oct. 10 issue. "Why are so many breaches happening?" Mercer wrote. "One reason is that data-security standards are inconsistent across the country. Financial institutions, including credit unions, are subject to high data-protection standards by law, while merchants are not subject to any federal standards."

In a letter to the editor that appeared in the Oct. 8 edition of the *Litchfield County Times*, Jill Nowacki, president/CEO of the Credit Union League of Connecticut, wrote that until merchants are held accountable for the damages that breaches cause, credit unions will have little confidence that they will properly secure their systems.

"Congress has a role to play in addressing the issue of merchant data breaches by making sure all of the participants are playing by the

same set of data security rules," Nowacki wrote. "Merchants who hold consumer data and allow that data to be breached, need to be responsible for the costs incurred by others."

Most important to the debate is the impact on consumers--the member-owners of credit unions, wrote Michael Duffy, president/CEO of Financial Center CU, Stockton, Calif., with \$380 million in assets.

"Every time one of these breaches occurs, the consumer loses faith in the system," Duffy wrote in the Oct. 14 issue of the *The Record*. "While credit unions, like mine, work continuously to secure the data of our members, merchants are not required by the same laws to encrypt consumers' information."

Credit unions, along with other financial institutions, have been subject to stringent standards on data security since the enactment of the Gramm-Leach-Bliley Act in 1999, wrote John Bratsakis, president/CEO of the Maryland-D.C. Credit Union Association, in a guest opinion that appeared in the Oct. 9 edition of the *Baltimore Business Journal*.

"However, the retailers serving hundreds of millions of consumers daily are not held to these same high standards," Bratsakis added. "Unfortunately, as a result of lax, ineffective data management and storage procedures, these retailers are often victims of data breaches with the ultimate victims being their customers."

When consumers are victimized, credit unions have stepped up to help them, Mark Cummins, president/CEO of the Minnesota Credit Union Network, wrote in an Oct. 5 *Duluth News Tribune* column.

"We know what to do because we've had to do it all too often," Cummins wrote. "To name just a few of these steps, we notify our members, make a determination about reissuing debit and credit cards, increase call center staff and set up account monitoring. These actions are not without cost, and the impact of a single merchant data breach, let alone several over the course of just months or even weeks, means these costs add up quickly. For not-for-profit credit unions operating on already thin margins, these costs make a significant difference in the bottom line."

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## Registration Open for 2015 GAC

### **Room Block Available to NJCUL Member CUs**

WASHINGTON, D.C. – Registration is now [open](#) for CUNA's 2015 Governmental Affairs Conference (GAC), set for March 8-12 at the Washington Convention Center in Washington, D.C. Visit <http://events.cuna.org/gac15> for more information and to register.

CUNA's GAC is the credit union movement's largest conference, bringing more than 4,000 credit union executives and board members to advocate for credit unions in the nation's capital.

In addition to political advocacy, the GAC offers attendees networking opportunities, keynote speakers, industry-focused breakout sessions and the largest financial services exhibitor showcase.

Please note: The New Jersey Credit Union League has a limited room block at the Renaissance Hotel available for New Jersey credit unions attending CUNA's GAC. Click [here](#) to access the League GAC Housing page. Enter the access code (case sensitive) Cards2015 to find the League's block of rooms at the Renaissance Hotel to make your reservations.

Applications for young credit union professionals who wish to Crash the GAC are now being accepted. Click [here](#) for more information and to apply. Be sure to get your application in by the November 1st, 2014 deadline. Every chosen Crasher will receive a full conference registration from CUNA. Travel, hotel and food costs are the responsibility of the Crasher and their credit union, but NJCUL will provide travel and hotel reimbursement for the crasher from New Jersey.



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## Rep. Marino Voices RBC Interest-Rate Risk Concerns

WASHINGTON – As NCUA prepares to issue a revised risk-based capital (RBC) proposal for comment, at least one lawmaker said he is interested in seeing the final rule.

Rep. Tom Marino (R-Pa.), in a letter sent to the NCUA Thursday, applauded the agency's decision to hold another comment period.

"I recognize the NCUA has undertaken an appropriate action to further improve the proposed framework and allow additional input regarding the risk-based capital rule, which if poorly drafted would adversely affect well-governed credit unions," he wrote.

But Marino said he has concerns about the proposal, most notably with the interest-rate risk portion of the plan. He urged the NCUA to conduct further research into its effects, including the use of "legislative history as well as supporting data."

Marino was one of the 324 representatives who signed a letter with concerns about the original proposal in May. A total of 334 representatives including six from New Jersey and 27 senators wrote in with concerns, as well as roughly 2,000 other commenters from the credit union community.

Matz announced in late September that the rule would be revised, and that there would be a second comment period. She anticipated that the amended proposed rule could be issued before the end of the year.

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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## How Do You Prepare a Stellar Budget?

### CFO Roundtable: Managing Effectively Through the Budget Process

October 28, 2014  
10 a.m. to 12:30 p.m.

HIGHTSTOWN, N.J. – It is that time of year again when all companies large and small begin the process of putting together a budget that the board of directors will approve. Perhaps you have already started your planning or are in the midst of procrastination. Does your credit union have a planning process that works well? Do you feel that there must be a better way?



Come join your peers to talk about the good, the bad and the ugly process of preparing and submitting a stellar budget during NJCUL's CFO Roundtable on October 28th from 10 a.m. to 12:30 p.m.

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 CFO/accounting 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](mailto: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.*



## EMV Implementation, Focus of Payments Security Task Force

WASHINGTON – CUNA Deputy General Counsel Mary Dunn said it is encouraging to see the collaborative efforts, as discussed during a steering committee call of the Payments Security Task Force (PST) this week, to address EMV implementation, testing and certification issues that merchants and acquirers have encountered.

She added, however, that it must be a very high priority for the PST to remain also focused on the longer-term roadmap for securing payments across all entities.

CUNA is a member of the steering committee and participates in its monthly calls.

EMV cards, which are already common in Canada, Europe and Asia, rely on microchip technology that is more secure than the magnetic strip technology that most of today's cards employ.

As security breaches--like the massive compromises through Home Depot and Target--make both consumers and financial institutions more wary of existing fraud prevention technology, credit unions have begun issuing more cards equipped with the EMV technology standard to their members.

CUNA strongly agrees that such innovations as an important step in boosting card security. However, it has warned that credit unions will continue to be exposed to significant potential breach costs for quite some time until these new technologies are widely adopted.

The PST also discussed on the Wednesday call additional security solutions such as tokenization and encryption. While EMV addresses the physical point of sale, in tokenization the traditional account number would be replaced with a unique digital payment code, providing an additional layer of security.

Eric Richard, CUNA general counsel/executive vice president for regulatory affairs, represents CUNA on the PST steering committee, which includes senior staff from Visa, MasterCard, financial institutions and merchants.

## CFPB Student-Loan Report Cites Potential

WASHINGTON – Struggling student loan borrowers are increasingly reporting that they receive little information or help when they get in trouble, according to a new report from the Consumer Financial Protection Bureau's (CFPB) student loan ombudsman.

The report is primarily based on 5,300 student loan complaints filed with the bureau from financial institutions with \$10 billion or more in assets.

"We are hearing from consumers that they are driven into default because private student loan companies are not providing concrete loan modification options," said CFPB Director Richard Cordray. "Struggling private student loan borrowers are finding themselves out of luck and out of options. Lenders and servicers must redouble their efforts to deal with these distressed borrowers."

Common complaints from distressed borrowers include:

- Many private student lenders and servicers are not transparent in communications, nor are they consistent with information ways to avoid default;
- Options for assistance are often only for a short period of time;
- Some options are only provided from lenders and servicers only after the loan is in default;
- Experiences of unusual processing delays, unclear requirements and unaffordable fees; and
- Many lenders' in-school deferment policies force borrowers to choose between finishing school and repaying a loan.

Among the recommendations in the ombudsman's report are potential changes to the U.S. Bankruptcy Code. One potential option is to determine whether the special bankruptcy protection afforded to lenders may be limited to those lenders that offer certain loan modification options.

"Providing incentives for market participants to encourage student loan borrowers to successfully repay and avoid default can also help to ensure that these borrowers will be able to fully participate in the economy even if they encountered economic challenges early in their working lives," reads the report.

The bureau also recommended that it be determined whether lenders and service providers are providing adequate and timely disclosures about repayment options, particularly in times of financial hardship.

The 2014 Report of the CFPB Student Loan Ombudsman (PDF) is available [here](#).

The CFPB Blog: Struggling private student loan borrowers still searching for help (PDF) 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 21 -- [Teller Training for Frontline Staff](#)

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



[Development that works](#)

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

November 4 -- [VirtualCorps Webinar: Why Credit Unions are Pursuing Affiliate Structures](#)

November 4 -- [Executive Leadership Series Session: Financing Innovation](#)

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](#)

November 18 -- [VirtualCorps Webinar: The Affordable Care Act-Gifts and "WRAPS"](#)

**Industry Events**

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

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

November 5 -- [Northern Chapter Meeting](#)

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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