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To: staff@njcul.org
Conversation: The Daily Exchange -- December 17, 2014

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December 17th, 2014

Today's News:

- › CUNA Details CU Relief Wins, Vows 'Aggressive' 2015 Reg Relief Fight
- › Tonight: Final Airing of Linda McFadden on 'New Jersey Capitol Report'
- › NCUA Further Boosts Budget Transparency; Office Budgets of Each NCUA Board Member Now Available Online
- › December 2014 CU Trends Report from CMG Now Available
- › Card Security Road Map Outlined in PST Paper, 2015 & Beyond
- › Check Out the 2015 Director Webinar Series
- › Enroll in the TurboTax Program and Help Your Members Save!
- › 29 Senators Question Proposed FHLB Membership Change
- › Servicemember

CUNA Details CU Relief Wins, Vows 'Aggressive' 2015 Reg Relief Fight

WASHINGTON – CUNA plans to aggressively pursue regulatory relief legislation in the 114th Congress, after having end-of-year success with the passage of two bills.



Ryan Donovan, CUNA senior vice president for legislative affairs, said in an [interview](#) that CUNA plans to meet the 114th Congress with a list of regulatory relief proposals.

The House passed the Regulation D Study Act (H.R. 3240) Dec. 3, with the bill's chief sponsor Rep. Robert Pittenger (R-N.C.) citing CUNA's support when introducing it before a vote. While the Senate has not taken up the bill, Donovan has said the bill lays the groundwork for the study, which is possible due to the bill passing the House 422-0.

The Credit Union Share Insurance Parity Act was passed by the

› Servicemember
Foreclosure Relief Extension
to Become Law
› Credit Unions, Mark Your
Calendars



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The Credit Union Share Insurance Parity Act was passed by the Senate last week, and CUNA has sent a letter to President Barack Obama urging him to sign the bill into law.

"These measures, the fact that we got them through Congress, gives us some momentum going into next year," Donovan said. "We're looking forward to advancing more regulatory relief measures in the next Congress so that we can remove barriers that keep credit unions from serving their members."

CUNA presented nearly three dozen proposals to the Senate Banking Committee and the House Financial Services Committee at the start of the 113th Congress, and Donovan said CUNA plans to bring "a more ambitious" regulatory relief agenda.

Areas where CUNA saw success this year include:

- Senate passage last week of a prize-linked savings account bill that would allow credit unions and other financial institutions to offer such accounts;
- Senators introducing a package of regulatory relief bills aimed to help credit unions and community banks;
- The House of Representatives passing three regulatory relief bills in May, including two stand-alone credit union measures;
- The House Financial Services Committee passing four bills in June and two acts in July, with the pledge from several members to work to ensure credit union parity measures are inserted; and
- Testimony before the Senate Banking Committee in September and the House Financial Services Committee in July and April.

[\[BACK TO TOP \]](#)

Tonight: Final Airing of Linda McFadden on 'New Jersey Capitol Report'

Tonight: Catch NJCUL Chair and XCEL FCU President/CEO Linda McFadden appear on the Public Television show "New Jersey Capitol Report" with hosts Steve Aduabato and Rafael Pi Roman at 5:30 p.m. on channel WHYY.

McFadden talks about how credit unions are providing major support for small businesses and how the lending environment has changed from banks to credit unions.



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Upcoming Events:

January 14, 2015
Reality Fair at Jackson Liberty High School
6:45 am to 1:40 pm
[More Information Click Here](#)

January 14, 2015
Webinar: IRA Series: IRA & HSA Update 2014-2015 Tax Years
3:00 pm to 4:30 pm
[More Information Click Here](#)

January 20, 2015
VirtualCorps Webinar: How to Avoid Department of Labor/ERISA Audit Fines
3:00 pm to 4:00 pm
[More Information Click Here](#)

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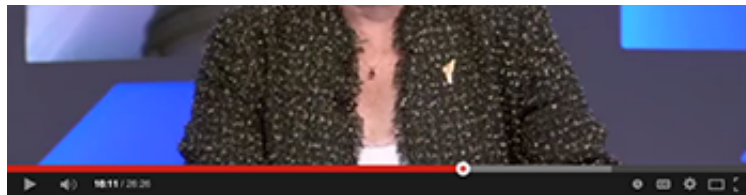
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[\[BACK TO TOP \]](#)

NCUA Further Boosts Budget Transparency; Office Budgets of Each NCUA Board Member Now Available Online

ALEXANDRIA, Va. – To further enhance transparency about the NCUA's budget and operations, the agency posted online the individual office budgets of each NCUA Board Member.

"In November, I committed to expanding the information and data made available to assist the public in understanding the budget process," NCUA Board Chairman Debbie Matz said. "For 2015, NCUA has already released more detailed information on the overall budget, office budgets, contracting, and the budget process. By making public information about the budgets of each Board Member, we are now taking the next step in furthering our commitment to budget disclosure and public awareness."

As part of the 2015 budget process, NCUA has increased transparency for the agency's Operating Budget. Posted on NCUA's Web site, this information is available in the [2015 Operating Budget Board Action Memorandum](#). Similarly, the Board has provided more information in the [2015 Corporate Stabilization Fund Board Action Memorandum](#).

"Transparency provides the sunlight needed to promote good government and accountability," NCUA Board Vice Chairman Rick Metsger said. "We have therefore released more information about the budget than in prior years, including information about the budget of each NCUA Board Member. As a result, NCUA's many stakeholders will be better able to evaluate NCUA's performance in 2015."

"In an effort to show my ongoing commitment to full information sharing, I called for posting my office budget on the NCUA website," Board Member J. Mark McWatters said. "As I noted in my remarks at the November Board meeting, we are spending other peoples' money, the scarce resources of federal and state-chartered credit unions and their members. Any allocation of these funds should follow only after thoughtful reflection as to the necessity of the expenditures and whether the costs have been undertaken in the most efficient, effective, transparent and fully accountable manner. I welcome the posting of budget information about all Board offices."

Information about the office budget of each NCUA Board member is available on their individual Web pages and on NCUA's [2015 budget and supplementary materials](#) landing page. The budget is available [here](#) for Chairman Matz, [here](#) for Vice Chairman Rick Metsger, and [here](#) for Board Member J. Mark McWatters. NCUA will post additional material on frequently asked questions

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about the budget in the coming weeks.

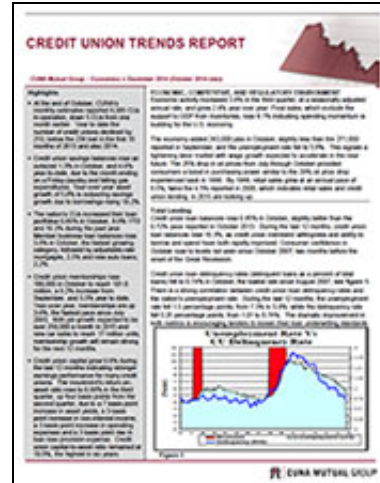
[[BACK TO TOP](#)]

December 2014 CU Trends Report from CMG Now Available

CUNA Mutual Group released its December 2014 Credit Union Trends Report this week.

Highlights of the report, based on October 2014 data, include:

- The nation's credit unions increased their loan portfolios 0.85% in October, 8.9% YTD and 10.3% during the past year.
- Credit union capital grew 9.9% during the last 12 months indicating stronger earnings performance for many credit unions.
- Credit union savings balances rose an outsized 1.3% in October, and 4.6% year-to-date, due to the month ending on a Friday payday and falling gas expenditures.



For more highlights and the full report, please visit www.njcul.org/trends.aspx.

This aspect of the NJCUL Web site is limited to members only and is password protected. To request a login, visit www.njcul.org/Secure/Register.aspx.

[[BACK TO TOP](#)]

Card Security Road Map Outlined in PST Paper, 2015 & Beyond

WASHINGTON – A new paper from the Payments Security Task Force (PST) has outlined a strategic road map for increased payments system security, designed to keep consumers' personal information from being compromised.

Eric Richard, CUNA general counsel and executive vice president for regulatory affairs, serves as CUNA's representative on the task force, which also includes senior staff from Visa, MasterCard, financial institutions and merchants.

"We are encouraged by collaborative efforts on this [strategic road map](#) issued by the Payment Security Task Force. The joint paper provides background and key recommendations for merchants, acquirers and other stakeholders to take steps to improve payments security," Richard said.

Security, Financial Card.

CUNA also believes that a layered approach to improving payments security should consist of chip cards, encryption, and tokenization for all entities.

The elements of such an approach are:

- Chip cards: Payment cards that offer enhanced security over traditional magnetic stripe cards. In contrast to the static three-digit verification code of magnetic stripe cards, chip cards use a dynamic authentication code that is generated for each transaction;
- Encryption: The process of encrypting payment data in a secure terminal and transmitting it through an internal or external network where it is decrypted in a secure environment. Point-to-point encryption is currently in use in the U.S. payment card industry and can be used alone or with acquiring tokenization and chip; and
- Tokenization: The practice of replacing an account number with a substitute value. If this substitute value is stolen, the criminal's ability to use it for fraudulent transactions is limited.

The paper also examines the future landscape of updated chip technologies. Previously, the PST reported that half of all debit and credit cards in the United States will be chip-enabled by the end of 2015, and that a survey showed approximately 47% of terminals will be enabled to accept chip cards.

"This is a clear indicator that merchants are investing in technology to accept chip cards by the end of 2015," the paper reads. "The size of the U.S. market, however, suggests that at least three to five years will be needed to reach full maturity of chip card acceptance."

In October 2015, the largest payment networks will shift liability for those who use chip technology in point-of-sale terminals. Once the shifts take place, if counterfeit fraud occurs with a chip-capable card and the merchant is not contact chip-card capable, the acquirer will be held liable for the transaction.

[\[BACK TO TOP \]](#)

The nationwide [Stop the Data Breaches](#) grassroots campaign continues. CUNA and the NJCUL are encouraging all credit union professionals, volunteers and members to [email](#) their lawmakers in Congress.



Check Out the 2015 Director Webinar Series

A series of 6 webinars for the price of 5 designed to provide a year of training exclusively for credit union directors!

Credit unions today must deal with many challenges: meeting member expectations in a changing financial environment, managing shrinking margins, reduced fee income, and increased regulatory scrutiny.

Directors play a critical role in meeting these challenges.

Ongoing training is vital to mitigate directors' increased responsibility – and liability – and to enhance their expertise and credit union performance. Regulators are paying attention to training, too! Designed exclusively for directors, this series will ensure they understand their management oversight and enterprise risk governance responsibilities.



Directors may register for the entire series or for individual sessions. By signing up for the entire series, **you will receive 6 webinars for the price of 5**. It's a simple, economical solution to ensure directors get the training they need.

Continuing Education: Attendance verification for CE credits provided upon request.

Director Series Topics

- [Credit Union Bylaws: Understanding & Assessing Your Governance Documents](#)
- [Evaluating Your Board & CEO](#)
- [Strategic Planning Best Practices for the Board & Senior Management](#)
- [Understanding the Board's Role in Cyber Security Risk](#)
- [UDAAP for the Board & Senior Management](#)
- [Interest Rate Risk Policies, Considerations & Consequences: What Directors Should Know](#)

[To learn more about the series, 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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[\[BACK TO TOP \]](#)

Enroll in the TurboTax Program and Help You Members Save!

It's not too late to enroll in the TurboTax program and offer your members discounts on tax services from America's #1 online tax preparation service – and help grow your credit union's core products and services.



The Love My Credit Union Rewards TurboTax discount offers your credit union members savings of up to \$15 on TurboTax online Federal products. Members can save \$5 on the Federal

Deluxe edition, \$10 on the Federal Premier edition and \$15 on the Federal Home and Business. In addition to the member discounts, the TurboTax discount program can help grow your credit union's core products and services by providing the opportunity to:

- Build member loyalty and retention
- Drive members to your website
- Cross-sell loan products and other services to your members
- Capture tax refund direct deposits and investments

As part of the program, your credit union will have a custom co-branded TurboTax microsite, which provides a great opportunity to promote your products and services to your members during the tax process. Members visit the microsite an average of 5-6 times during the tax season. The microsite is ideal to promote products such as IRAs, auto loans, home equity loans, CDs, credit cards, etc.

Enroll today! [Visit the Partner Center at LoveMyCreditUnion.org to enroll in TurboTax and for complete program information.](#)

[\[BACK TO TOP \]](#)

29 Senators Question Proposed FHLB Membership Change

WASHINGTON – Twenty-nine senators have written to Federal Housing Finance Agency (FHFA) Director Mel Watt, citing concerns with the agency's Federal Home Loan Bank (FHLB) proposed membership rule.

The proposal, first announced in September, would require financial

The proposal, first announced in September, would require financial institutions to meet a set of requirements to apply for FHLB membership, as well as to retain it.

The rule would require certain financial institutions, including all credit unions, to adhere to the requirement that FHLB members have 10% of assets in residential mortgage loans at all times. Currently members are only subject to this requirement when they apply to the program.

The senators expressed concerns that, while current regulations would prevent a financial institution from borrowing if the 10% requirement is not met, the proposal would result in their expulsion from the program.

"Under the proposed regulations, however, even if a member has assets that meet this test, a member could be expelled from membership if the member cannot meet the new—and unprecedented—mortgage asset test for continued membership," the letter reads. "The consequences are harsh and the terms of the proposed rule are inconsistent with the express terms of the FHLBank Act."

Another part of the FHFA's proposal would define "insurance company" to mean a company's primary business is underwriting insurance for nonaffiliated insurance. This would exclude captive insurers from FHLB membership and prevent those not eligible for the FHLB program from gaining access to FHLB advances.

The senators say this part of the proposal "may have unintended—and negative—consequences on the FHLB system, which is currently operating safely and successfully."

The senators encourage the FHFA to consult further with other agencies before finalizing the rule and urge the agency to "reconsider this proposal and consult with Congress, which is where these important policy decisions should be made."

CUNA believes the proposal could create "significant barriers" to credit union membership in the FHLB program and is working with the FHFA and FHLBanks to improve the proposal.

The senators' letter comes a month after 68 representatives expressed similar concerns in a letter to Watt. In that letter, the legislators echoed their colleagues in the Senate, saying that FHLB membership decisions should be left to Congress.

[\[BACK TO TOP \]](#)

Servicemember Foreclosure Relief Extension to Become Law

WASHINGTON – Last week, the U.S. Congress passed S.3008, the Foreclosure Relief and Extension for Servicemembers Act of 2014.

The bill extends the sunset date of Servicemembers Civil Relief Act provisions that protect servicemembers from foreclosure on their homes for one year after exiting military service.

The foreclosure protection was set to expire at the end of this year

and, with the president's expected signature to the bill, the termination is pushed back to Dec. 31, 2015.

[\[BACK TO TOP \]](#)

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:

January 7 -- [Marketing Roundtable: What's Working for Today's CU Marketers?](#)

January 12 -- Free CU Wallet Lunch and Learn (More Info Coming Soon)

January 13 -- [South-Central Chapter Meeting: Development Education](#)

January 14 -- [Reality Fair at Jackson Liberty High School](#)

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

April 13-15 -- [2015 CU Reality Check at the Golden Nugget Atlantic City](#)

April 28 -- [NJCUL's 27th Annual Golf Tournament](#)

June 1 -- North Jersey Federal Credit Union Foundation's Annual Golf Outing

June 10 -- [Reality Fair at Ewing High School](#)

July 20 -- Garden Savings FCU's 5th Annual Golf Outing at Fiddler's Elbow Country Club

September 28 -- Picatinny Federal Credit Union 17th Annual Golf Outing

October 4-6 -- NJCUL's 81st Annual Meeting & Convention

[\[BACK TO TOP \]](#)

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