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The Daily Exchange -- February 17, 2015

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The Daily Exchange

February 17th, 2015

Today's News:

- › POSTPONED: Tomorrow's Southern Chapter Meeting Postponed Due to Inclement Weather
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- › Registration Open for Fall 2015 Development Education (DE) Training
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- › CUNA Seeks Real-Life Reg. Burden Examples for Senate Banking Committee
- › CUNA Initiates Study into True Compliance Costs
- › Nussle in *The Hill*: Stop the 'Creeping Complexity' of Reg. Burden

POSTPONED: Tomorrow's Southern Chapter Meeting Postponed Due to Inclement Weather

Please be advised that the Southern Chapter of Credit Unions has postponed its meeting scheduled for tomorrow, Wednesday, February 18 due to the snow.



The League will provide further details on the new date of the meeting once they become available.

Please stay safe and warm!

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CUNA, Trades Urge Lawmakers to Protect IDs Regardless of Where Consumers Shop or Bank

WASHINGTON – CUNA has joined with other financial trade associations urging Congress to advance data breach legislation that protects Americans from identity theft and financial account fraud.

In a [letter](#) sent to each member of Congress, the organizations outlined three principles that should be included in data breach legislation.

"Congress should pass strong legislation that establishes a national

- › Supplemental Capital Bill Introduced
- › Credit Unions, Mark Your Calendars

Executive Leadership Series

Brought to you by the New Jersey Credit Union League 

First ELS Session of the New Year Set for March 3rd

New innovations in technology, shifting customer expectations, cyber security threats, and economic pressures have dramatically changed financial institutions.

Join us for the first Executive Leadership Series (ELS) **session** of the New Year on March 3rd at the League office where you'll hear from Joel Abramson on how to reduce costs while investing in innovation to better serve the modern member. Register [here](#).

Upcoming Events:

February 19, 2015
Compliance Roundtable:
Pressing Compliance

standard for data security and protection, consumer notification standards, and ensures the party responsible for the data breach bears the cost," said Jim Nussle, president/CEO of CUNA. "This debate isn't about merchants and financial institutions fighting; it's about ensuring American consumers are confident that their data is secure at all times."

The letter also refuted claims made by retailers and merchants in previous letters to Congress that merchants currently bear many of the costs of data breaches. CUNA estimates that just the Home Depot and Target breaches cost credit unions more than \$90 million.

Surveys conducted by CUNA last year indicated that credit unions have not received reimbursement for either of those breaches, not to mention other breaches such as the ones at Staples and Neiman-Marcus.

"We encourage you to ignore the excuses, attempts to pass blame, and efforts to make this a fight between business sectors," the letter reads. "This debate should be about protecting sensitive financial information, ensuring consumers feel confident that their data is secure, whether it's where they shop or where they bank."

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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](#).



Dreaming of the Greens?

Register TODAY for Our 27th Annual Golf Tournament on April 28th!

MONROE TOWNSHIP, N.J. – Dreaming of warmer weather and green grass? So are we! Register today for the NJ CU League's 27th Annual Golf Tournament on April 28th!

Once again, the tournament will be held at the beautiful Forsgate Country Club in Monroe Township on both the Banks and Palmer courses. The day will consist of a continental breakfast, a 10 a.m. shotgun start, lunch at the turn, and a cocktail hour/awards ceremony at 3 p.m.

Registration is on a first-come, first-served basis, so sign up today! Credit union golfer registration materials are available [here](#).

There are many sponsorship options for vendors to choose from to support the NJCUL's golf tournament and gain exposure among credit union professionals. Each sponsorship option gives you customized

Matters

Location: NJCUL and via Video Conference

10:00 am to 12:30 pm

[More Information Click Here](#)

February 19, 2015

NJ READ Meeting

Location: NJCUL and via Video Conference

1:00 pm to 2:30 pm

[More Information Click Here](#)

February 19, 2015

CU Direct Webcast Event: Drive Growth with the NEW AutoSMART

2:00 pm to 3:00 pm

[More Information Click Here](#)

signage at the sponsored hole. You can also send in items to be included in "goodie bags" that will be given to each player.

Sponsor registration materials are available [here](#).

If you have any questions, please contact Yvette Segarra at ysegarra@njcul.org or 800-792-8861 ext. 103.



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CUNA Testifies that Consumers are Hurt by Reg. Burden Costs

WASHINGTON – CUNA is very encouraged by comments made by several members of the Senate Banking Committee that suggest there is a strong likelihood of real regulatory reform legislation for community financial institutions. The comments came at a Thursday committee hearing on regulatory relief for community banks and credit unions.

CUNA's testimony was featured at the hearing provided by Wally Murray, president/CEO of Greater Nevada CU, and chairman of the Nevada Credit Union League. He told the committee that Americans cannot afford for regulatory burden to go unaddressed.

Murray [spoke](#) of the 191 regulatory changes from three dozen federal agencies introduced since Jan. 1, 2008, and asked Congress to strongly consider why small institutions are being asked to comply with rules more appropriately suited for too-big-to-fail banks and other "abusers of consumers."

"We are confident if barriers are removed, credit union members will be better off than they are today, because their credit unions will be spending less resources on complying with outdated, poorly focused and unreasonably burdensome regulations, and more on meeting the financial services needs of their members," Murray said. "We stand ready to work with you to remove these barriers."

Almost every member of the committee agreed that regulatory relief is needed. Chairman Richard Shelby (R-Ala.) several times cited the need for relief, and Sen. Heidi Heitkamp (D-N.D.) said there is "real, bipartisan interest" in regulatory relief in this Congress.

Heitkamp, Shelby, and Sen. Mike Crapo (R-Idaho) each asked the witnesses to submit a list of their top priorities for regulatory relief legislation. Sen. Shelby went further, and asked the witnesses to

solicit input from their member institutions with specific examples of how rules and regulations increase costs or reduce the amount of services delivered. CUNA is developing a tool for credit unions to submit this information (see related story below).

"A lot of us are concerned when regulations limit choices, increase costs to consumers, or perhaps cause institutions to stop offering products altogether," Shelby said.

Other highlights from Murray's testimony, which included more than two-dozen suggested statutory changes, include:

- Capital reform to allow supplemental capital;
- Increase credit union member business lending authority;
- Streamlining field of membership requirements;
- The need for examination fairness legislation with codified standards, an independent ombudsman and an independent appeals process;
- The need for Congress to instruct Consumer Financial Protection Bureau to make significantly greater use of its authority to exempt credit unions from many of its rules;
- Increasing credit union investment authority;
- Removing loan maturity limits from the Federal Credit Union Act;
- Easing FCU bylaw regulation; and,
- Designating as Qualified Mortgages (QM) all mortgage loans held in portfolio by community-based institutions.

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Registration Open for Fall 2015 Development Education (DE) Training

Foundation's Unique CU Philosophy Training Held Sep. 9-16 in Madison

MADISON, Wis. – Registration is now open for the Fall 2015 Credit Union Development Education (DE) training set for September 9-16, 2015 in Madison, Wis. Attendees of the National Credit Union Foundation's (the Foundation) six-day total immersion experience will learn about credit unions' social responsibility and domestic and international development through interactive education and professional networking.



The next DE Training is set for April 28-May 6, 2015 in Madison, Wis. and is already sold out. Registration for each training is limited to just 42 attendees.

After attending the Winter DE training last month, Ken Olson, President/CEO of Old West Federal Credit Union in John Day, Ore., said, "The DE program is the future of the credit union movement. It was a very meaningful and humbling experience for me and DE should be required training for every leader within our organizations. I would challenge my fellow CEOs and others to sign up for the next available training to take a deep dive back into the principles and beliefs that have made this movement the success that it is." ([Watch & read more testimonials here](#))

The Fall DE training will take place September 9-16, 2015 at The Lowell Center, which is part of the University of Wisconsin campus in Madison, Wis. Registration [can be found at ncucoop](#).

The registration fee includes seven nights of single-room lodging, as well as all training materials and meals. Scholarship information is included on the registration page as many state credit union foundations and leagues offer scholarships to DE Training, in addition to the national DE scholarship offered.

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THURSDAY: Join Your Peers for a Compliance Roundtable and NJ READ Meeting All in One Day!

Credit union leaders and compliance professionals are invited to a lively roundtable discussion this Thursday, February 19th from 10:00 a.m. to 12:30 p.m. on the challenges credit unions are experiencing as you work to keep up with regulations as well as state and federal laws...and share solutions that might be working for your credit union!



Then, stick around for the first Regulatory & Examination Assistance & Development (NJREAD) meeting of 2015 immediately following the roundtable from 1:00 p.m. to 2:30 p.m.

Discussions will surround recent effective and upcoming proposed regulation and how credit unions can be a part of shaping new rules. Also, we will discuss examination challenges, steps, and resources to prepare for examinations and how to respond to results.



There is a cost of \$25 per person for Roundtable attendance and no cost to attend the NJ READ meeting.

Click [here to register](#) for the Roundtable. To register for the NJ READ meeting, please send an email to Mary Zelinsky at mgzelinsky@njcul.org. Join us for one or both!

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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CUNA Seeks Real-Life Reg. Burden Examples for Senate Banking Committee

WASHINGTON – CUNA is launching a new [tool](#) today to help credit unions collect real-life examples of how the growing regulatory burden results in reduced service for members or increased costs to credit unions—a request made last week by the Senate Banking Committee.

At a recent Senate Banking Committee hearing, at which CUNA testified, Sen. Richard Shelby (R-Ala.) asked credit unions and community banks to submit concrete examples of how regulations negatively affect service to consumers. Several other senators echoed the Senate Banking Committee chair's request for more information.

CUNA believes that the committee's interest in learning more about regulatory environment signals a serious and welcome attempt to roll back some of the tide of regulatory and compliance burden that credit unions have been subjected to over the past decade.

It is vital that the Senate receives real examples of the negative consequences of unnecessary regulation, and CUNA requests that credit unions use the [form](#) to provide examples of how the regulatory burden has caused the credit union to:

- Decide to not offer a new service;
- Terminate an existing service;
- Offer a service to fewer members;
- Offer a service at a less attractive price; or
- Generally to offer a service in a less beneficial way to members because of a rule or regulation.

CUNA will collect all submitted examples and forward them to the Senate Banking Committee. Although the form asks credit unions to identify themselves so CUNA can follow up if necessary, a credit union can choose to not be identified in the information provided to the Senate. Questions can be directed to RegRelief@cuna.coop.

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CUNA Initiates Study Into True Compliance Costs

WASHINGTON – CUNA will launch a comprehensive study and fact-based analysis of the actual compliance costs credit unions face due to regulatory burden. Wally Murray, president/CEO, Greater Nevada

CU, Carson City, Nev., announced the initiative in his testimony before the Senate Banking Committee in a Thursday hearing on regulatory relief.

"I have heard many times from members of Congress and regulators that they are looking for more data about the cost credit unions are forced to bear related to regulatory compliance," said CUNA President/CEO Jim Nussle. "While the study has been in the works for a while, at a Senate Banking Committee hearing Tuesday, several senators repeatedly asked a panel of banking regulators and NCUA's Larry Fazio about regulatory costs. No one had a good answer. So we thought Wally's testimony offered the perfect opportunity to make our announcement."

The assessment is intended to be used as an informational resource for policymakers about the full cost of regulatory requirements. Having dollar figures for compliance costs will allow CUNA to advance regulatory relief in the legislative and regulatory arenas.

Sen. David Vitter (R-La.) asked witnesses at the Tuesday hearing for specifics when it came to compliance costs, and bank regulators said they could only provide anecdotal information.

Members of the Senate Banking Committee also asked about compliance costs in a regulatory relief hearing Thursday, at which CUNA testified.

CUNA has engaged Cornerstone Advisors, Inc. to review operational, strategic, financial, and member impacts of regulations that have come in the post Dodd-Frank Act era.

Cornerstone's efforts will be conducted in two phases. The first will see it perform in-depth analyses of three credit unions of different sizes to see how regulations and regulatory compliance affect operations and costs.

The second phase involves Cornerstone using the information gleaned during the first phase to create a survey that all credit unions can complete, which will gather information about compliance and other regulatory costs facing credit unions today.

The overall process is expected to take from six to eight months.

[Cornerstone Advisors](#) is a nationally recognized management consulting firm that specializes in the financial services industry. For the past 15 years, the Cornerstone team has been researching and delivering leading industry benchmarking studies for both credit unions and banks.

The project will be led by [Vincent Hui](#), an experienced financial services executive and [Steve Williams](#), who will be facilitating this year's CUNA National Credit Union Roundtable.

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Nussle in *The Hill*: Stop 'Creeping Complexity' of Reg. Burden

WASHINGTON – CUNA President/CEO Jim Nussle took to the op-ed pages of *The Hill* Friday to point out that an increasing regulatory

burden is making it harder and harder for credit unions to serve their members in the best way possible. Nussle [reminded](#) readers that credit unions were a safe harbor for consumers during the financial crisis, yet are still facing a "crisis of creeping complexity" when it comes to new regulations.

"The facts are not in dispute—during the financial crisis, banks withdrew access to credit to small businesses and credit unions kept lending," Nussle wrote. "The problem is that in many cases regulators are applying one-size-fits-all regulation on depository institutions; and, when there are exceptions or exemptions provided in rulemaking, they are too narrow to be effective."

Nussle adds that regulatory changes are a particularly significant challenge for small credit unions, since fixed compliance costs are proportionally higher for such institutions.

"If the pace of this crisis of creeping complexity isn't reversed, the trend of consolidation will continue; consumers will have fewer options in the financial marketplace; and the cost of accessing mainstream financial services will increase," Nussle said. "This outcome should be unacceptable. Congress can do something about it."

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Supplemental Capital Bill Introduced

WASHINGTON – A reintroduced bill that would allow credit unions to raise other forms of capital has been met with strong support from CUNA. Reps. Peter King (R-N.Y.) and Brad Sherman (D-Calif.) introduced the Capital Access for Small Businesses Act on Friday.

Credit unions are currently unable to raise capital other than through retained earnings. The bill would permit the NCUA board to allow credit unions to accept other forms of capital, provided that the board's action does not alter the cooperative ownership structure of credit unions.

"We believe your legislation would provide credit unions with appropriate ability to raise capital from sources other than retained earnings without putting in jeopardy the 'one member, one vote' principle that is the bedrock of the credit union ownership structure," said CUNA President/CEO Jim Nussle in a letter to King and Sherman. "As credit unions emerge from the financial crisis, this legislation would improve the safety and soundness of credit unions by allowing them to develop a supplemental cushion to reduce risk to the National Credit Union Share Insurance Fund."

Nussle added that the rule would play an even more significant role for credit unions should the NCUA adopt its proposed risk-based capital rule.

The capital would be required to be uninsured and subordinate to other claims against a credit union. The NCUA board would also be allowed to set maturity limits on supplemental capital, and restrict the ability to raise such capital to credit unions that are sufficiently capitalized and well managed.

In a letter announcing the introduction of the bill, King and Sherman said it will minimize the probability of credit union insolvency, and

ensure credit unions can continue to best serve their members while being able to grow and meet the needs of new members.

CUNA testified in favor of supplemental capital before the Senate Banking Committee Thursday, and the NCUA testified in favor of it before the same committee Tuesday. The NCUA has also asked for comments on whether supplemental capital should be permitted in the context of the risk-based capital proposal.

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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

February 19 -- [Compliance Roundtable: Pressing Compliance Issues](#)

February 19 -- [NJ READ Meeting](#)

February 24 -- [Free Information Session with Your Marketing Co.](#)

March 3 -- [Executive Leadership Series Session: Six Essentials for Keeping Your Financial Institution Relevant](#)

Industry Events

February 18 -- POSTPONED: Southern Chapter Meeting: Foundation & Compliance Update

February 19 -- [CU Direct Webcast Event: First Look: Drive Growth with the NEW AutoSMART](#)

February 23-28 -- [America Saves Week](#)

March 3 -- [Deadline for NCUA Low-Income Credit Union Grant Round Applications](#)

March 4 -- [Free MemberClose User Group Forum](#)

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](#)

May 18 -- Greater Alliance FCU Gold Outing at Apple Ridge Country Club in Mahwah

May 20-21 -- [CU Direct's Automotive Lending & Marketing Conference](#)

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

June 5 -- [Reality Fair at Thomas Wallace School](#)

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

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