Subject: The Daily Exchange -- March 31, 2015
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Reply-To: news@njcul.org
To: staff@njcul.org
Conversation: The Daily Exchange -- March 31, 2015

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New Jersey Credit Union League

The Daily Exchange

March 31st, 2015

Today's News:

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› Operation Comment Can Help with RBC2 Letters
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› Tomorrow: Financial Fitness Day Kicks Off CU Youth Month
› Ways to ID, Mitigate Malware Cyberattacks Noted by FFIEC
› CUNA Calls for Increased Relief in CFPB 'Rural' Definition Rule

March 2015 Issue of *The Exchange* Available!

The latest edition of NJCUL's monthly publication, *The Exchange,* is now available for download!

Read our March feature story written by Grant Gallagher of Affinity FCU on his "Crash the GAC" experience, check out our spotlight on the League's Legislative and Government Affairs Department, get an update on the Creative Program, read up on how phishing scams and robberies are on the rise (and how to protect your credit union and members), and more!

Click here to access the March 2015 issue of *The Exchange!*

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In Memoriam: Retired NJCUL Field Services Specialist Gary Weaver Passes

PHILADELPHIA – Gary Colin Weaver of Philadelphia, Pennsylvania, a former Field Services Specialist for the New Jersey Credit Union League, died Saturday, March 28, 2015 at Jeanes Hospital in the city

Definition Rule
› Data Breach Expenses Barely Negligible in Retailers' Financials, Columbia University Study Finds
› Credit Unions, Mark Your Calendars

New Jersey Credit Union Foundation Board Call for Applications Open

The New Jersey Credit Union Foundation has launched a call for applications to fill three vacant seats on its Board of Directors.

Applicants must fill out the Board Member Application, as well as the Conflict of Interest Disclosure Form.

Return the forms to Foundation Executive Director Candice Nigro at cnigro@njcul.org or mail to the address below:
Attention: Candice Nigro,
NJ CU Foundation
299 Ward Street
Hightstown, N.J. 08520

Deadline for applications is Friday, April 10th, 2015.

League, died Saturday, March 28, 2015 at Jeanes Hospital in the city. He was 73 years old.

Gary was born in 1942 in Philadelphia and was raised on Elsinore Street in the Lawncrest section of northeast Philadelphia.

Gary attended Benjamin Franklin Elementary School and was in the first graduating class of Samuel Fels Junior High School. He graduated from Northeast High School in June of 1960. Gary took accounting classes at the Wharton School of the University of Pennsylvania and then started working as a teller at the Reading Terminal Branch of the First Pennsylvania Bank. He continued working for First Pennsylvania for 26 years, rising to the position of Assistant Vice President. After leaving First Pennsylvania, Gary worked as a Field Services Specialist for the New Jersey Credit Union League until his retirement.

He married Linda Frances McGinley in 1963 at the Crescentville Evangelical United Brethren Church, now the Crescentville United Methodist Church, and the couple have lived in Lawncrest for the last 45 years.

Gary was a member of the Trinity Church, Oxford Episcopal Church and has been active with the Lawncrest Fourth of July Committee for many years, serving the organization as Treasurer. He was honored by the Chapel of the Four Chaplains in February of 1975 and was recognized on December 10, 2013 with a citation from Philadelphia City Council, recognizing his decades of service with the Lawndale Civic Association. In his leisure time Gary enjoyed reading and supporting the major sports teams in Philadelphia.

His funeral service and interment will be private.

Donations may be made in his memory to the Lawncrest Fourth of July Committee, 6429 Shelbourne Street, Philadelphia, PA 19111.

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CUNJ Saved Members Over $4M in 2014

EWING, N.J. – It's known that credit unions exist to provide financial benefits of lower loan rates, higher savings rates, and fewer fees than the average banking institution. But how much does that really equate to? A recent CUNA study shows that Credit Union of New Jersey (CUNJ) member-owners saved $4,174,750 in 2014. That is a savings of $99 per member-owner or $188 per household, on average. Furthermore, loyal high-use households who have a deeper relationship with CUNJ saved, on average, $1,487 per household.

The comparative study compared CUNJ rates/fees vs. NJ bank rates/fees relative to the member household balances at CUNJ. President and CEO Andrew L. Jaeger states, "It's in our Brand Promise to our members, 'We will give you a good deal'. Quantifying how CUNJ gives its members a good deal just merely shows that CUNJ stays true to its promise. It's a pleasure knowing we are continuing the financial cooperative tradition of saving our members significant money, something we have done for over 70 years."

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Upcoming Events:

April 7, 2015
VirtualCorps Webinar: Functional Compliance Management Program
3:00 pm to 4:00 pm
More Information Click Here

April 8, 2015
Webinar: Advanced Issues in Dormant Accounts, Unclaimed Property & Escheatment
3:00 pm to 4:30 pm
More Information Click Here

April 9, 2015
Compliance Roundtable: Robbery Prevention and Safety Awareness
Location: NJCUL and via Video Conference
10:00 am to 12:30 pm
More Information Click Here

Contact Us:

Address
299 Ward Street
Hightstown, NJ 08520
Driving directions

Phone
800.792.8861
609.448.2426

Fax
609.448.3499

E-mail
info@njcul.org

Operation Comment Can Help with RBC2 Letters

WASHINGTON – Bill Hampel, CUNA's chief policy officer, reminded credit unions on Monday that credit unions should let their thoughts and suggestions on NCUA's revised risk-based capital proposal (RBC2) be known. Less than a month remains before the April 27 comment deadline.

"It's very important for credit unions, now that they've had two months to consider the proposal, to weigh in with comment letters." Hampel said. "It is quite a bit improved from the first proposal, but we're not there yet."

CUNA posted a new RBC2 comment letter guide online last week. The guide includes the major areas credit unions should consider when commenting, CUNA's position on those issues and how to submit comment letters.

In addition to submitting comments through mail, fax, email, NCUA's website and the federal eRulemaking portal, credit unions can use Power Comment, which will automatically format and send comment letters.

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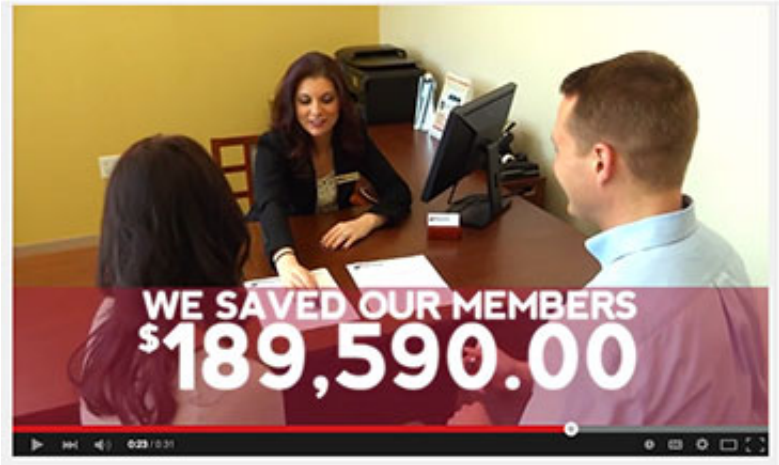
First Financial FCU Debuts TV Commercial on Cablevision

WALL, N.J. – First Financial FCU's TV commercial featuring the talents of Assistant Vice President of Marketing Jessica Revoir, E-Marketing Specialist Nicole Andretta, and Director of Business Development Matt Brazinski makes its debut this week.



It began airing Monday and will run through the end of the year for Monmouth and Ocean County Cablevision customers. It will primarily be seen on News 12 NJ, but also Discovery, History, the Weather Channel, Travel, YES Network, FOX Business News, Headline News (CNN2), Destination America, Animal Planet, and Hallmark channels.

Check it out on First Financial FCU's YouTube page.

Connect with Us:

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Hear from Security, Robbery Response and Prevention Experts at April 9th Roundtable

CUNA Mutual Group and FBI to Review Robbery Prevention and Safety Awareness

In an effort to increase awareness and assist New Jersey credit unions in taking a proactive approach to security, robbery response, and prevention protocols, CUNA Mutual Group, the New Jersey Credit Union League, and Special Agents from the FBI are offer a combined training session on physical security and employee safety.

This Compliance Roundtable, taking place April 9th, is intended to focus on the following aspects of robbery and employee safety:

- A review of recent robbery activity
- Outline of procedural best practices for preparing and responding to a robbery
- Identifying key loss prevention resources
- Open Q&A, and discussion

NJCUL Director of Compliance Nicola Foggie will facilitate the discussion, which will be led by Michael A. Scimeca and Carrie Brzezinski of the FBI and Carlos Molina, Risk Management Consultant, Credit Union Protection Risk Management, of CUNA Mutual Group.

The session will take place from 10:00 a.m. to 12:30 p.m. and will include lunch. Join us “live” at the League office or via conferencing at Atlantic FCU in Kenilworth or Members 1st of NJ FCU in Vineland. The cost to attend is $25.

There is also a 50% discount for credit unions below $10 million in assets. Contact Mary Zelinsky at mzelinsky@njcul.org or 800-792-8861 ext. 100 for more information.

To register and pay by check, send an email to Mary Zelinsky at 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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Tomorrow: Financial Fitness Day Kicks Off

Tomorrow: Financial Fitness Day Kicks Off CU Youth Month

MADISON, Wis. – Tomorrow, Wednesday, is Financial Fitness Day—and also the start of National Financial Literacy Month and National Credit Union Youth Month.

To celebrate Financial Fitness Day, the National Credit Union Foundation invites credit union organizations to participate in the daylong fundraising activities.

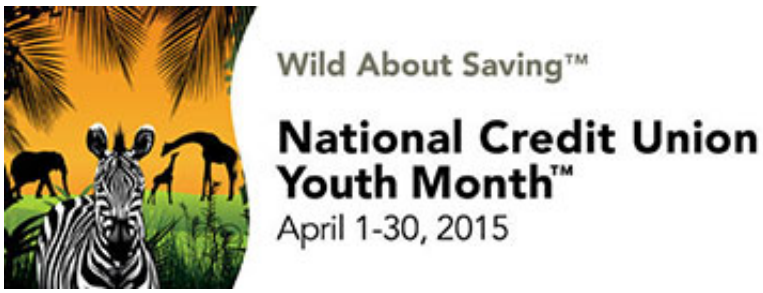
To participate in the event, which raises funds for the foundation and for state credit union foundations (including the New Jersey Credit Union Foundation) in order to support their respective financial literacy initiatives, credit union organizations could hold one or more of the following fundraisers:

- A jeans or casual day for staff, where staffers donate money to wear casual clothing to work;
- A bake sale for staff or members; and
- A "Deduct or Donate a Buck" event, where credit unions ask their staff and members to consider making a voluntary donation as they complete their transactions, or deducting a certain amount of money from their checking or savings account.

Resources for the fundraisers can be found at financialfitnessday.com. Donations made during the day will be split evenly between the foundation and state credit union foundations.

Responding to demand from credit unions for a month-long celebration, National Credit Union Youth Week grows into National Credit Union Youth Month in 2015. The month-long celebration extends the time in which credit unions can connect and convey to their members the importance of financial education at a young age.

The month's theme, "Wild About Saving," was chosen from ideas submitted by credit union staff nationwide.



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Ways to ID, Mitigate Malware Cyberattacks Noted by FFIEC

WASHINGTON – Information on how financial institutions can identify and mitigate compromised user credentials and malware was released Monday by the U.S. Treasury's Federal Financial Institutions Examination Council (FFIEC).

According to the FFIEC, theft of credentials and the introduction of malware have often types of cyberattacks that have been increasing in severity and frequency over the past two years.

Compromised user credentials can be those of consumers, employees and third parties, and can be used to access secure systems or system credentials that could allow broader access.

The introduction of malware can come through downloading attachments, visiting compromised websites, connecting external devices such as USB drives or through the installation directly into a system by unauthorized parties with stolen credentials.

In accordance with FFIEC guidance, all financial institutions should:

- Securely configure systems and services;
- Review, update and test incident response and business continuity plans;
- Conduct ongoing information security risk assessments;
- Perform security monitoring, prevention and risk mitigation;
- Protect against unauthorized access;
- Implement and test controls around critical systems regularly;
- Enhance information security awareness and training programs; and
- Participate in industry information-sharing forums, such as the Financial Services Information Sharing and Analysis Center.

The FFIEC has also posted a number of resources online with information designed to strengthen user awareness of safe online practices.

According to the FFIEC, the statements released Monday do not contain new regulatory expectations—they are intended to alert financial institutions of specific risk mitigation tips.

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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.

NOW

CUNA Calls for Increased Relief in CFPB 'Rural' Definition Rule

WASHINGTON – The Consumer Financial Protection Bureau (CFPB) proposal regarding rural and underserved areas is a positive step, but CUNA urged the agency to take further regulatory relief steps, in a comment letter filed Monday.

The CFPB in January proposed a broader definition of "small" credit union and bank, as well as an expanded designation for what comprises a "rural" area. If finalized, the proposal would, in part, increase the number of financial institutions able to offer certain types of mortgages in rural and underserved areas by exempting more small creditors from the CFPB's tough new mortgage rules.

CUNA generally supports the proposal, calling the bureau's overall approach "positive and appreciated."

However, CUNA offered a number of changes to make the proposal more favorable toward credit unions and other small servicers.

This includes providing favorable regulatory relief to creditors that manage their lending programs, in addition to the thresholds of asset size and loans originated. This could be achieved by considering the default rates on covered loans, CUNA suggests.

CUNA also recommends the small creditor thresholds, which can exempt institutions from certain requirements under Regulation Z (which implements the Truth in Lending Act), be analyzed. The new threshold proposed by the CFPB would raise the thresholds to 2,000 loans originated in a year, up from 500.

"Raising the limit is commendable but we encourage the agency to provide impact analyses that demonstrate how communities, consumers and creditors would be affected if the limit were raised to 2,500, 3,000, 3,500 or 4,000 as well as the proposed threshold of 2,000 so that stakeholders and the agency would have more informed comments regarding what the new limit should be," the letter reads.

The CFPB's proposal would not raise the asset limit for small creditors, which is currently set at $2 billion. CUNA believes the number is arbitrary and too low, and urges the bureau to consider raising the threshold to $10 billion.

CUNA supports most other aspects of the proposal, including:

Adding a grace period to the annual asset limit and original limit to allow a creditor that exceeds those limits to operate as a small creditor for loan applications received before April 1 of the current calendar year;

Expanding the definition of "rural" to include a county that meets the current definition of a rural county or a census block that is not in an urban area as defined by the U.S. Census Bureau; and

The inclusion of safe harbor provisions for creditors related to the use of CFPB tools to determine whether a property is located in rural or underserved areas and to determine if a property is located in an urban area.

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Data Breach Expenses Barely Negligible in Retailers' Financials, Columbia University Finds

NEW YORK – A review of top merchants' financial statements found that the cost of data security breaches—while devastating to credit unions and consumer—barely makes a dent in their annual revenues.

Benjamin Dean, a fellow for Internet governance and cybersecurity at Columbia University's School of International and Public Affairs, examined 10-K reports filed by Sony, Target and Home Depot with the U.S. Securities and Exchange Commission.

Among his findings:

- Target's 2013 breach affected 40 million credit and debit cards and 70 million personal information records. It reported the gross expenses were $252 million. Once the insurance reimbursements and tax deductions were accounted for, the net losses totaled $105 million--equivalent to 0.1% of 2014 sales;
- In 2014, Home Depot had a breach that affected 56 million credit and debit card numbers and 53 million email addresses. The home improvement retailer incurred net expenses of $28 million after an insurance reimbursement of $15 million. Those expenses are less than 0.01% of Home Depot's 2014 sales; and
- Sony reported the November 2014 hack into its computer systems--which exposed Social Security numbers and personal emails--would cost $44 million. However, estimates now put the impact at $15 million in investigation and remediation costs. These losses represent 0.9%-2% of Sony's total projected sales for 2014.

"It therefore does not make economic sense for companies like Home Depot to make large investments in information security. As a result, they do not," Dean wrote. "The insurance pay-outs and tax deductible breach-related expenses weaken the incentives even more."

Dean also cited CUNA's research that found the Home Depot breach cost credit unions $60 million.

Dean's article was picked up by *FORTUNE*, *CBS MoneyWatch* and *The Wall Street Journal*.

Target's announcement that it settled a consumer class-action lawsuit

Target's announcement that it settled a consumer class-action lawsuit for $10 million does not mean financial institutions are being recompensed. The settlement only covers payments to consumers for damages they can prove.

"Credit unions continue to protect their members as a result of merchant data breaches—and there's no end in sight. It's high time for merchants to be held to the same standards as financial institutions to ensure all consumers' private information is protected," CUNA President/CEO Jim Nussle said after Target settled a $10 million consumer class-action lawsuit.

CUNA also signed on to a letter to Congress from financial services associations that suggested merchants look toward innovative security instead of increased usage of chip-and-PIN EMV cards—status quo security that does not protect consumer data.

In addition to weighing-on the federal side, the NJCUL is actively supporting data breach legislation (A-1239; S-965) in Trenton.

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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

April 1 -- Brett Christensen's Lending School

April 7 -- VirtualCorps Webinar: Functional Compliance Management Program

April 9 -- Compliance Roundtable: Robbery Prevention and Safety Awareness

April 14 -- VirtualCorps Webinar: Branding the Experience

June 19 -- Compliance Conference: Managing Dynamic Change

Industry Events

April 1 -- Financial Fitness Day

April 6 -- Reality Fair at Ocean County College

April 7 -- South-Central Chapter Meeting: Reality Fairs

April 10 -- Deadline for NJ CU Foundation Board Member Applications

April 13-15 -- 2015 CU Reality Check at the Golden Nugget Atlantic City

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

May 15 -- Reality Fair at Barringer High School Academy of the Arts and Humanities

May 18 -- Greater Alliance FCU Golf Outing at Apple Ridge Country Club in Mahwah, NJ

May 20-21 -- CU Direct's Automotive Lending & Marketing Conference

May 29 -- New Jersey Credit Union Foundation 5th Annual Casino Night

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

November 6-8 -- DCUL's 2015 Volunteer Leadership Conference

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