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April 16th, 2015

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Reality Check Coverage: Morrell Ignites Political Advocacy Passion for the 'Credit Union Party'

ATLANTIC CITY, N.J. – Jim Morrell took to the Reality Check stage for a second time on Wednesday morning to clear up some misconceptions about political advocacy in the credit union world.



Jim Morrell talking about the "Credit Union Party" when it comes to political advocacy on behalf of the movement.

- › [CUNA Mutual Group Risk Alert: Protecting Member Data on Portable Devices](#)
- › [CUNA Joins Home Depot Breach Class Action Suit](#)
- › [Senators Propose Opening NCUA Budget Process to Public](#)
- › [Credit Unions, Mark Your Calendars](#)



**Register Today for
NJCUL's Golf
Outing Taking Place
April 28th!**

Spring has sprung and it's time to get on the greens!

Join us for our 27th Annual Golf Tournament on April 28th at Forsgate Country Club for a day on the greens, lunch at the turn, an awards dinner, and more!

[Credit union golfers can register here!](#)



Some common misconceptions include “there’s not enough time or money”, “politics will adversely impact my credit union”, “there’s no support from the board or management”, “others will take care of it”, “I don’t speak well in public”...and the list goes on.

These misconceptions are just that—misconceptions—and while credit union folks are sitting on the sidelines because of them, our competition is out there sounding their horns, including the American Bankers Association. Morrell pointed out some heavy-hitting examples of the ABA’s campaigns that attack the credit union tax status.

To spread our good message—and knock down the messages of the ABAs of the world—we must find what is true and how to use it. Influence, says Morrell. We now over 100 million members and we must leverage those numbers in our political advocacy using tools such as Project Zip Code and in our marketing. And we must look beyond the two-party system. Don’t think of political advocacy as Democratic Party vs. Republican Party, he says, think of it as the “Credit Union Party”.

Turning to a member’s true story, he pointed out that there is power in the credit union story, and in the stories we have to tell, but we have to tell the stories to have the influence.

He then reviewed many ways you could get involved and be effective, including hike-the-hill events, social media, campaigns, and more. He even encouraged attendees to take part in his Plus 1 Challenge, sending a “CU love letter” to an elected official. Two winners of the drawing of submissions will be sent a bottle of Washington State wine.

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Deadline Approaching for RBC2 Comment Deadline

With the NCUA’s April 27 comment deadline for RBC2 fast approaching, the agency has already received and posted 350 comment letters to their [website](#). While there have been several key changes made to this version of the Risk Based Capital proposal, it is still important for credit unions to comment, even those who have previously commented are encouraged to do so again.

For the most up-to-date resources on this proposal, and to see CUNA’s guide on how to write an effective RBC2 comment letter, please visit NJCUL’s RBC page www.njcul.org/RBCtools.aspx for the RBC2 Resource Corner or CUNA’s [Risk-Based Capital Action Center](#), and [RBC Blog](#).

You can also contact the Director of Compliance Nicola Foggie directly with any questions or comments by emailing nfoggie@njcul.org or call 1-800-792-8861, ext. 112.

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Reality Check Coverage: Joe Sullivan Navigates the Realities of a Consolidating

Upcoming Events:

April 21, 2015
Webinar: HR Series:
Monitoring Employee Work-
Related & Personal Social
Media
3:00 pm to 4:30 pm
[More Information Click Here](#)

April 22, 2015
NCUA Financial Literacy
Twitter Chat
11:00 am to 12:00 pm
NCUA Financial Literacy
Webinar
2:00 pm to 3:30 pm
[More Information Click Here](#)

April 23, 2015
Webinar: Current Trends in
Cyber Crime & Payments
Fraud
3:00 pm to 4:30 pm
[More Information Click Here](#)

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Industry

ATLANTIC CITY, N.J. – If the trend of consolidation in the credit union industry continues, there will be an estimated 4,260 credit unions by 2023, said Joe Sullivan as he closed out the Reality Check conference Wednesday morning.



Joe Sullivan drives home the mantra "market, culture, member".

Sullivan drew a line between the concentration of assets and asset distribution between the credit union industry and the banking industry. The five largest banks own 44% of the industry's total assets while the five largest credit unions own 11% of the industry's total assets. Sullivan expects that number to increase as he pointed out that the number of credit unions has been cut almost in half in the last ten years.

You must know your market, culture, and member—and consider their needs. Today's member is more conscious about finances and less loyal, they feel more comfortable with self-service, and they expect portability and access. To stay relevant, you must deliver, said Sullivan.

Sullivan offered up valuable takeaways for attendees: Keep in mind that purpose + passion = profit. Keep in mind that you should make decisions within context of the market, know and re-engage your market, and more.

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Senators Intro Tough, CUNA-Backed Data Security Bill

WASHINGTON – Sens. Tom Carper (D-Del.) and Roy Blunt (R-Mo.) introduced a bill Wednesday that would set standards for entities that handle consumers' personal financial information, while outlining procedures that must be followed in the event of a data breach.

The Data Security Act of 2015 has the strong support of CUNA.

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"This much needed legislation will protect the sensitive financial information of American people by establishing a national standard for data security, protection and consumer notification," said Jim Nussle, president/CEO of CUNA. "My thanks to Senators Carper and Blunt for their bold leadership on the important issue of data breaches. This commonsense legislation ensures that those who accept cards as payment are held to the same standard as those who issue cards for payment. I strongly urge the Senate to move forward with this bill for the safety and security of all consumers."

CUNA, along with other financial trade organizations, sent a [letter](#) of support for the legislation Wednesday.

The bill requires covered entities to "develop, implement and maintain a comprehensive information security program that contains administrative, technical and physical safeguards" that would ensure the security of personal and account information while protecting against threats and attempted acquisition of such information.

Covered entities that suspect a breach would be required to assess the nature and scope of the incident, and notify "without unreasonable delay" an appropriate federal law enforcement agency and each consumer-reporting agency, if the breach involves information of more than 5,000 consumers.

In addition, all consumers to whom the information is related must be notified by mail, telephone or email. The notice must include a description of the breached information, a general description of action taken by the breached entity and a summary of victims' rights.

The bill also recognizes the standards financial institutions are subject to under the Gramm-Leach-Bliley Act and extends those requirements to other entities that handle sensitive information.

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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.

Reality Check Coverage: Crystal Jonas Engages Audience to Drive Home Concept of Employee Engagement

ATLANTIC CITY, N.J. – About 51% of employees are not engaged at their jobs, according to a recent Gallup poll. This is a problem, says Crystal Jonas. The world's most forward-thinking and profitable companies make employee engagement a top priority.



Crystal Jonas introducing staggering stats on the lack of employee engagement.

Highly engaged employees:

- Consistently act in the best interest of their organization
- Have a heightened sense of ownership for their work
- Believe they are accountable for their work quality
- Feel they belong and are an important part of their company
- They also are more loyal, creative, and productive and inspire loyalty in customers.

As a result, companies with highly engaged employees are more profitable and are better positioned for sustainable growth.



Attendees partnering up for the penny and nickel game, which Jonas used to prove a point about clear communication and expectations in the workplace.

Jonas, through an interactive presentation, taught attendees how to inspire highly engaged employees through her concept of CARE: Connect, Ask, Recognize, and Empower.

She had attendees partnering up for an exercise that demonstrated how important it is to ask the right questions and clearly set expectations to keep your employees actively engaged and proud of their work.

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Save the Date: 2015 Compliance Conference Set for June 19!



2015 LEAGUE COMPLIANCE CONFERENCE MANAGING DYNAMIC CHANGE



8:30 am – 4:00 pm

*8:30 am Check-in
& Continental Breakfast*

**Holiday Inn of East Windsor
Conference Center
399 Monmouth Street
East Windsor, NJ 08520**

SAVE THE DATE!

JUNE 19, 2015



More information coming soon!

REGISTER EARLY! 10% off early bird registration for groups of 3 or more from the same credit union. To register email mzelinsky@njcul.org or call 1.800.892.8861, ext. 100.

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.



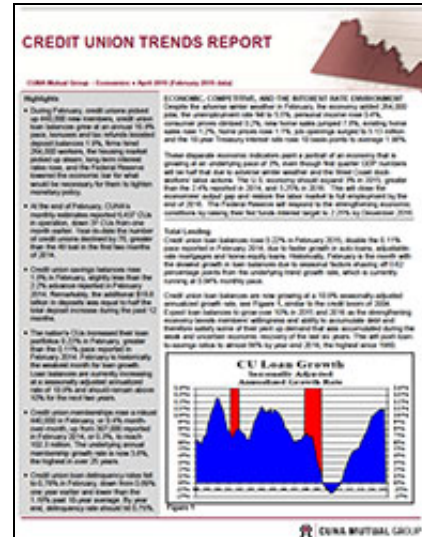
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April 2015 CU Trends report Now Available from CUNA Mutual Group

The April 2015 CU Trends Report, based on February 2015 data, is now available for download from CUNA Mutual Group.

Highlights include:

- Credit union savings balances rose 1.9% in February, slightly less than the 2.2% advance reported in February 2015;
- During February, credit unions picked up 440,000 new members, and loan balances grew at a 10.9% annual pace; and
- Credit union loan delinquency rates fell to 0.78% in February, down from 0.89% one year earlier



[To download the full report, click here.](#)

House Breach Bill Falls Far Short in Protecting Consumers, CUNA Says

WASHINGTON – The U.S. House Energy and Commerce Committee passed the Data Security and Breach Notification Act of 2015 (H.R. 1770) Wednesday by a 29-20 vote. CUNA and other financial services organizations say the measure "falls short of adequately protecting consumers."

In a letter sent to the committee prior to the bill's markup, CUNA and the other trades outlined essential principles for strong data protection legislation.

"CUNA opposes this bill because it still leaves consumers unprotected from breaches that occur in merchants' systems," said Sam Whitfield, CUNA's deputy chief advocacy officer.

The bill would require certain entities that collect and maintain personal information to secure such information and provide notice to individuals if the information is breached or exposed.

CUNA and the trades previously weighed in on the bill last month, when it was a discussion draft. The discussion draft version and the

version passed by the committee Wednesday both fall short of what is needed to protect consumers, CUNA believes.

According to CUNA, strong data breach legislation should entail:

- Strong national data protection and consumer notification standards, coupled with effective enforcement provisions. CUNA believes the standard in H.R. 1770, which calls for "reasonable security measures" should be strengthened;
- Recognition of the data protection standard financial institutions face under the Gramm-Leach-Bliley Act. CUNA urges the committee to ensure that entities already covered by these standards are not subject to dual and perhaps inconsistent regulations;
- Ensure the party responsible for the breach bears the costs associated with the breach. CUNA would like to see a section of H.R. 1770 modified with language stating this; and
- A strong federal standard that preempts inconsistent state laws and regulations that deal with data protection and consumer notification which H.R. 1770 does not accomplish.

CUNA and the trades believe the above issues must be addressed before the bill is brought to the House floor.

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CUNA Mutual Group Risk Alert: Protecting Member Data on Portable Devices

A lost or stolen portable device containing unencrypted confidential member data, such as a laptop, could result in significant financial loss to credit unions as well as increased legal risk and a tarnished reputation. If confidential member data must be stored on a portable device, credit unions should ensure the data is encrypted.

Lost and stolen devices are the most common causes of data loss reported by organizations according to Verizon's 2014 Data Breach Investigations Report. In fact, the report states that data loss through lost devices occurs much more frequently than by theft, by nearly a 15 to 1 ratio. In addition, laptops are found to be the most common type of lost and stolen device reported. CUNA Mutual Group has also witnessed an increase in the number of credit union cases involving lost or stolen laptops.

The highest proportion of thefts occurs in the victim's work area, followed by theft from personal vehicles and residences, according to Verizon. Credit union employees should always secure devices whether in the office, in a vehicle or at home.

In addition to laptops, credit union employees must be cautious with mobile devices (e.g., tablets and smartphones) and portable storage devices (e.g., flash drives). Although confidential member data on internal systems is at risk in the event of unauthorized access, the risk increases significantly when data is not encrypted on devices taken out of the credit union facilities by employees. since the devices can

be lost or stolen.

Credit unions should also consider state data breach notification laws requiring private and government entities to notify individuals of breaches involving personally identifiable information. A number of states have a safe harbor provision to the notification requirements if the breached data is encrypted, which could result in significant cost savings. However, the decision to not send notifications should only be made after consulting with legal counsel specializing in privacy laws.

Risk Mitigation Tips

In managing portable devices such as laptops, credit unions should:

- Establish, by policy, the types of member data that is permitted to be stored on portable devices. If it is necessary to store confidential member data on portable devices, ensure it is encrypted.
- Prohibit employees, by policy, from downloading confidential member data to portable storage devices, such as flash drives. USB ports on workstation PCs should prevent employees from inserting a flash drive or other portable data bearing device. If it is necessary to download confidential member data to a portable storage device, ensure the data is encrypted. Provide training to employees at least annually on securing devices in the office and while traveling. Also, conduct privacy awareness training on an annual basis.

Access CUNA Mutual Group's [Protection Resource Center](#) for exclusive Risk Management resources.

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CUNA Joins Home Depot Breach Class Action Suit

WASHINGTON – CUNA has agreed to join credit unions and other financial institutions nationwide as a plaintiff in a class action lawsuit against The Home Depot following the merchant's massive data breach in September 2014.

"Credit union members need a solution to the problem of merchant data breaches," said Jim Nussle, president/CEO of CUNA. "Credit unions around the country have been dealt a huge blow by merchant data breaches and CUNA expended significant resources and has been diligently working with its credit union members to address and respond to the Home Depot data breach. CUNA did not make the decision to join the lawsuit lightly; we stand with our credit union members and believe consumers must be protected from merchant negligence. Home Depot continues to operate using the inferior systems and procedures that gave rise to the breach and it is unacceptable."

CUNA has been heavily involved in the issue of merchant data breaches by corresponding and meeting with federal lawmakers and

their staffs and will continue all efforts to ensure any and all data security-related bills afford credit union members with the greatest protection possible.

CUNA studies show that the Home Depot data breach alone cost credit unions and their members tens of millions of dollars and the merchant has acknowledged that 56 million credit and debit cards were compromised in the breach.

CUNA joins a number of credit unions and other financial institutions as plaintiffs on this case.

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Senators Propose Opening NCUA Budget Process to Public

WASHINGTON -- Sens. Dean Heller (R-Nev.) and Mark Warner (D-Va.) introduced a bill Tuesday that would require NCUA to make several aspects of its budget process public.

"The NCUA is funded by credit unions and their more than 100 million members; it makes perfect sense that the agency should be transparent with its budget," said Jim Nussle, CUNA president/CEO. "I thank Senators Heller and Warner for their leadership on this issue and hope this legislation comes to a vote in both chambers."

The NCUA Budget Transparency Act (S. 924) would amend the Federal Credit Union Act to require the NCUA to make a copy of its draft operating budget publicly available and printed in the Federal Register. It would also require the agency to provide notice of a public hearing, conduct a hearing and allow the public to submit comments on the budget.

"Credit unions play a critical role in allowing Virginians to borrow in order to buy homes and start businesses, and the NCUA plays an important role in ensuring that system--with more than one trillion in assets--remains stable and sound," Warner said in a statement. "Since credit union members are ultimately responsible for funding the NCUA through assessments on their institutions, it makes sense that the public should have the opportunity to weigh in as the NCUA considers its annual budget."

Heller added that the reason the two legislators proposed the bill was to return the NCUA to the "high standards" it had when it previously held public budget hearings.

"The National Credit Union Administration should hold public hearings detailing its budget annually," Heller said. "This is not a foreign practice to the NCUA, and it should not become extinct. Submitting a budget publicly welcomes transparency and allows for public input."

The NCUA ceased its budget-hearing process in 2009.

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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 23 -- [BSA Training for Frontline Staff \(AM Session\)](#)

April 23 -- [BSA Training for Frontline Staff \(PM Session\)](#)

April 27 -- [Webinar: Important SAR Procedure Updates from the Revised BSA/AML Examination Manual](#)

May 12 -- [VirtualCorps Webinar: Millennials Want Convenient Access to...Products and Services We Don't Have?](#)

May 13 -- [NJ DNA Meeting at Credit Union of New Jersey](#)

June 19 -- [Compliance Conference: Managing Dynamic Change](#)

Industry Events

April 22 -- [NCUA Financial Literacy Twitter Chat](#)

April 22 -- [NCUA Financial Literacy Webinar: Your Mission into Action: Developing Financial Literacy and Savings Programs for Youth](#)

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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