

To ensure that you continue receiving our emails, please add us to your address book or safe list.

Unsubscribe

Update Your Communications Preferences



The Daily Exchange

Friday Recap Edition

August 14, 2015

This Week's Top Stories:

- > [Increase Your Engagement Score with...Submitting a Comment Letter!](#)
- > [Introducing the League's New Weekly Surveys! Make Your Voice Heard!](#)
- > [Bankers' Tax Status Argument Transitions into MBL Debate in Latest NJBIZ Article](#)
- > [CUs Encouraged to Send MBL Comments to NCUA: Aspire FCU CEO Tom O'Shea Points Out Areas that Need Further Review](#)
- > [FREE Member Business Financial Services Lunch N' Learn on Sept. 24](#)
- > [Monitoring Costs 'Integral' Part of Interchange Standard, Fed Says](#)
- > [CUNA Advocacy Included CISA Support, TCPA Concerns Before Senate Recess](#)
- > [Instagram This: The Week's Best Photo](#)



Increase Your Engagement Score with...Submitting a Comment Letter!

MBL Comments Due to NCUA August 31st

Our patronage rebate program is underway! This program will reward those credit unions that engage with NJCUL, the New Jersey Credit Union Foundation and other New Jersey credit unions, strengthening the sense of community we are working to advance.

A simple, quick way you can increase your credit union's engagement score is to send a comment letter to regulatory agencies. Contact regulatory agencies, including NCUA, CFPB, and more, through CUNA's [Comment Calls page](#). If you send 10, your credit union earns .5%!

This month, you're encouraged to contact the NCUA on its proposed member business loan (MBL) rule introduced at the agency's June open Board meeting (see related story below). The proposed rule will have a 60-day comment period with comments due to NCUA by August 31, 2015. Send in your comments [here](#).

Questions about the patronage rebate program can be directed to the VP of Member Experience & Education Barbara Agin at bagin@njcul.org or 800-792-8861 ext. 111.

[[BACK TO TOP](#)]

Introducing the League's New Weekly Surveys! Make Your Voice Heard!

HIGHTSTOWN, N.J. – The League values your feedback and input on its offerings. To give you a simple way to voice your opinions and let us know how you use our offerings, and to share thoughts on our business partners, we're featuring two short surveys in our *Friday Recap of the Daily Exchange* each week. We hope you will participate, as we work to continually provide the best solutions to our member credit unions.

Below, please find links to our latest surveys: The first is an opportunity to share how you currently engage with the League and the second is to share feedback on this week's featured Business Partner: CU Direct.

[Engagement Survey](#)

[CU Direct Survey](#)

Upcoming Events:

August 18, 2015

VirtualCorps Webinar: So, You're a Low Income Designated CU: Now What?
3:00 pm to 4:00 pm
[More Information Click Here](#)

September 19, 2015

Renaissance CDCU's 2015 Bike-a-Thon
8:00 am to 3:00 pm
[More Information Click Here](#)

September 23, 2015

Webinar: Regulator Guidance & Issues in ATM Security
3:00 pm to 4:30 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

Connect with Us:



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

Bankers' Tax Status Argument Transitions into MBL Debate in Latest *NJBIZ* Article

In the wake of banker attacks on credit unions' tax status in numerous New Jersey publications over the past few weeks, the latest coverage in *NJBIZ*, an [article](#) titled "Grudge Match", transitions the focus to member business lending (MBL), quoting bankers' arguments as well as several New Jersey credit union leaders' defense.

James Hughes and Peter Mchelotti, New Jersey bank leaders associated with the Community Bankers Association of New Jersey, claim in the article that credit unions are vying for greater market share and their tax exemption gives them an unfair advantage.

This tax debate has resurfaced, says *NJBIZ*, on the heels of the NCUA's proposed changes to the MBL rule. John McWeeney Jr., President/CEO of the New Jersey Bankers Association, claims, "The changes the NCUA is considering are very real and could have a significant impact on the banking industry."

Several New Jersey credit union leaders are quoted in the article defending credit unions' tax status as well as MBL reform.

"The tax treatment conveyed on credit unions roughly 100 years ago continues to serve the purpose for which it was created, and is one of the best investments that the government makes in its citizens," says John Fenton, Affinity FCU President/CEO, on the tax exemption. "Credit unions provide substantial benefits to their members, and the dollar amount of those benefits greatly exceeds the loss in federal revenue that would result from taxing not-for-profit credit unions."

"The banks like to talk about tax structure as a tremendous competitive advantage that credit unions have," says Greg Michig, President/CEO of NJCUL. "But if you look at this in terms of market share, credit unions in New Jersey hold 3.8% of the deposits."

Regarding MBL, *NJBIZ* points out the bill currently in Congress that would lift the credit union business lending cap from 12.25% to 27.5% of total assets. "Right now, there are 500 or so credit unions in this country that are at that cap or actively managing the cap because they are nearing it," explains Michig. "It's a big issue. Credit unions could be lending much more to small business." Michig adds that the cap prevents many smaller credit unions from getting involved with business lending at all.

Credit unions are experiencing growth, the article points out, but it's cooperation, not competition with other credit unions that has been essential to their success.

"Credit unions notoriously band together to solve problems," says XCEL FCU President/CEO and NJCUL Chairman Linda McFadden. "We band together to overcome our shortcomings as small institutions."

Click [here](#) for the full article.

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

CU's Encouraged to Send MBL Comments to NCUA; Aspire FCU CEO Tom O'Shea Points Out Areas that Need Further Review

ALEXANDRIA, Va. – Credit unions are sending in comments to NCUA telling the agency that it's proposed revisions to its member business lending (MBL) regulations may be needed, but the proposal could use some additions and adjustments, according to a sample of comment letters submitted to the agency.

Aspire FCU President/CEO Tom O'Shea is among those who have submitted a comment on the proposal. O'Shea thanked NCUA for taking on the "arduous task" of modernizing the MBL rule, but pointed out areas of the rule he feels need further review.

"I am in agreement with your strategy to add the definition of a commercial loan and your description of the difference between a commercial loan and a member business loan," said O'Shea, but more clarification is needed. "Would a personal vehicle used to transport fare-paying passengers on a part-time basis using an application developed by a transportation network company such as Uber or Lyft qualify as a commercial loan (these vehicles could exceed \$50,000 in cost)? If so, how would we police such use and what would be the impact of this business use of a vehicle on our compliance with these revised rules? Should we include language in our member loan agreements prohibiting such use, if that was our preference?"

"I am appreciative of your exclusion of any non-member participation interest in a commercial loan from the MBL cap," continued O'Shea. "However, in this day and age when a borrower could be a member of multiple credit unions, what would be the impact of a credit union participating in a loan where the borrower, or guarantor, is a member of both the originating and the participating credit union? While not intentional on the part of the participating credit union, would this loan now be included in the MBL cap for that credit union as well?"

O'Shea also questioned, for purposes of complying with the statutory cap, if the calculation of net member business loan balances would only be recalculated every quarter on the submission schedule of 5300 reporting, or over some other time period.

The MBL proposal is currently out for comment through Aug. 31.

"The NCUA's proposed MBL rule would make significant changes to how credit unions offer business loans to their members," explains NJCUL VP of Compliance and Regulatory Affairs, Nicola Foggie, encouraging credit unions to voice their concerns. "The proposal is open for comment through the end of the month, and it is critical for credit unions to weigh-in."

Credit unions can easily submit comment letters to NCUA online through CUNA's [PowerComment](#).

If you need more information on the proposal or assistance in writing a comment letter, reach out to Nicola Foggie at nfoggie@njcul.org or 800-792-8861 ext. 112.

CUNA is also hosting a free informative "NCUA MBL Proposal - What You Need To Know Before You File Your Comment Letter" [Webinar](#) on August 20th to help credit unions with the comment letter process.

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

**FREE Member Business Financial
Services Lunch N' Learn on Sept. 24**



Please join Member Business Financial Services (MBFS) staff members, existing MBFS credit unions, and the New Jersey Credit Union League for a free Lunch N' Learn with NJCUL's newest endorsed service provider on Thursday, September 24th. The event will include a presentation on how you can utilize MBFS services to build member relationships along with a Q&A session.

Most importantly, MBFS wants to hear from New Jersey credit unions on how it can help credit unions in the state succeed at serving the local business community. As a credit union-owned service organization, MBFS's success is directly tied to successful credit union business lending programs. MBFS looks forward to not only providing an educational forum but also valuable interaction with credit unions.

This meeting is open to all NJCUL members. We encourage all credit unions to attend regardless of whether you have an existing business loan program or are just considering the possibilities.

There is no cost to attend. Registration deadline is September 17, 2015.

Join us "live" at the League or via video conferencing at Atlantic FCU or Members 1st of NJ FCU.

Time: 11:00 a.m. - 1:00 p.m.

Cost: No Cost

Register: To register, please send an email to Mary Zelinsky at mzelinsky@njcul.org. Please feel free to share specific questions or topics that you would like covered at the session.

Questions? Please contact John Hendery at jhendery@njcul.org or 800-792-8861 ext. 108.

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

Monitoring Costs 'Integral' Part of Interchange Standard, Fed Says

WASHINGTON – The Federal Reserve board of governors clarified its debit interchange rule this week stating that transaction-monitoring costs are included in the interchange fee standard.

The clarification to Regulation II, which covers debit card interchange fees and routing, comes after a U.S. District Court found in June that the rule needed further explanation.

After the 2010 Dodd-Frank Act required an interchange fee cap, the Fed set the ceiling at 21 cents per transaction for card issuers with more than \$10 billion in assets.

The National Association of Convenience Stores (NACS) challenged the Fed's regulation governing the fee paid to card-issuing financial institutions when a debit transaction is made, saying the Fed's ceiling is too high.

However, CUNA and its financial services coalition partners make the case that it is too low and does not allow debit card issuers to cover their costs with a reasonable rate of return.

Regarding the clarification, the Fed said transaction-monitoring costs "assist in the authorization process by providing information needed by the issuer in deciding whether the issuer should authorize the transaction before the issuer decides to approve or decline the transaction," the clarification states.

It goes on to note that, like other authorization steps such as confirming the card is valid and authenticating the cardholder, transaction monitoring is "integral to an issuer's decision" to authorize a transaction. Therefore, transaction monitoring costs are correctly included in the base interchange fee, according to the Fed.

In January, the U.S. Supreme Court rejected a NACS petition to hear the case, which CUNA President/CEO Jim Nussle called "the correct decision for credit unions and consumers."

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

CUNA Advocacy Included CISA Support, TCPA Concerns Before Senate Recess

WASHINGTON – As the Senate met for the final times last week before the August recess, CUNA stepped up its advocacy efforts, submitting a number of letters urging legislators to consider credit unions' positions. CUNA also sent two letters to the NCUA last week, regarding the Telephone Consumer Protection Act (TCPA) and the agency's annual regulatory review.

Additionally, CUNA filed an amicus brief in a Texas interchange fee case *Rowell et al v. Pettijohn*. Similar to a brief CUNA filed in March in a Florida interchange fee case, the brief lays out how additional surcharges to credit card transactions would shift costs to consumers and financial institutions, while allowing merchants to continue to reap the benefits of the credit card system.

CUNA's letters to the Senate last week included:

- Calling the Cybersecurity Information Sharing Act (CISA) a "good start" but urging the Senate to adopt legislation that would establish a strong national data security standard, and recognize the standards financial institutions currently adhere to under the Gramm-Leach-Bliley Act;
- Opposing an amendment to CISA offered by Sen. Elizabeth Warren (D-Mass.) that would have given the NCUA authority over third-party vendors. CUNA, along with credit union leagues from Massachusetts, Kentucky, Alabama, Nevada and California, contacted legislators to voice their disapproval of the amendment, and it was not included in the version of the bill the Senate will consider in the fall; and
- Writing in support of the Bureau of Consumer Financial Protection Advisory Board Enhancement Act (S. 1963). The bill is the Senate version of a House-approved bill that would codify the Consumer Financial Protection Bureau's (CFPB) Credit Union Advisory Council.

CUNA wrote to the NCUA last week about:

- The agency's annual regulatory review. CUNA pushed for modernization of the agency's credit union bylaws, and suggested the agency work to provide more field of membership flexibility, eliminate the capital adequacy requirement in its risk-based capital proposal, do more to allow credit unions to obtain the low-income designation, and much more; and
- How the TCPA can impact credit unions by creating a regulatory burden while making it more difficult for credit unions to contact their members due to ambiguity in the statute. CUNA asked the NCUA to advocate on behalf of credit unions to the Federal Communications Commission.

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

Instagram This: The Week's Best Photo



NJ DNA hosted by Atlantic Health Employees FCU at Overlook Hospital in Summit, N.J. Jim Wilcox, AVP Risk Management at Affinity FCU, and Michael Hou, Vice Chairman of United Teletech Financial FCU facilitated the meeting on the topic of fraud schemes.

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