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# The Exchange

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**"Products/Services"**

## What is a Flawless Branch Experience?

By: Bill Prichard, CO-OP Financial Services

The next time you walk into one of your branches, ask yourself this: "What do all of these people want?"

It's a valid question, considering that more and more transactions are being done outside of the branch every day. McKinsey & Company estimates that in five years more than 95% of banking transactions will take place through digital or direct channels. As alternative channels account for more transactions, what exactly brings members into the branch?

Better still, what constitutes a good experience for these members?

If you really want to know, be prepared to monitor a long list of touchpoints. Consider how a typical consumer might find his or her way into – and out of – your branch:

- Identifies shared branching or in-network ATM at your branch using an online locator such as [co-opcreditunions.org/locator](http://co-opcreditunions.org/locator).
- Transfers funds from an account at another credit union to make a loan payment, using an enhanced NextGen ATM by CO-OP.
- Asks a member service representative about funds availability on a mobile deposit.
- Follows up on a suspicious transaction found on mobile banking.
- Verifies account balances by smartphone after visiting the branch earlier in the day.

McKinsey & Company reports that consumers who access mobile and online banking more than once per week are 60% more likely to visit a branch.

### Speed

"No one wakes up and says, 'Oh goody, I get to go the branch today,'" says Sarah Bang, President/COO of FSCC, LLC, and Chief Strategy Officer, CO-OP

Shared Branching.

"People coming into the branch are on a mission. They want to get it done fast." Anything you can do to reduce the time required is a plus – and anything you can do to ensure that members can accomplish what they came in to accomplish is even better.

### Self-Service

It's not gimmicky or a sheer love of automation that inspires members to like self-service. Bang points out, "We've found that members appreciate using vCom automated kiosks to make late loan payments; it saves them the embarrassment of handing a late payment over to a teller." Similarly, members who are sensitive to disclosing financial information in person might simply prefer the privacy provided by an automated channel.

### Humanity

It's undeniable that members head into the branch when they have complicated business to transact: applying for a loan, resolving an issue, opening a new account. As credit unions transform their branches with help from technology, it's natural to see these member interactions as opportunities to cross-sell.

That's not a bad idea, but Bang urges credit unions to proceed with care.

"If I'm coming into the branch



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because I couldn't complete the transaction online, I probably won't be open to

a sales pitch of a product. However, this may be the perfect time to cross-sell or troubleshoot other channels. I'd be very appreciative if the teller told me about other options to get the transaction done faster in the future."

How do you humanize the experience without dragging out the transaction or making an unwanted sales pitch? "How about giving me a smile?," Bang asks. "What if you make one non-transaction-related comment? 'Is Steve your husband?' or 'I love your skirt.' Even just facing me as I walk in or out makes me feel recognized," and it's appropriate whether someone is there to do a major transaction or a quick deposit.

### What's a flawless branch experience in 2015?

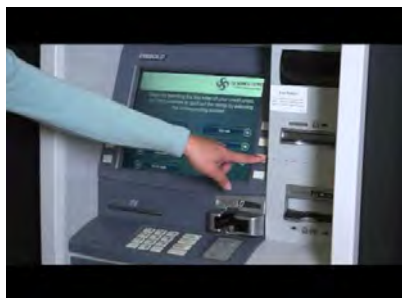
The fact is, the answer is changing. Delivering speed, self-service and humanity looks different today than it did in 2005. Just look at the array of branch transformation technology that's available to credit unions of every size: NextGen ATMs by CO-



OP that enable members to do shared branching transactions; video-equipped Diebold In Lobby Teller and

NCR Interactive Teller Machines that combine human interaction with fast automated transactions; and a growing complement of mobile and virtual solutions that augment the in-branch experience, including Sprig by CO-OP, CardNav, CO-OP Mobile and RealPay.

How all of these elements will integrate with each other – and with members or staff – as we move forward is still evolving. What we know is that technology, members, and staff will all be



interacting differently – and more. And while that may or may not sound like anyone's idea of flawless, it is moving rapidly in the direction of what people want.

### About the Author

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# CO-OP Shared Branch Surpasses Bank of America in Number of Branches

CO-OP Shared Branch has surpassed Bank of America in number of branch offices, and is now the nation's third largest network of financial institution branches, according to data drawn from the FDIC.



CO-OP Shared Branch comprises 5,341 branches, compared to Bank of America's 5,244 branches. The figures were compiled by CO-OP Financial Services on May 19, 2015, and retrieved from the FDIC's "Find Banks" page at [www2.fdic.gov/idasp/main.asp](http://www2.fdic.gov/idasp/main.asp).

"We have achieved a significant milestone by reaching more than 5,300 branches, but the sky is still the limit for our industry's unique shared branching concept," said Stan Hollen, President/CEO, CO-OP Financial Services. "There are about 1,800 credit unions participating in shared branching, offering convenient branch access to more than 52 million members wherever they may travel in the United States.

"In addition to member convenience, shared branching offers a means of generating revenue and operational efficiencies for participating institutions," said Hollen. "If all of the nearly 7,000 credit unions in the U.S. were part of shared branching, our locations would number about 21,000."

The credit union industry's shared branch network is also gaining fast on the two remaining networks with more branches. Chase has 5,892 branches and Wells Fargo has 6,392 according to the same FDIC source.

In addition to the more than 5,300 "live teller" branches, CO-OP Shared Branch also includes nearly 1,800 self-service kiosks within select 7-Eleven stores nationwide.

For more information, visit [www.co-opfs.org/solutions/locations/shared-branching](http://www.co-opfs.org/solutions/locations/shared-branching).

# Professional Services Group: Bringing You Products and Services You Can Trust

Professional Services Group of NJ, Inc. (PSG) is here to serve you!

Not familiar with PSG? It's the wholly-owned subsidiary of the New Jersey Credit Union League. The mission of PSG is to provide New Jersey credit unions with quality products and services in an economical and efficient manner.

Want to know more? Read on to hear from Senior Credit Union Services Consultant John Hendery and Credit Union Consultant Juliana Stephan as they explain what PSG is, its mission, and how their trips out into the field help PSG—and the League as a whole—better serve its credit unions.

## 1. How long have you worked for the League?

**John Hendery:** 8 years

**Juliana Stephan:** I have been with the League since November 2014 and the experience has been remarkable!

## 2. What brought you to the world of credit unions?

**JH:** It's hard to imagine I've worked with credit unions for over 30 years now. As corny as it sounds, I enjoy working in

an industry that exemplifies the "people helping people" philosophy. From my perspective, it's gratifying to see credit unions "walk the talk" every day. Credit unions who embrace this philosophy and use it as their benchmark really do set themselves apart from others in the myriad of other financial services providers. I've also been very fortunate in my career to be surrounded by countless folks in



Say hello to our PSG team: Credit Union Services Consultant Juliana Stephan and Senior Credit Union Services Consultant John Hendery.

the industry – both past and present – who are sincerely dedicated to their jobs, want to make a difference, and



Professional  
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“SERVICES YOU CAN TRUST”

are fun to be with.

**JS:** I have been in big corporations and banks a majority of my career and I wanted to try something different from what I was traditionally used to. I have always been slightly familiar with credit unions but after working a short time with the League and credit unions out in the field, it has been a very positive and rewarding experience.

## 3. What is PSG?

**JH:** An acronym for Professional Services Group, a wholly-owned subsidiary and the service corporation of the New Jersey Credit Union League. PSG was created to provide credit unions with quality products and services at competitive pricing. Our intent is to bring cost effective business solutions to our member credit unions with a focus on value and efficiency.

## 4. What's new in PSG? What should credit unions know about the new partnership structure?

**JS:** The new partnership structure allows us to become more engaged with our new and existing partners, based on a collaborative relationship, to help credit unions and their members become more successful in an evolving industry. Our partners, for example, are able to host webinars, educational sessions, and submit publications to our daily communication piece The Daily Exchange, where credit unions and partners are able to receive daily updates on the industry. We are currently highlighting business partners in the monthly newsletter as well so they are able to have that frontline visibility and exposure to our credit unions.

**JH:** PSG understands the intricate and highly regulated nature of the credit union industry. Each organization we bring on board to our Business Partner platform is hand selected to ensure dependability and integrity. We hold our partners to very strict standards of quality and look to cultivate mutually beneficial relationships that benefit New Jersey credit unions and their members.

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**5. How does the PSG board vet new potential partners?**

**JH:** All potential partners are evaluated through a rigorous and comprehensive due diligence process.

**JS:** Our potential Business Partners have to fill out a very comprehensive application detailing their company's business model, financials, references, etc.

**JH:** Right. And due diligence results will be shared with the potential partner. We also gather feedback from member credit unions to gauge the level of interest and to make sure the products/services are a good fit for the New Jersey marketplace.

**6. What is your role going out into the field and speaking to credit unions?**

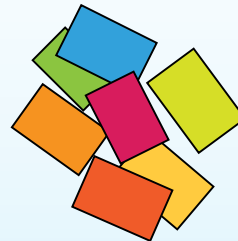
**JH:** My primary role/focus is to identify the product/service needs of our member credit unions through a consultative approach. Once identified, I look internally and to our Business Partners to see if there's a resource that can assist. Although many needs are similar in nature, every credit union has a different set of priorities and things they are trying to accomplish at different times. I think that's what makes my job interesting.

**JS:** My role in the field is developing relationships directly with credit unions and understanding their individual needs, wants, and issues that effect their business and membership. In understanding each credit union's business model, we are able to come up with different solutions that could be helpful through PSG, different points of contacts within the industry, educational/training secessions, etc. I am always trying to engage our credit unions to raise their awareness of PSG and what the New Jersey Credit Union League has to offer because it can truly benefit their business and staff.

**7. Where can credit unions find out more about our Business Partners and the products and services available?**

**JH:** One way is to visit our Web site [www.njcul.org](http://www.njcul.org) under our Products and Services tab. Or you can simply call or email myself at [jhendery@njcul.org](mailto:jhendery@njcul.org) 800-792-8861 ext. 108.

**JS:** The direct link to our PSG page is [www.njcul.org/professional-products-and-services.aspx](http://www.njcul.org/professional-products-and-services.aspx). Credit unions can also feel free to contact me at any time via email at [jstephan@njcul.org](mailto:jstephan@njcul.org) or directly calling me at 917-790-3454.



# Inspire

**This year's theme for our Annual Meeting & Convention is "Inspire"!**

**Plan to join us at Harrah's Resort in Atlantic City, NJ  
on October 4-6, 2015 and get inspired with us!**

**Register by August 10, 2015 to secure the early bird discount!**

**Register**

## Modernized MBL Rule Proposed by NCUA

ALEXANDRIA, Va. – At its June board meeting, the National Credit Union Administration (NCUA) unanimously proposed a modernized rule for member-business lending (MBL), one the agency says removes prescriptive and arbitrary limits and replaces them with a “broad principles-based regulatory approach.”

The rule changes were proposed during the NCUA's open board meeting Thursday.

The proposed MBL rule is intended to give credit unions freedom and flexibility to determine their best approach to business lending.

“Commercial lending may not be appropriate for every credit union, but that's a strategic decision for each board of directors to make,” said NCUA Chair Debbie Matz. “Credit unions know their members better than we do, and this modernized business lending rule reflects that reality.”

The agency noted that the credit union system's total member business lending portfolio has grown to \$51 billion in 2015 from \$4 billion in 2000. The low rate of delinquencies and charge-offs for commercial loans at credit unions overall indicate solid performance.

“In my view, the proposed rule shows a good faith attempt at regulatory relief,” said NCUA board member J. Mark McWatters of the agency plan.

“Those who wake up in the morning and live member business lending every day, I welcome your comments,” he said, encouraging credit union comment. “We want a rule that represents regulatory relief and protects the safety and soundness that protects the share insurance fund.”

Among the restrictions removed or modified by the proposed rule are:

- The requirement for a personal guarantee;
- The 80% limit on loan-to-value ratios;
- The limit on unsecured MBLs;
- The requirement that staff have two years of direct experience;
- Detailed limits on construction and development loans;
- The restrictive definition of “associated borrower”; and
- The 15% of net worth limit on loans to one borrower, which will now increase to 25% if the additional 10% is supported by readily marketable collateral.

In his comments, NCUA Vice Chair Rick Metsger said the most common complaints he hears from credit unions are the current MBL rules are too restrictive and the waiver process is too time consuming, causing potential borrowers to take their business elsewhere.

“Many credit unions have given up on serving their members' commercial lending needs because existing limits and the waiver process prevent them from being competitive and meeting their members' needs in a timely fashion,” Metsger said.

Under the proposed rule, credit unions would be able to write their own policies and limits on collateral and security requirements, equity requirements, and loan limits. Nearly 700 credit unions that hold a small portfolio of commercial loans would be exempt from the requirement to establish a policy.

If the proposed rule is adopted, the NCUA would conduct specialized training for examiners at a one-time cost of about \$1.9 million before implementing the rule. The NCUA also would provide supervisory guidance for credit unions.

Comments on the proposed rule must be received within 60 days of publication in the *Federal Register*.



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# League Updates Lt. Governor, Lawmakers on CU Issues at Annual Chamber of Commerce Reception

TRENTON, N.J. – NJCUL President/CEO Greg Michlig and Vice President of Corporate & Governmental Affairs Chris Abeel represented New Jersey credit unions at the New Jersey State Chamber of Commerce's Annual Open House and Legislative Reception this month where they had the opportunity to update Lieutenant Governor Kim Guadagno and key legislative leaders on credit union issues and priorities.



*NJCUL President / CEO Greg Michlig (right) and Vice President of Corporate & Governmental Affairs Chris Abeel (left) with New Jersey Lieutenant Governor Kim Guadagno (center) at the New Jersey State Chamber of Commerce's Annual Open House and Legislative Reception.*



*Michlig (right) and Abeel (left) with New Jersey State Chamber of Commerce President / CEO Tom Bracken (center) at the Chamber's Annual Open House and Legislative Reception.*

The Annual Open House and Legislative Reception was held in the State Museum at the State House Complex.

This reception traditionally falls on the last legislative day before lawmakers break for the summer and is attended by business and community leaders, lobbyists, state lawmakers, cabinet members, and senior legislative and executive branch staffers.

Lieutenant Governor Guadagno addressed a general session at the League's Convention last year.

## Key Assembly Committee Chair Speaks at Chapter Meeting

PERTH AMBOY, N.J. – Assemblyman Craig Coughlin (D-19) was the guest speaker at a North-Central Chapter meeting at The Barge Restaurant in Perth Amboy.

Assemblyman Coughlin chairs the Assembly Financial Institutions & Insurance Committee, the committee with primary jurisdiction over legislation impacting financial institutions in the state. He has sponsored several credit union-supported bills, including electronic lien and titling (ELT) and prize-linked accounts.

Other legislation that is currently pending action in his committee includes a data-breach bill, which credit unions strongly support, and bills that would require various ATM security upgrades, such as 911 call capability, which credit unions oppose.

The chapter meeting was an excellent opportunity to hear from an important credit union supporter, and reinforce our public policy priorities in Trenton.



# Small Credit Union Conference Wrap-Up

HIGHTSTOWN, N.J. – On June 6th, with the sun finally making an appearance, New Jersey credit union professionals and volunteers spent their day learning and networking at the 6th Annual Small Credit Union Conference.

This year's conference was sponsored by the League's Professional Services Group (PSG) and CUNA Mutual Group. The theme, "Driven to Succeed", featured speakers who shared information, tips, and resources that were impactful for the attendees.



*Gregg Stockdale shares a unique alternative to pay day loans.*

The opening speaker, Kerri Smith, CEO of CU Exceed, LLC and Business Development and Marketing Manager for Turbine FCU, displayed her passion for credit unions. Her topic was "Marketing Strategies that Work", and she stressed finding your niche and not needing to be all things to all people.

Smith defined the marketing role, competition, and the importance of board planning. She also shared data resources and walked attendees through key marketing formula calculations for successful campaigns.

Next up was our own Nicola Foggie, Vice President

of Compliance & Regulatory Affairs, with "Vendor Due Diligence". This necessary topic is often not on a small credit unions radar although it needs to be. Foggie's delivery style kept the audience interested and engaged.

League CEO, Greg Michlig, addressed the group and introduced the three attending board members. He shared highlights of the League's new Patronage Rebate Program.

Our next speaker was Gregg Stockdale,

President and CEO of 1st Valley Credit Union, who was informative and entertaining. He discussed "Alternatives to Pay Day Lending" and shared a blueprint of a "program" he currently runs at his credit union that starts with the pay day-type loans as a credit builder and bridges to a Next Step Loan and more.

Barbara Agin, NJCUL's VP Member Experience & Education, addressed the group, also discussing the Patronage Rebate. She explained how the engagement score works and shared some easy ways to get involved and work towards a higher dues rebate. Agin also facilitated some open dialogue among the attendees prior to lunch.

Barbara Rios, CEO of Trenton Police FCU, shared her credit union's success story and how the need to help laid-off members (in this case, police officers) who were later reassigned all over the state led to the credit union's adoption of ACH, share drafts, cash, debit cards, online

banking, bill pay, and more. Rios's passion for her members and the growth of her credit union was an inspiration to all.

Foggie was up a second time discussing "Compliance Hot Topics" and "League Resources". Agin, after reviewing additional resource for small credit unions, thanked the speakers, sponsors and especially the attendees for giving up their Saturday for the benefit of their credit unions.



*Inspiring attendees with her success story, CEO of Trenton Police FCU Barbara Rios shares how serving the need of police officers helped her credit union grow.*

## Conference Sponsors:

