



# Louisiana Credit Union League

November 16, 2011

eNews is a weekly publication provided by the Louisiana Credit Union League.

## Headline News

### NCUA webinar covers budget, assessments, examinations

Last week, NCUA Chairman Debbie Matz and other agency staff held a virtual town hall meeting to provide an update on the agency's activities and answer participant questions. Webinar topics included: the agency's budget, future Share Insurance Fund premiums and Corporate Stabilization Fund assessments, credit union accounting and examiner focus.

**NCUA budget:** Tomorrow, the NCUA board will approve the 2012 budget. Chairman Matz stated that NCUA's recent budget increases-which allow the agency to utilize a 12-month exam cycle and examine all credit unions with at least \$250 million in assets-likely saved federally insured credit unions \$1.5 billion.

**Share Insurance Fund:** There will be no 2011 NCUSIF premium, and the agency's goal is to not charge a premium in 2012. However, the estimated range for next year's assessment is 0-7 basis points of insured shares. The NCUA board will vote on this at its July 2012 meeting.

**Corporate Stabilization Fund:** Between 2009 and 2011, federally insured credit unions have paid \$3.2 billion toward stabilizing the corporate credit union system. NCUA's current estimate of total future costs is \$1.8 billion-\$6.1 billion. The agency intends to launch a webpage on its site by mid-December that will provide a high-level disclosure of the performance of the assets held by Asset Management Estates. The agency's current estimate for the 2012 Corporate Stabilization Fund assessment is 8-11 basis points.

**Accounting:** NCUA is developing a policy on troubled debt restructurings (TDRs), which will likely be released next month. In response to a question, Larry Fazio, director of NCUA's Office of Examination and Insurance, stated that credit unions should not be accruing for Corporate Stabilization Fund assessments, and future costs are "not probable and estimable enough" to warrant such accounting treatment.

**Examinations:** Fazio indicated that examiners are focusing on concentration risk, due diligence, credit risk management and interest rate risk. He also mentioned that the agency is currently drafting a National Supervision Policy Manual to replace regional standards with national ones in an effort to increase inter-operability among regions.

### Making your business development staff rainmakers

by Mark Arnold

A major strategic initiative many credit unions are focusing on these days is business development: getting more select employee groups (SEGs) or more from their existing business partners. That is easy to say and often hard to do. In fact, credit unions won't accomplish that goal without a strong business development and marketing staff. To increase SEG penetration, you will have to turn your business development and marketing folks into rainmakers-employees who are so good at sales they are making sales "rain" down on the credit union.

If you are interested in turning your BD people into rainmakers, then you need to read (and have your sales folks read) *Rainmaking Conversations*, by Mike Schultz and John Doerr. This is a must read for anyone in sales. It is not a typical sales and service book. Rather, *Rainmaking Conversations* gives advanced ideas for how to engage people and turn those engagements into natural sales opportunities (note: not in a pushy way at all; in fact *Rainmaking Conversations* abhors pushy salespeople). Below are a few of the book's major points and how credit unions can apply them.

The authors use RAIN as a guide: R = Rapport; A = Aspirations and Afflictions; I = Impact; N = New Reality

- **Credit union application:** While Schultz and Doerr go into great detail on each of the above steps, one of the application points is to not make superficial connections, but rather genuine ones. Buyers buy from people they like. Think of your business development staff. How likeable are they? How genuine are they? Don't use those chamber functions just to shake hands and pass out business cards. Instead build rapport, determine their business goals, show how you can make an impact and demonstrate what they get by partnering with your credit union.

**"It's about talking about their needs and positioning what you have to fulfill their needs."**

- **Credit union application:** Potential SEGs (or members) need to understand exactly what they get when they work with you. The salespeople who sell the most ask great questions. What type of questions are your BD folks asking? Do you have a potential differentiation script they can use?

**"A value proposition is not a statement."**

- **Credit union application:** Your business development staff must resonate with prospects (show why they should work with your credit union), differentiate with companies (why they should have their accounts with you and not another financial institution) and substantiate their promises (show why you are believable).

**"Focus on impact, not mechanics, to break free of the commodity trap"**

- Credit union application: How many times have you heard someone say, "We're competing in a commodity business?" The authors suggest that the way to overcome the commodity hurdle is to demonstrate the impact you will have on them. For credit union business development people, that means showing your current and potential SEGs how your credit union helps their employees. Position yourself as a company partner and benefit (not as a vendor).

**"The harder you push someone to accept your message, the more resistance you will meet to having it accepted."**

- Credit union application: Don't push the sale. And don't sign up a select employee group to just to sign up a group. It is better to have fewer SEGs that will work with you than several that don't even return your phone calls.

Those are a few of the major points and quotes the authors make. When it comes to business development and sales, *Rainmaking Conversations* is a must read. It provides practical applications and helpful hints for ways to improve your one-on-one sales efforts.

(source: Mark Arnold, <http://blog.markarnold.org/2011/11/making-your-business-development-staff-rainmakers.html>)

### **Federation hosting CDFI Fund Application webinar**

*'Nuts & bolts of CDFI fund FA & TA grant application'*

The U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI) Fund recently issued its fiscal year (FY) 2012 Notice of Funds Availability (NOFA) for the Community Development Financial Institutions Program (CDFI Program).

The Fund is providing up to \$123 million in Financial and Technical Assistance awards, subject to final appropriations, for the FY 2012 funding round.

The \$123 million available for the FY 2012 funding round also includes \$25 million to be used for Financial Assistance awards under the Healthy Food Financing Initiative (HFFI).

To assist our member CDCUs, the Federation is holding an informational webinar this Thursday to provide an in-depth overview of the 2012 Financial Assistance (FA) and Technical Assistance (TA) Grant application process.

What's new in terms of requirements and how those changes are reflected on the application? Presenters will discuss the new application format, including use of charts and priority points vs. distress index, and answer any other questions applicants may have.

### **Webinar Details**

**What:** Nuts & Bolts of CDFI Fund FA and TA Grant Application

**When:** Thursday, November 17, 2011 at 1:00pm

**Who:** Terry Ratigan,  
*Federation Senior Consultant*  
Len Goeller,  
*Federation CU Breakthrough Consultant/CDFI Fund Reader*

**Register Today!**

If you are considering applying for a CDFI Award under the FY12 funding round, register today at: <https://www1.gotomeeting.com/register/542618753>.

**November dividend and loan pricing guidelines available on LCUL website**

The Louisiana Credit Union League is pleased to provide member credit unions with monthly dividend and loan pricing guidelines, as well as Money Market Trends, available via our website at [www.lcul.com](http://www.lcul.com).

Guidelines for November 2011 have just been posted. You can access the page directly by clicking on the following link: [http://www.lcul.com/Research\\_Information\\_228.html](http://www.lcul.com/Research_Information_228.html). These guidelines are provided by Dr. Charles R. Idol, ALM Consulting & Research. Dr. Idol can be reached at (423) 212-0690 or [cridol@charter.net](mailto:cridol@charter.net).

**Consumers prefer online card applications over mobile**

While an increasing percentage of consumers access their credit card accounts online, there's still a way to go to get them to access their accounts via mobile applications, according to research by Auriemma Consulting Group.

Nearly half of U.S. adults surveyed who use credit cards said they would apply for a credit card online, while 26% indicated they would mail in the application. Another 13% would call a toll-free number, and 12% would go to a branch at a financial institution to apply for the card, said Auriemma (American Banker and Bank Technology News Nov. 14).

Of those surveyed, 75% said they access their credit card accounts online. That compares with 64% in a similar study in March 2009 and 60% in April 2006.

Roughly 13% said they access their account information with a smartphone or tablet, and less than 6% accessed it through text messaging, said Auriemma. However, of those who used a mobile application, 90% said they had checked their card account balance and 70% had either viewed their payment history or made payments through the mobile device.

The study indicated that consumers who are younger and affluent (with more than \$50,000 in annual income) are more comfortable with online and mobile access to their credit card accounts, said Auriemma.

Auriemma, based in New York and London, said its results are based on a September poll of 509 U.S. card users online.

*(source: CUNA's NewsNow)*

## Products & Services

**Like hiring an entire marketing department!**

Want to have your marketing plan wrapped and ready in time for the new year? Now you can - with the [MVP Marketing Value Plan](#) from Promotions Made Easy. This affordable, turnkey program of promotions, newsletter articles an enewsletter and incentives is tailor made for your credit union. Just pick your budget level and we'll map out an annual calendar to attract and retain valuable account holders.

Sound good so far? We're just getting started!

- You'll choose from up to three creative concepts.
- Your Promotions Made Easy account manager will keep your plan on track and help analyze results.

- You can manage the printing process or we can manage it for you.

We know you'll love the MVP's simple, turnkey approach. But if you'd rather go campaign by campaign, we offer customizable, a la carte promotions too.

[Click here for more information!](#)

Promotions Made Easy is proud to be the exclusive marketing partner of the Louisiana Credit Union League. All LCUL members receive a 10% discount off any PME campaign. For more information, please contact Charlie Roberts at (512) 653-5916 or [charlesr@celebratemarketing.com](mailto:charlesr@celebratemarketing.com).

## News from CUNA Mutual

### Five elements of a good auto-loan refinance campaign

In the wake of the consumer movement to shift deposits from big banks to credit unions, culminating in Banks Transfer Day on November 5, credit union loan-to-share ratios are likely to drop significantly. And raising them will be difficult, given the continuing poor forecast for loan demand, notes Stephanie Christensen, a Loan Generation Marketing Specialist at the CUNA Mutual Group.

Even so, this new liquidity-and the priceless boost in the public's awareness of the credit union movement-create a unique opportunity. Christensen encourages credit unions to reach out now to members who can save money by refinancing existing loans from other lenders.

#### Captive financiers have left the back door open

Auto loans remain the backbone of most credit union lending programs, so that seems a logical focus for a refinance campaign, she says.

"It's difficult to compete up-front with captive financiers that close loans at the point of sale. But plenty of new-car owners drove off the lot with loan terms your credit union can probably beat," says Christensen.

But will these buyers move their loans? Auto Loan Recapture, a pre-screened direct-mail refinancing program offered through a partnership of CUNA Mutual Group and Ser Technologies, averages more than \$5 in interest income for every \$1 that credit unions spend on the campaigns (as measured one year after the start of each campaign).

Christensen offers five key elements in a successful auto loan refinance campaign:

1. **A properly pre-screened mailing list:** Selecting the proper parameters for pre-screening membership data takes experience. It's easy to make mistakes-such as not screening out your credit union's own auto loans-that will cost the credit union money or result in too many non-qualified members receiving letters.
2. **An incentive:** Consumers are bombarded with auto loan offers with impressive-looking interest rates. Consider making your offer stand out by offering consumers something useful: a gas card is typical. But the cost of this type of incentive may siphon too much value from the loan, so consider offering favorable terms such as deferring the first payment for 60 or 90 days.
3. **A strong, professional, legally compliant letter:** When creating the marketing piece, try to be objective about your in-house copywriting and design capabilities. The design and packaging need to compete for a busy person's attention, and the text must make your offer compelling enough to draw a response-these are jobs for experienced direct-marketing pros. Likewise, if you don't have in-house expertise to make sure the language and terms in your offer comply with regulations, you'll need a qualified outside consultant.
4. **Cross-selling skills:** The letter itself is a springboard to conversation. Lending staffs must be trained to engage members to learn about the member's financial situation, and find additional credit union products and services that meet their needs.
5. **Performance tracking:** Each campaign should include a return-on-investment analysis including loans closed for those on the mailing list, the average credit score and loan balance for all respondents, and more. In addition, measure the "halo effect," that is, all of the products-not just auto loans-acquired by those on the mailing list over the following six months. This gives you an idea how well your staff is cross-selling.

## In the News

### **Louisiana FCU Board Members attain CU certification**

Members rely heavily on credit unions for their financial security, and the decision to volunteer for such an important organization is to be applauded. Louisiana Federal Credit Union would like to recognize their Board of Directors for being one hundred percent certified through the CUNA Volunteer Certification Program.

As of October 2011, all nine members have completed this volunteer training which certifies them in the areas of credit union operations, governance, compliance, and more. In order to attain this certification, each board member attended a week-long training session and successfully passed five certification exams. They will continue to earn training credits every three years to maintain this certification.

Louisiana Federal Credit Union's Board of Directors is made up of the following volunteers:

- Harold (Budd) Manuel, Chairman
- William (Bill) Collins, 1st Vice Chair
- Jeff Lind, 2nd Vice Chair
- Bodin Hugger, Secretary
- Frank Granier, Treasurer
- Greg (Za) Maurin, Director
- LaNard Robinet, Director
- Richard (Dick) Sickels, Director
- Zigmund (Ziggy) Sobolewski, Director