



Louisiana Credit Union League

September 28, 2011

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

Headline News

Louisiana credit union profiles for June 2011 available online

The League works with CUNA's Economics & Statistics Department to analyze quarterly data submitted by credit unions to NCUA and then provides a quarterly report showing trends in various areas including loan & savings growth, risk trends, membership trends, and more. We also provide a "milestones" report that looks at top credit unions in the areas of loan penetration, share draft penetration, and average savings balances; this report also highlights credit unions that have reached and exceeded certain amounts for assets, members, and loans.

The reports for data submitted to NCUA for June 2011 are now available online at www.lcul.com; click on CU Products & Services, then Research & Information.

Visa, MC expected to raise small-purchase fees

Visa Inc. and MasterCard Inc. plan to increase the fees merchants pay for small-ticket debit purchases to the full amount allowed under the Federal Reserve's new rules that take effect Oct. 1, said analysts interviewed by Bloomberg News and The Wall Street Journal (Sept. 23). The move could discourage some merchants from accepting debit cards for small transactions.

The world's largest payments networks may increase fees from eight cents for a \$2 purchase to 23 cents, Thomas McCrohan, analyst at Janney Montgomery Scott LLC, told the publications. The move could result in a backlash from "mom and pop" merchants such as coffee shops, which process a lot of \$3 transactions, said Bloomberg News. A second analyst, John Kraft with D.A. Davidson & Co. said Visa plans to increase its rate for some small ticket transactions to an amount equal to the Federal Reserve's cap.

Although Visa and MasterCard have not officially announced these specific increases, they have indicated they would change interchange fees on debit cards in response to the Federal Reserve's rules finalized in June and mandated by the Dodd-Frank Act. The rules limit the fees merchants pay for a consumer's debit card transaction to 24 cents per transaction. The cap applies to banks with assets of \$10 billion or more.

Both Visa and MasterCard met in August with the Credit Union National Association on debit card interchange fee issues concerning credit unions and indicated then they would implement a two-tiered debit interchange fee structure.

MasterCard told the Journal Thursday that it recently informed banks it will implement a "two-tiered interchange structure" for debit and prepaid cards for issuers affected by the cap and those that are exempt. And a Visa spokesman said the company had notified clients of some rate changes.

Atlanta-based payments processor First Data Corp. sent clients a notice earlier this month saying that Visa will increase prices for small-ticket debit transactions subject to the new rate caps to a price that would equal 0.05% of the transaction amount, plus 21 cents and a one-cent adjustment for fraud costs.

The Journal noted that any increase for small ticket transaction fees would not likely affect all merchants equally because fees vary depending on the type of retailer and volume of card purchases. (*source: CUNA's NewsNow*)

October 12 is MBL hearing date

The House Financial Services subcommittee on financial institutions and consumer credit's upcoming hearing on credit union member business lending now has a definite date: Oct. 12.

The Credit Union National Association (CUNA) has repeatedly emphasized the potential benefits that lifting the MBL cap could provide for an ailing economy in several ways, including ads in local newspapers and direct contact with legislators in letters and in the form of Capitol Hill visits during CUNA's 2011 Hike the Hill.

H.R. 1418, which was introduced by Rep. Ed Royce (R-Calif.), has a total of 80 co-sponsors, according to www.govtrack.us. Similar Senate legislation (S. 509) has also been introduced by Mark Udall (D-Colo.). That bill has 20 cosponsors.

Although members of the House are in their home districts this week, CUNA continues to look for legislative vehicles for MBL cap lift legislation.

CUNA has suggested MBL cap lift bills in the House and Senate should be added to the Obama administration's larger plan to reinvigorate the ailing economy. CUNA President/CEO Bill Cheney this month also encouraged members of the House Financial Services subcommittee on capital markets and government-sponsored enterprises to add lifting the credit union member business lending cap to any discussion on capital creation.

"You can't credibly talk about the issue of job creation without also talking about MBLs," Richard Gose, CUNA senior president of political affairs, said on Monday. Congress has to do something about the larger economic picture, he added.

CUNA estimates that lifting the MBL cap to 27.5% of assets, up from the current 12.25% of assets restriction, would inject more than \$13 billion in new funding into the economy, at no cost to taxpayers. These funds could create 140,000 new jobs in the first year after enactment. (*source: CUNA's NewsNow*)

The future of money

Industry experts take a look ahead at the 34th Annual Economic Forum

An in-depth look at how the near-term economy will affect credit union operations and a fascinating look at the future of money are two compelling aspects of the 34th annual Economic Forum, sponsored by Catalyst Corporate Federal Credit Union.

A trio of credit union-oriented economists will give attendees a heads-up on the likely economic conditions following the year-end national debt reduction efforts. Steve Rick, senior economist at CUNA, and Tun Wai, chief economist at NAFCU, will join well-regarded credit union economist Charles Idol during the two-day event, which will be held October 25-26 in Frisco, Texas.

Credit union consultant and futurist Tim Lerew will also analyze technology trends that are changing the way consumers deal with money-and maybe even changing money itself.

A popular presenter from past events, Lerew will help credit unions peer over the horizon at new technologies that promise to transform how payments are made and processed. These technologies are critically important to credit unions and all other "traditional" banking institutions, Lerew said, as the payment franchise has long been the anchor that marries consumers to their primary financial institution.

"No one expected mobile banking to have the adoption rate that it is now experiencing. Tablets are the next frontier," said Lerew. "What is your credit union's role in the new world of electronic wallets, digital payments and changing consumer needs?"

Credit unions have an opportunity to move to the front of the mobile payments curve-ahead of big banks, data aggregators such as Google, and cell phone carriers-with "innovative product planning and packaging," Lerew said. "Credit unions have always been careful to offer fraud education and protection. If credit unions could extend this to the mobile payments world, why wouldn't your members continue a trusted relationship with you?" He added, "We will not only examine the coming changes, but also explore the risks and rewards these changes hold for the credit union movement."

These financial experts are part of a full two-day agenda at this year's Economic Forum. Following 33 years of economic analysis and forecasting under the banner of Southwest Corporate Federal Credit Union, the 2011 Economic Forum will be the first for Catalyst Corporate. This year's two-day event, themed "Engaging a New Era," will be held at the Embassy Suites Hotel & Convention Center in Frisco, Texas.

The Oct. 3 deadline for early bird registration and for securing the group rate at the conference hotel is fast approaching. Forum information, including registration details, is available at www.catalystcorp.org. Hotel reservations can also be made on the Catalyst website or by calling 1-800-EMBASSY. Please mention Catalyst Corporate Economic Forum to receive the group rate.

10 questions to ask at your strategic planning session

By: Mark Arnold

It's that time of year again: strategic planning sessions are in high gear. Many credit unions use September and the fourth quarter to plan for next year's objectives. Whether you use an outside consultant or your own executive team, planning sessions are critical to any credit union's success.

Many credit unions use the traditional SWOT analysis (although I recommend "Throwing out the SWOT" and other techniques to maximize their plan's effectiveness. Regardless of the model you adopt, below are ten questions you should ask during your strategic planning session.

1. What new products or services are we going to introduce in 2012?
2. What initiative can we introduce next year to be more employee friendly? What can we do to help our staff do their jobs better?
3. How are we going to push the technology ball down the court in 2012?
4. What are we going to do to close the "back door" at our credit union and increase member retention?
5. We've talked for years about moving to a sales and service culture. What really needs to be done in 2012 to get us there?
6. We can't be all things to all people. What are our niches and what can we do to advance our brand?
7. What can we do to better engage our members?
8. What are going to do different in 2012? What issue is preventing us from being all we can be as an organization?
9. If Steve Jobs were running our credit union, what would he do?
10. When the calendar flips to December, 2012, what do we want to say we accomplished this year?

Those are a few ideas to help you kick-start your strategic planning discussion. They are designed as open-ended questions to start your executive team and board of directors thinking. You can turn the answers you develop into your 2012 plan.

(source: <http://blog.markarnold.org>)

Summary of LCUL Board Meeting now available

LCUL's Board of Directors held a meeting on August 3, 2011 in New Orleans. [Click here](#) to view a summary/report which outlines the information shared at the meeting. Please feel free to share this information at board/chapter meetings.

Beware foursquare...

Facebook is not your friend, not if you use it to tell people when you're on vacation and lots of other personal details that can be used to steal your property and, perhaps even more costly, your identity.

Jim Stickley, CTO and co-founder of TraceSecurity in Baton Rouge, La., described the dangers of Facebook and a social network site he said may be even more precarious, location-sharing Foursquare, during a lively Monday afternoon session at the joint conference of the CUNA Operations, Sales & Service and Technology councils at the Marriott Rivercenter in San Antonio.

Stickley took his audience through a fast-paced example of how in less than 60 minutes he found enough information about an actual Indianapolis family to perhaps easily make the next move: impersonating them to steal their identity.

Starting with the Foursquare program, in which the user routinely posted his current whereabouts, and then coursing through Twitter, Facebook, LinkedIn and the man's wife's social network, Stickley discovered workplaces, prior jobs, children's names and daycare, their anniversary, addresses, a picture of their home, their church, even when the family was likely to be out of town at the wife's roller derby tournament in Toledo.

While entertaining, Stickley said his foray into white-hat hacking had a serious point: "Every time someone has an identity theft crime committed against them, you guys end up paying the bill," he told the audience of credit union managers.

"Just protecting your credit union's security is not enough. That shouldn't be your only focus," the security expert said. "Member education will save your credit money. There really isn't any better way to combat all these scams."

Stickley said basic approaches may be the most effective: Security tips of the month in online and paper statements (including such obvious reminders as the fact that the credit union would never call a member and ask for identifying information.)

He also recommended offering security training seminars for members and ongoing education of credit union employees.

(source: *CU Times*, 9/26/11)

Chapter News

East & West Orleans Chapters selling chances for New Orleans Saints tickets

Here's your chance to win two tickets to see the New Orleans Saints take on the Detroit Lions in the New Orleans Superdome on Sunday, December 4. The East & West Orleans Chapters are selling raffle tickets for \$5 each and all proceeds will benefit the Susan G. Komen Race for the Cure foundation. The drawing will be held following the Race for the Cure on Saturday, October 22 in New Orleans.

If your credit union would like to help by selling raffle tickets, or if you are interested in purchasing a ticket for yourself, please contact Pat Unsworth, West Orleans Chapter VP, at irfcu@bellsouth.net or (504) 523-3756.

Educational Opportunities

Webinar: problematic practices with BSA audits

Some of the most-recent changes to the BSA exam guidelines focused on "BSA Audit and Identifying Problematic Practices." Examiners are requiring that your BSA audit focus on the "root cause" of violations and/or errors. Audit is one of the four important pillars of your BSA program. Examiners have stressed that if one pillar is weak, the program could be weak, and they may take enforcement action. This informative session is presented by Ann Brode and will benefit BSA officers, compliance officers, auditors, and audit committee members. We will focus on required steps for a strong BSA audit and the weaknesses examiners have identified during exams.

This 1.5 hour webcast will take place on Wednesday October 5, 2011 from 2:00 to 3:30 pm. As a value-added feature for this session, we will be archiving the webcast for 6 months following the live date of the webcast. You may access the archive by clicking on the link beginning 6 business days after the for an additional \$25 with free CD included. If you not registering for live webcast, the archive with free CD cost is \$169. For more information or to register, please contact Chris Johnson at education@lcul.com or 800-452-7221 ext. 3012.