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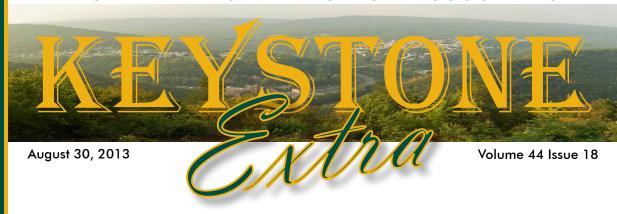
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PENNSYLVANIA CREDIT UNION ASSOCIATION



Are Credit Unions a Movement or an Industry?

By Jim McCormack, President/CEO

Back in late 2001, I wrote a Key Notes CEO column on whether credit unions are an industry or a movement. As my time as CEO winds down, I feel it's important to revisit that topic as my feelings have not wavered



and we have new credit union leaders that may not understand this important difference.

Almost daily, I hear our credit union cause referred to as an "industry." I'm not quite sure where this trend developed — it seems to have started somewhere in the early to mid '90s with dot-com entrepreneurs moving into credit unions who decided to upgrade our (and more particularly, their) image. When I look up the definition of "industry" in the dictionary, it reads:

Large-scale production: organized economic activity connected with the production, manufacture, or construction of a particular product or range of products.

I suppose that somewhat applies to us — credit unions provide products such as share accounts, share draft accounts, CDs, mortgage and auto loans, ATM access, and credit cards just to name a few. More importantly, however, take a look at our roots — I quote one of the founders of the credit union

We are a movement and must continue to be a movement. ...
Let's remember our movement and pass it on to generations to come.

Jim McCormack

causes, Alphonse Desjardins, the brilliant Canadian, "The credit union ... is the expression in the field of economics of a great social ideal." That basic thought does not give me the image of an industry.

We have indeed changed significantly since the days of Alphonse Desjardins, Edward Filene, and Roy Bergengren — changes in our delivery systems, our managerial techniques, and of course, technology. Indeed, these changes in our cooperative world were never envisioned by our founding fathers and mothers. However, this does not change our basic philosophy — we are a movement and must continue to be a movement. I found the definition of "movement" as:

Effort by many to achieve something: a collective effort by a large number of people to try to achieve something, especially a political or social reform.

Having come of age in the '60s and early '70s, a movement was something we were really proud of (even though I don't remember much about the summer of '69). This credit union cause is and must remain constant. When I first wrote on this topic, our nation had just experienced the September 11, 2001, tragedies. Credit unions stepped up and

money was donated by credit unions and credit union associations/leagues from across the country to the New York State Credit Union Foundation and other organizations, such as the Salvation Army and Red Cross.

In Pennsylvania, we have our own Pennsylvania Credit Union Foundation. It works to improve the economic lives of the underserved through credit unions. Its focus on financial literacy has helped to grow student branches to more than 50 in the state and thousands of youth receive classroom financial education or attend reality fairs. In addition, the Foundation promotes small credit union growth, supports the international Haiti project, and provides disaster relief.

You, reading this as a credit union leader, whether paid or volunteer, spend a considerable amount of time for the cause — the cause of true cooperation, our purpose to make the economic lives of our members better. Credit unions are not in the business of making stockholders rich, credit unions are dedicated to improving the welfare of the common person.

From a political side, the word "industry" sends up a warning flag to legislators — industries are typically taxed, movements are not. Yes, banks also provide financial education programs and donate money to various charities — as well they should. However, one of the major differences with charitable donations from banks and from credit unions is that banks often give in order to receive a tax write-off, since credit unions are not taxed, they cannot receive a tax write-off.

Friends, we are part of the financial services industry, however, I am proud to say, as many of you are, that I work for a movement, a cause, a collective effort. Let's remember our movement and pass it on to generations to come

You may post your thoughts or comments on the CEO Blog.

Education & Professional Development _____

Experts Line Up to Help Credit Unions Score Big in Lending

As the economy improves and consumer confidence returns ... will you have the playbook to meet your members' needs? To score big with your credit union lending portfolio, you'll need to practice a creative consumer-lending strategy with a strong commitment from your entire team.

The Association's **2013** Lending Conference will be held October 9–10, at the Penn Stater Conference Center Hotel, State College. The program features three of the country's leading experts on consumer lending: Rory Rowland, Madeline Aufseeser, and Robert Schroeder.



Sessions include:

- Yes! You Can Grow Your Loan Portfolio: How the Best Credit Unions Loan Out Deposits
- Credit Cards: How Credit Unions Can Crack the Code
- Lending Mistakes and How to Avoid Them
- Risk Rating Your Loan Portfolio
- Change Your Culture to Boost Lending and Member Growth

Leading three sessions is the very popular Rory Rowland. Rowland is a business consultant and dynamic seminar leader specializing in programs for credit unions on lending, technology, leadership, and communications skills. After serving as president of two credit unions in Missouri, Rowland began using his communications skills and specialized background to help financial and



Rorv Rowland

business organizations become more effective.

Presenting *Credit Cards: How Credit Unions Can Crack the Code* is Madeline Aufseeser. Aufseeser is a senior analyst with Aite Group covering prepaid, credit and debit card issuing, marketing, and processing, as well as loyalty marketing and incentives. She has more than 25 years of experience in business strategy, product management, and marketing in the financial services and payments.

Robert Schroeder will lead the session *Change Your Culture to Boost Lending and Member Growth*. Schroeder is CEO of the \$131 million Prince George's Community FCU, Bowie, Maryland. Previously, Schroeder had been vice president of lending and branch services at the \$358 million Securityplus FCU, Baltimore, where he was responsible for shifting the direction of the retail staff to a sales and service

environment. Under his direction, the Securityplus retail staff grew the credit union's loan portfolio by 8.2 percent. With more than 25 years of successful management and leadership experience, Schroeder has a reputation for meeting the most challenging organizational goals and objectives.

For information on the 2013 Lending Conference, click here or visit www.pcua.org.

Products & Services

Member Business Services: What Level is Your Credit Union On?

Has your credit union been offering member business services but could use a little more knowledge or expertise to achieve your programs full potential? Or, are you considering offering business services and need direction on where to start?

The Association's Business Advisory Services is offering two programs — a two-day event for intermediate level and a free webinar for the beginner — for you to learn about business lending and get the results you want.

Intermediate Level

If your credit union has an established business lending program, but is willing to challenge methods and methodologies in use, come to the *Achieving Excellence in MBL Programs* conference on September 26-27, at the Penn Stater Conference Center Hotel in State College. This conference will largely be driven by the results of the pre-conference survey. Responses are already coming in, and so far, the findings are quite fascinating:

- 27 percent of correspondents feel there is a difference of opinion between their audit firm and their examiner about the effectiveness of their ALLL calculation methods.
- 82 percent of respondents do not require that a member business carry a minimum amount of liability insurance.

- 67 percent have used a CPA to perform an MBL portfolio review.
- 27 percent perform a quarterly interest rate sensitivity analysis.
- 64 percent track annual payments of real estate taxes.

Don't miss this opportunity to get your specific questions answered, as well as have the opportunity to learn and discuss real life case studies and credit union trouble areas with NCUA.

Register today! Tweets @PCUA #CUtraining

The Beginner

Is your credit union considering offering member business services? Join the Association's Business Advisory Services for a free webinar on September 10 at 10:30 a.m.

Molly Snody, Director, Business Advisory Services, will discuss the ins and outs of an MBL program, including the benefits and challenges. She will explain how your credit union's low-income designation is a great asset in member business lending. Participants will also learn about the typical MBL process and NCUA's business lending requirements, including Regulation 723.

Join the Association's Business Advisory Services for this free informative webinar and find out if member business lending is right for your credit union.



Newly introduced is CO-OP Mortgage Solutions. While the functional complexities of managing an inhouse mortgage program can be too difficult for many credit unions, CO-OP Mortgage Solutions provides clients with comprehensive and component services, all private labeled and geared to enhance member relationships.

Members can also have 24/7/365 access to your credit union with CO-OP's Card Payments and the Mobile/Virtual solutions. It's all part of the CO-OP Advantage — the ability to leverage the diverse benefits of the only national consumer brand for credit unions.

To find out more how your credit union can be there for members with the latest trends and technology, contact your Association Account Executive.

Be There, Be Everywhere

Financial services technology is evolving faster than ever. At the same time, members still value the personal touches that traditionally helped differentiate credit unions from big banks. CO-OP Financial Services offers a fully integrated portfolio of products and services that help credit unions compete in this challenging market-place.

With CO-OP Locations solutions, members have access coast-to-coast to their credit unions. CO-OP's ATM network offers nearly 30,000 surcharge-free locations nationwide, including at popular retailers such as 7-Eleven® and Walgreen's. This includes 9,000 with deposit-taking capability.

Innovative tools, such as NextGen ATMSM, offer greater access and self-service convenience combined with the shared branching transaction set. CO-OP Shared Branching allows personal transactions at 5,000 branches across the country, in addition to 2,000 Vcom kiosk locations in select 7-Eleven stores. Additionally, CO-OP Call Center welcomes member telephone inquiries and loan requests 24/7.

Credit Unions in the News





Washington
Area Teachers
FCU recently
held its Dog
Days of
Summer
Member
Appreciation
event. Members
(and their pets)
enjoyed treats
and a gift card
raffle.



Bill Lavage, Service 1st FCU President/ CEO, and Dave Shope, AVP Business Development, watch as 2,062 rubber duckies are dropped into the Susquehanna River for the Service 1st Second Annual Charity Duck Derby. The event raised more than \$9,000 for local charities.



M-C FCU held a Blood Drive at its Danville branch, where 19 pints of blood were donated. Monetary donations and a bake sale resulted in an additional donation of more than \$400.



USSCO Johnstown FCU recently held Member Appreciation Day at its branches, with balloons, decora-

tions, and refresh ments. The Somerset branch staff (above) took the celebration to a higher level with a Pittsburgh Pirates theme, from black and yellow streamers, themed cookies, and hot dogs. The Richland branch is pictured at right.



Widget FCU
held its Million
Dollar Shootout
Golf Tournament
to raise money
for Charities for
Children, Inc. The
grand total raised
and distributed to
14 charities was
\$23,388.

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News stories and photographs are welcome. Submit information for publication to janet.johnson@pcua.org.



Events Calendar

September

2 Labor Day Federal Reserve Bank Holiday

5-7 Fall Leadership Conference, Seven Springs Mountain Resort, Champion

19-20 Marketing Conference, Annapolis, MD

26-27 Achieving Excellence in MBL Programs, State College

October

9-10 Lending Conference, State College

14 Columbus Day Observance Federal Reserve Bank Holiday

Visit www.pcua.org
or contact the
Association's Education
Department for details
on education programs
and webinars.