

KEYSTONE

Extra

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Get Smart, Go Mobile

Mobile Banking Important To Member Service, Convenience

Mobile banking is quickly becoming a competitive necessity. Nearly 20 percent of credit union members who don't currently use mobile banking would switch financial institutions to get it. And 50 percent of consumers, ages 18 to 25, say mobile banking is "Extremely important" when selecting a financial institution.

A new report issued late last month from Javelin Strategy & Research indicates 11 percent of consumers are likely to switch primary financial institutions (FIs) in 2012. Giant banks face even larger defections, with Citibank and Bank of America at risk of losing twice as many customers. This means credit unions have opportunities to gain new members.

The Javelin FI Vulnerability Index™ estimates huge potential losses for FIs because switchers manage \$675 billion in deposits, and manage deposits that are 30 percent higher than customers who are unlikely to switch. Likely switchers also are willing to pay an estimated \$92 million in fees for just four value-added services: money orders, cashier's checks, safe-deposit box rentals, and mobile deposit. The report examines the factors behind why customers stay or leave their primary FI and recommends specific strategies that giant banks, regional banks, community banks, and credit unions can use to compete and capture these switchers — and their billions in deposits.

"Our Bankographic Benchmark™ research shows that banks are still in danger of losing customers to FIs that can better respond to their needs, especially in the areas of mobile banking and

self-service technology. With \$675 billion of deposits and \$92 million in fee revenue at play, smaller banks and credit unions

really have the opportunity to win new customers," said Mark

Schwanhausser, Senior Analyst, Multichannel Financial Services at Javelin.

Javelin's *Bank Switching in 2012: Giant Banks Remain Highly Vulnerable as Consumers Weigh Fees and Convenience and Fees* report assesses the prevailing attitudes of consumers toward staying with or leaving their primary FIs. The 31-page report is based on three online surveys of 4,800 to 5,000 consumers each and prescribes the specific strategies that FIs of all sizes can use to compete for consumers likely to switch.

Key findings of the report were:

- More than half of recent switchers are under 35 years of age and use mobile technologies (smartphones and tablets) frequently.
- Mobile banking has emerged as a compelling factor for switchers, who are more than twice as likely as all consumers to use mobile banking.

A Federal Reserve Board survey released earlier this year had significant findings on mobile banking:

- People between 18 and 29 account for approximately 44 percent of



mobile banking users, relative to 22 percent of all mobile phone users.

- People age 60 and over account for only 6 percent of all mobile banking users, but 24 percent of mobile phone users.
- A significantly higher level of mobile banking uptake among African Americans (16 percent) and Hispanics (17 percent), relative to 11 percent and 13 percent of mobile phone users, respectively.
- Underbanked individuals (people with bank accounts but who use check cashers, payday lenders, or payroll cards) make relatively heavy use of mobile banking. Of this group, 29 percent used mobile banking in the year ending in January 2012.
- Most common mobile banking activities are consumers checking their account balances or monitoring recent transactions. Less frequently used mobile banking functions include making online bill payments from a bank account, locating an in-network automated teller machine, and depositing a check by phone.

As more consumers adopt smartphones, they will adjust their lifestyle to the technology that goes beyond home banking.

For information on how your credit union can offer mobile banking, please contact your [Association Account Executive](#).

NFIP Gets Five-Year Extension

On June 29, the U.S. House of Representatives passed the five-year extension of the flood insurance program by a vote of 373-52, and the Senate quickly followed suit, approving its version of the bill, 74-19.

The next step is the White House, where the president is expected to sign the extension into law well before the program's current July 31 expiration date.

The Senate bill includes language, sought by CUNA on behalf of credit unions, addressing force-placed flood insurance in its final version of NFIP legislation. Forced-place insurance is an insurance policy taken out by a lender or creditor when a customer does not carry insurance on an asset. The charges for this insurance are passed on to the customer.

The House bill includes language that would allow lenders to charge borrowers for costs of premiums and fees incurred by the lender after borrowers required to have flood insurance either cancel or let the required policy lapse – and then fail to purchase flood insurance within 45 days after notification of that lapse.

The flood insurance program was established in 1968 and is administered by the Federal Emergency Management Agency (FEMA). Flood insurance is required by law in designated flood zone areas. It is a necessary purchase by prospective homeowners before credit unions or other lenders can offer mortgages and other related products to homebuyers.

Education & Professional Development

Big Ideas Come to Life for Forward-Thinking Execs

Big Ideas Conference

August 23-24
Bedford Springs

Big Ideas come to life when CEO's from across the country join this first of its kind meeting for Pennsylvania credit unions. Designed for forward-thinking CEOs and their executive management team, Big Ideas is not a sit-in and listen seminar, but rather an interactive exchange of ideas led by those that have stood in your shoes, and successfully faced similar challenges head on.

This is coupled with two of the leading forecasters in the credit union movement - John Lass, SVP, Strategy & Business Development, CUNA Mutual Group, and CUNA Chief Economist Bill Hampel.

[Click here](#) for more information and to register.

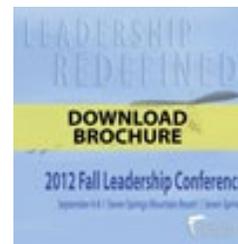
Tweets @pcua #BIGIdeas



New Approach to Leadership

Fall Leadership Conference

September 6-8
Seven Springs Mountain Resort



At the Fall Leadership Conference, *Leadership Redefined* means finding a new approach and a new culture. Leaders need the insight to find opportunity buried in each problem and the courage to make the tough decisions. Leaders must also be risk takers who continually inspire those around them.

Keynote speaker Lee Wetherington, technology strategist, will offer a unique, bottom-line view of what credit unions must do to meet the new demands of a post-recession consumer psychology in her address: *Technology as Strategy for the Upturn: The Art of the Nudge*,

Endurance athlete and management coach Juli Lynch will inspire you with lessons learned about leadership, teamwork, and pushing the limits in her presentation, *Pushing the Limits on What You Know and Do*.

More information and registration details can be found [here](#). Tweets @pcua #FallLeadership

Products & Services

Is Your Third-Party Overdraft Provider Putting Your Credit Union at Risk?

On April 13, the Consumer Financial Protection Bureau (CFPB) released Bulletin 2012-03 outlining its supervisory and enforcement authority over service providers associated with the institutions it supervises. Under Title X of the *Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)*, the CFPB is granted the authority to oversee these “supervised service providers.”

The Bulletin states that the CFPB intends to fully exercise its authority, including the ability to examine the supervised service provider’s operations on site, as well as its compliance with Title X’s prohibition on unfair, deceptive or abusive acts or practices.

Much like the FDIC’s *2008 Guidance for Managing Third-Party Risk*, the CFPB Bulletin outlines expectations for financial institutions to have an effective process for managing risks of service provider relationships. This includes ensuring that the business relationships do not present “unwarranted risks to consumers.”

Attention to consumer protection is serious

As regulatory efforts to protect consumers from harmful financial products continue to intensify, regulators seem unified in their efforts to require transparency regarding fees and information about how financial programs work. Along with this, the renewed focus on compliance related to overdraft programs can present challenges for institutions without compliance expertise.

While many in-house overdraft programs are moderately successful in terms of generating revenue, they are often based on limited compliance knowledge. If this renewed focus on compliance related to overdraft programs is confusing to you or your staff, working with an expert overdraft provider that guarantees 100 percent compliance can greatly lessen the stress related to meeting these new regulatory expectations. Plus, it will give you complete confidence that you are not putting your credit union at risk.

Maintaining compliance is easier with an expert on your side

Recognized as an industry leader for more than 30 years, John M. Floyd & Associates (JMFA) can help guarantee that your overdraft program is in line with all regulations and best practices. Along with its written 100 percent compliance guarantee, JMFA OVERDRAFT PRIVILEGE® is a completely transparent program that offers:



- comprehensive training to help employees explain your overdraft policies, fees, and alternatives to members;
- easy-to-understand informational materials to promote responsible program use;
- reasonable, communicated fees, and clearly established overdraft limits;
- transaction clearing policies that avoid maximizing overdrafts and related fees created by the clearing order;
- the ability to easily monitor excessive usage; and
- communication materials that outline alternative financial products that more appropriately fit the needs of excessive overdraft users.

It’s clear that attention to consumer financial protection is here to stay. But your credit union can avoid the risk of increased scrutiny of your third-party overdraft privilege provider by contracting with an expert that guarantees compliance, as well as improved performance.

For more information, contact your [Association Account Executive](#).



The Road Ahead for Payments Industry

Payment Systems Conference

September 26-27, Station Square, Pittsburgh
Digital Wallets, Mobile Transactions, Chip & Contactless Technology, Industry Opportunity

Join us at Pittsburgh’s popular Sheraton Station Square this fall for the **2012 Payment Systems Conference** and an in-depth look at the road ahead in the payments industry. We’ve seen advances in technology bring us digital wallets, mobile transacting, and chip cards, but what does all this mean?

The Payment Systems Conference will give you the opportunity to see the road ahead and how it will affect your credit union. You’ll leave better prepared to compete and win in an ever-evolving payments market.

[Download agenda. Register here.](#)
Tweet @pcua #PAYmentInnovation



Westmoreland Community FCU employees Dee Squires, Dennis McGowan, Carole Valentovich, and Kathy Knaus, pose with two pilots from the U.S. Navy Blue Angels during the Westmoreland County Air Show in Latrobe. Credit union employees handed out treats to all who stopped by their booth.



UFCW staff, employees, and Pittston city officials broke ground for a new branch which will feature a retro façade in keeping with the city's downtown revitalization theme.



Cornerstone FCU held a grand opening celebration at its new Big Spring branch. The ribbon-cutting ceremony included Cornerstone Board members, staff, local dignitaries, the Greater Carlisle Area Chamber of Commerce, PCUA, and local fire companies.



Paul Nyman, President of the Susquehanna Valley Chapter of Credit Unions, challenged Tom Rachel, VP, in a Sumo Wrestling event during innings of the Crosscutters ballgame at Historic Bowman Field in Williamsport. The chapter invited the N.W. Susquehanna Chapter for a joint meeting/picnic prior to the game.



Abbie Lookingbill, a member of White Rose Credit Union, receives a \$500 scholarship from York Chapter President Bill Bowker and White Rose CEO Debra Kauffman. A second scholarship was also presented to Vivian Greene of First Capital FCU.

Events Calendar

August

5-9
Judge/Bradley Leadership School, State College

23-24
Big Ideas Conference, Bedford

September

3
Labor Day
Federal Reserve Bank Holiday

6-8
Fall Leadership Conference & Expo, Seven Springs

26-27
Payment Systems Conference, Pittsburgh

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4309 North Front Street, Harrisburg, PA 17110-1618
800-932-0661 • www.pcu.org

President/CEO: Jim McCormack
Managing Editor: Diane Powell, Director, Communications
Editor: Janet Johnson, Communications Specialist

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



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