

KEYSTONE

Extra

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Credit Unions On the Rise

Credit union awareness is growing. Consumers are looking to credit unions as the best alternative for their financial services and seeking safety and soundness. Most polls show consumer dissatisfaction with banks due to increased bank fees and negative bank publicity.

Speaking at the opening session of the 2012 CUNA Governmental Affairs Conference on March 19, CUNA President/CEO Bill Cheney said credit unions are “on the rise” and offered attendees plenty of reason for optimism during his remarks.

Cheney noted that overall credit union net worth — which never dipped below “well capitalized” — has rebounded, after bottoming out in 2009. At the end of 2011, credit unions had reached 10.2 percent net worth, nearly \$100 billion — a 41.2 percent increase over the previous year. CUNA economists predict credit union net worth ratio will reach 10.6 percent in 2012.

Credit union total assets continued to rise, reaching \$961.8 billion on December 31, 2011, an increase of \$10.6 billion for the quarter and \$47.4 billion for the year. Credit union assets will reach more than \$1 trillion later this year.

Total Pennsylvania credit union assets rose 5.7 percent in 2011, to nearly \$36 billion. Total credit union members rose 1.6 percent in 2011, to almost 3.7 million.

Loan growth nationally is also on the rise again. The fourth quarter volume of \$73.5 billion is the highest fourth quarter on record for the industry. In 2012, loan growth is expected to be 4 percent over 2011, and by 6 percent next year.

Pennsylvania credit union loan balances rose 1.4 percent in the 4th quarter of 2011, twice the pace set in the 4th quarter of 2010. Credit card and member business loans both increased 5 percent in the 4th quarter, faster than the national average of 4.5 percent and 2 percent, respectively. For the full year, loan balances rose only 2.2 percent, down from the prior year’s 3 percent pace.

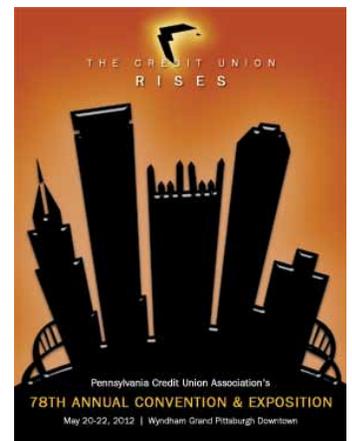
Loan growth should pick up in 2012 as a strengthening labor market improves the financial positions of Pennsylvania households.

“Consumers continue to discover that credit unions offer lower fees and better service than other financial institutions. The continued fallout from Wall Street has led many consumers to seek out financial institutions operating within their communities,” says Association President/CEO Jim McCormack. “With more than 500 credit unions operating in the Commonwealth, there is truly a credit union for every Pennsylvanian.”

Membership for all U.S. credit unions reached an all-time high of more than 93 million at year-end 2011, and increased 1.3 million for the year.

During the fourth quarter, there was a net increase in the number of credit union checking accounts of 737,000.

Cheney reiterated that, despite



challenges, credit unions are in a position of strength.

"We're stronger financially, have incredible public support, and arguably the best press coverage that we've ever had," he said.

"Plus, we have the dedication and commitment of credit union staff and volunteers across the nation. With all of that going for us, there can only be success--and the best times for our movement--ahead of us," Cheney said.

People want to feel good about their financial institution and being a member-owner gives them trust in the institution.

With increased competition and challenges, credit unions must continue to convey the credit union difference, advance the *People Helping People* philosophy, and promote their community involvement.

Pennsylvania credit union leaders have an opportunity to celebrate "credit unions on the rise" at the Association's 78th Annual Convention & Exposition, May 20-22 in Pittsburgh.

The Convention theme, *The Credit Union Rises*, is a takeoff on the title of the new Batman movie (*The Dark Knight Rises*) to be released in theaters this summer. The theme, however, recognizes the growing strength of the credit union movement.

Convention registration will remain open through April 20. However, some ticketed events may sell out prior to the deadline.

Visit the [Convention webpage](#) for complete details, hotel information, and registration form.

Education & Professional Development

Finding Success In Tight Lending Environment

Lending & Collections Conference
June 19-20, State College

Does your credit union have a coherent, creative consumer-lending growth strategy? Are you finding lending opportunities even in this challenging market, and managing loan quality? Or are you still looking for that money tree?

Let Rex Johnson and Karin Brown help find your success in this tight lending environment. Enjoy networking with other lending professionals and participate in a series of roundtable discussions on innovative lending solutions hitting the marketplace.

DAY 1: SUCCESSFUL LENDING STRATEGY

A 15-20 percent annual loan growth is not out of the question! Discover how to make significant improvements to your lending operation and gain valuable

knowledge and insight into best practices for successful lending strategy. Learn how to increase approval ratios while lowering delinquencies and charge-offs. Plus we'll take a look at future trends and review critical issues facing lenders today.

Rex will introduce his new lending tool, HYLS (High Yield Lending Strategy). All attendees will receive a trial offer use of this innovative system.



DAY 2: KEY STRATEGIES IN COLLECTIONS & INNOVATIVE LENDING SOLUTIONS

Lending is central to the mission of every credit union which is why effective collections are so important. Meet Karin Brown. With more than 30 years of a common sense approach to collections, Karin leads the market with effective collection strategies that will lower your delinquency and charge off rates. The session will cover:

- Improving your skills and knowledge in collection practices
- Best practices in protecting your credit union and members' assets
- Improving performance in a changing economy
- Assessing portfolio health
- Improving back-end recovery performance
- Lending Innovations & Best Practices

Discover the latest lending tools and innovative services. This is your opportunity to view product demonstrations, obtain information to take back to your credit union, and have your questions answered by product experts! We will also share best practices from around the state on solutions to common issues.

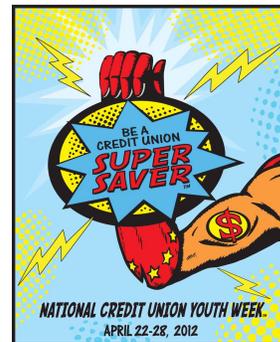
[Click here](#) for all the details and to register.

Transform Youth Into Super Savers

Credit unions are about to give their young members super powers when they show them how to become super savers and protect their money.

April is Financial Literacy Awareness Month and National Credit Union Youth Week is set for April 22-28, but credit union activities and the Youth Saving Challenge will be held throughout the month of April.

Send news and photos of your credit union's Youth Week activities to highway@pcua.org.



CFPB Launches Inquiry Into Overdraft Programs ... What This Means for Credit Unions

On February 22, the Consumer Financial Protection Bureau (CFPB) announced an inquiry into checking account overdraft programs to determine how program practices are impacting consumers. As part of the inquiry, the CFPB will request information from previously identified financial institutions relating to the following overdraft practices:

- transaction re-ordering that increases consumer costs;
- missing or confusing information;
- misleading marketing materials; and
- disproportionate impact on low-income and young consumers.

In addition to this inquiry, the CFPB will collect data from several of the largest banks in the country to evaluate how those institutions' overdraft policies affect consumers.

While there has been much speculation on the impact the CFPB would have, there was some clarification earlier this month when the Bureau's new director, Richard Cordray, announced efforts to focus on financial literacy issues that affect consumers. With this latest announcement, that focus has sharpened on overdraft program processes and practices that are harmful to consumers.

"We've known since before the CFPB was operational that regulators would have their sights set on undisclosed overdraft programs," said John M. Floyd, Chairman/CEO of John M. Floyd & Associates (JMFA). "And while this news should be a cause for concern for institutions that offer undisclosed overdraft programs, the increased scrutiny should actually be welcomed by credit unions that are concerned about fees and practices that are deemed harmful."

To avoid the scrutiny of the CFPB, credit unions must provide members with a clearly defined program that guarantees full regulatory compliance while providing a valuable safety net, Floyd explained. "Compliant overdraft programs are still a valuable service that helps consumers to better manage their finances and helps credit unions strengthen their relationships with members and improve their performance," he said.

According to Floyd, JMFA OVERDRAFT PRIVILEGE® is completely disclosed and meets all regulatory expectations. "In fact, the transparency that is being advocated by the CFPB has been part of our program from the beginning. We expect no issues whatsoever," he said.



The Value of Partnerships

by Jim McCormack, President/CEO

I recently had the opportunity to attend a League Dialogue event sponsored by CUNA Mutual Group (CMG). This annual event is an exchange of ideas and opinions with Association/League Presidents, CUNA, and CMG. This is an important must-attend conference for those committed to advancing and protecting the credit union movement.

All too often, credit unions look at CUNA Mutual Group as just another vendor and that is far from the truth. Yes, they provide products and services that other vendors can provide – sometimes at better rates; however, at the end of the day, don't you want to do business with a company that has your back and future success in mind? I know I do.

Since taking over as President/CEO in 2005, Jeff Post has been committed to ensuring the future success of CUNA Mutual Group. Post, along with a top-notch leadership team, underwent a three-year transformation plan to position CMG for continued success in the credit union marketplace. This involved reinventing CMG's sales distribution model; customer service; and product and investment strategies. Inevitably, there have been some growing pains during this process, but the end goal of CMG remains to provide the best products and services to credit unions.

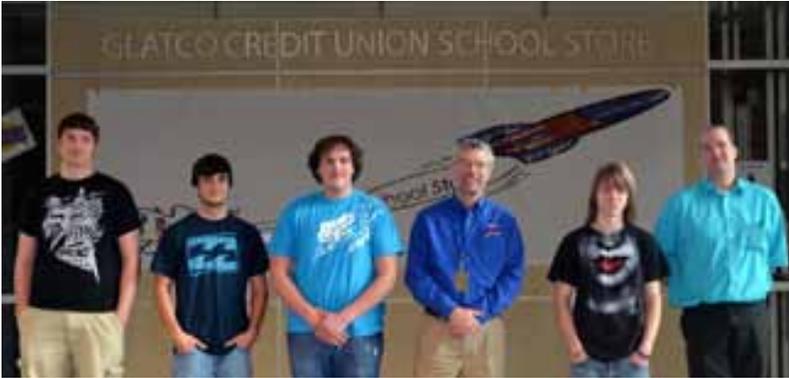
Your Association is pleased to continue its long partnership with CUNA Mutual Group and work collaboratively with them in advancing and protecting the credit union movement. Without their commitment, the *Credit Union Campaign for Consumer Choice* and passage of H.R. 1151 would not have been successful. This commitment still reigns true today as they continue to collaborate with national and state associations on legislative activities that impact our common purpose – credit unions.

Thank you CUNA Mutual Group for your ...
"Common Purpose. Uncommon Commitment."



The JMFA program provides easy-to-understand account holder education materials, thorough staff training, appropriate daily limits on the number of transactions and fees, as well as counseling on program alternatives that may be more appropriate for some members.

"Having access to a compliance expert can help credit unions avoid the stress of regulatory uncertainty and help them to make sure their overdraft program meets all compliance requirements and exceeds their members' service expectations. In the end, both the institution and its members will benefit," Floyd concluded.



Students created lettering to mark the Glatco Credit Union Student Store at Spring Grove Area High School. The students are pictured here with William Bowker, Glatco President, and Josh Richard, Tech Ed teacher, who directed the project. Glatco Credit Union also operates a branch in the school store.



Horizon FCU held a raffle to raise money for Family Promise of Lycoming County. Traci Donahue, CEO, Horizon FCU; Jim Fedele, Board Chairman; LeAnna Harter, Lock Haven Branch Manager; and Jessica Pennings, Third Street Branch Manager, present a check for \$250 to Melissa Magargle, Executive Director of Family Promise of Lycoming County.



Cross Valley FCU participated in the St. Patrick's Day parade in Scranton and the Wilkes-Barre parade. Scottie Saver marched in both parades and helped to promote the upcoming American Heart Association Walks. Cross Valley is a Signature Sponsor for the spring events.

Your credit union's photo story could be on this page.

**Send your info to:
highway@pcua.org.**

April

Compliance Town Meeting
Spring Series

18

Real Estate Lending
Conference, Youngwood

19

Real Estate Lending
Conference, Harrisburg

22-28

National Credit Union
Youth Week

May

20-22

Annual Convention & Expo,
Pittsburgh

28

Memorial Day
Federal Reserve Bank
Holiday

June

19-20

Lending & Collections
Conference, State College

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



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