

# KEYSTONE

## Extra

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## Get Ready for New Compliance Rules in 2013

### Credit Unions Face Most Challenging Regulatory Environment in 30 Years

Before it even begins, 2013 is gearing up to present the most challenging regulatory environment for credit unions in 30 years. During the recent Online Discovery Conference, presented by CUNA Mutual Group, attendees were told that credit union compliance staff will spend most of their time on new proposed and final rules issued by the Consumer Financial Protection Bureau (CFPB) and NCUA. Addressing the participants were CUNA Mutual Group's Lauren Calhoun and Bill Klewin.

"This has been the most challenging regulatory environment we have ever had in my 30 years of experience with lending compliance. And it will continue to be one of the most challenging as we move forward," said Klewin, Director of Regulatory Compliance.

The complexity and depth of compliance changes will tax credit union staff, create additional expense, and could have a negative impact on member service.

"The CFPB has issued 3,365 pages of proposed rules in just one six week period this summer. That is on top of the hundreds of pages of rules already issued this year. Some of the changes will be technical in nature, while others, such as the proposed mortgage rules, will require a complete overhaul of credit unions' mortgage lending portfolio," said Calhoun, Regulatory Compliance Manager.

The CFPB has issued seven proposed mortgage rules, each with comment period closing dates in October or November. The CFPB will analyze comments and issue final rules in January 2013, and throughout the year, dependent on the rule.

A more immediate rule that has been clarified for credit unions is the Remittance Transfer Rules, which has a mandatory compliance date of February 7, 2013. A credit union



must comply with the new rules if it initiates more than 100 remittance transfers in a calendar year. The required disclosures — a pre-payment disclosure and a receipt — are pretty simple; however, it will be the execution of completing the forms that will be difficult. It will additionally require training new employees, as well as developing new processes to be sure the new disclosures are distributed in a timely fashion.

Other potential regulatory changes from the CFPB on the horizon include:

- Know Before You Owe: Student Loans and Credit Cards
- Overdraft Protection
- *Servicemembers Civil Relief Act* (SCRA)

A key to managing all of the complex regulatory changes will be finding competent compliance staff and giving them the tools and resources to upgrade their skills and influence. Although more than one department may be working on compliance, there needs to be one

person who has the overall accountability for it at the credit union. This person needs to report at an appropriate level in the organization to influence and coordinate across departments.

Next month's **Compliance Town Meetings**, presented by the Association's Compliance Department, will highlight current hot topics, compliance resources, and upcoming compliance deadlines and proposed rules.

If the regulatory changes become too complex or overwhelming for your staff, the Association's **Compliance Cavalry** offers customized solutions to help meet your credit union's compliance needs. Services are provided through six, 12, or 24-month contracts.

The Compliance Cavalry Consultant for credit unions in Western Pennsylvania is Joanne Broderick. She can be reached at 717-884-3381 or email [joanne.broderick@pcua.org](mailto:joanne.broderick@pcua.org).

The Compliance Cavalry Consultant for Central/Eastern Pennsylvania is Denise Sickonic. She can be reached at 717-497-3288 or email [denise.sickonic@pcua.org](mailto:denise.sickonic@pcua.org).

The Compliance Department can provide assistance on understanding regulations and new rules. Contact a Compliance Officer at 800-932-0661, selection option 3.

## Treasury Urges PA's Federal Benefit Recipients to Respond to Electronic Payment Rule

All paper check recipients must switch to direct deposit or the Direct Express® card by March 1, 2013.

With four months remaining until the March 1, 2013, transition to all-electronic federal benefit payments, the U.S. Department of the Treasury reports that Pennsylvania seniors and other federal benefit recipients are still receiving more than 204,000 paper checks each month and have yet to switch to direct deposit or the Treasury-recommended Direct Express® Debit MasterCard® card.



In Pennsylvania today, more than 2.8 million monthly federal benefit payments are already made via direct deposit to a bank or credit union account, or to the Direct Express® card. The card allows federal benefit recipients to pay bills, withdraw cash and make purchases without paying check-cashing fees. The money on the card is FDIC-insured, and many card services are free.

Credit unions can help by encouraging members who are federal check recipients to sign up for direct deposit or the Direct Express® card by calling toll-free, 800-333-1795, visiting [www.GoDirect.org](http://www.GoDirect.org), or talking to their local federal paying agency office. The process is fast, easy, and free.

Individuals will need their Social Security number or claim number, their 12-digit federal benefit check number, and the amount of their most recent federal benefit check. If choosing direct deposit, recipients also will need their financial institution's routing transit number, account number, and account type (checking or saving).

## Education & Professional Development

### Attention Credit Unions Under \$30 Million in Assets: Free Staff Training is Available

What better opportunity could there be to keep staff up-to-date on current issues and continue to develop their skills than FREE TRAINING in the comfort of your office? Through the Pennsylvania Credit Union Foundation's small credit union grant programs, credit unions under \$30 million in assets can take advantage of webinar training opportunities.

With so many webinar options, in addition to the opportunity of training several staff at once in the convenience your office, the question is: have you taken a look at webinars lately?

The Association has partnered with several providers, including Financial Education & Development, Inc. (FED), CUNA, Michigan Credit Union League, and NorthLegal, offering a wide-range of topics focused on credit union operations, growth, and development.

Your credit union can apply for a grant up to \$1,000 (or the cost of four webinars, whichever is less). Grant information can be found under the PA Credit Union Foundation [Grant Criteria webpage](#) (look to very bottom of page).

Grants can also be broken into phases. If you know of only one webinar today, but would like the option to consider others in the future ... we can do that. Contact [Rhonda Rumbaugh](#) to discuss your options. But don't delay; there are limited funds available in the webinar grant program.

Webinars are an easy, affordable, and a convenient way to keep staff and volunteers up-to-date on critical issues.

While you are on the Pennsylvania Credit Union Foundation Grant Criteria page, review the other significant grants available to credit unions under \$30 million in assets. It is your foundation, so take advantage of the resources available to your credit union.



### Say Goodbye to Overpaying, Say Hello to Unlimited Savings

Credit unions are under increased pressures to find ways to better manage third-party vendor relationships and expenses. With stricter NCUA guidelines, it is essential for credit unions to assess the risk for each third-party agreement, as well as collect and review the required due diligence information.

Credit unions are leveraging their resources by automating the entire process through the LEVERAGE contract management, risk assessment, due diligence, and ePurchasing platform powered by Ventelligence.

The process begins with entering a credit union's contracts, setting triggers for critical dates, and identifying the level of risk for each third-party vendor relationship. Categories are determined based upon the complexity of each relationship with consideration given to the level of exposure, threat likelihood, impact, and more.

Based on the results from each third-party vendor risk assessment, the appropriate level of due diligence can be documented via templates:

- Due Diligence Checklist: helps credit unions facilitate the due diligence collection process internally
- Due Diligence Questionnaire: requests due diligence information directly from third-party vendors
- Monitoring Checklist: helps credit unions determine any follow-up and periodic reviews that may be required throughout the lifecycle of an existing contract

- Legal Review Checklist: utilized to review and implement key contract terms and clauses

By utilizing the Ventelligence platform, the NCUA and state examination process is more simplified, organized, and comprehensive for the credit union.

Upon completion of the risk assessment and due diligence, notifications are implemented within the contract management system which monitor the process throughout the lifecycle of the contract in an efficient and timely manner. The LEVERAGE team initially provides credit unions with nine trigger eMail notifications to begin the automation process, and will provide additional triggers upon request. One of the most strategic eMail triggers sent to staff members alerts them to either begin researching competitive companies who provide the same services and collecting bids/RFPs/quotes, or to contact the LEVERAGE team to discuss ePurchasing options.

The ePurchasing team assists credit unions in participating within a collaborative event and facilitates all aspects of the process, which not only results in cost savings but also significant time savings.

For more information about how your credit union can leverage its buying power, reduce capital spending, and see real savings, visit the Association's [website](#) or contact your [Account Executive](#).

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### New Enhancements for Visa Gift Card Program

For several years, the Illinois Credit Union League's Service Corporation (ICUL-SC) has offered a turnkey [Visa Gift Card Program](#) for credit unions to sell to their members. With enhancements to the program, your credit union now can take advantage of:

- [Over 60 new card designs](#)
- Mix and match gift card orders, no longer required to order 25 of the same design
- No minimum card order
- Funds are loaded onto the cards every two hours
- No fees to your cardholders until 12 months after last activity date

The cost to the credit union is only \$1.25 per card, plus the pass-thru shipping cost. There are no other fees; simply submit an order along with the agreement, and you'll be up and running within 7 to 10 days. You set the member price per card, load card values through the website and you're done. Another happy member!



**Gift Cards Make Holidays Easier.** With the holiday season right around the corner, now's the time to get your card supply ordered. With members looking for easy-to-purchase gifts and preparing for holiday travel, your credit union will experience an increase in branch traffic. Members will appreciate the convenience and affordability the cards offer — and it's one less trip to the mall.

**Lending Incentives & More.** Gift cards are also a simple, effective incentive to be used in conjunction with loan promotions, annual meeting giveaways, holiday bonuses, and staff recognition.

Contact [Chantel Hassinger](#) for additional details, or to place an order, call 800-932-0661, ext. 5263.



Sb1 FCU President/CEO Tom Swierzy cuts the ribbon at the grand opening of its new branch at the Philadelphia Navy Yard. Participating in the ceremony were City Councilman Kenyatta Johnson and VP of the Navy Yard Management and Development Will Agate.



LANCO FCU employees participated in Manheim Township's Adopt-a-Road program, picking up litter along a two-mile stretch of West Roseville Road near the main office.



Janet Dougherty, Neshaminy High School business education teacher, plants a kiss on Bubbles, the pot-bellied pig from Ross Mill Farms, during TruMark Financial Credit Union's Kiss A Pig Financial Literacy Fundraising Event. The event raised \$35,000 to support personal finance resources for local schools. Allison Webb, representative from Ross Mill Farm, gazes at the encounter.



Golfers at American Heritage FCU's annual Golf Classic helped to raise \$48,000 to benefit the Kids-N-Hope Foundation, which supports the Music Therapy Program at the Children's Seashore House of the Children's Hospital of Philadelphia.



Staff from Erie Community Credit Union participated in the Juvenile Diabetes Research Foundation (JDRF) Walk to Cure Diabetes and raised more than \$1,400 for the local branch.

Jim Maloney (right), Eagle One FCU Marketing Director, accepts a plaque from Neil Brecher of the Fishtown Neighbors Association, recognizing Eagle One for its five-year sponsorship of Fishtown's Annual River City Festival.



# Events Calendar

## November

- 6  
General Election Day
- Compliance Town Meeting, Moon Township
- 7  
Compliance Town Meeting, Meadville
- 8  
Compliance Town Meeting, Youngwood
- 12  
Federal Reserve Bank Holiday in observance of Veterans Day
- 13  
Compliance Town Meeting, Wilkes-Barre
- 14  
Compliance Town Meeting, Trevoise
- 15  
Compliance Town Meeting, Wyomissing
- 20  
Compliance Town Meeting, Harrisburg
- 22  
Thanksgiving Day

## January 2013

- 20-23  
CEO Summit, Naples, FL

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Visit [www.pcua.org](http://www.pcua.org) or contact the Association's Education Department for details on education programs and webinars.