

# INFOLINES 24

A  newsletter **WINTER 2012**  
Volume 14 - Issue 1

You're invited!!



## "It's your network" Credit Union Conference

April 19 – 23, 2012

Tampa to Cozumel

Celebrating 30 years of delivering outstanding service and national ATM and Point-of-Sale access to credit unions.

YOU don't want to miss this *once in a blue moon* educational conference event!

Andy Friedman, a nationally renowned expert on the economy and politics, will keynote the conference and discuss the changing economic climate, economic trends, and their impact on credit unions now and in the future.

Aboard Royal Caribbean's Jewel of the Seas, network with your credit union colleagues and enjoy our keynote speaker along with additional informative and entertaining renowned speakers.

Don't miss this *once in a blue moon* educational event! Sign up today by visiting [www.cu24.com](http://www.cu24.com). (continued on page 5)

## Credit Union 24 Board of Directors Elect New Chairman, Vice Chairman

The Board of Directors has elected Bradley Blake, President and CEO of Florida State University (FSU) Credit Union in Tallahassee, Florida, as its new Chairman of the Board, a position vacated by Mansel Guerry. Blake previously served as Vice Chairman for two years, and served as Secretary/Treasurer the year prior. A 17-year veteran of the credit union industry, Blake started his credit union career as a part-time teller at FSU Credit Union and has since worked his way up to President and CEO, a position he has held for nearly a decade.

"In these challenging economic times, I am honored to serve Credit Union 24 as Chairman and work with the Board of Directors and staff to meet the needs of credit unions across the country as a trusted partner in delivering EFT services,"

said Blake. Joan Nolan, Vice President of Operation Support at IBM Southeast Employees Federal Credit Union in Boca Raton, Florida has also been elected to serve as Vice Chairman of the Board. Becky Hulett, CFO of 121 Financial Credit Union in Jacksonville, Florida remains Secretary/Treasurer of the Board.

Credit Union 24 thanks Bradley as well as all members of the Board of Directors for their service.



Bradley Blake



Joan Nolan



Becky Hulett

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## President's Message

### **A New Year Brings New Possibilities**

This past year presented a wide range of challenges, but all things considered, it was a very good year for Credit Union 24. I believe we can expect even more positive developments for 2012, our 30th anniversary year.

2011 saw the beginning of the conversion of our switch services to FIS. The extensive analysis we undertook in our selection of FIS is proving successful, as there have been no significant issues or problems with the conversion process-to-date, and we look forward to the greater value the network will enjoy when the conversion is complete. We expect the conversion process to be finished in mid-2012 and we plan to bring new products and services to the table for our participants in the months ahead.

Participation in our credit union-owned network also grew during 2011, with 28 new credit unions across the nation joining the network. These 28 new credit unions represent more than \$4.8 billion in assets and more than 500,000 cardholding members. There is strength in numbers, and early positive signs indicate that 2012 will also be a year of impressive growth for Credit Union 24. Plus, your credit union-owned network will be announcing a patronage dividend this year for shareholding credit unions.

2011 also saw several advocacy campaigns conducted on behalf of credit unions. I, along with my colleagues at Credit Union 24, have been very active in Washington and within industry lobbying groups. I have personally visited Capitol Hill on several occasions to help convey our industry's point of view to legislators on a wide range of topics, including ATM legislation – which was stifled, thankfully – and the Dodd-Frank Financial Services Reform Act. We sent a letter to the Federal Reserve to illustrate how this legislation was a detriment to the overall financial services industry, particularly to credit unions, and pushed for further analysis of the bill's impact before implementation. We were also represented on CUNA's POS Interchange Committee and with other organizations devoted to the best interests of credit unions.

As we move into 2012, Credit Union 24 will continue to be an important advocate for credit unions. I have dedicated myself and our entire organization to being even more vocal in the legislative arena, and to leveraging the International Year of the Cooperative to create opportunities for credit unions. As a credit union-owned network, and as an advocate for the consumer-owned credit union model, 2012 is the year to really make our voice heard in Washington and to consumers across the country.

We are especially excited about our upcoming credit union industry conference aboard Royal Caribbean's Jewel of the Seas, from April 19th to the 23rd. As part of our 30th anniversary celebration, the conference will be headlined by CNBC's Andy Friedman, a nationally-renowned expert on the economy and politics. He will discuss the changing economic climate, trends, and their impact on credit unions. A variety of other industry experts and motivational speakers, plus numerous networking opportunities, will provide an optimal forum to learn, network, and exchange ideas that can help you with your credit union's performance.

Finally, I am pleased to note that Mansel Guerry became Executive Vice President of Administration on January 1st of this year. Mansel has provided years of service to our organization during his tenure on our Board of Directors. His extensive knowledge of Credit Union 24 and his hands-on experience as a credit union executive during the past 22 years will be invaluable assets to the Credit Union 24 team as we forge ahead in offering new products and services.

Overall, we at Credit Union 24 believe 2012 will be a very positive and productive year for our organization, our participating credit unions, and credit union members across the country. It truly is the Year of the Cooperative, and as such, we must seize every opportunity possible to enhance our industry's reach and influence. Collectively we are a financial powerhouse that delivers unrivaled value to the American consumer, and Credit Union 24 is your partner in that delivery.

Let's work together to make 2012 the Year of the Credit Union!

*James H. Park*

## Expand Your Brand with Alliance One

**Offer your members access to 5,000 more surcharge-free ATMs!**

Corporate One Federal Credit Union's Alliance One network offers access to nearly 5,000 surcharge-free ATMs. These surcharge-free ATMs are located in 43 states, as well as the District of Columbia and Puerto Rico, with 1,000 participating credit unions. The implementation fee is waived for any Credit Union 24 participant that joins Alliance One.

To view Alliance One surcharge-free ATM locations, visit [www.allianceone.coop](http://www.allianceone.coop).

For more information, please contact Judy Lazzerini, Sales Support Specialist, at [moreinfo@cu24.com](mailto:moreinfo@cu24.com).



## Staff News

Credit Union 24 is pleased to welcome Mansel Guerry and James Gukeisen to Credit Union 24.

Mansel Guerry joins the team as Executive Vice President of Administration. Prior to Credit Union 24, Mansel was President of BrightView Credit Union in Ridgeland, Mississippi. Mansel has been affiliated with Credit Union 24 in numerous capacities during the past 16 years. Beginning in 1995, Mansel served as one of Credit Union 24's first marketing agents when he was at the Mississippi Credit Union Association. He was also one of the founding board members in 1998 when Credit Union 24 was established as a cooperative. Mansel served as Board Treasurer between 2000-2003, as Vice Chairman from 2003-2005, and as Chairman from 2008-2011. Outside of his Credit Union 24 experience, Mansel has direct experience in strategic planning, team building, product implementation and financial analysis.

James Gukeisen joins the team as a Relationship Manager. Prior to joining Credit Union 24, James served as Senior Card Services Manager for Suncoast Schools FCU in Tampa, Florida, where he was responsible for all day-to-day operations of all non-credit card products, including debit cards, instant-issue cards, single-load gift cards and Suncoast's 200 ATMs. Having advanced his industry experience through several of CUNA's certification programs, James is a Certified Credit Union Executive, a Certified Financial Management Specialist and a Certified Financial Services Professional.

Mike Williams has been promoted to Vice President, Technology. Mike has been with Credit Union 24 since 2006. During this time, he has taken a relatively basic system and developed new applications, upgraded it, and is now in the process of relocating the entire system to our headquarters, which will lead to significant savings versus outsourcing this activity to a third party. Congratulations, Mike!



Mansel Guerry



James Gukeisen

## A Way Forward Together in 2012

What can credit unions and EFT networks such as CU24 do in 2012 to make a difference? The exasperating onslaught of new laws and regulations, some with significant reporting requirements, will have to be managed. But in among all of these other necessities, we will have to find payment card solutions that credit union members need and want.

Before the April 1st deadline, credit unions that have not already done so will have to implement network arrangements for their cards required by Section 1075 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and Regulation II (12 C.F.R. Part 235). This will require them to have in place arrangements providing for debit transaction processing of their debit card transactions with at least two unaffiliated networks meeting the network requirements of Section 235.7(a)(2) of Regulation II. This requirement may be satisfied by having at least: two PIN networks, two signature networks, or one PIN and one signature network.

In order to obtain better pricing and other favorable contract terms, it may be appropriate for credit unions to enter into longer term network commitments for three years or more. Some arrangements offered by networks may include additional incentives for credit unions that agree to route all of their transactions via a particular network. Each credit union will still have to meet the requirement of having at least two unaffiliated networks, but this type of arrangement would permit a credit union to receive additional incentives for agreeing to route all of its PIN debit transactions via one PIN debit network, while also having in place an arrangement with an unaffiliated signature debit network. Under Dodd-Frank and Regulation II payment networks are prevented from restricting or limiting an issuer's ability to contract with another network in connection with processing its debit transactions. So express network exclusivity provisions in network agreements are now prohibited. Network agreements should make it clear that no such restriction is contemplated under any incentive arrangement that may be included in the network agreement.



There has been some speculation that PIN debit's future is a little more uncertain following Dodd-Frank. This is because, at least for non-exempt entities (which excludes small issuers with assets of less than \$10 billion) or non-exempt transactions (excluding certain government administered programs and certain reloadable prepaid cards), the interchange differential between PIN debit and signature debit is no longer controlling. PIN debit still benefits from considerably lower fraud losses, and as a result it remains very popular with cardholders and merchants. So in order to meet their members' needs, credit unions will still need to have PIN debit in their portfolio of services.

EMV chip cards using dynamic authentication are proposed as a way of achieving the same or better fraud loss rates as PIN debit. Signature authentication, instead of PIN authentication, appears to be preferred by issuers experimenting with these cards in the U.S. But wider adoption of EMV chip cards in the U.S. is dogged by who will pay for implementation, which could be about \$12.7 billion according to a late 2009 Aite Group LLC report. Also, merchants will need to install EMV-capable POS terminals and configure their payment and back-office systems for EMV, all of which will take time before this achieves "critical mass" across the U.S.

Another significant industry challenge in implementing many new payment options is that competing standards, systems or approaches often delay adoption. Take for example near-field communication (NFC) technology. Few would doubt that NFC offers significant opportunities to increase the volume of electronic payment transactions because of the speed and convenience it offers consumers. Picture ordering a latte at your favorite coffee shop and paying for the transaction and receiving an electronic transaction receipt all with a wave of an NFC-enabled smartphone over an NFC POS terminal. For a long time a contentious issue between banks and mobile carriers has been who would eventually control the "wallet" or secure item housing the consumer's payment credentials and media. This was resolved in 2011 in favor of the non-banks. Yet even now there are competing approaches and

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## Schedule

### Thursday, April 19, 2012

11:30 am – 2:00 pm Board Ship from Tampa, Florida  
 11:30 am – 3:30 pm Registration

### Friday, April 20, 2012

8:00 am – 3:00 pm Speakers  
 7:30 pm – 8:30 pm Reception in the Safari Lounge  
 8:30 pm Dinner

### Saturday, April 21, 2012

Cozumel

### Sunday, April 22, 2012

8:30 am – 12:30 pm Speakers  
 7:30 pm – 8:30 pm Cocktail Reception in the Royal Suite  
 8:30 pm Dinner

### Monday, April 23, 2012

7:00 am Arrive in Tampa, Florida

## Conference Registration

### Credit Union 24 Participants

Waived - No registration charge

### Non-Credit Union 24 Participants

\$575

To register, visit [www.cu24.com](http://www.cu24.com).

## Cruise Ship Reservations

To make your cabin reservations, visit [www.cu24.com](http://www.cu24.com).

Space is limited. Make your cabin reservations now!

## Guest Speakers



**KEYNOTE ADDRESS** *The Washington Update: The upcoming national election, Washington initiatives, and their impact on investors, the economy, and credit unions.*

**Andrew Friedman**  
 Economist, Lawyer



*Can I have a Side of Bad Service with That?*

**Mark Mayfield**  
 Humorist, Motivator



*Leadership: Beyond the Limits; Lessons from Everest*

**Stacy Allison**  
 Businesswoman, Adventurer, Author, Motivational Speaker, First American Woman to Summit Mt. Everest



*Youth Outreach – Reaching Gen Y and Millennials with a Message They’ll Actually Listen To*

**Josh Allison, CUDE**  
 Horizon Credit Union Development Manager, Presenter, Educator, Catalyst



*Guiding Teams to Adapt and Excel, No Matter What*

**Dan Diamond, M.D.**  
 Family Practice Doctor, Medical Disaster Response Team Director, Presenter



*Meeting Customers on Their Terms: Competing in a Financial Services Market that is Big, Global and Digital*

**Fred Brothers**  
 FIS Executive Vice President, Enterprise Strategy



*The Importance of Mobile Technology and the Future of Financial Services*

**Tim Lerew**  
 President, Tim Lerew & Associates



## Developing an Effective Media Kit

A media strategy focused on generating news coverage for your credit union can increase membership, enhance your credit union's reputation, and position your credit union as the credit union of choice in your market. However, an important and often overlooked part of that media strategy involves the availability and sharing of factual and newsworthy information about your credit union. Critical to that information sharing is having a media kit that answers questions before they are asked by the media. Here are a few tips to keep in mind when developing or refining your credit union's media kit.

A media kit will include:

- **Fact sheet.** The fact sheet provides a brief, one-page overview of your credit union's history, field of membership, products and services, asset and membership statistics, and leadership. Use bullets and do not overload reporters with too much information, but include the noteworthy statistics that illustrate your credit union's uniqueness and impressive qualities.
- **Subject-matter expert list and bios.** Media outlets look for that "industry expert" who can comment on newsworthy topics and provide credible, experienced perspectives or analysis. An effective subject-matter expert list outlines the key areas of expertise of your credit union's leadership team, several of whom may serve as expert spokespersons in different areas for different types of interviews. Short bios that highlight those individuals' professional backgrounds further illustrate their experience and position those individuals as experts in their field.
- **News releases.** News releases provide the media with story ideas and background about the types of news your credit union distributes. The news releases included should also be relevant to the particular interview topic or reporter inquiry for which the media kit is being presented.
- **Graphics and footage.** Your credit union's logo, spokesperson photos, and any photos of your credit union and its employees involved in various work- and community-related activities should be included. Any professional video footage about your credit union can be included as well.



Two important things to keep in mind when you develop or refine your credit union's media kit are creativity and timeliness. Creative portrayal of your credit union's brand will make it stand out, and the basic, to-the-point information included in the media kit will reinforce your brand's credibility. Furthermore, keeping your media kit current is very important. Be sure that the information included in your media kit is accurate and up-to-date, as it can erode credibility if it is not.

A third thing to keep in mind is delivery. Some reporters prefer the old-fashioned paper-in-folder method that they can flip through. Others prefer to receive information electronically. Have both available. Having a few printed copies on hand is a best practice. Include a media section on your Web site with all information easily accessible. USB drives or CDs may be used for electronic distribution as well.

Your media kit is the first impression you give to the media. Ensuring that your media kit is informative, relevant, timely and creative will support your media relations efforts and position your credit union positively among reporters. By keeping in mind the purpose of the media kit, clarity of content, and presentation of information included, you are even closer to the next step: securing the interview and generating news coverage.

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programs, making it unclear at this point whether any one of them will emerge with the necessary critical mass across the industry. For credit unions and networks, this means they will have to wait a little longer to see what finally emerges on NFC.

But in the interim, Regulation II may have significantly impacted how we might pay for that latte at the coffee shop. This is because small ticket items may now be subject to the same interchange pricing as larger ticket items from the same type of issuer. For example, if the card used to buy your latte is issued by a non-exempt issuer, it is subject to the Regulation II interchange fee cap and the interchange payable may be as high as 21 cents plus 0.05% of the sale price, plus 1 cent for fraud control. This would be the same to the merchant if instead of one latte you had bought and paid for 100 lattes in the same transaction, since the only variable component is the 0.05% of the sale price. As a result small-value transactions may end up being considerably more expensive to merchants under the pre-Dodd-Frank market regime than before. And as a result, merchants may use their ability to offer incentives to their customers to use another payment means that is more favorable to the merchant. If that is cash, then the issuer receives no interchange and we are taking a step backwards in our march towards more electronic transactions.



Electronic transactions have broad appeal, but no more so than to younger consumers. Credit unions also want to attract younger members, so offering them products and services they typically use a lot is going to be a key factor in lowering their average membership age. For their part networks will need to come up with pricing that facilitates the growing volume of small-value debit transactions. Credit unions will likely have to accept a trade-off between the interchange earned on each small-value transaction against the growing and potentially vast and as yet untapped volume of these transactions. If we can also resolve the squabbles over different technical approaches and who will control the marketplace, then fast, convenient and secure technology will soon become widely available to facilitate these transactions, provided we also find a reasonable and sensible approach to pricing.

In order to make the most of the opportunities of 2012, we will all need to look beyond the recent regulatory changes and work together more cooperatively. Dodd-Frank is a stark reminder that we do not need or want further similar government regulation, especially if it involves price caps and other free-market inhibiting controls. It is perhaps a sad testament that the history of cooperation and compromise between stakeholders in the payments industry has apparently been so poor that we have collectively, and perhaps unintentionally, invited this result. We can all surely do better in 2012.



**About the Author**

Rick Naudé is a practicing EFT attorney for Credit Union 24 and principal of R. Allen Naudé, P.A. Rick's expertise ranges from the EFT and the payments arena to aviation law. Rick can be reached at (305) 416-9743, or via email at [RICK@RNAUDE.COM](mailto:RICK@RNAUDE.COM).

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## Credit Union 24 Board of Directors



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 Tallahassee, FL



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**Joan Nolan**  
 VP of Operation Support  
 IBM Southeast Employees Federal Credit Union  
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 Green Bay, WI

## Fourth Quarter 2011 New Sales and Renewals

### New Sales

Washington State Employees CU, WA  
 Mississippi DHS FCU, MS  
 Ouachita Valley FCU, LA  
 Cadmus CU, VA  
 Cornerstone Community, MI  
 EP FCU, Washington, D.C.  
 Penn State FCU, PA  
 Link FCU, TN  
 NorthPark Community CU, IN  
 Members Choice CU, TX  
 ALPS FCU, AK  
 Kane County Teachers CU, IL  
 Verity CU, Seattle, WA  
 CommunityWide FCU, IN  
 Barton Plant Employees CU, LA  
 CME FCU, OH  
 Lake County Educational FCU, OH

### Renewals

First NRV CU, VA  
 Alliant CU, IL  
 Mutual CU, MS  
 Argent CU, VA  
 Jacksonville Firemen's CU, FL  
 Southwestern Telco FCU, VA

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