


INFOLINES 24

A  newsletter **FALL 2011**
Volume 13 - Issue 4



"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. (continued on page 5)

Deadline Rapidly Approaching - Will You Be In Compliance?

What part of the Durbin amendment applies to your credit union?

- You must have at least two unaffiliated networks on your debit cards by April 1, 2012.
- They can be either two unaffiliated PIN networks, or one signature and one PIN network that are unaffiliated.
- There are no prohibitions on network participation. Networks can no longer offer exclusivity agreements to issuers.
- Merchant routing discretion is effective October 1, 2011. Merchants can route to any network the card allows for each authentication

With your participation in Credit Union 24, you are already in compliance if you also participate in another PIN-debit or signature-debit network.

If you do not participate in another PIN-debit or signature-debit network, then you will need to do so prior to April 1, 2012.

Credit Union 24 is the only national credit union-owned PIN-debit network that complies with the Durbin legislation requirements. Qualifying as an unaffiliated PIN-debit network, Credit Union 24 provides two solutions for credit unions to choose from:

1. CU24's traditional PIN-debit POS network
2. Debit Edge – a new PIN-debit network with a consolidated approach to POS.

If you have questions regarding your compliance with the new Durbin legislation, please contact your Credit Union 24 relationship manager toll-free at 877-570-2824.

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President's Message

Unanticipated Consequences

The recent legislative and regulatory storms over debit fees have left in their wake a host of "unanticipated consequences." We in the industry are now left to pick up the pieces, sort through the tangle of new laws and regulations, and ask ourselves "who is responsible for all of this," and "how is this going to impact my business and future plans?" In hindsight, nobody, neither financial institutions nor retailers, and certainly not intermediaries such as networks, can feel vindicated by what has happened. And what is more chilling; nobody can say with certainty what the effect will be on the payments industry, or whether the new laws and regulations will achieve their lofty goals. The goals of consumer protection and reigning in large financial institutions that gave birth to the Durbin Amendment have created a host of "unanticipated consequences." Chief among these is likely to be, sooner rather than later, a negative impact on the very consumers the legislation was intended to help. And very likely, no one will be held accountable.

Account issuers, processors and card networks have made huge investments in PIN and signature debit over the past forty plus years. For their part, the retail industry had determined the price paid for those network services is too high, and that they have had little or no control over continued increases in the cost of these services. For some time the parties have been litigating various issues, but the results in the courts were either too slow in coming or too limited in scope. And so the issue ended up in Congress, and here we are today with the result.

Is this the way our industry must solve its problems? Through legislation and regulation? On a grander scale I ask: how can we better solve this and the myriad of other related financial and non-financial problems facing this country today?

There is no simple solution. But one that is profoundly evident to most, given the gridlock and polarization in Washington, is that Congress isn't presently showing meaningful signs of being able to tackle unemployment or one of the worst recessions in memory, let alone financial issues. The skepticism and mistrust of the banking and financial services industry following the recent economic turmoil and bailouts has given way to a huge re-engineering of the financial services laws and regulations.

Can we as credit unions, banks, networks and, yes, merchants stand by and let government run all of our businesses? Government has an important and integral place in our society, but it is certainly not the place for solving all of our problems. Dealing with complex business problems poses huge challenges for government. Politicians and civil servants by their very positions do not work in private industry. Even with access to information, their vantage point is from the outside looking in, and often with a very different perspective given their roles. They also have deadlines and timetables that are out of step with business reality. In fact, surcharging was set by a small group of autocrats, in an unreasonably short time. For the first time we have what amounts to price controls on debit card payment transactions that must be implemented on a timetable set by Congress. The timing and compliance issues alone are costing the industry a fortune and forcing business projects to stand in line. So it's a "double whammy" for the industry: additional compliance costs and foregone revenue from delays to new business projects that could otherwise help to restore growth.

It may be possible for some to rationalize controls on debit card fees. Banking is after all a highly regulated industry. Well, so is aviation, but we did away with direct federal regulation over airline ticket prices and domestic routes thirty years ago. Are we placing our foot once more on that slippery slope of government regulation? What's next? How about a bill by dairy farmers to create a minimum charge for milk at retail stores and, while Congress is at it, why not the elimination of convenience store "surcharges" on all products readily available at regular retailers?

But it doesn't begin and end with the Durbin Amendment. Recently the NCUA commenced rulemaking proposing to extend its direct reach over credit union service organizations (CUSO) on the basis of "safety and soundness" concerns. This takes away decades of successfully dealing with CUSOs through their credit union owners, places CUSOs at a competitive disadvantage, and burdens them with onerous and costly reporting requirements.

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I am pleased that after 35 years in the business, I have been given an opportunity to sit down with NCUA staffers in Washington to provide some input on the issue at hand. I look forward to it and as I have said before maybe the "solution" is focusing on the "problem." If in fact, there are problem CUSOs, let's establish a dialogue and work with them and the regulators to fix the problem rather than use the "velvet hammer" approach and devastate many fine CUSOs.

Yes, the "unintended consequences" have just begun but maybe there is another way...

Perhaps, outside or with the help of the regulators, there could be groups of reasonable, non-partisan, people representing all interests brought together to discuss the solutions rather than creating more unintended consequences, which only serve to hurt the group that everyone proposes to help...the consumer, the credit union member. Too simple? It's called mediation, or brainstorming, or group problem-solving. It requires a commitment to finding solutions, getting past "no" and finding the path to "yes." It requires acceptance and tolerance of multiple perspectives and a desire to find the optimal solution for the problem or challenge, not just for one stakeholder. It's a democratic process and doesn't require government intervention...just good intentions. Now... finding the right people...Steve Jobs would have been ideal... long live his idealism and forward thinking.

James H. Park

Operating Rules Update

Credit Union 24 has revised the Network Operating Rules effective September 1, 2011. This update includes modifications to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) and Regulation II (12 CFR 235) and miscellaneous changes to support our move to a new switch provider.

Credit Union 24 has revised the Member Access Network Operating Rules effective September 1, 2011. This major update includes miscellaneous changes to support our move to a new switch provider, addition of new Bill Payment services, and major formatting changes to support current network procedures and regulatory changes.

Please visit the Participant Portal located at www.cu24.com to download these new Operating Rules.

MAP Holiday Cards

Help your members avoid the holiday chaos!

But the holidays-and Black Friday-will be here sooner than you think.

With MAP Prepaid Cards, you can offer members the freedom of prepaid card solutions. Members will appreciate the ease and options that these cards offer. The cards have set limits and aren't tied to members' main accounts. So they're a secure and convenient way to shop during the holidays. Besides using them in the Credit Union 24 network of surcharge-free ATMs and point-of-sale transactions, they're accepted at any location that takes VISA. With MAP Prepaid Cards, your members will enjoy the benefits, and you'll enjoy their loyalty. MAP Prepaid Cards are also an ideal choice for birthdays, holidays, weddings, and all gift-giving occasions. Contact Credit Union 24 today to place your order to make sure you have plenty of cards to meet the demand.



Featured Participant

Supporting the Military by Removing Surcharges on ATMs **Pentagon Federal Credit Union** **Alexandria, Virginia**

The military personnel in this country give so much, and one credit union has made it its mission to take less from them – Pentagon Federal Credit Union.

Pentagon Federal Credit Union, or PenFed, has launched an initiative to eliminate surcharge fees on all their ATMs located on military bases. To put it simply, anyone who uses a PenFed ATM on a military base, whether they are a PenFed member or not, will not incur a surcharge. That goes for military and civilians alike. Currently 75 ATMs on military bases are surcharge-free and that number is estimated to swell to 100 ATMs by the end of this year.

PenFed has a long and storied history of supporting the military community. PenFed began as the credit union for the War Department 75 years ago, and now has more than a million members and growing. Therefore it comes as no surprise that PenFed is looking out for its military members; and eliminating surcharge fees at ATMs on military bases is clearly an inspiring move.

While PenFed estimates it will see roughly a million-dollar drop in ATM fee-related revenue, it considers this initiative as part of PenFed's vision to offer better services and benefits to the military.

"We want to grow our business, but also accommodate our military members wherever they are based," states Deborah Ames-Naylor, VP of Credit & Collections at PenFed. "Military personnel and their families are very mobile, and move often which is hard on them. We want to make it as easy as possible for them to access their money where and when they need it, whether they are a PenFed member or not. It is about being there for our members and military personnel 24/7. Having fee-free ATMs on bases is a small way for PenFed to recognize all the sacrifices military personnel and their families make to keep our country safe."

By encouraging more ATM use, PenFed is well aligned with today's trend of members conducting more and more transactions electronically and remotely. Yet it is also a perfect example of the credit union movement as a whole. The credit union movement has long been about having their members' best interests at heart, and about putting people over profit. Offering no-surcharge ATMs on military bases is a tangible example of that core belief.

Credit Union 24 thanks those who have served our country and wishes everyone a safe and happy Veterans Day holiday!



Continued from cover

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

\$500 (early bird by 12/31/11)
 \$575 (after 12/31/11)

To register, visit www.cu24.com.

Cruise Ship Reservations

Special Executive Bonus – sign up by November 30th!

A \$100 ship board credit towards any purchase onboard will be awarded to qualified Credit Union 24 network participants signing up by November 30, 2011.

Credit Union 24 Shareholders: \$100 (2 Executives)
 Credit Union 24 Non-Shareholders: \$100 (1 Executive)

To make your cabin reservations, visit <http://www.funseas.com/CU24/>.

Space is limited. Make your cabin reservations now!

Guest Speakers



KEYNOTE ADDRESS *The Changing Economy and its Impact on 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

Sponsorship opportunities are also available. To learn more, visit www.cu24.com.



Marketing Tip

What to Keep in Mind When Targeting a New Demographic

In the modern world we live in, almost every credit union has at least entertained the thought of targeting a new demographic that falls within its respective field of membership. Maybe it is the markets expanding in cities and towns all over the country, or a specific religious group, or any other group that has unique cultural, socio-economic, religious, or other unifying ties. However, specifically marketing to a new demographic requires more than just having collateral materials printed in another language (although that is necessary, too). Here are a few tips to keep in mind while you are evaluating if targeting a new demographic will prove successful to your credit union:

KNOW the demographic!

Having an “in” with that demographic makes all the difference in the world. Maybe it is having a multi-lingual employee that is of cultural origin to the new target demographic, or something similar depending on the targeted group; but he or she will prove invaluable to you in understanding the behaviors, activities, and cultural nuances of a particular demographic.

Predict behaviors.

Develop a very detailed plan of how you plan to market to that new demographic, keeping language and cultural barriers in mind, that includes expected behavior from that demographic. For example, if you plan to offer a checking account specifically suited to meet the financial needs of a specific population, make sure you know that they will actually use the checking account (and HOW they will use it). Some demographics have specific historical behaviors or cultural tendencies that will react positively or negatively to a new product or service. It is important to keep in mind the mutual benefits for both the new demographic AND your credit union when rolling out new products and services, and predicting behaviors is key.



Secure your infrastructure.

Before rolling out a marketing plan, make sure you have the infrastructure to support operations. That can mean many things: multi-lingual tellers, international online account access, surcharge-free ATMs and point-of-sale connectivity at convenient locations accessible to the new members, etc. Many unsuccessful attempts at targeting a new demographic put the “cart before the horse” and market to the new group, and then let operations catch up to the response/demand. This not only makes working with your credit union that much more challenging for new members, it also ruins your reputation in the process.

With the seemingly constant changes to our industry, targeting a new demographic may seem like a viable option for recuperating business lost during the past few years. However, as with all decisions made by credit union leaders, it must be thoroughly evaluated and strategically planned before any action is taken. When done right, though, it can lead to many new relationships for your credit union and generate significant growth.



Board Member Focus

Adrian "Casey" Duplantier

Adrian "Casey" Duplantier has been a Board Member of the Credit Union 24 network for the past four years, serving on several committees and has been instrumental in making decisions that are shaping the future of the credit union-owned network.

"The past few years have seen many exciting developments for credit unions, along with many challenges to the way we are used to doing business successfully," said Casey. "It has been very exciting to engage with my fellow Credit Union 24 board members during the past few years throughout the positive and negative changes to our industry. We have had the unique opportunity to contribute our individual skills and experiences to make decisions that focus on bringing greater value to Credit Union 24 participants."

Casey has been instrumental in recent developments that have expanded the Credit Union 24 network's offerings, with a significant contribution to point-of-sale and ATM access that benefits millions of Americans around the world.

"As an industry, we need to remain focused on providing the most value to credit union members as possible," said Casey. "We must always be mindful of regulatory issues, either implemented or upcoming, that are going to affect our environment and be quick with developing strategies that will mitigate potential negative impact on our members."

Casey has been with 1st Advantage FCU of Newport News, Virginia for nearly 25 years, leading the credit union through several mergers with smaller credit unions, the changing of its membership base to a community charter, and the expansion of the credit union from four branches to 11. Furthermore, 1st Advantage reported a record net income for 2010, a high level of performance, which is indicative of Casey's impact on the credit union industry overall.

Credit Union 24 thanks Casey for his dedication to our network.



Third Quarter 2011 New Sales and Renewals

New Sales

- Dayton Firefighters FCU, Dayton, OH
- Spirit of Alaska FCU, Fairbanks, AK
- Dubois-Pike FCU, Jasper, IN
- Coastal CU, Biloxi, MS
- CME FCU, Columbus, OH
- Lake County Educational FCU, Painesville, OH
- Barton Plant Employees CU, Luling, LA

Renewals

- Calcoe FCU, Yakima, WA
- Premier FCU, Greensboro, NC
- BrightView FCU, Ridgeland, MS

Thank you for allowing Credit Union 24 to serve you and your members.

Our Mission

*The mission of Credit Union 24
is to provide affordable access to
high-quality E.F.J. services and
be a flexible, trusted partner
to the credit union community.*

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