



# Horizons

Vol. 11 No. 8

September, 2007

## *Fall Conference focuses on executive development*

**T**he grandeur of the Mount Washington Resort radiant in fall foliage is the backdrop for a weekend loaded with educational, informational, and strategic content to expand your leadership perspective and your management team's vision. The 2007 Fall Leadership Conference is an event not to be missed if you are looking for clear perspectives on current trends as well as the decision-making tools required to forge ahead into the future.



*Mount Washington Resort*

The Association will bring together an impressive group of industry experts to discuss a host of issues that impact all credit unions today. Glenn Strebe, CEO, Air Academy Federal Credit Union, will take you on a futuristic ride through the technology

infrastructure of tomorrow's credit union in one session and teach you how to talk to teenagers in another. And futurist Andy Hines will alter your assumptions about trends in demography, the economy, the culture, and in values that

come together to reshape the consumer landscape.

This exciting learning event is an excellent developmental opportunity for directors, CEOs, and senior and middle managers to learn together, share new ideas, challenge the status quo, and bring fresh ideas and approaches back to work. The 2007 Fall Leadership Conference is dedicated to developing thought leaders in the industry who will promote the credit union movement in general and their own credit union in particular.

Attend the 2007 Fall Leadership Conference for a weekend of education, information exchange, and networking with peers and industry experts. Register on the Association's website [www.CUassociationRI.org](http://www.CUassociationRI.org) for this October 12-14 conference.



### *President's Message*

*By Daniel F. Egan, Jr.*

**D**uring July and August, the world monetary markets were shaken by the subprime mortgage collapse. While few predicted the dramatic impact we have seen, it was inevitable that the securitization and trading of pools of predatory, subprime mortgage loans would create financial turmoil at some point in time. Now state and federal regulators, social service agencies, and legitimate lenders must grapple with the dramatic impact of skyrocketing mortgage foreclosures on families and communities across the country.

This debacle provides an excellent example of why credit unions remain a viable and vital

component of our financial services marketplace. As consumer-owned cooperatives, credit unions continue to provide financial products that exist to benefit the consumer and provide support for families seeking to improve their financial condition. As a result, credit unions, although no part of the subprime mortgage problem, will be among those leading the effort to provide options and relief for families faced with foreclosure and loss of their homes.

The true value and benefit of credit unions becomes more evident at times like this. These troubles reinforce our conviction that credit unions are the best option for consumers in the financial services marketplace. Given this fact, it calls into question the decision of any credit union seeking to convert from this consumer-owned cooperative charter for any other type of financial institution charter.

### *Inside . . .*

**Joint statement intended to clarify BSA rules**

**Strategies to keep member growth above population growth is among top 10 "insights" in 2007-08 E-Scan**

**'Together We're Better' this year's ICU Day theme**

**Automatic features drive 401(k) plan growth . . . and more!**

Credit Union Association of

**RHODE ISLAND**





# Legislative & Regulatory Notes

## Joint statement intended to clarify BSA rules

The National Credit Union Administration (NCUA), along with federal bank and thrift regulators, issued a joint statement intended to provide greater consistency among the agencies in Bank Secrecy Act (BSA) enforcement decisions.

It is also intended to offer insights to credit unions and other depository institutions into the considerations that form the basis of the agencies' enforcement actions.

The statement is careful to state that it does not represent a change in the regulators' practices or policies when examining for compliance in this important area.

The NCUA statement specifies a number of circumstances that could lead to the imposition of a cease-and-desist order being issued against a credit union. One such area would be a credit union's failure to establish and implement a reasonably designed BSA compliance program. Problems could include:

- Failure to have a written BSA program that covers the required program elements (CIP, Internal Controls, Independent Testing, BSA Officer and Training);
- Failure to properly implement a documented BSA program; or

- Developing a BSA compliance program that evidences defects in one or more of the program elements.

Another area of concern could involve a credit union's failure to correct previously reported problems with the BSA compliance program, such as:

- Follow-up examination showing deficiencies that are "substantially the same" as those previously reported; or
- A credit union history of deficiencies within its BSA program.

A third area noted in the guidance was labeled "Other Enforcement Actions for other BSA Compliance Deficiencies," and cited:

- Deficiencies in an institution's Suspicious Activity Reporting (SAR) and Currency Transaction Reporting (CTR) process; and
- Unsafe and unsound practices or violations of law.

Please visit [www.ncua.gov](http://www.ncua.gov) to read the interagency statement.

## Fed to step up protections against loan abuses

After months of criticism from Congress regarding its response to the current problems in the subprime mortgage market and its action prior, Federal Reserve Board Chairman Benjamin Bernanke used the opportunity of his semiannual monetary policy report to say the Fed would be stepping up efforts to block abusive practices.

Without filling in any details about intended action, Bernanke told the House Financial Services Committee that the agency plans to "exercise our authority under the Home Ownership and Equity Protection Act (HOEPA) to address specific practices that are unfair or deceptive." He added the Fed would likely propose additional rules under HOEPA later this year.

Bernanke was clear, however, that he believed subprime lending had its place in the lending market to help promote access to credit and to homeownership.

"That said, the recent rapid expansion of the subprime market was clearly accompanied by a deterioration in underwriting standards, and in some cases, by abusive lending practices and outright fraud," Bernanke said in a written statement.

An account of the hearing in the July 19 *American Banker*, noted that during a question and answer period the Fed chairman declared that most of the abuses associated with subprime lending have occurred outside of the regulated financial services industry. He urged Congress to strengthen supervision of mortgage brokers.

## Regulators release draft mortgage disclosure illustrations

The National Credit Union Administration (NCUA) and four other federal financial regulatory agencies have issued proposed illustrations of consumer information for certain adjustable-rate mortgage (ARM) products.

In addition to the NCUA, the statement was released jointly by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System,

*Continued on Page 3.*



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# Strategies to keep member growth above population growth is among top 10 “insights” in 2007-08 E-Scan

With credit union membership growth barely staying ahead of U.S. population growth, each credit union needs to carefully study its field of membership to develop strategies for reaching eligible nonmembers. The importance of reaching out to new members has made the list of the top insights in CUNA’s recently released *2007/2008 Credit Union Environmental Scan (E-Scan)*.

The Top 10 *E-Scan* insights identify the key trends and challenges affecting credit unions in the coming years - and precedes 10 in-depth chapters. The *E-Scan* is credit unions’ premier source of issues and trends affecting the financial services industry, and is used to prepare for strategic planning sessions, budgeting, product development, and new initiatives.

The top insights, as identified by *E-Scan* analysts, are:

**1. Membership growth.** Since 2000, average annual membership growth has been 1.9 percent, and similar growth is expected for the next few years.

**2. Older members.** Credit unions are in the midst of a major decline in the number of peak borrowers—members age 25 to 44. This demographic shift has been working against credit union lending efforts for about seven years, and it will continue through at least 2010.

**3. Loan growth.** After experiencing double-digit loan growth in five of the past seven years, credit union loan growth was 8.7 percent for 2006 and is expected to drop to 6 percent for 2007 and 2008. Rising interest rates, an increase in member savings, and weak pent-up loan demand are contributing factors.

**4. Innovation.** This is something a lot of financial institutions talk about but few deliver. Innovation will be one of the key drivers of value and differentiation in the new financial-services economy. All financial services have become commodities. Using price as the primary strategic differentiator is becoming less effective.

**5. New IT architectures.** A credit union’s IT architecture is the foundation of the core lending system. Many credit unions, however, continue to rely on aging platforms. If data management is the backbone of the credit union, then managing data will require more integrated and sophisticated database and reporting systems.

**6. Earnings.** Credit union financial performance will be under pressure from many fronts in 2008. A weak housing market, lower home prices, a flat yield curve, intense competition, a slowing economy, lower loan demand, and deteriorating credit quality will

combine to lower credit union earnings but increase asset growth in 2008.

**7. Payment systems.** Through an effective payments strategy, credit unions can deliver

additional value to members while generating new sources of revenue. The most significant trend over the past five years has been the rapid growth of electronic payments – debit cards, credit cards, and ACH transactions.

**8. Security.** IT departments spent roughly \$61 billion on security in 2006 to satisfy regulators and to protect consumers’ financial data. The high cost of protection appears to be worth it – surveys show that 50 percent of consumers

would switch service providers if their personal information were to be compromised.

**9. Business lending.** The number of credit unions offering business services to their members is approaching 2,000. Many credit unions that offer or are thinking about offering business services are well positioned to earn the loyalties of the business owners within their fields of membership. That is because 52 percent of small-business owners are less than “very satisfied” with their current business-banking relationships.

**10. Legislation/regulation.** Banking interests have changed tactics, pulling back on taxation and attacking credit unions on their record of community service in an effort to impose regulations such as the Community Reinvestment Act on credit unions.

The *E-Scan* is available in three formats - report, PowerPoint presentation, and DVD - for use in planning, presentations, and discussions. The PowerPoint presentation contains over 100 slides that can be mixed and matched to meet specific needs. The 30-minute video provides a concise overview of the report.

For more information or to order CUNA’s *2007/2008 Credit Union Environmental Scan* resources, visit [advice.cuna.org](http://advice.cuna.org) and click on “Reports” or call (800) 356-8010, press 3, and ask for stock number 27762 (report), 27764 (PowerPoint), or 27763 (DVD).

## Regulators...illustrations - Continued from Page 2.

Federal Deposit Insurance Corporation, and Office of Thrift Supervision.

The proposal addresses products described in the agencies’ Statement on Subprime Mortgage Lending, effective July 10.

The subprime statement “recommends communications that ensure consumers have clear, balanced, and timely information about the relative benefits and risks of certain ARM products,” according to the agencies.

The illustrations are intended to assist institutions in providing this information, they said. The two illustrations include a written

explanation of key features and risks that the subprime statement identifies—including payment shock; and a chart that shows the potential consequences of payment shock in a concrete, readily understandable manner.

The agencies seek public comment on all aspects of the proposed illustrations. Comments are due 60 days after publication in the *Federal Register*:

To learn more and view both proposed illustrations, go to [www.federalreserve.gov/boarddocs/press/bcreg/2007/20070814/attachment.pdf](http://www.federalreserve.gov/boarddocs/press/bcreg/2007/20070814/attachment.pdf).



## Community Outreach

### *Navigant Credit Union supports local library*

In August, Adams Library, a free public library located in Central Falls, held a fund raising event on the library grounds. For the last seven months, the library has provided a service called English for Speakers of Foreign Languages (ESOL) classes for more than 100 people in addition to serving the city of Central Falls with free access to a library and all its resources.

Recently, it was brought to Navigant Credit Union's attention that the library's state funding would be ending in September. In order to provide uninterrupted service to its many students and adult literacy programs, Navigant Credit Union stepped in with a \$2,500 grant

to bridge the gap between September and December, at which point the Rhode Island Foundation will provide funding for Adams Library.

Both Adams Library and Navigant Credit Union share a long-standing commitment to serving individuals and families, and providing competent and specialized services.

*Navigant Credit Union Vice President of Marketing Timothy Draper presents a \$2,500 grant to Adams Library Director Laura Marlane.*



### *MSN Money says, 'Ditch Your Bank for a Credit Union'*

If you are sick of getting hit with fees, earning poor interest rates and being treated like a "nuisance" by your bank, according to *MSN Money* columnist Liz Pulliam Weston, it is time to leave and join a credit union.

Pulliam Weston's column, titled 'Ditch your bank for a credit union,' appeared on *MSNMoney.com* recently. In it, she listed several distinctions between credit unions and banks, including these three: credit unions are member-owned, credit unions are not for profit, and banks hate credit unions, largely because credit unions are exempt from many state and federal taxes.

She cited statistics from the Credit Union National Association (CUNA), stating that credit unions have a total of 90 million members nationwide, with savings of \$8 billion per year because of reduced fees and better interest rates. She also noted that credit cards issued by credit unions do not usually carry annual fees, ATM charges are usually less at credit unions, and that many credit unions offer free checking with penalties for overdrafts lower than those of banks (*MSNMoney.com* July 16).

She also provided the average interest rates between the two—a credit card carries a 12.5%

interest rate at a credit union compared with 15.08% at a bank. A regular savings account earns 0.94% interest at a credit union, compared with a bank's 0.73%.

Pat Keefe, vice president of communications at CUNA, quoted in Pulliam Weston's column, stating that "many people discover the benefits of credit unions almost by accident. They'll join because they can get a decent rate on a car loan and only gradually discover that the checking account has far fewer fees, the credit cards offer better interest rates, and the mortgages aren't bad either," Keefe said.

### *Interviewer's behavior affects job seeker's decision on job offer*

In a study recently released by the consulting firm Development Dimensions International (DDI), and Monster.com, two-thirds of job seekers say that the interviewer influences their decision to accept a position. The survey included nearly 628 staffing directors, 1,250 hiring managers, and 3,725 job seekers.

Job seekers identified a number of interviewer behaviors that adversely affect their willingness to work at the company, such as:

- *Acting like interviewer has no time to talk to me (70%)*

- *Withholding information about position (57%)*
- *Turning interview into cross-examination (51%)*
- *Showing up late (48 percent)*
- *Appearing unprepared for interview (47%)*
- *Asking questions unrelated to job skills (43%)*

With low unemployment rates creating a tight, competitive job market, credit unions want to put their best foot forward in the interview process in order to attract the best candidate available.

So prepare for the interview meeting: Be on

time and apologize if you run a few minutes late; hold all your calls; have an ice-breaker opening to relax the candidate; prepare questions you need to ask to round out your information; know what differentiates your credit union in the marketplace; and then relax and have a dialogue that both gives you the information you need to make a good hiring decision and that sells the credit union to the right candidate. Remember that while every candidate you meet will not become an employee, each one has the potential to become a new member or to influence a current member.

## *Central Credit Union Fund and Members United Corporate Federal Credit Union merger one step closer*

**T**he Central Credit Union Fund (Central Fund) and Members United Corporate Federal Credit Union (Members United) announced that the Massachusetts Division of Banks has approved the application of the two corporates to merge.

This brings the combination of the two corporates one-step closer; it is now subject to the approval of the National Credit Union Administration (NCUA), the final regulatory approval needed. If approved, Central Fund will merge with Members United later this year. Member contact staff in Massachusetts, as well as a Central Fund office in Massachusetts, will be retained. Back office functions will be consolidated into Members United's existing infrastructure. Central Fund's members will be well represented in the new organization at both the officer and volunteer levels.

## *Capitol Hill vet, credit union advocate joins CUNA staff*

**R**yan Donovan, a former congressional chief of staff and current credit union lobbyist, will become the Credit Union National Association's (CUNA) vice president of federal legislative affairs. Donovan currently is director of federal government affairs for the California and Nevada Credit Union Leagues. He is based in Washington, D.C.

Before joining the leagues in 2005, Donovan worked on Capitol Hill as chief of staff and legislative director for House Financial Services Committee member Brad Sherman (D-Calif.). He worked for House Democratic Leader Richard Gephardt (D-Mo.) from 1997 to 2000.

Donovan's involvement in financial services legislation includes Check 21, the Fair and Accurate Credit Transaction (FACT) Act, Sarbanes-Oxley, and the Financial Services Regulatory Relief Act.

"Our member credit unions are very excited about this merger with Members United, a premier corporate, as evidenced by their overwhelming support to merge at a special in-person meeting on June 12th," noted James Van Arsdale, president/CEO, Central Fund. "Of note, 82% of those members voting supported the merger. This strong showing exceeded our expectations, and speaks volumes of their support."

"We are very pleased that the Massachusetts Division of Banks has given their approval of this merger. Of note, during the comment period there were no submissions against it," stated Joseph Herbst, CEO, Members United. "This merger will benefit Central Fund's member credit unions with a broader array of competitive products, and provide the depth of resources they need in today's competitive financial marketplace."

He started with CUNA on September 4, and reports to CUNA Legislative Affairs Senior Vice President John Magill. "Ryan has nearly a decade of Capitol Hill experience with two prominent members of Congress and understands the financial public policy process," said Magill. "He has cultivated many important relationships during his tenure with the leagues. Coupled with his energy and mastery of credit union issues, CUNA has joining its legislative team an extremely effective and insightful advocate for America's credit unions."

A Missouri native, Donovan earned a Master in Government degree from the Johns Hopkins University and a Bachelor of Science in Political Science from Truman State University.

## *'Together We're Better' this year's ICU Day theme*

**C**redit unions worldwide will rally under this year's International Credit Union Day (ICU Day) theme, "Together We're Better," on October 18.

"This year's theme demonstrates the fact that credit unions serve their members most effectively, and simultaneously strengthen the credit union movement, by working together at the local, state, national and international levels," said Dan Mica, president/CEO of the Credit Union National Association (CUNA).

ICU Day celebrates the history, tradition and spirit of the international credit union movement. ICU Day was established by CUNA in 1948 and has been supported by the World Council of Credit Unions (WOCCU) for over 30 years. It is celebrated annually on the third Thursday of October. The day is set aside to reflect upon the cooperative history of credit unions and their achievements, and to promote the credit union difference in countries across the globe.

"We will honor the cooperative heritage and values on which credit unions throughout the world were founded, celebrate the achievements of today, and look ahead to forging new partnerships that will strengthen the future of the movement," said WOCCU CEO Pete Crear. "Today, there are more than 46,000 credit unions in 97 countries. Together, they are making a difference in the lives of 172 million members."

WOCCU and CUNA-affiliated credit unions will receive a full color poster with this year's theme and graphics. For more information, go to the website, [http://www.cuna.org/cgi-php/offlink.php?nnlink\\_id=18415](http://www.cuna.org/cgi-php/offlink.php?nnlink_id=18415).

CREDIT UNIONS **Together We're Better™**



### **HOLIDAY**

The Association office will be closed on Monday, October 8, in observance of Columbus Day. The Association staff wish you all a safe and pleasant holiday weekend. The Association's regular office hours are Monday through Friday 8:00 a.m. to 5:00 p.m.



## Agency Update

### Automatic features drive 401(k) plan growth

It is still too soon to measure the ultimate impact that automated enrollment features will have on credit unions offering employees 401(k) retirement plans. However, early returns show a dramatic upswing in plan participation, meaning a more secure retirement picture for many current credit union employees nationwide.

The automatic enrollment features, expanded and clarified by the Pension Protection Act (PPA) of 2006, enable employers, including credit unions, to automatically enroll employees in defined contribution retirement plans, better managing and investing employee funds. In most cases, employer-managed funds will yield higher returns, resulting in a greater financial security for employee participants in the plan, according to Scott Knapp, CFA, vice president of employee benefits markets for CUNA Mutual Group.

“The full intent of PPA was to enable, but not to require, plan sponsors to make investment decisions on behalf of their employees,” says Knapp, who recently has been speaking to credit unions and groups about the program’s various advantages. “Automated features rank at the top of the list as a major advantage to making the plan work.”

Automatic enrollment features turn the tables on the formerly employee-driven investment options that lie at the heart of most 401(k) plans, enabling employers to make investment decisions on behalf of employees, Knapp says. This ability, while not required of credit unions, removes responsibility from employees who lack market knowledge and sophistication sufficient for making wise investment decisions. Current programs feature three separate steps in the automated process:

- Automatic enrollment, in which employees are automatically enrolled in the program if they fail to make an affirmative election.
- Automatic deferral increases, through which employers can increase the amount of employee income deferred into the program.
- Qualified Default Investment Alternatives (QDIAs), a list of investment programs in which 401(k) participant funds can be invested by employers without incurring fiduciary liability.

Under PPA, employers who participate in the program and invest in a QDIA receive some protection from suits filed by employees who feel they have been harmed by their employers’ decision to enroll them and invest their retirement funds. While employees may be automatically enrolled, they do have an opt-out option that they must exercise in order not to participate in the program, or participate at a different level of contribution. Credit unions may choose to offer employees any or all of the three options, but those that choose QDIA investments by default must also offer automatic enrollment, Knapp says.

“The new law gives employers who invest employee funds ‘safe harbor’ protection,” says Knapp. “Thus far, the increase in employee participation in these plans has been very impressive.”

According to research from Hewitt Associates, a benefits consulting firm, plans that

adopt auto features experience an increase in participation rates from 50 percent to 90 percent. Since most existing plans have not yet crested the one-year mark since the law was enacted, there is no real indication of how effective automated deferral increases have been. Since most plans operate on a calendar-year basis, pickup has thus far been a little slower, but experts predict a groundswell of activity early in the new year, Knapp explained.

“In general, credit unions are cautious to embrace new ideas and plans such as these,” Knapp said. “In most instances, such caution and conservatism is a good idea.”

To learn more about pension plan options in the post-PPA environment, contact your CUNA Mutual relationship manager about speaking with a pension specialist at 1-800-356-2644. Scott Knapp also is available to answer questions and can be reached through the same number at ext. 8486.

### Pawtucket Credit Union announces new appointments

Pawtucket Credit Union Chairman of the Board Roger Lemoie and President/CEO Karl Kozak are pleased to announce that Linda Lyons has been appointed to the credit union’s Board of Directors and Gerard Lupien has been appointed Chair of the Supervisory Committee.

Linda Lyons has been with the credit union since 2001 serving on the Supervisory Committee and as Chair since 2004. She is employed at the University of Rhode Island (URI) as an advisor and holds a Masters in Counseling as well as a B.A. in Psychology from URI.



Linda, her husband Joe, and son Ethan reside in Warwick.

Gerard “Jerry” Lupien has been with the credit union since 1991. He has served on the Credit Committee since that time and on the Supervisory Committee since 2004. Jerry comes to the credit union with more than 36 years of experience as a Real Estate Manager/Consultant and is also a member of the Warwick Symphony Orchestra, Senior Citizens Orchestra, Treasurer of the R.I. Home Inspectors Association and past President of The LeFoyer Club. He and his wife, Joyce, reside in Lincoln.





## Technology Now

### *“Puddle Phishing” trend targets small businesses*

Credit unions entering the small-business lending market—as well as smaller credit unions—may need to know more about “Puddle Phishing,” a new trend in phish attacks that focuses on small businesses. Hackers and con artists who use fake websites and messages to try to collect recipients’ personal financial information are targeting smaller businesses because their defenses are weaker, according to *Network World Fusion* (August 2).

Small businesses do not have the security know-how—or the budget wiggle room—to protect themselves, says Dan Hubbard, vice president of Websense, a security firm. His

company’s research indicates phishing attacks have moved from big national companies down to neighborhood credit unions and small banks. Visa statistics indicate that since 2005, small businesses represent less than 5% of exposed accounts but have been the source of 80% of identified data security compromises, said the article.

Technical managers at some credit unions and banks do not know enough about phishing, and those who do may not have a plan in place to contact and reassure members and customers or handle the questions if they are victimized, said Hubbard.

Small businesses may even install a wireless network with poor security, allowing hackers to “dumpster dive” into their data online. Web browsers are the preferred entry for viruses and worms now, taking over from e-mail payload delivery.

The publication suggests that small businesses can outsource their Web hosting, especially e-commerce sites, and turn security management over to professionals. Many businesses believe “common sense” can protect their customer data. That is not true, says the article, noting that common sense remains in short supply.

### *Free scam prevention resource available*

Credit unions and their members can find out about the latest scams and how to avoid being victimized by them through a free new resource from TraceSecurity, a CUNA Strategic Services alliance provider.

*TraceScam Alert* educates and protects subscribers from current and potential online and offline scams with a database containing the latest scams, specifics on what the scam is looking for, and how to avoid being victimized. Examples of current scam topics include: the wireless network scam, the white plastic scam, vishing, phishing, the jury duty scam, the account verification scam, the eBay order processing scam, the scholarship scam, the get out of debt scam, and more.

Users can also submit any potential scams they have encountered, which will be investigated by TraceSecurity. Subscribers will be notified if a potential scam is found to be a true threat, and the scam will be added to their database list of scams and warnings.

Scams involving credit unions will be reported in a general format, without the credit union name, to protect the privacy of individual credit unions as well as the people submitting information on the potential scams.

A second free new resource, called Ask the Experts, allows credit union professionals to

submit any questions they have relating to security issues in general, scams, and security compliance. The questions will be answered by TraceSecurity’s team of experts, who have hundreds of years combined experience in the security and security compliance field.

Credit union professionals need only create an “Ask the Experts” account to start asking questions. In most cases, an answer will be provided in less than 24 hours of submitting a question.

Both resources will remain free at least through the remainder of 2007.

For more information or to subscribe, visit [strategicservices.cuna.org](http://strategicservices.cuna.org), select the TraceSecurity products link, and scroll down to the appropriate product. Questions on the TraceSecurity, CUNA Strategic Services alliance may be directed to Deb Bergenske, associate product manager for CUNA, at (800) 356-9655, ext. 4340, or by e-mail at [dbergenske@cuna.coop](mailto:dbergenske@cuna.coop).

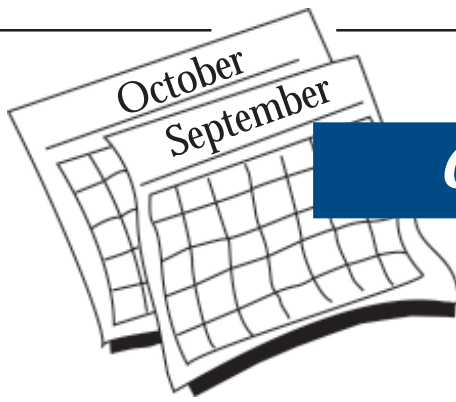
### *Consumer Lending School September 25-27*

The Lender’s Network will host a three day Consumer Lending School, September 25-27, 2007 at the Sheraton Hotel, Milford, MA. Brett Christensen from CU Lending Advice, LLC will conduct the sessions designed to help lenders form strategies and building procedures to capitalizing on opportunities in a volatile lending environment. Some of the challenges he will help attendees come to grips with are: 0% financing, online lending, call centers, increased competition, and an aging membership base.

Christensen’s presentation will also include:

- A look at the “Big Picture”
- Loan interviewing and sales skills
- Understanding and maximizing risk-based lending
- Understanding and setting FICO credit scores
- Making the loan decision

Register online at [www.CUassociationRI.org](http://www.CUassociationRI.org) or for more information about this school, contact Suzanne Knapik at (800) 842-1242 or [sknapik@cucenter.org](mailto:sknapik@cucenter.org).



## Calendar of Events

### QUICKBITES

#### (one hour telephone conferencing)

September 6 - Plastic Card Fraud (90 minutes)

September 13 - Account Administration  
(Two Hours)

September 17 - Internet Banking and  
Future Trends

October 2 - How to Lend to the  
Underserved Market

October 30 - Disaster Recovery: Business  
Continuity

November 20 - Indirect Lending

November 28 - Business Development:  
Once You Have a SEG - What do you do?

December 18 - Collection Policies and Tips

### Internet/Webinar Sessions

September 6 - Recipe for a Successful Annual  
Meeting

September 25 - How Best To Handle  
Garnishments, Tax Levies & Subpoenas

October 4 - The 30,000 Foot View of CU  
Technology

November 1 - Preventing Identity  
Theft & Card Fraud

November 7 - Disaster Recovery Planning

### Consumer Regulations from A to Z

#### A two day school

September 12 and 19, 2007

Sheraton Hotel  
Milford, MA

### Credit Union Employee Boot Camp

September 12, 2007

St. Anne's CU of Fall River, MA  
Fall River, MA

-or-

October 24, 2007

Credit Union Center  
Marlborough, MA

### Practical Solutions Conference

#### Designed for Credit Unions up to \$50 Million

September 14-15, 2007

Royal Sonesta Hotel  
Cambridge, MA

### Consumer Lending School Lender's Network

September 25-27, 2007

Sheraton Hotel  
Milford, MA

### Hike-the-Hill

September 19-20, 2007

Credit Union House and  
Jury's Washington Hotel  
Washington, D.C.

### Get Together Dinner

October 4, 2007

Waterman Grille  
Providence, RI

### Fall Leadership Conference

October 12-14, 2007

Mount Washington Hotel  
Bretton Woods, NH

### IRA Essentials Training

November 14, 2007

Sheraton Hotel  
Milford, MA

### IRA Advanced Training

November 15, 2007

Sheraton Hotel  
Milford, MA

## Filene report examines small, midsize credit union success

The reasons behind small and midsize credit unions' ability to thrive, while others struggle with earnings, asset and membership problems, are addressed in a Filene Research Institute report, "Thriving Midsize and Small Credit Unions."

The report is authored by Robert F. Hoel, Filene fellow in residence and former executive director of the institute. Hoel analyzes financial data, growth rates, and product and services information for 3,390 midsize and small U.S. credit unions that have continuously operated over a five-year period since January 2001.

The research compares the fastest asset growth rate against peers with slowest growth for midsize and small credit unions.

In the report, Hoel uncovers nine characteristics of the so-called star performers:

- They are highly effective lenders;
- Their members use their credit union extensively;
- They pay members higher rates for savings than similar-sized credit unions do;
- They emphasize high-payoff product and service offerings;
- They manage their expenses aggressively;

- Their high deposit and loan balances per member cut their operating costs;
- They do not rely solely on low loan rates to generate loans;
- They usually generate more fee income than their peers; and
- They invest their capital in growth.

Hoel also reports on the qualities of the low-performing credit unions, or the so-called laggards, which are almost always in stark contrast to the stars. An example: stars are highly effective lenders, while laggards have low loan-to-share ratios; and while stars manage their expenses closely, laggards are more lax on cost controls.