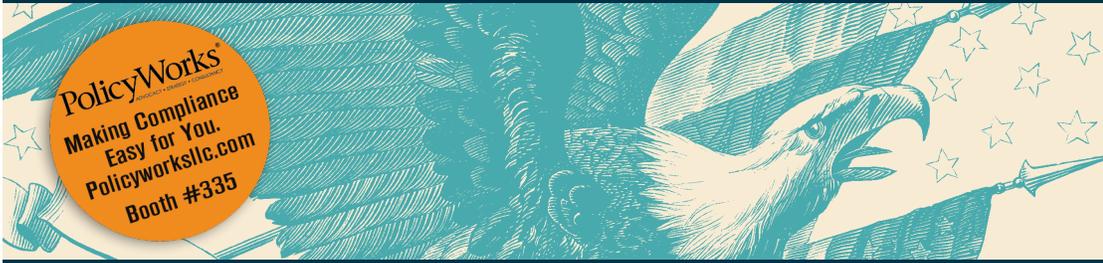


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CREDIT UNION
MAGAZINE

TUESDAY

D.C. gridlock an 'aberration'



Former White House press secretary Ari Fleischer characterizes the gridlock that has consumed Capitol Hill for the past several years as an “aberration”—and believes the next president will be well-positioned to resolve the logjam.

“Regardless of who wins, I hope and expect that demand will exist for getting things done,” said Fleischer, who told attendees of Monday morning’s General Session he has been a credit union member for more than 30 years.

Fleischer calls himself a Republican convert with two liberal Democratic parents who he quipped “still are today horrified” that he served at the White House from 2001 to 2003 under President George W. Bush.

With a multitude of potential candidates for the GOP nomination in 2016, Fleischer refrained from singling out a favorite. But he believes strongly in the

value of executive experience, contrasting the bipartisan accomplishments of Bush and his Democratic predecessor, Bill Clinton, with Barack Obama’s standoffs with a Republican-controlled Congress.

For that reason, he favors governors, including Scott Walker of Wisconsin and two former officials—Jeb Bush (Florida) and Mike Huckabee (Arkansas). He also mentioned former Maryland governor Martin O’Malley as a dark-horse Democratic candidate against Hillary Clinton.

“The alternative wing could give her a run for the money—if only there were an alternative,” Fleischer said.

Whoever secures the GOP nomination must overcome historical trends that have helped Democrats win the popular vote in five of the past six presidential elections. Primarily, that means appealing to Hispanics and young voters, according to Fleischer, while maintaining a strong advantage among older and married voters.

“America’s demographics are changing, and Republicans have got to figure it out,” Fleischer said. “We need to have a candidate who can connect with struggling people who haven’t made it in America but who are trying.”

Nussle: Engage our members

Credit union advocacy is all about numbers, CUNA President/CEO Jim Nussle told a crowd of nearly 5,000 credit union leaders during his speech at Monday morning’s General Session.

“Politicians listen to people because people vote—not associations,” Nussle said. “So if we’re going to be the kind of strong organization we need in order to bring our message to Washington even more effectively, and go on offense, then we need to engage people that have never been engaged before.”

Mobilizing credit union staff, volunteers, and members would amplify credit unions’ advocacy efforts exponentially, according to Nussle.

“You’ve got 6,400 credit unions, so we have 6,400 CEOs who ought to be here today. And 80,000 board members who have direct skin in the game and should

continued >> page 3



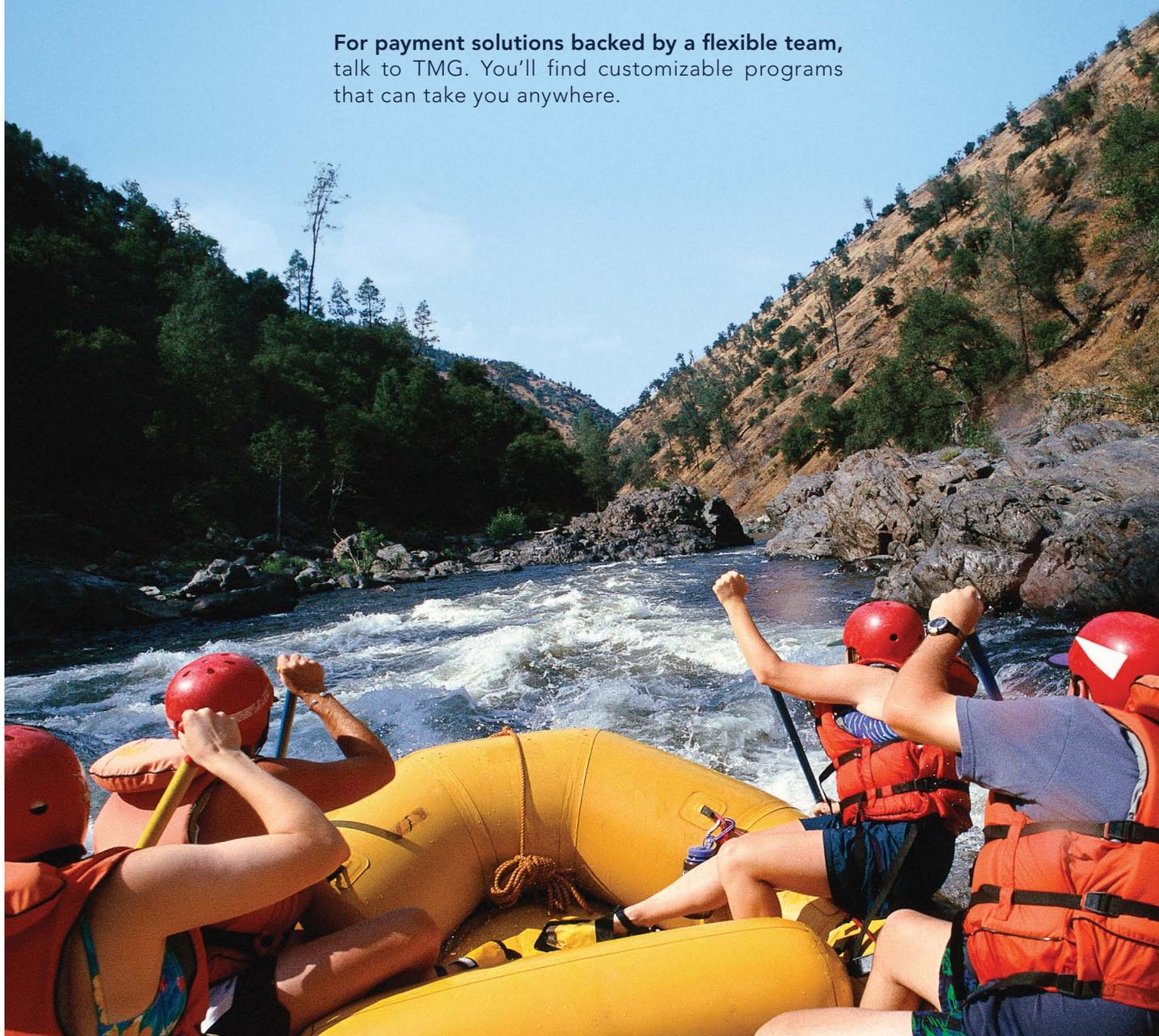
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be the most passionate members of this choir we have here," he said. "Not to mention the 250,000 employees that work for your credit unions. That's 350,000 people right there who have skin in the game."

GAC represents a tremendous opportunity to build relationships with legislators, according to Nussle. But to bring about legislative and regulatory changes, credit unions also must attract fresh voices alongside longtime advocates.

"For us to be winning, we need to be growing. I want our market share to increase. I want our credit union opportunity to be available to whole new generations," Nussle said. "We have young people that have never been exposed to credit unions. We have new Americans that have never been exposed to credit unions."

Nussle subscribes to the theory that the best defense is a good offense. "Offense to me is a simple formula. Offense comes from strength, strength comes from our members, and if we're going to be successful in our advocacy efforts, we have to engage our members."



It's time for the CU movement's 102 million memberships to be a choir that sings CUs' praises with one voice, CUNA President/CEO Jim Nussle said during a press conference following his Opening General Session appearance Monday. "We need to build a bigger choir," he said. "We need to create lasting relationships with legislators. They need to know it's not what we do that makes us different, but how we do it and who we do it for." From left are Nussle, incoming CUNA Chairwoman Susan Streifel, American Association of CU Leagues Chair Tracie Kenyon, and outgoing CUNA Chairman Dennis Pierce.

'Great team' accomplishments

CUNA Chairman Dennis Pierce opened CUNA's 81st Annual General Meeting by recognizing his "great team" on the Executive Committee—along with all the board members—for their support and engagement.

Among the biggest accomplishments in the past year, Pierce said, was the search for and hiring of new CUNA President/CEO Jim Nussle. In addition, "we're in a better place" with the revised risk-based capital (RBC2) proposal because of credit unions' engagement and comment letters regarding the initial proposal.

Nussle echoed the team concept in his

President's Report, acknowledging the support of the leagues and credit unions in accomplishing our goals.

On the idea that credit unions have been playing too much defense in the political arena, Nussle pointed to the accomplishments of CUNA's past three CEOs, his friends and mentors:

■ **Dan Mica**, "who recognized that we had to step up our game" in political spending and "expand our political muscle," which Mica did as he led the fight for passage of H.R. 1151;

■ **Bill Cheney**, "who focused on getting credit unions involved, developed the Member Activation Program, and believed the credit union system needed a vision to rally around"; and

■ **Bill Hampel**, who "helped us tell our story so well, led the association as we reached and celebrated 100 million memberships, kept our team focused"—and with "his leadership and your participation" saw the growth of CULAC as one of the top five political action committees overall.

Think defense still can't win? Nussle concluded with a video clip of the final seconds of the most recent Super Bowl.



CUNA CEO Jim Nussle points to the accomplishments of his predecessors.



The dry language of financial regulation isn't usually the stuff of great applause lines. But it turns out—all you need is the right audience. At GAC, Debbie Matz, NCUA board chairman, found hers. "I'm committed to making 2015 the year of regulatory relief," Matz said. NCUA will work to count supplemental capital, expand field of membership, remove fixed-assets limits, permit asset securitization, and ease member business lending.

LEGISLATORS

Sen. Chuck Grassley, R-Iowa



Legislative advocacy isn't just an admirable credit union mission, but an embodiment of a Constitutional right, said Grassley, who noted the fourth clause of the First Amendment "prohibits the making of any law prohibiting the petitioning for a governmental redress of grievances." Soon, the Senate Banking Committee, on which Grassley sits, will be seeking credit union input on various banking topics. He's also chair of the Senate Judiciary Committee, which is developing a cybersecurity and data breach notification protocol. "The next major cyberattack is not a question of if, it's a matter of when," he said.

Rep. Randy Neugebauer, R-Texas



The Dodd-Frank Act has hampered, not aided, financial institutions' ability to aid consumers, according to Neugebauer, who attributed ramped-up regulation to the demise of more than 1,000 CUs since 2010. "We turned 'Too Big to Fail' into 'Too Small to Succeed,'" he says. Neugebauer has introduced legislation to institute a five-member board to oversee the Consumer Financial Protection Bureau (CFPB), rather than a lone director. "In America, one person shouldn't be determining what products and services you provide for your members," he said.

The General's lessons

Retired four-star Gen. Stanley McChrystal addressed attendees Sunday during the GAC's first ED (File) Talk, presented by CUNA Councils. McChrystal, the former commander of U.S. and international forces in Afghanistan and the former head of the U.S. Joint Special Operations Command, highlighted some essential leadership skills:

1. Anticipate. McChrystal warned attendees about the pitfalls of predictive hubris, or the problem with thinking something is going to happen just because it happened that way before. He noted how the U.S. Navy SEALs who stormed Osama Bin Laden's compound never would have anticipated that one of the helicopters, carrying half of the SEALs for the mission, would crash—no matter how many times they had trained for the operation.



2. Adapt. With the rise of information technology, he said, organizations must learn to adapt at a faster pace than ever before, especially as they grow. "Change is happening faster than we can learn," he said, and that's created an "adaptability gap."

3. Communicate. Through shared consciousness—by sharing information—organizations can improve communication and, in turn, improve the efficiency of their operation, he said.

McChrystal explained that once the military began working together, or sharing consciousness, "not only did we start doing more operations, but our success rate went up."



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“The occupation or function of helping.”

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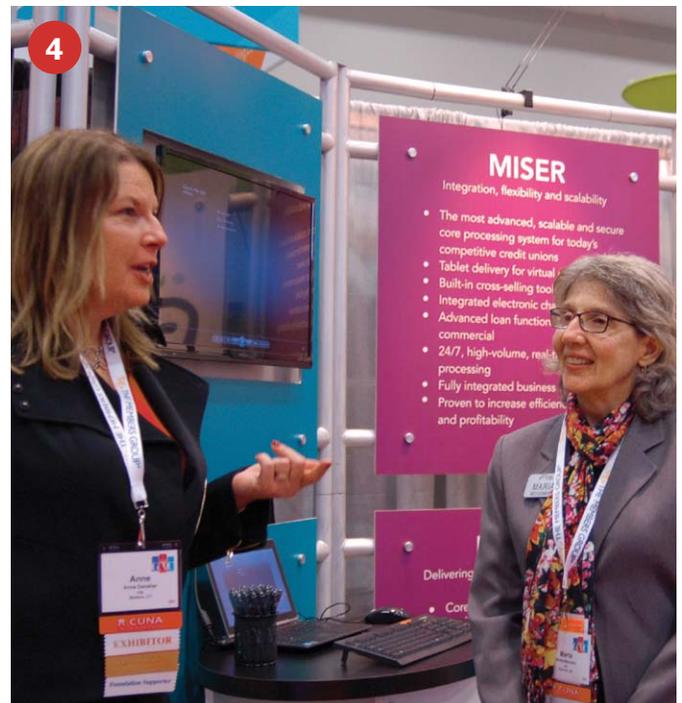
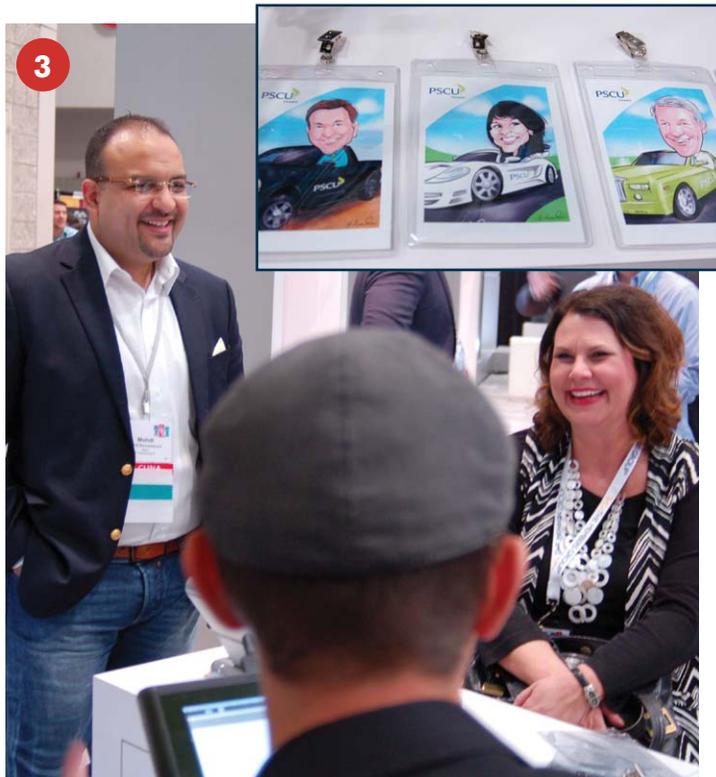
Meet the exhibitors

The most cutting-edge solutions for the financial services industry are mere steps away. If you haven't toured the largest Exhibit Hall in the financial services industry—get on it!

The Exhibit Hall features more than 210 providers in 325 booths in Hall D, promising a blend of products, services, interactive exhibits, giveaways, and prizes. Download the 2015 GAC mobile app

to learn more about all the exhibitors. A full directory of vendors is available within the app.

To find the app, just search “GAC” in your app marketplace.





1 CUNA Strategic Services announces a new strategic alliance provider, CU People; the renewal of two relationships, LSC and Ongoing Operations; and the expansion of services with two existing alliances—Twenty Twenty Analytics and LendKey. From left are Steve Swanston, CU People; Kirk Drake, Ongoing Operations; Vince Passione, LendKey; Patty Smith, LSC; and Ricky Gulliot and Steve Miller, Twenty Twenty Analytics.

2 Lisa Fawcett checks out Gas Station TV, part of CU Solutions Group services. Fawcett, vice president of marketing, Zeal CU, Livonia, Mich., is considering the video network as part of a new branding strategy.

3 PSCU's Mehdi Benhaddouch offers encouragement as an artist renders a caricature of Royal CU's Jennifer McHugh.

4 Payments are the Next Big Thing in the technology arena, say Anne Danaher (left) and Maria Manzano-Woodward of FIS.

5 What better way to learn about the conversion to the EMV (Europay, MasterCard, and Visa) card standard than while getting a foot massage? Visitors to CSCU's booth kick back and view an informational video. The card services provider announced Sunday it will cover the cost of the computer chip enablement phase for its 2,300 member CUs, saving them \$11 million.

6 ORNL FCU's Ruth Taylor (far left) learns about card processing and payment solutions during a visit with The Members Group's Laurie Minarik and Julie Willse (far right).

7 Fiserv is helping credit unions reimagine the member experience—today with the help of a magician (center).

See more photos at creditunionmagazine.com

Pierce: 'Members must be advocates'

Although his time as a credit union leader is coming to an end, Dennis Pierce said the work of the credit union movement must continue.

Pierce is stepping down as chair of the CUNA Board and retiring as CEO of CommunityAmerica Credit Union in Kansas City, but in front of a packed GAC crowd he recalled watching credit unions hit 100 million memberships.

"One-hundred million is a big number," Pierce said, "but why not 200 million?"

The only way to reach that goal is to engage credit union members, he said.

"Those outside the industry confuse membership with customers," Pierce said.

But he said the fact that credit unions are member-owned is crucial because it creates an obligation for both leadership and members to take responsibility for a credit union's success.

"We need to treat them like members [not customers]," Pierce said. "We need to ask them to support our organization. The only way we're going to win in D.C. is by asking them to advocate for us."

By engaging members, credit unions can inspire them to take ownership of the institution and hold the leadership accountable.

In return, credit union leaders can ask



them to be advocates on behalf of credit unions.

"We have to get past our own fears of asking them to do that," Pierce said.

With CEO Jim Nussle at the helm, Pierce said CUNA is in good hands, and with an engaged membership, the movement will thrive.

"Let's make CUNA vibrant; let's make credit unions vibrant," Pierce said, "and we'll be successful in the future."

Advocacy update

CUNA's political and advocacy staff outlined three top priorities during Monday afternoon's advocacy update:



1. Preserve the credit union tax exemption.

2. Stop merchant data breaches.

"We need to tell legislators how the data breaches have affected you and your members," said Ryan Donovan, CUNA's chief advocacy officer. "Merchants are the weak link in the payments system."

3. Remove barriers that prevent credit unions from fully serving members.

One way to do this would be to modernize the Federal Credit Union Act, Donovan said. "It's long past time for this," he said. "It's time to pay attention to the infrastructure of the credit union movement."

Credit unions can further their aims by enlisting members' help, said Richard Gose, CUNA's chief political officer. A CUNA survey revealed that asking members to advocate on credit unions' behalf resulted in higher product and service use and increased member loyalty.

Plus, surpassing the 100 million memberships mark makes credit unions a force to be reckoned with.

"Credit union members represent 42% of all registered voters," Gose said. "That's powerful. Of that group, 23% are primary financial institution members. These are the people who advocate on our behalf"



Richard Gose



Nearly 600 first-timers attended this year's GAC—and that includes new CUNA President/CEO Jim Nussle. The former congressman urged the first-timers to explain the CU difference to legislators. "You're here to tell your story and make connections with the people who need to understand the CU difference. We need to create lasting relationships with legislators. They need to know it's not what we do that makes us different, but how we do it and who we do it for."

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'Hello, the Foundation loves you'



Debie Keesee, CEO of Spokane (Wash.) Media FCU and chair of CUNA's Small CU Committee, discusses NCUA's proposal to increase the definition of "small entity" to \$100 million in assets with an overflow audience Sunday at the Small CU Roundtable, sponsored by CUNA Mutual Group. Members of the Small CU Committee also shared the committee's report detailing five keys to sustainability: differentiation strategies, pricing practices, effective lending, consultative culture development, and use of available resources.

Gigi Hyland wants you to know that the National Credit Union Foundation is changing lives, and that it loves you.

The Foundation's executive director came out for her speech yesterday at the GAC to the classic rock staple "Hello, I Love You" by The Doors.

She acknowledged that credit unions may love the Foundation, but be unclear about what it does, exactly.

"The Foundation, loves you back," Hyland said. "And I'm going to tell you who we are."

From an affordable car program at a Virginia credit union to monthly meet-ups for younger credit union professionals in the Carolinas fired up about the credit union model, Hyland says the Foundation's grants and education initiatives are winning hearts and minds for the credit union movement all over America.

"Powerful cause? Yes," Hyland said.

"Positive effect? Absolutely."

In the past 10 years the Foundation has



given \$35 million in grants for a variety of projects that include savings challenges, helping credit unions reach the Hispanic population, and developing successful nonprime auto-lending programs.

The Foundation has trained 1,200 Credit Union Development Educators to show the power of the credit union model.

"The Foundation's mission is to be a catalyst to improve people's financial lives through credit unions," Hyland said. "Our work centers around helping you—credit unions—help your members be financially capable."

Adams receives AACUL's Farley Award

This year's Farley League Leadership Award recognizes Dave Adams, CEO of the Michigan Credit Union League. The American Association of Credit Union Leagues (AACUL) presents the award to a league staff person demonstrating visionary leadership. Adams received the award at a reception with credit union system leaders Saturday.

Adams has been the league president in Michigan for 17 years and served as head of the leagues in Washington and Utah before that, demonstrating visionary leadership in all three states and nationally.

He has led the charge for a progressive state charter in Michigan and has been effective in advocating for credit unions in many other areas. To achieve these gains, he has developed productive relationships with state political leaders. He also has built close ties with federal lawmakers. Under his leadership, 100% of the Michigan congressional delegation has indicated support for credit unions'



tax-exempt status.

With Adams at the helm, CU Solutions Group, a league subsidiary, delivers innovative products and services to thousands of credit unions across the country. Programs such as Invest in America, Save to Win, and Gas Station TV help grow membership and strengthen member loyalty. Since 2003, Adams also has served as president of League InfoSight, a league- and CUNA-supported company that facilitates collaborative efforts in regulatory compliance.

"We're pleased to recognize Dave's enormous achievements with this award," says Rick Pillow, Virginia League CEO and member of the Farley Award Committee.

The award was endowed by a contribution from Dr. Richard Heins, former CEO of CUNA Mutual Group, and named in honor of Gene Farley, former Virginia League CEO, in recognition of his longtime leadership in the credit union movement.



Help us help you. That's the message NCUA Vice Chairman Rick Metsger gave to attendees of yesterday's afternoon General Session. From updating the field of membership rules to reforming risk-based capital, he said CUs need to work with NCUA on these issues. But retail data breaches, he said, are neither CUs' nor NCUA's responsibility. "Retailers are great at posting signs in the stores that say, 'If you break it, you bought it,'" Metsger said. "Well, what is good for the goose is good for the gander."

Advocacy gives CUs, members a united voice

Robert D. Ramirez is a big proponent of establishing and maintaining relationships with local, state, and federal legislators and regulators.

Doing so, he says, is vital to maintaining and promoting the credit union agenda. "Having a mutual understanding of our respective job responsibilities makes it easier when communicating about differences and in advocating for our credit union movement," says Ramirez, CEO of Vantage West Credit Union, based in Tucson, Ariz., and serving Pima, Pinal, Maricopa, and Cochise counties. "Building strong relationships with legislators and regulators allows for open and transparent dialogue about issues impacting our economic policies and strategies."

Ramirez's advocacy efforts recently landed him a spot on the transition team for Rep. Martha McSally, R-Ariz., where he advises her on financial service matters, helps recruit key personnel for her office, and sets up meetings with local

business leaders.

He met McSally during her last election, and the two had a good discussion about some of the key challenges facing Arizona. "I shared with her some of the challenges that we were facing as a financial institution, as well as some of the issues facing businesses in Arizona communities," Ramirez says.

Afterward, he helped promote her candidacy to many associates. But that's not the only way credit union leaders can advocate for supporters.

"Credit union leaders can get involved by serving on boards in their communities and providing their financial and other expertise to assist others with their strategic agendas," Ramirez says. "Credit union leaders also are actively involved in the election process, raising funds through our political action committees and working to elect individuals who support credit unions—and replace lawmakers who haven't supported our movement."



"The importance behind our involvement in the political process is that it gives our 102 million memberships a united voice in Washington and throughout our 50 states," Ramirez says. "Keeping our credit union agendas top of mind with our legislators and regulators on how to promote economic growth for our country is our top priority."

CUs provide \$10 billion benefit to consumers

U.S. consumers benefit to the tune of \$10 billion due to credit unions' presence in the financial services marketplace.

And the nation's 102 million credit union memberships received \$7.2 billion in direct benefits during the year ended Sept. 30, 2014, in the form of lower loan rates, higher dividends, and fewer and lower fees.

That's according to CUNA's Membership Benefits Report, which compares credit unions' rates and fees with those of banks nationally and locally, and calculates the dollar amount members save as a result.

Some of the credit unions that provide the biggest benefit to their members are at this conference. They were honored for their generosity yesterday.

Based on analysis of participating GAC attendees' rates and fees, these credit unions provide the greatest value to members:

- **Star One Credit Union**, Sunnyvale, Calif., with a benefit of \$831 per member household (more than \$500 million in assets);
- **Boston Firefighters Credit Union**, Dorchester, Mass., with a benefit of \$616 per member household (\$100 million to \$500 million in assets); and
- **United Health Credit Union**, Burlingame, Calif., with a benefit of \$268 per member household (less than \$100 million in assets).



CUs save each member household hundreds of dollars through lower rates, higher dividends, and fewer and lower fees. Accepting Membership Benefits Awards from CUNA President/CEO Jim Nussle (far left) are Gary Rodrigues, Star One CU; Ayn Talley, Houston Police FCU; and Hanscom FCU's David Sprague and Paul Marotta. CUNA's Bill Hampel (far right) announced the winners.



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