

Service Issues

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Grow Your Image, Grow Your Credit Union

By Denny Kanuck, VP Marketing, Overton & Associates

No organization can ignore the perception of its image. Your brand and image are demonstrated at every touch point in your credit union--from the way the phone is answered or how a member is greeted to the ease and use of your internet banking and telephone response system. Each means of contact must communicate *perceived value* because the sum of these images in your member's minds emphasizes the **relationship** they have with your credit union.

Your brand is your *promise* to your members. It's what your members "buy" when they come to you for their financial needs. Your brand is the members' expectations of your credit union. Your brand is communicated

- in the appearance of your facility-- what a member sees on the exterior and when he walks into the branch;
- through interactions and experiences with your staff;
- when a member reads your collateral material and views your merchandising;
- through all delivery channels.

The traditional concept of a financial branch office dates back to a time when transactions and services occurred solely in the branch. Deposits and lending arrangements originated there and were the only products offered. One branch was pretty much like another in its function, offerings and even appearance. Today, the full service branch is only one of several delivery options available to the consumer, making it especially important to view the entire image of your credit union. Your image and brand should be **strong, positive and consistent**.

The branch environment should **support the function** of the services offered *and* **promote effective communication** with members. In addition to creating the “built” or branch environment, management must support and cultivate the desired behavior in the branch staff.

Think about your favorite retailers-- the image they project, the strength of their brands and how you feel each time you do business with them. When you walk into a Starbucks for example, you’ll find a well planned store, well trained staff (usually college students), smooth jazz playing and products that are well displayed. Starbucks “owns” the word coffee. But it’s not just about a cup of java; it’s about one’s experience with the brand.

How does this apply to a credit union when your product is money? Is your product displayed? No-- it is hidden in the safe or vault. How do you get members to “buy” your product? The answer lies in incorporating the elements of good branch design, good housekeeping, good service and powerful merchandising all adding up to a **positive experience** for the member that **reinforces a strong image and brand**.

The experience starts at the exterior of your branch. How does it look on the outside? What kind of signage do you have? Do you have merchandising in the windows? How often do you change your merchandising? When you have a promotion, do the signs stay up after the promotion has ended? Do your members know what products and services you offer? How will they find out about them? Look at everything that your member potentially views or touches-- from deposit slips, ATM and VISA cards, to your interior signage, newsletters and even staff t-shirts. What are you communicating? Look at your logo. Is it time to develop a new logo with which more of your member base can identify?

Today’s branch should be a desirable destination geared to members’ needs.

Making improvements in your branch design can have a significant impact on the growth of your organization. And to compete effectively, combine branch design, operational and marketing functions into a vehicle that “**delivers on the promise**” in the eyes of your member. Superficial or purely cosmetic design changes that are not accompanied with corresponding changes in service delivery will be as ineffective and out of place as installing neon signs and bar code readers to “update” an old grocery store that still has wilted lettuce and a cranky staff.

Understanding and anticipating your members’ individual needs and providing them with products and services in unique packages offers distinctive value.

By tailoring your products and services to your member base you can establish a consistent identity that distinguishes you from your competition. Create the image that your products are superior and special and **connect these perceptions to your brand**. If pineapples, bananas and water can be branded, why not money?

So why should you care about your brand and image? Because the #1 reason people buy anything is **confidence** in the product or service. A credit union that strategically sets the course for developing a strong image and staying with it will grow its brand and business and be well positioned in a competitive market place.



Denny Kanuck is a partner at Overton & Associates and has been with the company since its inception. A licensed interior designer, she is responsible for marketing and consulting services. She is experienced in retail design and strategic real estate planning for financial institutions. Denny specializes in developing resources for the company and continuing education for staff members. Creating and sustaining close, valued client relationships is one of her primary goals.



Overcoming the Challenges of Implementing Reg E “Opt-in” Requirements

After months of anticipation, the Federal Reserve Board recently announced final approval of Reg E (Electronic Funds Transfer Act). This action prohibits financial institutions from charging consumers fees for paying overdrafts on ATM withdrawals and one-time debit card transactions, unless the consumer “opts in” to the service.

And while proposals are still being considered to clarify the new Reg E amendments, Delaware credit unions should act now to educate their members that these electronic transactions will be declined after August 15, 2010, unless the account holder has opted in for the service. In addition to the opt-in requirement, credit unions must provide their members with an explanation of how their overdraft program works and the fees associated with its use.

Does your credit union have the following tools in place to help your members make an important decision about how to handle their financial transactions going forward?

- correspondence explaining opt-in requirement to members;
- a discretionary overdraft privilege policy;
- educational materials to display in branches and use in member mailings;
- opt-in confirmation documentation; and
- a business partner with the expertise to assist with implementing these strategies.

Members may opt in verbally; electronically; in writing, using a model consent form; or in person. Once you have that authorization, you must confirm consent with a written notification. And while there are still details being finalized regarding the regulatory procedures, it is important that you take steps to use materials that are in line with what regulators have in mind – shortcuts could put you at risk of not being in compliance down the road.

Is your staff up to speed with their role in educating members?

With the deadline fast approaching, it is imperative to act now. If your credit union has an established overdraft service program in place – or if you charge **any** type of fee when honoring an ATM or POS transaction that causes an insufficient funds situation – you must follow these new regulations to be compliant. Putting the proper training in place and acquiring the materials to inform your members about changing regulations will give your credit union a competitive advantage and improve its performance in 2010.

About JMFA

John M. Floyd & Associates (JMFA) a preferred business partner for Delaware Credit Union League, is one of the country's most respected experts on overdraft privilege programs offering financial institutions more than 30 years of experience in compliance and performance consulting. As a direct result of its programs, JMFA has helped thousands of clients dramatically improve their performance and their bottom line. For more information, contact Greg Stumler, JMFA regional director, at Greg.Stumler@JMFA.com or (877) 817-7652.



Why It's Time to Rethink Your Risk

A Look at Credit Unions' Changing Risk Exposures

Today's regulatory and legislative dynamics, and pervasive economic forces, have lead to unprecedented times for credit unions. And as a result, 2009 redefined the boundaries of credit unions' risks. For many, an array of new and changing pressures is prompting a fresh look at their exposures and tolerances, and expanded loss prevention efforts.

As a credit union leader, you know that risks come in all shapes and sizes, and from just about every direction you can imagine. There are man-made threats such as lawsuits, embezzlement, and fraud, which are hard and fast considerations in our industry. Emerging risks related to new technologies and services such as remote deposit capture and contactless payment devices. And ever present dangers such as hurricanes, tornados, and fires.

Altogether, how you manage this complexity of exposures will most likely impact your credit union's future. As you look ahead to 2010, there are a few key 2009 insurance statistics provided by CUNA Mutual Group to keep in mind:

- Nearly 8,000 claims were filed by credit unions in 2009* related to the following products:
 - Bond (3,000)
 - Management & Professional Liability (1,200)
 - Property & Business Liability and Workers Compensation (3,000)
 - Business Auto claims (700)
- Bond losses increased 48%
- Bond payments to credit unions were 27% higher than premium earned
- Employee Dishonesty and Faithful Performance continue to be the largest Bond loss areas representing 60% of dollar loss
- Lender Liability was the fastest growing loss area with a 19% increase
- Directors, Volunteers, and Employees claims increased more than 120%

** based on claims through November 2009 and December 2009 claims projections*

“In the past year, the categories and severity of losses shifted as credit unions were coping with substantial changes,” states Chad Nitschke, VP, Credit Union Protection for CUNA Mutual. “We expect the loss trends related to fraud, litigation and employment practices to continue for at least the next two years.”

As an insurance carrier for 9 out of 10 credit unions in the U.S., CUNA Mutual's primary focus is managing our risks in the context of today's economy, regulations, and legislation. For example, CUNA Mutual recently introduced more than ten new, exclusive insurance options for policies effective beginning January, 2010 including coverages for fraudulent mortgage loan documentation, identity theft, repossessed autos, and contactless payment devices.

“Our commercial insurance programs are based on a fundamental understanding of credit unions and their changing needs,” says Nitschke. “With risk management experts deeply-rooted in the industry, working side-by-side with credit unions every day, we are able to deliver credit union-specific coverages up to a year ahead of our competitors.”

CUNA Mutual invests more than any other insurance provider to help credit unions address a broad assortment of risks from identity theft to remote deposit capture to auto repossessions. The company employs more than 25 risk management professionals – from fraud examiners to CPAs – to offer services and tools to help credit unions allay risks and prevent losses. In 2009, this included:

- Ten Webinars focused on risk management and loss prevention
- 60 RISK Alerts sent to more than 21,000 credit union professionals
- 239 educational presentations and sessions attended by more than 7,700 credit union professionals
- More than 4,100 credit union risk analysis performed on-site
- Online self assessments introduced for disaster readiness and plastic card
- More than 30,000 visitors to the online Protection Resource Center to access white papers, Webinars on-demand, articles, and RISK Alerts

“Our insurance programs reach far beyond a policy to address all aspects of risk management – from risk assessment to loss recovery. While it’s difficult to put a figure on a year’s worth of loss avoidance for an industry, we believe that quickly addressing emerging risks and preventing unnecessary losses brings both immediate and long-term value to credit unions,” Nitschke says.

For more information about CUNA Mutual’s Credit Union Protection insurance programs, or to request an analysis of your current program, call your Sales Executive at 800.356.2644 or e-mail us at cuprotection@cunamutual.com.

Optional Story Sidebar:

Perhaps now more than ever, it’s important to evaluate the value you get from your insurance provider. As you perform vendor due diligence, it’s your responsibility to get the facts. Here are some questions to ask:

1. Do you have the expertise to assess my credit union’s risk based on credit union industry experience?
2. Do you offer credit union-specific policies and coverages that can flex to my credit union’s risk tolerance and cost requirements?
3. Do you provide expertly-designed risk analysis, alerts, and tools for mitigating risk – at no additional cost to my credit union?
4. Do your claims management services and payment policies support a long-term relationship my credit unions?
5. If a disaster occurs, do you offer recovery services to help my credit union reduce losses and quickly restore services for members?
6. What role do you play in supporting the success of the credit union industry?

CUNA Mutual Group is a leading provider of financial services to credit unions, their members and valued customers worldwide. With more than 70 years of commitment to credit unions, CUNA Mutual’s vision is unwavering: to be a trusted partner who delivers service excellence and customer-focused, best-in-class products and market-driven innovation. More information on the company is available on the company’s Web site at www.cunamutual.com.

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Prepaid Reloadable Debit Cards- CUMONEY

By Kimberly Schreiner, Supervisor, Implementation/Debit, PCUA

The Prepaid Reloadable Debit cards (CUMONEY) are available to your credit union via our partnership with the Illinois Credit Union League – Service Corporation. What exactly are Prepaid Debit cards? Prepaid Debit cards carry the VISA logo on the front of the card and cardholders can add value to the card at anytime. In addition to the 20 million VISA locations worldwide where the cards are accepted, the reloadable cards also work at ATMs and merchants anywhere your members see the Plus or Interlink (pinned based pos) networks.

The CUMONEY program is set up as an agent program. Because of this, there is no credit union liability and no fraud exposure. Credit unions can choose if they want the card branded with or without their credit union logo. The CUMONEY program gives credit unions the extra flexibility to offer a member a way to access ATMs and VISA merchants to those that may not qualify for a debit card. In addition, the cards provide additional income opportunities to the credit union along with a competitive advantage.

If you are interested in offering the CUMONEY program, please contact Jane Bailey at 1-800-292-7875 or jane@dcul.org.

CU in Paradise

**Delaware Credit Union League
Annual Meeting & Trade Show
April 20 - May 1, 2010**

Early bird discount deadline - March 15, 2010



Allpoint® Network Expands Mobile Convenience

Allpoint Network®, a Cardtronics, Inc. (NASDAQ: CATM) affiliate and the first surcharge-free ATM network in the United States to offer iPhone™ and Android™ applications for conveniently locating surcharge-free ATMs, has expanded search capability to BlackBerry™ devices. The new application joins a 24 hour speech phone system, mobile web friendly locator, iPhone™ and Android™ applications, as well as GPS download functionality for Allpoint website search results.

With the release of the BlackBerry™ application, Allpoint now offers free and convenient ways to find surcharge-free ATMs on more than 85% of the smart phone market.

Members can visit the Allpoint “App Store” to download all the free applications at <http://locator.allpointnetwork.com/AllpointMobile.aspx>.

To learn more, please contact us:
800.809.0308 or Info@AllpointNetwork.com

A Student Loan Program to Meet an Unprecedented Demand

We’ve all felt the repercussions from our economic downturn, but perhaps no one has been more affected than students and their families. Historically, private lenders, banks, and oftentimes schools themselves offered loan programs to pay for school, but not anymore. Many credit unions are now offering this loan product in order to seize the opportunity, grow their member base, and provide a solution to families who have no other option.



Student lending has been an extremely lucrative and well-performing financial arena to enter over the past three decades. Large banking institutions found this small niche market to be the “cash cow” on their books. Large warehouse lines were offered and underwriting requirements almost nil as many lenders watched the profits flow in. Today, the warehouse lines have disappeared. School endowments to support institutional loan programs have decreased. And financing for larger for-profit institutions has been pulled.

It is times like these when families turn to their local credit union for assistance and support. How often have you been asked, “What services do you offer to send my child to college?” And how often is this question asked a little too late, when the bill is already due from the school?

Ironically, it's not only the families asking for assistance these days. Schools are now asking as well. Just a year ago, colleges and universities were being marketed to by large banks to be their "preferred lender." With recent legislation and most lenders out of business, this is no longer the case. Schools are now looking outward for loan programs from area credit unions and smaller community banks. They don't know what else to do. Federal loan programs being offered by the government are not even close to covering the full cost of attendance, and students are left with a "gap" to cover.

EDUCATION **Loan Source** an NIA Company

The Delaware Credit Union League has chosen Education Loan Source (ELS) as the student loan provider of choice for its credit unions. ELS has been in business since 2005 and is made up of executives from the educational finance industry with an average tenure of 20+ years. They have relationships with 3000+ schools across the country, including a strong concentration throughout Delaware and Mid-Atlantic region. Tracy Sniscak serves as their Vice President of Sales for their credit union division and is located in Carlisle, Pennsylvania. Since securing their endorsement from the Delaware Credit Union League, she has been busy educating Delaware credit unions on how to offer this product and grow their member base.

Louviers Federal Credit Union was the first Delaware credit union to launch with their customized loan program through ELS. Selecting the terms, interest rates, credit underwriting criteria and structure that they desired, Tracy has already begun to field calls from schools interested in their program. Bob Walls, Director of Human Resources and Special Projects for Louviers shared his experience: "Our credit union conducted a thorough review of three student loan programs and decided that ELS was the best solution. They have been great to work with – maintaining excellent lines of communication and quickly responding to any of our needs."

If you are interested in learning more about the ELS Custom Loan Source Program, Tracy can be contacted at 888-429-4141.



On Your Way - with Visions, Ink

Are you looking for a new approach to attract young members to your credit union? With more than 30 years of industry marketing expertise, and the development of a recent partnership with On Your Way, a young adult marketing program for credit unions, Visions, Ink. can help.

Through this partnership, we'll help you create a financial resource for your young adult members that will reward them every time they use it and educate them about the services and products available to them at your credit union!

On Your Way targets your youth membership through a co-branded web site and custom marketing materials. The web site includes:

- Weekly news articles on money saving tips, managing your finances, reaching financial goals and more;
- A blog where you can ask financial experts questions and participate in discussions about financial matters affecting youth; and
- Links to credit union services and products!

On Your Way users receive rewards just for visiting the web site! Users are entered into weekly drawings for cash prizes and monthly drawings for prizes such as iPods, Dell Notebooks and Amazon Kindles, when they log in, refer a friend, submit articles and use credit union services.

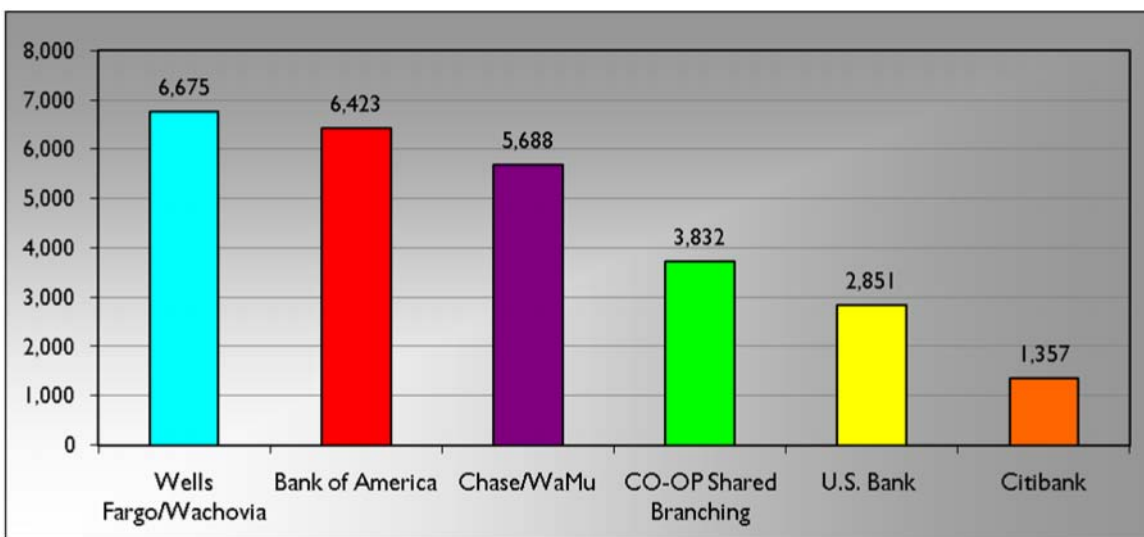
To find out more about this program, contact Visions, Ink. at 301.868.9577, 866.844.4775 or info@visionsink.com.

*Article submitted by Visions, Ink.
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Branching Strategies

In these tough economic times, credit unions are looking for ways to help grow their branches. Branches help credit unions gain and retain members by offering the convenient physical branch locations they expect from a full-service financial institution. Shared branching can help your credit union add over 100 locations across Pennsylvania and over 3,800 locations nationwide without the expense associated with building, staffing and maintaining each branch.

Despite the great rates and excellent service, credit unions do have drawbacks. Huge national banks provide hundreds of branches around the country, and there are often dozens within a single city. However credit unions tend to be local and are not likely to have offices all over your city yet alone the country. Fortunately, credit unions have a solution to help them compete with these national banks, shared branching.



As you can see from the chart above, shared branching has seen some growth over the past few years so their may be more locations in your area for your credit union and members benefit. Shared branching is fourth in number of branches

nationwide behind Wells Fargo, Bank of American and Chase. We anticipate the number of shared branching locations to increase as more credit unions join the network. Why not epitomize the credit union philosophy by sharing facilities to provide the ultimate member service experience. In some areas, joining the network could help extend your hours to include weekends or just longer hours each day.

How does your credit union retain members who relocate? What about your snow birds who go south for the winter? They can still access their account through electronic channels but if the member does not have a branch network they find convenient they may choose another financial institution once they relocate. With shared branching when you are notified of an address change you can provide the member with shared branching locations they can use to continue to do business conveniently wherever they are and still keep their ties.

Strengthen your disaster recovery plan and never lose touch with your members again in the event of an emergency. Shared branching has also shown by past disasters that members can really benefit when hard times hit. What is your credit unions disaster recovery plan and can that plan be utilized now even when there is no disaster?

Shared branching has seen some great technology changes in the past years as well. When shared branching started it utilized the same technology as an ATM transaction. However, with the development of CUSC's Next Generation Network more information can be transmitted to ensure your member is the one performing the transaction while still providing the service your member has come to expect.

Technology will continue to evolve and now we have self-service terminals (kiosks) being deployed by credit unions in Pennsylvania and across the country. These kiosk machines are helping defray the cost of a full service branch while still providing member access (as well a shared branching member access) to their account similar to an ATM but with more flexibility with the transactions. These kiosk machines have the ATM option as well so the consumer is the one who makes the choice of what type of transaction they want or can perform.

What is your credit unions branching strategies? As you can see shared branching can help your credit union meet your needs, whatever they maybe, such as members relocating due to job transfers, snow birds, disaster recovery or just to make your credit union more convenient without having to add your own branches. If your credit union has not thought about shared branching to fulfill your needs – why not take a look at how it can benefit your credit union and members. Contact the league for more information.



SERVICE HIGHLIGHTS FOR CREDIT UNIONS

- **Over 62 Years of Excellence in Auto Auction Industry**
 - **Full Menu of Services from which to Choose**
 - **Members in Good Standing with NAAA**
 - **Locally Owned and Operated**

- **Nationwide Service Capability**
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- **Weekly “Public Attended” Auction for Repo Vehicles**
 - **Sale is Simulcast Worldwide to Registered Dealers**
- **Conversion Rate ranging from 75% to 85% Consistently**
- **Separate Sales for Powersports, Trucks and Equipment**
 - **“IN-OP” Sale for Damaged / Salvage Vehicles**
- **On-Line Vehicle Exchange, “OVE”, for Additional Marketing Support of High-End / Specialty Vehicles**
 - **Flat Sale Fee of \$100.00 for Credit Unions**
 - **No Storage Fees @ Auction for Credit Unions**

**• PROCEEDS CHECKS ISSUED ON DAY OF SALE and Delivered, Mailed or Transmitted Electronically
Next Day**

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Thank you for reading Service Issues!
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