Welcome Platinum Members

We are thrilled to have the support of these two industry leading, innovative, collaborative CUSOs at the Platinum level.

CSCU is the credit union industry’s advocate, partner and leader in total payment solutions. Created by and for credit unions, they are driven by the same principles that guide the industry. They work exclusively with credit unions to provide a customized, holistic offering that maximizes value for both credit unions and their members. CSCU’s services and offerings are focused on driving the growth and success of their more than 2300 member credit unions.

CUProdigy is in the unique position to help Credit Unions “Advance Beyond” by providing a core processing platform that puts the member experience first. Utilizing leading technologies that are market proven, such as JAVA, MySQL, Google Web Toolkit, and TeamCity, CUProdigy empowers credit unions with a comprehensive solution that is both robust and scalable.

And a big welcome to the following NACUSO Members that joined this summer:
- Credit Union Services, Inc.
- Pennsylvania Credit Union Association
- PM Environmental, Inc.
- LoanStreet, LLC
- HealthPlan Services
- Frenchtown Financial Opportunity Center, LLC
What NACUSO Marketplace and Angie’s List Have in Common

One of the many benefits of becoming a member of NACUSO is participating in the NACUSO Marketplace. The Marketplace was built to mirror the success of the 20 year-old membership based Angie’s List that allows you to:

• See detailed, verified reviews on local companies
• Compare local companies
• Select the best company and hire them
• Share your review

Of course with NACUSO the company doesn’t have to be “local” but you get the idea.

As you can imagine, it was not an easy decision to add this robust searchable database to our website. What if a member gets a bad review? And yet in this ever increasing world of transparency and fluidity of information we decided it’s best to add this feature now so we will continue to be the trusted resource of CUSO information, innovation and collaboration.

The NACUSO Marketplace Directory, a collaborative Web-based networking tool allows members to communicate service offerings and investment opportunities for credit unions seeking strategic partnerships. Designed as a unique and comprehensive resource of solutions providers for credit unions, The NACUSO Marketplace delivers a clearinghouse of NACUSO member information and knowledge that fosters collaboration.

As a NACUSO member you benefit the most when you have your loyal members/customers post a review about your services. It’s funny how we are sometime reluctant to ask for a referral, and yet it’s a perfectly acceptable and smart business practice. Take a minute to think of your top 10 loyal partners. Send them [this link](https://www.angieslist.com/) and ask them to post a review. It only takes a minute.
2017 NACUSO Network Conference Returns to the Happiest Place on Earth!

Last month the NACUSO team of Shawna, Denise and I took a trip to Orlando to experience the “other side” of the Disney Yacht & Beach Club Resort. The beach side - and who doesn't want to go to the beach? The rooms are newly remodeled and have a light airy Cape Cod feel. Of course the service is what we've come to expect at a Walt Disney Resort property. We were greeted by name when we arrived and we were all checked in, had our magic bands and ready to hit the park if we wanted to. It's such a streamlined and fun way to start your trip.

There is no place on earth that is more in tune with families and entertainment than Disney. That's why this year you should really consider bringing the whole family if you can. It's the week before Easter Sunday and during some State's spring breaks. Check your calendar and see if you can't stay a few extra days. We still have a few rooms on either side of our conference dates that are available at our amazing group rate of just $255.00 + tax. April is a very popular time of year because unlike August where it was in the high 90's with humidity at 70%, it will be a more comfortable 80 degrees and lower humidity. Rooms are already going for $400 - $600+ during our conference.

We are in the beginning stages of pulling together our content and cannot thank our members enough as well as last year’s non-member attendees for the wonderful feedback you all provided. We really do listen and use it as our guide to continually improve your experience at the next conference. Some of the changes to look for:

- Spouse activities during the conference. We know a lot of you bring your spouses and it's a great way to show off what Orlando has to offer and a great opportunity for them to have some fun or to network. We are working with the staff at Disney to help us create a wonderful experience for those that would like to take advantage of this opportunity.

- Repeated break-out sessions. With CUSOs coming in all shapes and sizes we try to cover the major areas of expertise. The biggest complaint we have it there's perhaps a bit too much content and so many competing break-out sessions they can't possibly go to them all. What a great problem to have. So look for some schedule changes.

- Move Partner Connection Sessions from the end of the day. We felt we had a good turnout for the debut of these unique networking sessions. Over 100 people attended the first day.
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But we are going to see if we can’t find a place in the agenda that makes sense and will allow for greater participation.

Finally the things you want us to keep, The Next Big Idea Competition and The Networking Lounge. The Next Big Idea Competition continues to top the charts as a favorite and our attendees as well as partners and vendors really seemed to like the more relaxed network friendly setting of the Networking lounge.

One other thing to note: Downtown Disney has been completely revamped and renamed Disney Springs in order to give it a small-town feel, playing off and highlighting the existing lake. The number of restaurants, shops and venues at Disney Springs have doubled to over 150. As Walt was fond of saying “If you can dream it, you can do it.” Disney Springs has taken that to heart and has a little bit of everything from cars that turn into boats, bowling alleys that serve sushi, to the world’s largest tethered helium balloon you can catch a ride in and dinner while you watch a movie.

It really is the happiest place on earth. We hope to see you there, where you can connect with other leaders from the industry and enjoy some family time as well.

Jack Antonini, CEO

As to Disney properties/artwork: © Disney
The need for cooperatives to collaborate is not limited to the United States. I was asked to travel to the prestigious University College Cork in Ireland in the last week of July to speak at the Credit Union Business Summer School sponsored by the UCC Centre for Cooperative Studies. My topics were “The U.S. Experience of Thirty Years of Credit Union Collaborations” and “Building Successful Business Models in the 21st Century.” This was my second talk at Cork. I was there in 2012 with Kirk Drake, Ray Crouse, Mark Zook and Jeff Russell. They did not let Kirk, Ray, Mark and Jeff back in to the country; something to do with exceeding the per person limit on pints consumed. I am sure it is not true.

When I visited in 2012, it was clear that the financial crisis caused many credit unions to be in a failed state. The pressure to merge existed but there was no industry mechanism to facilitate the mergers. In response to this problem, the Credit Union Restructuring Board (“ReBo”) was established in 2013. ReBo has proceeded to facilitate credit unions mergers with a government aid budget of 250 million Euros. Only a fraction of that sum was needed. You can see the impact of ReBo in the following statistics:

- 2007 - 420 credit unions with 7% over 100 Million Euros in assets controlling 33% of the total industry assets;
- 2011 - 392 credit unions with 7% over 100 Million Euros in assets controlling 33% of the total industry assets;
- 2015 - 317 credit unions with 12% over 100 Million Euros in assets controlling 42% of the total industry assets; and
- 2017 - the Credit Union Advisory Committee projects that there will be 270 credit unions with 20% over 100 Million Euros in assets controlling 60% of the total industry assets.
The total credit union assets in Ireland are $14 Billion Euros and have remained at that number during the consolidation. Just like the U.S., the Irish credit union industry is consolidating with a larger portion of industry assets moving to the larger credit unions.

While the Irish are recovering economically, credit unions are lagging. Irish credit unions are starving for loans. The industry average loan to share ratio is only 26%. There are little or no mortgage loans or business loans. The interest rate spread is nearly non-existent and the terms of the loans are very short term. There is no power to sell or buy loan participation interests from banks or other credit unions. Some credit unions are able to augment their income sources with insurance commissions. There is also an individual limit on deposits. A member may not deposit more than 100,000 Euros.

The Central Bank of Ireland is the regulator and not inclined to provide credit unions with powers beyond their perception of a credit union’s expertise. Nothing new here. Bankers think credit unions are a bit like the kid who was held back a year and needs extra time to complete a test. Some industry folks are pushing for a two tiered regulatory system where the larger credit unions are given more power.

In my “American knows how to solve a problem” mindset, I encouraged the credit union folks to get more lending and deposit taking powers from the regulator and embrace the collaborative business model. Convince the regulator that credit unions need to be a player in the business and mortgage loan markets in addition to car and consumer loans. If the credit unions do not have the lending expertise, form a CUSO and hire a few bankers to provide underwriting and servicing advice so the regulators have the confidence that credit unions can succeed with the new lending products. Consolidate operational services and jointly negotiate vendor concessions. If this works in the U.S., it can work in Ireland.

So here is the hard part and it is true for U.S. credit unions as well as Irish credit unions. You have to get off the couch, put down the remote and actually do it, not tomorrow or the next day but now.

I love the Irish people and I have faith they will prevail. Just take a look at their history; overcoming famine, oppression and a worldwide financial crisis. By comparison, this credit union deal is a piece of cake.

*Guy Messick is the CUSO Guru and General Counsel of NACUSO and partner in Messick & Lauer PC in Media, PA.
www.cusolaw.com
NCUA CUSO Registry Shows Growing Impact

Last month Jay Johnson, NACUSO Board Member and Partner at Callahan & Associates shared a few insights from NCUA Call Report Data and recent data from the NCUA’s CUSO Registry. Credit unions have invested just shy of $2 billion in CUSOs and reported $680 million in loans to CUSOs as of year-end 2015.

In addition to increasing dollars being put towards CUSOs, a higher percentage of credit unions are directing dollars to CUSOs. Nearly 35% of credit unions are either investing in or lending money to CUSOs—a number that has risen 10 percentage points over the past 10 years. Involvement in CUSOs is led by larger credit unions with 88% of credit unions over $1 billion in assets reporting CUSO activity. Here are some other fun facts about CUSOs.
NACUSO Visits NCUA to Discuss the CUSO Registry and CUSO Reviews

On June 14, Jack Antonini, NACUSO President and Guy Messick, NACUSO General Counsel met with NCUA Staff on the results of the CUSO Registry and the thinking on how CUSO Reviews will be handled.

The CUSO Registry sign-up period and the follow-up by NCUA found there were approximately 900 CUSOs. NCUA believes that there are more CUSOs that have not reported. Under the NCUA (Part 712.1(d)), “A CUSO also includes an entity in which a CUSO has an ownership interest of any amount, if that entity is engaged primarily in providing products or services to credit unions or credit union members.” So these subsidiary CUSOs are considered CUSOs and required to make annual reports to NCUA. The NCUA staff believes that many CUSOs were not fully aware of this requirement and there are a number of subsidiary CUSOs that have not reported. NCUA will be following up with CUSOs to obtain these filings. NCUA is also scrubbing the data and asking for clarification if the data is indicating that there may have been a reporting error.

For existing CUSOs that have filed, there is no requirement to update or file until the next filing period February through March 2017. However, you can choose to update or change information at any time. For a new CUSO or a company that just received its first credit union investment to make the company a CUSO, you must file with the Registry within 60 days of the first credit union investment.

NCUA has requested that each CUSO name at least two administrators so that if one administrator is no longer available, or is out of the office, there is a back-up.

As you can see from the public information on the NCUA website, there is very little information provided. The Staff told us that if a person is requesting more information, NCUA will not release it without the consent of the CUSO.

In our review of the service categories chosen, we noticed some CUSOs appear to be mischaracterizing themselves. For example, if you use technology in your business but are not a provider of technology services, do not list the CUSO as a technology provider as you will be under more extensive scrutiny than required.

NCUA is working to update its CUSO Review procedures to make them more relevant for CUSOs. We were given a draft of the Items Needed for a CUSO Review. This is a draft document but we have permission to share this with our members and seek input (view draft copy). As you can see there are general questions and questions that are specific to a type of service. Please provide your input to Shawna@nacuso.org and we will make sure it gets to the right people at NCUA.

Jack & Guy
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NACUSO Platinum Partners

NACUSO Gold Partners

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