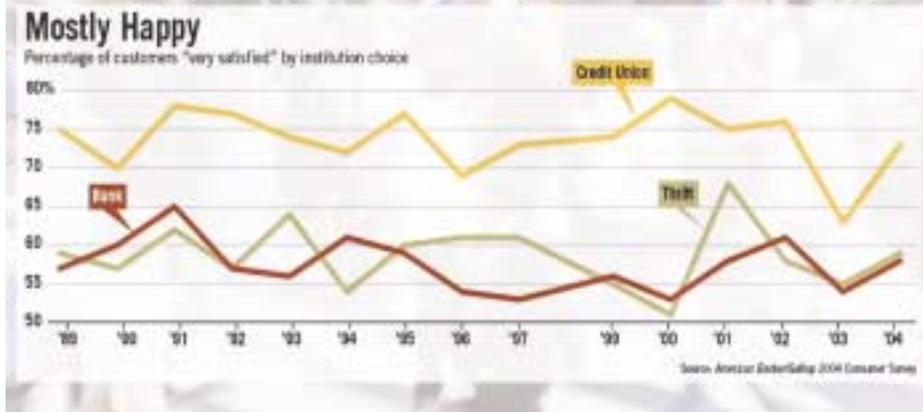


## Again, CUs Satisfy Most



## For 20 Years, CUs Tops in Satisfaction

For the 20th consecutive year, credit unions finished first in customer satisfaction in the 2004 American Banker/Gallup Consumer Survey. Satisfaction levels rose for all financial institutions, with credit unions experiencing the biggest gain.

"Given the sharp focus and commitment on service to their members, it is not surprising that credit unions have posted such a sharp upturn in consumer satisfaction—perhaps driven by credit unions' determination to correct the recent brief decline in such scores," observed CUNA President/CEO Dan Mica.

Overall, survey respondents who said they were "very satisfied" with their primary financial institution—be it a credit union, thrift or bank—rebounded to 61% from 55% in the 2003 survey. Last year all categories declined in "highly satisfied" customers. This year's percentage was nearly back to the 63% level reported in 2001 and 2002.

Credit unions made the biggest jump in this year's survey, with 73% of survey respondents saying they were "very satisfied" with their credit union. This was up from 63% last year, but were still below 2002's 76%. 🏠

## Oral Arguments Heard in Utah FOM Case

Attorneys for CUNA, NCUA and other credit union groups delivered strong arguments Oct. 7 defending the agency's decision to grant four field of membership (FOM) expansions for credit unions in Utah.

U.S. District Court Judge Dale A. Kimball heard oral arguments from credit union and banking industry representatives in the FOM expansion case affecting America First FCU, Riverdale, Utah; Goldenwest FCU, Ogden, Utah; Tooele (Utah) FCU; and University of Utah FCU.

Assistant U.S. Attorney Jeffrey Nelson, responding to the bankers' arguments, said the effort of the bankers to pick apart specific aspects of the community determination did not change the fact that NCUA had many layers of evidence supporting its decision that the community tests of the Federal Credit Union Act had been met.

Paul Lambert of the law firm of Bingham McCutcheon argued on behalf of CUNA, the Utah league, the credit unions and others saying that when NCUA is determining whether a community exists, its real duty is to decide how much community cohesion can support the safe operation of a credit union and how much glue is needed for that purpose. Such a determination is uniquely the expert judgment of NCUA.

CUNA General Counsel Eric Richard worked with Lambert in developing the defense and attended the hearing.

### Inside

#### 2 | Bankruptcy Lock Jiggled

CUNA continues to work for bankruptcy reform this year.

#### 3 | Let States Decide on Private Insurance

CUNA opposed NCUA's overall proposal.

#### 6 | 60 Minutes Features CUNA's GOTV Program

CUNA wants credit union members to vote.

#### 7 | October Highlights CUs, Co-ops

October is National Co-op Month.



## Bankruptcy Lock Jiggled Before Congress Breaks

With Congress set to break for the elections soon and an anticipated “lame duck” session of Congress in November, CUNA continues to jiggle the lock on bankruptcy abuse reform legislation this year, said John McKechnie, CUNA senior vice president of governmental affairs.

An unrelated abortion provision sponsored by Sen. Charles Schumer (D-N.Y.) has deadlocked the bankruptcy bill, the

Bankruptcy Abuse Prevention and Consumer Protection Act (H.R. 975), in the Senate this session of Congress.

CUNA has been working with key House and Senate lawmakers to negotiate a way to free the bill and bring it to a vote on final passage. The association will continue to help the Senate look for ways to get through the current stalemate.

Credit unions are strong supporters of bankruptcy reform legislation. Credit unions have suffered record levels of bankruptcies for several years and have observed that too many members walk away from their debts, although many have an ability to pay back some or all of their debts. ⬆

**Bankruptcy Abuse Reform**  
[http://www.cuna.org/gov\\_affairs/legislative/issues/bankruptcy.html](http://www.cuna.org/gov_affairs/legislative/issues/bankruptcy.html)

## Effort to Limit Matricula Fails in House Committee

During markup of the 9/11 Recommendations Implementations Act (H.R. 10), the full House Financial Services Committee voted 22-47 to reject an amendment that would have banned the use of Matricula Consular Cards, which many credit unions accept as valid forms of identification for Mexican nationals.

CUNA has been actively involved in congressional activities surrounding continued use of the Matricula.

“Matricula cards provide a safe alternative to payday lenders and check cashers,” said CUNA President/CEO Dan Mica. “The official cards also provide a measure of protection against fraud.”

In September, CUNA successfully lobbied to remove negative Matricula language from a federal spending bill.

In addition to the Treasury Dept., Matricula use also is supported by the Bush Administration, State Dept., Justice Dept. and Federal Bureau of Investigation. The full Congress voted to support it last month.

Many are convinced that the use of the card actually helps prevent criminal activity by bringing holders into the financial mainstream, where their financial activities can be more easily tracked. ⬆

**Serving the Hispanic Market**  
<http://www.cuna.org/initiatives/hispanic/index.html>

## Reg Relief Package May Be Broadened



Sen. Mike Crapo (R-Idaho)

In crafting legislation to reform regulations for credit unions, banks and thrifts, Sen. Mike Crapo (R-Idaho) said Sept. 28 he may offer a broader package than the House passed earlier this year.

Crapo said he’s “leaning” toward a broader bill, but that would have hope of passage. He said he wants to get as much regulatory reform into the bill as possible without dooming it.

In addition, the lawmaker said he has not decided whether to introduce a bill as a “marker” before the current session adjourns or wait until early next year. He said the value in introducing a bill this year is to get something out there now so that people can begin the process of getting it prepared for the early action in the next Congress. The flip side is people might fight over the provisions for three months.

Meanwhile, Crapo and other lawmakers are reviewing more than 130 recommendations from trade associations—including CUNA, consumer groups and federal regulators. ⬆

**CUNA Governmental Affairs**  
[http://www.cuna.org/gov\\_affairs/index.html](http://www.cuna.org/gov_affairs/index.html)

## CUNA Lobbies on IDA Amendment

CUNA’s Gary Kohn, vice president of legislative affairs, accompanied Pennsylvania credit unions on their recent Hike the Hill visit with Sen. Rick Santorum (R-Pa.) and reiterated credit unions’ support for the lawmaker’s individual development account (IDA) proposal.

CUNA had been working to help pass IDA provisions as part of the lawmaker’s planned amendment to a jobs bill, which is now awaiting final action in Congress.

Unfortunately, the jobs bill made it

out of a conference committee without the Santorum IDA amendment.

CUNA is continuing to look for other vehicles of which the IDA provisions may be attached.

IDAs are matched savings accounts restricted to buying a first home, funding post secondary education or training or starting a small business.



Sen. Rick Santorum



# >> Regulatory Affairs

## Mutual Conversion Disclosures Should Be Timely, Balanced

Because a conversion to a mutual savings bank is a fundamental change in the nature of the financial institution, it is imperative that credit union members be provided with timely, balanced disclosures, CUNA told NCUA concerning its proposed rule on conversions of credit unions to mutual savings banks.

CUNA suggested that the agency consider using specific examples in the supplementary information for the final rule that outlines problems that the agency has observed in credit unions converting to another form of financial institution.

CUNA also noted support for the proposed requirement to highlight and segregate specific disclosures (such as ownership and control, operating expenses and their impact on rates and services, effect of a conversion to a stock institution and impact of costs of conversion) in order to assist members in understanding the consequences of a conversion.

Additionally, the association said NCUA should clarify its guidelines for conducting a membership vote, so the guidelines are more easily recognized, read and enforced.  **CUNA Comment Letters**  
[http://www.cuna.org/reg\\_advocacy/index.html](http://www.cuna.org/reg_advocacy/index.html)

## CUNA Nominates Farver to Fed's Thrift Council

CUNA nominated Jeffrey H. Farver, president/CEO of San Antonio FCU, as a member of the Federal Reserve Board's Thrift Institutions Advisory Council (TIAC).

"We believe Mr. Farver would make a significant contribution to the work of the Thrift Institutions Advisory Council. He has thirty-four years of experience in financial institutions and has served as chief executive officer of San Antonio FCU since 1990," CUNA wrote.

TIAC was established to provide information and views on the special needs and problems of thrift institutions. The council provides first-hand advice from representatives of institutions that have an important relationship with the Federal Reserve, including savings and loan institutions, mutual savings banks and credit unions.  **CUNA Regulatory Advocacy**  
[http://www.cuna.org/reg\\_advocacy/index.html](http://www.cuna.org/reg_advocacy/index.html)

### ▶ Excerpts...

*"How do you explain the near-fanatical devotion of credit union members that makes them such a potent political force and that makes credit union powers one of the untouchable 'third rails' of U.S. politics? For most, the answer is that they feel more comfortable with their credit union, and they see a superior commitment to customer service. They see modest, low-cost, user-friendly facilities run by people whose motivation is not to maximize shareholder value, they frequently participate in the governance of the institution, and they like the lower costs on loans and the higher rates on deposits."*

—Comptroller of the Currency John D. Hawke  
in a speech to the American Bankers Association on Oct. 4.

## Let States Decide on Private Insurance, Says CUNA

State governments should be allowed to decide for themselves whether to permit state-chartered credit unions in their states to operate with private share insurance, CUNA told NCUA in a comment letter opposing the agency's proposed rule on conversion of insured status and mergers of federally insured credit unions.

"CUNA is concerned that questions have arisen regarding the role of state regulators under the proposal and its uncertain impact on the dual chartering system for credit unions," CUNA wrote.

CUNA noted a number of additional concerns:

▶ The proposal could result in unbalanced disclosures because information in addition to NCUA's required disclosures—such as description of private insurance—would have to be pre-approved by an NCUA regional office.

▶ The proposal allows for no review process if a disagreement ensues between a credit union and the agency, or between a state regulator and NCUA.

▶ The proposal cites no abuses in the voting process, yet imposes costly and burdensome new requirements on credit unions for holding member votes on conversions. 

 **CUNA Comment Letters**  
[http://www.cuna.org/reg\\_advocacy/index.html](http://www.cuna.org/reg_advocacy/index.html)

## NCUA Names Deputy Executive Director

NCUA Executive Director J. Leonard Skiles selected J. Owen Cole Jr., as the agency's deputy executive director effective Dec. 1.

Currently serving as NCUA's director of the Office of Strategic Program Support and Planning, Cole will replace Michael McKenna, who has been named the agency's deputy general counsel effective Dec. 1.





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- **The Leader's New Clothes** – *Gary Heil*, author of "The Leader's New Clothes," describes a CEO's journey to become an authentic leader.
- **From Inspiration to Innovation** – *Andy Stefanovich*, CEO of PLAY, uses creativity to develop solutions in branding and leadership.
- **CU Sound-Off** – *Kate O'Beirne and Bill Press*, two Washington insiders, offer lively updates on national politics.
- **The Power of Storytelling** – *Kevin Carroll*, "Katalyst" for Nike, uses stories to foster creativity, individual learning, and change.
- **Credit Union Real Stories Live!** – *Patrick Adams*, EVP, St. Louis Community CU, brings to life the "people helping people" philosophy.



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- **Emerging Trends in Financial Services**

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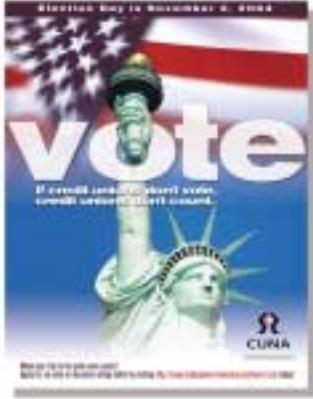


REGISTER ONLINE: [training.cuna.org](http://training.cuna.org)



# >> Political Affairs

## 60 Minutes Features CUNA's GOTV Program



On the premise that he didn't want people unfamiliar with the issues to potentially cancel out his vote, CBS' 60 Minutes essayist Andy Rooney voiced his displeasure over "get out the vote" (GOTV) programs. In doing so, he mentioned CUNA's program. Not only that, he dis-

played CUNA's posters (and other material) for the GOTV program. The segment aired during the Sept. 26 broadcast.

"This proves our GOTV materials are getting out there. CBS was able to get our material easily. I hope our credit union people are getting them as well," said Richard Gose, CUNA's vice president of political affairs. "We do hope people will take the time to register to vote. Our surveys show credit union members who vote tend to vote for lawmakers who support credit union issues."

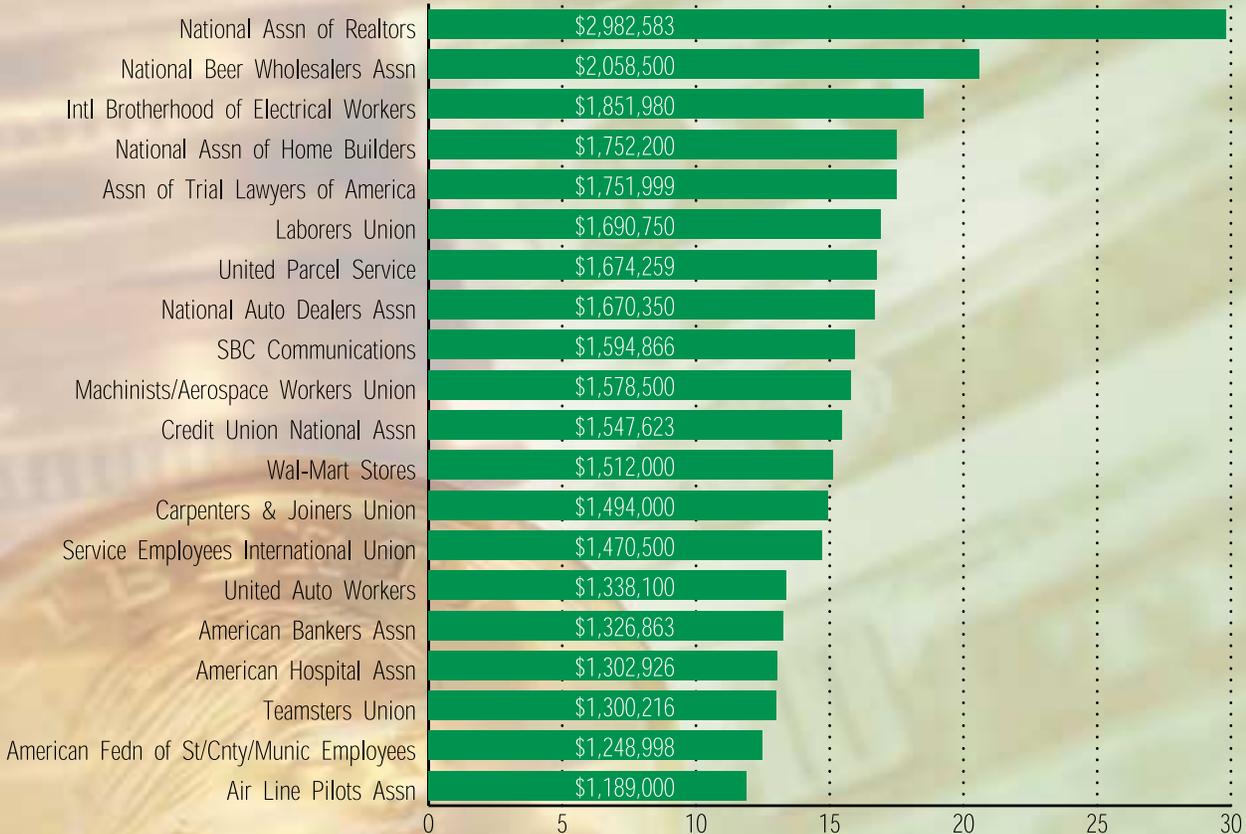
In the course of his comments, Rooney suggested that credit unions do not "really give a damn whether anyone



On the CBS 60 Minutes program aired Sept. 26, commentator Andy Rooney said, "the Credit Union National Association puts out a message saying it wants people to vote." (CBS video)

votes or not." Actually, credit unions do care who votes, according to Gose. Again, CUNA's survey research shows that credit union members who vote tend to support credit union issues. Thus, the more who vote, the more who support credit unions. 🏠

### Top 20 Political Action Committee (PAC) Contributors to Federal Candidates, 2003-2004





# >> Notes Bearing Interest

## October Highlights CUs, Co-ops

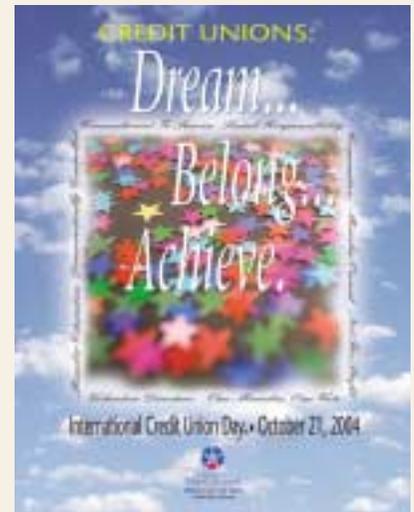
The cooperative spirit of people helping people takes center stage in October with International CU (ICU) Day, National Co-op Month and CU Miracle Month all on tap.

Credit unions and leagues will celebrate this year's ICU Day with the theme of "Dream ... Belong ... Achieve" Oct. 21.

"As the number of credit unions and credit union members continues to grow, ICU Day is a great way to welcome these new faces into our community, build further awareness of credit unions and strengthen the overall credit union movement," said CUNA President/CEO Dan Mica.

National Co-Op Month also is in October. This year's theme is "Cooperatives: Owned by our Members, Committed to our Communities." The website for National Co-op Month features 25 pages of case studies of how cooperatives are contributing to their communities.

October also is CU Miracle Month, a tie-in with ICU Day and the Children's Miracle Network. In 2003, credit unions raised \$6.2 million to support children's hospitals. 🏠



**International Credit Union Day**  
👉 [http://buy.cuna.org/static/icuday04\\_index.html](http://buy.cuna.org/static/icuday04_index.html)

## ▶ Co-op Hall of Fame to Induct Crear

Pete Crear, CUNA's executive vice president of external relations, will be one of four outstanding cooperative leaders to be inducted in the Cooperative Hall of Fame.

The Hall of Fame recognizes those whose contributions to cooperative enterprise are genuinely heroic.



Pete Crear

"This is indeed a prestigious honor, honoring Pete's distinguished service not only in the credit union movement, but also in the larger cooperative community. I can think

of no one more deserving," said CUNA President/CEO Dan Mica.

On April 20, Crear will be inducted along with Robert Kabat, formerly with the National Rural Electric Cooperative Association, and the late Charles and Eva Rappaport, housing co-op advocates.

In his years as a cooperative supporter, Crear helped establish credit unions in underserved areas, helped bring financial education to schools with the National Endowment for Financial Education, raised awareness of all cooperatives with his role in the Consumer Federation of America and organized a mentoring program for the African-American CU Coalition.

The National Cooperative Business Association in Washington is home to the Hall of Fame.



NCUA Board Member Debbie Matz (left) and Alexandria Mayor William Euille receive hats from Shiloh of Alexandria (Va.) FCU, which announced during an event last week an affordable housing program. Speaking at the event, Matz said, "While the national homeownership rate is a record 70%, the homeownership rate for low-to-moderate income families has fallen to a lower level than in 1978: only 56%."

Also attending, Dan Mica, president/CEO of the National CU Foundation and CUNA, said of the Shiloh example, "In Alexandria today, you lit the first candle," suggesting that other credit unions will follow in the credit union's path in offering affordable mortgage options to members.



# >> The Innovators

## Youth Can Learn Finance Lessons on CUs' Websites

Youthful credit union members now can learn valuable lessons in finance through a series of recently launched interactive Web-based tutorials.

The "Guides to Independence" is a customizable guide providing 15 lessons in a variety of subjects about which young adults say they want to learn. These include share drafts, shopping, loans, debit/credit cards, budgeting, investing and managing debt.

The hands-on courses utilize games, simulations, and quizzes to provide an entertaining, yet informative way to learn essential financial lessons. In addition, credit unions can customize the pages and provide links to applicable products and services on their own website.

Teens can also print themselves a certificate of completion after each lesson, which contains customizable information about their credit union, plus they have an additional option

of automatically receiving tips, updates and new course announcements should they so desire.

Each calendar year, CUNA also will randomly select and award a \$100 prize to a youth member that has completed at least one of the guides at each of the subscribing credit unions. Each credit union will make the presentation to its winner, so it can plan appropriate publicity and public relations at their location.

Presently two of the guides—"How to start a checking account" and "How to balance a checking account"—are up and running. Two additional courses will launch each quarter until all 15 topics are available by January 2006.

To view live content, go to CUNA's website.

**"Guides to Independence" courses**  
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