

MAY 12, 2003

CREDIT UNION

NEWS Watch



Legislation, Regulation, and Innovation from CUNA & Affiliates

Bankruptcy Reform Could Go Directly to Senate Floor

In an effort to save weeks of bankruptcy debate, Senate Judiciary Chairman Orrin Hatch (R-Utah) intends to bypass his own



Orrin Hatch

committee and bring legislation directly to the Senate floor. "We're glad to see Chairman Hatch views bankruptcy abuse reform as a high priority and wants to get the process moving as quickly as possible," says Gary Kohn, CUNA's VP of Legislative

Affairs & Senior Legislative Counsel. "We remain strongly committed to passing this very important legislation."

(Continued on Page 6)

Call May 15 for PATRIOT Act Compliance

CUNA is offering the most comprehensive and least expensive audio conference available on the USA PATRIOT Act. The 90-minute call is just \$79.

The PATRIOT Act rule's key drafters will explain how it affects the way credit unions open accounts and store information on members' identity.

Register for the call by 11 AM Eastern Time on May 15. Go to <http://training.cuna.org> and click Audio Conferences. ♦



HIGH lights

Page 2

More PATRIOT Act compliance help



Operation Comment system updated with 10 key points

Page 3

Nominations open for 8 CUNA Board seats

Pages 4-5

Register by May 15 for discount to International CU Forum in Australia



Page 6

FCRA hearings could influence future of lending

Don't Let Auto Loans Drive Off

Auto dealers' 0% financing has taken a new turn with General Motors' "Zero to 60." Rather than limiting 0% financing to 24-36 months, GM is offering 0% for 60 months.

Auto analysts say credit unions can no longer compete. But credit union experts have other ideas. *(Continued on Page 7)*

This statement stuffer shows hidden costs of 0% financing. To order, call 1-800-356-8010, press 3, and ask for Stock # 24061-NW.





Compliance

More PATRIOT Act Compliance Help

(Continued from Page 1)

If you can't listen in on CUNA's May 15 PATRIOT Act audio conference, you can still order an audio cassette through <http://training.cuna.org>

And that's just the beginning. More PATRIOT Act compliance help is here:

Webinar

Your next interactive compliance training opportunity will be CUNA's PATRIOT Act Webinar on May 22. For 90 minutes starting at 3 PM Eastern Time, the Webinar will provide hands-on applications including:

- Identification requirements
- Bank Secrecy Act requirements
- Importance of checking against lists from the Office of Foreign Assets Control (OFAC).

The Webinar requires a phone line and a computer with Web access.

With a speakerphone and a projection screen, you can optimize your training budget and

train your whole staff for \$199.

To register, start with <http://training.cuna.org> and click "More information" under USA PATRIOT Act Resources.

Or if you can't register online, call 1-800-520-7899 and ask for Document # 9810. Then a registration form will be faxed to you.

Guidebook

CUNA's *USA PATRIOT Act Guidebook* will include:

- Outline of Requirements
- Sample Policies & Procedures (which can be customized)
- Compliance Audit Procedures & Checklist
- Staff Training Presentation
- Q&A and Case Studies
- Checklists for Tellers & New Account Clerks.

The guidebook will be available in June in paper and online. CUNA is taking orders now, to allow as much lead time as possible before the October 1 compliance deadline.

To order in advance, start with <http://training.cuna.org> and click



"More information" under USA PATRIOT Act Resources.

Final Rule Analysis

CUNA has also posted a 13-page final rule analysis of the USA PATRIOT Act. It covers:

- Key Definitions
- Identity Verification Procedures
- Information Credit Unions are Required to Obtain from Members
- Bookkeeping Requirements
- Verifying Members Against Government Lists
- Member Notices
- Other Important Procedures & Requirements

For more information on CUNA's PATRIOT Act resources, e-mail elarning@cuna.com, call 1-800-356-9655 (ext. 4069), or use any of these 3 computer buttons. ♦

For More,
CLICK HERE
www.cuna.org

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www.cuna.org



Regulatory

Advocacy

ABA Blasts CU Biz Loans; CUs Urged to Comment

The American Bankers Association has filed what it hopes will be part of a "flood" of banking industry comments against NCUA's member business loan proposal. CUNA encourages credit unions to write comments of their own.

NCUA's proposal would remove several unneces-

sary restrictions, so credit unions could provide more needed capital for member businesses.

While about 40 CUs so far have welcomed the proposal, ABA has promised a "flood" of negative comments. In its letter, ABA contends CU business lending should be limited more strictly.

The comment deadline to NCUA is June 3. CUNA is requesting comments by May 20, to incorporate many CU ideas into its comment letter.

When CUs e-mail letters to NCUA through CUNA's Operation Comment system, each letter is automatically shared with CUNA and their league. ♦

For More,
CLICK HERE
www.cuna.org

CUNA Board Elections

Credit Unions <small>(Class is based on number of members as of December 31, 2002)</small>	Class	District 1 Connecticut Maine Mass. N. Hampshire New Jersey New York Pennsylvania Rhode Island Vermont Puerto Rico Virgin Islands	District 2 Delaware D.C. Indiana Kentucky Maryland Ohio Virginia W. Virginia	District 3 Alabama Arkansas Florida Georgia Louisiana Mississippi N. Carolina S. Carolina Tennessee	District 4 Illinois Iowa Michigan Minnesota Missouri Wisconsin	District 5 Arizona Colorado Kansas Montana Nebraska New Mexico North Dakota Oklahoma S. Dakota Texas Utah Wyoming	District 6 Alaska California Hawaii Idaho Nevada Oregon Washington Am. Samoa Guam
Up to 14,999 Members	Class A	2004 Diana Roberts	2003 ***Jim Oliva	2005 Sandy Lingerfelt	2004 Janet Craig	2005 Mary Shipe	2003 ***Don Larsen
15,000 to 55,999 Members	Class B	2005 Holly Herman	2004 Patrick McGrady	2003 ***John Deese	2005 Allan McMorris	2003 ***Jim Williams	2004 Barry Jollette
At Least 56,000 Members	Class C	2003 ***Patrick Calhoun	2005 Juri Valdov	2004 Tom Dorety	2003 ***Darrell Pierce	2004 Chris Jillson	2005 Richard Ghysels
Leagues	Class D	2004 John Murphy	2004 Ken Watts	2005 Gary Wolter	2005 Tom Griffiths	2003 ***Dick Ensweiler	2003 ***Gene Poitras

*** Seats up for election in 2003 for 3-year terms

Nominations Open for 8 CUNA Board Seats

Through June 20, CUNA members can nominate individuals willing to volunteer as directors for America's leading national credit union trade association.

8 of the 24 seats on the CUNA Board are up for election. This year's seats are shaded in green with 3 stars on the chart.

CUNA Board Members will be directly elected by their peers in the following geographic districts and size classes:

Northeast (District 1)

- CUs with at least 56,000 members (Class C)

Mideast (District 2)

- CUs up to 14,999 members (Class A)

Southeast (District 3)

- CUs with 15,000 to 55,999 members (Class B)

Midwest (District 4)

- CUs with at least 56,000 members (Class C)

Plains & Rockies (District 5)

- CUs with 15,000 to 55,999 members (Class B)
- League Presidents (Class D)

West & Pacific (District 6)

- CUs up to 14,999 members (Class A)
- League Presidents (Class D)

Eligibility

Each CU candidate must be an employee or voting board member of a nominating CU. Nominations must be signed in writing by the nominating CU's Chairman or Secretary, and seconded in writing by 2 other CUs in the same district and class. (A list of CUs by district and class is available upon request.)

To Obtain Nomination Packets

For the first time this year, nomination packets can be downloaded directly from CUNA's Web site: www.cuna.org

Or send your name, CU, mailing address, district and class via:

- Phone: 1-800-356-9655, ext. 4013
- E-Mail: thanson@cuna.coop
- U.S. Mail:
CUNA Corporate Secretary
P.O. Box 431
Madison, WI 53701-0431

Deadline

Nominations must be received by June 20.

Campaigning

Campaigning is the responsibility of each candidate. CUNA will provide mailing labels and e-mail addresses upon request.

Voting

Ballots will be mailed to eligible voters on June 25. Voting will take place through August 6.

Winners

Winners will be announced in August, then seated following CUNA's Annual General Meeting, October 1 during CUNA's Future Forum in Reno, Nevada. ♦

Don't Miss International Credit Union Forum 2003!

Brisbane, Australia

June 22 - 26, 2003

Early Bird
**DEADLINE
EXTENDED**

May 15, 2003

Your Compass to Educational Opportunities



Embracing Challenges & Change:

My 132 Days Off the Planet

Jerry Linenger

U.S. & MIR Space Station Astronaut



Contextual Branding:

The Future of Brand Building

Martin Lindstrom

Branding Expert & International Author



Imaginative Leadership for a Better Tomorrow

Margot Cairnes

Founder & Chairman, Change Dynamic Pty Ltd



Living in the Matrix

Jeff McMullen

International Journalist & Foreign Correspondent

**The Credit Union Values:
A Compass in a
Changing World**



Sponsored by World Council
of Credit Unions, Inc.



Hosted by Credit Union
Services Corporation
(Australia) Ltd.

Breakout Sessions & Workshops For Executives, Volunteer Leaders & Staff

	Leadership	Management & Operations	Marketing, Communications & Relationship Building	Human Resources	E-Commerce & Technology	Advocacy & Government Relations
Mon. a.m. M1-6	Changing Environment for Credit Union Leaders – Will it Ever Stop?	Young Professionals Bring New Ideas to Their Credit Unions	Building Membership through Community	Cutting Costs and Offering the Best: Credit Unions Share HR Services	Managing Member Security with Biometrics	Instilling Credit Union Values: Improving the Supervision of CUs
Mon. p.m. M7-12	The Theory of Disruptive Innovation Applied to Financial Services	Win-Win Credit Union Merger Strategies	First Nations Credit Union – A Corporate and Community Partnership	How to Thrive on Stress and Stay Sane in a Crazy and Changing World	What Credit Unions Ought to Know: Account Aggregation and Other New Disruptive Technologies	Staying Cool Under Pressure: Media Tips for Directors and CEOs
Tues. a.m. T1-6	Leadership: The Art of Being, Not Just Doing	Attracting and Retaining the Higher Net Worth Member	To Be Determined	How to Thrive on Stress and Stay Sane in a Crazy and Changing World	Next Generation Online Banking: The Keyhole to Our Members Online World	To Be Determined
Tues. p.m. Workshops	Is There an Enron Lurking in Your Credit Union's Future? There's no Substitute for Good Governance	The Credit Union Executive of the Future – Develop the Competencies You Will Need	The Generation formerly known as "X" – A Marketing Workshop	Is Your Organization Learning?	Technology: What Technologists Don't Want You to Know	Controlling Your Message: Media Relations Tips For Credit Union Directors and Executives
Wed. a.m. W1-6	Leadership in the Networked World	Value at Risk – A Method for Measuring Risk	Beyond a Kids' Club – Involving Youth in Your Credit Union	HR Management for Smaller & Growing CUs	Permission Marketing: Beyond the Web Site – Online Marketing, Customer Loyalty and More	Credit Union Mergers – New Accounting Standards & Demutualization Risks
Wed. a.m. W7-12	Values – The Moral Compass of Good Leaders	Real Trends That Will Impact Your Business and Your Life	From Errand to Experience – A Guide to Placing Members First	Values Driven Credit Union Management	Relationship Banking: Customer Needs Drive Internet Strategy	Influencing Government Decisions: Case Studies in Successful Lobbying
Thurs. a.m. TH1-6	Engaging Staff and Directors in Our Communities and Beyond	A Case Study in Credit Union Association Merger: British Columbia and Ontario	Living Your Brand, Inside and Out	On-line Learning – Dynamic Alternative to Traditional Training & Education	Innovations in Credit Union Fraud Prevention	Implications of Basel 2 on Sourcing Secondary Capital

Note: There will be a total of 36 breakout sessions. For an up-to-date list and complete descriptions of breakouts, including speaker bios, visit www.woccu.org/brisbane. Breakout sessions and speakers are subject to change.

For complete information, visit Woccu's website at: www.woccu.org/brisbane



Registration & Hotel Form

International Credit Union Forum 2003 • Brisbane, Australia • June 22–26, 2003

REGISTER ON-LINE Save Time & Enter to WIN a **FREE** Registration! www.woccu.org/brisbane

REGISTER BY MAIL

Make checks/share drafts payable to WOCU's meeting partner: **Premier Meetings and Incentives**
Mail to: **WOCU Forum 2003** • 2150 South Washburn Street • Oshkosh, WI 54904 USA

REGISTER BY FAX, BY CREDIT CARD: (920) 236-8006

Charge US\$ _____ to my VISA MasterCard (No other credit cards accepted).

Card Account Number _____ / _____ / _____ / _____ / _____ Expiration Date _____

Print name as it appears on card _____

Signature _____

Please type or print all information. Photocopy for multiple registrations.

Mr. Mrs. Ms. (circle one)

Last Name _____ First Name _____ Middle Initial _____

Name Preferred on Name Badge _____

Present Credit Union Position _____ Volunteer or Career (circle one)

Credit Union Name/Organization _____ Work or Home (circle one)

Contact Address _____ (circle one)

City _____ State/Province _____

Country _____ Zip/Postal code _____

() _____ () _____
Work Telephone Number _____ Fax Number _____

() _____
Home Telephone Number _____ E-Mail Address _____

Please fill in the name of the organization through which you are affiliated to WOCU:

If you have a physical, medical or dietary condition requiring special attention, please advise us so proper arrangements can be made:

Companion(s)

Last Name _____ First Name _____

Last Name _____ First Name _____

In case of emergency, please contact:

Name _____ Day Phone _____ Night Phone _____

REGISTRATION All fees must be paid in U.S. dollars. Your registration will not be processed without payment

2003 Registration Fees

	By April 22, 2003	After April 22, 2003
Member Registrant Fee	<input type="checkbox"/> US\$1,095	<input type="checkbox"/> US\$1,195
Non-Member Registrant Fee	<input type="checkbox"/> US\$1,640	<input type="checkbox"/> US\$1,740
Developing Country Discounted Fee	<input type="checkbox"/> US\$750	<input type="checkbox"/> US\$850
Youth Registrant Fee (age 35 and younger)	<input type="checkbox"/> US\$845	<input type="checkbox"/> US\$945
Youth Developing Country Registrant Fee	<input type="checkbox"/> US\$585	<input type="checkbox"/> US\$685
Companions US\$575 x _____ (# of)	<input type="checkbox"/> US\$ _____	<input type="checkbox"/> US\$ _____
Companions (Social Events Only) US\$325 x _____ (# of)	<input type="checkbox"/> US\$ _____	<input type="checkbox"/> US\$ _____

Hotel Room Deposit US\$205 (non-refundable after May 15, 2003)

Workshops US\$100

Are you attending CUES Annual Convention? YES NO

New Zealand Pre-Tour

Double occupancy: US\$595 x 2 US\$ _____
Single occupancy: US\$775 x 1 US\$ _____

Barrier Reef Post-Tour

Double occupancy: US\$525 x 2 US\$ _____
Single occupancy: US\$715 x 1 US\$ _____

Total Amount Paid US\$ _____

Registration Deadline:
No registrations will be accepted after May 22, 2003. Hotel accommodations subject to availability after May 15, 2003.

Early Bird
DEADLINE EXTENDED
May 15, 2003

Information

Registrant fee includes: attendance at four full days of programming and educational sessions, program materials, opening and closing ceremonies, Australia and International Night social events including food and beverage, two lunches and coffee breaks. Optional indepth workshops are an additional cost

Companion fee includes: two full days of tours, opening and closing ceremonies, and Australia and International Night social events. The fee does not include attendance at the educational sessions, program materials, lunches or coffee breaks.

Select a Hotel

WOCU will make your room reservations based on your hotel preferences indicated below. Room requests must be made by **May 15, 2003**.

Please rank your choices: 1-5 (#1 being 1st choice). Complete all information and return with a deposit of US\$205 that will be applied to your hotel bill upon check out. Room deposit is non-refundable after May 15. (All rates are single or double occupancy).

- # **Stamford Plaza**☆☆☆☆☆
 superior AUD\$232
- # **Brisbane Marriott**☆☆☆☆☆
 deluxe room AUD\$232
- # **Hilton Brisbane**☆☆☆☆☆
 deluxe room AUD\$225
- # **Quay West Suites**☆☆☆☆☆
 one bedroom suite AUD\$250
 two bedroom suite AUD\$305
- # **Carlton Crest**☆☆☆☆☆
 superior room, Crest Tower AUD\$165
 executive room, Carlton Tower AUD\$225
- # **Country Comfort Lennons**☆☆☆☆☆
 deluxe room AUD\$165
 executive suite AUD\$185
- # **Mercure**☆☆☆☆☆
 standard room AUD\$165
- # **Rydges**☆☆☆☆☆
 standard room AUD\$205
 superior and parlour rooms AUD\$225
- # **Sebel Suites**☆☆☆☆☆
 one bedroom suite AUD\$220
- # **Ibis**☆☆☆☆☆
 standard room AUD\$160
- # **Novotel Brisbane**☆☆☆☆☆
 superior room AUD\$188

As of 11/4/02, US\$1 = AUD\$1.79. Subject to change.
 I do not need a room reservation.

Arrival Day/Date _____

Departure Day/Date _____

Name(s) of individual(s) to occupy room: _____

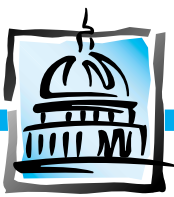
If your roommate is a Forum registrant, please indicate this, and submit your registrations together to WOCU. Only one person may pay the room deposit.

Room requirements (check all that apply):

- single (one person) or double (two people)
- smoking non-smoking wheelchair accessible

CANCELLATION & REFUND POLICY

Forum cancellations must be in writing and are subject to a US\$200 service charge. Companion program cancellations must be in writing and are subject to a US\$100 service charge. No refunds granted after May 15, 2003. Substitutions accepted at any time. Pre- and post-tour cancellations are both subject to a US\$200 service charge.



Bankruptcy Reform on Senate Calendar

(Continued from Page 1)



Bill Frist

Bankruptcy legislation is on Senate Majority Leader Bill Frist's (R-Tenn.) list for possible floor consideration.

Timing is uncertain. There are many issues the Majority Leader wants the Senate to act upon.

Nonetheless, Kohn points out, "This shows that bankruptcy abuse reform is high on the Majority Leader's priority list."

Kohn notes that floor consideration is still potentially dependent on cooperation from Senate Democrats.

The House has already passed the CUNA-endorsed Bankruptcy Abuse Prevention and Consumer Protection Act of 2003 (H.R. 975), with a bi-partisan vote. The vote

was 315-113-1. 90 Democrats voted in favor (*NewsWatch*, March 31).

"This legislation gives us hope that the rising trend in bankruptcy filings may soon be turned around," said CUNA President & CEO Dan Mica. "We encourage the Senate to focus on the need for stopping abuse of the nation's bankruptcy laws." ♦



FCRA Hearings Influence Future of Lending

Several key officials are now on record supporting extension of a federal law that would allow institutions to continue making cost-effective credit decisions in the future.

House Financial Services Chairman Michael Oxley (R-Ohio) says extending the Fair Credit Reporting Act (FCRA) is his committee's top priority this year.

At Thursday's House hearing, Oxley emphasized the importance of

FCRA to the U.S. economy and consumers. He cited the support of Federal Reserve Chairman Alan Greenspan to extend FCRA's expiring preemptions.

Financial Services Ranking Member Barney Frank (D-Mass.) noted it's "very important that we legislate this year, as key provisions of the law will expire [and] the credit reporting system performs a very important function in our economy."

Witness Wayne Abernathy, the U.S. Treasury's Assistant Secretary for Financial Institutions, urged Congress to accommodate consumers' need to access financial services and protect their identity. He suggested that institutions' information sharing could help fight identity theft.

However, Abernathy indicated the Bush Administration does not yet have a position on FCRA extension. He said the Administration is carefully reviewing the issue and will report recommendations to the committee ASAP.

The Senate Banking Committee is holding a similar hearing May 15.

CUNA urges Congress to extend each of FCRA's preemptions. The

April 28 *NewsWatch* highlights 4 consumer benefits of FCRA, plus 4 key terms that will define the privacy debate. ♦



Expiring Preemptions

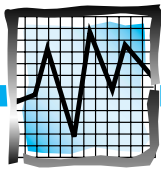
By preempting states from passing different measures, FCRA preemptions currently:

- Permit institutions to pre-screen credit applicants.
- Protect institutions' ability to share information with affiliates about their transactions or experiences with consumers.
- Define how creditors provide information to consumer reporting agencies.
- Standardize content of credit reports.
- Require institutions to give consumers notice about adverse actions based on credit reports.
- Establish procedures that reporting agencies must follow if consumers dispute a credit report's accuracy.
- Protect consumers' rights relating to their credit reports.

These preemptions expire January 1, 2004, unless FCRA is extended. ♦



The left statement staffer suggests 7 steps to "Protect Your Privacy." Call 1-800-356-8010, press 3, and ask for Stock # 23339-NW. The right staffer explains "ID Theft: How to Prevent it and How to Get Over it." (Stock # 24209-NW)



The Marketplace

Don't Let Auto Loans Drive Off

(Continued from Page 1)

Automotive News Editor Edward Lapham says 0% financing has "left banks and credit unions nearly powerless to compete" for new auto loans.

But Mike Schenk, CUNA's VP of Economics & Statistics, encourages more CUs to help members finance cars through home equity loans that provide tax advantages. "The auto dealers' 'special deals' aren't that special, especially when you consider the after-tax cost of a loan."

Given a choice between a rebate and 0% financing, CUNA Consumer Facts Director Susan Tiffany says members should be advised to choose the rebate. CUNA's consumer Web site (www.creditunion.coop) offers a

free calculator to compare costs.

Tony Boutelle, President & CEO of Credit Union Direct Lending (CUDL), offers 4 more ideas for CUs:

1) Work closely with dealers offering 0% financing, because consumers who don't qualify for 0% need conventional loans.

2) Offer dealers "buy-rate" financing instead of a flat fee.

3) Offer consumers indirect lending at the point of sale.

4) Replace the faxing process with "lender aggregation" — an Internet system that cuts processing costs by 33%. It also expands lenders' reach among dealerships. This service is available to credit unions in several states through CUDL in Rancho Cucamonga, California. ♦

Personal Finance Handbooks for Members

Credit unions and their members now have access to 6 handbooks teaching fundamentals of personal finance:

- *Your Budget Blueprint*
- *Your College Savings Answers*
- *Your Insurance Options*
- *Your Investment Choices*
- *Your Path to Home Ownership*
- *Your Retirement Guidelines & Goals*

Published by CUNA's Center for Personal Finance, each handbook offers an attractive yet in-depth presentation of each topic in 32 pages.

Credit unions can get each handbook shipped in bulk. Consumers can buy a package of all 6 titles on CUNA's Web site. ♦



People & Places

Two current lawmakers and a former CUNA CEO received prestigious awards from the National Cooperative Business Association (NCBA). ♦

Oxley, Bereuter, Wegner Earn Co-op Awards



CUNA President & CEO Dan Mica presents the Honored Cooperator Award to House Financial Services Chairman Michael Oxley (R-Ohio). Mica thanked Oxley for his commitment to CUs in the Financial Services Regulatory Relief Act of 2003 (H.R. 1375).



House Financial Services Member Doug Bereuter (R-Neb.) is inducted into the Cooperative Hall of Fame. During his ceremony, Bereuter (left) was recognized for supporting the Credit Union Membership Access Act of 1998 (H.R. 1151).



Steve Wegner, son of late CUNA CEO Herb Wegner, accepts his father's Cooperative Hall of Fame plaque. While CUNA CEO from 1971-78, Herb Wegner led the campaigns that enabled CUs to provide checking accounts, credit cards, IRAs, and mortgages.

Credit Unions Featured

in TIME

As “banks have raised fees to shore up profits in a weak economy, credit unions seem to be benefiting from a consumer backlash,” reports *Time* magazine.

A 2-page feature describes why not-for-profit, member-owned credit unions are more popular.

The feature quotes CUNA President & CEO Dan Mica saying, “Banks take the consumer for granted — and for an awful lot of money. They are tacking on fees and have less interest in serving small businesses than they used to. We’re filling the vacuum.”

Time agrees that credit unions “tend to offer lower fees and loan

rates than banks, and higher returns on deposits.” *Time* also points out that new regulations “should enable credit unions to compete even better against banks.”

Throughout the article, consumers describe why they joined CUs.

- “I pay lower fees and get better interest rates,” confirms Robert Kerley, member of Affinity Plus FCU in Minnesota.
- “When I have a question about my account, I call, and I’m told immediately what’s going on,” says Erin Mulkins, member of First Tech CU in Oregon.

Big Little Lenders

Formerly sleepy credit unions are getting a makeover and help from regulators—and are taking business from banks

By **DAREN FONDA**

ROBERT KERLEY USED TO KEEP his money with a big national bank, and every time he visited his branch, he felt like a walking account number. Telling rarely greeted him by name, as he had come to expect in Winona, Minn., a town of 27,000 whose people tend to know one another. And despite being a longtime customer, he would be fingerprinted with invisible ink when he wanted to make multiple transactions.

A supervisor at a small electronic firm, Kerley, 42, was looking for a better bank when his teenage son told him about a community credit union called *Affinity Plus*. Kerley had never heard of it, but he

joined, and he now sees no reason to bank elsewhere. “I pay lower fees and get better interest rates,” he says. “And they don’t ask for my fingerprint.”

Thanks in good measure to chartered bank customers like Kerley, the billions of credit unions have turned for the better. Long assumed to qualify serve a single workplace or small community, credit unions had emphasized friendly customer service while seeking solutions to shifting customer needs. Recently they have realized that they must evolve and grow—by penning—and many are meeting the challenge with services such as online banking and a nationwide ATM network. Federal rules



The 2-page feature appeared in *Time's* Inside Business bonus section.

- Sherry Lawson’s former bank wanted to charge an “outrageous” \$50 fee to roll over her retirement account. Bellco CU of Colorado charged nothing — “and they were friendlier about it.” ♦



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