

Spring and Summer 2011

Network NEWS

CREDIT UNIONS IN THE INFORMATION AGE



110101001010010101010100101101010001001011100111001100101
0101101010001001011100111001100101010010010110101010001011010101010110100101011010100101101

Tools to Better Serve Members

PHILOSOPHY IN
ACTION AWARD

page 4

ANNUAL
CONVENTION PHOTOS

page 6, 14

MONTANA CREDIT
UNION AWARDS

page 15



COVER STORY
Tools to Better
Serve Members
page 3

Combining Technology
and Touch
page 5

Additional
Compliance Support
page 7

Credit Unions
"Share Branching"
page 9

Favorite Technological
Highlights 1999–2010
page 12–13

Montana CU Awards
page 15

~ In Each Issue ~

page	
Cover Story.....	3
Philosophy in Action.....	4,5
For Your Dues.....	6,7
League Service Group.....	8,9
TSCCU Update.....	10, 11
CUsource Update.....	12,13
Recognition.....	15

Network News
Publication Staff

Beth Satre
Editor and Design/Layout
Photographer

Editorial Board
Tracie Kenyon, Tabitha Garvin,
Tracy Houck, Steve Howke,
Donya Parrish, Bob Pyfer,
Jeanne Saarinen, Karen Smith,
Ranel Smith, Tracy Thornburg



From My Perspective by Everett Patterson



Everett Patterson

I'm an IT Guy. Park Side FCU hired me two years ago as their first full-time, in-house computer support person. Let's be honest ... Security is more critical at the credit union than in many other venues, but otherwise IT is pretty much IT wherever you go. You're busy juggling computers, software installations, servers, and security issues ... and, of course, helping fellow employees who can't seem to remember their passwords. Working at Park Side, however, has given me a new appreciation for the possibilities that technology offers credit unions today.

We've laid the groundwork to expand and improve the services we offer our members—both in person and online. One of my first projects was to set up a fast, secure system that connects all our branches and allows them to access shared information. Now, credit union staff and members can access the tools and information they need at any of our branches by simply logging on to a computer. This has made life (and work) more convenient for everyone.

Currently, we're concentrating on expanding our online services. Our goal is to make all the services available at our branches (opening new accounts, ap-

plying for loans, etc.) also available to members through our website. We want to be able to serve our members no matter where they are, or what time it is, in a cost-effective and convenient way. Technology offers us these options.

The support system I've tapped into at Park Side is wonderful. Credit unions and organizations in the credit union industry are so willing to pool their resources and to share information and hard-won experience. If that weren't true, it would be very difficult—if not impossible—to accomplish all that we want.

In two years, we've come a long way. But, I can't wait to see where we are in two more years. I need only look at my new smart phone to remember that technology is always evolving and providing new tools that might help us better serve our members.

Everett Patterson is the "IT Guy" at Park Side FCU. His real title is VP of Security and Technology. He's a PC, not a MAC.

SISCO KID IS A FRIEND OF MINE

TRACIE: Welcome to the column, my friend!

CHRIS: It's great to be here ...

TRACIE: I've been waiting for you to become League Board Chair so I could use this name for some time!

CHRIS: Though, we're nothing like that old War song "Cisco Kid Was a Friend of Mine," are we?

TRACIE: Oh no ... those lyrics: "Cisco Kid was a friend of mine, he drank whiskey, Poncho drank the wine" do not describe us (grin).

CHRIS: Neither of us is partial to whiskey (wink) ... I understand that this issue is all about technology ...

TRACIE: Yep, we're exploring the different technologies that credit unions are using to better serve their members.

CHRIS: And members do expect these technologies.

TRACIE: I know that I do ... I'd be lost if I had to call my credit union to transfer money or do another basic transaction.

Chris Sisco and
Tracie Kenyon



CHRIS: You're not alone ... these services allow us to spend more time with the members that come into our branches. We find that when folks need more personalized service, they're very willing to come into our office.

TRACIE: There must be other technologies that are time-savers for your members ...

CHRIS: Oh yea, it's not like the old days ... so much is automated now ... coin counting machines in the lobby that allow members to bring in their coins ...

TRACIE: We used to ask members to "roll their own" (coins, of course).

CHRIS: I guess I should have expected that comment given that we started with spirits ...

TRACIE: I just couldn't help myself ...

CREDIT UNIONS IN THE INFORMATION AGE

Tools to Better Serve Members

This issue of *Network News* is focused on technology and how it affects (and has affected) the Montana credit union landscape. And, while technology has costs and creates some cause for concern, our contributors mostly chose to write on the positive things that information technology offers credit unions.

There's a lot.

A QUICK LOOK INSIDE THIS ISSUE

Some articles discuss how technology has improved the day-to-day operations for credit unions. Secure, local-area-networks mean employees can easily move from branch-to-branch; email and instant messaging facilitate communications; account monitoring can be automated; and the fact that boards and committees can meet and take action via electronic means eases scheduling hassles and reduces costs.

Some articles deal with the ways technology has enhanced credit union outreach efforts along with members' ability to access their accounts. This is very important in a large, rural state like Montana, especially when it comes to sharing information. Using Internet and email, Montana Credit Unions for Community Development (MCUCD) has been able to implement programs in every corner of the state. Online Banking services and CO-OP Shared Branching extend that reach way beyond Montana's borders.

LEVELING THE PLAYING FIELD

In 2007, the Filene Research Institute published a study¹ that assessed the ways that technological changes had transformed the financial services industry between 1992–2005, and, thus, affected credit unions. While much has changed since 2007, one of the study's main findings is of special interest to our industry. That finding; technology allows smaller financial institutions, such as credit unions, to keep pace with the "big guys" and increase the level of benefits that they can provide their members.

As Rebecca Wessler, who is a writer and research for Callahan & Associates, wrote in a March 17 blogpost, "Virtual channels are building stronger relationships between members and their primary financial institution. Technology can be the equalizing factor that allows credit unions of all sizes to compete at home, down the street, across the state, or even across the ocean."

THE BOTTOM LINE

Credit unions' basic business remains the same as always—helping members with their financial needs, whether it's saving, paying their bills, accessing cooperative credit to buy a car or deal with an emergency expense, learning how to be a better consumer to become more financially savvy.

TECHNOLOGY CAN BE THE EQUALIZING FACTOR THAT ALLOWS CREDIT UNIONS OF ALL SIZES TO COMPETE AT HOME, DOWN THE STREET, ACROSS THE STATE, OR EVEN ACROSS THE OCEAN.

—REBECCA WESSLER, CALLAHAN & ASSOCIATES

What *has* changed are the products and the ways in which credit unions are expected to deliver those services. And, as technology evolves, those changes will too. Since Montana credit unions continue to plan and take advantage of the tools technology offers, they should be able to conduct business more efficiently and increase the service and convenience their members enjoy.



Mary Anne Herne (Cubus Solutions, Inc.) uses the Apron Fashion Show at the Network Annual Convention to demonstrate her apron and show off her vendor prize—an Apple iPad 2. Credit unions are starting to embrace the iPad's utility for a variety of things from paperless board meetings to mobile tellers at Unitas Credit Union in Oregon and paperless lending at Red River Credit Union in Texas.

¹A Historical Review of Information Technology, Outsourcing, and Survival in the Credit Union Industry, 1992–2005 published by Filene Research Institute in 2007

FINAL VITA RESULTS

CREDIT UNION SPONSORED SITES
24 Sites and 4 Tax Clinics

NUMBER OF VOLUNTEERS
54 individuals helped staff MCUCD-supported VITA sites.

TAX RETURNS COMPLETED
2,046

REFUNDS CLAIMED
\$1.9 million in federal refunds were claimed, including \$510,000 in Earned Income Credit

2011 Philosophy in Action Award

The fifth annual MCUCD Philosophy in Action Award was presented during the Network Annual Convention. This year's recipient is McCone County FCU, a busy credit union located in Circle, Montana, that is committed to making a positive difference—in their community and in their members' lives.

Living the Credit Union Philosophy

Credit Union CEO Deanna Brost explains: "Our entire credit union staff does try daily to carry out the 'People Helping People' motto, and we do know that McCone County FCU does make a difference in our area."

One thing the credit union does is bring additional resources into the community by being involved in every program that MCUCD administers. As a result, they can offer free tax services, matched savings accounts, and consumer education through an ongoing consumer resource center (see page 5). And, in true cooperative spirit, the credit union also supports MCUCD in every way possible as well by investing in the Community Investment Fund and taking part in MCUCD's other fundraisers.

But, the primary reason MCUCD decided to recognize McCone County FCU this year was their outstanding



McCone County FCU's Gina Hove (far left), Board Member Jerry Meissner (back middle) and CEO Deanna Brost (front middle) pose with their award and the MCUCD team (Aaron Hirsch, Jeanne Saarinen, Thor Kasenko, Rachael Milne, and Karen Smith).

commitment to their fledgling Volunteer Income Tax Assistance (VITA) program.

Outstanding Commitment to VITA

Like most new VITA sites, McCone's site last year was slow. But instead of letting things just coast their second year, the credit union decided to pick up the pace. Three staff members (out of a total of nine) offered to train and become certified volunteer tax preparers, and they recruited two community members as well. With five volunteers cranking out tax returns, word started getting out, and community members started coming in.

When asked, the credit union sent their VITA volunteers (including two employees) to staff a two-day tax clinic at the credit union in Wolf Point, so their members could have their taxes prepared for free. And, then, as MCUCD Executive Director Jeanne Saarinen says, "the credit union went above and beyond," when it agreed to assume additional responsibilities on a trial basis. The success of that effort will help MCUCD make VITA more efficient.

The credit union's VITA program is a good example of the credit union staff's commitment to their members. As Saarinen noted in her presentation speech, "They are extremely busy, but never too busy to help that person that walks in without an appointment with a W-2 in hand asking 'can I get my taxes done here?' and they make time to do it."

If they can help, they will. After all, at McCone County FCU it's all about "People helping People."



TOP: CEO Deanna Brost stands at the podium after McCone County FCU was named MCUCD's 2011 Philosophy in Action Award winner. **BOTTOM:** McCone County FCU VITA volunteers drove to Wolf Point to prepare taxes for Wolf Point FCU members this winter. RaChelle Kluth, Gina Hove, and Emily Guldborg pose with Wolf Point FCU Manager Michelle Johnson (in the white vest). Kluth is community volunteer while Hove and Guldborg are McCone County FCU staff.

MONTANA CREDIT UNIONS ■

Combining Technology and Touch

As the rural landscape changes economically, socially, and demographically, the need for Montana Credit Unions for Community Development's (MCUCD) programs has never been more pressing. Whether it's through matched savings accounts, a community tax center, promotion of financial education or availability of relevant consumer resources, credit unions embrace these initiatives as a means of improving a community's well-being.

Sixty-five percent of Montana's population lives in a rural area of the state where accessing resources and services can be difficult.¹ In fact, 50% of Montana residents drive anywhere from five to 30 miles to obtain services.² Technology plays a critical role in helping many Montanans gain access to timely and relevant information along with resources to help them build wealth.

TECHNOLOGY AND TOUCH

Using the Internet and email, MCUCD has been able to connect with and successfully implement programs in every corner of Montana—all from our home office in Helena. While MCUCD staff members often have the opportunity to visit communities across the state, it is primarily through e-communications that we are able to best serve the credit unions and their members.

Each program offered through MCUCD incorporates technology as well as on-site, face-to-face aspects. Each program is intentionally designed so participating credit unions (not MCUCD) function as the face of the program, providing the direct service and resources to their members. In the background, MCUCD provides procedural assistance to develop the credit unions' capacity and ability to implement the programs.

Consumer Resource Centers (CRC) in credit unions is one example of how technology and touch work together. The program offers credit unions an easy, inexpensive way to acquaint their members with financial information and resources, helping them become savvy Montana consumers.

CONSUMER RESOURCE CENTERS

CURRENTLY, 33 CREDIT UNIONS ARE PARTICIPATING IN THE CRC PROGRAM. THE PROGRAM IS BOTH LOW COST AND EASY FOR CREDIT UNIONS TO IMPLEMENT. HERE ARE THE SIMPLE STEPS TO OFFERING A CONSUMER RESOURCE CENTER TO YOUR MEMBERS

- MCUCD TRAINS CREDIT UNION STAFF REMOTELY
- MCUCD DEVELOPS A MONTHLY OUTREACH PACKAGE THAT INCLUDES A POSTER, NEWSLETTER ARTICLE, AND RESOURCE GUIDE
- EVERY FRIDAY DURING THE QUARTER, A NEW TIP OF THE WEEK IS POSTED ON THE MCUCD WEBSITE AND ON MCUCD'S FACEBOOK PAGE.
- CREDIT UNIONS SIMPLY DOWNLOAD THE OUTREACH PACKAGE FROM THE MCUCD WEBSITE, PRINT THE MATERIALS, AND UPDATE THE CONSUMER RESOURCE CENTER IN THEIR LOBBY.

Contact Karen Smith at MCUCD if you are interested in learning more about the CRC Program.

COMING UP

The next phase of the CRC will introduce financial coaching, further increasing the mixture of technology and touch. The goal is to make the financial education services offered in Montana's larger cities also available in rural areas. This phase of the CRC will provide personalized, ongoing, one-on-one guidance and consultation to low-income individuals in rural communities, helping them improve their financial situation and realize their economic goals. Technology will again be key in not only the delivery of information to the credit unions offering the program, but in training and ongoing support for credit union staff to be successful financial coaches.

Sources Cited:

¹www.ers.usda.gov/statefacts/mt.htm

²*Beyond Rural: The Montana State Rural Health Plan 2008, published by the MT Dept. of Health and Human Services in July 2008*

ONLINE CRC
STATS

The Consumer Resource Center available online at www.montanacreditunions.coop also offers the "Tip of the Week" and "Topic of the Month."

Here are some stats from 1st Quarter 2011 compared to the same timeframe in 2009. They show the site is gaining in popularity.

VISITS

10,444

(up 464% from 2009)

UNIQUE VISITORS

5,915

(up 351% from 2009)

AVERAGE NO. OF
VISITORS PER DAY

116

(up 483% from 2009)

AVERAGE LENGTH
OF VISIT

5:19 minutes

(up 120% from 2009)

NO. OF DOCUMENTS
DOWNLOADED

3,768

(up 2,128% from 2009)

PAGE VIEWS

26,687

(up 469% from 2009)

Your Network Staff

Tracie Kenyon
President/CEO
tracie@mcun.org

Kara Connors
Office Manager
kara@mcun.org

Clyde Dailey
Dir.—Government Relations
clyde@mcun.org

Tabitha Garvin
COO, Business Development
tabitha@mcun.org

Renee Lyman
Education Assistant
renee@mcun.org

Rachael Milne
VITA Program Manager
rachael@mcun.org

Donya Parrish
VP—Dues Supported Services
donya@mcun.org

Bob Pyfer
General Counsel
pyfer@mcun.org

Jeanne Saarinen
Executive Director, MCUCD
jeanne@mcun.org

Beth Satre
Communications Manager
beth@mcun.org

Karen Smith
Dir.—Outreach Services, MCUCD
karen@mcun.org

Ranel Smith
Education Services Director
ranel@mcun.org

Tracy Thornburg
Director of Compliance Services
tracy@mcun.org

Ask Compliance

Q. Can our credit union board have a meeting or take action by electronic means?

A. Yes. But, the rules for state and federal chartered credit unions are a little different.

STATE CHARTERED CREDIT UNIONS have statutory authority that allows “directors and members of the supervisory committee or credit committee [to] participate in and act at any meeting of the board or the supervisory or credit committee through the use of communications equipment that enables all persons participating in the meeting to communicate with each other.”

Thus, state chartered credit unions can meet via audio or video conferencing at any meeting. In addition, the boards of state chartered credit unions can act without a meeting as long as *all* its directors sign a consent in writing. It’s possible that e-signatures would be acceptable if the technology is in place, but credit unions should first obtain the approval of the state regulator.

While **FEDERALLY CHARTERED CREDIT UNIONS** can also conduct regular and special meetings by video or teleconference, they must hold at least one face-to-face meeting of the board of directors each year. NCUA guidance from 2006 stipulates that this one in-person meeting “requires the actual presence of a quorum of directors, not every director. Absent directors may also participate by video or teleconference.” In addition, the guidance states that “[c]redit union boards may act without a meeting, if the vote is unanimous and each board member’s position is documented in writing or email.”

It’s nice to know that both state and federally chartered credit unions can take advantage of technology for regular and special board meetings. This can in

some cases reduce costs while allowing for more volunteers participation without a lot of travel time.



AN ANNUAL CONVENTION TO REMEMBER



This year, the Network’s Annual Convention and Exposition took place April 20-22 at the Hilton Garden in Missoula, Montana. Close to 200 credit union professionals, volunteers, and vendors gathered to network, have fun, conduct business, and learn how Montana credit unions can formulate their “Recipe for Success.” Here are some photos to enjoy.



THIS PAGE (CLOCKWISE FROM TOP): Chef (and retired Missouri League CEO) Rosie Holub delivers her presentation “How to Make Dough” while helping sox chefs extraordinaire Jayme and Laurie Durbin (Fergus FCU) prepare a seafood delicacy. Sue Cassell (1st Liberty FCU) tries on a prize she won during the Apron Fashion Show. CUNA President/CEO Bill Cheney draws the winning ticket for MCUCD’s 50/50 fundraiser during the awards banquet.



OPPOSITE PAGE (CLOCKWISE FROM TOP LEFT): CUAC trustees Mark Lodine (Montana 1st CU), Janice Lehman (SEG FCU), Connie McNamara (EnerGComm FCU) read the name off a winning raffle ticket. Volunteers Ron Haffey and Jill Honer (SW MT Community FCU) show off their aprons during the Apron Fashion Show. High school students Courtney Cockroft and Levi Reed (Missoula FCU) performed in the Expo Hall on Wednesday night. Hilton Garden Inn Chef and his recruits Cindy Scheetz (Badlands FCU) and Josh Kroll (Park Side FCU) do a little flambé during the cooking demonstration on Thursday night. Stacy Iverson Huck, Mary Chapman, Cindy Roesler, and Ed Gillig (Valley FCU) put on their cooking togs for the expo. Steve Grooms (1st Liberty FCU) and Melanie Griggs, Montana’s new Commissioner for Banking and Financial Institutions, talk after her speech during the Network’s annual business meeting.

[More Photos on Page 14](#)

Additional Compliance Support

The Montana Credit Union Network (the Network) is pleased to announce that Tracy Thornburg has joined our staff. Thornburg brings a wealth of knowledge about credit unions and experience in the financial service industry to the new position of Director of Compliance Services. She comes to the Network from Treasure State Corporate Credit Union, where she worked for 25 years and led the operations department for the last 20.

“Our credit unions have such a growing need for compliance support, and we do not expect the burden of compliance changes to slow down,” said Donya Parrish, the Network’s VP of Dues Supported Services.

“Filling the role with Tracy’s helpful personality and level of understanding of credit unions will let us expand the support we provide and assist our credit unions in this challenging time.”

Thornburg is up to the challenge.

She’s ready to wade into the area of compliance to help Montana credit unions. She attended CUNA Compliance School and attained her Credit Union Compliance Expert (CUCE) designation in early May.

“I really enjoy working with our credit unions,” she says, adding, “I am excited that the Network has afforded me the opportunity to further serve our members in this new capacity.”

Welcome aboard Tracy! To contact her, email tracy@mcun.org or call 800-745-5546, ext. 139.



Tracy Thornburg



League Board

Chris Sisco
Chair

Bernie Neibauer
Vice Chair

Jeremy Presta
Secretary

Tom Boos
Controller

Bob Bjelland
Director

Leslie Hunter
Director

Kathy Shea
Director

LSG BUSINESS PARTNERS

CO-OP Financial Services

CUAdvantage

CU Auditing

CU Recovery

CU Succeed

CUNA Mutual Group

CUNA Strategic Services

Digital Compliance

Empire Office Machines

FIS

Harland Clarke

ICUL Service Corporation

Invest in America

John M. Floyd & Associates

Mountain West Benefits

PolicyWorks

Repo Remarketing

ADDING OR REVIEWING SERVICES?

FOR QUALITY BUSINESS SOLUTIONS FOR YOUR CREDIT UNION

call
Tabitha Garvin
800.745.5546 ext 132
tabitha@mcun.org

MAINTAINING A COMPLIANT OVERDRAFT PROGRAM

Robust Technology is Key

As regulators put the finishing touches on rules affecting overdraft programs, financial institutions are looking for assurances that their existing programs will pass examiner scrutiny, while continuing to provide a much-needed boost to their bottom line and a valuable service to their members.

While many in-house overdraft programs are moderately successful, they are often based on limited compliance knowledge and rely heavily on manual account oversight and personal account holder interaction. However, in today's rapidly changing technology environment, having robust software that provides more efficient program management can give you a much greater return in regards to increased revenue, regulatory compliance, and human resource use.

John M. Floyd & Associates' Privilege Manager CRM® software was developed based on more than 30 years of experience helping financial institutions develop high performing overdraft programs. It is designed to

- automate account monitoring, allowing staff to focus on member services;
- manage risk for all negative balance accounts, not just those in your overdraft program;



- reduce risk associated with charge offs;
- monitor accounts and alert you to excessive overdraft activity;
- streamline the collection process;
- house all policies and procedures electronically, which is helpful during compliance exams;
- support account holder communication and automatically generate overdraft notifications; and
- provide a 50–300 percent increase in non-interest income.

Now in its seventh release, Privilege Manager CRM® software has been recognized by the Software and Information Industry Association as a CODiE Award Finalist for Best Solution Integrating Content into an Application. It is a leading-edge component of JMFA's proven overdraft solution that meets and exceeds client expectations, and it carries a written 100% compliance guarantee. If you have questions about your current overdraft program's capabilities and its ability to positively impact your bottom line, it's time to change your strategy.

John M. Floyd & Associates is Preferred Provider of overdraft services for the Montana Credit Union Network. To learn more, go to their website at www.jmfa.com.

FAQs : INCREASED LEGAL EXPOSURE FOR CREDIT UNION BOARDS BY JOHN WALLACE

NCUA's new financial literacy requirements and other rules on fiduciary requirements for directors make it important to review your credit union's protections for legal action against the board. The proposed "Golden Parachutes and Indemnification Payments" rule should also be on your

board's radar screen. In general, fiduciary duties of board members are changing. Your credit union may need to adjust or augment its Directors and Officers (D&O) liability policy. Here are some questions to ask your liability policy provider about your credit union's D&O coverage:

Q: DOES MY POLICY HAVE AN INSURED-VERSUS-INSURED EXCLUSION, AND WHAT DOES THAT MEAN?

Most D&O policies basically exclude coverage for claims involving one insured suing another insured. Examples include a director suing another director or an officer suing an employee for breach of fiduciary

duty. Insurers added the exclusions after seeing the moral hazard in this type of claim. In the mid-1980s, Bank of America executives sued their own loan officers for making bad loans, and the loan officers were covered by the bank's D&O policies. If your policy has such an exclusion, find out wheth-

CONSUMERS GET FOURTH LARGEST BRANCH NETWORK

Credit Unions “Share Branching”

Credit unions have one of the best kept secrets in the financial services industry—one they are eager to make known.

It’s simple: they cooperate. They share marketing tips, technology, ATMs and even branches with each other. It’s a concept called “shared branching.” The 1,650 credit unions around the country that participate give their members convenient access to more than 4,200 branch locations, where they can do virtually any transaction they would normally do at their own credit union’s main office. This gives credit unions the fourth largest branch network in the country, trailing only three major banks.

“Credit unions are highly organized to offer members the same reach and access to financial delivery channels, without the overwhelming expenditures of large banks,” said Craig Beach, SVP, Business Development/Marketing of CO-OP Shared Branching. “Those savings go back to the member in the form of high savings rates and lower loan rates.”

Delta Community Credit Union in Atlanta was one of the first to employ shared branching across the country. “While our online, remote, and proprietary branching has always been leading-edge, these channels didn’t meet everyone’s needs. Shared branching has increased our accessibility,” said Carol Sundberg, Senior V.P, E-commerce at Delta. “We have mem-

bers who travel extensively. We can’t put brick and mortar everywhere demand exists, but with shared branching we can serve our customers’ needs wherever they go.”

Perhaps surprisingly, a study completed in 2010 by the Raddon Financial Group of Lombard, Ill., found that credit union members who take advantage of shared branching use it often, and that younger credit union members were among the heaviest users of these “brick and mortar” locations.

“Convenience is prized by consumers, young and old,” said Beach. “While younger segments are inclined to use new electronic channels for their personal finance, they still want access to their accounts through branches.”

In Montana, 1st Liberty FCU and Missoula FCU participate in shared branching, allowing them to offer their members 15 branch locations in Conrad, Cut Bank, Great Falls, Malmstrom, Missoula and Stevensville. Members can easily find these locations by visiting www.cuservicecenter.com.

“Whether I’m at home or traveling, I always have convenient access to my accounts,” says Peter Insalaco, a longtime shared branching user. “Shared branching is convenient. It’s a good deal.”



LSG SERVICES

Smart MOVES

- Volunteer Training
- Strategic Planning
- Succession Planning
- EZ Finance Reports
- Board Retreats

Network Compliance Service

NADA

ADDING OR REVIEWING SERVICES?

FOR QUALITY BUSINESS SOLUTIONS FOR YOUR CREDIT UNION

call

Tabitha Garvin
800.745.5546 ext 132
tabitha@mcun.org

er it applies to situations in which a bankruptcy trustee or examiner—who may be considered an insured under the policy—sues your board. Often, the exclusion specifies that it doesn’t apply to these situations. Without that limitation, the exclusion would amount to an exclusion against claims resulting from the action of regulators.

Q: WHAT HAPPENS TO OUR D&O POLICY SHOULD THE CREDIT UNION GO INTO CONSERVATORSHIP?

Each policy is different, but when a credit union goes into bankruptcy or conservatorship, many D&O policies either cancel or switch to a “run-off” policy that

may cover different wrongful acts only prior to the conservatorship. (The Management & Professional Liability coverage underwritten by CUMIS Insurance Society, Inc., is an exception.) In short, a credit union’s coverage dwindles when it’s needed most.

Q: HOW DO WE KNOW THAT OUR DIRECTORS’ INDEMNIFICATION AGREEMENT PROVIDES THE BEST PROTECTION ALLOWABLE IF THEY SHOULD BE SUED?

Consult a qualified attorney to help you construct your board’s indemnification agreements to create the broadest indemnification.

FAQs, cont. on page 14



Steve Howke, President/CEO

CEO Corner

Years ago, when I worked at a natural person credit union, we would give tours of our facility to second graders every spring. Despite the energy and rowdiness that comes when you combine kids that age, springtime, and the prospect of a field trip, those tours were a lot of fun.

also have a short attention span, so I was able to prevent a mini-run on the credit union by saying, “Who wants to race the tubes in the drive-up?”

IT TURNS OUT THAT SECOND GRADERS DO NOT CONSIDER THE INTRICACIES OF MONETARY THEORY AND ACCOUNTING PRACTICES ALONG WITH THE CONCEPT OF ENCRYPTED BINARY CODE TRANSMISSION VIA A SECURED FIBER-OPTICS LINE IS NOT A SUFFICIENT ANSWER.

Our tours gave us the chance to introduce kids to credit unions and do a little basic financial education. We did that, but we made their trip memorable by staging tube races at the drive-thru, demonstrating the coin and currency counters, and running an annual elevator/stair challenge (to see if anyone could beat the elevator by using the stairs). We also routinely threatened to lock the hyperactive little darlings in the vault until their principal came to get them. Just kidding ehm, not really.

EXPLAINING MONEY TRANSFERS TO SECOND GRADERS

While just keeping up with a group of kids that age was difficult, I found out what I was really up against during my very first tour when I tried to explain the Fedline terminal to the students.

I stated my spiel by explaining that this computer could be used to wire money almost instantly to any other financial institution across the country. Then I got my first introduction to the literal minds of second graders when one asked “Who rolls up the dollar bills and how do you push them into the wires so the money gets to the other bank?”

At first I chuckled. But, then I tried to answer the question with disastrous results. It turns out that the intricacies of monetary theory and accounting practices along with the concept of encrypted binary code transmission via a secured fiber-optics line is not a sufficient answer for second graders.

They weren’t buying my hocus-pocus explanation of financial intermediation; they wanted to know where THEIR money was! Luckily kids that age

Because I'm not the most technologically advanced person, I got to thinking about the most basic questions regarding technology and money from the standpoint of the consumer. How does our monetary system with its electronic ledgers even work? I believe it all comes down to confidence—confidence in this weird medium of exchange that we call money; and confidence in our ability to electronically transmit information regarding the amounts of it.

WHAT IS MONEY?

The concept of money has developed over the centuries as an efficient way to exchange the fruits of one’s labor for another’s. It’s just much more efficient to trade a universally accepted unit of exchange for a different product or service. For example, trading a cow for a dozen eggs presents a number of problems. After all, a cow is worth more than 12 eggs, so how can the person with eggs make up for their lesser value? The person trading the cow probably doesn't want an entire cows-worth of eggs, since they would spoil before they could be used. Having a universal unit of exchange that everyone in a community recognizes as having value just makes sense.

CONFIDENCE AND FRAUD

Of course, having confidence in a unit of exchange and its value is another thing.

There have always been efforts to counterfeit or artificially increase the supply of a unit of exchange that can undermine its value. Even with gold, people would shave off pieces, melt them down, and add a lesser value metal to make it stretch farther. This brought about standardized weights and measure-

Your TSCCU Staff

Steve Howke

President/CEO

☎ 128

✉ steve@tscu.org

Sylvia Jackson

Director of Compliance
and Risk Management

☎ 129

✉ sylvia@tscu.org

Frances Calhoun

Member Service Representative

☎ 125

✉ frances@tscu.org

Diane Halferty

Member Service Representative

☎ 130

✉ diane@tscu.org

www.tscu.org





ments when dealing with payments in gold to instill confidence that a fair trade was taking place. Today, it is still important to make sure that our “money” is fairly valued. In the long-term, large-scale counterfeiting or a sudden increase in the money supply with no corresponding increase in goods and services devalues money and breeds a lack of confidence in the value of money.

Nowadays, the physical presence of money seems to be less important. One can go for a very long time without handling actual, physical bills. Paychecks are deposited electronically. People access their money via debit or credit cards and pay their bills electronically via phone or Internet transactions. Because we are now dealing with abstract numbers in accounts rather than physical things you can stick in your pocket or subject to weights and measurements, our system is increasingly vulnerable to fraud. Therefore, confidence in our monetary systems is exceedingly important when it comes to the individual consumer.

The second graders visiting my credit union lacked confidence in the Fedline terminal because they couldn't put their hands on what was taking place. We need to help our members understand the benefits and pitfalls of the processes we put in place. That way they can better manage their money and protect themselves and their accounts.

Sometimes, however, that's much easier said than done. After my first tour, I learned my lesson. I introduced many a second grade class to the joys of my credit union, but never again did I attempt to explain the abstract nature of money transfers to a group of second graders. Whenever we got to the Fedline terminal portion of the tour, and they asked me who rolled up the dollar bills that got sent through the wires, I always replied, “We take turns.”



At Treasure State's Annual Meeting in April, the membership had time to ask questions and discuss the merger with Kansas Corporate Credit Union (KCCU) that the TSCCU board is proposing. TOP: Larry Eisenhower, KCCU's President/CEO, stands at the podium next to Kevin Mayer (Richland FCU and TSCCU Chairman) and fields questions about KCCU's structure, operations, and plans if the merger goes through. BELOW: Steve King (Montana FCU) asks one of those questions while Al Vukasin (Bear Paw CU) and Mary Chaptman (Valley FCU) listen.

PROPOSED MERGER TIMELINE

- MAR. 31, 2011** Boards voted on the intent to Merge
- APR. 7, 2011** Submitted completed Intent to Merge forms to KDCU Administrator
- APR. 12, 2011** Develop a joint member communication
- BY APR. 30, 2011**... Develop a member communication plan using conference calls, webinar, emails, etc.
- MAY 31, 2011** Develop the Merger Plan and get Approval from Both Boards
- JUNE 30, 2011** Preliminary Approval from Regulatory Agencies
- MAY-JULY, 2011** Begin communication of plan to members and capital solicitation of TSCCU members
- AUG. 15, 2011** Special Membership Meetings to Vote on Merger
- AUG. 30, 2011** Report Results of Voting and Final Steps
- SEPT. 30, 2011** Completed Merger

Your TSCCU Board of Directors

Kevin Mayer
Chair • Richland FCU

Steve Grooms
Vice Chair • 1st Liberty FCU

Kathy Briggs
Secy/Treasurer • Family First FCU

Gary Clark
Director • Missoula FCU

Annamarie DeYoung
Director • Sky FCU

Rhonda Diefenderfer
Director • Altana FCU

Paula Ruddock
Director • Rimrock CU

Asset/Liability Committee

Brent Martin
Chair • Helena Community CU

Annamarie DeYoung
Sky FCU

Gary Clark
Missoula FCU

Al Vukasin
Bear Paw CU

Steve Howke and Sylvia Jackson
TSCCU

Supervisory Committee

Teri Krakowka
Chair • Southwest Montana Community FCU

Deb Evans
Great Falls Teachers FCU

Laura Scoville
Gateway Community FCU



CUsource Management Team

Shirley Bailey

President / CEO
shirleyb@cusource.com

Lora Helman

Chief Financial Officer
lorah@cusource.com

Mark Mauler

Programmer/Engineer
markm@cusource.com

Kevin Hollingworth

Technical Services Manager
kevinh@cusource.com

Brandi Holefelder

Software Services Manager
brandih@cusource.com

Kelly Calnan

Draft Services Manager
kellyc@cusource.com

Mickey Kunnary

Print/Mail Services Manager
mickeyk@cusource.com

Tracy Houck

Marketing & Business Dev. Manager
tracyh@cusource.com

Chandra Thronson

Real Estate Manager
chandrat@cusource.com

Real Estate Office

Dan Eggen

Sr. Processing Specialist
dane@cusource.com

Gail Burt

Processing Specialist
gailb@cusource.com

Genia Hageman

Processing Specialist
geniah@cusource.com

Stacy Anderson

Processing Clerk
stacya@cusource.com

CUsource, LLC

Corporate Office
501 Park Drive S, Ste 400
PO Box 3329
Great Falls, MT 59403

Great Falls and Helena
800.823.2876
Billings: 800.528.6668

www.cusource.com

COMING TO MONTANA

A New and Improved On-Line Platform

Online Resources Corporation, a leading provider of online financial services, and CUsource, LLC have signed a reseller agreement for Internet banking and bill payment services.

The new agreement provides CUsource's more than 20 credit union clients access to Online Resources' full suite, including personal financial management, mobile banking, expedited payments, consumer marketing and call center services. This year, 11 credit unions representing more than 120,000 members will convert to the Online Resources platform.

"CUsource is keenly aware of issues and trends affecting our clients' ability to remain competitive and profitable in an ever-changing financial services marketplace," said Shirley Bailey, President/CEO of CUsource. "After an intensive research and vetting process, Online Resources' products and their team of professionals consistently rose to our top pick."

CUsource's cooperatives can take advantage of Online Resources' recently enhanced Internet banking and bill payment application, which was redesigned with highly adaptive, intuitive navigation and seamless premium payments services. The service was created with usability, visual design and information architecture specialists, and was consumer tested to

meet the needs of any level of online banker, from the novice statement viewer to the small business user or even the experienced power payer.

"Online Resources is able to provide each of our credit unions with a member-focused online financial experience that is easy to manage on the back side," reported Brandi Holefelder, Software Services Manager with CUsource. "Our credit unions will be able to offer targeted marketing at an affordable price with Online Resources."

Online Resources' service also enables credit unions to leverage member-specific data through marketing tools that maximize awareness and education, boost online member service power, and drive adoption and up-sell opportunities. The service incorporates contextual messaging throughout the interface, such as help links and advertisements that are timely and relevant to the member.

"We're pleased to support CUsource's mission to provide high-quality, innovative solutions, backed by outstanding support," said Ronald J. Bergamesca, executive vice president of Banking Services for Online Resources. "We believe our solution is ideal for credit unions looking to maximize the value of their online channel and maintain a competitive edge."

TECHNOLOGICAL ENHANCEMENTS AND UPGRADES

Over the years, as CUsource's client-base has grown from local credit unions to 56 financial cooperatives in Wyoming, Washington, and Montana the company's product offerings have also expanded to include mortgage origination and servicing, print/mail services, draft services and security services.

In 1989, CUsource purchased a Honeywell Bull (mainframe/host) system and purchased the Ultrafis system from Harland for \$1 million. This brought state-of-the-art teller transactions, back office processing efficiency, and a stable system to Montana. Since then, CUsource has changed mainframe systems five times; the latest purchase was two new systems in December 2010 for less than \$125,000.

FAVORITE TECHNOLOGICAL HIGHLIGHTS

1998: *On-Line Banking*—Shirley Bailey's favorite

1999: *Voice Response*—Patti Nicholl's favorite

2005: *OnBase, Signature Capture and real-time archiving of vouchers, FO forms and ALPS with OnBase in an effort to expand our "green" efforts*—Sam Algeo's favorite

2006: *MFA (Multifactor Authentication), Protecting Member data from evil hackers*—Tracy Houck's favorite and *Remote Deposit Capture*, allowing even the most remote credit unions to cut presentment time by days and cut processing costs—Kelly Calnan's favorite

2007: *Marketing Messages on Statements*—Mickey Kunnary's favorite and *Online Mortgage Approvals and Disclosures*—Chandra Thronson's favorite

Cloud Formations

by Tracy Houck, Marketing & Business Development Manager

Is your financial data stored safe and secure? Is it in a building under lock and key, or have you taken it “to the cloud”?

Cloud computing solutions are quickly becoming standard business practices for financial institutions and their third party vendor; yet, many consumers are unaware of the details. Even the definition of cloud computing is at times, well, cloudy.

The term “cloud” is a metaphor for the vast world of the Internet. Taking data “to the cloud” simply means storing data in cyberspace. As the term has gotten more and more use, the definition has broadened, and the term “cloud” now includes anything that happens outside of your firewall.

The beauty of these clouds is that you can control their formation and their output by mixing and matching models to best fit your deployed applications. The development of cloud solutions actually positions your credit unions to move forward—from virtually anywhere and virtually any device—allowing you to tailor your business model to every member.

THE BASIC MODELS OF CLOUD COMPUTING

PRIVATE CLOUDS: These are dedicated solely to your organization.

PRIVATE HOSTED CLOUDS: These are dedicated to your organization and data, but are supported by an outside vendor.

PUBLIC CLOUDS: These are hosted services that are shared by many users and billed on a utility basis.

2008: *Web Content Filter & Secure Email*—Kevin Hollingworth’s favorite

2009: *CUBUS Alerts* letters and statements—Leona Reese’s favorite.

2010: *Technology Navigator*, Reports, reports and more reports without recall and SQL—Terri Austin’s favorite

COMING IN 2011

- *On Us & On We*, check processing for credit unions
- Imaged ATMs
- Mobile, Member & Merchant Capture

REDUCING COSTS

Cloud computing gives financial institutions the opportunity to reduce their overall costs by reducing hardware, software, and facility costs. This cost reduction is further enhanced by the ways in which cloud infrastructure improves IT agility and reliability. Take a disaster recovery plan in a branch that suffers flooding and severe water damage, for example. Virtualized servers in the cloud wouldn't even have gotten wet and would not need to be replaced. That means they can quickly be redirected to upload software and operate on computers at an alternate location.

When choosing a cloud vendor, due diligence is essential. Ask how member information is protected, and which other vendors handle the data in the process. There is not an industry standard established, and not all vendors treat data the same.

CUsource has been providing cloud computing in various applications to Montana credit unions for years, and our cloud continues to evolve. Credit unions using CUsource for data processing see it in action when images are scanned into OnBase. Security Services clients see it when staff can access your desktop remotely and install software from offsite. CUsource is going one step further, migrating its servers to the “cloud,” to prevent data loss in the event of a catastrophic disaster. A year ago our Helena operations boasted over two dozen servers; today we have expanded operations running on five servers.

In a cloud managed world, there are no boundaries and the sky is your limit.



CUsource's Mickey Kunnary, Chandra Thronson, and Tracy Houck strike a "Charlie's Angels" pose during the Apron Fashion Show at the Network Annual Convention. Their mission: providing high-quality, innovative solutions backed by outstanding support.

Your CUsource Investors and Board of Directors

Tom Boos
Chair • Billings FCU

Greg Strizich
Vice-Chair • Helena Community CU

Wally Berry
Secy/Treasurer • Montana FCU

Anna DeYoung
Director • Sky FCU

Rhonda Diefenderfer
Director • Altana FCU

Deb Evans
Director • Great Falls Teachers FCU

Tom Kiely
Director • EDTECH FCU

Bernie Neibauer
Director • Russell Country FCU

Chris Sisco
Director • Montana 1st CU

CUsource, LLC

Corporate Office
501 Park Drive S, Ste 400
PO Box 3329
Great Falls, MT 59403

Great Falls and Helena
800.823.2876
Billings: 800.528.6668

www.cusource.com

AN ANNUAL CONVENTION TO REMEMBER, cont. from page 6



CLOCKWISE FROM TOP LEFT: The Parkside FCU contingent gets their photo taken after the awards banquet. Al Vukasin (Bear Paw CU) makes Kathy Shea (Heritage FCU) and Tracie Kenyon (MCUN) crack up as he is recognized for being re-elected a CULAC Trustee. Wally Berry (Montana FCU) says a few words at the annual business meeting as he is recognized for his years of service on the board. Tom Kiely (EDTECH FCU) won the drawing for the Exhibitor's Grand Prize. Here he and Tabitha Garvin (MCUN) strike a relaxed pose in front of it. CUNA CEO/President Bill Cheney makes a point as he delivers the conference's keynote address. The book *Stone Soup* and the pot of credit union stone soup "cooked" at the beginning of the conference wait for bidders during the MCUCD Silent Auction. Deanna Brost (McCone County FCU) laughs while waiting to have photos taken after her credit union receives the 2011 MCUCD Philosophy in Action Award (see page 4).



CUNA Mutual Group's Melinda Augustine, Casey Boyer, and Melissa Busch, have a little fun during the Apron Fashion Show.

FAQs, continued from page 9

Q: WHAT CAN CREDIT UNIONS DO TO PROTECT BOARD MEMBERS WITH THESE NEW RULES FROM THE NCUA BEING ADOPTED AND OTHER POTENTIAL CHANGES ON THE HORIZON?

- Your board will face additional legal exposures, so consider additional D&O coverage. The policy's coverage limits can simply be increased, but in addition, consider a Management Umbrella or Side A (Difference In Conditions) DIC. A Management Umbrella provides broader indemnification when other insurance does not apply.
- Have an attorney review the indemnification provisions to ensure they align with the new rules.

Your attorney should also update your board about its fiduciary requirements.

- Start documenting your board's attendance at financial-based courses to support the new financial literacy requirements.
- Consider broader corporate governance standards.

John Wallace is the product executive for CUNA Mutual Group's Bond and Management & Professional liability insurance products. Contact him at 800.356.2644, ext. 7151, or at john.wallace@cunamutual.com.

Montana Credit Union Awards

Each year Montana credit unions confer two special awards to honor certain individuals whose work and dedication stand out in Montana's credit union landscape. From those nominated in 2011, the awards committee selected Rhonda Diefenderfer, President/CEO of Altana FCU, as the Professional of the Year and Marv Strom, long-time Great Falls Teachers FCU board member, as the Mitch Reed Volunteer of the Year.

MITCH REED VOLUNTEER OF THE YEAR 2011



Mitch Reed Volunteer of the Year Marv Strom poses with the CEO/President of Great Falls Teachers FCU Deb Evans, Network President/CEO Tracie Kenyon, and Network Education Services Director Ranel Smith after the awards ceremony.

Marv Strom, who has served on the Great Falls Teacher's FCU board for the past 30 years, was honored for his dedication and contributions to his credit union and the Montana credit union movement when he was named the Mitch Reed Volunteer of the Year for 2011.

In those 30 years, Strom has contributed immensely to his credit union, the credit union movement, and his community. He has held several board positions, including one term as Vice Chair, two as Chair as well as a number of ad hoc and standing committee positions. Most notable, however, he has served as Treasurer for at least 12 years, using the knowledge and experience he honed as a high-school math teacher to make sure his fellow directors have the information and tools they need to understand the credit union's financial performance and overall position.

In addition to serving his credit union well, he has a long history of involvement in local, state, and regional credit union activities as well as service to his community and church including the youth orchestra, high school talent show, "Sons of Pioneers," and Supplemental Food Commodity Program.

"Marv's ongoing contributions to his credit union, fellow board members, and community are incredible," said Tracie Kenyon, Network President/CEO. "It's truly an honor to be able to recognize him as this year's Mitch Reed Volunteer of the Year."



Rhonda Diefenderfer holds her award and stands between Tracie Kenyon, President/CEO of the Montana Credit Union Network, and Bill Cheney, President/CEO of the Credit Union National Association.

2011 PROFESSIONAL OF THE YEAR

Rhonda Diefenderfer, President/CEO of Altana FCU, is the Montana Credit Professional of the Year for 2011. This award recognizes Diefenderfer's contributions to credit unions and represents the great respect of her peers.

Introducing Diefenderfer at the awards ceremony, Tracie Kenyon, Network President/CEO said, "Rhonda is one of the unsung heroes of our movement—she is low-key, but the envy of their peers. Many other CEOs and staff members visit this person's credit union in the hopes of duplicating their success."

While she has always lived and worked in Montana, Diefenderfer's career has touched many credit unions and credit union organizations both in- and out-of state. She has been extremely active in the movement, serving on various committees and boards, including Treasure State Corporate Credit Union, CUsource, and the CULAC Executive Committee. And, because she is a true believer in credit union philosophy and the value of cooperation, it's not just her donating her time, effort, and expertise. Under Diefenderfer's leadership, Altana FCU is a staunch supporter of community, credit union chapter, and Network programs and projects as well. Her staff are also given the freedom, resources, and encouragement to be involved in community and credit union activities.

"While it can be difficult for some people to handle their success," notes Kenyon. "Rhonda handles it with style, grace and class because for her 'Doing the Right Thing' is what she's all about. And that's why Rhonda so deserves this special honor."





**2011
Directors
Conference**
August 11-13
HOLIDAY INN, HELENA

Hot Topics include:

- Better Board Meetings
- Boards as Visionaries
- Directors Who Make A Difference
- Board Governance and Liability
- Financial Complexity and Good Governance: How Do Directors Face the New Reality

You and your
guest can shop
and explore beautiful
Downtown Helena!

**Montana
Credit Union
Network**

101 N. Rodney
Helena, MT 59601

phone

406.442.9081
800.745.5546

fax

406.442.9085

website

www.macun.coop

Registration is open NOW—www.macun.coop