

CREDIT

UNION Tracker™



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WHAT'S INSIDE



Cooperation has been the driving force behind several innovations in the credit union (CU) market, enabling financial institutions (FIs) to share resources, including ATMs and branches, with other CUs and banks.

CUs and banks that rely on multi-brand ATMs (MBAs), which enable cardholders to switch between different FI interfaces and access the services offered by the card's issuing bank, recently gained access to a new set of marketing tools from ATM solutions provider FCTI Inc. FCTI [launched](#) an online resource center that allows participating FIs to offer their specific services through a shared ATM.

Canadian credit unions, meanwhile, are learning to share physical branch locations. Earlier this month, Provincial Government Employees Credit Union and East Coast Credit Union [opened](#) a shared branch in Halifax, Nova Scotia's financial district. The shared location, which offers an open concept design to foster communication

and interaction, is the first such venture for Canada's Atlantic region.

Beyond sharing resources, several CUs have been collaborating on different innovations to improve member experiences and elevate their brands.

Recent credit union industry developments

Collaboration with a local university, for example, is helping a Kentucky-based CU expand its reach. Park Community Credit Union was recently [named](#) the "official credit union" of Bellarmine University and became the official partner of Bellarmine's men's basketball team and the university's athletic division. The agreement gives Park Community a co-branded presence on the Bellarmine campus, including the basketball court, which will be renamed Park Community Credit Union Court at Knights Hall.

Elsewhere in the space, an [innovation](#) by CO-OP Financial Services aims to help CUs fight fraud. After debuting

its COOPER Fraud Analyzer product at the THINK 18 conference this past May, CO-OP pilot tested the solution among four CUs in its Shared Branch network. The system quickly analyzes data to detect potentially nefarious acts, including account fraud, in-branch teller fraud and fraudulent check deposits.

The desire to ensure secure [payments](#) and transfers is the motivation behind another partnership. Digital banking solutions provider Kony Inc. is working with digital money movement technology provider Payveris LLC to provide CUs and banks secure money management offerings using a cloud-based platform. These services will include person-to-person (P2P) and account-to-account (A2A) transfers, bill payments and fraud mitigation services.

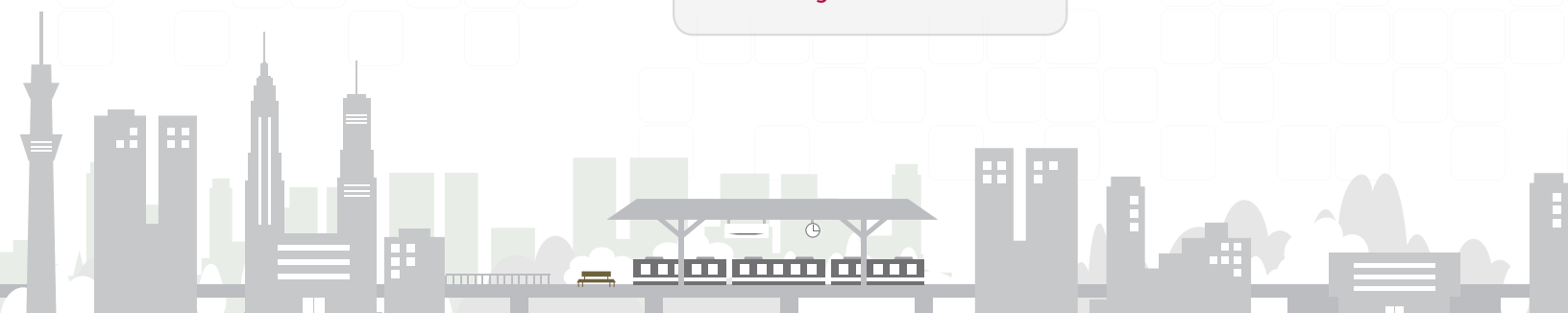
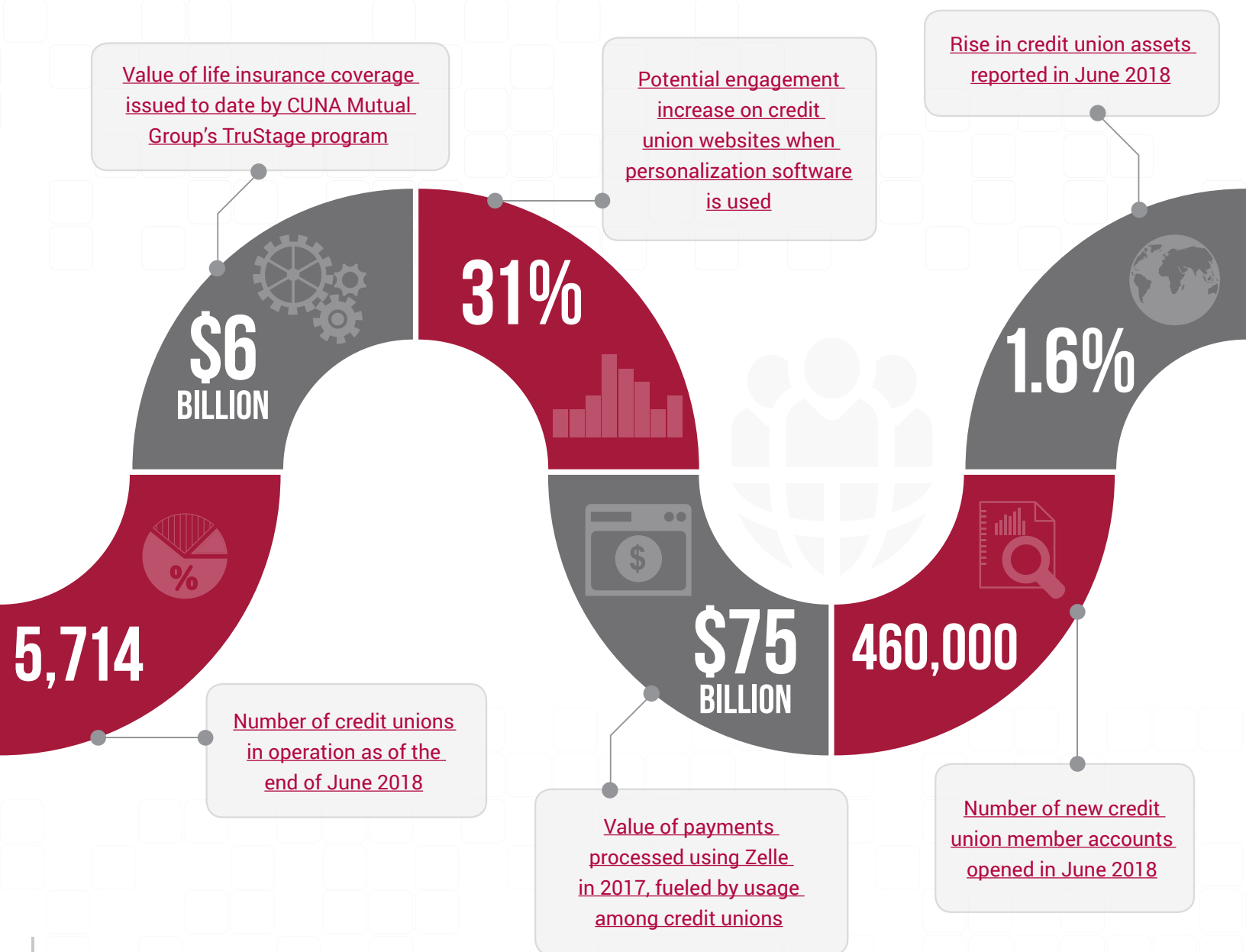
To read more on these stories and other headlines from around the space, check out the Tracker's News and Trends section (p. 10).

Thinking globally to serve highly mobile members

Money management can be a challenge for anyone, but it can be even more daunting when global travel is part of a worker's routine. United Nations employees, who are based in 193 countries, often face conditions that many traditional FIs might not understand.

[United Nations Federal Credit Union](#) (UNFCU), which serves 128,000 current and former U.N. workers, has deep insight into their unique needs, however. For this edition's feature story (p. 6), the CU's Jim Fenimore and Bill Thomas discuss how it caters to the financial needs of U.N. employees and why CUs, rather than banks, are better suited to address the needs of a global and mobile workforce.







FOR HIGHLY MOBILE MEMBERS,
UNFCU Thinks Globally

“We listen to our members, [and] talk to them to find out what their needs are and what steps we need to take to move the needle.”

— JIM FENIMORE,
senior vice president of operations at
United Nations Federal Credit Union

Highly mobile workers who frequently move between international borders often feel like they're in a financial labyrinth. Take, for example, the 44,000 employees who currently work for the United Nations. According to the U.N.'s [website](#), 60 percent of those employees serve in field-based positions in 193 countries.

Monitoring personal finances internationally can be challenging. U.N. staff must make payments in local currencies and comply with their host countries' financial regulations. Jim Fenimore, senior vice president of operations at the [United Nations Federal Credit Union](#) (UNFCU), said that people who face these conditions, need to send money internationally or look to purchase property abroad are better served by FIs that understand the unique nature of their work.

“UNFCU knows the United Nations community and knows the U.N. members better than any [other] financial institution,” Fenimore said. “As these staff members and their families are transferred from duty station to duty station, we are often that one constant in their lives.”

UNFCU holds approximately \$5.3 billion in assets and serves 128,000 members around the globe, including current U.N. staffers, retirees and family members. UNFCU members also work for U.N. agencies, including UNICEF and UNHCR.

Fenimore and Bill Thomas, UNFCU's first vice president of member operations, recently spoke with PYMNTS about the financial difficulties U.N. staffers often face and why a credit union, rather than a bank, is best suited to address these challenges.

Mobile payment tools for a mobile workforce

Travel is just part of the job for U.N. staff, as they're typically required to transition to new duty stations every three years.

"They are very mobile," Fenimore said. "Our products have to be equally mobile."

UNFCU communicates with its members to get a sense of their financial challenges and uses these insights to develop tools that manage their financial lives and are suited to their needs. As a result of this research, UNFCU implemented EMV-ready payment cards. Europe implemented EMV payment terminals more than 20 years ago, making it challenging for UNFCU members their non-EMV-compliant credit cards. They struggled to pay for services at unmanned stations such as parking, travel tickets or even renting bicycles.

After gauging the demand, UNFCU connected with the necessary partners to offer members EMV-enabled



“Not every financial institution [has] that insight into [its] members.”

cards in 2010. The [effort](#) marked a historic occasion, not just for UNFCU, but also for U.S. credit unions and banks.

"The nature of our membership propelled us ... to become the first financial institution in the U.S. to issue a consumer-based chip-PIN credit card," Fenimore said.

Easing international business

EMV cards are just one of the services UNFCU has launched in response to members' needs. The CU also offers an international home loan program to help members purchase properties overseas, as well as an online banking platform enabling members to maintain foreign accounts and transfer funds to locations across the world. This allows members overseas to easily access local currency and conduct business.

UNFCU recently launched a new online payment system in Kenya that allows consumers to move funds from UNFCU accounts to M-Pesa accounts. The CU also added Uganda shillings to the list of currencies members can transfer.

In addition, UNFCU has rolled out a worldwide rebate program based on feedback from its Panama-based members. Its debit card holders can receive annual rebates of up to \$120 to cover surcharge or foreign transaction fees incurred by withdrawing cash from foreign ATMs.

“We listen to our members, [and] talk to them to find out what their needs are and what steps we need to take to move the needle,” Thomas said.

The need to easily move money across borders is a common demand among U.N. staff. While the employees themselves may be based in one country, many have family in another, who also need to access funds.

“We find the greatest needs of our members is to transfer [between] accounts,” Thomas said. “If there’s a U.N. employee working in Afghanistan, but his family is home in India, he’s able to transfer funds back there to pay for electricity, the mortgage or the rent.”

UNFCU’s facilitation of these arrangements may put the credit union in a better position than a traditional bank to deliver such financial services.

“Not every financial institution [has] that insight into their members,” he claimed. “Because we see it as a pattern and as a need, we want to make sure we are able to facilitate it.”

An aligned mission

Fenimore echoed Thomas’ sentiment, saying UNFCU’s level of familiarity with the U.N. puts it in a unique position to address the financial needs of a global and mobile workforce. Understanding what U.N. employees consider challenges is a valuable asset, especially given the chaotic nature of world events and the rapidly changing financial services landscape. Fenimore wants U.N. workers to feel they have a reliable partner, and a benefit in that endeavor is UNFCU’s mission, which is very closely aligned with that of the U.N.

“We’re a not-for-profit cooperative,” Thomas said. “I think [it] resonates with our [members] to know that when they make their deposits here, [they’re] helping their co-worker – their colleague gets that home mortgage or that credit card.”

UNFCU’s closeness to the organization it serves makes it uniquely suited to address U.N. employees’ needs. Having an FI that is deeply familiar with the unusual routines of its members could make the task of navigating the financial labyrinth that much easier.





NEW CREDIT UNION INNOVATIONS

FCTI debuts shared ATM online resource center

ATM solutions provider FCTI Inc. recently released a set of marketing tools via its newly launched online resource center for its multi-brand ATM (MBA) program partners. The resource center enables FIs to offer their specific services to customers through a shared ATM. An MBA can automatically [switch](#) between different FI interfaces to match the services from the payment card's issuing bank.

The resource center also offers FIs ATM templates, the ability to request customized or commissioned graphics and access to files that can be used for digital and print marketing. A news release announcing the launch noted that the offering also includes a document section for each MBA partner, which stores information such as branding guides and reports.

Kern Schools FCU turns to Symitar's Episys for core processing

A different partnership has its sights set on helping a California-based CU upgrade its core processing platform. Kern Schools Federal Credit Union of Bakersfield recently converted to the Jack Henry & Associate's Symitar Episys

core processing platform. It made the switch because Episys allows credit unions to modify their core using open, common programming protocols, according to a [news release](#). Episys' PowerOn tool, for example, allows CUs to customize their core according to their specific data integration, workflow, email generation or data entry needs.

CO-OP tests fraud analyzer solution

Elsewhere in the space, another innovation aims to reduce the rate of fraudulent activity. CO-OP Financial Services recently began pilot testing its COOPER Fraud Analyzer among four credit unions in its Shared Branch network. The COOPER Fraud Analyzer, which debuted at the THINK 18 conference in May, is an account-based risk management solution that uses rules and decisioning functions to quickly pinpoint fraudulent transactions.

A [news release](#) explained that the system analyzes account data, transaction types, amounts and speed to identify suspicious behaviors, including account fraud, in-branch teller fraud and fraudulent check deposits.



The data will be analyzed by the CO-OP team, who will specifically monitor feedback from CUs, with particular attention paid to the client experience. The goal is to ensure that COOPER Fraud Analyzer's release goes smoothly across the entire Shared Branch network next year. The system helps members build trust in their credit unions and protects account holders.

Kony, Payveris collaborate on digital payment solutions

A recent [partnership](#) between digital banking solution provider Kony Inc. and Payveris LLC is also aimed at building trust and confidence in FIs. Kony will help FIs offer secure money movement functions, such as P2P and A2A, bill payment and fraud mitigation services. Payveris will use an open-API, cloud-based platform to enable banks and CUs to deploy their services across multiple channels without requiring them to significantly overhaul their systems.

The partnership offers banks and CUs greater control of the user experience, with different money movement opportunities across different channels. The pair also hopes this will lower costs by consolidating money movement into a cloud-based platform, reducing fraud risk by allowing FIs to quickly identify and react to potentially nefarious activities.

MERGERS AND PARTNERSHIPS

NACUSO names Kony a Gold Partner

In addition to its partnership with Payveris, Kony also received recognition from the National Association of

Credit Union Service Organizations (NACUSO), which named it a Gold Partner member. A [news release](#) announcing the move noted that, as a Gold Partner, Kony's digital banking division, Kony DBX, will now be able to provide digital banking solutions specifically tailored for the credit union industry, eliminating points of friction for credit union members.

Kony DBX works with CUs and banks to innovate systems without significantly disrupting back-end operations. NACUSO's mission is to encourage CUs to explore the potential benefits of working with CUSOs as those of new and emerging products and services.

Park Community named 'official CU' of Bellarmine

A Kentucky-based CU recently gained a home court advantage with a local university. Park Community Credit Union was [named](#) the "official credit union" of Bellarmine University, as well as the official partner of the men's basketball team and the university's athletics division.

Aside from expanding the CU's reach in Louisville, the partnership gives Park Community a co-branded presence on the Bellarmine campus, including the basketball court, which will be renamed Park Community Credit Union Court at Knights Hall. Park Community will be the official sponsor of campus events, including alumni and sporting events, and the CU will be able to issue a Bellarmine-branded ATM card and offer financial services to Bellarmine-connected members.

Solarity CU taps CU Works Compliance as compliance partner

Solarity Credit Union of Yakima, Washington, which holds approximately \$1.2 billion in assets, recently decided to



outsource its [compliance](#) needs to CU Works Compliance, part of the CU Service Network, a credit union service organization (CUSO) based in Denver, Colorado.

Solarity specifically selected CU Works Compliance for its assistance with marketing compliance, one of the latter's most popular offerings. Many CUs struggle with their marketing efforts, having to buy a bulk compliance package. CU Works Compliance offers a portfolio of back-office solutions and has grown considerably since its launch last year.

Marketing firm WHITE64 acquired by PenFed

Earlier this month, PenFed Credit Union, the Pentagon's credit union, announced the [acquisition](#) of WHITE64, which has handled its marketing and advertising operations since 2014. Under the terms of the deal, WHITE64 will retain its banner and continue to operate as a largely autonomous division. WHITE64 will also continue to serve its other clients while exploring new business opportunities in different sectors.



WHITE64 has provided PenFed with a wide range of services over the years, including its rebranding from Pentagon Federal Credit Union. It also launched PenFed's "Great Rates Across America" campaign, a move to help WHITE64 expand into new areas like advanced data and research analytics. This will help support the needs of PenFed, as well as new and existing clients. PenFed, meanwhile, will be able to maintain and build upon its existing relationship with the agency.

New shared CU branch opens in Halifax

North of the border, two credit unions are expanding their footprints into the first shared CU location in Canada's Atlantic region. Provincial Government Employees Credit Union and East Coast Credit Union opened a shared branch earlier this month in Halifax, Nova Scotia's financial district. The new branch puts both CUs in a busy, downtown location that offers an open concept design

to foster communication, interactions and engagement among visitors.

East Coast Credit Union CEO Ken Shea said the shared branch represents "cooperation among cooperatives in the truest sense." Provincial Government Employees Credit Union's CEO, Ingrid Foshay Murphy, said the location offers "a more member-centric space."

Buzz Points, USALLIANCE form partnership

Buzz Points, an incentive-based customer engagement platform, recently joined forces with USALLIANCE, a credit union with more than \$1.6 billion in assets and more than 110,000 members nationwide. Buzz Points will create a new rewards program for USALLIANCE members, enabling them to earn rewards when they shop and complete certain account activities, including enrolling in electronic statements or applying for loans. The rewards program will also allow Buzz Points to access data insights that can be used to improve customer acquisition.

RULES & REGULATIONS

NCUA considers taking remote exams nationwide

While credit unions move forward with their own innovations, the National Credit Union Association (NCUA), a government agency responsible for credit union

regulation, is considering an experimental approach to credit union inspections. NCUA began [piloting](#) remote examinations last year, inspecting 28 CUs located in the NCUA Region IV, which covers 14 states across the middle of the U.S. from Montana to Texas. The CUs inspected hold assets ranging from \$4 million to \$9.8 billion in value.

The agency could save approximately \$50,000 on travel costs by conducting remote examinations, sparing CUs from exam-related disruptions, which, in the past, have required several staff members to be on call. Remote exams could also help NCUA employees achieve work-life balance, and encourage credit unions to pursue digitization efforts. Some CUs have expressed concern that remote exams could require them to make expensive technology investments, but the overall view is that the practice could help bring modernization.

CUNA calls for NCUA to 'level the playing field' for exam cycle eligibility

While NCUA considers the most appropriate way to act on the findings of its pilot, an influential CUSO is urging the agency to [adjust](#) a "disparity" in the examination cycle to "level the playing field." The Credit Union National Association (CUNA) has claimed the current examination cycle is skewed in favor of community banks, which creates an "unfair advantage." A provision included in the Economic Growth, Regulatory Relief and Consumer Protection Act would increase the asset limit banks must meet, at a threshold of \$3 billion or less, to face [examination](#) once every 18 months. CUs must hold \$1



billion or less in assets to be eligible, meaning they face a higher hurdle than banks to qualify for a longer exam cycle.

NAFCU urges passage of new Glass-Steagall legislation

Disparities in how different FIs are treated are not the only issues credit unions have with banks. The National Association of Federal Credit Unions (NAFCU) is urging Congress to pass a new proposal to protect smaller FIs from another potential financial downturn. The Association recently [released](#) a white paper claiming many banks are still "too big to fail." It urges lawmakers to create a new Glass-Steagall Act that will offer consumers protection against future financial crises, reduce regulatory inequalities and separate commercial and

investment banking. NAFCU also cited evidence that the repeal of the 1999 Glass-Steagall Act contributed to the 2008 financial crisis by weakening financial oversight and regulation.

GFA Federal Credit Union to work with legalized marijuana businesses

In recent years, shifting [regulations](#) have created new opportunities for legalized recreational marijuana to gain a foothold in several states, including Massachusetts. A local credit union is taking steps to offer marijuana businesses the same access to financial services offered to other businesses, and to make it easier for members to pay for the substance.

GFA Federal Credit Union will be the first financial institution in Massachusetts to offer legal marijuana merchants banking services, including cash management, checking accounts, payroll, wire transfers and bill payment options as of Oct. 1. Customers will also be able to use credit cards to pay for marijuana purchased at authorized merchants. While many other CUs and banks have hesitated to embrace business with the legalized marijuana industry (the drug remains illegal at the federal level), GFA recently told *The Boston Globe* that it arrived at its decision following a year of research. GFA chief executive Tina Sbrega noted that the CU believes it can both legally and profitably offer financial services to the industry.



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Feedback

We hope you enjoyed this Tracker and we welcome your feedback. Please feel free to contact us at creditunion@pymnts.com.

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