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## Credit Union Awareness Initiative Update



The Open Your Eyes credit union awareness initiative has made significant strides nationwide in the last couple of months, as the program launched in 6 states and is poised to kick off in a number of others in July. Initial response to the digital messaging in the states that have launched has been very positive, with consumers seeing banner ads, viewing videos, and clicking on links to <https://yourmoneyfurther.com> for more information and to locate a credit union they can join. On the fundraising side, CUNA has received more than \$36 million of the

\$100 million goal for 3-year pledges from nearly 500 credit union organizations. Launching the mostly digital (i.e., social media, websites, search engines, etc.) campaign in each state is dependent on that state meeting their fundraising goal.

**So what's going on in Illinois with Open Your Eyes?** We have recently received our 3-year fundraising goal for the state from CUNA - \$3.7 million – which took a while to determine because the state is divided in two parts – Chicago and pretty much everywhere else. I don't have to travel far from the suburbs to understand that Illinois is essentially two different states, which makes fundraising and deploying those funds kind of tricky. Even though there won't be much expensive, traditional media (TV, radio, newspapers) used in the campaign, there are so many people and a limited number of effective digital platforms that there is more competition (i.e., more expensive) in Chicago to place ads in Google searches. Facebook. ESPN.com. or Yahoo mail than other places

fundraising strategy (“if I’m in North Dakota, I don’t want my contribution to go ads in Florida”), I heard concerns from downstate credit unions (you know, below I-80) that Chicago would absorb funds raised from all over the state. This legitimate point was considered when developing the strategy to roll out the Illinois program in phases, with Chicago having its own regional campaign.

We’re still working out the details, but we hope to get funds raised this summer in Chicago for a launch later this year and other parts of the state in the 1st quarter of 2020. Look for more information from me and CUNA’s engagement consultant Christopher Morris in the coming weeks about how you can be a part of this exciting program. [Click here](#) for more information.

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## Happy Anniversary...to Us!

I am very proud that the ICUL Service Corporation (LSC) is celebrating its 50th anniversary this year. What started out as a 1 person organization with the goal of “helping credit unions compete” has turned into a 110 person CUSO providing products and services – mostly in payments– for nearly 2,100 credit unions across the country. We owe a debt of gratitude to the many leaders, staff, Boards of Directors, and customers who have contributed to the success of LSC since 1969 and I thank them for keeping us relevant in a very competitive environment.



As a wholly-owned subsidiary of the League and buying fully into the “people helping people” philosophy of credit unions, LSC is more than just a vendor and gives back to the credit union movement as much we can each year. Among others, this includes annual donations to support the Filene Institute, National Credit Union Foundation, Credit Union House, Credit Union Museum, World Council of Credit Unions, CUPAC, and the Illinois Foundation. We also helped kick-start the Open Your Eyes awareness campaign in Illinois with a \$150,000 contribution and have given more than \$300,000 to the National Advocacy Fund over the last 6 years to back credit union friendly candidates running for Congress. While not as big as other providers in the credit union space (particularly now in payments), LSC provides a critical service to the many small-to-medium sized credit unions that couldn’t offer a credit, debit, or prepaid card to their members without our assistance. And along with your dues, LSC ensures that the Illinois Credit Union League has the resources to be one of the strongest and most effective state associations in the country. Thank you for your support of LSC and we look forward to “helping credit unions compete” for years to come.

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## The Illinois League “Triple Crown”



Members of the Illinois delegation visit with Congresswoman Cheri Bustos at the GAC

### 1. CUNA's Government Affairs

**Conference (GAC)** – with 88 people registered, the Illinois delegation was our largest ever and contributed to the record 5,300 attendees in Washington this year. GAC is the single event that brings all the major players in this industry together and it is always educational, and energizing. The primary purpose for everyone

gathering in DC, of course, is advocacy and our Hill visits allowed us to thank our supporters, educate our 3 new representatives (2 of whom had never held an elected office and know little about credit unions), and push for legislation beneficial to credit unions. Given the politically divided Congress, highly partisan environment, and positioning for the 2020 elections, **I don't see much opportunity for bills to pass in Washington that will impact credit unions one way or another.** During our Hill visits, we talk about many of the same general items every year, with the lead topic always the importance of maintaining the credit union tax exempt status. With the passage of tax reform last year and no mention of credit unions in the final tax reform law, I don't see much of a threat of tax legislation at the federal level. The bank associations understand that as well and have shifted tactics to move the battle to the states, with several under threat of bills calling for a tax on credit unions or new restrictions, including field of membership and new requirements for expansion. The common threads among the states at risk are a very strong and well-connected community bank lobby and/or they are struggling financially and have a lot of newly elected legislators. Illinois falls into the latter category and, while there has been no mention in Springfield of taxing credit unions, there is a lot of discussion about taxes, budget shortfalls, other new revenue sources, etc., which could lead to something popping up in the last few hectic weeks before the session ends May 31. Our team in the capital will certainly be paying attention for any mention of credit unions “paying their fair share”, which seems to be the new phrase for taxing someone else.

**Now back to Congress** - another item we've raised with our Illinois representatives year after year has been **data security**, with our message that retailers need to be held to higher regulatory standards with customer data because they are the cause of most breaches. Financial institutions, and ultimately your members, have to bear the expense and reputational hit. Our mantra with Congress has been **“whoever is responsible for the breach should pay for it”**, which would drive merchants to be much more careful with the data they collect if they had financial liability. Despite the growing number of incidents and impact on constituents over the years, this issue has not gained much traction with lawmakers because the merchants are one of the strongest lobbying groups in DC and Congress has squabbled internally over the jurisdiction of data security, i.e., which committee should address this. For the first time in my many years of visits to Capitol Hill, however, there was a change of interest in this topic. I don't think this will

I believe there's been a significant shift in sentiment that could lead Congress to finally address this issue:

- **Data security is now being viewed as a national security issue.** In the past, it was simply seen as a relatively minor crime that was mostly an annoyance to consumers (because YOU were paying for the losses). There is now increased concern about foreign interference with all U.S. computer systems, largely because of the tremendous amount of press and political attention given to the Russian meddling in our elections. It is well understood that it's not just the Russians trying to steal data and there are significant threats to our national security if we can't keep our systems secure.
- **"Privacy is Security"** – CUNA has adopted this new phrase to tie data security with the growing interest in data privacy, with Europe leading the way with its **European Union General Data Protection Regulation (GDPR)** and the passage of **California's Consumer Privacy Act** of 2018. The latter was prompted by the social media and other Silicon Valley tech companies selling or mishandling customer data, but will also apply to financial institutions when it goes into effect next year. The law requires a different standard for the handling of data for your California members and potentially subjects non-compliant businesses to significant fines, class action lawsuits, and injunctions. This adds a **new layer of compliance complexity for handling data** depending on the state where a member lives.
- **States are taking action because Congress is not.** The new California law is just one example, albeit the most sweeping and impactful, of states across the country taking on what really is a federal issue. Similar to other topics that aren't limited by state borders, including same-sex marriage and cannabis, state legislators (tired of Congressional inaction) are adopting the strategy of proposing data security bills they know are better handled at the federal level. The thinking is that ultimately there will be a critical mass of **states with such a patchwork of different laws** that businesses, including merchants, will beg Congress to come up with a single standard across the country.



**2. ICUL Annual Meeting/Convention** – Our decision to return to Chicago for our annual convention in April paid off big-time, with more than 850 credit union professionals responding to our call to CUINTHECITY. This is an increase over last year and reverses a trend over the last decade of declining attendance because of the shrinking number of credit unions in the state. We also had one of our biggest exhibit halls ever, with 85 vendors in a wide open layout and decorations that received a lot of great feedback. “The best convention I ever attended” and “really good breakout sessions this year” were common sentiments I heard from attendees. validating our selection

attendees. This included (at the time) NCUA Chairman Mark McWatters and CUNA President/CEO Jim Nussle, as well as other terrific keynote speakers who left the audience better informed and inspired. I may be a little biased (or maybe a lot), but I attend a lot of conferences in my role and I was sincerely impressed with the quality of the sessions I attended and bummed I had to miss a few because of timing conflicts...we'll work on that for next year. [Click here](#) for a 2 minute video of highlights and mark your calendars for April 2-4 2020 as we will be back at the Hilton for convention.

**3. State Legislative Summit (SLS)** – The last event of our “Triple Crown” was our annual day of briefings and legislator visits in Springfield, which was attended by more than 116 credit union professionals. Before embarking on our legislator visits, we had morning briefings that included an official introduction to the 3 state regulatory officials we'll working with in the Pritzker administration, including the **new IDFPR Secretary Deborah Hagen**. The Secretary admitted she doesn't have a lot knowledge or experience with financial institutions, although the League (specifically Steve Olson) has worked with her for years in her previous role in the Attorney General's office. In her new position overseeing licensing functions in the state, including all cannabis facilities, she has been heavily involved in the process of crafting a bill to allow recreational cannabis use, which is now being considered in the General Assembly. She will also be responsible for implementing any changes related to cannabis banking, including another bill that would provide protections for credit unions from enforcement actions by the IDFPR based on the credit union working with cannabis-related businesses.



IDFPR Secretary Deborah Hagen, DFI Director Francisco Menchaca, and Acting Supervisor Rob Finney

With the normal process of getting familiar with one of the larger agencies in the state, combined with being a key player in the very complex and contentious cannabis legislation, we expect Secretary Hagen will not have much time to spend on credit union issues for a while. Similar to the past, we will likely deal most closely with the **Acting Supervisor** and are pleased that **Rob Finney** has been named to

this role. He will undoubtedly have a learning curve and possibly a different view towards the department's regulatory role than we are used to, but Patrick Smith has had a long, close working relationship with Rob and is confident Rob is the right person for the job. As always, feel free to reach out to Patrick with any questions, requests, or issues with the IDFPR.

**A key part of the Legislative Summit is our visits with the state legislators**, which was complicated this year because of an unexpectedly hectic schedule of hearings and caucus meetings while we were there. Still, many of our attendees were able to catch their Senate or House representatives and give them an update on issues of importance, with maintaining the credit union state tax exemption always at the top of our list of priorities. With 51 out of 177 legislators new this session. we've had to spend a lot of our

of credit unions (my new State Senator told me she had “heard of credit unions from her Mom a long time ago” and asked “don’t credit unions have different rules than banks?”). We lost a number of high-placed and well-respected credit union champions in the General Assembly over the last few years, so **we are working hard to identify current and future leaders** who we can rely on to sponsor legislation favorable to credit unions and act as “stoppers” on the crazy proposals we see among the more than 5,500 bills submitted this year. And there are a lot of crazy bills that could impact you. For example, one proposal that has popped up in the last two sessions would ban all post-issuance fees on credit, debit, and prepaid cards, which would make Illinois the only state in the country to do this and put a dent in your non-interest income.

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## How Do You Tell People the Good Things You Do for Your Community?

A key part of what every credit union does, no matter what their size or field of membership, is give back to their community. From Antioch to Galena to Quincy to Danville to Metropolis, credit unions from all over the state provide their time, talent, and funds to better the communities in which they



operate. But how do you promote those good works so the community knows what you are doing? The Minnesota League started a new program called CU Forward several years ago to encourage credit unions to volunteer, host a fundraising event, or **participate in a community service project on the same day** and then publicize the heck out of it. We’ve borrowed their idea (we’re in the collaboration business!), changed the name to **CU Kind**, and are trying to get as many Illinois credit unions as possible to **take part in a community event on Columbus Day – October 14** – and then we’ll publicize the heck out of it. We think if we can get a critical mass of credit unions participating at the same time, we can make a pretty big splash with traditional and social media to showcase what you do.

So far, we have more than 60 Illinois credit unions express interest in participating in **CU Kind**. For some credit unions, it’s simply changing the date of something the credit union is already planning to do so it occurs on October 14. Or you may arrange for funds raised earlier to be donated to the recipients on October 14. In a cynical and divisive world, we’re hoping the press and social media embrace the very positive news of credit unions coming together on a single day to make a difference in their communities. Find out more about how you can participate in **CU Kind** [here](#).

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## **Do You Own VISA B Class Shares?**

If so, you may want to check out this [recording](#) of a webinar sponsored by LSC that provides information about VISA B Shares and the options for selling them. It features a presentation by Chip MacDonald, an attorney with Jones Day in Atlanta who specializes in financial institution transactions, including sales of VISA B shares.

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## **Mark Your Calendars!**

- Legislative Roundtable with CUNA's Ryan Donovan, St. Louis – May 31
- CUPAC Golf Outing, Bloomingdale – Jun 12
- CyberSecurity Workshop, Naperville - Jul 10 – 11
- CU CAFÉ Conference, Naperville – Jul 24-25
- ICU Foundation Golf Outing, Elk Grove Village – Sep 18
- Small Asset Credit Union Conference, Madison WI – Aug 4-7
- Hike-the-Hill, DC – Sep 25-26
- CU Kind Day, statewide – Oct 14

Please [click here](#) to view our event calendar.