

FINANCIAL QUARTERLY: CREDIT UNIONS

Officials push to stop cyber fraud

BY RANDY SOUTHERLAND
Contributing Writer

As financial services has become high tech and mobile, so has the fraud that has long plagued consumers and institutions. With these hacks of merchants becoming an almost daily occurrence, credit unions are making cybersecurity a top priority.

Credit unions are strengthening their back office IT systems to prevent the hacks of large financial institutions like Citigroup, Countrywide Financial, CheckFree and the headline making attack on JPMorgan Chase that involved the accounts of 76 million households and 7 million small businesses in 2014.

“Two things are needed,” said Philip Patrick, vice president of information technology at Georgia Credit Union Affiliates (GCUA). “One is having the right technology in place and then having someone to monitor that technology when you do put it in place. The biggest obstacle to that is money.”

Even the biggest credit unions are small compared to the major banks, so finding the funds to invest in upgrading cybersecurity systems has been tough.

Industry groups like GCUA have worked to develop shared services that include back office systems to ease the burden on small institutions.

Credit unions also have been somewhat insulated from direct hacking due to their small size and low profile. Hackers – many of whom are based overseas in places such as Russia, Iran and Eastern Europe – have focused on large financial institutions and merchants that offer a rich trove of customer data that can then be sold on the dark web to local fraudsters.

They have not escaped the fallout from massive hacks of merchants like Target, Chipotle, Arby’s, and others in which large numbers of credit card numbers are stolen and later used for fraudulent purchases.

“It impacts the credit union on the consumer side,” said Patrick. “Target gets hacked and they take millions of card numbers and some of them will be credit union cards. Then they’re going to sell them to someone and two years later a consumer’s card will be flagged on the fraud system and they will have to go to the trouble of getting a new card replaced.”

To prevent fraud, companies like Fiserv



JOANN VITELLI

Cam Segars and Laura Ryll of Peach State Credit Union work with companies such as Fiserv and FIS, which process credit and debit card transactions, to find unusual, fraudulent purchases.

and FIS that process credit and debit card transactions look for unusual purchases such as those made in a state far from the card holder’s home and can trigger a hold on the card.

“They have a neural network to monitor transactions that are posting to their cards on a live, real-time basis,” said Laura Ryll, chief operating officer/Project

Management at Peach State Federal Credit Union. “It’s constantly monitoring them. They have rules in place to prevent fraud from happening on member’s cards.”

Despite these protections, hackers are able to sell large batches of stolen card numbers organized by ZIP codes. Criminals then make phony cards and use them at stores near the victim’s home.

“That makes it very difficult for sometimes the neural network, our fraud detection, to catch that because it looks like normal spending,” said Cam Segars, senior vice president of operations at Peach State Credit Union. “They steal the data to sell it to fraudsters to make money

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Credit unions look to get stronger in mergers

BY TONYA LAYMAN
Contributing Writer

Whether it is due to financial trouble, a lack of staff or a desire to add more services for members, credit union consolidations have been on the rise for the past several years.

"The reason they consolidate varies," said Mike Mercer, president and CEO of the industry group Georgia Credit Union Affiliates.

"Sometimes the smaller credit unions get into financial trouble. It used to be when that happened they would liquidate and just sell off assets and distribute whatever they could back to the members. Today, the process is to find a merger partner – almost always with a larger credit union."

Another reason for merging is smaller credit unions often can't compete with larger financial institutions in the services they provide.

"Years ago, consumer finance was a couple of savings accounts, a checking account and a couple of loan types," Mercer said. "Today, consumers expect a lot more, like transaction accounts and mobile banking. It is getting tougher and tougher for some of the small credit unions to offer those services."

In 1985, there were 385 credit unions in the state. As of last year, there were 121, meaning about two-thirds have closed or been merged away.

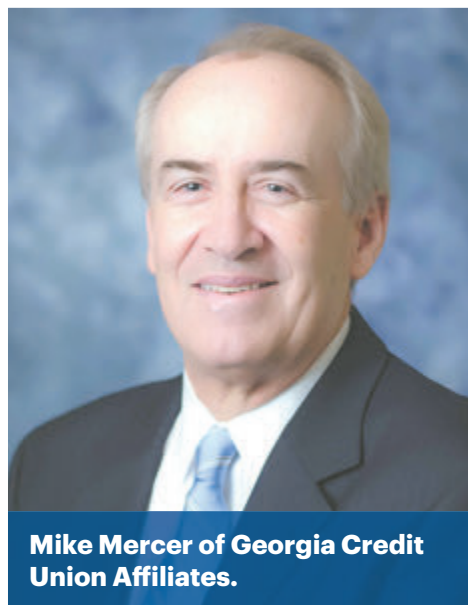
"What is a really interesting statistic to consider is that the number of banks and the number of credit unions have been tracking almost identical in the past 30 years. So consolidation is not just affecting credit unions – it really is a financial services industry situation," Mercer said.

Staffing is another reason why credit unions consolidate. It is common for a smaller union to have a manager who has been in the position for many years, who serves many roles and handles all of the transactions, compliance and risk management.

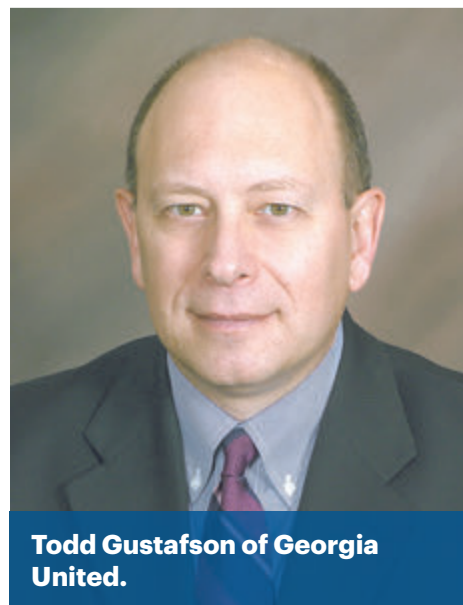
For example, when the manager of the Etowah Valley Credit Union in Cartersville retired, the board decided that was a great time to get married to a larger organization to boost services. The staffing resources needed to keep up with regulations is a big factor, said Ralph Jones, director of the Georgia Credit Union Foundation.

"There are a lot of laws that impact financial institutions that have gone into effect since the late '80s or early '90s, especially in the area of consumer protection, like fair debt collection practices and liability management. These require a lot more diligence on the part of the credit union management to keep regulators off their case," Jones said. "These are good laws but if you are a credit union with two employees it can be hard to be teller, loan officer, collector and compliance manager."

The staff currently in place may be fine with that workload because they have adapted over time but when they get ready to retire it can be a bit of a



Mike Mercer of Georgia Credit Union Affiliates.



Todd Gustafson of Georgia United.

PHOTOS/SPECIAL

CREDIT UNION MERGERS IN GEORGIA: JANUARY 2012- JUNE 2017

2012

- ▶ Georgia Department of Human Resources Credit Union – Atlanta Postal Credit Union
- ▶ Smith & Sons Credit Union – Atlanta Postal Credit Union
- ▶ DeKalb County Employees Credit Union – Peach State Federal Credit Union
- ▶ Moultrie EFCU – DOCO Credit Union
- ▶ Central State Hospital Credit Union – CGR Credit Union

2014

- ▶ Floyd County Postal Credit Union – Atlanta Postal Credit Union
- ▶ Columbus Postal Credit Union – Atlanta Postal Credit Union
- ▶ Circle 10 Federal Credit Union – MembersFirst Credit Union
- ▶ Augusta SCL Federal Credit Union – Augusta Metro Federal Credit Union
- ▶ Golden Federal Credit Union – Regional Members Federal Credit Union

2015

- ▶ SPC Federal Credit Union – Georgia's Own Credit Union
- ▶ Etowah Valley Federal Credit Union – Georgia United Credit Union
- ▶ HMC Employees Federal Credit Union – The Southern Credit Union
- ▶ Gracewood Federal Credit Union – Peach State Federal Credit Union
- ▶ Fidelity Federal Credit Union – MembersFirst Credit Union

- ▶ Macon Police Credit Union – MidSouth Community Federal Credit Union
- ▶ Nashville Mills Credit Union – Southeastern Credit Union
- ▶ Candler General Federal Credit Union – MembersFirst Credit Union
- ▶ Bedlines Federal Credit Union – Augusta Metro Federal Credit Union
- ▶ Hutcheson Memorial Federal Credit Union – Catoosa Teachers Federal Credit Union
- ▶ GDC Federal Credit Union – The Southern Credit Union

2016

- ▶ Macon Water Works Credit Union – Atlanta Postal
- ▶ Northwest Georgia Credit Union – Coosa Valley Credit Union
- ▶ Fort Gordon and Community Credit Union – Pen Fed Credit Union
- ▶ MEA Credit Union – Kinetic Credit Union
- ▶ Jeff Davis Credit Union – Robins Financial Credit Union
- ▶ Multiple Employee Group Federal Credit Union – DOCO Credit Union
- ▶ RCT Federal Credit Union – Peach State Federal Credit Union

2017

- ▶ Augusta Metro Federal Credit Union – Pen Fed Credit Union

SOURCE: GEORGIA CREDIT UNION AFFILIATES

nightmare to find someone that knows all those different things and will work for what a small credit union is able to pay," he added.

Mercer said consolidation has impacted the concentration of activity in the state's largest credit union. There are seven credit unions in Georgia with over \$1 billion in assets that account for about half of the state's credit union members and about 75 percent of checking account balances.

"We don't like the idea there are fewer credit unions but it is a fact of life. And there is more of everything else – more

members that belong than when we had lots of credit unions and more money saved in credit unions compared to back then. All the street level metrics are moving up rapidly. The overall picture of the credit unions in the state is there is good growth, just fewer names," Mercer said.

There are many good things that come from consolidation.

"Efficiency is improving. These members have access to state-of-the-art banking mobile systems, the ability to deposit checks by taking a picture of them, more loan offerings – all of the things that are facilitated by having scale. And

with better efficiency comes better rates on savings accounts and lower rates on loans," he said.

But on the flip side, members may face a lack of access for help when they need it.

"Support resources get consolidated in call centers but at least with credit unions as opposed to banks, the call centers are at least in their offices and not outsourced," he added.

Jones said answering the question "is credit union consolidation a good thing" definitely requires a mixed, complicated answer.

"Some people want to know who they are doing business with. And they want those people to know them as people, not just a FICO score," he said. "Small credit unions have that relationship and sometimes that gets diluted in a consolidation. But there are ways to add the human touch in a big operation. We as an industry have changed over the last 20 years and some credit unions have succeeded in adapting and others haven't."

For Georgia United, which has undertaken several consolidations, this has been quite successful, said Georgia United Executive Vice President Todd Gustafson.

"It is always going to be positive for us because we look at it as a partnership," he said. "A lot of smaller credit unions, and even smaller banks, are having a hard time doing well. There is increased competition, increased regulation and a lack of talent causing a lot of the small credit unions to lose members. As we build a partnership with a credit union, we create more value for that member."

Many that they have acquired haven't been able to offer their members credit cards, mortgages, lower loan rates, mobile banking or a call center. By merging, they have created more value, thus retaining more members in the credit union space.

"In many cases we already had members in those areas but didn't have a branch," he said, adding they acquired Healthcom Federal Credit Union in Dalton in addition to Etowah Valley Credit Union in 2015. They didn't acquire any in 2016 and have no plans for acquisitions this year.

These mergers followed the acquisition of the State Employees Credit Union in 2011, which was the largest credit union merger in the state and gave Georgia United the ability to serve all state employees.

Merger and acquisition in the credit union realm is a tedious process, Gustafson said, so it only makes sense when there is a great cultural fit.

"If the cultures don't fit, the marriage is not going to work," he said, aligning strategies and communicating the merge will help members of both institutions best understand how service will be enhanced.

Since credit unions are nonprofit entities, the focus of an acquisition isn't on returns to shareholders – it is all about the members and their needs, Gustafson added.

FINANCIAL QUARTERLY: CREDIT UNIONS

Hardy takes lead role with industry group

BY RANDY SOUTHERLAND
Contributing Writer

Credit unions believe there is strength in numbers and the main representative of these financial institutions is the Georgia Credit Union League.

“As an organization it really helps us to stay in front of changes in the political arena from the standpoint of new regulations that might be coming down,” said Terry Hardy, president and CEO of MembersFirst Credit Union, and recently elected chairman of the Georgia League. “They are a very important advocate for credit unions in Georgia. They are recognized nationwide in their advocacy efforts. We have folks that are well respected in the capital building in Georgia as well Washington, DC. That’s been one of the most important functions of the Georgia League for many years.”



Terry Hardy

Hardy is serving a two-year term as chairman of the board of the state trade association. The organization represents Georgia’s 114 credit unions which have combined assets of more than \$21 billion and serve more than 2.1 million members.

As credit unions face an increasingly challenging economic and regulatory environment, the role of the league has never been more important. In recent years, it has been at the forefront of campaigns for freeing credit unions from some of the more onerous federal regulations. Aimed at preventing abuses by large Wall Street firms, these rules ended up applying a “one size fits all” approach that put a substantial burden on small financial institutions, Hardy said. Georgia credit unions pay an estimated \$114.2 million annually, according to one study. Of that total \$94.4 million went for increased regulations while the remaining \$19.8 million represented lost benefits to members.

“Regulation has continued to be a challenge with new regulations being added on top of a wide array of (other) regulations,” said Hardy. “We just want to make sure the folks that are writing the laws are aware of the struggles that we have complying with all the things that are happening right now in the regulatory world.”

As banking has moved increasingly online and younger members demand more mobile banking services, credit unions cannot afford to spend funds on regulations that could be used to upgrade services. While federal agencies have exempted small credit unions from some rules, others, like new disclosure requirements for loans and mortgages, still apply to all credit unions.

“We’re working to make them understand that credit unions should really be exempt from those new requirements and that we are not the cause of the problems

they are trying to remedy,” said Hardy. “There is an enormous amount of expense related to complying with regulations and disclosure. It will always add cost and a lot of the disclosure requirements being added in the new mortgage loan area are going to involve drastic changes to our IT system to be able to collate and track this information.”

Even as the number of members and assets have grown, the number of credit unions in the state has declined. Credit unions hit an all-time high at 478 in Georgia in 1977. Today, after decades of mergers and larger credit unions acquiring smaller

ones, the population is just 114.

While credit unions face significant challenges, there are also positive signs of growth. Assets and membership have been growing since the Great Recession. Last year loan growth for the industry was about 10 percent and savings are increasing at a rate of 5 to 6 percent, according to Georgia Credit Union Affiliates.

Credit unions play a vital role in economic development. Along with providing members with home and car loans and other financial tools, some of the larger institutions offer business lending. The Georgia League’s job continues to be

telling this story of the vital role credit unions play in the community. It also serves as a means for giving credit unions a broader view of the financial and economic landscape in which they operate, according to Hardy.

“We get wrapped up in our world of running our own credit unions and we can’t always stay up to speed on everything that is happening,” said Hardy. “It’s good to have a resource like the Georgia League to help collate the information flowing down and give us the relevant data. To let us know there’s something we need to be looking at.”

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FINANCIAL QUARTERLY: CREDIT UNIONS

Collaboration increases credit unions' efficiency

BY KAREN COHEN
Contributing Writer

Last September, eight credit unions joined together and launched Members Core Alliance. The goal was to provide participating credit unions a way to outsource its core data processor to a common platform.

"Credit unions exist to form a group of people helping people. MCA is just an extension of that," said Barry Heape, president and chief executive officer of DOCO



Barry
Heape

Credit Union and vice chairman of MCA. "We created MCA so each credit union could benefit from the resources of the whole group."

MCA utilizes a credit union service organization (CUSO) structure to centralize management and create a data processing solution through its technology partner, Fiserve.

"In the last 25 years, Georgia credit unions have been looking to work together on a core processing platform that would enable credit unions to share resources and ultimately save money and increase efficiency," said John Kerley, chief operating officer of Cooperative Services Inc. and MCA.

John
Kerley

The eight credit unions currently participating in the MCA are Health Center Credit Union, DOCO Credit Union, United 1st Federal Credit Union, Family First Credit Union, North Georgia Credit Union, Members First Credit Union, Marshland Credit Union and CGR Credit Union.

Currently, Health Center Credit Union, DOCO Credit Union, Family First Credit Union and CGR are live and actively using the software platform. Kerley says there are three additional credit unions under contract to use the system; two are expected to go live in 2018 and one more in 2019.

"Our goal is to have 25 to 30 credit unions using the system in the next five to seven years," said Kerley. "This includes looking at credit unions outside of Georgia. We want to implement this concept on a national scale."

MCA provides opportunities for small-to-medium sized credit unions that may not have as much leverage when dealing with technology vendors. "Having just over 7,200 members does not carry a lot of weight when negotiating a contract," said Stacy Tallent, president and chief

executive officer of Health Center Credit Union and board chairman of MCA.

"However, when combined to represent more than 100,000 members, we suddenly get some attention. Our overall processing expenses



Stacy
Tallent

have decreased more than 10 percent even after adding new products and services that were not previously available," he said. And, as the banking industry's regulatory environment is ever-changing, MCA allows the compliance aspects of the credit unions to be centralized and managed by the CUSO. "Credit unions are being held to higher standards as a result of the 2008 crash," said Kerley. "MCA enables the credit unions to centralize compliance issues and leverage expertise."

"For credit unions to be competitive with banks such as SunTrust and Wells Fargo, they need to figure out a way to lower their cost and increase expertise."

JOHN KERLEY,
Cooperative Services Inc.

Kerley also says collaborating through MCA helps credit unions compete with the larger banks. "For credit unions to be competitive with banks such as SunTrust and Wells Fargo, they need to figure out a way to lower their cost and increase expertise," he said. "Through the MCA, credit unions are able to offer more and different products, while also cutting cost and increasing operational efficiency."

Heape says MCA intends to eventually merge back offices. "Once we get to that point, we are just credit unions helping each other serve its members more efficiently," he said. "The best way to accomplish that is for all credit unions in the group to be on the same core system. And, as we all know, in today's environment, efficiency is king."

Tallent says the future is bright for MCA. "The first credit unions to convert to the new platform are already seeing cost savings that will only improve as we continue to grow," she said. "As we continue to grow our credit union base, we continue to strengthen our position with the technology provider. Not only will there be financial gains, but enhancements to the product will be driven by the CUSO and not the provider."

FINANCIAL QUARTERLY: CREDIT UNIONS

Alliance helps make ATMs more available

BY BILL CHASTAIN
Contributing Writer

Credit unions fight a constant battle to remain competitive with banks, particularly where convenience and technology are concerned. Members ATM Alliance (MAA) addressed the problem by solving the riddle of how to offer ATMs to their members.

"Around 70 percent of all people who opened checking accounts in 2015 or 2016 said it was based on the numbers of ATMs they had availability to," said John Kerley, who is the chief operating officer of CSI, which runs the MAA. "But credit unions have kind of had a disadvantage just because of the prohibitive costs of ATM machines."

Still, credit unions recognized they needed to have ATMs because ATMs allow members to access their funds 24 hours a day.

"Without that we could not serve our membership as effectively or efficiently," said Barry Heape, president/CEO DOCO Credit Union.

Costs associated with offering an ATM run deeper than the physical cost of the machine. There's annual software-hardware maintenance, cash servicing on the machines, and daily work that must be done, including



John
Kerley

balancing and making sure all cash and deposits are accounted for.

Kerley called CSI a "think tank" that looks at problems credit unions have. Once they identify a problem, they try to build a cooperative solution to

boost efficiency and lower costs.

Not being able to offer ATMs "was just a problem that a large group of credit unions were having," Kerley said. "Many of them simply couldn't afford to put enough ATM machines out for their members. They were looking at expensive solutions to piggyback on other people's ATMs or those types of things. And then they couldn't offer deposits or loan payments, that type of thing. We created a business plan and looked at how we could be the outsourcing partner. From that came the Members ATM Alliance."

MAA's harnessed the strength of cooperation and used the power of credit unions working together. MAA purchases the ATMs for the credit unions, manages the machines, does the maintenance and the servicing.

"We do everything for them," Kerley said. "Which lowers their costs, but it also keeps them 100 percent in compliance. It keeps them up to date with any new product or service that may come down the pike for ATM machines. It also gives their members a larger network of ATMs from which they can make withdrawals, deposits, loan payments."

For example, volume discounts helped reduce costs with NCR for the purchase of the actual machines, and with Elan, the service provider.

Currently, MAA has 109 ATMs across the state of Georgia and those machines are executing approximately 450,000 transactions a month.

"Based on our volume, we started getting much larger discounts than any single credit union could get," Kerley said.

Pat Conn, of United 1st Credit Union, said that employing MAA's services has made a "huge difference."

"We were able to unleash our staff from hours spent operating and maintaining our ATMs," Conn said. "We also increased our ATM fleet footprint

by joining the alliance. In addition, our capital outlay was eliminated while we kept our branding. Members ATM Alliance enables United 1st to serve members with the most up-to-date technology, including check and cash deposit taking capabilities."

Roy Bibb, president of MidSouth Community Federal Credit Union, said MAA has been invaluable for what they've provided.

"MidSouth was going to have to update our entire ATM fleet to provide a heightened level of security and these additional features," Bibb said.

"By choosing to partner with [MAA] this provided us with a more cost-effective approach and also outsourced the management of the ATM fleet."

MAA's goal over the next two to three years is to have about 250 to 300 machines in state of Georgia, and to start to branch out to neighboring states.

"There may be other state organizations that look to build something similar [to what has been built in Georgia], and they may use us as a play-book," Kerley said.

"And we already have this. The more machines that you can add, the more value that adds to the consumer."

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FINANCIAL QUARTERLY: CREDIT UNIONS

Not ready to retire, Ralph Jones helps Georgia credit unions navigate changes in industry

BY ALEX SODERSTROM
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Although it seems unlikely the Georgia Credit Union Foundation would have targeted a retired, self-described '60s hippie as the newest addition to its board of directors, Ralph Jones is exactly who the foundation wanted.

Jones, 70, took the position of executive director at the Duluth-based non-profit, which provides assistance to small credit unions all across Georgia, in April of 2016. Since then, Jones has been bringing his expertise from more than 45 years in the industry to credit unions in the state needing help.

"[Jones] is a guy who really believes credit unions are an effective tool to help people live a better life," said Georgia Credit Union Affiliates CEO Mike Mercer, who hired Jones.

Jumping into the credit union industry in 1969, shortly after graduating from Georgia Tech, Jones said it was the idealistic appeal of credit unions that caught his interest and kept it for more than four decades.

"The idea is, if you walk in, my goal

is to make you walk out smarter and in better control of your financial affairs than when you walked in," Jones said. "If I can do that, then I've done a good thing."

Throughout the 1970s and 1980s, Jones worked with and led credit unions that were at the forefront of the industry in Georgia, instituting policies which were not commonplace for credit unions at the time. Those innovations, which Jones said today seem trivial, included risk-based pricing, credit scoring on loans, and offering checking accounts.

Jones' career path seemed to lead him to retirement in 2016, when he stepped down as the president of Credit Union Loan Source. But Jones said he enjoyed working with credit unions too much to leave the industry completely.

Mercer soon reached out to Jones about coming to work for the foundation, an opportunity Jones pounced on.

"The guy who heads our IT said, 'I'm going to buy you a dictionary for Christmas, so you can look up the word retirement,'" Jones said with a laugh.

Jones typically works two days a week, consulting with Georgia credit unions



A colleague told Jones he would buy him a dictionary for Christmas, so he could look up the word retirement.

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whose assets total less than \$50 million. He is able to use his experience to help credit unions, he said, while avoiding dealing with the personnel issues and fundraising events which took up his time in past positions.

Just like the continual advancements he saw over the years he worked in the industry, Jones said credit unions today face a number of changes, many of which are difficult for small credit unions to cope with.

The biggest culprits, Jones said, are the Consumer Financial Protection Bureau's increased regulations, which Jones likened to "trying to kill a gnat with a rocket." CFPB regulations are the same for large and small credit unions. This puts more stress on smaller credit unions, which have fewer employees, to be in compliance.

Also, Jones said small credit unions often have difficulties keeping up with advancing technology, which he said is key to staying competitive with larger credit unions and banks. The ability to deposit a check through a smartphone or access an account online are developments customers have come to expect from their

credit unions, Jones said.

As an example, Jones mentioned he was working with a credit union manager who has never had a website for his customers. The GCUF, Jones said, would be picking up a portion of the cost to set one up.

Both of these areas of assistance fall under the foundation's main emphasis: education. Over half of what the foundation spends goes towards offering discounted webinars and classes for managers of credit unions in Georgia, teaching them how to run their credit unions better and comply with financial regulations.

Ultimately, Jones said his role is only one part of a community of credit unions trying to best serve their members.

To put his role in perspective, Jones points to a passage from the classic text "Tao Te Ching," in which ancient Chinese philosopher Lao Tzu said, "The Master doesn't talk, he acts. When his work is done, the people say, 'Amazing. We did it, all by ourselves!'"

"We as a group of people make things happen," Jones said. "Each of us doing what we do and doing it well."

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FINANCIAL QUARTERLY: CREDIT UNIONS

Atlanta's Westside lands new 'financial capability center'

BY PHIL HUDSON
phudson@bizjournals.com

Atlanta-based Equifax Inc. and New York-based National Federation of Community Development Credit Unions will open a financial center in Atlanta's Westside.

The financial center, On the Rise Financial Capability Center, will provide Atlanta's Westside community with affordable banking, alternatives to payday loans, affordable home mortgages and a suite of financial services.

The center will be located at 810 Joseph E Boone Boulevard while the center's partners are in consultation with the Westside community agency, Quest Community Development Organization, on a design of a permanent location.

Equifax (NYSE: EFX) said the Equifax Foundation and Community Affairs staff, in concert with The Arthur M. Blank Family Foundation and other key partners, has been on the ground in the Westside developing a long-term strategy focused on improving the financial futures of the families in the community for the past two years. Invest Atlanta, Atlanta's economic development agency, has awarded a Westside Tax Allocation District Community Improvement Fund grant to provide equipment and furnishings for the center.

The center recently began holding group financial education classes, one-on-one financial counseling and coaching, education for home ownership, and access to financial products and services. 1st Choice Credit Union, BOND Community Credit Union, Credit Union of Atlanta, and Peach State Federal Credit Union will help staff these educational activities and provide additional support with financial products and services.

Federation President and CEO Cathie Mahon said the financial resources and education the center provides will allow residents to participate and benefit from Westside Atlanta's revitalization.

The federation's partnership with Equifax was announced in June 2016.

Atlanta Business Chronicle reported in November The Herman J. Russell Center for Innovation and Entrepreneurship



The financial center will provide affordable banking, alternatives to payday loans and affordable home mortgages.

RENDERING/SPECIAL

scored more than \$2.9 million from the U.S. Department of Commerce to fund the design and renovation of an existing building for development of the Russell Center for Innovation and Entrepreneurship in Atlanta.

The Department of Commerce reported the new facility will provide space for more than 100 emerging entrepreneurial companies to support long-term disaster recovery efforts by adding economic

resiliency to the city through increased economic diversification. In addition, the project will be a model of public/private partnership to create economic opportunity and inclusive innovation and catalyze transformation of the Atlanta Westside, a designated Promise Zone area.

The \$2.9 million investment is part of 22 awards totaling \$14.4 million in investments from the Department of Commerce to boost economic activity in the

nation's high-poverty urban, rural, and tribal communities. The awards will provide funding in 17 communities to stimulate economic growth and opportunity in distressed areas by aligning federal government partners with local leaders to deliver comprehensive economic development planning and support to the Obama administration's Promise Zone Initiative.

CONTINUED FROM PAGE 1B

off it. They buy gift cards and sell those gift cards cheaper for cash."

The credit unions that issue the compromised cards usually end up absorbing the costs of fraud. When a fake card is swiped in a transaction – "card present fraud" in industry jargon – the issuers have no charge back rights.

The biggest change in cybercrime is the culprits. At the beginning of the Internet age, hackers were usually smart kids who broke into networks for thrills and street cred. Now they're almost elusively

sophisticated criminals running large, well-financed organizations with plenty of research and computing power at their fingertips, according to Greg Ness, vice president of Vidder, a provider of access control solutions for internal computer networks.

"The game has changed from Bonnie and Clyde to the guy who is living in another county and coming in through malware placed on a device," said Ness. "From there they capture passwords and other information so they can pose as a customer and have access and transfer the money somewhere else."

Hackers have a relatively easy time evading firewalls by sending "phishing" emails to employees. These emails look authentic and usually seem to be coming from a person the victim knows, but are loaded with malware. Once the employee clicks on the email, the malicious program is installed and attackers can move around the company's IT systems. Malware can even be hidden in the drivers for a desk top printer.

Email-based malware was the source for 61 percent of attacks, according to Verizon's 2017 Data Breach Investigations Report.

Most credit unions attempt to educate both members and employees about the dangers of clicking on suspect emails – even those that look real.

"There is good education (on cyber fraud) out there to help folks know not to respond to certain things and not to click on certain types of emails," said Dawn Colegrove, GCUA's vice president of marketing and business development. "The fraudsters work hard and they're trying to put something out there that looks legitimate."

FINANCIAL QUARTERLY: CREDIT UNIONS

Awards programs highlight credit unions' service culture

BY GARY MCKILLIPS
Contributing Writer

Many organizations have a commitment to their communities, be it through philanthropic efforts or hands-on projects. For credit unions, however, this commitment is more than just part of what they do.

"It's in their DNA," said Angi Harben, director of communications/lobbyist for Georgia Credit Union Affiliates. "As non-profit organizations," Harben noted, "credit unions have a service-driven culture as opposed to a profit-driven culture. They are doing amazing things every day in the areas of community service and financial literacy."

To bring attention to these efforts, CUNA (Credit Union National Association) developed four national awards programs. The Dora Maxwell award recognizes credit union efforts to strengthen local institutions and materially improve the lives of nonmembers through community outreach programs. The Louise Herring award recognizes efforts to materially improve credit union members' lives through programs other than personal finance education. There are also two awards, the Desjardins Youth and Adult Financial Education Awards, recognizing efforts to teach personal finance concepts and skills to members and nonmembers. Harben said the awards are administered at the state level with state winners advancing to national competition.

In 2015, Georgia United Credit Union won the Maxwell award and, in 2016, Associated Credit Union took first place nationwide in the Herring competition.



SPECIAL

Shawn Turpin, Georgia United, which won for School Crashers program.

Georgia United's winning entry was School Crashers, a unique program that offers local schools an opportunity to apply for a "makeover" of their facilities. Associated Credit Union's winning entry was for its Rate Reward Auto Loans, which allow those with lower credit scores to reduce the interest rates on their loans. Both programs are ongoing.

Shawn Turpin, senior vice president of sales and services for Georgia United, said the School Crashers program stemmed from the credit union's historical association with education. Georgia United dates back 59 years to when it was known as Dekalb County Teachers Federal Credit Union.

With education as its calling card,



SPECIAL

Tom Maiellaro, Associated, which won for Rate Rewards Auto Loan.

Turpin said the School Crashers program was devised in a brain-storming session in which staff members were looking for new ways to help schools and the community. The term "crashers" refers to the concept of taking rapid action to solve a pressing problem.

The program is available to any accredited school in the state of Georgia. In 2017, 300 nominations were received and seven schools were selected. The planned improvements range from multiple facility upgrades and new carpets at Camby Lane Elementary School in Decatur to media center improvements at Fairington Elementary in Lithonia. So far, the four-year-old effort has helped 25 schools.

Turpin said, "We're not in the

construction business, but we partner with the local school districts and leverage what they can do with what we can do." The partnership involves the school, the school district, parents and students. Corporations such as Mohawk Carpet and Home Depot also help by donating such items as commercial grade carpeting, building supplies, equipment and other materials.

Associated Credit Union's award-winning entry supports another credit union tenet – serving the underserved. Tom Maiellaro, vice president of marketing for Associated, said that principle is the driving force behind the Rate Rewards Auto Loan program. "Credit unions do not have shareholders, but members," he noted. "Anyone who becomes a member basically owns part of the credit union. The profits go back to offer lower rates on loans and higher interest on such things as checking and saving accounts."

Maiellaro explained the Rate Rewards Auto Loan is offered to those members with "good credit, not great credit." Once the loan is granted, and is paid on time for 12 consecutive months, the rate will be lowered by one percentage point. The same is true after 24 and 36 months, making the three-year reduction as much as three percentage points. Maiellaro said this not only helps members pay their auto loans on time, but, if they do everything else correct, improves their credit score as well.

There are 114 credit unions in Georgia with more than 2 million members. Central to the mission of each is service to its members and the community, or as Harbin says, "At the heart, there is a heart!"



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GEORGIA'S TOP 50 CREDIT UNIONS

RANKED BY TOTAL ASSETS

	Credit union ¹ Website / Prior rank	Address Phone	Total assets	Total loans	Total savings	Number of members	Number of full- time employees	CEO	Year established
1	Delta Community Credit Union deltacommunitycu.com ①	3250 Riverwood Pkwy., Atlanta, GA 30339 404-715-4725	\$5.29 billion	\$4.02 billion	\$4.61 billion	349,970	877	Hank Halter	1940
2	Robins Financial Credit Union robinsfcu.org ②	803 Watson Blvd., Warner Robins, GA 31093 478-923-3773	\$2.22 billion	\$1.29 billion	\$1.82 billion	175,430	379	John Rhea	1954
3	Georgia's Own Credit Union georgiasown.org ③	1155 Peachtree St. N.E., #100 Atlanta, GA 30309 404-874-1166	\$2.14 billion	\$1.68 billion	\$1.76 billion	186,028	397	David Preter	1943
4	Atlanta Postal Credit Union apcu.com ④	3900 Crown Rd., Atlanta, GA 30380 404-768-4126	\$2.09 billion	\$1.32 billion	\$1.84 billion	111,653	219	Donald DeCinque	1925
5	Associated Credit Union acuonline.org ⑤	6251 Crooked Creek Rd., Norcross, GA 30092 770-448-8200	\$1.47 billion	\$998.99 million	\$1.27 billion	159,962	306	C. Lin Hodges	1930
6	Georgia United Credit Union gucu.org ⑥	6705 Sugarloaf Pkwy., Duluth, GA 30097 770-476-6400	\$1.2 billion	\$802.24 million	\$1.02 billion	156,607	307	Debbie Smith	1958
7	LGE Community Credit Union lgeccu.org ⑦	430 Commerce Park Dr. S.E., Marietta, GA 30060 770-424-0060	\$1.17 billion	\$934.02 million	\$975.18 million	103,411	209	Chris Leggett	1951
8	Kinetic Credit Union kineticcu.com ⑧	1251 13th St., Columbus, GA 31901 706-320-8500	\$377.87 million	\$281.9 million	\$334.08 million	49,206	158	Janet Davis	1956
9	The Southern Credit Union southernonline.org ⑨	430 E. Lanier Ave., Fayetteville, GA 30214 770-719-1111	\$363.99 million	\$142.28 million	\$322.87 million	32,512	83	Ray Hull	1963
10	Peach State Federal Credit Union peachstatefcu.net ⑩	1505 Lakes Pkwy., #100 Lawrenceville, GA 30043 678-889-4328	\$334.62 million	\$192.25 million	\$301.98 million	48,279	125	R. Marshall Boutwell	1961
11	CDC Federal Credit Union cdcfcu.com ⑪	2301 Parklake Dr. N.E., Atlanta, GA 30345 404-325-3270	\$291.51 million	\$85.15 million	\$266.85 million	18,332	57	Elizabeth "Betsy" Mercier	1949
12	Coosa Valley Credit Union myvcvu.org ⑫	2010 Redmond Cir. N.W., Rome, GA 30165 706-235-8551	\$286.9 million	\$197.62 million	\$256.82 million	38,932	81	Andy Harris	1954
13	Credit Union of Georgia cuofga.org ⑬	3048 Eagle Dr., Woodstock, GA 30189 678-486-1100	\$274.14 million	\$154.04 million	\$245.79 million	32,045	72	Jerry Ragan	1960
14	MidSouth Community Federal Credit Union midsouthfcu.org ⑭	4810 Mercer University Dr., Macon, GA 31210 478-471-9946	\$241.58 million	\$163.21 million	\$208.68 million	36,062	84	Roy Bibb	1936
15	Southeastern Credit Union southeasterncu.com ⑮	3501 N. Valdosta Rd., Valdosta, GA 31602 229-244-2732	\$228.78 million	\$142.75 million	\$204.32 million	29,312	74	E. Michael Gudely	1953
16	DOCOCU Credit Union dococu.com ⑯	107 N. Westover Blvd., Albany, GA 31707 229-435-1715	\$218.32 million	\$139.53 million	\$193.13 million	38,030	83	Barry Heape	1959
17	Aflac Federal Credit Union aflacfcu.net ⑰	1104 Lockwood Ave., Columbus, GA 31906 706-596-3239	\$191.4 million	\$31.03 million	\$158.72 million	16,888	10	Roy McLeod	1964
18	MembersFirst Credit Union membersfirstga.com ⑱	2050 Lawrenceville Hwy., Ste. C-40 Decatur, GA 30033 404-978-0080	\$182.73 million	\$126.57 million	\$159.95 million	26,801	69	Terry Hardy	1953
19	Coca-Cola Credit Union creditunion.coca-cola.com ⑲	One Coca-Cola Plz. N.W., Atlanta, GA 30313 404-676-2586	\$182.04 million	\$115.54 million	\$164.14 million	14,115	43	Rob Hatefi	1965
20	POWERCO Federal Credit Union powerco.org ⑳	241 Ralph McGill Blvd. N.E., Atlanta, GA 30308 404-506-3750	\$176.65 million	\$73.25 million	\$153.75 million	19,966	34	Leta Stepp Reeves	1935
21	Emory Alliance Credit Union emoryacu.com ㉑	1237 Clairmont Rd., Decatur, GA 30030 404-329-6415	\$148.02 million	\$84.3 million	\$134.85 million	18,601	38	Chris Culberson	1968
22	United 1st Federal Credit Union united1stfcu.org ㉒	162 N. Gross Rd., Kingsland, GA 31548 912-882-4630	\$138.87 million	\$83.68 million	\$119.95 million	22,039	79	Patrick Conn	1943
23	Marshland Credit Union marshlandfcu.coop ㉓	3650 Community Rd., Brunswick, GA 31520 912-279-2000	\$137.3 million	\$69.79 million	\$115.11 million	13,077	50	Jeffrey Holcombe	1953
24	GeoVista Credit Union geovistacu.com ㉔	601 W. Oglethorpe Hwy., Hinesville, GA 31313 912-368-2477	\$130.96 million	\$76.61 million	\$119.31 million	30,041	74	Elaine Tuten	1964
25	Interstate Unlimited Federal Credit Union iufcu.org ㉕	705 W. Cherry St., Jesup, GA 31545 912-427-3904	\$129.36 million	\$96.09 million	\$106.19 million	20,116	46	Stacie Branch	1968

¹ List includes credit unions chartered in Georgia, as listed by the National Credit Union Administration. All figures are current as of Dec. 31, 2016.

SOURCE: National Credit Union Administration and Georgia Credit Union Affiliates



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GEORGIA'S TOP 50 CREDIT UNIONS

RANKED BY TOTAL ASSETS

	Credit union ¹ Website / Prior rank	Address Phone	Total assets	Total loans	Total savings	Number of members	Number of full- time employees	CEO	Year established
26	Augusta Metro Federal Credit Union youramfcu.org 25	205 Davis Rd., Augusta, GA 30907 706-854-6140	\$114.77 million	\$91.71 million	\$102.46 million	22,463	52	Sherry Saxon	1961
27	GEMC Federal Credit Union gemc.org 27	2100 E. Exchange Pl., #101 Tucker, GA 30084 470-514-3000	\$113.55 million	\$77.33 million	\$100.88 million	12,655	26	Denise Swan	1969
28	Excel Federal Credit Union excelfcu.org 28	5070 Peachtree Industrial Blvd., Peachtree Corners, GA 30071 770-441-9235	\$101.68 million	\$67.79 million	\$80.95 million	13,984	42	Gary Nalley	1952
29	Georgia Heritage Federal Credit Union gaheritagefcu.org 30	1085 W. Lathrop Ave., Savannah, GA 31415 912-236-4400	\$93.46 million	\$70.89 million	\$80.57 million	9,610	30	Dale Taratuta	1940
30	Family First Credit Union ffcuga.org 29	3604 Atlanta Ave., Hapeville, GA 30354 404-768-4980	\$93.05 million	\$48.77 million	\$81.66 million	12,486	29	Stephen Smith	1930
31	CGR Credit Union cgrcu.org 31	2040 Ingleside Ave., Macon, GA 31204 478-745-0494	\$83.09 million	\$35.47 million	\$67.68 million	12,609	32	Jerry Jordan	1971
32	Platinum Federal Credit Union platinumfcu.org 34	2035 Sugarloaf Cir., Duluth, GA 30097 404-297-9797	\$81.88 million	\$61.57 million	\$70.25 million	8,090	34	Kabir Laiwalla	1999
33	Mutual Savings Credit Union mutualsavingscu.org 37	10 Peachtree Pl. N.E., Atlanta, GA 30302 404-584-4754	\$76.57 million	\$42.16 million	\$67.19 million	6,266	12	Jennifer Fiorenza	1933
34	HALLCO Community Credit Union hallccu.org 35	2601 Limestone Pkwy., Gainesville, GA 30501 770-534-4255	\$76.23 million	\$45.52 million	\$68.67 million	11,676	28	Joe Foster	1971
35	Pinnacle Credit Union pinnaclecu.org 33	536 N. Ave. N.E., Atlanta, GA 30308 404-888-1622	\$71.22 million	\$33.55 million	\$65.98 million	9,919	22	Matthew Selke	1926
36	CORE Credit Union corecu.org 39	43 N. Main St., Statesboro, GA 30459 912-764-9846	\$70.81 million	\$54.9 million	\$63.27 million	9,574	32	Robert "Bob" Clampett	1974
37	Workmen's Circle Credit Union workmenscirclecu.com 42	527 Stephenson Ave., #2 Savannah, GA 31405 912-356-9225	\$69.5 million	\$45.91 million	\$56.1 million	1,347	6	Chris Miltiades	1950
38	Augusta VAH Federal Credit Union avahfcu.org 36	1267 Augusta W. Pkwy., #34 Augusta, GA 30909 706-855-2224	\$67.13 million	\$44.03 million	\$56.87 million	9,878	28	Phyllis Cochran	1953
39	Southeast Federal Credit Union southeastfcu.org 45	665 Historic 441 Hwy., Cornelia, GA 30531 706-776-2145	\$63.55 million	\$47.37 million	\$53.73 million	7,361	37	John Fair	1975
40	Credit Union of Atlanta cuatlanta.org 38	670 Metropolitan Pkwy., Atlanta, GA 30310 404-658-6465	\$61.59 million	\$25.08 million	\$54.72 million	17,767	29	Allen Upchurch	1928
41	Members United Credit Union membersunitedcreditunion.org 43	1115 N. Westover Blvd., Albany, GA 31707 229-439-1448	\$61.36 million	\$42.44 million	\$51.87 million	10,788	29	Liz Gilmore	1934
42	Altamaha Federal Credit Union altamaha.org 44	407 S. First St., Jesup, GA 31545 912-427-8924	\$56.27 million	\$32 million	\$47.23 million	8,678	20	Cheryl Spires	1955
43	Georgia Power Northwest Federal Credit Union gpnwfcu.org 48	906 N. Broad St. S.E., Rome, GA 30161 706-232-6871	\$53.37 million	\$23.41 million	\$48.14 million	6,450	15	Marcia Tidmore	1935
44	North Georgia Credit Union ngcu.org 46	1067 Mize Rd., Toccoa, GA 30577 706-886-1441	\$52.22 million	\$40.92 million	\$45.93 million	9,371	25	Brian Akin	1982
45	Health Center Credit Union hccu.coop 47	1424 Walton Way, Augusta, GA 30901 706-434-1600	\$49.81 million	\$36.4 million	\$44.4 million	7,861	24	Stacy Tallent	1976
46	Southern Pine Credit Union southernpinecu.org 49	5495 Clyattville-Lake Park Rd., Valdosta, GA 31601 229-559-3311	\$45.73 million	\$24.59 million	\$37.78 million	2,136	5	Leah Lehman	1954
47	BOND Community Federal Credit Union bondcu.com 50	433 Moreland Ave. N.E., Atlanta, GA 30307 404-525-0619	\$41.53 million	\$17.72 million	\$37.86 million	3,672	11	Craig McDonald	1972
48	On the Grid Financial cuonthegrid.com *	5901-A Peachtree Dunwoody Rd., #275 Atlanta, GA 30328 770-396-9005	\$38 million	\$22.2 million	\$32.29 million	5,669	8	Emily James	1935
49	Lanier Federal Credit Union lanierfcu.org *	3718 Mundy Mill Rd., Oakwood, GA 30566 770-503-1765	\$33.44 million	\$18.64 million	\$30.03 million	4,942	12	Robin Simpson	1969
50	Piedmont Plus Federal Credit Union piedmontplus.org *	2727 Paces Ferry Rd., Bldg. 2, #370 Atlanta, GA 30339 678-505-8226	\$33.44 million	\$14.23 million	\$28.56 million	8,813	20	Laron Maloney	1974

¹ List includes credit unions chartered in Georgia, as listed by the National Credit Union Administration. All figures are current as of Dec. 31, 2016.
*Not ranked or not relevant

SOURCE: National Credit Union Administration and Georgia Credit Union Affiliates

— 2017 —

ATLANTA **BUSINESS CHRONICLE** EVENTS

MOST ADMIRED CEO AWARDS

The Foundry at Puritan Mill
August 24 | 6:00 - 9:00 P.M.

GOVERNOR'S INTERNATIONAL AWARDS

Atlanta History Center
October 5 | 6:00 - 9:00 P.M.

40 UNDER 40

The Foundry at Puritan Mill
November 9 | 6:00 - 9:00 P.M.

BEST PLACES TO WORK AWARDS

InterContinental Buckhead
September 6 | 6:00 - 9:00 P.M.

WOMEN WHO MEAN BUSINESS

October 19 | 6:00 - 9:00 P.M.

GROW GEORGIA SUMMIT

Cobb Energy Performing Arts Centre
November 16 | 7:30 - 11:30 A.M.

SMALL BUSINESS PERSON OF THE YEAR

Georgia Aquarium
September 21 | 7:30 - 9:30 A.M.

HEALTH CARE 20/20

Cobb Energy Performing Arts Centre
October 26 | 7:30 - 11:30 A.M.

BUSINESS OF ENTERTAINMENT

December 7 | 7:30 - 11:30 A.M.

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