

JULY 2018

NEWS.CUNA.ORG

CREDIT UNION

M A G A Z I N E

What Matters Most When Disaster Strikes





Everything Your
Members Need—
Anywhere They Need It
Our Venture. Your Gain.

Total Control for Delivering Digital Experiences

Command unmatched flexibility when building your mobile suite of services. PSCU's diverse offering of mobile services now includes advanced APIs that enable our credit unions to completely control the branding, personalization, functionality and integration of real-time information—creating the ultimate member experience.

Payments | Risk Management | Analytics | Loyalty | Mobile
24/7/365 Contact Center | Marketing | Strategic Consulting

PSCU 

pscu.com
844.367.7728



ORINATION INNOVATION

FASTER LENDING TODAY. READY FOR TOMORROW.

Lending 360 is the all-in-one loan and account origination system that delivers a world-class member experience. Featuring 1,800 decision variables analyzed in seconds, Lending 360 lets you create and automate workflows to transform your entire lending and member process. With an ever-increasing lineup of system integrations, it has everything you need today, while positioning you for success tomorrow.

Experience the best of all worlds, where credit union insight meets transformative lending solutions.

Start the journey at CUDIRECT.com/Lending360.



FEATURES

22

Disaster Lessons Learned

If you wanted a learning lab for credit union disaster recovery, 2017 and early 2018 provided the “perfect storm” of devastating events. Hurricanes, floods, and wildfires provided vital lessons about what works—and what matters—when credit unions come to the aid of their staff, members, and communities.



28

Build a Better Team

Employees committed to working together are a critical component of a thriving credit union. The first step in team-building is to define the credit union’s strategy. Only when you have determined what you want to accomplish can you translate that to job functions.

34

Road Rules for Directors

As financial institution governance becomes more complex, the rules of the road become more detailed, strategically demanding, and uncertain. Seven rules can put boards on the road to success.



ABOUT THE COVER

Sean Kaley, chief operations officer for Kauai Government EFCU (back), and two community volunteers load gas-powered water pumps for the town of Haena, Hawaii, which experienced extreme flooding following historic rainfalls.

(Photo courtesy of KGEFCU.)

TRAVEL MORE

with CUMONEY® Visa TravelMoney®



Easy to use | EMV | Travel Benefits



For more information:
800.942.7124 | www.lsc.net

The CUMONEY Visa TravelMoney Prepaid debit card:

- Helps secure your members' personal information when they travel
- Is super easy to manage with the CUMONEY mobile app
- Is safer than cash
- Ask us how your credit union can help keep your members safe this summer with the CUMONEY® Visa TravelMoney® Prepaid debit card today!

LEADING EDGE



- 12** Want to make some changes? Try “tinkering.”
- 14 PRESIDENT’S PERSPECTIVE**
CUNA’s new headquarters promotes our values—and results in substantial cost savings.
- 16 TRENDLINES**
Strong employment bodes well for loan growth.
- 18 SPOTLIGHT**
Meet marketing’s “Rising Star,” Chelsea Oliver.
- 20 ADVANCING THE VISION**
What’s new with the America’s Credit Union Museum?

COMPLIANCE MATTERS



- 40** CFPB finalizes amendments to fix the TRID “black hole.”
- 42 CAN YOU SPOT DISASTER-RELATED FRAUD?**
Agencies offer guidance to identify common fraud schemes.
- 44 LENDING COMPLIANCE**
Preferential loan rates for employees.

TWENTYFOUR/SEVEN



- 46** Know the implications of serving—or not serving—marijuana-related businesses.
- 48 TOOLS OF THE TRADE**
Professional development for new leaders.

WORLDWIDE



- 50** World Council visit to Kenya showcases credit unions’ impact.
- 54 BRANCHING OUT**
Credit unions A to Z.
- 8 POSTAL INFORMATION**
- 10 ON MY MIND**
- 53 ADVERTISING INDEX**
- 53 MARKETPLACE**



RECRUIT, REWARD AND RETAIN EXECUTIVE TALENT

59% of companies report employee retention as their top concern.¹ Give them an additional reason to stay—with CUNA Mutual Group's non-qualified deferred compensation (NQDC) plans. Our team of Executive Benefits Specialists will work with you to develop customized plans to help retain the individuals vital to your credit union's success.

Rely on a leadership continuity solution that's used by more than 1,200 credit unions, and make a proven investment in one of your most valuable resources—your leaders.²

To learn more about NQDC, download our e-book at cunamutual.com/execben-ebook, or call to schedule a no-cost consultation at **800.356.2644, ext. 665.8576** today.



¹ 2018 Compensation Best Practices Report, PayScale

² CUNA Mutual Group Internal Data, 12/31/17.

Proprietary insurance is underwritten by CMFG Life Insurance Company. Proprietary and brokered insurance is sold by CUNA Mutual Insurance Agency, Inc., a wholly owned subsidiary. This insurance is not a deposit and is not federally insured or guaranteed by your credit union. Representatives are registered through, and securities are sold through, CUNA Brokerage Services, Inc. (CBSI), member, FINRA/SIPC, 2000 Heritage Way, Waverly, Iowa 50677, toll-free 866.512.6109. Insurance and annuity products are sold through CMFG Life Insurance Company. Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of or guaranteed by the credit union.

VISIT OUR WEBSITE DURING JULY FOR THESE ONLINE EXCLUSIVES.

2017: An 'incredibly scary' year

When you work for a business continuity and disaster recovery company, you encounter substantial devastation, says Scott Teel, vice president of organizational development for Agility Recovery Solutions, a CUNA Strategic Services alliance provider. But 2017 stands out as a particularly difficult year.

Many credit union leaders had to fight to maintain branch operations through flooding, evacuation orders, roadblocks, or damaged infrastructure. "Many of these organizations never considered themselves in the threat area for flooding or wildfire evacuations, yet found themselves either directly affected or interrupted," Teel says.



Hawaii credit union takes the lead in disaster response

An employee from Kauai (Hawaii) Government Employees Federal Credit Union was assisting her community in the wake of a 100-year flood when a woman wearing a neck brace stopped her pickup truck on the street, hopped out, and wrapped her in a fierce hug as she began crying. Earlier, the credit union had supplied gasoline for a boat that carried the woman to safety after the flood. And she couldn't wait any longer to say "thank you."



Unlock a rock star mindset

For rock stars, no detail is too small because every moment is a performance, says Mark Schulman, a drummer who has backed numerous performers, including Billy Idol, Cher, Foreigner, and P!nk. Adopting a rock star mindset "boosts your performance and gives you swagger," he says.



What does it take to be a CFO?

The road to the chief financial officer (CFO) chair isn't paved with numbers, it's built on relationships, according to a panel of experts who addressed the 2018 CUNA CFO Council Conference in Austin, Texas. Some CFOs say they've forged their success with their ability to network.



EXECUTIVE COMMITTEE

- MAURICE SMITH** • chairman, Raleigh, N.C.
- BRETT MARTINEZ** • vice chairman, Santa Rosa, Calif.
- TROY STANG** • secretary, Seatac, Wash.
- BRAD GREEN** • treasurer, Sheffield, Ala.
- TONY BUDET** • member-at-large, Austin, Texas
- JIM NUSSLE** • president/CEO, Washington D.C./Madison, Wis.
- PAT JURY** • immediate past chairman, Des Moines, Iowa

DIRECTORS

- DALLAS BERGL** Ind.; **PAT DRENNEN** Iowa
- SCOTT EARL** Colo.; **CHARLES ELLIOTT** Miss.
- TERESA FREEBORN** Calif.; **GARY FURTADO** R.I.
- LISA GINTER** Kan.; **ROGER HEACOCK** S.D.
- TOM KANE III**; **DEBIE KEESEE** Wash.
- MARIA LAVELLE** Pa.; **MARIA MARTINEZ** Texas
- PATRICK PIERCE** Minn.; **FRED ROBINSON** Tenn.
- JOHN SACKETT** Wis.; **STEPHANIE SIEVERS** La.
- SCOTT SULLIVAN** Neb.; **JOE THOMAS** Va.
- SCOTT WOODS** S.C.

LEADERSHIP

- JIM NUSSLE** • president/CEO
- JILL TOMALIN** • chief operating officer
- MOLLIE BELL** • chief engagement officer
- RYAN DONOVAN** • chief advocacy officer
- TODD SPICZENSKI** • chief products & services officer




Credit Union National Association

Credit union people. Credit union ideas.

THE CUNA NEWS PODCAST

Subscribe on iTunes, Google Play, or Stitcher Radio. Or tune in at news.cuna.org/podcasts



POSTAL INFORMATION

Credit Union Magazine (ISSN 0011-1066) is published monthly for \$80 per year by Credit Union National Association, 5710 Mineral Point Road, Madison, WI 53705. (Multiple-copy and multiyear discounts available.) Periodical postage paid at Madison, Wis., and additional mailing office. Copyright 2018 by Credit Union National Association. Photocopying is illegal and unethical. POSTMASTER: Send address changes to Credit Union Magazine subscription department, P.O. Box 461, Annapolis Junction, MD 20701-0461. Single issues are available; call 800-348-3646.

FOLLOW US:  @CUMAGAZINE



Transform your member services with a cash management partner you can trust.

Loomis is proud to offer financial institutions a full range of configurable solutions that help increase operational efficiency and presence without having to grow the physical footprint. These services, backed by the industry's largest cash distribution network, advanced technology, and unmatched support and service, are designed to cut costs, reduce risk, diversify client offerings, and boost profitability.

Accuracy, dependability, and superior performance for your financial institution



loomis.us/managedservices



Comprehensive cash management

Full processing and vaulting services, with complete visibility and robust reporting



Leading cash-in-transit services

The most secure armored transport, with a state-of-the-art fleet and the best-trained staff



The nation's leading ATM service provider

End-to-end ATM solutions, scalable cash forecasting, and outstanding maintenance and security



A partner in Treasury Management

A relationship that can help diversify offerings, scale clients' businesses, and reduce risk



The Loomis advantage

Service, support, transparency, and a commitment to excellence from the industry leader

Thankful to Be Alive

'The entire community put its arms around this island.'

CREDIT UNIONS CAN OFTEN sum up disaster preparedness and recovery in just three words: people helping people.

When historic floods hit the island of Kauai this spring, Monica Belz and her team did what they normally do: find a way to come to the aid of their members and community.

Belz is president/CEO of Kauai Government Employees Federal Credit Union (KGEFCU). When she contacted us, the island's entire north shore region was underwater, and roads were closed temporarily or destroyed completely. The region will be cut off for some time, she says.

Luckily, Belz is a veteran of international disaster relief work. She quickly identified supplies the \$115 million asset credit union could gather and deliver to people in need. Gasoline to refuel boats and jet skis used in water rescues was critical.

In the immediate aftermath of the floods, the KGEFCU team put the first boots on the ground. Armed with a "dry bag" filled with electronic devices and forms, Belz traveled via boats and jet skis, and hiked and swam to where people needed help in areas cut off by the flood.



ANN HAYES PETERSON,
editor-in-chief
apeterson@cuna.coop

"We quickly mobilized a disaster relief loan and onsite branching locations in the devastated areas," Belz says. To address members' cash needs, Belz delivered funds immediately and brought debit cards the following day. Meanwhile, staff worked at an unprecedented pace opening accounts and funding loans.

"It's been exhausting and amazing at the same time," she notes.

KGEFCU's social media channels of Instagram, Facebook, and Twitter played a critical role in sharing requests for rescue as well as financial needs. Along the way, KGEFCU identified "digital bottlenecks" it's now working to erase.

In the midst of a disaster, Belz and her team are already recording lessons learned and processes needing improvement.

"I've received loads of hugs and tears, and heard story after story of people's lives turned upside down. Everyone is thankful to be alive," Belz says, adding, "the entire community put its arms around this island."



KGEFCU President/CEO Monica Belz delivers a debit card to a member after historic flooding.

LEARN MORE ABOUT KGEFCU RELIEF EFFORTS AT

NEWS.CUNA.ORG

MANAGEMENT

ANN HAYES PETERSON
vice president/editor-in-chief
608-231-4211 • apeterson@cuna.coop

EDITORIAL STAFF

BILL MERRICK
deputy editor
608-231-4076 • bmerrick@cuna.coop

MICHELLE WILLITS
deputy editor
608-231-4067 • mwillits@cuna.coop

JENNIFER WOLDT
senior editor
608-231-4290 • jwoldt@cuna.coop

RON JOOSS
senior editor
608-231-4321 • rjooss@cuna.coop

CRAIG SAUER
senior editor
608-231-4918 • csauer@cuna.coop

ALEX MCVEIGH
senior editor
202-508-6767 • amcveigh@cuna.coop

DESIGN & PRODUCTION

BEN TENORIO • digital media design specialist
CARRIE DOYLE • graphic designer
TREESA LANDRY • publishing specialist

ADVERTISING

JOE DAY
vice president
608-231-5794 • jday@cuna.coop

MICHELLE DOSHER
608-231-4006 • mdosher@cuna.coop

LISA DUSHACK
608-231-4220 • ldushack@cuna.coop

Classified ads:
THOMAS GERARD
608-231-4257
tgerard@cuna.coop
fax 608-231-4263

EDITORIAL ADVISORY BOARD

BRAD ASPGREN • American Airlines FCU, Fort Worth, Texas
SANDI CARANGI • Mercer County Community FCU, Hermitage, Pa.
MICHELLE HUNTER • CU of Southern California, Anaheim
KEVIN KESECKER • SECU, Linthicum, Md.
STEVEN LANGLEY • Schools Financial CU, Sacramento, Calif.
RICHARD S. MILLER • FeatherStone Planning and Consulting
PETER STEIN • Educators CU, Racine, Wis.

MAILING ADDRESS

CREDIT UNION MAGAZINE
P.O. Box 431
Madison, WI 53701-0431

SUBSCRIPTION SERVICE

SUBSCRIPTION DEPARTMENT

P.O. Box 461,
Annapolis Junction, MD
20701-0461
800-348-3646
Fax: 301-206-9789

SUBSCRIBE TODAY

Two easy ways to order your subscription to **Credit Union Magazine:**

► Call 800-348-3646

► Visit news.cuna.org/subscribe



We Get It!

You want to do the best for your members — deliver the most value and create a first-rate experience for them. We get it.

Over the years, we've served thousands of credit unions, so we understand your needs and the challenges you face. We are committed to your success — and to helping you serve your members at the highest level. Working with Harland Clarke, you can do more.

Do more with Harland Clarke.

[harlandclarke.com/get](https://www.harlandclarke.com/get)

1.800.351.3843 | contactHC@harlandclarke.com



Break Free and Tinker

If you've ever felt the need to escape the daily grind—that human hamster wheel we call adulthood and work—and make some changes in your life, try tinkering.

“Sometimes to make a change you must do something big or crazy,” says Jason Kotecki, an author, artist, and “professional reminder-er.” “But most of the time, you just need to practice the art of tinkering.”

Kotecki says tinkering involves “repairing, adjusting, or working with something in an unskilled or experimental manner.” It's also a way to break free from those rules we



Jason Kotecki

believe we have to follow but don't really exist.

We often follow those rules not because we want to but because we've always done it that way, says Kotecki, who spoke at the 2018 CUNA Young Professionals Conference.

“Tinkering is like an escape hatch for someone who feels like they're stuck,” Kotecki says. “Tinker, ask questions, and try things.”

When tinkering, Kotecki says people should:

► **Be willing to try.** You won't always succeed on the first attempt, Kotecki says, but even if you fail, you're not a failure. That just makes you human.

► **Get real with risk.** Take chances. When Netflix started, the company took chances and broke two rules: That they must charge late fees and they had to have a brick-and-mortar location. Netflix has been successful, while Blockbuster, which adhered to

those rules, has gone out of business. “Staying safe is usually riskier,” Kotecki says.

► **Be curious.** Asking questions makes you valuable to your credit union. Look for rules at your workplace that don't officially exist that you can break, and in the process, make things a little better.

“Ask questions daily,” Kotecki says. “Everything may not work, but it's worth asking the question.”

Kotecki says it's the little things that matter most; those moments when you help a member secure a loan for a new vehicle or assist a member who was locked out of their mobile banking app because they entered their password incorrectly too many times.

“Create little moments,” he says. “Those are the things that end up making the biggest difference in the long run.”

OVERHEARD

“WHEN EMPLOYEES TRULY TAKE **OWNERSHIP** OF THEIR ROLE AND THEIR DEVELOPMENT IT WILL ENHANCE THE **TEAM.**”

Ellen Davis, assistant vice president, human resources, Gerber Federal Credit Union, Fremont, Mich.

Focus on Collaboration and Data

Tom Davis, president/CEO of Trel-lance, says there are three key factors that will influence the credit union landscape in the future:

1. The importance of collaboration. Collaboration is crucial for business, too. “We want to share ideas and the cost of learning,” he says. “CUSOs [credit union service organizations] are the key to collaboration going forward.”

2. Vision. Ten years ago, no one predicted how smart phones would change our lives.

“But it's not about the change, it's how we respond to it,” Davis says.

“And it's about knowing when to respond.”

He cites a recent comment from a friend: “The pace of change has never been this fast—and it will never be this slow again.”

3. Data. Everyone wants more data, but most don't know what to do with it, Davis says.

“The answers are in the data, but you need to know the right questions,” he says. “Data analysis gives you the questions you never thought to ask. And we need results from the questions that come from the data.”

Create a Culture for the 21st Century

You've heard the advice: Organizations need to act like technology start-ups.

But what does that really mean?

"It's not just about technology," futurist Mike Walsh told attendees at the 2018 CUNA CFO Council Conference.

"Technology changes the hardware of your business," he says. "You also need to change your software. Unless you can turn culture into your operating system, nothing will really change at all."

Walsh says there are three elements of the 21st-century credit union:

1. People. Organizations can no longer can put a priority on hiring people who follow rules.

Instead, they must bring in employees who embrace change.

"If you bring in people who like rules, your company will stop making mistakes. But as soon as the market

changes you are in serious trouble," Walsh says. "They will fight you tooth and nail to prevent you from reinventing yourself."

The ability to be energized by ambiguity makes organizations agile, Walsh says.



Mike Walsh

2. Productivity. Working from home and telecommuting are no longer considered ways to keep employees happy and productive.

Instead, organizations are redesigning their workspaces so employees can collaborate in small

groups or "squads."

"Companies are redesigning their workspaces because they found that their most disruptive, innovative ideas were coming from small, collaborative groups that were located in one physical location," Walsh says. "Small groups of people find better ways to get things done."

3. Performance. Today's most efficient companies, big and small, use data to drive performance, Walsh says.

"If there's some aspect of your culture that you desperately want to change, don't tell people or print out flyers and paste them to walls," he says. "Start by collecting data. Because with data you can build a story for transformation."

Organizations can start by identifying individual high achievers and collecting data related to their performance, Walsh says.

Bring Emotional Intelligence into the Workplace

Emotional intelligence might not be something we think about much, but when we encounter someone with a lack of it, it can mess up your day.

"Emotional intelligence is a heightened sense of self awareness, where you become mindful of the thoughts you're choosing, the words you're using, and the people you're surrounding yourself with because all of these things contribute to your emotional state," Jen Groover tells the CUNA News Podcast.

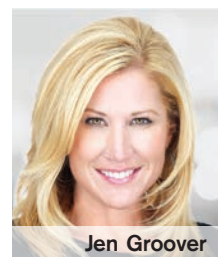
Creating a workplace environ-

ment that fosters emotional intelligence makes organizations more functional and productive, says Groover, an author, speaker, and serial entrepreneur.

"If you have more high-thriving people in the workplace, they're going to get along better, they're going to be more collaborative, and they're going to be healthier," says Groover, who addressed the 2018 CUNA HR & Organizational Development Council Conference. "You're going to have an environment that's a lot more cohesive with a lot less drama."

Drama results in wasted money, Groover says.

People with emotional intelligence operate with greater intentions and less from their own egos, Groover says. "They help their colleagues and make better choices for everyone."



Jen Groover



HEAR MORE FROM GROOVER
ON THE CUNA NEWS PODCAST
AT [NEWS.CUNA.ORG/PODCASTS](https://news.cuna.org/podcasts)



Learn to Leap

Moving to a new location will save us \$6 million over 10 years.



JIM NUSSLE,
CUNA president/CEO

IN THE WELL-KNOWN FABLE, a frog drops into boiling water and quickly jumps out to safety. But when the frog enters lukewarm water, the amphibian relaxes, swimming lazily and never realizing, until too late, that a fire rages beneath the pot and the temperature is steadily rising.

The moral of the story: Never get so comfortable that you don't recognize when it's time for a change.

After 15 years at 601 Pennsylvania Ave., we recently moved to a new office in Washington, D.C. Our location at 99 M St. is only two miles away, but it's a bold step toward meeting the future needs of our members—not that this was an easy decision to make.

Our distance from Capitol Hill is the same, our access to power unchanged, and we'll remain the only credit union trade organization with an office in the nation's capital.

But moving your entire office and staff is disruptive and logistically

complicated, requiring significant planning, coordination, and time.

And, after all, we accomplished a lot on behalf of credit unions at 601 Penn. People knew where to find us. Our employees liked the office. In other words, we were comfortable.

Now, I'm not saying if you're comfortable you should panic and make a big change for the sake of change. But you might want to do a gut check and take a close look at your priorities.

There are a few reasons we decided to make such a significant change, and they all revolve around our ambition to be a future-focused association. As the champion of the credit union movement, we have some big goals we want to accomplish for credit unions, and a new office space in Washington, D.C., is one piece of our plan to meet them.

**SOMETIMES THE BEST
MOVE YOU CAN MAKE
IS TO LEAP.**

Over the next 10 years, the move will save us \$6 million. These cost savings are not only financially prudent, they help fund strategic investments in our increasingly sophisticated advocacy, the development of credit union solutions, and the growth of our national awareness initiative.

More than that, we wanted a space that reflects our culture and promotes our values.

One of our core values is

collaboration, and we carefully laid out our new 22,000-square-foot office space on the third floor of Skanska's 99M development to not only increase but enhance staff's daily interactions.

Housed in a 234,000-square-foot office building in the vibrant Capitol Riverfront neighborhood, D.C.'s fastest-growing area, our new D.C. home is open, modern, and modular.

With more than 20 rooms varying in size, style, and purpose, the layout both facilitates collaboration and accommodates different work styles.

The built-in technology gives us the ability to better communicate and coordinate with our Madison, Wis., office.

There are spaces throughout for quick impromptu meetings and focus rooms for heads-down work. Staff can move between them based on their needs and goals. They can even work from our rooftop, and folks, let me tell you the view up there is breathtaking. You can see the Washington Monument.

The next time you're in the D.C. area, stop by. I'd love to show you around. There is an energy and vitality to both our new space and neighborhood that reflects our movement. There is even a trapeze school a block from our office—which I interpreted as a good omen.

We have so much we want to do for America's credit unions and their 110 million members, but we won't get it done resting on our laurels. Sometimes the best move you can make is to leap.

A blue-tinted silhouette of a person in a suit with a cape, standing with arms slightly out, set against a light blue background.

Fast turnaround is our super power. And yours.

Mortgage lending with 24- to 48-hour underwriting turn times. Our speed, service and pricing make your credit union a hero to members, every time.

- Contract underwriting & closing
- Free, fully integrated technology
- Dedicated expert Loan Coordinator
- For credit unions of all sizes

Mortgage lending, better and faster than ever.
888.766.4734 | qrlfinancial.com



NMLS ID # 408902

Strong Employment Bodes Well for Loans

Connecting the dots between unemployment rates and loan performance.



SAMIRA SALEM

THERE'S BEEN A LOT OF BUZZ about the tightening labor market with the May unemployment level falling to 3.8%—the lowest since 2000—and the consistently healthy pace of job creation over the last year.

Such developments have important implications for credit union operations, including loan growth, delinquency rates, payroll—even credit unions' ability to attract new talent. Credit union loan growth and unemployment rates tend to move in the opposite directions. During the Great Recession of 2008-2009, for example, unemployment increased while credit union loan growth decreased. As the economy recovered and more people returned to work, consumer confidence, spending, and demand picked up, and so did credit union loan growth.

When more people work and have more disposable income, demand for goods and services increases, and demand for consumer and business loans rises as well. We expect this trend to continue to fuel strong loan growth over the next year or so.

Not surprisingly, the unemployment rate and credit

union delinquency rates are also closely aligned. They tend to move in the same direction. This means that as unemployment increases, credit unions see an increase in loan delinquency because unemployed borrowers find it harder to make their payments on time.

The opposite also holds true: When there are fewer unemployed members, credit union loan delinquency rates fall. In the current context, we expect delinquency rates to remain low.

Usually, a tightening labor market means wages will increase as employers try to attract new workers and retain current staff who have more employment options. But U.S. wage growth has been painfully slow.

Economists are puzzled by this development. They point to a host of factors that might be influencing

THE UNEMPLOYMENT
RATE AND CREDIT
UNION DELINQUENCY
RATES ARE CLOSELY
ALIGNED.

weak wage growth, including the increased use of noncompete agreements in employment contracts, lower levels of unionization, and slower productivity growth. At credit unions, slow wage growth means overall payroll growth has been modest, which is good news for operating expense ratios. But slow wage growth may also depress credit union loan growth. Credit union

employee expenses (i.e., salary and benefits) as a percentage of assets since 2009 has increased slightly for large and medium-sized credit unions, although the increase for medium-sized credit unions has been relatively modest.

Despite the contraction in assets that small credit unions have experienced since 2009, this ratio fell for this group. This may be because smaller credit unions are under significantly more operational stress from higher costs associated with meeting regulatory requirements, and they experience weaker earnings relative to larger credit unions.

They also don't have many cost-saving options, so reducing employee expenses may be one of the few levers they have to relieve some of this pressure. In addition to being slow, wage growth has also been uneven. A recent report by the Economic Policy Institute confirmed that the top income brackets are seeing some wage growth while middle-class wages are stagnating.

This report also found there are still significant wage gaps based on gender and race: Even for wage earners with relatively similar levels of education, racial and gender disparities persist.

Wage growth challenges are likely to continue. Yet, against this backdrop, credit unions are doing a tremendous job of promoting greater economic opportunity and wage growth via their efforts to support higher education with student loans and through personal financial education.

SAMIRA SALEM is CUNA's senior policy analyst. Contact her at 608-231-4398 or at ssalem@cuna.coop.

HOW DO YOU DEFINE SUCCESS?

"WE DIDN'T EXPECT INVITATIONS TO THE VENDOR'S CONFERENCE OR A SIGNING BONUS... WE WOULDN'T HAVE EVEN KNOWN TO ASK FOR THOSE ITEMS."

"IT'S GREAT TO KNOW A REPUTABLE COMPANY WILL BE CONTINUOUSLY MAKING SURE WE'RE GETTING THE RIGHT SERVICES AND BEING BILLED PROPERLY THROUGHOUT THE TERM OF OUR CONTRACT."

"JMFA SAVED US MONEY WITHOUT US HAVING TO SWITCH CARD PROCESSING VENDORS. THE PROCESS WAS QUICK, EFFICIENT AND THOROUGH – THEY DID ALL THE WORK!"

WE DEFINE IT AS HELPING OUR CLIENTS ACHIEVE THEIR GOALS.

Whether you're striving to find new opportunities, get more from your vendors or plan for your credit union's future, JMFA has a team of experts ready to help. We pride ourselves on the exceptional service we deliver. And our true success is realized when we receive comments like these from the clients we serve.

We are passionate about our work and dedicated to continuous innovation, over communication and in the end, delivering tremendous results. Visit jmfa.com/succeed and see for yourself what our clients and employees have to say.

Looking for a company to help you succeed? Look no further than JMFA.

800-809-2307 • www.JMFA.com/succeed



J|M|F|A
John M. Floyd & Associates

 **CUNA**
Strategic Services

JMFA is proud to be a strategic alliance provider for CUNA Strategic Services

JMFA OVERDRAFT PRIVILEGE® • RECRUITMENT SERVICES • JMFA CONTRACT OPTIMIZER

Marketing's New 'Rising Star'

In 2015, Chelsea Oliver was a recent college graduate with no knowledge of credit unions. Earlier this year, the CUNA Marketing & Business Development Council honored her with its 2018 Rising Star Award, which recognizes rising professionals with up to two years of experience in the credit union industry. Oliver, marketing specialist for \$49 million asset Corry (Pa.) Federal Credit Union, has made a big impact during her short tenure, overseeing a rebranding effort, website launch, and a redesign of marketing materials.

Q What's your marketing philosophy? Empathy always comes first. You have to know the person you're serving, why they need what they need, and how to deliver that in the best way.

Q How do you incorporate empathy in your marketing efforts? It's easier to do at a credit union because people helping people is in everything we do. I like to focus on what a credit union is, what we do, and how we're different. We're always giving back to the community, and Corry Federal is always there for the community. Empathy comes into that by knowing our members and what they need, and how to get them to live their best lives.

Q What's your most effective social media outlet? We're killing it on Facebook. Our members share just about all of our stuff and like what we post. I don't think that's too common for everyone. We're in a small town, so we have that advantage.

Q Which of your projects make you proudest? The first project I put on: Credit Union Week, where we focus on a specific small business or specific members. The theme for our first Credit Union Week was "people helping people," and we

bought lunches for 25 random people in a café. Last year we did a "supermarket sweep," where two of our members got to race around a grocery store and fill up their carts for free. We also asked members what their dreams were, and we picked five responses and gave \$100 to each member. We showed three of them getting their prize on Facebook Live. These are the most fun because they're hands-on, and you can see peoples' reactions to the work you're doing.

Q How do you tackle big projects when you have limited resources? I don't believe there are limited resources; there are just resources you might not have considered yet. There's always someone in your credit union, either a fellow staff member or an actual member, who's willing to help with projects. Or there's always someone who's willing to give money to your cause. You just need to know who to approach and how to approach them, and you'll meet your goals.

Q What does winning the Rising Star Award mean to you? I'm still processing that I even won. It's crazy to me that in 2015 I didn't even know what a credit union was, and then a little over two years later I'm getting an award for the work I was doing at



CHELSEA OLIVER

a credit union. Getting this award proves to me what I'm capable of professionally—and I hope it proves to my marketing professors that I was paying attention.

Q What advice would you offer other young credit union professionals? Don't be so cautious. I feel like, as a generation, we're kind of holding ourselves back because we don't want to step on any toes or ask the wrong questions. You have to put yourself out there and ask questions whether or not they sound dumb. Take on big projects and go for it. The only thing holding us back is ourselves.

Q What's the worst advice you've ever received? "Don't rock the boat." I don't know who said it, but I've heard that time after time: "Just do what you're told." That doesn't sit well with me because I'm a person who likes change and likes to see things happen. I'm always rocking the boat.

You know the credit union phrase
“People Helping People?”



**WE ARE THE PEOPLE WHO
HELP THE PEOPLE
WHO HELP THE PEOPLE.**



Our suite of compliance, accounting, IT & HR back office services are second-to-none when it comes to service, knowledge and efficiency. Contact us to “help you help your people” at hello@cusn.com.

CU[®]
service
network

Better Service.
Better Experience.



Museum Tells Our Story

America's Credit Union Museum uses the past to inspire today's heroes.

STEPHANIE SMITH, EXECUTIVE director of the America's Credit Union Museum, doesn't hesitate when asked to name her credit union hero. "My favorite historical figures from the credit union movement are today's torchbearers," she says.

Smith is proud of how the museum chronicles the history of America's credit unions. "Sometimes it seems as if we're inundated with negativity at every turn," she says. "If we take the time to focus and listen to what's going on in the movement, you discover quickly we're surrounded by people just like those original pioneers. One job of the museum is to continue telling the story."

One way the museum will continue to tell that story is through the newly opened CUNA Research Center, housed in a building next to the America's Credit Union Museum in Manchester, N.H. It creates a virtual experience that allows credit unions, consumers, media, lawmakers, regulators, and others to delve into credit unions' history. It connects to the museum via a skywalk.

CUNA was the lead sponsor of the America's Credit Union Museum Legacy Capital Campaign to help ensure the preservation of the credit union system's rich history for future generations. CUNA contributed \$1 million to the effort.

Smith called the June 27 opening of the center the beginning of "a new era" for the museum. "The creation of the research center establishes a permanent place for our archives," she says. "It allows us to bring them into a single space



The CUNA Research Center (right) establishes a permanent home for the America's Credit Union Museum archives. CUNA was the lead sponsor of the museum's Legacy Capital Campaign to establish the center.

where they're easily accessible and available to visitors, both physically and virtually."

And that's just the first phase of construction. "During the second phase, we will digitize everything we have here," Smith says. "The second phase will also include renovating the current museum."

The museum is located on the site where America's first credit union, St. Mary's Bank, opened its doors in 1908. True to credit union philosophy, the museum is a cooperative.

"It is funded solely by donations from individuals, credit unions, and credit union partners," Smith says. "We just launched a sustaining membership campaign that has connected us with every single

credit union in the country through the leagues that we're great partners with. That gives every credit union the opportunity to support the mission of the museum."

While the museum's official mission is to commemorate the site of America's first credit union and to educate visitors on the benefits of cooperative self-help efforts, Smith says it also strives to tell the human side of the credit union story.

"We want you to come through the doors and be caught up in the different stories, and to connect with the people who came through the movement before you," Smith says. "It's through that knowledge that we better understand who we are and how we got there."

HISTORY IS HAPPENING NOW...

JOIN US!

GRAND OPENING WEEKEND
of the
CUNA Research Center
at
America's Credit Union Museum.

June 28 – July 1, 2018

*America's
Credit Union
Museum*

Where credit union values and principles live.

Be one of the first to see the new
CUNA Research Center and Richard Ensweiler Library
at America's Credit Union Museum.

Open extended hours for grand opening weekend,
experience an exclusive tour at
the birthplace of cooperative credit in America.

When

Friday 9 - 3

Saturday 10 - 3

Sunday by appointment
(Call 603.629.1553)

Make us a
part of your
ACUC plans!

We're less
than one hour
from Boston.

Where

420 Notre Dame Ave Manchester, NH

Visit ACUMuseum.org/grandopening for details.



Credit union and league staff collected and distributed supplies in the wake of Hurricane Irma.



This Florida house was one of many ravaged by flooding.



Staff from Kauai Government EFCU delivered gasoline and other supplies via boats and jet skis to assist stranded members.

Disaster Lessons Learned

DARLA DERNOVSEK

What works and what matters in disaster recovery.

If you wanted a learning lab for credit union disaster recovery, last year's hurricanes, floods, and wildfires provided vital lessons about what works—and what matters—when credit unions come to the aid of their staff, members, volunteers, and communities.

Keep employees afloat

Credit union branches hit by wide-ranging disasters in 2017 were out of service from as little as a few hours to as much as two weeks or more.

In Beaumont, Texas, post-Hurricane Harvey rainfall topped 60 inches in five days. Mold quickly bloomed to make soaked houses uninhabitable.

At \$780 million asset Mobiloil Federal Credit Union, 12 employees lost homes. Volunteers from the



Redwood CU staff volunteer at the Redwood Empire Food Bank.



Residents of the Oakmont Community in Santa Rosa, Calif., show their support for the North Bay Fire Relief Fund.



Kauai Government EFCU took the lead in disaster response following historic flooding.

“Cajun Navy”—a group of Louisianans with boats who ferried people to safety in the wake of the storm—rescued Shane Perkins, Mobiloil’s programming and development manager, his pregnant wife, 18-month-old daughter, and two dogs from their flooded home.

Perkins was among the 85 employees, out of a total workforce of 175, who quickly returned to work to keep all branches and electronic services running. When one branch developed mold, Mobiloil Federal leased a closed bank branch to replace it, President/CEO Bob Hamer says.

If employees couldn’t reach their assigned branch, they shifted to another site. Supervisors kept schedules flexible while employees dealt with damaged homes and rearranged lives.

All employees, including those who were absent, were paid for the first two weeks post-disaster without using paid time off. As flood waters receded, Mobiloil Federal gave each employee an extra \$1,000 for unexpected expenses and rewarded outstanding staff efforts with another \$500 to \$1,000.

Hamer says paying employees throughout the disaster cost a month’s worth of credit union earnings, but all employees stayed. “That’s the real testament to their resilience,” Hamer says.

Offer practical assistance

At \$4.5 billion asset Redwood Credit Union in Santa Rosa, Calif., most employees were evacuated from their homes during the North Bay fires in Sonoma, Napa, Mendocino, and Lake counties. Credit union systems and services were spared even as 23 employees lost homes.

“We did a lot to immediately support our staff, officials, members, and community, and are continuing to help those who lost homes,” says CEO Brett Martinez.

Redwood’s assistance included:

► **Financial support** for employees and board members

who lost homes.

► **Temporary lodging** for displaced employees and officials.

► **Temporary child care** for employees while schools were closed, with board members volunteering hands-on help.

► **Industrial air purifiers** and masks for employees to counter poor air quality.

► **Free onsite counseling** and expanded employee assistance program services.

► **The ability for staff** to pool surplus paid time off for co-workers who lost homes.

In a major disaster, conditions may feel “surreal,” says Mary Lou Carn, marketing and operations director at \$150 million asset Keys Federal Credit Union in Key West, Fla.

The credit union was “ground zero for the landfall of Category 4 Hurricane Irma,” Carn says, with a mandatory 10-day evacuation affecting branches in Key West, Big Pine, and Marathon, Fla.

Her family evacuated to South Carolina during Hurricane Irma in September 2017 because Florida hotels were full. Her children missed three weeks of school as everyday life was suspended and everyone worried about those who stayed behind.

continued ►

FOCUS

► **Keep staff in mind** when planning for potential disasters.

► **Consider using** a third-party texting app that sends messages when cellular networks are down.

► **Board focus:** Review and practice your business continuity plan regularly.

“The whole experience left us shocked and in disbelief,” Carn said. “We just sat, staring at the news, wondering if we had homes, cars, boats, and jobs to go back to.”

Evolve business continuity plans

The overwhelming size and scale of disasters in 2017 sometimes required on-the-spot revisions to business continuity plans.

Mobiloil Federal decided not to relocate senior managers to a remote site because doing so would have wasted time and money. The credit union’s business continuity plan worked well by:

- ▶ **Having** generators at branches.
- ▶ **Using** a “telephone tree” for check-ins and instructions.
- ▶ **Defining** lines of authority when certain staff are absent.
- ▶ **Reassigning** staff to branches.
- ▶ **Using** text messages to connect senior managers regularly—every two hours at first; eventually daily.

Work where you can

Putting staff to work in new locations kept credit unions in business.

“A team of four to five core credit union employees were able to work off laptops in their hotel rooms to keep the credit union systems running while our headquarters was down during the storm,” Carn says.

All of Keys Federal’s services switched to a disaster recovery center in Iowa while the main office in Key West lacked power, computers, water, or telephones for

two weeks. Employees who didn’t evacuate volunteered to help members who went to branches for money, loans, and other services.

Port Arthur (Texas) Teachers Credit Union has only one location, which was underwater in the rain and flooding that followed Hurricane Harvey. All but three of the \$38 million asset credit union’s 10-person staff and 11 board and committee members lost a home, a car, or both, says CEO Cindy Drummond.

Golden Triangle Credit Union in Groves, Texas, provided offices for Port Arthur Teachers’ operations for 12 weeks until it could install a trailer. Operations remain in the trailer but are expected to return to the reconstructed branch soon.

Don’t count on technology

Technology can be an invaluable ally or an unreliable asset based on local circumstances.

In Puerto Rico, the internet and electrical power failed, and few cell towers were operational. Credit union employees used pen and paper to conduct cash withdrawals and other transactions despite being unable to verify information.

Some credit unions relied on text messages to communicate post-disaster because texts can often get through when cellular calls cannot. Standard cell phone text apps limit the number of participants in group messages, so Mobiloil Federal’s managers downloaded the GroupMe app and others used WhatsApp.

Keys Federal relied on its Facebook page to share information while phones were out. It used Facebook Messenger and email to respond to members’ Facebook queries about routing and account numbers, deposits, and ATM locations.

Members need money

Unexpected expenses hit everyone affected by a disaster. When evacuation orders were lifted, Carn says many Keys Federal members who spent their savings on unexpected travel returned to learn they didn’t have homes or jobs.

Credit unions took many steps to ensure members’ financial survival, such as:

- ▶ **Offering** relief from loan payments, including credit cards and mortgages. “Skip a payment” programs remained available for months at some credit unions.
- ▶ **Allowing** cash withdrawals even when account balances could not be confirmed.

ONLINE EXTRAS



LISTEN TO A **CUNA NEWS PODCAST** INTERVIEW WITH SCOTT TEEL, VICE PRESIDENT OF AGILITY RECOVERY, AT NEWS.CUNA.ORG/PODCASTS



VISIT AGILITY RECOVERY’S **HURRICANE RESOURCE CENTER** FOR CHECKLISTS, CASE STUDIES, AND PREPAREDNESS WEBINARS AT AGILITYRECOVERY.COM/LP-HURRICANE-RESOURCE-CENTER-2018

► **Providing** access to unsecured loans at a set interest rate regardless of credit score, with guidelines favoring approval.

► **Suspending** late fees, loan processing fees, overdraft fees, transfer fees, early certificate redemption fees, and others, sometimes for two to three months.

► **Waiving** and/or reimbursing foreign ATM fees.

Disasters disrupt cash deliveries, yet demand for cash was high. Credit unions and banks outside disaster areas stepped in, with some credit union executives delivering cash themselves.

The cooperative spirit works

Credit unions nationwide offered “amazing” support amid back-to-back disasters, says Lacey Yasick, communications manager at the National Credit Union Foundation.

Credit union organizations donated more than \$1.7 million via CUAid, the online national disaster relief platform for credit unions, for people affected by Hurricane Harvey in Texas. Gifts of another \$1.1 million provided relief for Hurricanes Irma and Maria, and California wildfires.

The Foundation distributed grants from CUAid donations to more than 2,500 credit union people affected by these four disasters. “Credit unions and staff were reaching out to us left and right to see how they could help and what they could do,” Yasick says.

continued ►



RECOVERY IS ONGOING

While recovery operations in Texas, Florida, and Puerto Rico will continue for some time, Agility Recovery, a CUNA Strategic Services alliance provider, identifies 10 lessons learned from clients in hurricane-affected areas:

1. Know your power requirements. Historically, 60% of business interruptions involve the loss of power, whether they're naturally occurring or man-made incidents.

Before you can employ a generator, identify your power needs.

2. Ensure access to multiple vendors. During times of disaster, third-party entities can become potential choke points of recovery operations.

3. Prepare employees. Even the most well-developed recovery plans fall short if your employees are unwilling or unable to return to work and assist in the recovery.

4. Focus on communication. Each audience—leadership, employees, vendors, members—requires a unique approach. Have secondary and tertiary methods of communicating with each target audience.

Consider using a third-party texting application on smartphones, as some devices won't be able to communicate via text message when cellular signals are down.

5. Have sufficient insurance coverage. Many businesses and homeowners are now learning the limitations of standard coverage, particularly relating to floodwaters.

6. Stock up on cash. When the power is out and communication lines are down, affected areas transition almost immediately to a cash-only economy.

Consider the need to purchase fuel, food, lodging, repair supplies, and more.

7. Plan for the worst. If you do so, you'll account for most common business interruptions.

8. Connect with authorities. Local, state, and federal entities drive much of the recovery process.

9. Employ situational awareness. The only certainty following a disaster is that the situation will be ever-changing, possibly minute to minute.

10. Test, test, and test. Review your plan regularly and hold exercises to prepare employees for what they should do in the event of an emergency, disaster, or isolated incident.



Mobiloil FCU employees clean out a flooded branch.

“People helping people” happened locally, too. Juli Lewis, director of the Southeastern Credit Union Foundation that serves the League of Southeastern Credit Unions and Affiliates, received assistance after a generator between her home and detached garage exploded and burned both structures, killing her family’s two dogs. Lewis, her husband, and their daughter were not at home.

Within an hour after Lewis came home to a house on fire, a credit union booked a week’s hotel stay for her family, and another offered space to replace her home-based office. Employees dropped off clothes. A credit union executive offered to board her horse and two donkeys. “This truly showed me the cooperative spirit,” Lewis says.

The Southeastern Foundation disbursed \$130,000 to 262 credit union staff and volunteers at 17 credit unions affected by the hurricane. It awarded grants in three phases timed to identify and aid credit union employees and volunteers who did not get assistance from insurance or other sources.

In Southeast Texas, the Cornerstone Credit Union Foundation and CUAid together spent \$2.1 million on 1,329 grants in Phase I and \$909,000 on 318 grants in Phase II of recovery.

Give back

Even employees at credit unions in disaster zones found ways to give. Mobiloil Federal employees sold “Texas Strong” T-shirts to

raise more than \$2,000 for local relief.

Redwood Credit Union worked with the local newspaper, *The Press Democrat*, and State Sen. Mike McGuire to gather and distribute more than \$32 million in donations in 120 days to the North Bay Fire Relief Fund, which is part of the Redwood Credit Union Community Fund.

Redwood paid the fund’s administrative costs so all donations gathered from 41,000 donors in all 50 states and 23 countries could go to disaster relief, including:

► **\$20 million** that helped approximately 8,000 people who lost homes or experienced economic hardship.

► **\$9.5 million** to support nonprofits that provided services and support for fire survivors’ immediate needs.

► **\$1 million** for small businesses affected by the fires.

► **\$929,000** for fire survivors’ health and well-being.

Rebuilding branches also supported recovery efforts. PenFed Credit Union in McLean, Va., plans to deepen its investment in Puerto Rico when it breaks ground in late 2018 on a new branch expected to bring \$4 million to the local economy.

The \$23 billion asset credit union boosted morale and drew attention to the need for ongoing support for Puerto Rico by sponsoring a March 2018 benefit concert by Gary Sinise and the Lt. Dan Band on the island, with support from the Gary Sinise Foundation and American Airlines. PenFed also provided a disaster relief package for employees consisting of cash, prepackaged meals, and generators.

The New York Credit Union Foundation has also provided ongoing assistance to Hurricane Maria victims.

Respond quickly

With little warning, a rainy weekend on the Hawaiian island of Kauai in April turned into a deluge that washed out the main road connecting Kauai communities, took down power and communications, and flooded homes. In Hanalei, four feet of water fell in 24 hours.

Kauai Government Employees Federal Credit Union (KGEFCU) CEO Monica Belz used her background in coordinating disaster responses to identify supplies the \$115 million asset credit union could gather and deliver to people in need. Gasoline to refuel boats and jet skis used in water rescues was in great need.

The credit union’s staff mobilized from its Lihue office to gather and deliver filled gas cans and other

**‘WE DID A LOT
TO IMMEDIATELY
SUPPORT OUR STAFF,
OFFICIALS, MEMBERS,
AND COMMUNITY.’**

Brett Martinez

supplies in personal trucks. Armed with a “dry bag” filled with electronic devices and forms, Belz used boats and jet skis, and then hiked to where people needed assistance in areas cut off by the flood.

KGEFCU staff set up a “remote intake location” to add new members and process loan applications at a local community center. If members needed new plastic cards, staff returned the next day to deliver them. KGEFCU also offered no interest on credit card purchases for six months and created a disaster recovery loan of up to \$15,000 at 5% interest for most credit tiers, with payments deferred for five months.

KGEFCU added dozens of new members who needed immediate disaster relief loans, while serving current members and staying focused on community needs. “Every day the needs changed,” Belz says. “It started with life and death and rescues, and then it went to power banks to establish communication.”

Recovery takes longer than the headlines

Deposits flowed into credit unions in disaster-stricken areas from insurance payments and federal assistance. Those funds flow back out as people rebuild.

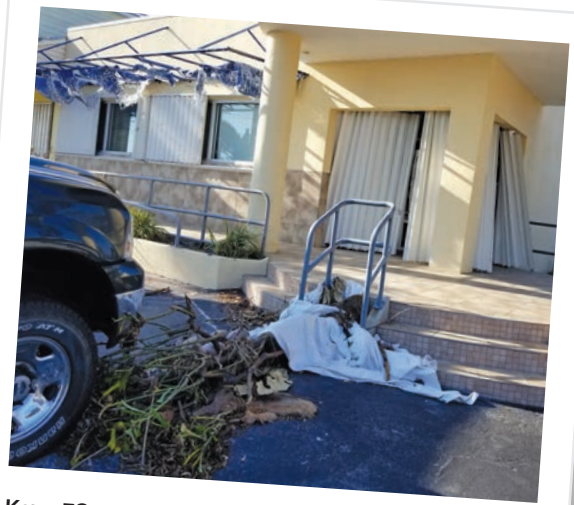
Meanwhile, credit unions keep working to improve business continuity planning. The Southeastern Credit Union Foundation held a disaster preparedness conference to help credit unions create continuity plans. Keys Federal plans to provide ongoing pre-disaster education for members. Carn says the credit union now encourages members to keep a supply of checks on hand so they have access to funds and routing numbers when the next storm hits.

“This gave us all a good reality shot of what can happen,” she says.

At press time: Learn how the eruption of Kilauea is affecting the island of Hawaii at news.cuna.org.

RESOURCES

- ▶ CUNA Business Continuity Planning Workshop: cuna.org/learn
- ▶ Agility Recovery, a CUNA Strategic Services alliance provider: agilityrecovery.com
- ▶ National Credit Union Foundation: www.ncuf.coop



Keys FCU's Big Pine Key, Fla., branch had to be gutted following Hurricane Irma.



The League of Southeastern CUs and some South Florida credit unions donated water, food, clothes, and supplies to Keys FCU.



Some Keys FCU employees who didn't evacuate volunteered to serve members who also stayed behind.



Employees committed to working together are a critical component of a thriving credit union.

philosophy into action requires engaged employees who are committed to members' financial success. Employees don't do it on their own. It's teamwork that makes the credit union mantra a reality, whether the credit union has thousands or tens of thousands of members, millions or billions in assets.

Understand the 'why'

The first step in building a winning team is to define the credit union's strategy, says Jonathan Wildman, senior client partner at Korn Ferry, a global talent management company. "Do you want to drive member intimacy or operational excellence, or pursue innovation?"

Only when you have determined what you want to accomplish can you translate that to job functions. "Then, what will it take to get people to perform that strategy? What kind of people do you need to execute it?" he says.

Altra Federal Credit Union's mission—"Helping you live your best life"—applies to both members and employees, says Kim Bauer, vice president of human resources at the \$1.4 billion asset credit union in Onalaska, Wis.

Altra Federal uses monthly check-ins with employees in place of annual performance reviews to track the growth and development of its 400-person workforce, which serves 100,000 members. The check-ins provide an opportunity to review accomplishments, celebrate successes, identify challenges, examine strengths and weaknesses, analyze development and training needs, and discuss ways to implement training, Bauer says.

"We rely on managers to identify employees' strengths and weaknesses, and encourage employees



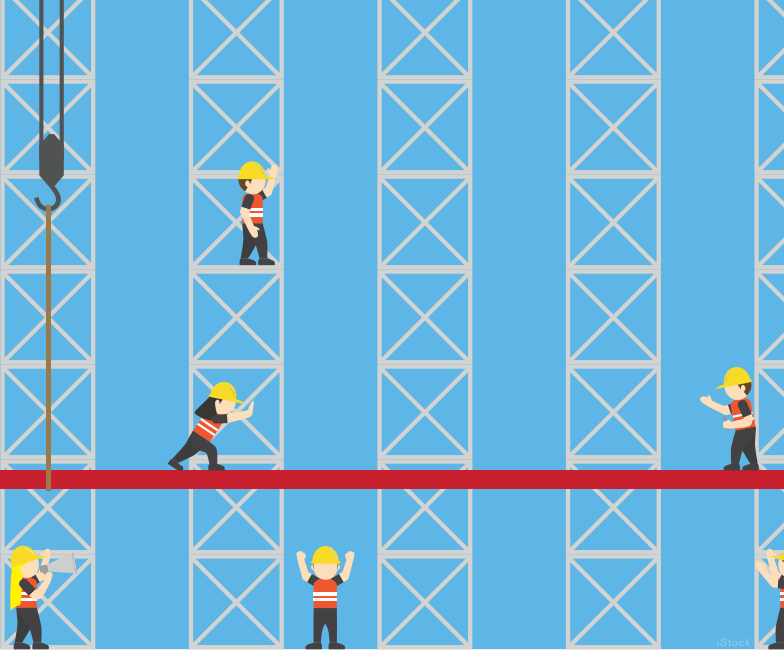
LUCY HARR

Legendary football coach Vince Lombardi once said, "Individual commitment to a group effort—that is what makes a team work, a company work, a society work, a civilization work." Lombardi, who never had a losing season as a head coach in the National Football League, knew that dedication to a common goal is crucial to success.

Thriving credit unions recognize this as well. Putting credit unions' people helping people

FOCUS

- ▶ **Build a successful team** with people who work together to carry out the credit union's mission and goals.
- ▶ **Develop a training program** that identifies employees' strengths, weaknesses, and needs.
- ▶ **Board focus:** Knowing what goals you want to accomplish will translate into what job functions and employees you need.



TEAM-BUILD LIKE A MARINE

As a war correspondent, Shawn Rhodes embedded himself in a high-performing Marine Corps unit in Iraq that completed nearly every goal it set. When preparing for a mission, those Marines didn't just check their ammunition and head out the door. They gathered together and went over the mission to ensure they'd be successful.

"The best decisions are not made on the fly," says Rhodes, an expert in creating high-performing organizations and a former Marine.

Rhodes, who spoke at the 2018 CUNA HR & Organizational Development Council Conference, cites five lessons learned about goal setting from his time as a war correspondent:

1. You cross your finish line before the race begins. The Marine unit set goals that were precise, profitable, and on purpose. Set specific goals for your team, but also know how those goals contribute to the credit union's overall mission and what are their purpose.

2. Performance raises to the level of training. Make training continuous, not just something you do annually or quarterly. This allows you to train for unexpected events and pivot when necessary. "If your plan doesn't allow you to make changes or pivot, you'll be stuck," Rhodes says.

3. Don't keep solutions a secret. When you need to find a solution to a problem, let others know so they can respond accordingly if faced with a similar problem. "You all operate in interdependent relationships at the credit union," Rhodes says. "There is no reason silos should exist if you're all responsible for achieving the same goal."

4. Confront your problems. Address problems immediately or they may snowball into something larger. Establish accountability by identifying who is responsible for a task, when the task will be completed, and how others will know the task is complete.

5. What made you successful so far won't keep you there. The market, members, and members' needs are always changing, so credit unions must continue to innovate and find solutions that will allow them to do things differently and improve.

to be open about what their career goals are," she says.

Altra Federal uses the concepts Tom Rath and Barry Conchie describe in their book, "Strengths-Based Leadership: Great Leaders, Teams, and Why People Follow," to help managers identify the top five strengths of their team members.

"Strengths can grow exponentially when being developed, while weaknesses will move incrementally," Bauer says. "It makes coaching conversations easier when you can see the balconies and basements of each strength. It also helps us to identify employees who may be a good fit for roles they hadn't thought of previously."

The credit union uses feedback from an employee training needs assessment to develop a training plan for the year. This ensures it's offering sessions employees want to attend and those that will have an impact on their roles.

Cross-functional training is another tool the credit union uses that's easy to do and provides value.

"A few years back, we started offering some soft skills training where we placed a variety of people into the sessions so they could learn from each other," Bauer says. "Employees learned more about what other departments did and established a connection within that team. It was very eye-opening for everyone involved. Some even decided to pursue other opportunities within Altra because of learning more about another department. Any chance we get to have employees together to build relationships is a huge win."

Communication and accountability

The mission statement at \$242 million-asset Simplicity Credit Union is also the driving force behind its human resources program. Employees work with the mission of "making the complex simple," says Katy Zaleski, vice president of human resources, at the Marshfield, Wis., credit union.

In recognizing turnover on the front line was the highest among all positions, for example, the credit union established a career development structure that includes checklists identifying what skills and knowledge staff need in order to advance. New employees work with a trainer and are eligible to advance once they acquire the needed skill sets, Zaleski says.

But it's important to manage expectations.

"We explain what a typical transition period is, pointing out there is a lot of information and this will take nine months to a year to learn," she says. "We are overly transparent. We don't want to deflate enthusiasm, but we want an understanding of what it takes to

LEADING CREDIT UNION CLOUD-DELIVERED SIEM REPLACEMENT & AUGMENTATION

Intelligent Compliance with Privilege Management

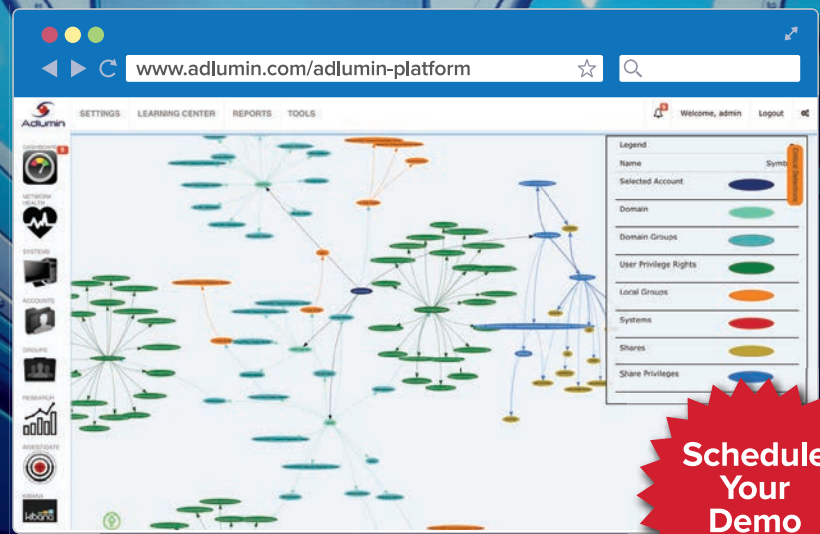
**Adlumin's "Darknet Exposure"
Notifies You in Real-time of Compromised
Accounts that Put Your Network At-Risk**

Leverage Advanced
Detection Technologies
that Utilize Machine
Learning and
Artificial Intelligence

Automatically
Mitigate Risks and
Protect Sensitive Data

Satisfy PCI Compliance
Requirements

Visualize Privilege
Across Your Network



**Schedule
Your
Demo
Today!**

*Cost-efficient. Cloud-based.
No appliances or servers on-premise.
Deploys in 20 minutes.*

CONTACT US:
demo@adlumin.com
(202) 352-8001
www.adlumin.com



WE WORK TO GET EMPLOYEES READY. THEY NEED TO UNDERSTAND THEY ARE THE DRIVERS.

Katy Zaleski

advance. We work to get employees ready. They need to understand they are the drivers.”

Communication and accountability are also encouraged at \$145 million asset Gerber Federal Credit Union in Fremont, Mich. “The relationship we have with each other allows our employees to be open and candid with their managers so if they feel there is something lacking in their development they can have that conversation,” says Ellen Davis, assistant vice president of human resources. “We work to find opportunities to fill skill gaps.”

The credit union also uses Predictive Index (PI), an assessment and analytic tool from Advisa, a human resource consulting firm. “This has helped us determine a variety of things about all of our employees,” says Davis. “Using PI has been a key element in helping us create and sustain a winning team.”

Gerber Federal also introduced CUNA’s Creating Member Loyalty program. “All staff will go through this training to improve their member service and member loyalty skills, and help build relationships with members and colleagues,” says Davis.

The program also involves front-line staff in development decisions and problem solving because it identifies barriers to providing superior member service and spotlights needs for additional training, Davis says.

“The main principle of this program is to maintain personal responsibility,” she says. “When employees truly take ownership of their role and their development, it will enhance the team.”

Filling your roster

Staff turnover is inevitable. With a national unemployment rate below 4%, where will you find your human capital?

Simplicity relies on community involvement and social channels to recruit team members. “Employees are my best recruiters,” says Zaleski. The credit union posts job openings on Indeed, a process streamlined through its use of Paylocity, the cloud-based payroll and human resources software.

It also focuses on retention. “Turnover is costly,” Zaleski says, “so we try to promote from within.”

To encourage employee engagement, Simplicity uses four internal focus groups: career development, benefits, products and services, and membership expansion.

Zaleski also conducts “stay-views” because she believes exit interviews come too late to right the course.

She asks employees about their experience with Simplicity with questions such as, “What makes you

want to come to work?” and “What makes you want to hit the snooze button?”

Zaleski does her best to respond to problems uncovered during the conversation. “These are issues that may be stressing employees and can become the subject of ‘water cooler gossip.’ We need to address them in some shape or form.”

At Altra Federal, monthly check-ins uncover any underlying issues. The credit union conducts a comprehensive employee engagement survey each year, but Bauer plans to roll out a series of “pulse surveys”—quick, short-answer surveys that can provide feedback as well as more data points. As the name suggests, a pulse survey can provide a read on organizational health.

To aid recruitment, Altra Federal’s YouTube channel features testimonials from employees answering the question, “Why do I love working here?”

The credit union plans to participate in additional job fairs to increase its visibility. Bauer also sees Altra Federal’s Desjardins Youth Financial Literacy Award-winning program as a source of future talent, with school partnerships currently yielding two apprentices in the marketing department.

Recruitment should start with a robust job profile, which identifies the characteristics and traits people need for the job function, says Wildman.

In today’s competitive environment, he believes adaptability, flexibility, and the ability to deal with change need to be high on that list. “With the shift to more technology, you need staff who can adapt with

the times and learn new skills,” he says.

Wildman uses the analogy of a business that makes pecan pies. “It has all of the ingredients, and it makes great pies,” he explains. “But now the market wants pumpkin pies.”

The organization tries to meet that demand, but uses the ingredients it has for its pecan pies. The results are predictable.

“You need to ensure your process is right and that you have the right systems in place,” Wildman says.

In terms of performance management, managers need to act more like leaders. Wildman says they can do so by taking three steps:

1. **Setting** goals.
2. **Monitoring** and assessing those goals.
3. **Providing** feedback and coaching.

Wildman also says millennials—now the largest generation in the workforce—expect diversity, not only in demographics but in perspective. “They expect inclusion.”

In “When: The Scientific Secrets of Perfect Timing,”

best-selling author Daniel Pink points out that human beings rarely go it alone.

“Much of what we do—at work, at school, and at home—we do in concert,” he notes.

According to Pink, when our ancestors first stepped out into the open savannah, belonging to a group was essential for survival. For credit unions, pulling together the right group will not only help them survive, but thrive.

RESOURCES

- ▶ CUNA Creating Member Loyalty: cuna.org/cml
- ▶ CUNA HR & Organizational Development Council: cunacouncils.org
- ▶ Korn Ferry: kornferry.com

Want to move to a new system?

Automate your loan origination & mortgage servicing operations with our mortgage software.

Features:

- Our software saves you time and money
- Paperless origination and servicing
- Automated lights-out imaging
- Flexible system reports and notices
- MISMO® interfaces with fulfillment services, document services and many more
- Borrower online access to the loan application and mortgage loan information



FICS® *Connect Today!*
WWW.FICS.COM | 972.458.8583

LOAN PRODUCER® **MORTGAGE SERVICER**®
Loan Origination Software Mortgage Servicing Software

FICS®, WWW.FICS.COM™, LOAN PRODUCER®, and MORTGAGE SERVICER®, names and logos are registered trademarks or trademarks of FINANCIAL INDUSTRY COMPUTER SYSTEMS, INC. MISMO® is a registered trademark of the Mortgage Bankers Association.

Road Rules for Directors

RON JOOSS



Seven ways to drive your board forward.

As financial institution governance becomes more complex, the rules of the road become more detailed, strategically demanding, and uncertain. What has worked in the past only scratches the surface of expectations for today's directors.

"A lot of boards have good people, but they're stuck in a bad system," says Steve Winninger, principal of the consulting firm Steve Winninger & Associates and a former credit union CEO. "They're well-meaning, but they lack clear direction from a governance standpoint. It's like playing cards without any rules—you don't know how to play the cards you're dealt."

Successful boards, however, share similar traits regardless of their institutions' size or market, says Scott Butterfield, principal of Your Credit Union Partner. "They've got great CEOs, a great team, and amazing directors who are engaged."

Following are seven rules credit union boards can adopt on their road to success.

1 Be clear about expectations

As simple as this sounds, expectations for performance can be nebulous, and they require forethought and effective communication among board members and the CEO, says Winninger.

Expectations include both credit union and CEO performance.

"Doing this well requires buy-in from everyone, and it's an ongoing process," he says. "It can't be done once and put on the shelf."

The first rule of thumb, Winninger says, is to put expectations in writing and make them part of a strategic plan. Next, review them at every board meeting "so there aren't any surprises."

Winninger puts credit union boards on an informal spectrum, from "couch potatoes" to Olympic-level athletes.

"The ones that are Olympic-level articulate the end

game, reduce it to writing, and monitor the outcome throughout the year," he says.

Olympic-level boards also have clear boundaries within which their CEOs can operate. "The easiest way to do that is to say, 'Here are the things that we don't want you to do,'" Winninger says. "Then within those boundaries, the CEO is free to pursue the credit union's goals."

"If you know what's out of bounds, then everything else is in bounds," he continues. "That is empowering for everyone, and it eliminates petty squabbles because expectations are clear."

That said, if the CEO steps out of bounds, he or she is under strict obligation to report it to the board. "At the same time, boards have to understand there's a difference between a parking ticket and capital offense," Winninger says.

He shares an example from his days as a CEO. "One night we had too much money parked in our corporate credit union. I reported it to the board right away, and it was not an issue. Again, transparency and trust are the keys."

2 Cultivate self-awareness

This is sound advice for any business leader or leadership team. For credit union directors it starts with self-evaluation, not only individually but as an entire board.

"You might have a board that has individuals

FOCUS

- **Be consistent.** Building solid habits takes time and practice.
- **Be supportive.** Strong organizations are built on collaboration.
- **Board focus:** Hold your fellow directors to a high standard of engagement.

who make great board members because they all have financial or accounting backgrounds,” says Jill Nowacki, president/CEO of the Credit Union League of Connecticut. “But that might leave a gap in IT [information technology] knowledge, or there may be a gap in representation from the composition of your membership.

“Maybe most of your board members are affluent and your credit union has a low-income designation,” she continues. “Boards have to be willing to evaluate their own diversity and make that part of their succession planning.”

On an individual level, board members must approach their jobs from a perspective that builds collaboration and engagement, Nowacki says. That starts at a basic level.

“You’d be surprised how many board members don’t even read the board packet before every meeting,” she says. “That’s a nonstarter. It limits the level of engagement and active dialogue that can take place at the board meeting.”

Similarly, board members must understand if products and services don’t meet the needs of the entire membership, not just their own financial needs.

“You can’t come to the board meeting and talk about interest rates on long-term certificates just because that happens to be the product you have,” Nowacki says.

3 Think strategically

Nowacki offers a simple way to measure a board’s basic strategic aptitude. “Look at the amount of time your board meetings are dedicated to looking toward the future rather than the past,” Nowacki says. “By that I mean, how many times does the board packet cover what’s taking place moving forward rather than what happened the month before? How often does a strategic session occur and then you don’t revisit it until your next strategic planning session?”

Nowacki says some credit union boards spend as much as 80% of their time looking backward instead of envisioning the future. That’s largely due to credit unions’ compliance burden and directors’ need to meet their fiduciary obligations.

“Those numbers should be flipped,” she says. “The board should be in the position of strategic oversight instead of hindsight.”

Butterfield says most boards save strategic planning

discussions for the end of their meetings. He suggests starting board meetings with them.

“Give yourself 15 minutes to address a strategic priority,” Butterfield says. “Typically when you have these discussions you say ‘Boy, that was great. We should do that more often.’ This is one way to make sure you do.”

‘The members are at the center of it all!’ Ken Kurth

At Unitus Community Credit Union in Portland, Ore., the board places routine items on a consent agenda to leave more time for strategic discussions. A consent agenda is a board meeting practice that groups routine business and reports into one agenda item. Boards can approve the consent agenda in one action rather than filing motions on each item separately.

“That puts more priority on strategic discussions and educational topics rather than routine business,” says Frank Chinn, board chair of the \$1.1 billion asset credit union.

At \$884 million asset Mayo Employees Federal Credit Union in Rochester, Minn., the board integrates a “balanced scorecard” in its strategic planning. The scorecard, developed by David Norton and Robert Kaplan, is a set of measures that gives organizations a quick but comprehensive view of their operations, according to the *Harvard Business Review*.

It includes financial measures that describe the results of actions taken, complemented with operational metrics examining customer satisfaction, internal processes, and the organization’s innovation and improvement efforts.

Ken Kurth, director and past board chair, used the

scorecard while serving as division chair of strategic planning at Mayo Clinic. During Kurth's six years as Mayo Employee Federal's board chair, the credit union achieved 122% asset growth and opened three new branches.

"We focus on our people as our strongest asset and give them the technology they need so they can do their jobs effectively," Kurth says. "Then we work on internal processes to make sure the credit union is highly functioning and achieves our financial objectives with the end goal of serving our members. The members are at the center of it all."

The board must focus on strategy and allow the CEO and her team to pursue the credit union's goals within defined boundaries.

"Clarity is so important," Kurth says. "We have a collaborative structure. [CEO Mary Hansen] can be successful because we have a collaborative, engaged relationship. She can build a stronger team because she understands where we need to focus our strategy."

4 Measure and monitor

At first glance, measuring and monitoring might sound like a way to track past performance.

But that's not the case for strategic-minded boards, Butterfield says. It's another way to prioritize strategy and make it a part of every meeting.

"Let's say we want to be the top-of-mind financial institution in our community, and one way we're going to do that is by creating some key partnerships in the community," he says. "At every board meeting we have to measure the status of those partnerships. Have we talked to organizations in the community? Why would we pick one group over another? It's about learning how we're fulfilling that big picture as we envisioned it."

It's common for credit union boards to think tactically rather than strategically given the nature of their business, Butterfield says.

"We're in a precise industry," he says. "Credit unions don't merge because they're out of compliance. They fail because they don't keep up with the times and don't think strategically. What you measure and monitor reflects your priorities."

5 Adapt and change

The board sets the tone for management, Butterfield says. "If I see a board that's risk-averse and firm in its belief that



AVOID THESE BOARD BAD HABITS

Successful boards steer clear of bad habits, including these common mistakes, says Jeff Rendel, president of Rising Above Enterprises:

► **Relying** on the annual board nomination process to fill board seats. Board recruiting should be an ongoing, proactive process, Rendel says. "The more likely we rely on the call for nominations, the more likely we'll be disappointed. Look at recruiting as an opportunity to diversify your board, gain professional experience, and expand your demographic reach, whatever your needs may be. You can almost look at it as a marketing exercise and work with your marketing team."

► **Expecting** unanimity in decision making, which can impede progress. Instead, use conflict to craft a better solution. "Dissenting votes usually can be litigated into the execution of the plan as we figure out the issues," Rendel says. "Most of the time they are valid points that need to be recognized."

In the end, the board must speak with one voice. Keep dissension in the board room and give the CEO one message.

► **Overlooking** a lack of engagement among other board members. Showing up and being accountable is job No. 1 for directors, Rendel says. "If that expectation hasn't been met, it needs to be addressed."

Boards should create a job description that includes five or six expectations directors must live up to. "Then measure yourself based on those expectations," he says. "It's more than a grade as to how you performed as a board; it serves as honest proof that you should be considered as a continuing candidate for the board of directors."

**‘Look
toward the
future rather
than the
past.’** Jill Nowacki

‘We’ve always done it this way,’ the management team will reflect that in everything they do.”

Credit unions face more risk when they don’t adopt new technology and when they fail to collaborate, he adds. Failing to adapt and change with the times can lead to unnecessary mergers.

It also causes credit unions to risk losing the legacy of their organizations. That’s especially sad when a credit union that has been around for 70, 80, or 90 years goes away due to an unwillingness to modify its thinking and behavior.

“It’s too much of a risk to sit on your hands,” Butterfield says.

Unitus Community uses board term limits, in part to introduce fresh personalities and ideas to the credit union’s leadership, Chinn says. Board members are limited to four consecutive three-year terms.

Although Chinn has been on the Unitus Community board for only two years, he has already served a year as board chair. He has vast experience on nonprofit boards, having served as president of the Portland Rose Festival Foundation. “I’m a former teacher. I’m continually educating myself and building on my past experiences.”

6 **Make tough decisions**

“This point ties in with all the others,” Butterfield says. “It’s the result of all the knowledge you’ve gained, the conversations you’ve had, and the strategic plans you’ve made.”

He notes that it’s easy for boards to “kick the can down the road” and leave the tough decisions to be

made for another time and other leaders. “Successful boards don’t do that. They’re always moving forward.”

One of the keys to making tough decisions is acting with as much information as possible, Butterfield says. “Successful boards ask a lot of questions. They ask their management team to gather as much information as possible. They weigh that information and make a decision. Then they can be comfortable with moving on.”

7 **Be accountable**

Butterfield has credit union clients with boards that are comprised primarily of longshoremen. He has others that serve Ivy League constituents.

“They may dress differently when they come to meetings, and they may have different life experiences, but when they walk into the board room they are parallel in their level of professional conduct,” Butterfield says.

“They know they represent members and the credit union,” he continues. “If they are drifting off from a strategic priority, or if a board member isn’t showing up, they hold themselves accountable” (“Avoid these board bad habits,” p. 37).

Board performance ultimately reveals itself in how their credit unions grow and their relevance in the local community, Butterfield says. “People seek them out. People want to be associated with highly functioning organizations, whether it’s Amazon, Apple, or the local credit union.

“People want to do business with them because they are relevant to the communities they serve and have high standards for themselves.”

RESOURCES

► CUNA:

1. National Credit Union Roundtable for Board Leadership: cuna.org/boardroundtable
2. Volunteer resources: cuna.org/volunteer

► Rising Above Enterprises: jeffrendel.com

► Steve Winger & Associates: stevewinner.com

► Your Credit Union Partner: yourcupartner.org

CUNA TRAINING BUNDLE

Strengthen your entire credit union's skills through training opportunities all year long with CUNA Training Bundle.

Credit unions using CUNA Training Bundle are able to take advantage of:

- // Access to over 200 webinars and 20+ eSchools and their recordings
- // Comprehensive topics including board, volunteer, compliance, finance, human resources, lending, operations, technology, training and security
- // Unlimited access for all credit union staff and board members
- // Vetted speaker expertise
- // Opportunities to earn certifications through eSchools

Learn more about this unbeatable training value.

cuna.org/trainingbundle

Bureau Amendments Fix TRID ‘Black Holes’

The Bureau of Consumer Financial Protection has finalized its July 2017 proposed amendments to the Truth in Lending Act/Real Estate Settlement Procedures Act integrated disclosure (TRID) rule.

The amendments address the TRID “black hole,” which occurs when the lender has provided a borrower with the closing disclosure, and then a fee increase occurs.

Currently, a creditor may only use a closing disclosure to reset tolerances if there are fewer than four business days between the time the creditor is required to provide the closing disclosure reflecting the revised estimate and the consummation.

Credit unions and other creditors can often be forced to absorb these

increased costs that would otherwise be rightfully passed on to the member if it weren’t for the four-day limit rule.

The finalized amendments



specifically provide that creditors may use the closing disclosures to reflect changes in costs for purposes of determining if an estimated closing cost was disclosed in good faith, without the four-day limit.

The rule will become effective 30 days after its publication in the *Federal Register*.

Once effective, if a changed circumstance or another triggering event has occurred, a creditor can reset tolerances with either an initial or corrected closing disclosure reflecting the revised estimate, which is required to be provided to the consumer.

However, the four-day limit remains in effect for revised loan estimates.

Mortgage Servicing Amendments Now Effective

The Bureau of Consumer Financial Protection’s second round of amendments to mortgage servicing rules are now final. This means confirmed successors in interest are now entitled to the same servicing protections available to borrowers under both Regulation Z and Regulation X.

Credit unions also are required to provide modified periodic statements on residential mortgage loans to borrowers who have filed for bankruptcy, unless an exemption applies.

Under the rule, the credit union must provide a modified periodic statement in connection with a closed-end consumer credit transaction secured by a dwelling to a borrower who has filed for bankruptcy unless one of the following exemptions applies:

▶ **The borrower** requests in writing that the credit union cease providing the periodic statement.

▶ **The bankruptcy** plan provides that the borrower will surrender the dwelling.

▶ **A court** enters an order providing for avoidance of the lien securing the mortgage loan.

If an exemption doesn’t apply, the credit union must continue to provide a modified periodic statement.

The modified periodic statement:

▶ **May** omit certain information as identified in the rule.

▶ **Must** include a statement identifying the borrower’s status as a debtor in bankruptcy and that the periodic statement is for informational purposes only.

CUNA compliance staff received many questions about how this

change affects borrowers who filed for bankruptcy before April 19.

The answer is on page 7 of the Bureau’s FAQ on its mortgage servicing rules implementation webpage. The credit union must send a modified periodic statement to a borrower in bankruptcy unless, as of April 19, 2018, any exemption applies. It continues that “these new requirements and exemption provisions apply to a mortgage loan as of April 19, 2018, irrespective of whether the borrower became a debtor in bankruptcy before or after April 19, 2018.”

Small servicers are exempt from the periodic statement requirement altogether, and thus also exempt from this change. A small servicer is defined as a credit union, that together with any affiliates, services 5,000 or fewer mortgage loans.

NCUA Finalizes Claims, Share Insurance Ad Requirements

NCUA's changes to its Accuracy in Advertising and Notice of Insured Status rule are final as of May 25.

NCUA's advertising rule requires federally insured credit unions to use the agency's official advertisement statement in most advertisements.

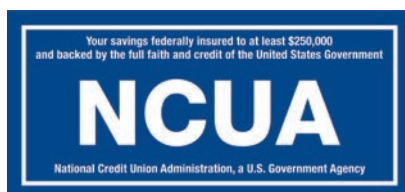
Previously, three versions of the official advertisement statement were permitted:

1. "This credit union is federally insured by the National Credit Union Administration."
2. "Federally insured by NCUA."
3. A reproduction of the official sign with white letters on blue background.

The new rule allows a fourth option: "Insured by NCUA."

This change is expected to enhance advertising flexibility, especially for social media platforms.

The requirements also have an exemption for radio and television advertisements that are less than 30 seconds in duration. This is a change from the less than 15 seconds exemption that has been in effect since 2011.



Finally, the new rule eliminates the requirement to include the advertising statement on a credit union's statement of condition. The agency agrees this was an unnecessary requirement, and eliminating it restores parity with other financial institutions.

At its May 25 meeting, the NCUA Board approved a final rule

that changes the agency's involuntary liquidations and claims procedures.

The rule clarifies the requirements for proof of a claim by an employee for pay or benefits such as unpaid wages, sick time, or vacation time while making a distinction between employees' claims and claims by a credit union executive that constitute a golden parachute.

Specifically, it permits an employee's final paycheck to include compensation for the pay period immediately preceding the liquidation, as well as accrued but unpaid sick and vacation leave, including any severance to which the employee was entitled, provided terms were documented and objectively applied.

The rule will become final 30 days after publication in the *Federal Register*.

FinCEN Grants Limited CDD Relief Through Aug. 9

The Financial Crimes Enforcement Network (FinCEN) has issued a ruling to provide a 90-day limited exceptive relief to covered financial institutions from the obligations of the beneficial ownership requirements for legal entity customers for certain accounts.

The ruling is retroactively effective as of May 11, when the customer due diligence rule became effective, and runs through Aug. 9.

Consistent with the definition of "account" in the Customer Identification Program rules and subsequent guidance, each time a

loan is renewed or a certificate of deposit is rolled over, the financial institution establishes another formal banking relationship and a new account is created.

FinCEN's April FAQ clarifies that covered financial institutions are required to obtain information on the beneficial owners of a legal entity that opens a new account for each new formal banking relationship established, even if the legal entity is an existing customer.

According to FinCEN, the 90-day relief will be to identify and verify beneficial ownership information for rollover or

renewal of certain financial products and services established before May 11, 2018.

"FinCEN understands that some covered institutions have not treated such rollovers or renewals as new accounts and have established automatic banking processes to continue the banking relationship with the customer," writes FinCEN.

The agency notes that those institutions have expressed concerns about compliance with the rule.

FinCEN added that it believes further consideration of the rule is appropriate.

Can You Spot Disaster-Related Fraud?

Agencies offer guidance to identify common fraud schemes.

VALERIE Y. MOSS

NCUA CONSISTENTLY URGES all federally insured credit unions to perform routine reviews of their disaster preparedness and response plans. During times of emergency, credit unions need to have heightened awareness of related fraud schemes and scenarios.

Disaster recovery plans help credit unions minimize service interruptions and maintain member confidence. They also should address the increased potential for fraud.

The National Center for Disaster Fraud (NCDF) identified fraudulent activity red flags to inform financial institutions. The Department of Justice established NCDF to investigate, prosecute, and deter fraud in the wake of any natural or man-made disaster.

More than 30 federal, state, and local agencies participate in NCDF, which acts as a centralized clearinghouse of information related to all types of disaster relief fraud. The Financial Crimes Enforcement Network (FinCEN) highlighted NCDF's red flags in a 2017 advisory (FIN-2017-A007).

Common schemes that arise include benefits fraud, charities fraud, and cyber-related fraud. Credit unions should consider the following fraud indicators as they fine-tune their preparedness and response plans for the 2018 hurricane season—June 1 to Nov. 30—and beyond.

Benefits fraud

Benefits fraud occurs when individuals apply for emergency assistance for which they are not entitled. These individuals use financial institutions as a conduit for fraudulent transactions, such as depositing or obtaining cash derived from emergency assistance payments.

Fraudsters typically use wire transfers to request withdrawals, wire funds to accounts, and immediately withdraw the funds.

Red flags include:

- ▶ **Deposits** or electronic fund transfers of multiple emergency assistance payments (e.g., Red Cross, Federal Emergency Management Agency) being made into the same account. Dollar amounts are similar or identical.

- ▶ **Cashing** of multiple emergency assistance checks by the same individual.

- ▶ **Deposits** of one or more emergency assistance checks, when the account holder is a retail business and the payee/endorser is an individual other than the account holder.

- ▶ **Opening** of a new account with an emergency assistance check, where the name of the potential account holder is different from the check depositor.

Charities fraud

Charities are a vehicle for donations to assist victims of man-made and natural disasters. Criminals, however, use bogus charities to exploit the public's generosity for their own gain. Both legitimate and fraudulent charity solicitations can originate from emails, social media, websites, phone calls, mailings, and more.

Disaster-related charities fraud may occur when a credit union notices that a payee organization's name is similar to—but not exactly the same as—those of reputable charities. It also may recognize the atypical use of money transfer services for charitable collections. Legitimate charities don't solicit donations via this channel.

The following tips may help credit union officials, employees, and members avoid bogus charities:

- ▶ **Don't** respond to any unsolicited incoming or spam emails or click links in those messages because they may contain computer viruses.

- ▶ **Be wary** of individuals asking for donations via email or social networking sites.

- ▶ **Beware** of organizations with names similar to but not exactly the same as those of reputable charities.

- ▶ **Rather** than follow a link to a website, verify the legitimacy of

WHAT ACTIONS TO TAKE

If you believe you have been a victim of disaster-related fraud, contact the National Center for Disaster Fraud by telephone at (866) 720-5721, by fax at (255) 334-4707, or by email at disaster@leo.gov. You can also report suspicious email solicitations or fraudulent websites to the FBI's Internet Crime Complaint Center at ic3.gov.





a nonprofit organization before providing any payment information.

- ▶ **Be cautious** of emails that claim to show pictures of the disaster areas in attached files because the files may contain viruses. Only open attachments from known senders.
- ▶ **Don't** rely on others to make the donation on your behalf. This ensures contributions are received and used for intended purposes.
- ▶ **Donate** directly to the charity.

Cyber-related fraud

Cybercriminals often exploit natural disasters by sending fraudulent communications via email or social media and by creating fake websites to solicit contributions.

Credit union officials, employees, and members should watch out for emails from potentially illegitimate charitable organizations requesting donations—even when they appear to originate from a trusted source. These fraudulent emails commonly appear after major natural disasters and often contain links or attachments that direct users to phishing or malware-infected websites.

Credit unions should also beware of illegitimate crowdfunding platforms. Again, cybercriminals create copycat websites using designs or names that are practically identical to legitimate charities and relief organizations. The sites often end

with *.com* or *.net*. Payments to these sites may indicate fraudulent activity. Most legitimate charities' websites end in *.org*.

Suspicious activity reports

When filing a suspicious activity report (SAR) on these types of fraud, FinCEN requests, but doesn't require, that filers reference the advisory FIN-2017-A007 and include the term "Disaster-related Fraud" in the SAR narrative and in field 31(z) (Fraud-Other) to indicate a connection between the suspicious activity being reported and the possible misuse of relief funds.

Credit unions are required to file a SAR with respect to:

- ▶ **Criminal** violations involving insider abuse in any amount.
- ▶ **Criminal** violations aggregating \$5,000 or more when a suspect can be identified.
- ▶ **Criminal** violations aggregating \$25,000 or more regardless of a potential suspect.

SARs are also required for transactions conducted or attempted by, at, or through the financial institution (or an affiliate) and aggregating \$5,000 or more, if the institution or affiliate knows, suspects, or has reason to suspect that the transaction:

- ▶ **May** involve potential money laundering or other illegal activity

(e.g., terrorism financing).

- ▶ **Is** designed to evade the Bank Secrecy Act or its implementing regulations.

- ▶ **Has** no business or apparent lawful purpose or is not the type of transaction that the particular customer or member would normally be expected to engage in, and the financial institution knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.

The presence or absence of a red flag in any given transaction is not by itself determinative of whether a transaction is suspicious. Credit unions should consider additional factors such as a member's overall financial activity and whether the transaction exhibits multiple red flags, as well as the specifics of their own risk profiles and business models.

In other words, take all of the relevant facts into consideration. Don't presume fraud is involved just because one of the above-mentioned red flags is present.

VALERIE Y. MOSS is CUNA's senior director of compliance analysis. Contact CUNA's Compliance Team at cucomply@cuna.coop.

RESOURCES

- ▶ CUNA's e-Guide to Federal Laws and Regulations: cuna.org/compliance
- ▶ Financial Crimes Enforcement Network: fincen.gov
- ▶ National Center for Disaster Fraud: justice.gov/disaster-fraud
- ▶ NCUA: ncua.gov

Refresher on Regulation Z

Specific requirements apply to open-end and preferential employee loans.



THIS MONTH'S COLUMN covers two very important issues under Regulation Z that were revised by a Federal Reserve Board final rule in April 2011—floor rates on open-end loans and employee preferential rates. We think it's appropriate to remind credit unions of the specific requirements regarding these issues.

Preferential loan rates for employees

Preferential loan rates are lower rates or annual percentage rates (APR) offered by many credit unions to their employees, employees of a third party, or to other individuals with similar affiliations such as executive officers of a specific group.

Eligibility for employees is usually conditioned on the employee's continued employment with the credit union.

The account opening agreement must disclose the rate that represents the legal obligation between the parties—the credit union and the borrower—and it may include the lower preferential rate as well.

If the agreement refers to a preferential rate, it should also mention the requirements for obtaining and retaining the preferential rate.

For example, the agreement may provide that the preferential rate will increase from the reduced rate to the higher standard rate when employment is terminated or whenever the condition occurs that causes the loss of the preferential rate.

The provisions discussed here provide to all open-end loans except for home equity lines of credit.

Regulation Z requires that a 45-day notice of change in terms be provided before increasing the rate from the lower preferential rate to the higher standard rate that was disclosed in the account opening agreement.

If the creditor discloses the preferential rate in the initial account opening agreement, then the preferential rate must also be included in the summary table required for all open-end loans and in applications and solicitations for credit card accounts.

For preferential rates disclosed in the summary table, the creditor must briefly disclose beneath the table the circumstances that lead to the preferential rate being revoked. It must also disclose the rate that will apply afterwards.

If preferential rates are instead disclosed after account opening in an amendment to the account agreement, then the preferential rate is not required in the summary table.

A creditor may have two separate account opening agreements: One for the general membership that does not mention preferential rates, and one for employees and other parties which contains preferential rates.

You may want to check with your forms supplier regarding the separate documents.

Floor rates on open-end loans

Regulation Z provides that no notice

of change in terms is required if an APR in a variable-rate account increases as a result of a rise in the index that's not controlled by the creditor and is available to the general public, such as the prime rate.

The Federal Reserve Board (FRB) issued a final rule in February 2010 that applied only to credit card accounts. An index is under the creditor's control when the account is subject to a floor rate that prevents the account from acting as a true variable rate account.

The February 2010 final rule required card issuers to eliminate floor rates on credit card accounts only.

However, FRB actually intended the February 2010 final rule to apply to all open-end loan floor rates.

When FRB realized its mistake, it issued a proposed rule in November 2010 and a final rule in April 2011, which became effective Oct. 1, 2011.

This final rule stated that a variable-rate open-end loan that is subject to a fixed minimum or floor does not meet the conditions of the exception to the advance-notice requirements of Regulation Z. It therefore requires a 45-day notice before any rate may be increased because of an index increase.

This rule also applies where the variable-rate account is based on the creditor's internal index, such as one that's based on the creditor's cost of funds, because the index is under the creditor's control.

For the advance-notice exception to apply, the creditor must eliminate floors on all open-end accounts and make sure it is using an external index such as the prime rate for variable-rate accounts.

MICHAEL MCLAIN is CUNA's senior federal compliance counsel. Contact him at 608-231-4185 or at mmclain@cuna.coop.

CUNA Schools & Conferences

BOARD & VOLUNTEER

CUNA Strategic Planning Roundtable
August 18-19, 2018 // Denver, CO

CUNA National Credit Union Roundtable for Board Leadership
October 19-21, 2018 // Vancouver, Canada

CUNA Supervisory Committee & Internal Audit Conference
December 2-5, 2018 // Las Vegas, NV
December 8-11, 2019 // Las Vegas, NV

CUNA Volunteer Conference
January 13-16, 2019 // Montego Bay, Jamaica

CUNA Volunteer Certification School
May 6-10, 2019 // San Antonio, TX

COMPLIANCE

CUNA Regulatory Compliance Certification Schools*
September 9-14, 2018 // Denver, CO
March 31-April 5, 2019 // Louisville, KY

CUNA Attorney's Conference
October 29-31, 2018 // Palm Springs, CA

CUNA Bank Secrecy Act Certification Conference*
November 5-8, 2018 // Louisville, KY

CUNA & ACUIA Internal Audit Certification School
October 8-11, 2018 // Tempe, AZ
March 25-28, 2019 // Atlanta, GA

FINANCE & ECONOMICS

CUNA Investment Certification Schools*
August 13-17, 2018 // Chicago, IL

CUNA CECL Workshop
September 11-12, 2018 // Denver, CO

CUNA Governance, Risk Management & Compliance Leadership Institute
September 17-19, 2018 // San Diego, CA

CUNA Financial Management School*
September 9-12, 2019 // Tempe, AZ

CUNA Enterprise Risk Management Certification School
December 3-5, 2019 // Las Vegas, NV

CUNA CFO Council Conference
2019 dates and location to be announced.

HR & TRAINING

CUNA HR Compliance Certification School
July 29-August 1, 2018 // Denver, CO

CUNA Experience Learning Live!
October 14-17, 2018 // New Orleans, LA

CUNA HR & Organizational Development Council Conference
2019 dates and location to be announced.

LENDING & COLLECTIONS

CUNA Business Lending Certification School
July 23-26, 2018 // Madison, WI

CUNA Fair Lending Workshop
August 15-16, 2018 // San Diego, CA

LENDING & COLLECTIONS (Continued)

CUNA Credit Union Financial Counselor Recertification Workshop
September 16-17, 2018 // Orlando, FL

CUNA Collections & Bankruptcy School
September 17-20, 2018 // Orlando, FL

CUNA Lending Council Conference
October 28-31, 2018 // Anaheim, CA

CUNA Business Lending Roundtable
January 29-30, 2019 // San Diego, CA

CUNA Consumer & Residential Mortgage Lending School
April 15-18, 2019 // Las Vegas, NV

MANAGEMENT & LEADERSHIP

America's Credit Union Conference
June 28-July 1, 2018 // Boston, MA
June 17-20, 2019 // Orlando, FL

CUNA Management School
July 15-25, 2018 // Madison, WI

CUNA Coaching Leadership School
August 6-8, 2018 // San Diego, CA

CUNA Emerging Leader Institute
December 3-5, 2018 // Austin, TX

CUNA Governmental Affairs Conference
March 10-13, 2019 // Washington, D.C.

CUNA National Young Professionals Conference
2019 dates and location to be announced.

MARKETING & BUSINESS DEVELOPMENT

CUNA Marketing & Business Development Certification Schools
September 30-October 4, 2018 // Tempe, AZ

CUNA Marketing & Business Development Council Conference
March 20-23, 2019 // Las Vegas, NV

CUNA Digital Marketing School
June 3-6, 2019 // San Antonio, TX

OPERATIONS, SALES & SERVICE

CUNA Operations & Member Experience Council Conference
September 12-15, 2018 // San Francisco, CA

CUNA Member Experience, Sales & Service School
September 17-19, 2018 // Austin, TX

CUNA World-Class Service Leadership School
May 14-16, 2019 // Denver, CO

SECURITY & TECHNOLOGY

CUNA Technology Council Security Summit
September 11-12, 2018 // San Francisco, CA

CUNA Technology Council Conference
September 12-15, 2018 // San Francisco, CA

CUNA Cybersecurity Conference*
2019 dates and location to be announced.

*eSchool is available.

Please note: All dates and locations are subject to change.

Cannabis and Banking: Know the Implications

Although 30 states and the District of Columbia have legalized some form of cannabis, and 400 U.S. financial institutions provide accounts for marijuana-related businesses (MRBs), the federal government still classifies the drug as a prohibited Schedule 1 narcotic alongside heroin, LSD, and ecstasy.

“This has created an untenable uncertainty in the banking system,” says Brian Knight, executive vice president and general counsel for the National Association of State Credit Union Supervisors. “Congress needs to address this either way so we know what the rules are and we can move forward.”

Regardless of whether credit unions plan to serve MRBs, they need to understand the implications of their decision, he says. “Those of you who are out have more to consider than those who are in. Those who are out need to think about what ‘no’ means.”

For example, most credit union leaders who opt out don’t want to serve “plant-touching” businesses, Knight says.



But what about a landlord who gets rent from an MRB and deposits it at the credit union? And what about MRB employees, restaurants where MRB employees buy food with “weed money,” contractors who work at the dispensary, or attorneys and accountants who serve MRBs?

The path is clearer for those who decide to serve MRBs, Knight says.

But before doing so, credit unions should consider four primary risks:

► **Compliance** with Bank Secrecy Act/anti-money laundering statutes. Will your local U.S. attorney make an example of you? Do you have the capacity to monitor these accounts to weed out bad actors?

► **Reputation.** Do current members want you to do this? What about your local community?

► **Balance sheet,** including concentration, lending, and liquidity risks.

► **Operational.** Does your bond cover misdeeds due to MRBs? Will your human resource policy allow marijuana use among employees?

“If you lend to an MRB, treat it as an unsecured loan,” Knight says, because foreclosure might not be an option due to lingering legal questions. “Also, you’ll want to crawl all over the people who own these businesses” to make sure they’re on the up-and-up.

OVERHEARD

‘PRIVACY IS NO LONGER A THING.’

Lee Wetherington, director of strategic insight at Jack Henry & Associates. He told attendees at the 2018 CUNA CFO Council Conference that “all Social Security numbers have been breached multiple times in the last four or five years.”

Create a Deposit ‘Battle Plan’

Centuries ago, countries would go to war over access to waterways. For credit unions, those waters are their liquid deposit accounts, says David Koch, president/CEO of Farin & Associates.

“You need a way to have water continually flowing into your credit union,” Koch says.

He offers a “battle plan” to attract more funding:

► **Have** the right products in the right target markets.

► **Develop** resources to identify the right prospects.

► **Use** internal data analytics to understand concentration risks, liquidity concerns, and potential migration costs.

► **Research** market share demographics to build potential “share of wallet” expectations.

► **Determine** the right time to engage in deposit “battles.”

► **Establish** markers for “pulling out” if you’re not succeeding.

► **Ensure** you have an adequate measurement process (data and impartial review) to determine success.

Three Ways to Boost Cybersecurity Preparedness

How can credit unions ward off today's sophisticated cybersecurity threats?

Theresa Payton, the first woman to serve as White House chief information officer and star of the reality TV show "Hunted," offers three steps:

1. Do a "walkabout" around your credit union. Ask staff what you do well and where you fall short when it comes to information security, and try to determine where employees have

implemented workarounds to security procedures.

"We need to design systems for the human psyche," Payton says. "When was the last time you did a walkabout to see if you're losing the line of sight of your data? We've focused on protecting servers, data, the cloud, internet of things, and on processes, but not the human psyche. The game has changed since we were busy securing components."

2. Think about logical and

physical separation of zones of information. The White House, she says, had many "zones of information," mostly for budget reasons. Having separate zones of information for different functions allows organizations to "flip a kill switch" when fraudsters compromise a particular zone.

"Think about how to create different zones of information in the credit union," Payton advises, "and where to put logical and physical zones of separation."

3. Boost your digital security response planning. Ransomware is especially concerning today. She suggests practicing how to respond to a potential ransomware event, which often involves the loss of data.

"When you have a plan and practice it, the disaster will be a lot smaller and will be resolved faster," Payton says. "It always takes 400% to 600% longer than anticipated to resolve these events because people don't think through everything."



Know Your Risk Management Fundamentals

Brian Heim, founder of IRR-analytics, breaks down the fundamentals of risk management, including:

► **Policy.** "Policy is the mechanism for communicating the risk appetite for of the credit union," he says.

"We encourage our clients to use language that doesn't include jargon so nontechnical folks can understand."

► **Technical model elements.** Most credit unions use vendors to help them build their technical model

element. Credit unions gather their core data, which is integrated into the model while applying certain assumptions.

► **Reporting.** Heim says reporting is often overlooked, and it should be designed so nontechnical people can understand it.

"It's helpful if other managers who aren't familiar with finance can pick up your report and understand your risk profile just by looking at the first few pages," he says.

► **Model output discussion.** This

takes place when the model has created its output and the team has acknowledged any limitations in the results.

"You want to avoid any implications of precision accuracy and certainty," Heim says.

► **Discuss results for action** or deliberate inaction. At this point, credit unions should consider if they are managing risk appropriately, and how they might proceed if another recession or financial crisis would occur.

Mentor Future Leaders

Provide development opportunities for young professionals at your credit union.

PATRICK TOTT

ONE OF THE CREDIT UNION industry's great concerns is how to train young people to join the movement and carry on its philosophy. While credit unions are doing a good job reaching millennials through some sophisticated, high-tech channels, how are they reaching out to the millennials and other youthful employees who already work inside their walls?

At some point, regardless of

THE BEGINNINGS OF MENTORING

Mentoring is an ancient concept, going back to Greek mythology and Mentor.

The story of Mentor is found in Homer's *Odyssey*. Odysseus, the king of Ithaca, fights in the Trojan War. While he's away, Odysseus has Mentor watch over his son and the household. Mentor serves as a teacher.

Over time, the word "mentor" has evolved to mean a trusted adviser, friend, teacher, and wise person. It's a fundamental form of human development that involves one person investing the time, energy, and personal knowledge in assisting another person with their growth and abilities.

It's often an ongoing or long-term relationship that involves a senior-level leader partnering with a junior-level employee to provide perspective or advice, says Steve Heinen, an executive coach who spoke at the CUNA HR & Organizational Development Council Conference.

paradigm-changing technology such as smartphones or dramatic shifts in financial industry practices, every would-be leader needs a mentor. "Young employees" often refer to those who are 35 years old or younger, according to leadership development experts.

"One of our leadership development purposes is to find mentors—or multiple mentors—for the young credit union employees who come to us for guidance," says Lauren Culp, manager of The Cooperative Trust, a leadership outreach program sponsored by Filene Research Institute and supported by CUNA. "That outside voice of wisdom can be crucial for those looking to enhance their leadership skills and advance their careers.

"Credit union professionals often share with us that finding a mentor is a challenge," she continues, "so we've started working on a solution that can help match current leaders who want to give back by mentoring next-generation credit union employees who want to grow."

The Cooperative Trust is piloting a guided mentorship program to help the industry bridge the gap, Culp says. Once it completes the pilot program, The Cooperative Trust will scale it for the entire credit union community.

Even those who don't have a mentor can gain insight from their credit union colleagues. A worldwide community of 1,800 young credit union professionals, The Cooperative Trust offers next-generation leaders an opportunity to learn and collaborate, Culp says.

"All young credit union professionals are invited and encouraged to join this free resource," she says. "The Trust also runs



'THAT OUTSIDE

VOICE OF WISDOM

CAN BE REALLY

CRUCIAL.'

Lauren Culp

the well-known Crash programs, which bring young professionals to the industry's biggest conferences at a lower cost, with additional custom content and networking opportunities."

Two buckets

Kristin Ryan, director of learning events at CUNA, says she divides the focus of leadership development courses for young leaders into two buckets.

"The first bucket is to make sure an emerging leader understands the credit union movement and the functions of their own jobs—technical skills, such as knowing how to read a balance sheet and understand economic trends," she says.

This means not only understanding the role and functions of different departments at the credit union, but also risk management, strategic marketing, and what Ryan calls the

elephant in the room—compliance.

Then, says Ryan, “there’s the second bucket, the warm-fuzzy side of leadership skills: knowing how to teach and motivate a team, building trust, and imparting useful knowledge.

“In the past, the industry seemed to focus almost exclusively on bucket No. 1, looking primarily for technical skills,” she says. “But millennials, who now form a major segment of credit union workers, grew up seeing their parents work 9-to-5 jobs they hated and then come home unhappy. Seeing this again and again as they grew up, millennials started saying, ‘We need a job/career that we feel passionate about. We want to be part of a larger movement.’

“The arrival of the millennials did much to shift the industry’s focus to add more consideration of the emotional and inspirational aspects of leadership training,” Ryan adds.

The focus on personal and emotional skills is not a nebulous exercise with mentors talking in glowing abstractions. In an Emerging Leader Institute segment, attendees learn what their management style is and how it functions during a crisis.

The first step is to assign a color to different types of management styles, with red representing an assertive personality, green an analytical personality, and blue an altruistic and nurturing personality.

Using that color, attendees then learn how they would—or should—interact with, or establish an effective technique for accommodating, individuals or teams that have different styles.

Topics covered at the Young Professionals Conference include:
► **Understanding the credit union difference.** New leaders should understand how and why the credit union movement got started, she says.

► **Becoming an advocacy army.** Leaders must become “advocacy warriors or an advocacy army,” she says. “One important aspect of



advocacy is knowing how laws are affecting credit unions and what ‘warriors’ can do to influence them.”

► **Learning their story.** This is a more personal section, where attendees tell their story. “How did you get to where you are? What’s your story? These questions help attendees gain insight into their motivations,” Ryan says.

► **Learning to tinker.** “Young professionals have an opportunity to bring a unique perspective to the industry, but they need to be strategic about presenting these ideas,” Ryan says. “Completing in-depth research, developing a well-thought-out plan, and presenting in a calculated respectful way can be the most successful process.”

She describes the other leadership training programs that fall under her management span. The Emerging Leader Institute focuses on two main topics: Understanding where you are as a leader and how you can improve the culture and development of those around you.

Networking is always an attribute of a strong conference. Many young professionals can build their network and leverage this group to strengthen skills and techniques.

“Say a small credit union is struggling with compliance, or a large credit union isn’t as good at marketing as it wants to be,” Ryan says. “The small credit union can ask

the larger one for help and vice versa because that relationship has already been developed. There’s nothing unusual about mutual help. One of the motivations at the heart of the credit union movement is sharing knowledge.”

Impact of a lack of mentoring

What happens when a credit union neglects the need to mentor future leaders? Retention is negatively impacted, and credit unions could find themselves wondering why they’re losing top talent.

“Reasons for employees leaving include not feeling connected to the credit union or its management. Or they don’t feel supported in their development,” Ryan says. “Many times a solution doesn’t involve a pay raise. It’s a desire to sharpen skills and take on more responsibility.”

RESOURCES

► CUNA:

1. Emerging Leader Institute:
cuna.org/eli

2. Young Professionals
Conference: cuna.org/ypconference

► The Cooperative Trust: cooperativetrust.com

► Crash program: crashwithus.com

Visit to Kenya Showcases Cooperatives' Impact

MIKE REUTER

Rolling up your sleeves and engaging with credit unions on the ground is the best way to see the movement's impact.

In early March, a contingent of U.S. and international credit union leaders visited Kenya on the first of several field engagement trips in 2018 by the World Council of Credit Unions. The goal of field engagements is to deepen understanding, share knowledge, foster friendships, and return home with stories that vividly illustrate the valuable work being done by the credit union movement with support from the World Council.

Here's a rundown of what participants witnessed and learned:

► **Kenya Union of Savings & Credit Cooperatives Ltd. (KUSCCO Ltd.) is the champion of the African credit union movement.** A visit with KUSCCO Ltd. included meeting with members of Kenya's parliament, who are working with KUSCCO to articulate the impact that savings and credit cooperative organizations (SACCOs) have in both urban and rural areas, especially for farmers.

► **Farmers are thriving by participating in the Cooperative Development Program (CDP).** CDP, adopted in Kenya in 2016, is a World Council initiative in partnership with USAID that is improving small rural producers' income by working with local SACCOs in offering a lending toolkit to finance, grow skills, and expand results for farmers and their SACCOs.

Increases in crop yield and harvest incomes are at

150% per farmer in some cases, resulting in more farmers wanting to join the program.

SACCOs are benefiting by growing their agricultural loan portfolio with lower delinquency rates, making it a more attractive product for SACCOs to provide members than traditional loans.

► **Mwalimu National is making a big difference.**

Mwalimu National was one of several SACCOs the group visited to get perspective on SACCO differences in operational size, scope, and product offerings. As one of Africa's largest SACCOs, with \$37 million in assets and 83,000 members, its operations are extensive and entrepreneurial.

Mwalimu National has a strategic focus on affordable housing and plans to develop 871 units—one of the largest undertakings by a credit union in Africa.

► **Women are transforming SACCOs through leadership and empowerment.** Every stop on the journey introduced the group to dynamic women who are entrepreneurs, strategists, department heads, and national chairwomen of the movement.

Flora Mukiri and Teressa Mutege are just two examples. Mukiri took up farming and, with the help of World Council and her local SACCO, increased her yield, profits, and skills to sustain and grow her business. And Mutege, national chairwoman of Mwalimu National, has been instrumental in achieving significant projects that grow the SACCO and give back to members and the community.



Young agronomists and soil experts assist farmers participating in the World Council's Cooperative Development Program.



Busia Compassionate Centre Director Stella Egesa and World Council President/CEO Brian Branch discuss the day's work at the orphanage.

► **Busia Orphanage shows how credit unions support their communities.** The second leg of the engagement trip centered on volunteering at the Busia Compassionate Centre. Supported by World Council since 2007, the Centre champions the growth and education of orphans affected by the HIV and AIDS epidemic in western Kenya.

The field engagement group planted banana trees, repaired rooftops and laundry lines, and created new well covers to keep the Centre’s water source clean and healthy. To learn more about the hosts during the Kenya field engagement, visit the websites for KUSCCO LTD. (kuscco.com), Mwalimu National (mwalimunational.coop), and Busia Compassionate Centre (doglobalgood.org/busia).

MIKE REUTER is executive director of the Worldwide Foundation for Credit Unions (doglobalgood.org). Contact him at mreuter@woccu.org.



Dr. Reverend Valerie Durrah reads to an orphan at Busia Compassionate Centre.



Linda Karimi, corporate affairs at KUSCCO LTD., gives an overview to the field engagement group.



Flora Mukiri is a farmer participating in the World Council’s Cooperative Development Program.



Brian McCrory, World Council board chair and president of the Irish League of CUs, engages with Busia Compassionate Centre orphans.

ENGAGE WITH CUNA NEWS

Credit Union Magazine app. Available free to subscribers, our app provides mobile access to comprehensive coverage including:

- // In-depth features and articles
- // Insightful perspectives from CUNA President/CEO Jim Nussle, CUNA economists, CUNA Councils executives and other thought leaders
- // Compliance guidance and analysis from CUNA's compliance experts

CUNA News Podcast. Listen to credit union people and credit union ideas on our weekly podcast, featuring:

- // Inspiration and innovation
- // Leadership and engagement
- // Insights and analysis



news.cuna.org

OFFICE EQUIPMENT

EQUIPMENT SALES & SERVICE

New and used bank equipment, teller cabinets, locks, cash handling. Maintenance service supplies and parts. Safe, vault and ATM, rigging service. Moving and storage, short and long term. Business relocation services. **Warner Industries** serving the upper mid-west for over 30 years. Call 414-803-4043 or email at info@warnerindustries.com & please visit www.warnerindustries.com.

SPECIAL SERVICES

BLANKET BONDS

Directors' and officers' liability for credit unions (most areas) since 1974. Control costs with our three-year-rate guarantee. Also, GAP, single interest, etc. All insurance needs for a credit union. **L A Blanchette Agency**, 15 Briarcliff Professional Center, Bourbonnais, IL 60914; 815-932-6256. Visit www.insuranceforcreditunions.com.

CHICAGO LEGAL REPRESENTATION

Walinski & Associates P.C. represents credit unions for collections, bankruptcies and foreclosures in Cook, Will, Dupage, Kane, Lake and McHenry Counties. Email walinski@walinskilaw.com or call Robert J. Walinski (312) 985-7214.

cuSchool.com

The Internet Credit Union Training facility for staff & volunteers.

ENGAGE WITH CUNA NEWS

// Credit Union Magazine app
// CUNA News Podcast

Available free to subscribers
Learn more at news.cuna.org



CLASSIFIED ADS

Classified ad charges accrue by the month (or partial month), with two-month minimum charge. Rates are based on 36 characters and/or spaces per line:
12 months @ \$6.00 per print line;
9 months @ \$6.50; 6 months @ \$7.50;
3 months @ \$8.50; 2 months @ \$9.00.

Add \$10/month for confidential box service. The deadline for placing a classified ad in *Credit Union Magazine* is the first of the month before the month of print insertion. Contact: tgerard@cuna.coop; phone: 800-356-9655, ext. 4257; fax: 608-231-4263.

ADVERTISER INDEX

ADLUMIN **31**

AMERICA'S CREDIT UNION MUSEUM **21**

CANON **56**

CU DIRECT **3**

CUNA MUTUAL **7**

CUNA resources
cuna.org

CUNA 2017-2018 TRAINING BUNDLE **39**

CUNA 2017-2018 TRAINING **45**

CUNA NEWS **52**

CU SERVICE NETWORK **19**

CUNA Strategic Services providers
cunastrategicservices.com

HARLAND CLARKE **11**

JMFA **17**

DVS ANALYTICS **55**

FICS **33**

LOOMIS **9**

LSC **5**

PSCU **2**

QRL FINANCIAL SERVICES **15**

Publisher's note: Inclusion of advertising in *Credit Union Magazine* does not imply endorsement of the product or service advertised. We do not guarantee the quality of any advertiser's products or services.

Credit Unions A-Z

The real meaning behind the letters.

JAMES COLLINS



A IS FOR “ARGH!”, THE SOUND a CEO makes when told the credit union’s exam has been both lengthened by a week and will come a few months early due to “scheduling difficulties.”

B is for a name that rhymes with “spank” and which can’t be mentioned.

C is for “check,” an ancient form of payment currently unknown to all under the age of 30.

D is for “draft,” the same as a checking account, but we can’t call it as such because, you know, reasons.

E is for “escheat,” which technically is the only time you can put the word “cheat” with anything, implicate the government, and get away with it.

F is for “fraud,” which rhymes with “God,” which is what one says after falling victim to it.

G is for “guarantor,” someone who guarantees another person’s loan—a.k.a. “mom and dad.”

H is for “hold,” a temporary reduction in the available balance until a charge is processed. Example: “My math was perfect except for the hold.”

I is for “interest,” a charge when someone borrows money—not what people have in their finances.

J is for “joint account” as in, “I have a joint account with my spouse at the credit union.” This term may now have a different connotation in states that allow recreational and medical marijuana use.

K is for “kiting,” a way to cover bad checks. In theory, the length of the kite can be

extended by adding institutions—along with the eventual jail term.

L is for “lien,” as in “The bank has a lien on my property.”

M is for “mortgage,” a loan with security in real estate. This differs from a credit card, which is a loan with security in hope.

N is for “NCUA” or “The Regulator,” soon to be a movie starring Liam Neeson who “redefines the cost of over-concentration.”

O is for “offage,” when the cash in a teller drawer isn’t the same as its calculated balance—also referred to as the “branch manager’s curse” and “the last thing that happened before Bob left us.”

P is for “peer,” a credit union of similar size. Example: “You do not compare well to peers.” Most CEOs agree peers should be fired.

Q is for “quitclaim deed,” when a property owner transfers title to another. Also a good name for a rock band.

R is for “risk,” as in, “As a regulator, every loan you make, every deposit you take, we’ll be watching you” (sung to the tune of “Every Breath You Take”).

S is for “share account.” We can’t call it a savings account for, you know, reasons.

T is for “time deposit,” known as a CD in banks and share certificate in credit unions for—if you haven’t caught on by

now—reasons.

U is for “underwriting,” derived from the Latin words “under” (meaning beneath) and “writing” (the practice of writing coherently). As such, this function technically means “beneath writing coherently.”

V is for “variable rate,” where rates change based upon a driver, such as the prime rate. This compares to a “fixed rate,” which doesn’t change. Then there is the “confused rate,” when members look at a statement.

W is for “wire transfer,” where the Federal Reserve uses the Pony Express and a stage-coach to send cash between bank accounts.

X is a colloquialism for where to affix one’s signature, as in “sign on the X.” Ironically, it’s also where treasure is located.

Y is for “Y2K,” an end-of-the-world condition where computer dates cease to function, leading to such disasters as hurricanes, tornadoes, and a Spice Girls reunion. Of course, geeks know Y2K isn’t the year 2000 as a true “K” is equal to 1024. So we’re all doomed in 2048. Get it? Math.

Z is for “zero percent,” as in, “Our credit cards have a zero percent introductory rate for 12 fortnights and may be increased due to arbitrary circumstances outside your control.”

JAMES COLLINS is president/CEO at O Bee CU, Tumwater, Wash. Contact him at 360-943-0740 or at jcollins@obee.com.



DVSAnalytics

Engage Your Agents Optimize Your Contact Center

Encore™ from **DVSAnalytics** is built to help you take millions of recorded customer interactions and turn them into rich business intelligence and insights.

Encore is engineered to integrate into your existing UC platform and contact center tools.

Visit www.DVSAnalytics.com to download the Arizona Federal Credit Union case study and learn how DVSAnalytics augments their contact center operations.

Gain a competitive edge with DVSAnalytics today!

FEATURES

- High image quality
- Fast speeds
- Flexible and reliable feeding
- Easy to install and use



FROM CHECK SCANNERS TO DOCUMENT SCANNERS *EVERYTHING YOU NEED TO **STREAMLINE PROCESSES***

Meeting financial industry standards, our Canon imageFORMULA check scanners and thermal receipt printer can assist credit unions in all areas of check capture, including back counter, teller, remittance/lockbox and commercial remote deposit capture. For desktop scanning to centralized higher-volume scanning, our document scanners can quickly and easily scan business documents as part of your digital workflow!



For more information,
contact Bob Ladich,
bladich@cusa.canon.com
or visit us online

usa.canon.com/scanners