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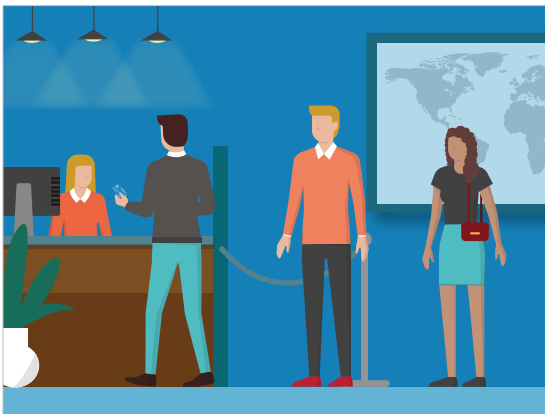


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VISIT OUR WEBSITE DURING SEPTEMBER FOR THESE ONLINE EXCLUSIVES.

## What's your risk appetite?

Does your credit union struggle with deciding what level of risk is tolerable? Create a risk appetite statement that defines your organization's risk profile and shows you where to focus your risk management efforts.



## The anticipatory organization: The missing competency

If you want to stay ahead of competitors at a reasonable risk to your credit union, use the "anticipatory organization" model, which allows leaders to identify trends, predict disruptions, and capitalize on emerging opportunities.

## Make cybersecurity part of your organizational fabric

Given the rate of speed at which cyber-based attacks are spreading, both state and federal regulators have increased efforts to ensure credit unions prioritize cybersecurity in their risk management strategies. Focus on four areas to improve your vigilance in this area.



## Greater mobile adoption hinges on education

Even as consumers continue to embrace online and mobile methods to pay bills and keep track of finances, confusion about mobile banking features and product offerings hinders adoption of mobile services. That's where education comes in.

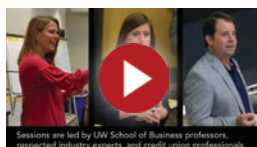


## Understanding misunderstanding from the inside perspective

Knowing why people buy what they buy, think what they think, and act as they do requires an understanding of how they evaluate the world through their own eyes and from their own inside perspective.

## Video: Inside CUNA Management School

See how this high-level educational program, held at the University of Wisconsin, develops tomorrow's credit union leaders.



Sessions are led by UW School of Business professors, respected industry experts, and credit union professionals.



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# Who Will Advocate?

*Networking and training opportunities fuel advocacy passion.*

WHAT HAPPENS IN WASHINGTON, D.C., and in state capitals across the nation directly affects your ability to operate, says Trey Hawkins, CUNA's deputy chief advocacy officer for political action in his address to CUNA Management School students this summer ("Four steps to effective advocacy," p. 11).

Advocacy awareness is critical. But what makes an effective credit union advocate? Among the traits Hawkins cites are:

- ▶ **Knowledge.** Know your credit union's mission, challenges, and needs, as well as the targets of your advocacy. Are you speaking with lawmakers? Regulators? The media?
- ▶ **Involvement.** Represent your credit union in the community, and volunteer for local causes, charities, and committees. Build relationships with community leaders, politicians, reporters, and key influencers.

CUNA recently introduced new ways for credit unions to share advocacy knowledge and increase involvement. These include:

- ▶ **Member Activation Program (MAP) Community.** This free forum brings industry professionals together to discuss advocacy issues, communications, and best practices, and to exchange ideas and resources to better advocate for credit unions.

The MAP Community is part of CUNA's plan to spread the word about advocacy efforts, says Adam Engelman, CUNA's director of federal grassroots programs.

Members asked for additional advocacy resources, including in-person training and other platforms, he adds. To sign up, visit [community.cuna.org](http://community.cuna.org).

- ▶ **Young professionals advocacy training.** "Young professionals are



**ANN HAYES PETERSON,**  
editor-in-chief  
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the future of the movement, and we need to stress the importance of advocacy now," says Engelman.

Program attendees will discover the benefits of advocacy, how to build strong relationships with their congressional representatives, and best practices in district and Hill meetings.

The agenda also will feature a congressional staff panel discussion and updates from CUNA and league staff.

September and October are two of the busiest months for CUNA's Hike the Hill program. This year, 13 leagues representing 17 states will take part in this program.

Many young leaders will experience their first trip to Capitol Hill during this time. That's important, as advocacy training and leadership development are at the heart of the credit union movement.

"If those most invested in the success of credit unions don't advocate," Hawkins asks, "who will?"

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## Be a Bold Digital Leader

Succeeding in a digital environment requires CEOs to invest time, talent, and other resources into transforming the member experience.

The approach to a digital transformation can't be half-hearted. CEOs must approach it with an all-in attitude.

"We must put our hearts and souls into this," says Greg Mitchell, president/CEO of \$17.8 billion asset First Tech Federal Credit Union in Mountain View, Calif. "It goes back to relevance: You will lose membership" if you don't offer what people want and need.

Mitchell and other credit union leaders weighed in on how to transform the member experience and their organizations in "The Digital Leader: Investing in Data Solutions," a CUNA CEO Council white paper.

"Begin the inside-out journey of becoming a digital leader by admit-

ting what you don't know," says John Janclaes, president/CEO of \$1.7 billion asset Partners Federal Credit Union in Burbank, Calif. "Then, garner help and advice on how to begin the journey of becoming one."



This journey includes assessing your digital capabilities to deliver the level of digital sophistication needed to meet members' expectations. It also includes using available talent and technology to achieve the desired outcomes.

Anne Legg, director of market/cli-

ent strategy at AdvantEdge Analytics, a CUNA Strategic Services alliance provider, suggests approaching this effort in four steps:

**1. Learn** about the power of big, connected data. Identify where members experience friction when doing business with your credit union and the data needed to solve this friction. Create a solution, test it on members, and either re-tool the solution or launch it to a wider market.

**2. Lead and create** an innovation-centric culture. Be prepared to fail fast and often.

**3. Improve processes** that support both data and intuition.

**4. Connect** all data efforts back to improving members' lives.



CUNA COUNCIL MEMBERS CAN DOWNLOAD THE FULL VERSION OF THE WHITE PAPER AT [CUNACOUNCILS.ORG](http://CUNACOUNCILS.ORG)

## OVERHEARD

'PEOPLE WANT TO LEARN AND GROW.'

**Jason Swain, Numerica Credit Union's leadership and organizational development manager, on the need for coaching ("Win with coaching," p. 32).**

## Look Within to Be Authentic

The journey to becoming an authentic and effective leader starts by learning about yourself, says Jamie Marsh, director of BBA Career Services at the University of Wisconsin School of Business.

"You must know yourself and what you're made of to be an effective leader," says Marsh, who addressed students of CUNA Management School in Madison, Wis.

She advises looking within to determine your "why," goals, values, and emotional intelligence. With that self-knowledge, people can become authentic leaders.

Marsh suggests answering these questions to gain self-knowledge:

- **Why** are you here?
- **How** do you deliver value to your clients?
- **How** do you make an impact on your industry and society?
- **How** can you improve?
- **What** is your ultimate career goal?
- **What** does success look like?

Answering these questions will allow you to grow in your career, form relationships with others, and determine your values—the standards or principles that guide your actions, beliefs, and decisions.

"Values should reflect who we are," Marsh says, "but also who we want to be."

## Four Steps to Effective Advocacy

If you're invested in credit unions, advocacy should matter to you.

That's because what happens in Washington, D.C., and in state capitals across the nation directly affects credit unions' ability to operate, says Trey Hawkins, CUNA's deputy chief advocacy officer for political action.

"This stuff matters," says Hawkins, who addressed CUNA Management School students. "It affects how you can serve your membership."

Hawkins highlights four traits of an effective credit union advocate:

**1. Knowledge.** Know your credit union's mission, challenges, and needs, as well as the targets of your



advocacy. Are you speaking with lawmakers? Regulators? The media? Learn about public policy issues affecting your credit union.

**2. Involvement.** Represent your credit union in the community and volunteer for local causes, charities, and committees. Build relationships

with community leaders, politicians, reporters, and key influencers.

**3. Willingness.** Respond to calls to action and participate in advocacy events. Interact with lawmakers on Capitol Hill and during in-district and town hall meetings, fundraisers, and credit union tours. These actions allow you to build relationships with lawmakers and their staff.

**4. Passion.** No one knows or cares more about your credit union, its mission, and members than you. Bring your passion to advocacy.

"If those most invested in the success of credit unions don't advocate, who will?" Hawkins asks.



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## Encourage 'Intrapreneurship'

You might think "innovation" is a business buzzword, but change is happening whether you're ready or not.

It's better to be prepared than left behind, says Michelle Somes-Booher, MBA director for the Wisconsin Small Business Development Center at the University of Wisconsin.

A great way to embrace innovation inside your organization is to encourage employees to think like "intrapreneurs," says Somes-Booher, who addressed CUNA Management School.

Intrapreneurs take risks and

solve problems inside a company the same way entrepreneurs do in the marketplace.

Eight intrapreneurial skills employees should develop include the ability to:

1. **Identify** and assess opportunities.
2. **Pivot** and alter your business model.
3. **Explore** research opportunities.
4. **Use** creative problem-solving to spur constant improvement.
5. **Leverage** resources.
6. **Manage** risk.
7. **Persevere**.



Michelle Somes-Booher

8. **Lead** with confidence, influence people, and build a team.

"Every person in your organization can be a change agent," says Somes-Booher.

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This year's theme, **Find Your Platinum Lining in Credit Unions**, celebrates ICU Day's 70th anniversary and our mission to improve our members' financial lives. To help you celebrate, CUNA offers a collection of themed items designed to engage your staff, members and community with the credit union movement.



Start planning your celebration by visiting  
**[cuna.org/icuday](http://cuna.org/icuday)**



# Pure Governance Magic

*Your CUNA Board practices credit union values.*



**MAURICE SMITH,**  
CUNA Board Chairman

SERVING AS THE CHAIRMAN of your CUNA Board is one of the highlights of my nearly 40-year career. From this perch, I have gained a fuller appreciation for the genius of the cooperative governance system.

Please indulge me as I share a few observations.

I am joined on the CUNA Board by a group of dedicated and talented directors. This is not an overstatement. Each board member brings a unique perspective to the issues confronting credit unions today.

The diversity of ideas, perspectives, and experiences from credit union and league leaders informs the board in making rational decisions. But this isn't what inspires me the most.

Most of you don't have the opportunity to sit in on a CUNA Board meeting. For this reason, you don't often see the board at work.

This may be a little inside baseball, but let me provide a glimpse into a typical CUNA Board discussion.

The conversation usually begins with the presentation of a proposal to improve or enhance the credit union system in some way. Sometimes, the

question on the table is a recommendation to build upon a policy position.

Your CUNA staff provides the contextual facts and background for the proposition. What happens next is pure governance magic.

Your CUNA directors proceed to ask insightful questions. Board members want to know how the proposal aligns with CUNA's strategies and values. We often consider and debate alternatives, and raise new concepts.

Directors demand to understand how actions will impact our member credit unions. Ultimately, a direction arises from a consensus.

Our system of representation enhances the governance of your CUNA. Your CUNA Board members are elected based on charter type, credit union size, and/or geography (see a listing on p. 6). Ordinarily, you'd think this would create contentious special interests among the constituent groups. This is far from what occurs on your CUNA Board.

From the discussions at the CUNA Board table, you wouldn't know the class or size of the credit unions represented. Respect for the contributions of each director makes governance effective.

For a movement built on egalitarian principles, it stands to reason that its elected representatives should regard one another the same. The democratic ideals that govern your credit unions reflect the values shared among your CUNA Board.

We should not want the directors to act in any other way.

The world of commerce would have you believe that bigger is always better. I don't buy this argument as an absolute truth in all situations.

The reason your CUNA board consists of different size classes and

league representation is to ensure all voices are heard. This matters in an association that speaks for cooperatives.

As CUNA members, you speak clearly about where you think our priorities should rest. Advocacy is the No. 1 value you want from your trade association. We hear you loud and clear.

This is why each CUNA Board discussion returns to this fundamental question of value. We ask ourselves what more can we do to advocate for credit union growth and success. We get to the right answers by listening to all the voices that represent you.

CONSIDER THIS A  
STANDING INVITATION  
TO ENGAGE WITH ALL  
CUNA BOARD MEMBERS.

The responsibilities and work of a CUNA director does not end with the proverbial bang of the chairman's gavel. As professionals and volunteers, each CUNA director is invested in the credit union movement as well. We need to hear from you constantly to make us more effective advocates.

Consider this a standing invitation to engage with all CUNA Board members. Contact us. Share your thoughts—even gripe about something if you think we have made a misstep.

After all, we are *your* CUNA.

*MAURICE SMITH is CUNA chairman and CEO of Local Government Federal Credit Union in Raleigh, N.C. Contact him at 919-755-0534 or at maurice.smith@lgfcu.org.*

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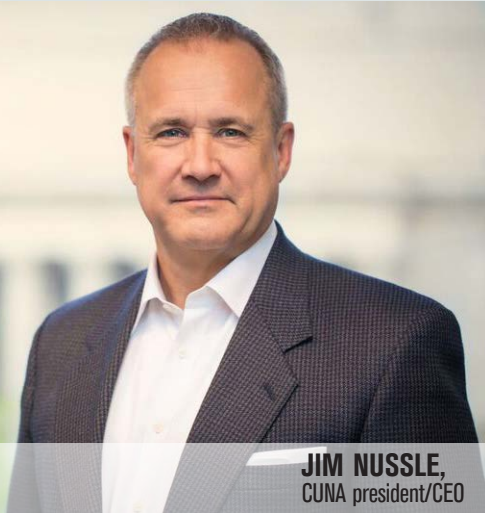
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# Awareness: We Have the Solution

*We're going to open America's eyes to credit unions.*



**JIM NUSSLE,**  
CUNA president/CEO

PEOPLE ASK ME ALL THE TIME if credit unions can remain relevant. They point to disruption in the marketplace or increased competition from fintechs or a burdensome regulatory environment that benefits the big banks that can afford to comply.

But regardless of what challenges they point to, my answer remains the same: Yes!

Not only can we remain relevant, I want nothing less than wave after wave of Americans choosing credit unions as their best financial partner. I want credit unions to be more than relevant—I want them to thrive. That's my vision for our future.

With S. 2155, we proved that when our movement works together—CUNA, state leagues, credit unions, 110 million members, and strategic partners—we can achieve historic results. We're competing on advocacy and we're winning.

Now it's time to tackle another problem that's pestered our movement since we came together in Estes Park in 1934—awareness.

CUNA and the leagues are working in concert to raise \$100 million to fund and sustain the national Awareness Initiative. We're going to open America's eyes to credit unions.

Over the past two years, CUNA has invested \$2 million in developing a research-driven, digital-first, consumer-focused marketing program that will benefit all credit unions. We know the problem, and we have the solution.

Banks outspend credit unions on marketing \$43 to \$1. At the same time, our research found that most Americans don't believe they can join a credit union, and that even if they do, they won't be able to access their money because credit unions are too "mom and pop."

This has contributed to credit unions' share of the financial market remaining stuck at 7% for decades. The Awareness Initiative solves this problem through the creative program, "Open Your Eyes to a Credit Union."

A rising tide lifts all boats, and "Open Your Eyes" will benefit all credit unions, complementing local marketing efforts.

You'll be able to focus on marketing your superior products and services—not spending resources just to explain what you are.

By establishing a national presence with our messaging and working together with the leagues to implement the creative program, we will defeat one of the primary myths hampering credit union growth: The belief among consumers that credit unions are local institutions lacking the scale and scope to be their best financial partners.

We know the "Open Your Eyes"

message is compelling because of our extensive research. The concept video generated enormous excitement with 75% of the numerous consumer test groups who viewed it. Our goal will be to move our core audience segments (millennials and parents ages 35 to 50) to "think" and consider credit unions for financial services.

With a hyper-targeted digital campaign focused on video and social media, we'll reach these demographics where they are and we'll measure our success on two primary levels: audience engagement with digital content and progress on increasing consumer consideration of credit unions.

WE KNOW THE  
PROBLEM, AND WE  
HAVE THE SOLUTION.

The best way credit unions and leagues can prepare to connect to the national program is by adopting the recommendations found in the Awareness Messaging Guide. The language is helpful in unifying our consumer voice across the country, and it preserves the brand equity individual credit unions have built with members.

The guide is available at [awareness.creditunion](http://awareness.creditunion) (password: [openyoureyes](http://openyoureyes)).

We have stacks of consumer satisfaction surveys that say our members prefer us to banks. We know not-for-profit financial cooperatives are a better model.

Next year, all Americans will know this, too.



# YOUR INVOLVEMENT IS CRUCIAL TO CREDIT UNION SUCCESS

The work of a devoted credit union volunteer is never truly done. Navigate today's complex financial and regulatory environment by staying curious about new ways to lead your credit union towards growth and success.

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New opportunities for credit unions become available every day. Explore the options that fit your needs and keep your credit union moving forward.

# Forecasting Is Tricky Business

*The yield curve may not be the reliable recession indicator it once was.*



**SAMIRA SALEM**

THE U.S. ECONOMY IS WELL into its ninth year of expansion—one of the longest on record. While the economy is robust, the inescapable business cycle dictates a turn in direction at some point.

So it's not surprising the burning question we hear from members is, "When will the next recession hit?"

This is important because credit union funding costs rise heading into recession while loan demand declines and earnings typically fall under significant pressure. We're looking for signs of the next recession, so we've been considering the yield curve, an indicator economists rely on to forecast recessions.

The yield curve is the difference in interest rates between short- and long-term government bonds. In a healthy economy you'd expect long-term rates to be higher than short-term rates to compensate investors for inflation and other risks.

With low unemployment and rising inflation pressures, the Federal Reserve has been raising short-term rates, resulting in a flattening of the yield curve. In other words, the gap between short- and long-term rates is narrowing.

In fact, during the second week of July, the spread between the

10-year and 2-year Treasury bonds was below 0.3 percentage points, down from 1 percentage point a year ago. It's at its lowest point in more than a decade.

While a flattening yield curve doesn't necessarily signal a recession, if it keeps moving in this direction, the yield curve will eventually invert. An inverted yield curve—where short-term rates are higher than long-term rates—has been seen as a powerful and reliable signal that a recession is coming in six to 24 months. In fact, inverted yield curves have preceded every recession over the past 60 years.

To be clear, an inverted yield curve does not bring about a recession. But it's a red flag that reflects negative expectations about the economy. Lately a debate has brewed about the reliability of the yield curve in forecasting the next recession. With many indicators pointing to economic strength, some believe distortions in the bond market may be affecting the shape of the yield curve and neutralizing its predictive power.

THE FEDERAL RESERVE  
SEEMS TO BE  
OF TWO MINDS.

Traditionally, movement in the long-term bond market has reflected investors' expectations about the health of the economy. Since U.S. government bonds are a relatively safe investment, investors tend to purchase long-term Treasury bonds when they expect tough economic

times ahead. However, in the wake of the Great Recession, the Fed and foreign banks began buying up massive amounts of long-term U.S. Treasury bonds. This unprecedented demand has distorted the market, resulting in higher long-term bond prices and lower yields.

The Fed's actions combined with these bond market distortions have resulted in a flattening of the yield curve. This combination, some argue, differs from the past when the yield curve flattened due to pessimistic predictions about future economic growth. In other words, we could experience an inverted curve but avoid a recession.

The Fed seems to be of two minds on this. The Federal Reserve Bank of San Francisco acknowledged the current unique economic environment but argued the yield curve remains a robust predictor of recessions. But in June, Fed economists published research pointing to an alternative recession gauge that compares the difference between short-term Treasury bill yields and their future yields six quarters later. This measure suggests a low probability of a recession.

Economic forecasting is part science, part artful judgment, and ultimately, tricky business. The verdict is still out, but there's some reason to be more cautious in how we interpret the yield curve. So, while many economists are worried about the flattening yield curve—and some predict a recession in 2020—there's reason to believe these concerns may be premature.

**SAMIRA SALEM** is CUNA's senior policy analyst. Contact her at 608-231-4398 or at [ssalem@cuna.coop](mailto:ssalem@cuna.coop).

# Hooked on Auditing

Fresh out of college, Mishel Kaufman took an internal audit position where she examined and learned about multiple areas of the business. “Once I started auditing, I was hooked,” she says.

Kaufman has parlayed that experience into a fulfilling, 25-year risk management career, including the past 10 years with \$4.4 billion asset Redwood Credit Union in Santa Rosa, Calif., where she’s senior vice president of risk management. Kaufman recently received a Women in Business Award from the North Bay Business Journal for her significant contributions to the local business community.



Mishel Kaufman

**Q What’s keeping you busy these days?** Redwood is growing, so it’s an exciting time. We’re onboarding new team members, executing on strategic initiatives, and partnering with other departments and with our vendors to enhance our business processes.

**Q What’s your biggest security-related concern?** One of my biggest concerns is cybersecurity. It’s not just an “IT thing.” Everyone’s jobs and personal lives rely on technology.

I’m focused on partnering with our IT [information technology] department to ensure we maintain a strong security posture. I’m also focused on developing ongoing training and awareness about security protocols and risks for our employees and members. To quote G.I. Joe: “Knowing is half the battle!”

**Q How do you deal with regulatory burden?** We do our best to stay abreast of potential changes and understand the impact to our credit union and members. We make required changes by creating project teams that look for the best way to address regulatory requirements while minimizing member impact. It can be frustrating and costly to address one-size-fits-all regulatory requirements.

We also stay active, and have strong relationships with the California and Nevada Credit Union

League, CUNA, and our legislators to address regulatory burden.

**Q When you brag about Redwood, what do you say?** It’s the best! I get to work with amazing people who are smart, hard-working, dedicated, and fun-loving—and who are deeply passionate about serving our members, our communities, and each other. It’s a tremendous feeling to work in an organization that makes such a positive impact in people’s lives every day.

**Q What did you learn about business continuity from last year’s wildfires?** I learned that all our years of investment, commitment, and training were invaluable. When disaster struck, we maintained uninterrupted service to our members even though our headquarters was directly in a fire-impacted area, only a block away from several buildings that burned down.

**Q What’s one of your most vivid memories from the wildfires?** I was awakened at 1:51 a.m. by a phone call saying there was a fire and that we may need to evacuate. When I went outside, I saw the orange and red sky glowing over the hillsides in the middle of the night.

**Q What does it mean to you to be honored with the Women in Business Award?** I am so proud and humbled that my contributions as a leader and to my community have made an impact worthy of this recognition. I am so grateful to my family and friends, co-workers, colleagues, my team, and the management team at Redwood for the trust, support, encouragement, and love that enables me to bring my vision to reality.

**Q What’s your leadership philosophy?** I believe we cultivate engagement, loyalty, and trust when we create an environment defined by honesty, courage, compassion, and connection.

**Q What was your first job, and what did you learn from it?** My first job was at Penguin’s Frozen Yogurt. I learned how to punch a time card, mop the floor—and that the value of a hard-earned dollar is priceless.

# COLLABORATION POWER

RON JOOSS



# CUSOs provide affordable access to technology and expertise.

In 2017, during the aftermath of Hurricane Harvey, \$3 billion asset Credit Human Federal Credit Union in San Antonio needed to provide members with pre-approved, short-term emergency funds. It found the answer in a credit union service organization (CUSO).

The CUSO, QCash, offers a cloud-based payday loan alternative, says CEO Ben Morales. The credit union wasn't looking to generate loans or fee income. It simply wanted to give members instant access to funds.

"They wanted to automate and make their pre-approved loan process more efficient," he says. "Our engine does that well. So we made some adjustments to our system and built in some new capabilities, and we were able to help them."

The takeaway: Technology and collaboration make credit unions stronger, individually and collectively, Morales says. "If you're part of a CUSO, the tide raises all boats."

By design, the CUSO model provides solutions. On an everyday, get-your-hands-dirty level, CUSOs solve problems and ease frustrations.

Given today's competitive environment, never before has the CUSO model been more important to credit unions.

"Through the CUSO model, credit unions can reduce costs and obtain high-level technology and expertise at less cost than if they did it themselves," says Guy Messick, general counsel for the National Association of Credit Union Service Organizations (NACUSO). "I don't know how cooperative financial institutions can meet today's challenges without leveraging the advantages of collaboration and economies of scale."

Many credit unions believe they can't compete or innovate, Morales adds, but CUSOs give them that opportunity. "Through CUSOs, their voice will be

heard, and they get the benefit of bigger ideas."

At year-end 2017, 946 CUSOs registered with NCUA, 74% of which serve a single credit union ("CUSO services," p. 22).

"It's a huge advantage for credit unions," says Jack Antonini, president/CEO of NACUSO. "Banks, for example, don't naturally collaborate. They also have anti-trust issues. So it's a lot harder for them to do what we have a legal right to do. Our cooperative principles are a really big deal."

Here are some newer entrants on the CUSO landscape.

## Constellation

The seeds for Constellation were planted in 2014, when Kris Kovacs served as chief information officer for \$2.9 billion asset Coastal Credit Union in Raleigh, N.C. He read an article about a bank that was releasing its 150th app for small-business customers.

"That's when we started to think about what a credit union app story would look like," says Kovacs, who's now president/CEO of Constellation. "We were doing some design work on mobile applications at the time. We eventually concluded there's a different model for credit unions. Our model is about aggregating services into a single application."

Kovacs began three years of research, and in 2017 he led the rollout of Constellation Digital Services, a

## FOCUS

- ▶ **CUSOs** and the collaboration they engender can provide a competitive advantage.
- ▶ **Never before** has the CUSO model been more important to credit unions.
- ▶ **Board focus:** Technology and collaboration make credit unions stronger individually and collectively.

# THE [PARTNERSHIP] makes us feel PRETTY GOOD.

Laurie Leno

cloud-based financial services marketplace and platform that allows credit unions and members to choose which services to use inside of a secure banking experience.

The company's model calls for developers to become service providers and partners on the new platform. Developers can create "tiles" or services, and credit unions can purchase those services within the marketplace.

## CULedger

CULedger also leverages the power of collaboration to create solutions for credit unions through innovative technology. In this case, CULedger and its investors are exploring the possibilities of distributed ledger technology.

A distributed ledger is a database that's consen-

sually shared and synchronized across a network of multiple "nodes." Participants at each node can access the records across the network and own identical copies of it.

Any changes or additions made to the ledger are reflected and copied to all participants in a matter of seconds or minutes.

CULedger President/CEO John Ainsworth says the CUSO's founders hope to provide solutions in three areas for credit unions: member authentication, lending, and payments.

Ainsworth says the "hub and spoke" of CULedger's strategy is authentication. The company will roll out a proof of concept this fall, with plans to announce pilot programs at eight credit unions and system partners later this year.

As its offerings evolve, CULedger could also produce huge benefits in another contentious area for credit unions: compliance.

"We want to raise the bar on know-your-customer compliance," Ainsworth says. "Credit unions can become a trusted authority on identification. We can take what was a regulatory requirement and not only reduce costs but turn it into a member benefit."

CULedger is comprised of CUNA, the Mountain West Credit Union Association, Best Innovation Group, credit union system partners, and credit unions. Ainsworth says the company's approach extends beyond dollars and cents.

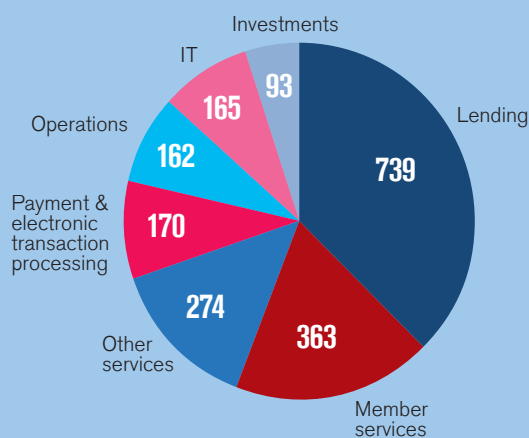
"It's not a competitive CUSO model," he says. "We see ourselves as an enabler to enhance or offer complementary services to other CUSOs to make them more efficient."

## CU Lending Cooperative

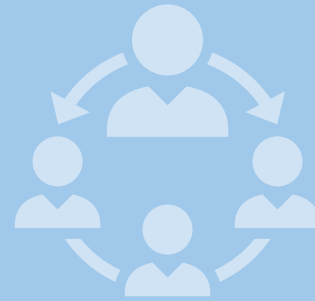
CU Lending Cooperative (CULC) gives credit unions access to marketplace lending, a relatively new type of online lending that connects consumers with multiple lenders.

When a borrower applies for a loan on a marketplace site, proprietary CULC software instantly qualifies the applicant and matches them to a participating credit union where they're eligible for membership. CULC's cloud-based system creates the necessary account records in the credit union's core system and funds the loan.

## CUSO Services



Source: NCUA (year-end 2017 data). Some CUSOs offer multiple services.



CULC President/Founder Mike Joplin says the pitch to borrowers includes the benefits of credit union membership. “We bring the credit union highly desirable new members,” he says. “It’s up to the credit union to aggressively onboard and upsell that member, further deepening the relationship we created.”

Joplin also is CEO/co-founder of CU Revest, an asset management company that recovers charged-off consumer loans. The company rehabilitates and recovers qualified members, returning them to good standing with their credit unions.

In the process, it turns charged-off debt back into capital.

“There’s no way a credit union could do this on its own,” he says. “By allowing credit unions across the nation to join forces, we can create a real economy of scale.”

### CU Rate Reset

CU Rate Reset, a CUNA Strategic Services alliance provider, allows credit unions to combat competitors that use big data to horn in on members’ business. The company gives members the ability to reset loan and deposit terms in minutes.

CU Rate Reset’s latest solution, Knock Knock, provides two-way interaction between the credit union and the member to deliver “just-in-time” offers. These offers are based on real-time triggers obtained from credit bureau information or the credit union’s loan origination system.

CEO/Co-Founder Keith Kelly says Knock Knock and CU Rate Reset’s other member-interactive solutions not only help credit unions compete, they build relationships with members.

“Inside of Knock Knock, members can see their spending habits,” says Kelly. “It analyzes members’ spending activity and offers advice. For instance, if a member carries a credit card with a high-interest balance, it might recommend a balance transfer.”

Kelly, a former retail mortgage banker, loves the collaboration he finds in the credit union movement.

“Credit unions know they can’t compete effectively with Rocket Mortgage given the size of their ad campaigns,” he says. “But collaboration allows us to pool our resources and generate as good if not better solu-

## CUNA OFFERS ASSOCIATE BUSINESS MEMBERSHIPS

CUNA now offers associate business memberships for credit union system partners to join the movement’s largest advocacy network. Several CUSOs joined immediately.

“CUSOs foster our industry’s super power—collaboration,” says Mollie Bell, CUNA’s chief engagement officer. “CUSOs are amazing partners to CUNA and the system as a whole, contributing time and financial resources to our industry’s efforts—a reason credit unions should strongly consider a CUSO as a solution provider.

“The value of the associate business membership program is centered on advocacy engagement and deepening our collaborative relationships,” she continues. “We very much value this support.”

Benefits of associate business memberships include:

► **The ability** to affect legislative and regulatory change through initiatives such as CUNA’s Member Activation Program (MAP), an educational grassroots program driving engagement on key issues for credit unions.

► **Access** to key strategic research, such as economic forecasts, trends, and industry updates.

► **Subscription** to *Credit Union Magazine* and access to other communications including The Nussle Report and advocacy updates.

► **Significant discounts** on CUNA’s learning events and professional development.

“Thank you to our associate business members serving as business advocates for credit unions,” says Michelle Johnson, CUNA business development manager.

CUNA associate business members include:

- Alloya Corporate Federal Credit Union
- Catalyst Corporate Federal Credit Union
- City Service Group Inc (dba We Drive)
- CO-OP Financial Services
- Corporate America Credit Union
- Corporate Central Credit Union
- Corporate One Federal Credit Union
- CU Direct
- CU Servnet
- Millennium Corporate Credit Union
- NASCUS
- PSCU
- Tricorp Federal Credit Union
- Vizo Financial Corporate Credit Union
- Volunteer Corporate Credit Union

For more information, contact Johnson at 608-231-4053 or at [mjohnson@cuna.coop](mailto:mjohnson@cuna.coop).

tions for our members than even the fintechs have to offer. Together we have a lot of data, and collaboration allows us to put some action behind it.”

### CU Micro Loan Fund

This CUSO handles administrative functions for micro loans (\$50,000 and less) from originating credit unions to Business Impact Northwest (BIN), a community partner that works with local entrepreneurs.



## ANOTHER BENEFIT: INCOME

CU Certified is not technically a CUSO but it collaborates like one, says Mark Giguere, president/founder.

CU Certified was born out of longstanding frustration. In this case, auto dealers—particularly independent dealers—were frustrated with limitations on the coverage of vehicle service contracts credit union members purchased.

Put simply, CU Certified Automotive offers a more member- and credit union-friendly service agreement—and creates valuable noninterest income.

“We created the program to mirror what was happening on the dealer side in terms of profit participation,” Giguere says. “Not only is it a better product for the member, it allows the credit union to participate in 100% of the underwriting profit.”

Credit unions have a say in the claims process for their members, and can use the underwriting profits normally enjoyed by administrators to benefit their membership.

CU Certified’s deductible-free contract pays for diagnostics, maintenance, and covered repairs. Additional benefits include national acceptance, trip interruption and “wrap” coverage (which expands manufacturers’ warranties), and 24-hour roadside assistance.

The offering can generate more than \$100,000 in noninterest income each year for some credit unions, Giguere says.

Four credit unions own CU Micro Lending Fund: \$1.3 billion asset Harborstone Credit Union, Lakewood, Wash.; \$18.6 billion asset BECU, Tukwila, Wash.; \$5.3 billion asset OnPoint Community Credit Union, Portland, Ore.; and \$550 million asset Verity Credit Union in Seattle.

BIN nurtures the business owners until they’re ready to borrow, says Laurie Leno, Harborstone’s chief financial officer. That way, “we as credit unions can provide funds to educated small businesses” that might have difficulty obtaining financing.

BIN, which has a loan portfolio of \$8 million, funds \$2 million to \$3 million in new loans each year, says Joe Sky-Tucker, the organization’s executive director.

BIN’s clients typically are small operations that “simply provide an income for their families,” he says. “They aspire to grow.”

That said, the loans perform well, Leno says. “These folks are so dedicated, they’re not willing to walk away from the loans,” she says. “They’re all great stories.”

Sky-Tucker says credit unions’ embrace of those stories is what makes the arrangement work. “There’s no reason monetarily for the credit unions to do this,” he says. “They see a community need—creating a thriving small business community—and we help meet that need together.”

Adds Leno: “The whole thing makes us feel pretty good.”

## RESOURCES

- ▶ CUNA associate business membership: [cuna.org/associatemembership](http://cuna.org/associatemembership)
- ▶ Constellation: [constellation.coop](http://constellation.coop)
- ▶ CU Certified: [cucertifiedauto.com](http://cucertifiedauto.com)
- ▶ CU Ledger: [culedger.com](http://culedger.com)
- ▶ CU Lending Cooperative: [yourculc.com](http://yourculc.com)
- ▶ CU Rate Reset, a CUNA Strategic Services alliance provider: [curatereset.com](http://curatereset.com)
- ▶ NACUSO: [nacuso.org](http://nacuso.org)
- ▶ QCash: [q-cash.com](http://q-cash.com)



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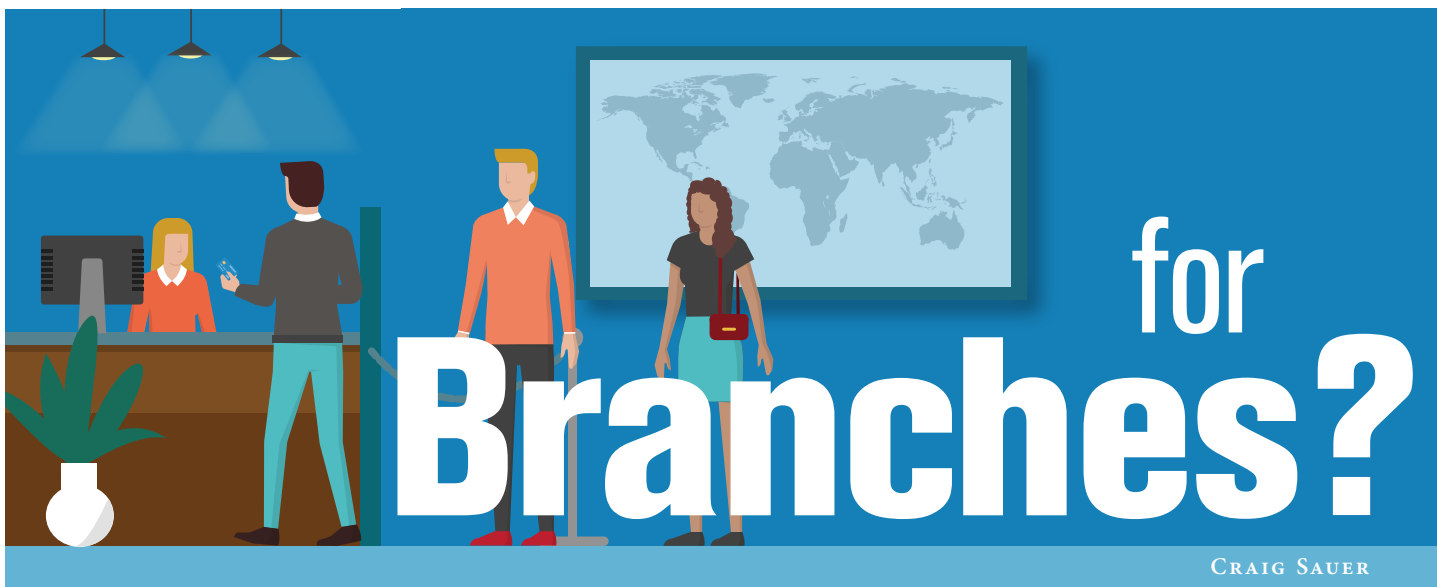
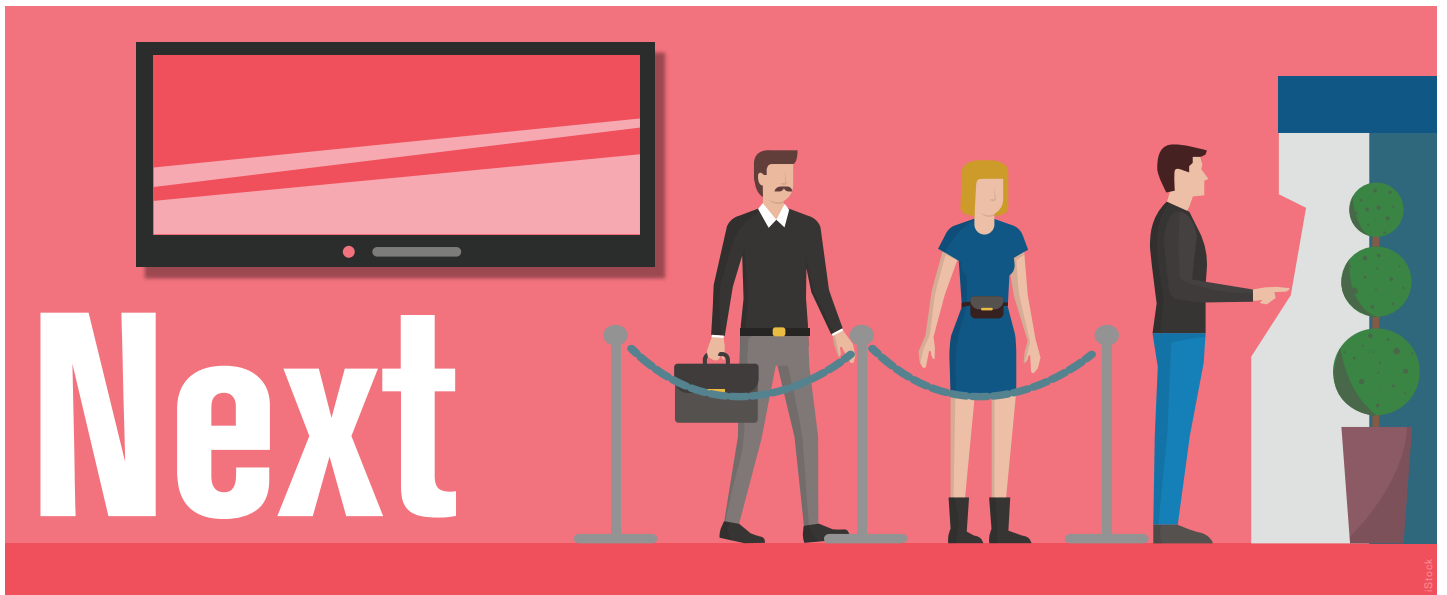
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# Find the right blend of people, processes, and technology that will advance your vision and mission.

Reflecting shifts to online and mobile banking and changing consumer preferences, the look, feel, and technology mix of credit union branches are rapidly evolving.

According to the 2018-2019 CUNA Environmental Scan Report (E-Scan), while nearly 60% of traditional banking products are still sold in or through branches, the number of brick-and-mortar hubs has dipped dramatically.

Every year since 2009, branch closings have exceeded branch openings. And during the next five years, look for a 10% to 15% reduction in financial institution branches, the strategic planning report predicts.

Yet, branches still play a “pivotal role in the credit union movement,” according to Mark Sievwright, founder/CEO of Sievwright & Associates, and one of the E-Scan’s contributors.

Consumers still use branches, he says. They just use them differently.

Consumers also have different expectations about branches’ look and feel based on what they see each

day at places such as coffee shops, hotels, and fast-food restaurants.

“All of these places have upgraded their look, feel, and function,” says John W. Smith, CEO of DBSI Inc., which provides branch design and other services. “So, if I go into my credit union—where I have my financial assets—and it’s cold, stale, and boring, I’m not getting the right feel. That’s why a lot of branch transformation is taking place today.”

These changes force credit unions to re-evaluate and reimagine their branch operations. Many now opt for fewer, smaller, and technologically advanced models, and those with self-service machines, video banking, digital signage, and other digital screens.

continued ►

## FOCUS

- **Expect** more digital screens in branches.
- **Technologically advanced** branches require new employee roles and skills.
- **Board focus:** Consumers want more self-service options.



### Self-service

Like the rest of the retail business world, credit unions are seeing a big shift toward self-service channels.

“When we look at deployment of branches moving forward, let’s look at what’s already happening in airports and in grocery stores. You have many self-service environments,” says Mia Perez, chief administrative officer at \$248 million asset Louisiana Federal Credit Union in LaPlace, and chair of the CUNA Marketing & Business Development Council.

According to the research firm Forrester, 79% of consumers prefer self-service options, making it the most popular channel for customer support.

“We need to pay attention to the fact that consumers want to do business in digital self-service channels,” she says. “Even in the branches, credit unions have areas where members can come in and do business and not interact with anyone.”



**LET’S LOOK AT WHAT’S HAPPENING IN AIRPORTS AND IN GROCERY STORES.**

— Mia Perez



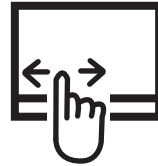
Enabling more self-service options at credit union branches involves three main options:

1. **Higher-functioning ATMs.**
2. **Interactive teller machines (ITMs)** which can connect to remote staff to fulfill transactions.
3. **Kiosks** that are fully integrated with the core banking system.

The level of difficulty in implementation increases

from ATMs to kiosks. It’s easy to simply place more ATMs inside the branch, but more difficult to align staff and new technology with ITMs.

Plus, core-connected kiosks can be difficult to implement from a back-end perspective, Smith says.



### Video banking

Video banking in the branch, which allows members to interact with the expert resource they need in a comfortable booth or office over internet video, is still in the early stages of adoption in financial services.

“Yet, it’s accelerating,” says Elana Anderson, chief marketing officer for Vidyo, a CUNA Strategic Services alliance provider of video banking solutions. “We see video banking pay off consistently. The word is getting out.”

Credit unions have used video banking to improve operational efficiency by centralizing staff and enhance customer satisfaction by decreasing wait times.

“No matter how remote the branch location or who is working at the branch, members always have an expert available,” Anderson says. “Not only does this improve resource utilization, it increases customer satisfaction. You can meet with an expert regardless of when you’re at the branch.”

Using the technology is not as big of a hurdle for consumers as one might expect.

“FaceTime has certainly made people more comfortable with video technology,” she says. “When someone walks into the branch and can either wait in line or get service immediately, they’re typically willing to use video banking. It’s a no-brainer.”

Video banking can improve credit unions’ ability to cross-sell and upsell, Anderson adds.

“With video, I can see how you’re reacting,” she says. “I can see if you’re engaged. I can see from your face whether you have concerns. Trust is established from that interaction that allows for greater cross-selling and upselling.”



### Screen power

Visually striking video walls, interactive kiosks, tablets, and other types of screens are common communication tools at many financial

institutions. And more will add them, according to DBSI Inc.

Digital signage, used for marketing and informational purposes, is the “easiest, quickest, and cheapest” way to create a consistent brand thread across your network, says Smith.

Strategically, credit unions use advertising screens to increase share of wallet and the number of products and services members use.

“Sometimes we assume that because our product information is on our website or in branch brochures that all members know what we offer,” Smith says. “But members certainly are not acting that way. That is where digital signage plays a big role: helping members discover the credit union’s products and services.”

Digital screens have been an effective and customizable feature at Xceed Financial Credit Union in El Segundo, Calif., says Paris Chevalier, chief marketing officer at the \$922 million asset institution.

“Keep the content brief,” she advises. “Approach digital screens in the branch like you would a billboard—a great, eye-catching image paired with a few, attention-getting words and a call to action. In this context it would usually be, ‘Ask an associate for details.’”

Tablets and kiosks in the branches can be great interactive tools that allow members to explore those additional services and ease onboarding.

If a credit union wants to ramp up members’ use of its mobile check deposit, for example, an employee can easily walk a member through the process in the branch, Smith says.

“Now you’ve showed yourself as an adviser versus a transactor, which develops loyalty,” he says. “And the next time they have a need, they’re going to come back to you for that. That’s how powerful properly implemented screens can be in a branch.”



### The human side

These technologies and the push toward self-service don’t create an impersonal branch experience, Smith says.

“They absolutely change branches from stodgy, cold, stale, and boring environments to ones that are more vibrant, educational, and collaborative.”

## THINK BROADLY ABOUT VIDEO BANKING

Credit unions considering video banking should think beyond the branch, says Paris Chevalier, chief marketing officer at \$922 million asset Xceed Financial Credit Union in El Segundo, Calif.

A key consideration is optimization for mobile, Chevalier says.

“When Xceed launched its Xperience Center video banking platform a few years ago, we anticipated a lot of members accessing it through the physical facilities—equipped with desktop computers that we’d set up at our financial centers,” she says. “These are great spots with excellent branding that enable members who want it to have the backup and support of onsite associates, as well as a confidential setting for conducting their business.”

But it turns out that only about 5% of the Xperience Center traffic comes onsite. The vast majority of traffic (90%) comes through the Xceed mobile app, with just 5% coming from members using their desktop computers via the credit union’s website or online banking channels.

“Xceed’s Xperience Center is first and foremost an alternative to in-branch transactions and telephone engagement,” Chevalier says. “But our Xceed Personal Bankers and the financial consultants with Xceed Wealth Management Group are also using it for face-to-face meetings and consultations with members. It combines that face-to-face, personal touch with the convenience of online banking.”

People remain vital to branch success, he says. In fact, technology improvements free up branch employees to guide members, leading front-line staff to take a more concierge-style approach.

“You want to meet members at the door and guide them to where they should be conducting business,” Smith says. “That way you can focus on the member and not the transaction.”

But employees working in these updated branches or via video banking need to have different competencies than those in traditional roles.

“Everybody misses the last piece: You must shift your training to deliver service in a different way,” Smith says.

Video banking, for example, requires staff who can use the channel effectively.

“Not everybody is comfortable on camera,” Chevalier says. “We make sure the people who staff video banking are experienced associates who are comfortable engaging with members through a video interface.”

Xceed also has bilingual staff available to assist its Spanish-speaking members.

It’s crucial to have a branch strategy and the right people to carry it out, Smith says.

Engineer the experience by training staff on what to say, how to transition, and how to operationalize, he says. “You can’t just build it and expect it to work.”

### **Know your strategic intent**

Before you commit your credit union to new technology or a branch makeover, Smith advises starting with strategy.

“It shouldn’t be, ‘let’s invest in technology, process, or design because someone else did it,’ because it might not make sense for you,” Smith says. “Pick technologies that allow you to accomplish your strategy.”

If your strategy is to become more of a financial adviser to your members, it might make sense to invest in technologies that hasten the run-of-the-mill transactions in the branch and free up time for personal conversations and cross-selling and upselling opportunities, he says.

If your strategic intent is purely to reduce your branch costs, it might make sense to invest in technologies that shift your branch away from expensive

***FACETIME HAS  
CERTAINLY MADE PEOPLE  
MORE COMFORTABLE  
WITH VIDEO TECHNOLOGY.***

— Elana Anderson

face-to-face transactions and guide members to self-service, he continues.

Your strategy and technology mix might even differ depending on the branch and location.

“Figure out your strategic intent and the technology will logically align to delivering that,” Smith says.

Siewwright says everything comes back to gearing up the right member experience, which he calls a critical success factor for credit unions in the coming years.

“One of the greatest challenges today,” he says, “is to find that blend of people, process, and technology that will advance your vision and mission.”

## RESOURCES

- ▶ 2018-2019 CUNA Environmental Scan Report: [cuna.org/escan](http://cuna.org/escan)
- ▶ CUNA Councils: [cunacouncils.org](http://cunacouncils.org)
- ▶ DBSI Inc.: [dbsi-inc.com](http://dbsi-inc.com)
- ▶ Siewwright & Associates: [siewwrightandassociates.com](http://siewwrightandassociates.com)
- ▶ Vidyo, a CUNA Strategic Services alliance provider: [vidyo.com](http://vidyo.com)

# CUNA CREATING MEMBER LOYALTY™

*"I can hardly contain my excitement about our progress with CML. This is a huge step for us and I cannot thank you enough for your support in getting us here. Having discussions about our vision and values was something that would not have taken place a year ago, so again, THANK YOU!"*

*- Melissa Hendrix, Senior  
Vice President  
Mainstreet CU, Lenexa, KS*

Transform your credit union into a member relationship and engagement powerhouse with CUNA Creating Member Loyalty™ (CML).

CML provides guidance at the individual and business level, which results in a culture that exceeds members' expectations.

Our collaborative process goes beyond training to generate buy-in from all staff members and create change that delivers results.

Through our framework, your credit union will initiate a transformation to grow your member relationships and engagement.



# Win with Coaching

JENNIFER GARRETT

## Tap into employees' desire to learn and grow.

You see them in baseball dugouts, on basketball courts, and on football fields. Coaches are always there, guiding athletes toward optimal performance.

### FOCUS

- ▶ **Leverage** employees' desire for personal improvement in coaching efforts.
- ▶ **Focus** on what employees do well and what needs improvement.
- ▶ **Board focus:** A coaching culture provides an atmosphere of continuous improvement.

Coaches also are in credit unions, boosting executives' leadership skills and improving employees' member service and selling acumen.

While coaching is a hot topic in the credit union industry, the attitudes and strategies incorporated into modern-day coaching have been around for years, says Denny Graham, founder of FI Strategies, a CUNA consulting partner.

Coaching refers to an organizational or institutional focus on individualized employee development practices that target goals for personal improvement and growth, he says. And while coaching focuses on the individual, the organization benefits as well.

Coaching, Graham says, is more about the practice than the person. Financial institutions use coaching to develop employees, which in turn



improves operational results. And while some credit unions hire dedicated coaches, it's more likely that "coach" is part of an individual's job description rather than a title.

Coaching won't work, he says, if employees are subordinated to sales targets, performance measures, or other standard credit union metrics. Not only should coaching focus on employees, those being coached should also be able to identify a personal benefit—what's in it for them—that they'll realize as a result of the process.

Ideally, that would be some kind of reward, such as a larger bonus, a new role in the credit union, or the opportunity to assume higher-level responsibilities.

### Personal improvement

The credit union industry has certain characteristics that make it ideal for coaching—namely that most employees want to excel at their jobs, says Jason Swain, leadership and organizational development manager for \$2 billion asset Numerica Credit Union in Spokane, Wash.

He leverages that interest in personal improvement to motivate employees to engage in coaching relationships and training.

Numerica's commitment to coaching emerged in 2013, when it adopted a service, sales, and leadership program. Coaching was an integral part of that program.

"We wanted managers to coach employees on skills they had learned," says Kalei Reeder, member loyalty program administrator.

At Numerica, coaching involves regular one-on-one meetings between employees and their coaches. Employees self-assess and identify potential opportunities for growth within their positions or within the credit union.

Managers also listen in on staff's interactions with members and follow up with coaching discussions specific to those interactions.

Numerica created what Swain describes as an experiential leadership training program for all managers in 2013. It includes extensive practice opportunities so managers have experience with the concepts they're learning.

Coaching is part of the curriculum, but the credit union also offers an optional coaching workshop for

## CREATE A LEARNING CULTURE: SEVEN STEPS

- 1. Recognize** that employees are in the driver's seat. Consider how staff members experience your training. View employees as customers of your training options.
- 2. Switch** from a content-centric "push" approach to a learner-centric "pull" approach. This will allow you to deliver more effective training.
- 3. Use** design thinking. Think less about development content and more about the learner's experience.
- 4. Use** technology to drive employee-centric learning. Use mobile, social, and web-based platforms that deliver on-demand content.
- 5. Align** training with business needs and goals.
- 6. Rethink** what "development" means in the context of your organization. If this vision doesn't exist, adopt one and communicate it broadly.
- 7. Support** continuous learning. Dedicate resources, set expectations, and align corporate culture to enable employees to get the training they need.

Source: "Coaching Teams and Employees," a CUNA Councils white paper

all employees. Swain says it's in high demand.

"People love learning," he says. "In it we ask, 'How many of you like to get better over time?' There's never a time when everyone's hand doesn't go up. People want to learn and grow."

The credit union's growth confirms its belief in coaching as an employee-development strategy, according to Reeder. In just six years, the credit

union grew from 300 to 565 employees.

Increased interest in open positions is another result, and anecdotal feedback from new hires indicates a growing enthusiasm for working at Numerica, Reeder says.

### Coaching culture

Numerica recently developed a values statement to guide the organization, and a deep commitment to personal and organizational development emerged in the process. Coaching is fundamental to living that value in the credit union every day.

"People want to be good at what they do," Swain says. "Coaching is aligned with who we say we are."

Coaching is not simply a practice at Numerica. It's a culture.

The same is true at Blue Federal Credit Union in Cheyenne, Wyo.

Almost 10 years ago, the \$977 million asset credit union initiated a culture shift to be more service-oriented. Leadership at the time began grooming all managers to be coaches, and integrated coaching into a required nine-month leadership training program.

Blue Federal eventually offered the program to aspiring managers as well. At first it contracted with a local college to deliver the training, but the credit union brought all leadership development programming in-house over the past two years.

Gaylene Dizman, vice president of member services, says Blue Federal's coaching model involves regular one-on-one meetings at least monthly, but more frequent meetings are not uncommon.

During the one-on-ones, coaches spend as much time on what employees do well as they do on what needs improvement. They use the conversations to learn what motivates employees, determine the challenges or barriers they face, and identify development opportunities.

While all managers at Blue Federal receive training and are expected to coach, not all coaches are managers. Coaching isn't a top-down practice, says Stacy Maatman, vice president of human resources.

"Our model for coaching involves more than traditional coaching from manager to employee," Maatman says. "We coach three ways: peer to peer, manager to employee, and employee to manager. It's just as much the responsibility of the employee to coach up to their manager as it is for their manager to coach them."



### TACKLE THE TIME BARRIER

Time is the biggest barrier credit unions face when it comes to coaching, says Tim Hagen, chief coaching officer with Progress Coaching.

Coaching is one of many roles for managers. Those with large staffs might struggle to fit in all necessary check-ins while fulfilling other responsibilities, and leaders at small credit unions juggle a variety of responsibilities.

Yet once it's integrated into culture and operations, Hagen says coaching doesn't have to be as time consuming as it may seem at the outset. He suggests starting with one or two critical areas and expanding coaching from there.

Leaders often mistakenly assume that regular one-on-one coaching check-ins are long meetings. Check-ins can be quick, lasting as little as eight to 12 minutes by using targeted, focused conversations.

"Most managers assume it takes 30 to 45 minutes per person, when in fact this could be the furthest thing from the truth," Hagen says. "People often are shocked at how quickly they can make an impact, as well as learn information they need to coach successfully."

People often are shocked at how quickly they can make an impact.

Tim Hagen



That's the goal at Numerica as well, says Swain. "We're seeking to create a coaching culture where anyone can, and will, give feedback to anyone else for the sake of improvement. I can give feedback to a peer. I can give feedback to someone with power and authority over me."

### Hiring a coach

While credit unions typically incorporate coaching into employees' existing roles, some hire people focused exclusively on that function.

Earlier this year, Blue Federal did just that—a decision reflecting its belief in the power of coaching to develop employees and, ultimately, drive growth.

"We hired two coaches in member services," Dizmang says. "They're not managers. Nobody reports to them. They spend their days in our 13 branches, and they work specifically with staff on building member relationships."

The two coaches track employees' goals and provide feedback on the spot. Because they see operations in all 13 branches, they can gauge each branch's performance.

That provides an added layer of insight—such as identifying inconsistencies and inefficiencies—that Dizmang didn't expect but finds valuable.

Dizmang is already seeing improvement in how employees engage members in conversations about how they can save money. However, loan volume and other metrics tend to fluctuate seasonally, so she's reluctant to draw firm conclusions about coaching's direct impact on performance or growth. Still, she's optimistic.

While credit unions like Blue Federal and Numer-

ica incorporate coaching into their cultures, Graham says implementing a sweeping culture change at the credit union isn't a requirement.

Individual managers can study coaching on their own, pursue it in their professional development, apply tactics with their teams, and then see improvement.

"Let's say I'm a branch manager, and my team is not doing well in balancing," he says. "I can work with my people. That doesn't necessarily take a corporate initiative."

The risk with any coaching is failing to do it right. While coaching certainly can lead to improved employee performance, it doesn't always.

Credit union managers and leaders cannot intensely coach every aspect of every employee's job, so Graham says it's important to identify what changes will likely lead to improvement.

Graham says identifying and coaching positive behaviors will lead to success on the playing field—and in the credit union branch.

## RESOURCES

- ▶ CUNA Human Resources & Organizational Development Council: [cunacouncils.org](http://cunacouncils.org)
- ▶ CUNA Professional Development Online: [cuna.org/cpdonline](http://cuna.org/cpdonline)
- ▶ FI Strategies: [fi-strategies.com](http://fi-strategies.com)
- ▶ Progress Coaching: [salesprogress.com](http://salesprogress.com)

## Fed Rule Addresses Remote Deposit Capture

New warranty and indemnity rights, liabilities, and obligations under Regulation CC (funds availability) were effective July 1. The Federal Reserve's final rule creates a new Remote Deposit Capture Indemnity to address the allocation of liability when a depository institution accepts check deposits through remote deposit capture.

This is when a member sends the credit union electronic information about a check, such as a photographic image, which the credit union uses to create an electronic check or substitute check for collection.

The indemnity would be provided by a credit union that accepted a check via remote deposit capture to a financial institution that accepted the original check for deposit in the event the financial institution that accepted the original check incurred a loss because the check had already been paid.

The final rule also adds an exception to the indemnity that would prevent a financial institution from making an indemnity claim if it accepted the original check containing a restrictive endorsement incon-

sistent with the means of deposit, such as "for mobile deposit only."

The Fed believes providing this exception could reduce accidental double deposits and provide incentives for financial institutions that receive remote deposit capture deposits to minimize intentionally fraudulent deposits.



Generally, the terms and conditions for use of a credit union's remote deposit capture service is contained in an agreement the credit union provides for use of its online banking services.

For example, financial institutions often require the endorsement of the full signature of the payee in addition to the restrictive endorsement

"for eDeposit only at ABC Credit Union" on all items. The credit union reserves the right to reject all items that are not endorsed as required.

Credit unions accepting checks by remote deposit capture may want to review the language in their Mobile Check Deposit Agreement or Remote Deposit Capture Agreement if the language isn't already there.

This requires the credit union's member to add a specific restrictive endorsement to the check, such as "For Mobile Deposit Only at ABC Credit Union into account No. 123456789." It also requires a new check box identifying the transaction as "for mobile deposit only."

This restrictive endorsement should help reduce indemnity claims against such credit unions.

### CUNA resources

CUNA's Compliance Community ([compliancecommunity.cuna.org](http://compliancecommunity.cuna.org)) contains discussion boards and other resources for credit union compliance professionals ("CUNA's compliance community: 3 years in," p. 38). Other resources are available at [cuna.org/compliance](http://cuna.org/compliance).

## NCUA Webinar Highlights Share Insurance Resources

NCUA conducted two webinars during the summer where agency staff discussed how credit union employees can help their members maximize National Credit Union Share Insurance Fund (NCUSIF) coverage.

Accounts and other topics the agency discussed included:

### ► Individual ownership accounts:

As a general rule, all funds owned by a single individual and deposited in one or more accounts are insured up to \$250,000 in the aggregate. IRA and Keogh accounts are separately insured up to \$250,000.

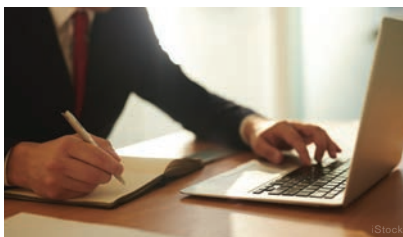
► **Joint ownership accounts:** Joint accounts are opened when funds are to be held in the names of two or more people.

Each co-owner of one or more joint accounts at the credit union is insured up to \$250,000. Joint accounts are insured separately from single ownership accounts because both joint owners have an ownership right to the money (that is, owned in a "different right and capacity" than the individual account).

▶ **“Doing business as” (DBAs):** If there is no unique Individual Taxpayer Identification Number, the funds are added to single ownership and aggregated to \$250,000.

▶ **IRAs:** Adding beneficiaries to an IRA account does not increase share insurance coverage.

▶ **Trust accounts:** Revocable trusts are accounts which document the owner’s intention to have the funds



pass on to a named beneficiary after the owner dies.

The funds in such accounts are insured for the owner up to \$250,000 for each beneficiary separately from any other individual accounts of the owner.

If the beneficiary is not a natural person or charitable organization or other nonprofit entity, the funds in the account that are attributable to that beneficiary are treated as an individually owned account of the owner, aggregated with any other individual accounts of the owner, and insured up to \$250,000.

NCUA staff also addressed some of the more confusing aspects of the rule, including joint accounts and

share insurance; share insurance and credit union membership; and resources available for credit unions.

Additionally, the agency shared several resources to help credit unions and their members understand share insurance benefits and calculate whether a member’s accounts are fully insured.

Credit unions can provide links to these resources on their websites for use by members.

The agency encourages credit unions to visit [mycreditunion.gov](http://mycreditunion.gov) to review their share insurance estimator, videos, share insurance FAQs, and brochures.

The webinars are available on the agency’s website.

## COMPLIANCE Q&A by CUNA's Compliance Team

**Q** Does S. 2155, now Public Law 115-174, impose any additional Fair Credit Reporting Act (FCRA) obligations on credit unions?

**A** The compliance obligations contained in the new law directly impact credit reporting agencies, not credit unions.

Credit unions, as users of credit reports, will experience changes in how certain information is reported and/or restricted by credit bureaus.

Several sections of S. 2155 enhanced consumer protections under FCRA.

### Section 301

▶ **Requires** credit bureaus to provide fraud alerts on consumer credit reports for at least one year (up from 90 days) when notified by an individual who believes he or she has been or may become a victim of fraud or identity theft.

▶ **Provides** consumers the right to place (and remove) a security freeze on their credit reports free of charge.

In the case of a minor, the parent or authorized representative may request the credit freeze.

### Section 302

▶ **Mandates** that certain medical debts incurred by a veteran be excluded from the veteran’s credit report until one year has passed from when the medical service was provided. Credit bureaus had already implemented a six-month delay.

▶ **Requires** the removal of veterans’ delinquent medical debts from credit reports once they are fully paid or settled.

▶ **Establishes** a dispute process and verification procedures for veterans’ medical debts contained in consumer credit reports.

▶ **Requires** the Veterans Administration to establish a database within one year

to allow consumer reporting agencies to verify whether a debt furnished to a consumer reporting agency is a veteran’s medical debt subject to these new protections.

▶ **Requires** free credit monitoring to active duty military members that would alert them to material changes in their credit scores.

### Section 602

▶ **Allows** consumers to request information related to a default on a qualified private student loan be removed from a credit report if the borrower satisfies the requirements of the lender’s loan rehabilitation program (as approved by the lender’s regulator).

This is just a brief snapshot of these provisions. More details will follow in the coming days, weeks, and months as the financial services industry and regulators work through the various changes.

# CUNA Compliance Community: 3 Years In

*What we've learned and why you should join.*

JACKIE EKDAHL

CUNA COMPLIANCE COMMUNITY launched three years ago.

What started as a new platform to provide compliance resources and allow members to connect has evolved. The community grew and changed to fit members' needs.

We've learned some important lessons on how you can get the most out of the community.

## What can it do for you?

CUNA Compliance Community is home base for all of CUNA's compliance resources. You'll find:

- ▶ **CompBlog.**
- ▶ **Tools**, charts, and checklists.
- ▶ **Announcements** on upcoming schools and conferences.
- ▶ **Links** to the e-Guide to Federal Laws and Regulations, and Info-Sight.
- ▶ **Access** to RegTraC.
- ▶ **Mentor Match** program for subscribers.
- ▶ **Military Annual Percentage Rate** calculator.
- ▶ **Military Lending Act** Credit Card Fee Comparison Spreadsheet.

Users also find networking and discussion threads on the plat-

form. These online conversations allow users to share creative solutions and everyday struggles, and make meaningful connections with peers across the country.

This concept of shared information and cooperation fits perfectly within the cooperative model credit unions already follow. In fact, this ability to connect with peers is one of the highlights of the community.

The support and connections members find is invaluable.

The reviews from members have been overwhelmingly positive.

"CUNA has been so helpful to me, and the communities are truly communities in the most family oriented sense of the word. We are all here to help each other, and I always find the information I need," one user notes.

Another user comments: "CUNA Compliance Community is where I am able to connect with other compliance professionals and discuss regulations or best practices. I would not be as successful in my current position without the community."

Some look at the community as

an extension of the added benefits members receive while attending our schools and conferences.

"When I go to conferences, I feel that networking is an important piece to a successful event. CUNA Compliance Community is an extension of that networking opportunity. We share valuable information here," a user notes.

Making these connections can be as simple as asking a quick question or seeking out peers through the community's robust search capabilities.

To date, the community includes more than 5,200 members from all 50 states and more than 2,000 credit unions. New members join daily.

CUNA Compliance Community members have shared more than 740 files with one another, including sample policies, checklists, staff training materials, and presentations.

About 1,600 individuals log in each day to create and add new content.

Since the community's launch in October 2015, members have started more than 5,500 discussion threads and written more than 19,000 posts.

CUNA's compliance attorneys are active users as well. They've contributed more than 650 blog posts on everything from recent NCUA webinars to breaking down complexities in regulations such as the Military Lending Act.

## Get the most from the community

Joining the community can seem overwhelming at first—there's so much going on every day.

However, you can manage the



volume of information available in the community with these tips:

► **Consume effectively.** Use the Daily Consolidated Group Digest setting. This is the default and recommended setting (especially for new users). It allows you to get an email every morning that breaks down the discussion activity from the previous day.

Users can respond directly to the thread from the daily email by clicking on the “reply to discussion” button on the right side of the email.

► **Stay current.** Follow the latest blog posts from CUNA’s compliance attorneys throughout the week for the latest updates and changes to federal regulations that affect your members.

If you want to ensure you never miss a blog post, you can opt in to receive compliance communication emails through your account on [cuna.org](http://cuna.org).

► **Engage.** Post a question, introduce yourself on the discussion threads, or answer a question. The more involved members are on the discussion threads, the more valuable the community is for everyone.

► **Open up.** Fill out your profile and upload a photo. The more detail you provide on your profile, the better chance you’ll have to connect with other compliance officers in similar situations.

Having a profile photo adds to a greater sense of community and connection on the online platform.

► **Search effectively.** Refine your keyword searches by community, author, and content type. You’ll find what you’re looking for faster.


► **Compile.** Designate certain blog posts, discussion threads, or

shared files as favorites to keep them top of mind.

On the right side of the page, click “Favorite” so you can find these items on your profile, and clicking on “Summary” under the “My Contributions” drop down.

Here you’ll see a pie chart breaking down your participation on the community.

You’ll also be able to select the “Favorites” piece of the pie chart to see content you’ve marked this way.



JOIN YOUR PEERS  
AS THE PLATFORM  
CONTINUES TO  
EVOLVE TO SUIT  
YOUR NEEDS.

► **Connect.** If you’re a new compliance officer looking to fill knowledge gaps, make meaningful professional connections, and gain professional recognition among your peers, participate in the Compliance Mentor Match program.

You’ll be paired with an experienced compliance mentor to get you started as a compliance officer and provide training and tools to support your success.

#### **State-level compliance resources**

While CUNA Compliance Community focuses on federal rules and regulations, the new state-level League Compliance Communities, run by our league partners, focus on regional compliance content.

The first three communities launched in March 2018 with the Mountain West Credit Union Association, the Credit Union Association of the Dakotas, and the Northwest Credit Union Association.

The Minnesota Credit Union Network and the Montana Credit Union Network soon followed.

The Louisiana Credit Union League also plans to launch a compliance community, and CUNA

will continue to coordinate with other interested leagues.

You can access these communities through the “Community” drop-down menu along the top of the Compliance Community page. We’ll update the list as more leagues join.

These additional communities are free and open to all members when their credit unions are members of both CUNA and a league.

CUNA Compliance Community’s first three years are just a beginning. Join your peers as the platform continues to evolve to suit your needs as compliance professional.

*JACKIE EKDAHL is CUNA’s compliance project specialist. Contact her at [jekdahl@cuna.coop](mailto:jekdahl@cuna.coop).*

## Guide Staff Through Change

Navigating change is difficult for both staff and managers, says Ronaldo Hardy, CEO of \$102 million asset Southwest Louisiana Credit Union in Lake Charles.

“Change takes away our convenience and makes us feel uncomfortable,” says Hardy, who addressed CUNA Management School in Madison, Wis. “Still, we need to lead people through it.”

He cites four personality types that emerge during times of change, how they respond to change, and how to manage them:

**1. Eager Ed.** He embraces change and is eager to learn and perform well. He’s not stuck on past procedures and can help set a positive tone on your team.

How to manage Ed: Train him quickly and allow him to train others. Recognize his accomplishments, and

find ways to let him lead. Find development opportunities that will allow him to advance in the credit union.

**2. Curious Carla.** She’s not sure about change and has many questions. She may appear to be negative, although she’s fact-finding. She’s on the fence and will become either a strong contributor or a detractor depending on how you manage her.

How to manage Carla: Give her the information she needs to be comfortable with the change. Offer feedback about how she’s performing and how she can improve. Pay close attention to see whether she moves in a positive or negative direction.

**3. Lazy Larry.** He’s indifferent to change and doesn’t demonstrate a strong work ethic. He doesn’t embrace your credit union’s culture, and he’ll do just enough to get by.

How to manage Larry: Set clear



Ronaldo Hardy

expectations and hold him accountable immediately. Offer consistent feedback on his performance.

**4. Negative Nancy.** She resists change and complains about everything. She can be a huge detractor and lead others in the wrong direction.

How to manage Nancy: Set clear expectations and hold her accountable quickly. Give her the information she needs to become more comfortable with the change. Be prepared to remove her from the credit union.

## OVERHEARD

‘IF YOU’RE PART OF A **CUSO**, THE TIDE RAISES ALL BOATS.’

**Ben Morales** on the value of credit union service organizations (“Collaboration power,” p. 20).

## The 5 C’s of Credit for Business Lending

“The 5 C’s of credit have been around a long time, and they’re still rock solid,” says Dana Sumner, president/co-founder of Development Finance Training and Consulting.

Sumner, who addressed CUNA’s Business Lending Certification School, offers several questions to consider when evaluating each of the “C’s” for business lending:

**1. Capacity.** Does the business demonstrate a history or project an ability to make payments from operating income? How does the borrower source and use cash?

**2. Capital.** Does the borrower provide an equity position that would sustain repayment should cash

flow be interrupted? Does the borrower offer supported down payment sources?

**3. Character.** Has the borrower demonstrated honesty and trustworthiness? Is there evidence of good or bad financial citizenship?

**4. Collateral.** Has the collateral value been established by prudent and accepted commercial lending practices? Is the collateral readily marketable? Can the assets be appropriately secured?

**5. Conditions.** What is the status of the borrower’s industry? What is the company’s competition? How does the company compare and compete?



## Consumers Overconfident in Financial Acumen

Recent research from Raddon reveals that Americans generally are overconfident in their financial acumen.

While the vast majority have never attended a financial education program, many believe such instruction would be valuable.

“Financial Literacy: Prosperity Begins with Knowledge” explores consumer perceptions of their financial acumen versus the reality of their knowledge, as well as the impact financial programs have on consumers’ relationships with financial institutions.

While nearly half of study respondents (44%) self-report that they’re “extremely” or “very” financially literate, when asked to take a financial quiz, less than half achieved a passing score, and only 6% scored 90% or better.

Given these findings and the fact

that 84% of U.S. consumers haven’t attended a financial literacy program, a significant opportunity exists for financial institutions to help grow consumers’ financial knowledge, Raddon reports.

Understanding consumers’ attitudes toward financial literacy is key to the success of financial education. For example, 51% of consumers believe that understanding financial

concepts and financial products is required only on a need-to-know basis or if they require a certain financial product.

Education should focus on the most impactful areas, including money management, retirement, and investments, according to the study.

More than one-third of respondents (38%) said this information would be extremely or very valuable, with higher percentages among millennials (55%) and major bank customers (47%).

Those who said they had attended a financial literacy program scored higher on the Raddon financial quiz, indicating a positive impact.

In addition, 18% said that such a program would influence their decision to bring more business to the institution hosting the financial literacy program.



## ‘All Hands’ Sessions Drive Innovation

As chief information officer (CIO) for \$1.6 billion asset Partners Federal Credit Union, Burbank, Calif., Aaron Frydman aims “to bring to people’s attention to what they aren’t seeing.”

He believes every employee has a part in fostering innovation. “We have an ‘always on’ strategy mentality,” says Frydman, whose comments appear in “I for Innovation,” a CUNA Technology Council white paper. “We’re always looking at the future.”

Within the credit union’s infor-

mation technology (IT) department, monthly “all hands” sessions provide a forum to share innovative topics. During these sessions, Frydman sometimes shares challenges and asks for input from staff.

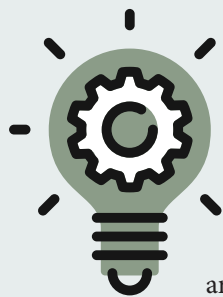
IT works across the organization on infrastructure, development, and business analysis.

But the CIO singles out Partner Federal’s enterprise architecture team to take the lead on technology innovation because of its charter: “To look at the way we are doing things today and question whether we should do

something a different way.”

The enterprise architecture group is charged both with governance and guiding innovation from a technology perspective. This team also works with other business units in assessing the addition of systems and solutions.

The degree to which a credit union commits to innovation is evident across the organization. That’s especially true in IT and the way IT interacts with other business units, according to the white paper.



CUNA COUNCIL MEMBERS CAN DOWNLOAD THE FULL VERSION OF THE WHITE PAPER AT [CUNACOUNCILS.ORG](http://CUNACOUNCILS.ORG)

# Prepare for the ‘Tipping Point’

*Watch for tell-tale signs an employee may leave.*

PATRICK TOTTY

NEAR-HISTORIC LOW UNEMPLOYMENT rates pose a tempting situation for credit union employees seeking greener pastures.

“In the current economic climate, people are more willing to jump jobs,” says Carla Schrinner, implementation manager and senior master trainer for CUNA Creating Member Loyalty™.

But plentiful job opportunities aren’t necessarily enough to make good staff seek employment elsewhere. Schrinner calls the final prod that makes employees go looking “the tipping point.”

“That’s when enough reasons for leaving outweigh the reasons for staying,” she says. But there’s no hard-and-fast rule about when employees reach their tipping point.

Tell-tale signs exist, however, when an employee is thinking of leaving. “He may show signs of disengage-

ment or participation,” Schrinner explains. “She might not be meeting expectations and goals that she routinely met before. Some valuable employees may not want to leave but feel that the credit union doesn’t support their roles and expectations.”

Schrinner notes that while teller positions generally have the highest turnover, more credit unions are seeing higher-level employees, such as financial service representatives and loan officers, look for new positions.

“There has been a big transition in which skills credit unions emphasize in their front-line employees,” she says. “Credit unions put significant emphasis on hiring people who have outgoing personalities and good people skills. Usually such hires quickly catch on to the operations and regulations side of their position.”

However, when employees reach this level of skills, they are ripe for plucking, Schrinner says.

## Focus on development

In some cases, credit union leaders’ focus on operations and other business issues overshadows attention on employee development and retention, Schrinner says. “That laser focus, while absolutely important, can sometimes get more attention and resources than developing and supporting staff. Leaders will scrutinize every component of operations but sometimes neglect what they have to do to inspire and retain valuable staff. With the challenge of finding and keeping talent, that’s started to change.”

One interesting outcome Schrinner has observed are differences in perceptions among executives and employees as to how the credit union functions. When executives

## RECRUITING: THE OTHER SIDE OF THE COIN

As more baby boomers retire, credit unions will need to focus more on recruiting, says Charles Shanley, executive vice president at John M. Floyd & Associates, a CUNA Strategic Services alliance provider.

“We’re helping recruit replacements for 11 retiring CEOs,” he says. “The boomer generation is nearing the end of its bubble of time in the credit union industry.”

Successful recruitment involves as much work as retention. Most important, a recruit must fit into the credit union’s culture. “For both recruiting and retention the key word is ‘culture,’ he explains. “Is there a fit? If not, we won’t recommend that particular person for that credit union. So right from the start we look at culture as a crucial element in fitting in a new person.”

Sometimes, a credit union’s culture is difficult to work with. “We’ve seen credit unions that have run quickly through a series of hires for the same position,” Shanley says. “One credit union had five chief financial officers in five years—none of them fit into that credit union’s culture. We can and do point out a client’s culture and how it will mesh with potential recruits.”

Onboarding is a crucial step after the hire. “Good onboarding procedures include having new employees meet with department heads and staff, and learning what each do. For lower-level positions, there might be certain technical training involved,” Shanley says. “A new recruit should have a mentor who helps set specific goals and expectations. A follow-up at six or nine months is also important. People need to know how they’re doing.”



**‘FOR BOTH RECRUITING AND RETENTION, THE KEY WORD IS CULTURE.’**

**Charles Shanley**



**54%** would consider switching jobs for a raise.



Source: indeed.com

are made aware of those differences, most welcome the information.

“When a credit union asks for our input, the first thing we do is an assessment of its culture,” she says. “We ask a lot of pointed questions: How do the managers work? Do the front-office and back-office staff get along? What is the scope of front-line employees’ responsibilities? How are they trained and supported?”

“Then we conduct interviews and organize focus groups based on employees’ level of responsibility—C-suite, sales, back office, front office,” Schrinner continues. “We get the voices of staff at all levels: What are the credit union’s strengths? What are the gaps?”

Credit unions often seek out CUNA Creating Member Loyalty at different points, she says, typically when they need to address an internal issue.

But even credit unions that don’t face the threat of losing key staff members should address the issue, says Charles Shanley, executive vice president at John M. Floyd & Associates, a CUNA Strategic Services alliance provider.

“One good sign of a healthy credit union culture is to look at the longevity of each employee,” he says. “If there are many employees, including the C-suite, who have been there for years, you know the credit union is doing a good job of retention.”

In those cases, he says, concerns with retention often are replaced by concerns over recruiting (“Recruiting: The other side of the coin,” p. 42).

Shanley offers one tactic that works well in retaining valuable employees. “Place that worker into a temporary role as, say, head of sales or a C-level officer to see how they might perform the next step up the ladder. We’re working with one credit union that has tested three internal candidates for the CEO role by having each fill the role for three months.”

### Generational differences

The significant difference between millennials and other generations is one topic that commands the credit union industry’s full attention.

“Each generation has a different concept of work/life balance,” says Schrinner. “The baby boomers’ work ethic is focused more on the needs of their employers than on themselves, so many might say they have no time for vacation. Millennials often focus on melding their work and personal lives, which means a greater focus on their own needs than those of their employers.”

Shanley says millennials often require a different approach to retention. “They don’t stick around if their purpose and the contributions expected of them aren’t clear,” he says. “They also thrive on flexibility and becoming good at different roles.

Money often isn’t the cause of their disgruntlement. If they see a clear path in terms of promotions and increasing responsibility they will stay.”

“We see the CEO and board as customers, too,” he says. “For them, the duty is to make loans and keep their credit unions in the black.”



‘THERE ARE SOME

TELL-TALE SIGNS AN

EMPLOYEE IS THINKING

OF LEAVING.’

**Carla Schrinner**

## RESOURCES

- ▶ 2018-2019 CUNA Staff Salary Report: [cuna.org/compensation](http://cuna.org/compensation)
- ▶ CUNA Creating Member Loyalty: [cuna.org/cml](http://cuna.org/cml)
- ▶ John M. Floyd & Associates, a CUNA Strategic Services alliance provider: [jmfa.com](http://jmfa.com)

## Delivering a Ray of Sunshine

*Conference attendees create care packages for kids at Boston Children's Hospital.*

As a way to give back to the Boston community, attendees at CUNA's America's Credit Union Conference assembled "Sunshine Bags" and "Back to School Bags" filled with toys, stickers, and other goodies for children who spent their summer or the beginning of the school year in a hospital room.

Attendees delivered more than 500 bags to Boston Children's Hospital—a Children's Miracle Network Hospital facility—during an experiential session.

"The donation we received from America's credit unions will benefit our child life services, who support children's experiences at the hospital," says Sharon Yon-Johansson, manager of Children's Miracle Network Programs for Boston Children's Hospital Trust.

"Some of these services that specialize in supporting children would not be possible without the philanthropy of our corporate partners."

The bags are filled with fun items for kids: sunglasses, sticker sheets, tattoos, craft packs, bubbles, sparkly headbands and necklaces, crayons, markers, glue sticks, notebooks, and other supplies.

Mary Campbell, a director at \$1.8 billion asset Bayport Credit Union in Newport News, Va., compiled several bags. She says the giveback event is a natural extension of credit union philosophy.

"The whole credit union community believes in giving back," Campbell says. "This is something simple, and I'm sure the kids will enjoy it."



Attendees assemble goodie bags at CUNA's America's Credit Union Conference.



Participants write positive messages on cards and include them in the goodie bags.



Attendees stuff more than 500 care packages to deliver to Boston Children's Hospital.



Volunteers unload boxes of bags filled with summer fun surprises and school supplies for children and families at Boston Children's Hospital.

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# A Conversation Catalyst

*Member surveys provide boatloads of insights.*

JAMES COLLINS

BEING RECOGNIZED BY FORBES as one of the “Best in State Credit Unions” wasn’t the oddest news of the day. No, that belonged to my reaction when my vice president of marketing said someone from *Forbes* announced we’d won.

My response: “You don’t win contests you don’t enter. It’s obviously a scam. Don’t call them back.”

I figure he’ll quit repeating that story around the time the sun explodes.

This was the culmination of a customer experience initiative begun years ago. A fundamental part of this was developing a method of continuously surveying our membership.

We’ve used this data to not only spot instances of trouble but to find common threads which lead to subpar experiences. As such, we’ve seen our satisfaction levels climb every year, which has been a boon to membership, new loans, and deposits.

Surveying members, however, is a bit tricky. We learned boatloads when developing our internal system, such as:

▶ **Keep it short.** A regular member should finish a survey in one minute. Long surveys may offer more insight, but your response levels drop precipitously. Often, the only people willing to give you that much time are those who are really

mad at you.

▶ **Consider online and paper.** Like stamps, cursive writing, and my taste in music, paper surveys have been going out of style for many years. But there are certain important segments who still believe ink and paper are a thing. Don’t tune them out.

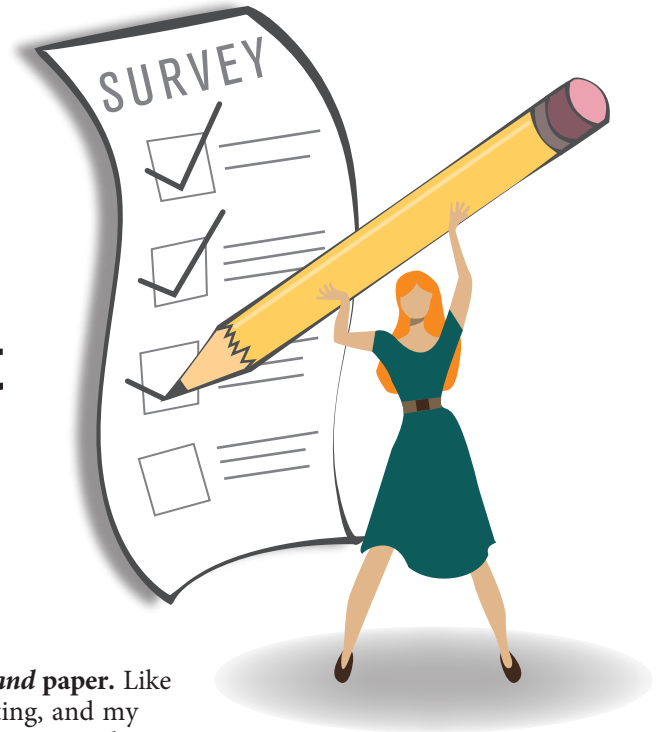
▶ **Know it’s the experience, not the transaction.** When filling out a survey, people don’t judge transactions, they rate relationships. Take all their responses as a thermometer reading.

▶ **Give them something.** While a one-minute survey doesn’t sound like a huge time investment, it is for the member. Reward them with a chance to win a prize or a donation to a nonprofit.

▶ **Compare with others.** Using standards like Net Promoter allows you to compare your results to other institutions easily. Another option is the Customer Effort Score, which is newer and may provide better results, although it’s more complex.

▶ **Ask everywhere.** Put your survey on every receipt, email, newsletter, and letter you send out. Even tattoos are acceptable. And don’t forget the vast majority of members who never come in the door. Just don’t put it on overdraft and late notices unless you want lots of four-letter feedback.

▶ **Report real-time.** There’s no use



giving a manager a report of what happened 30 days ago. That’s like getting a quarterly report card on your kid, only to learn he views the starting bell merely as a recommendation. Our managers get their reports by 6 a.m. the following day.

▶ **Go light on demographics.** Get just enough demographic information to be useful. If it smells to members like you’re creating a marketing list, they’ll abandon you like a last-place NFL team.

▶ **Use it properly.** Results in hand, you have two choices: Bash poor old Nancy who got called out for not being nice one Friday afternoon or look at the policies or procedures which seem to irritate members. Choose wisely.

▶ **Work the middle.** Those who love you and those who hate you have pretty much taken their seats. Work on the middle.

Whether you take a home-grown approach or use experts (like Member Loyalty Group, a specialty credit union service organization), a good survey system not only provides an idea of what members think about you, it’s often the catalyst for conversation.

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

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