

# Credit Union

MAGAZINE

SPRING 2020

## HIGH-PERFORMING BOARDS

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ADVOCACY  
PRIORITIES

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**The consideration  
conundrum**

Frank Chinn  
Unitus Community  
Credit Union

 Credit Union  
National  
Association



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- > Insurance & aftermarket



# Contents

Spring 2020

Volume 86 > Number 1

## FEATURES

**22** **Advocacy in action**  
CUNA's 2020 advocacy agenda tells legislators how credit unions improve financial wellness by supporting financial health, promoting financial security, and enhancing financial inclusion.

**28** **High-performing boards**  
Directors need to broaden their skills and knowledge to operate in a strategic, consultative role.

**34** **The consideration conundrum**  
While 98% of consumers know what a credit union is, most aren't aware they're eligible to join. That's where the Credit Union Awareness Initiative comes in.

**42** **Everyday heroes**  
Four exemplary leaders address members' challenges with enduring, community-based solutions.

**48** **7 top BSA issues**  
Bank Secrecy Act (BSA) compliance challenges range from elder abuse to human trafficking.

**52** **The path to financial wellness**  
Credit unions improve members' resiliency in the face of inevitable ups and downs.

'It's not your  
grandfather's  
credit union.'  
**FRANK CHINN**





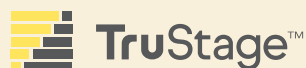
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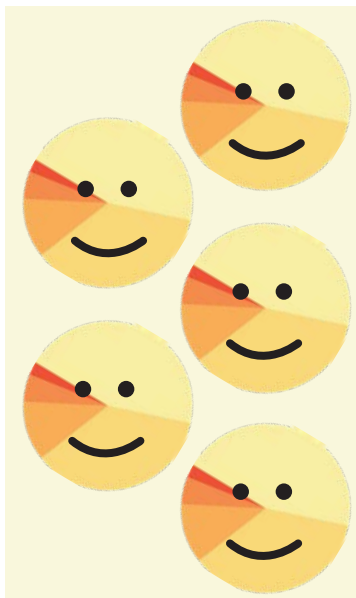


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## **MUST READS**

- 8 Digital Features**  
Exclusive online content takes deep dive into multicultural marketing and bank acquisitions.
- 10 Editor's Note**  
Credit union priorities are built on a foundation of service.
- 12 Ideas & Inspiration**  
Involving young leaders in politics develops skills while telling our story, says Royal Credit Union CEO Brandon Riechers.
- 18 President's Perspective**  
Let's make 2020 a bipartisan win for credit unions.
- 20 Leadership**  
Telling our story successfully requires us to align our messaging.
- 27A Buyers' Guide**
- 51 Advertiser Index**
- 56 Branching Out**  
"Share drafts" are the New Coke of the financial world.
- 58 Q&A**  
Community engagement drives Sarah Brenner's efforts as vice president of marketing at Andigo Credit Union.



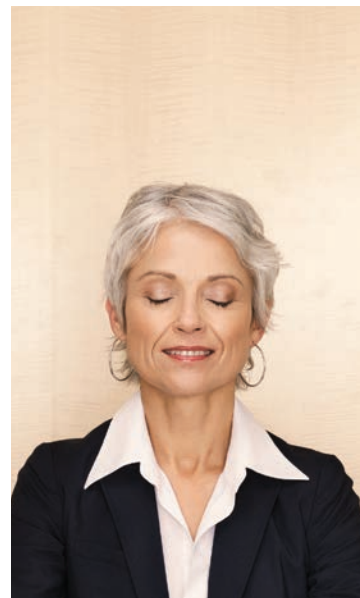
### **12 Ideas & Inspiration**

The Happiness Report shows executives are concerned card programs won't meet member expectations.



### **34 The consideration conundrum**

Chris Lorence, CUNA chief credit union awareness officer, on consumer reaction to Open Your Eyes to a Credit Union.



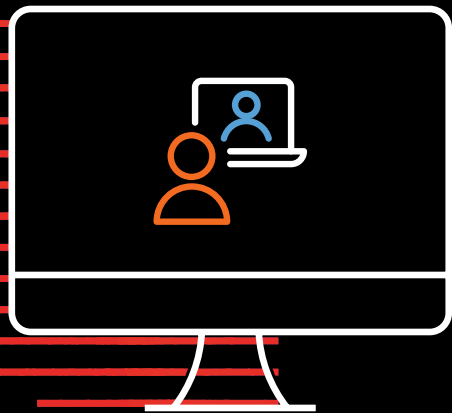
### **52 The path to financial wellness**

Science, research underpin innovative efforts to improve members' financial wellness.

#### **POSTAL INFORMATION**

Credit Union Magazine (ISSN 0011-1066) is published quarterly for \$83 per year by Credit Union National Association, 5710 Mineral Point Road, Madison, WI 53705. (Multiple-copy and multiyear discounts available.) Periodical postage paid at Madison, Wis., and additional mailing office. Copyright 2020 by Credit Union National Association. Photocopying is illegal and unethical. POSTMASTER: Send address changes to Credit Union Magazine subscription department, P.O. Box 461, Annapolis Junction, MD 20701-0461. Single issues are available; call 800-348-3646.





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# Digital Features

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## When opportunity is a necessity

Our “long read” for March takes an in-depth look at how credit unions should prepare for the growing “majority minority,” where most residents will identify as what are currently minority racial or ethnic groups.

More than half of the children born in the U.S. this year will be from racial or ethnic minority groups, according to the U.S. Census Bureau. By 2044, when that generation comes of age, the U.S. will no longer be majority white.

Credit unions will have to move beyond

one-size-fits-all operations and embrace changes in marketing, member service, management, and product offerings.

Luis Soto, marketing manager at \$1.9 billion asset Vantage West Credit Union, Tucson, Ariz., says it’s important to be inclusive when approaching multicultural marketing.

Victor Corro, CEO of Coopera, and Soto stress that credit unions should present an authentic message to current and potential multicultural members.



Luis Soto

## What’s on your playlist?

The CUNA News Podcast kicked off 2020 with insights from CUNA Chief Advocacy Officer Ryan Donovan (“Advocacy in action,” p. 22) and CUNA Chief Credit Union Awareness Officer Chris Lorence (“The consideration conundrum,” p. 34.).



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## More from our website

Communities recognize many benefits when credit unions purchase banks or bank branches. These acquisitions can go far in filling in the financial deserts caused by banks’ branch closing sprees, says Mike Schenk, CUNA chief economist and deputy chief advocacy officer.



## Look for our coverage from the field



**CUNA HR & Organizational Development Council Conference**  
April 19-22, Orlando, Fla.



**CUNA Finance Council Conference**  
May 17-20, Anaheim, Calif.



**CUNA National Young Professionals Conference**  
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THEM



## A foundation of service

Credit union priorities are built on a foundation of service.

Some key messages from this issue: **>Be a lifelong learner**, says Sarah Brenner, vice president of marketing at Andigo Credit Union, Schaumburg, Ill., and recipient of the 2019 CUNA Emerging Leader Award. “We’re deepening engagement in the communities we serve,” she says, adding that community service plays a big role as the credit union strives to show up in meaningful ways.

“Think about how you’ll make an impact,” Brenner says. “It’s how you connect and become part of the fabric of your community.”

Servant leadership is central to the team’s mission, she notes. “We can do a better job if we’re giving of our time and of ourselves.”

**>Shifting consumer expectations** and competitive pressures affect board service. The board’s role in ensuring safety, soundness, and

member value hasn’t changed. But high-performing boards serve as counsel and support for their CEOs, says Jeff Rendel, CEO of Rising Above Enterprises. “Board discussions center around new markets, technology, and the credit union business model.”

Ronald Martinez, board chair at Ent Credit Union, Colorado Springs, Colo., believes “the best boards are a combination of thinkers and experts who offer different ways of seeing the world.”

Toward that end, Ent looks for tactical and functional representation to bring that range of perspectives, he says. “We’re also looking for individuals with strong critical thinking abilities, interpersonal skills, and emotional intelligence.”

**>Financial wellness** takes center stage. While the CUNA/league advocacy team continues to focus

on removing regulatory burdens, expanding credit union powers, enhancing information security, and preserving the tax status, financial wellness serves as the foundation of its advocacy agenda, says CUNA Chief Advocacy Officer Ryan Donovan. “We want to talk with policymakers about how credit unions address financial insecurity, improve financial health, and advance financial inclusion.

“We’ll look at each policy proposal through that lens: Will it help or hurt credit unions to continue to be a solution for consumers?”



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# Ideas & Inspiration

## Involve YPs in advocacy

Young professionals (YP) are not only the next generation of leaders at credit unions, they're also the individuals who will be tasked with carrying out the advocacy mission.

"Getting young leaders involved in the credit union movement and politics offers a unique opportunity to develop skills in the area while telling our story," says Brandon Riechers, president/CEO of \$2.6 billion asset Royal Credit Union in Eau Claire, Wis. "It drives the message forward from diverse perspectives to create a positive impact on the industry."

Royal created the Young Professional Credit Union Activist (YPCU Activist) program to strengthen the credit union movement and amplify the voices of YPs.

Involving YPs in advocacy efforts reinforces their understanding of the movement and gives them new opportunities they wouldn't otherwise experience within the walls of the credit union. As a result, they have greater job satisfaction, stay at their jobs longer, and get involved with shaping the direction of the credit union and the movement, he says.

"Our young professionals work hard to share the credit union difference and highlight the important role they play in our movement," Riechers says. "Their voices lend weight and credibility to discussions with lawmakers on key issues concerning credit unions. Their participation strengthens the movement. It's important for young professionals to have a seat at the table."



Hear more from  
Brandon Riechers at  
[news.cuna.org/podcasts](https://news.cuna.org/podcasts)

## So-Mi chapter abolishes \$2.5M in medical debt

Southern Michigan (So-Mi) Chapter of Credit Unions donated \$25,500 to RIP Medical Debt to abolish \$2.5 million in medical debt for 3,182 people in Michigan, helping alleviate a growing financial problem.

RIP Medical Debt, a 501(c)(3) nonprofit, uses donations to purchase medical collection accounts at a greatly reduced cost and pays off the debt for the neediest people.

"This issue really resonated with us," says Martha Fuerstenau, CEO of \$390 million asset American 1 Credit Union, Jackson, Mich. "For the credit union people in our chapter, we've all had people with medical debt who applied for loans. We always take that into consideration and, more often than not, we're able to help them. But that debt still shows up on their credit report. This was our chance to do something about it. More than that, these were families really in need."

The individuals selected for debt abolishment earn less than two times the federal poverty level, are in hardship by paying 5% of their annual income out of pocket for medical expenses, or face insolvency due to their medical debt being greater than their assets.

Fuerstenau expressed the hope that the gift of debt abolishment will serve as a step toward restored financial wellness for the recipients.



## "BE LOUD AND PROUD ABOUT WHAT YOU DO."

Christine Messer, vice president of accounting at Heritage Family Credit Union, Rutland, Vt., on her biggest takeaway from the best business book she read in 2019, "Secrets of Six-Figure Women."





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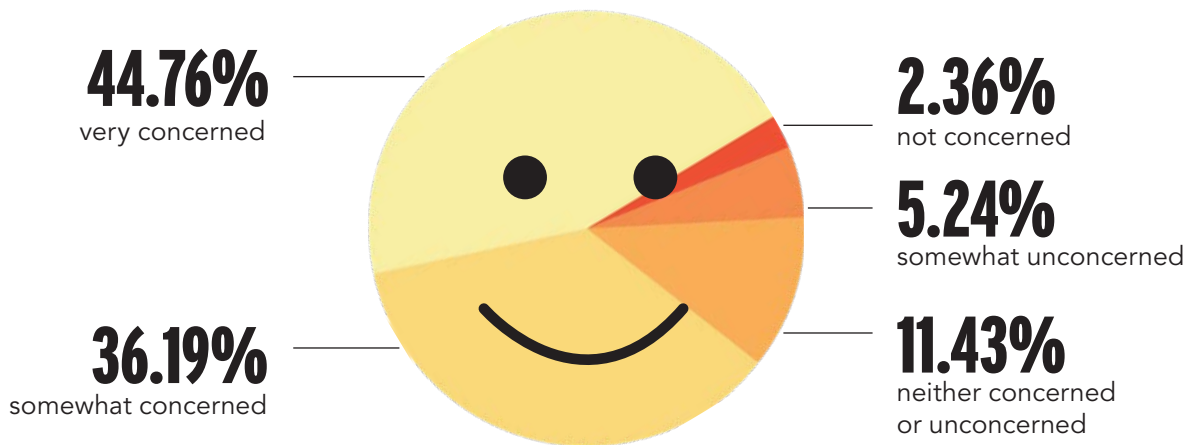
# Ideas & Inspiration

## Card payments programs cause reason for joy, concern

Credit union leaders are mostly happy with their card payments programs, but nearly half also are concerned that members will leave the credit union if their card services don't offer the most up-to-date technologies. Member Access Processing (MAP), a

credit union-owned issuer and processor, produces a Happiness Report each year that measures how credit union executives feel about their credit and debit programs and how important these programs are to the credit union's success.

How concerned are credit union executives that members may leave the credit union if their card services don't offer the most current capabilities?



What services are credit union executives happiest with?





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# Ideas & Inspiration

## Hawaii State FCU invests in small-business success

Hawaii State Federal Credit Union, Honolulu, awarded two local businesses \$5,000 each to expand their operations through its inaugural small-business grant program.

It's the credit union's way of investing in its membership as well as its community, according to Todd Nohara, Hawaii State Federal's senior vice president, senior division manager, commercial banking.

"Anything we can do to help the small-business community is going to help the entire community," he says. "It was also our way of extending the ways we reach our business members in addition to the services we offer them. We want them to know that we're invested in their success."

The 2019 Hawaii State Federal small-business grant program awardees are:

›**Dawn Patrol Assessments**, which provides individuals and families support services for substance abuse, mental health, family therapy, and criminal justice-related counseling.

›**Fitgevity**, which works with local businesses to create fitness classes, programs, and in-house gym facilities.

"This provides a jump-start that can help move them into new lines of business or expand their existing operations," says Nohara.

Although 2019 marked the first year of the small-business grant program, Nohara says the \$1.7 billion asset credit union is carrying the program into 2020 and beyond.

"This was not a one-shot deal," he says. "We received more than 40 applications. We're in this for the long haul. As the years progress, this program will help more of our members grow their businesses and help our community thrive."

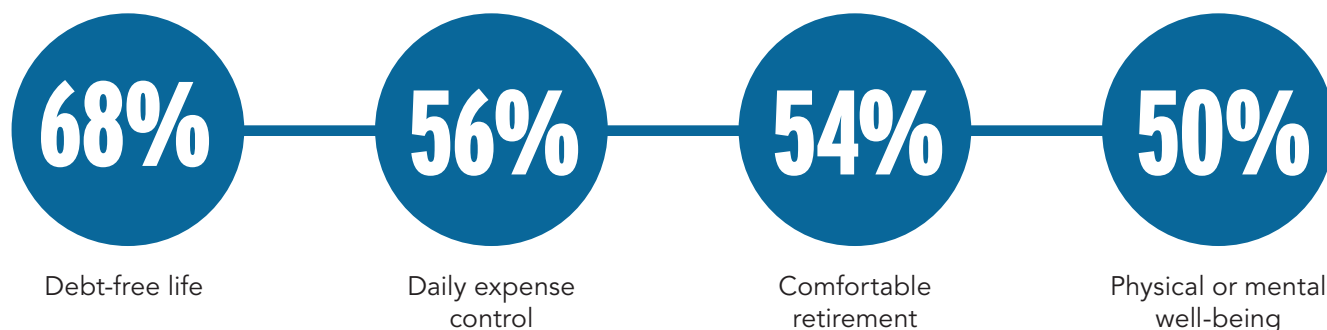


**"THE SUPERVISORY COMMITTEE IS THE FLASHLIGHT FOR THE MEMBER. THE CEO IS THE BRAINS, AND THE BOARD IS THE HEART. BUT THE SUPERVISORY COMMITTEE IS THE EYES AND EARS."**

Attorney David Reed, Reed and Jolly, PLLC at the CUNA Supervisory Committee & Internal Audit Conference

## What's motivating Americans to make financial resolutions?

The biggest motivator for making a financial resolution is "living a debt-free life."



Source: Fidelity Investments

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Ideas & Inspiration

## Let's make 2020 a bipartisan win for credit unions

We all believe in credit unions, and that makes us the best advocates for our movement.

People say unity is impossible these days. They say we live in a divisive world and there's no going back. They say bipartisanship is dead.

Well, I can't speak to a lot of what Congress and the White House do, but I can say for sure some champions come from all sides of the political spectrum.

One of those champions? Credit unions.

We're bipartisan. Not in a fluffy, best-case-scenario kind of way, but in a really, truly, positively kind of way.

There's no better example of our bipartisan nature than to take in the CUNA Governmental Affairs Conference (GAC). We may be in Washington in the midst of a contentious election year, but we're here together to unite our movement and those who champion our mission.

Many of the thousands of GAC attendees will spend their time meeting with lawmakers from their states and districts. You'd be hard-pressed to find any group that only meets with members of one political party for any reason other than scheduling restrictions. That's because no matter where you're from or the kind of credit union you represent, your lawmakers care about what you do.

Why do so many lawmakers care? They understand that everyone benefits from our "people helping people" mission. And it's our job as credit union advo-

cates to make sure that message reaches every political stakeholder in Congress, the White House, and among our regulators.

That's why we built the CUNA/league 360-degree advocacy approach. At its core, it's a carefully crafted agenda. We work together—CUNA, leagues, credit unions, and providers—to determine our most pressing issues, agree on an approach, and engage our targets.

We've effectively focused around four key pillars in recent years: reduce regulatory burden, expand and protect credit

union powers and opportunities, enhance information security, and preserve the credit union tax status. This year, we're rallying around financial wellness.

Financial wellness sometimes feels like one of those all-encompassing ideas—so broad that it can land vaguely.

That's why we're putting context to

our message.

When we say, "financial wellness" we mean **financial security** for protection and peace of mind for credit union members and their data; **financial health** for members and their families; and **financial inclusion** for all people aiming for a better future.

Those of you attending GAC will see these themes running throughout the entire conference in our advocacy briefing book, during breakout sessions, and throughout meetings on Capitol Hill.

Attendees also will gain insights from thought leaders across politics, media, and much more.

Our keynote speakers this year will share a range of perspectives to engage and encourage a strong commitment to advocacy across our movement. They include former Ambassador to the United Nations Nikki Haley and author/consultant Marcus Buckingham.

There's no doubt you'll take in a lot of messages. The message I hope will stick with you most is simple: No matter if you're a CEO, marketing director, or loan officer, advocacy is part of your job.

We all believe in credit unions, and that makes us the best advocates for our movement.

This is a role everyone should take seriously, but it's also an exciting opportunity.

Many folks coming to Washington from other industries have to talk about their work, not jobs that are their passion, missions they believe in, or movements they're dedicated to.

Whether you're new to credit unions or 40 years in, all of us see reasons every day to stay motivated to help our industry succeed.

For those of you at GAC, you're on the right track and making a difference already. For everyone at home, your role is important, and you can make a big impact.

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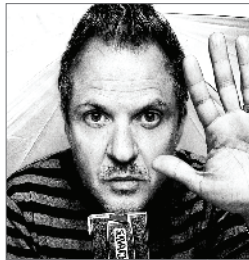
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## Members are at the center of all we do

Telling our story successfully requires us to align our messaging.

Our credit union movement is filled with passionate people who care about the advancement of the not-for-profit credit union model. Fulfilling the needs of credit union members with the most relevant cooperative solutions drives our passion. In fact, our not-for-profit business model has enabled credit unions to be the trusted financial partner to 115 million member consumers across our nation.

Over the past 30 years, I've been fortunate to have served in this movement from nearly every perspective. From working in credit unions, to working in government in our nation's capital, to currently serving as president/CEO of the Northwest Credit Union Association, the honor of serving on the CUNA Board of Directors also celebrates an important career milestone. I now have served half my career working in credit unions and half in industry trade associations and/or in the public policy arena.

### A family business

Credit unions are a way of life in my family, and I've always understood the credit union difference. During the 1930s, my grandfather and his siblings were involved in chartering a faith-based credit union—the same community credit union where I began my career in the movement. I am proud of how Central Minnesota Credit Union remains steadfast in its commitment to the people and communities across my home state.

My credit union career progression took me to credit unions in the Midwest and Southwest, where I walked in the shoes of the credit union members we served. Whether helping members and their families manage life between paychecks or fulfilling lifetime dreams, I saw firsthand how credit unions are an

integral solution to ensure people, families, communities, and our economy prosper.

This movement has a lot to celebrate, especially with the diverse array of credit unions and people striving daily to evolve credit unions to ensure they remain relevant as the best financial services partner in the marketplace. Generating and delivering real tangible cooperative value to diverse memberships and communities is what makes credit unions so different and superior to any other financial services model.

It was during the years I served as a political appointee at the U.S. Treasury Department when I gained a unique perspective on how policy was made, and learned firsthand that no one but us—you, me, and everyone in the credit union movement—will tell the credit union story. Our story is made up of members' stories of how credit unions contributed to their journey of achieving financial stability and success.

Telling these stories will ensure the cooperative model exists, evolves, and thrives for generations to come. There is no other financial services model that both serves the needs of its members and is direct-

ly accountable to those it serves.

“Credit union system” is a widely used and broad term for the partnerships among credit unions, leagues, and CUNA stakeholders in our movement. How we organize and deliver as a system is special, and we need to leverage this to maximize credit unions' potential influence.

Generations of credit union advocates forged this important mechanism to share member stories at the local, state, regional, and national levels. And now we hold that responsibility.

Credit unions can't reach their full potential without investing in and supporting a system that shapes our competitive environment. In my role at the U.S. Treasury, I learned that only a united industry voice can influence policymakers—and that is the task at hand for all of us.

My U.S. Treasury experience also piqued my interest in the credit union system leadership roles I've held ever since. I am deeply committed to ensuring that the structural model credit unions operate under is protected and advanced because it's our structure that makes credit unions different. This model will evolve its relevance if we



CUNA, leagues, and credit unions work together to bring advocates to Washington, D.C., for the annual CUNA Governmental Affairs Conference.



can demonstrate the ability to deliver tangible value to members while making an impact in the communities we serve.

No one credit union or trade association alone can tell this story successfully. We need a systemwide effort to prevail.

### Storytelling

Telling our story successfully also requires us to align our messaging. That's why CUNA, leagues, and credit unions work together to bring advocates to Washington, D.C., every year for the CUNA Governmental Affairs Conference. It's

“  
**ONLY A UNITED  
INDUSTRY VOICE  
CAN INFLUENCE  
POLICYMAKERS.**  
”

ant, these efforts unite our system's message. We each have unique perspectives and real member stories to deliver, and we should always align our headline: Credit unions are the best solution for delivering financial services. No other financial services model exists with a sole focus of cooperative product and service delivery.

why our system has partnered to build a transformative campaign, Open Your Eyes to a Credit Union®, to shed consumer myths and drive new consideration to credit unions.

Most import-

Let's say proudly and with conviction that over the past 100 years, we've never forgotten why we're here: to support the financial advancement of people and communities.

Thank you for the honor of serving on the CUNA Board of Directors. I look forward to working with you and meeting you across our great nation.



**TROY STANG**  
CUNA Board Vice Chair  
President/CEO  
Northwest Credit Union  
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# Advocacy



**Prepared for every outcome**

Advocacy in 2020 highlights how credit unions address financial insecurity and improve members' financial health and inclusion, says CUNA Chief Advocacy Officer Ryan Donovan.

# IN ACTION

BILL MERRICK



## The CUNA/league advocacy partnership looks to build on wins from 2019.

**Multiple advocacy victories for credit unions in 2019 will pave the way for advocacy success in 2020, says Ryan Donovan, CUNA's chief advocacy officer.**

Despite turmoil in Washington, D.C., the CUNA/league advocacy team can still make progress toward an aggressive advocacy agenda.

"There certainly is a lot of noise in Washington," he says. "But even with a big distraction like impeachment, Congress can get things done.

"As we look at 2020, there may appear to be gridlock, but there's still a lot of work that takes place under the surface," Donovan continues. "We need to be engaged throughout the year."

He highlights some key victories from 2019, plans for 2020, and challenges that may arise along the way.

**Credit Union Magazine:** What from 2019 stands out to you?

**Ryan Donovan:** We had a number of successes last year, starting in the courts where we continue to stand with credit unions facing Americans with Disabilities Act (ADA) litigation. We had a handful of victories there and saw the number of new cases fall significantly in 2019.

We had a landmark victory in the appeals court on the NCUA field-of-membership rule, where the bankers sued NCUA. The full Appeals Court will not rehear the case, which sends a strong message that in the eyes of the court, NCUA's rule passes muster.

We've seen fewer new rules from the Consumer Financial Protection Bureau (CFPB), which has reduced regulatory burden. The CFPB proposed a new remittance rule that increases the exemption threshold from 100 to 500, which hopefully will allow credit unions that have exited that business to get back into it to serve their members.

The agency also is taking steps to reform the payday lending rule it finalized a couple years ago.

We made significant progress on the commercial real estate appraisal rule, where NCUA increased the threshold and is now looking at residential appraisal standards.

NCUA also delayed implementation of the risk-based capital rule to 2022, which gives us the opportunity to make additional changes to that rule before it goes into effect.

We had great movement on the cannabis banking issue, where Rachel Pross, chief risk officer at Maps Credit Union in Salem, Ore., testified in both the House and the Senate ("Cash Crop," Summer 2019 p. 20). The SAFE Banking Act passed in the House, and we're in a strong position to see that move forward in the Senate.

The House and Senate came together on the National Defense Authorization Act. We were worried about a provision in the Senate version of that bill that would have given banks rent-free access to military bases. We fought for the removal of that provision, which helps preserve credit unions' ability to serve servicemembers.

Early last year, we worked closely with the Maryland & D.C. Credit Union Association, Cooperative Credit Union Association, and the Louisiana Credit Union League to remove a provision that would have subjected credit unions to the Community Reinvestment Act. It's a great example of how we work closely with our league partners to advance our advocacy priorities.

**Q:** Can you talk more about the CUNA/league partnership?

**A:** What's remarkable about the credit union sys-

### Focus

- **Advocacy wins** from 2019 include NCUA's field-of-membership rule, curtailed ADA lawsuits, and progress toward cannabis banking.
- **Priorities for 2020** address how credit unions improve members' financial wellness and inclusion.
- **Board focus:** Bank attacks on the credit union tax status are becoming more sophisticated.



Listen to a CUNA News Podcast interview with Ryan Donovan at [news.cuna.org/podcasts](https://news.cuna.org/podcasts)

tem is our three-tiered partnership of credit unions, leagues, and CUNA. When we engage in advocacy we speak with one voice.

We engage with the leagues as we develop our advocacy agenda and work with league governmental affairs professionals on strategy and tactics, how we approach offices, and what bills we might move. The partnership has gotten so close over the last several years that we now refer to it as the CUNA/league advocacy team.

We're one unit advocating for credit unions. We talk constantly with credit unions about how we're

engaging members of Congress and work with credit unions on deciding who we'll support in elections and on our political action committee disbursements.

We have, on average, around 300 interactions with our league partners each week, which blows my mind. If we weren't talking and working together so closely, we wouldn't be nearly as effective.

**Q:** What are your top priorities for 2020?

**A:** We want to make it easier for credit unions to serve their members, so we will continue to focus on removing regulatory burdens, expanding credit union powers and opportunities, enhancing information security, and preserving the tax status. We built that agenda on a foundation of financial wellness because we want to talk with policymakers about how credit unions work to address financial insecurity.

## THE FUTURE OF ADVOCACY

Ryan Donovan, CUNA's chief advocacy officer, says credit union advocacy needs to evolve in two ways:

**1. Focus more on members.** In the recent past, advocacy focused primarily on how policies and regulatory burden affected credit unions.

But members of Congress don't care about that, Donovan says.

"We need to focus on what they care about: their constituents," he says. "They want to know how what they're doing in Washington will impact the folks who send them there. We need to change our language and talk about how credit unions are addressing financial insecurity, improving financial health, and advancing financial inclusion."

**2. Involve members in advocacy.** The more we do this, the more successful we'll be, Donovan says. "If the folks who are most invested in credit unions' success—members—don't speak up for credit unions, who will? They're putting their life savings in the stewardship of their credit union and coming to them in times of financial need. We need to have them as part of our advocacy efforts."



ity, improve financial health, and advance financial inclusion (“The path to financial wellness,” p. 52).

This is a change from the past couple of years, where we talked about common-sense regulation and the cost of regulatory burden. That shift is due to the changing composition and priorities of Congress. Members of Congress are more concerned about how the policies they’re proposing will affect their constituents, so we’ll talk about how credit unions are the solution to the financial problems facing millions of Americans. We’ll look at each policy proposal through that lens: Will it help or hurt credit unions to continue to be a solution for consumers?

In terms of specific issues, data security and data privacy will get a lot of attention next year. This is a hot issue in Congress, driven by the fact that California and the European Union both have new data privacy standards. The California standards go into effect in about a year.

We’ve been telling lawmakers we understand that data privacy is critical, but how in the world do you have data privacy without data security? So we’ve asked Congress to consider a law that would provide a national data security and data privacy standard every entity that interacts with personal information has to follow—one rule that applies to everyone. The good news is we’re starting to see members of Congress introduce legislation like that.

Advocacy is a process, not an event, and small events help us make progress. So we’re excited about the potential for data privacy and data security legislation. It fits in nicely with our desire to address some of the financial problems facing millions of Americans.

**Q:** What are some of the biggest threats to credit union interests?

**A:** The biggest threats we face likely will be at the state level, where state banking trade associations are trying to take advantage of some states’ poor fiscal condition, or legislatures that have a number of new members. They’re trying to undermine the credit union tax status in those states.

We’ve had recent battles in Iowa and Illinois, and there have been some threats in Kentucky and Kansas. That will continue this year, and the attacks are becoming more sophisticated.

In Kansas, there’s a bill that would reduce taxes on banks and another that would tax credit unions. They’re essentially daring the Kansas legislature to say “no” to them twice, which presents some interesting dynamics.

The good news is we have fantastic advocacy leadership at the state level from credit union leagues and associations. CUNA’s role in many cases is to

## CUNA’s top advocacy priorities



follow their lead and support their efforts through our national advocacy fund, further our research to understand what messages will resonate with voters and lawmakers, and provide resources for ads and other materials to advance our message. We support the leadership leagues provide at the ground level.

**Q:** What does the presidential election mean for credit union advocacy?

**A:** When we look at any election, particularly the presidential election, we see opportunity. We won’t endorse any presidential candidate—there are many reasons why that wouldn’t be prudent. But we’ll take advantage of the election and the campaign to educate both voters and candidates.

We want all candidates to come into office with a



# “We want to make it easier for credit unions to serve their members.”

RYAN DONOVAN

strong understanding of what makes credit unions different and why it's critical to have credit unions in the marketplace. So we'll partner with credit unions and leagues throughout the year to make sure we know the candidates and that they have exposure to what we do and why we do it.

We'll also educate voters about registering to vote and about where candidates stand on credit union issues. Our strength is in our numbers. We have 115 million Americans who are credit union members. A large majority of those members are not just registered voters, they also vote. That's an incredible amount of strength.

**Q:** What might change for credit unions with a Democratic presidential win?

**A:** If we see a Democrat in the White House, we'd expect CFPB and NCUA might take a more aggressive approach to new rulemaking, which could increase regulatory burden for credit unions. Any change in regulations can increase costs for credit unions because of everything involved with compliance.

Another thing to keep in mind is if there's a Democratic president, a Democratic House and Senate might come along with that. In that environment, we'd be concerned about efforts to potentially roll back some of the regulatory relief we achieved last year.

But a unified government could provide opportunities to advance charter enhancement legislation, and it could make it easier to advance data security and data privacy legislation. We'll be prepared for every outcome.

## Resources

›CUNA advocacy resources: [cuna.org/advocacy](http://cuna.org/advocacy)



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(Photo: Unitus Community Credit Union)

### **The board's changing role**

An ever-changing environment means credit union directors need a different set of skills than those who previously held those positions, says Frank Chinn, board chair at Unitus Community Credit Union in Portland, Ore.



# HIGH- performing BOARDS

LUCY HARR

High-functioning board members look ahead and consider member value in all they do.

**Shifting consumer expectations, new technology, and growing competitive pressures have changed the playing field for credit unions. As credit union operations evolve to meet these new conditions, so must board members' skills and knowledge.**

"It's not your grandfather's credit union," says Frank Chinn, board chair at \$3.1 billion asset Unitus Community Credit Union in Portland, Ore.

It's an increasingly complex environment that's much different than the one in which credit unions operated when they were first formed. Board members must be prepared to act in this environment.

"Our industry is facing increased competition, constant product and service innovation, rapidly advancing technology, and changes in our regulatory environment," says Jodi Lynne Blanch, board chair at \$5.6 billion asset PSECU in Harrisburg, Pa. "To keep up, we're actively building and enhancing skill sets represented on our board through recruitment and training."

The board's role is broadening to one of counsel and support to the CEO, says Jeff Rendel, CEO of Rising Above Enterprises.

"The board relies on the CEO for ideas to consider the next phase of growth and service," he says. "Board discussions center around new markets, technology, and the business model. Counsel to the CEO is useful to enrich and refine the CEO's thinking."

The board's role is to ensure safety and soundness, and to ensure the credit union evolves to serve current and prospective members, Rendel adds.

"Not only should our directors have a knowledge base and expertise that represents our business functions, they should also represent diverse qualities of our collective membership," Blanch says. "We also look for potential board members who are passionate about service to others and who truly value the credit union movement."

Other essential qualities include a willingness to collaborate and a forward-thinking mentality to prepare the credit union for a successful future, says Blanch, who adds the PSECU board meets more frequently and for longer periods than it did previously, considers issues in closer detail, and weighs the risks and benefits of many potential actions.

## Broad perspectives

When seeking new board members, focus on diversity of backgrounds, professions, industries, ethnicity, age, and more, advises Matt Fullbrook, manager, David &

### Focus

- › **The** board's role is broadening to one of counsel and support to the CEO.
- › **When** seeking new board members, focus on diversity of backgrounds, professions, industries, ethnicity, age, and more.
- › **Board focus:** High-functioning board members consider member value and look ahead.

## BE AN EFFECTIVE BOARD CHAIR: 8 PRINCIPLES

Credit unions should have high expectations for the board chair, says Matt Fullbrook, manager, David & Sharon Johnston Centre for Corporate Governance Innovation at the University of Toronto's Rotman School of Management. "It's not an honorary role."

Some organizations fail to discuss and sufficiently emphasize the need to have an excellent board chair, he says.

In a survey for INSEAD's Corporate Governance Centre, Professor Stanislav Shekshania asked 200 board chairs to determine best practices for the role.

One key finding: Effective board chairs recognize they're facilitators, not commanders. "Their role is to create the conditions under which directors can have productive group discussions," Shekshania says. "Good chairs recognize they are not first among equals. They are just the people responsible for making everyone on the board a good director."

Shekshania identifies eight principles on being an effective board chair:

**1. Be** a guide on the side—exercising restraint, patience, and availability.

**2. Practice** teaming, or actively building and developing teams.

Ensure equal airtime for all directors.

**3. Own** the prep work. The meeting is the tip of the iceberg.

**4. Take** committees seriously.

**5. Remain** impartial.

**6. Measure** the inputs—human capital, agenda, and materials—not the outputs.

**7. Don't** be the boss. The board is the boss.

**8. Be** a representative with shareholders, not a player. Act as a director, not a singular member.

Sharon Johnston Centre for Corporate Governance Innovation at the University of Toronto's Rotman School of Management.

Plus, look for board members who represent the membership's geography and have personality traits that make people effective in groups, such as listening before talking and a willingness to change their mind and challenge conventional wisdom.

Unitus Community seeks out diversity in professions, gender, ethnicity, and geographic representation on its board, and recruits directors who are life-long learners, collaborators, strategic thinkers, and are passionate about a cause, Chinn says.

The credit union also looks for directors with leadership skills and nonprofit, community, or philanthropic experience. Its extensive application packet includes a list of desired qualities, a job description, and a summary of board responsibilities.

Tactical and functional representation is important to bring a range of perspectives, says Ronald Martinez, board chair at \$5.9 billion asset Ent Credit Union in Colorado Springs, Colo.

"But we're also looking for individuals with strong critical thinking abilities, interpersonal skills, and emotional intelligence, as well as individuals committed to a high degree of engagement," he says. "So it's not acceptable to just show up. Board members must actively participate.

"A broad range of abilities and skill sets enables more meaningful, honest, and human conversations between board members and management—ultimately leading to a better outcome for members," he continues. "The best boards are a rich combination of thinkers and experts who offer different ways of seeing the world."

Fullbrook believes credit unions can facilitate board recruitment with their ability to deliver products and services without profit as the main driver.

For a recent board vacancy, Ent used a search firm to cast a wide net for candidates with the skill sets identified in an assessment the board and management created collectively. The firm conducted a screening and presented the board with 40 potential candidates, which the nominating committee cut in half.

The committee then asked the firm to conduct additional screening with questions related to interpersonal skills and functional capabilities.

"From there, we interviewed our seven finalists to narrow down to two for consideration," Martinez says. "The process was methodical and used both outside expertise and current board member engagement to 'convince' the candidates of the importance and fit for the board.

"With the strength of Ent as a credit union both financially and culturally, 'convincing' becomes a much easier task."

PSECU initiated an associate director program in

●  
● **'THE BEST BOARD MEMBERS**  
● **ARE A RICH COMBINATION OF**  
● **THINKERS AND EXPERTS**  
● **WHO OFFER DIFFERENT WAYS**  
● **OF SEEING THE WORLD.'**

RONALD MARTINEZ

the early 2000s to recruit and prepare directors for board service through first-hand experience and an intense onboarding program, which includes a structured training curriculum, Blanch says.

"The addition of associate directors also augments our areas of expertise and allows us to gain a broader perspective on issues," she says. "As director positions become available, associate directors may be asked to fill vacancies."

Rendel believes board evaluations are a good way to identify gaps in skill sets. "Set goals for the board and board members to move forward," he advises. "Hold each board member accountable. Filling gaps can serve as a good tool for recommendation for re-nomination for a board seat."

As part of its goal to be accountable, high-performing, and partnership-oriented, the Ent board implemented a rigorous self-assessment and self-improvement plan, Martinez says.

"This is to ensure we're performing in a member-benefit construct as the credit union continues to grow," he says.

The board addresses gaps identified in self and peer assessments through ongoing education. "While self-directed, we are held accountable to these plans through transparency and open communication with the entire board," he says.

### In tune and in touch

Continuing education, board development, and evaluations are key elements of Unitus Community's comprehensive governance plan.

Directors must complete training and attend conferences, and report back on what they learned, Chinn says.

There is an extensive orientation program and a mentoring plan for new directors. The board regularly conducts three evaluations: one for the board as a whole, self-assessments, and peer evaluations.

These evaluations include input on working relationships, commitment to excellence, and creating the future.

At PSECU, directors keep up with trends and developments by attending conferences, working

closely with senior leadership, and regularly interacting with credit union employees, says Blanch. To identify and plan for any knowledge gaps, PSECU maintains a matrix that documents each director's skill sets.

"Coupled with this effort, we also conduct succession planning by looking at when terms will end for each director and identifying which skill sets we'd need to replace should any director decide to retire from service," she says.

Fullbrook notes credit unions can build a living skills matrix, which regularly identifies what gaps exist. "In other words, do the work," he says. "If the skills on your matrix haven't changed for five years, it means the skills aren't sufficiently specific and/or you're not taking the exercise seriously."

High-functioning board members must consider member value and look ahead, Rendel says.

"Think of members as investors in a business, and how to increase members' return on investment through pricing, technology, service, extras, and so on," he says. "That means thinking about next year, rather than last month. How is the credit union continuing to position itself for growth and excellence in delivery?"

It's important to ensure directors have the resources they need to do their job effectively. "This could include equipping them with up-to-date technology, offering self-assessment programs to determine areas for growth and improvement, or providing frequent updates to keep them abreast of major advancements or changes," Blanch says.

Also, acknowledge that the board's work is difficult and requires substantial commitment.

During individual assessments, Unitus Community asks directors if they're interested in continuing their service on the board "with full engagement and enthusiasm."

"If you or your peers do not have the time, energy, or will to embrace the job, it is time for a change," Fullbrook says. "Be brutally honest with yourself and others."

Effective boards focus on strategy, says Martinez.

"Our focus is on more strategic alignment with not just the CEO but the entire senior leadership team," he says. "That's good for members, the senior leadership team, and for future board recruitment."

### Resources

- CUNA board and committee resources: [cuna.org/board-commit](http://cuna.org/board-commit)
- Credit Union Directors Newsletter: [cuna.org/directors](http://cuna.org/directors)
- Rising Above Enterprises: [jeffrendel.com](http://jeffrendel.com)





## Tactical, straightforward tools for credit union *board members*

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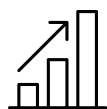
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# CUNA Schools & Conferences

## BOARD & COMMITTEE

### CUNA Credit Union Board Certification School

May 4-8, 2020 // New Orleans, LA

### CUNA Strategic Planning Roundtable

August 17-18, 2020 // Nashville, TN

### CUNA Roundtable for Board Leadership

September 25-26, 2020 // Toronto, Canada

### CUNA Credit Union Board Development School

2020 dates & location to be announced

### CUNA Credit Union Board of Directors Conference

2021 dates & location to be announced

### CUNA Supervisory Committee & Internal Audit Conference

2020 dates & location to be announced

## COMPLIANCE

### CUNA Regulatory Compliance Certification School\*

April 20-24, 2020 // Clearwater Beach, FL

September 13-18, 2020 // Phoenix, AZ

### CUNA & ACUIA Internal Audit Certification School

October 5-8, 2020 // Louisville, KY

### CUNA Attorney's Conference

October 26-28, 2020 // Jackson Hole, WY

### CUNA BSA/AML Certification Conference with NASCUS\*

November 9-12, 2020 // Fort Lauderdale, FL

## FINANCE & ECONOMICS

### CUNA Financial Management School\*

April 20-23, 2020 // Dallas, TX

### CUNA Enterprise Risk Management Certification School

April 27-29, 2020 // Clearwater Beach, FL

### CUNA Finance Council Conference

May 17-20, 2020 // Anaheim, CA

### CUNA Investment Certification Schools\*

August 10-14, 2020 // Chicago, IL

### CUNA Governance, Risk Management & Compliance Leadership Conference

September 21-23, 2020 // Austin, TX

## HR & TRAINING

### CUNA HR & Organizational Development Council Conference

April 19-22, 2020 // Orlando, FL

### CUNA HR Compliance Certification School

July 26-29, 2020 // San Antonio, TX

### CUNA Certified Credit Union Facilitator School

August 5-7, 2020 // Chicago, IL

### CUNA Experience Learning Live!

October 18-21, 2020 // Denver, CO

## LENDING & COLLECTIONS

### CUNA Consumer & Residential Mortgage Lending School

April 6-9, 2020 // Miami, FL

### CUNA Business Lending Certification School

July 20-23, 2020 // Madison, WI

## LENDING & COLLECTIONS (CONTINUED)

### CUNA Collections & Bankruptcy School

September 21-24, 2020 // San Antonio, TX

### CUNA Lending Council Conference

November 1-4, 2020 // San Diego, CA

### CUNA Fair Lending Workshop

November 4-5, 2020 // San Diego, CA

### CUNA Business Lending Roundtable

2021 dates & location to be announced

## MANAGEMENT & LEADERSHIP

### CUNA National Young Professionals Conference

June 11-12, 2020 // Madison, WI

### CUNA Management School

July 12-22, 2020 // Madison, WI

### World Moving: A Joint Credit Union Conference

July 19-22, 2020 // Los Angeles, CA

### CUNA Coaching Leadership School

August 3-5, 2020 // Chicago, IL

### CUNA CEO Council Conference

2020 dates & location to be announced

### CUNA Young Professionals Advocacy Workshop

2020 dates & location to be announced

### CUNA Emerging Leader Institute

2020 dates & location to be announced

### CUNA Governmental Affairs Conference

February 28-March 4, 2021 // Washington, D.C.

## MARKETING & BUSINESS DEVELOPMENT

### CUNA Marketing & Business Development Council Conference

March 15-18, 2020 // Orlando, FL

### CUNA Digital Marketing School

June 1-4, 2020 // Seattle, WA

### CUNA Marketing & Business Development Certification Schools

October 5-8, 2020 // Las Vegas, NV

## OPERATIONS & MEMBER EXPERIENCE

### CUNA World-Class Service Leadership School

June 10-12, 2020 // Seattle, WA

### CUNA Member Experience, Sales & Service School

August 17-19, 2020 // Las Vegas, NV

### CUNA Operations & Member Experience Council Conference

September 30-October 3, 2020 // Las Vegas, NV

## SECURITY & TECHNOLOGY

### CUNA Cybersecurity Conference with NASCUS\*

June 1-3, 2020 // San Diego, CA

### CUNA Technology Council Security Summit

September 29-30, 2020 // Las Vegas, NV

### CUNA Technology Council Conference

September 30-October 3, 2020 // Las Vegas, NV

\*eSchool is available.

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

# THE CONSIDERATION CONUNDRUM

BILL MERRICK

Research-based initiative  
makes credit unions a clear choice for consumers.

**As a credit union branch manager in the 1990s, Chris Lorence found it frustrating how many members would have payroll deduction through the institution but keep their primary financial relationship elsewhere.**

They simply didn't consider the credit union for all of their financial needs.

The same issue remains widespread today, he says. "As long as I've been in financial services, there has been the perception that credit unions weren't for everyone. Consumers who aren't members hear 'credit union' and think 'car loan' or 'I could join one where I used to work.'"

He's working to change that perception as CUNA's

chief credit union awareness officer. Since June 2019, Lorence has led CUNA's Credit Union Awareness Initiative, Open Your Eyes to a Credit Union®, a digital-first marketing campaign that's raising consumer consideration of credit unions.

He shares highlights from the initiative's first year, how research shapes the effort, challenges in raising consumers' consideration of credit unions, next steps, and more.

**Credit Union Magazine:** How does it feel to be back in the credit union movement?

**Chris Lorence:** It's been energizing and motivating. There is so much passion connected to doing good together. Having started my career in credit unions, it was exciting when the opportunity came up to rejoin.

The Open Your Eyes to a Credit Union campaign allows our team to digitally enhance what credit unions are doing on a local level. We are using the influence of social media to dispel myths about credit unions and by doing so, opening eyes to credit unions. It's exciting to work in this environment.

**Q:** What appealed to you most about leading Open Your Eyes?

**A:** Credit unions are unique in that they focus on

## Focus

- › **Digital-first** marketing campaign raises consumer consideration of credit unions.
- › **While 98%** of consumers know what a credit union is, most aren't aware they're eligible to join.
- › **Board focus:** Credit unions need to stick together and speak up about why they're the best choice for nonmembers.





“There is so  
**much passion** connected to  
doing **good together.**”

CHRIS LORENCE

## BOOSTING VISIBILITY

Mower County Employees Credit Union in Austin, Minn., introduced Open Your Eyes to a Credit Union campaign messages in early 2019 to reinforce its expansion beyond auto loans and savings accounts. Since 2016, the \$7 million asset credit union has added checking accounts, online banking and bill payment, and home equity loans.

The first step was photographing the credit union's four employees in poses the campaign suggested. Employees' email signature blocks now include their Open Your Eyes photos and related messages. Staff also share those messages on their personal Facebook accounts.

"As we invigorate our employees, it filters down to members and our members become more active," says Stephanie Riles, manager/treasurer. "They've said, 'I want to use my credit union more.' We've been reactivating members and seeing an increase in new members, including family members."

The credit union displays campaign images in its branch's exterior windows and on employees' desks, reinforcing a nearby billboard the Minnesota Credit Union Network provided. Employees often wear campaign T-shirts, which members can win in product promotions.

These efforts led to 50 new memberships for Mower County Employees during 2019, raising its total membership to 700. Located 20 miles north of the Iowa border, the county has roughly 40,000 residents and about 275 county employees.

"It has taken off for us and it's wonderful," Riles explains.

"The most important first step is promoting what a credit union is, and the campaign slogan does that."

In late 2019, Mower County Employees' campaign entered the next stage by refreshing employee pictures with new poses and messages, creating desktop displays with staff photos and "get to know you" facts, and asking members—including board members—to provide photos and testimonials.  
—Darla Dernovsek



people, not profit. The larger mission of people helping people unites and creates purpose over profits. The Open Your Eyes to a Credit Union campaign focuses not on selling something or making promises we can't keep but on creating awareness about a brand, a movement, and a culture of community and financial collaboration. This campaign is research-based and passion-fueled.

**Q:** How has research shaped the campaign?

**A:** The research helped us validate that 98% of

consumers surveyed know what a credit union is but don't have the clarity or confidence that they could join one. Worse, they thought credit unions weren't easily accessible outside their job or town—perhaps believing they were low-tech and their funds wouldn't be reachable away from home.

The research also shows how important it is for credit unions to make how to join and who can join front and center on their websites. Potential members visit credit union websites first. Current members bypass the home page and bookmark internet banking or use a mobile banking app.



This means credit unions need to make mobile banking their second-most prominent home page feature. If millennials don't see that you have it, they don't think it exists.

Focusing on the identified target audiences has allowed the campaign to be incredibly efficient. We focus on "unsettled beginners," millennials ages 24 to 34, and "future thinkers," people ages 35 to 55 who are "in-market"—meaning they're seeking financial information.

Triggers such as Googling a financial institution or shopping for a car or house combined with the targeted age groups allows for a near-laser delivery of relevant "you can join a credit union" messaging.

**Q:** What are some common questions about the campaign?

**A:** "When will I start seeing new members walk through the door or visit our website?"

The campaign isn't designed to drive leads to any credit unions in particular; it's designed to increase consideration of credit unions. We repeatedly put positive, targeted credit union brand awareness in front of consumers who likely need a financial partner.

Our goal is to get people to think "credit union" when they think checking account, car loan, credit

card, mortgage, ATM, retirement planning, and other financial services. We are planting the seed.

Credit unions need to open their doors to consumers who are connecting with the campaign. Hundreds of thousands of consumers are engaging with the campaign, giving credit unions a massive opportunity to use the materials on their websites and in their social media channels to connect the dots.

The second most common question: "We're rural or outside the typical metropolitan area. Will this campaign benefit us all?"

The answer is a resounding "yes." We are geofencing the entire state, then targeting people who are in-market and in our target age groups. These people live everywhere—rural, suburban, and urban areas.

**Q:** Any surprises so far?

**A:** Millennials' voracious consumption of our video content has definitely raised my eyebrows. Our videos have been viewed to completion millions of times. The ad with the hamster on the exercise wheel, "Break free/Bills got you stuck," is a consumer favorite with more than an 80% completion rate and the highest average click-through rate of 0.21%—well above the benchmark rate of 0.12%.

Even more interesting is that after viewing the

## 'NECESSARY AND EXCITING'

Open Your Eyes to a Credit Union has been well-received throughout Minnesota, where 60% of credit unions provide financial support for the campaign.

"There's agreement in Minnesota that it's a necessary and exciting initiative," says Andrea Molnau, vice president, communications and engagement, for the Minnesota Credit Union Network (MnCUN) and executive director of the Minnesota Credit Union Foundation.

MnCUN reallocated funds raised for statewide promotion to support the campaign with event sponsorships, billboards, and bus wraps that launched in January 2019. When the league promotes Open Your Eyes at an event, mobile geofencing delivers marketing messages to people using their cellphones nearby.

Being creative with the campaign allowed MnCUN access to the Minnesota State Fair, where the waiting list to sponsor events is "years long," Molnau says. MnCUN collaborated with two microbreweries to sponsor a beer named "The Great Minnesota Handshake."

The league's foundation received \$1 for every specialty brew sold at the fair's Blue Barn.—*Darla Dernovsek*

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# AN OMNICHANNEL EXPERIENCE

The national Open Your Eyes to a Credit Union campaign's prepackaged materials make it easy to take an omnichannel approach to sharing marketing messages, says Dustin Haynes, public/employer relations manager at \$640 million asset Heritage Trust Federal Credit Union in Charleston, S.C.

The Carolinas Credit Union League holds quarterly campaign check-ins that provide research updates and share ideas from other states.

"The images and content already are there," Haynes says. "You just pull them out and tweak them based on the delivery channel."

Heritage Trust Federal displays digital messages on its ATM network and dedicates part of its radio ad buy to campaign messages.

It also uses these messages in the program guide for the local minor league baseball team, the Charleston RiverDogs, shares information via social media, and rotates banner ads on its website.

It ties all messages to the campaign's Your Money Further consumer website ([yourmoneyfurther.com](http://yourmoneyfurther.com)).—*Darla Dernovsek*

videos, consumers of all ages are motivated to click when they see the message "You can join." There is huge interest in credit unions within our target audiences.

**Q:** What has been the biggest challenge in launching state by state?

**A:** Having enough arms and legs to both educate credit unions about the campaign and then build the financial support to launch a comprehensive digital campaign. Our work with leagues has been instrumental in the campaign's success to date.

Our goal is to raise enough funds to sustain the digital campaign for an extended period—ideally, three years.

Having league support driving a local launch ensures we leave nobody behind. The campaign focuses on increasing consumer consideration of credit unions nationally, but we do that by focusing on consumers locally. Funds raised in Georgia, for example, stay in Georgia. This ensures large and small credit unions have the same opportunity to benefit from the campaign's reach.



Listen to a CUNA News Podcast interview with Chris Lorence at [news.cuna.org/podcasts](http://news.cuna.org/podcasts)

**Q:** What's the "behind the scenes" view of Open Your Eyes?

**A:** We're a bit like a duck on a lake. What you see on the surface is a calm, cool, and collected team answering emails and phone calls, updating materials, developing media plans, and launching state by state. But under the surface our little feet are paddling like crazy.

We're a mighty team of six focused on every aspect of Open Your Eyes to a Credit Union. We're lucky in that we're surrounded by teams of experts within CUNA, leagues, and system providers who offer advice and support.

“ We have a tremendous opportunity to increase consideration of credit unions at a pivotal time. ”

CHRIS LORENCE



CUNA Chief Credit Union Awareness Officer Chris Lorence works hard to dispel the perception that credit unions aren't for everyone.

**Q:** What are your top priorities now?

**A:** Continuing to launch in more states, expanding our nationwide digital messaging coverage, and raising funds to build and strengthen the tremendous campaign results we're seeing. We want to more fully use the digital consumer data we're coming in contact with and generating as a result of the campaign. We're swimming in consumer data, and we're thinking about how to use that data to continue to increase credit union market share.

**Q:** What keeps you up at night regarding the Open Your Eyes to a Credit Union campaign?

**A:** Apathy. "I won't participate because we don't have the budget. We don't need to add new members. The funding guidelines look too expensive. There's no return on investment."

We have a tremendous opportunity to increase consideration of credit unions at a pivotal time—when fintechs and other nonbanks are courting millennials in particular for their financial service business. Credit unions have to stick together—stand up, step up, and open their eyes to the market share opportunities they have with nonmembers.

We have what it takes to be the preferred financial partner of everyone in America. Let's get everyone on board the Open Your Eyes campaign train.

## THE CAMPAIGN AT A GLANCE

More than 750 organizations have pledged nearly \$45 million to Open Your Eyes to a Credit Union. The campaign is live in 14 states, and since January 2019 has reached:

**11.9 million consumers** through programmatic advertising.

**9.2 million people** on social media.

**28.2 million individuals** on YouTube.

Open Your Eyes has gained more than 426 million impressions and earned 119 million video views to completion.

### Resources

- Awareness Initiative: [cuna.org/awareness](http://cuna.org/awareness)
- Your Money Further: [yourmoneyfurther.com](http://yourmoneyfurther.com)



Nominate a Credit Union

# ROCK STAR

Do you know someone who embodies the credit union spirit of people helping people? Someone who is so creative, innovative and passionate that they push their entire organization forward?

If so, nominate them as a Credit Union Rock Star! Submit your 2020 nominations before **May 29** at [news.cuna.org/nominaterockstar](https://news.cuna.org/nominaterockstar).

Those selected as a Credit Union Rock Star will be featured in a special edition of *Credit Union Magazine* in October.



Nominate your Rock Star today at  
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EVERYDAY

# HEROES

RON JOOSS, CASEY MYSLIWY, AND JENNIFER PLAGER

Four credit union leaders address members' challenges with enduring, community-based solutions.

**Credit Union Magazine's 2020 Credit Union Heroes share a common bond of driving large-scale change by immersing themselves in the communities they serve. This year, we profile heroes who build lasting partnerships, speak to credit union values, cultivate the art of lending, and identify new doors to open.**

We've chosen these four heroes from many nominations submitted by our readers. They all distinguish themselves as unsung champions of the movement by promoting credit union philosophy, exhibiting a firm belief in credit union values, and creating real, positive change in their communities.

Read our hero profiles, then vote at [news.cuna.org/cuhero](https://news.cuna.org/cuhero) by March 20. The Credit Union Hero of the Year is sponsored by Symitar.

We will honor the winner at World Moving: A Joint Credit Union Conference, co-hosted by CUNA and World Council of Credit Unions, July 19-22, in Los Angeles.

### **Powerful partnerships**

As a professional in the nonprofit sector, Robin Brulé partnered with \$2.4 billion Nusenda Credit Union in Albuquerque, N.M., for more than 20 years.

Today, she continues her community work as a credit union employee.

After joining the membership development department in 2011, Brulé held various community relations positions before taking on her current role as chief community engagement officer. It's a continuation of a long career devoted to improving financial stability for New Mexicans.

"New Mexico faces challenges



**“Nusenda has stepped up to move the needle and increase economic well-being.”**

**Robin Brulé**  
Chief community engagement officer  
Nusenda Credit Union

with multifaceted and intergenerational poverty,” Brulé says. “Nusenda has stepped up to move the needle and increase economic well-being.”

Brulé has led many of these efforts. To improve financial literacy, she worked with teachers to develop a financial education curriculum for schools that aligns with the state's education requirements.

“It's a way to provide a necessary skill set in an educational format that actually reaches students and supports teachers,” Brulé says.

When Brulé learned that many University of New Mexico students were one emergency away from having to drop out of school, she partnered with the university on Powering Success, which provides emergency microloans and financial capability training.

The program has contributed to increased graduation and retention rates.

Brulé also oversees Community

Rewards, a direct giving program that distributes \$500,000 annually, and Co-op Capital, which has originated more than \$600,000 in loans since 2015 to help traditionally underserved borrowers fund small businesses, pay off debt, or pursue education.

In all of her work, Brulé considers what community members say they need.

“I ground myself in listening to where those opportunities are,” she says. “If I can help support people in having better economic outcomes, that's what keeps me going every day.”

### **'Put here for a purpose'**

The driving force behind Margaret Delmonico's credit union career is empowering others to become the best version of themselves.

“I'm blessed to be where I am and to have done what I've done,” Delmonico says. “I was put here for a purpose and I try to leave some-

continued >





**“It’s not about the money, but what that money allows us to accomplish in life.”**

**Margaret Delmonico**  
Retired director of public relations  
PSECU

thing better than when I found it.”

Delmonico joined PSECU in 1978 as a member service representative and took on various roles throughout her career, including marketing, lending, and public relations. She retired as director of public relations for the \$5.6 billion asset credit union in Harrisburg, Pa., on Dec. 31, 2019.

Delmonico’s career progression made her appreciate different aspects of the credit union. “It helped me understand that big picture of how we all have a very important role,” she says.

During her career, Delmonico researched PSECU’s field of membership, leading to new opportunities for school districts, municipalities, and the higher education community to join the credit union. She launched a speakers bureau, which performed outreach in the community and “showed people the faces behind the phone voice” at PSECU.

Delmonico started WalletWorks, which has provided financial education for more than 50,000 people. And the scholarship program she developed has awarded more than \$500,000 to 135 students.

Delmonico also created a corpo-

rate social responsibility platform that emphasizes contributing to the greater good of the community.

The cooperative principle that resonates most with Delmonico is concern for the community. She sees that play out in the credit union’s day-to-day operations, its financial education program, and its outreach work.

“Sometimes we are so much in the day-to-day of what we do that we don’t understand it’s not about the money itself, but what that money allows us to accomplish in life,” Delmonico says.

### The art of lending

Davina Napier is always looking for a Picasso.

“A ‘Picasso’ is that credit-challenged member for whom it may take some work to build a loan, but when it’s done properly, it’s a masterpiece,” says Napier, chief lending officer at \$1.1 billion asset Credit Union 1 in Anchorage, Alaska.

Napier honed her artistic approach to lending through a 24-year career with Credit Union 1. Throughout her tenure, Napier has championed lending solutions for underserved members.

“Those are the members who really need us,” she says. “Magic happens when you take the time to hear their stories, fulfill their needs, and make their dreams come true.”

Member stories drive Napier’s innovations. In 2008, she designed a program to improve financial



**“Magic happens when you take the time to hear members’ stories, fulfill their needs, and make their dreams come true.”**

**Davina Napier**  
Chief lending officer  
Credit Union 1



“My biggest motivator is getting into a space where others would not typically go.”

**Dave Prosser**  
Senior vice president  
of consumer development  
Freedom First Credit Union

wellness for members with serious credit challenges.

During the 2018 government shutdown, she extended a lifeline to affected members with an emergency plan for loan extensions, no-interest loans, and even monetary gifts. One year later, every member who received a loan during the shutdown had repaid in full.

Napier also developed an award-winning indirect auto lending program that provides low-cost loans and addresses transportation challenges unique to the state.

“In Alaska, every member needs a vehicle to get to work,” she says. “In some of our remote villages, that might be a snow machine. We look at it differently based on the region the member lives in.”

With community needs in mind, Napier led the creation of the Uplifting Others Fund. For every consumer or real estate loan financed, the credit union donates to the fund, which gives local nonprofits access to direct assistance for a client whose food, health, or shelter is at risk.

“Funding often is needed to help somebody secure a down payment for a safe place to live or for medicine,” Napier says. “Credit Union 1

can bridge that gap.”

In both lending and community service, Napier’s prime motivation is assisting others on a large scale.

“It’s humbling seeing what our community members go through,” she says. “That humility keeps me grounded and thinking of new, creative ways to support the organization and our community.”

### Empowering underserved communities

When asked what drives him as senior vice president of consumer development at Freedom First Credit Union in Roanoke, Va., Dave Prosser recalls a moment during a strategic planning session when President/CEO Paul Phillips asked participants, “If the credit union dissolved that day, what would people miss in its absence?”

Some of Prosser’s initiatives would be sorely missed, particularly Freedom First Enterprises, a 501(c)(3) organization of which Prosser is executive director. It supports community development by providing safe, alternative financial services to low-income consumers.

“It’s important for us as a community development financial institution to serve markets that

are otherwise marginalized,” he says. “It’s a way for us to fulfill needs within the community, and it opens a lot of doors for us as a credit union.”

Another example is the \$654 million asset credit union’s workforce development loan program. Many licensure and certification training programs don’t qualify for financial assistance because they don’t offer degrees. Freedom First offers loans that cover tuition, school supplies, and reliable transportation.

This summer, the credit union will partner with Roanoke to establish the city as a Financial Empowerment Center. The goal is to provide financial literacy and stability as a public service to local residents.

“We’re a collaborative organization,” Prosser says. “We can move quickly and help people solve issues in the community.”

Another project is a cross-industry initiative called Local Impact for Tomorrow (LIFT), which will transform a section of a local school into a community health center for students and their families.

It’s another example of Freedom First filling a void in the community. “My biggest motivator is getting into a space where others would not typically go,” Prosser says.

## VOTE FOR THE 2020 CREDIT UNION HERO OF THE YEAR

Vote for the 2020 Credit Union Hero of the Year, sponsored by Symitar, at [news.cuna.org/cuhero](https://news.cuna.org/cuhero) through March 20. We’ll honor the winner (or a representative) at World Moving: A Joint Credit Union Conference, co-hosted by CUNA and World Council of Credit Unions, July 19-22, in Los Angeles. Learn more at [worldmoving.org](https://worldmoving.org).

Meet the finalists for

# CREDIT UNION HERO OF THE YEAR



**Robin Brulé**  
Chief community  
engagement officer  
Nusenda Credit Union



**Margaret Delmonico**  
Director of public relations  
PSECU



**Davina Napier**  
Chief lending officer  
Credit Union 1



**Dave Prosser**  
Senior vice president  
community development  
Freedom First  
Federal Credit Union

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# CUNA REGULATORY COMPLIANCE CERTIFICATION SCHOOLS & eSCHOOLS



*“As a compliance professional, I know that compliance is always changing. The only way that I can stay ahead of it, or at least stay on top of it, is by attending regulatory training events.”*

- Mary Higgins,  
VP of training & compliance,  
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# TOP BSA ISSUES

RON JOOSS



Bank Secrecy Act compliance touches challenges ranging from elder abuse to human trafficking.

**Bank Secrecy Act (BSA) and anti-money laundering (AML) compliance remains a constant challenge for credit union compliance professionals.**

BSA and AML laws are in place to identify illicit transactions ranging from gun running to drug dealing to tax evasion, says Colleen Kelly, CUNA's senior federal compliance counsel. More than 500 law enforcement agencies use the information credit unions share.

Over the past five years, these agencies have made

more than 10 million inquiries for BSA/AML data from U.S. financial institutions.

While CUNA and its membership fully support law enforcement's ability to track financial criminal activity, it's important to strike a balance between compliance costs and benefits to the government.

"CUNA continues to work with Congress and the U.S. Treasury for feedback on all the information we share," Kelly says. "We want to gain a better understanding of how the information is used and how often it leads to combating terrorist financing to sufficiently

“

**No single red flag signals suspicious activity conclusively.**

VALERIE MOSS

”

balance the cost to credit unions with the benefit to law enforcement.”

Kelly and Valerie Moss, CUNA’s senior director of compliance analysis, identify seven top issues related to BSA/AML compliance.

### 1. Elderly financial exploitation

The Economic Growth, Regulatory Relief and Consumer Protection Act (S. 2155), passed in 2018 with CUNA’s support, included a measure to combat senior financial exploitation and abuse. The new provision provides immunity for those reporting the abuse as well as the financial institution that employs the individual.

The provision states the individual will not be liable in any civil or administrative proceeding for sharing member information with a regulator or adult protective services as long as the reporting individual served as a supervisor or in a compliance or legal function with the credit union at that time and made the disclosure in good faith with reasonable care.

For credit union immunity, the provision further states the credit union will not be liable, including in any civil or administrative proceeding, for the disclosure of the senior’s financial information as long as the individual was employed or affiliated with the credit union at the time of disclosure, and before the time of the disclosure each individual involved in reporting the senior abuse received appropriate training.

Training is required for each employee or officer who serves as a supervisor in a compliance or legal function, who comes into contact with a senior members, or who may review or approve documents, senior members’ records, or transactions.

Senior abuse training must be appropriate to employees’ job responsibilities and include how to identify and report suspected senior exploitation, and how to protect and respect members’ privacy and integrity.

### 2. Virtual currency

A virtual currency exchanger is a money service business (MSB) under Financial Crimes Enforcement Network (FinCEN) regulations. But a “user” who obtains virtual currency and uses it to purchase real or virtual goods or services is not an MSB, Moss says.

The definition of “money transmission” in FinCEN’s MSB regulation covers the acceptance and transmission of value that substitutes for currency, including

virtual currency, Moss explains.

Compliance with BSA requires virtual currency transmitters to:

›**Register** with FinCEN as MSBs.

›**Develop**, implement, and maintain a BSA/AML program designed to prevent the MSB from being used to facilitate money laundering and terrorist financing.

›**Establish** recordkeeping and reporting measures, including filing suspicious activity reports and currency transaction reports.

“Convertible virtual currency” (CVC) refers to a medium of exchange that can operate like currency but doesn’t have all the attributes of “real” currency, including legal tender status. Bitcoin is an example of CVC.

“A recurring theme throughout FinCEN’s 2019 advisory on CVC is the issue of unregistered MSBs that may be operating illegally, attempting to evade supervision, and failing to implement appropriate controls to prevent their services from use for illicit activities,” Moss says.

An obvious red flag would be transactions involving an unregistered MSB such as a CVC kiosk (Bitcoin ATM) or an unregistered peer-to-peer exchange. Also, using a CVC exchanger located in a foreign location or high-crime area would warrant closer investigation.

### 3. Email compromise fraud schemes

These crimes occur when criminals compromise victims’ email accounts to send fraudulent wire transfer instructions to financial institutions to misappropriate funds.

Criminals continue to perpetrate these schemes to the tune of more than \$9 billion in losses to U.S. financial institutions since FinCEN issued its

#### Focus

›**Bank Secrecy Act** and anti-money laundering laws exist to identify illicit transactions ranging from gun running to drug dealing to tax evasion.

›**Financial institutions** are key players in discussions of marijuana legalization because cannabis businesses need access to financial services.

›**Board focus:** Board members need to be familiar with their credit unions’ BSA requirements.



“

CUNA continues to work with Congress and the U.S. Treasury to receive more feedback on all the information we share.

COLLEEN KELLY

”

initial guidance in 2016.

Fraudsters employ two types of email compromise, Moss says. Business email compromise (BEC) targets accounts of financial institutions or members that are commercial, nonprofit, nongovernmental, or government entities. Email account compromise (EAC) targets individuals' personal accounts.

FinCEN encourages financial institutions to assess the vulnerability of their business processes to compromise and consider how they can “harden” or increase the resiliency of their processes and systems against email fraud schemes.

Also, a multifaceted transaction verification process, as well as training and awareness-building to identify and avoid email phishing schemes, can protect financial institutions against BEC and EAC fraud, Moss says.

#### 4. Opioid trafficking

In August, FinCEN issued an advisory to alert financial institutions to illicit financial schemes involving opioid trafficking. Among the most prevalent types of trafficking is the movement of fentanyl and other synthetic opioids.

Fentanyl trafficking in the U.S. typically follows one of two pathways: direct purchase from China by U.S. individuals for personal consumption or domestic distribution, or cross-border trafficking of fentanyl from Mexico by transnational criminal organizations and small criminal networks, FinCEN reports.

Opioid trafficking funding mechanisms include purchases from a foreign source of supply using MSBs, financial institution transfers, or online payment processors; purchases from a foreign source of supply using convertible virtual currency; purchases from a U.S. source of supply using an MSB, online payment processor, CVC, or person-to-person sales; and other money-laundering mechanisms associated with procurement and distribution.

Red flags of opioid trafficking include:

- › **Account owners** structuring cash deposits at branches nationwide into the same account with outgoing wire transfers to Mexico.
- › **Suspicious** physical condition of deposited cash.
- › **Transactions** out of pattern for members or business type.
- › **Transactions** with no apparent business purpose.
- › **Noncorroborated** source of funds.

“No single red flag signals suspicious activity conclu-

sively,” Moss says. “Credit unions should also consider the surrounding facts and circumstances, such as the member’s previous account activity and whether he or she exhibits other red-flag indicators before determining whether a transaction is suspicious.”

#### 5. Cannabis banking

While nearly three dozen states have legalized marijuana in some form, federal law still lists it as a Schedule 1 narcotic.

“Financial institutions are pivotal in any ongoing discussions because marijuana businesses need access to financial services,” Kelly says. “This issue has become a public safety concern because where there’s a lot of cash, there’s a threat of crime and violence.”

Even credit unions that don’t operate in states with legalized marijuana or those that decide not to serve marijuana-related businesses aren’t immune from compliance issues related to the drug, she adds. They still should develop policies that define such businesses, as well as whether to include ancillary businesses.

“Some businesses may not touch the plant but provide services that support marijuana dispensaries,” Kelly says. “These might include irrigation or packaging businesses. If you accept these ancillary businesses as members, you’re likely accepting money from marijuana-related businesses into your credit union.”

Additionally, credit unions that serve marijuana-related business must also define the types of businesses they will serve, she adds.

#### 6. OFAC guidance

The Office of Foreign Assets Control (OFAC) published “A Framework for OFAC Compliance Commitments” in 2019 to provide guidance on the essential components of an effective sanctions compliance program.

These components include management commitment, risk assessment, internal controls, testing and auditing, and training.

The guidance outlines how OFAC may incorporate these components into its evaluation of apparent violations and resolution of investigations resulting in settlements.

The guidance also identifies some root causes of apparent violations, including:

›**Failing** to implement an OFAC sanctions compliance program.

›**Misinterpreting** or failing to understand the applicability of OFAC regulations.

›**Facilitating** transactions by non-U.S. persons, especially through overseas subsidiaries or affiliates.

›**Processing** financial transactions that involve an OFAC-sanctioned country, region, or person.

›**Failing** to update sanctions-screening software.

›**Failing** to centralize compliance functions and the inconsistent application of a sanctions compliance program throughout branches and business units.

“Credit unions also need an effective OFAC training program, a formal escalation process, and the consistent application of OFAC policies and procedures across the entire organization,” Moss says.

## 7. Human trafficking

This disturbing crime enslaves more than 40 million people across the world, 71% of whom are women and children, according to research developed by the International Labour Organization and the Walk Free Foundation.

“Because this industry generates \$32 billion a year, this money has to flow through financial institutions,” Kelly says. “Consequently, credit unions can play a critical role in combatting this human suffering.”

Traffickers are turning to payment tools that allow them to remain anonymous, such as prepaid cards and cryptocurrency. “Some activity also comes

through credit cards,” Kelly adds.

But traffickers have to intersect with legitimate industries at some point.

“They need financial institutions to store their earnings; they need buses or trucks to move their victims; and they need hotel rooms, which are integral in the operations of some sex traffickers,” Kelly says.

Although financial institutions must delete copies of identification (ID) after online account opening, a provision of Senate Bill 2155 allows for the storage and retention of copied IDs to:

›**Comply** with federal BSA laws.

›**Verify** the authenticity of the ID.

›**Verify** the identity of the individual.

›**Comply** with a legal requirement to record, retain, or transmit the information in connection with the opening of an account or obtaining of a product or service.

## Resources

›CUNA Compliance Community:

[compliancecommunity.cuna.org](http://compliancecommunity.cuna.org)

›Compliance resources: [cuna.org/compliance](http://cuna.org/compliance)

›Compliance training and certifications:

[cuna.org/learn](http://cuna.org/learn)

›Financial Crimes Enforcement Network:

[fincen.gov](http://fincen.gov)

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## AD INDEX

Bok Financial // 17

Buyers' Guide // 27A

Cenlar // 13

CU Direct // 3

CUNA resources // [cuna.org](http://cuna.org)

Board Portfolio 32

Compliance Portfolio 47

Councils 57

Creative Hub 41

CUNA News 27

Governmental Affairs Conference 19

Hero 46

Overall Training 33

Rock Star 40

World Moving 15

CUNA Mutual Group // 5

CUNA Strategic Services providers // [cunastrategicservices.com](http://cunastrategicservices.com)

Harland Clarke 59

Datatrak // 9

Federal Home Loan Bank of Chicago // 39

Fiserv // Cover tip, 7

LSC // 11

Mercury Mechanical Protection // 26

Midwest Loans // 60

PSCU // 2

QwickRate // 21

# The path to financial wellness

JORDAN VAN RIJN



Improve members' resiliency in the face  
of inevitable ups and downs.

**From their inception, credit unions have dedicated themselves to improving the financial wellness of households and communities across the country.**

In the early 1900s—when most bank loans were out of reach for everyday working Americans—the first credit unions started with the simple idea of pooling savings and making loans to neighbors and co-workers so people could achieve a better standard of living.

The Federal Credit Union Act of 1934 furthered

credit unions' purpose of “promoting thrift among its members and creating a source of credit for provident or productive purposes.”

In 1998, Congress reiterated this “specified mission of meeting the credit and saving needs of consumers, especially persons of modest means.”

Is this mission still relevant in today's technologically driven environment when well more than 90% of Americans are connected to the financial system? How are credit unions continuing to promote financial wellness in this context—and can they do more?



While credit unions' focus on members' financial wellness is just as relevant as ever, their efforts to improve financial wellness look different today.

Instead of simply providing access to credit and savings accounts, credit unions must innovate to find out what works—and what doesn't.

Behavioral science and academic research offer insights that can improve credit unions' efforts to improve members' financial wellness.

### Moving toward 'financial health'

But first, let's define "financial wellness" and how it aligns with "financial inclusion," "financial security," and "financial health."

The Consumer Financial Protection Bureau defines financial wellness as "a state of being wherein a person can fully meet current and ongoing financial obligations, feel secure in their financial future, and make choices that allow enjoyment of life."

This includes elements of "financial security" (control over day-to-day finances and the capacity to absorb a financial shock), as well as what the agency calls "freedom of choice," or the financial freedom to make choices to enjoy life and stay on track toward financial goals.

It's important to define what we're striving for and how to measure it so we know when we're successful.

We often use "financial inclusion" when referring to the provision of financial services to commonly excluded populations including the poor, rural residents, and those with physical disabilities.

While it's important to provide access to the financial system, 94% of U.S. residents already are connected to the financial system with checking and savings accounts. Efforts to improve people's lives through financial services go well beyond "inclusion" to incorporate indicators of wellness, too.

Many financial services organizations, including the National Credit Union Foundation, use a related term: "financial health."

This includes three core elements:

**1. Smooth** and effective management of one's day-to-day financial life.

**2. Resilience** in the face of inevitable ups and downs.

**3. The capacity** to seize opportunities that lead to financial security and mobility.

### Many consumers struggle

Regardless of the term, the data clearly shows many people struggle with their finances.

While only 6% of U.S. households are completely outside of the financial system (unbanked), another 16% are "underbanked," meaning they also use an alternative financial service product such as payday lenders, paycheck advances, pawn shops, auto title loans, and tax refund advances.

Moreover, according to the Federal Reserve's "Report on the Economic Well-Being of U.S. Households," 39% of U.S. households do not have enough

## How U.S. households struggle with finances



**16%**

of U.S. households are "underbanked"



**39%**

can't afford a \$400 emergency expense



**30%**

are one setback away from financial hardship



**25%**

of nonretired adults have no retirement savings or pension

Source: Federal Reserve

cash on hand to afford a \$400 emergency expense, such as a car or appliance breakdown or an unexpected medical bill.

Another 27% of households would need to borrow or sell something to pay for the emergency, and 12% of households say they would have no way to cover such expenses.

In total, three in 10 American adults—roughly 76 million people—either can't pay their bills or are one modest financial setback away from hardship. Moreover, only 36% of nonretired adults believe their retirement saving is on track, while 25% of non-

retired adults have no retirement savings or pension whatsoever, the Fed reports.

Overall, the Financial Health Network estimates 57% of American adults—approximately 138 million people—struggle financially, either with managing their day-to-day financial lives, establishing a cushion for financial resilience, or positioning themselves for financial security and mobility.

This challenge is not simply due to insufficient income. Many people are doing relatively well

financially but still struggle to manage their finances, while others with relatively little income appear to have a high level of financial wellness.

Income is a factor, but other elements also are critical in determining financial wellness, such as financial knowledge, personal traits, income volatility, family and community relationships, life stage, unexpected events, the history of discrimination and structural racism, and access to the right financial products and services.

## BECU'S 'FINANCIAL HEALTH CHECK'

A growing consensus among researchers indicates traditional financial education classes (i.e., those that simply convey financial knowledge in a classroom environment) don't adequately improve long-term financial knowledge and financial wellness, according to the report, "Financial Literacy, Financial Education, and Downstream Financial Behaviors." That's because many participants fail to follow up after leaving the classroom by, for example, opening a savings account.

Classes often don't fit into people's schedules, they're often not personalized to meet individual needs, and they may be too complex or include too much information. Traditional classes typically don't address behavioral barriers to saving and improving financial wellness, such as temptation or status quo bias (i.e., people doing what they've always done because it's easier).

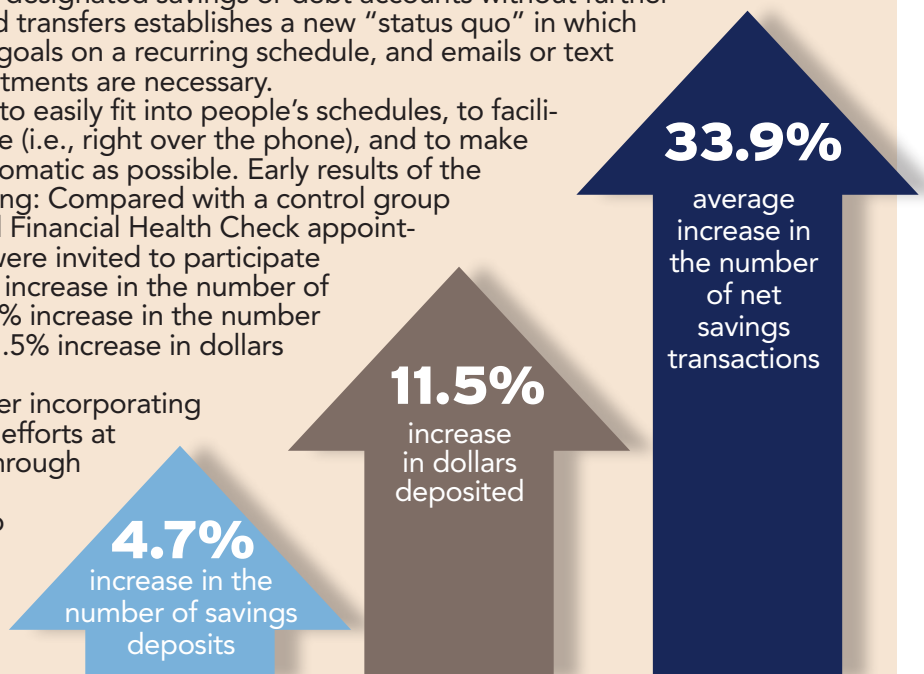
However, financial education and literacy efforts that specifically target the young, involve "rules of thumb," consider behavioral challenges, and have an action component or closely precede financial decisions are considerably more impactful, the Federal Reserve reports.

For example, ideas42, a nonprofit organization that uses behavioral science to solve social problems, teamed up with \$21.2 billion asset BECU in Tukwila, Wash., to see if it could use behavioral science to improve financial education. It designed the "Financial Health Check," which includes a one-time, 30- to 60-minute phone appointment with specially trained consultants who work one-on-one with participants to review monthly budgets and create financial goals.

The consultants then help people set up recurring transfers in support of those goals so funds automatically flow to designated savings or debt accounts without further action. A system of automated transfers establishes a new "status quo" in which funds are diverted to specific goals on a recurring schedule, and emails or text alerts spark action when adjustments are necessary.

The program was designed to easily fit into people's schedules, to facilitate follow-through in real time (i.e., right over the phone), and to make long-term commitment as automatic as possible. Early results of the pilot program were encouraging: Compared with a control group of peers that were not offered Financial Health Check appointments, BECU members who were invited to participate experienced a 33.9% average increase in the number of net savings transactions, a 4.7% increase in the number of savings deposits, and an 11.5% increase in dollars deposited.

Credit unions should consider incorporating similar strategies to maximize efforts at improving financial wellness through education. But the behavioral insights can also be applied to other efforts as well, such as product design, technology dissemination, and marketing.



Even the wealthiest individuals are prone to “keeping up with the Joneses” and may regularly compare themselves to others, causing them to spend beyond their means. Households with less wealth and income, meanwhile, might be relatively frugal, feel in control of their finances, and have a relatively high level of financial wellness.

That said, a correlation exists between income and financial wellness. Generally speaking, poor people have less access to insurance and a steady income, making unexpected emergencies more impactful.

Research shows the stress and preoccupation of not being able to make ends meet not only directly affects our health, it also lowers our ability to make rational choices, think creatively, and avoid temptation—making it even more difficult to save and manage finances properly.

### Opportunities to assist

Despite numerous challenges, credit unions have a tremendous opportunity to expand their contribution to consumers’ financial wellness.

The Financial Health Network’s report on Financial Health in America emphasizes this point: “The financial services community—from policymakers to nonprofit organizations to financial institutions—has an opportunity to help consumers adopt and sustain behaviors that contribute to improved financial health.”

The report mentions several examples, including:

- ▶ **Short-term emergency credit** for members without credit cards.

- ▶ **Well-designed savings products** that allow vulnerable households save and plan for the future.

- ▶ **Products** that provide immediate access to check funds for members without checking accounts.

- ▶ **New technology-driven** personal financial management tools, alerts, and nudges to help members manage their day-to-day finances.

Many credit unions already promote financial wellness through efforts that go far beyond providing typical banking services. For example, 49% of credit unions representing 88% of members offer some form of financial education to members, including workshops, financial counseling, and in-school branches.

Another 28% of credit unions offer credit-builder loans, 13% offer micro-business loans, 11% offer payday alternative loans, 16% offer health savings accounts, 19% offer prepaid debit cards, and 59% offer check cashing services.

Plus, 49% of credit unions have some form of special designation for serving low-income and other disadvantaged populations, such as Certified Development Financial Institution, Minority-Depository Institution, or Low-Income Credit Union designations.

Consumers recognize these efforts. A recent Gallup study found credit unions are far better than

banks at supporting their members’ feelings of wellness, with more survey participants responding that their credit union “helps me reach my financial goals,” “makes it easy for me to manage my finances,” “helps me make better financial decisions,” and “puts my financial well-being ahead of the interests of the [financial institution].”

While these efforts are important and laudable, credit unions must continue to learn, innovate, and improve so their products and services meet members’ needs and boost their financial wellness in an ever-evolving financial landscape (“BECU’s ‘Financial Health Check,’ p. 54).

### What’s next?

Credit unions recognize the need for continuous experimentation and product innovation. CUNA’s Board of Directors recently approved a new strategic focus to reframe advocacy through the lens of financial wellness (“Advocacy in action,” p. 22).

Moving forward, CUNA aims to gather and use more data to highlight the good work credit unions are already doing to address financial insecurity; improve members’ financial wellness; collaborate with researchers and system partners to determine what works and disseminate knowledge about successful products, programs, and services; and conduct more research into areas that seem promising but have not yet been sufficiently evaluated.

We look forward to sharing the incredible ways credit unions are improving members’ lives. We plan to help credit unions do that work more effectively and more closely align financial wellness with the credit union advocacy agenda.

Our goal is to make policymakers aware of credit unions’ extraordinary efforts to improve their communities and the lives of millions of working Americans.

“  
CREDIT UNIONS  
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”



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## What's in a name?

'Share drafts' are the New Coke of the financial world.

The speed of light is roughly 186,000 miles per second, only slightly faster than a toddler in the supermarket running through the toy aisle.

This also means television signals sent from Earth 40 years ago are just getting to some of the solar system planetary astronomers believe may harbor intelligent life.

So perhaps right now, in some planet orbiting the star Capella, an alien may have just tuned its Gizmatic 2000 space modulator into the first message from Earth—an episode of "Dukes of Hazzard" no doubt.

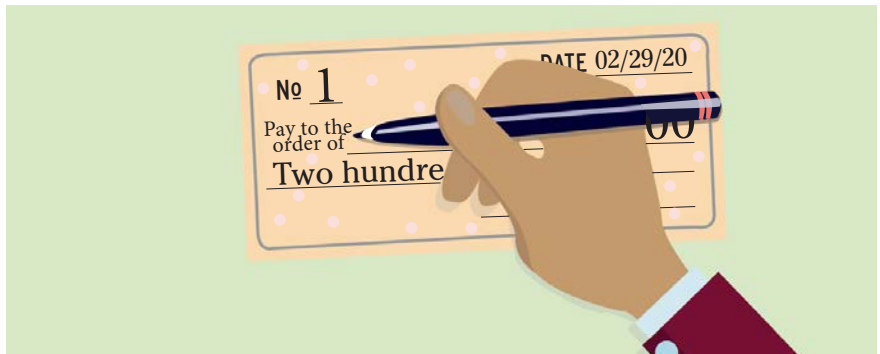
Or maybe it was "Battlestar Galactica," which might be considered a documentary.

They could have tuned into a documentary about the Depository Institutions Deregulation and Monetary Control Act of 1980, which would have made them believe no other intelligent life exists in the universe and zip to Earth in their flying saucers.

Landing on the White House lawn, they would descend from their spaceship and announce: "People of Earth, we have received your television signals from your year of 1980. We have studied this and newer signals as we traveled here. We have been amazed at your ingenuity, your sense of art and, most of all, WWF wrestling.

"But we have a question: You call yourself an advanced life form—so why did you call checks 'share drafts' and savings 'share accounts?' Was it 'Put Two Random Words Together Day?'"

Alas, this article is about share drafts. And share certificates. And shares. The question is, why? Was this due to some legal abstract? Some historical context? Or was it discount day at "Share World and Emporium?"



Whatever the reason, the term "share drafts" is now a record holder for "most obscure renaming of something everyone knows about." It's almost as if Coca-Cola decided to retool its famous drink and rename it something stupid—like New Coke.

We need to modernize our basic accounts and make them appealing to younger generations—especially since they'll be choosing our nursing homes.

We could rename the "share account" as "In the Couch," "Sock Drawer," or, my personal favorite as a nonsmoker, the "Ashtray" account.

These accounts aren't for day-to-day transactions as they're a pain to get into and nobody can remember how much is in them anyway.

It's far more challenging to rebrand share certificates or "certificates of deposit."

Locking away money for a bigger return isn't a concept many people understand, much less buy into. Calling it "seasonal" or "Netflix," however, might encourage those more accustomed to waiting inordinate amounts of time for their reward.

The share draft, of course, is the most important issue. With "checking" a nonstarter due to a slight pushback from a gazillion bank lawyers, we could choose from a number of other options such as

"Virtual Cash," "Realcoin," or "My espresso with whip." You can't split a \$20 restaurant bill eight ways with a share draft like you can with a digital wallet like Venmo.

Some of you will be all for this plan. For practical purposes, we will call this group "marketing."

Others who care more for the historical angle we will call "those who say, 'make a Xerox of this while I figure out how this flip phone works.'"

In marketing, we often fight battles where the primary goal isn't to sell features and benefits, but rather educate. We educate members to help them invest and budget, and let folks know that, no, they didn't receive an inheritance from a long-lost uncle in Namibia.

But asking marketing to explain that "share," "share draft," and "share certificate" really mean savings, checking, and CDs is like a useless game of charades.

It's time to name what is important to us just the way we want to.

Just like a toddler does.



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## with Sarah Brenner

Andigo Credit Union, Schaumburg, Ill.

Community engagement drives Sarah Brenner's efforts at \$865 million asset Andigo Credit Union in Schaumburg, Ill. The vice president of marketing won the 2019 CUNA Emerging Leader Award.

**Credit Union Magazine:** Congratulations on your award. What first drew you to credit unions?

**Brenner:** I started my career in social services. I worked with people with disabilities and their families to connect them with services. It became apparent that financial well-being and financial education are areas where people struggle the most, especially when faced with life's challenges. Once I got into the credit union space, I fell in love with our mission and the movement.

**Q:** What are your marketing priorities at Andigo?

**A:** We're focused on deepening engagement in the communities we serve. Andigo has been around for over 80 years, but we're new to the market under that name and to being open as a community charter.

Our strategy is tied to getting people to know us—and credit unions—as a brand. In the Chicago area there's a lot of competition. Most people still don't know that credit unions are for them or how they can help. We're trying to make credit unions a focal point for financial services in our community—and show up in ways that are meaningful to the people we serve.

**Q:** How does community service play a role in that awareness?

**A:** Think about how you'll make an impact. It's how you connect

and become part of the fabric of your community. Those sorts of connections are vital for credit unions trying to be servant leaders.

At Andigo, we're highly attuned to servant leadership. We believe that we can do a better job if we're giving of our time and ourselves. We find that a lot at credit unions: People want to make a difference where they work and live.

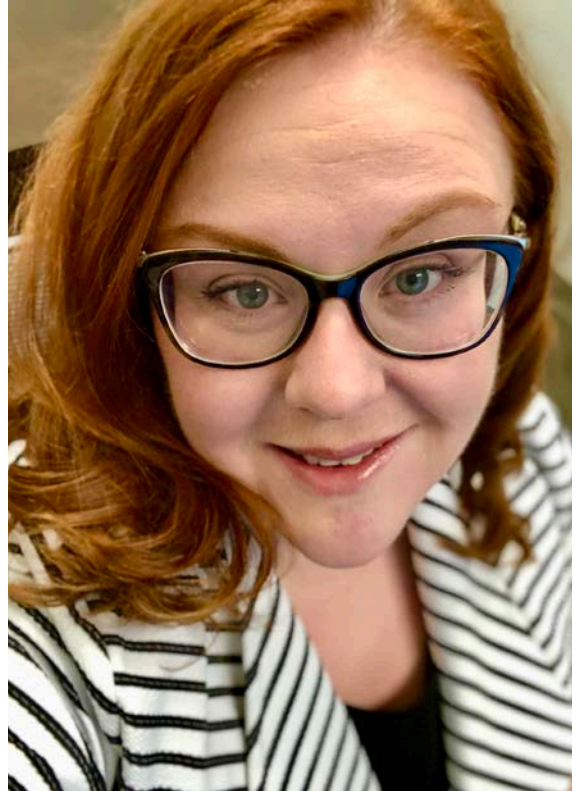
**Q:** You recently joined Filene's i<sup>3</sup> program. What has that been like?

**A:** What's most exciting is connecting with other highly engaged credit union folks. The program challenges us to think outside of how we provide services today. I'm excited to work with some great minds to see what we come up with.

We're looking at some of the challenges facing communities and individuals financially. Whether it's the rise of the gig economy or the implications it could have on lending, income volatility, and stability, those things impact the people we serve.

**Q:** How did you grow Andigo's certificates?

**A:** We had great rates and great promotional offers, and certainly our members were taking advantage of them. But from an acquisition standpoint, we didn't show up on any of the competitive rate sites. I talked about having standard terms so we would show



up. We had to build new products to do that, and we've added more than \$30 million in certificates through that process. That's with our existing membership as well as new members.

**Q:** What advice do you have for other emerging leaders?

**A:** Be a lifelong learner. In our space, you have to be interested in learning new things and looking for opportunities. People don't just show up and say, "Hey, we'd like you to try this." Put yourself out there and be willing to see what you can do.

Also, know that you're only as strong as your team. If you put them first and make sure they're getting opportunities to grow, you'll be amazed at how you grow as an individual as well.





Delivering quality experiences is the single most important brand differentiator in 2020

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