Credit Union MAGAZINE

SUMMER 2020

EXCEPTIONAL LEADERSHIP

CIO TO CEO

Planning amidst change

Becky Reed
Lone Star Credit Union

Credit Union National Association
CUNA

Contents

Summer 2020

Volume 86 › Number 2

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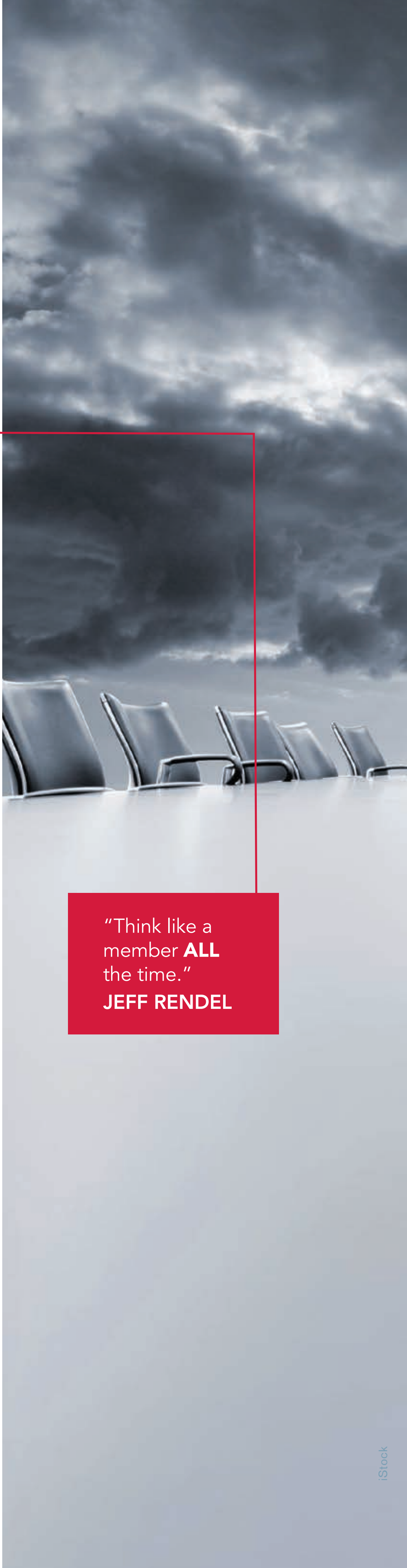

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"Think like a member **ALL** the time."
JEFF RENDEL

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Cover, page 34 photo credit: Gary Reed

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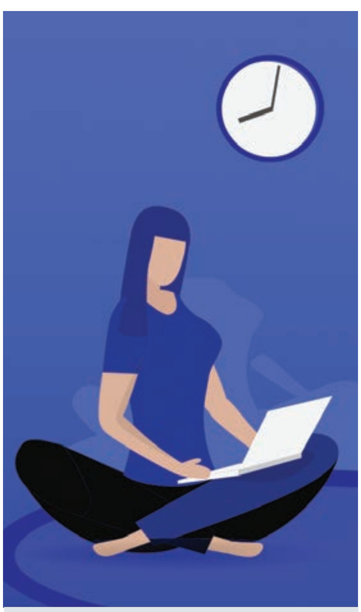

"We're with you."

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STRATEGIC PLANNING TOOLS FOR YOU

One of the largest contributions to long-term success at a credit union is dedication to building a dynamic strategic plan. CUNA provides resources to help guide your strategic planning process:

CUNA Courses
Immerse yourself in educational opportunities designed to help you through your strategic planning process. Course topics include: How to Think About Strategic Planning and Credit Union Growth Strategies.

CUNA Environmental Scan Companion Resources
Preparing your credit union for the future takes accurate research and diligent decision making. With the CUNA Environmental Scan (E-Scan) companion resources, you can confidently guide your team forward.

CUNA Strategic Planning Roundtable
Explore industry trends, how to best integrate insights from CUNA's E-Scan into planning and how to optimize the process at this in-person training.

cuna.org

Digital Features

VISIT CUNA.ORG/NEWS FOR THESE ONLINE EXCLUSIVES

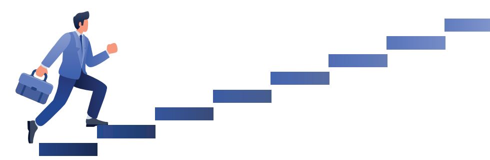
Don't miss: Coronavirus coverage

We have had—and will continue to have—conversations with credit union leaders about the range of issues around the coronavirus (COVID-19) pandemic.

Make sure to check out our online coverage at *news.cuna.org/coronavirus* for podcasts on crisis leadership, and insights from members of the CUNA communities who shared their concerns—and solutions.

11 steps to becoming CEO from a CTO

As an extension of this month's print feature "CIO to CEO," explore 11 steps for chief information and chief technology officers to develop into the chief executive officer position. One tip? Develop a participative, rather than task-oriented, leadership style.



Cooperative superpowers

Few businesses would let another one come in and scope out their physical setup. However, four Pennsylvania credit unions opened their doors to CEO Sandi Carangi and other representatives of Mercer County Community Federal Credit Union for tours and insights into how their branches work.

Carangi and her team were preparing to renovate a branch office and turned to Erie Federal Credit Union, Galaxy Federal Credit Union, First Choice FCU, and GNC Federal Credit Union.

During the tour, the credit unions shared what worked for them and what didn't work. "They really took their time and walked us through everything.

"Our project incorporated something from each one of those credit unions," Carangi says. "They took so much of the legwork out of the process for us and saved us time along the way."

Sandi Carangi

Find *Credit Union Magazine* in the office or at home

We know you're used to passing along the magazine.

But with many of you working from home, you can find this issue's stories in our digital magazine and online, too.

Visit *news.cuna.org/creditunionmagazine* to access your digital edition with your *cuna.org* login, and be on the lookout for your weekly Subscriber Exclusives email delivered on Thursday.

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Credit Union MAGAZINE

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 **June 12** at 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
news.cuna.org/nominaterockstar

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'The model for economic reconstruction'

Credit unions move from pandemic preparedness to recovery.

In the early weeks of the coronavirus (COVID-19) this spring, you shared stories of the myriad ways you're keeping staff safe while serving members from a distance.

We listened through many forums—CUNA communities, Zoom calls and interviews, podcasts, and emails.

This issue expands on many of those conversations, bringing together your voices, early lessons, and expert analysis to guide you during this unprecedented time.

Some common themes:

› The economy. Social distancing, event cancellation, school closures, and "stay at home" orders—all of which are critical to controlling the crisis—have dramatically reduced routine economic activity.

They've also stressed members financially, physically, and mentally—and increased the complexity of operating a credit union and serving your most vulnerable members, says Mike Schenk, CUNA chief economist.

He says three factors matter most: access to liquidity, business lending, and capital.

› Empathy and leadership. The importance of leadership in a changing situation has become apparent.

"Everybody is scared, and that goes for members, staff, and board members," says James Collins, president/CEO at O Bee Credit Union, Lacey, Wash.

Employees of Mercer County Community Credit Union, Hermitage, Pa., also expressed fear of contracting the virus and frontline stress, says CEO Sandi Carangi.

Understanding these struggles has been crucial for leaders.

› Credit unions' mission. Australia Hoover, CEO of CDC Federal Credit Union, Atlanta, describes the path forward: Remaining a source of inspiration.

Credit unions "might need to be the model for economic reconstruction," he says. "We're in a tremendous position to make people's lives better."

While some of you are working at the office and others at home, we have numerous channels for you to stay in touch, beginning with the CUNA News site, where you can find all of the magazine's stories online, and in your inbox each week.

Stay safe.

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Ideas & Inspiration

Inspiration from a ‘Man Morning’

To find inspiration, look no further than the individuals you call your allies.

For Antonio Neves, it’s the seven men he gathers with weekly for an early morning hike. Dubbed the “Man Morning,” Neves and his friends spend an hour walking around town and discussing various topics related to work, marriage, or their personal lives, and gaining feedback.

“It’s a positive group,” says Neves, an author, speaker, and CUNA Governmental Affairs Conference emcee. “People are there to support you, not shoot you down. They hold you accountable. They are there to call you up as opposed to calling you out.”

When the pandemic hit, the group continued to be inspirational. Instead of hiking around town, the group convened for weekly video chats where they continue to check in on each other and share ideas.

“It has been valuable during this challenging time,” Neves says. “And we have no plans of pushing pause.”

That’s because the time spent interacting, conversing, and listening to others has proven to be valuable—not only for the advice and feedback they receive from others on their own questions, but also because providing insight to other people’s issues can often lead you to an “a-ha” moment for yourself, Neves says.

“Sometimes the most powerful moments are during those light hikes when I don’t even say a word, when I’m listening to someone else or supporting someone else,” Neves says. “We forget sometimes. We try to make it all about ourselves, but I hope people can remind themselves that sometimes our breakthroughs actually come when we help others. We get those ‘ding, ding, ding’ moments and more for our own problems when we are helping others.”

Hear more from Antonio Neves at *news.cuna.org/podcasts*

Antonio Neves

“IT’S ONE PERPETUAL **REFRESH.** THINGS MOVE SO FAST, YOU’VE GOT TO STAY **RELEVANT.”**

Branding advice from Angie Bastian, co-founder and namesake of Angie’s Boomchickapop.

Hear more from Angie Bastian at *news.cuna.org/podcasts*

Act quickly with disaster response

When disaster strikes and your members and community need financial assistance, don't wait.

Instead, act quickly when deciding whether to offer emergency loans, skip payments, or waive fees, says Eric Bruen, president/CEO at $41 million asset Desert Valleys Federal Credit Union in Ridgecrest, Calif.

"Don't sit around and beat yourself over the head for micro dollars that are needed by the community," Bruen says. "Rather, remind yourself that you've built up capital, and you've built up reserves to support your members and your communities during these times. Then put that money to work immediately. Don't wait for a reason to put the money to work."

Bruen knows how important quick action can be for financially strapped members. Desert Valleys Federal provided $83,000 in emergency loans after back-to-back earthquakes struck the community in July 2019—with only one default in 83 loans. It's offering emergency loans and skip payments during the coronavirus (COVID-19) pandemic.

"Take a little risk," Bruen says. "Your community is going to pay it back three-fold in not just your sense of mission, but also in how you're going to impact their lives."

Hear more from Eric Bruen at *news.cuna.org/podcasts*

Eric Bruen

Ecommerce in the world of COVID-19

More consumers have taken their shopping online in the age of coronavirus (COVID-19), and more have faced digital fraud, according to a recent TransUnion survey.

23% increase in ecommerce transactions

22% have been targeted by digital fraud related to COVID-19

347% increase in account takeover

$3.5 trillion forecast in ecommerce spending in 2020

Source: TransUnion Global Fraud & Identity Solutions survey

Ideas & Inspiration

Remote work, remote safety

The thousands of employees deployed to work in their living rooms or home offices need to follow cybersecurity best practices to protect member data. The Federal Trade Commission suggests:

›**Keeping** security software up to date.

›**Using** long, strong, and unique passwords on all devices and apps.

›**Making** sure the home network is secure, starting with an encrypted router. Use virtual private networks (VPN).

›**Knowing** where the laptop is. Make sure it is password-protected, locked, and secured.

›**Storing** sensitive files securely. When there's a legitimate business need to transfer confidential information from office to home, keep it out of sight and locked up.

›**Disposing** of sensitive data securely by shredding it.

SAFE Credit Union targets members with geofencing

SAFE Credit Union in Folsom, Calif., employs geofencing as a tool to engage members in location-controlled marketing opportunities.

Geofencing uses a global position system or radio frequency to define an area for targeted messaging. Once the credit union defines this virtual area, it can send text messages, email alerts, or app notifications when a mobile device enters or exits the boundary.

SAFE experimented with geofencing during Member Appreciation Days. Members were encouraged to bring a friend to the event, and SAFE sent messages to members' mobile devices letting them know that both the member and their friend would receive various perks if the friend opened an account that day.

Since then, the credit union has geofenced Sacramento's minor league soccer and baseball parks and other locations. "We have different promotions where if members use their SAFE debit or credit card they will be entered to win different prizes or, in the case of our cash rewards credit card, earn cash back," says Danielle Juarez, assistant vice president, digital strategy and innovation, at the $3 billion asset credit union.

To receive the geofenced messages, members must have the SAFE app on their mobile device and be within the defined area. "We then send push notifications that say things like, 'Welcome to the ballpark. Use your SAFE Credit Union debit card for a chance to win prizes,'" Juarez says.

She says SAFE launched a geofencing strategy because more members were migrating to mobile-only banking.

"Almost 50% of our digital banking population is only engaging with us through the mobile channel, so we need a way to reach that population," she says. "We need a relevant way to message people at the right time in the right place. This works perfectly."

Ideas & Inspiration

'Word of mouth on digital steroids'

In just over a decade, social media has transformed the way we communicate, the way we shop, and the way we elect our politicians to list just a few examples.

"Social communication has removed the middleman," says best-selling author Erik Qualman, who has been a keynote speaker at several CUNA Council conferences. "It's created word of mouth on digital steroids."

That's Qualman's definition of "Socialnomics," which is also the title of a best-selling book he authored. It's for anyone who wants to understand the implications of social media in our daily lives and how businesses can harness the power of social media to increase sales, cut marketing costs, and directly reach consumers.

Qualman says credit unions are well positioned for the age of socialnomics.

"Credit unions are set up nicely to serve the millennial generation and Gen Z," Qualman says. "Those groups want to give back to the community. They look beyond the almighty dollar when they consider doing business with a company. Credit unions give back to their local communities, and they can tell that story through social media."

Qualman says the one constant through digital transformation is human nature. "That's huge for credit unions because relationships are based on human nature," he says. "Credit unions understand relationships better than most businesses."


Erik Qualman

Being a digital leader today means being empathetic. "That means you understand members' pain points and what they're trying to solve. Empathy leads to innovation."

A veteran in crisis leadership

Judy De Lucca has a unique perspective on business continuity planning. As CEO of New Orleans Firemen's Federal Credit Union, she saw her organization through recovery after Hurricane Katrina devastated the Southeast in 2005. Now she's leading her credit union through an entirely different kind of crisis—the coronavirus pandemic.


Judy De Lucca

The biggest difference between 2005 and 2020 is technology, De Lucca says. "During Katrina, we were literally unable to deliver mail to certain areas, because there were no houses, much less mailboxes," she says. "Now we have e-statements, email, and text message options. We can deliver much more information and services through our website and social media."

During Katrina, De Lucca helped dislocated employees find new housing. During the coronavirus threat, she's constantly on the hunt for "masks, sanitizer, Clorox wipes, and toilet paper."

She says one aspect that doesn't get washed away in either disaster is "people's innate goodness and morality."

"Most people want to do the right thing," De Lucca says. "Most people want to help others. They want to pay their loans. They want to be productive socially. That's what keeps you optimistic. You know that you're helping people who want to do the right thing."

De Lucca asks employees to adhere to a philosophy captured in the acronym ACT, where A stands for acknowledging the member or employee's emotional state; C is to confirm the person's needs; and T is to take action and communicate the steps that will be taken to provide to provide assistance.

This year marks De Lucca's 40th anniversary at New Orleans Firemen's. She can't imagine doing anything else. "It fulfills my need to do something good for our community."

Tackling technology challenges together

COVID-19 shows just how important technology is to our professional and personal lives.

We're living through a truly remarkable time, and the coronavirus (COVID-19) pandemic has dealt many challenges. Every business across the world has had to figure out how to keep operating while at a distance.

For credit unions, it's been a difficult balance to remain fully accessible to members while keeping employees safe. Technology has played a critical role, and it will only grow in influence as we fight COVID-19 and adapt to new environments in the future.

Credit unions have supported members through depressions and recessions, and we've been there through world wars, oil crises, and a dozen-and-a-half U.S. presidents. And now we're supporting members during the COVID-19 crisis.

But we've also been there when mom lost her job, grandpa needed extra care, a daughter landed a spot in medical school, and all the big and little moments in members' lives that credit unions know so well.

"IF WE'VE LEARNED ONE THING OVER THE PAST FEW MONTHS, IT'S THAT THE WORLD CAN CHANGE IN AN INSTANT."

Through all of the ups and downs in members' financial lives, we've been there and we've remained relevant. Given all the change our country has experienced in the last 100 years, that's a huge accomplishment.

Think of all the companies and entire industries that are no longer relevant and what made them so: Encyclopedia Britannica (Wikipedia), DVDs (streaming services), hard drives (the cloud), landline phones (cellphones), maps (cellphones), and phone books (cellphones).

There's a running theme here: cellphones.

Most of us use our cellphones for everything from making plans to reading the news, taking photos, making dinner reservations, watching TV, and paying bills. It's the ultimate convenience to do everything from the little device in our pockets.

As a result, any industry that makes itself accessible via cellphone will have a better chance at success than less tech-savvy competitors.

That's a fact—one that credit unions know well. We understand that consumers will track with trends, and it's abundantly clear that using technology to make financial services easier is a trend that's here to stay.

The COVID-19 crisis has shown just how important technology is to our professional and personal lives. Isolation isn't really that with a phone, tablet, or computer at your fingertips.

It has become so easy to communicate through these devices that consumers have come to expect everything they want or need to be accessible and easy online.

That's daunting for many credit unions. None of us can foot the same bill for app upgrades as Wells Fargo.

For starters, credit unions take what profits we do earn and invest them right back into members—unlike the big banks and some fintech companies that have huge budgets to make themselves look "cool" and "socially responsible" to consumers.

But there's a flip side to all of this: Our members value us.

Another result of today's technology is online reviews. Credit unions earn loyal members because of our commitment to their financial futures. We're never trying to score a high-interest loan or make money at their expense.

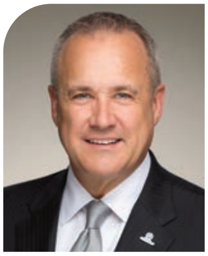
We're simply "people helping people," as we have been for more than a century. We know technology will always change, and with it the demand to keep up.

We can't ignore that, and we have to work together as one movement to embrace this challenge.

But we also know that no matter the latest format for paying off a car loan, people want compassion. They want to feel heard and supported—and no app or quick download can achieve that like the dedicated staff at America's credit unions.

I don't know where technology goes from here. If we've learned one thing over the past few months, it's that the world can change in an instant.

As a movement, we need to hold on to our core mission as we embrace the future—together—to ensure we continue to advance communities and empower Americans' financial well-being.



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We deliver for Main Street America

CUNA, leagues, and credit unions have delivered an enormous impact by working together.

In our movement, we talk a lot about how credit unions are different.

By different, we mean these cooperatives are exceptional, dedicated partners to the members and communities they serve.

It's our DNA and our structure that makes us directly and uniquely accountable to our members in good times and in bad.

This is a challenging time during which credit unions' structural difference delivers on the promise of our cooperative superpowers for members.

A remarkable example has been the Small Business Administration's Paycheck Protection Program (PPP), which provided forgivable loans to businesses impacted by the coronavirus (COVID-19).

The vision behind PPP was to sustain struggling small businesses and put paychecks into the hands of those who need them most.

The goal was not only to provide financial help to workers in the short term, but also to ensure they can return to work once social distancing restrictions have eased.

The program rolled out quickly and hit some understandably frustrating speed bumps, but credit unions kept their feet on the pedal. Even before the first $349 billion in funding was exhausted, millions of American workers and the small businesses they work for got help from their credit union.

The real stories are the definable moments in members' lives.

When schools were ordered closed in Washington, the faculty at Seattle-based Leadership Preparatory Academy scrambled to create an online learning format for students, many of whom came from high-anxiety environments. Working just as fast and furiously was Verity Credit Union, which provided a PPP loan so teachers' salaries and benefits would continue.

Online learning is a big success, and as the school's founder, Maureen O'Shaughnessy, says, "Financial peace of mind at a time like this is priceless."

Jason Olsen of Salt Lake City must feel the same way. Mountain America Credit Union, where he is a member, funded one of the first PPP loans in the country. It allowed Jason to keep the 54 employees at his autobody shop on the payroll.

These are just two of thousands of success stories.

Delivering these government-guaranteed funds had its challenges, but it's what credit unions do.

You crossed the finish line as construction companies, dental offices, light manufacturers, brewpubs, and other businesses from communities large and small reached out to local credit unions for help.

There isn't a credit union in the movement that hasn't leaned in to help members this year. CUNA's surveys have found you're modifying loans, waiving fees, and offering low- to no-interest emergency loans, financial counseling, and options to skip and extend loan payments.

During all of this, your not-for-profit, cooperative DNA is as strong as ever. We saw this in Philadelphia, where American Heritage Credit Union donated 50,000 protective facemasks to local hospitals so those on the front lines can treat COVID-19 patients.

Your commitment to charity has been clear from Portland, Maine, where Town and Country Federal Credit Union delivered meals to essential healthcare workers, to Portland, Ore., where OnPoint Community Credit Union donated $100,000 to Meals on Wheels People.

Credit unions are the heart and soul of their communities and heroes to their members. The

cooperative structure is the foundation of all that credit unions do.

Unlike other financial organizations, whose primary focus is serving the interests of Wall Street investors, credit unions are not driven to enrich bottom-line results. Rather, they are driven by a mission to serve consumers on Main Street.

It makes their services different—and better—than those of traditional banks.

> **YOUR NOT-FOR-PROFIT, COOPERATIVE DNA IS AS STRONG AS EVER.**

CUNA, leagues, and credit unions have delivered an enormous impact by working together to advance credit union priorities that benefit members and other consumers who depend on cooperatives for their financial well-being. Thank you for all you have done, and continue to do, to advance and protect our not-for-profit credit union structure so we can fulfill our mission and commitment to always put people before profits.

Someday soon we will look back at this and COVID-19 will be a language spoken only in history books or referenced on economists' historical graphs.

Here's hoping the individuals, families, and businesses across our nation will once again be strong and that credit unions are more relevant than ever before.

Thank you for all that you do to make credit unions shine.

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Exceptional leadership

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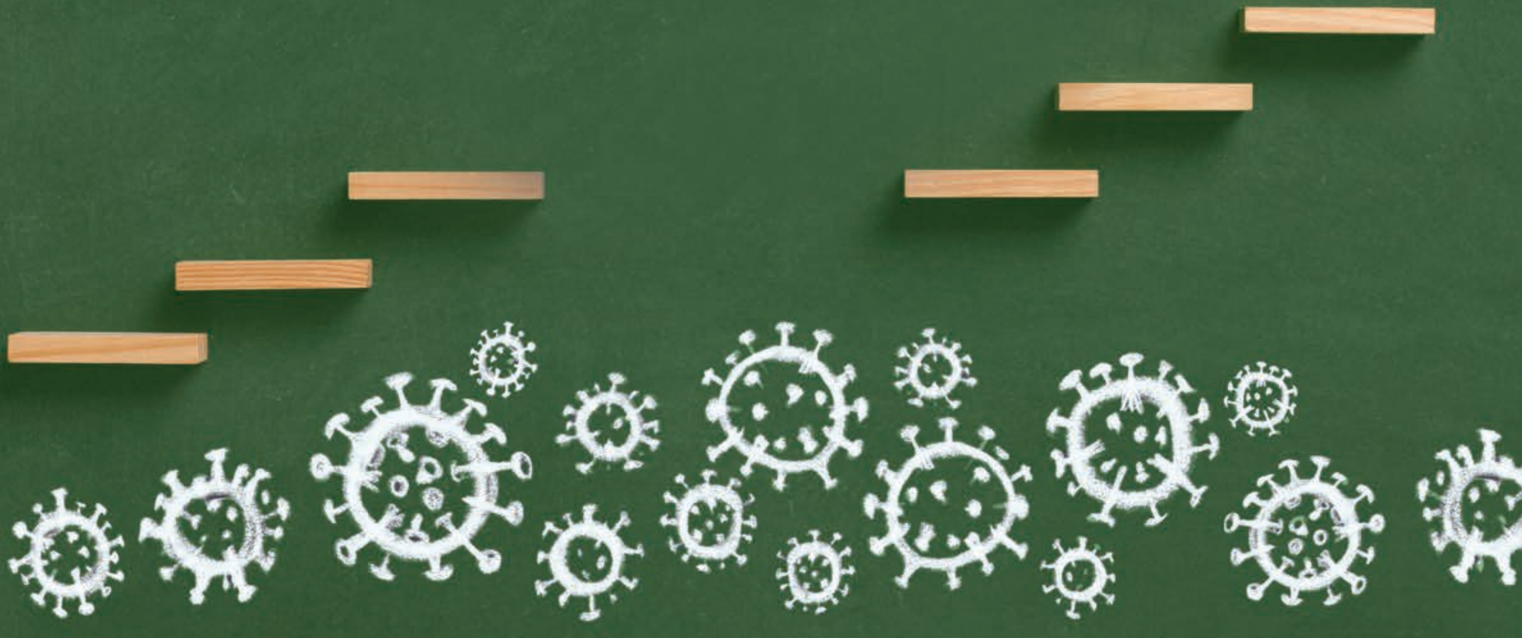

Pandemic reveals the need for forward-thinking leaders.

O Bee Credit Union in Lacey, Wash., is a 45-minute drive from the Kirkland, Wash., nursing home that was the initial epicenter of the coronavirus (COVID-19) outbreak.

That proximity made the severity of the situation obvious early on, says James Collins, president/CEO of the $333 million asset credit union. “We figured that it was going to be a huge deal when some of the travel bans and the social distancing started to occur, and we made internal changes to assist both employees and members visiting us,” he says. “The restrictions began to be stricter, and it became obvious to safely do business that we were going to have to radically change our model.”

A plan of action

O Bee implemented a five-level response plan, and the crisis meant not only putting that plan into practice, but also moving to the highest level of the plan quickly. “We ended up closing our lobbies, using drive-thrus, expanding electronic services, reducing tons of fees, and doing everything we could to encourage electronic transactions,” Collins says.

The credit union’s proximity to the initial outbreak made it one of the first in the country to take these steps. But the unprecedented situation also provoked feelings of uncertainty and fear.

“Everybody is scared, and that goes for members, staff, and board members,” says Collins. “We try to encourage them, to say, ‘We’re with you.’”

The importance of demonstrating leadership in a constantly changing situation has become starkly apparent during the pandemic. For Collins, the biggest lesson was learning to stay a step ahead of current conditions so O Bee could move swifter for members and staff when needed.

“You have to be thinking not of where you are or where you’re going to be next week, but where you are going to be next month,” he says. “Make sure people understand that you have a plan. When we told our membership and employees early on what we were looking for and what would happen at the next alert level, things got better.”

Rethinking communication

Crises often reveal effective leaders, says Donna Tona, a certified trauma specialist and vice president of logistics and client experience at Werkz Inc.

Focus

- **Planning ahead** ensures staff and members know how the credit union will take on changing conditions.
- **Implementing** an acknowledgement plan can inspire confidence in team members during a challenging time.
- **Board focus:** Launching a task force allows leaders to act quickly in support of all areas of the credit union.

> "Make sure people understand that you have a plan."
>
> JAMES COLLINS

"The right leaders come to the forefront during times of crisis," Tona says. "With COVID-19, that hour has now come for many leaders."

Thoughtful communication is key to inspiring confidence in team members during a challenging time. But it's not a traditional communication plan, she says.

"It's an acknowledgement plan," Tona says. "Emphasize what you want your listeners to take in, especially if the situation is volatile and unpredictable."

She outlines several tips for putting an acknowledgement plan to work:

›**Share the load.** When a crisis hits, assemble a team with the right qualities to execute a uniform message. "A leader doesn't have to deal with everything directly," Tona says. "Have a response team that can report back in."

›**Be honest but empathetic.** Don't sugarcoat the situation, says Tona, because people can usually see through it. Hiding information, even if it's bad news, can cause more anxiety. "Be open about the evolving nature of the problem. It's OK to say, 'I don't know.'"

›**Adapt to the environment.** With teams working from home and others following special precautions in branches or offices, the situation isn't normal—and communication styles should reflect that. Be authentic above all.

›**Be a storyteller.** To build a sense of unity, share the details of how staff are going above and beyond to do their jobs. "If the IT team was up at 6 a.m., tell that story," she says. "If they went through 16 pots of coffee, include that in the story—not a watered-down version." These details show employees everyone is working together to keep the credit union going.

›**Keep spirits up.** Look out for employees' mental health. Sometimes that means adding levity to team members' workdays. "There's nothing wrong with having a bit of humor in this situation," says Tona.

Credit union leaders nationwide have put their crisis response skills to work in ways consistent with Tona's recommendations.

Stick together, stay positive

At CDC Federal Credit Union in Atlanta, the need to look out for employees led to the creation of a special team. "We created a task force that includes folks from human resources, the retail side, and our accounting team, and we talk about what the plan needs to be," says Australia Hoover, president at the $320 million asset credit union.

"What are the capabilities in every area of the credit union? How are our people doing? Are there any issues or growing concerns? Do they have enough supplies? We keep tabs on that."

Despite the challenges the task force works to address, Hoover prioritizes sharing a positive outlook with staff. "That's what I'm focused on right now: Making sure we're a source of inspiration and a place they can turn to for some good news."

Hoover also sees the potential for positive opportunities post-crisis. "We might need to be the model for economic reconstruction in individuals' households," he says. "That might be where the rest of the nation looks to make this recovery happen. We're in a tremendous position to make people's lives better."

Support staff

Jason Lindstrom, president/CEO of $316 million asset Evergreen Credit Union in Portland, Maine, says taking care of staff means putting the financials aside and prioritizing the credit union's "people aspect."

"If our team is going to be successful, we need to give them the tools," Lindstrom says. The credit union's position is that paying employees who are home from work for two weeks is the right thing to do. "For us, that's their hazard pay."

Lindstrom also highlights how important it is for leaders to remain visible during a crisis—even if that can't be done in person. "If you can't go out to the branches and you can't see your team, well-constructed emails about what it means to lead and what it means to be an essential employee make a world of difference."

At Credit Union of Southern California (CU SoCal), leaders knew that financial hardship was a huge concern for employees and that it needed to take aggressive action. The $1.7 billion asset credit union in Anaheim, Calif., gave $1,000 to every employee, regardless of length of employment. Temporary workers also received the money.

"This is an unprecedented time that demands extraordinary action," says Dave Gunderson, CEO of CU SoCal. “Disruptions from the coronavirus are causing financial strain for our employees and their families. We wanted to provide help early on to ease some of these burdens.”

In Greenville, S.C., when the governor ordered schools to close, leadership at SC Telco Federal Credit Union knew the order would impact employees who didn’t have access to childcare.

To assist these employees, the credit union created Kids Kamp, which allows employees to bring their children—from kindergarten through eighth grade—to the corporate office during business hours for supervision.

“Guided by our core value of having the heart of a servant, our leadership team has been able to extend peace of mind to our staff and provide a tangible way to help them during this difficult time,” says Brian McKay, president/CEO of the $400 million asset credit union. “We know that when we take care of our employees, they are well-positioned to take care of our members. It’s a win-win.”

The credit union’s training room became the hub of Kids Kamp. Staff voluntarily picked up shifts to supervise the children, and some family members of staff also helped.

High stress

With the stress of the pandemic affecting employees, many leaders keenly recognized that employee mental health was a crucial concern.

For essential front-line staff, anxiety could be particularly high. “They’re part of something bigger than themselves, and they’re putting their personal health at risk to keep their credit union going, their local communities going, and our national economy going,” says Bruce Adams, president/CEO of the Credit Union

‘I AM ESSENTIAL DAY’ RECOGNIZES STAFF

In an effort to lift staff’s spirits during the coronavirus (COVID-19) pandemic, CORE Credit Union, Statesboro, Ga., recognized its employees with a special day of celebration—and as much of a gathering as it could safely do under social distancing guidelines.

“I Am Essential Day” included lunch, a prize drawing in which every employee received a gift, and photos shared on social media under the hashtag #IAmEssential.

“I Am Essential” references the essential worker designation financial services employees have. But just as important, it recognizes the sacrifices staff make to serve the public as COVID-19 presents new challenges and anxious moments every day.

“Our employees have been absolutely outstanding during this ordeal,” says Bob Clampett, president/CEO at the $100 million asset credit union. “Nobody complains, and they come to work every day and take great pride in what they do.

“They know they are contributing to the community. They truly are essential. We wanted to take one day to relieve a little of the pressure and have some fun.”

Like most credit unions, CORE has adjusted its branch operations and staffing to accommodate COVID-19 restrictions.

“Our branches are siloed; we don’t have people intermingling,” Clampett says. “Many staff are working from home, so we don’t get a lot of interaction. People miss seeing each other every day.”

He says sharing photos over social media did a lot to bring staff closer together.

The prize drawing—gift cards to area businesses—also supported the local community.

“The whole day exceeded expectations,” Clampett says. “It was fun to be able to give away cool prizes and see the camaraderie that sharing pictures created.”

League of Connecticut.

The league identified mental health professionals to work with its member credit unions if needed.

"Crises like these are never the same," Adams says. "Confident leadership and stability are the name of the game. You've got to start from scratch and build up your resources, tune your engine every day, and get better as you go along."

Sandi Carangi, CEO at $79 million asset Mercer County Community Credit Union, Hermitage, Pa., recognized the pandemic caused a shift in employee needs.

"I think in the back of employees' minds, they've always assumed the CEO was there to take care of the credit union and its members," Carangi says. "But now, in just a couple of weeks, this has shifted to where employees want to know the CEO is taking care of them at this time of a great national crisis."

Carangi points out the importance of comprehending employees' differing levels of anxiety.

She recognized fear of contracting the virus, concerns about job security, and the stress of assisting members in dire circumstances as three primary stressors.

Understanding these struggles has been an essential starting point for supporting workers through the crisis.

"Our employees are facing their own set of tough circumstances, with family members out of work and worries about their jobs," Carangi says. "It's a burden on our employees trying to help our members and their own families at the same time."

Keep everyone in mind

It may be tempting to focus all energy on simply getting through the current crisis. But CUNA Senior Policy Analyst Samira Salem cautions leaders against postponing ongoing initiatives that could benefit members and staff during the pandemic. She cites initiatives related to diversity, equity, and inclusion (DEI) as highly important right now.

"When there's a crisis, the most vulnerable tend to be hit the hardest," says Salem. "Our work to advance DEI is needed now more than ever to help vulnerable members and staff weather the COVID-19 crisis."

Salem suggests that leaders become aware of pain points for vulnerable populations and offer responsive solutions. For example, people of color are more likely to work in vulnerable industries and to lose their jobs. This makes access to savings and emergency small dollar loans critical.

Continuing to offer financial counseling and debt consolidation assistance also supports vulnerable populations.

> "The right leaders come to the forefront during times of crisis."
>
> DONNA TONA

COVID-19 communications often have to happen quickly to account for new developments. But this can put vulnerable members at a disadvantage.

"If you have members who are non-English speakers, make sure communications are translated and accessible via multiple channels," Salem says.

On the staff side, focus on inclusive leadership to boost staff morale. "This means creating a virtual community through regular virtual updates and check-ins where you listen to your staff about how they're feeling," says Salem. "Acknowledge their critical role on the front lines, reaffirm your commitment to keeping them safe, and ask what the credit union can do to make sure they have what they need."

While leaders focus primarily on serving others, they need to practice the same self-care they are likely encouraging employees to do, Salem says.

"Making time to tend to your own physical and emotional needs is important because it allows us—no matter where we are on the organizational chart—to refuel and bring our best and most authentic selves to work."

Resources

- CUNA:
  1. COVID-19 Response Center *cuna.org/Coronavirus-Disease-(COVID-19)/*
  2. COVID-19 eSchools and Webinars *cuna.org/Shop/*
- CUNA CEO Council *cunacouncils.org/ceocouncil*

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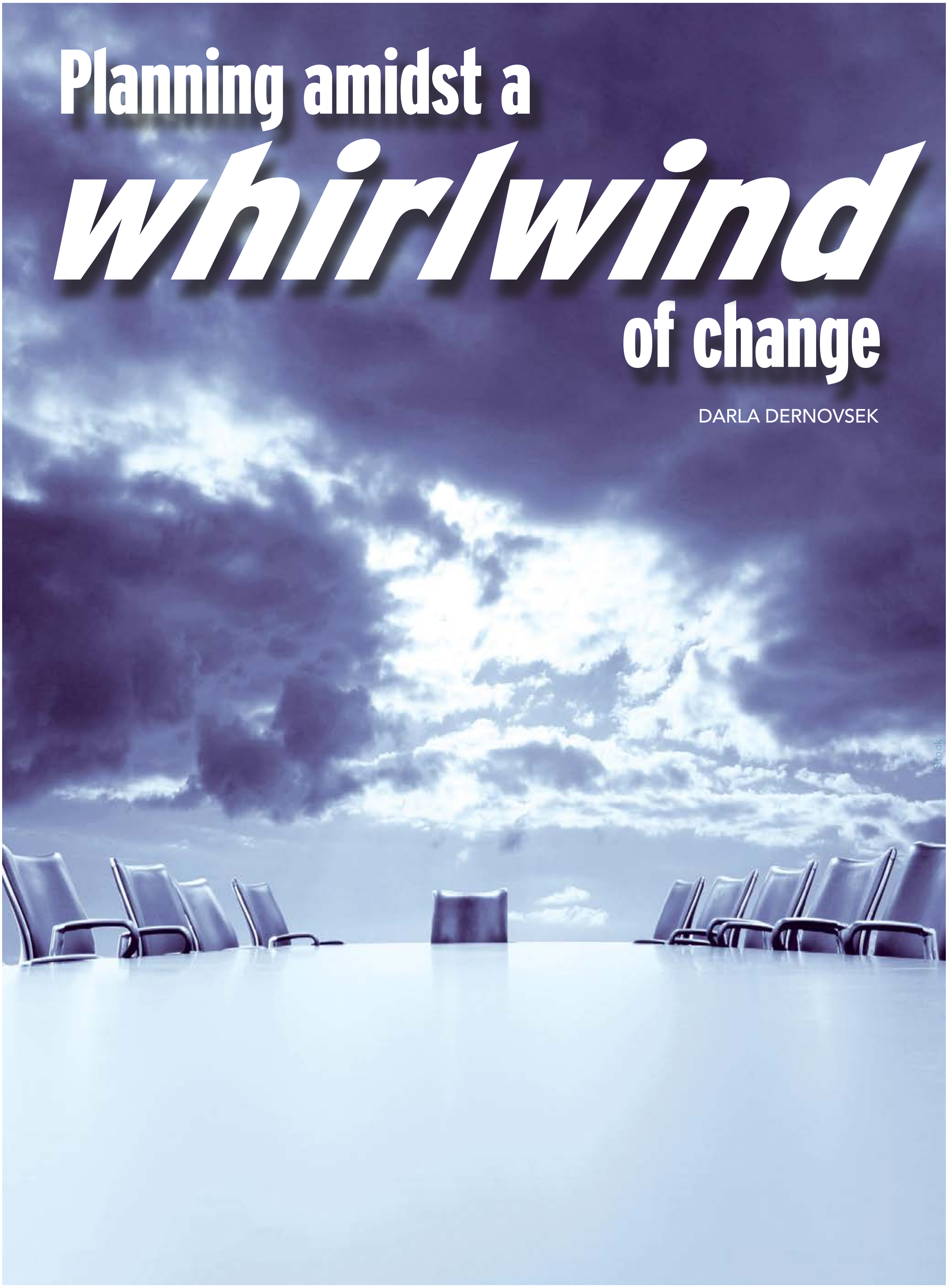
Board planning

Planning amidst a *whirlwind* of change

DARLA DERNOVSEK



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Beyond COVID-19, boards must address the rapidly shifting digital landscape.

When the coronavirus (COVID-19) pandemic struck the nation, credit union boards sprang into action with their leadership teams, not only envisioning how to continue service to members but how the board would function in an era of social distancing.

"Our board of directors moved quickly to evaluate and take board action regarding the rapidly moving developments related to the COVID-19 outbreak to ensure the health and safety of our staff, membership, and communities," says Tara Leer, board vice chair at $1.3 billion asset Potlatch No. 1 Financial Credit Union in Lewistown, Idaho.

But to make those decisions, boards needed to meet. With social distancing guidelines in place, in-person board meetings weren't possible. Most boards have switched to virtual meetings, using video conferencing or conference calls to conduct board business.

Adopting virtual meetings involved not only making sure the technology was available and board members knew how to use it, but also that it was an option allowed by the credit union's bylaws, Leer says.

"Although the board is equipped and knows how to use the technology, we have always been an in-person board as everyone lives relatively close to the credit union," says Gary Chizmadia, board chair at $345 million asset Credit Union of New Jersey in Ewing and vice chair of CUNA's Volunteer Leadership Committee. "A certain shift needs to happen to be effective in a virtual environment. The challenge will be to keep the same level of engagement virtually as we have in person."

The COVID-19 crisis also means boards have had to re-evaluate their strategic plans and priorities in addition to the credit union's financial health and forecasts.

"We are working with our CEO to develop new forecasts using several scenarios of varying degrees of severity—worst case, most likely case, and best case—in terms of loan losses, loss of revenue, liquidity, growth, and costs related to COVID-19," Chizmadia says.

Boards are also discussing the future of the credit union beyond the COVID-19 pandemic.

Credit Union of New Jersey is exploring future service delivery models as forced remote service delivery may have created opportunities for new ways of doing business. Members who previously didn't use remote services may now be more willing to use them, especially if the need for social distancing continues, Chizmadia says.

In addition to COVID-19, board members need to examine several emerging trends to get a picture of members' needs and credit union challenges.

'Move at the speed of members'

Rapidly changing digital products and services are resetting members' expectations and making it essential for credit unions to "move at the speed of

Focus

- **Identify and understand** emerging trends to have a clear picture of members' needs and challenges.
- **Stay at a 30,000-foot level** to be an effective board member.
- **Board focus:** Think like members to address emerging issues.

members" when introducing new products, says Jeff Rendel, president of Rising Above Enterprises.

Boards should acknowledge members' experiences with services like Amazon Prime, which offers one-click convenience and next-day delivery—and how those experiences are raising expectations for all organizations.

Other key topics boards need to watch, Rendel says:

›**Digital marketing and engagement,** which includes both how members learn about your credit union and how they engage with its products and services. Credit unions must have "master level" expertise in digital interaction, Rendel says, because digital services have already replaced the branch in driving member experiences.

›**Employee engagement and experience,** which allows credit unions to compete for the talent they need. Although pay is important, credit unions also need to be creative in the benefits they offer different demographic groups. For example, one of Rendel's clients may consider providing housekeeping services to give employees more family time in their off hours.

›**Partnerships with fintech companies** to expand products, streamline operations, automate processes, and build member loyalty.

Partnerships can allow credit unions to reserve their resources for what they do best: deliver products and services to members.

MEMBERS, MOBILE, AND DIGITAL

Board members and advisers share their insights into what issues they see developing.

> Stay on top of the **trends** and figure out how they'll impact **your members.**
>
> PAT TOLLEFSON

Understanding what's being forecast will lead to better board decisions, Leer says.

"Being well-versed in trends allows for the board's engagement to transform beyond a rubber stamp," says Leer, who serves on CUNA's Volunteer Leadership Committee. "No matter how capable your executive team is, a range of external perspectives will help ensure the strategy is robust."

Among Leer's top concerns are applications for artificial intelligence, the development of future credit union leaders, and cybersecurity threats. She notes that protecting members' data is the board's legal, ethical, and fiduciary responsibility.

"Member loyalty and trust become eroded with cyber-related incidents," Leer says. "There's a strong reputation risk if members believe the credit union isn't making every effort to protect members' information and assets."

Leer expects to gain more insights from a new think tank comprised of cross-generational management and staff charged with identifying fintech and "out-of-the-box" products the credit union could test-market with certain member groups or at specific branches.

"The better we're able to recognize these trends, the more relevant we'll remain in members' lives," she says.

Beyond strategic planning

While boards gather information about emerging trends for strategic planning, this information also comes into play at other times.

"You have to stay on top of the trends and figure out how they'll impact your members," says Pat Tollefson, board chair at $145 million asset Aberdeen (S.D.) Federal Credit Union.

"Learn about them and educate each other to see if they fit into the future of the cooperative."

Tollefson is a 21-year board veteran, says information about developing issues often influences decisions about spending and new products and services. New product decisions are more complex than simply eliminating old services to make way for "new and improved" options because members may want both.

Online banking is popular, for example, but many members still rely on the call center.

Aberdeen Federal carefully weighs when to add new services like remote deposit, which it has been able to forego so far based on low member demand.

"We always have to keep in mind what our competitors are doing," Tollefson says. "We have to keep members loyal so they don't choose to switch."

Having a clear process allows Credit Union of New

EMBRACE ADVOCACY

Eric Day, senior vice president of board advocacy and strategic initiatives at the Credit Union of Southern California in Anaheim and a member of CUNA's Volunteer Leadership Committee, says key responsibilities to members should shape how boards prioritize industry developments.

After spending 25 years as a board member at the $1.7 billion asset credit union, Day started leading the credit union's advocacy work in 2013.

"Your job is to keep the credit union safe and sound and to make a future for the credit union industry," Day says. "Focus on important initiatives and set achievable goals."

Advocacy should be one of those goals, he says, to protect credit unions' tax status and further legislative and regulatory priorities. He notes board members play an important role in achieving these goals.

"We need to let members of Congress know what we do and how we do it," Day says. "We need to be out there saying, 'I serve on this board because I care about the people my credit union serves.'"

Jersey to translate emerging trends into credit union services, Chizmadia says.

It relies on the Carver Policy Governance® model for nonprofit organizations. Chizmadia says identifying developing issues trends helps the board set "ends," or strategic goals, as well as "executive limitations" that specify steps the CEO should avoid while delivering "ends."

That information is backed by "ownership linkage" surveys and focus groups that gather insights from members.

"We explore everything but filter it by letting the CEO ultimately develop the operational strategies that will deliver the member-desired outcomes," says

> A certain shift **needs** to happen to be effective in a **virtual environment.**
>
> GARY CHIZMADIA

Chizmadia, who is also a member of CUNA's Volunteer Leadership Committee.

Key concerns identified by this process include the evolution of payment systems, digital transformation, and growing competition from fintechs as well as tech leaders like Google and Amazon. Failing to understand these players could have a negative impact on the credit union, he says.

"Not leveraging digital transformation strategies will increase our costs, lower member satisfaction, and affect our ability to recruit and retain future employees," says Chizmadia.

He notes that millennials and Gen Z will comprise 75% of the workforce by 2030, and they will not want to work for companies that aren't tech-savvy.

A 30,000-foot view

Pursuing emerging trends can tempt board members to stray into management's role of deciding how to pursue them. Ed Marvin, a director at $9.7 billion asset Randolph-Brooks Federal Credit Union, Live Oak, Texas, says he learned why that's a mistake when a past board chairman took him to lunch almost 20 years ago.

"You have to stay at a 30,000-foot level to be effective as a board member," he says.

A former Air Force officer, Marvin now focuses on questions that help him identify what goals the credit union should pursue and then check progress toward them. That helps him pinpoint the right questions to ask at board meetings.

"I ask, 'are we where we need to be on diversity, on empowerment, on equity, on our strategic planning?'" Marvin says.

He believes board members should use the credit union's services so they understand their potential impact on the credit union. Becoming familiar with technology allowed Marvin to recognize the importance of the items on his trend list: keeping the credit union "digitally sophisticated" while maintaining proper cybersecurity.

Marvin also believes it's essential to refresh the board periodically with new members who have fresh perspectives on member needs. Randolph-Brooks Federal now bars board members from seeking another term once they're 80 years old.

"You keep excitement in your ranks by bringing new people along, grooming them, mentoring them, and letting them take over," he says.

The price of falling behind

Boards should recognize that "failure to grow" is the price of failing to keep pace with members. When credit unions fail to make ongoing investments in technology and digital services, Rendel says they risk falling so far behind that they cannot afford the capital investment required to catch up.

Monitoring the changing landscape and building it into strategic and business planning can help credit unions avoid that fate.

"Look at how the average consumer goes about his or her business," Rendel says. "If they have a great digital or in-person experience, they carry the same expectation into the next retail business they go to.

"You have to think like a member all the time."

Resources

- CUNA board and committee resources: *cuna.org/board-commit*
- Credit Union Directors Newsletter: *cuna.org/directors*
- Rising Above Enterprises: *jeffrendel.com*
- CUNA Environmental Scan: *cuna.org/escan*

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A more complete picture
CEOs with technology backgrounds can rely on their own knowledge of capabilities to determine what's possible, says Becky Reed, President/CEO at Lone Star Credit Union in Dallas.

CIO TO CEO

DENNIS CHAPTMAN

Business savvy and soft skills pave technology leaders' way to the top spot.

Travis Markley knew the path to the CEO suite wouldn't depend on his programming acumen or information technology (IT) skills.

Instead, throughout his career as a tech leader, Markley meshed his digital know-how with a sweeping knowledge of the business, an appreciation for members' and employees' needs, and a deep understanding of organizational drivers to become CEO at $620 million asset Hoosier Hills Credit Union in Bedford, Ind., in January after serving as its chief IT officer.

Credit union technology leaders are ideally positioned to ascend to the CEO role. They have the executive reins of an increasingly tech-dependent operation and, given the velocity of change in a digital world, many have crafted a record of wrangling difficult challenges and solving thorny problems.

Adaptability is another trait technologists bring to the table, says Markley—a critical attribute given the uncertainty created by the coronavirus (COVID-19) pandemic.

"Technology leaders often have the capacity to process information rapidly, anticipate changes and needs, and quickly change directions based on current priorities," he says. "That's extremely valuable in a crisis."

Familiarity with the credit union's technology infrastructure and capabilities is another skill set technology leaders can provide during a crisis, says Becky Reed, president/CEO at $125 million asset Lone Star Credit Union in Dallas and a former chief information officer (CIO).

"Many CEOs without that background have to rely on others to tell them what's possible," she says. When COVID-19 struck, "I could rapidly say, 'I know what we're capable of doing, so let's deploy it and get it done'" ("Exceptional leadership," p. 22).

Reed, Markley, and Erin Mendez, CEO at $7.4 billion asset Patelco Credit Union, Dublin, Calif., describe their progression from technology leaders to CEOs, detail skills technologists need to advance, and offer advice on how to navigate to the top.

Be a strategic partner

A white paper by DHR International found that while CIOs were increasingly reaching the top spot in industries across the board, they sometimes fell short in three areas:

1. **Having** little or no experience in profit and loss and revenue-producing functions.
2. **Lacking** sufficient leadership experience.
3. **Failing** to forge strong relationships and develop leadership credibility among C-suite executives and board members.

But CIOs who parlay their experience into a broader understanding of the business, colleagues, and cus-

Focus

- **Technological acumen** will take leaders far, but it won't be enough to create a qualified CEO.
- **Tech leaders** need a blend of soft skills and business savvy to advance to the highest level.
- **Board focus:** The skill set of a great CIO lends itself to anticipating the future—a key CEO trait.

TECHNOLOGY LEADERSHIP DURING THE PANDEMIC

"Don't get caught up with specific technologies or projects. Seek the big picture and understand how the evolution of this crisis demands engagement of information technology as a business partner.

"Individual business units, employees, and members need assistance in meeting the demands of the ever-changing environment, and technology and process often can help solve that.

"When technology leaders understand how to move from the operational to a strategic business partner that can impact the efficiency, availability, and profitability of the business, they become invaluable.

"Times like these require leaders to draw on all of their experiences, skills, and capabilities. The top three leadership skills during a crisis are emotional intelligence, communication, and adaptability."

Travis Markley, CEO, Hoosier Hills Credit Union, Bedford, Ind.

"Technology folks need to marry their tech skills and the soft skills of leadership. When we're in a stressful situation, like this crisis, we often 'go home to mama'—we go back to where we feel most comfortable, and sometimes those soft skills we've learned go by the wayside.

"It's easy to rely on the cold logic of technology and forget the soft empathy and caring that is needed from a leadership perspective. Your staff needs you to be empathetic and caring.

"Technology skills are great, but that's not what your employees want. You've got to have both, now more than ever. Bring those soft skills to the forefront."

Becky Reed, president/CEO, Lone Star Credit Union, Dallas

"Be in a position to pivot quickly toward the strategic or new direction without major delays. Flexibility and adaptability are key to redirecting the team to focus on what's needed to get back on track."

Kai Majmundar, chief technology officer, Patelco Credit Union, Dublin, Calif.

tomers are more likely to break through to skillfully lead their organizations.

"The CIO job requires critical thinking skills and the ability to drive efficiency and agility," Markley says. "All of these lend themselves to the CEO's role.

"Expectations have changed," he continues. "Over the course of the last decade, there's been an evolution in which CIOs no longer preside over an operational unit tasked with keeping the lights on and the computers working. You are required to be a strategic business partner, and you have to know various aspects of the business at a high level."

Markley set his sights on becoming a CEO as early as high school and deliberately worked on developing a high-level executive skill set throughout his career.

"My niche was being on the business end of technology and being able to bridge the gap between people, process, and technology—and to translate technological concepts to business users," he says. "If you can do that, you can build measurable, tangible metrics and results, and have a lot of success in the business world."

CIOs who make the transition to CEO say it's essential to master skills including interpersonal diplomacy and the ability to boil down complex concepts to digestible and understandable forms.

Gain a seat at the table

In October 2018, Reed became CEO at Lone Star after serving as its CIO. Too often, CEOs view CIOs as "firefighters" working on daily problems, especially at smaller credit unions, she says. They need a seat at the table when leadership makes strategic decisions.

Credit unions don't just provide financial services,

> "Your technology **team** is about much more than technology. It's about **value** creation."
>
> ERIN MENDEZ

"we're now technology companies," she adds.

For the past four years, Reed has served as board chair of Pure IT Credit Union Services, a credit union service organization she co-founded. Pure IT assists credit unions with IT consulting, assessments, and other services.

Constant learning is a valuable attribute in a CIO, and one that can help in making the leap to CEO, she says.

"I'm always learning and trying to figure out better ways to do things," Reed says. "I understand both the technology piece and the operations side of the credit union. Put those together and you see there are ways to remove friction from the employee and member experience.

"It's a way of coming up with holistic solutions."

Diplomacy and collaboration are two of the most important skills CIOs can develop on the way to the top spot.

"As a CEO, you have to practice diplomacy because you're working with a board, other executives, department leaders, vendors, and peers in the industry," Reed says. "If you can master soft skills such as diplomacy, empathy, communication, and emotional intelligence, it's an easy transition to CEO."

Focus on growth

Mendez became Patelco's CEO in 2013 after nearly 11 years as chief operating officer at a large credit union, where she oversaw IT and finance. Since then, Patelco's assets have grown from $3.9 billion to $7.4 billion, and membership rose from 285,000 to 380,000.

She says several traits furthered her advancement, foremost among them keeping a constant eye on business growth.

"You have to translate everything you're doing to business outcomes and critically think about how those outcomes match your technology solutions," she says. "You need to be an over-the-top communi-

'BE A SPONGE'

Mark Sievewright, founder/CEO of Sievewright & Associates, underscores the need for CIOs to have a thirst for knowledge about their organizations, as well as a steady personality that can unlock employees' potential.

"Be in touch with the emotional aspects of leadership. Listen attentively and respect the people around you," Sievewright says. "Devote yourself to being a true servant leader. Instead of thinking you're the only one who can make decisions on behalf of the credit union, take in ideas and support the success of everyone on your team."

Sievewright, who has assisted with several credit union CEO searches, says CIOs need to focus broadly on all aspects of the credit union and expand their knowledge base.

"Learn as much as you possibly can about the credit union. Be a sponge for knowledge and information," he says. "Zoom out, not in, from technology. Take time each day to think more broadly about your organization and your industry. Understand those financial statements and think more strategically about business. Know the needs of the member."

Sievewright says strong tech leaders have a knack for identifying organizational or members needs before they become apparent—something that meshes well with the CEO role.

"One could argue the skill set of a great CIO lends itself to anticipating the future—and that's what a CEO has to do strategically," he says. "An effective leader finds and secures the future for his or her credit union."

cator and an effective collaborator. And you have to ensure the technical side connects its value to the business half.

"Your technology team is much more than just about technology. It's about value creation."

CIOs must appreciate the central role credit unions play in providing members with financial services through such avenues as application program interfaces and keeping members safe via cybersecurity measures.

"That's beyond the backbone of what we do," Mendez says. "The people who create this and bring it to life for the members' benefit are those who can have the vision to become CEOs."

Technology's evolution has forced effective tech leaders to adapt. Early on, technology was centralized in the mainframe and systems were distributed. Today's emphasis on digital technology has transformed how CIOs must mesh with the organization, Mendez says.

> "If you just stay **behind** the computer and do configurations, you can't **increase** your circle of influence."
>
> TRAVIS MARKLEY

"Digital requires high collaboration and high engagement, much more so than the old centralized world did," she says. "As CIOs see those changes, they must become business thought leaders. You have to understand a lot more than bits and bytes."

The ability to combine critical thinking, collaboration, and communication is essential. But becoming a CEO also requires experience in working with the board of directors. At Patelco, the CIO gets substantial board experience through the board's technology committee.

When CIOs can translate complex technical issues into easily understandable terms that resonate and convey their importance to board members and the CEO, the entire organization wins, Mendez says.

"That is a communication skill I see some technical executives miss, and yet it is crucial in your development if you want to be a CEO," she says. "Exposure to the board develops a skill of taking complexities down to their essence to engage for a great outcome. Every CIO needs to figure out how to get that type of exposure."

Build strong relationships

Markley cites the ability to build strong relationships as the most important aspect in becoming CEO at Hoosier Hills.

"Relationships are everything when it comes to business. But they are even more critical in credit unions," he says. "Our model is driven by our relationships with members and the value of service. Having that in the CIO role is the most important piece to be able to transition to the CEO side."

Markley says his previous credit union experience allowed him to learn about asset/liability management and how financial institutions work. It's crucial for CIOs to absorb those broader organizational concepts and strategies, and immerse themselves in the business to move up.

"If you just stay behind the computer and do configurations, you can't increase your circle of influence and your comfort with the various aspects of business. And you will struggle to move up," Markley says. "Seek out opportunities to engage in finance, retail, card services, and electronic funds transfer. Engage those topics and learn about those aspects of the business. It will be incredibly valuable."

Also, develop the vision to see what's next and be agile in getting there, he advises.

Historically, credit unions haven't had to be "on the bleeding edge of technology," Markley says. But that may be changing.

"You need to anticipate what you have to provide not only for current members but also for future members," he says.

Reed believes CIOs should build credibility and strengthen ties with their CEOs so both can benefit from the relationship. "CIOs have to walk arm in arm with CEOs. The CEO has the vision but the CIO has to figure out the road map to implement it. That experience translates well when you get to the CEO spot."

As credit unions become more technology-focused organizations looking to serve new generations of members and succeed in a competitive marketplace, Reed says credit unions can reap major benefits from tapping the skills of tech leaders.

"When you have a CEO who really gets it from a technology perspective," she says, "it's a powerful combination, and it's good for the members."

Resources

- CUNA CEO Council and CUNA Technology Council: *cunacouncils.org*
- Pure IT Credit Union Services: *pureitcuso.com*
- Sievewright & Associates: *sievewrightandassociates.com*

Stronger together

A common enemy, this one microscopic, has united us.

Humor is in short supply today. Not in as short of supply as toilet paper at Costco mind you, but short.

Like many other credit unions, O Bee Credit Union had to do something we'd never done before due to the coronavirus (COVID-19) pandemic. We decided to close our branches (except for drive-thru lanes) and send as many staff home as practical.

Employees are scared. Board members are scared and, of course, members are, too. But we are a vital part of many people's worlds, and members still need access to their money. So on we go.

As they say, never waste a crisis. Learn from it.

Eventually we will get out of this mode and onto more normal pursuits, such as debating the merits of a pandemic policy we didn't think we'd ever use.

But I see a great deal of change this event will have on our country, the financial system, and credit unions everywhere. Some of those changes:

›**We need to think differently.** While we can say this was a "black swan" event, people have been warning about a global pandemic for years. Remember SARS? MERS?

For some reason we let unlikely but catastrophic events fade from our worry list. In hindsight we could have handled things much better and created less stress and worry on everyone.

This isn't a failure of planning, but of prioritization. We need to think differently so we act differently.

›**Electronic services will dominate the future.** When it comes to delivery channels, members didn't choose brick and mortar over electronic services, they asked for both.

Some members quickly adapted to technology while others complained to whomever would answer their landline about the "good old days."

That's over. We will have a generation of members who hated technology but now need to use those tools.

But one thing is for sure: the time when members could choose legacy over technology is rapidly ending. Bringing them forward will be our quest.

›**We think logically but behave emotionally.** Humans, we've seen, do not do well under stress. By this time, we've all seen the run on gloves, bread, hand sanitizer, and, the one that gets me, enough toilet paper to keep us all happy until 2050.

›**Social media is not your friend in a crisis.** As Winston Churchill said, "A lie gets halfway around the world before the truth has a chance to get its pants on."

In today's world, "A lie gets all the way around the world, 496 reposts, and 20,000 likes before the truth has a chance to get its pants on."

As hard as fighting the virus is, the spread of misinformation is just as damaging.

›**We're much stronger together than apart.** A common enemy, this one microscopic, brought us together.

From regulators to legislators, a common enemy was all we needed for all sides to decide to do the right thing—not the easy thing. While this feeling will eventually fade, I will remember that we all shared a foxhole in this battle.

For all of the readers out there, keep your heads up. Like almost everything, this will eventually pass.

We'll look back, take stock of our mistakes, our losses, and our successes, and move on.

I just hope those days are soon.

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THE ABCs OF CRISIS MANAGEMENT

MIKE SCHENK

Navigate uncharted waters with liquidity management, business lending, and use of capital.

Social distancing, event cancellations, school closures, and stay at home orders—all of which are critical to controlling the coronavirus (COVID-19) health crisis—have dramatically reduced routine economic activity.

They've also stressed members financially, physically, and mentally—and significantly increased the complexity of operating a credit union and serving our most vulnerable members.

The gradual and uneven easing of widely mandated social restrictions has made leaders' roles more, not less, challenging, and little things have taken on greater importance.

Here are three factors that matter greatly as you navigate these uncharted waters.

Access to liquidity

The No. 1 killer of financial institutions during a crisis is insufficient liquidity.

Credit unions now have ample liquidity, and recent massive deposit inflows from Economic Impact Payment deposits added billions of dollars to deposit accounts. The credit union loan-to-share ratio is rapidly approaching 75%.

The best time to gain access to liquidity sources is when they're not needed. Against this backdrop, CUNA, corporate credit unions, leagues, and credit

unions have successfully lobbied Congress to improve access to the NCUA Central Liquidity Facility (CLF) in the recent Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The CLF played a key emergency liquidity role during the Great Recession, when it helped corporate credit unions. It now has the potential to play a pivotal role in the COVID-19 economic crisis by helping to resolve any natural person credit union emergency liquidity or system needs.

Congress established the CLF in 1978. It was designed as a source for emergency funding (essentially a backstop) only to be accessed when all other market sources of liquidity were exhausted and it included a prohibition of using CLF funds to "expand credit union portfolios" (which was interpreted to mean loan portfolios).

The CLF has the capacity to borrow directly from the U.S. Treasury and inject liquidity into natural person credit unions (and now, their corporate credit unions as their agents).

As the pandemic and resulting economic crisis passes, loan demand will increase, perhaps substantially. If so, liquidity will, once again, decline. And the need for liquidity sources will become more obvious.

The CARES Act increases the value and usefulness of the CLF to our entire credit union system in several ways, albeit temporarily. First, it increases the facility's maximum legal borrowing authority. Next, it makes it easier, with NCUA Board approval, for corporate credit unions to act as agent members of subsets of their own member credit unions. This can help natural person credit unions access emergency liquidity indirectly from the CLF via their corporate.

Last, it also provides more clarity and flexibility about the purposes for which the NCUA Board can approve loans by (temporarily) removing the phrase, "the board shall not approve an application for credit the intent of which is to expand credit union portfolios."

NCUA is encouraging large credit unions to join the CLF directly as soon as possible because its total borrowing power is limited to a multiple of its stock subscription. There are some good reasons to consider doing so even if your credit union has access to other emergency liquidity sources such as the Fed Discount Window.

The risk of subscribing to CLF stock is minimal. The new law allows the CLF to borrow from 16 to 32 times the CLF's paid-in capital (and any surplus), and your credit union's stock subscription, carried as an investment on your books, is essentially risk-free.

NCUA's revised rule includes this statement made in bold font for added emphasis: **"The board urges all natural person and corporate credit unions that do not already belong to the facility to join."**

Immediately following the passage of the CARES Act with the new but temporary powers of the CLF, the NCUA Board took further steps to lessen prior application and approval barriers for natural person credit unions. For example, NCUA adopted new regulations that eliminated the six-month waiting period for a new member to receive a loan, removed the explicit waiting period for a credit union to terminate its membership, and eased collateral requirements for certain assets securing loans.

The agency is clearly sending a message that they want as many credit unions as possible, especially larger ones, to join the CLF to not only secure an additional safe and reliable emergency liquidity source but to expand the leveraged CLF's borrowing capacity to ensure the system has ample liquidity available to survive the pandemic-caused economic crisis.

If large credit unions join the CLF in significant numbers, it would help to ensure both small and large credit unions have access to a larger pool of reliable emergency liquidity. That should translate into fewer failures during times of severe stress—like these.

Several significant advantages would occur in this scenario. Fewer small credit union failures will mean less exposure to reputation risk for all credit unions. And it also could mean a lower likelihood of future share insurance assessments. Put simply, a larger CLF is essentially a bigger and more effective shock absorber for the system, which benefits all credit unions, both small and large.

Joining the CLF at this time is the right thing to do to protect our system from shocks by managing overall liquidity. Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures. Together, credit unions can reach more people and improve more lives.

In the meantime, CUNA will continue to urge Congress to make further improvements to the CLF by extending the new provisions to temporarily expand the amount of borrowing authority even further.

Business lending

Credit unions were created during the Great Depression, conceived as the average working person's access to loans at a time when banks wouldn't lend. Since those beginnings and in each economic and financial crisis since, credit unions kept their laser focus on mission: Lending to help members navigate tough times while banks turned borrowers away to preserve their capital.

Businesses and their employees have struggled mightily during the COVID-19 crisis. That's especially true for the nation's small businesses.

The Small Business Administration's (SBA's) Payment Protection Program (PPP) has helped—and credit unions stood out as the agency introduced the program. A CUNA survey suggests nearly one-quarter of all credit unions either applied or intended to apply to be PPP lenders.

While the rollout was challenging, CUNA's survey data from credit union PPP participants reveals that credit unions originated billions of dollars in PPP loans.

The typical credit union originator reported an average loan size of about $55,000. In contrast, the average loan size at the largest 15 bank PPP lenders was about $305,000 in the first round of funding. That's roughly five times larger than the credit union average and a clear reflection that funds predominately went to larger, not smaller, businesses.

Given the urgent and largely unmet financial needs of so many small businesses, CUNA, leagues, and credit unions are engaged with policymakers to provide credit unions with more flexibility to serve their smallest, most vulnerable business members.

The need is great and will only grow. More than 30 million Americans filed for unemployment in the six weeks ending April 25. Many of these people will

engage in "gig economy" activities, and many will need capital to get their businesses going.

In 2008, the first year of the Great Recession, 3.3 million jobs were created by firms that were less than one year old. But that's only part of the story as many displaced workers will look for capital to pursue a wide variety of more informal income-generating opportunities.

Research clearly shows the Great Recession was the impetus behind a significant rise in the gig economy, and growth in nonemployer establishments dramatically outpaced traditional employer establishments.

As the economy struggles, all available small business credit needs to be deployable. Unfortunately, federal law restricts credit unions' ability to fully deploy credit to small businesses, capping the amount any individual credit union can lend to small businesses at 12.25% of assets.

This cap makes little sense during normal economic times. But at a time when every available dollar is crucial to reviving Main Street, it makes no sense.

Today, more than 800 credit unions serving 50 million members offer business loans subject to this arbitrary restriction. Nearly 150 of these credit unions, serving 10 million members, have loaned more than 8% of assets to small businesses, making them actively constrained by the cap.

These are exactly the type of experienced business lenders our small businesses need fully engaged in helping the economy recover.

CUNA conservatively estimates that temporarily removing the member business lending (MBL) cap will provide more than $5 billion in capital to small and informal business ventures, creating nearly 50,000 jobs over the course of the next year—at no expense to the federal government.

Therefore, we have urged Congress to enact legislation that exempts credit union business loans made during federally declared disasters and emergencies from the arbitrary MBL restriction. Failure to do so would leave critical assistance on the sidelines when small businesses and the nation's economy need it most.

Four representatives introduced bipartisan legislation—H.R. 6550, the Access to Credit for Small Businesses Impacted by the COVID–19 Crisis Act of 2020—to temporarily lift the MBL cap for three years for loans related to COVID-19.

Additional credit union lending will not impede bank lending activity. SBA research shows that roughly 80% of credit union business loans are those banks would not make.

The economic crisis facing America's small businesses will not end when the declared public health crisis expires. That's why H.R. 6550 would extend the exemption from the cap for three years.

This commonsense legislation would provide a narrow remedy to ensure small businesses can continue to access essential credit from local credit unions.

> **"THE NO. 1 KILLER OF FINANCIAL INSTITUTIONS DURING A CRISIS IS INSUFFICIENT LIQUIDITY."**

Capital is king

As not-for-profit, member-owned cooperatives, credit unions view capital as something akin to a "war chest" built up over time to help members battle severe economic strain. It's seen as a valuable tool.

This perspective sets credit unions apart in the marketplace. Banks exist to maximize shareholder value. Their focus during tough times is squarely on defending (not using) capital.

The credit union approach to capital management has its limits, especially in the context of regulatory minimum capital requirements. Prompt Corrective Action (PCA) regulations require supervisory authorities to address safety and soundness concerns in a timely, predetermined manner with progressively severe actions when credit union net worth ratios fail to meet predetermined threshold levels.

NCUA has distributed interagency guidance indicating flexibility in applying PCA to credit unions serving members during the current crisis. But credit union managers have concerns about the agency's patience and uneven interpretation among examiners.

A focus on capital—a sense of its durability, a plan for its use, examination of scenarios, and clear communication and documentation—is crucial as we face economic challenges. CUNA prepared a simple capital planning calculator to help estimate and evaluate your credit union's likely financial stress and resilience during the COVID-19 crisis. You can access the calculator at *cuna.org/economics*.

As a starting point, this simple model looks at your credit union's historical experiences through the lens of the Great Recession. Evaluating this experience can help you make reasonable assumptions about expectations during the COVID-19 crisis. The model summarizes the relationships between asset growth, earnings, and capital.

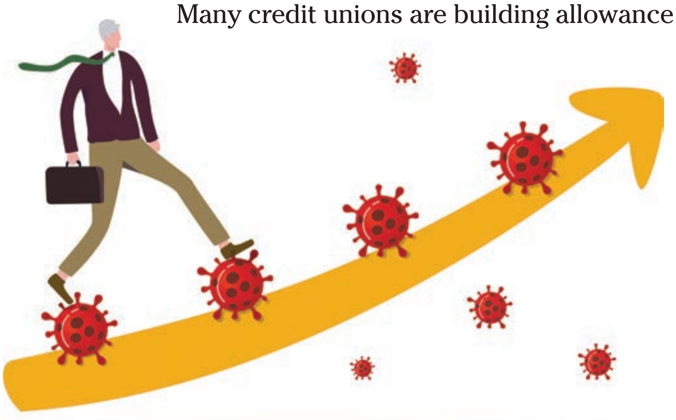
Thinking about reasonable assumptions for the capital calculator can be challenging, especially now. A variety of factors outside of your control will drive asset growth rates, and for most of these factors we have little in the way of historical context.

In the first four months of the year, credit unions experienced typically fast seasonal deposit inflows (buoyed by income tax refunds), although asset growth was relatively strong compared to previous years. The economy had begun to slow, and members focused more on slowing their borrowing and increasing their savings.

In April, massive fiscal stimulus caused deposits to grow significantly. Will they be sticky or will consumers spend those funds? The answer to that question will greatly influence overall growth for the year.

In addition, the extended tax filing deadline may give rise to unusually fast growth that extends well into the second quarter and perhaps the third quarter. As the crisis passes, members may concentrate on building (or rebuilding) rainy-day funds.

Higher levels of precautionary savings and associated fast asset growth may be the new world order. In a similar vein, earnings will be severely constrained. Many credit unions are building allowance



accounts. At the end of 2019, the typical credit union reported allowance account balances equal to 1.6 times full-year 2019 net charge-offs. That will most definitely change going forward.

Courtesy pay and nonsufficient funds (NSF) fee income has plummeted because consumers aren't spending much (leading to fewer fees) and because institutions are waiving most NSF fees.

Interchange income has fallen as consumer spending eased. And net interest margins are under severe pressure mostly due to the combination of near 0% interest rates and low loan demand with fast growth in low-yielding investments.

Interest rates will play a key role going forward. CUNA economists expect market interest rates across the yield curve to remain low throughout the remainder of our 18-month forecast horizon. But they could go lower. And the Fed could push the federal funds interest rate into negative territory.

Low interest rates typically are associated with weak or disrupted economies and periods of high unemployment. Consumers tend to save more and spend less during these periods.

Lowering rates is the primary way central bankers attempt to nudge consumers and get the economy back on track. Lower interest rates discourage saving and make borrowing cheaper, boosting spending.

While we've never experienced negative interest rates in the U.S., several other central banks (e.g., euro area, Switzerland, Sweden, Denmark, and Japan) started setting negative nominal interest rates after the 2008 financial crisis to lower savings, increase spending, and revive their respective economies.

Negative market interest rates can stimulate the economy by lowering the rates commercial banks charge on loans. They can also encourage savers to switch to riskier assets and/or to spend rather than save.

Developed countries that have adopted negative nominal interest rates have generally seen banks lower loan interest rates but have not experienced a decrease in retail deposit rates below 0%. The effectiveness of this varied widely, although negative rates generally were much less powerful than rate cuts of similar magnitude when rates remained positive.

For credit unions, the initial impact of a negative federal funds rate most likely would be to increase profitability because net interest margins would increase as rates on deposits fell faster than average loan rates. If depositories here collectively behaved as they did in Europe and Japan—lowering deposit rates only to 0%—then loan and investment yields could decline more than deposit prices, which would reduce net interest income.

In that same economic environment, those net interest income declines might be partially offset by rising noninterest income as NSF, courtesy pay, and late fees increase. All of this underlines the critical need to think about scenarios. Varying both asset growth and earnings to gauge comfort with the likely path of your capital ratio is a good idea.

Having an informed opinion about your willingness and your ability to engage with members in impactful ways will be crucial in the coming months.

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Credit Union National Association
CUNA

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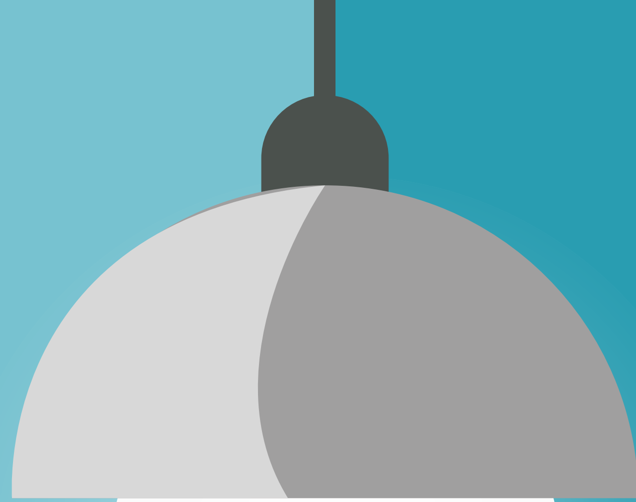


FCRA IN THE SPOTLIGHT

VALERIE Y. MOSS

Compliance

NCUA makes consumer reporting policies and procedures a top supervisory priority.

The federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of the information consumer reporting agencies collect, maintain, and distribute.

The entire financial services sector relies on the accuracy and integrity of the information flowing throughout the consumer reporting system. Consumer reporting agencies include nationwide organizations such as Experian, Equifax, and TransUnion, as well as specialty agencies such as employment screening agencies, check verification companies, and tenant screening services.

Credit unions as furnishers of information to credit reporting agencies play a vital role in the consumer reporting system. Therefore, it came as no surprise that NCUA's list of 2020 supervisory priorities (Letter 20-CU-01) included reviewing credit unions' consumer reporting policies and procedures.

Furnisher duties

Section 623 of the FCRA imposes specific responsibilities on credit unions as furnishers of information to consumer reporting agencies. Generally, these responsibilities include the duties to:

›**Provide** accurate and complete information to credit reporting agencies.
›**Investigate** consumer disputes regarding reported information. Disputes may be submitted to the agency or directly to the credit union.
›**Correct** and update inaccurate information.
›**Notify** consumers in writing within 30 days of reporting negative information (e.g., late payments, delinquencies) to a consumer reporting agency.
›**Report** the voluntary closing of credit accounts.
›**Notify** the agency when a consumer disputes the completeness or accuracy of furnished information.
›**Report** within 90 days the month and year that a delinquency resulted in a referral to collection.
›**Address** incidences of identity (ID) theft. That includes responding to notices of ID theft from consumer reporting agencies, correcting inaccurate information, and preventing that information from being refurnished in the future.

Note that any debts resulting from ID theft may not be sold, transferred, or placed for collection except under certain limited circumstances.

The Consumer Financial Protection Bureau's (CFPB's) Regulation V primarily implements the FCRA with the exception of NCUA and Federal Trade Commission rules governing the proper disposal of consumer report information and the requirements that credit unions maintain a program to detect and address identity theft "red flags."

Not all of the FCRA provisions have implementing regulations.

Policies and procedures

FCRA's "furnisher" regulation (Regulation V, subpart E) requires credit unions to establish and implement reasonable written policies and procedures to ensure the accuracy and integrity of information it furnishes to consumer reporting agencies ("'Accuracy' and 'integrity' defined," p. 48).

Regulation V, appendix E contains guidelines for developing these policies and procedures. In general, a credit union's policies and procedures should:

›**Be appropriate** to the nature, size, complexity, and scope of your activities.
›**Be reviewed** periodically and updated as necessary.
›**Ensure** that information provided to a consumer

Focus

›**FCRA** imposes responsibilities on credit unions as furnishers of information to consumer reporting agencies.
›**The financial services industry** relies on the accuracy of data in the consumer reporting system.
›**Board focus:** NCUA's list of 2020 supervisory priorities included reviewing credit unions' consumer reporting policies and procedures.

'ACCURACY' AND 'INTEGRITY' DEFINED

The term "accuracy" means the information the furnisher provides to a consumer reporting agency about an account or other relationship with the consumer correctly:

›**Reflects** the terms of and liability for the account or other relationship.

›**Reflects** the consumer's performance and other conduct with respect to the account or other relationship.

›**Identifies** the appropriate consumer.

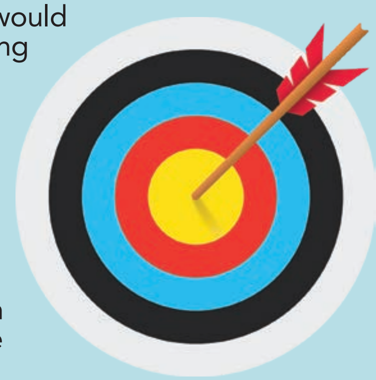
"Integrity" means the information a furnisher provides to the consumer reporting agency about an account or other relationship with the consumer:

›**Is substantiated** by the furnisher's records at the time it is furnished.

›**Is furnished** in a form and manner designed to minimize the likelihood that the information may be incorrectly reflected in a consumer report.

›**Includes** the information in the furnisher's possession about the account or other relationship that, if omitted from the credit report, would present a misleading picture of the consumer's creditworthiness.

Integrity also includes the consumer's credit limit if applicable and in the furnisher's possession as explained in the guidelines.



reporting agency is for the right person and reflects the terms of the account and the consumer's performance on the account.

›**Require** maintenance of records for a reasonable amount of time.

›**Establish** internal controls for the accuracy and integrity of information, such as through random sampling.

›**Prevent** re-aging (inaccurately changing the date of first delinquency on a consumer's account to a later date) and duplicative reporting, particularly following portfolio acquisitions or sales, mergers, and other transfers.

›**Require** updating of furnished information where necessary.

›**Train** staff to implement policies and procedures.

Resolving consumer disputes

Consumers may dispute information furnished by a credit union through the consumer reporting agency or directly with the credit union for investigation and resolution. Regulation V specifies the procedures furnishers must follow when responding to direct disputes from consumers.

Credit unions must investigate a direct dispute if it relates to an account, debt, or other relationship the institution has (or had) with a consumer (including accounts/debts resulting from ID theft).

A credit union is only required to investigate a direct dispute if a consumer submits a dispute notice to the credit union that contains sufficient information to identify the account or other relationship in dispute, an explanation of the basis for the dispute, and supporting documentation or other information reasonably required by the credit union to substantiate the basis of the dispute (e.g., account statements, police report, ID theft affidavit, etc.).

Credit unions generally have 30 days to complete an investigation and report the results to the consumer. If the investigation finds the information in the report was inaccurate, the credit union must correct the error and provide accurate information to the credit bureau.

A credit union is not required to investigate disputes that are determined to be "frivolous or irrelevant." Those include cases with insufficient information to investigate or substantially similar disputes that were previously submitted to the credit union or reporting agency by or on behalf of the consumer (e.g., by a credit repair company).

If a dispute is found to be frivolous or irrelevant, a furnisher must notify the consumer within five business days of receiving the dispute. The notice must include the reason for the determination and, if relevant, any information the consumer needs to submit so the furnisher can investigate the disputed information.

Common violations

Five common violations by the CFPB's Supervisory Highlights: Consumer Reporting Edition (Issue 20, Fall 2019) identifies:

1. Inaccurate reporting to specialty reporting agencies. CFPB found some furnishers did not have written policies and procedures for reporting information to "specialty deposit" agencies.

Some institutions also failed to validate the furnished data, causing them to inaccurately provide consumers' account status to the reporting agencies in violation of the FCRA. The furnishers were required to evaluate the effectiveness of existing polices and develop new written polices where appropriate.

2. Failure to investigate disputes consumers submitted. CFPB examiners found that some furnishers violated the FCRA when they failed to investigate disputes consumers submitted and instead treated the disputes as general account correspondence.

The agency even found backlogs of direct disputes accumulated in document processing queues that were not investigated or responded to at all. It required furnishers to develop proper dispute handling policies and procedures to ensure they conducted investigations in accordance with the requirements of the FCRA and Regulation V.

3. Reporting information with "actual knowledge" of errors. Examiners found that one or more institutions furnished information they knew or had reasonable cause to believe was inaccurate, in some cases reporting thousands of accounts to one or more reporting agencies with inaccurate derogatory status codes.

Furnishers were required to implement a program fix for the inaccurate coding issue and review all furnished accounts to identify and correct inaccurate reporting on all affected consumers.

4. Failure to correct inaccurate information. CFPB examiners found furnishers that failed to correct and update loan data that resulted from identity theft. In these cases, the furnishers recorded the results of their investigations internally but failed to correct the information furnished to the consumer reporting agency. They were required to develop and implement policies and procedures to ensure prompt notification and correction of any inaccurate information furnished to reporting agencies going forward.

5. Failure to report the date of first delinquency within 90 days. CFPB noted that one or more furnishers reported the incorrect date of first delinquency. The date of first delinquency is important for reporting agencies, creditors, and consumers because it determines when information on a consumer report becomes obsolete and may no longer be reported.

CFPB has supervisory authority over banks, thrifts, and credit unions with more than $10 billion in assets, as well as their affiliates; nonbank mortgage originators and servicers, payday lenders, and private student lenders; and larger participants in these markets: consumer reporting, consumer debt collection, student loan servicing, international money transfer, and automobile financing.

Visit *cuna.org/compliance* for more information on the FCRA, including reporting COVID-19 related payment accommodations to credit reporting agencies.

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

Resources

›CUNA:
1. Compliance resources: *cuna.org/compliance*
2. Compliance training and certifications: *cuna.org/learn*

›Consumer Financial Protection Bureau: *consumerfinance.gov*

AD INDEX

Q&A with Michael Mattone

Mid-Hudson Valley Federal Credit Union, Kingston, N.Y.

As the new vice president, community impact, at $1.1 billion asset Mid-Hudson Valley Federal Credit Union in Kingston, N.Y., Michael Mattone has an important job ahead of him. In September 2019, the credit union received NCUA approval to expand into four additional counties. Mattone will play an integral part in the expansion efforts.

Credit Union Magazine: What will your new role entail?

Mattone: I will spearhead efforts to grow in the four counties that were recently approved as part of our field-of-membership expansion. Specifically, I will develop and maintain meaningful relationships with community, business, and political leaders in our new territories to expand business opportunities and build brand efficacy. Additionally, I'll work with our retail, marketing, and lending teams to help implement their strategies for growth in our new counties.

Q: How has your marketing and business development background prepared you for this position?

A: It's essential to understanding the importance of brand and relationship building. Entering our new counties, we need to first establish our brand as a trusted financial partner committed to working with our members throughout their lifetime financial journey. Having experience in branding and spending time out in the field, cultivating meaningful relationships, will be critical in helping me accomplish our goal of becoming the financial institution of choice for residents and businesses in our new counties.

Q: How will you approach potential members in these new markets?

A: The most important part is staying true to our mission, guiding principles, and core values. Particularly in those areas where most people have not yet interacted with the brand, we need to clearly deliver our brand's value and promise. Through effective communication, building strong relationships with key community stakeholders, and aligning ourselves with groups and causes that these communities hold in high regard, we will be able to build a strong and meaningful connection with potential members.

Q: What will be your biggest challenge?

A: We are no longer competing with just financial institutions. We are competing with online lenders, money-movement platforms, fintech firms, and even retail organizations offering certain financial services. Ultimately, we provide members with a service, so these new members will be comparing the services we provide with those of every other organization they do business with, regardless of industry. Making sure we truly wow new members with our service quality and differentiate ourselves from competitors will be a big initial challenge. But we are ready to take it head-on.

Q: How did serving as chair for the New York Credit Union Association's Young Professionals Commission equip you for this role?
A: As chair, I was responsible for managing a group of people working throughout the state and making sure we accomplished our goals—even though we all had many other responsibilities and projects that took our time and focus. Similarly, in this role I'll be working to ensure that, while everyone is not solely focused on our new market growth or physically working in the new market, our entire team does what we need to do to accomplish our strategic vision.

Q: What advice would you offer about reaching out to new markets after a charter expansion?

A: Start with purpose when building out your plan and bring in everyone who will be involved at the beginning of the process. Entering a new market without having all key stakeholders involved to build your foundation will lead to cracks in the walls, and it will hinder your short- and long-term growth. When you make sure everyone is on the same page, you will have a more cohesive and focused strategy.