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SPRING 2022



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RYAN DONOVAN



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YOU CAN'T ASK FOR ANYTHING BETTER THAN COMMUNITY LEADERS TALKING ABOUT WHAT YOUR CREDIT UNION OFFERS AND SHARING IT WITH PEOPLE IN NEED.

”

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POSTAL INFORMATION

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Hear from our 2022 Heroes

Credit Union Magazine readers nominated many industry standouts to be 2022 Credit Union Heroes, those unsung leaders who go above and beyond to promote credit union philosophy and make a difference in their communities (“Here’s to heroes,” p. 38).

The CUNA News Podcast features conversations with the four 2022 Credit Union Heroes, who share how they make credit union principles come to life

every day. Listen to these conversations and then make your choice for the Credit Union Hero of the Year.

The 2022 Credit Union Hero program is sponsored by Symitar.

Listen and subscribe at news.cuna.org/cuhero



Don't miss: Forging a Path

Our January special report, *Forging a Path*, asked industry leaders to share their vision for the credit union movement and financial services industry in 2022. CUNA economists Mike Schenk and Dawit Kebede examined the outlook for the economy, lending, and credit union balance sheets, and credit union leaders weighed in on the challenges and opportunities they'll face this year.

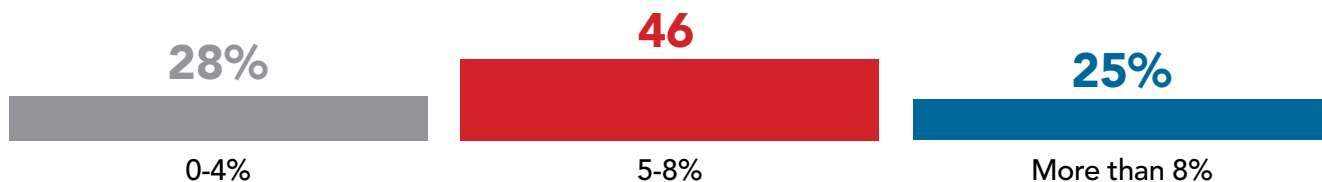
The campaign provides an insider's look at the issues the industry will navigate throughout the year, as well as a barometer to look back on as the year progresses. Visit news.cuna.org/forgingapath.

CUNA Governmental Affairs Conference

Check out our coverage of the 2022 CUNA Governmental Affairs Conference, Feb. 27 to March 3 in Washington, D.C. We highlight insights from keynoters, legislators, and breakout session speakers, and provide scenes from the credit union industry's premier event. Visit news.cuna.org/gac.



What's your anticipated loan growth in 2022?*



* Percentages don't total 100% due to rounding.

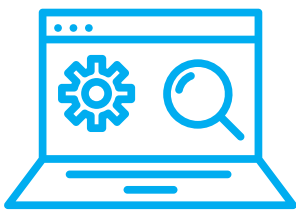
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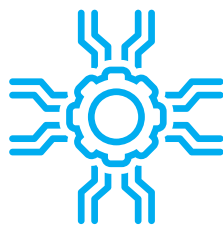
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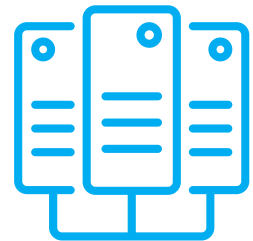
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A shortage of superlatives

Credit Union Heroes' service to their communities is inspiring, heartwarming, and so much more.

Superlatives are in short supply when describing the credit union movement's heroes and what they do for their communities: Inspiring. Heartwarming. Generous. Caring. Devoted.

Credit Union Magazine's 2022 Credit Union Heroes are all this and more.

Our annual Credit Union Hero program, sponsored by Symitar, honors these unsung leaders who go above and beyond to promote credit union philosophy and make a difference in their communities ("Here's to heroes," p. 38).

► **Marshall Boutwell**, for example, applied lessons in leadership from a storied military career to his credit union service. The president/CEO of \$775 million asset Peach State Federal Credit Union in Lawrenceville, Ga., expanded lending to Bosnian refugees who settled

in the area despite their lack of credit histories.

► **Robyn Cousin**, board vice chair at \$3.5 billion asset Affinity Plus Federal Credit Union in St. Paul, Minn., relies on her voice to make a difference and advocate for those in need. "I can influence the direction and the vision of what we do from wherever I am with my voice," she says.

► **Cheryl DeBoer** understands the sacrifices members make to get ahead, having been there herself. As a single mother, the president/CEO of \$2.6 billion asset Advia Credit Union in Kalamazoo, Mich., raised a daughter and earned her bachelor's, master's, and law degrees on nights and weekends.

"Credit unions are about people helping people," she says. "To us that means helping members achieve a better position tomorrow

than they are in today."

► **Mary Ann Pusateri**, CEO at \$362 million asset Partnership Financial Credit Union in Morton Grove, Ill., learned how collaboration and powerful partnerships benefit both members and her credit union colleagues. She's learned many valuable lessons from forming groups that bring out the best in people.

Help us select the 2022 Credit Union Hero of the Year. Vote for your favorite hero by March 18 at news.cuna.org/cuhero. We'll announce and honor the winner on the CUNA News site.



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Ideas & Inspiration

Supporting employees' all-around wellness

Sacramento (Calif.) Credit Union was rated Healthiest Employer of Sacramento (small company category) for the second consecutive year due to its efforts to support employees' physical, mental, emotional, and financial well-being.

The process of developing the program began when Vice President of Human Resources Aletha Hickey contacted Michal Rinkevich, vice president of wellness services at the benefits consulting company McGriff. The \$640 million asset credit union launched its program in 2016 with small steps that included monthly wellness articles and a 10-minute lunch walk on the first Friday of each month.

Rinkevich says the step-by-step rollout was intentional, as it takes time and strategy to make sustainable changes.

The program has grown significantly. The walk-at-lunch campaign is now a daily trek. Other offerings currently include a monthly theme and newsletter, virtual guided meditations, a wellness portal, lunchtime webinars, healthy cooking demos, and company-wide health challenges.

Most aspects of the wellness program have a 60% participation rate, with challenges garnering 45% to 50% participation. Hickey credits the program's popularity to seeking employee input regularly and creating scalable programs that give participants a sense of progress.

The credit union adapted the program during the

pandemic by addressing COVID-related issues and adding recorded virtual offerings, including guided meditation sessions, which staff can access at any time.

Employee input led to a greater focus on financial and mental wellness. "There's a lot that makes up who we are as individuals and employees, and we look for ways to support all of that," Rinkevich says. "It's not just, 'You need to eat well, sleep, and exercise.' You also need to have a sense of calm and belonging.

"The moment we take care of our people, everything changes."



Sacramento Credit Union's wellness program began with a 10-minute walk during lunch.

'RealMe' allows members to display chosen name

Educators Credit Union in Mount Pleasant, Wis., allows members to display their chosen name on all eligible debit and credit cards with its "RealMe" service.

"We're working toward being a more inclusive, personalized financial institution for everyone," says Linda Hoover, president/CEO of the \$2.9 billion asset credit union. "We are excited and extremely proud to launch a service that promotes progress and inclusivity for all of our members."



The idea behind RealMe is to allow all members to self-identify and share who they are, building confidence in their everyday lives, Hoover explains.

The member's legal name won't change on their Educators accounts, but credit union representatives will use the chosen name when talking to the member.

The service is available only for personal card accounts, not business or health savings accounts.

6-step profitability management process



Source: KPMG International, 2020

Virtual internship program benefits all

Dade County Federal Credit Union in Sweetwater, Fla., used the coronavirus pandemic to get creative with its internship program. After sitting out the 2020 internship cycle, the \$1.1 billion asset credit union created a virtual internship program to continue teaching local students credit union operations, business etiquette, and financial literacy.

The program started with Jessica Vasquez, Dade County Federal's Gen-You community liaison, working with the training department to develop an in-depth curriculum. Four interns, who were entering their senior year of high school, worked with the credit union five days a week.

The interns attended daily morning meetings before finding their assignments on the online project management platform. They also conducted market research for the credit union.

"Once a week, we coordinated with department heads and said, 'Hey, accounting, compliance,

lending, give me 30 minutes of your time. Let's expose these students to a day in your world,'" says Paola Chigne, vice president of marketing and youth development. "The goal of the program is to provide them with an experience that's once in a lifetime in their professional development."



Dade County Federal Credit Union's internship program provides interns with hands-on experience.

was the interns' favorite part," Vasquez says. "They'd tell us, 'They don't teach this at school.' That's why financial literacy is so important."

Dade County Federal, which has provided an internship program for more than 10 years, also benefits from the arrangement. Three current full-time employees got their foot in the door through the program.

The credit union also won a statewide award for its financial education efforts.

"A large component of our programming was financial literacy, and that

Ideas & Inspiration

Emergency loans bridge the gap

Listening to the community allows Karen Madry to stay in tune with Afena Federal Credit Union's 8,000 members. "Our community is at the core of everything we do, particularly our work to provide alternative lending solutions for underbanked and low-income individuals," says Madry, president/CEO of the \$84 million asset credit union in Marion, Ind.

The credit union's service area has many predatory lenders that prey on people's financial vulnerability. "It's our job to educate as many people as possible that there's a better way," she says.

Madry's commitment to providing low-interest, small-dollar loans as an alternative to payday lending led to the creation of Bridge the Gap loans, a unique partnership between the credit union and the Community Foundation of Grant County.

The loans provide members with emergency funds between \$200 and \$2,000 available exclusively for people earning less than 80% of the median family income. Repayment terms vary by loan amount but favor small payments—typically less than \$50 per

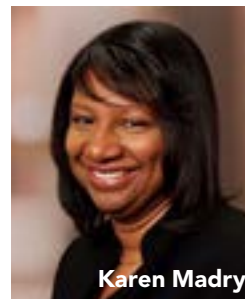
month—to reduce stress on family budgets.

Madry developed an additional program to help members who have already fallen into the clutches of high-interest loan stores.

"We have members with loans at finance companies who are paying upwards of 50% to 60% APR, sometimes more," she says.

Refinancing high-interest debt saves members thousands of dollars in interest. One member lowered his monthly payments by \$1,200 when he refinanced his loans through the credit union.

Designing loans that meet members' needs has helped Afena Federal Credit Union thrive, but growth can be challenging, Madry says. "My biggest difficulty is figuring out how to beef up my staff and ensure members have great service in the branch."



Equity-based fund supports DEI efforts

Amid the social and financial unrest of 2020, UW Credit Union employees set out to make a difference in their community. The \$4.6 billion asset credit union in Madison, Wis., took its philanthropy to new levels with the UW Credit Union Fund for Racial Equity.

The fund, which invested \$1.5 million in Madison and Milwaukee organizations that remove barriers for people of color, stemmed from a desire to improve financial stability and close the education achievement gap among the credit union's members.

Rather than treat everyone the same, UW Credit Union Vice President of Diversity, Equity, and Inclusion Sheila Milton says the fund focuses on equity, which recognizes that "people have different circumstances and different life experiences. You meet them where they are and give them what they need."

Credit union officials entrusted a community advisory group consisting of people of color with a variety of life experiences to read the applications and determine where to place the funds. Then, they trusted the selected organizations to put the dollars to

work where they were most needed.

"You have to listen to and engage with people who are connected in the community so you can make sure the money you're providing is going to organizations that will make a big difference," Milton says.

UW Credit Union prioritized initiatives created and led by members of the Black, Indigenous, and people of color communities. Ultimately, UW Credit Union, United Way of Dane County, and United Way of Greater Milwaukee and Waukesha County provided 27 organizations with racial equity program grants totaling \$1.5 million. Another 24 organizations received emergency grants totaling nearly \$500,000.

UW Credit Union Community Partnerships Manager Steph Harrill Kyle believes this work is part of the credit union mission. "Financial inclusion and equity are at the heart of social justice. We have a responsibility to support that—to be a part of the solution. Our social mission is to improve peoples' financial well-being, and one way to do that is to focus on groups historically excluded by financial services."

Delivering focused financial education

When Virginia Credit Union in Richmond teamed up with the Financial Health Network and George Fox University to conduct a series of member surveys, it learned that its female members struggled the most with financial health and confidence.

In response, the \$4.8 billion asset credit union created a month-long, virtual financial education series called Financial Success for Women.

The series featured six steps to become a financial superwoman, connecting your values with your savings, managing credit and creating a debt management plan, and women and investing.

The first session featured *The Washington Post* personal finance columnist Michelle Singletary.

Virginia Credit Union measured participants' financial health and understanding before, during, and after the series, which included four components: spend, save, borrow, and plan.

In the initial assessment, participants designated their financial health as coping (57%), vulnerable

(23%), or healthy (20%). Following the series, 17% rated themselves as vulnerable, 59% coping, and 24% healthy.

Participants also left with a better view of the credit union. In the post-series assessment, 80% of respondents agreed "Virginia Credit Union helps people feel more confident about their finances," up 26% from the initial assessment. Plus, respondents who agreed "Virginia Credit Union offers good financial advice or education" jumped from 58% to 91%.

Cherry Dale, vice president of financial education, will use this feedback to create more focused financial education that improve members' confidence in their finances. "Most participants have a substantial amount of income," she says. "But they still need and want this kind of help."

Financial education is what separates credit unions from other financial institutions, she says. "But as we evolve, we need to make sure we are targeting and providing programs that move the needle."

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Residential Mortgage Loans	\$1,000,000,000	\$10,000,000	3.5	\$35,000,000
Commercial Real Estate	\$500,000,000	\$5,000,000	5.0	\$25,000,000
Consumer Loans	\$200,000,000	\$2,000,000	1.5	\$3,000,000
Other Assets	\$300,000,000	\$3,000,000	2.0	\$6,000,000
Total	\$2,000,000,000	\$20,000,000	3.0	\$70,000,000



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Ideas & Inspiration

Taking expertise into the community

SAFE Credit Union in Folsom, Calif., created a speakers bureau in 2021 to promote its internal experts and feature their leadership, personal finance, and communication acumen.

“We looked at the diverse talent across our organization and said, ‘Hey, we have something special to offer. We have experts in many different fields,’” says Micah Grant, assistant vice president of communications and public relations at the \$4.1 billion asset credit union. “It’s a way to provide exceptional solutions and services to our members and the community.

“There’s some broad diversity in our company,” he adds, “and this is a great way to showcase it.”

The SAFE Credit Union Speakers Bureau includes everyone from the board chair to President/CEO Dave Roughton to the lending, marketing, communications, community relations, and education departments.

“I am often asked by my colleagues at other organizations if someone from my team could deliver a presentation on a particular topic,” Roughton says. “Our speakers bureau makes it much easier for organizations and employers to connect with the perfect presenter for their next conference or corporate retreat.”

SAFE highlights its experts on its website to accom-

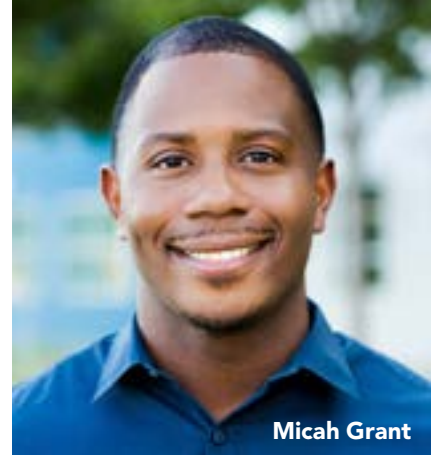
modate interested audiences, including select employee groups, educational institutions, nonprofit organizations, conferences, community groups, and media outlets.

These groups take full advantage of the effort.

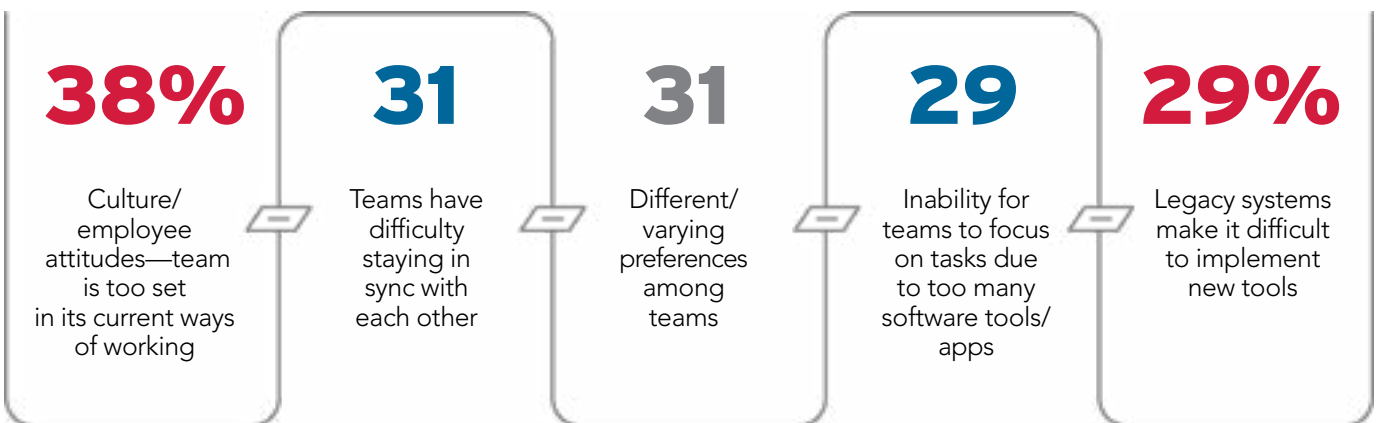
Financial well-being and education have been popular topics, while educational institutions have reached out for expertise on topics such as career advice, executive leadership, and management.

“We want to be resourceful,” Grant says. “When you embed yourself in the communities you serve, not only is it beneficial for the community, it’s beneficial for our employees.

“As our staff’s influence grows, so does the credit union’s influence.”



Barriers to workplace collaboration



Source: Dropbox Business, 2020

Building cryptocurrency knowledge

While cryptocurrency has existed for more than a decade, there's still room for credit unions to be involved in these digital assets, which now exceed \$2 trillion in value, says Larry Pruss, senior vice president at Strategic Resource Management.

The first step toward involvement in cryptocurrency is making sure the board and senior management know what it is and are aware of the risks involved, Pruss told attendees of "Building Cryptocurrency Knowledge Together," a CUNA Councils virtual roundtable.

Cryptocurrency is a digital asset designed to work as a medium of exchange or store value, Pruss says.

It exists on a decentralized digital ledger known as blockchains, "similar to what railways are to trains. Blockchains are the rails and trains are the crypto," Pruss says.

The value of cryptocurrencies reached roughly \$3 trillion at one point in 2021. Pruss says the number of cryptocurrency wallets rose from 50 million to 70 million in the past year.

There are about 20,000 cryptocurrency ATMs, where people can buy or sell cryptocurrencies.

A Visa survey revealed that 94% of household decision-makers are aware of cryptocurrency and 33% own it.

Eighteen percent said they're likely or very likely to

switch banks based on cryptocurrency services.

While bitcoin is the most well-known cryptocurrency, there are thousands in existence, including Ethereum, Litecoin, and Cardano.

Financial regulators have weighed in on cryptocurrency. CUNA believes Congress should look for ways to enable credit unions to provide digital asset services so regulators can provide proper oversight.

Digital currency is especially attractive to younger consumers, says Ron Hammond, director of government relations with The Blockchain Association.

Three-quarters of global financial executives believe failing to provide digital asset services will harm them competitively, according to a 2021 Deloitte study.

These services include holding keys for members, trading cryptocurrency on mobile devices or online banking, creating rewards programs, and issuing stable coins.



'Silicon Slopes' card supports startups

America First Credit Union in Ogden, Utah, offers a new way to empower entrepreneurs.

Members can support local startup companies and innovators with the Silicon Slopes credit card, which was rolled out during the 2021 Silicon Slopes Summit, an event that showcases Utah's startup and technology community.

Card users get 1% cash back on every purchase. America First contributes an additional 0.5% of every purchase to the Silicon Slopes Startup Alliance Fund, which expands technology opportunities across the state.

Additionally, America First contributes 100% of the credit

card's \$50 annual fee to the fund.

"The first-of-its-kind credit card is a unique way for members to contribute to the local community," says Thayne Shaffer, president/CEO of the \$16 billion asset credit union. "With the Silicon Slopes Startup Alliance Fund, we hope to empower entrepreneurs in the tech and startup communities in Utah. We're looking forward to helping this growing and thriving community right here in our backyard."

Funds are distributed annually to enable entrepreneurs to pursue their goals. Entrepreneurs seeking funds can pitch their ideas to a panel of Silicon Slopes and America First judges.



Member-centric advocacy

We've refined our focus to ensure our advocacy agenda hits at the heart of what members need most.

I like to look at a new year as a new chance for success—a chance to build on what we've accomplished but also lay the foundation for what we hope to achieve in the future.

The start of 2022 saw an economy still reeling from the coronavirus pandemic and its effects, but gradually returning to something resembling normal.

Thousands of credit union leaders planned to come to Washington, D.C., for the 2022 CUNA Governmental Affairs Conference (GAC) to capitalize on the power of our people together.

CUNA GAC is when we can see our legislators face-to-face and tell them what we've been doing—and what we can do—for their constituents, our members.

Look at our biggest advocacy issue last year. We removed expanded IRS reporting requirements from the Build Back Better legislation.

Hundreds of thousands of credit union voices told policymakers exactly why this proposal would harm financial inclusion, and it made a difference.

Congressional leaders heard about credit union members who were going to close their accounts because of the proposal. Op-eds and letters ran in community publications about the harm this proposal would have.

Those stories are hard to ignore, and they're why we can make a difference. No legislator wants to

cast the vote that will cause their constituents to close their bank accounts and start stuffing cash under their mattresses.

These stories painted a vivid picture, one that became impossible to ignore by the majority of Congress.

This year, we've refined our focus to make sure our advocacy agenda hits at the heart of what members need most.

Like everything we do, it's a collaboration. We spend months engaging with leagues, credit unions, and policymakers to set an agenda that captures the spirit of the moment we're in, but also has a chance to move forward:

›**Expand** and protect credit union powers and opportunities to ensure consumers and small businesses can more easily access credit union services.

›**Reduce** regulatory burden so credit unions can focus time and resources on efficient service delivery.

›**Protect** our relevance to those who rely on our experience and trust the credit union difference.

These priorities aren't about improving the bottom line or a stock price, they're to make people's lives better.

There are far too many barriers in place for consumers already. That's evident with the financial deserts and underbanked communities we see today. This is a status quo that won't cut it.

“
A MID-TERM
ELECTION YEAR
MEANS WE'LL
BE COMPETING
HARD FOR EVERY
BIT OF TIME
AND ATTENTION
FROM MEMBERS
OF CONGRESS.
”

Imagine if—instead of a financial desert—the community had a credit union acting in members' best interests, interested only in making sure consumers get the services they need.

Imagine telling your elected officials those exact neighborhoods that would benefit from safe and affordable credit union services under a modernized Federal Credit Union Act.

Once again, that becomes a vivid picture that's difficult to ignore and even harder to vote against.

That's how we'll make our voice resonate in 2022. A mid-term election year means we'll be competing hard for every bit of time and attention from members of Congress.

We've also got our work cut out for us in the regulatory arena. President Joe Biden has put in place his NCUA, Consumer Financial Protection Bureau, Federal Housing Finance Agency, and Ginnie Mae leaders, among others.

Those regulators have their bearings now and will look to put their stamp on the policies coming from their agencies.

It's up to us to not only find but to emphasize the many ways their mission intersects with our mission.

We share a goal of financial inclusion. It's our job to show them credit unions are a crucial component to their goals, and their policies should reflect that.



JIM NUSSLE

President/CEO
Credit Union National Association
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SAVE THE DATE!

CUNA GOVERNMENTAL AFFAIRS CONFERENCE

Washington D.C.

February 26 – March 2, 2023



Learn more cuna.org/gac

Our movement is what we make it

Engagement in the CUNA-League system is an integral component of your service and duty.

The 2022 CUNA Governmental Affairs Conference marks the end of my term as CUNA Board chairman. This is the culmination of nine years on the CUNA Board, and much has transpired in such a short time.

When I started on the board, I had confidence in the power of CUNA, leagues, and credit unions to improve members' financial lives. I've learned a lot about how this system works and what challenges our effectiveness.

I've always made sure my credit union, Listerhill Credit Union in Sheffield, Ala., is an active participant in the CUNA-League system, not just writing a check but working in tandem on behalf of the credit union system.

My time on the board has convinced me more than ever that CUNA—as our national trade association—and the leagues at the state level are an extension of the entire credit union movement. The CUNA-League system brings the power of grassroots to policymakers at every level, whether on a state budget proposal or appropriations in the federal government.

Our focus on 360-degree advocacy means we can attack issues from all sides—legislative, regulatory, and judicial—to remove barriers for our members.

But here's the catch: Our system is only as powerful as we're willing

to make it. It's far too easy to focus on the day-to-day work of running our credit unions and leave the rest to CUNA and the leagues.

There's an inherent complacency that tells us once we pay the dues, our job is done. We can go as far as we're willing, but that means engaging when issues arise while continuing to provide the outstanding member service we're known for.

It means making calls, setting up visits, and telling our stories. That's something we all can do and must accomplish at the credit union level.

Our elected officials want to hear from their communities—and that's us. CUNA and the leagues provide valuable advice, perspective, and information to help us maximize our impact so when we leave our meetings with policymakers, they're in our corner. It's a team effort.

That's why I cringe when I hear people refer to CUNA or their league as "they." It's "we." There's no line of separation.

We as a movement can coordinate to our best

ability to make a difference day after day on issue after issue. Every meeting we walk into, we have the expectations and hopes of millions of credit union members counting on us.

Let's never forget that. It takes extraordinary engagement on all sides to get things done. If we're

not willing to do that, we certainly don't deserve to be in business for our members.

Looking ahead to our future in financial services, if we're not the disruptor, we're the disrupted. If we're not on offense fighting for our members and ensuring relevance not only today but in the future, someone else will be.

Issues such as earnings, capital, and liquidity aren't my biggest concerns. But failing to grow? That should be a primary concern for all of us.

Credit unions respond well to adversity—you only need to look at our response to the pandemic to see that. But if we don't differentiate ourselves, we'll be left behind.

Replicating what everybody else does will not advance our movement. Consumers want different and extraordinary experiences.

They desire what's easier, faster, and more convenient. They should be able to find that at their credit union.

I've always felt fortunate to be a part of the CUNA-League system, and my time on the CUNA Board has only solidified my appreciation of the special and powerful movement we have.

As we focus on members' success and financial well-being for all, I hope you continue to actively engage in the CUNA-League system as an integral component of your service and duty to them.

“
**THE CUNA-
 LEAGUE SYSTEM
 BRINGS THE
 POWER OF
 GRASSROOTS TO
 POLICYMAKERS
 AT EVERY LEVEL.**
 ”



BRAD GREEN
 CUNA Board Chair
 President/CEO
 Listerhill Credit Union
 brad@listerhill.com
 256-383-9204



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Learn more about this unbeatable training value.

moving the needle on financial well-being for all

RON JOOSS

Improving people's financial health is at the heart of the mission and structure of America's credit unions.

The statistics on consumers' financial well-being—or lack thereof—are troubling: Two-thirds of Americans—187 million people—are “financially unhealthy,” according to the Financial Health Network. They struggle with their day-to-day finances, have little or no financial cushion in case of an emergency, and are unprepared to seize financial opportunities for security and mobility.

Those who struggle aren't strangers.

“These are our employees, our families, and our neighbors,” says Gigi Hyland, executive director of the National Credit Union Foundation. “We, as not-for-profit financial cooperatives, must focus on moving

Focus

- › **Credit unions' core mission** is promoting members' financial well-being.
- › **Financially healthy consumers** benefit communities, employers, and credit unions.
- › **Board focus:** Fostering financial well-being for all requires organization-wide commitment.





Incorporate financial wellness into strategy

Make member financial wellness an overall part of the credit union's strategy, says Jake Darabos, chief finance and administration officer at Abound Credit Union.

Financial well-being for all

this needle. When we come together, we can and do have a positive, nationwide impact.”

Fostering members’ financial well-being is the primary reason credit unions exist. “The Federal Credit Union Act outlines that credit unions were formed ‘to promote thrift and credit for provident purposes’ as a condition of their cooperative structure and federal tax status,” says Mike Schenk, CUNA chief economist and deputy chief advocacy officer. “That’s just another way of saying we’re here to promote financial well-being. It’s the core mission of every credit union.”

Financial Well-Being for All™ also is a critical element of CUNA’s advocacy strategy (“Advocacy army takes charge,” p. 34). Credit union advocates share stories and data with legislators about how credit unions improve members’ financial lives.

“Policymakers on both sides of the aisle care about this because they care about the health and well-being of their constituents,” Schenk says. “They’re interested in improving their constituents’ lives, and credit unions work hard every day to improve the financial lives of American consumers.”

The CUNA Board adopted a unity statement during the 2021 CUNA Governmental Affairs Conference that reads in part, “Improving people’s financial well-being is at the heart of the mission and structure of America’s credit unions.”

Credit unions have a long history of addressing consumers’ financial well-being with programs tailored to the needs of their communities and fields of membership.

“
**WORKPLACE
BANKING
PROVIDES THE BEST
OPPORTUNITY FOR
A ‘TRIPLE WIN.’**

KEN DRYFHOUT

A ‘triple win’

BCU in Vernon Hills, Ill., leverages a company partner strategy in building its financial well-being initiatives, says Ken Dryfhout, vice president of strategy and growth for the \$5 billion asset credit union.

BCU “goes deep with a small number of large company partners for the benefit of their employees,” he says. “Workplace banking provides the best opportunity for a ‘triple win.’ It’s a win for members, who are financially healthier and more confident. It’s a win for employers, who have a more engaged, less-stressed employee. And it’s a win for the credit union because members are in a better position to engage in the full suite of solutions we offer.”

New members begin their financial well-being journey with BCU by taking an eight-question survey from the Financial Health Network.

“The assessment includes straightforward questions such as if you pay your bills on time,” Dryfhout says. “A lot of assessments use the credit score as a proxy, but the financial health score is much more comprehensive.”

BCU provides sponsor company employees with multiple financial solutions so it can go “end to end in their financial lives,” he says. “We can help companies understand their employees’ financial needs by analyzing the assessment data and providing guidance to identify the proper solution. We also carry that



through to execution.”

Lifting members financially also benefits the credit union.

“If you improve members’ standing, whether it’s from a creditworthiness standpoint or in terms of higher engagement and more confidence, they’ll have higher savings balances and could participate in wealth management and investment services,” Dryhouth says. “They could refer friends and family and become promoters of the credit union.”

Member solutions

Abound Credit Union in Radcliff, Ky., built its financial well-being reputation primarily around financial literacy for students. That focus has shifted to making member financial wellness an overall part of its strategy.

This pivot became even more visible when Abound renamed its collections area “member solutions,” says Jake Darabos, chief finance and administration officer at the \$2 billion asset credit union.

“That name change was because of financial wellness,” he says. “It’s no longer just about collections; it’s about finding solutions for members and helping them long term.”

Every member solutions employee completes the CUNA Financial Counseling Certification Program to become a certified financial counselor. “We’ll eventually expand that certification to include some of our member service representatives and branch managers because our members need people who can advise them and put them on the path toward financial stability,” Darabos says.

Abound also develops partnerships to expand its reach. “Our partners connect us with resources in the community beyond our membership and challenge us to improve our content,” says Hollie Sexton, public relations/financial education professional. “Our community partnerships connect us and spread the word for us. You can’t ask for anything better than community leaders talking about what your credit union offers and sharing it with people in need.”

Among those partnerships is an online webinar series the credit union developed with Baptist Health Hardin, a local health care provider. The groups developed the program early in the pandemic when social distancing restrictions were in effect.

The Virtually Well Series shares physical and financial health advice through live events and on-demand videos featuring physicians, dietitians, and financial education professionals. Sessions are available via

Abound’s YouTube channel.

“Baptist Health Hardin chooses topics based on surveys and patient care,” Sexton says. “We do the same based on trends and what we see with member services.”

Building a thriving YouTube channel remains a challenge, but Darabos loves to share how one viewing—and one member interaction—can make all the difference.

“Hollie worked with a member who viewed one of our YouTube videos and reached out for help,” Darabos says. “This member was not in a good place. She was in a job she didn’t like, and the stress was taking a toll on her physical health. Hollie met with her once a week for eight weeks and got her on the right financial path where she could leave her job for another one and be happier, healthier, and more financially stable.”

These relationships are immeasurable, he adds. “We

“

**YOU CAN'T ASK
FOR ANYTHING
BETTER THAN
COMMUNITY
LEADERS TALKING
ABOUT WHAT YOUR
CREDIT UNION
OFFERS AND
SHARING IT WITH
PEOPLE IN NEED.**

HOLLIE SEXTON

SMALL CREDIT UNION PROVIDES MEMBERS WITH A FINANCIAL GPS

Programs that improve members' financial well-being require a level of commitment and resources many small credit unions find overwhelming.

Mira Ness, CEO at \$37 million asset New York University (NYU) Federal Credit Union, overcomes this feeling with a resolute determination.

"I can't say no," she says.

Serving NYU faculty, staff, students, alumni, and their families, the credit union includes members across the economic ladder. But their place on that ladder doesn't predict personal finance acumen, Ness says.

"I've had faculty members ask me to explain an interest rate," she says. "People from all walks of life need financial wellness."

NYU Federal's signature financial wellness initiative is its mortgage preparedness program, which includes a series of webinars, financial counseling, and, for members who qualify, their first mortgage.

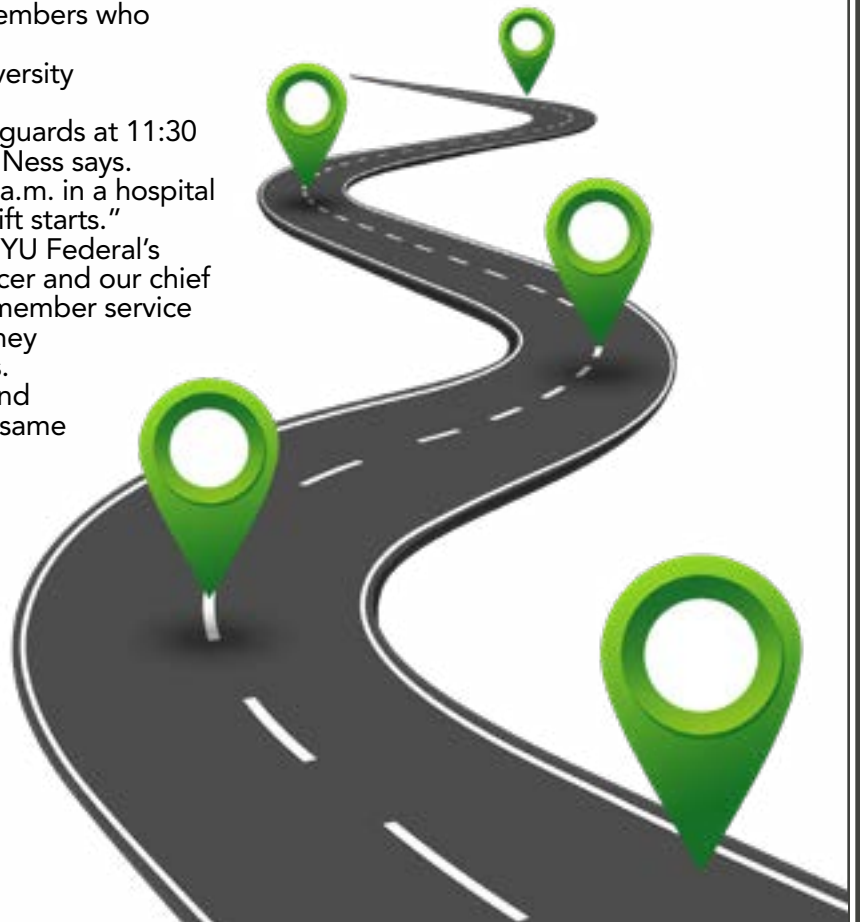
The credit union's diverse university membership requires flexibility.

"We do webinars for security guards at 11:30 p.m. when their shift changes," Ness says. "Sometimes we'll do them at 6 a.m. in a hospital because that's when another shift starts."

Such obstacles don't lessen NYU Federal's resolve. "Our chief financial officer and our chief lending officer both started as member service representatives," Ness says. "They are certified housing counselors. Everybody knows our mission and vision, and everybody is on the same page."

She recalls two NYU employees, both earning middle-income salaries, who leveraged the credit union's mortgage preparedness program to purchase three homes and create a monthly stream of rental income.

"If you're driving somewhere, you need a GPS, right?" Ness says. "If someone has that dream, we provide them with the GPS to get there."



“

**PEOPLE FROM ALL
WALKS OF LIFE
NEED FINANCIAL
WELLNESS.**

MIRA NESS

gauge success one member at a time. Seeing drastic improvements for individual members is all the validation we need to continue doing what we're doing.”

Meaningful moments

Orange County's Credit Union also embraced a more consultative approach in serving members when it made financial well-being for all a strategic focus. The \$2.3 billion asset community credit union in Santa Ana, Calif., has a history of serving city and county employees.

It surveys these groups and uses third-party demographic data to better understand members' financial behaviors, says Amber Cisneros, senior vice president and chief member experience officer.

Orange County's strives to turn routine member interactions such as account openings or loan approvals—even denials—into meaningful moments, she says. “How do we provide members with the tools they need to put that information into action? That's where the gap is: We're inundated with information, but how do we turn that information into financial empowerment?”

Obtaining community development financial institution status through the Treasury Department enables Orange County's to better understand members' challenges. During the credit union's original certification, it learned that 61% of its members are low income,

55% are very low income, and 21% are extremely low income, Cisneros says.

“It's our responsibility to make sure we give all of our members the opportunities and the confidence they need to make good financial decisions,” she says.

To meet that responsibility, Orange County's trains staff in credit counseling to improve members' credit scores and assist them through the lending process. “There's a lot of conversation about meeting members where they are,” Cisneros says. “We start there, but these conversations are about taking it to the next level.”

Credit unions also focus on improving employees' financial well-being. Among those efforts is a program at Orange County's to encourage staff to build savings for financial emergencies. It includes a potential bonus for successful savers and access to a line of credit.

The credit union also offers staff education grants and tuition reimbursement.

“In our strategic plan, we talk about our three stakeholders—our members, our associates, and our community—and how it's about all of them working together,” Cisneros says. “They're all equally vital to our success.”

BCU offers employees Financial Health Network assessments and makes financial well-being a part of its benefits plan.

“Our approach to financial well-being is from the perspective of an employer and what financially healthy employees mean to an organization,” says Dryfhout. “We've integrated that value into our culture.”

Abound uses most of the financial literacy content presented in schools and at community events as training modules for staff. Employees also are eligible for financial counseling.

“Helping our team members achieve financial health,” Darabos says, “only improves their ability to deliver service and education to our members.”

Resources

›CUNA:

1. Advocacy resources: cuna.org/advocacy
2. Financial Counseling Certification Program: cuna.org/ficep

›Financial Health Network: finhealthnetwork.org

›National Credit Union Foundation: ncuf.coop

a new world for **advocacy**

BILL MERRICK



Ryan Donovan
CUNA Chief Advocacy Officer

A new world for advocacy

The CUNA-League advocacy team is poised for success in 2022.

Given the wide-ranging events of 2021—the Jan. 6 attack on the U.S. Capitol, the inauguration of a new president, a new party assuming control of both chambers of Congress—Ryan Donovan knew it would be “a new world” for advocacy and credit unions.

“The good news is we were well positioned to succeed in 2021—and we did,” says Donovan, CUNA’s chief advocacy officer. “There’s a lot to be proud of up and down our advocacy agenda.”

He revisits some advocacy wins from 2021, highlights top CUNA-League priorities, and shares how priorities and advocacy approaches may shift in 2022.

Credit Union Magazine: What were some of your advocacy wins in 2021?

Ryan Donovan: It starts with the work we’ve done on the IRS reporting issue.

The prospect of getting an IRS reporting provision out of a major spending bill was daunting. This provision would have required credit unions and other depositories to track and report funds going in and out of accounts above \$600, including breakdowns for cash. It was designed to improve tax enforcement and pay for about a quarter of what began as a \$3 trillion spending bill.

The Democrats in Congress really wanted to pay for this bill, which made it tough to advocate against a big chunk of how they were going to pay for it. We had to make it politically uncomfortable, and that’s what we did with credit unions, leagues, and members sending more than 800,000 messages to Congress.

When the spending bill went to the floor, it didn’t include the provision. We’re not quite out of the woods yet, but we’re confident we’ll be OK.

That in and of itself would be a successful year, but so much else went right for us last year, too. The thought that Congress would consider a \$3 trillion tax bill on top of a \$250 billion spending bill on top of everything spent on COVID without a whisper of changing the credit union tax status is remarkable.

We had a huge win in the Supreme Court on the Telephone Consumer Protection Act, and we had Community Reinvestment Act legislation introduced in Congress that specifically exempts credit unions. We

also got two hearings on a bill that would allow credit unions to do more to serve underserved areas.

Q: Were there any surprises last year?

A: The IRS issue was a surprise. At the beginning of the year, that proposal hadn’t been put on paper and it wasn’t on our radar.

Another surprise has been NCUA’s reaction to some of the impacts COVID has had on credit unions. Many credit unions have seen their capital levels fall because of the government stimulus funds going into members’ accounts.

That indicates NCUA doesn’t have all the tools it needs to help credit unions through what we expect will be a temporary situation.

We have encouraged the agency to ask Congress for tools that would allow them to forbear prompt corrective action for otherwise healthy credit unions whose capital levels have degraded because of government stimulus.

Q: How might your advocacy priorities and approach shift in 2022?

A: Credit unions want us to focus more on preserving their role as financial intermediaries. While fintech companies want to take market share from credit unions and small banks, they’re trying to disintermediate the financial system.

Plus, 2022 is a special election year in that it will take place after redistricting. So, new congressional lines are being drawn. In some cases this will pit members of Congress, perhaps some credit union friends,

Focus

- **The IRS reporting issue** was a major advocacy win.
- **Advocacy efforts** will focus more on preserving credit unions’ role as financial intermediaries.
- **Board focus:** Legislators’ response to credit unions’ focus on financial well-being for all has been both positive and bipartisan.



“By establishing and deepening relationships with our members, we will help them along and give them confidence in not just their current financial situation, but their knowledge and their ability to set up more financially responsible services in the future.”

Lloyd Cockerham,
President & CEO,
Ascension CU



Counsel members while improving CU results

CUNA

Financial Counseling Certification Program

Invest in next-level financial counseling.

Help members get the answers to their financial questions, navigate debt and plan for more promising financial futures. Grow your credit union with the knowledge and skills obtained through CUNA Financial Counseling Certification Program (FiCEP).

You'll learn how to:

- Help members manage their finances
- Build deeper relationships with members
- Attract new members
- Increase product and service revenue
- Reduce bad debt

against each other.

And we've seen a significant number of retirements, so many open seats will be subject to election. The election year will start sooner in some ways, and it may have already started in terms of Congress slowing down its activity.

In 2022, we don't expect Congress to do much more than what's essential to keep the government running. So we need to measure our expectations about what we can accomplish.

Q: How have legislators responded to credit unions' focus on Financial Well-Being for All™?

A: The response has been both positive and bipartisan. The work credit unions do to improve members' financial well-being and advance their communities is the 21st-century way to articulate our mission.

By law, credit unions' mission is to promote thrift and provide access to credit for provident purposes. That's what financial well-being is all about. We get a positive reaction from policymakers when we look at issues through that lens.

One bill we're working on, the Expanding Financial Access for Underserved Communities Act, would allow federally chartered credit unions to serve underserved areas and would exempt business loans made in underserved areas from the member business lending cap.

It also expands the definition of "underserved area" to include any location that is more than 10 miles from the branch of a depository institution.

We want to make sure credit unions can serve the nation's rural banking deserts. We've had a positive reaction on this legislation from both sides of the aisle in ways we haven't seen in the past.

House Democrats put it forward in two congressional hearings, which set us up nicely to try to move it through the Financial Services Committee so it could be included on a must-pass piece of legislation. And this would be a free-market alternative to postal banking, which attracts Republican support and helps us in the long term.

Q: What are the prospects for credit union charter enhancements in 2022?

A: This underserved bill would be part of that, and we've been working on a couple of other bills, too. One is the Credit Union Governance Modernization Act, which would make it easier for federal credit unions to expel disruptive members. That moved through the House Financial Services Committee recently.

We also have legislation to increase the maturity limit of federal credit union loans. We'll try to get these bills as far as we can, let them ripen, and attach them to must-pass legislation.

"Ripening" starts with having the right sponsors for the legislation, taking it through the committee process, and getting a good vote. Getting legislation through the House Financial Services Committee on a voice vote is as strong a message you can get that a bill is not controversial.

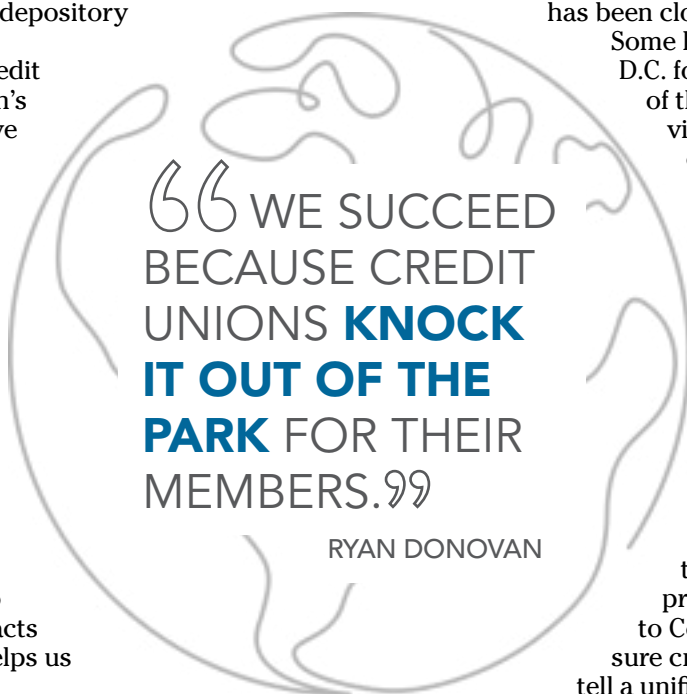
Q: In what new ways will you tell the credit union story?

A: There's a huge temptation to say, "if it ain't broke, don't fix it." But any good advocacy strategy is subject to evolution. We've had a lot of success with our 360-degree advocacy, and there's no reason to back off it.

We want to determine the best way to advocate in a post-pandemic environment. The Capitol has been closed for almost two years. Some leagues brought folks to D.C. for Hike the Hill, but much

of that work is still done virtually. We'll have a bunch of credit union advocates in Washington for the CUNA Governmental Affairs Conference (GAC), and we'll be engaging with lawmakers. But it will look and feel much different than it has in the past.

It's a question of what we need to change to meet lawmakers and policymakers where they are while we're presenting the best message to Congress. We want to make sure credit union advocates tell a unified story and that we're



advocating in close partnership with our state leagues. None of that needs to change.

The pandemic closed the Capitol, but that's not what's keeping it closed. There are significant security concerns following the events of Jan. 6, 2021, and that's the key driver in why it is extraordinarily difficult to get into the Capitol or the Capitol office buildings.

Before the pandemic, congressional offices operated similarly in that they accepted meetings from constituents, were excited to see them, and would put 20 people in a room designed for three. It was an open and welcoming environment.

In 2022 and beyond, some congressional offices will prefer to meet virtually, limit the number of people who come into the office, or hold meetings off the Capitol campus. That will affect our short- and long-term advocacy.

Q: What would advocacy success look like at the end of 2022?

A: I would like to advance our charter enhancements or at least get some bills a little further through the process, if not into law. That sets us up nicely for the next Congress and gives us a running head start.

The first year of [President Joe] Biden's administration from a regulatory perspective has been slower than we anticipated—there haven't been many new rules proposed or issued that are detrimental to credit unions. Keeping that pace slow would be success.

Q: Do you expect many consumer-related regulations to arise?

A: Yes, that's one of the bigger threats to credit unions and how they serve members. We are the original consumer financial protectors. We're member-owned, which imparts a lot of consumer protections.

It becomes complicated when you have bureaucrats in Washington constantly changing the rules. Overdraft protection, for example, is something members opt into and that credit unions provide fairly. When you make it more complicated and add rules to it, you make it more difficult to provide.

That's a specific concern we have, but it's thematic of our broader concern with changes in consumer protection regulation. When the Consumer Financial Protection Bureau (CFPB) was created, we were told it wouldn't have any impact on credit unions. We knew that wouldn't be the case because anytime a rule is changed it impacts credit unions.

When credit unions must spend more money to comply with rules coming out of Washington, they're providing fewer resources to members.

We have a new CFPB director. As he gets his feet under him, I expect a more robust rulemaking agenda.

Overdraft litigation is a big threat because it can set policy through the courts as opposed to the regulators or Congress.

Another threat comes from NCUA. It has to do with Chairman Todd Harper's desire to raise the normal operating level of the share insurance fund significantly higher than Congress thinks it ought to be.

Congress has said clearly it should be at 1.3% of insured shares. Chairman Harper has indicated he wants the authority to take it much higher than that. Again, that's literally taking money out of credit union members' pockets. It's misguided and unnecessary.

Q: How did bank attacks change during 2021 and how will they evolve in the months ahead?

A: They haven't evolved much. As best as I can tell, their strategy is to throw spaghetti at the wall and see what sticks.

They reflexively oppose every charter enhancement or charter normalization bill we put forward, wanting us to operate like it's 1934 when the banking industry doesn't look anything like it did in 1934—or even 10 years ago. A natural evolution needs to take place with any charter.

We succeed because credit unions knock it out of the park for their members. When we share what credit unions are doing, policymakers understand the credit union tax status is one of the best investments they make on behalf of their constituents.

We're in a good place because we're fulfilling our mission, improving members' financial well-being, and advancing the communities we serve. That's the essence of the tax status.

Q: What do you look forward to most about GAC?

A: Seeing people. The 2020 CUNA GAC was one of the last normal things we did before the pandemic. I'm hoping it will be one of the first normal things we do in the post-pandemic environment.

Resources

›Advancing Communities:
advancingcommunity.com

›CUNA:
1. CUNA advocacy resources: cuna.org/advocacy
2. CUNA Governmental Affairs Conference:
cuna.org/gac



CUNA

Credit Union Directors

NEWSLETTER

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- Relevant industry research
- Tips to grow your leadership skills
- Strategic insights and takeaways to grow your credit union

“

Credit Union Directors Newsletter provides you with enough information to keep you informed on trends and developments in the credit union world.

Benita Neely
Director, Bridge CU

ADVOCACY

ARMY

TAKES CHARGE

BROCK FRITZ



Advocacy army takes charge

iStock

Board advocates make a big impact with lawmakers.

It's easier to rally people when they have a shared connection. That was readily apparent when the White House proposed increased IRS reporting for financial institutions in 2021 and the advocacy army sprang into action.

Formed in 2018 to help tell credit unions' story and add another dimension to advocacy efforts, the advocacy army played a role in sending more than 800,000 emails to Capitol Hill to oppose a provision requiring financial institutions to report transaction activity to the IRS.

The proposal would have required financial institutions to report account inflows and outflows of more than \$600, which CUNA considered an unprecedented overreach of the federal government that also would have created numerous cybersecurity concerns.

CUNA and the leagues issued an action alert in September calling on advocates to comment on the proposal. This led to the biggest campaign in the history of CUNA's Member Activation Program (MAP), with more than 175 credit unions using the email and social media resources the program provides to engage members in advocacy.

"It's definitely the largest grassroots push for the credit union movement since the days of Don't Tax My Credit Union. But as far as the rate of activation and how quickly we generated contacts, it was quicker," says Adam Engelman, CUNA's director of federal and grassroots programs. "This shows the work we've been doing to strengthen MAP and build relationships with these credit unions."

CUNA President/CEO Jim Nussle also credits the CUNA-League advocacy team's 360-degree advocacy, as well as the fact that some issues resonate more than others. The IRS provision struck a chord with credit union professionals, members, and directors.

"There was more media coverage on this specific provision, and a lot of members were asking tellers

about it," Engelman says. "We provided talking points so people could educate their staff when they'd get questions or calls from their members."

Credit union professionals, board advocates, members, two letters from House Republicans, and a letter from House Democrats delivered the message that they opposed the provision.

The White House removed the language, which was part of the Build Back Better Reconciliation Bill, in late October. The House passed the bill in mid-November without the IRS language.

"That was a massive success for everyone," Engelman says. "It wouldn't have been possible without credit unions responding, getting active, and talking to their members about this."

Qualities of an advocate

The advocacy army played a big role in defeating the IRS provision, and it plays a major role in all advocacy efforts. As constituents who are deeply committed to credit unions and who serve without pay, directors

Focus

- › **Improved communication** creates credit union awareness, improves financial well-being, and fosters advocacy groups that can lead the credit union movement into the next generation.
- › **The advocacy army** helped send more than 800,000 emails to Capitol Hill opposing a 2021 provision that would have required increased IRS reporting.
- › **Board focus:** Advocating and encouraging director advocacy can lead to a connected team of credit union supporters regionally and nationally.

make a big impression on legislators when delivering advocacy messages.

Gary Chizmadia, board chair at \$421 million asset Credit Union of New Jersey in Ewing, N.J., has been an advocate for about 15 years. He is heavily involved in the CrossState Credit Union Association and frequently talks to senators and representatives over the phone and during the CUNA Governmental Affairs Conference (GAC) in Washington, D.C.

Chizmadia says advocacy means explaining that credit unions are here to stay, they're here to assist people, and they need lawmakers' support.

"It's about getting involved, jumping in, and doing whatever needs to be done," he says. "When I bring a new person on the board, I don't really care what they know or don't know. My main thing is passion."

The advocacy army focuses directors' passion and energy in the right direction by arming them with information and talking points.

"A lot of times representatives want to hear what directors have to say more than professionals," Chizmadia says. "Directors have a story and they're not getting paid."

Engelman agrees credit union directors and members can make a bigger impact with legislators. He believes the advocacy army has improved CUNA's efforts to collect member stories and use them to advocate for credit union priorities.



The next generation

Chizmadia would like more board members to participate in advocacy, especially younger people.

CUNA is working to find the next generation of credit union advocates, and has developed Young Professional Advocacy Workshops that address advocacy basics and the importance of building relationships with state and federal lawmakers. They also include interactive advocacy role playing.

Engelman believes this training has helped board members understand the importance of advocacy and their role as credit union leaders.

"If we don't tell our story, someone else will," Engelman says. "And they might not be doing it with good intentions."

Directors don't need to be experts on legislative and regulatory issues affecting credit unions, he adds. CUNA and the leagues can explain how legislation may affect credit unions and how advocates can make a difference.

Successful advocacy is about getting involved in different organizations, reaching out, and talking to people within the industry, Chizmadia says. It's about building relationships with other directors, members, credit union professionals, senators, and representatives.

"You have to keep working at it and treat lawmakers like normal people," he says. "I grew up in a semipolitical family. We'd have lawmakers from all over come over and we'd talk. If I needed something, I'd just pick up the phone and call."

Open communication

Communication shouldn't just take place with lawmakers; it must occur between credit union advocates.

MAP plays a key role in disseminating information,

“IT'S ABOUT GETTING INVOLVED, JUMPING IN, AND DOING WHATEVER NEEDS TO BE DONE.”

GARY CHIZMADIA

5 ISSUES TO WATCH

Adam Engelman, CUNA's director of federal and grassroots programs, identifies five issues that will take center stage in the months ahead:

1. Overdraft protection. CUNA doesn't support broad new regulation of overdraft services that would limit the ability of credit unions to serve members under financial distress. Overdraft protection services are more consumer-friendly than alternatives such as payday, illegal offshore, or online loans.

2. Cryptocurrency. Cryptocurrencies such as bitcoin continue to grow more popular with consumers, leaving financial institutions to decide whether they want to participate in this space and how to do so.

3. Banks selling assets to credit unions. CUNA President/CEO Jim Nussle has asked the Senate Banking Committee to dismiss objections to banks selling branches and other assets to credit unions. The practice provides communities with a not-for-profit financial cooperative; consumers with a responsible, trustworthy financial institution; bank owners with a buyer for their business; and credit unions with growth and expanded services.

4. Political action committee (PAC) involvement. The credit union movement continues to develop relationships with PACs that raise money to support political candidates who champion credit union causes. The Credit Union Legislative Action Council (CULAC) raised more than \$2.4 million in 2021.

5. Interchange fees. CUNA is working to maintain the credit interchange system. Interchange fees help financial institutions cover the risks involved with electronic payments.



Adam Engelman

providing advocates with social media resources that resonate with members.

Chizmadia connects with fellow advocates to discuss national and regional issues, creating a network of passionate credit union leaders.

Increased communication was crucial in March 2021 during the CUNA GAC, which was fully virtual due to the pandemic. While this made it impossible to meet in person with lawmakers, it became easier for volunteers to let their voices be heard.

“Logistically, it’s so much easier to attend a meeting with your lawmaker via Zoom than flying to D.C.,” Engelman says. “We’re getting higher attendance with Zoom meetings in general, and more volunteers have been participating in these calls.”

Chizmadia and his associates in the advocacy army are ready to advocate on behalf of what they believe

in.

“You can’t rest on your laurels because every time you turn around there’s an issue that may affect the industry,” he says. “If you want something to happen, jump in there and do it.”

Resources

›CUNA:

1. Advocacy resources: cuna.org/advocacy
2. Board and committee solutions: cuna.org/board
3. Member Activation Program: cuna.org/map



Cheryl DeBoer
President/CEO
Advia Credit Union



Marshall Boutwell
President/CEO
Peach State Federal Credit Union

HERE'S TO HEROES

BROCK FRITZ, RON JOOSS, BILL MERRICK, JENNIFER PLAGER

Here's to heroes



Robyn Cousin
Board vice chair
Affinity Plus Federal Credit Union

2022 Credit Union Heroes lift underserved populations, give voice to those in need, elevate their communities, and form powerful partnerships.

Heroes come from all walks of life and wear many uniforms—including business casual.

Credit Union Magazine's 2022 Credit Union Heroes radiate credit union philosophy and demonstrate an extraordinary commitment to members and community service. They lift underserved populations, use their voices to advocate for those in need, elevate their communities, and form powerful partnerships.

Help us select the 2022 Credit Union Hero of the Year, sponsored by Symitar. Read these profiles and visit news.cuna.org/cuhero to vote for your favorite by March 18. We'll announce and honor the winner in our future online coverage.

'If it makes sense, we do it'

Marshall Boutwell used to define himself by his mili-



Mary Ann Pusateri
CEO
Partnership Financial Credit Union

"WHAT'S *best* FOR YOUR MEMBER IS ULTIMATELY *best* FOR YOU."

MARSHALL BOUTWELL

Here's to heroes

tary service. Now, the 74-year-old defines himself by the work he does at \$775 million asset Peach State Federal Credit Union and those the Lawrenceville, Ga., credit union has helped.

Boutwell's U.S. Army service in Vietnam—where he served as a reconnaissance pilot and received the Distinguished Flying Cross, Bronze Star Medal, Purple Heart, 12 Air Medals, and the Vietnamese Cross of Gallantry—set him up to succeed in the credit union movement.

He also credits support from Peach State Federal's board for the credit union's growth from \$14 million in assets in 1994 to an institution with more than 200 employees and 72,000 members across 24 branches in Georgia and South Carolina.

"We focused on serving members and the growth kept coming," Boutwell says. "We're always looking for better ways to serve members and position ourselves. We don't have a significant marketing budget because we spend our marketing dollars giving back to the community."

Peach State Federal has provided more than \$1.7 million in scholarships to high school students, while also offering scholarships to members engaged in career advancement.

The Peach State C.A.R.E.S Foundation has donated more than \$950,000 to charitable organizations, school systems, and local art programs, while Boutwell and his wife, Lee, created the Lee and Marshall Boutwell Veterans Scholarship Fund in 2015.

Boutwell's credit union honors include being inducted into the Credit Union House Hall of Leaders in 2013 and earning the Moses C. Davis Lifetime Achievement Award in 2015.

Among Boutwell's proudest achievements is his role in the Georgia-Poland partnership, which links credit union executives from Georgia with those in Poland. In 2021, Boutwell received the Knight's Cross of the Order of Merit—the highest award Poland gives to noncitizens.

His experience there led Peach State Federal to reach out to a typically underserved group: Bosnian refugees who settled in the area.

"Our policies were inhibiting our lending to this group because they didn't have a credit history or they had a thin credit file," Boutwell explains. "So we changed our policies to guidelines, which implied to my lenders and underwriters that they should listen to their stories and make judgment calls. If it makes sense, we do it."

Peach State Federal eventually hired a member of the Bosnian community to translate. Soon after, a woman told Boutwell, "I want to work for you because of what you're doing for my people." She's still a

branch manager at the credit union.

This type of outreach is exactly what Boutwell believes credit unions should pursue. "We are here to serve people who need us and be a trusted adviser," he says. "Do the right thing and that will serve you well. What's best for your members is ultimately best for you."

The power of a voice

Robyn Cousin's voice is a powerful tool, and she uses it to make a difference and advocate for those who need it most.

"I can influence the direction and the vision of what we do from wherever I am with my voice," says Cousin, board vice chair at \$3.5 billion asset Affinity Plus Federal Credit Union in St. Paul, Minn. "I use any opportunity to be a voice for those who aren't at the table."

When she joined the Affinity Plus Federal board in 2016, her goal was to be the "voice for the disenfranchised," not only people facing racial and income disparities but those lacking financial well-being.

The board began examining policies, procedures, and services offered during strategic planning sessions to tackle these issues. Then, George Floyd was murdered in May 2020.

"That murder and the conversation it triggered

"I USE ANY
opportunity
TO BE A
voice FOR
THOSE WHO
AREN'T AT
THE TABLE."

ROBYN COUSIN

opened up, in a more amplified way, not only the challenges but the opportunities that were before us,” Cousin says.

The credit union wanted to respond but knew its response needed to recognize that people had different levels of experience and understanding of the events that had just happened. Affinity Plus Federal CEO Dave Larson reached out to Cousin—who lives a few miles from where the murder took place and had a community connection to Floyd—for her input on how to respond.

The result was a board statement centering on the themes of equity and inclusion while addressing what took place.

“A lot of organizations were coming up with statements,” Cousin says. “We wanted it to be significant and embedded in our core, our culture, our policies and practices, our services, and our inclusion and commitment.”

Creating a sense of community and belonging was key, and Cousin says it’s something Affinity Plus Federal continues to do today. The credit union highlights these efforts in its first Diversity, Inclusion, and Belonging report, which describes actions—big and small—that have had an impact.

The work isn’t done, and Cousin will continue to use her voice. “The future is volatile, but it has so many opportunities,” she says. “If we stay where we are, we risk everything. We need to be open to possibilities and nimble enough to grasp them.”

Elevating communities

When Cheryl DeBoer sees members making sacrifices to get ahead, she understands the pressure they’re under.

DeBoer’s credit union career began as a greeter in Michigan’s Credit Union Service Centers in the 1970s. “I was too young to work as a teller,” she recalls.

In the years that followed, she remained dedicated to her career, as well as her education and family. As a single mother she raised a daughter and earned her bachelor’s, master’s, and law degrees on nights and weekends.

Her hard work paid off. In 2004, DeBoer became president/CEO of Advia Credit Union in Kalamazoo, Mich., leading its growth from \$273 million to \$2.6 billion in assets today.

She remains dedicated to credit union ideals. “Foundationally, credit unions are about people helping people. To us that means helping members achieve a better position tomorrow than they are in today. And since that differs by the person, we design our products with the entire membership in mind.”

“WE WANT TO
elevate OUR
COMMUNITIES
THE SAME
WAY WE
elevate OUR
MEMBERS.”

CHERYL DEBOER

As a community development financial institution, Advia dedicates 60% of its lending activity to low- and moderate-income communities.

“I remember being a single parent in need of money to pay off debt,” DeBoer says. “It’s a difficult situation. And I remember a credit union helping me. So yes, we do small loans when people need a water heater or have other emergency needs. And we have a team ready to help those members establish budgets and get on the right track financially.”

DeBoer commits to helping the entire membership thrive. For example, Advia’s Advantage Plus checking rewards feature fee reimbursements, high yields, and loan rate discounts up to 1%. When members transfer higher-rate loans to Advia, their average savings is \$3,000.

Advia’s generosity extends to the communities it serves. Through its foundation, the credit union donates \$300,000 each year to community causes and organizations.

“We want to elevate our communities the same way we elevate our members,” DeBoer says. “We find many ways to do that: scholarships, financial literacy, helping startup businesses, and feeding people. This also provides great opportunities for our employees to be involved and volunteer their time to worthy local

“GET
INVOLVED IN
everything
AND
anything
YOU CAN.”

MARY ANN PUSATERI

causes. We’ve grown through the years, but we will always be local to the communities we serve.”

Powerful partnerships

While the financial services industry has changed immeasurably since Mary Ann Pusateri joined it 33 years ago, one constant remains: her focus on member service.

“I still answer the phone and will take any member’s call,” says Pusateri, CEO at \$362 million asset Partnership Financial Credit Union in Morton Grove, Ill. “We attend to members right off the bat.”

This consideration extends to her credit union colleagues, too. Pusateri and area credit union CEOs formed a lunch group years ago where they’d meet every other month to talk shop, network, and socialize.

“As time went on, everyone got older and everything got harder, from complying with regulations to hiring people to being able to pay for things,” she explains.

Three of her peers wanted to retire but feared leaving would lead to their small credit unions being merged out of existence—and some staff losing their jobs. Pusateri suggested another option: partnering rather than merging.

The four CEOs considered the best each of their credit unions had to offer—loan products, interest rates, health benefits—and combined these

elements into one credit union. “The idea was that every employee would keep their job, benefits, and seniority,” Pusateri says. “The CEOs stuck around until they were satisfied the concept would work.”

It was a true partnership—thus the name of the new Partnership Financial, founded in 2014 when the former Niles Township Schools, New Trier Federal, VAMCO, and Barrington Area Educators credit unions combined in members’ best interests.

Since that time, other credit unions have joined the partnership, says Pusateri, who ran the former Niles Township Schools Credit Union.

“We saved a lot on the economies of scale by having one health insurance plan instead of four and paying for one bond and one audit,” she says. “It allowed us to create a better website and buy a better mobile banking app and home banking system. Most of the savings went back to members.”

Pusateri also started a women’s leadership group “disguised as golf.” Many in the group had never golfed, so the meetings included lessons and information on golf etiquette, followed by a team scramble format. After golf, they would hold an educational meeting.

The group also has an annual charity fundraising event. Last year, it raised more than \$14,000 to fight acoustic neuroma, which affects one of the group’s members.

“The idea was to empower women to network,” she says. “Many women are intimidated by networking, but it’s a chance to learn something new. You have so many more opportunities by doing that.”

That’s why she advises new credit union leaders to meet their peers and “get involved in everything and anything you can.”

“I’ve learned from folks who’ve been on the job for one year and from those who’ve been around for 50 years,” Pusateri says. “I’ve learned from folks who run \$1 billion credit unions and those who run \$10 million shops. Through networking you’ll be tested and you’ll grow as a person.”

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CREDIT UNION HERO OF THE YEAR



Marshall Boutwell
President/CEO, Peach
State Federal Credit Union



Robyn Cousin
Board Vice Chair, Affinity
Plus Federal Credit Union



Cheryl DeBoer
President/CEO,
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Mary Ann Pusateri
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FED

TO

SHIFT

monetary policy

DAWIT KEBEDE

Fed to shift monetary policy

The Federal Reserve's tapering of Treasury and mortgage-backed securities will lead to higher interest rates.

The Federal Reserve has a dual mandate granted by Congress to promote maximum employment and price stability. Traditionally, the primary tool employed to achieve these objectives has been the use of the federal funds rate, also known as the short-term nominal interest rate.

When the economy is weak, the Fed lowers the short-term interest rate to stimulate investing and consumption. It raises this rate when the economy recovers and prices start to rise.

The agency conducts monetary policy by buying and selling short-term Treasury securities to maintain its targeted short-term nominal interest rate. When the Fed buys short-term securities it expands the monetary base, which lowers short-term interest rates.

This impacts the prices of different assets, including stocks and exchange rates.

High stock prices lead to more business investment and consumption. Lower exchange rates make U.S. goods more competitive in the international markets, which increases exports. That's how the Fed uses monetary policy to stimulate the economy.

During the Great Recession, however, this traditional monetary policy was insufficient to turn around the declining economy. The Fed lowered the short-term interest rate close to zero, but the economy was still weak.

The rate reached the "zero lower bound" and could not go lower. Therefore, the Fed resorted to another tool to stimulate the economy: the purchase of large-scale assets, also known as quantitative easing.

This practice stimulates the economy through its effect on long-term interest rates. It also changes the relative supply of assets available for investors.

Quantitative easing during the pandemic

The coronavirus pandemic caused the largest decline in economic activity since the Great Recession. Second-quarter gross domestic product in 2020

declined at an annualized rate of 33%, and 22 million people lost their jobs in March and April of that year.

The unemployment rate reached a peak of about 15%, consumer spending declined more than 20%, and prices plummeted.

The Fed responded to this crisis by employing the tools it has at its disposal to mitigate the pandemic's damage to the economy. Among other measures, it cut interest rates, provided forward guidance about its plans for interest rates, and restarted its program of purchasing large-scale assets, specifically Treasury securities and agency mortgage-backed securities (MBS).

First, the Federal Open Market Committee (FOMC) announced it would cut the federal funds rate by one-half of a percentage point on March 3, 2020, to support maximum employment and price stability.

On March 15, 2020, it announced it would further cut rates by one percentage point to zero lower bound, which effectively exhausted its traditional monetary policy response.

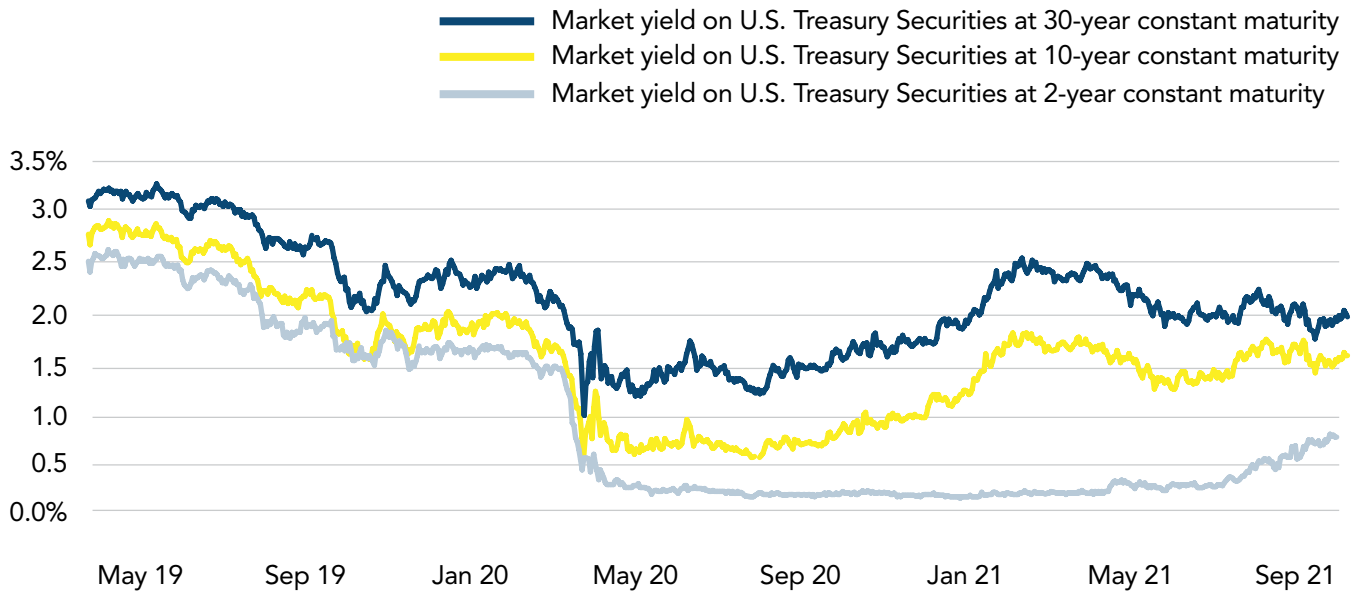
It simultaneously introduced forward guidance and indicated it would increase its holding of Treasury and MBS by \$500 billion and \$200 billion, respectively, in the following months.

The FOMC announced it would purchase \$75 billion

Focus

- › **Quantitative easing** during the pandemic stimulated economic growth.
- › **The Federal Reserve** will end its quantitative easing program in March 2022, and may raise the federal funds rate three times in 2022.
- › **Board focus:** The Fed's decision will result in higher yields on long-term securities and rising borrowing costs for consumers.

Treasury market yields



Source: Federal Reserve

in Treasury securities and \$50 billion in agency MBS each business day during the week of March 23, 2020. It has since made these purchases with varying amounts and frequency.

The FOMC announced it will end this program by the end of March 2022 as inflation soared to a 40-year high.

Economic growth and interest rates

There are two main channels through which quantitative easing affects interest rates and stimulates economic growth: signaling and portfolio rebalancing.

The Federal Reserve sends a signal to markets about the future path of the federal funds rate through its forward guidance, clearly communicating its policy about what it will or will not do.

In addition, it shows credible commitment to keep interest rates low by purchasing a large quantity of assets. Investors know that if the Fed raises interest rates while holding these assets, it will lose money on them.

This sends a powerful signal, which lowers the yield

on all bonds with effects depending on bond maturity. The impact will be larger on intermediate maturity bonds compared to long-term maturity bonds.

This is because the Fed's commitment to keeping rates low will last only until the economy recovers, at which point it will sell the accumulated assets. ("Treasury market yields").

Quantitative easing also impacts the economy and rates through a mechanism known as portfolio rebalancing.

When the Fed purchases large-scale assets, it reduces the size of securities the private sector holds and increases the amount of short-term, risk-free bank reserves.

The Fed does this by bidding up the price of these assets, which lowers the expected return.

Treasury securities have a term premium. This premium is associated with holding assets with a long duration and the interest-rate risk that comes with it.

It represents an additional return investors want to have for accepting fixed long-term yields.

And it must be above the average of expected future

short-term interest rates.

The Fed's purchase of a large quantity of these long-duration assets reduces the risk and should lower the premium to hold that risk.

This portfolio rebalancing not only reduces the yield on the long-term assets being purchased, it also spills over to yields of other assets.

Low prospective returns on Treasuries and agency MBS lead investors to shift some of their portfolio to other assets, such as corporate bonds and equities, bidding their prices up.

Individual borrowers will find interest rates on long-term loans such as mortgages lower than they would otherwise be.

This explains why 30-year, fixed-rate mortgages were lower during the pandemic, resulting in refinance boom ("Average 30-year, fixed-rate mortgages").

The value of assets held by households and firms will also be higher.

The Federal Reserve will end its quantitative easing

program in March 2022. It is also expected that there will be three federal funds rate hikes this year.

As a result, the yield on long-term securities and borrowing costs for consumers will also start to increase.

DAWIT KEBEDE is senior economist for Credit Union National Association. Contact him at 608-231-5791 or at dkebede@cuna.coop.

Resources

›CUNA:

1. Credit union and economics data: cuna.org/economics
2. Finance Council: cunacouncils.org

Average 30-year fixed mortgage rates



Source: Federal Reserve

Fed to shift monetary policy

pandemic *raises* legal *hurdles*

MICHAEL GOTZLER AND NINA NEFF

Leaders continue to navigate a fraught and uncertain employment law landscape.

The coronavirus crisis has fundamentally changed how we work. After almost two years of living in a pandemic, employers and employees are navigating a “new normal” in which it appears the COVID-19 virus may be with us for some time.

Variants, including delta and omicron, threaten to compromise the progress we have made against the

Focus

- › **Employment law challenges** center around remote work, vaccination and testing requirements, leave, and return-to-work issues.
- › **Infection-mitigation measures** in some jurisdictions are prohibited in other areas.
- › **Board focus:** Review vaccination policies to evaluate risks and compliance with state and federal laws.





deadly virus. This means credit union leaders must continue to navigate a fraught and uncertain employment law landscape.

Here are some issues to watch. Note, however, that this list is far from exhaustive and the compliance picture changes daily as new orders, regulations, and legislation emerge to address the coronavirus and associated employment issues.

“

**BEWARE THE
'WANDERING
WORKER' ISSUE,
WHERE REMOTE
WORKERS RELOCATE
AND ARE GOVERNED
BY NEW STATE AND
LOCAL LAWS.**

”

Remote work

Credit unions that have exempt employees working remotely must be alert to the importance of accurately tracking when nonexempt employees start their work, take breaks, and end all work-related tasks for the day.

Also, beware the “wandering worker” issue, where remote workers relocate and are governed by new state and local laws.

Employers must know when and where their employees are working so they can properly monitor legal compliance as the back pay liability associated with noncompliance can be substantial.

Local laws governing who pays for the equipment needed to work from home is another area of potential exposure.

Although the Fair Labor Standards Act governs the employer’s minimum obligations under federal law, employers operating in jurisdictions where local law

conflicts with federal law must provide employees with the greatest benefit offered under each law.

Vaccination requirements

The federal government has promulgated several vaccination requirements. These include the Federal Contractor Executive Order (E.O. 14042), the Occupational Safety and Health Administration (OSHA) Healthcare Emergency Temporary Standard, the Centers for Medicare & Medicaid Services Interim Final Rule, and—most significantly for private employers—the OSHA Emergency Temporary Standard governing entities that employ at least 100 workers.

In January, the Supreme Court stayed the OSHA Emergency Temporary Standard, ruling the agency has the authority to establish workplace safety standards but not broad public health measures.

However, employers must continue to navigate a dizzying array of new state and local laws governing vaccination requirements.

Some laws aim to require vaccinations while others strive to curb employers’ ability to mandate vaccines. This means multi-jurisdictional employers are in the difficult position of attempting to comply with multiple, often contradictory laws.

We’re seeing new laws, regulations, or executive orders on vaccination requirements each week, and at least 11 states have laws limiting employer-mandated vaccination requirements. Such requirements also trigger equal employment opportunity obligations for employers to reasonably accommodate those who cannot be vaccinated because of a protected characteristic.

We are seeing an increase in discrimination claims brought in relation to vaccine requirements, and we expect those will continue to rise. To further complicate matters, state anti-discrimination law can create additional protected categories. Montana, for example, has designated vaccination status itself as a protected characteristic.

Certain incentives employers have used to encourage vaccination—such as offering a health insurance credit to those who voluntarily become vaccinated, permitting only vaccinated workers to come into the office, or permitting only vaccinated workers to forgo testing and masking—are newly impermissible under some state laws.

Consider arranging for a privileged review of your vaccination policies to evaluate compliance and potential risk. Many credit unions will have to make difficult, business-specific decisions about how much risk, and what type of risk, is tolerable.

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COVID-19 testing

The OSHA rule for private employers, unlike the Federal Contractor Executive Order, allows employers to give employees the option of either becoming vaccinated or submitting to a minimum of weekly COVID-19 testing.

For some employers, this offers a potential avenue to comply with both the federal law (if it comes into

effect) and many (but not all) state laws. However, it also presents significant costs, administrative burdens, and uncertainties.

Employers generally will be required to pay for the time spent testing, which can raise the possibility of unwanted overtime costs and the specter of the “continuous workday” problem.

That’s when employees who test at home and then

DEVELOP A RISK, SAFETY, AND COMPLIANCE STRATEGY

Credit unions will do well to develop a cohesive, intentional strategy for responding to the ongoing employment law challenges posed by a prolonged pandemic.

According to Littler Mendelson, such a strategy should address these questions:

- › **What** is our safety philosophy?
- › **In which** jurisdictions do we employ workers?
- › **Do we know** specifically where our remote employees are working?
- › **Is it possible** to develop a single COVID-19 safety policy, or should we develop different policies for different jurisdictions and segments of the workforce?
- › **What** is the potential risk exposure associated with various policies?
- › **What** is our philosophy and what are our legal obligations with respect to health and temperature screenings, masking and social distancing, and permitting or requiring remote work, COVID-19 testing, COVID-19 vaccinations, and record keeping?
- › **Are we aware** of the relationship between COVID-19 response policies and local, state, and federal equal employment opportunity laws?
- › **Have we conducted** an audit of our wage, hour, and leave policies and procedures?
- › **How can we develop** a set of policies that are sustainable if the pandemic continues to present legal challenges for the foreseeable future?

commute to work must be paid for their commute time.

Whether to pay for the tests, which can rapidly become a huge source of overhead, will depend on which jurisdictions the employer operates in and the exact parameters of the employer's policy.

Return to office

As the world evaluates the risks posed by the omicron variant and increasing case counts, employers must decide whether to allow a return to in-person work or require masking, social distancing, and testing or vaccination.

These decisions will depend on the requirements of federal, state, and local laws, as well as the individual employer's views on risk and safety. Employers should also consider the possibility—required in some jurisdictions—of mandating daily health and temperature screenings.

The law firm Littler Mendelson tracks the various jurisdiction-specific infection-mitigation steps required of employers on its website.

Mitigation measures in some jurisdictions—such as the requirement in Los Angeles that businesses require proof of vaccination as a condition of entry—are prohibited in other jurisdictions.

Coordinating with employment law counsel will help credit unions evaluate which jurisdictions require or prohibit various mitigation measures. Many jurisdictions, and certain federal provisions, have special record-keeping requirements related to COVID-19.

Paid and unpaid leave

COVID-19 has created many new reasons employees might have to be absent from work, including illness from the virus, the need to quarantine after exposure, obligations to care for family members who have contracted the virus, inability to access child care because of school or day care closures, medical complications related to lasting symptoms from COVID-19 (i.e., long COVID), and time to obtain a COVID-19 vaccination or test.

These issues implicate the Family and Medical Leave Act, the Ameri-

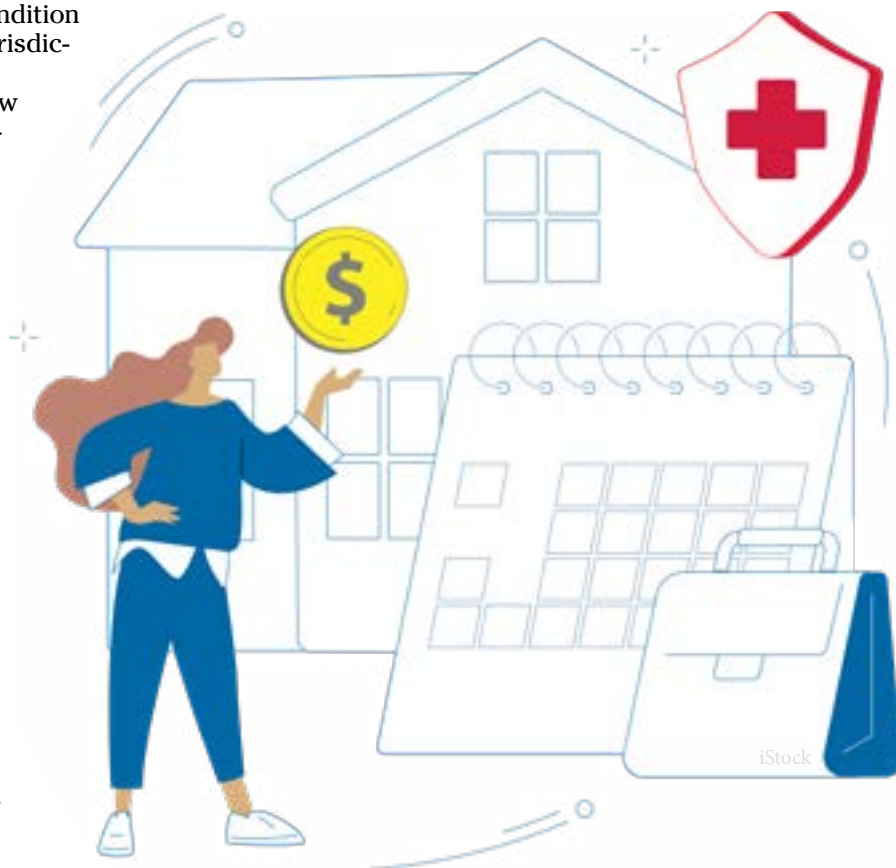
cans with Disabilities Act, state and local leave and disability laws, and employer leave policies. After the federal Families First Coronavirus Response Act expired, along with its requirement that employers provide paid sick leave, state and local legislation emerged that created either temporary or permanent paid leave obligations for employers.

Many jurisdictions have added extended paid leave laws to respond to the pandemic, while others have authorized permanent paid leave requirements. In November 2021, the District of Columbia adopted a law requiring employers to pay for the time employees spend receiving a COVID-19 vaccine.

If the OSHA private employer rule is implemented, it will also mandate paid leave for vaccination and recovery from vaccination.

Employers must be aware that even after an employee has exhausted unpaid and paid leave, they may still be entitled to unpaid leave as a reasonable accommodation to, for example, recover from long COVID.

The Equal Employment Opportunity Commission



says this condition may rise to the level of a disability under the Americans with Disabilities Act.

Labor market

The combination of a tight labor market, inflation, and pandemic-induced occupational risks for public-facing workers has driven an increase in worker demands on everything from wages to paid sick leave to masking and vaccination policies.

Bloomberg reports that in fall 2021, more than 100,000 workers nationwide agreed to work stoppages.

Employers should anticipate the possibility of renewed bargaining from union-represented employees, collective demands from unrepresented employees, and increased support for unionization.

Gallup, which has tracked public support for unions since 1936, reports that unions had a higher approval rating—68%—in 2021 than at any time since 1965.

Although the ever-expanding network of legal challenges related to COVID-19 is daunting, employers who proactively consider these issues now and develop a legally compliant strategy for dealing with our current crisis will be well-positioned to succeed in the long term.

MICHAEL GOTZLER is a shareholder and **NINA NEFF** is an associate at Littler Mendelson. Visit littler.com.

Resources

- › CUNA compliance resources: cuna.org/compliance
- › Littler Mendelson: littler.com

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A timely lesson

Members will pay a premium for speed and convenience.

If COVID taught us anything, it's that we're sloths.

I'm not talking about a regular sloth you'd find at the zoo but one so lethargic it outsourced the chewing of bamboo to somebody else.

Many of us don't even make our own food anymore. We outsource that chore to a restaurant on the internet, delivered by a guy in a 1995 Ford with a broken muffler. The extent of culinary effort is opening the air fryer if the food arrives cold.

There are other examples, too:

1. Grocery shopping has been reduced to pulling into a stall at the store and waiting for a harried worker to come out and try to fit your groceries in the trunk you never cleaned out.

2. Doctor visits now involve your phone camera, 30 minutes, and an interruption by a child or animal—sometimes both.

3. Work attire no longer precludes jammies.

But let's look at getting a loan. It's an important financial decision for consumers, right? So they obviously take a great deal of time to get the best value from their credit union, right?

Sorry, had to pause. Just spit out my coffee.

The answer is, "it depends." The larger the amount, the more people will commit to finding the best deal.

For many credit unions, however, "Buy Now, Pay Later" retail financing programs are replacing small-dollar personal loans and credit cards.

A large retailer I won't name (we'll call them "Wally World" or "The RV Hangout") offers such a program online. When you purchase certain items, such as a TV or computer, it immediately offers a payment plan the consumer can accept in a few clicks.



They normally charge 10% to 30% interest for this service, but they market it purely from a payment aspect: "\$50 per month until your TV/computer/phone is obsolete!"

They may offer 0% financing for some products, having already buried profit into the original sale price.

Other retailers are quickly rolling out these programs, too, by partnering with firms such as Affirm, Paypal, and Zip. By integrating this into the buying experience, they've learned consumers generally take the simplest path at their disposal even if that path is more expensive.

While marketers call this friction, others just call it for what it is: apathy.

Pushing financing directly to the time of purchase is nothing new—we've all seen that with indirect auto lending over the past few decades. But as more members buy online, the growth of immediate financing is bound to creep into other areas as well.

Credit unions can respond in two ways:

1. Educate members. As the old saying goes, if you can do it quickly you can't do it cheaply, and

if you do it cheaply you can't do it quickly. Of course, if we're talking about my home improvement projects, they're neither quick nor cheap.

Teaching members they can save money by shopping may be a formidable task, but it's important for their well-being.

2. Join them. For those like me who see this trend as inevitable, the best solution is to think about moving your lending operation from a pre-purchase phase to the purchase phase. This means we, as an industry, will need to work with these new firms and larger retailers.

If there's a lesson here, it's this: Our members' time is important. It means enough to them that they will pay dearly to get more of it.

It's time we help them do that.



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with **Homer Renteria**

PSECU, Harrisburg, Pa.

As chief revenue and lending officer for \$7.9 billion asset PSECU in Harrisburg, Pa., Homer Renteria provides leadership, strategic thinking, and pragmatic action to execute strategies related to lending and revenue generation. He addresses PSECU's biggest revenue-related opportunities and challenges, and explains the importance of having fintech partnerships.

Credit Union Magazine: Tell us about your role as chief revenue and lending officer.

Homer Renteria: With revenue growth, my team focuses on implementing new lending and revenue sources while maintaining an acceptable level of risk. When it comes to lending activities, my focus is on making sure loan production, product development, and pricing provide sustainable returns to our member-owners.

Additionally, I serve as a key strategic advisor to the PSECU President/CEO George Rudolph and other senior leaders as a member of the executive team. In this capacity, I support the team's efforts to develop long-term strategies and viable streams of revenue growth.

Q: What are your biggest revenue opportunities in the year ahead?

A: We've seen strong returns from our partnerships with fintechs and will look to continue expanding our loan originations through these collaborations.

Q: Do you have any new products and services on the horizon?

A: In late 2021, we introduced our new HELOC Plus product. We'll be

focusing on further promotion of this new offering and making sure our members and potential members are aware of the benefits it offers. For instance, our HELOC Plus allows members to lock in a fixed rate on advances made within a given month, giving them more control over their finances.

Q: What are the biggest revenue challenges you're facing?

A: We're not immune to the impact of the supply chain issues related to the automotive industry. This will likely continue to create challenges for our auto loan production. Additionally, cooling in the mortgage refinancing space, coupled with rising rates, will potentially reduce our overall mortgage production compared to 2021.

Some of our biggest lending opportunities come from our fintech relationships and loan participations. These allow us to supplement our existing direct and indirect lending efforts.

Q: Can you describe your approach to leadership?

A: When I think about leadership, six key components come to mind:

1. **Leading** by example.
2. **Empowering** my team members.
3. **Treating** people fairly.
4. **Remaining** approachable, including maintaining an open-door policy.
5. **Holding** people accountable and recognizing achievements.
6. **Creating** an environment of collaboration and participation.

Each of these pieces is essential in building a strong team and



allowing everyone to perform at their highest level.

Q: Do you have any predictions for 2022?

A: I predict that in 2022, delinquencies and losses will begin to creep up toward pre-pandemic levels.

Q: What do you like to do outside of work?

A: Family is important to me. I love spending time with my wife and my two teenagers. We enjoy activities like boating and fishing. On an individual basis, I play guitar and like to golf when I get the opportunity.

Q: What's your favorite movie or TV show?

A: I like a range of movies, but my favorites are "The Godfather," "Christmas Vacation," and "Office Space." My all-time favorite TV show is "Seinfeld."



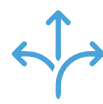
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