Credit Union MAGAZINE

WINTER 2022

DATA-DRIVEN MARKETING

BOARDS AND CYBERSECURITY

10 scams targeting older members

Eric Gagliano
River Valley
Credit Union

CUNA Credit Union National Association

Contents

Winter 2022
Volume 88 > Number 5

"This is data driving decisions on a **week-to-week** basis."
Eric Gagliano

FEATURES

Contents

Cover, pages 4 and 28
Photo credit: Cooper Carras Photography

pg 5 Trellance.indd 5 11/2/22 11:08 AM

MUST READS

"We'll be doing things in two years that we consider impossible today," says Daniel Burrus, technology forecaster.

IT'S THE EVOLUTION OF THE WEB AS WE KNOW IT.

PSCU Innovation Team Manager Vlad Jovanovic.

Scammers take advantage of nearly 5 million older Americans every year.

POSTAL INFORMATION
Credit Union Magazine (ISSN 0011-1066) is published quarterly for $89 per year by Credit Union National Association, 5710 Mineral Point Road, Madison, WI 53705. (Multiple-copy and multiyear discounts available.) Periodical postage paid at Madison, Wis., and additional mailing office. Copyright 2022 by Credit Union National Association. Photocopying is illegal and unethical. POSTMASTER: Send address changes to Credit Union Magazine subscription department, P.O. Box 431, Madison, WI 53701-0431. Single issues are available; call (800) 356-9655.

Behind the Scenes

WHO WE ARE

Meet Ben Tenorio

Digital editor spends time exploring the outdoors and spinning tunes.

Ben Tenorio, a deputy editor in CUNA's publishing department, is a veteran of creating and managing digital content and recently celebrated his nine-year anniversary at Credit Union National Association. He enjoys sharing stories about the positive impact credit unions have on their members and communities.

Ben is a Wisconsin native who has lived in Madison for 23 years. He spends time outdoors year-round—running, camping, hiking, kayaking, snowshoeing, and cross-country skiing.

An avid snowboarder, Ben enjoys traveling to places more mountainous than the Midwest. Favorite destinations include Breckenridge and Steamboat Springs in Colorado. He's excited for an inaugural trip to Mount Hood Meadows in Oregon this season, as well as a return trip to Lake Tahoe.

In addition to his digital content career, Ben finds a creative outlet in DJing and producing electronic music. He's played at clubs and festivals across the country and in Germany. He enjoys live music of any genre, especially at summer festivals and street fairs.

A favorite part of his job is attending and covering conferences. "Whether it's producing video interviews of keynote speakers or attendees, it's great to see firsthand how CUNA promotes credit unions' success," he says.

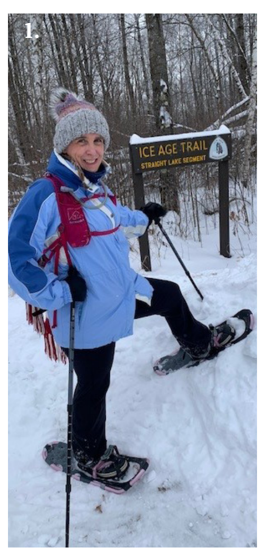
Winter traditions

Credit Union Magazine staff share their favorite winter traditions.

1. SNOWSHOEING
After a new snowfall, Jennifer likes to strap on her snowshoes and get lost in the woods with her husband and golden retriever, Oscar. Afterward, you'll find her curled up on the couch with a blanket, book, puppy snuggles, and hot chocolate in front of the fire.

2. WALKING
Ron braves the Wisconsin winter each day for a walk with his beloved dog, Nora—and then spends as much time as possible indoors watching hockey and playing guitar.

3. BAKING
Carrie loves to bake with her family during the winter. It's always a good time making memories. Her children love creating goodies for everybody to enjoy. The best part: You get to eat what you create afterward!



Credit Union National Association
CUNA

Ensure your staff and board stay informed

Credit Union MAGAZINE

Credit Union Magazine showcases innovative practices and people, and provides leaders, staff, and board members with the thought-provoking information they need to serve their memberss.

For only $5 per month, add subscriptions for your staff and board to ensure they stay up to date on impactful stories from the credit union movement. All subscribers receive digest emails of exclusive content every Thursday. That's 52 weeks of news and information that they can't get anywhere else. Plus, the digital magazine is available 24/7.

Upgrade to the Premium subscription and they will receive printed quarterly magazines (only $7 per month)!

news.cuna.org/creditunionmagazine

Who's your hero?

We've started the search for *Credit Union Magazine's* 2023 Credit Union Heroes.

The credit union movement has no shortage of heroes.

Selfless, dedicated leaders who embrace financial well-being for all and community service abound in this industry.

The fun part for *Credit Union Magazine* staff is highlighting these leaders' good work and the impact they have on their communities. The challenge is narrowing down and selecting these consumer champions.

It's a good struggle—and one we're ready to pursue as we start the search for *Credit Union Magazine's* 2023 Credit Union Heroes.

These inspirational individuals are unsung credit union system employees or volunteers, working or retired, who exemplify and promote credit union philosophy, exhibit an unwavering belief in and dedication to credit union principles, and build up their communities.

CREDIT UNION HERO of the Year

They provide an alternative to predatory lenders and offer members the financial education they need to make smart decisions about their money.

We want to know: Who's your hero?

Visit *news.cuna.org/nominatehero* to tell us about someone you admire, how this person demonstrates credit union principles and values, and how they serve members and shape their communities.

We'll choose four outstanding folks as Credit Union Heroes and feature them in the Spring 2023 issue of *Credit Union Magazine*.

Our readers will then select the 2023 Credit Union Hero of the Year via a poll at *news.cuna.org*.

You can read about the 2022 Credit Union Heroes at *news.cuna.org/cuhero*.

Let's give our movement's heroes the recognition they deserve.

Bill Merrick
Deputy Editor
Credit Union National Association
bmerrick@cuna.coop
608-231-4076

ADVERTISING

KARIN SAND // vice president • ksand@cuna.coop
920-460-7430

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

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

MARLENE LAUFENBERG // mlaufenberg@cuna.coop
608-231-4341

MAILING ADDRESS

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

SUBSCRIPTION SERVICE

SUBSCRIPTION DEPARTMENT
P.O. Box 431
Madison, WI
53701-0431
800-356-9655

How to predict the future and be right

The pace of change is fast and accelerating at speeds that make it difficult to react. However, if credit union lenders switch their mindset, they can anticipate changes and discover solutions that will allow the credit union to transform into the organization of the future.

"What if you could predict the future and be right?" says Daniel Burrus, technology forecaster, disruptive innovation expert, and bestselling author. "The answer is … you can."

Burrus advises developing a mindset that anticipates disruptions, identifies problems before they exist, and discovers opportunities before the competition does.

"There are more opportunities to change and transform every process or service than we have ever had before," Burrus says. "We're doing things today that were impossible two years ago, and we'll be doing things in two years that we consider impossible today."

While the future is uncertain, it's "amazing how much we can be certain about," Burrus says. Certainty comes from looking at trends and determining what will happen when. There are cyclical trends, such as weather patterns or the rise and fall of the stock market, but the opportunity lies in the trends that experience linear or exponential change.

Trends fall into two categories. Hard trends are based on facts that will happen and can't be changed, while soft trends are based on assumption and can be changed if people don't like the trend.

Three hard trends are:

1. Demographics have characteristics that aren't changing. For example, baby boomers aren't getting younger. They'll continue to age, and society can predict the problems they'll face and the opportunities they'll present. Therefore, lenders should look at the different generations and develop strategies to serve and communicate with them. Ask them what they need.

2. Government regulations can often be seen as a negative, but Burrus suggests looking for opportunities that exist with the regulations instead of focusing on the negatives.

3. Technology is the most predictable hard trend, Burrus says. Datafication, embedded artificial intelligence and machine learning, blockchain as a service, augmented streaming analytics, and automation are a few of the examples Burrus provided that have the potential to cause disruption. People need to be positive disruptors and create transformation to elevate relevancy and accelerate growth. To do this, people must identify tasks that have become less relevant.

Technology Forecaster Daniel Burrus gives the opening keynote speech at the 2022 CUNA Lending Council Conference in San Diego.

Burrus encouraged conference attendees to spend one hour per week "unplugging from the present and plugging into the future," suggesting lenders make a list of hard trends and soft trends. Attendees should know how the hard trends will impact their credit union and its members, and examine the opportunities related to those trends.

From that list, attendees should identify a "must-do" list and select one item to concentrate on achieving. Burrus recommended picking a piece of low-hanging fruit—a trend or opportunity that is low-cost or easy to achieve—and work to accomplish it.

Green lending market poised for growth

The Inflation Reduction Act is creating new opportunities for green lending. The act invests $27 billion to support projects that will reduce energy cost burden, increase climate resiliency, and expand energy efficiency and renewable energy efforts.

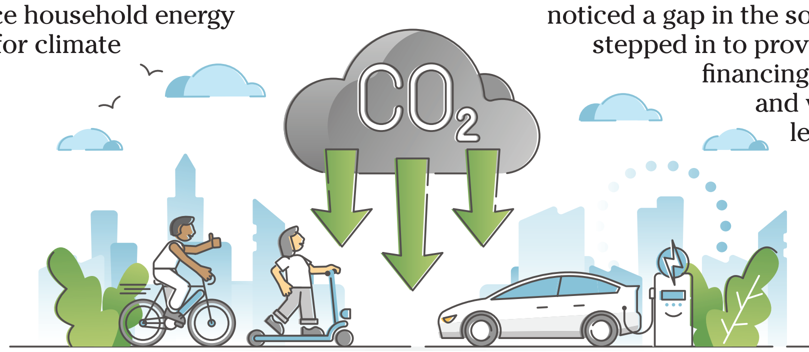
According to Inclusiv, which provides training on green lending through its Center for Resiliency and Clean Energy, the act "includes a strong and effective framework for equitable climate finance that serves as a catalyst for community development credit unions, minority depository institutions [MDIs], and community development financial institutions [CDFIs] to expand their green lending and ensure the benefits of a greening economy are felt by all."

Inclusiv President/CEO Cathie Mahon adds this is a historic opportunity for CDFIs to access flexible capital to reduce household energy costs and prepare for climate events.

"The Inflation Reduction Act will enable community lenders to create and scale programs to help their members purchase energy-efficient appliances, invest in heating and cooling systems, and access solar either directly on their homes or through community solar projects," she says. "It also provides opportunities to invest in and support green businesses creating jobs and opportunity in the greening economy."

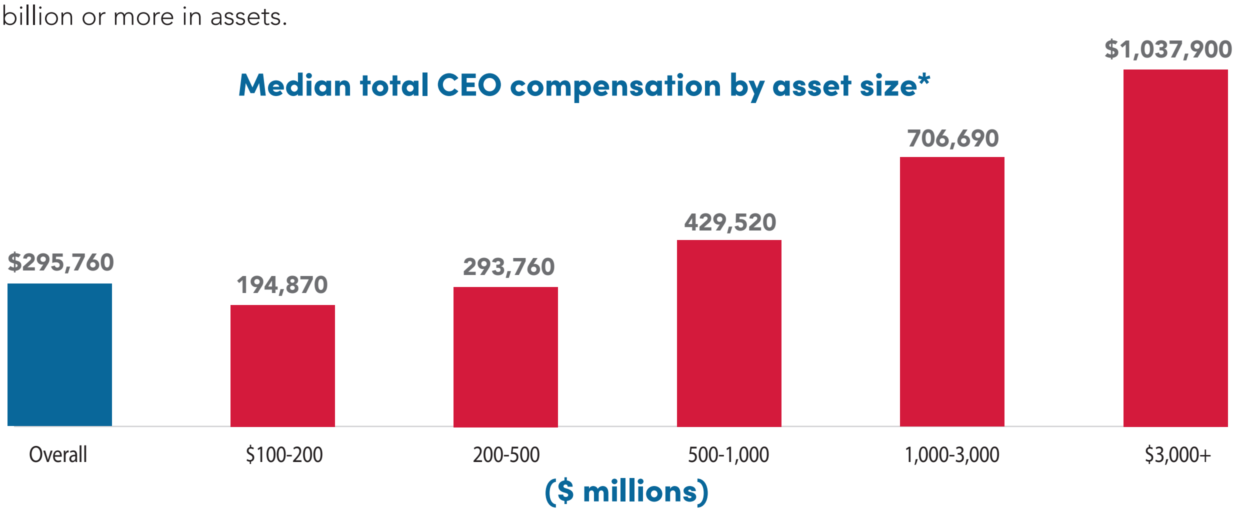
Inclusiv reports more than 350 CDFI, credit union, and MDI lenders offer green lending products, originating nearly $2.7 billion in green loans. Tucson (Ariz.) Old Pueblo Credit Union, for example, financed 759 solar arrays in 2022, originating more than $25 million in new solar loans.

"We've served the Tucson community for decades and have adapted our products and services to reflect our members' needs," says Vern Babilon, CEO at the $211 million asset credit union. "A few years ago, we noticed a gap in the solar lending market and stepped in to provide affordable solar financing. Fast forward to today, and we're the No. 1 solar lender in the Tucson market. We've created a name for our credit union as a financial institution that cares about the climate, our members, and the local economy."



CEO compensation on the rise

The median total compensation for CEOs at credit unions with assets of $100 million or more is $295,760, up about $33,000 from 2021, according to the 2022-2023 CUNA CEO Total Compensation Report. This figure ranges from $195,000 at credit unions with assets of $100 million to $200 million, to $1.03 million at those with $3 billion or more in assets.



*Excludes employee retirement, pension, profit-sharing, and supplemental executive retirement plans

Source: 2022–2023 CUNA CEO Total Compensation Report (cuna.org/compensation)

Ideas & Inspiration

Gift card program aids Kentucky flood victims

When severe flooding ravaged Eastern Kentucky this summer, destroying homes and killing at least 39 people, the damage hit home for the Kentucky Credit Union League (KCUL).

While one credit union in the flooded area had no damage, another had six feet of standing water. Members of both credit unions were affected, however, and the league wanted to assist those communities.

League staff decided to collect gift cards for families affected by the flooding. The idea came about shortly before the league's annual meeting, and KCUL announced the program by contacting all credit union CEOs, convention attendees, and exhibitors.


Debbie Painter

"A gift card would allow a family to purchase their immediate needs without having to worry about where to store items until they got on their feet," says KCUL President Debbie Painter. "In just two days, credit unions and vendors contributed $5,470 in cash and gift cards. We put this together at the last minute but, as usual, our credit unions stepped up."

The donations were divided equally between the two credit unions, with each receiving $2,735.

The aid didn't stop there, as Kentucky credit unions quickly contributed more than $100,000 toward the flood recovery efforts through donations of money and supplies, member donations, and matching-dollar programs.

"It's the right thing to do," Painter says. "When something happens to a credit union, their members, or community, it's like it happened to one of our family members. Credit union employees and volunteers have a genuine love for the people and the communities they serve. Our league, board, and staff have that same genuine love for our credit unions."

CUNA-League system tops in advocacy

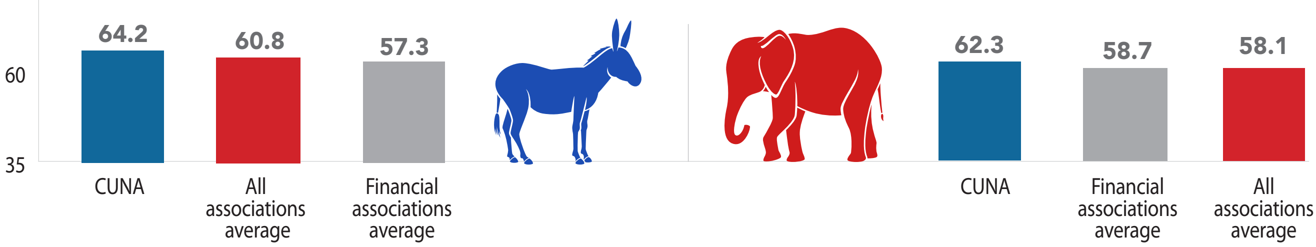
Democrats and Republicans share at least one common belief: The CUNA-League advocacy team has the best reputation among all trade associations.

That's according to a Ballast Research survey that named the CUNA-League system as the most credible trade association in Washington, D.C., across all industries, based on an independent study of Washington policymakers. This is the sixth year in a row CUNA was cited as the most influential financial services trade association.

Red or blue, legislators view the CUNA-League system as the most reputable, Ballast reports. Measures of reputation include credibility, access, influence, and engagement.

"The competition for attention on Capitol Hill has never been fiercer," says CUNA President/CEO Jim Nussle. "The CUNA-League system being recognized once again as the most influential in the industry, by members of Congress and their staff, is an honor. The strength of our unified voice, our credibility, ensures credit union priorities are front and center with policymakers."

CUNA-League reputation among policymakers



Source: 2022 Ballast Research survey

‘Wise Winnings’ fosters financial literacy

The Credit Union League of Connecticut partnered with the Connecticut Lottery to create “Wise Winnings,” a no-cost financial literacy and education program that assists lottery winners with their windfalls.

“Financial well-being includes the ability to absorb financial shock, which can come in many forms—whether it’s coming into a lot of money quickly or finding yourself in sudden debt,” says Bruce Adams, league president/CEO.

The program provides lottery winners with an avenue to find and meet with a trained credit union financial counselor to create an individualized plan for their money. Every state lottery player who wins $600 or more automatically receives an informational brochure with their prize check.

The league’s involvement came through its charitable, nonprofit arm, Credit Unions Building Financial Independence.

Adams says the partnership allows the league to educate consumers, increase credit union awareness, and tell the story of financial well-being for all. “It’s taking people who have experienced the financial shock of a sudden windfall and reminding them we’re there to help them make choices. If we do that in the public forum, we help an underserved and overlooked population, and we make a splash with policymakers.

“Our hope,” he continues, “is that we can intervene at the moment of making the lottery claim so at least we can interrupt the spending impulse and get winners to think about the choices they have.”

Opportunities in the metaverse

Scott Young, PSCU's vice president of innovation and design (left), and Vlad Jovanovic, PSCU's innovation team manager, discuss opportunities in the metaverse.

The credit union experience was built with person-to-person interactions in the branch. As technology advanced, credit unions and members expanded their ability to connect.

The metaverse might be the next evolution in this connection. But first, what is it?

"It's a seamless convergence of our physical and digital lives, creating a unified virtual platform and communities for us to reinvent how we work, play, socialize, and transact," says Vlad Jovanovic, innovation team manager at PSCU. "It's the evolution of the web as we know it: that Web3 experience that's delivered with the help of software and hardware creating immersive virtual and augmented reality experiences."

PSCU's innovation team started researching the metaverse early in 2022, exploring platforms such as Decentraland, The Sandbox, and Horizon Worlds. Virtual reality goggles allow people to step into the metaverse, which operates on a blockchain, although many of the worlds can also be accessed like a normal website.

"Is this the next great social platform where people will go to interact? Well, it's still relatively new. Some say it's only built to 1% of its potential," says Scott Young, PSCU vice president of innovation and design. "But if you're a betting person and you've followed the evolution of other social interaction platforms, it seems logical that the metaverse might be a destination where many eventually venture to."

As currently constructed, the metaverse doesn't offer commerce on a large scale, and financial institutions aren't currently offering transactional services on the platforms.

However, credit unions can market themselves, meet members, increase brand awareness, build financial literacy, and educate their communities.

"I want to help credit unions be everywhere their members are," says Young, suggesting credit unions conduct surveys to gauge member interest. "If some members are already participating in the metaverse, I want to be there to accommodate them."

Credit unions that add the metaverse to their repertoire can purchase "land" to set up virtual branches. As in the real world, buying land in the metaverse costs money. People can spend $450,000 to own virtual land near Snoop Dogg, as one user did, or find real estate in less expensive sections of the metaverse.

Before purchasing land in the metaverse, Young and Jovanovic suggest assembling a team of employees to conduct research and development. Because the metaverse lives on the blockchain, there are data trails that could allow credit unions to track the number of visitors to virtual branches, accumulate data, and understand their members.

Currently, metaverse commerce includes users buying nonfungible tokens or purchasing items for their avatars. Walmart developed a proof of concept where people can enter the metaverse, "walk" through a store, get help from a virtual agent, make a purchase, and have Walmart Plus deliver the items to their real-world homes.

"That's why I think the metaverse is here to stay: the huge opportunity around commerce and immersive social experiences," Jovanovic says. "Retailers are going to build out experiences to make it easier and more attractive to go shopping and personalize that experience. Those experiences will power the metaverse of tomorrow."

Digital Features

Has loan growth exceeded your expectations this year?

83% Yes

17% No

Source: CUNA News poll, 2022

Cast your vote at *news.cuna.org/polls.*

Special report: marketing innovations

Visit *news.cuna.org/marketing* during December for a special report on marketing innovation, sponsored by Prisma Campaigns. Our coverage highlights branding, business development, data-driven marketing, marketing leadership, and more.

Overheard on the CUNA News Podcast

“We have a mission, not just a job.” — Wendy Tariff, president/CEO at $40 million asset Police Credit Union of Connecticut in Hartford and a 2022 Credit Union Rock Star. She discusses what makes financial education crucial to police credit unions on the CUNA News Podcast.

Check out the latest episodes at *news.cuna.org/podcasts*. Recent topics include leadership lessons from military service, profiles of Credit Union Rock Stars, data analytics, and cybersecurity.

Listen and subscribe at *news.cuna.org/podcasts*

A Salute to VETERANS 2022

2022 salute to veterans

Visit *news.cuna.org/veterans* for our annual salute to credit union leaders who’ve served in the military. Sponsored by FIS, our coverage features profiles of those who’ve served and credit unions that go above and beyond to support servicemembers. November episodes of the CUNA News Podcast, found at *news.cuna.org/podcasts,* feature some of these veterans and credit unions.

A great year for financial well-being for all

Voter Poll reveals credit union members have greater financial resilience.

It's been nearly two years since the credit union movement officially made financial well-being for all the focus of all the work we do. CUNA, Leagues, and credit unions made great strides this year, and this sets us up for future success.

Our 2022 National Voter Poll provides data that shows credit union members have greater financial resilience and financial well-being than other consumers. It's become the foundation of our advocacy work, as improving communities' financial well-being continues to garner bipartisan approval.

We made this case to state policymakers this summer at the National Conference of State Legislators. CUNA Chief Economist Mike Schenk outlined exactly how credit unions are a better choice for consumers. Not only did attendees embrace those sentiments, many shared their own fantastic stories of credit union service.

> "OUR FOCUS ON ADVANCING THE COMMUNITIES WE SERVE RESONATES WITH LEGISLATORS."

Our focus on advancing the communities we serve resonates with legislators. We ran digital ads throughout the conference touting the credit union difference, and those ads got the highest click-through rate at these conferences to date.

Federal, state, and local policymakers respond to financial well-being for all because it aligns with why many of them got into public service in the first place: to better their communities.

Our job is to show them that credit unions are an essential part of improving financial health, and only outdated policies—restricting the good we do—can stop us.

Looking ahead

So, what's next? Waiting for the next step is not what we're about.

We're proactive, we meet challenges head-on, and we focus on both the future and the present. Financial well-being for all calls on us to dive into the data, use it to back up our claims, and show what we can do.

CUNA recently acquired a massive dataset, and we're poring over it for new insights as well as data that shores up previous findings. One of the most interesting findings relates to auto lending.

Reliable transportation is a foundational aspect of financial well-being for millions. It's how folks get to work, shop for food and clothing, and travel. The data shows credit unions have a clear and strong commitment to providing affordable access to car loans.

Credit unions, which hold 8% of depository financial institution assets, have a 37% share of auto loan originations ("'My story' by the numbers," p. 32). Clearly, credit unions are doing something right.

When we look deeper into that data, we see a strong credit union focus on responsibly serving consumers of modest means, according to credit score.

Overall, 65% of bank auto loan originations in the second quarter of 2022 went to consumers with "super prime" credit scores. Only 51% of credit union originations are in this category.

Nearly a quarter (23%) of second quarter credit union auto loan originations went to consumers with below-prime scores. Only 14% of bank originations are in this category.

Credit unions also stick with their members through the life of the loan. Credit unions—through better financing rates and a culture that works with members to pay their loans on time—have substantially lower delinquency rates compared to banks and auto finance companies.

Bank delinquency rates are roughly 40% higher than credit union delinquency rates. Auto finance company delinquency rates are 2.5 to 3 times higher than credit union delinquency rates.

Using interest-rate averages, we estimate credit union members save roughly $1,500 over the life of a new auto loan compared to consumers using for-profit providers.

This data is the tip of the iceberg, and this year is just a glimpse of what's possible when our movement collaborates at every level to improve our members' financial well-being. Thank you for being a part of this journey.

JIM NUSSLE
President/CEO
Credit Union National Association
jnussle@cuna.coop
202-508-6744

'Happy family!'

African congress reinforces the creative power of cooperative principles to better people's lives.

Tony Budet, CUNA Board chair and CEO at UFCU (left), ACCOSCA Executive Director George Ombado, and Heather McKissick, UFCU's executive vice president of community impact, marketing, and communication.

This fall, I attended the 22nd Savings and Credit Cooperatives Associations Congress in the Kingdom of Eswatini in southern Africa. I represented CUNA at the invitation of the African Confederation of Co-operative Savings and Credit Associations (ACCOSCA).

ACCOSCA is a Pan-African confederation of national associations of savings and credit cooperative societies known as SACCOS. Their vision is to promote financial inclusion across Africa, and they function much like CUNA does in the U.S., uniting and empowering credit union associations, leagues, employees, and board members.

ACCOSCA's mission of sustainably empowering SACCOs in Africa through technical programs reaches more than 5,000 credit unions across the continent, representing more than 750 million consumers.

The congress was a gathering of more than 500 people representing 22 African nations. There, I shared my viewpoints on cooperative leadership, forged lasting relationships, and learned about the issues facing African credit unions—many of which are similar to those we face in the U.S.

ACCOSCA Executive Director George Ombado personifies credit union leaders throughout Africa. His soft-spoken and warm leadership style, coupled with his extensive education and experience, set a tone of gentle persistence in advancing the continent through cooperatives.

George emphasized ACCOSCA's role in supporting SACCOs with the education, systems, and resources they need to operate efficient and professionally mature organizations. He discussed leveraging inclusivity as a catalyst for growth and development, adopting technology, and enhancing professionalism through better governance and performance. Sound familiar?

A primary focus of the congress was the new ACCOSCA Academy, a state-of-the-art facility in Kenya (learn more at *accosca.org*). The academy will enable employees, board members, regulators, and community members to participate in education and training on leadership, governance, and technology.

I was thrilled to present George with two gifts on stage during the opening program: a highly coveted cowboy hat from his namesake, George Strait, and a contribution from UFCU to the academy.

In addition to a groundswell of support from African SACCOs, several U.S. credit unions and their partners helped us come closer to our goal of raising $1.2 million for the ACCOSCA Academy.

We spent the remainder of our time in Eswatini in excellent company, learning from and socializing with leaders of the cooperative movement from across the continent. We enjoyed stimulating speakers ranging from Eswatini's deputy prime minister to the commissioner for cooperative development. My keynote speech addressed the importance of authentic leadership to bring about transformation in people and organizations.

It was an enlightening and gratifying visit that reinforced the creative power of cooperative principles and the movement to better people's lives at the community—and even continental—level.

I'll always remember the call-and-response refrain that reverberated through the event hall each morning and evening. The emcee would call out, "Credit unions!" Then 500 unified voices would reply, "Happy family!" And then, "Happy family! … Credit unions!"

I'm grateful for the inspiration, and it's my great hope that all credit union leaders feel cooperative principle No. 6, cooperation among cooperatives, no matter where we find ourselves in the world.

TONY BUDET
CUNA Board Chair
CEO
UFCU
tbudet@ufcu.org
512-467-8080

Credit Union National Association
CUNA

Build **knowledge.** Build **teams.** Build **your credit union.**

Ensure your employees are prepared, up-to-date and moving both their careers and credit union forward. CUNA training resources address basic skills development to advanced management techniques, including:

- In-person schools and conferences, webinars, hybrid events, recorded sessions, designations of expertise and a learning management system specifically for credit unions
- Content tailored to compliance, board, leadership, lending, human resources, finance, training, marketing and operations

Find all your options at **cuna.org/training.**

cuna.org/training

The Trusted Advisor – Sweet Spot for Credit Unions

By Lee E. Manfred

Credit unions have historically succeeded based on their focus on member service and relationships. Banks and FinTechs are increasingly moving beyond their traditional product orientation – deposits, payments, loans, credit cards, and investments – and focusing on solutions intended to address customers' *financial literacy and wellness*. Banks, FinTechs, and even insurance companies are offering financial education and wellness solutions to their customers. To date, none of these solutions has cracked the code on financial education and wellness, however. This trend presents both a threat and opportunity for credit unions. It is only a threat to the extent that credit union marketing continues with its focus on CDs, mortgages, or the latest flavor of credit card rewards. The opportunity, however, is enormous, assuming credit unions can capitalize on their member service traditions, leveraging enhanced marketing and technology assets.

So how does the savvy credit union marketer capitalize on this opportunity? The foundation of an effective modern marketing strategy comprises four main pillars:

- **Get Digital:** Virtually all customer segments today are digital first for all interactions – sales, service, and advice. Credit union technology needs to be omnichannel: voice, chat, SMS, web, and most important, mobile. Digital is no longer optional.

- **Get Familiar:** Robust customer data is a critical tool, but building a relationship is not just about having data on the customer. Understanding the customer's objectives and motivations are equally critical. How to do that? Well, financial advisors are required to ask new clients a battery of questions to understand their financial situation and risk profile. Why can't a credit union do the same, albeit in a more customer-friendly manner? Just ask, and listen to the answers.

- **Get Social:** Social media is media today and it is increasingly consumers' primary source of news and product information. So, whether you have an active social media presence or not, you should assume that prospective new customers are checking out what others say about you on social media. Similarly, positive reviews from customers and influencers can have an outsized impact on your business. A robust social media strategy, executed well, can be an affordable and effective accelerant to your overall marketing plans.

- **Educate and Advise:** Schools don't teach much, if any, personal finance. Most people learn about managing money from their parents, for better or worse. Many others are self-taught, relying on books, podcasts, websites, and friends. As such, 47% of consumers surveyed by TIAA-GWFLEC (2020) could not correctly answer half the questions on basic financial concepts. Credit unions are perfectly positioned as a trusted service provider to enhance their members' financial knowledge and overall wellness.

The opportunity to Educate and Advise is enormous. US consumers spend almost $3 billion a year on financial tools and advice in the form of apps, web sites, videos, podcasts, financial planners, investment advisors, and tax experts all promising the key to security and prosperity. And yet, US households are largely on the cusp of financial crisis: too much debt, little or no savings, no plan for retirement, and generally unprepared for a work interruption, accident, illness, or injury. The result is that money is the single biggest source of stress in American consumers' lives. Those existing solutions and experts are clearly not working.

Credit unions have the opportunity to fill this void by offering sound, trusted information and advice tailored to the specific circumstances and objectives of the member. And, by delivering that information and advice through digital channels, leveraging the technology of trusted third parties, credit unions can attract and retain relationships with younger, more affluent client segments that will likely never enter a branch office.

Lee Manfred is a retired partner at First Annapolis Consulting, now part of Accenture, and a recognized expert in retail financial services. He is currently Founder and CEO of Julep Wellness, Inc., an innovative company offering financial wellness solutions for consumers through financial institutions and employers.

THE BOARD AND CYBERSECURITY

DENNIS CHAPTMAN

Give directors the knowledge they need to guard against cyberthreats.

A culture of cybersecurity vigilance begins at the top of the organization.

But when you're on the board of directors, building that ethic and safeguarding your information requires focus, commitment, and the determination to hold senior leadership accountable.

Often, board members lack the time and expertise to get their hands dirty with the complex, nitty-gritty of cybersecurity infrastructure, so they must rely on experts and senior leadership to guide them to effective, potent defenses against would-be hackers.

"It's incumbent on them to ask questions that hold people in senior leadership and vendors accountable," says Cary Conrad, chief development officer at SilverSky, a cybersecurity solutions provider.

NCUA regulations call for board members to oversee the development, maintenance, and implementation of information security programs and to have a fully integrated response plan to manage data breaches.

Experts say the best approach for boards is asking questions, challenging management, and bringing in outside experts and internal auditors to ensure the credit union is protected.

"Always think about the five W's of any project: who, what, when, where, and why," Conrad advises. "Who's going to do it? When is it going to get done? How are they going to get it done? As a board member, you shouldn't have to go much below that."

If board members aren't satisfied with the answers or have further questions, they should seek more detailed answers from outside experts.

"How senior management reacts to that is usually indicative of whether they have controls in place or not," says Conrad.

Building board expertise

At Hiway Credit Union, the board recently appointed an associate board member with technology and cybersecurity expertise.

"Security and technology have been a focus for our board," says Dave Boden, CEO at the $1.7 billion asset credit union in St. Paul, Minn.

Bolstering this expertise improves the full board's understanding of cybersecurity issues, he adds.

Hiway's supervisory committee is responsible for monitoring security issues at the credit union. Boden says open communication allows board members to understand threats and respond appropriately.

Senior management also encourages board members to attend industry events to learn about cybersecurity and invite outside speakers to address the issue.

"We try to keep them informed, not only of what we're seeing but of what people see on the news and what's happening in the world," Boden says. "There's a lot of scary stuff out there.

"It's incumbent on us to give them the information they need because they mostly don't have that skill set," he continues.

Endless curiosity

Rayleen Pirnie, an adviser at NEACH Payments Group, often speaks about information security to credit union directors.

"Directors are just as responsible as executive management for making sure all of this is done," Pirnie says.

She urges directors to be endlessly curious when discussing cybersecurity with the executive team, vendors, and information technology experts.

"You're only going to have enough knowledge if your executive team is giving you the right digestible pieces of information," she says. "If you don't understand what your CEO is telling you, make them stop and provide the details you need to make an informed decision, just as you would for any other area of their report."

The same is true with third-party vendors, Pirnie says, adding it's critical to know these companies' reputation, security ethic, and infrastructure.

"If they're compromised and they're connected to your network, what risk does that present?" she says. "You can contract the job. You can't contract away the liability if that solution provider is compromised and results in your member information or network being compromised."

Pirnie notes that directors should size up areas in which they need outside expertise to provide a fresh perspective or a second opinion.

"It's a constantly changing environment and can be challenging if a credit union has one technology person and three people in executive management," she says. "It's hard to keep up with your job and with what the future of cybersecurity could look like."

Plans for crisis response in the event of a breach is another area of oversight that requires board attention.

"Even with the best planning and mitigation, incidents can still happen," Pirnie says. "How do you respond to meet the obligations of the code of federal regulations and ensure minimal, if any, member disruption?"

Internal audit also plays a strong role in providing board members with an independent perspective on cybersecurity. Those insights should be shared directly with the board, Conrad says.

"Internal auditors need to report not only to the CEO, but also to the board exclusive of the CEO," he says. "They provide two lines of reporting, which is standard governance for all financial institutions."

In dealing with outside vendors and big-ticket infrastructure purchases, Conrad cites the old banking adage, "don't buy a vault that costs more than what you're protecting."

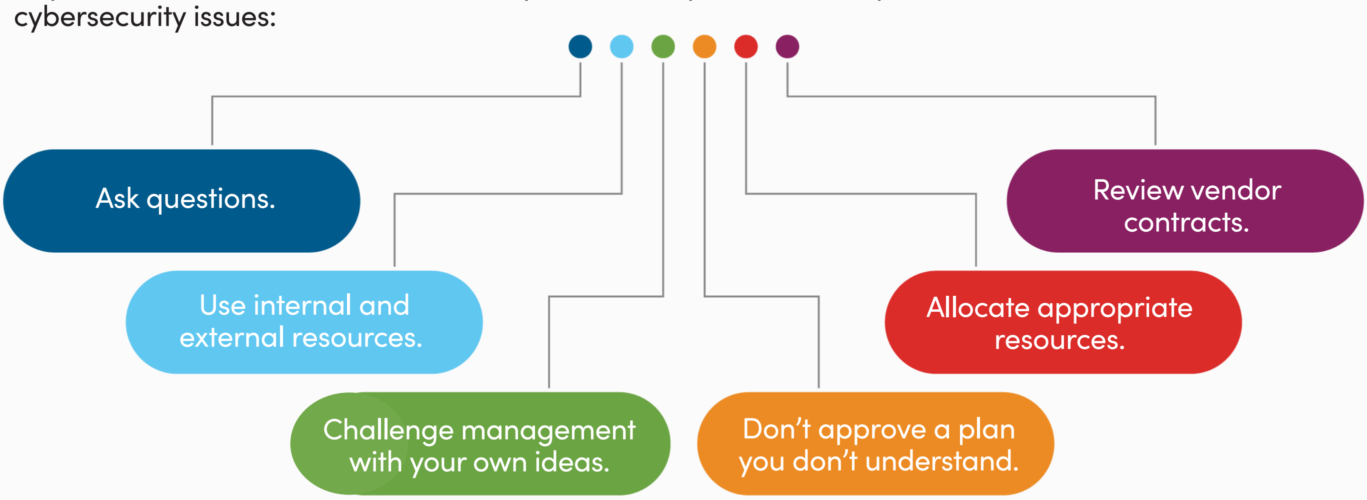
Start with fundamentals, including a risk assessment, he advises. "A targeted, well-thought-out risk assessment will go a long way toward board members understanding whether they're protecting what's near and dear to the credit union."

Resources

- CUNA:
  1. Compliance & Risk Council: *cunacouncils.org*
  2. Cybersecurity eSchool with NASCUS: *cuna.org/learn*
- SilverSky: *silversky.com*
- NEACH Payments Group: *neachgroup.com*

6 steps to cybersecurity preparedness

Rayleen Pirnie, an adviser at NEACH Payments Group, offers six steps directors can take to address cybersecurity issues:



turn data into ACTION

DARLA DERNOVSEK

Data-driven marketing allows credit unions to provide the right offers at the right time in the right channels.

Data-driven marketing is making the crystal ball obsolete at credit unions that anticipate members' future wants and needs with targeted marketing offers.

Marketing experts say credit unions are using data to forecast which member segments are likely to respond to appeals for specific products and services, personalize offers delivered at the right time using the right channel, and simultaneously manage 30 or more microcampaigns.

Adopting member-focused, data-driven marketing is typically a two- to three-year process. It starts when credit unions begin experimenting with the data they can access now to focus on strategic goals.

Data access

Marketers' first challenge typically is accessing data in a usable format, according to Felipe Gil, CEO/co-founder at Prisma Campaigns.

He says marketers can start by:

› **Exploring** existing capabilities for accessing and

Data drives decisions
River Valley Credit Union is taking a three-phase approach to data-driven marketing, says Eric Gagliano, senior vice president, sales and marketing.

extracting data from the core system, which will typically include third-party providers over time.

› **Understanding** which data is required to craft a specific offer for a specific member segment.

› **Learning** how to transform and cleanse the data into a standardized format to make it readily usable. This may require help from an outside vendor.

Credit unions often begin data-driven marketing using resources they already have, Gil says. That allows them to achieve marketing wins that demonstrate the power of data and build credibility with decision-makers.

As credit unions expand their use of data to drive marketing, business intelligence solutions often play a vital role by identifying member segments to target. Adding a marketing automation platform automates the delivery of multiple campaigns to specific member segments using multiple channels.

> **"IF YOU THINK YOU'VE TESTED YOUR WORKFLOW ENOUGH, TEST IT FIVE MORE TIMES."**
>
> HILARY KISSELL

Marketing automation sits between the data and delivery channel to tailor messages to a specific member's profile in a microsecond, such as displaying a personalized message or banner ad to members using online banking or a mobile app.

As credit unions gain experience with data's benefits, marketing automation can take a broader role in member communication. For example, credit unions can automatically provide reminders to members whose loan payments are late when they use the mobile app.

"That's the mind shift that happens when you start thinking about the possibilities of data-driven marketing and how it maps to your requirements," Gil says.

Making the transition

In phase one of its data-driven marketing transition, $420 million asset River Valley Credit Union in West Carrollton, Ohio, used core system data to target members based on a 30-day, rearview-mirror measurement of member response to marketing offers.

Three years later, River Valley made the leap to phase two in early 2022 by gaining the ability to measure member response every Monday. That makes it possible to adjust segments and refine marketing offers to make each microcampaign more effective, says Eric Gagliano, senior vice president, sales and marketing.

The credit union relies on vendors for third-party marketing data and marketing automation.

For example, a data-driven auto loan promotion might increase page impressions but fail to generate more applications. That would prompt Gagliano to reexamine the landing page to see if it's clear and whether the application button is in the right place.

If applications increase but approved loans remain stagnant, he reexamines targeted member segments.

"This is data driving decisions on a week-to-week basis as opposed to looking in the rearview mirror each month," Gagliano says.

Reaching nonmembers

One surprise was the effectiveness of emailing nonmembers, which started as a one-month trial but became an ongoing effort when it achieved an open rate of 20% to 25% and a click-through rate of 2% to 3%. That was a huge improvement over earlier nonmember outreach, he says.

A broadcast media conglomerate provides nonmember prospect lists based on people who search online for selected auto loan or mortgage terms in geographic areas near branch locations, as well as demographic data.

Phase three will start in late 2022, when River Valley begins using a business intelligence solution to collect behavioral data based on members' activities or actions. For example, the credit union can use the data to identify and reach out to members who behave in ways that make it statistically more likely they will leave the credit union, such as opening accounts at other financial institutions.

Gagliano says these approaches can help marketers change their image within the credit union from "arts

Data-driven marketing best practices

Seek marketing automation and data partners who can help you overcome data challenges and determine your next steps.

Make member onboarding your first ongoing campaign.

Hone data expertise by seeking education and experience.

Strive for insights into member behavior.

Respect members' preference for privacy when personalizing emails.

Make marketing omnichannel by reaching members with the right message at the right time using their preferred delivery channel.

Combine traditional and data-driven marketing approaches. You may still need branding campaigns that establish your identity in the community. Focus on achieving strategic goals and solving problems.

and crafts" to "strategic drivers."

River Valley's shift includes giving a talented marketing employee the experience and education required to become a data analyst.

"The fear with data analytics is getting into analysis paralysis," Gagliano says. "It is so easy to drown in the data. You've got to stay focused on corporate objectives and marketing objectives."

> **"THE TRUE UNDERSTANDING OF OUR MEMBERS AND THEIR WANTS AND NEEDS IS THE KEY TO SERVING THEM BETTER THROUGH OUR PRODUCTS AND SERVICES."**
>
> BRANDON MCADAMS

Simultaneous campaigns

Clackamas (Ore.) Federal Credit Union began implementing data-driven marketing in the fall of 2021. By September 2022, the $650 million asset credit union had 25 to 35 marketing campaigns running simultaneously based on next-day data, says Hilary Kissell, director of marketing and community development.

Clackamas Federal scrambled to develop one-off, standalone marketing emails after its former email marketing vendor refused to allow a phased transition to a new marketing automation platform. That allowed the credit union's five-member marketing team to gain experience quickly.

"Those one-offs were a good learning point for building an email template, setting up funnels, and checking to see what's working," Kissell says.

Clackamas Federal's early automated campaigns focused on member onboarding and key products using data pulled from a business intelligence solution. A home equity loan campaign launched in February 2022 combined third-party and core data to target homeowners.

In the campaign's first five months, emails to more than 35,000 members had a 61% open rate, leading to 127 home equity loans with a balance of $2.75 million.

The member onboarding campaign relies on four onboarding journeys to segment new members for promotion of "next best" products and services using seven different personalized offers.

The credit union uses another 15 marketing automation journeys to promote products. It monitors and tweaks campaigns based on early responses. Return-on-investment models built into the platform tally direct and indirect results of each effort.

Testing and education

Kissell notes that testing is a key element of developing marketing workflows that automate the delivery of offers and responses.

"If you think you've tested your workflow enough, test it five more times," she says.

Education was critical to prepare the marketing team to apply data-driven tools. "It's been a fun bonding experience for my team to go through this journey together," Kissell says.

The marketing department shares data-driven marketing tactics and results with all employees by email, as well as during a recent presentation at an all-staff meeting.

"We need to tell our marketing story so our co-workers know what we're doing to help," Kissell says. "Getting to tell them that our home equity campaign was all intelligent decision-making based on data was really cool."

Clackamas Federal will add text marketing in the coming months. Over time, Kissell will tie website and mobile app messages to data-driven marketing.

Top-down commitment

Isolated successes in using data to drive growth in mortgages and understanding digital app satisfaction allowed $4.8 billion asset Coastal Credit Union in Raleigh, N.C., to realize the benefits of making a top-down commitment to data-driven marketing, says Brandon McAdams, vice president, strategy and insights.

"We're now on a journey to make data and advanced analytics foundational to all marketing efforts," he says. "The true understanding of our members and their wants and needs is the key to serving them better through our products and services."

Coastal consolidates data into a single view of each member to find "the right products and services for the right members at the right life-stage." This effort includes:

› **Creating** a data set that includes all members, products, and services.
› **Using** analytical techniques to score every member against every product to determine their likelihood to adopt it.
› **Identifying** small member segments who share behavioral, geographic, attitudinal, and/or demographic characteristics.
› **Developing** targeted, personalized marketing content aimed at member segments with a high propensity to adopt a specific product or service.
› **Delivering** those appeals to small audiences in microcampaigns it can track and tweak.

McAdams says a vital step in the process was creating a structured analytics data library that transforms the raw data in Coastal's data warehouse into the information required for both strategic decisions and marketing campaigns.

"Specifically, on the marketing side, these structured data elements encapsulate members' attributes, behaviors, and history, which are all used to help us better identify the best targets," McAdams says.

The data also helps prioritize long-term strategies. For example, Coastal explored the data when depositor segments began to transfer money out of the credit union.

"We know their ACH data, we know who they pay, and we have personal segmentation to understand what type of depositor they are and what brands they like," he says.

That information revealed gaps in credit card and mortgage product lines that Coastal plans to address.

McAdams notes the need for education and enablement that allows "everyone to speak the same language around data."

Coastal launched an organization-wide data fluency initiative to integrate data and analytics into everyday operations.

Two challenges

Data-driven marketing lets you show members you know them and can address their financial challenges, says Josh Wilson, senior vice president of marketing at $2.1 billion asset Whitefish (Mont.) Credit Union.

> **"THE FEAR WITH DATA ANALYTICS IS GETTING INTO ANALYSIS PARALYSIS."**
>
> ERIC GAGLIANO

He says credit unions often encounter two challenges in this area:

1. Justifying the high expense of data-driven marketing and demonstrating results. This typically becomes an issue when decision-makers lack confidence in the potential results.

2. Making data-driven marketing scalable. This requires the marketing team to create and manage dozens of microcampaigns each year.

To make investments in data-driven marketing pay off, Wilson says credit unions must translate data into actionable insights.

He adds that data-driven marketing communications must show you know who your members are, which includes using their preferred channel for engagement.

"The heart of data-driven marketing," Wilson says, "is understanding your membership and communicating how your credit union can solve members' financial challenges."

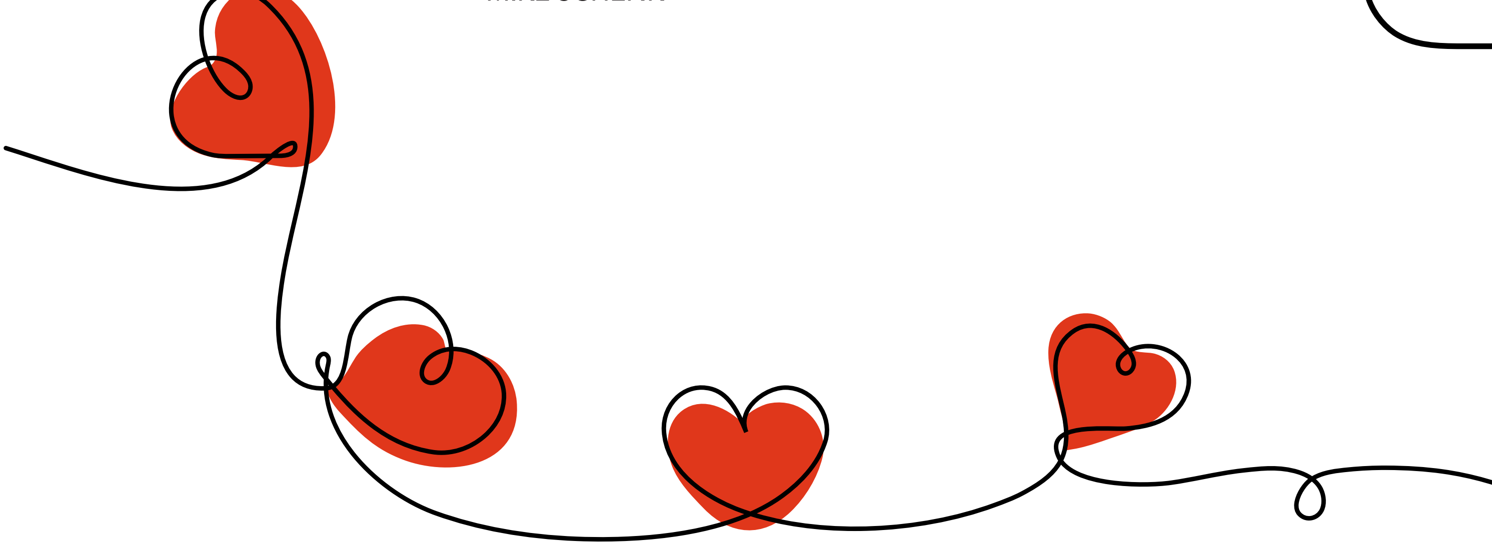
Resources

› CUNA:
1. Marketing & Business Development Council: *cunacouncils.org*
2. Marketing and business development events, training, and certifications: *cuna.org/events*

› Prisma Campaigns: *prismacampaigns.com*

‘MY STORY’ by the numbers

MIKE SCHENK



Credit unions have transformed members’ lives for generations. Let’s measure that impact.

My first car was a 1972 Grand Prix 455 V-8. It was big, loud, and fast. The ride was incredible—like butter.

It was a two-door hardtop, gray with a plush, ruby-red interior. Before “electric” was a thing, it had electric *everything*: door locks, mirrors, seats, windows—even a switch that controlled the moon roof.

I bought it from my uncle in 1982 for $1,500. Its most distinctive feature was extensive rust. Passenger-side riders had to climb through the window to get in the door (it was rusted shut). The moon roof leaked like a sieve when it rained (it was rusted open).

My most distinct memory, however, was that I didn’t have the cash to buy it. Banks wouldn’t lend me the money, but my credit union did. It was transformational. The credit union took a chance on me, and I’ll never forget it. I needed that car to go to work, pay the rent, and get to class on time—basically to get ahead in life.

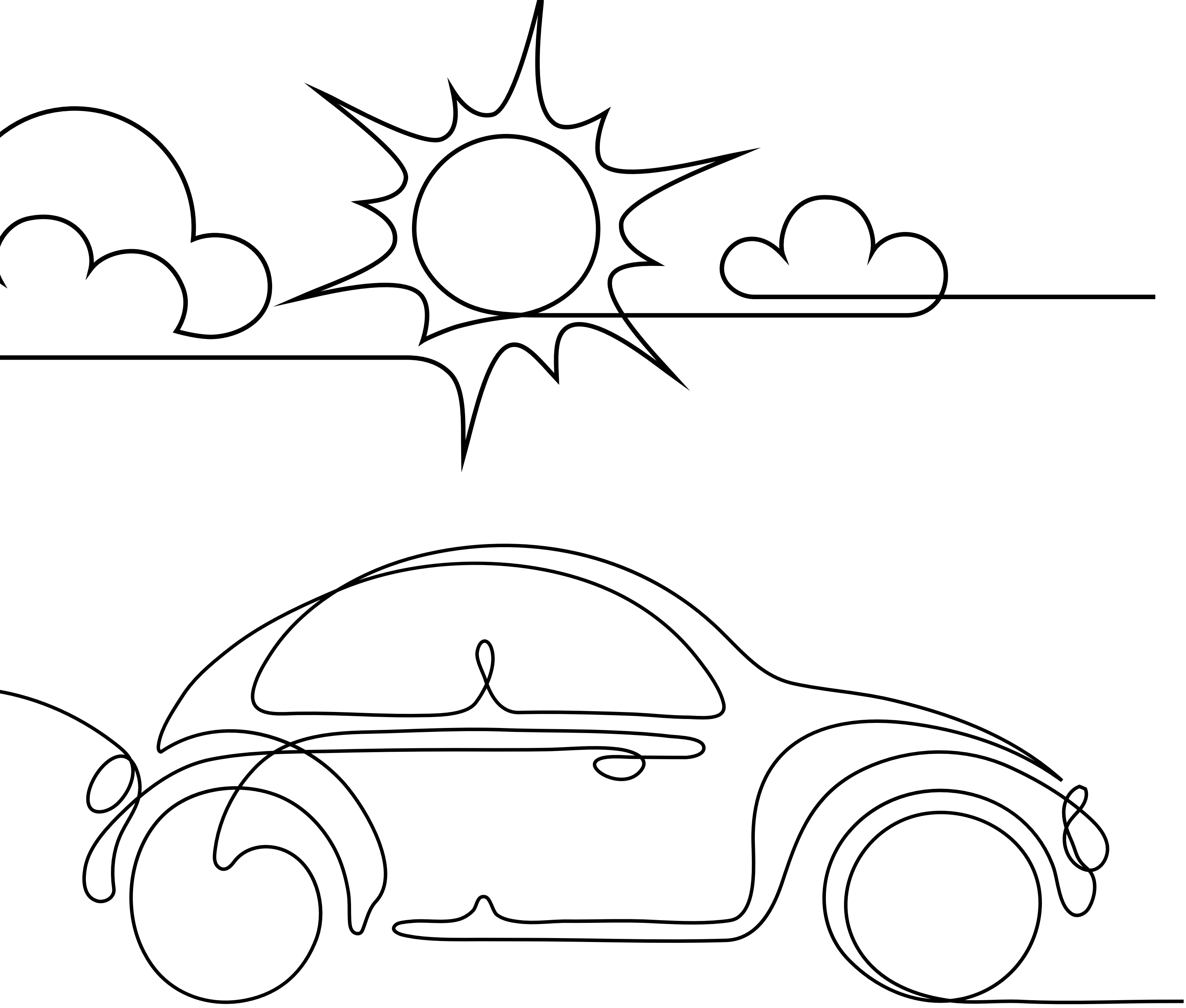
I’ve heard other credit union people tell “my story” countless times. Chances are, if you work for or with credit unions you’ve heard it, too. Often.

This story—my story—is a big part of credit union lore. After all, access to reliable transportation is a foundational aspect of financial well-being for millions of consumers: those who need a lender willing to listen to their story, make an exception, and take a chance.

Collectively, credit unions do a pretty good job of telling my story. But we generally fall short when it comes to measuring the impact it has.

How many auto loans do you make to first-time buyers and those on the bottom rungs of the economic ladder? How many chances does your credit union take?

How much money did you save members who live



paycheck to paycheck?

COVID challenges

In the wake of the COVID-19 pandemic, answers to those questions are more important than ever.

COVID magnified challenges for almost everyone. But it was especially tough on average front-line workers: minimum wage earners who had to be at work but who faced public transit interruptions in many cities.

Supply chains also were disrupted, making it more difficult to obtain alternative transportation. New car and light truck sales plummeted from 17 million units in 2019 to 14.5 million in 2020 and 15 million in 2021. In the first eight months of 2022, the annualized monthly sales rate averaged just 13.7 million units—down 19.5% compared with the pre-pandemic 2019 readings.

Those trends greatly increased demand for used vehicles, which is where many front-line workers turn when shopping for a car. Prices jumped dramatically.

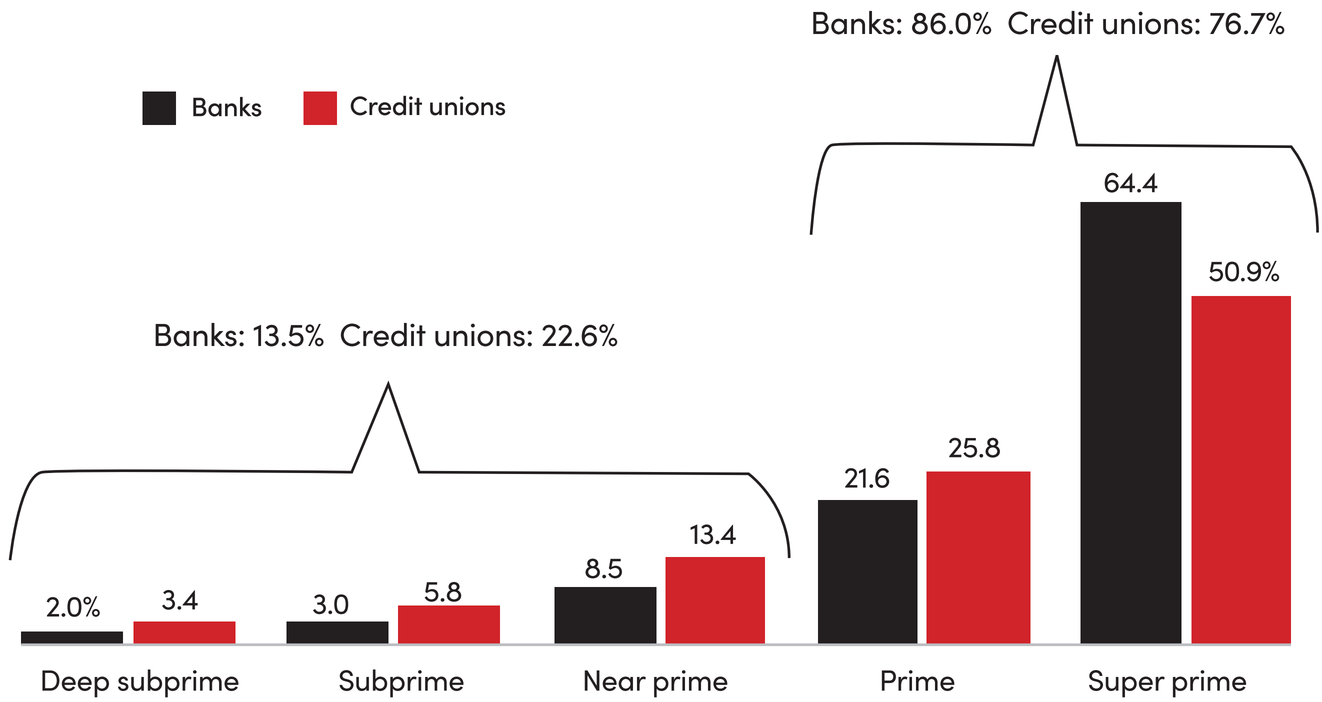
The Bureau of Labor Statistics reports used car and truck prices spiked 26.6% in 2021 and 15% in the 12 months ending July 2022. Many people were priced out of the market. But signs of a rebound are increasingly obvious.

For example, CUNA's Monthly Credit Union Estimates (MCUE) Report—based on a survey of hundreds of credit unions nationwide with results asset-weighted to represent movement-wide results—shows that credit union loans outstanding increased 10% in the first half of 2022. That's an eye-popping 20% annualized rate and the fastest first-half increase in the 32 years we've collected this data.

A big contributor to that result was credit union auto lending, which grew at a 12% rate (24% annualized) in the first half of 2022. It's a compelling story.

This year, CUNA acquired a 10% sample of the Equifax database, with monthly observations going back to 2005. In all, our sample consists of 28 billion

Share of auto loan originations by credit score*



*As of second-quarter 2022

Sources: Equifax and Credit Union National Association, 2022

records and counting.

Our goal is to tell this compelling story—and similar credit union stories—to any and all consumers and policymakers who will listen. What are we seeing?

First, it confirms the trends revealed in our MCUE data. More importantly, it reveals that despite supply chain disruptions and other dislocations, credit unions have a clear and strong commitment to ensuring members have affordable, easy-to-get auto loans. Credit unions are clearly punching above their weight in the auto loan arena today.

While credit unions control only 8% of depository financial institution assets, second-quarter 2022 Equifax data shows that credit unions accounted for a 37% market share of total auto loan originations in the second quarter of 2022. That includes originations among all depository financial institutions and all nondepository finance companies, including captive financers and buy-here, pay-here companies.

Credit union market share of total auto loans outstanding (including securitized loans) totaled 30.7% at mid-year 2022, a nearly four percentage point increase compared to year-ago readings.

Modest-means members

Some—bankers in particular—say credit unions have lost their way, are no longer mission-focused, and have abandoned those of modest means. But Equifax data clearly shows that credit unions are collectively focused on responsibly serving all consumers, especially those of modest means, with auto loans.

Specifically, the data shows that banks are 1.3 times more likely than credit unions to originate auto loans to "super prime" borrowers, those with credit scores above 720. Overall, 65% of banks' auto loan originations go to consumers in this high credit tier.

In contrast, only 51% of credit union loans are concentrated in the upper reaches of the credit scoring continuum.

At the other end of the spectrum, credit unions are 1.6 times more likely than banks to originate auto loans to consumers with nonprime credit scores (i.e., scores below 660). Overall, 23% of credit union auto loan originations are to consumers with below-prime scores, while only 14% of bank originations occur in that market segment.

Part of the attraction to credit union auto loans is favorable pricing. In mid-August 2022, Datatrac auto loan interest rates for A-paper borrowers averaged 4.72% at banks but only 3.52% at credit unions. That 120 basis point difference means that a consumer who finances $38,000 on a five-year term will save roughly $1,300 over the life of the loan if originated at a credit union rather than a bank.

We're evaluating implied interest rates in the Equifax dataset. This should give us solid data on average finance rates across the credit score spectrum, not simply within the upper tier.

We're confident that, using Equifax data, we'll have an even more compelling story to tell. The data will likely show that borrowers with lower credit scores save $7,500 to $10,000 over their loan term by financing at a credit union compared to what they'd pay elsewhere.

In any case, credit unions' favorable pricing makes auto loans more affordable, and the strong credit union culture of consultation and member-centric financial counseling ensures members know what they're getting into.

As a practical matter, that means credit union members are more likely to pay their automobile loans on time, reflected in substantially lower delinquency rates.

This also is abundantly clear in the Equifax data. Overall auto loan delinquency rates at credit unions are far lower than those at banks and auto finance companies.

Mid-year 2022 data shows that bank auto loan delinquency rates are roughly 1.3 to 1.4 times higher than credit union delinquency rates across the credit score spectrum. Auto finance company delinquency rates are 2.5 to 3.0 times higher than credit union delinquency rates.

The record is clear: Using on-time payments as an indicator, credit union members reflect higher levels of financial stability and resilience than consumers who borrow from banks and auto finance companies. This is true across the credit spectrum.

"My story" is really the credit union story. Credit unions clearly stand out in the auto finance arena. Don't take it for granted. Measure your impact. Tell your story. Seven times, seven ways.

MIKE SCHENK *is chief economist and deputy chief advocacy officer at Credit Union National Association. Contact him at 608-231-4228 or at* mschenk@cuna.coop.

Resources

- CUNA:
  1. Credit union and economic data: *cuna.org/economics*
  2. Lending Council: *cunacouncils.org*
- Equifax: *equifax.com*

Statement of Ownership, Management, and Circulation

TITLE OF PUBLICATION: Credit Union Magazine

FREQUENCY OF ISSUE: Quarterly

LOCATION OF OFFICE OF PUBLICATION: 5710 Mineral Point Road, Madison, WI 53705-4454

LOCATION OF THE HEADQUARTERS OR GENERAL BUSINESS OFFICE OF THE PUBLISHER: 5710 Mineral Point Road, Madison, WI 53705-4454

PUBLISHER: Michelle Willits, Credit Union National Association, 5710 Mineral Point Road, Madison, WI 53705-4454

EDITOR: Bill Merrick, 5710 Mineral Point Road, Madison, WI 53705-4454

OWNER: Credit Union National Association Inc., 5710 Mineral Point Road, Madison, WI 53705-4454

KNOWN BONDHOLDERS, MORTGAGEES, AND OTHER SECURITY HOLDERS OWNING OR HOLDING 1% OR MORE OF TOTAL AMOUNT OF BONDS, MORTGAGES, OR OTHER SECURITIES: None

I certify the above statements are true and complete—
Michelle Willits, publisher, 10/1/2022

Date	Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing
15A. Total printed (Net press run)	4,510	3,510
B1. Paid: outside-county	3,202	2,949
B2. Paid: in-county	0	0
B3. Sales through dealers, vendors and counter sales	0	0
B4. Other classes mailed	7	6
C. Total paid distribution	3,209	2,955
D1. Free: outside-county	0	0
D2. Free: in-county	0	0
D3. Other classes mailed	0	0
D4. Free: outside the mail	1,115	340
E. Total free distribution	1,115	340
F. Total distribution	4,324	3,295
G. Copies not distributed	186	215
H. TOTAL	4,510	3,510
I. Percent paid	80%	90%
16A. Paid Electronic	88	57
B. Total paid print copies +paid electronic copies	3,297	3,012
C. Total print distribution + paid electronic copies	4,412	3,352
D. Percent paid	90%	90%

10 SCAMS TARGETING OLDER MEMBERS

COLLEEN KELLY

From cute puppy swindles to tech support schemes, elder financial abuse comes in many forms.

Scammers take advantage of nearly 5 million older Americans every year, with the annual cost of financial abuse estimated at $36.5 billion.

Criminals often target people over 60 because they're more financially secure, they may experience memory issues, and they tend to be more trusting. Credit union staff should brush up on these scams to protect older members:

1. The grandparent ruse

This ploy may be the most devious because it takes advantage of many older adults' biggest vulnerability: the love of their grandchildren and the fear of putting them at risk.

Criminals will call an older person and say something like, "Hi Grandma, do you know who this is?" When the unsuspecting grandparent guesses the name of a grandchild the scammer sounds most like, the fraudster has established a fake identity without any effort or background research.

Once the grandparent "correctly guesses" which grandchild is calling, the scammer will ask for money to solve an unexpected financial problem, such as overdue rent, car repairs, or even a hospital bill because the grandchild has been in an accident. The funds must be paid via Western Union, MoneyGram, or a similar method. The scammer will also beg the grandparent, "please don't tell my parents."

2. Cute puppy swindle

Seniors can be particularly vulnerable to pet scams, especially if they've lost a loved one and are looking for a companion. A scammer will post a picture of an adorable puppy that's available for an unbelievably low price. There's usually a heartbreaking background story about why the animal needs a new home ASAP.

Once the older person contacts the seller (scammer), they must pay a number of fees—up-front adoption charges, shipping costs—via wire transfer or prepaid debit card. Then, after paying those fees, multiple delays and additional fees arise, including insurance costs, specialized veterinary care, and quarantine costs. In reality, there was never a puppy and the victim's money is gone.

3. Tech support

Scammers will pose as support representatives offering to resolve issues related to a compromised email, financial account, computer virus, or even a software license renewal.

These scams usually start with a phone call or a pop-up warning of a computer problem that provides a number to call. The fraudsters often claim to be from Microsoft or Apple, and they may even spoof caller ID to make it look like one of these companies is actually calling.

In another twist, they get people who actually need computer help to call them by posting phony customer support numbers for well-known companies online. These scammers convince people to hand over remote access to their computers and then make a big show of "troubleshooting."

They may open system folders or run scans that show evidence of a problem. Then they ask for money for supposed repairs and fake service contracts.

4. Online romance

Romance scammers usually create fake profiles on dating websites and on social media sites. While they can be hard to spot, the tactics they use are common. For example:

› **They claim** to be living or traveling outside the U.S., which allows them to avoid meeting with victims in person.

› **They quickly escalate** the relationship by using flattery, professing love, and asking to move conversations off the dating service so they can communicate directly by text or email.

› **They make plans** to get together in person but always come up with excuses not to meet.

› **They claim** to have a medical emergency or unexpected expense for which they need money.

› **They ask for money** to pay for a trip together or to visit. They typically ask the person to wire the funds or to buy a gift card or cash reload card and provide them with the card number.

While the scammers may be easy to spot from the credit union's perspective, your members may not take kindly to suggestions that their new love is actually a criminal. They'll remind you that it's their money and they can spend it however they like.

While this is true, it doesn't make watching members lose their life savings any easier.

5. Pigeon drop

This scheme takes on various scenarios. Generally, the scammer tells the potential victim (the "pigeon") they've found a large sum of money and will split it if the victim makes a show of good faith by giving cash to the scammer to hold while they determine how to split the money.

This ruse often occurs in a store parking lot, where the scammer approaches the selected victim and claims to have found a bag, briefcase, or envelope, and asks whether it belongs to the victim.

When they look inside the bag for identification, they find what appears to be a large amount of cash with some indication it comes from an illegal activity, such as gambling or drugs, so returning the money is impossible.

The final step is the request that each person who "found" the money offer a deposit of their own money to show good faith that they will split the funds. Once the victim provides their "good faith" cash, the scammers deftly switch out the "found money" for a look-alike bag or envelope full of useless paper.

The scammers are long gone with the victim's good faith money before the victim determines the "found money" has been switched.

6. Phishing

A senior receives emails that appear to be from a legitimate company or financial institution asking them to update or verify their personal information. In one variation of this scam, the member receives an email that appears to be from the Internal Revenue Service (IRS) about a tax refund that

Elder financial abuse red flags

Some signs a member may be falling prey to a scammer, according to the Financial Crimes Enforcement Network:

› **During a transaction,** the member appears to take direction from someone with whom they're speaking on a cell phone, and seems nervous, leery, or unwilling to hang up.

› **The member begins** discussing and buying convertible virtual currencies.

› **The member sends** multiple checks or wire transfers with descriptors in the memo line such as "tech support services," "winnings," or "taxes."

› **Uncharacteristic nonpayment** for services, which may indicate a loss of funds or access to those funds.

› **Sudden and unusual changes** in the member's contact information or new connections to emails, phone numbers, or accounts that may originate overseas.

› **The member mentions** how an online friend or romantic partner asked them to receive and forward money to someone on their behalf or open an account for a "business opportunity."

› **Unexplainable or unusual** account activity for a member with known physical, emotional, and cognitive impairments.

› **The member is agitated** or frenzied about the need to send money immediately in the face of a purported emergency of a loved one, but the money would be sent to a seemingly unconnected third-party business or person.

› **A sudden change** in financial arrangements, such as a change of power of attorney, trust, or estate planning vehicles, to a different family member or a new person.

› **Dormant accounts** with large balances begin to show frequent withdrawals.

› **The member receives** and transfers money interstate or abroad to recipients with whom they have no in-person relationship, and the explanation seems suspicious or indicative of a scam or money mule scheme.

requests personal information to deliver the funds. As many people know, the IRS never sends such emails.

7. Investments

Investment scams target older members looking to safeguard money for their later years. From pyramid schemes like the one that made Bernie Madoff infamous to stories of a Nigerian prince looking for a partner to claim an inheritance, investment schemes have long taken advantage of older people.

8. Homeowner schemes

Criminals like to take advantage of the fact that many people above a certain age own their homes, a valuable asset that increases the potential dollar value of certain scams.

Home-related schemes include:

› **A property tax scam** where fraudsters send personalized letters to different properties apparently on behalf of the county assessor's office. The letter, made to look official but displaying only public information, identifies the property's assessed value and offers the homeowner, for a fee, to arrange for a reassessment of the property's value and the tax burden associated with it.

The member must pay the fee in advance and, after making the payment, the victim never hears from the "assessor's office" again.

› **Reverse mortgages.** As opposed to official refinancing programs, unsecured reverse mortgages can lead property owners to lose their homes when the scammers offer money or a free house somewhere else in exchange for the title to the property.

9. Sweepstakes and lottery

Older members learn they've won a lottery or sweepstakes and must make some sort of payment (i.e., to cover the taxes) before they can collect the winnings. To lend credibility to the

scam, seniors will often receive a check representing partial payment of the winnings they can deposit into their credit union account.

Before the check is rejected as fraudulent, the scammers quickly collect money from the older member for the supposed fees or taxes on the prize. When the check bounces, the scammers are long gone and the member is out all of the "tax and fee" money they paid.

10. Funerals

The FBI warns of two types of funeral-related fraud used against seniors. In the first, scammers read obituaries and call or attend the funeral service to take advantage of the grieving widow or widower. The scammer claims the deceased had an outstanding debt with them, and will try to extort money to settle the fake debts.

In another ruse, funeral directors will insist they need to use an expensive burial casket even when performing a direct cremation. In reality, a less-expensive casket would suffice.

Credit union staff should be on the lookout for red flags that may indicate your members are being defrauded.

Educate your members about the latest scams, warn them if you see suspicious activity, and, when appropriate, file a suspicious activity report with the Financial Crimes Enforcement Network and notify your local adult protective services agency.

COLLEEN KELLY *is senior federal compliance counsel at Credit Union National Association. Contact her at 202-604-9862 or ckelly@cuna.coop.*

Resources

- CUNA:
  1. Compliance Community: *community.cuna.org*
  2. Compliance resources: *cuna.org/compliance*
  3. Credit Union Compliance Management System: *cuna.org/cucms*
- Financial Crimes Enforcement Network: *fincen.gov*

AD INDEX

20 marketing commandments

Thou shall understand that the creative process is, by definition, a risky one.

While there are few hard and fast rules in marketing, there's a lot of turnover among marketing teams. These issues may be related.

The problem is that the creative process is, by definition, a risky one.

Bland may not be effective, but it does keep you from viral evisceration by thousands of indignant Facebook users.

That said, some rules will keep you from getting into too much trouble.

I'm calling these the "20 Credit Union Marketing Commandments," although the more progressive among you might want to go with, "Two Credit Union Marketing Commandments and 18 Mere Suggestions." They are:

i. Thou shall be careful using humor when it comes to health or wealth. One person's laugh riot is another's invective.

ii. Thou shall not use the term "marketing" to be a noun, adjective, and verb at the same time.

iii. Thou shall politely consider new ideas, even marketing campaigns consisting solely of an annual percentage yield disclosure for a certificate of deposit.

iv. Thou shall post but one social media item per day, unlike a 14-year-old hanging out with friends on a Friday night or parents who can only figure out the share key on major holidays.

v. Thou shall focus on a chosen demographic, making this group more specific than "can fog a mirror" and less specific than a Tinder profile.

vi. Thou shall use internet metrics with a grain of sodium chloride as thy understands that the underlying principles to metrics such as "unique member," "click-through" and "ability to sit through a video more than 10 seconds long" to a CEO is as effective as watching "National Treasure" as a history lesson.

vii. Thou shall make visuals that work on thy computer, thy tablet, and thy phone.

viii. Thou shall not chain down pens in branches.

ix. Thou shall tell stories as if thou are the Ernest Hemingway of credit union marketing.

x. Thou shall personalize message as thou realizes nobody responds to "dear member."

xi. Thou shall realize that members are little moved by rate or levels of service but would move heaven and earth for a free Starbucks gift card.

xii. Thou shall create all marketing programs in six days, for the seventh day shall be one of rest and for fixing mistakes made in the previous six.

xiii. Thou shall tell the truth, always tell the truth, per Regulation Z, Section 11, Part 5, paragraphs 4-16, including footnotes.

xiv. Thou shall not covet someone else's image unless it's not copyrighted. Then it's like borrowing a cup of milk for a cake and is completely OK.

xv. Thou shall be current and more relevant than a VCR repair person.

xvi. Thou shall treat all vendors with compassion until they no longer are worthy of thy money.

xvii. Thou shall avoid telling jokes such as, "What's the difference between a credit union CEO and God? God doesn't think he's a credit union CEO."

xviii. Thou shall understand that one may lose some, one may win some, but as the Seattle Mariners have shown, playing above .500 is all one must doeth.

xix. Thou shall tryeth new things and be unlike the 27th installment of the "Indiana Jones" movie franchise.

xx. Thou shall not chase shiny objects like a Labrador retriever at a bunny farm.

Go forth and market.

JAMES COLLINS
President/CEO
O Bee Credit Union
jcollins@obee.com
360-943-0740

Q&A with Rebecca Lauryssens

Madison (Wis.) Credit Union

Rebecca Lauryssens believes in making personal connections with members. The marketing specialist has plenty of opportunities to do so as one of 10 employees at $54 million asset Madison (Wis.) Credit Union. She shares her thoughts about marketing trends, member-first service, challenges facing small credit unions, technological advancements, and more.

Credit Union Magazine: What's your main focus?

Rebecca Lauryssens: Our first focus is on our members, offering the best service and products possible. Because we're small, we can make a more personal connection with members. Members feel that, and they become our chief brand ambassadors.

Another major focus is offering more online services. If we've learned anything from the pandemic, it's the importance and opportunity for digital communication, from account opening to loan processing and funding. I'm working to improve our online user experience and services.

Q: What do you like best about the credit union movement?

A: The sense of community. We want everyone to succeed: members, communities, and other credit unions. We share ideas and collaborate with each other to improve our members' financial future.

Increased collaboration allows marketers to be more involved with members, learning what they need and want in a financial institution. As a marketer, you can get lost in analytics and numbers and lose focus on what reaches members and draws them to your credit union.

Q: How has marketing changed since your career started?

A: My marketing career started in 2004, so quite a lot. Apps, social media, and web chatting didn't really exist. Those are new ways to connect with members. Today's credit union marketer must be proficient in print and digital media campaigns, and savvy on social media. We must understand the user experience and get out in the community for grassroots campaigning.

Q: What are the hurdles of working at a smaller credit union?

A: One of the biggest hurdles is the budget. A smaller credit union doesn't have the budget to have billboards all over town or advertise on the radio and in every paper. We have to get creative. Fortunately, I like a challenge.

I know we can't compete with some of the larger credit unions, but we don't need to. We're different. We offer more personalized service.

Q: What marketing trends interest you most?

A: The first is using social media to educate. Yes, we want to make more loans and increase our membership, but so many people lack financial education. We want to help. By doing that, we hope our current and potential members trust us and choose us for their financial needs.

Second, incorporating more videos into our digital ads. People are busy. They're bombarded by

information, and they don't always take the time to read. I'm trying to build more videos for our ad campaigns and financial education.

Lastly, improving our digital services to make sure we're accessible to members however they want to reach us.

Q: What advice do you have for someone getting started in marketing?

A: Know your members. Create a member profile, and understand your credit union's brand and niche.

Also, come with energy to learn. Money is a topic people don't always like talking about, yet it's vital to society. Use your skills and creativity to reach members. Talk to your member service team and lenders to understand common questions and problems your members have.

Finally, talk to similar credit unions. Credit union people are always willing to share what they've learned.

Credit Union National Association
CUNA

Powerful marketing made possible

CUNA

Creative Hub & Creative Hub Pro™

CUNA Creative Hub is filled with articles, motion graphics and social media content.

Ready-made campaigns are easily modified to suit a marketer's needs.

Download. Design. Leave Work on Time.

- **Searchable content library**
- **Built for credit unions**
- **Newest materials**
- **English & Spanish options**

	CUNA Creative Hub	CUNA Creative Hub Pro
Save time and resources		
Regularly updated content including: • ads • articles • podcasts • videos • social media content	✓	✓
Pre-built editorial calendar		✓
Email marketing software with basic analytics		✓
Customize to reach your market		
Credit union specific content for multiple channels	✓	✓
Articles and campaigns, available in English and Spanish	✓	✓
Unlimited downloads of premium images		✓
Advanced content modification options		✓
Stay current		
New high-quality assets added monthly	✓	✓
Monthly Subscriber Newsletter	✓	✓

Purchase now at **cuna.org/creativehub**