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He Leads or Gets Out of the Way

CUES' 2017 Outstanding Chief Executive
Chuck Purvis, CUDE, CCE

PIN Debit Decisions
Consider network logos and contracts

Retirement Gender Gap
How CUs can help close it

Digital Marketing Today
Break free from traditional thinking

CU Management

OCTOBER 2017 vol. 40 issue 10

CUES is a Madison, Wis.-based, independent, not-for-profit, international membership association for credit union executives. Our mission is to educate and develop credit union CEOs, directors and future leaders.

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TYME Was Money

In Wisconsin in the 1990s, if you needed to get cash, you didn't go to the ATM machine, you went to the TYME (yes, pronounced "time") machine. TYME, short for Take Your Money Everywhere, was one of the first U.S. shared electronic funds transfer networks.

It was so well-branded that we didn't realize how ridiculous it sounded to outsiders when we asked where the nearest TYME machine was. In 2002, TYME merged into PULSE, but no one goes to the "PULSE machine" today.

So why should a credit union put the logos for the networks it belongs to on its cards? Those "bugs" on the back "serve no useful purpose, and they complicate the process of getting all the approvals you need when you make changes," says CUES member Brenda Crane, SVP/COO of $833 million Credit Union 1, Rantoul, Ill. While debit clearing and ATM network contracts frequently include language that requires them, many credit unions are asking to waive the requirement. Read more in "PIN Debit Decisions" on p. 32.

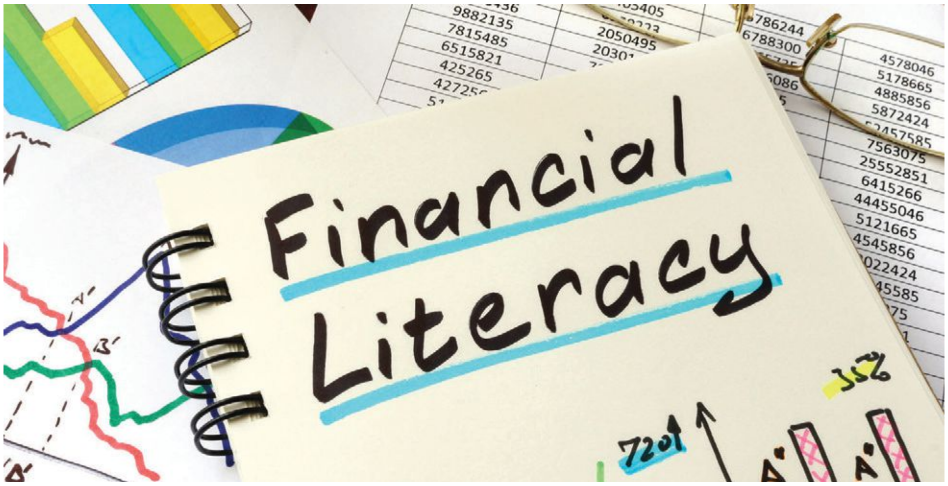
Our cover story this month tells the story of CUES' 2017 Outstanding Chief Executive Chuck Purvis, CUDE, CCE. As CEO of Coastal Credit Union in Raleigh, N.C., Purvis has proven to be an innovator and collaborator. "I tend to look for possibilities that other people don't see," he says. "I also am a pretty big thinker. I'm not one who reacts well to the phrase, 'We can't do that.' It spurs me to figure out how we can do it." That spirit led to a very successful collaboration that resulted in video tellers as we know them today. Read more about Purvis and his remarkable CU career on p. 10.

Like Purvis, I am inclined to start with "*How* can we do this?" instead of "*Can* we?" When trying to convince co-workers, colleagues, even (especially?) my 9-year-old son to approach problems from a "how-to" perspective, four tips from Jonah Berger will likely be of particular help. Berger, Ph.D., author of *Invisible Influence* and marketing professor at the Wharton School at the University of Pennsylvania, explains "How to be More Influential" on p. 24. Need more Berger? You can hear him in person at CUES' Directors Conference (*cues.org/dc*), Dec. 10-13 in Marco Island, Fla.

Here is a problem close to home for me and many of your employees: Women are falling short in their retirement savings. In 2015, the median household retirement savings reported by American women was $34,000 compared to $115,000 for men. That's a *big* gap. Why should employers care? Financial stress takes a toll on workers, with many saying they've spent work time dealing with a personal financial matter and some even taking time off to deal with an issue or the stress that comes with a financial problem (*tinyurl.com/yagoxbqo*). How can your credit union help? Jennifer Norr, VP/marketing and strategy at CUESolutions provider CUNA Mutual Retirement Solutions (*cunamutual.com*), offers six ways that CUs can help narrow that gap in their female employees' and members' retirement savings on p. 40.

Happy International Credit Union Day on Oct. 19! Later this month, be sure to visit *cues.org* to read how credit unions are making members' dreams thrive. How does your credit union plan to celebrate? I'd love to hear what you have planned (*theresa@cues.org*.)

Theresa Witham
Managing Editor/Publisher



Financial Ed for Members—and Staff

Before it launched an online financial wellness program for members this past summer, Jeanne D'Arc Credit Union first gave its employees the opportunity to review the modules covering topics from credit cards to Social Security enrollment to investment options.

The $1.2 billion Lowell, Mass., credit union (*jdcu.org*) began offering the program "A Healthier You," from EverFi (*everfi.com*), to its 230 employees in June. Within the first few weeks, 66 employees had completed all 24 topics, and about three in four employees had enrolled.

Jeanne D'Arc CU offered small prizes, such as a gift card after completing six modules, and a certificate and beach towel bearing the credit union logo for completing the program, says Scott Flagg, SVP/chief member service officer.

"We had some friendly competitions to see who could finish first and get their beach towels," Flagg notes.

The credit union began developing plans in 2016 to offer financial education "as part of our strategic plan to make sure our members have a sense of their financial well-being," he says. Extending that goal to employees, Jeanne D'Arc CU did an internal survey asking its staff questions like "How financially stable do you feel?" and "Could you handle an emergency expense of $400 or $500?"

Based on those survey findings, the credit union launched the program early for its employees to help build their personal financial management know-how and to help them become more comfortable discussing those topics with members.

The program offers five- to 10-minute videos with quick self-tests at the end to reinforce the learning. The modules for members and employees are the same, but employees get more in-depth content about the importance of building good credit since that's a key message in interacting with members, Flagg says.

"A lot of employees see this as a way to develop their skills, both for their current jobs and for a possible promotion down the road," he adds. "They love getting the knowledge without it being presented in legal speak. And we want our employees to be more comfortable in their own financial situations and in talking about these issues with members."

SEND US YOUR THOUGHTS

We welcome signed letters to the editor. Email *theresa@cues.org*.

"We need to change the way we believe in order to see the world around us change."

Yossi Ghinsberg, international best-selling author of *Jungle*, soon to be a major motion picture. Hear his inspiring true story at Directors Conference (*cues.org/dc*) this December.

Playing Smarter, Not Bigger

The debate over the viability of smaller financial institutions has been going on for 20 years. In a 2012 study, the FDIC (*tinyurl.com/fdicreport*) concluded that banks greater than $1 billion in assets enjoy 20-year advantages in loan growth, deposit growth and fee income.

One question facing smaller institutions looking to achieve efficiency is: How do we get there without having to merge or in the absence of market growth? A new whitepaper (*cues.org/playingsmarter*), commissioned by OnBase by Hyland and written by CUES Supplier member and strategic partner Cornerstone Advisors, helps answer that question.

Through interviews with successful small CUs and analyzing the *Cornerstone Performance Report* benchmark data, Cornerstone Advisors has identified four ways successful small CUs have achieved superior levels of efficiency.

1. System utilization: Small credit unions must constantly—and consistently—work at finding new ways to more fully utilize the systems they have.

2. IT relationship management: Community-based FIs that achieve high levels of IT and line-of-business coordination demonstrate superior business results.

3. Agility: Successful small CUs create high levels of agility not just through process capabilities and operational discipline, but through flexibility in staff and resource allocation.

4. Guerilla IT: There's a "scrappiness" that characterizes many successful smaller CUs. They find workarounds to problems, and are willing to use whatever tools they can find to get the job done.

Read the full report for free at cues.org/playingsmarter.

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He Leads or Gets Out of the Way

CUES' 2017 Outstanding Chief Executive Chuck Purvis is an innovator and collaborator who knows when to let others on his team take the reins.

By Diane Franklin

Chuck Purvis has risen to the top executive position of a $2.9 billion credit union by focusing on innovation and collaboration. As president/CEO of Coastal Credit Union (*coastal24.com*) with headquarters in Raleigh, N.C., Purvis knows how to step up to implement an innovative solution, but he also knows when it's appropriate to step back and give others a chance to lead.

"I'm sure you've heard the phrase 'Lead, follow or get out of the way.' CEOs have to be able to do all three," says Purvis, CUDE, CCE, a long-time CUES member whose professional accomplishments, support of employee development and dedication to the community have earned him the title of CUES' 2017 Outstanding Chief Executive (*cues.org/recognition*). "Some CEOs might say, 'I'm the leader, so I'm always going to lead.' But there are times when someone else is better positioned to lead a particular effort. When my team has an idea that they all support and want to pursue, generally the smartest thing I can do is get out of the way."

Purvis' focus on collaboration has enabled Coastal CU to make maximum use of its organizational talent. "Too many people in organizations are siloed, even those at the top," he says. "I've got six senior executives that work for me, and we meet every week for about an hour and a half. Every meaningful decision that affects the company is made by that group collectively."

Thinking Big

During his five years as CEO and his 11 previous years as EVP/COO, Purvis has propelled Coastal CU forward through innovative decision making and creative problem solving.

"I tend to look for possibilities that other people don't see," he says. "I also am a pretty big thinker. I'm not one who reacts well to the phrase, 'We can't do that.' It spurs me to figure out how we can do it."

One of the best examples of Purvis' innovative thinking resulted in a breakthrough in remote-teller technology that came about through a successful collaboration between Coastal CU and uGenius Technology, now part of NCR (*ncr.com*), Duluth, Ga.

"We invented and pioneered what is known today as video tellering," Purvis explains. "It originated with an idea I had for improving an early cousin of this technology. We became the first financial institution in the world to go 100 percent to video tellers. We have no tellers in any of our branches, and we are able to deliver teller services from 7 a.m. to 7 p.m., seven days a week."

Currently, video tellers are available in all 22 of Coastal CU's branches. The resulting efficiencies enabled the CU to expand its service hours by 44 percent and reduce labor by 40 percent. With Coastal CU as part owner through its wholly owned CUSO, uGenius commercialized the remote personal teller machines so that other CUs could take advantage of this

"I like the fact that we do things together with other credit unions."
Chuck Purvis

technology. "NCR Corp. purchased the company (and Coastal CU saw a return on its investment of about 400 percent) about five years ago and now has a large business worldwide taking that technology to other financial institutions," Purvis reports.

More recently, Purvis has embarked on a new venture that brings a revolutionary digital banking software platform to the CU space. "My CIO and I have been working on this idea for about four years," Purvis says. "Rather than having a single mobile banking app, which can be expensive and hard to maintain, our idea was to create a platform that would include apps from different financial services providers and put them in a single app store."

After developing a proof of concept and raising the necessary funds to determine feasibility, Coastal CU formed a credit union service organization called Constellation Digital Partners LLC ("coming soon" website at *constellation.coop*) to bring this platform to market. The CUSO, jointly owned by eight credit unions and three credit union organizations, was launched in May as the first and only suite of digital financial services dedicated solely to CUs.

These innovation endeavors provide validation that Coastal CU's board of directors made a wise decision in selecting Purvis to succeed the previous CEO of 38 years.

"We just adore Chuck and have for a very long time," says Chair Joan Nelson. "We groomed him to be the successor for Larry Wilson, and it has paid off dividends. Internally, what sets Chuck apart is the fact that he is a very innovative spirit. He comes up with great ideas that help not only Coastal but also the industry as a whole. If it's something we agree we should move forward with, Chuck brings in the right expert to flesh it out for feasibility and then implementation."

A 35-Year Journey

Purvis' ability to think big has been evident from the very first job he took in the CU sector 35 years ago. He had just graduated from the University of North Carolina at Greensboro with a bachelor's degree in business and economics with an accounting concentration. Those credentials landed him a consulting position with what at the time was known as the North Carolina Credit Union League. The position was necessitated in reaction to the Monetary Control Act of 1980 (*tinyurl.com/monetarycontrolact*), which deregulated interest rates and created an environment in which CUs needed to make pricing decisions on their deposits.

"I didn't know a thing about credit unions when I applied for the job but I thought it seemed interesting," Purvis says. "In 1982, I built what was probably one of the first electronic asset liability models and spent a number of years working with several hundred credit unions around the state, doing financial forecasts and modeling and helping them make financial decisions."

Purvis felt an affinity with the movement. Two key factors resonated: "The first was that the 1980s were an incredible time of innovation for credit unions," he recalls. "The S&L [savings and loan] industry was melting down ... and many people who wanted to bank with a local institution migrated over to credit unions. That was a period when shared draft accounts emerged, ... followed by IRA accounts and then debit cards and credit cards. All of this innovation ... has been pretty exciting."

The second, equally important factor is the sense of shared responsibility that exists among credit unions. "I found it be a very collegial and collaborative movement," Purvis says. "I like the fact that we do things together with other credit unions. It isn't, 'Gee, I'm competing with these other guys, so I better not tell them what I'm doing.' At the end of the day, it's all about how we can provide more value to the folks who are joining credit unions."

A Continuing CU Career

Purvis spent 11 years with the North Carolina Credit Union League in various roles, including serving as COO in charge of the organization's service corporation. "I spent my last two years running the First Carolina Corporate Credit Union, which at the time was affiliated with the League," he reports. "I decided it might be interesting to learn about corporates, investments, liquidity and so forth."

Purvis' next move was to U.S. Central Credit Union in Kansas, where he spent nine years in a variety of senior positions before making his move to Coastal CU.

In all, Purvis estimates that he's had about 25 senior level roles at the three credit union organizations he has served. "I get bored easily," he concedes. "When I take on a role, whether it's fixing a broken operation or bringing a new business on line, I love doing it for a couple years but then I determine that I'm ready to do something else."

As CEO, Purvis rarely experiences the boredom problem anymore. When you're a CEO, he says, "There's never a dull day."

During his tenure at Coastal CU, Purvis has helped the CU achieve new heights even after experiencing the worst recession of the last 80 years. "We lost a third of our capital during the financial crisis, primarily due to loan losses," Purvis reports. "North Carolina was hit pretty hard. I led a team that turned around our financial performance over a three-year period. We went from the two worst years in our history to a break-even year to three record years following that. Today, we're very healthy financially."

In addition to growing its assets to around \$3 billion, Coastal CU has expanded membership to a total of 230,000 encompassing a 16-county area that includes Raleigh-Durham and Chapel Hill. The organization keeps its membership numbers climbing through such innovative programs as a generous loyalty bonus program launched about five years ago.

"This is essentially a patronage dividend program," Purvis explains. "We paid out \$2.3 million in bonus dividends to our members in January and a total of about \$12 million over the past five years."

Employees are Key

Purvis insists this growth in assets and membership would not be possible without the hard work and dedication exhibited by those who work at the CU. "Our business model starts with our employees. We pay well and have a strong benefit program. We put a lot of effort into developing and supporting our employees, and that has translated into high service levels and Net Promoter Scores from our members. Our viewpoint is if our employees don't enjoy what they're doing and aren't engaged in their work, they aren't going to do a good job of serving our members."

As a result of this emphasis on employee engagement and satisfaction, the CU enjoys top rankings by area business journals. *Triangle Business Journal* named Coastal CU one of the best places to work in the Triangle (Raleigh-Durham-Chapel Hill), while *Business North Carolina* ranked the CU as one of the 50 best places to work in North Carolina. Both publications use employee surveys to determine those rankings.

The collaborative environment that Purvis supports is another reason that Coastal CU is such a desirable place for employees. "We all are working with the same set of goals, which gives everyone an incentive to support each other," he says.

However, improving an organization sometimes requires a critical eye. "I am the biggest cheerleader and the biggest critic of the organization. You have to be both."

Purvis has put himself in a position to evaluate the CU by being not only the CEO but also one of its most discerning members. "I do all of my personal financial business with Coastal," he explains. "I experience what our members experience, and if I discover something that are employees are not doing well, they are going to hear about it."

A way that Purvis puts team members in a position to succeed is by giving them different roles at the CU. "Let's say you're a really good CFO and you aspire to be a CEO," Purvis says. "One of the things I want to know is: Can you run a part of the organization that's not finance? Can you run operations? Can you run technology? That's why one aspect of our development model is to move our future leaders around the organization and see how they perform."

Purvis also believes in taking advantage of educational opportunities.

"I am a graduate of CUES' CEO Institute (*cues.org/institutes*), which is a fabulous program, and I'll be rotating some of my key execs through that program within the next couple years," he reports.

Additionally, Purvis uses the Credit Union Development Educator program (*tinyurl.com/cudeprogram*) as a means of helping key staff members understand the principles that bolster the CU movement.

> "What sets Chuck apart is the fact that he is a very innovative spirit."
> Joan Nelson

"I think it's important that our future leaders fully understand the CU philosophy and the cooperative principles we're built on," he says. "Without that, it's too easy to get focused on our business goals and forget about our social mission, and if we're not careful, at some point in the future, we'll wake up and credit unions will look like banks. I think a big part of my role at Coastal is to make sure that never happens here."

From her vantage point as board chair, Nelson has found Purvis to be excellent at talent development. "He has just truly raised the bar in terms of making sure that our employees, especially those who are being groomed for leadership roles, have the right experiences to excel."

Nelson cites Purvis' transparency as a key reason employees perform so well. "He has made himself accessible and makes sure that the entire staff feels comfortable approaching him if they have issues or concerns. I think this gives all employees a sense of engagement with our strategy and mission."

Giving Back

Another important leadership characteristic that Purvis exhibits is his generosity in giving back to the larger credit union community through serving on various boards and committees. He was on the board of the National Credit Union Foundation for 12 years, including a two-year term as chair. He is currently treasurer for CUES Supplier member CO-OP Financial Services (*co-opfs.org*), Rancho Cucamonga, Calif.; a board member of CUES Supplier member CU Direct (*cudirect.com*), Ontario, Calif.; and chairman of Members Development Corp. (*membersdevelopment.com*), Madison, Wis., a collaboration of 45-plus CUs who are working together on meaningful research and development projects.

Purvis also dedicates time to the local community by serving as vice chair of the United Way of the Greater Triangle. In addition, he recently joined the board of a local business-sponsored organization that focuses on improving public education in North Carolina.

While participating in these endeavors helps the community, Purvis sees a secondary benefit in that it helps broaden awareness of the Coastal CU brand. It also helps him gain a vantage point that is helpful in his duties as CEO. "I work for a board, so sitting on other boards gives me appreciation and insight into how my board may think or react," he says. "It's a great learning experience."

When he's not busy with his career or professional obligations, Purvis enjoys spending time with his family. He has been married to Gail (whom he met on a blind date) for 31 years. They have two adult sons and two grandsons.

"We have a lake house, so we're very much into boating and the lake life," Purvis says. "I also enjoy golf and traveling. I'm a bit of a NASCAR junkie and a diehard UNC basketball fan."

Though he came upon his credit union career by happenstance, Purvis couldn't be happier with the direction his career path has taken him. "When I took my first job at the North Carolina Credit Union League, I had no idea where my credit union experience would take me," he says. "Thirty-five years later, I couldn't imagine a more rewarding career."

Diane Franklin *is a freelance writer based in Missouri.*

More on Video Tellers and Mobile

Best Thing Since Sliced Bread? (*cues.org/1214sliced*)

Mobile Game Changers (*cues.org/0617mobile*)

More on Innovation and Leadership

Strategic Innovation Institute (*cues.org/sii*)

CEO Institute (*cues.org/institutes*)

It Takes a Village

Two case studies in broad-based strategic planning

By Jamie Swedberg

Traditional strategic planning is a partnership between two parties: the credit union's board and its management.

The board puts together its vision, mission, set of core values and a list of strategic goals for the organization. Management translates the board's vision into operational how-tos.

But what happens if you invite others to participate? The two CUs profiled here tweaked their strategic planning processes to reflect two key facts of life: first, that CUs rely heavily on vendors and partners to deliver the products and services their members want and need and, second, that members and employees play a key role in the life and culture of credit unions.

Their solutions might not be for every organization, but they're new approaches that are worth thinking about.

Neighbors FCU: Field Trip!

A visit to CUESolutions provider CUNA Mutual Group (*cunamutal.com*), Madison, Wis., in 2016 set $825 million Neighbors Federal Credit Union (*neighborsfcu.org*), Baton Rouge, La., on the path toward a new way of strategic planning.

"It began last year when we made a visit to what we would term a strategic vendor," says President/CEO Steve Webb, CCE, a CUES member. "They invited us and offered to host us at their corporate offices, and we thought first of all, it'd be great to get away and to have access to the resources at their disposal, and also to help defray some costs. Not that that was the reason we did it, but it was like, 'Oh, that's nice.'"

The executive team made the trip and conducted strategic planning sessions with liaisons from CUNA Mutual in the room. Then, the execs returned to Louisiana and held additional planning sessions with the board to share the information they had gathered and convey the goals they had set.

But even before they got to the airport, they knew they were onto something they liked, Webb says—and that's when they decided to make vendor site trips a regular feature of their planning calendar.

"We were saying, 'Man, that was really good. We ought to do that again next year,'" he recalls. "We said, 'Why don't we rotate this?' So this year we've reached out to our technology partner (CUES Supplier member Fiserv, *fiserv.com*, Brookfield, Wis.) and asked if they were willing to host us [the next year], and they were very willing to do so."

There's probably some inherent value to simply being off site and out of the executive team's normal surroundings; it tends to open people up to new ideas and encourage creative thinking. But the real value Webb and his colleagues have found comes from making plans in alignment with the organization's partners. You don't want your CU and your key vendors to have differences of opinion about strategy that might affect resource allocation or product choices. And if your vendors have some insight into the CU's goals and values, they may be able to make better recommendations and plan deployments to meet critical timelines.

Here's another potential benefit: Even the largest CUs tend to be small compared to big corporations. By conducting strategic planning sessions on a vendor site, CUs may have access to the resources of the larger organization.

"They're bringing in their economist," Webb says. "Maybe they're bringing in their mobile experts. They're bringing in some of their information and data that they may have collected about disruptors, fintech companies, competition and major changes on the horizon that these multi-billion dollar companies might have a little bit more access to than a little credit union in Baton Rouge does. I think it opens our eyes to a broader world to partner with them."

Webb has so far found that vendors are excited about this type of strategic planning cooperation. He believes they like it when CUs are interested in not only their own business model and business plan, but that of their partners. However, there are a couple of potential problems to guard against. Because vendors may want to talk about specific products and services, there can be a tendency to look at the CU's problems too much on an operational level and

get bogged down in day-to-day details. The more that happens, the more the session can wander off course—and the more potential arises for confidentiality issues. It's best to keep these conversations on a high, purely strategic level.

Still, Neighbors FCU believes the advantages of this approach far outweigh the challenges. The CU's October 2017 strategic planning session will take place Fiserv's offices in Alpharetta, Ga.

"We'll have the opportunity to visit with their mobile team and product development," Webb enthuses. "The Raddon Group (part of Fiserv) will be there, so we'll actually pull up our data in their Raddon MCIF system. We can talk strategies with their experts on what they're seeing based on our member data. So it's quite efficient. Instead of having them fly in here and day after day try to bring in teams to do things, we're there. That's 100 percent our focus, so we can accomplish a lot."

"We can talk strategies with their experts based on our member data."
Steve Webb, CUDE, CCE

CFCU Community CU: An Open-Door Policy

Sometimes CUs become entrenched in the way they've always done things. Big changes can be hard in the absence of a watershed moment. But if the slate is wiped clean, a lot can happen very quickly.

$1.05 billion CFCU Community Credit Union (*mycfcu.com*), Ithaca, N.Y., had one of those moments in 2012, when President/CEO Lisa Whitaker succeeded a retiring CEO who'd held the position for 41 years.

"We didn't have a strategic plan," Whitaker says. "So we didn't really start with the normal mission/vision/values. The executive leadership team and the board knew we were behind in a lot of innovation and infrastructure, and we knew we were understaffed. We had a lot of things we wanted to do in a short amount of time. So we needed to set some priorities."

The team started out with strategic project objectives and conducted an organizational review at the same time. They determined that for an organization of their size (about $720 million at the time) they were extremely lean. They were missing staff for the entire VP level of their organizational chart. So they started by hiring a VP/sales and service, then eventually brought the number of VPs up to 10.

As vice presidents joined the organization, they became involved in the strategic planning process. But so did everyone else; it truly became a group effort.

"The board would have their retreats, and then the staff kind of took over from that point," says Whitaker. "The strategic planning evolved from high-level projects to medium, low and departmental. And then all of these feed into the budget, and we require ROIs for all the strategic projects. And then that gets staffed [based on] how much we have to do in volume, how many products we're going to sell, how we plan on gaining market share and how many staff we need in order to do it. At the same time, we are also developing contingency plans should the projections not come to fruition."

Management, she says, reports to the board about high-level strategic projects and creates strategic dashboards for all the divisions within the organization. The executive team sticks with the big picture. But their ideas are disseminated downward so they can inspire suggestions from the front lines. For instance, staff helped craft a revised vision statement a couple of years ago, and it's currently aiding in a revamp of the CU's mission and values statements.

"We now have a strategic section on our website (*tinyurl.com/cfcustrategic*) for our members to review," says Whitaker. "And then we have an internal strategic section for our staff, so that everyone understands what we're doing and why we're doing it. If a staff person wants to ask for us to implement a new product or service, they need to complete an ROI. We also have ERM here, so they have to build in components of how the proposed product or service would impact our enterprise risk management system—is it going to increase our risk or reduce our risk?"

But the employees and members aren't the only source of ideas. Like Neighbors FCU, CFCU Community CU involves its key vendors. The difference is, it involves them all at once.

"We have an annual strategic retreat with all of our critical vendors," Whitaker says. "They sign an NDA [non-disclosure agreement] as part of that, and [that means] you can have competitors in the room. They both have an opportunity to hear what our plans are and then think about how they can perhaps help us. So that has been really successful for us, because it has led to other things like follow-up meetings where those vendors come in and talk to us about how they can help us achieve our goals."

For example, Whitaker says, the CU might share the percent loan growth it hopes to attain, the actions it believes it must undertake to hit that mark and the statistical trends it is seeing: products per member, calls coming into the call center, volume increases or decreases in various product lines and so forth. The vendors then start talking amongst themselves about how they can partner up to help the financial institution.

The format of the session has evolved over time, she says. Nowadays, there are breakout sessions based on topic. And if they want to, vendors can be invited back at a future date for one-on-ones with all the different vice presidents to talk about projects that are in the works.

"It was something that we wanted to do here because people have a lot of ideas, but if your vendors aren't along with you, then it's sometimes hard to implement," Whitaker says. "It's been, I think, a real win-win, and I know our vendors have really loved it."

Jamie Swedberg is a freelance writer based in Georgia.

More on Strategic Planning

Look Up and Out p. 20

To Get Strategic, Be Wishful (*cues.org/012912skybox*)

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Look Up and Out

To ensure your strategy is strategic,plan with purpose.

By Bryn Conway, CUDE

In *Competitive Strategy*, Michael Porter writes, "The essence of strategy is choosing what not to do." To truly be strategic in your planning, you need to look up and out. This means that the focus of your strategic planning sessions should not be just on watching the bottom line but on growing the top line.

Strategic planning is an important process for your CU. In this article, we'll examine how to ensure your strategic planning process stays strategic. We'll explore the three essential areas—core purpose, vision and mission—about which boards and executives must agree to ensure you are meeting your members' needs today, tomorrow and well into the future.

Core Purpose: Strategic Community

"Preserve the core. Stimulate progress," writes Jim Collins in *Built to Last*. The concept is that great, enduring companies understand the difference between their core purpose, vision and mission—which are constants—and operating strategies—which must endlessly adapt and evolve.

Specifying your core purpose is an essential concept for the strategic direction of your CU. This is a short, one-sentence statement that defines the community you serve. An example might be "serving those who serve our country" if your CU serves the military, or "serving the residents of South Florida" if your CU serves a specific geographic area.

In documenting your core purpose, it's important to understand what it is and what it is not. It is not "to grow" nor "to provide exceptional service to members" nor "to provide quality products at a great price." Although these statements might be important, they don't inspire an emotional connection and don't provide a sense of belonging. Your core purpose is also not a list of all those you can serve, nor is it an explanation of your charter. It is a simple statement that defines the core community to which you and your members belong.

The key to a core purpose is for it to be broad enough to be inclusive, yet defined enough to be relevant to those who are part of the community. Your ultimate goal is to define the community you will serve and, just as importantly, be comfortable omitting the communities you will not pursue.

It should also define who you serve today and who you are committed to serving in the future. Your core purpose needs to be unique to your organization and answer the question for your members and your potential members of why they should choose you over another financial services provider.

Defining a core purpose may be difficult if a CU's membership has changed through adding select employee groups or merging. You can approach this challenge by learning what the commonalities of your significant member groups are. What do they care about, where do they live, what do they do, what are they passionate about, or what gives them a sense of community? Remember, communities can be defined in many ways. This is about bringing people together and creating an emotional connection between your CU and its members.

Vision: Strategic Destination

A good vision allows you to control your destiny. It's your road map to where you want to go and what you want to be to your members and your markets. Without a strong vision, it's easy to get distracted by day-to-day challenges and putting out fires.

Your vision is what your business will be known for in the future. It is the strategic destination at which you will arrive if you lead by your core purpose and your mission. Your vision statement should be future-minded, forward-thinking and might be constructed like this: to be the financial services provider of choice for your community.

What do you want your CU to be recognized for? Your vision is your aspiration and is comprised of the stuff of dreams. As Simon Sinek, author of *Start with the Why*, explains in his TED talk, "Dr. Martin Luther King Jr. gave the 'I have a dream' speech. Not the 'I have a plan speech.'" The dream—the vision—is your strategic direction. The plan is tactically how to get there. Have fun envisioning your CU's future. Allow yourself to dream big. Then write a clear and focused statement.

Most companies will take years, even decades to reach their envisioned future, if they ever do. If you can see yourself arriving at your vision in just a few years, think bigger.

Mission: Strategic Rallying Cry

Mark Zuckerberg, Facebook co-founder and CEO, explains the importance of mission like this: "Building a mission and building a business go hand in hand." Your mission is the ultimate expression of passion, purpose and drive for everything your CU does.

Your mission gives action and direction to your core purpose. When writing it, include your community and your core purpose. Ask yourself, what is your value proposition and what makes you unique and different? What do you want to do? What is your CU's ultimate goal? Your mission might look something like this: to help members of your community live financially well by providing products and services to meet their unique needs.

Don't underestimate the value of focusing on purpose and mission. In 2013, Gallup found that mission-based businesses had increased employee and customer engagement and company performance (*tinyurl.com/gallup-mission*).

Employee engagement also is essential. In 1962, when President Kennedy visited a space center, he reportedly asked a man carrying a broom what he did at the space center. The man responded, "I am helping to put a man on the moon." That employee understood NASA's mission and connected his contributions to helping achieve it.

Ask your executives before your next planning session to answer questions that make the connection between your mission and your strategy. For example:

How does your job connect to the CU's core purpose and mission? What recent initiative put the CU's mission into action? What makes the CU different from competitors? The answers will be telling. Your goal should be for everyone on your team to answer as concisely and confidently as the NASA employee did long ago.

More on Strategic Planning

It Takes a Village p. 14

To Get Strategic, Be Wishful (*cues.org/012912skybox*)

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Directors Conference, Dec. 10-13, Marco Island, Fla. (*cues.org/dc*)

CUES Governance Leadership institute™, June 10-13, University of Toronto (*cues.org/gli*)

CUES Director Strategy Seminar, July 25-27, San Diego (*cues.org/dss*)

Planning: Strategic Gut Check

Warren Buffet is quoted as saying, "The difference between successful people and really successful people is that really successful people say no to almost everything." The same is true for organizations.

Your core purpose, vision and mission should be the basis for how you move forward, including whether you merge, what SEGs you add, how you shape your service delivery and what new product lines you support. If any new idea doesn't align, don't do it. It's that simple.

Each planning and executive discussion should reflect this basic question: "Does this strategy or tactic align with our core purpose, vision and mission?" Your employees and your board must understand and be committed to these statements. If your core purpose, vision and mission aren't clear or your team doesn't agree on what they are, you need to come to consensus. Otherwise, your strategic plan will be built on an unstable foundation.

Once defined, your core purpose, vision and mission do not change year-over-year. These are the guide to your business decisions for the long haul. Revisit them for 30 minutes during the strategic planning session each year to ensure that everyone remains on the same page and that all strategies and initiatives for that year come back to these foundational building blocks.

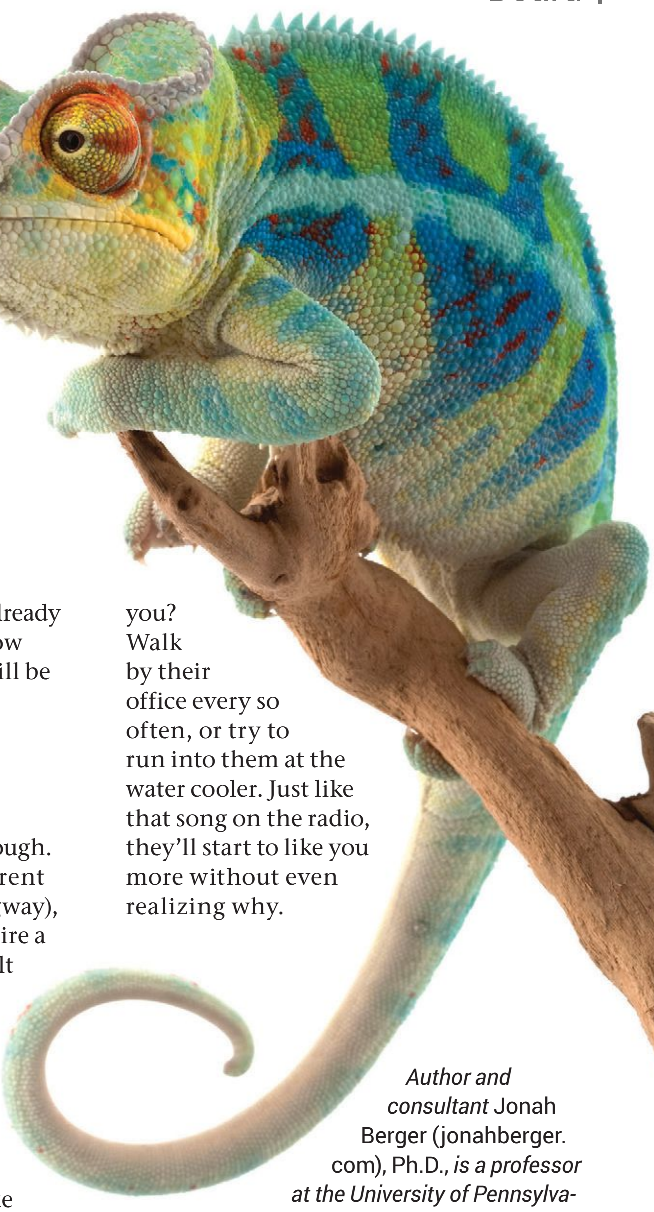
Take the time this year to clearly define or refine your core purpose, mission, vision and values. You will reap the benefits for your organization for years to come by having the board and executives aligned with your true strategic direction.

A long-time member of the credit union community, Bryn C. Conway, CUDE, *principal of BC Consulting, LLC* (bccstrategies.com)*, helps credit unions define their brands, develop their leaders and grow their market share.*

How to Be More Influential

The first of four steps is to be a chameleon and subtly imitate others.

By Jonah Berger, Ph.D.



Whether trying to convince a colleague on the board, change the CEO's mind or just get your neighbors to finally trim their hedges, we'd all like to be a little more influential. Here are four tips to increase your impact, based on my book *Invisible Influence*.

1. Be a chameleon.

Subtly imitating the language, behavior or facial expressions of others eases interactions. Mimicry increases liking, trust and affiliation. It has made negotiators more successful and increased waiters' tips by 70 percent. So don't just listen; emulate. If an interviewer leans back on their chair and crosses their legs, do the same. If a client starts emails with "Hey" instead of "Dear," adopt that language. Subtle shifts can deepen social bonds and turn strangers into allies.

2. Make consensus visible.

In many group decision-making contexts, people are looking to others to figure out what to do. To sway the group your way, build consensus for your side and make that support easily observable. Nobody likes waiting in line, yet people often flock to restaurants or attractions that have lines out the door. Why? Because they assume if others are doing something it must be good.

Build your own virtual line of backers. Find people who already agree with you, and use their support to convince those on the fence. Start with the easiest to persuade and go from there. Let the next person know that the first person already supports it. The more people know others support you, the easier it will be to convince them.

3. Be different … just not too different.

Pitching a new product or idea is tough. If the new thing seems too different from existing practice (e.g., the Segway), people may worry that it will require a big shift in behavior or be difficult to implement. If the idea seems too similar to existing practice, though, people will wonder why they need to buy or do something new. In between is just right. Similar enough to be familiar, but different enough to seem new. So pitch like Goldilocks and make things seem optimally distinct. If the product or idea is extremely novel, cloak it in a skin that makes it seem more familiar (like the "Horsey Horseless" example—a car with a wooden horse's head on the front, so the real horses on the road wouldn't be afraid of it). If the thing is too similar, give it a new shell that highlights its points of difference.

4. Be seen.

Ever hear a new song on the radio and hate it, only to find yourself tapping your feet to that same tune just a couple weeks later? Familiarity leads to liking. The more we hear or see something, the more we like it. Use that same principle to increase your influence. Want someone to like you? Walk by their office every so often, or try to run into them at the water cooler. Just like that song on the radio, they'll start to like you more without even realizing why.

Author and consultant Jonah Berger (jonahberger.com), Ph.D., *is a professor at the University of Pennsylvania. Hear him at Directors Conference* (cues.org/dc), *Dec. 10-13, Marco Island, Fla., and at CUES Symposium* (cues.org/symposium), *Jan. 28-Feb. 1, Koloa, Kauai, Hawaii.*

More on Influencing Others

Invisible Influence, An Interview With Jonah Berger on the CUES Podcast (*cues.org/podcast*)

Advocacy section on Center for Credit Union Board Excellence (*cues.org/ccube*)

Center for Credit Union Board Excellence 30-day free trial (*cues@cues.org*)

No More Business as Usual

CUES Governance Leadership Institute participants learn to think bigger (and differently).

By Tammy O'Hara

I challenge any director to attend CUES Governance Leadership Institute (*cues.org/gli*) and then return to his or her credit union and do business as usual. Attending provides amazing discussions and a significant toolbox of information. In all, the program helps new directors get a foothold and experienced ones re-energize.

In June, I had the honor and pleasure to attend in Toronto with 40 credit union folks. About half were from Canada, half from the United States and two from Barbados.

A particularly interesting discussion was the one about board compensation. Some U.S. states allow compensation for directors of state-chartered CUs, but such payment for directors of federal CUs is not allowed. Several U.S. directors joked they would be moving to Canada where compensation for directors is commonplace. The two directors from Barbados receive a monthly stipend.

Travel and education budgets were all over the place for program participants, with some having a dollar limit and others a number of trips limit. With the large time commitment and the responsibilities and liability that go along with the "job" of serving on a CU board, it could make sense for U.S. directors to be paid in the future.

In addition, we considered how directors are selected and elected. Key questions to ask included: Is the board truly representative of the CU's members? Does your nominating committee include "outsiders" who help provide an unbiased view of other candidates when it comes time for elections? Do you even hold elections?

Because the board sets the tone for the credit union, our instructors at CUES Governance Leadership Institute pointed out the real need to do board evaluations and peer assessments. These efforts can provide incredible insight for bettering both the board as a whole and directors individually.

What best practices were described for dealing with underperforming directors? They should either be mentored/developed or removed. While the chair typically oversees director performance management, an assessment from an outside party can be a useful tool in boosting performance.

There was high energy every day in both the main classroom and in the many breakout groups. We were challenged to present points and counterpoints about a variety of case studies. The "decisions" we were making could make or break a company. All of this drove home the point that successful directors will look at credit union issues from a variety of perspectives, not just through the lens of their habitual way of thinking. In all, directors left inspired and better equipped to better lead their organizations.

Tammy O'Hara *is CUES' VP/member relations for the Southeast region of the United States and the Caribbean.*

More for Directors

CUES Governance Leadership Institute faculty member Matt Fullbrook at Directors Conference Dec. 10-13 (*cues.org/dc*)

CUES Governance Leadership Institute 2018 in Toronto and Miami (*cues.org/institutes*)

CUES Symposium: A CEO/Chairman Exchange Jan. 28-Feb. 1 (*cues.org/symposium*)

Board Governance Assessment (*cues.org/bga*)

Director Skills Assessment (*cues.org/dsa*)

Quantum Governance, CUES strategic provider of governance services (*cues.org/qg*)

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*Each director participating in CUES Governance Leadership Institute earned the Certified Credit (Union) Director designation, CCD.

Feeling the Squeeze

As the rate spread tightens, credit unions face pressure to raise deposit rates.

By Karen Bankston

Member impatience that deposit rates should be rising in line with headlines touting the Federal Reserve's decisions is putting pressure on credit unions' net interest margin and liquidity. Asset-liability committees are feeling the squeeze.

This confluence of market conditions and depositors' expectations exacerbates the challenge of managing interest rate and liquidity risks, cautions Jerry Boebel, consulting services senior manager with ProfitStars (*profitstars.com*), Allen, Texas. "Interest rate risk isn't just about rates going up across the board or rates going down. It's actually anything that changes the paradigm of how we price our products. Anything that changes that paradigm can increase that risk."

The four recent quarter-point increases in short-term rates show members only one side of the story, Boebel notes. Financial institutions typically set their deposit rates—and thus the lion's share of their cost of funds—based on Fed fund, three- or six-month treasury or LIBOR rates, which are represented in the short part of the yield curve.

But on the lending side, rates are typically set based on the longer part of the curve, the 10-year treasury rate, which has not increased as quickly as short-term rates. In July 2016, the 10-year rate was about 150 basis points; a year later, it had risen to around 220-230. The difference between short-term and long-term rate increases has flattened the yield curve and tightened the spread between deposit and loan rates. Over the last 12 months, the slope of the curve has eroded by 20 to 30 basis points between the two-year treasury and the 10-year treasury, indicating a further tightening in net interest margins.

"We've seen tighter spreads from 2s to 10s over the years that rates have been low, going back to 2009," Boebel says. "If you map it out, the peak was back in 2014 when the spread was about 2.6 percent. Now it's about 1.2 percent. That's a big cut out of your margin."

But members still think their credit unions ought to be raising deposit rates. That expectation is especially high among depositors who joined a "flight to safety" when the market tanked during the Great Recession and moved their retirement funds to CDs on the belief that low or no return was better than losing their hard-earned savings. A lot of consumers maintain that mindset. At the same time, many with significant deposit balances are boomers who will be looking for better returns on the savings they are beginning to spend now that they're retired.

"If you're illiquid and you need deposits, you go out and compete. You may even need to offer specials to lure money away from competitors," Boebel says. "Deposits are commodity products, so the only way to bring them in is by raising rates."

Looking to Recent History

Mark Smith of Mark H. Smith Inc. (*markhsmith.com*), Salt Lake City, looks back a decade to the last run-up in rates, when "credit unions as a whole were able to increase their interest spread by not raising deposit rates while increasing their loan rates, thus increasing their yield on assets significantly."

While the Fed funds target rate rose 425 basis points over about 18 months during the last round of rate hikes, credit unions matched that increase by only 100 to 150 basis points on share accounts, for a beta—a coefficient to help estimate how market rate changes compare to credit union rate adjustments—in the 25 or 30 percent range, Smith notes. Even on money market accounts, rates went up only half as much as the Fed target rate, approximately 200 basis points. The hope this time around is that credit unions will be able to repeat that experience and hold on to the funds they need while keeping deposit rate increases few and far between.

Furthermore, "credit unions don't need to raise rates across the board," he advises. "If they have $100 million in regular shares, probably most of that is not rate-sensitive. We're recommending to clients that they endeavor to segment their deposits based on members' rate sensitivity."

Avoid raising regular share rates, which were averaging around 25 basis points in late summer, by an additional 100 basis points just because a handful of those shares are held by rate-sensitive members who are clamoring for a higher return, Smith recommends. Instead, offer those members an easy way to move their regular shares into money market accounts paying higher rates and hold the line on the remaining 90 percent or so of funds in basic savings accounts.

"Raising rates across the board to all shareholders usually ends up costing a lot of money that gets you nothing in return," Smith adds.

Aiming for Second Place

With the expectation that short-term rates will continue to rise, credit unions will face pressure to start paying more on deposits sooner or later, Boebel says. "The old-school definition of interest rate risk is when deposit rates go up faster than loan rates, and deposit rates will be going up for several reasons, not just because the Fed is raising rates. There are competitive and liquidity management issues as well."

> "Raising rates across the board to all shareholders usually ends up costing a lot of money that gets you nothing in return."
> Mark Smith

Liquidity pressures are evident in the credit union industry's rising loan-to-share ratio, up from 69 percent in the first quarter of 2012 to near 80 percent five years later. Think about all of the deposits over that time earning next to nothing, with a cost of funds for credit unions under 10 basis points. But when members—and retail consumers in general—keep seeing headlines like "Fed Raises Rates Again," they expect to see movement on their CD rates, so the costs of bringing in additional funds to lend will likely be increasing.

"ProfitStars clients are having the same discussion at every ALCO meeting: 'When is our marketplace going to start raising rates?'" Boebel notes. "Nobody wants to be the first one to do it. But you can't fall asleep on it and let your competitors take your deposits away from you. The challenge is that depositors have been paid so little for so long that they may be very sensitive to a rate special from a competitor, especially retired people who depend on their savings for income."

Credit unions should also be monitoring loan rates across their markets closely, Smith says. "With loans, you want to be competitive, so it's important to be aware of how your true competitors are pricing. That's not necessarily the huge credit union down the street offering the lowest rate on every billboard in town. It's the rate that your members are being offered from other lenders," he notes. "Our experience has been that clients and other credit unions we talk to don't tend to have the lowest rates. They're looking to serve members in the A-minus and B credit tiers who tend to be less rate-sensitive than A-plus credit consumers."

In interviews with clients last year, Smith's firm found that the vast majority of credit unions targeted lower A and B borrowers, who are more interested in value and service from their primary financial institution and less willing to look elsewhere for a loan over a quarter-point difference in rates. "They'll stick with someone who knows them and who's served them well in the past until the disparity gets large enough that it tempts them to go somewhere else for a lower rate," he says.

Size Matters

These days, there may be "a divergence in the system" in terms of strategies and goals in a rising rate environment, generally by asset size, Smith suggests. Smaller credit unions tend to have more than enough deposits on hand, some to the point that they'd like to see some funding run off. In contrast, larger credit unions with greater loan volume are looking for more funds.

An important ratio to monitor as rates rise is the percentage of net interest income to total income, which is part of the spread analysis that almost all credit unions conduct with the objective of maintaining or increasing net interest income, he adds.

Conducting rate shock tests and calculating net economic value ratios are standard practices and remain essential as rates change, but liquidity management may take on added importance if members start rate shopping, Boebel cautions.

During the 2008 recession, "all that money flowed into credit unions very

“Hardly anyone can offer the best rates on all their products. It’s too expensive.”
Jerry Boebel

quickly. How quickly can it move back out? And how much are credit unions going to have to pay up to keep those deposits?” he asks. Even with CD and money market account rate increases, funding loans with member deposits will likely be more cost-effective than borrowing from a wholesale source.

Additionally, there’s the whole “we exist to serve our members” philosophy. To honor their commitment to their member-owners, credit unions can’t sit on the sidelines while competitors offer more enticing deposit rates. And there is plenty of competition to monitor—a diverse array, including traditional financial institutions as well as online banks like Ally (*ally.com/bank*) and Synchrony (*synchronybank.com*), with a national customer base and no brick-and-mortar infrastructure to maintain.

It’s not necessarily a case of following the leaders, especially when those leaders have a different structure and business model than that of most credit unions. “A typical credit union may offer members 50 or more products and services, and it has to price appropriately for that mix,” Boebel says. “If a competitor offers a rate special on one of those products, it may be hard to match because the credit union has to manage its entire portfolio of products. That’s the reality of the retail aspect of financial services: Hardly anyone can offer the best rates on all their products. It’s too expensive.”

Careful Balance

ALCOs may need to pay more attention to their credit unions’ liquidity, loan-to-share and loan-to-assets ratios in the coming months. A key question is what proportion of the balance sheet is tied up in loans, which are typically more long-term than investments and thus more sensitive to rate changes.

In monitoring all these factors for bottom-line impact, “from an ALM perspective, probably the most important ratio that ALCOs and credit union board and management are responsible for is the health and well-being of members’ equity—and that’s net worth,” Boebel says. “Earnings have to grow faster than assets to grow net worth. Earnings are the cushion that allow credit unions to take risks if they want to. If they don’t have that cushion, they have to avoid risk.”

Risks in the financial sector don’t show any evidence of abating. The relative flatness of 10-year treasury rates reflects investors’ pessimistic outlook for long-term economic growth, he suggests. “That doesn’t bode well for credit unions, which make money off the net interest margin. They have to figure out different ways to make money because margins likely won’t get better” any time soon.

Non-interest income is one way to help mitigate interest rate risk by making financial institutions less dependent on margin and more reliant on fee income. This revenue source has historically been viewed as running counter to credit union culture, but fee phobia has abated somewhat over the last 25 years, to some extent as a survival mechanism. After all, credit unions can’t serve members if they go out of business.

Still, sentiments persist that fees are anti-member. For credit union leaders, “that’s just one more headwind you have to manage through,” Boebel says.

Karen Bankston *is a long-time contributor to* Credit Union Management *and writes about credit unions, membership growth, marketing, operations and technology. She is the proprietor of Precision Prose, Eugene, Ore.*

More on Rates and Growth

The Pricing Spectrum (*cues.org/0316pricing*)

Planning for Rising Rates (*cues.org/0717rates*)

The Rate Tide is Rising (*cues.org/0417ratetide*)

Which Way Is Up? (*cues.org/1016whichway*)

Linking ALM With Strategy (*cues.org/0516linkingalm*)

The Five Levers of Success (*cues.org/0817fivelevers*)

Strategic Growth Institute™, July 23-26, (*cues.org/sgi*)

Monthly CFO Focus column links via CUES Advantage e-newsletter (*cues.org/enewsletters*)

PIN Debit Decisions

For solid card management, challenge bugs, consider bundling and negotiate contracts.

By Richard H. Gamble

How many bugs are on the back of your debit cards? How many should there be? The answer to the second question is zero if you follow the advice of Brandi Gregory, a director of CUES Supplier member and strategic provider for technology Cornerstone Advisors (*crnrstone.com*), Scottsdale, Ariz.

Those little printed processor logos on the back of cards are functionally useless and not required by law or regulation, she points out. They add cost when you issue cards and potentially create major cost in a big reissue because you decide to change processors or clearing partners—you can't have cards out there with an incorrect bug. So they're nothing but potential trouble, Gregory says.

"Network rules say you have 180 days to get the plastic off the street if there's a bug for a network that you've dropped," she explains.

CUES member Brenda Crane, SVP/COO of $833 million Credit Union 1 (*creditunion1.org*), Rantoul, Ill., listened to Gregory when she took a fresh look at the CU's 52,200 Visa debit cards in August 2016. Crane agrees with Cornerstone's debugging premise: "They serve no useful purpose, and they complicate the process of getting all the approvals you need when you make changes," she says.

Yet the cards in Credit Union 1's revamped debit card portfolio still have Visa/PLUS (*tinyurl.com/visaplusatm*) and CO-OP Financial Services (*co-opfs.org*) bugs on the back. Why? "Contractual obligations," she explains.

Bugs are an annoyance worth tackling during portfolio review, but CUs have to pick their battles. As Credit Union 1 found, many factors are at play when formulating a debit settlement strategy, including choosing your vendors and negotiating—or re-negotiating—contracts.

Contractual Constraints

Debit clearing and ATM sharing network contracts often contain language that requires the bug. That's why a growing number of CUs are asking their partners for a waiver to the bug requirement. Though Gregory reports it's not unusual to get one, it's not always an easy win.

CUs and their consultants may want to exterminate bugs as obsolete operational baggage, but the networks that own the contractual rights are not always ready to give them up. For example, if you want to be part of the shared ATM network run by CUES Supplier member CO-OP Financial Services, Rancho Cucamonga, Calif., you have to carry the bug on your cards, a CO-OP spokesperson explains.

"We definitely think that the bugs add real value," argues Amanda Atcheson, director/marketing and brand strategy at CO-OP. "We see the bug as a symbol that members recognize. It's good for the credit unions that are a part of our ATM network to have that brand visible."

CU cardholders away from home see the logo on their cards and can look for it on a foreign ATM to know whether they would pay a surcharge for using it, she explains. However, cardholders more often locate an ATM in the network by using the CO-OP locator app or website, she adds.

Bugs are required for STAR's PIN-secured debit settlement processing network, according to Brian DuCharme, VP/head of product and innovation for STAR Network, owned by First Data Corp. (*firstdata.com*). "We're a branded service; carrying the logo is an essential part of branded acceptance." STAR might bend the rules, but only a little and only temporarily, he explains.

"In recent months, we've had requests from some financial institutions to delay displaying the brand while they complete their EMV conversion, and we've granted some temporary waivers to accommodate their needs," he reports.

Payments consultant Richard K. Crone, head of Crone Consulting LLC (*croneconsulting.com*), San Carlos, Calif., thinks bugs are less important now than they were when the brands were new. But, he says, there's still marketing value in visible logos, particularly for CU-oriented brands like CO-OP, and CUs should continue to feature those bugs, he says.

The networks' marketing staffs may like consumers to see their logos on their cards, but where people can use them is no longer an issue in the United States, Gregory argues. "People don't flip over their cards to see where they can use them anymore," she says. "We've helped a lot of CUs with debit card reissues to get to EMV compliance and, for the past 18 months or so, we've been advising our clients to get rid of the bugs. By and large, they see the reasons and are following our advice."

Cards work fine without bugs, she notes. The Durbin Amendment to the Consumer Financial Protection Act of 2010 (*tinyurl.com/cfpa2010*) requires that an issuer give a merchant at least one additional clearing option besides Visa or MasterCard, but the

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merchant processor looking for the least expensive clearing option doesn't look at the printed bugs or even the digital equivalent of the bugs embedded in the chip or mag stripe, Gregory explains. The merchant processor picks up the clearing options from the bank identification number and BIN tables; the bugs are just irrelevant doodles.

Smart CUs should give the merchant processor only the required two choices, Gregory suggests. "The more choices you give the merchant, the less you are likely to earn," she observes.

Still, bug eradication is not a top priority at many CUs, Gregory notes. The stakes in directing debit clearing traffic are fairly small compared to the stakes in the battle for interchange income, she explains, so many CUs are concentrating on persuading members to choose signature, which runs through Visa or Mastercard and earns CUs more.

Debit transactions used to be 70 percent signature and 30 percent PIN, but now are closer to 50-50 as merchants succeed in pushing PIN, Gregory reports. In contrast, statistics from the Federal Reserve Board show less change with 65.5/34.5 percent signature/PIN usage, DuCharme notes.

Multiple bugs don't really worry CUES member Linda White, CEO of $71 million Upward Credit Union (*upwardcu.org*), Burlingame, Calif. The transactions of "our members are covered wherever they go by one of the bugs we have," she notes. Those cards carry four: Cirrus (*mastercard.com*), ACCEL from Fiserv (*accelnetwork.com/fiserv.com*), CO-OP and STAR.

A more substantive question may be: Is it smart to use a PIN debit network affiliated with your debit card processor as your preferred settlement platform? Here again, opinion is sharply divided.

Crone says that at the end of the process, PIN debit settlement activity has to feed into the core system or the card processing system. That's why the big processors have bought PIN debit networks that integrate with their processing, he explains. In addition to the previous examples of Fiserv and First Data, FIS (*fisglobal.com*), Jacksonville, Fla., owns NYCE (*nyce.net*).

"If you bundle the services with one vendor," Crone says, "you're likely to get a price break and operational features that simplify program management."

First Data and STAR advocate bundled services. "It's smart to bundle," DuCharme says. "It's often less expensive for clients, and it's a way—especially for a smaller financial institution—to get a suite of services in one package that provides an efficient way to extend more services to members."

But that's not what some CUs are finding. When Credit Union 1 launched a big debit card reissue and portfolio overhaul project, it settled on Fiserv as its processor, Crane reports. Fiserv pitched its ACCEL affiliate for the settlement business, but Credit Union 1 didn't like that deal.

Is it smart to use a PIN debit network affiliated with your debit card processor as your preferred settlement platform?

"They favor their own network, of course, but the pricing and benefits weren't there," she reports. "It wasn't our best option." Credit Union 1's best option for settlement turned out to be NYCE.

Be skeptical about bundling your clearing and your processing, Gregory warns. "Processors push their affiliated clearing networks, but that's often not the best deal for the CU," she explains.

Portfolio Overhauls

Crane's staff tackled its overhaul and reissue of the CU's portfolio in an ambitious, hectic and successful project. Visa played a big role, and its PLUS affiliate gets some of the settlement traffic, she reports.

"About 28 percent of our total transactions now settle through NYCE. PLUS picks up around 9 percent of the total transactions, and the remaining 63 percent settle as Visa signature transactions, based on June 2017 reporting. All PIN debit transactions settle through NYCE or PLUS," she says.

Making sure members could get surcharge-free transactions at foreign ATMs was a priority. Here Credit Union 1 stuck with CO-OP and included Alliance One (*allianceone.coop*) because of its strength in the CU's Midwest market, Crane reports. When it came to bugs, NYCE went along with a waiver; CO-OP and PLUS didn't. The old cards carried four bugs: NYCE, STAR, PLUS and CO-OP. The new cards have just two (CO-OP and PLUS). The remaining bugs shouldn't be a problem if Credit Union 1 remains with CO-OP and PLUS, she adds.

"We earn more per transaction now because of the better rates and, as part of our negotiations, we got help from Visa to pay for some of the cost of the new plastics."

The choices are fairly straightforward for Upward CU, which has 2,725 active Visa debit cards. "We prefer that debit payments settle through Visa as signature transactions," White says. About 29,000 of the 47,000 monthly Visa debit transactions do clear that way and 18,000 clear as PIN debits. White prefers those to settle through STAR, although that's not a top priority.

"The vendors are stirring the pot for PIN debit settlement," she says, "and we've been pitched by several ... to be our only PIN debit provider, but we prefer to have options for our members' convenience. We currently use Fiserv for debit card and ATM processing, but STAR is tried and true. With other projects and priorities right now, it's really not worth our time to parse the various offers." STAR currently settles about 50 percent of Upward CU's PIN debit transactions, she reports.

For ATM transactions outside of its own three ATMs, Upward CU uses CO-OP. "They give our members access to thousands of ATMs nationwide, and we want to keep that traction," White explains.

"Strategy all comes down to expense control," Gregory summarizes. "CUs have no control over interchange and the income side. They can somewhat control the PIN networks they partner with and the language of their contracts. ... Have a conversation at every renewal date."

Richard H. Gamble *is a freelance writer based in Colorado.*

More on Cards

Proven Tiebreakers, on PIN network selection (*cues.org/0917proven*)

Don't Set It and Forget It, on portfolio monitoring (*cues.org/0617dont*)

Cash in a Flash, on faster payments (*cues.org/0617cash*)

Payments University, Aug. 13-14, Denver (*cues.org/payments*)

CUES' strategic provider of technology and ERM services Cornerstone Advisors (*cues.org/cornerstone*)

Digital Marketing Evolves

Break free from traditional thinking with these digital trends.

By Stephanie Schwenn Sebring

Marketing in the digital world is changing crazy-fast. Whether you're just getting started or flying above the competition, take stock of the trends and get ready for the challenges ahead.

Mobile-First Strategy

If mobile marketing is not a priority, it's time to realign your energies, talent and budget. "Transitioning to mobile-first in your marketing execution isn't optional—it's essential," says Alexander Kesler, founder and president of inSegment Inc. (*insegment.com*), Boston. "The extent of mobile engagement by consumers is so pervasive that it can't be ignored by any business; all marketing must be optimized for mobile, first."

"People aren't slowing down anytime soon when it comes to using their phones," reflects Alexa Morris, digital marketing manager at $1 billion iQ Credit Union (*iqcu.com*), Vancouver, Wash. "Digital is where you need to be to stay competitive, especially with the number of neobanks [like Moven and Simple] and alternative payment methods popping up."

And it's not just the pace of change that's daunting.

"You need the right internal and external support and expertise to successfully execute your digital plan—from building intelligent strategies, accessing the right tools, analyzing data to buying digital media," explains Karen McGaughey, VP/client services, principal for CUES Supplier member Weber Marketing Group (*webermarketing.com*), Seattle. "Best practice marketing strategy is evolving rapidly with advanced targeting capabilities. Rather than marketing to a broad demographic audience, now you can target narrow segments. An audience that was once targeted as a homogenous group is comprised of many smaller segments. This creates greater opportunity to define and manage a relevant and meaningful member journey map experience that drives increased member loyalty and engagement."

Digital May Mean Redefining Your Business

"Breaking free from legacy systems and traditional thinking is also vital to digital success," says James Robert Lay, founder and CEO of Digital Growth Institute (*digitalgrowth.com*), Houston. "And the traditional business model may no longer be effective or even adequate."

"Marketers must move from the reactionary (cost-center) mentality but view

themselves as growth strategists—and execute a digital plan around their member's buying journey—including awareness, consideration, purchase, adoption and advocacy."

Marketers tend to dwell on the awareness and purchase stages. "Instead, nurture the *consideration* stage. This is where your greatest opportunity lies," says Lay. "Creating a digital blueprint with best practices will keep you on track, from defining your digital purpose to implementing the right content."

A blueprint will also help you discern what message to use at different times and in different locations. For example, if a member is looking at your credit card page today, you can use a banner ad spot on your online banking page to remind her about your cards the next time she visits.

Extrapolate the Right Data

To build your digital blueprint, you will need data to see where the member is on their sales journey. "Who is coming to your website; what are they doing; and what products are they seeking?" asks Kesler. Everything is recorded and tracked. See where your members have traveled digitally. Have they clicked on an auto loan offer? Visited Zillow to search home prices? Have they clicked on an investment, travel or business opportunity? Serve content relevant to what your data is telling you.

There are techniques to see which sites your members have visited. "At inSegment, we use a combination of first- and third-party data. For activity on a CU's site, we use tracking tags to segment audiences based on activity. For third-party sites, like Zillow, we partner with third-party data providers," including Lotame (*lotame.com*), Oracle BlueKai (*tinyurl.com/oraclebluekai*) and the Data Alliance (*thedataalliance.com*). "We then leverage that data to target prospects for financial products like mortgages, student or auto loans."

"Your transaction information and analytics will help you to connect the dots, turn information into insight, and enable you to give recommendations or advice based on your members' needs," says Stu Fisher, president of Sentient Consulting (*sentient.consulting*), San Francisco and a former credit union executive.

He recommends you build out your analytics first:

- Ask questions before you start. What issue, concern or need are you looking to solve for your members?
- Drive solutions by strategy. Quantify success by key performance indicators (i.e., downloads or applications).
- Acquire the talent and resources you need to deliver the strategy. Work with an agency or outside consultant if you need added horsepower.
- Analyze how you collect data; is the data clean and accessible?
- Embrace transactional data. Follow the same process Google does with its "big data" on a smaller scale. (CUs have access to a lot of user data, Fisher says. There is an opportunity to connect the dots between transactional data, browsing history, call center contacts, etc., to provide better insights and advice to members.)
- Engage members. Understand why they may opt in or opt out of your content.
- Ask IT to assist with the data analytics. Realize the value of your data and leverage it appropriately.

Court Them With Content

The demand for customer-centric or "smart content" will not fade, stresses Kesler. "Divide your website into defined segments with tabs and landing pages featuring rich content. Review transactional data and optimize content to where your buyer is on their sales journey."

With this enhanced targeting strategy, followed by retargeting messaging (ads that follow the consumer around the web based on previous searches), you'll see greater conversion rates, "up to 70 percent higher," says McGaughey. Staying disciplined with a digital road map and customized content can help you to achieve more conversions and key success indicators. "There is also a huge population of millennials, most of whom are more than willing to share information about themselves," she says, "but with the expectation that the content you provide in exchange is relevant."

Morris sees a growing number of CUs "courting" members strategically with content. "For us, content serves as a guide and is much more subtle than direct selling." Gated content (accessible via an email address) also plays a role in onboarding and is used much earlier in the cycle, even before a prospect opens an account.

For search engine optimization, Lay recommends that CUs produce 3,000 new words per month of original content. "This is the problem with canned content," he adds. "Google's not crawling it. For you to maximize SEO, your website and blog content must be original. Quality long-form content, such as an e-book, produces a lot of value and can live for up to two years on your site, versioned out [in smaller pieces] for your blog and social channels."

Understand what matters most to people, stresses Lay. What are your members stressed about? Speak to these pain points. Offer help with their financial future. And use content to ease their pain points, such as buying a home, finding the perfect car or saving for retirement.

Show, Not Tell

Jim Pond, a partner at James & Matthew (*jamesandmatthew.com*), Boston, a digital advertising agency, believes visuals, converting the written word to a video or graphic, is important. "It's not enough anymore to inform people," he stresses. "People want to be engaged, enlightened and entertained. Create visual content that sells a lifestyle, not a product, but the desired outcome or solution.

CUs also help people to manage their financial lives. "This is a huge opportunity to get your brand visually in front of

> "It's not enough anymore to inform people. People want to be engaged, enlightened and entertained."
>
> Jim Pond

members every day and, frankly, a squandered one," adds Pond.

"Leverage your data to ensure visual messages are spot-on." When it comes to video production, consider a blend of internal and external talent—internal for tactical needs requiring speed, and external for the more strategic, high-profile campaigns.

"Whether your members prefer video, financial wellness guides or infographics, all require relevant content," reiterates Morris. "View the experience from the end user's perspective. This will help you to see if your product positioning and content is aligning with the right channels and KPIs."

AI and A/B

Today, artificial intelligence has gone from a "big idea" to actionable implementation. "For CUs, it started with fraud detection, watching for patterns and deviations," explains Amy McGraw, VP/marketing for $650 million Tropical Financial Credit Union (*tropicalfcu.com*), Miramar, Fla. "Now we watch these patterns for different reasons—to personalize and enhance the member experience."

Siri and Echo already use AI to anticipate the needs of their users; so do Facebook and other social channels. Banking apps that use AI, like Qapital (*qapital.com*), are also bent on disrupting the landscape.

"We've talked about big data for years with no real way to parse it and make it work," adds McGraw. "With AI, we can now make sense of it. For example, by using predictive or propensity modeling, a CU can grasp more efficiently what it is (financial product or service) the consumer is seeking. Then, it can serve the right message at the right time for a more personalized experience, increasing engagement and conversions."

Chat bots can serve members with answers to questions in real time, based on how members are searching for information. McGraw predicts these advancements will result in "hyper-personalized" sales and service and nurture the one-on-one member experience.

Fisher likes how Trim (*asktrim.com*) is using bots through its Facebook interface, which self-describes as AI for your financial life. The company's website claims "in five to 10 years—and hopefully sooner!—Trim will be able to manage basic financial decisions for you."

Another example is American Express, which has taken an avant-garde approach in using bots for customer service, he says. The Amex bot (*tinyurl.com/y7n57gmv*) sends cardholders updates through Facebook Messenger when a purchase is made with the card. It can also answer questions about account balance, payment due date and special offers.

Consider, too, that while overall app usage is up 11 percent, growth is slowing and, according to *techcrunch.com*, adoption rates for new apps may come at the expense of another. A user's time is still a finite resource *(tinyurl.com/yccrbet6)*.

However, consumers are using their favorite apps more than ever, with the use of instant messaging surging. "Why not use this to your favor?" asks McGraw. Consider implementing bots to engage in your members' favorite channels—such as instant notifications through Facebook Messenger. Use it to communicate regarding a member's loan application, for example, so the member feels engaged or can ask questions along the way. More common questions may be answered by a bot, or the member can choose to connect with a real person.

Meanwhile, A/B testing, where marketers can test the impact of changes to a message, such as the color, image, offer or call to action, is on the rise—and it's so easy with digital, whether for honing your daily minutiae or making major campaign changes. "Gone are the days of having to wait for a full campaign to end before evaluating its performance," says McGraw. "Now you can implement changes after only a few days."

Tropical Financial CU recently launched a digital checking campaign, with the actionable item being a free checking account comparison guide (*tinyurl.com/y9sjkwhz*). "After seven days, we saw the ad targeting had healthy page views, but no conversions," says McGraw. "We made a small change (reorganized the landing page visual for readability and added another call to action), waited a few days, tweaked and measured again. The result? Conversions went through the roof. We played the 'rinse and repeat' game, taking what we learned in the first 10 days (zero conversions), refined our strategy, and saw 62 conversions in the next 10 days."

Stephanie Schwenn Sebring *established and managed the marketing departments for three CUs before launching her business. As owner of Fab Prose & Professional Writing, she assists CUs, industry suppliers and any company wanting great content and a clear brand voice. Follow her on Twitter* @fabprose.

Digital Marketing Reading

10 Trends Shaping the Digital World (*cues.org/0917trends*)

Your Digital Branch (*cues.org/0917digital*)

Budgeting for Digital (*cues.org/0917budgeting*)

Maximize the Power of Your Website (*cues.org/0817maximize*)

Mobile Tech: What's Next? (*cues.org/0617mobiletech)*

Mobile Game Changers (*cues.org/0617mobile*)

360° Marketing (*cues.org/0317360d*)

James Robert Lay's Digital Marketing Best Practices (*digitalgrowth.com/cues*)

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Close the Gender Retirement Gap

Women are falling very short in their retirement savings planning. How can credit unions help?

By Jennifer Norr

As retirement plan sponsors and as financial institutions, credit unions can play a positive role in helping women save more for retirement and close the continuing and dangerous gender gap in retirement savings.

According to a 2016 report by the Transamerica Center for Retirement Studies (*tinyurl.com/tcrsretsur*), the median household retirement savings reported by surveyed American women was $34,000 in 2015, compared with $115,000 for men. Even more concerning: Since 2012, the median for men increased by $65,000—a 130 percent jump—while the median for women didn't increase at all.

The main reasons for the retirement savings gender gap are well known: Women tend to make less money and live longer than men, according to U.S. Census Bureau statistics. Also, far more women than men leave the workforce, or work part time, to care for their children or parents, according to the 2016 Transamerica study.

The 'Financial Capability' Gap

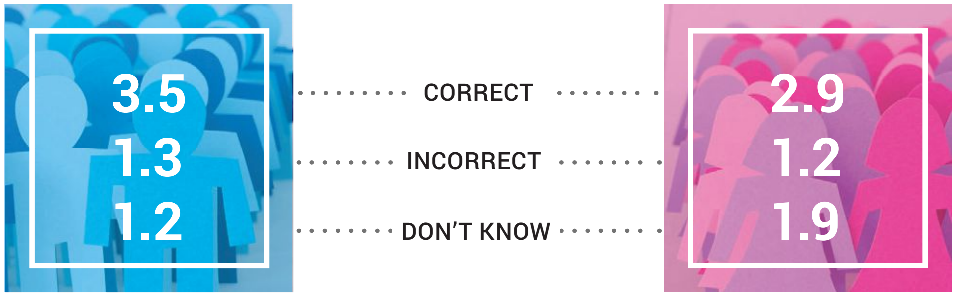
Having less disposable income and less access to employer-sponsored retirement plans has contributed to another serious gender gap, in what the FINRA Investor Education Foundation calls "financial capability" (*tinyurl.com/finrafindings*).

FINRA defines financial capability as "a multi-dimensional concept that encompasses a combination of knowledge, resources, access and habits." A 2016 FINRA research report shows the disparity between American women and men in key financial matters, including:

1. Financial fragility. When you're barely making ends meet from paycheck to paycheck—and scrambling to find money for a car repair one month and an overdue medical bill the next—saving for your retirement isn't likely to be your top priority.

In FINRA's survey, women had more liquidity problems than men. For example, 23 percent of women said they had past-due medical bills in 2015, compared with 18 percent of men. Survey respondents were asked whether they were confident they could come up with $2,000 to meet an unexpected need the following month. Thirty-nine percent of women said they either probably or certainly could not do so, compared with 28 percent of men.

2. Financial knowledge. FINRA posed a series of six questions to survey participants to measure their grasp of such basic financial concepts as interest rates, inflation, risk and diversification, the relationship between bond prices and interest rates, the impact of a shorter mortgage term on total interest payments, and the impact of annually compounding



When FINRA asked men and women six financial knowledge questions, women scored lower.

interest. Overall, women were less likely to answer questions correctly. See the graphic, above.

6 Ways to Help Women Narrow the Gap

Credit unions can take action to improve their female employees' and members' financial capability.

1. Devote marketing and public relations resources to targeting financial skills awareness programs specifically to women. Conduct webinars, and/or seminars at branches and in the community. Work with local schools and colleges on programs that teach basic financial literacy to all students.
2. Encourage employees to promote your financial literacy programs when working with members, especially those who seem at particular risk. Train branch employees in a consultative style of member service. They should be able to use members' account information and history—and members' verbal cues—as jumping-off points to direct members to your financial literacy services.
3. Consider having certified financial advisors in branches, as employees or as contractors. Or make arrangements with advisors who will be available in branches for, say, one day each week to meet with employees and members.
4. Work with your retirement plan providers to offer employees regular workshops on using retirement plans effectively. Make sure employees who have questions about their retirement plans receive prompt personal attention from plan providers, preferably both online and on the phone.
5. Ask your retirement plan providers to conduct annual or semi-annual training in how to use retirement savings account tools to set and meet their savings goals.
6. Collaborate with community organizations that are focused on helping women who need financial assistance.

Be Part of the Solution

As you plan and promote financial capability programs tailored for women, keep these themes and statistics in mind:

"Just getting by" trumps retirement savings for women. Sixty-two percent of working men say saving for retirement is currently a financial priority for them, compared with 51 percent of working women. About the same percentage of women (53 percent) say "just getting by—covering basic living expenses," is a current financial priority, compared with just 36 percent of men, according to the Transamerica Center for Retirement Studies.

Retirement plan participation/contribution rates are lower among women, and falling. Among workers offered a 401(k) or similar plan, 79 percent of men and 75 percent of women choose to participate in 2016. Of those participants, the median contribution rates are 10 percent for men (up from 8 percent in 2015) and 6 percent for women (down from 7 percent).

Most homemakers don't take charge of saving for retirement. According to an Aegon Center for Longevity and Retirement study (*tinyurl.com/aegonstudy*), 81 percent of Americans who identify themselves as homemakers are women. Only 40 percent of American homemakers feel "very responsible" for making sure they will have a sufficient retirement.

Fewer than half of homemakers are saving for retirement: Only 44 percent of American homemakers are saving for retirement, and only 30 percent consider themselves to be "habitual savers" who make sure they're saving for retirement.

Most working women are simply guessing how much they need to save for retirement. When asked which of seven methods they used to estimate how much they'll need to save, 56 percent of female workers say they guessed, compared with 40 percent of men. Only 5 percent or fewer of female respondents said they used a retirement calculator or worksheet, or had an estimate given to them by a financial advisor, Transamerica reports.

Very few working women have a documented retirement strategy. Only 13 percent of female workers said they had a written retirement strategy, and 41 percent said they had a non-written strategy. Among working men, 19 percent said they had a written retirement strategy and 53 percent said they had a non-written strategy.

An increasing percentage of women want retirement planning help from employers. In each of the last four years, the percentage of women who agree with the statement, "I would like to receive more information and advice from my employer on how to reach my retirement goals," has increased, from 59 percent in 2013 to 65 percent in 2016.

Almost four in 10 women are likely to get professional help. Thirty-eight percent of working women said they're likely to use a professional financial advisor to help them manage their retirement savings or investments. This marks a slow but steady increase from 35 percent in 2012.

Credit unions are in a unique position within the financial services industry to help female employees and members counteract the struggles they face in saving for retirement. Leverage the trust that members have in you. Make financial literacy and retirement savings strategies for women a permanent part of your brand.

Jennifer Norr *is VP/marketing and strategy at CUESolutions provider CUNA Mutual Retirement Solutions. Reach her at* jennifer.norr@cunamutual.com.

Retirement Resources

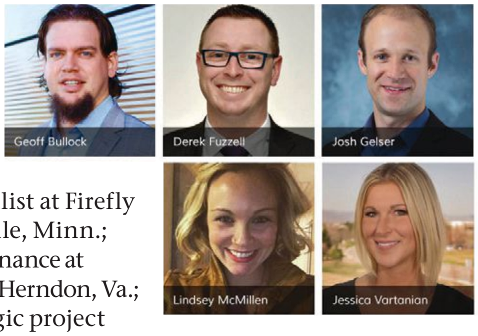
Homemakers Face Serious Retirement Risks (*cues.org/ 0917homemakers*)

Pushing 401(k) Participation (*cues.org/0217pushing*)

Financial Wellness (*cues.org/1116wellness*)

Are Boomers Ready to Retire? (*cues.org/0716boomers*)

NTCUE Finalists Announced


Geoff Bullock · Derek Fuzzell · Josh Gelser · Lindsey McMillen · Jessica Vartanian

The judges' results are in! The five Finalists for the 2017 CUES® Next Top Credit Union Exec challenge are:

- Geoff Bullock, 33, financial education specialist at Firefly CU (*fireflycu.org*), Burnsville, Minn.;
- Derek Fuzzell, 31, VP/finance at Northwest FCU (*nwfcu.org*), Herndon, Va.;
- Josh Gelser, 31, strategic project manager at DuPont Community CU (*mydccu.com*), Waynesboro, Va.;
- Lindsey McMillen, 32, business systems analyst at Y-12 Federal CU (*y12fcu.org*), Oak Ridge, Tenn.; and
- Jessica Vartanian, 34, VP/project implementation and impact at Red Rocks CU (*redrocks.org*), Littleton, Colo.

A combination of a public vote and a judging panel determined the Top 15 entrants. Since the results of that vote were announced in mid-July, all 15 young professionals have been providing updates to their projects at *NextTopCreditUnionExec.com*. These updates and entrants' earlier video applications were evaluated by a judging team (see right).

"The five Finalists were selected from a highly competitive group," says John Pembroke, CUES' president/CEO. "We had several strong entries this year. Our judges worked hard to ensure five quality young leaders from our Top 15 would move through to the finals."

"We thank all of our applicants for their hard work, and for the outstanding ideas they bring to their credit unions and the credit union industry," adds Pembroke.

In addition to two coaching sessions provided by challenge sponsor and CUES Supplier member DDJ Myers, the five Finalists each receive registration, accommodations and airfare to CUES' CEO/Executive Team Network™ (*cues.org/cnet*) in Las Vegas, Oct. 10-12. There, the Finalists will face off for the grand prize, a CUES educational package valued at $20,000 and the honor of being named 2017 CUES Next Top Credit Union Exec on Oct. 12.

AD INDEX

To advertise, email *cathy.woods@mediawestintl.com.* CUES Supplier members are noted in **purple**. Find out more at *cues.org/advertise.*

Thank You, NTCUE Judges!

The judges for the 2017 CUES Next Top Credit Union Exec competition are: Deedee Myers, Ph.D., CEO of DDJ Myers (*ddjmyers.com*), challenge sponsor and Silver CUESolutions provider for succession planning, executive recruitment and leadership coaching services, Phoenix; Dan Rader, CCE, president/CEO of SCE Federal Credit Union (*scefcu.org*), Ontario, Calif.; and David O. Brock, CCUE, CCE, CIE, president/CEO of Community Credit Union (*ccuflorida.org*), Melbourne, Fla.

After a public vote and a judging panel of previous CUES Next Top Credit Union Exec participants reduced the original applicants to a Top 15, a judging panel of Myers, Rader and Brock evaluated and scored each member of the Top 15. Judging was based on their application video, two blog posts and the value their project brings to their credit union and to the industry. The five highest-ranking applicants were named as Finalists.

Judges are responsible for keeping up-to-date on the projects each of the five Finalists are reporting on at *NextTopCreditUnionExec.com*, and for viewing the final presentations with a critical eye toward the criteria of creative thinking, content/idea and style. Each Finalist will be given seven minutes to recap their project in a presentation face-off event at CUES' CEO/Executive Team Network™ (*cues.org/cnet*) in Las Vegas, Oct. 10-12.

Take CUES on the Go

Download the myCUES app (*cues.org/mycues*) for your iPhone or iPad and access the CUES content you love when it's most convenient. With the myCUES app, you can conveniently view articles, videos, blog posts, webinars and app exclusives organized by topics, plus share the content with others.

Log in with your CUES.org credentials to view the custom, curated content based on what you do at your credit union. If you need help signing on to the app, visit *tinyurl.com/cuespassword*.

The myCUES app features:

- pre-selected topics based on credit union role;
- the ability to select additional content topics based on your personal and professional interests;
- the ability to easily scroll through content cards in the newsfeed; and
- the ability to tap and share content.

Recent app-only articles include:

- What I Learned On My Summer Vacation ... Will Make You A Better Leader
- Are You Influential?
- Mr. Spock Won't Survive the Smart Machine Age ... Will You?
- Interest in Homeownership on the Up and Up

Find them in the "Spotlight" section when you open the myCUES app.

Grand Hyatt Kauai Resort & Spa is the location of CUES Symposium: A CEO/Chairman Exchange, Jan. 28-Feb. 1.

Creating Power Teams in 2018

CUES Symposium: A CEO/Chairman Exchange (*cues.org/symposium*), the unique conference that strengthens credit unions' top partnerships, will be held Jan. 28–Feb. 1 in Hawaii.

Credit union CEOs and board chairs attend CUES Symposium together, fortifying their partnership over the course of five days through shared learning and networking experiences. The event is highly interactive and allows the leadership pair to share ideas, problem solve together and develop plans to take back to their organization.

This year's CUES Symposium topics, created to strengthen the leadership duo, will include: learning how others perceive you, understanding how social influence works to make products and services popular, designing solutions based on neuroscience and covering governance best practices. Leading these discussions are world-renowned speakers such as Jonah Berger, Ph.D., professor of marketing at Wharton Business School, and Baba Shiv, professor of marketing and director of the strategic marketing management executive program at Stanford Graduate School of Business.

CUES Symposium is designed for CEOs and board chairs, but vice board chairs are allowed to attend if a board chair is unable or for succession planning purposes.

Richard Smith, chairman of the board of TDECU in Lake Jackson, Texas, shared feedback about his experience: "The topics were excellent and highly relevant. The speakers were highly qualified and enjoyable. As always, the allotted time for the meeting, networking and spending one-on-one time with the CEO was perfect."

Make plans to join CUES in Koloa, Kauai, this January for CUES Symposium. CEOs and board chairs register today by visiting *cues.org/symposium* now.

2017

CEO/EXECUTIVE TEAM NETWORK
Oct. 10-12
The Cosmopolitan of Las Vegas

DIRECTORS CONFERENCE
Dec. 10-13
JW Marriott Marco Island Beach Resort, Golf Club & Spa
Marco Island, Fla.

BOARD LIAISON WORKSHOP AT DIRECTORS CONFERENCE
Dec. 10-11
JW Marriott Marco Island Beach Resort, Golf Club & Spa
Marco Island, Fla.

2018

CUES SYMPOSIUM: A CEO/CHAIRMAN EXCHANGE
Jan. 28-Feb. 1
Grand Hyatt Kauai Resort & Spa
Koloa, Kauai, Hawaii

EXECU/SUMMIT®
March 11-16
The Summit at Big Sky
Big Sky, Mont.

CEO INSTITUTE I: *STRATEGIC PLANNING*
April 8-13
The Wharton School, University of Pennsylvania
Philadelphia

CUES GOVERNANCE LEADERSHIP INSTITUTE™
April 15-18
Florida International University
Miami

EXECU/BLEND™ NEW
April 29-May 2
Hyatt Vineyard Creek
Santa Rosa, Calif.

CEO INSTITUTE II: *ORGANIZATIONAL EFFECTIVENESS*
April 29-May 4
Samuel Curtis Johnson School of Management, Cornell University
Ithaca, N.Y.

Note: CU directors are encouraged to attend events listed in *blue*. For all future CUES events, visit *cues.org/calendar.*

CUES SCHOOL OF APPLIED STRATEGIC MANAGEMENT™
April 30-May 3
Embassy Suites by Hilton Orlando International Drive Convention Center

CUES SCHOOL OF BUSINESS LENDING™ I: *BUSINESS LENDING FUNDAMENTALS*
April 30-May 4
Embassy Suites by Hilton Orlando International Drive Convention Center

CEO INSTITUTE III: *STRATEGIC LEADERSHIP DEVELOPMENT*
May 20-25
UVA Darden Executive Education
Charlottesville, Va.

CUES GOVERNANCE LEADERSHIP INSTITUTE™
June 10-13
Rotman School of Management, University of Toronto

STRATEGIC INNOVATION INSTITUTE™
July 15-20
Stanford Graduate School of Business, Stanford University, Stanford, Calif.

CUES SCHOOL OF BUSINESS LENDING™ II: *FINANCIAL ANALYSIS AND DIAGNOSTIC ASSESSMENT*
July 16-20
Crowne Plaza Seattle

CUES SCHOOL OF STRATEGIC MARKETING™ I
July 16-18
Crowne Plaza Seattle

CUES SCHOOL OF STRATEGIC MARKETING™ II
July 19-20
Crowne Plaza Seattle

STRATEGIC GROWTH INSTITUTE™
July 23-26
University of Chicago
Booth School of Business

SUPERVISORY COMMITTEE DEVELOPMENT SEMINAR
July 23-24
Kimpton Hotel Palomar San Diego

BUSINESS LENDING FOR DIRECTORS SEMINAR
July 23-24
Kimpton Hotel Palomar San Diego

DIRECTOR STRATEGY SEMINAR
July 25-27
Kimpton Hotel Palomar San Diego

What Happens When IT Waits in Your Teller Line?

By Weldon "Butch" Leonardson

I heard big thinker Dev Patnik, author of *Wired to Care: How Companies Prosper When They Create Widespread Empathy*, speak at a board meeting several years ago. Working with Delta Air Lines, Patnik discovered Delta executives felt they delivered an excellent travel experience to their customers. It's no wonder. When the execs traveled, they went from plush offices to waiting town cars, directly onto the tarmac and into their first-class seats. They never "enjoyed" a true airport experience: navigating TSA, overpriced food, countless delays, etc.

Unfortunately, too often I see the same type of disconnect between IT professionals and their credit unions. When is the last time you went through a drive-through? Waited in the teller line? Phoned into your call center? Or, better yet, strapped on a headset and answered calls? Here's a news flash: Members don't usually call to tell you how wonderful you are. They call because they have a problem or need to get something done. It's vital for IT to know the business as well as everyone else in the credit union, especially what it is like to be a member across all channels.

This "outside-in" model of IT leadership helps us discover where we are making it hard for members to do business with us (improvement opportunities) and where we delight them (strengths to build on). It also:

1. changes the vocabulary of IT from technology to member experience;
2. forges a strong link between IT initiatives and the organization's goals;
3. makes CIOs and IT teams more relevant to their credit unions; and
4. generates those "a-ha!" moments that allow innovation to flourish.

In the IT world, where there are always upgrades to implement or new technology to chase, it's easy to allow the latest shiny object to distract you from what's important. Instead, by thinking outside-in, responding to business goals and developing member-focused solutions, you'll earn a seat at the strategy table, breathe new life into the IT function and make your job that much more fun.

Weldon "Butch" Leonardson *leads IT leadership and CIO coaching at CUES Supplier member and strategic provider for technology and enterprise risk management services Cornerstone Advisors* (crnrstone.com)*, Scottsdale, Ariz.*

Read the full post and leave a comment at cues.org/081517skybox.

Recent Posts

"Don't build walls. There is a nearly irresistible drive within us all to fortify our positions and become indispensable by whatever means possible. I've watched so many careers derail this way."
CUES member Brandon Hahnel, VP/data analytics at $1.4 billion Whatcom Educational Credit Union (*wecu.com*), Bellingham, Wash., in "Career Advice From Three CU Leaders" on CUES Skybox: *cues.org/082117skybox*

"A true digital banking strategy requires a major business model change that aligns every level of the organization and offers a seamless customer experience consistent with the digital marketplace."
Naseer Nasim, Fortune 500 executive, advisor and digital transformation thought leader (*linkedin.com/in/naseernasim*), in "4 Keys to Embracing Digital" on CUES Skybox: *cues.org/083017skybox*

"Including more staff in the visioning process can, at times, be limiting … Staff can tend to think more along operational lines, and the purpose of strategic planning at the board and senior management team level is to think, to think big, and to think beyond what is happening today. However, … all staff can and should be included in up-front brainstorming, research and data gathering. Additionally, they are vital to fully developing the more detailed operational work plans … that flow from the board-level strategic goals, objectives and metrics."
Jennie Boden, managing director/strategic relationships and senior consultant with CUES' strategic provider Quantum Governance (*quantumgovernance.net*), Vienna, Va., in "Assessing Staff's Strategic Planning Path" on CUES Skybox: *cues.org/080217skybox*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