CU MANAGEMENT

OCTOBER 2019 • IN-DEPTH INFORMATION FOR CREDIT UNION LEADERS

ROUGH ROAD *Ahead?*

Credit unions have seen auto lending gains, but there could be economic trouble around the bend.

CYBERSECURITY
New tools for new fraud

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SPECIAL REPORT: FINTECH
From distruptors to partners

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Most fraud is not a result of sophisticated technology—the human element is the weakest link in the cybersecurity chain. As such, a good training program is perhaps the most practical and cost-effective way to fight any form of fraud.

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CUES Video

The Impact of CEO Institute I on a Canadian CU's Strategic Planning Process

Find out what Ted Pahl, CEO of Tignish Credit Union, experienced when he attended CEO Institute I at the University of Pennsylvania's Wharton School.

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NextGen Know-How: How I Started Taking Unplugged Vacations

Prevent burnout and vacation anxiety by setting expectations and taking these proactive steps before your much-deserved time off.

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CUES Podcast

Episode 78: Connecting Core and Content to Give Members a Great Experience

Stephen Comer, director of financial services & insurance sales at CUESolutions provider Hyland Software Inc., discusses how to make life easier for members.

cumanagement.com/podcast78

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LET'S CONNECT

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Scary *Times*

I love October! In Maryland, where I live, the weather is absolutely gorgeous, the trees are glorious and the fun decorations are starting to appear.

Some of my neighbors really get into Halloween. One family down the street tries to replicate a full-fledged horror film in their yard. There's fog, music and really creepy mannequins. On Halloween night, the yard becomes a haunted house. Last year, I screamed so much louder than my son when the mannequin on the bench turned out to my neighbor in costume. As you can imagine, this house is extremely popular, since many of us enjoy a good scare—at least when it's managed and expected.

This month in *CU Management*, we present you with a few scary topics and strategies to manage them. Our cover story about auto lending discusses the economic, demographic and technological changes that could signal rough times ahead. Turn to p. 10 to read more.

Also potentially terrifying: cybersecurity and fraud. I live just outside of Baltimore, which suffered a ransomware attack in May, taking down important systems for several weeks and affecting many areas of city life. What would your credit union do in a similar situation? Read "When to Pay Ransom" on p. 17, part of the larger feature "New Tools for New Fraud" that starts on p. 14.

I also like this time of year for thinking about personal and professional growth. My son transitioned to middle school this year, which is scary in a different way. While we are all a little anxious about the change, true growth requires discomfort. How do you feel about your current career trajectory? If you are too comfortable, it might be time to consider your next steps. If you are curious about what it takes to be CEO, or if you *are* the CEO and you need to develop a succession plan, turn to p. 22, where we explore the education and skills needed for the top spot. It's a syllabus of sorts for anyone aspiring to a leadership position.

Finally, we have a lovely treat for you. This month we are revealing a new website—*CUES.org*—with updated features to help you and your team members enhance your talent development. The easy-to-navigate website allows you find to topics of interest and offerings suited to everyone's job or credit union role. Plus, you'll get a comprehensive overview of all your CUES member benefits and be able to access them from one central spot. Be sure to check it out!

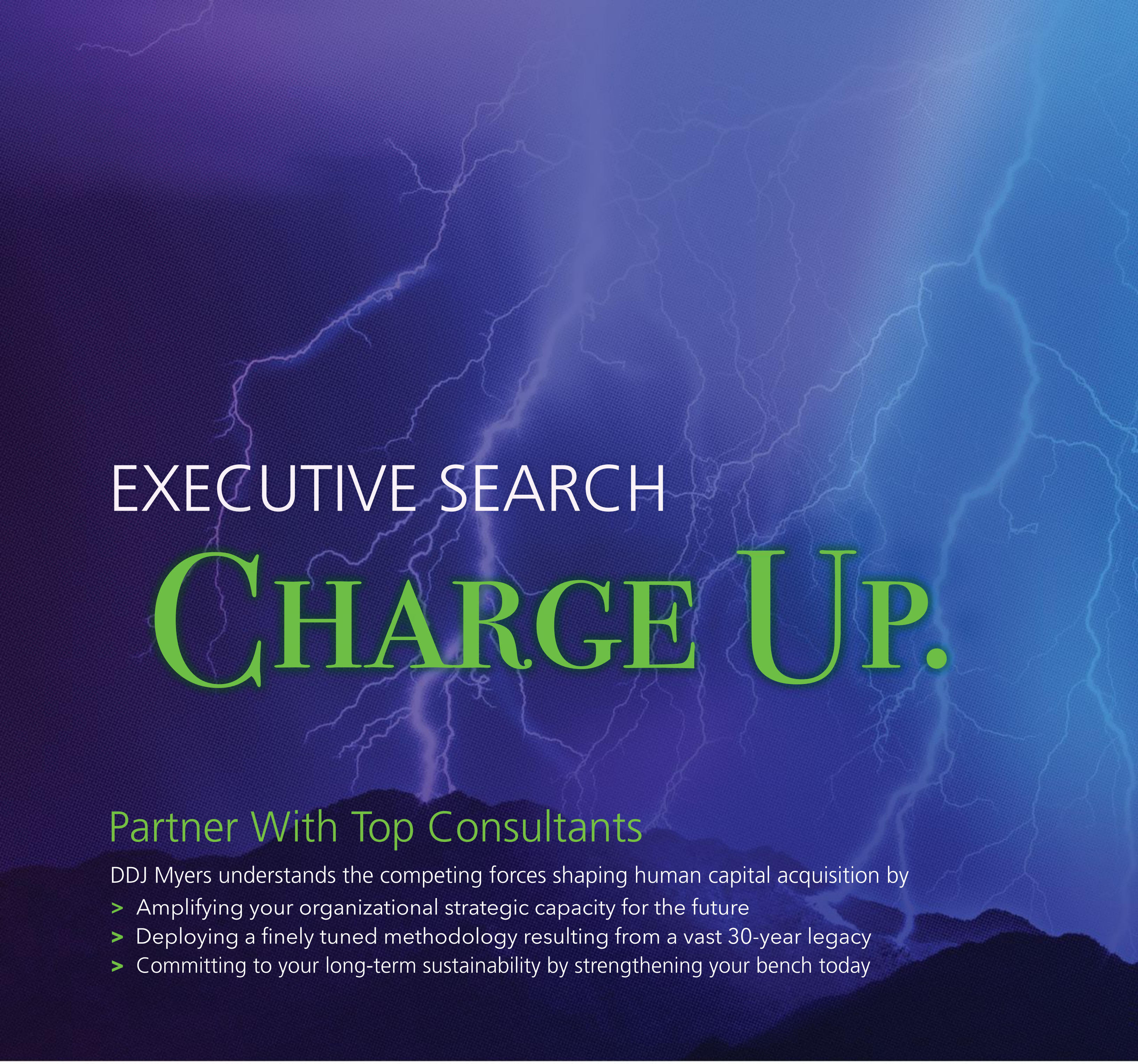
Theresa Witham

Theresa Witham
Managing Editor/Publisher

YOUR THOUGHTS

SLOWING AUTO LOANS VS. CYBER ATTACKS: WHICH SCARES YOU MORE AND WHY?

>> Email your answer to **theresa@cues.org**.



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Engaging *'Mobile-Only' Members*

SAFE Credit Union is connecting with its "mobile-only members" to remind them to optimize their cash-back rewards, to offer prizes at ballgames and to issue other alerts and offers on the device that comes with them everywhere they go.

Mobile access is popular among SAFE CU's 235,000 members, says Danielle Juarez, AVP/digital banking strategy and innovation for the $2.8 billion Folsom, California, credit union (*safecu.org*). Of the 150,000 members who are digital-only, about 70% engage primarily through their mobile devices, and 50% rely on mobile exclusively.

So it stands to reason that communicating with members via their favorite channel will enhance results. When SAFE CU sent a reminder through its mobile app for members to select their quarterly bonus category to earn 5% cash back on credit card purchases, the response increased 30% over the previous quarter, Juarez notes.

Another mobile promotion connects with baseball fans who attend Sacramento River Cats games. As members arrive at the Class AAA team's Raley Field, they receive a notification that every purchase they make at the ballpark with their SAFE CU debit or credit cards will enter them in a drawing for prizes like River Cats or San Francisco Giants tickets, autographed baseballs and on-field batting practice.

These notifications apply geofencing capabilities through NCR Digital Banking's Promotion Suite Premium, through which SAFE CU's e-commerce team develops and manages mobile campaigns. Members opt in for location-based services when they download the app, with a 97% acceptance rate to receive relevant messages, Juarez says.

Overall, says Doug Brown, SVP and general manager of NCR Digital Banking (*ncr.com/banking/digital-banking*), the opt-in rate to receive notifications is 60 to 70% and increasing every month. "CUs are a trusted source for most users. They're trusting you with their wealth, so they're willing to trust you" with location data, he notes.

The platform facilitates designing and launching mobile campaigns and monitoring the response among targeted member segments. "Geofencing and beacon detection are a big part of those capabilities," Brown says. The sweet spot for this new channel is "brand reinforcement, not an aggressive product push. You can promote the CU's support for community events and organizations."

The art of mobile marketing is not to "overuse the privilege," he says. "If someone is just driving by a car lot, it's not appropriate to send an offer for a car loan. They should be at the dealership for a long enough time that you know they're there shopping."

SAFE CU tested and honed its mobile marketing approach with employees before launching it with members in June 2018. In one test promotion, participating employees in the corporate office received a message to find a specific colleague and collect a prize.

The credit union's aim in employing these capabilities is to "create a buzz about SAFE in the market," Juarez says. "It's never easy for credit unions to keep up with big banks, so our focus is on how we're using it to engage with members."

As members turn increasingly toward mobile access as their exclusive channel, "communicating directly in the way members want to engage is extremely important," she adds.

Talking Financial Wellness *With Golden 1 CU's Podcast*

Golden 1 Credit Union is branching out with its financial wellness podcast to make episodes available for download via mobile app from Apple Podcasts, Google Podcasts and Spotify. The aim is to make the podcasts on topics like digital banking and security, financial tips for college students, teens and money, and saving for retirement more widely and easily available, says Erica Taylor, VP/communications and community relations for the $13 billion Sacramento, California, CU (*golden1.com*).

Golden 1 CU launched with this new media by hosting podcast episodes on its online Financial Wellness Center (*golden1.com/financialwellness*) in partnership with the financial education and counseling company Balance (*balancepro.org*), Concord, California. Now the CU is producing its own content for monthly podcasts hosted by Content Manager Martin Lehman and Financial Education Manager Rebecca Delmundo.

"For future episodes, we plan to expand our subjects and interview experts from other Golden 1 departments about topics such as home loans and auto buying," Taylor notes.

"Our goal is to deliver content in a variety of formats that appeal to different audiences," she adds, citing the Pew Research Center's data (*tinyurl.com/y6qw4hu6*) that the percentage of Americans who have listened to podcasts increased from 27% in 2013 to 51% last year. Golden 1 CU's financial education offerings also include online videos, webcasts and a self-paced Learning Lab.

Initial response to the podcasts has been positive, Taylor says. In the first 24 hours of launching the podcast channel in July, 121 listeners downloaded the program.


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Rough Road *Ahead?*

STRONG USED CAR DEMAND HAS DRIVEN AUTO LENDING GAINS, BUT THERE COULD BE ECONOMIC TROUBLE AROUND THE BEND.

BY KAREN BANKSTON

Credit unions grew their share of the car loan market by mid-year, but the rate of growth may be slowing. There are some signs that competitors are starting to pull back slowly. While the last 18 months have seen credit unions start to recapture some of the lost profitability starting with the first Fed rate increase in December 2015, margins remain thin. Lending executives and industry observers caution that economic, demographic and technological shifts are flashing warning signals to auto lenders.

MEASURING THE CAR LOAN MARKET

In the U.S., credit union auto loan growth has slowed in 2019, says Bob Child, COO of CUES Supplier member CU Direct (*cudirect.com*), Ontario, California. Credit union total car loans grew 5.3% to $376.6 billion in the 12 months ending June 30, according to industry data. A year earlier they had grown 10.5%. Credit unions' share of automotive loans was 32.1% in June, up from 31.7% in June 2018, notes Child, but their share of auto loans is down from a high of 32.3% in December.

"Credit unions are well-positioned to maintain a strong presence in the used car market in 2020," Child says. "Used car auto loans make up 70 percent of credit union auto loan portfolios, which we believe will continue over the next year and beyond."

Credit unions are holding steady on auto loan delinquencies—for now. The industry ended 2018 at a comfortable 66 basis points for average delinquency rate, the National Credit Union Administration reports. Curtis Sabbatino, CU Direct's advisory services consultant, cites NCUA data showing indirect loan delinquencies have lowered to 54 points through Q1 of 2019.

There are warning signs in the broader market, however. At year-end 2018, the Federal Reserve Bank of New York reports, a record 7 million Americans were 90 or more days delinquent

“Credit unions are well-positioned to maintain a strong presence in the used car market in 2020.”

– Bob Child

on their auto loans. That’s 1 million more borrowers than in the previous peak at year-end 2010 and a trend that has been building slowly since 2014. The upward trend in 90-day-plus delinquencies continued into the first quarter of this year.

CUES member Bill Vogeney applies a familiar phrase to credit unions’ auto lending experience in recent years—and to the near-term possibilities: “The bigger they are, the harder they fall.”

“We’re riding close to a six-year high of really strong auto loan performance. People are paying their car loans historically well, and used car values have been very strong, which contributes to that performance,” says Vogeney, chief revenue officer of $5.6 billion, 340,000-member Ent Credit Union (*ent.com*), Colorado Springs. “But when you’ve had a period of strong credit performance, at some point in time that will change.”

Pressure is on to increase profitability. Credit unions failed to keep pace with the Fed rate increases since late 2015, and now may be the time, after a rate decrease, to widen margins and not be in a rush to lower rates, Vogeney advises. However, since February 2019, the rates for alternative investments have fallen almost a full 100 basis points. Vogeney says while this should theoretically increase indirect profitability in comparison to investing excess funds, the cost of funds (deposits) continues to rise as most institutions still have strong loan demand and are paying high rates to attract funds.

“Theoretically the greatest margins are for B and C loans,” Vogeney notes. “Of course, there are also greater losses, so you have to price those loans accordingly, but that’s where some credit unions are moving in pursuit of a greater return.”

Curiously enough, Vogeney says, the chase for higher yields on B and C loans has led to the risk margin between an A+ loan and a B or C loan declining in the last 36 months. “That’s the impact of greater competition for these loans,” he suggests. “You may want more B and C loans, but if rates have not moved up, how badly do you want to chase that return? And how badly do you want to chase A-plus loans that offer a well-below-market rate?”

Pricing loans to enhance profitability is especially crucial for credit unions facing liquidity challenges. As Ent CU’s loan-to-share ratio hovers around 100 percent, “we have to be more conscious about what kind of loans we make and what returns those loans produce,” he says.

Demand for used autos is high, spurred in part by the average $2,000 price hike for new vehicles, primarily due to the increased cost of technology and additional taxes, Child reports.

In combination with rising loan rates, higher sticker prices are steering consumers with top-tier credit, who have traditionally been new car buyers, toward used vehicles. But those borrowers still expect favorable loan rates. As a result, “the divergence between new auto loan rates and interest rates for late-model used vehicles—especially for those prime and super-prime borrowers—is getting narrower and narrower,” Child notes.

Contributing to this demand, extreme weather experienced throughout the country over the last year—from major hurricanes on the East Coast to wildfires in the West—have also forced many consumers into the market to replace damaged or destroyed vehicles. In response to these factors, industry analysts are forecasting that 40.4 million used cars and trucks will be sold in the United States this year, up 3 percent over 2018.

Loss ratios are a function of both the frequency and magnitude of loss, so low default rates combined with used cars holding their values have been good for lenders. Some aspects of the strong used car market can be traced back to the Great Recession, Vogeney suggests. The Cash for Clunkers program (*tinyurl.com/cashforclunk*) in 2009 took hundreds of thousands of older vehicles off the market in a short time, and leasing declined steeply during the downturn so that the pipeline of three-year-old vehicles returning to the market slowed to a trickle. The resulting shortage of good, used, affordable cars and corresponding upward shift in prices have stuck around.

In recognition that prime borrowers are as likely to buy used as new, and that they also will repay those newer used cars as well as a new car loan, Ent CU’s auto loan rates are the same for used cars three years old and newer as for new vehicles. Another factor driving used car demand and, thus, high used car prices is rapidly escalating new car prices, Vogeney says. “Mid-sized and full-sized sedans are not what consumers are buying and the manufacturers are producing. It’s all about sport utility and crossover vehicles rich in features. Even families with the income to buy a new vehicle are choosing used models, helping support used values.”

Overall auto sales have leveled off. Though total vehicle sales climbed to historic highs in 2015, they have declined slightly or held steady in the years since, and “our anticipation is that 2019 sales will be down as well as the slowdown continues,” says Bill Handel, VP/research at Raddon, a Fiserv company (*raddon.com*), Schaumburg, Illinois.

The intertwined challenge facing credit unions is competing in an increasingly crowded field for a lower volume of auto loans even as the profitability of that product line is declining, particularly in the indirect market.

“In our analysis, many indirect lenders, depending on how they allocate costs, are either unprofitable or nearing unprofitability. At the very least, they are generating fewer profits for these loans in comparison to three to five years ago,” Handel says.

Interest rate compression is a major factor behind declining profitability, Handel says. For the most part, auto loan rates are not increasing in lockstep with rising interest rates, and credit union lenders facing competitive pressures may feel especially constrained in setting rates.

At the same time, as delinquencies are starting to creep up, lenders need to be cognizant of the reality that borrowers are more likely to miss or delay payments to seemingly distant indirect lenders. Handel quotes a credit union CEO who once told him: "'I really don't care if members are late with their payments. I only care if they're late paying me.' He was looking out for that loyalty where members would repay their credit union first."

An additional drain on profitability in the indirect channel is that competition is so high that dealers can command higher compensation from lenders, which can cut into an already dwindling return on those loans, he adds.

It's hard to exit entirely from indirect lending since most consumers don't arrange for financing before they walk into the dealership, no matter what credit unions have tried to do to convince them otherwise. However, Raddon's analysis anticipates that some will leave or curtail their indirect lending by raising rates or decreasing dealer compensation in 2019.

Ent CU employs indirect lending through relationships with dealers in its primary markets and through CU Direct's CUDL as the most efficient way to maintain an auto lending presence in other communities. Vogeney does not anticipate that the credit union will pull back on indirect lending in response to changing economic conditions because it has maintained credit standards rather than increasing and decreasing loan volume by varying its approach to credit risk management.

At the same time, as credit unions become increasingly loaned out—the industry average loan-to-share ratio is around 85 percent—they may need to sharpen their strategies to become "more selective in the loans they are taking so that they can get a higher margin," he advises. "Credit unions with more sophisticated lending strategies are not going to be chasing a bigger share. They're going to be chasing a better margin. When you're 100% loan-to-share, you can't be just lending for small returns."

TRENDS TO KEEP TABS ON

1. Continual evaluation is a must. For credit unions considering slowing down indirect volume, Sabbatino and Child suggest "doing deeper dives into vintages," or analyzing loan performance on a year-by-year basis. How do delinquency and prepayment rates for auto loans made in 2016 (a.k.a. Vintage A) compare to loans made in 2017 (Vintage B) and 2018 (Vintage C)? The loans running off the books are typically being paid off early by prime borrowers, increasing the overall delinquency ratio of the remaining portfolio.

The aim of this analysis is to assess whether reducing current indirect volume would increase the impact of delinquencies in earlier vintages on the overall portfolio and, if so, whether the best course might be to tip the scales of current indirect loans toward higher credit tiers.

This assessment "allows you to analyze your yield and performance and identify the quality and quantity of indirect loans you want to originate going forward," Sabbatino says.

Credit union lenders are also monitoring the impact of long-term loan contracts of six or seven years' increasing repayment risk and extending the time that owners owe more than their vehicles' value. Even with those longer terms, Child notes, the average time borrowers hold on to loans before paying them off or trading in their vehicles has held steady at 2.6 years.

And, on the positive side, "the cars that are being built today are so much better quality than they were 10 years ago," he adds. "Cars are lasting longer, so their values hold up longer as well."

Another way credit unions are continuing to improve the probability of repayment and reduce the severity of losses is by limiting the loan amount based on the vehicle's value.

$130 million Alive Credit Union (*alivecu.coop*), Jacksonville, Florida, has always taken a conservative approach to the amount of money it will lend on a car loan, with a top end of 115 percent for direct and 105% for indirect loans. When such products as gap and mechanical breakdown coverage are added, that may bring the total loan-to-value ratio up to 125 percent, less than the 150 percent loans that some competitors finance, notes CEO Rose Gunter, a CUES member.

"We can't be taking huge losses, and we try to look after our members' best interests as well," she explains.

2. Gen Xers and millennials are now the dominant auto buyers, surpassing boomers for the first

Watching the *Speedometer*

National Credit Union Administration (*ncua.gov*) statistics for federally insured credit unions identify healthy gains in auto lending as of the end of the first quarter 2019:

- Auto loan volume increased 7.7% over the year ending March 31, to $366.5 billion. Though used vehicle loans produced higher volume, new auto loans increased more than used vehicle financing, at 8.5% and 7.2% respectively.
- The delinquency rate for auto loans was 53 basis points, down from 55 basis points in the first quarter of 2018.
- Auto loans commanded 24.3% of total assets, down from 31% a decade earlier. New auto loans accounted for 8.5% of total assets at the end of the first quarter this year, compared to used vehicle loans at 14.6%.

"Credit unions with more sophisticated lending strategies are not going to be chasing a bigger share. They're going to be chasing a better margin."

– Bill Vogeney

time in 2019. Contrary to speculation that these generations were not interested in car ownership, it now appears that they were just taking their time. And their preference to start shopping online—at dealer websites, sites like TrueCar (*truecar.com*) and Cars.com, and CU Direct's own AutoSmart (*cudlautosmart.com*)—could reshape the industry. The customizable AutoSMART directs preapprovals and shoppers through the websites of partner credit unions.

"Credit unions need to be present where people are shopping or risk losing out on that opportunity to serve members," Child suggests. "If they're shopping at a dealer's website, we want to make sure that they can get a preapproval right there so that the loan doesn't go to a bank."

CU Direct plans to introduce "Penny Perfect pricing" during third quarter, to lay out online the full costs for members of their next car, the value of their trade-in, and the rate and terms of credit union financing, calculating their monthly payments as the bottom line.

"As a buyer, when I feel good about all that, I'll head for the car dealer where the loan application will be ready for me so I can get in and out quickly if everything looks good. That's the direction we see the car-buying experience going," he adds.

3. Over the long term, a rise in ride-sharing may decrease cars per household. Despite predictions that reliance on Uber and Lyft may someday usurp car ownership, Raddon's research finds that most consumers who have embraced ride-sharing view this form of transportation as an alternative to mass transit and taxis, not a replacement for driving themselves.

Still, "one impact of ride-sharing is that households will likely have fewer cars, so that families that had three cars might now get by with two and two-car households might be comfortable with just one," Handel notes.

RECESSION: WHEN, NOT IF

As of June, the recovery in the wake of the Great Recession will officially become the longest in U.S. economic history, Handel says, so lenders are scanning the horizon for clues about when the next slowdown will begin.

Vehicle sales trends correspond closely to economic ebbs and flows, he notes. "You can see the incidence of recessions in changing demands for new and used cars. While the long-term curve in vehicle sales has mostly been upward, where you see small downturns in the trend line, that largely correlates to recessions," including the precipitous drop in 2008 and 2009.

One of Newton's laws of physics—for every action, there is an equal and opposite reaction—can also be applied to lending, Vogeney suggests. Auto lenders who opened the "risk spigot" during the high tide of the economic cycle will likely be stepping back now on making loans to higher-risk borrowers and preparing to increase collections in the coming months.

In comparison at Ent CU, "we certainly have our eye on indirect, but we're not concerned about the next downturn. We know we will have a recession. We're not sure how deep that recession will be, but we're not overly concerned with it because we know our credit quality is really strong," he says. "We've focused on working a little harder for loans through business development and strategic planning rather than loosening credit quality."

Handel notes that long-term trends in auto sales and lending are more influenced by technological advances and demographic and cultural shifts than economic cycles, though lenders need to monitor both short-term and more distant influences.

"At any rate, we don't think we'll see a recession in 2019, though there's a reasonable possibility for a downturn in the second half of 2020," he adds. "But who knows if that will actually happen. We don't see any specific economic pressures. It's more the case that recessions happen, and we're due."

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

MORE ON CONSUMER LENDING AND COLLECTIONS

Helping Them Buy Their Ride to Work (*cumanagement.com/0419helping*)

Analytics for Auto Loan Success (*cumanagement.com/1018analytics*)

Market Your Auto Loans Like a Rock Star (*cumangement.com/102616rockstar*)

New Tools *for New Fraud*

AS OPPORTUNISTIC FRAUD EVOLVES, CUs FIGHT BACK IN A BATTLE THAT KEEPS ACCELERATING.

BY RICHARD H. GAMBLE

The contest between fraudsters trying to steal money and credit unions trying to stop them never pauses and never slows down.

"You just try to be a moving target, keeping a couple of steps ahead of the crooks," notes Chris Guard, VP/compliance and fraud at $40 billion North Carolina State Employees' Credit Union (*ncsecu.org*), Raleigh. "But these days everything is moving faster, so you can't let up." When fraud innovations work, they spread, and they often surface first at the largest financial institutions. So if you're plugged into intelligence about the latest scams, you may have time to make a defensive move before you get hit, he explains.

Technology keeps changing the terrain and the weapons in the fight against fraud. If Willie Sutton (*tinyurl.com/willsutton*) once robbed banks because "that's where the money is," he'd need to adjust his approach today because now the money is data in databases. That's where today's robbers are turning and where today's security guardians are primarily focused.

"The world made a gigantic leap from paper money to digital money, so that's where the war is being fought," says Karl Kaluza, VP/marketing and communications at CUES Supplier member Member Access Processing LLC (*maprocessing.com*), Kent, Washington.

Information is as priceless to credit unions as it is to fraudsters, and information is still processed by people as well as systems. "Financial institutions talk," Kaluza notes. They do it in forums and on websites hosted by vendors or card brands, and sometimes over the phone among informal peer groups. "If something new surfaces in one location or with one merchant, credit unions spread the word so that others get early warnings," he explains.

"We're usually not the first to feel a new type of fraud," notes CUES member Jeffrey Pascoe, VP/digital services and payments at $912 million Vibe Credit

Union (*vibecreditunion.com*), Novi, Michigan, so it pays to maintain a high level of market intelligence, to learn what your processors are seeing in other markets and to participate with peers in networking sites and events. "Through networking, we can see fraud trends so when they appear, we are able to more quickly respond to minimize impact to the credit union and our members."

AREAS OF ATTACK

What Pascoe was seeing last summer was an uptick in internet-based fraud using fake merchants and fake medical facilities. "Merchant and other data breaches continue to be a large vulnerability," he says. "Even though the data is stolen online, we're seeing a large number of these fraudsters use fake cards in person."

Guard has seen a resurgence of check fraud. "With Check 21 (*tinyurl.com/fdiccheck21*) and faster settlement, fraudsters moved on to greener pastures. But now that financial institutions have focused on other, newer forms of fraud, fraudsters are going after checks again because they are getting less attention."

Another area to monitor closely is international travel—fraudsters submitting fake travel notifications to increase the chances of accepting irregular transactions, Pascoe points out. And, of course, "we continue to monitor for fraudulent membership and loan applications."

Payment card fraud is no longer the most serious exposure, reports John Buzzard, industry fraud specialist at CUES Supplier member CO-OP Financial Services (*co-opfs.org*), Rancho Cucamonga, California, and previously principal of the counterfeit ATM fraud operation at FICO (*fico.com*, formerly Fair Isaac), San Jose, California. Card fraud can sometimes fall into third place on the threat meter when large-scale data breaches flood the dark web with valuable personally identifiable information, he notes.

"Card-present fraud was extremely strong between 2016 and 2017, but this has dissipated significantly as more card fraud shifts into the card-not-present category due to the presence of chip-enabled payments. We do still see a plethora of issues at gas pumps where the liability shift doesn't occur until next year," he notes. But overall, there has been a slight decline in card fraud and "no financial institution is really hemorrhaging, due in part to ongoing fraud prevention strategy." Analyzing card fraud by merchant category type is important, he adds.

There is a good bit of deposit fraud occurring today, Buzzard says, where fraudsters prey on naïve and greedy or needy people with offers that "pay" the victim with a tempting check or deposit into their account in exchange for something of value. The fraudster is long gone when the check or deposit bounces.

"It's sad," he observes. "Some victims think they have been hired for work-at-home jobs." It most cases, it's the person, not the financial institution, that bears those losses, he adds.

Guard also reports an industry uptick in deposit fraud targeting older members. It's hard to know how much members are losing because only about 20% of them report it, he estimates, citing similar figures reported by American Association of Retired People (*aarp.org*), the Federal Bureau of Investigation (*fbi.gov*), the Federal Trade Commission (*ftc.gov*) and other agencies ranging from 10-25% based on their research.

When members give out their credentials, often in response to an attractive offer, they are the ones defrauded and bear the loss, Guard explains. In contrast, there are rules around card and ACH transactions that sometimes require CUs to make members whole when fraud occurs, depending on the circumstances.

> **"You just try to be a moving target, keeping a couple of steps ahead of the crooks."**
>
> – Chris Guard

Along with low-tech trend, online fraudulent activity continues to evolve and flourish. Now that fraud is being perpetrated using big data, the risk is far greater than breaking into bank accounts. "There's an active market on the dark web for data acquired from hacking," Buzzard points out. "Criminals now have unprecedented potential access to things that can deliver value."

It's not just traditional money held by financial institutions, he points out. "It is often just as valuable for fraudsters to steal a Netflix login or get into someone's Uber or Lyft account. Reselling stolen logins is a lucrative way for fraudsters to monetize stolen information either by using the services directly or by selling the data to other criminals who simply want a free ride."

Data breaches make authentication tougher due to exposed health records and information colleges and universities collect as well as financial data, Buzzard reports. "The LabCorp and Quest Diagnostics breaches (*tinyurl.com/y626aey2*) exposed the data of 20 million people," he observes. "Healthcare organizations and universities have delivered a ton of personal data to fraudsters for the last several years."

FINDING THE RIGHT BALANCE

The goal of fraud-fighting is not total prevention but keeping fraud within an acceptable range. "Credit unions have to continually ask the question, 'How would our members be affected if we took a more aggressive position on declining irregular transactions to reduce fraud?'" Buzzard points out. "Everyone is striving for a frictionless member experience whenever possible," so overly rigorous fraud control can be detrimental.

How aggressively a credit union uses fraud prevention tools is a strategic decision that requires weighing how much risk the institution feels comfortable with against how much convenience it wants to offer members, Buzzard says. When fraud losses fall outside the target range, financial institutions tighten or loosen their approval rates, Pascoe explains. If the fraud losses are too low, it may be a sign that they are denying too many transactions and causing friction for members, blocking some of their legitimate purchases. If the losses are too high, it's a sign that financial institutions are tolerating too many borderline situations and causing too much loss, he points out.

The target range for card fraud is typically 12-14 basis points of total transaction value, Pascoe reports. "That's what the card brands report, and it's the primary fraud metric." Card losses now come primarily from card-not-present transactions and fuel dispensers that do not use chip technology, he says. "Fraudsters go after the weak spots, and gas stations are one of today's weak spots."

To the extent that fighting financial fraud relies on good tools,

Getting the *Right People*

Fraud prevention requires a new breed of CU security and front-line personnel, but that's a manageable challenge, says Jeffrey Pascoe, VP/digital services and payments at $912 million Vibe Credit Union (*vibecreditunion.com*), Novi, Michigan, because the same digital revolution that is breeding sophisticated fraud is producing new hires who come with quite a bit of online smarts. "They're flexible ... they already have the right skill set," he reports. "They like challenges. They're just afraid it will be boring. What they end up finding [in the financial services industry] is an ever-changing and dynamic environment that will keep them on their toes."

A few large CUs may be hiring people with law enforcement experience for fraud-fighting positions, but most are looking for tech skills and a willingness to learn, Pascoe adds.

Tech-savvy people are generally useful, but cybersecurity is now a complex discipline practiced by specialists who are out of hiring reach for many CUs, says David Tompkins, SVP/strategy and client services at CUES Strategic partner LEO Cyber Security (*leocybersecurity.com*), Fort Worth, Texas. It's almost impossible for most CUs to hire an adequate cybersecurity staff to address the current threats, he reports. "Supply and demand are way out of sync. There are 250,000 open cybersecurity jobs currently [in the U.S.]" (That figure is now approaching 314,000, according to a cybersecurity supply/demand heat map from CyberSeek, *cyberseek.org/heatmap.html*.) That makes the experts scarce and expensive. Many CUs try to fill the gap by either hiring a very young person for a newly created cybersecurity position or adding it to the job description of an IT guy—neither of which really works, he says.

You can't even solve the problem by going out and paying whatever it takes to get a real pro because the job requires multiple skill sets, which requires a dedicated cybersecurity staff of several pros, and that would be too expensive, Tompkins explains.

Vendors may have sophisticated cybersecurity staffs and tools that can provide piecemeal protection, depending on what activities they perform, Tompkins notes, but the attacks are coming across a broad landscape. "You always need in-house expertise to manage the collective exposure," he observes.

The best a CU with limited staff and budgets can hope to do, Tompkins concludes, is set up reasonable obstacles and respond quickly if a hack occurs. Consulting firms such as LEO Cyber Security can help fill in the gaps. "LEO is dedicated to helping credit unions build custom, effective and cost-efficient cybersecurity programs," he adds. That includes offering CISO services—providing CUs with the expertise of a team of cybersecurity analysts and engineers. "Just as each person is unique, so is each credit union, which means that the challenges and priorities vary."

CUs are pretty well armed, Buzzard says. "The available tools are good; they work," he notes. Both sides draw from a powerful technology arsenal. "There are good products out there that credit unions can use in a layered approach. There are ways to authenticate a user's mobile device. There are biometrics. These do a lot to strengthen authentication in addition to the efforts put forth by credit union personnel."

"There are a plethora of tools," Kaluza agrees. "We use neural networks. We can look across a million data points and create profiles of how members use their cards and scores for the degree of risk in a transaction that falls outside the profile so credit unions can decide when to decline a transaction and contact the member. Member spending behavior turns out to be pretty predictable. You can often recognize a member from the way he or she uses a card." If a charge in Bucharest pops up for a member living in Sioux City, that's suspicious—but less so if the card was used previously to charge an airline ticket and make a deposit on a hotel in Bucharest, he illustrates.

TOOLS FOR MEMBERS AND CUs

Increasingly, CUs are placing fraud prevention tools in the hands of members. "Personalization is big now," says Kaluza. CUs are personalizing fraud controls by providing tools, such as through mobile apps, and educating members. Members can turn cards on and off at quite a few CUs, he reports. They can block certain categories of spend by merchant code—prevent any charges at casinos, liquor stores, airlines, jewelry stores or porn sites, for example. They can even block transactions over a certain amount or more than three transactions within an hour, for example, he says. And members can change the controls almost instantly. If a wallet is lost or stolen, an alert member can turn off the cards quicker than the CU could, he points out. The rules and practices concerning cardholder liability for fraud losses have not changed, he adds.

Some CUs offer concierge services that let a member report online when and where they will be traveling so that transactions far from home won't be declined, Kaluza reports. This can be particularly helpful when travel plans change, saving the member a long-distance or international call to card services.

Credit unions can follow several best practices to stay on top of fraud management. Pay close attention and keep tweaking your protections as you see trends develop, Buzzard recommends. Be flexible, and keep considering the member experience. And educate members. "Warn them about scams," he advises. "Have a statement ready about the importance of credit freezes."

CUs should also keep up with the latest technology and products for authentication, he adds. Such vendors as Jumio (*jumio.com*), with U.S. offices in Palo Alto, California and New York, offer identity verification and authentication solutions aimed at fighting fraud.

A final cybersecurity tool to consider is penetration testing. There is value in seeking out a dark web monitoring vendor that offers such ethical hacking services, Buzzard suggests.

Denver-based Lares LLC (*lares.com*), for example, offers penetration testing, dark web monitoring and cybersecurity outsourcing for over 400 government and business entities, including between six and 12 CUs, reports Andrew Hay, COO.

There is cybersecurity and the illusion of cybersecurity, Hay warns. "A lot of vendors promise CU clients 'penetration testing,' but what they offer is just poking around to see what's out there,"

"Member spending behavior turns out to be pretty predictable. You can often recognize a member from the way he or she uses a card."

– Karl Kaluza

he notes. They don't spend the time using those observations to see if they can get into secure systems or databases, he cautions.

Dark web monitoring also requires expertise, Hay explains. The dark web consists largely of forums where people buy, sell and trade information that usually is not available from public sources. You have to know where to look and how to gain access. Because these forums are trying to attract business, they usually aren't too hard to enter, but some try to exclude parties that are just monitoring, not trading.

Hay once found a seller on the dark web offering confidential information on 15 Northeastern credit unions. He asked for names and was given just three. Anything more he'd have to pay for, he recounts. Effective dark web monitoring can be partly automated with search technology but remains partly manual as cagey monitors do their dances with the traders they are investigating.

Despite—or rather, because of—evolving technology, today's fraud is fought by armies, and CUs need allies. Fraud is increasingly perpetrated by criminals with access to big data, powerful systems and smart software. "As fraudsters have become more sophisticated, so have fraud prevention measures," Pascoe points out. "You have to rely on a vendor or combination of vendors." The front line now is primarily a clash between the fraudsters' systems and vendors' systems. "You can't rely on the vendor to do it all," he notes, "but you certainly can't do it alone."

Richard H. Gamble *writes from Grand Junction, Colorado.*

When to Pay *Ransom*

The most ominous threat on the horizon may be ransomware, says Corey Skadburg, chief operating officer at BrightWise (*bright-wise.com*), a cybersecurity training firm based in West De Moines, Iowa. If a fraudster can seize control of a target's system, instead of pillaging value, he can hold it for ransom—rendering the victim's system useless until they pay a hefty sum, typically in untraceable bitcoin. The city of Baltimore was famously victimized and refused to pay the $1 million ransom (*tinyurl.com/cbslocal-baltimoreransomware*). That proved to be a brave but costly stand, he observes. Other victims have decided it was cheaper to pay the ransom and hope the crooks actually restored the system.

It's cheap and easy for a fraudster to buy and use ransomware, Skadburg notes. When it works, the result can be very rewarding to the fraudster and devastating to the victim. "If they can trick one employee into clicking on a malicious link, they can shut down operations of a whole business, financial institution or city. The only mitigation is good backup tapes and aggressive education," he concludes.

Cyber insurance, which is available but pricey, is becoming a necessary part of a CUs' fraud mitigation. Skadburg recalls hearing about a local transportation company that had its system seized and held for $500,000 ransom. Insurance paid the fraudster, but the company was essentially shut down for three days and out the insurance deductible.

As a last resort, credit unions should have a ready bitcoin account to enable payment through hackers' preferred avenue of cryptocurrency. "Paying the ransom is sometimes the best option if the systems are critical and time-sensitive," says David Tompkins, SVP/strategy and client services at LEO Cyber Security (*leocybersecurity.com*), Fort Worth, Texas. "We recommend that credit unions keep bitcoin accounts so they can pay quickly, if that is necessary." He notes that larger CUs often have such bitcoin accounts but that smaller ones usually do not.

Ransomware is no longer a new threat, but it provides a real challenge for CUs, Tompkins says. "All businesses are vulnerable to malware that can freeze their systems," he observes. Backup systems that are updated frequently are a useful countermeasure against both malware and now ransomware attacks, but bringing up a backup system is not an easy, one-touch solution. Just ask Baltimore.

MORE ON CYBERSECURITY

Bring Employees Up to Speed (*cumanagement.com/0919bring*)

An Introduction to the Dark Web (*cumanagement.com/0519darkweb*)

Cybersecurity: Keep Your Guard Up (*cumanagement.com/0519cybersecurity*)

Did You Get an Urgent Email From Your CEO? (*cumanagement.com/072419skybox*)

Sharing the Cybersecurity Burden (*cumanagement.com/0518sharing*)

LEO Cyber Security (*cues.org/leo*)

MORE ON FRAUD

When Good Cards Go Bad (*cumanagement.com/0817bad*)

Who's There? (*cumanagement.com/0917who*)

The Marketing Department *of the Future*

IMPROVE YOUR USE OF DATA AND STAFF YOUR TEAM STRATEGICALLY TO SUCCEED IN THE CONTENT-HEAVY, ALWAYS-ON MARKETING CYCLE.

BY STEPHANIE SCHWENN SEBRING

In a world where the data never turns off and consumers are continually scrolling, swiping and clicking, "always-on" marketing is the reality. CUs will need a superb digital and data management strategy along with human perseverance enriched by automation.

These three factors will influence the always-on marketing department of the future:

1. A paradigm shift is transpiring; it's one that requires a broader array of talent impacting the department's hierarchy. Despite innovation, don't expect a reduction in staff or one that is wholly dependent on software. Ongoing training remains a requisite for all.
2. An excellent core system, clean data and sensible automation choices are must-haves but will be successful only through strategic and thoughtful implementation.
3. Content is essential to a 24/7 media cycle. It fosters brand awareness, loyalty and stronger relationships.

NEW DEMANDS FROM THE NEW KIND OF MARKETING

"Today everything is marketing, and this 'everything' is 24/7," reflects Amy Herbig, founder and CEO of The BA Group, (*thebagroup.com*), Northfield, Minnesota. "It's also having the vision of a superb member experience enhanced by data, automation and content—led by a diverse, forward-thinking staff." But part of the challenge, she submits, is getting the talent in place. Especially in the realm of social, digital and big data, where one person cannot do or be everything.

Here, successful credit unions are embracing a paradigm shift.

"Impactful factors include evolving marketing technology; changing web, SEO and social media needs; expanding fields of membership; exploding mobile banking and mobile access; and the growing use of interactive teller machines," notes Herbig. "Credit unions operating in a 24/7 marketing cycle understand the resources necessary to support success in all these areas. It's intense and no longer feasible to have only a single hat in marketing."

Envision the structure of other departments within a CU. "There are varying talents and roles and enough people and resources to support the team for a sophisticated strategy," she continues. "We need this same approach to structuring a marketing department; when implemented, it will dramatically enhance the efficiency and success of marketing initiatives."

THE RIGHT STAFF

Herbig shares these evolving roles in the marketing hierarchy:

- **Marketing chief**: This person is part of the senior leadership team, reports to the CEO and is responsible for leadership, strategy, brand and cultural needs in addition to the marketing department. As an exempt position, it requires someone who is passionate and strategic and continually learning and growing. This person will realize marketing is not a checklist but always morphing. Notably: This person is not *also* a graphic designer, social or digital media manager, business development officer, or events coordinator as well as the marketing chief.
- **Social media strategist**: An individual committed to the daily "social needs" of the credit union and is well versed in all social media and digital platforms. This person will strategize and maintain consistency within the credit union's brand voice and appearance on all social channels—while understanding goals and how to leverage the power of social media to build awareness and action from current and potential members.
- **Digital or data analyst**: This is a devoted analytics expert who will leverage the credit union's core system and other data resources (i.e., online, mobile and e-delivery channels). However, there is a caveat. *Before* investing in a digital analyst, the credit union should have an excellent core system that provides quality data; system capabilities must come first before dedicating a person to it.
- **Brand strategist and designer**: While showcasing brand elements in visual design, this guru will ensure the credit union's brand stands out from the competition. Good design is more than a logo, icon or avatar; it requires a talented person to uphold and continually evolve the brand's look and feel over time.
- **Copywriter**: The credit union's storyteller, this person has the necessary soft skills to provide nuance, education and persuasion. This person also understands that in our low-attention-span era, writing must be brief as well as informative. The challenge is to find someone (internal or external) who can create content to build both brand and loyalty within a credit union's field of membership.

WHERE THE DATA AND CREATIVE MESH

Investing the necessary resources is not the only staffing challenge, adds CUES member Frank Kerner, content and digital strategist for $397 million Pelican State Credit Union (*pelicanstatecu.com*), Baton Rouge, Louisiana. "It also requires an understanding of how the creative and analytical roles will mesh and be vital to the hierarchy. For example, analytical roles are found in some form in varying departments; some in operations or IT, sometimes within marketing," explains Kerner. "But to effectively analyze and manage a credit union's wealth of data, there needs to be at least one touchpoint (data analyst or expert) within marketing. This individual can optimize automation and bridge the knowledge gap of how campaigns are run, as well as improve campaigns through new data-based solutions."

There's never a lack of data. But marketers may be unsure how to access it. "When you add a data interpreter to the team, a creative thinker that puts data into action, campaigns become more effective and efficient," Kerner reiterates. "This team member can pull and analyze data 'at-will' as well as at regular intervals to optimize campaigns, rather than merely running reports following a campaign." Ideally, this person would also oversee the platform encompassing all components (campaigns, emails, text messaging, surveys, etc.) and continually watch performance levels, with an eye towards tweaking when necessary. Good, clean data, as well as proper maintenance and execution, are also essential.

Marketing automation is not a magic genie or a 'set it and forget it' system, Kerner continues. "We have always-on digital ads, for example, but they still require daily checks to ensure we're not overspending or presenting ads that are off-brand. The same is true with marketing automation platforms; daily maintenance and attention are required. I can't tell you how many times I've seen companies 'set and forget' their marketing campaigns; it's a costly mistake."

PLAN FOR MARKETING AUTOMATION

The adage of garbage in, garbage out, coined years ago by an IBM employee, still rings true. "And the most expensive platform won't necessarily ensure success. Before implementing any software, discuss requirements and ask lots of questions," advises Kerner. "For example, determine if you have the workforce necessary to take on an extra platform and give it the attention it needs. Analyze how the automation will affect future campaigns."

You will also want to ensure the data is impeccable, stresses Kerner. "Work with departments to clean up fields and tighten how data is entered and stored. Though a large undertaking, it's an invaluable step to successful marketing automation."

Invaluable because, inevitably, the 24/7 cycle creates more data. "And data is just that—data—until it becomes something meaningful that can provide insights," observes Janá Stevens, VP/marketing for $6.2 billion Citizens Equity First Credit Union or CEFCU (*cefcu.com*), Peoria, Illinois. "It's crucial to have

"For a successful 'future' marketing department, the thought process has to shift. Credit unions must invest in and hire more talent and continue to educate the people they currently have."

— Amy Herbig

systems in place that can efficiently ingest large amounts of data and curate actionable insights for both technical and non-technical team members."

For example, CEFCU recently implemented a mortgage survey dashboard from Qualtrics (*qualtrics.com*) enabling the mortgage team to access real-time data and connect with members requesting contact. Stevens notes that it has been an excellent member relationship tool while capturing home loans that may have been previously lost.

"Ironically, despite the data and automation, it's still about connecting with the audience's humanity," adds Stevens. "Communications can be automated, but if they feel mechanical, creepy or invasive, they become a wasted opportunity—or worse—a negative experience." She advises credit unions not to become so enamored with the technology that it loses sight of the living, breathing human being on the other end. "Good data will enable you to know your members, and the technology will draw conclusions. But it will be *your team* who understands what those conclusions mean for your members."

As credit unions review more data streams representing member behavior, it's feasible to measure things in ways never dreamed of. As a manager, Stevens uses those insights to empower her team with faster, more meaningful feedback for a richer member connection.

AUTOMATION WON'T ELIMINATE PEOPLE ...

But it will influence new roles. Trisha Torrado, senior manager/marketing and communications for CUES Supplier member Franklin Madison (*franklin-madison.com*), Franklin, Tennessee, believes meeting the member where they are in their journey is the most critical component of today's 24/7 marketing cycle. "However, simply automating certain functions doesn't always result in more robust marketing or the need for less manpower. There is a lot of heavy lifting behind getting a campaign automated, and once it is automated, it needs to be observed and refined over time. So, the human element is critical and will continue to be so."

If done correctly, Torrado believes automation could even add to or enhance certain positions. "For instance, if you have someone dedicated to email, the evolution of their job might be to hyper-personalize the automated emails and add more to the mix for greater reach and relevancy. Just because emails are automated doesn't mean they needn't be closely managed."

While automation can remove repetitive tasks, it can also free up staff to focus on messaging and what's best for the member. Getting the right messages to the right people requires an expert view on the analytics, and Kerner says this should be an entire position of its own.

Comparing data across platforms is helpful to see how members are interacting with the credit union at each point in their experience. "For example, if an employee focuses on promotions, that position should evolve to include the marketing automation platform," explains Kerner. "And what happens to the marketing cycle after automation? Usually, it's catering to more diverse member touchpoints, which results in the need for more copy and content for greater relevancy, and more design work. All can add new team members."

TEAM DIVERSITY: DOES AGE MATTER?

There's an illusion that being young means innovative; but a well-rounded marketing team should include ages across the board. Herbig is convinced that it's the willingness of individuals to learn new skills and the ability to reinvent themselves that's most important. For example, do they want to use a blogging engine, craft social content and learn the best practices of the digital world? Or are they resistant?

"The advantage of younger generations is that they have lived with technology their whole lives," she adds, "but age is not the blocker. Instead, find the person who feels he or she is never done; the person who is always asking, 'What's next?' Find the mindset you want, not an age, previous experience or other factors." It's a set of diverse skills that will trigger success, concurs Stevens. CEFCU's marketing team consists of all ages, and everyone brings a perspective that makes an effort stronger. "For example, we've found a need for in-house video production skills to capture member testimonials or share product information," she says. "Still, it's empathy—finding people who can step into another's shoes—that is one of the strongest skills an employee can have."

Another misconception is that a candidate must have a financial background.

"We're more interested in attitude and if their core attributes align with our culture," says Leah McCreary, VP/HR for Franklin Madison. "Those who value excellence, collaboration and have the courage to remain curious and continuously learn and improve themselves make a far greater impact. And being open to individuals with unique backgrounds helps to limit blind spots in business, which strengthens the value we drive for our partners."

NEEDED: MORE AND BETTER TRAINING

With the complexity and speed at which digital marketing is evolving, training and education remain imperative to a team's development. "If you're not hiring new talent and, assuming your website is (already) optimized for your brand, train on foundational topics like SEO (search engine optimization) and Google Analytics," suggests McCreary. "These are critical components of any marketing campaign and complex enough to qualify for training. Udemy, HubSpot, Lynda.com (LinkedIn Learning), Google, and others offer courses. Additional training may include social media management and PPC (pay-per-click)

> **"Reflecting on current strategies will help credit unions prepare for a 24/7 always-on marketing cycle."**
>
> — Frank Kerner

advertising, which have online courses available."

There's also platform-specific training. This allows team members to receive deeper training and, in turn, train others. "Having *every* team member understand the platform and its advantages will get everyone on board with the automation," notes Kerner. "It will also help them to grasp how always-on marketing impacts every process."

Also, expose other credit union employees to the marketing area to foster greater understanding of your needs. "Excellent teams make a deep effort to build cross-functional and collaborative capabilities," says Stevens. "Networking both internally and outside the credit union is critical to gaining perspective, gathering ideas and more. It's not just about datasets; it's about human connections, too."

DON'T UNDERESTIMATE THE ROLE OF CONTENT

"Crafting relevant content will help you to keep pace in a 24/7 marketing world, especially for today's customer who buys through advocacy," offers Brody Dorland, co-founder of DivvyHQ (*divvyhq.com*), Kansas City, Missouri. Crafting relevant content allows a credit union to own the method *and* the channel. It starts by extending and growing a credit union's content properties and subscriber base through email. Use your social channels "to capture potential emails and drive potential customers to your owned properties, your content and website," says Dorland. "Marketers who do a good job at content, whether in-house or through freelancers, and who present a breadth of topics for a well-rounded content property, will accentuate their domain expertise and drive more people to their website."

Gone are the days of the big newspaper buys and other traditional advertising methods, says Herbig. Today's media, including content, is digital, affordable and highly targeted. "As you capture more email addresses from current and potential members, you can expose more individuals to the social (content) side of your credit union and place them into the sales funnel."

Stevens adds that while it's important to share your story through platforms like blogs, video, website content, or social media posts, don't overdo it. "Content needs to be something people can connect to, not tune out. Finding a balance is important. If a credit union can support and humanize its content and connect to the consumer through relevant data, that's powerful."

Like all marketing, Dorland also advises following the performance of past content noting referrals and website clicks. "Watch conversions through a robust [customer relationship management system]. By watching the analytics dashboard, you can see if you need to make content changes to increase conversions."

REFLECT ON CURRENT STRATEGIES

Examine all high-level components when crafting a plan, stresses Kerner. "What parts of traditional marketing can be enhanced by digital marketing? Can a credit union get better data and results through automation? What can it do with the data it already has? Does it have a content marketing strategy to automate? And how will all these factors impact the team's hierarchy?"

The stakes are getting higher, concludes Herbig. "Credit unions are declining in numbers, and big credit unions are getting bigger. Smaller to mid-sized credit unions that have waited to get on the bandwagon of always-on marketing may soon find themselves in an untenable position.

"I'm not sure when or where the begrudged mindset of marketing began, viewed as a nagging chore that has to be done," she continues. "But for a credit union to have a successful, forward-thinking team (no matter its asset size), this thought process must shift. Instead, realize that marketing is an investment—not a cost. Retention and acquisition of marketing talent, along with their continued support and education, is imperative to retain and inspire. After all, they're the ones you've entrusted with your brand voice, appearance and reputation."

Stephanie Schwenn Sebring *established and managed the marketing departments for three CUs and served in mentorship roles 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.

MORE ON MARKETING

Tips for Social Media Management (*cumanagement.com/0819tips*)

Inside Marketing: Machine Learning Is the Secret to Personalization (*cumanagement.com/081519insidemarketing*)

Inside Marketing: Always-On Marketing Campaigns (*cumanagement.com/051619insidemarketing*)

Betting on Search Engine Optimization (*cumanagement.com/050119seo*)

More at *cumanagement.com/marketing*

CUES School of Strategic Marketing™ July 20-23, Cleveland (*cues.org/sosm*)

Doing What *It Takes*

LAUNCHING INTO THE TOP LEADERSHIP POSITION MEANS MAKING THE ADVANCEMENT OF KNOWLEDGE AND SKILLS A CAREER-LONG ENDEAVOR.

BY PAMELA MILLS-SENN

Degrees, certifications and other professional designations are not only indications of educational achievements—they also signal how much effort a person has undertaken to improve his or her knowledge and skills. Willingness to invest in one's intellectual and personal growth is particularly important when it comes to leading a credit union, where CEOs are tasked with steering a complex organization through myriad challenges.

But what kind of education is most needed by CEOs to prepare them to meet these challenges, and how much? Will the pursuit ever stop? For those hoping to one day attain the top leadership position, these are critical considerations. They're also important for current CEOs—not just for staying at the top of their game and in front of their credit unions' needs, but also when it comes to planning for succession. Boards charged with reviewing CEO candidates may also consider educational achievements when determining the best hire, one aligned with the credit union's current and future path.

DEGREES & LICENSES

"The amount of education required to become a CEO of a credit union varies with the board's perspective on education," says Deedee Myers, CEO of CUESolutions provider DDJ Myers Ltd (*ddjmyers.com*)., a Phoenix-based board development, strategic planning, leadership development and executive search firm. "The increased complexity of compliance, competition, the labor market and board development requires a graduate degree as a preference."

However, although some boards will keep firm to this standard, others will state a *preference* for an MBA but will also consider candidates with undergraduate degrees, depending on their "depth of expertise and cross-functional leadership," she says, describing a graduate degree as "just one component of CEO qualifications."

CUES member Sharon Churchill, CPA, CCE, president/CEO of Century Federal Credit Union (*cenfedcu.org*), is illustrative of this observation. Headquartered in Cleveland, CFCU has over $400 million in assets, up from the $285 million it had 10 years ago. Churchill joined the credit union in 2009 as CFO. She stepped into her current role in 2012.

Churchill holds a Bachelor of Science in business administration, a CPA license and a Certified Credit Union Executive designation through the CUES three-year graduate-level CEO Institute program. If she were to hire someone for a CEO position, she'd look for a bachelor's or master's degree, along with professional certifications/designations such as CPA or CCE, or a law degree—although what carries the most weight depends on the organization's long-term strategic needs, Churchill adds.

"[For example], if you think risk concerns are a major focus over the next 10 years, you may look for someone with strength in risk/compliance," she explains. "If you want rapid growth, you may look for someone strong in acquisition and mergers."

CUES member Jim Mears, CCE, president/CEO of BayPort Credit Union (*bayportcu.org*), Newport

" A candidate can have a master's and several certifications. Yet if their leadership development has not focused on emotional intelligence, their ability to leverage their education from a leadership perspective is impaired."

– Deedee Myers, Ph.D.

News, Virginia, started at the CU in 1994, first as comptroller, becoming SVP/COO in 2004, and president/CEO this April. Since 2009, the credit union's assets have risen from $1.1 billion to $1.7 billion. Mears also holds a Bachelor of Science in business administration and a CPA certification.

Mears says when it comes to how much education a would-be CEO should have, it's not "one size fits all," although his organization would definitely require a college degree. Ongoing education would also be necessary, he adds, stating he "would be very concerned if this isn't happening" when considering a CEO candidate. He feels that along with his college degree, his CPA certification and CCE designation have proven particularly beneficial. In conjunction with his degree, the CPA has helped him understand how the financial industry and credit unions operate, while the more industry-specific CCE has helped develop his leadership skills.

Brandon Michaels, CUES member and president/CEO of $2.3 billion JSC Federal Credit Union (*jscfcu.org*), Houston, holds a somewhat contrarian view on educational background. Although he holds a Bachelor of Arts in business administration with a concentration in finance and an MBA (completed this September), Michaels—who has been with JSC FCU since 2018, arriving from Mazuma Credit Union (*mazuma.org*) in Overland Park, Kansas, where he was president/CEO from 2012 until his departure—doesn't believe in mandatory/prescribed education levels.

"Everyone's situation and real-word experience is different," he says. "I've personally witnessed exceptionally innovative and transformative executives outperform those with several commas after their names. [Still], understanding this may be an exception, I think some level of college coursework is useful and impactful—although in today's environment, critical thinking is much more important than checking the box to complete an education."

What would he look for in a potential CEO? He allows that an MBA is helpful, as might be a CPA, depending on the organization. But there are other qualifications that attract Michaels.

"I would be looking for someone who is knowledgeable about modern workforce design and leading an agile work environment, someone who has great experience being a people leader as opposed to a manager," Michaels says. "I'd look for someone who understands credit unions need to adapt in order to thrive, and that may mean thinking of ourselves differently than we've done in the past."

CERTIFICATIONS & DESIGNATIONS

As Myers notes, there are additional ways to add value to a resume. Attending programs like the CUES CEO Institute is one option she mentions, along with specialized learning in lending and asset/liability. Churchill agrees.

"I think it is essential that the CEO achieve a CCE, since strategic thinking, planning and execution is the CEO's primary role upon which all their decisions and directions for the credit union are built. The CCE [program] was the most beneficial aid in understanding the role of CEO, and I continue to use the concepts even today," Churchill says, adding she began that effort prior to becoming CEO.

Because of all the regulatory, economic and internal leadership issues a CEO must grapple with on an ongoing basis, continuing education is essential, and it must be focused on providing the knowledge and skills

WORTH OF EDUCATION

	Four-Year	MBA	Master's
CEO	10.8%	11.3%	12.5%
Executive Vice President	6.8%	10.0%	16.9%
Chief Lending Officer	11.0%	11.9%	3.9%
Second Executive Officer	7.0%	15.8%	9.8%
Chief Operations Officer	9.3%	19.8%	6.9%
Branch/Member Services Executive	13.0%	16.7%	16.4%
Chief Financial Officer	8.6%	16.9%	14.5%
Information Systems/E-Commerce Executive	9.1%	11.3%	15.2%
Marketing Executive	7.4%	11.5%	10.6%
Human Resources executive	6.5%	10.8%	9.9%

WORTH OF CCE DESIGNATION

	Has CCE Designated
CEO	3.8%
Executive Vice President	7.1%
Chief Lending Officer	9.0%
Second Executive Officer	7.2%
Chief Operations Officer	12.9%
Branch/Member Services Executive	4.7%
Chief Financial Officer	8.2%
Information Systems/E-Commerce Executive	8.1%
Marketing Executive	8.9%
Human Resources executive	11.1%

Note—"Doctorate" and "Other" were not included due to limited executives holding these degrees.
Source: 2019 CUES Executive Compensation Survey

MORE ON LEADERSHIP LEARNING

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CUES Membership Minute: Leverage Belonging to Boost Your Learning in 2020 (*cumanagement.com/081219skybox*)

CUES Institutes (*cues.org/institutes*)

to meet these challenges, Churchill says. As such, she advises attending as many industry and leadership events as possible and networking with other CEOs and "masters." "Really taking back deliverables from the engagements is essential, as well as sharing with the management team," she adds.

Staying fresh and ongoing skill-set enhancement are critical in the current credit union environment, where all areas are rapidly changing, says Christine Blake, CPA, CIE, president/CEO of Cardinal Credit Union (*cardinalcu.com*), Mentor, Ohio. The education provided by CUES is exceptional, she says, but she also recommends considering executive coaching, seeking training outside of the industry, and "reading, reading, reading."

Blake became CEO of the credit union in 2010. At that time, Cardinal CU had $150 million in assets; it has now risen to $247 million. Her ideal CEO candidate would have an MBA and CPA. (Blake herself holds a business degree and a CPA license, and is also an adjunct professor of accounting.)

"This type of person usually understands all the financials—and understanding the financials and cause and effect is extremely valuable," she says. "But if a person has an MBA, a strong strategic vision and discipline, this is also a good candidate. This person will learn the financial aspects and will most likely hire a strong financial team to complement."

Although CUES member Ed Gravley, CCE, CIE, CEO of $531 million Matanuska Valley Federal Credit Union (*mvfcu.coop*), Palmer, Alaska, says he'd look for a candidate with a Bachelor of Arts in business administration, a CCE designation would also catch his attention. Gravley started with the credit union in 1985 and was selected for the CEO position in 2018 after serving as COO.

"A basic business degree is nice, but the designations relate to a true credit union environment," explains Gravley, who holds, in addition to CCE, a Certified Innovation Executive designation from CUES' Strategic Innovation Institute™ (*cues.org/sii*). "A CPA license also shows real-world training and experience, not just theory," he adds.

SKILLS THAT COUNT

The idea that degrees and certifications enhance a CEO's value is supported by the 2019 CUES Executive Compensation Survey results (*cues.org/ecs*). For example, CEOs with a four-year degree earn an additional 10.8% in overall compensation than their cohorts with a two-year degree or below. An MBA brings an additional 11.3%, while a master's degree brings in 12.5%. CEOs completing the CCE designation can anticipate a rise of 3.8% in salary.

But degrees and designations are only a part of the CEO toolbox.

"A critical success factor in our search consultancy is emotional intelligence," says Myers. "A candidate can have a master's and several certifications. Yet if their leadership development has not focused on emotional intelligence, their ability to leverage their education from a leadership perspective is impaired."

A CEO needs to be a bit of a puzzle master, suggests Churchill, describing the task of making all the pieces fit in meeting the organization's strategic objectives as one of the biggest challenges. CEOs must be involved in every essential operational component—member needs, financial, risk/compliance, regulators/regulations, retail, collections and more—and understand their roles and issues to effectively set strategy.

"I think the hardest part of being a CEO, and one that challenged me the most in the beginning, is the ability to be 'jack of all trades, master of none,'" she says. "Throughout your career, ... as the leader of the organization, you need to recognize your strengths and build on them and recognize your weaknesses and strengthen them."

Michaels believes that vision and leadership are a CEO's most important assets.

"A CEO needs to inspire people," he explains. "One of the ways I was able to generate the level of interest I did in the executive positions I had to fill—I hadn't been here very long before I started filling executive roles—was because of the vision I have for JSC FCU.

"Communication is also a skill that is very applicable in our role as CEO," Michaels adds. "Being able to communicate the vision to a variety of stakeholders is very important."

Another important skill for top leaders is change management—something that he wishes he knew more about when he started.

"When the environment was slower, change management had less importance," Michaels explains. "Now that things are moving incredibly fast, having the ability to spark change through a systematic approach is needed. I saw the need for things to change, so I just made [the changes]. But over time, the organization grew tired. Knowing more about pace would have been helpful."

In order to develop as a CEO, nurture the development of future leaders, and propel the organization forward, says Mears. Continuous education is a must. Consequently, it's the obligation of every CEO to make time for self-development.

But the board must back this commitment, says Michaels. This support enables CEOs to schedule time on the calendar for learning.

"Sometimes there is a guilty feeling whenever the CEO is out of the office too much," he says. "But I think it's important that CEOs continually sharpen their tools in order to lead the organization into the future. Failure to do so leads to stagnation and incompetence."

Pamela Mills-Senn *is a writer based in Long Beach, California.*

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Special Report: Fintech

Credit Union Management

OCTOBER 2019

FROM DISRUPTORS TO PARTNERS

Three key things that boost CUs' efforts to work successfully with financial technology companies

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By Finastra

From Disruptors *to Partners*

VETTING, OPEN PLATFORMS AND INFLUENCE IN THE STRATEGIC ROAD MAP BOOST CUs' EFFORTS TO WORK WITH FINANCIAL TECHNOLOGY COMPANIES.

BY STEPHANIE SCHWENN-SEBRING

A 2019 study by CUES strategic provider Cornerstone Advisors (*crnrstone.com*), Scottsdale, Arizona, shows that credit unions have a strong interest in working with fintechs. Of the 145 CUs responding to the survey that formed the basis of "What's Going on in Banking 2019," 60% said fintech partnerships, collaborations and/or investments would be important to them in 2019.

But what are CUs trying to accomplish with their fintech efforts? Three-quarters of respondents said digital account opening was a very important reason for working with a fintech. This was followed by lending and credit, cited as very important by 56% of respondents; payments (54%); and fraud and risk management (42%), according to the free report (*tinyurl.com/cstonerpt2019*).

What will drive success when working with these companies? In this special report, we explore how CUs can thrive with new and diverse fintech partnerships.

NEW VIEW OF VETTING

Successful collaborations between fintechs and credit unions, whatever the focus, require a particular mindset and culture, observes Michael Carter, EVP of SRM (*srmcorp.com*), a CUES Supplier member based in Memphis.

"There has been a material change in how fintechs are seen by financial institutions, with most initially viewed as competitive and disruptive," Carter says. "Certainly, some were. But over time, this view has evolved into seeing fintechs as entities offering the credit union industry a way to innovate quickly."

Working with fintechs, credit unions can enhance their technological offerings for members.

"The footnote to this new approach does not mean fintechs should not be seen as competitors or disruptors," he says. "Assume they are, but partner with them while keeping that in mind always."

Carter says it's essential to approach and vet fintechs differently than traditional partners.

"Any initiative to innovate faster requires a disposition and cultural context within the credit union, one that does not look or feel like anything else within the institution," he explains. "Fintechs, by definition, are startups or early-stage companies. Everything—from their structure to finances—are inherently different and need to be viewed this way."

This is not a reason to cast aside the idea of a

"Assume they are (competitors or disruptors), but partner with them while keeping that in mind always."

– Michael Carter

fintech partnership. But it is evidence that risk mitigation must be conducted differently.

"Thoroughly vetting a fintech is essential for success," Carter stresses. "And it's very different from the typical risk management approach credit unions may use with larger, more established companies."

Vetting components include a non-traditional analysis of fintechs' finances, similar to what a venture capitalist would use. This analysis might include a look at the cash the fintech has available, the burn rate of that cash associated with operations and a deep-dive assessment of the company's technology. Technology components to consider include development methodology, the tech stack's structure, as well as flexibility and configurability.

Carter notes that most credit unions could need a specialist to help them perform the vetting process correctly and objectively. "The cost of engaging this expertise is cheap insurance, particularly when compared to the damage that could be done without help."

CUSOs VETTING FINTECHS

In this world where banks make an enormous investment in digital, credit unions are finding value in working with credit union service organizations to help scale fintech collaboration.

"Fintech partnerships can help credit unions solve unique problems that traditional providers cannot," explains Vladimir Jovanovic, manager of innovation for CUES Supplier Member PSCU (*pscu.com*), a CUSO based in St. Petersburg, Florida. "These may include (everything from) direct partnerships between a credit union and fintech for money management or P2P services to newly formed CUSOs, such as CU Payz," Jovanovic adds. "These were born from the need for credit unions and fintech providers to grow their business models together."

Deepening the point of being better together, the *Credit Union Innovation Playbook*, a collaboration of PYMNTS.com and PSCU (*tinyurl.com/pscuinnplay*), found that 81.3% of credit union members noted "trust in their financial institution was the key reason they chose a particular credit union as a banking partner." Moreover, 55.8% of credit union members said "they would not switch from a credit union to a fintech because they have less trust in these brands." The takeaway, says Jovanovic, is that there is an immense opportunity for partnerships, done wisely.

CUs need to ensure that a CUSO they're working with to secure a fintech connection has performed a rigorous and detailed evaluation of any fintech partnership. The evaluation should include maturity of the solution, the technology itself and how the offering would address the CU's needs, challenges and opportunities.

"In 2017, for example, PSCU was the first CUSO to partner with the Mastercard Start Path Global program (*startpath.com*)," Jovanovic says. This partnership helped to fast-track credit unions' fintech involvement, with success reliant upon PSCU's evaluation process.

"By partnering with a CUSO that understands a credit union's needs, a CUSO can vet various fintech companies while delivering solutions," he concludes. "And, in turn, credit unions can gain the competitive advantage members desire."

DIFFERENTIATION AND PERSONALIZATION

In our "do-it-for-me" society, technology has become an agent of change, and fintechs key players in making that change happen.

When it comes to "financial services, consumers are demanding a more personalized, engaging payment experience," observes Fran Duggan, CEO of CUES Supplier member Payrailz (*payrailz.com*), Glastonbury, Connecticut, a digital payments company and partner in a new payments CUSO, CU Payz. "They also want solutions that are intuitively predictive and proactive."

Using AI and machine learning to leverage member data, Payrailz enables member credit unions to provide more personalized digital payment options or, as Duggan calls them, "engaging payment experiences."

CU Payz was formed this summer by Payrailz in conjunction with CUSOs MDC (*membersdevelopment.com*) and Constellation Digital Partners (*constellation.coop*), plus six founding credit union member-owners.

Credit unions can differentiate their members' journey with these types of fintech partnerships, according to CUES member John Carew, SVP/strategy and product management for $2.5 billion Georgia's Own Credit Union (*georgiasown.org*), Atlanta, a founding member of CU Payz.

"Through CU Payz, we now have access to a suite of next-generation digital payment products to leapfrog the competition," Carew explains. "These include digital payments and money movement transfers through multiple channels, as well as consumer and business bill-pay, account funding and more."

People want solutions, not complexity, he asserts. They want to save time and get things done, which requires credit unions to have more flexibility than some tech providers have offered in the past—and fintechs like CU Payz offer as a matter of course.

"When you align with a trusted fintech, you can help your credit union take control of the member experience," he emphasizes. "For us, it's a proactive payments platform through CU Payz, to actively predict future payment needs and deliver an exceptional payment solution. It's our key to differentiation and enables us to simplify our members' lives."

Members "don't want to think about which 'rail' their payment is moving on," Carew continues. "With an open API (application programming interface) platform like Payrailz, we gain tremendous flexibility ... and a way to attract and retain members.

"As credit unions, we need these next-generation products to compete—both with other financial institutions and non-traditional tech offerings," Carew adds. "Success also requires collaboration on strategic technology investments with fintech companies, as well

MORE ON FINTECH

Lending Perspectives: Winning Against Fintechs Will Require Speed (*cumanagement.com/0819lending*)

How to Evaluate a Fintech Company (*cumanagement.com/0819how*)

Souped-Up Tech: Digital Strategy in the Fintech Era (*cumanagement.com/0619souped*)

> **"By leveraging an open (core) platform for innovation, these institutions can collaborate with fintechs for access to technology-driven solutions."**
>
> – Vincent Pugliese

as leveraging our collective influence through equity ownership."

OPEN CORE OPENS OPTIONS

A decade ago, most credit unions relied on core banking systems to provide special features. But now, many apps and solutions come from third-party vendors, according to Vincent Pugliese, SVP/general manager/U.S. retail & lending for Finastra (*finastra.com*), Lake Mary, Florida. Still, the core is important—in particular having an open core that integrates well with other products.

"By leveraging an open (core) platform for innovation, these institutions can collaborate with fintechs for access to technology-driven solutions," Pugliese explains. "Markets are also opening, not only through Finastra's foundation of applications and APIs but also our acquisition of the fintech Malauzai last year."

To illustrate, Vons Credit Union, a division of $615 million Certified Federal Credit Union (*certifiedfed.com*), El Monte, California, began its journey into "financial technology" with Malauzai (*malauzai.com*), now wholly owned by Finastra, in 2013.

"As a team, we debated the value of getting remote deposit capabilities," says CUES member James Tomasso, the credit union's CIO. "We even wondered if checks were going to be a thing in the future. But based on API (pick-and-play) capabilities giving us versatility and additional choices, we decided to partner with Malauzai for RDC."

Fast forward to 2019: Check deposits have not gone away, and RDC is the credit union's most popular mobile function, averaging 4,800 transactions monthly.

Tomasso notes that he, along with several other credit union representatives, serves on Malauzai's executive council. The members of the council provide input and stay entrenched in its strategic growth road map.

Partnerships with fintechs like Malauzai enable credit unions to remain competitive, says Tomasso. "For us, it's critical to have a highly rated app; our current rating is 4.9 out of five stars from 1,400 responses. Our app's rating not only serves as a relationship-builder but also a competitive advantage. Conversely, if the rating were low, it would be a detriment, since our app serves a similar purpose (growth, branding, service and member retention) as brick-and-mortar branches. And being a Southern California credit union with just nine branches, we must rely heavily on the reliability and functionality of our app."

When assessing a fintech, Tomasso underscores that it must meet industry regulations. "This is where a partnership ... is essential," he says. "Together, you can explore the fintech's growth road map and ensure compliance is part of it. Involve your compliance officer in the fintech selection as well and ensure that it meets SSAE 16, SSAE 18 and SOC guidelines. Also determine that as credit union priorities realign, you retain a voice.

"Finally, whatever fintech you choose, ensure it can do everything," says Tomasso. "For example, a fintech may own only a portion of the software (as Malauzai does for us), but it should also be able to collaborate with other fintechs. Let the fintech serve as a liaison with other fintech services you may require in the future. Let them vet and offer these as part of an overall fintech package."

Going back to the Cornerstone Advisors report that opened this article, well over half of credit unions thought working with fintechs would be important to them in this year that's rapidly coming to a close. While no one knows what the future will bring, it seems likely that good vetting, open platforms and maintaining some say in the strategic road map will continue to benefit credit unions working with fintechs in 2020 and beyond.

Stephanie Schwenn Sebring *established and managed the marketing departments for three CUs and served in mentorship roles 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.

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Leaning In: Credit Unions and the Fintech Revolution

By Jeff Chambers, President, Lumin Digital

To compete and succeed in this ever-evolving and changing financial marketplace, credit unions must continue to push themselves to think and act differently. Fintech companies across the payments industry are continuing to influence consumers' preferences and financial decisions, in turn impacting the way credit unions, banks and other financial institutions deliver services and offerings. For credit unions, to not only keep up in the fintech space but to capture the opportunities these changes provide, will first require understanding the trends in the market landscape and how those changes are shifting member preferences. Here are some jarring examples of the changing marketplace and consumer expectations:

- According to a December 2018 study by Javelin Research & Strategy, consumers are interacting with their financial providers through digital channels three times as frequently as they are in-branch
- Sixty-nine percent of consumers do not understand compound interest (ValuePenguin) and more than 78% live paycheck to paycheck (CareerBuilder), pointing to a population base that is less savvy when it comes to their personal finances
- More than 87% of millennials do not know what a credit union is and nearly 45% feel credit unions are less focused on digital than larger banks, according to a May 2019 article by Credit Union Journal
- Findings from a January 2018 Epsilon report indicate personalization is extremely important to 90% of consumers

To keep pace with audience needs and preferences, credit unions must focus on building digital experiences that address these market shifts and continue to provide guidance and value. Specific considerations include:

Extend personal relationships to online channels

One of the major reasons members have been attracted to credit unions is because they are made to feel like they are more than just a number. Yet, positioning themselves as valued financial advisors is often easier with in-branch interactions or even phone calls. However, creating digital experiences that feel friendly and helpful, while still offering access to the offerings and capabilities members expect, is very possible. This allows a credit union's digital experience to become an extension of its brand by treating members with the same values they have come to expect from their trusted financial partner.

Combine personalization and education

Consumers today expect personalization, and credit unions have a unique opportunity to leverage this expectation to their advantage. Credit union offerings should support a member's understanding of his or her financial choices in a personalized way. Personalization can be achieved through many channels and does not always need to be overt. Google Maps and Waze, for example, are two companies with mobile apps that seamlessly utilize personalization to make a user's experience more simplified and streamlined without necessarily calling attention to the information they are collecting and using to make this happen. Combining personalization and education is an extremely powerful tool credit unions can use to help stay on par with big banks, fintechs and other providers.

Leverage experts and best practices

Fintech funding rose 120% since 2017, according to Bloomberg, giving fintech companies ample resources to invest in new technologies and advancements to better provide consumers with the services and offerings they expect. Fintechs are currently seeing success in three main areas: personal lending, digital money management and person-to-person (P2P) payments. Credit unions should evaluate competitor offerings and consider experimenting with these new products and services to determine if a more formal partnership might address credit union challenges and member needs.

Credit unions are poised to not only offer personalization and education to their members, but can also utilize partnerships with select fintechs to further their offerings to better meet shifting consumer needs and expectations – quicker than they might be able to on their own. All signs point to fintechs being here to stay. Learning to embrace and work alongside them, while tapping into fintechs' technologies and best practices, will help credit unions stay relevant and better compete with big banks and other financial institutions and cement their relationship as members' trusted banking partner.

Jeff Chambers has an extensive background in the banking and credit union industries. Prior to Lumin Digital, he served as COO of Alkami Technology and Vice President of Global Product Management of ACI Worldwide. Lumin Digital, a PSCU company, provides members of PSCU Owner credit unions with a tightly integrated and customized experience that rivals the offerings available from the big banks.

Greater TEXAS Federal & Aggieland Credit Union Select Malauzai, a Finastra Company, to Empower Them with Innovative Solutions

Goals

Greater TEXAS Federal Credit Union and Aggieland Credit Union had a unique problem. They were seeking a vendor that would be able to move quickly and progressively. They also needed to represent their two unique brands, while maintaining a single core connection. This was critical in their decision to choose Fusion Digital Banking and to work with Malauzai, a Finastra company.

At over $1.2 billion in assets and with over 24,000 members, they needed to provide "The Ultimate Customer Experience: Generosity, Loyalty, Integrity, and Community." However, with 15 banking centers across 11 different communities, it was also imperative that they represent their unique brands effectively.

Low digital adoption rates, competitive pressures and legacy systems with limited functionality created a need for a new digital banking experience.

The Decision

The original mission of Greater TEXAS FCU was to allow its members to review accounts and conduct basic transactions whenever and wherever they may be. With the emergence of new technologies, they had to consider many factors and variables when selecting vendors and technologies.

The ability to work with multiple third-party vendors seamlessly was another factor that was important to selecting Fusion Digital Banking. The credit union believes that the more capabilities they can include in their digital solution, the easier and more convenient for both the institution and their growing member base.

Enabling Members With a Best-in-Class Banking Experience

Since launching in 2012, the partnership with Fusion Digital Banking has allowed the credit union to extend both brands' banking experience to members through a continuously innovative solution that enables them to nimbly add features and functionality as needed. Credit unions cite a strong mobile banking experience as a primary factor in their high retention rates, which allows members to conduct business no matter their location.

The Results

- Considered one of the leaders in the credit union market making them the primary financial institution (PFI) of choice to their eligible members
- **48%** increase in usage of mobile remote deposit capture
- **125%** increase in mobile users from legacy mobile banking platform
- **38%** mobile adoption across all of its DDA accounts
- **43%** mobile to online banking user ratio

Caitlin O'Connor is solution marketing lead for Fusion Digital Banking for Finastra (finastra.com), Lake Mary, FL. Finastra provides the industry's leading fully integrated core, lending payments and digital engagement platform.

The Benefits of Corporate *Social Responsibility*

BOARDS SHOULD ENCOURAGE PROGRAMS THAT DRIVE MEMBERSHIP GROWTH AND ENGAGEMENT.

BY DIANE FRANKLIN

Credit unions wishing to make a difference in the lives of their members are finding value in marrying that goal with corporate social responsibility—a self-regulating business model that helps a company be socially accountable to itself, its stakeholders and the public.

By developing comprehensive CSR programs, CUs have found a way to enhance the lives of their members and improve their communities while also experiencing business benefits. It's truly an "everybody wins" scenario.

"Corporate social responsibility is not only good for the community but has become much more of an essential driver for membership engagement than it was five or 10 years ago," says Samantha Paxson, chief experience officer at CUES Supplier member CO-OP Financial Services (*co-opfs.org*), Rancho Cucamonga, California. "In that time, I've seen a huge change in CSR from being a 'nice-to-have' to something that actually drives the business."

And CUs aren't the only ones coming to believe in CSR. In August, Business Roundtable (*businessroundtable.org*) issued a new statement on the purpose of a corporation signed by 181 CEOs who committed to lead their companies for the benefit of all stakeholders—customers, employees, suppliers, communities and shareholders.

Since 1978, Business Roundtable has periodically issued principles of corporate governance. Each previous version of the document has endorsed shareholder primacy—that corporations exist mainly to serve shareholders.

"Major employers are investing in their workers and communities because they know it is the only way to be successful over the long term," said Jamie Dimon, chairman/CEO of JPMorgan Chase & Co. and chair of Business Roundtable, at the time of the announcement. "These modernized principles reflect the business community's unwavering commitment to continue to push for an economy

> **"I've seen a huge change in CSR from being a 'nice-to-have' to something that actually drives the business."**
>
> – Samantha Paxson

that serves all Americans."

This shift in focus to serving people and communities is occurring because of a transformation among consumer expectations. As Paxson notes, "There's a trend among consumers—especially younger consumers—wanting to do business with companies that do good, and that's right in the wheelhouse of credit unions."

Paxson has become cognizant of this trend, both in her role at CO-OP and also as a member of the board of directors for $520 million USC Credit Union (*usccreditunion.org*), Los Angeles. Her advice to other boards is that they should likewise heed this trend.

"If boards are not thinking about this as an important component in driving member growth and engagement and also looking at purpose-driven social responsibility as a methodology of engaging their communities, they're missing an important strategic function within their credit union," Paxson stresses.

Paxson explains that the board's role is to validate management's decision-making in selecting a CSR program that aligns with the organizational mission.

"If the CSR program is an afterthought or is not woven into the strategy of the organization, it will likely be a suboptimal way of achieving the credit union's objectives. The board should encourage its management team to make sure that, however they design the CSR program, it's central to the business so that it drives membership, growth and employee engagement and that there are strong metrics built around that."

A CSR EVOLUTION

CUES strategic partner Quantum Governance L3C (*quantumgovernance.net*), Vienna, Virginia, addresses the growing importance of corporate social responsibility in its article, "Back to the Future? A New Model for Credit Unions Based on Classic Principles" (*cumanagement.com/1018new*).

In a whitepaper by the same name, Quantum Governance notes that corporate social responsibility has evolved considerably over the past 50 years. One CSR model, developed by the Center for Corporate Citizenship at Boston College (*ccc.bc.edu*), describes the "Stages of Corporate Citizenship" as moving along a continuum from business organizations that look out exclusively for their own self-interests to those that engage in the community, establish mutually beneficial partnerships and eventually serve as a catalyst for community transformations.

Michael Daigneault, CCD, CEO of Quantum Governance, observes that being a positive force in the community is consistent with how credit unions operate.

"In many ways, that's the credit union's raison d'être," he says. "Yes, they exist to benefit their members, but you also can argue that they exist to benefit their communities, of which their members are a part. Social responsibility is an opportunity to give back, but it's also a way to weave a sense of important, authentic relationships with a broader set of stakeholders, which ultimately makes the credit union and its efforts stronger and more meaningful."

The whitepaper also points out how organizations can benefit from adhering to the "triple bottom line," which measures success not only by financial metrics but by social and environmental achievements as well.

"The triple bottom line acknowledges that the purpose of credit unions is not just to sell or provide products and services," says Daigneault. "It's to make a meaningful difference in the lives of its members, their families and the communities in which they operate."

In Canada, $4.8 billion Assiniboine Credit Union adheres to the triple-bottom-line philosophy.

"The triple bottom line—people, planet and prosperity—is at the heart of how we do business," says Kevin Sitka, president/CEO of the Winnepeg, Manitoba-based credit union (*assiniboine.mb.ca*). "We actively use financial services for the benefit of people and the environment. Currently we have a values-based banking governing policy, which is the overarching framework from which we derive our management policies and business model."

Assiniboine CU uses this framework to drive its community-based efforts, such as helping individuals acquire IDs so that they can open their first bank account.

"We're also involved in an asset-building program where we are helping people save, and any money that's put into an account is multiplied several times over by our community partners in terms of what they put into the same account," Sitka says. "And, as one environmental example, we are carbon-neutral from an operations perspective."

Assiniboine CU's social responsibility platform dates back to the recessionary period of the early 1990s, when board and management worked with community partners to "reimagine ACU," as Sitka phrases it, and specifically help those who were underserved by the financial services sector.

"Over the years we've utilized workshops, board meetings and strategic planning sessions to evolve our corporate social responsibility platform into one that embeds our values-based banking principles and practices into our core operations," Sitka says. "We are constantly in touch with our community partners regarding how we might further assist with financial and economic inclusion. Management stays well-informed of changing conditions, which facilitates recommendations to change products, policies, processes and programs with the intention of maintaining and evolving ACU's leadership in this area."

MULTI-FACETED APPROACH

Many CSR programs today are more robust than they have ever been before. A multi-faceted CSR program at $680 million Mazuma Credit Union, for instance, is a central component in furthering the organization's purpose "to make the Kansas City region a better

"The triple bottom line—people, planet and prosperity—is at the heart of how we do business."

– Kevin Sitka

MORE ON SOCIAL RESPONSIBILITY

The Role of the Board in Corporate Social Responsibility—Unlimited+ (*cumanagement.com/0919role*)

A New Credit Union Model With Classic Principles Focuses on Social Purpose (*cumanagement.com/1018new*)

Socially Responsible Employers Attract Millennials (*cumanagement.org/092717skybox*)

place to live, work and bank."

"We formalized our CSR program in 2014, creating three distinct areas of giveback," reports CUES member Deonne Christensen, CEO of the Overland Park, Kansas-based credit union (*mazuma.org*). "Each component is fairly extensive and took a couple of years to build out."

The three components of giveback encompass monetary giving ("our assets"), volunteerism ("our time") and providing community meeting facilities ("our space"). Mazuma CU primarily provides these resources to organizations that focus on the arts, financial education or community development.

To facilitate monetary giving, the CU set up the Mazuma Foundation.

"Every year, we give 5% of our previous year's net income back to our CSR program, and a portion of that goes into the foundation, which then grants monetary gifts to 501(c)(3) non-profit organizations in our community," Christensen reports.

In 2018, Mazuma CU gave grants totaling $30,000 to six organizations, including Community LINC (*communitylinc.org*), which strives to end family homelessness; Kansas City Youth Orchestra (*youthsymphonykc.org*), and Prosperity Center for Financial Opportunity (*prosperitycenterkc.org*).

Volunteerism occurs under the auspices of the "40 Hours for Good" program, which provides Mazuma CU team members—known in the community as "Mazumans"—with 40 hours a year of paid time off to make a difference in the community.

In 2018, employees donated nearly 4,000 volunteer hours, valued at more than $69,000. The volunteerism focuses on building camaraderie and partnership with such area organizations as Harvesters Community Food Network (*harvesters.org*), CASA (*casakc.org*) and Money Smart (*moneysmartkc.org*), a program that supports financial education for middle school and high school students.

The "space" component allows area organizations to use one of Mazuma CU's three community rooms at no charge.

"Last year, we hosted 87 meetings for 67 different groups," reports Christensen. Considering the typical rental rate in the Kansas City market, this represents an in-kind donation in excess of $30,000.

While Mazuma CU's board of directors had limited involvement in creating the framework for the program, Christensen says the governing body plays a critical role in validating the overall direction for the program and authorizing funding.

"The board's role has been to work with the CEO and executive team to define the vision, to support the creation of that vision and then, based on our parameters, to provide what we needed with regard to funding and the financials," she explains.

CO-OP Financial Services is focused on helping credit unions build out a robust CSR program by offering its own social responsibility initiative known as CO-OP PURPOSE (*co-opfs.org/CO-OP-Purpose*). Developed by Paxson, this initiative offers CUs access to a growing number of partnerships with other purposeful organizations.

Opportunities include CO-OP Miracle Match, a matching program that encourages CUs and industry organizations to support fundraisers that benefit their local Children's Miracle Network Hospital (*childrensmiraclenetworkhospitals.org*), and Yoobi (*yoobi.com*) Backpack Drive, which provides school supplies to local kids and nationally.

In another aspect of its social responsibility activities, CO-OP Financial Services supports inclusion programs, as evidenced by its recent commitment to donate $500,000 over a 10-year period to the Global Women's Leadership Network (*cuwomen.org*).

PHILOSOPHICAL ALIGNMENT

Credit unions are at an advantage in undertaking a CSR program in that it aligns well with their underlying philosophy. As Paxson observes, "We are not a transaction business, we are a people business. We're helping people in their financial lives, so we need to look at: How do we align our purpose-driven initiative to help more people and to grow the credit union movement?"

Daigneault concurs that social responsibility should not be an afterthought. "It should be blended consciously and explicitly into your strategic plan. Social responsibility is a core element of the DNA of credit unions, and as a result, it deserves serious, thoughtful, strategic attention by the board as well as by senior leadership."

Based in Missouri, **Diane Franklin** *is a longtime contributor to* Credit Union Management *magazine.*

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What keeps your clients up at night?
Deadlines, decisions, disruptors, oh my! Times are changing quickly, and the pressure to perform in the information age—with growing portfolios, keeping up with critical deadlines, adjusting projections, all while staying informed on the latest disruptive technologies—are just a few of the challenges facing CU leadership today. With the uncertain shifts in market conditions, ever faster payments and new suppliers to support all of it, where does one even begin to address nebulous concepts like "digital transformation," "board training" and "intelligent automation"?

How does SRM make its credit union clients more successful?
In SRM's 27 years of helping clients adapt and succeed in a constantly evolving financial services landscape, we have gathered the experience, proprietary benchmarks and expertise necessary for a 360-degree perspective of market conditions. SRM serves as a complete vendor management solution targeted towards cost savings, revenue growth and process optimization. Whether for a massive card re-issuance project, an extensive vendor invoice audit, or for an expert voice at the contract negotiating table, SRM has been trusted by more than 700 financial institutions for reliable, specialized expertise—adding over $2.2 billion to the bottom line for our clients along the way.

Tell us a client success story.
Educators Credit Union, a $1.7 billion institution in Racine, Wisconsin, sought out SRM when it faced a debit card processing contract renewal negotiation. SRM was able to negotiate six figures in annual savings. The CU's CFO, CUES member Kurt Johnson, CCE, says, "It was refreshing having someone on our side who knew where the pitfalls and values were hidden. Educators fully intends to use SRM as a resource going forward to review other areas. I can trust that nothing will fall through the cracks—their track record for following through with the plan, both on time and on the money, is unquestionable." Since that first project, Educators CU has continued to find success with SRM.

Bo McDonald

Title: President/CEO

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What makes Your Marketing Co. unique?
We specialize in helping credit unions find fresh solutions to age-old challenges. But before we make any suggestions or bring new ideas to the table, we follow a time-tested onboarding process that helps us understand what makes each organization unique. This critical first step lets us break down barriers and present new concepts with clarity. It, in turn, leads to predictable growth and the accomplishment of organizational goals. We believe that good creative is more than just eye-catching design and clever slogans. It's strategic communication that creates excitement and inspires action—and does so in a way that benefits both the CU and its members.

Tell us a client success story.
Earlier this year, we conducted a strategic planning session with $36 million Maple Federal Credit Union, Lafayette, Louisiana. After working with our YMC team for only six months, the CU reported that it had already surpassed its end-of-year goals by the end of Q2. Those numbers speak for themselves. While we celebrated those impressive results, we were equally thrilled when the CU's leaders told us, "Over and over, our board has praised you for your leadership and direction." Feedback like that lets us know that we're accomplishing our goal of helping CUs realize their potential and achieve the success they deserve.

What keeps your clients up at night?
The ever-changing environment we live in creates fear that tends to paralyze CU leaders and keep them from making the decisions needed to move forward. If we can help them overcome that paralysis and move ahead with vision and purpose, we all win. When a CU partners with us, we lead them through a thoughtful strategic planning process that provides clarity and perspective. Once they have a clear vision of the future they want, our outsourced strategic marketing program helps them put that plan into action and see results. When we show our clients that tangible success comes from consistent execution of a strategic plan, the unknown becomes far less frightening—and I'm willing to bet they sleep better at night as well.

New Whitepaper Available:
Preparing for the Migration to 8-Digit BINs

A new whitepaper from CUES Supplier member Member Access Processing (*maprocessing.com*), Seattle, explains what to expect and details key steps credit unions can take now to ready themselves for the upcoming BIN changes.

The payments industry is growing, and six-digit bank identification numbers are reaching a point of depletion. Before depletion occurs, credit cards with six-digit BINs will be migrated to eight-digit BINs. The International Organization for Standardization has set forth a plan for migration with a completion date of April 2022.

In April 2022, the Visa pool of approximately 100,000 six-digit issuing BINs will become 10 million eight-digit issuing BINs. After April 2022, six-digit BINs will not be available for assignment. However, existing six-digit BINs will continue to be supported as they become eight-digit BINs.

All of the following entities are impacted by the migration:

- issuers,
- acquirers,
- processors and
- merchants.

Migration testing starts this year, allowing for a period of about 2 1/2 years for formal migration prior to April 2022. Visa processing logic will be updated as well to handle eight-digit BINs. While VisaNet changes are expected to be small, Visa is allowing plenty of time for clients to implement higher-impact changes.

Read more in the whitepaper at *cumanagement.com/MAPwhitepaper.*

Thank You,
Sponsors!

CEO/Executive Team Network (*cues.org/cnet*), Nov. 4-6 in Amelia Island, Florida, allows you to step back from the day-to-day, fine-tune your leadership and strategy skills, and gain new perspectives alongside your colleagues. This dynamic, can't-miss event helps CEOs and senior managers become even more powerful leaders. It features top speakers exploring vital industry issues and need-to-know topics. You'll find a strong focus on leadership and growth strategies, and plenty of time for networking with your peers.

The following sponsors are essential for the event's success.

Platinum level sponsors: CO-OP (*co-opfs.org*) and CUNA Mutual Group (*cunamutual.com*).

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Learn more and register at *cues.org/cnet*.

Note: The companies listed here committed to sponsoring prior to Sept. 9.

Webinars & Elite Access

CUES members can attend all webinars (*cues.org/webinars*) and access a library of webinar playbacks for free. CUES Elite Access Virtual Classroom (*cues.org/eliteaccess*) offers an innovative take on online education.

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1 p.m. Central
Boosting Onboarding & Engagement Strategies Using Your Own Member Data (Webinar)

OCT. 2
12 p.m. Central
Talent Development Community of Practice (Elite Access)

NOV. 14
1 p.m. Central
How to Stay Relevant to Members: The Impact of Millennials and Generation Z to Your Member Strategy (Webinar)

MARCH 25 & APRIL 1
12 p.m. Central
Negotiation Strategies for Everyday Issues (Elite Access)

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What makes Simply Focused unique?
Simply Focused is software built by credit union people. As a CUSO, we understand the challenges CUs face. We can't compete with Bank of America, Wells Fargo and Chase on tech. They will always beat us. However, our people are better. Ask anyone what they love about their CU and, 99% of the time, technology isn't the answer. It's the people. Our tech helps position credit unions for success through efficiency. It provides a better experience for members by giving our greatest asset (our people) the tools they need to be successful.

Tell us a client success story.
One of our partners posted the highest return on assets of any credit union in the country. That was awesome to see, and we're happy to be a part of that success!

How can CUs be more successful?
If you want to grow, you have to wake up every day and say, "Whose lunch am I going to eat today?" After that, make sure your people have the tools to be successful. Speaking of those tools, have you heard about Simply Focused? It's awesome, we should talk.

What keeps your clients up at night?
Figuring out how to stay relevant. Most CUs will never compete with big banks on tech. So, what can we do? Start by figuring out how your members' experience in your physical and digital branches (website) can be different and better than anyone else's.

What are the top issues for CUs today?
Technology has created a false sense of security for the financial industry. At the end of the day, it's people and leaders of people who will determine the success of your credit union—and, to a large degree, the tools that those people have access to. By the way, did I mention Simply Focused as one of those tools?

Why do you love credit unions?
I'm a credit union member. I've always been a credit union member. There's a different feeling when you walk into a good credit union. That feeling is something we try to bring to the digital world with Simply Focused.

Become an Agent *of Innovation*

Challenge assumptions and the status quo at CUES' Strategic Innovation Institute™ (*cues.org/sii*), July 12-16, at the Stanford Graduate School of Business. Attendees of the program will learn directly from Stanford faculty about building organizational capacity for continuous innovation and improvement, developing strategic leadership skills, and how to grow their business while staying aligned with organizational culture and the credit union philosophy.

The institute's hands-on innovation challenge workshop gives participants a chance to hone their design-thinking skills, harness collective intelligence and learn to "scale up excellence."

"It's a mixture of clean models and dirty hands," says Huggy Rao, the Atholl McBean professor of organizational behavior and human resources and faculty director of the institute, in episode 22 of the CUES Podcast (*cumanagement.com/podcast22*). "[In] the morning, they're learning evidence-based ideas and tools. In the afternoon, they're actually practicing them."

But what does it mean to scale in the context of innovation? "We don't want people to go back with a list of things that they want to do ... , because the thing about a big list of to-do's is it's all about addition. And often, all that happens is people add to their backlog," explains Rao. So he asks each participant for one thing they'll subtract from their overall organizational to-do list.

"The common mistakes organizations make are when they scale, we all think scale is about getting big. And that's true, but the problem is that you can easily become big without getting better."

Attendees that successfully complete Strategic Innovation Institute and all assigned course work will receive the Certified Innovation Executive designation. CIE designation signifies a commitment to developing innovative and strategic vision and a level of expertise that is recognized throughout the credit union movement.

Strategic Innovation Institute is an ideal program for CEOs and executives that want to broaden their large- and small-scale strategic and innovative thinking. Future leaders who want to develop strategic organizational leadership skills are also encouraged to attend. Limited seats are available for board members. Learn more and register today at *cues.org/sii*.

Attend Strategic Innovation Institute™ (*cues.org/sii*), July 12-16, at the Stanford Graduate School of Business, Stanford, California.

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DIRECTOR DEVELOPMENT SEMINAR
July 15-17
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Montreal, QC

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Cleveland, OH

CUES SCHOOL OF BUSINESS LENDING™ II: *FINANCIAL ANALYSIS AND DIAGNOSTIC ASSESSMENT*
July 20-24
Westin Cleveland Downtown
Cleveland, OH

CEO INSTITUTE III: *STRATEGIC LEADERSHIP DEVELOPMENT*
Aug. 2-7
UVA Darden Executive Education
Charlottesville, VA

EXECU/NET™
Aug. 30-Sept. 2
Snake River Lodge and Spa
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Paul Newman, *Millennials and the Path to Future Lending*

BY STEVE HEWINS

Have you ever tried Newman's Own salad dressing? Most of us have at one point or another—and, if you haven't, chances are you've heard of it. The Newman's Own brand gives 100% of its profits to charity. Since its conception in 1982, the organization has donated more than $525 million to charity. What a fine example of a company that believes in people helping people!

Millennials often flock to companies based on their philanthropic efforts. However, they could actually be fading out the Newman's Own brand. Sure, the company has droves of loyal fans today, but with more than 80 million millennials in the consumer space, every brand needs buy-in from that group to survive.

What's the hang up? What is keeping millennials from relating to Neman's Own and jumping on board to support its philanthropic efforts?

The answer lies with what made the brand popular in the first place: Paul Newman, himself. Yes, Paul Newman, whom most of us know as the beloved actor who starred in dozens of film classics including "Cool Hand Luke," "The Sting," and "Butch Cassidy and the Sundance Kid," and who continues to be the brand's image.

How could he be holding back the brand? To understand that, you need to consider relevance.

What relevance does a celebrity like Paul Newman have to a millennial? A number of millennials haven't seen his movies. They don't follow his page on Twitter or Instagram—and many might not even know who Paul Newman is. Thus, slowly, the brand is becoming irrelevant to the latest generation of buyers.

Credit unions similarly help grow the community by putting the benefit of the brand back into the pockets of the members. Yet millennials may not be busting down your doors to start a relationship. So you have to ask yourself: "How relevant is my credit union?"

The millennial generation has pushed us all to consider new ways to engage and inspire growth by asking ourselves how relevant we are to the current homebuyer. A home loan will always be a necessary commodity, but to thrive in today's competitive lending marketplace, you must also remain relevant. In today's world of lending, or for any financial service, this means being able to offer your goods and services where consumers are spending the majority of their time—the digital space.

According to Accenture Consulting research (*tinyurl.com/y2agmd4m*), 87% of consumers begin the home-buying experience online. To remain relevant, your CU needs to have an online presence that reaches further than simply having email and a website. The ability to offer a truly digital lending origination experience for the member is paramount.

Gone are the days of paper 1003s and faxing documents over and over again. Today, the slickest applications have a streamlined, dynamic experience that allows members to connect to other platforms to pull in and verify their information, upload documents directly from their phones and access task lists and status prompts 24/7. To remain relevant, you've got to get in the fast lane.

If you don't yet have a digital solution for your lending program, the time is now. It's a requirement to be relevant in today's mortgage marketplace and beyond. Millennials expect that kind of digital experience. Don't allow your brand to fall out of the spotlight.

Steve Hewins *is SVP/CU members at CUESolutions bronze provider CU Members Mortgage* (cumembers.com)*, Dallas.*

Read the full post and leave a comment at *cumanagement.com/081419skybox*.

"This season of organizational reflection is a perfect time to set your priorities for continuing to develop as an individual professional as well. In 2020, what do you want to accomplish? What do you want to learn? How do you want to grow as a leader?"

Jimese Harkley, J.D., CUDE, VP/membership at CUES, in "CUES Membership Minute: Leverage Belonging to Boost Your Learning in 2020" on CUES Skybox: *cumanagement.com/081219skybox*

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That's your leadership potential.

As a CUES member, you are the heart of our mission. No matter what offering you choose, our distinct differences, including proven credit union talent development resources, partnerships with world-renowned business schools, prime networking opportunities and powerful industry insights, give you a strong foundation in realizing your potential and transforming you into tomorrow's exceptional leader.

You'll discover our offerings are about much more than just professional development; you'll make connections and build treasured relationships that can help propel your career forward.

Experience the CUES difference, and realize your greatest potential today.

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Membership

More is More

Designed based on member feedback, you'll find a CUES Membership has more benefits and resources than ever before, ultimately giving you and your credit union more value. Visit **cues.org/Membership** for more detailed information and to begin networking with over 22,000 of your peers.

Choose From:

Individual Membership

Available to credit union staff and board members, this tier offers a basic set of benefits—including CUES Learning Portal, CUES Director Education Center, event discounts, and *Credit Union Management™* magazine—at a great price.

Unlimited and Unlimited+

With one flat membership rate, everyone at your credit union can become a member—all staff, executive team, and board members included. Both tiers feature enhanced benefits, and offer great ways to bring talent development to everyone at your credit union.

MEMBERSHIP BENEFITS	INDIVIDUAL CU staff or directors	UNLIMITED For all CU staff and directors	UNLIMITED+ For all CU staff and directors
CUESNet™	✓	✓	✓
CUES Learning Portal, powered by Degreed	✓	✓	✓
Credit Union Management™ Magazine	✓	✓	✓
CUES Guide to Effective Mentorship	✓	✓	✓
CUES Councils (special member pricing)	✓	✓	✓
CUES Director Education Center	✓	✓	✓
CUES Webinar Series	✓	✓	✓
Special Member Event Pricing	✓	✓	✓
CUES Leadership Development Guide		✓	✓
Director Onboarding Tool Kit		✓	✓
CUES Elite Access™ Virtual Classroom		✓	✓
CUES Executive Compensation Survey*			✓
CUES Employee Salary Survey*			✓
Governance+			✓
Board Governance Assessment			✓

Surveys not applicable to Canadian credit unions.

Key Membership Benefits

CUESNet™

Easily access your membership benefits and collaborate with your peers when you connect with CUES' online community. This secure, members-only platform allows you to join communities relevant to your job role and engage with the industry by sharing content and insights with others.

CUES Learning Portal, powered by Degreed

A blend of curated content and pre-set learning pathways offer an easy way to expand your skillset. Build connections and leverage relationships when you recommend or assign what you've learned to others. Managers—easily view the progress of your staff to aid in their development.

Credit Union Management™ Magazine

Stay on top of the latest CU news with print and digital subscriptions to CUES' monthly magazine. This publication is consistently top-rated within the industry, and offers articles covering general management, board, operations, marketing, and human resources. For even more real-time industry news visit **CUmanagement.com**.

CUES Guide to Effective Mentorship

Build strong, effective mentor relationships, and find tips on ways to find a good match in a mentor with the practical tools found in this guide.

CUES Councils

Learn directly from industry experts, and connect and share insights with peers in person through these regional networking groups.

CUES Director Education Center

Increase your competency on critical board topics with continually updated, interactive director education courses.

CUES Webinar Series

Meet your talent development needs anywhere, anytime with live or recorded educational webinars, offering hot topic presentations led by industry experts.

Special Member Event Pricing

CUES offers the best in educational events and you'll save big with special member pricing. Our events feature dynamic speakers and content paired with unique, stimulating environments—and offer the best networking in the industry.

MEMBERSHIP DUES

Individual CUES Membership

Credit Union Staff	$895
Credit Union Directors	$495

CUES Unlimited Membership

Assets $0-$249M	$3,995 ($7,142 value)
Assets $250-$499M	$5,995 ($11,671 value)
Assets $500-$1B	$7,195 ($14,055 value)
Assets $1B	$8,395 ($21,275 value)

CUES Unlimited + Membership

Assets $0-$249M	$5,295 ($19,261 value)
Assets $250-$499M	$7,295 ($28,755 value)
Assets $500-$1B	$8,495 ($33,900 value)
Assets $1B	$9,695 ($49,189 value)

Values are approximate and based on an average number of employees within each asset size.

Join Today!

When you're planning and budgeting for 2020, be sure to think about how CUES Membership can help develop everyone at your CU, including your:

- CEO
- Directors
- Executive Teams
- Committee Members
- Board Chair
- Staff
- Board Liaison
- Managers

When you're ready to join, visit **cues.org/Membership**, or contact us at **membership@cues.org**, or by calling **608.271.2664**, ext. **340**.

Awards and Recognition

Give your peers the recognition they deserve!

Acknowledge the industry's high achievers by submitting nominations for these honors. See details at **cues.org/Awards**.

- **CUES Outstanding Chief Executive**
  Recognizes outstanding leaders at the CEO level.
- **CUES Exceptional Leader**
  Honors non-chief executive officers.
- **CUES Distinguished Director**
  Recognizes board members whose efforts have strengthened their credit union.
- **CUES Hall of Fame**
  Celebrates credit union professionals for life-long dedication to the industry.

Trusted Industry Providers

CUES Supplier Members Can Solve Your Challenges

When you need outside expertise, connect with the best–CUES Supplier members. Look no further for trustworthy, ethical and experienced vendors dedicated to the credit union industry.

CUESolutions—Another Level of Expertise

CUESolutions providers showcase their thought leadership through access to their products, services, articles, videos, and whitepapers. Turn to these experts when you need not just a vendor, but a partner.

AdvantEdge Analytics™ CUNA MUTUAL GROUP
Data and Analytics Solutions

CUNA MUTUAL GROUP
Executive Benefits, Retirement Solutions

CU MEMBERS Mortgage
Mortgage Lending Needs

DDJ Myers Advancing Leadership Success
Succession Planning, Executive Recruitment, Leadership Coaching

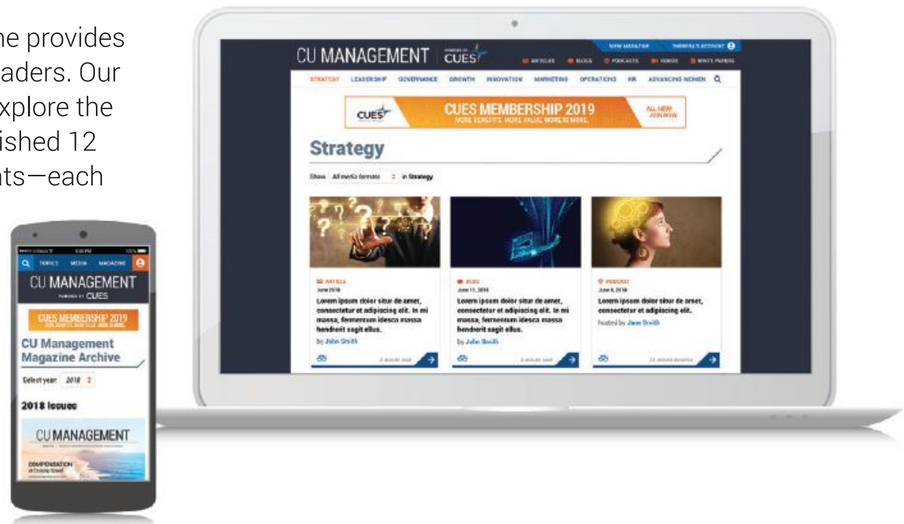
experian.
Credit & Marketing Data, Fraud, and Identity Solutions

OnBase by Hyland
Enterprise Information Platform

CUES members, start today by accessing the CUES Supplier Member Directory. Log into **cues.org**. You'll find the directory under the Networking tab.

Credit Union Management Magazine

CUES award winning monthly magazine provides in-depth information for credit union leaders. Our well-researched and detailed articles explore the industry's most important topics. Published 12 times a year—in print and digital formats—each issue includes subjects relating to credit union general management, operations, marketing, human resources and the board of directors. Visit **CUmanagement.com** to learn more today.



CEOs

Today's credit union CEOs face challenges on many fronts–competitive threats, board governance, succession planning–just to name a few.

CUES has the resources, tools, networking and development opportunities you, your board and executive team need to lead your credit union into the future.

EVENTS:

CUES Symposium

February 9–13
Kohala Coast, Big Island, HI

Align the strategic vision of your top team through shared learning experiences. At this unique event, CEOs and board chairs must attend together, but will return home a stronger, more unified force. Learn more at **cues.org/SYMP**.

CEO Institute I: *Strategic Planning*

March 29–April 3
The Wharton School
University of Pennsylvania

Learn to turn challenges into change. Delve into strategic planning by embracing uncertainty, rather than ignoring it. Learn more at **cues.org/INST1**.

CEO Institute II: *Organizational Effectiveness*

April 26–May 1
Samuel Curtis Johnson Graduate School of Management
Cornell University

Effective change management skills are needed for even the most thought-out plan. Reach beyond your area of expertise and include every level of executive management in your credit union. Learn more at **cues.org/INST2**.

CEO Institute III: *Strategic Leadership Development*

May 3–8 OR August 2–7
UVA Darden Executive Education

CEO Institute III represents the highest point in your professional leadership development. You'll uncover the reasons why you lead the way you do, and learn new ways to become a more effective leader. Learn more at **cues.org/INST3**.

CUES Governance Leadership Institute™

June 7–10
Joseph L. Rotman School of Management
University of Toronto

Strengthen your boardroom contributions as you learn to balance healthy debate and diversity, as well as execute your fiduciary responsibilities. Learn more at **cues.org/GLI**.

Strategic Innovation Institute™

July 12–16
Stanford Graduate School of Business
Stanford University

Learn to embrace innovation and become a successful agent of change. Graduates of this robust program are well equipped with an understanding of innovation that benefits their credit unions immediately. Learn more at **cues.org/SII**.

CEO/Executive Team Network™

November 2–4
Austin, TX

This dynamic conference, designed for CEOs and senior executives, focuses on growth opportunities. You'll examine strategy and leadership, participate in thought-provoking sessions on the latest industry trends, and enjoy unparalleled networking. Learn more at **cues.org/CNET**.

Strategic Growth Institute™

Available Again in 2021
The University of Chicago
Booth School of Business

Walk away knowing how to analyze, evaluate, and recommend specific actions to grow your credit union while avoiding common pitfalls. Learn more at **cues.org/SGI**.

SOLUTIONS:

CEO Networking Group

As CEO your role comes with prestige and responsibility, but at times, also a sense of isolation. CUES CEO Networking Groups are meant to provide a sense of community and camaraderie through shared problem-solving and networking, with the goal of helping you conquer the challenges only other CEOs can understand. These exclusive, invitation-only groups are comprised of 6-8 CEOs from non-competing markets and are facilitated by esteemed business school faculty. Contact **cues@cues.org** for more information.

CUES Consulting

CUES Consulting strengthens your leadership pipeline by providing direction and focus to support your staff's growth. Identify and develop current and emerging leaders and high performers within your credit union. Learn more at **cues.org/CUESConsulting**.

Board Governance Assessment

Take an honest look at your board with this anonymous, online assessment tool. Evaluate board performance in key areas of governance and create a plan to improve. Learn more at **cues.org/BoardAssessment**.

CEO Assessment for Credit Unions

Strengthen CEO performance with this unique, web-based CEO evaluation tool combining data provided by both the CEO and directors. Learn more at **cues.org/CEOAssessment**.

Director Skills Assessment

Improve board recruitment and focus training resources by evaluating individual and collective capabilities to pinpoint skill set gaps in five key areas. Learn more at **cues.org/DirectorAssessment**.

Cornerstone Advisors

Through strategic solutions, mergers and acquisitions, lending solutions, and delivery channel solutions, Cornerstone helps credit unions reduce costs, increase revenue and stay competitive. Fill out an interest form today at **cues.org/Cornerstone**.

LEO Cyber Security

LEO Cyber Security is the premier provider of cybersecurity consulting to credit unions specializing in growing security programs through leadership, cyber operations, incident response, and compliance. They will help your organization build and manage reliable security programs through creative solutions. Visit **cues.org/LEO**.

Think|Stack, Goma

Every digital transformation journey needs a well-thought-out strategic plan that includes the input of key decision-makers and influencers. Think|Stack's affordable cyber governance tool, Goma, can help you manage your digital transformation and easily communicate your progress to senior management, the board and auditors. Learn more at **cues.org/Goma**.

Execu/Series

You'll find unique learning experiences at bucket-list locations, a deep look at vital industry topics, and plenty of time to discover the area and network with your colleagues. Learn more under the Board Members section.

Executives

Your experience, expertise and leadership skills have gotten you to this point in your career. To remain successful, and to go even further, you'll need to stay sharp. CUES can help you improve in your current role—and if you really want it, prepare you for the CEO's chair.

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April 27–30
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Help your credit union—and your members—soar. Working as a team, attendees will gain hands-on experience "running" a financial institution in the safety of a virtual environment. Learn more at **cues.org/SASM**.

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LEO Cyber Security

LEO Cyber Security is the premier provider of cybersecurity consulting to credit unions specializing in growing security programs through leadership, cyber operations, incident response, and compliance. They will help your organization build and manage reliable security programs through creative solutions. Visit **cues.org/LEO**.

CUES eVote

Whether you are planning a board election, merger or bylaw vote, or a membership survey, CUES eVote is the smart, safe and affordable way to go. This easy-to-use and highly secure solution offers online, phone, and paper balloting. Voting services include hybrid elections, customization, a state-of-the-art platform, voting confirmation certificates, and more. Learn more at **cues.org/eVote**.

CUES Online University

CUES Online University offers compliance and front-line training—including fraud prevention—at a very low cost. Whether you want straight off-the-shelf training or something customized just for you, CUES Online University is key to saving time and money by providing convenient and consistent training to improve your credit union's performance. Learn more at **cues.org/CUESU**.

Vertex

Develop existing managers and make sure your direct reports develop key management skills to transition from being an individual contributor to team leader. This cost-effective program can help reduce turnover and enhance earnings through improved performance. Learn more at **ServiStarConsulting.com**.

ServiStar® Consulting

ServiStar will provide you with the tools to succeed in developing a member-centric team of employees that exceed member expectations and grow profitable relationships. Learn more at **ServiStarConsulting.com**.

CUES Executive Compensation Survey

Keep tabs on compensation trends while engaging with valuable tools and data to help you attract and retain qualified professionals. Benchmark your organization against others based on asset size, region, membership size and more. Purchase now at **cues.org/ECS**.

Get a purchase discount when you participate from January 1 through March 31 annually.

CUES Employee Salary Survey

Use CUES data and tools to benchmark salaries for non-executive positions. Choose your peer group based on asset size, region, membership size, and more. Purchase now at **cues.org/ESS**.

Get a purchase discount when you participate from January 1 through March 31 annually.

Cornerstone Advisors

Through strategic solutions, mergers and acquisitions, lending solutions, and delivery channel solutions, Cornerstone helps credit unions reduce costs, increase revenue and stay competitive. Fill out an interest form today at **cues.org/Cornerstone**.

Experienced Leaders & Department Heads

You've demonstrated you're an asset to your credit union.
Now you're ready to take it to the next level. CUES can help.

EVENTS:

CUES School of Applied Strategic Management™

April 27–30
Orlando, FL

Help your credit union—and your members—soar. We'll start with an Asset Liability Management (ALM) overview to get everyone on the same page. Then, working as a team, attendees will gain hands-on experience "running" a financial institution in the safety of a virtual environment. Learn more at **cues.org/SASM**.

CUES School of Strategic Marketing™

July 20–23
Cleveland, OH

Effective marketing communicates your credit union's value, improves member experience and drives growth and profitability. Discuss the keys to strategy-focused marketing, data-driven decision making, and how to increase ROI through effective allocation of resources. Learn more at **cues.org/SOSM**.

CUES School of Business Lending™

All three CUES business lending schools are facilitated by the same experts who train the state and federal examiners. You'll learn to develop a successful business lending program that is right for your credit union. These may be taken individually or as a series for maximum benefit.

Attend all three schools in one year at a discounted rate.

CUES School of Business Lending™ I:
Business Lending Fundamentals

April 27–May 1
Orlando, FL

Visit **cues.org/SOBL** for details.

CUES School of Business Lending™ II:
Financial Analysis and Diagnostic Assessment

July 20–24
Cleveland, OH

Visit **cues.org/SOBL2** for details.

CUES School of Business Lending™ III:
Strategic Business Lending

September 21–25
Chicago, IL

Visit **cues.org/SOBL3** for details.

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Get a purchase discount when you participate from January 1 through March 31 annually.

CUES Learning Portal

Included with CUES Membership, CUES Learning Portal offers a great way to stay current with your professional development goals, without travel. This powerful platform houses curated content and preset learning plans on a variety of topics. You can also track items you've completed outside of the portal. Plus, you can assign content to your direct reports. Learn more at **cues.org/CLP**.

New & Aspiring Managers

Making the jump from individual contributor to manager can be hard. You have the functional expertise, but may need help with the fundamentals of team leadership. We have the tools to help you succeed.

EVENTS:

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Vertex

Develop the key skills needed as a new manager. This cost-effective program covers team building, performance coaching, employee motivation, and more. Learn more at **ServiStarConsulting.com**.

No Time to Travel?

Check out CUES Elite Access™ Virtual Classroom, the closest thing to in-person learning, online. Using an online platform, participants learn, interact, problem-solve and build relationships. You'll get maximum educational value while minimizing cost, travel, and time away from work. Learn more at **cues.org/EliteAccess**.

Credit Union Staff
Including Front-Line Employees & Individual Contributors

Hone the skills needed for your current role, and improve your soft skills to move up the ranks. CUES offers live and virtual resources to help you lay the foundation for a brilliant career.

SOLUTIONS:

CUES Online University

CUES Online University provides convenient training to improve your performance. This offering includes consistently updated compliance and fraud prevention modules. Learn more at **cues.org/CUESU**.

CUESNet™

Easily access your membership benefits and collaborate with your peers when you connect with CUES online community. This secure, members-only platform allows you to join communities relevant to your job role and engage with the industry by sharing content and insights with others.

CUES Learning Portal, powered by Degreed

A blend of curated content and pre-set learning pathways offer an easy way to expand your skillset. Use this members only benefit to build your own skills and leverage relationships when you recommend what you've learned to others. Learn more at **cues.org/CLP**.

CUES Elite Access™ Virtual Classroom

The closest thing to in-person learning, online! Participants can talk and interact with peers and experts, problem-solve, and build relationships, right from their desk. This is the perfect tool for staff with a limited professional development budget, and a great way to offer learning to up-and-coming employees. Included free with CUES Unlimited and Unlimited+ Memberships—nonmembers, pay as you go! Learn more at **cues.org/EliteAccess**.

CUES Guide to Effective Mentorship

Build strong, effective mentor relationships, and find tips on ways to find a good match in a mentor with the practical tools found in this guide, included with CUES Membership.

CUES Councils

Attend at the special member price and learn directly from industry experts while connecting with peers at these in-person regional networking events. Learn more at **cues.org/Councils**.

Don't forget to check out CUES Webinars and Podcasts. Visit CUES.org/Webinars and CUmanagement.com/Podcasts.

Cleveland, OH

HR, Training & Talent Development

You're in a unique situation. You need and want professional development for yourself, but you are also responsible for meeting the training and development needs of your entire credit union. Well...CUES can help with both.

Our learning platforms make it simple to implement an effective training program for everyone at your credit union, and there are plenty of resources to manage your own development too.

EVENTS:

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November 2–4
Austin, TX

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SOLUTIONS:

CUES Compensation Surveys

Easily keep up on industry hiring trends with CUES Executive Compensation Survey and CUES Employee Salary Survey. Each offers compensation information on a wide range of positions, relevant data for credit unions of all sizes, and customized results that can be sorted with up to nine criteria, including region, assets, and CU name.

CUES Online University

CUES Online University offers compliance and front-line training—including fraud prevention—at a very low cost. Whether you want straight off-the-shelf training or something customized just for you, CUES Online University is key to saving time and money by providing convenient and consistent training to improve your credit union's performance. Learn more at **cues.org/CUESU**.

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Make sure your new managers develop key skills to transition from being an individual contributor to team leader. This cost-effective program can help reduce turnover and enhance earnings through improved performance. Learn more at **ServiStarConsulting.com**.

CUES Consulting

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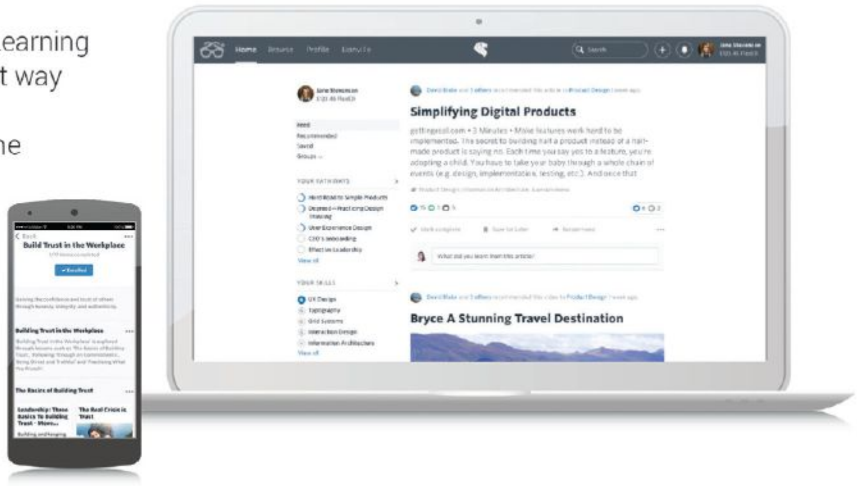


Board Liaisons

You provide a vital role at your credit union, serving as the connection between the board of directors and senior management. CUES has the tools you need to increase your value and expand your network.

EVENTS:

Board Liaison Workshop

Watch cues.org/BLW for 2020 dates and location.

This event will provide you with practical tools, including actionable guidance on ways to build better board meetings, develop more effective board packets and meeting agendas, enhance committee charters and board portals, and much more. Plus, you'll make valuable connections as you share best practices with your peers.

SOLUTIONS:

Aprio

Aprio makes good governance simple and affordable for credit unions and helps organizations to efficiently run board meetings, keep directors up to date, and keep information secure. Learn more at **cues.org/Aprio**.

Board Governance Assessment

Take an honest look at your board with this anonymous, online assessment tool. Evaluate board performance in key areas of governance and create a plan to improve. Purchase now at **cues.org/BoardAssessment**.

CEO Assessment for Credit Unions

Strengthen CEO performance with this unique, web-based CEO evaluation tool combining data provided by both the CEO and directors. Learn more at **cues.org/CEOAssessment**.

Supervisory/Audit Committee Assessment

Gather candid feedback on the effectiveness of this important committee. Learn more at **cues.org/CommitteeAsssessment**.

Director Skills Assessment

Improve board recruitment and focus training resources by evaluating director's individual and collective capabilities to pinpoint skill set gaps in five key areas. Learn more at **cues.org/DirectorAssessment**.

CUES eVote

This easy-to-use and highly secure voting solution offers online, phone, and paper balloting. Services include hybrid elections, customization, and a state-of-the-art platform. Learn more at **cues.org/eVote**.

Quantum Governance, L3C

Unravel your board's complicated roles and responsibilities, and combine leading-edge governance with strategic thinking to become an even greater asset to your credit union. Learn more at **cues.org/QG**.

CUES Director Education Center

Offer your directors a convenient way to keep up on the latest in important governance topics with this suite of continually updated, online courses. Included as a benefit in all levels of CUES Membership.

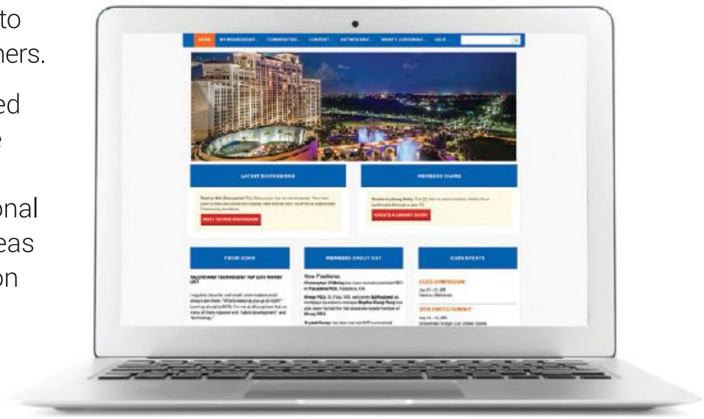
Check out the CUESNet Board Liaison Community

CUESNet

CUESNet is a website-based collaboration tool dedicated to helping CUES members easily connect and share with others.

We're pleased to offer a group within CUESNet dedicated to governance support professionals. Once you join the group, you'll be able to connect and network with other board liaisons. Plus, you'll find easy access to professional development tools specifically for you, a checklist of ideas on keeping your board engaged, helpful links to common CUESNet questions, and more.

Log into **cues.org** and click the CUESNet button. Once you're there, join the Board Liaison Community and start connecting today!



Board Members

As a credit union director you play a key role in driving the strategic direction of your credit union. Join CUES and get the resources and training you need to fulfill your governance and fiduciary responsibilities.

EVENTS:

CUES Symposium

February 9–13
Kohala Coast, Big Island, HI

Align the strategic vision of your top team through shared learning experiences. At this unique event, CEOs and board chairs must attend together, but will return home a stronger, more unified force. Learn more at **cues.org/SYMP**.

Execu/Summit®

March 8–13
Park City, UT

This meeting's unique schedule—bookending educational sessions around midday networking on the slopes—will leave you armed with the knowledge you need to take your organization's performance to the next level. Learn more at **cues.org/ES**.

CUES Governance Leadership Institute™

June 7–10
Joseph L. Rotman School of Management
University of Toronto

Discover how to execute your fiduciary responsibilities and strengthen your contributions in the board room as you learn to balance healthy debate and diversity with consensus building. Learn more at **cues.org/GLI**.

Execu/Blend™

June 7–10
Santa Barbara, CA

Explore strategic development and differentiation. Discover how to set a robust strategy, and the power of storytelling in innovative leadership. We'll also take a trip to a local winery to hear their story and learn how they differentiate themselves in a highly competitive market. Learn more at **cues.org/EB**.

Strategic Innovation Institute™

July 12–16
Stanford Graduate School of Business
Stanford University

Learn to embrace innovation and become a successful agent of change. Graduates of this robust program are well equipped with a comprehensive understanding of innovation that benefits their credit unions immediately. Learn more at **cues.org/SII.**

Board Chair Development Seminar

July 13–14
Montreal, Quebec, Canada

The chairperson's primary role is to maximize the value of the board while maintaining a delicate balance with effective governance. Attend to gain the unique, advanced skill set you need to lead a high-performing board. Learn more at **cues.org/BCDS**.

Director Development Seminar

July 15–17
Montreal, Quebec, Canada

Board members must efficiently fulfill their fiduciary responsibilities. Attend and advance your governance skills and maximize the traits you need to successfully reach your credit union's goals. Learn more at **cues.org/DDS**.

Execu/Net™

August 30–September 2
Jackson Hole, WY

Broaden your perspective, challenge yourself and try new things as our speakers guide you through powerful morning sessions, covering growth strategies, financial complexity and innovation. Each afternoon network with peers and nature for a fresh perspective. Learn more at **cues.org/EN**.

Supervisory Committee Development Seminar

September 21–22
Nashville, TN

Join us and discover what it takes to effectively work with management, the board, and internal and external auditors as a supervisory committee member. Learn about the different risks facing credit unions and be prepared to handle any changes that arise. Learn more at **cues.org/SCDS**.

Director Strategy Seminar

September 23–25
Nashville, TN

High-performing organizations cultivate strategy year-round to develop market-driven plans with solid underlying value propositions. Discover how to develop measurable strategic objectives as you learn about quality strategic thinking, strategic planning vs. tactical planning, challenges of succession planning, and more. Learn more at **cues.org/DSS**.

Directors Conference

December 6–9
Palm Desert, CA

This comprehensive event for credit union directors takes an in-depth look at the relevant governance and strategic issues affecting your board, credit union and the movement. Learn more at **cues.org/DC**.

Strategic Growth Institute™

Available Again in 2021
The University of Chicago
Booth School of Business

Walk away knowing how to analyze, evaluate, and recommend specific actions to grow your credit union while avoiding common pitfalls. Learn more at **cues.org/SGI**.

SOLUTIONS:

CUES Director Education Center

Increase your competency on critical board topics with continually updated, interactive director education courses included in all levels of CUES Membership.

Aprio

Aprio makes good governance simple, and helps organizations to efficiently run board meetings, keep directors up to date, and keep information secure. Learn more at **cues.org/Aprio**.

CUES eVote

Whether you are planning a board election, merger or bylaw vote, or a membership survey, CUES eVote is the smart, safe and affordable way to go. This easy-to-use and highly secure solution offers online, phone, and paper balloting. Voting services include hybrid elections, customization, a state-of-the-art platform, and voting confirmation certificates, and more. Learn more at **cues.org/eVote**.

Quantum Governance, L3C

Unravel your board's complicated roles and responsibilities, and combine leading-edge governance with strategic thinking to become an even greater asset to your credit union. Learn more at **cues.org/QG**.

Board Governance Assessment

Take an honest look at your board with this anonymous, online assessment tool. Evaluate board performance in key areas of governance and create a plan to improve. Learn more at **cues.org/BoardAssessment**.

Director Skills Assessment

Improve board recruitment and focus training resources by evaluating director's individual and collective capabilities to pinpoint skill set gaps in five key areas. Learn more at **cues.org/DirectorAssessment**.

CEO Assessment for Credit Unions

Strengthen CEO performance with this unique, web-based CEO evaluation tool combining data provided by both the CEO and directors. Learn more at **cues.org/CEOAssessment**.

Supervisory/Audit Committee Assessment

Gather candid feedback from the perspectives of your committee and board members, as well as your seniormanagement team, on the effectiveness of your Supervisory/Audit Committee. Learn more at **cues.org/CommitteeAsssessment.**


Nashville, TN

CUES 2020 CALENDAR

January			
CUES Symposium	Kohala Coast, Big Island, HI	**February 9-13**	CEO/Chair Team Price $3,700 *addt'l attendees $1,850 each*
March			
Execu/Summit®	Park City, UT	**March 8-13**	$1,795
CEO Institute I: *Strategic Planning*	The Wharton School University of Pennsylvania	**March 29-April 3**	$9,295
April			
CEO Institute II: *Organizational Effectiveness*	Samuel Curtis Johnson Graduate School of Management, Cornell University	**April 26-May 1**	$9,295
CUES School of Applied Strategic Management™	Orlando, FL	**April 27-30**	$2,495
CUES School of Business Lending™ I: *Business Lending Fundamentals*	Orlando, FL	**April 27-May 1**	$2,895 / *Attend all 3 schools in one year for $2,400 each.*
May			
CEO Institute III: *Strategic Leadership Development*	UVA Darden Executive Education	**May 3-8**	$9,295
June			
Execu/Blend™	Santa Barbara, CA	**June 7-10**	$1,645
CUES Governance Leadership Institute™	Joseph L. Rotman School of Management University of Toronto	**June 7-10**	$5,995
July			
Strategic Innovation Institute™	Stanford Graduate School of Business Stanford University	**July 12-16**	$10,595
Board Chair Development Seminar	Montreal, Quebec, Canada	**July 13-14**	$1,295
Director Development Seminar	Montreal, Quebec, Canada	**July 15-17**	$1,445
CUES School of Strategic Marketing™	Cleveland, OH	**July 20-23**	$2,495
CUES School of Business Lending™ II: *Financial Analysis and Diagnostic Assessment*	Cleveland, OH	**July 20-24**	$2,895 / *Attend all 3 schools in one year for $2,400 each.*
August			
CEO Institute III: *Strategic Leadership Development*	UVA Darden Executive Education	**August 2-7**	$9,295
Execu/Net™	Jackson Hole, WY	**August 30-September 2**	$1,645
September			
CUES School of Business Lending™ III: *Strategic Business Lending*	Chicago, IL	**September 21-25**	$2,895 / *Attend all 3 schools in one year for $2,400 each.*
Supervisory Committee Development Seminar	Nashville, TN	**September 21-22**	$1,295
Director Strategy Seminar	Nashville, TN	**September 23-25**	$1,445
November			
CEO/Executive Team Network™	Austin, TX	**November 2-4**	$1,295
December			
Directors Conference	Palm Desert, CA	**December 6-9**	$1,645

Registration fees increase $400 45 days prior to the start of an event.

Prices are in U.S. Dollars and reflect member pricing. For other pricing options, visit **cues.org**.

CUES' mission is to educate and develop credit union CEOs, executives, directors and future leaders.

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cues.org

CUES
POTENTIAL, REALIZED.™