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PASSING ON *A Cooperative Legacy*

2020 CUES Outstanding Chief Executive Garth Warner, CCD

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Reinforce remaining weak spots

LENDING IN 2021
Ready to rebound and rebuild

STRATEGIC PLANNING
10 board priorities for next decade

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LET'S CONNECT

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LINKEDIN: Theresa Witham
INSTAGRAM: tawitham

Leadership Starts With *Self-Reflection*

"When we talk about leadership, it's always good to remember that leadership is a journey. It isn't a destination," says Harry Kraemer.

Kraemer (*harrykraemer.org*), an executive partner with Madison Dearborn Partners, a private equity firm based in Chicago, and a clinical professor of leadership at Northwestern University's Kellogg School of Management, is one of the highest-rated CUES speakers ever and was the first presenter at the CUES Knowledge & Networking November event (*cues.org/knn*) last month.

Leadership has nothing to do with titles and org charts, he said. Instead, it has everything to do with how to influence people. "And the only way I know how to influence people is to be able to relate to people," he added. "If I can figure out a way to relate to Simon, maybe I can influence him. And if I can influence him, then I can lead him," Kraemer explained. Simon T. Bailey (*simontbailey.com*), executive advisor, career mentor and speaker, was the program moderator.

Kraemer was speaking about leading during a crisis, professionally and personally. But if you wait until a crisis to implement his suggestions, it will be too late, because to be a strong leader—in good times or bad—you need to be self-reflective.

He recommends starting a practice of daily self-reflection. "That process of getting started is going to help you during ordinary times and particularly during a crisis," he said.

Each night, Kraemer examines these questions:

- What did I say I was going to do today?
- What did I actually do?
- What am I proud of?
- What am I not proud of?
- How did I lead people?
- How did I follow people?
- If I lived today over again, what would I have done differently?
- If I have a tomorrow (knowing fully well that sooner or later I won't), based on what I learned today, how will I operate tomorrow?

"At the end of the day, everything related to leadership starts with self-reflection," Kraemer said, because:

1. If I'm not self-reflective, is it possible for me to know myself?
2. If I don't know myself, is it possible for me to lead myself?
3. If I can't lead myself, how can I possibly lead others?

Kraemer reflects around midnight each evening because that is the time that works best for him. But you could do this in the morning over coffee or during your daily walk or a jog. The most important part is to pick a time that works for you. Block off time on your calendar daily if needed.

Let me know if you try this!

Theresa Witham
Managing Editor/Publisher

P.S. If you missed Knowledge & Networking November, you can still purchase the recordings at *cues.org/knn*. And it's not too late to sign up for Directors & Dialogue December (*cues.org/ddd*). Your entire team and board can attend for one price.

YOUR THOUGHTS

HOW DO YOU REFLECT ON YOUR DAY PERSONALLY AND PROFESSIONALLY?

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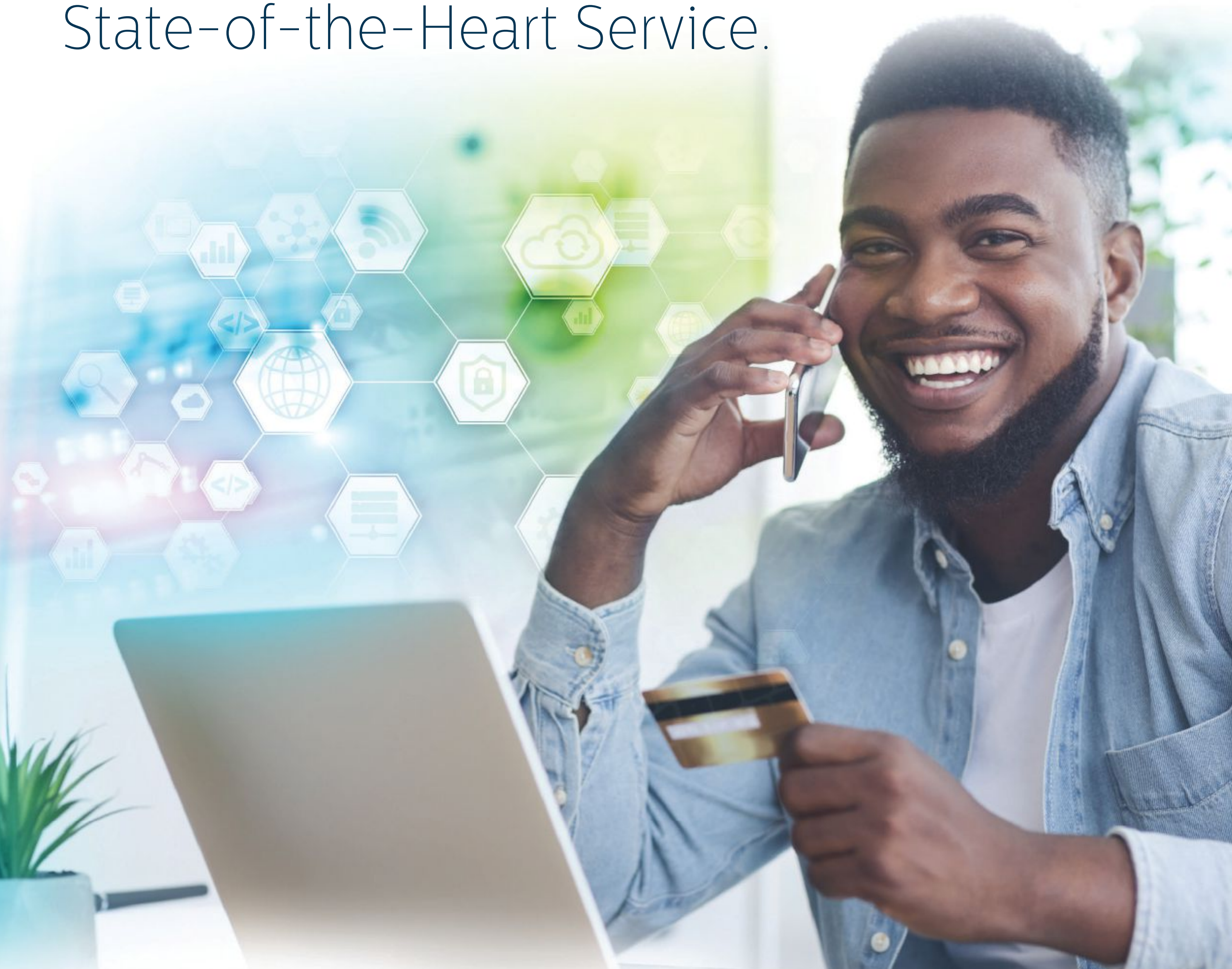

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SAFE CU financial educators Gina Richardson, left, and Jason Fonseca, right, film an ad at Ohana Moon Yoga in Cameron Park with owner Gretta Smith.

SAFE CU Employees Star in *Grassroots Financial Education Ads*

SAFE Credit Union has created a unique—and affordable—way to showcase its dynamic financial education experts and promote free, community workshops on social media. An ad-hoc team of do-it-yourselfers writes, directs, shoots and stars in a series of quirky ads (*tinyurl.com/yyzf5kyc*) that provide quick financial education tips while teasing upcoming seminars (*safecu.org/events*).

The series stars financial educators Gina Richardson and Jason Fonseca who bring their larger-than-life personalities to the spots. They believe that people better learn and incorporate the changes that help them improve their financial well-being through workshops that are engaging, interactive and presented with personal truth and reality.

"SAFE Credit Union takes its mission to provide quality financial education to the community seriously, but that doesn't mean that the workshops are stuffy," says Carrie Johnson, who manages the financial education team in SAFE's Workplace Financial Wellness program. "We are so fortunate to have Gina and Jason lead our workshops. They bring so much energy and genuineness to the workshops that really help people relax and feel open to learning important life-changing lessons."

Financial education is at the heart of SAFE's mission to help members and the community improve their financial well-being. Just last year alone, SAFE financial educators connected with nearly 4,500 employees in the greater Sacramento area through the Workplace Financial Wellness program. And about that same number also took mini financial courses at SAFE's online Financial Fitness Academy (*safecu.everfi-next.net/welcome/personalfinance*). They also helped 1,227 students gain real-world financial insights through financial literacy events held on high school campuses (*tinyurl.com/y3s8hlo3*).

The videos touch on a series of free community webinars SAFE launched in response to the COVID-19 pandemic: Navigating Your Debt During Challenging Times; Managing Your Finances During Challenging Times; and Mindfulness and Money. They also promote SAFE's popular First-Time Home Buyers webinar.

The video series team is comprised of Fonseca, who writes the scripts as well as directs and edits the episodes; Richardson, who joins Fonseca in the leading roles; and Steve Joves, who helps coordinate the locations, shoots the scenes and edits the videos.

The no-frills production is an all-hands-on-deck enterprise. "The fun part about the production process is if you're not on camera, you're part of the crew," Fonseca says. "You're holding the boom mic. You're setting up the camera, and someone else may be hitting record."

In every script, Fonseca includes a financial education fact shared in one of the workshops that people may not know. Then he adds a funny twist. Visual humor is also incorporated, with Fonseca and Richardson wearing professional business attire in incongruous situations, such as striking a yoga pose in a yoga studio or sitting poolside in inflatable floats.

"My thought was to put our financial educators in real-life situations because what we teach in our workshops applies to everyday life," Fonseca says.

Joves helps find the locations with an eye on supporting local businesses, including Ohana Moon Yoga featured in the Mindfulness and Money video.

Richardson says the secret to the videos is the use of comedy to make it fun and accessible for viewers. "It works to be personable," she says about the videos and what she brings to her financial education webinars and workshops. "You have to bring it to where people are. We make it real. We talk about our own stories, how we went through it, how we became accustomed ourselves to being mindful about money in our own lives."

For more about SAFE's Workplace Financial Wellness program, visit *safecu.org/employers*.

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Passing on a *Cooperative Legacy*

2020 CUES OUTSTANDING CHIEF EXECUTIVE GARTH WARNER VIEWS CU LEADERSHIP AS AN INTER-GENERATIONAL TRUST.

BY DIANE FRANKLIN

Garth Warner, CCD, has spent his entire 40-year credit union career working for $17.2 billion Servus Credit Union (*servus.ca*) and its predecessor organizations in Alberta. In the 12 years since he became president/CEO, he has led the CU through its greatest challenge—a tumultuous merger that threatened the future of the organization—emerging on the other side to achieve a period of impressive growth and expansion.

Warner has been named CUES 2020 Outstanding Chief Executive, an honor that puts the capstone on his career just prior to his planned retirement on April 30, 2021. Throughout his time at Servus CU, Warner has held fast to the cooperative principles of the credit union movement, building upon the successes of those who came before and paving the way for a new generation of leadership.

"I believe that a credit union is not like other businesses; it's an intergenerational trust," says Warner. "As credit union leaders, we have the privilege of being the stewards of these great organizations for just a short period of time. The people who came before us hired us, trained us and shared their knowledge and wisdom with us. As they retired, they passed the torch on to us. Now it's incumbent upon us to prepare the younger generation to take the torch from us when it's our turn to retire."

A COOPERATIVE SPIRIT

Warner began working at Servus CU, then known as Edmonton Savings & Credit Union, as a personal banker in 1981. Given his family history, Warner's career in the credit union system may have seemed preordained.

"I grew up in Saskatchewan, which is often referred to as the heartland of the cooperative movement in Canada," he recalls. "In my family, we grew up thinking that everyone belonged to the credit union and shopped at the co-op."

That mindset came from Warner's father, who was a strong supporter of co-ops and the credit union movement. The elder Warner wasn't too keen when his son moved to Alberta and took a job working for a finance company rather than a credit union.

"My father was after me to quit working for the 'bandits' and go work for the good guys," Warner says. "He was a pretty happy man two years later, when I started working for the credit union at their Bonnie Doon branch in Edmonton."

Warner was just 22 years old when he took the job at Edmonton Savings & Credit Union. Four years later, he became a branch manager. "One of the nicest memories I have is how proud my father was when I became a branch manager," he says. "At the time, I thought, 'It can't get any better.'"

But things did get better. By age 30, Warner was named district manager in charge of 12 branches. Four years later, he advanced to assistant vice president. "I was fortunate to be in an organization that trained me, educated me and promoted me," he reports.

At age 37, Warner was promoted to VP, contingent on a commitment to earn a master's degree. Because he had been so focused on his career, he hadn't completed his undergraduate degree. However, thanks to his extensive work experience, he was exempted from that requirement as he enrolled in the prestigious MBA Financial Services Program at Dalhousie University (*dal.ca*) in Halifax, Nova Scotia. "I believe I was the only exemption they had ever made for that program, so I got quite lucky in that regard," he recalls.

It took 5 1/2 years for Warner to complete the program, which featured a blend of remote and face-to-face learning. With his MBA in hand, Warner continued his impressive career trajectory, becoming SVP at age 46, COO at 48 and CEO at 50.

"I feel I benefited greatly coming up through the ranks, because even today I can relate to what employees are experiencing and understand what they're telling me about where improvements are needed," Warner says.

MANAGING A CRISIS

Warner's rise to the position of CEO in 2009 came at a time of crisis for the credit union. Servus CU had recently merged with two other large credit unions in Alberta, creating the first province-wide credit union in Canada. Unfortunately, the merger occurred on Oct. 31, 2008, just as the global banking crisis was deepening and many of the world's stock markets were collapsing.

"As credit union leaders, we have the privilege of being the stewards of these great organizations for just a short period of time."

– Garth Warner, CCD

"The timing couldn't have been worse," Warner recalls. "We went into a terrible downturn and recession with high unemployment, bankruptcies and delinquency rates."

Exacerbating the financial strain was the difficult job of integrating three distinctly different CUs into one cohesive organization. There was considerable turmoil, leading to dissatisfied members and rebellious employees. Internal disagreements spilled into the public, resulting in unflattering media coverage.

"The merger was not working, and that's when the board asked me to step in and become CEO," Warner reports.

Warner and his team were able to right the ship by focusing on creating a unified culture and integrating disparate banking systems and processes into a well-functioning whole. They tackled morale issues by bringing employees together to identify shared values and a common vision for serving their members.

From that difficult period, Servus CU emerged to become the most profitable and best capitalized large credit union in Canada. With Warner as CEO, assets have increased by 81% and total equity has grown fivefold to $1.6 billion. Servus CU now ranks as Canada's fourth largest credit union, serving 385,000 members with 100-plus branches in 59 communities throughout Alberta.

"I'm proud that not only are we doing well financially, but we're also doing a good job in looking after our members and our employees," says Warner. "We were able to achieve the highest member satisfaction levels of any financial institution in the country and some of the highest member engagement scores for any type of organization."

CUES member John Lamb, CCD, board chair for Servus CU, considers the merger of the three legacy credit unions a foundational achievement characteristic of Warner's leadership. Lamb regards Warner as someone who leads with integrity and courage and who has provided the CU with unwavering dedication and hard work.

"The blending of the organizations and the creation of a new progressive culture is fundamental to all that we do today for our members," Lamb says. "It was not easy, but—under Garth's leadership—the synergies of the merger have proven to be a platform for all of the subsequent successful years."

ORIENTED ON VALUES

In explaining Servus CU's success, Warner says it's important to understand the organization's roots. The credit union was founded in 1938, when the world was in the throes of the Great Depression.

Garth Warner, CCD, (front, second from left) with members of the Servus Credit Union board and executive leadership team

CUs had begun to emerge in Alberta and elsewhere to give those with nowhere else to bank a helping hand.

Edmonton Savings & Credit Union thrived under that cooperative model, growing into the largest credit union in Alberta and changing names along the way to Capital City Savings in 1987 and Servus Credit Union in 2006. It was only during the concurrent challenges of the 2008 mega-merger and the 2007-2009 financial crisis that the CU became unmoored from its founding principles.

"We had gotten ourselves into a situation where we'd lost sight of our values—what we should be and how we should behave," Warner says. "There were a number of issues centering around a lack of integrity, transparency and leadership resulting in the loss of trust with members, employees and communities.

"Many promises were made to employees that were not delivered," he adds. "Focus shifted away from what was good for the members to severe cost reductions and planned staff layoffs."

Warner and his team responded to this crisis by appointing 200 "values ambassadors" from the ranks of Servus CU employees. "We sent these ambassadors to our locations throughout the province—every branch, every department—to ask employees what they thought our values should be," Warner reports.

Using this feedback, the values ambassadors created a list of 16 values, which was presented at an employee gathering held at an Edmonton convention center. Nearly 1,700 of the credit union's 2,200 employees came from around the province to discuss which values they felt most exemplified the goals of the organization.

"It was a very collaborative, bottom-up type of process," Warner reports. "Every employee, as well as our board and our members, gave feedback on what our values should be."

Ultimately, the process identified seven key organizational values: community, fairness, integrity, investing in our people, life/work balance, member service and teamwork.

"All of our decisions are benchmarked against these values," Warner says. "We write our policies reflecting these values. Our strategic plans are guided by them. We've made the commitment that 'No matter what action we take, we are going to hold true to our values, because this is who we are.' It has worked very powerfully for us."

The values have helped unite the CU's employees behind a common goal of making a difference in the lives of their members. "We have a noble purpose, which is to shape our members' financial fitness," Warner says. "That's part of our vision for building a better world—one member at a time."

Servus CU's direct involvement in the community likewise focuses on building a better world. The organization contributes to various charities and community causes, donating over $2 million each year to the 59 communities it serves. In addition, Warner ensures that the CU stays connected to the greater credit union community by encouraging employee participation in such organizations as CUES, the World Council of Credit Unions (*woccu.org*), the Canadian Credit Union Association (*ccua.com*), the Credit Union Central of Alberta (*albertacreditunions.com*) and the Large Credit Union Coalition (*lcuc.ca*).

Warner insists that CUs can hold fast to their values while also achieving strong financial results. "I believe that we can be good stewards of our credit union, good stewards of our members, good stewards of our communities and still be performance-driven," he says.

Being a good steward means staying true to the cooperative principles upon which the organization was built—something that Warner regularly communicates to employees. As CUES member and Servus CU COO Dion Linke observes, Warner's deep convictions about supporting the credit union system are designed to ensure that the cooperative model will flourish.

"I regularly see Garth use the cooperative principles (*tinyurl.com/yc77lg9p*) and our own values to help make complex decisions," Linke says. "This is a good lesson for many of us, because there are a lot of ambiguities in our environment; however, utilizing your values and cooperative principles to help determine the best path forward is something that I will hold in my own toolkit."

The board likewise has benefited from Warner's strong emphasis on cooperative principles. "Garth's intimate knowledge of the credit union system has added to the board's broader outlook and understanding of the oversight of our cooperative financial organization," says Lamb. "This, naturally, is a tremendous benefit to our members."

A GENEROUS MENTOR

As CEO, Warner has placed strong emphasis on internal training and professional development for Servus CU employees.

"We have really good people and train them and inspire them to do great things," says Warner. "We have deep succession planning going through all levels of our organization, with multiple candidates ready for each new position."

The last three years have proven just how well the emphasis on succession planning has worked. During that time, there was an almost complete generational transition of the executive team that encompassed five retirements. Of those five positions, four were filled with internal candidates.

"We also have four or five great internal candidates who will be applying for the CEO position when I retire," Warner reports. "I think that speaks volumes for the success we've had in developing and investing in our employees."

In keeping with his goal to prepare the next generation for leadership, Warner is generous in imparting his knowledge to others in the organization. "He is a great teacher and mentor, selflessly sharing his wisdom with our organization and those of us that work closely with him," says Linke. "He has created a unique culture at Servus whereby employee engagement thrives, [and] member satisfaction and member loyalty remain high."

Linke adds that Warner inspires his employees to think about the credit union's future—not just their own career paths. "His guidance,

"Garth never lost sight of the importance of preserving the unique culture ... and the relationship between employee engagement and maintaining a competitive advantage."

– Caroline Ziober

feedback and vision are ... centered around the idea that our role is to provide a stronger credit union for the next generation."

Caroline Ziober, chief member experience officer, appreciates how Warner's exemplary leadership skills have moved the credit union forward. Ziober has worked with Warner since he started in the credit union system almost 40 years ago, so she has been able to observe the many skills he brings to his leadership position.

"If I had to describe his leadership style in a few words, it would be 'results-driven' but with an unwavering commitment to ensuring our cooperative values are always at the forefront of our decision-making process," Ziober says.

Ziober contends that the economic challenges and threats that Servus CU has faced would have prompted some leaders to sacrifice their values. "However, Garth never lost sight of the importance of preserving the unique culture we have built and the relationship between employee engagement and maintaining a competitive advantage."

A SERVANT LEADER

With retirement on the horizon, Warner is looking forward to pursuing some leisure activities that he had to put on the back burner during his busy career. He'll have more time to read for pleasure as well as for golfing, swimming and eventually traveling in a post-pandemic world. He and his wife, Susan, have two grown children, daughter Lindsay and son Graham, who live on their own and attend university. However, Warner and Susan still have a full household with three dogs—standard poodles named Theo, Obi and Spartan.

In his remaining months at Servus CU, Warner will continue to lead as he always has—with an eye toward what he can do for others. "I very much believe in a servant leadership approach, where leaders are there to serve their employees and their members," he says. "Oftentimes, it involves coaching from behind the scenes, but there are other times when you have to step forward and say, 'Follow me—this is where we're going.'"

The best leaders are those who get everyone involved in working toward a common goal, Warner concludes. "I very much believe that organizations cannot be led by one person. As a leader, I need to support all the people around me in order to deliver on our values, our vision and our noble purpose."

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

A Helping Hand *From EARLL*

When people ask CUES member Garth Warner, CCD, to describe his philosophy and style of leadership, he tells them about his friend EARLL. As president/CEO of $17.2 billion Servus Credit Union (*servus.ca*), Alberta, Warner developed the EARLL acronym to describe five key attributes: empowerment, accountability, risk-taking, learning and leadership.

"I believe in empowering people, but the flip side of empowerment is accountability—if we empower you to make decisions, you have to be accountable," Warner says. "We'll help you and support you and train you, but we expect you to work hard to make good decisions."

Good decision-making goes hand-in-hand with responsible risk-taking, Warner adds. "If we don't take risks, we're out of business, but we have to do it well to add value to the credit union and add value for our members."

The two Ls in EARLL—learning and leadership—also go hand-in-hand. "We need leadership at all levels of the organization, and we can't have that unless we allow our employees to learn," Warner says. "CEOs can't lead by themselves. They need everybody pulling in the same direction in order to do good things."

MORE ON LEADERSHIP

Paddling Faster Than the Currents of Change (*cumanagement.com/1120paddling*)

Leadership Profile: A Thirsty Mind (*cumanagement.com/0920mind*)

Leading With Integrity (*cumanagement.com/1219leading*)

Up to the Challenge (*cumanagement.com/1119challenge*)

Building a Culture of Collaboration (*cumanagement.com/0119building*)

Ready to Rebound *and Rebuild*

THE OUTLOOK FOR CREDIT UNION LENDING IN 2021

BY KAREN BANKSTON

Golda Meir said, "You'll never find a better sparring partner than adversity." Applying that wisdom, credit unions should be in prime shape to put a tumultuous year behind them and charge forward with lending in 2021.

In forecasting opportunities and challenges for the coming year, lending leaders are contending with great uncertainty and the disparate impact of the COVID-19 pandemic across regional economies and specialized fields of membership.

"A lot of credit unions are having trouble making money in this environment," cautions Allen DeLeon, CPA, founding partner of DeLeon and Stang (*deleonandstang.com*), Gaithersburg, Maryland. The returns on investments in the current rate market are uniformly low, fee income has been down as members shied away from using credit cards and ATMs, and the glut of deposits is pushing down capital ratios.

That leaves lending as the most likely source of revenue, DeLeon says. "Fortunately, first mortgages are booming, and people are taking advantage of low rates. Credit unions are doing a good job making mortgages and home equity loans."

Auto loans have also begun to rebound, especially in urban areas where people are avoiding mass transit, he notes. Though captive finance companies command the new auto loan market, CUs are positioned to do well with used auto loans.

What about delinquency and charge-off trends? "I think the simple answer is up," says Mark Rodriguez, chief lending officer of Partners Federal Credit Union. "Right now, delinquency is masked" by forbearance granted for up to 180 days, which was starting to end this fall.

DIFFERENT STARTING LINES

The view from two CUs with tourism-reliant memberships offers an example of the pandemic's uneven impact and the challenges in charting a path forward. At $626 million/91,000-member 4Front Credit Union (*4frontcu.com*), Traverse City, Michigan, the initial lending forecast was for beginning 2021 with a surge of pent-up demand that would quickly decline to a more routine pace. But as of early fall, "we have not seen standard volumes yet. We are still running higher than we had forecast for 2020" for loans across the board, says SVP/Lending Heather Carey, a CUES member. Thus, the CU's revised forecast is "a return to normal buying habits."

The CU's field of membership spans the upper half of Michigan's lower peninsula, where tourism reopened in May and businesses got a busy summer season as Midwesterners traveled closer to home.

"I think with people not being able to fly, we got even more tourism business, and the season was longer because people were coming from just a few hours away," Carey says. "We had restaurants and outdoor facilities open when nobody else did, so it really helped us rebound."

In contrast, the lending team and business intelligence specialists at $2 billion/181,000-member Partners FCU (*partnersfcu.org*), Burbank, California, face great uncertainty about when people will travel to parks and resorts. The CU serves the employees and cast members of The Walt Disney Company.

As of mid-October, Walt Disney World in Orlando was open at about 25% capacity, Disneyland in Anaheim was closed, and tens of thousands of members were on furlough with no income. Disney announced 28,000 layoffs at parks and resorts and furlough extensions for such shuttered business units as its cruise line.

EVP/Chief Operating Officer Chris Parker, who's been with Partners FCU for 14 years, says 2020 "is probably the most difficult year from a budgeting perspective we've ever had, and we expect the effects of the pandemic to continue to be with us throughout the majority of 2021."

BOOM IN RESIDENTIAL MORTGAGES

A bright spot is mortgages, in anticipation that the Fed will keep rates low for much of 2021, Rodriguez says. Partners FCU sees "a significant opportunity for the first mortgage product, both in refinances and purchase transactions. Even with a record year of refinancing in 2020, we still have about 20% of our servicing portfolio that is at above market rates that could refinance. And that's not to mention the dollars that members are bringing to us from external institutions ... as they refinance their mortgages with Partners."

On the other hand, many members are paying down their home equity loans or rolling them into their first mortgage refinancing, he notes. Even those members who are planning big home improvement projects are timing their refinance to cover those costs.

There was a sharp divide between the trajectory of commercial and residential real estate in 2020, says Steve Hewins, SVP of CUESolu-tions Bronze provider CU Members Mortgage (*cumembers.com*), Dallas, and that divergence is likely to persist in the coming year. The long-term demand for office space looks bleak as remote work takes hold. Retail store traffic was declining even before the pandemic, and a slow comeback for hotels and restaurants is forecast.

In contrast, "even with high unemployment and the GDP slowed to nothing, there was still a high demand for home mortgages with interest rates at an all-time low," Hewins says.

U.S. mortgage originations were expected to top $2.9 trillion this year, the most volume since 2005, driven largely by refinancing, Hewins says. A 2021 forecast in the $2.1 trillion range reflects the refi wave waning and an anticipated slight increase in home sales, which may be somewhat stymied by scarce inventory in some regions.

"At first with COVID, we thought, 'Well, that's going to be the end of purchases,'" he notes. "But Realtors got creative with virtual showings, and some buyers moved out so their houses could be shown without sharing the space with potential buyers."

The Canadian Real Estate Association (*crea.ca*), Ottawa, Ontario, also reported record home sales in July and August, but Moody's Analytics has forecast a 7% drop in housing prices in major markets in 2021. The analytics firm cited persistent unemployment, an oversupply of single-family homes in such cities as Calgary and Edmonton, and affordability challenges in Vancouver and Toronto.

AUTO LENDING OPPORTUNITIES

In polling of economic analysts, CUES Supplier member and CU Direct subsidiary Origence (*origence.com*), Irvine, California, has seen a consensus that new car sales in the United States will drop to around 13.8 million this year, a 20% decrease from recent annual total sales in the 17.2 million to 17.5 million range, says COO Bob Child.

In Canada, auto sales posted a 2.4% gain in September, halting a six-month decline, according to S&P Global.

For 2021, economists' forecasts gathered by Origence are in the 15 million range, an 8.7% increase over this year. This is consistent with the company's surveys of the large CUs using its indirect lending platform: About a third were forecasting auto loan volume in a range from no increase to 5% growth, while 42% were predicting 5% to 10% growth in their auto lending next year.

With captive auto lenders continuing to offer 0% interest and other incentives, CUs' greatest opportunity will be in the used car segment, Child suggests. Volume through Origence this fall was 75% in used vehicle financing. As of early fall, CU auto lending was down 14% for the year, but used car loans were only down 4%.

4Front CU did a steady business in auto, RV and camper loans over the past year, and Carey expects that pace to continue into 2021. The CU aims to provide more transparency and consistency around the loan decision process by providing members with their credit scores through its online banking portal, powered by SavvyMoney (*savvymoney.com*), and by pricing auto loans based on credit scores rather than on the model years of vehicles.

"That car doesn't pay you back. The person does. So, we base pricing on the ability to pay the loan," Carey says.

Older model cars are popular among 4Front CU members, as is their credit union's "liberal approval process" that recognizes some members have been through tough times recently.

"If members have proven to us that they have the ability and intent to pay, we want to do everything we can to get them into a car whether they fit into a perfect box or not," Carey says. "If you had a hiccup because you lost your job during COVID, well, that happens. We know our market, and we know how our members have struggled. If you want to buy an older car, more power to you."

4Front CU has customized a credit scoring model for approving loans that discounts smaller collection issues and late payments related to an isolated setback. National credit scoring models are just starting to recognize the impact of one-time incidents, "but that's something we've always focused on as an institution: It's called life, and it happens," she says.

"That car doesn't pay you back. The person does. So, we base pricing on the ability to pay the loan."

— Heather Carey

SERVICE LESSONS FROM THE PANDEMIC

There is great potential for a big lending lift for CUs with the will and resources to address service gaps that became more obvious as members shifted to remote channels, suggests CUES member Bernard G. McLaughlin, president/CEO of $840 million/60,000-member Point Breeze Credit Union (*pbcu.com*), Hunt Valley, Maryland.

"Right now, we're treading water because the pandemic has knocked the economy off," McLaughlin says. "And it's not just about members who've lost their jobs, but people who have jobs but aren't confident about spending yet. Once COVID goes away, demand should rebuild quickly."

The pressure on Point Breeze CU's contact center staff working from home has been enormous, with volume almost tripling as the pandemic took hold, he notes. Remote call center employees must be thoroughly trained to field diverse inquiries, from balancing checkbooks to fraud reports to suffering job loss to mortgage application.

Diverting calls to convenient self-service outlets is another means to alleviate this overload and improve service. Point Breeze CU is investing in improving its remote mortgage lending channel, with a goal to launch a fully automated application process in the spring of 2021. "It used to be that 80% of our mortgage applications were in person, and now it's flipped to 80% online," McLaughlin says.

Partners FCU has seen a similar shift, Parker says: In 2015, more than 60% of borrowers applied in person at a branch, while 12% signed into internet banking; this year, 39% of applications came from online and mobile channels, 31% by phone, and 30% in a branch. To keep pace with members' evolving preferences, the CU is rolling out improvements in the member lending experience in both its automated underwriting and digital applications.

Partners FCU partnered with CUESolutions Silver provider Experian (*experian.com*), Costa Mesa, California, to incorporate trended credit data and additional credit bureau information into the decision engine that powers its new customer acquisition model. The model combines findings based on loan performance from 100,000 Partners FCU applications to identify the borrower characteristics and trended data, which presents a view of credit standing over time rather than a single snapshot, Rodriguez explains. These credit criteria should more closely reflect the credit union's "unique membership," with its concentration of hourly workers in central Florida and Southern California, 60% of whom are classified as lower income.

"We've done the math on it and modeled it based on our membership and applications that we've received, and it looks like we could stand to deepen the number of approvals using this new model by about 4%," he says.

Partners FCU will also roll out new versions of its digital lending platform for online and mobile access, first for consumer loans and then for mortgage and home equity applications, to reduce the number of fields members need to complete and to incorporate more automated verification through third parties.

Working with its loan platform provider Temenos (*temenos.com*), the CU aimed to streamline the time to complete a consumer loan application from 25 minutes to 10 with its first rollout this fall—and then down to five minutes with the next iteration, Parker says.

4Front CU is launching an automated small business platform that will upgrade service to be more on par with its online consumer experience. That investment is intended to address one of the member service pain points identified in the early months of the pandemic: "It came down to staffing. Those people who are experts in business lending are fewer and further between, so we needed to build a platform to help walk employees who are maybe not as experienced in business lending through the process," Carey says.

Those improvements reflect the CU's commitment to convenient access, she adds. "There are times when our rates are higher in certain areas and we can still win the business because of our service. Our board and executive team support ease of use and winnowing down policies that might hold up the loan process."

ASSESSING FINANCIAL PERFORMANCE

Even as mortgage loan officers look forward to another busy year for new applications, servicing departments are gearing up to work with borrowers at the end of their forbearance periods. As of early fall, 3.6 million American homeowners, about 7% of all residential mortgages, had sought and been granted a three- to six-month moratorium on mortgage payments, Hewins says.

Auto loan delinquencies were actually down slightly for 2020, Child notes, but that statistic reveals only part of the picture. As of Aug. 18, according to Experian research, 5.4% of auto loans were under forbearance (CUs' forbearance rate was slightly lower than the industry average), with the OK to delay two to four monthly payments to the end of the loan term. That raises the concern that delinquencies could spike in early 2021 if those forbearance periods end before borrowers return to full employment.

Requests for forbearance from Partners FCU members began coming in April and continued into the summer. The CU started with a 90-day period. "We would do an additional 90 days, but at that point we requested some sort of documentation to show that they were still impacted by a furlough or unemployment," Rodriguez says. About 20% needed that extra period of forbearance.

"We're just trying to remain flexible," he adds. Partners FCU's mortgage subservicer, Cenlar (*cenlar.com*), "has sufficiently staffed up to cover mortgage collections and modification volume, and internally we leverage (CUES Supplier member) SWBC (*swbc.com,* San Antonio, Texas) to handle a portion of our consumer collections as well as scalable capacity for unanticipated volume."

Point Breeze CU serves many federal government employees. It has been somewhat insulated from the direct impact of the pandemic economy, but significantly increased its loan loss reserves in anticipation of a wave of delinquencies. Requests for forbearance were spread over several months and, as of September, "it hasn't slowed down," McLaughlin notes. "Every month we see another group of people coming in, so we're keeping our fingers crossed that we will come out of this in good shape.

"It's an amazing time, with both winners and losers in the current economy," he adds. "We continue to remain focused on our members and the challenges they have."

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

Other Trends Impacting *the Lending Rebound*

This momentous year has launched, accelerated and derailed—at least temporarily—a variety of trends that may have a sometimes-conflicting impact on the future of credit union lending. Here's a sampling:

Work-from-home revolution: By mid-2020, 42% of Americans were working remotely, according to an article (*tinyurl.com/stanfordwfh*) by Stanford economist Nicholas Bloom. The extent to which that trend persists has implications for auto loan demand if fewer people are commuting, as well as for commercial real estate loans and for home improvement loans as people remodel their work/living spaces.

Collapse of ride sharing: Major setbacks for Uber and Lyft could spell opportunities for auto lending and leasing. "There was a whole generation of potential car buyers who were willing to go all-in on ride-sharing, but now with health concerns about COVID, we're seeing more of that group looking to do leasing," suggests Mark Chandler, VP/business development for Credit Union Leasing of America (*cula.com*), San Diego. "That option offers the lowest payment to get into a car, and they can get the latest and greatest technology."

On the road again: High demand for recreational vehicles, campers and boats—the RV Industry Association (*rvia.org*) reported that shipments from July through August were up 25%—offer a big lending opportunity as vacationing members head for the open road rather than the airport.

Demand for speed and convenience: Tight housing inventory—Realtors.com reported a year-over-year 39% decline in listings in September—and a decrease in average days on the market are factors worth watching, says Omar Jordan, CEO of LenderClose (*lenderclose.com*), Des Moines, Iowa. And those trends underscore the need for credit unions to keep pace with their mortgage competitors by streamlining service delivery through such advances as remote online notarization.

Even before the pandemic, asking members to drive to a branch or title company to sign loan documents felt like an imposition, says CUES member Stefanie Rupert, CIE, president/CEO, $1 billion/90,000-member Collins Community Credit Union (*collinscu.org*), Cedar Rapids, Iowa. Members have been appreciative of the option for remote closing, and Rupert expects this service to grow in popularity among members "who either don't want to come into the branch or whose schedules can't accommodate normal business hours."

Government relief efforts: Federal and state efforts to assist consumers through the pandemic have a direct impact on how credit unions manage their portfolios. The Federal Housing Finance Agency announced in August (*tinyurl.com/fhfaextension*) that Fannie Mae and Freddie Mac would extend their moratorium on single-family foreclosures and real estate-owned evictions until at least Dec. 31.

In another example, the state of Maryland placed a moratorium, with no end date, on financial institutions repossessing vehicles because of delinquent loans, which means auto loan charge-offs will be higher for Maryland banks and credit unions because lenders won't be able to recoup vehicle value until court orders to repossess the secured property are issued, notes Bernard G. McLaughlin, president/CEO of $840 million/60,000-member Point Breeze Credit Union (*pbcu.com*), Hunt Valley, Maryland.

CECL delay: One challenge credit unions won't need to deal with immediately is the new current expected credit loss standard, which has been delayed until 2023, says Allen DeLeon, CPA, founding partner of the accounting firm DeLeon and Stang (*deleonandstang.com*), Gaithersburg, Maryland. The rules for projecting credit losses would have required credit unions to "front-load their loan losses for a one-time impact on their earnings and capital, so this delay gives them some time to get back on their feet, if necessary, before they need to comply."

The CECL standard was drafted in response to the extraordinary factors underlying the 2008-09 Great Recession, which don't apply to the current, COVID-19-related downturn, DeLeon suggests. National Credit Union Administration Board Chair Rodney Hood is among industry advocates calling for credit unions to be exempt from these standards.

MORE ON LENDING TRENDS

Six Strategies to Make the Most of Lending in 2021 (*cumanagement.com/1120sixstrategies*)

Lending Perspectives: Is Your Auto Lending Strategy 'COVID-19 Proof'? (*cumanagement.com/1020lendingperspectives*)

Loan Zone: The 5 Cs of Credit May Never be the Same (*cumanagement.com/1020loanzone*)

The New Normal of Mortgage Lending (*cumanagement.com/0920newnormal*)

COVID-19 Puts Two Big Pressures on Credit Unions: Deploy Capital and Transform Digitally (*cumanagement.com/0920twobigpressures*)

Closing *the Gaps*

CREDIT UNIONS HAVE FORTIFIED THEMSELVES AGAINST CYBER INVASIONS. NOW THEY ARE REINFORCING WEAK SPOTS.

BY RICHARD H. GAMBLE

When the scope of the COVID-19 pandemic became clear and businesses closings were ordered, it was an "OMG" moment for the people responsible for making credit unions work in the physical world. It was mostly not an OMG moment for the people responsible for making CUs work in the virtual world, particularly those responsible for anticipating and preventing cyberfraud. The OMG moments for them came years ago with the security breaches of large databases and the massive availability of confidential member data on the dark web. By 2020, CUs had already fortified against cyberthreats; they mostly needed to watch for cracks.

That's more or less what CUES member Brett Engstrom, CIO of $4.9 billion Veridian Credit Union (*veridiancu.org*), Waterloo, Iowa, has observed this year. The successful attacks are targeting members directly, primarily through phone calls and email, more than hacking into large databases, he explains. The techniques are familiar, but the messages and situations have changed.

"In March and April," Engstrom says, "we saw a lot of phishing with fraudsters contacting members telling them that someone diagnosed with the virus had identified them as a person with whom they had been in contact." To arrange to be tested, there was a link to click, and that's how fraudsters got into the member's computer. Even normally cautious members fell for the ruse, he reports.

Now members are getting messages about the availability of vaccines, he notes. And the old scam that the member's credit card has been compromised and the fraudster can block the account and reissue a safe card sometimes still works.

OPPORTUNISTS, NOT ESCALATORS

Just because a fraud technique has been around for years doesn't mean it's not a threat. "Phishing has become the biggest problem," says CUES member Murshid Khan, CIE, SVP/CIO of $3.8 billion TDECU (*tdecu.org*), Lake Jackson, Texas. "It's out of control." COVID-19 has made worried members more responsive to apparent messages from their banks and credit unions, he explains, and staff working from home are more dependent on remote communication where clever emails or text messages could trick them into opening systems to fraudsters.

The past successful hacks of big databases outside credit unions have meant that many consumers' confidential information—names, addresses, phone numbers, email addresses, Social Security numbers, even account numbers—is out there, available for sale to anyone, says Nick Evens, president of The Veridian Group, an innovation credit union service organization wholly owned by Veridian CU. The credit union's own systems have not been breached, he explains, so the stolen data is not linked to the CU until a member makes that connection.

The constant battle to maintain cybersecurity is often seen by CU executives as a never-ending escalator on which criminals keep developing newer, more sophisticated ways to defraud credit unions and their members—and on which CUs keep developing newer, more sophisticated ways to stop them. But that's not really how it often works, notes Paul Love, chief information security and privacy officer at CUES Supplier member CO-OP Financial Services (*co-opfs.org),* Rancho Cucamonga, California. In many cases, cyberfraud is less about innovation and having the latest high-tech tools than it is about criminals exploiting shifting points of weakness and attacking them with familiar weapons like phishing.

To find an emerging point of weakness, credit union managers need look no further than their call centers, Love points out. "Many call center workers are feeling stress," he notes. It's coming from service representatives trying to protect themselves and their families, from increased childcare responsibility, from the surge in calls from distressed or confused members, from adjusting to working off-site and from a mandate to accommodate members whenever possible.

"Some of the workers are reinforcements with limited experience," Love continues. "When the queues of waiting members get long, there's pressure to move along, to maybe not take one more discretionary check. Fraudsters are impersonating members with credible distress stories, hoping to push through in the crush."

Attacks on servers and databases don't appear to be surging now, he adds. "It takes resources to crack a server or a cloud host, and fraudsters usually are looking to grab the most money with the least effort," Love explains. "The word among security pros is that the big systems are well protected, but we can never rest on our laurels."

AVOIDING DISRUPTION RUPTURES

The coronavirus threw credit unions into a state of transition, and that attracted cybercriminals' attention, notes Mark Arnold, VP/advisory services for Denver-based Lares (*lares.com*), a credit union-oriented data security firm. "Some areas were understaffed," and connections to the cloud were sometimes changed. "It's always easier to steal things on moving day," he observes, although he adds that while attempts were up, he has seen no indication that actual fraud losses have increased.

Staff working from home during COVID-19 has definitely opened opportunities for cyberfraudsters, notes Massud Zahir, VP/member services for the $554 million Department of Commerce Federal Credit Union (*docfcu.org*), Washington, D.C. "Using social media and things like LinkedIn, it's easy for fraudsters to see where people are working and to get email addresses." A work-from-home employee could get a message, apparently from IT, telling them they are receiving a new tool and to click on a link, he explains. The message comes in on a laptop that the credit union has provided, so the employee thinks it's legitimate and clicks, and the fraudster gets into part of the CU's systems.

> **"It takes resources to crack a server or a cloud host, and fraudsters usually are looking to grab the most money with the least effort."**
>
> – Paul Love

The employee at home may be more relaxed, more separated from direct contact with IT, perhaps missing some of the filters and security software that were installed on equipment in the office, Zahir notes. This creates a weakness fraudsters have been quick to exploit.

Email systems are particularly vulnerable. "We're always going to contend with fake emails," reports Justin Copling, VP/information security at $907 million Vibrant Credit Union (*vibrant creditunion.org*), Moline, Illinois, formerly Deere Employees Credit Union. "We do our best to stop them, but some inevitably get through. Some appear to come from our CEO. Ultimately, the best way to stop fraudulent internal emails is to train staff on what to watch for and how to respond."

Since fraudulent emails can replicate the look of legitimate emails, it's important to change the design of templates and signatures from time to time to stay a step ahead of the fraudsters, he suggests.

TDECU combats the threat of phishing attacks by investing in email gateway technology, says Khan, and by constantly training employees to recognize phishing attempts.

But another significant cybersecurity challenge TDECU faces is email compromise from external business partners. These emails arrive from the trusted partner's email account and often leverage ongoing conversations. Another email-based cyberthreat is spoofing—like urgent messages apparently from the CEO or CFO's address asking the employee to expedite a wire transfer. These emails can look exactly like the real thing even though they originate from outside the CU's system, Khan says. "Thieves know how to create the messages and where to send them. We had one of those attempts last summer," he recalls, "but the employee had been trained and knew it wasn't legitimate, so we stopped that one."

Email accounts of business members also are a particular concern, says Heath Stanley, director of virtual information security at Vala Secure (*valasecure.com*), Plano, Texas. "Fraudsters like to take over the inbox of a business member or credit union user and harvest the content, either to intercept or generate emails or to get the contacts and use them for more phishing attempts," he notes.

Vibrant CU has been able to block most attacks, Copling reports, but one fraudster did manage to take over a member business account and get away with $60,000—most of which was recovered. "But it did hurt the business," he says.

THE IMPORTANT THIRD STEP

Credit unions need to do three things to be cybersecure, says Chris Sachse, CEO and founder of CUES Supplier member Think|Stack (*thinkstack.co*), based in Baltimore:

1. Install and update fundamental fraud-prevention safeguards and monitor them 24/7 to be sure they continue to work as designed and needed. Most CUs have done this, although it's a job that can never be finished, he notes.
2. Train users, including staff, members and vendors. Again, most credit unions have done this, although training needs to be reinforced and tested monthly, he recommends.
3. Put incident response plans and teams into place. Credit unions need to pay closer attention to this step. Most CUs have *not* done this adequately, Sachse warns, even if they think they have.

While security-conscious credit unions are always happy not to fall victim to breaches and accompanying ransom demands, they should expect one to happen soon and know exactly what they will do when it occurs, he advises.

Case in point: Think|Stack has been called in about five

Big Protection *on a Small Budget*

Cybersecurity takes time and money, which poses a challenge for many credit unions. So how are they keeping up?

Outsourcing is one answer. To keep up with the demands of cybersecurity, $3.8 billion TDECU (*tdecu.org*), Lake Jackson, Texas, has engaged the services of a third party for security operations center services. "We've kept the security strategy, architecture and policy decisions in-house but outsourced the part of operations," explains CUES member Murshid Khan, CIE, TDECU's SVP/CIO. "There's just too much volume for us to process internally with our time and tools. The SOC vendor uses tools like artificial intelligence to automate high-volume processing so they can screen and monitor all those transactions efficiently." The SOC provider sends alerts to the CU but also has the authority to take direct action when needed to block suspected fraud. Due to continued refinements, the level of false positives "has improved a lot in the past year," he adds.

The scale of cyberprotection has reached the point that the $554 million Department of Commerce Federal Credit Union (*docfcu.org*), Washington, D.C., is also looking for a partner. "We can't staff and operate our own security operations center any longer," says Massud Zahir, VP/member services. "We're negotiating with a partner that has the resources—the personnel and the technology—to monitor our activity 24/7. At our size, it makes more sense to partner than to build our own. They will have access and authority to respond to threats against us. If there's an attack at 3 a.m., they can locate a breach and shut it down for us."

While the partner had not yet been chosen at press time, Zahir says he has been talking with Defense Storm (*defensestorm.com*) and looking at solutions from RSA (*rsa.com*), Trend Micro (*trendmicro.com*) and Carbon Black (*carbonblack.com*).

Department of Commerce FCU also uses vendors for timely advice. Case in point: Beazley Insurance (*beazley.com*), which provides ransomware insurance for the credit union. "They are experts at best practices," Zahir notes. "We talk to them about it every quarter or at least twice a year. They're good at telling us what to do to stay on the leading edge."

Hiring is another option that is within reach for some. $907 million Vibrant Credit Union (*vibrant creditunion.org*), Moline, Illinois, is building security expertise in-house rather than turning to third parties, reports Justin Copling, VP/information security. "We hired one data scientist recently, and we do a lot of training," he explains. "You always need to emphasize training. Even the experts lose their edge if they don't continue training."

The internal anti-fraud workload at TDECU continues to grow, even with an outsourced SOC, and Khan reports doubling his security team in the past three years. He only hires seasoned operations pros with security experience. "It's too risky to hire and train inexperienced people," he says. "They have to be sharp from day one." This approach is evidently working. TDECU won a 2020 CSO50 award (*csoonline.com/awards*) for "risk and security excellence," sponsored by the International Data Group (*idg.com*).

Those who can also spend on technology. Vibrant CU is charging ahead with high-tech security tools. "We made a big investment in security using AI in the past year," Copling says. "We're trying to stay in the forefront of security technology, and we're getting good support from the top." The credit union has not experienced the belt-tightening that has hit some CUs due to COVID-19 fallout. "We certainly have to justify our spending," he concludes, "but the money is there."

Investing in training resources and technology—for all staff, not just IT—is another way to stay on top of security. That's where companies like TRC Interactive (*trcinteractive.com*), Harrisburg, Pennsylvania, come in. The 48-year-old firm offers online training for banks and credit unions. For tellers, the training can be quite detailed. Take check deposits, for example. "We present them with a check like they would receive for deposit," explains CFO Jay H. Bowden. Trainees examine the check, front and back, and decide whether to accept it for deposit. After trainees cite reasons, the program tells them whether they made the right decision and whether it was for the right reasons, he says. Then they are shown the consequences of their decision. "The goal," he explains, "is to keep front-line staff aware of current fraud practices and equipped to stop them."

CUES now offers TRC's First Line of Defense™ product to credit unions. Learn more at *cues.org/firstline*.

"He was navigating the website in an odd manner … like he was listening and responding to someone directing him. His behavior was off, so we could trigger alerts and prevent the fraud."

– Dave Excell

times this year to help clients deal with breaches. Inadequate preparation has hurt legal and PR performance and has led to unhappy surprises regarding ransomware insurance coverage, Sachse reports. CUs typically have legal counsel and a PR operation, but they haven't considered just what is required after a breach. Without a playbook, they have to scramble when a quick, decisive, prudent reaction is what the situation calls for. "It helps to do tabletop exercises and sit down with legal and PR and talk through scenarios and plan who does what when a breach occurs," he advises.

And simply having insurance may not be enough. "We've worked with credit unions that have cyber insurance," Sachse says. "They've checked that box on their security plan. But they haven't paid enough attention to just what their exposures might be and what their coverages are. They can be disappointed to discover that they are inadequate."

Even if coverage is adequate, a breach brings in recovery teams to rebuild and investigate. The insurer will expect to send in claims adjusters, often at a stressful time. It's possible, Sachse says, to negotiate arrangements with many insurers to identify a team of independent, preapproved incident response investigators that can satisfy everyone.

Credit union leaders tend to think of a breach as a business continuity challenge, Sachse says, and that their BC plan—probably built around natural disasters—will cover the situation, but they're only partly right. "It might not be quite up to dealing with a cybersecurity breach."

The midst of a crisis is not the time to plan. Sachse cites the example of the Capital One security breach back in 2019. "They reacted spontaneously," he notes. "They failed to trigger attorney/client privilege around a lot of emails that were flying back and forth, so those became public and caused no end of headaches and bad press and probably increased the fines they had to pay."

In contrast, he recalls a Think|Stack example: "Our systems identified an alert at one of our clients at 4 a.m. on a Friday. We weren't able to contact a CU executive at that hour, so we took decisive actions, shutting down systems. We had approval to do that in our contract and had a playbook for such situations. Without such a stop in place, credit unions' systems could remain vulnerable."

DETECTION TOOLS

Even when the fraud is not high tech, high-tech authentication tools such as voice recognition can prove useful. (See "Tech Time: Counter-Espionage Measures" at *cumanagement.com/1120techtime*.) And while many automated fraud screens focus on transactions, it's possible to focus on the person instead and identify likely "good guys" and "bad guys" with technology called adaptive behavioral analytics, according to Dave Excell, founder of Featurespace (*featurespace.com*), an enterprise financial crime software company with Cambridge University roots.

For example, "We had a case where fraudsters had convinced a consumer over the phone that his accounts were compromised, so he instructed the financial institution to redirect his balances," Excell says. "The consumer was the legitimate owner of the account, so of course he could pass the normal authentication tests. But he was navigating the website in an odd manner, moving slower, clicking on different pages, like he was listening and responding to someone directing him. His behavior was off, so we could trigger alerts and prevent the fraud."

A person's online behavior can become a virtual fingerprint, Excell adds. "A person has characteristic ways of keying, like fast-keying very familiar data, and ways of moving a mouse. They have characteristic ways of generating email or replying to emails like the words and sentence structures they use. With machine learning, computers can notice such fine details and build a profile of a person's normal behavior, even noting how they sometimes deviate when situations change," he explains. "It's a potentially smarter way to detect fraud."

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

MORE ON CYBERSECURITY

Tech Time: Counter-Espionage Measures (*cumanagement.com/1120techtime*)

Considerations for Building a Cyber-Secure, Innovation-Ready Infrastructure (*cumanagement.com/video082420*)

Testing Fraud Defenses (*cumanagement.com/0720fraud*)

Get an Early Drop on the 'Deepfake' (*cumanagement.com/0720deepfake*)

Don't Be the Weakest Link (*cumanagement.com/0120weakest*)

The Ransomware Threat (*cumanagement.com/1219ransomware*)

First Line of Defense™ (*cues.org/firstline*)

Bring Member Preferences *Into Focus*

WHAT IS THE FUTURE OF MEMBER EXPERIENCE AFTER THE PANDEMIC?

BY BRYN CONWAY, MBA, CUDE

When we entered the first year of this decade, the amazing year of 2020, many of us did so with boundless enthusiasm. It seemed like such a fruitful opportunity to see our business with crystal clarity. It is with 20/20 vision that we all strive to see the world, after all. This year would be one filled with countless comparisons to bringing issues into plain sight, seeing a clear path to growth and achieving precision in focus as we looked to the next decade of serving members and growing our credit unions.

Instead the year unfolded in a way that was unforeseen and in which most of us were left feeling that we couldn't believe our eyes. The strategic plans, budgetary projections and project lists that we'd so carefully crafted in 2019 planning retreats were gone in the blink of an eye. Most of us kept looking on the bright side and hoped for a speedy end to economic shutdown measures or the need to social distance and longed-for business as usual. However, by the end of summer, it became clear that the pandemic was going to have lasting effects on consumers' financial behaviors, attitudes and expectations of the member experience.

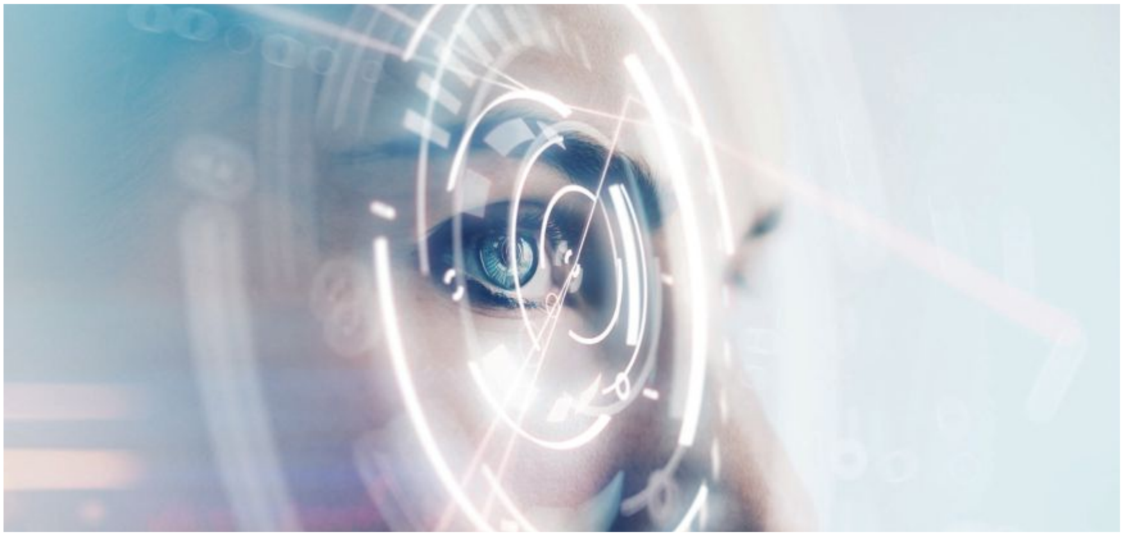
BEHAVIORS REMAIN DIGITALLY FOCUSED

For years, companies have been offering consumers the option to do business both online and in person and have mostly left the delivery up to consumers and their preferences. But when the in-person option was eliminated, the move to embrace digital service delivery and contactless—or in most cases, less contact—delivery service emerged as the only way to do business. After partial reopenings and limited in-person options, we are learning that consumers' shopping and behavior patterns continue to favor less contact.

An FIS study (*tinyurl.com/yyqcke5q*) asked consumers what they will do and how they will behave after the pandemic and found that 40% will continue to choose online shopping options over in-store, 38% will continue using food delivery and takeout services, and 29% will use grocery delivery or curbside pickup moving forward. Specifically linked to banking, the study found that 45% of respondents said interactions with their financial institutions have been permanently changed, with:

- 31% reporting that they will use more mobile and online banking options going forward;
- 45% saying that they have used a mobile wallet; and
- 31% suggesting they would continue to use digital payments over checks and cash from now on.

Consumers have demonstrated a clear willingness to utilize digital service after the pandemic.



ATTITUDES ARE DIVERGENT

Whereas consumer behavior shows a permanent change in preference toward increased use of digital service, how consumers feel regarding the pandemic and their personal financial health has two distinct camps. In a J.D. Power study (*tinyurl.com/y2dttggv*), one in four Americans said their financial stress has increased a lot during the pandemic, and one in three said their financial stress had increased little.

Another report, the MRI Simmons' COVID-19 Consumer Insights Study (*tinyurl.com/y2xxt6r8*), further explored those attitudinal differences and found that consumers had two defining viewpoints: nervous or accepting. Those who were nervous, 34% of participants, felt that the pandemic had forever altered their world and were uneasy. The accepting viewpoint group included 66% of the respondents, and they believe in fate, as in whatever is meant to be will be.

Not surprisingly, the nervous group was much more likely to adopt the attitude of "live and learn," and the accepting group was of the mindset of "we'll bounce back to normal" when asked about the future. Asked about their actions post-pandemic, a majority of both groups—52% of the accepting and 76% of the nervous group—said they will change permanently. Understanding the difference in member attitudes will be imperative for credit unions as we position ourselves to meet members' unique needs in the months and years to come.

How consumers behave and their attitudes about the pandemic and the future offer us insight into the expectations of member experience moving forward. The opportunity is now for credit unions to become laser-focused on meeting and exceeding member expectations. Here are three focus areas that warrant effort:

RETHINK PERSONAL SERVICE

Before the onset of the pandemic, we typically viewed our branches as the primary channel and the means to provide personal service. Our branches were where members came to do transactions, meet with a loan officer, open an account and ask questions. Not anymore. Our lobbies, if open, are partitioned and have limited capacity, while we ask members to maintain social distance, wear masks and avoid contact as much as possible.

The FIS study cited previously found that consumers will continue to bank at a distance, with 33% reporting that they will continue to use the drive-thru rather than enter the lobby; and 25% of consumers will continue to use the call center rather than a branch location. To meet member needs and provide a good member experience, we'll need to shift from our view of branches being the primary delivery channel for personal service to looking through a different lens. As members have been forced to use more digital services in 2020, they've also seen how companies have utilized data to offer a personalized experience virtually. This realization has set the expectation that personal service can be done well digitally and not just in person.

Think of personal service as personalization based on relevant engagement and connection rather than the need to be physically together. Before the pandemic, we relied heavily on the in-bound aspect of member experience. To see personal service through a different lens, look at how you can make connections with member behavior and attitudes and create outbound aspects to your experience.

Use member data and put it to work helping you make relevant connections. It doesn't need to be overly complicated to be effective. Reach out with a simple email survey, for example, and ask members a couple of questions about how they are feeling regarding their financial health. Next, ask them if they'd like to schedule a call or video chat with a credit union representative. Let them know you'll follow up. Provide a simple, personalized and relevant non-promotional offer to help them solve their problems.

Rethink and adapt member service across your delivery channels as well. Explore ways to connect members with the same representative every time, whether they call or make contact via email. If a member misses talking to Betty on the teller line, find a way to route that member to Betty on the phone or in a video chat. This will help build the member connection. Since there is already a level of familiarity, the representatives can ask relevant questions and offer more personalized solutions. Study your technology for how you can bring personalization into each delivery channel.

MAKE SIMPLIFICATION YOUR POINT OF VIEW

If it's possible to find a silver lining from the pandemic, it's that as financial institutions we were forced to upend our daily, in-the-office service focus. We had to find ways to serve our members and keep our operations moving in a new remote environment. Traditional means of opening accounts, taking loan applications and even processing payments had to be reimagined and simplified in very short order. Now that we've moved to a more hybrid model of in-the-office and remote work, don't let your point of view regress to the old way of doing business.

A PwC report of retail banking strategies (*tinyurl.com/y26lggrg*) advised that the top priority for financial institutions is to review processes from end to end. I suggest you do it now. Waiting to do this work will cost you more in the long term and put you at a competitive disadvantage. All financial institutions, big or small, credit union or bank, experienced the exact same disruption during the economic shutdowns. The pandemic has leveled the playing field for financial institutions on experience and processes. The only way to stay relevant is to permanently make simplification your farsighted point of view.

Start by looking at the fundamental member experiences that drive revenue for your organization. Take the time to examine the top three to five member journeys to understand where there are obstacles and hiccups. Find opportunities to digitize steps in the process and, even more importantly, reduce the number of steps members must do. Simplify their experience.

The pandemic has leveled the playing field for financial institutions on experience and processes. To stay relevant, make simplification your farsighted point of view.

MORE ON MEMBER EXPERIENCE

Putting You First (*cumanagement.com/1120first*)

Demystify the Digital Consumer Journey to Grow Loans and Deposits (*cumanagement.com/whitepaperjourney*)

Embracing the Member Experience Amidst the Coronavirus Pandemic (*cumanagement.com/0520embracing*)

How Can You Meet Members' Needs With Your Data 'Power Drill'? (*cumanagement.com/podcast101*)

How to Rebalance Branches Now That the Pandemic Has Accelerated Digital Use (*cumanagement.com/podcast98*)

Now that we've moved to a more hybrid model of in-the-office and remote work, don't let your point of view regress to the old way of doing business.

For example, if you are looking at processing loan applications, understand what information is absolutely crucial for members to provide for you to process, decision and disburse the loan. Also, analyze how are you communicating with the member and how many times and to what end are the back and front offices needing to pass an application back and forth. If you established unique products and services to help members during the shutdown, use those as models to simplify the experience in the areas of the highest importance and those fundamental to growth.

The pandemic also forced a re-envisioning of employees' roles and positions. For many years, credit unions have talked about the idea of more universal roles, and we've explored ways to better cross-train employees to expand their knowledge and depth of operational tasks. The pandemic pushed those needs to the forefront. Examine the role shifts and performance of your employees during the pandemic and find what worked well for them and for your members. Focus less on what a position does task-wise and more on what contributions the employee can make to the member experience and overall organizational success. The point of view for all employees should be based in seeking simplification.

KEEP TRUST IN YOUR LINE OF SIGHT

Credit unions have always been different. Our members typically rate us highly from a member satisfaction standpoint, and many choose us because we are not-for-profit organizations that are perceived to be mission-, member- and community-focused. That focus of "people helping people" is even more important in the eyes of members and potential members in these times of uncertainty.

A PwC survey (*tinyurl.com/yyurtsbz*) found that financial institutions' actions during the pandemic have affected trust and loyalty as well. Of those surveyed, one in three said they had been considering a switch before the pandemic, but because of their financial institution's actions in 2020, they had no intention of leaving. The reasons for staying include an increase in trust felt for their financial institution because of the community involvement and the personal communication during the pandemic. The survey also showed that credit union members were the most loyal and least likely to be moving their financial relationship, with only 8% of members saying they'd consider making a switch. We should celebrate that but not rest on our laurels, as we look for ways to keep trust in our line of sight.

As the economic shutdown measures took hold in the spring, we turned our focus to communicating our COVID-19 response to members. Now that we are past the initial months of the crisis, we need to maintain that member focus, keep communicating and position ourselves to help. According to NerdWallet (*tinyurl.com/y3kotobp*) three out of four Americans said that they would change their financial behavior after the pandemic. Also, a Phoenix Synergistics study (*phoenixmi.com/syg-home*) found that consumers were interested in getting financial counsel from their financial institution, but only one in five had asked for help.

Start providing content focused on information and education rather than promotion. For example, position your lending offers as a way to help members save. Talk about how refinancing an auto loan could put more money in their month and then add up the savings to show how much a lower monthly payment could save them over a year. Find a way to weave financial education messaging into all your communications so you are providing financial advice in a relevant way and maintaining members' trust in your credit union.

Now more than ever, consumers are looking to do business with brands that put people over profits, according to an eConsultancy report (*consultancy.com*). This does not mean that you need to show up with the big check. That's not the expectation right now. But your members do need to see that you are supporting your community. Help spread the word if your local food bank needs help or there is a community-wide call to give blood. Provide your staff opportunities to volunteer and, as a CU, support your community where and how you can.

Though our original vision for 2020 has been greatly altered, we have learned a lot about how our members behave and feel regarding their finances. It's up to us to bring that understanding into focus to shape our member experiences and to construct meaningful relationships that will continue long after the pandemic has become hindsight.

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

Pete Hilger

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What are the top issues for credit unions today?
Right now, many credit unions are focused on how to build strong lending and risk strategies for 2021. However, it is difficult to predict the precise long-term impact of the pandemic, so building strategies that address these unknowns can be a stressful endeavor for credit union leadership, especially when evolving competition and member expectations continue to create their own set of obstacles. In addition, credit unions continue to face challenges with regulations, technology, payments, servicing and security.

How can credit unions be more successful?
Even though the full impact of the 2020 pandemic crisis is not yet known, credit unions are very capable of developing bold, creative strategies that address lending, risk and member growth challenges, in both the short and long term. For lending, digital servicing tools, expanded loan offerings and omnichannel marketing will help drive new growth. For risk management, smart strategies include proactively assessing and preparing for near-term risks, enhancing borrower communications and outsourcing collections. The key is to consider factors that will not change—and build core strategies that address those needs.

How is Allied Solutions making the credit union industry stronger?
At Allied Solutions, we are passionate about helping credit unions conquer ongoing challenges to build revenue, membership and trust. Our unique approach enables us to support the successes of our clients and the credit union industry. We continue to monitor evolving market challenges so we can deliver solutions and education that help credit unions to navigate evolving needs. Through advocacy, protection, innovation and results, we continually help the credit union industry remain competitive. The road to recovery might be a long one, but Allied Solutions is committed to helping the industry grow, protect and evolve, now and beyond the pandemic.

Emerging Tech: *What's New, What's Next*

PANDEMIC LIFE HAS HIGHLIGHTED THE NEED FOR AGILITY AND EMBRACING OPPORTUNITIES—INCLUDING GETTING ON BOARD WITH RAPIDLY EVOLVING TECHNOLOGY.

BY STEPHANIE SCHWENN SEBRING

Artificial intelligence, big data, cloud computing and blockchain—all of these technologies and more continue to evolve at an accelerating speed, spelling big changes for the financial services industry.

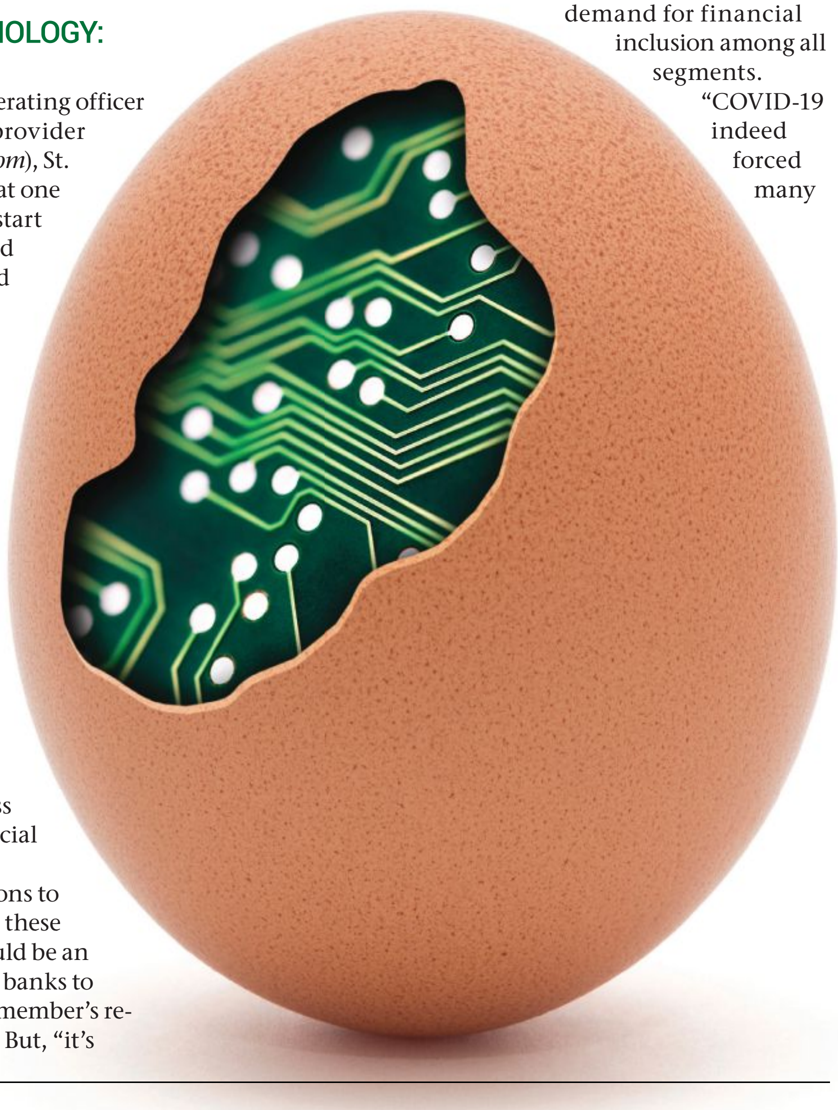
As COVID-19 rocked our world, it revealed the cracks in how we conduct our everyday lives, and for credit unions, in the ability to provide a smooth, uninterrupted member experience. Here's what industry experts have to say about the current and future technologies that can propel CUs through the ongoing crisis towards growth.

THE STATE OF TECHNOLOGY: 12 TO 18 MONTHS

Tom Gandre, EVP/chief operating officer of CUESolutions Bronze provider for payments PSCU (*pscu.com*), St. Petersburg, Florida, says that one clear concern raised at the start of the pandemic was limited branch access and restricted ability to communicate with members. "The result was contact center volumes increasing 30-50% over historical rates. And without the right technology, credit union leaders quickly realized the pandemic could place untenable stress on their institutions."

Members who relied on the branch previously may be using mobile and digital banking for the first time, which presents an opportunity to provide another touchpoint and access to you—their trusted financial partner.

"It's critical for credit unions to get this moment right with these initial experiences, as it could be an opportunity for challenger banks to swoop in and capture that member's relationship," Gandre warns. But, "it's also an opportunity for credit unions to leverage their superior remote channels—mobile and digital—and fulfill both immediate and future needs."



In the near future, Shazia Manus, SVP/chief strategy & business development officer for CUESolutions Platinum provider AdvantEdge Analytics (*advantedgeanalytics.com*), Madison, Wisconsin, sees financial service providers focusing on partnership development with fast-moving fintechs to address the opportunities presented by COVID-19. She notes the need for accelerated digital and contactless banking, members' desire for greater personalization and the growing demand for financial inclusion among all segments.

"COVID-19 indeed forced many

"The pandemic has both accelerated and postponed different areas of innovation for credit unions."

–Tom Gandre

consumers to adopt new, remote-style behaviors, and a lot of them came away enjoying the experience," reflects Manus. She points to PSCU's weekly transaction analysis for the week ending Sept. 27, when card-not-present debit purchases at restaurants increased 112% year-over-year (*tinyurl.com/yye9mejp*). "More people are taking advantage of mobile order-ahead and curbside pickup. Instacart (an online grocery ordering and delivery service based in San Francisco, *instacart.com*) sales have skyrocketed, putting them in talks with banks" ahead of a potential initial public offering.

Subsequently, consumers want matching options from their financial providers. "A recent TransUnion study showed 40% of consumers said they're using digital platforms more frequently since the COVID-19 outbreak," she notes. "Sixty percent said they now conduct most of their financial transactions on mobile applications (*tinyurl.com/y6ebzo5q*)."

A credit union's success in increasing digital engagement requires a "digital-first" approach to ensure offerings are on par with or better than those offered by other financial institutions, says Gandre. CUs must also identify how members want to interact and align their offerings accordingly. "Understand what 'jobs' your members want to get done and in the fewest steps from both a speed and convenience standpoint," he stresses. "Plot the member journey—every left turn and right turn—to enhance the experience."

Additionally, while COVID-19 pushed many tech-resistant members to engage via digital means, Manus says credit unions should continue to review the online and mobile behaviors of members.

"Behavioral intelligence can also lend credence to a credit union's investment in technology or experience upgrades," she adds. For example, "understanding how many remote deposit capture transactions were initiated but never completed may indicate the [mobile] app needs a new RDC feature or user education."

PAYMENTS, FRAUD AND ONLINE ORIGINATION

Gandre believes fraud management should be at the core of a credit union's efforts to formalize its digital strategy. Taking this approach will ensure members feel safe and secure. "This is especially important as card-not-present transactions and in-app purchases continue to increase," he notes. "PSCU has seen a 10% increase in volume across its fraud detection systems since the start of the pandemic."

It's also important to evaluate new forms of authentication, such as biometrics and AI, for heightened security while delivering a more frictionless experience, he adds. "Educate members around the convenience and security of digital payment offerings."

Gandre says some of the biggest game-changers impacting fraud and payments are digital issuance and push-provisioning. "For digital issuance, members have gone from waiting days to get a replacement card in the mail to [getting] a digital replacement in seconds. Members can then push it into their mobile wallets or payment apps, ... providing real- or near-real-time access. As more merchants turn on their NFC (near-field communication) technology, expect to see an increase in contactless card usage and mobile wallets.

"Solutions continue to evolve toward the goal of real-time payments with The Clearing House (*tinyurl.com/rtptch*)," he adds.

Blockchain technology is also revamping the payments landscape—including allowing for faster settlement for wire and ACH payments. John Meyer, senior director for CUES strategic partner Cornerstone Advisors (*crnrstone.com*), Scottsdale, Arizona, notes that "it can often take days and lots of fees from correspondent banks to send money internationally via a wire. With the distributed ledger capability, a private blockchain could shorten that settlement to minutes with almost no fees."

COVID-19 has also accelerated the need for broader online account origination capabilities. While many institutions have deployed online deposit account origination, Meyer submits that few have gone beyond an online loan application—so far. "To keep pace, more of the online loan origination process needs to be automated," he says. "It can include qualification, decisioning, pricing and onboarding. Each area will also lean into emerging technology for better user-identity verification."

There is one persona that's already feeling the impact of technology: the mortgage borrower. As the housing market continues to sizzle, Manus says contactless lending is picking up steam. "In the spring and summer, we saw many states ... kick the approval of remote online notarization into high gear. As a result, a sizeable investment is funneling into the digital lending space. At least one report expects the global digital lending platform market size to reach above $11 billion by 2025 (*tinyurl.com/y4am8erj*)."

THE RISE OF APP-BASED BANKS

Ron Shevlin, manager of fintech research for Cornerstone Advisors, has written extensively about the surge of digital banks, like Chime (*chime.com*), in the midst of the pandemic. In contrast, CUs and community banks are falling behind these non-traditional institutions in terms of online account origination. During the first half of 2020, Shevlin notes that digital banks grew by 67%. Today, more than 14 million Americans use a digital bank as their primary financial institution. When choosing a new banking relationship, Shevlin says digital banks were selected more than 18% of the time, while credit unions were selected only 8% during the same period.

The conclusion: Credit unions should worry if their member experience does not match the digital bank experience, especially with online account opening.

However, while app-based banks often focus on a single product, credit unions excel at delivering a suite of products to members, says Gandre. "For the most part, credit unions still have the advantage of owning most of their members' share of wallets," he notes. But, "the ability to keep pace with other financial institutions or offerings depends on strategy and if the credit union has moved member behavior to the digital channel. If a credit union hasn't started this transition, it should."

Q&A: *Serving the Unbanked*

Will technology play a role in helping credit unions serve the unbanked and underbanked?

Absolutely yes, says Shazia Manus, SVP/chief strategy & business development officer for CUESolutions Platinum provider AdvantEdge Analytics (*advantedgeanalytics.com*), Madison, Wisconsin. "Aside from the moral and ethical responsibility, credit unions must guide all people to financial wellness and are uniquely positioned to do so. That's because the prerequisite to breaking into any new market is trust. Credit unions pursue the establishment of trust more naturally because of the way they do business. They understand community banking because they invented it.

"Especially now, as COVID-19 has disproportionately impacted women and some minority groups (*tinyurl.com/y2xbphd4*), credit unions should be thinking through strategies for activating their people-helping-people missions," she continues. "And technology can bring many of these ambitions to life."

How can digital technology aid the unbanked?

The pandemic has shined a bright light on American society's inequities and culture, stresses Manus, and people of all different backgrounds have found their voice in demanding equity in financial opportunity.

"Technology can play a massive role in helping credit unions reach and better serve those who have traditionally been ignored by the mainstream banking system," she adds. "Take the 'neobank' Greenwood (*bankgreenwood.com*). This all-digital bank was launched to build wealth in Black and Latinx communities, allowing its founders to get the bank up and running and solve real problems for the community practically overnight."

What about around the world?

It's already in a credit union's DNA to serve those in need, observes Erik Qualman, keynote speaker and author of *The Focus Project* (*equalman.com*). And having traveled to 55 countries, he believes credit unions are uniquely positioned to serve the unbanked and automatically reinvest in their communities.

"In other parts of the world, it's already mobile-first for the unbanked," he says. "For example, Africa has been making payments by phone for years because there was no other option.

"This same mentality can be transferred to transactions in the U.S. Think mobile-first rather than branch-first. Think cloud-first as well to eliminate friction. This will allow you to reach new segments in your community."

How should credit unions approach a digital-first strategy?

"Don't be afraid to fail," says Qualman. "And don't try to use old maps to get to new destinations. Avoid letting pushback from employees or board members make you hesitate. It's essential to move, move and move when it comes to new technology."

While it's essential to stay ahead of the competition, adds Qualman, don't push ahead of your market. "Follow other industries: travel, entertainment and auto. What are their successes and failures? Connect the dots on how things have played out in other sectors."

Finally, keep your mission at the forefront; embrace new technology to reach more people and serve the community.

COMPLIANCE, RISK AND SECURITY

Exploring different technologies can help ensure member information stays protected now and in the future. "Currently, 22% of financial service apps are hosted in the cloud, and that number is expected to jump to 78% in five years," says Meyer. "The big vendors will simply relabel their secure data center offerings as 'cloud computing' even though they are still the same old data centers. Watch the fintechs using AWS (Amazon Web Services), Azure, Google Cloud" or another big cloud provider instead.

But proceed with caution, urges Meyer. "Some fintechs are still the 'two guys and a dog' start-ups that do not have a good grasp on FFIEC cybersecurity requirements (*ffiec.gov/cybersecurity.htm*) and have no idea what a SOC 2 Type II (*tinyurl.com/aicpa-soc*) review means."

More institutions are also blowing the dust off their enterprise risk management plans, reviewing probability of default/loss given default models and considering increased loan loss provisions from a credit risk position.

"Credit unions are flush with deposits and struggling with loan-to-share ratios," says Meyer. "They're looking to loan to new groups/markets or mitigate risk in other loan categories. While regulators are going easy on credit risk in COVID, we'll see that tolerance wane in 2021 when credit losses start to accrue and many forbearance programs expire. A lot of institutions that have not invested in ALLL/CECL technology will want to take a harder look at the providers in that space."

Paycheck Protection Program (*ow.ly/tns630rix1x*) fraud is a new category introduced since COVID-19, and unemployment fraud is way up. Meyer says that "money mule" activity (*tinyurl.com/fbimmcovid*) has increased 600% while fake employer fraud is up over 200% from 2019. Cyberattacks against financial institutions also increased 38% in Q1 2020, and cybersecurity costs per employee exceed $1,400 a year. "So, fraud and cybersecurity are still huge concerns," says Meyer. "Credit unions can invest in everything from better fraud and AML (anti-money laundering) detection and case management to new services such as those that detect card and online banking credentials for sale on the dark web.

"We are also seeing increased scrutiny over the risk of breaches of third-party cloud providers in light of the recent Capital One enforcement action (*tinyurl.com/yyppzd6g*)," continues Meyer. "So, credit unions would be wise to look at their cybersecurity readiness over the next year."

UP-AND-COMING TRENDS

Technology is reshaping everything from how credit union leaders make decisions to the services they provide. However, Manus believes CUs must do more to prepare to integrate emerging technology into their organizations.

First, identify the problems that need to be solved, she advises. This will help avoid "innovation for innovation's sake," and instead allow leaders to explore opportunities for improvement. When credit unions focus on solutions to problems, they have a better chance of realizing return on investment from new technology.

It's also important to ask the hard questions, says Manus. "For example, where are your teams struggling most today? How might technology help? Which duties or areas of responsibility would benefit most from data modeling, automation or digital delivery mechanisms? Which would untether your brightest minds from the most mundane tasks?

"When turned into disparate bits and bytes of data, poor judgment or lack of sensitivity can take on a life of its own."

– Shazia Manus

"Often, the best way to answer these questions begins with one or two small-use cases—experiment, learn and then scale up," she adds.

Second, understand that data and digital are two sides of the same coin. Credit unions must be intentional about the kinds of data a new technology will generate and prepare for the data governance required, says Manus. "Consider where the new technology pulls data from. For example, AI and machine learning platforms need lots of contextual data. Many credit unions don't have their data defined, cleansed and structured in a way that enables the effective uses of these technologies."

Manus believes the biggest issue facing credit unions as they begin to inject AI-driven systems into their financial offerings is understanding the underlying algorithms. "The more we get to experience this amazing technology, the more we're beginning to see its limitations.

"Today's AI solutions, at least those that are widely available, are learning from algorithms developed by humans," she continues—humans that are inherently flawed and biased. "When turned into disparate bits and bytes of data, poor judgment or lack of sensitivity can take on a life of its own. As we mine our systems, networks and channels for data and feed that into AI technology, we have a responsibility to use the information in a way that is worthy of consumer trust. Regulators certainly expect it. ... Financial institutions are responsible for ensuring that risks associated with machine-learning models are appropriately managed."

But AI can also help meet end-user demand for access to the rich data owned by financial providers.

"Payments is a strong use case for making data available to members," adds Manus. "For example, Apple credit card's visual metrics help users better monitor their spending. Wells Fargo's Control Tower (*tinyurl.com/wfctower*) shows cardholders which merchants are charging them recurring or subscription fees. A new startup, CRED (*cred.club*), uses AI to help cardholders pay their bills on time."

Meyer notes that three forms of AI are currently being deployed within the industry: supervised machine learning, unsupervised machine learning and robotic process automation. "Supervised machine learning is used in watchlist screening applications (checking against databases that list suspected money launderers, fraudsters, etc.).

"Robotic process automation is happening with loan decisioning, automatic balance inquiries and outside web search capabilities (i.e., negative media searches and credit score inquiries).

"The big unknown is how unsupervised machine learning will be deployed for things like anomaly detection in AML, fraud, credit risk and more," he adds. "The challenge is how it will comply with regulations like fair lending and the Community Reinvestment Act. For example, unsupervised machine learning bots have become 'trained' to be sexist, racist and other noncompliant behaviors."

TECHNOLOGY BEYOND COVID-19

Gandre says the key to stability and success is to invest now in innovations that address members' current needs and likely future preferences. "The pandemic has both accelerated and postponed different areas of innovation for credit unions, depending on circumstances—and it can't be one-size-fits-all," he adds. "While some credit unions fully engage with AI, chatbots and other tools, others are just exploring this space."

Most importantly, he advises: "Engage with members through digital tools and surveys; find ways to communicate and gain feedback to make informed, strategic decisions on future offerings."

What may be most exciting is the potential of humans and machines working together, especially within people-centric industries like the credit union movement. "Credit unions have this reputation for being risk-averse or too conservative, but I don't experience that to the degree the world would have you think," Manus offers. "Rather, it's been inspiring to watch the leaders we work with embrace the possibilities as they explore the integration of technology. They see how the right tech, combined with the right strategy, can empower them to take risks at a richer and more meaningful level."

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 credit unions, industry suppliers and any company wanting great content and a clear brand voice. Follow her on Twitter @fabprose.*

MORE ON TECHNOLOGY

Tech Time: How to Successfully Implement a Digital Solution (*cumanagement.com/1020techtime*)

Mobile First Means Members First (*cumanagement.com/0920mobilefirst*)

Taking Control of Artificial Intelligence (*cumanagement.com/0720control*)

Apply a Futurist Mindset to Your Data Environment (*cumanagement.com/1219futurist*)

Considerations for Building a Cyber-Secure, Innovation-Ready Infrastructure (*cumanagement.com/video082420*)

The Value of the Cloud From COVID-19 to Information Capture (*cumanagement.com/podcast97*)

Planning for *2021 and Beyond*

10 PRIORITIES FOR YOUR BOARD AS IT SETS A VISION FOR THIS NEW DECADE

BY ONKER BASU AND STEVE WILLIAMS

Looking to a new year, leaders may be tempted to call for a global do-over on the start of the next decade as they aim to coalesce behind the strategic initiatives most likely to steer their credit unions to success in the 2020s.

Short of a time machine, a helpful first step in setting that course might be to revisit the roles of directors and executives in developing and implementing strategy. In times of crisis, the lines between the complementary, but distinct, responsibilities of the board and management team can become blurred.

A widely used approach to governance is to have the CEO lead the management team in identifying strategic priorities, seeking board input and guidance, and then executing those plans. The primary strategic role of directors is oversight, with regular discussions about progress and trends that point to course corrections or new opportunities.

Crises can knock those roles off-kilter. During the COVID-19 pandemic, reports to the board on the CU's operational response might have opened the door for directors to weigh in on issues normally beyond their purview. A reset might be in order as CUs move into a new stage where leaders must align their organizations with the realities of a new world.

In the pre-pandemic era, financial services had been doing well, with many banks and CUs posting high earnings. Leaders saw a clear path to sustainable opportunities to bolster their mission, increase revenue and build member relationships. The events of the past nine months have pushed these 10 issues to the forefront of strategic discussions:

1. DIVERSITY, EQUITY AND INCLUSION

Social unrest, the uneven impact of the pandemic on people's health and finances, and political polarization have propelled DEI into the realm of strategic imperative. CUs have long supported DEI in member services and community outreach, in the workplace and in the boardroom. The widespread outcry for social justice has added urgency to DEI actions.

This work takes many forms, from a recognition of the diversity of each CU's members and employees, to internal training on what DEI means, to resource groups providing a voice and sense of belonging for people who bring diversity of experience and perspectives. Importantly, boards and executives are working to develop intentional programs aimed at the long-term achievement of diversity at all levels.

2. SERVING SMALL BUSINESSES

Meeting the lending, deposit and cash management needs of small businesses presents an opportunity to connect with an underserved market that aligns perfectly with the credit union mission. Widening a CU's business services opens the door to expanding relationships with small-business owners, including the potential to become their personal bankers. The success of many CUs with the Paycheck Protection Program (*ow.ly/tns630rix1x*) brings fresh momentum for CUs in the small business arena.

3. MAKING MORE MORTGAGES

As CUs make headway in building their reputation as mortgage lenders, the next challenge is scaling operations to handle increased volume as efficiently as possible. How can they manage the secondary market to sell more loans? How can they build a servicing portfolio? How can they manage the financial volatility of this crucial product line amid economic uncertainty? Additionally, CUs will need to ingrain a digital-first approach.

4. NEW ERA FOR PAYMENTS

Of all the facets of financial services, the pandemic has likely had the greatest permanent impact on how people pay—at the checkout counter, online and in transferring funds to other people. As more members develop a preference for contactless and digital payments, CUs need to hone an intentional strategy that encompasses cards and digital management tools, including payment apps like Zelle (*zellepay.com*). In the new world, it will be a battle to win the top spot in members' digital wallets.

5. BROADER FIELDS OF MEMBERSHIP

Across the movement, for financial cooperatives of all sizes, field of membership requirements can be an impediment to sustainable growth. Expanding select employee groups, moving to a community charter or taking advantage of options under the latest interpretation of the National Credit Union Administration's field of membership rule (*tinyurl.com/finalfomrule*) may be part of the discussion for directors and executives.

6. FINANCIAL PERFORMANCE

The pandemic, rate environment, economic downturn and continuing social and demographic shifts have significantly strained earnings in the banking and credit union industries. CU boards and executives must balance strategies to improve earnings with the necessary investments in technology, marketing and talent that will be needed in the next era of financial services.

7. COMPETITION FOR TALENT

Remote work went from future possibility to instant reality as part of the pandemic response for many CUs. Some aspects of technology infrastructure, security, productivity and oversight must still be addressed, but the ability to work from home has become a potential advantage in enhancing recruitment and retention. However, CUs must rethink how they will maintain cultural connections among associates who work remotely.

8. DELIVERY CHANNEL PREFERENCES

Even the most technology-averse members got a forced introduction to digital delivery during the COVID-19 crisis. As branches reopen, management teams and boards will be sifting through lobby traffic data and contact center volumes as they consider infrastructure investments. The sudden shift to remote channels may have unearthed some new member service priorities, such as seamless, quick online account-opening solutions and self-service mobile apps.

The pandemic certainly didn't start the debate about the future of branches, but it has upped the ante for a serious and thorough investigation of members' evolving, long-term preferences. How many will return to teller windows to make loan payments and deposits with cash back? How many will arrive seeking guidance on their most important financial decisions? And how should those trends influence the brick-and-mortar network?

Branch technology will be a key component of those explorations. CUs that invested in interactive teller machines should have a great deal of data on how those devices supported efficient, accessible member service—and employee and member health and safety—throughout the pandemic and how they will guide infrastructure decisions moving forward.

Directors will benefit from a data-rich view of what members want and need from their CUs—and how and where they prefer to access those services. Compelling and eye-opening business intelligence can be used to guide strategic conversations and decisions. Such information can include regular updates on current channel usage, relevant member survey findings, and analysis of financial services industry gains and losses related to the mobile-first advances of big banks and fintechs.

9. REAL-TIME STRATEGIC PLANNING

CU leaders are recognizing that what was once an annual event, typically an off-site retreat, needs to happen more regularly. Threats and opportunities with the potential to transform the financial services landscape are accelerating, and so must the ways executive teams and directors respond.

Strategic planning increasingly happens in quarterly "sprints." Boards are setting aside time in their regular meetings for strategic discussions. Executives and directors can also more quickly hold remote planning sessions on a specific strategic topic, such as a new line of business.

It's important to recognize where there may be resistance to these changes and to surface and address directors' underlying concerns. To some extent, that discomfort may be related to the sudden shift to remote board meetings.

At some point, most boards will return to in-person meetings. But even then, the option for occasional remote sessions can offer an efficient way to keep strategic conversations going.

10. EMBRACING THE NEW NORMAL

As much as people may yearn for pre-pandemic days, we haven't run across a leadership team that is striving to get back to "business as usual." Instead, there is universal recognition that CUs need to make the most of this new normal. Directors, managers and staff have implemented their business continuity plans with a modification here and an upgrade there. Now they are looking to the future through the interconnected challenges and potential advances we've laid out here. They understand there's no going back and are looking forward to the rest of the 2020s and beyond.

Onker Basu *is a senior director, and* **Steve Williams** *is president and a partner with CUES Supplier member and strategic partner Cornerstone Advisors* (crnr stone.com)*, Scottsdale, Arizona. Both are active in the firm's strategic planning practice.*

MORE ON STRATEGIC PLANNING

Be the Organization You Envision (*cumanagement.com/video10120*)

Dive Deep for Pearls of Strategic Insight (*cumanagement.com/010820skybox*)

Cornerstone Advisors (*cues.org/cornerstone*)

Future-Proofing the *Member Experience*

LOOK TO THESE FOUR PILLARS TO GUIDE EVERY INTERACTION.

BY STEPHANIE SCHWENN SEBRING

Future-proofing is a term you may have heard in other sectors. For credit unions, it means serving your members exceptionally well today while anticipating what's next—tomorrow, next month and years in the future. It centers on expecting and delivering what members require for a superb member experience. It's something that PSCU has made entirely its own.

"A year ago, we sought to find the right words to embrace our ideals for credit union growth, service and relevancy. Future-proofing now signifies the path we've carved in our support of our owner credit unions," explains Brian Scott, chief growth officer for CUESolutions Bronze provider PSCU (*pscu.com*), St. Petersburg, Florida. "The discussion began with where credit unions are today, what's coming and how we could support them in their mission. And ultimately, the goal is to serve members the way they prefer to be served."

To support this initiative, Scott dissects the member experience into four pillars:

1. **Ease of use.** Is it effortless for members to do business with you? To access or get approved for your services? Even to communicate with you?
2. **Convenience.** Are you offering the breadth of services and technology that fit your members' needs right now? Are they poised to evolve alongside their changing needs?
3. **Personalization.** This is an expectation of almost every consumer, no matter who they are, where they live, or their age or lifestyle. Members want to see their names and be presented with a timely solution relevant to their needs.
4. **Security.** Members hear stories daily of data breaches. Communicate often and well how you're protecting their data and identity.

Leaders need to understand why it's so important to future-proof their CUs, stay relevant and thereby insulate themselves against the competition.

"There are many external threats and competitors ready to infringe on your market share," says Scott. "Think of SoFi and Rocket Mortgage. Both burst on the scene, leveraging their unique brands and gaining significant market share in a short amount of time. It's essential to think about the rise of these brands, who your competitors are, and what can help and hurt you when future-proofing your credit union."

A pathway to successful future-proofing is to understand your member's interactions with you, whether for a mortgage, auto loan, debit or credit transactions, financial planning or something else.

"Map that journey," says Scott. "Experience it like your members. Find their pain points or friction and fix it. For example, I recently refinanced my mortgage and couldn't easily find one source's rates online. That's a glitch and an easy fix. Perform an audit on your online services to find those glitches."

A test is to consider what would happen if you charged members a monthly fee for your mobile app (or another service), says Scott. "If your member wouldn't be willing to pay for something, why is that? If it's not good enough to pay for, the service must evolve to be better. It must pass this hurdle to future-proof the member experience."

A good example of making the journey easy for members is when you can make becoming a member online a 60-second undertaking.

"Maybe your members have children, and they bring them inside your credit union. Is the visit one that elevates the child's experience? Make it entertaining and educational. As that child continues his or her journey, evolve the experience so that it remains worthwhile and enjoyable."

Also, think outside the box. "Have one teller or one loan officer master your new idea and use that idea on real members and real transactions," says Scott. "You'll learn right away if it's a good idea or something not worth pursuing."

Whatever product you're offering, is it future-proof? When designing the product's experience, have you checked every box of the four pillars: ease, convenience, personalization and security? These pillars should be the rationale and direction of every service you provide at your credit union.

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 credit unions, industry suppliers and any company wanting great content and a clear brand voice. Follow her on Twitter @fabprose.*

MORE FROM PSCU

Diversity Insight: What Can One Employer Do to Confront Racism During a Global Pandemic? (*cumanagement.com/0820diversityinsight*)

Credit Union Card Success in a Post-Pandemic World (*cumanagement.com/0720card*)

Providing a Seamless Payments Experience (*cumanagement.com/061720skybox*)

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Website: SWBC.com

What makes SWBC unique?

When SWBC was founded more than 40 years ago, it was started by serving credit unions. To this day, we serve credit unions every day—providing collections, CPI, payments and other financial services products. What makes SWBC unique is that we partner with credit unions to provide multiple, integrated core products and services through our AutoPilot portal, utilizing the most popular member communication methods (email, text, IVR and call center services). Right now, we are investing our time and resources in online product purchasing applications for credit union partners, expanding our omnichannel communication capabilities, in-branch application enhancements and member video personalization. Plain and simple, we make it easier for credit unions to do business with their members.

Tell us a client success story.

At the height of the COVID-19 pandemic, credit unions and lenders were doing their best to react to the situation. We all were. So, when a financial institution came across a unique problem, it turned to SWBC to help find a creative solution.

The lender needed assistance handling overflow calls from its borrowers. Due to COVID-19 restrictions, it wasn't completely set up to hire new staff and was looking to keep costs down. Our team came up with a plan to hire new staff to serve the needs of the financial institution. Because of our solution being so successful, the lender came back a few weeks later asking for additional call staff support. In the end, it was a win-win for both the institution and SWBC.

Why do you love credit unions?

I love working with credit unions because their member-centric values and mentality align closely with SWBC's values. They focus on members and excel at listening to find solutions to help their members. At SWBC, there's a huge emphasis on being client-centric. Our entire division's focus is on serving our partner financial institutions. Much of what we do is behind the scenes. I take pride in knowing that our work makes a credit union employee's job a little easier.

New Member Benefit: *Harvard ManageMentor*

CUES members now have access to more than 40 online leadership courses from Harvard ManageMentor®, offered through *Harvard Business Review*.

"When we enhanced our membership benefit packages in 2018, one of our goals was to make talent development opportunities more easily accessible to everyone in the industry through online resources," says John Pembroke, CUES president/CEO. "Harvard ManageMentor offers the high level of exceptional learning CUES members expect from us."

"Training and development teams that are seeking out learning opportunities and content for in-house programs will love Harvard ManageMentor," says Jimese Harkley, JD, CUDE, CUES VP/membership. "This new benefit is an exceptional offering provided at no additional cost to organizations with group memberships. I hope every Unlimited and Unlimited+ member will take full advantage of Harvard ManageMentor and offer it to all staff."

Topics include courses such as career management, delegating, change management, coaching, business plan development and strategic thinking. Each course features concise lessons, videos and tools for fast and effective learning; hundreds of checklists, self-assessments, worksheets, handouts and logs to facilitate the application of new ideas; and personalized experiences such as goal setting, skill development and action planning.

Learn more about Harvard ManageMentor®, which is available to CUES Unlimited and Unlimited+ members, at *cues.org/hmm*.

New Digital Institutes *From Cornell University*

eCornell

The CU industry will soon have easy access to four Ivy League-level digital institutes developed by CUES and eCornell, Cornell University's digital learning program.

The CUES certificate programs will pair eCornell's award-winning certificate programs with live-taught online classes, developed and taught by Cornell University faculty. All content comes from top-rated programs with proven curricula, and the four courses offered through CUES feature content specifically developed for the credit union industry. They are:

- Diversity, Equity, and Inclusion Cornell Certificate Program, starting Feb. 17,
- Strategic Human Resources Leadership Cornell Certificate Program, starting March 17,
- Strategy and Digital Marketing Cornell Certificate Program, starting April 21, and
- CU Manager Certificate Program, starting July 21.

"We are proud of the long-standing collaboration between CUES and Cornell in helping develop the leadership and business acumen capabilities of credit union leaders. These programs combine Cornell faculty expertise and designs that are customized for business impact with the industry knowledge and expertise of CUES to the credit union industry for increased relevance," says Devin Bigoness, director/corporate programs, Cornell External Education. "In today's fast-moving and VUCA world, CUES and Cornell both believe that education drives progress and helps leaders better equip themselves to face the known and unknown challenges of tomorrow."

"CUES has provided digital learning opportunities for several years, but this partnership takes our offerings to the next level. With eCornell, the industry's leaders don't have to wait for in-person events to open back up to get access to high-level, Ivy League executive education," says John Pembroke, CUES president/CEO.

"The eCornell certificate programs are the perfect way for credit unions to offer in-depth professional development, online," says Christopher Stevenson, CAE, CIE, CUES SVP/chief learning officer. "Plus, participants will be part of a cohort of other learners, so everyone can make connections with colleagues as they share and exchange their own experiences, one thing that everyone is craving right now."

Learn more at *cues.org*.

Online Learning

CUES members can attend all webinars and access playbacks for free. CUES Elite Access™ Virtual Classroom (included with Unlimited and Unlimited+ memberships) offers an innovative take on online education. Learn more at *cues.org/events*.

DEC. 1
1 p.m. Central
Webinar: Strategic Giving, a Natural Fit for Credit Unions

DEC. 2-16
Directors & Dialogue December

DEC. 9
12 p.m. Central
Elite Access Virtual Roundtable: Talent Development Planning for 2021

JAN. 12
12 p.m. Central
Elite Access: Leading Change for Growth Post COVID-19

JAN. 20
12 p.m. Central
Elite Access Virtual Roundtable: Board Liaisons, Preparing for a New Year

FEB. 3-MARCH 4
School of Business Lending™ I: Business Lending Fundamentals

AD INDEX

To advertise, email *westonk@cues.org* or *carlak@cues.org* or visit *cues.org/advertise*. CUES members, partners and Supplier members are noted in **bold**. CUESolutions providers are noted in **yellow**.

Liz Santos

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Why is Gallagher a great place to work?
Gallagher's culture of ethics and service creates a strong sense of teamwork. From corporate headquarters to the local field offices around the country, there's collaboration, support and respect. The high standards that we hold for ourselves were recently recognized as America's Best Employers for Women 2020 (*Forbes*), World's Most Ethical Companies (Ethisphere Institute, nine consecutive years), and Best Places to Work for LGBTQ Equality (Human Rights Campaign Corporate Equality Index 2020). This recognition is nice, but at the end of the day, the feeling of accomplishment for our clients and working with talented colleagues are their own rewards.

How can credit unions be more successful?
The pandemic shined a light on the best and brightest of your leaders. Keeping an eye on retention efforts, even during a pandemic, can help credit unions continue their successful track records. Now is a good time to review and update your retention strategy. After navigating a dire time, your leadership team members have proven their mettle—and increased their marketability. A well-designed and -administered executive benefits program can help retain those talented individuals who are critical to your organization's recovery and future success.

How does Gallagher make its credit union clients more successful?
Our thoughtful approach to executive benefit plans helps credit unions retain their top talent. Throughout the many changes in the credit union industry, our focus on safety and soundness has not changed. From design and implementation to the final disbursement (in many cases, decades later), we carefully monitor our clients' programs to ensure compliance and performance in the face of changing regulations and markets. Our capability for a long-term partnership is based on Gallagher's proven financial strength and longevity (more than 90 years in business). Bottom line for our clients? Successful recruiting and retention strategies to help ensure their leadership continuity.

CUES
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2021 EVENTS CALENDAR

*Dates and locations are subject to change. For pricing options, visit **cues.org/Events.***

February 2021			
CUES School of Business Lending™ I: ***Business Lending Fundamentals***	Online Event	**February 3—March 4**	cues.org/SOBL
Diversity, Equity, and Inclusion eCornell Certificate Program	Online Event	**February 17—April 13**	cues.org/eCornell-DEI
March 2021			
Execu/Summit®	Sun Valley, ID	**March 7—12**	cues.org/ES
Strategic Human Resources Leadership eCornell Certificate Program	Online Event	**March 17—May 11**	cues.org/eCornell-HR
CUES School of Business Lending™ II: ***Financial Analysis and Diagnostic Assessment***	Online Event	**March 31—April 29**	cues.org/SOBL2
April 2021			
CEO Institute I: ***Strategic Planning***	The Wharton School, University of Pennsylvania	**April 11—16**	cues.org/INST1
Strategy and Digital Marketing eCornell Certificate Program	Online Event	**April 21—June 15**	cues.org/eCornell-Marketing
CEO Institute II: ***Organizational Effectiveness***	Samuel Curtis Johnson School of Management, Cornell University	**April 25—30**	cues.org/INST2
May 2021			
CEO Institute III: ***Strategic Leadership Development***	UVA Darden Executive Education	**May 2—7**	cues.org/INST3
CEO/Executive Team Network™	Austin, TX	**May 16—18**	cues.org/CNET
June 2021			
CUES School of Business Lending™ III: ***Strategic Business Lending***	Online Event	**June 2—July 1**	cues.org/SOBL3
Governance Leadership Institute™ I	Toronto, Ontario, Canada	**June 6—9**	cues.org/GLI
Governance Leadership Institute™ II	Toronto, Ontario, Canada	**June 9—11**	cues.org/GLI2
Execu/Blend™	Santa Barbara, CA	**June 13—16**	cues.org/EB
July 2021			
CUES School of Business Lending™ I: ***Business Lending Fundamentals***	Cleveland, OH	**July 19—23**	watch cues.org
Supervisory Committee Development Seminar	Amelia Island, FL	**July 26—27**	cues.org/SCDS
Director Development Seminar	Amelia Island, FL	**July 28—30**	cues.org/DDS
August 2021			
CEO Institute III: ***Strategic Leadership Development***	UVA Darden Executive Education	**August 8—13**	cues.org/INST3
Execu/Net™	Whitefish, MT	**August 15-18**	cues.org/EN
Watch cues.org for more details			
Strategic Innovation Institute™	Stanford University, Stanford, CA	**TBD**	cues.org/SII

Keep the Industry Strong!

Participation in CUES Compensation Surveys Starts Soon!

Participation opens January 1, 2020 and runs through March 31, 2020 for CUES Executive Compensation Survey and CUES Employee Salary Survey. Update or submit your credit union's data to help keep the industry strong.

Your involvement helps shape the latest industry trends with valuable compensation tools and data to help attract and retain well qualified professionals.

Mark your calendars for **January 1** and provide your credit union's information at **cues.org/ECS** and **cues.org/ESS.**

CUES
School of Business Lending Online

Don’t miss the opportunity to attend one of our most popular schools, online!

School of Business Lending I:
Business Lending Fundamentals
February 3 – March 4, 2021
cues.org/SOBL

School of Business Lending II:
Financial Analysis and Diagnostic Assessment
March 31 – April 29, 2021
cues.org/SOBL2

School of Business Lending III:
Strategic Business Lending
June 2 – July 1, 2021
cues.org/SOBL3

Each school features a blend of self-study and live online sessions, and a cohort-style program to help you network and form connections.

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Five Ways to Get The Most Out of an *Online Learning Event*

BY SARA DYER

A big bonus of attending an online learning event is that you don't have to get on a plane, travel across the country and be away from your family. Instead, you can learn—a lot—and then head back to the living room to help your kids with math homework.

I've spent a great deal of time thinking about online learning events and the ways attendees can get the most out of them as I did my research for CUES about how to best offer online learning events (cues.org/events). Here are some of my takeaways:

1. Use language to describe your online learning that gives full credit for its potential. The learning is "online"; it's "digital"; but it's not virtual, in the sense that it's not a replacement for in-person learning. It's just another way to learn and network. So, give your program of choice the linguistic respect it deserves! It's still education whether you're in a hotel ballroom, in your home office or on your couch.

2. Approach your online learning with the right frame of mind. Continuing that thought, make sure you approach online learning with the idea of learning—not comparing it to in-person learning. As credit unions demonstrated this spring, for the most part, you don't need to be in a certain building to do your job. Similarly, you don't have to drink hotel coffee, lug your tote bag of branded swag or sit right in front of the presenter to learn important and useful things.

3. Choose how you network with presenters and other attendees. One thing I've learned is that networking might look more like "engagement" during an online event. While you might wait until after the session to ask the presenter a question in person, during online learning, you might add a question to the chat instead. The cool part is that other attendees will likely be right there chatting with you! Also, be sure to look to see if the program offers online networking sessions with the speaker and other attendees outside of the main sessions. Without the cost of travel and lodging, your CU can send more attendees to online learning. In addition, Directors & Dialogue December (cues.org/ddd) allows credit unions to send as many people as they want for one price. So, consider forming a group to discuss the presentations, synchronously or later on after you have time to think it over. This can be a great way to make sure the learning sticks.

4. Look to learn from people you might not have previously been able to connect with. Make an effort to learn from people you haven't met before, from parts of a credit union that are new to you. If you're in marketing, you might be able to connect with staffers knowledgeable about IT or vice versa. If the event host offers an attendee list, be sure to leverage that as a networking tool.

5. Choose how you interact with vendors. For the introverts in the crowd, online exhibitor halls allow you to go in, unseen if you wish, and read up on sponsor information on your own. Or, you can go in during times the online booths are staffed and connect with a company rep.

I hope you find some of these tips useful as you attend online learning, perhaps at the December events CUES is offering. I'd love it if you'd email me (*sarad@cues.org*) with what works well for you.

Sara Dyer *is director of executive education and meetings for CUES.*

Leave a comment on this blog post at cumanagement.com/102220skybox.

"As a credit union community, the concepts of diversity, equity and inclusion underscore our very mission. And, how we live DE&I values both within and outside the workplace can profoundly impact those around us, including the members we serve. Regularly highlighting the individuals within your organization that live these values can not only strengthen the efficacy of your DE&I efforts but also inspire others to do the same."

Jason Harpenau, client business executive for CUES Supplier member CO-OP Financial Services (*coop.org*), Rancho Cucamonga, California, in "Five DE&I Advocates Who Are Changing Lives and Communities" on CUES Skybox: *cumanagement.com/110420skybox*

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10 TOOLS

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