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NOVEMBER 2021 • IN-DEPTH INFORMATION FOR CREDIT UNION LEADERS

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CREATING A *Winning Team*

Meet Tom Ryan, CCE,
2021 Outstanding Chief Executive.

DIGITAL TRANSFORMATION
Three unique case studies

RETIREMENT PLANS
The impact of inflation

PAYMENTS
Protecting key pathways

Investments & Retirement | Executive Benefits

Retain successful leaders

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Transforming Culture Through Diversity, Equity and Inclusion

BY LYNN HECKLER

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Pay or Else

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cumanagement.com/0921ransom

CUES Video

What You Need to Know About Becoming a Community Development Credit Union

Alison Carr, PHR, CUDE, I-CUDE, chief strategy officer at Your Credit Union Partner, explains why you should explore CDFI certification as part of your growth strategy.

cumanagement.com/video100121

Online-Only Column

Diversity Insight: Crafting a Plan in the Midst of … Everything

A lot of us are feeling the need to quickly "jump into action" right now after the recent intense collective awakening. But remember: Listening is an active first step to taking fuller action.

cumanagement.com/1021diversityinsight

CUES Podcast

Famous or Not, We All Have to Work on Mental Health

In this episode of the CUES Podcast, Dee Baker Amos, VP/marketing and communications for Dallas-Fort Worth Airport, explains why taking care of mental health isn't—and shouldn't be—reserved for world-class athletes.

cumanagement.com/podcast121

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Getting Real About *the Hard Stuff*

This month, I am looking forward to CUES RealTalk! This new online discussion series will cover the important—but often hard to discuss—issues impacting the credit union industry.

The theme for its first year is “Women in the Workforce: Because $0.82 is NOT Enough.” Women at all levels face challenges in the workplace that their male counterparts do not. Unequal pay, gender stereotypes, the impact of at-home caregiving ... the list goes on. Addressing and overcoming these challenges can make or break a career.

Each quarter, a group of accomplished female leaders, experts and professionals will join in a candid discussion about the obstacles women grapple with in the workplace.

“It’s no secret that women at all levels face workplace challenges that men do not,” says my colleague Dawn Poker, CUES’ SVP/chief sales & member relations officer. “Our goal with CUES RealTalk! is to address these challenges to help professionals in the industry explore ways to overcome and work through these barriers.”

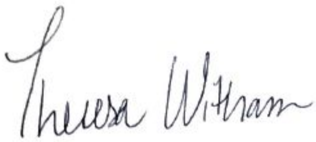
These sessions are bound to be cathartic and validating. But they will go beyond simple commiserating. It is our goal that attendees walk away with actionable ideas and solutions they can use right away to help individual people, maybe even themselves, as well as their organizations.

“And we want everyone to know—it’s important that men also attend CUES RealTalk! so they can join the conversation, be part of the solution and better understand these challenges,” adds Poker. “After all, these are people issues—not just female issues.”

Mark your calendar for these dates.

- Session 1: The Great Resignation, Nov. 10, 2021
- Session 2: The Gender Pay Gap, March 16, 2022
- Session 3: The Confidence Gap, June 22, 2022
- Session 4: The Double Bind, Sept. 21, 2022

This event is being offered at no charge, and all industry professionals are encouraged to be part of the conversation. You can learn more at *cues.org/realtalk*. I hope to see you there!



Theresa Witham
Managing Editor/Publisher

LET’S CONNECT

Comments, suggestions and letters can be sent to **theresa@cues.org**.
TWITTER: @tawitham
LINKEDIN: Theresa Witham
INSTAGRAM: tawitham

YOUR THOUGHTS

WHAT ARE YOUR MOST CHALLENGING WORKPLACE ISSUES?

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

The Triple Win of Young Professionals *Serving as Board Members*

BY WILLIAM KENNEDY

Having young credit union professionals serve as board members at another, noncompeting credit union is a huge win-win-win.

I know about this from personal experience. Joining a CU board when I was 31 supported my career development. I believe so much in the potentially positive impact of board service on young professionals that I've recommended it to many of the future leaders that I've mentored.

WIN 1: YPs LEARN

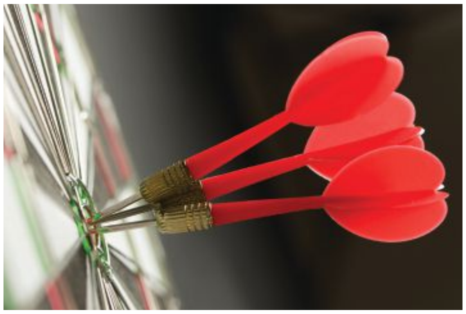
Young professionals can gain skills and experiences from serving on a board that they won't get in their day-to-day operations work.

For example, serving on a board provides practice in thinking strategically and setting down a strategic plan. A middle manager might only get to strategize for one department or group. But a director must think strategically about the organization overall—a skill a C-suite leader needs.

Similarly, young professionals serving as directors will be asked to consider the organization's overall budget, not just the budget for a single area.

Being on the board also gives young professionals a chance to serve on the asset/liability committee, where they can build their understanding of credit union financial management, including interest rate risk, credit risk, liquidity risk, extension risk and enterprise risk management—all critical skills necessary for a CU executive to have. As a board member, young professionals could also be part of hiring a new CEO, giving them insight into that key process.

Finally, any new CEO can tell you that working with the board is an important thing to get good at fast. Imagine how building that relationship quickly could be helped when the CEO has previously sat on the director side of the table.



WIN 2: WHAT BOARDS GET

Credit unions talk a lot about wanting to attract and retain younger members, but most boards don't have a young person on their boards. Young professionals bring their own life experiences to bear on their board work. Because they have grown up with technology, it is second nature to them. Wouldn't you like to have a digital native advising your board?

WIN 3: SUCCESSION

Cutler Dawson is a good example of someone who went from serving on a CU board to leading the organization. When Dawson became a board director for Navy Federal Credit Union, he didn't yet have CU experience. But after he showed his character and business acumen, the board brought him on as the organization's CEO in 2004. (He served until his retirement in 2019.)

Obviously, there are no guarantees that young professionals with board experience will get a CEO spot. But it's likely that young professionals from one CU can add value at the board level at another—and that what they learn through that experience will serve their careers and help their CUs.

Consider coaching your young professionals to look strategically for a credit union board on which to serve—one that doesn't create conflicts of interest. If a board seat isn't available or if the available boards aren't ready to welcome a young member, encourage young execs to try to serve on the supervisory committee or as an associate board member. Those are great ways to contribute and learn as well. Read and comment on the full version of this article at *cumanagement.com/080921skybox*.

CUES member **William Kennedy** *is CFO/VP/finance at $468 million Securityplus Federal Credit Union, Baltimore. Contact him at* Bill.Kennedy@securityplusfcu.org.

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4. Paid Distribution by Other Classes Mailed via USPS	337	322
C. Total Paid Distribution	4,335	4,044
D. Free Distribution by Mail and Outside the Mail		
1. Free Outside-county	138	136
2. Free In-county	N/A	N/A
3. Free Other Classes Mailed Through USPS	N/A	N/A
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F. Total Distribution	4,473	4,180
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H. TOTAL	4,617	4,300
I. Percent Paid and/or Requested Circulation	97%	96%
Electronic Copy Circulation		
A. Paid Electronic Copies	25,996	30,739
B. Total Paid Print Copies + Paid Electronic Copies	30,103	34,783
C. Total Print Distribution + Paid Electronic Copies	30,469	34,919
D. Percent Paid	99%	99%

I certify that the statements made by me above are correct and complete.
Theresa Witham, Managing Editor/Publisher

Guidebook to Developing *a Successful, Sustainable Payment Card Strategy*

As issuers align products within the framework of their greater organizational goals, there are a number of factors to consider along the path to sustainability to create more value for consumers. CPI Card Group's *"Guidebook to Developing a Successful Sustainable Payment Card Strategy"* explores the finer details of how to pivot debit and credit card programs to more sustainable options, including information needed to evaluate the latest material choices and best practices to consider when making a case for your specific institution.

In a CPI® survey conducted by an independent research firm, 73% of respondents indicated that it is important that their financial institution is environmentally conscious. In fact, of the 2,303 credit and debit card users surveyed, 85% of respondents indicated that they would switch to a recovered ocean plastic card if it were offered by their current issuer, while 53% indicated that they would switch to a different issuer to obtain a card made with recovered ocean plastic with the same features and benefits of their current card. Other key takeaways include:

- **80% of card executives** reported that they believe consumers are more environmentally conscious today compared to five years ago.
- **64.3% of consumer respondents** reported that reducing plastic use was a top priority.
- **Seven in 10 consumers** say that it's at least moderately important that brands offer "clean" products, and, of those, seven in 10 are willing to pay a premium for brands that support recycling, practice sustainability and/or are environmentally responsible.

Learn more about recycled materials and a comparison of their benefits, ways to introduce more sustainable choices into card issuance strategies that go beyond the card body, and seven considerations for the successful incorporation of eco-focused products into your card program in this free whitepaper from CPI Card Group at *cumanagement.com/092821whitepaper.*

Personalized *Digital Banking*

With many choosing to engage through digital and self-service channels, credit unions must not lose sight of their biggest asset: their relationship with customers and members. Users' personal financial stories and behavior data hold a gold mine of information that can be applied to advanced marketing campaigns and messages, resulting in better personalization, more targeted engagement and increased conversions, especially when artificial intelligence and predictive analytics are introduced. Learn more in a free whitepaper from CUES Supplier member Alogent at *cumanagement.com/062121whitepaper.*

Creating a *Winning Team*

TOM RYAN'S COLLABORATIVE LEADERSHIP STYLE EARNS HIM RECOGNITION AS CUES 2021 OUTSTANDING CHIEF EXECUTIVE.

BY DIANE FRANKLIN

When Tom Ryan, CCE, came to Langley Federal Credit Union (*langleyfcu.org*) as president/CEO in July 2012, he championed a leadership style built on collaboration and teamwork. He focused on creating a more effective organization by breaking down departmental silos and encouraging managers to take a more holistic view. As a result, the credit union, based in Newport News, Virginia, vastly improved its balance sheet and grew its assets from an already solid $1.7 billion to nearly $4 billion.

"I believe in a collaborative approach that encourages diversity of thought in building strategy, making decisions and executing our business plans," says Ryan, a CUES member whose visionary leadership has earned him the title of CUES 2021 Outstanding Chief Executive (*cues.org/awards*).

Fortunately, Ryan was blessed with a strong leadership team that also saw the advantages of thinking more holistically. "Together, we have eliminated the silo mentality, giving leaders an opportunity to rotate and manage responsibilities outside of their area while maintaining their core function," he says. "My team knows I'm dedicated to investing in them, giving them opportunities, and committed to their achieving their career aspirations."

CUES member Ingo Huemer, CPA, is among the members of the executive team who has found tremendous value in Ryan's approach. "Tom believes that Langley's vision and teamwork drives Langley's success; it defines what we value and how we measure that success," says Huemer, who was VP/internal audit when Ryan arrived in 2012 and has since been elevated to SVP/CFO. "Tom brings his own leadership style to Langley by valuing engagement, decisive decision-making, inclusion of all stakeholders as well as challenging the norm and our own limits."

Huemer also admires Ryan's ability to create a positive working environment that brings the best out of Langley FCU's 600-plus employees. "Tom is eminently relatable, whether he is engaging with a teller, manager or any employee," Huemer says. "He truly wants to see people grow their career within or even outside Langley."

"Whether you're an executive, a frontline employee in a branch or someone working behind the scenes in a support department, everybody is rowing in the same direction."

– Tom Ryan, CCE

IMPROVING PERFORMANCE

Upon his arrival at Langley FCU nearly a decade ago, Ryan identified three strategic areas that needed immediate attention to improve the credit union's performance: the balance sheet, the credit union's governance model and the organizational culture.

In addressing the balance sheet, Ryan recognized that the 40% loan-to-share ratio, coupled with the low interest rate environment, was putting significant pressure on earnings. "On the positive side, the credit union was ripe for change and was highly capitalized, providing the opportunity to begin to change the CU's risk profile and to help more members by making loans," he recalls.

Because of the low loan-to-share ratio, Ryan's immediate concern was not to increase deposits or assets but rather to grow loans. "Langley had $600 million in loans when I arrived," he reports. "Today we have over $3 billion in loans under management. Over the last several years, we have been able to focus on growing both sides of our balance sheet and have been experiencing double-digit growth in deposits, loans and assets."

Board Chair Ted Henifin, CCD, appreciates Ryan's accomplishment in changing Langley FCU from a conservative "savings" institution to a lending organization dedicated to putting members' money to work helping other members.

"This transformation took strong, visionary leadership," says Henifin, a CUES member. "Just as great athletes envision a successful pass, shot or goal, Tom has the ability to envision what success at Langley will look like and help others see that vision. He sets aspirational but achievable goals for the entire team and celebrates success along the way. Everyone wants to be part of a winning team, and Tom has really created winning energy at Langley."

The governance changes likewise have had a positive effect. When Ryan arrived at Langley FCU, the board of directors acknowledged they had been drawn into operations even though they preferred a more strategic role. With Ryan's input, the board adopted a policy governance model that has better defined its role and that of the chief executive.

"The new governance model has empowered me and my team to be more effective in developing the results called for in our strategic plan," Ryan reports. "The board/CEO relationship is built on respect, trust and transparency, and [it] has allowed the board to be highly engaged fulfilling their fiduciary and strategic role and hands-off operationally. This relationship is one of our key success factors at Langley."

Henifin has found the new governance model to be an effective change and gives kudos to Ryan for enhancing the relationship between senior management and the board. "He works to ensure the senior management team has significant interaction with the board and highlights other employees' contributions, allowing them to present new concepts and programs directly to the board," Henifin says.

Ryan also has worked to create an organizational culture that is strongly aligned with a well-defined vision statement and set of values. "We set strategic goals that cascade from our vision statement, which is to improve members' lives by helping them save, borrow and spend wisely," Ryan reports.

The strategic goals are also compatible with the organization's values, which emphasize the importance of putting people first and doing the right thing while encouraging employees to innovate, deliver value and never forget that "together we make a difference."

"Our vision, values and strategic goals are visible throughout the credit union, which keeps everyone aligned toward the organization's success," Ryan observes. "I'm held accountable for achieving our strategic goals, but I share those goals with every employee. So, whether you're an executive, a front-line employee in a branch or someone working behind the scenes in a support department, everybody is rowing in the same direction."

Adherence to a vision and values also enables the credit union to weather unexpected events, such as the challenges faced during the COVID-19 pandemic. "At Langley, I believe we have endured and even thrived throughout the pandemic by leaning heavily on our values and staying true to our vision," Ryan says. "In a time where the pandemic forced us physically apart, we drew closer as a team. While there are times every CEO has to make a tough decision, I've never felt alone because of the group of leaders I work beside. I'm also fortunate to have an incredible network of industry friends that I can count on when needed as a sounding board or to provide a piece of advice."

HONING HIS KNOWLEDGE

Before arriving at Langley FCU, Ryan honed his credit union knowledge at another organization—$9.9 billion Digital Federal Credit Union (*dcu.org*) in Marlborough, Massachusetts. He took a technology position at DCU in 1986, never guessing he would stay with the organization for 26 years.

"When I took my first job at a credit union, I had no idea it would turn into a career," he says, "so I guess I would say my career found me rather than it being part of some master plan."

Ryan came to DCU after earning a bachelor's degree in business management from Fitchburg State University (*fitchburgstate.edu*) in Fitchburg, Massachusetts, but he gained even more valuable credit union-specific education by attending the CUES CEO Institute (*cues.org/ceo-institutes*) early in his career, earning the Certified Chief Executive designation, and, later, the executive development program from Jim Cardwell (of Cardwell Group and Connections Online, *connectionsonline.net*).

While working at DCU, Ryan was grateful to have not one, but two great mentors—successive CEOs Carlo Cestra and Jim Regan, both CUES members. Cestra is now a member of DCU's supervisory committee. During Cestra's tenure as DCU's CEO from 1995 to 2008, the credit union grew from $300 million to $4.5 billion in assets. One of his first decisions as CEO was to promote Ryan to a senior leadership position.

"Carlo was a phenomenal leader who had an incredible impact on many people, including me," Ryan recalls. "I think almost every leader can point to someone in their career who gave them a great opportunity, and for me, that person was Carlo. Perhaps he saw something more in me than I saw in myself."

Regan succeeded Cestra as CEO, overseeing DCU's growth to nearly $10 billion in assets. "Jim and I worked together for 20 years, including for several years after he succeeded Carlo as CEO in January 2009," Ryan reports. "I learned so much from his leadership, and he remains my best friend."

Ryan eventually rose to the position of EVP/COO at DCU. After 17 years in senior management, he considered himself ready to become a CEO. When the president/CEO slot became available at Langley FCU, he moved to the Hampton Roads area of Virginia to accept the role.

"I think there was a certain professional drive that led me here," Ryan says. "I loved working at DCU, but I wanted to be able to make a difference as an organization's CEO. It turned out to be a great fit. I needed Langley, and I believe they needed someone like me who could come in from the outside and offer a fresh perspective and new leadership."

SERVING THREE STAKEHOLDERS

As president/CEO at Langley FCU, Ryan is mindful of serving three distinct groups of stakeholders: members, employees and the community. Meeting the needs of over 300,000 members is paramount to the success of the organization.

"We have a diverse membership, so we put a lot of focus on developing products and services to meet the needs of people at various economic positions and life stages," Ryan reports. "We work hard to make a difference in in the lives of our members, each and every day."

As a means of serving members better, Langley FCU also focuses on meeting the needs of its employees. "We have a simple business model: Take great care of our employees, and they'll take great care of our members," Ryan says. "This philosophy fuels the financial engine that allows us to do great things in our community."

To provide employees with opportunities to grow within the organization, Langley FCU invests significantly in professional development. Every year, the organization sets aside Columbus Day for a professional development event called the Langley U Summit. Because of the COVID-19 pandemic, the last in-person event occurred in October 2019 at the Hampton Roads Convention Center. The agenda included several guest speakers and breakout sessions covering such topics as time management, team empowerment, stress in the workplace, and even self-improvement topics like personal budgeting and finance. Perhaps surprisingly, there were also sessions on how to write a resume and improve job interview skills.

"It may seem counterintuitive to provide our employees with the skills to find a job elsewhere, but we realize that it's rare for an employee to stay with one employer for 26 years like I did," Ryan says. "We at Langley embrace that notion, asking employees to

> **"Everyone wants to be part of a winning team, and Tom has really created winning energy at Langley."**
>
> – Ted Henifin, CCD

do a great job while they're here while preparing them to be successful even if it means moving beyond Langley."

This sentiment was the impetus for changing Langley FCU's tuition reimbursement policy to tuition assistance, which provides advance payment to employees for classes and books. At one point, tuition payments were limited to fields of study related to the employee's job, but that policy has been changed as well.

"We decided to let our employees dream," Ryan explains. "Returning to school should be about their aspirations, not ours. So, we changed the policy to let them study whatever they wanted to study."

Based on that change in policy, one employee recently was able to complete a nursing degree. "Obviously, her aspirations are to leave us someday to become a nurse," Ryan acknowledges, "but when that happens, I hope she'll always think fondly of how we helped her achieve her dream."

In serving the community, Ryan leads by example in giving of his time to worthwhile organizations. He serves on boards for two community organizations, the Virginia Peninsula Chamber of Commerce (*virginiapeninsulachamber.com*) and Boys & Girls Club of the Virginia Peninsula (*bagclub.com*), and also serves on an industry board for Callahan & Associates (*callahan.com*). He encourages others at Langley FCU to give of their time as well.

"When I arrived at Langley, I wanted to make an institutional impact by having all of our leaders serve on nonprofit boards," Ryan reports, "and so today, every member of our senior management team as well as many other leaders at the credit union are serving on nonprofit boards. This has allowed us to institutionalize our impact beyond any one leader."

As a result, Langley FCU has gained a reputation as a great corporate citizen, giving back to the community both in time and philanthropically. An affiliated organization, the Langley for Families Foundation, gives generously to the community as well.

"During the year with COVID, where so many companies had to take a step back from some of their charitable giving, we actually stepped forward and had our biggest year ever," Ryan reports. "Between the foundation and the credit union, we donated $1.4 million into the Hampton Roads community, which is the region that we serve and where our employees live and raise their families." (See details at *tinyurl.com/42nrk7de*.)

In addition to having a strong affinity for community, Ryan is also devoted to his family. He and his wife, Lisa, have been married for 37 years. They have two children, Stephanie and Christopher, a 2-year-old granddaughter, Amelia Mae, and are expecting the arrival of another grandchild before Thanksgiving. As a family, they enjoy spending time together at a beach in southern Maine, where Ryan hopes to retire someday.

MORE CUES AWARD WINNERS

Passing on a Cooperative Legacy (*cumanagement.com/1220legacy*)

Constantly Improving His Game (*cumanagement.com/0121improving*)

Believing in the Cause (*cumanagement.com/0121believing*)

Contributing to the Mission In Spanish (*cumanagement.com/0221mission*)

The Langley FCU team working at the Langley for Families Charity Golf Classic.

A CONTINUING COMMITMENT

With retirement still several years away, Ryan remains focused on continuing to move Langley FCU in a positive direction. True to his collaborative leadership style, he knows he cannot do it alone.

"As a leader, I think you need to surround yourself with great people who provide diversity of thought and are comfortable in working collaboratively to make decisions," Ryan says. "As a CEO, I realize the buck stops with me, but I also think it's important to take a team-based approach and hear a wide range of opinions."

Henifin applauds Ryan's egalitarian leadership style, noting that it has created a positive atmosphere at the credit union. "He is comfortable around people at all levels of the organization and has an uncanny ability to call them by name—with over 600 employees, that is quite a gift," he says.

But while Ryan maintains a casual, friendly demeanor with those around him, Henifin observes that he does not shy away from making tough decisions or taking hard actions that may be necessary to benefit the credit union. "Tom walks the talk, caring deeply about employees, members and the community we serve, and all have benefited significantly by having Tom as president/CEO," he says.

The bottom line for Ryan is the ability to make good on Langley FCU's commitment to serving its three key stakeholders. "At an operational level, I'm proud that we have built a winning team that has consistently delivered on our goals, resulting in solid growth driven by a value proposition benefiting our members," Ryan concludes.

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

"We have a simple business model: Take great care of our employees, and they'll take great care of our members. This philosophy fuels the financial engine that allows us to do great things in our community."

– Tom Ryan, CCE

Protecting *Key Pathways*

THE PAYMENTS SYSTEM KEEPS GETTING BUSIER AND MORE COMPLICATED. CUs MUST BE VIGILANT TO PREVENT OR FIX OUTAGES.

BY RICHARD H. GAMBLE

Keeping the payments system running has always been so critical that elaborate arrangements of hardened perimeters, file back-ups, processing redundancies, frequent testing and many more such steps have been used to keep outages within acceptable ranges.

Today, as payment options proliferate, real-time transactions take over and sophisticated hacking becomes more threatening, alert credit unions continue to check their own shops and look for weaknesses in the overall payments infrastructure.

Operations planners must understand how all payment-related systems work and interact, suggests April Vuylsteke, director of global financial services at Hyland Software (*hyland.com*), Westlake, Ohio. Then they must identify where disruptions might occur, take steps to prevent them and plan to keep critical services working when disruptions do occur.

Test by simulating outages that trigger response plans, she recommends. And make sure vendors have protected and tested their roles, especially around payments; have agreements and service-level requirements in writing.

Sometimes high enough volumes can cause systems to choke temporarily, such as when COVID-19 mitigation payments were supposed to arrive in member checking accounts. Some CU online response sites got overwhelmed with members checking on those anticipated deposits.

Even this minor "outage" was felt in the call center, as members phoned in when digital systems didn't deliver. "We handled 20,000 calls on behalf of CUs one day," recalls Tammy Snyder, SVP/contact center services at CUES Supplier member CO-OP Financial Services (*co-opfs.org*), Rancho Cucamonga, California.

Whenever a system is down, members will expect answers, Snyder says, and the best thing a CU can do, whenever possible, is answer those questions before they reach a live rep. Post a notice on the mobile banking site, which is the first place most members look, and a recorded message on the call center's interactive voice response.

"Let them know that you are aware of the problem and tell them when the system should be back up." But send the calls through, she says, in cases where a rep could act on the member's behalf.

> **“The payments system is by far the most protected, but it is also the most relentlessly attacked because of its value.”**
>
> — Richard Crone

TOO MUCH VOLUME

One of the oldest causes of an outage is sheer volume overwhelming a system and causing it to freeze. When this is done deliberately, it’s called a denial-of-service attack. When accidental, it’s called poor planning, observes Stuart Bain, SVP/product management at Alacriti (*alacriti.com*), based in Piscataway, New Jersey. The widely reported Wells Fargo outage (*tinyurl.com/ermmfw7j*) on March, 17, 2021, was caused by a huge wave of customers all trying to sign in at once to see if stimulus payments had been posted to their bank accounts.

“That outage could have been prevented,” he says, with better planning and communication—anticipating that those calls would be made and telling members how and when the payment would arrive before they asked.

When an outage occurs, waiting may be the best choice, as most are fixed sooner than a workaround could be built. Having redundant systems ready to go is often too expensive, Bain adds.

A form of planned waiting is widely practiced by airlines, notes payments consultant Richard Crone, founder/CEO of Crone Consulting LLC (*croneconsulting.com*), San Francisco. Historically, flyers paid cash for a drink or a meal. Now airlines only take cards, but since the card terminals don’t communicate from 50,000 feet, the terminals have an important feature—store and forward. The terminals capture the transaction data and store it until the plane lands, then forward it to a processor, he explains.

“The terminals work offline and synchronize with the processor when the plane lands.” Similarly, an alert CU team wants their card processors to have store-and-forward capability on the ground so card payments can continue to be accepted during an outage and then clear quickly when it’s over, he recommends.

ROUTING SOLUTIONS

When waiting won’t work, stalled payments need to find an alternate path. Sometimes one party can cover for another, known as “stand-in processing,” reports Sabeh Samaha, founder/CEO of Samaha & Associates (*ssamaha.com*), Miami Beach. If a CU’s link in the chain goes down, the next link, say a card payments processor, could step in and allow member payments to advance outside the normal routine, essentially trusting that the CU will provide the missing data and settle the payment once its system is back up.

The credit union’s core remains “the system of truth,” Samaha says, the one with the records of members, accounts and transactions. Unless the processor has a current positive balance file, it is allowing payments to proceed based on trust that the funds are there. For protection, a stand-in processing provider usually limits the number and dollar amounts of transactions it will stand in for, he explains.

An upstream processor is just one possible rerouting solution. For example, a CU could accommodate members during a card payment outage, Bain explains, by routing or having the card processor route the payment to the ACH (*nacha.org/content/ach-network*) for batch processing and overnight settlement. The CU would need to ask affected members for their account details so the CU or processor could send an ACH payment, because card payments cannot be converted to ACH automatically.

Open application programming interfaces certainly are helpful in these situations, Bain adds, because they essentially unlock the doors to intelligent routing. “Open standards allow alternative systems to be tapped,” he explains. “It allows payments to flow regardless of the network, which makes it easier to switch networks if one is down.”

Switching can be done at the processor level without involving the networks. But you can’t reroute payments without the relevant data. A hiatus in payment movement is inconvenient; losing data can be catastrophic, he notes.

Even when all payment pathways are working, systematic intelligent routing through open systems allows payments to take the most appropriate paths to fulfill the instructions, Bain continues. “Members want to see their wishes carried out. They usually don’t care how that happens, which leaves the credit union free to find the best route.”

But all steps in the process need to work perfectly almost all the time, because multiple handoffs provide many points of potential failure where outages can occur. “The need for robust back-up and redundancy is magnified,” Crone notes. The result, he says, is an industry “triple-nine reliability standard—verification that the systems will be functioning 99.9% of the time,” theoretically making unplanned outages extremely rare.

CLOUD EXPOSURES, PROTECTIONS

Payments highways often go through the cloud or over the internet. “That entails more points of vulnerability,” Crone notes, “but also more rerouting possibilities. Some see the cloud as a single point of potential failure, but it’s not.”

The cloud helps prevent outages, Bain agrees. A CU that runs its core system on two physical servers could suffer an outage if the primary server fails, leaving a single back-up. A cloud-based setup will have many virtual servers linked to support core operations and payments. That makes the cloud better able to respond to demand and makes it possible to take some systems out of service for updates without members even noticing, he explains. A core conversion or update may mean shutting down the core temporarily if it’s running on in-house servers. “In the cloud, service can be continuous.”

With payment systems functioning along chains, Crone notes, CU vendor management programs need to make sure all payment processors they use have met security standards—that they have satisfied SSAE 18 audit requirements. CUs need to verify those

MORE ON PAYMENTS

Pay or Else (*cumanagement.com/0921ransom*)

Does Your Payments Experience Suck? (*cumanagement.com/0821suck*)

Don't Give Up on Revenue Opportunities (*cumanagement.com/0521revenue*)

audits and investigate any exceptions.

Credit union bill-pay programs deserve special attention. A lot of time-sensitive payments are embedded in them, Samaha points out. "Many members count on funds posting on paydays, with scheduled payments to follow quickly," he says. If bill-pay goes down due to a system conversion or repairs or unplanned disruption—perhaps at the bill-pay vendor—overdrafts or missed due dates could follow. Therefore, it's critical that CUs alert members as quickly and effectively as possible if there is a glitch in their bill-pay services. Then members can consider alternatives, perhaps assisted by member service reps, like making a critical payment by phone using a card.

Bill-pay is vulnerable, Vuylsteke agrees. "Those services usually rely on the ACH or FedWire (*frbservices.org/financial-services/wires*) on the back end," she says. "We saw an outage at the Fed in February 2021 and a problem with duplicate payments at Wells Fargo in 2018." CUs that tailor the service for members could offer a secondary bill-pay option that uses a real-time payment rail and charges a small fee. Similarly, business members could be offered a real-time primary or back-up option for things like payroll and insurance payments, she suggests.

INCLUDING THE INNOVATORS

Recent payment alternatives like person-to-person networks and cryptocurrencies also add pathways that can be used to move payments past blockages. "One of the best ways to cope with payment systems outages is to have multiple, diversified ways to make payments, and the P2P networks are a reliable alternative," Crone notes.

Thousands of CUs still don't offer P2P payments like Zelle (*zellepay.com*) and Venmo (*venmo.com*) through their mobile banking apps, and that's a mistake, he says. "Venmo, Zelle, PayPal (*paypal.com*) and Square (*squareup.com*) are now separate and distinct payment systems that give CUs and their members more options when traditional payment systems are down."

P2P payment systems may ride their own rails once accounts are funded, Bain counters, but unless a person keeps a balance in a Zelle, Venmo or PayPal account, the process likely would start with a charge to a credit card or debit from a bank account, which limits their usefulness as a true alternative.

Cryptocurrencies like Bitcoin are another emerging payments system to consider. Blockchain is a set of rails that is unaffected by what happens to card networks and bill-pay clearings, Crone says. CUs haven't offered cryptocurrencies yet, but they soon could because FIS (*fisglobal.com*), a major core processor for CUs, has announced an arrangement with NYDIG (*nydig.com*) that would accommodate Bitcoin holdings within its users' mobile banking apps. This would make it possible to fund a crypto wallet from a mobile banking wallet.

HOW STRONG IS STRONG ENOUGH?

Payment system outages happen, but payments continue to flow because the systems are resilient, says Arvind Sharma, chief digital and payments officer of $23 billion Central 1 Credit Union (*central1.com*) in Vancouver, British Columbia.

"We're a processor. Once in a while, something happens, and then people work through the night to get it fixed," he explains. "Usually, individuals using those systems never notice."

Blips do occur. A member's connection to a CU's mobile banking service might fail, or a CU might shut down a system for maintenance for a night after notifying members, or a member's card payment might not go through due to security triggers, but the systems are safe, he says.

But challenges are real. As the reliable backbone of the U.S. interbank payments system—FedWire and ACH—move to real-time settlement in 2023, most credit unions will have to support them to satisfy members, Vuylsteke says, so they will need to plan for reliable connections.

The loss of delayed settlement will make it harder to unwind mistaken or fraudulent payments, Sharma points out. "Those systems will require FIs to have strong up-front processes," he says.

Hackers up the stakes. It may be possible to create fast, complex payment systems that support multiple endpoints safely during peaceful operations, but now hostile attacks are exposing weaknesses in systems long considered safe. IT management software provider Kaseya (*kaseya.com*), which reportedly has CU clients, experienced a brutal ransomware attack over the July 4 holiday.

Hostile attacks underscore the need for protecting systems, Bain agrees, but he notes that those attacks usually don't cause outages. "Criminals typically want to penetrate systems but keep them running while they do their dirty work."

In all, the sky is not falling. "Of all the computer networks running today, across all industries," Crone says, "the payments system is by far the most protected, but it is also the most relentlessly attacked because of its value."

So far, it's holding up well, he notes, especially the parts managed by financial institutions. The problems have come at the edges of the networks, he points out, like the merchant point-of-sale systems for card acceptance (e.g., McDonald's) and among payment parties that are not financial institutions, but everyone is working hard to address those vulnerabilities.

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

The Digital *Transformation*

THREE CREDIT UNIONS, EACH WITH UNIQUE GOALS, PROCESSES AND RESULTS, SHARE THEIR JOURNEYS.

BY STEPHANIE SCHWENN SEBRING

Credit unions each have a journey to take to achieve digital transformation. Being a fast follower of technology is now a prerequisite for success in the financial services industry—not just for member and staff convenience, but also for future growth. Here are the stories of three very different organizations that have embarked on their journeys to achieve their digital vision.

Redstone Federal Credit Union

In December 2020, $7.2 billion Redstone Federal Credit Union (*redfcu.org*), Huntsville, Alabama, expanded its partnership with NCR Corp. (*ncr.com*), Atlanta, by implementing NCR's business banking platform. Several factors drove the decision. Members, particularly business members, required more competitive and versatile online banking tools, and all members desired more self-service options. Identifying ways to improve the member experience while increasing efficiencies and staff productivity were additional considerations.

Key goals:

- Integrate business and consumer banking into a single platform.
- Increase the number of business members using the credit union's online products.
- Boost the number of members using self-service options.
- Extend more services to more members.
- Offer staff more flexibility and ways to serve members in more meaningful ways.

"Integrating business and consumer banking into a single platform, giving business members a seamless experience with more robust capabilities and a modern look and feel were primary objectives," explains CUES member Terri Bentley, CCE, senior EVP/CIO for Redstone FCU. "Specific benefits ... included

> **"Giving business members a seamless experience with more robust capabilities and a modern look and feel were primary objectives."**
>
> – Terri Bentley

automated reporting from a single sign-on, turnkey commercial loan options, new merchant services and online management tools."

Throughout the integration, the CU capitalized on increased efficiency, consistency and convenience for members. "A key efficiency has been running both consumer and business banking on the same digital platform," says Bentley. "And for business members, their experience was simplified by being able to quickly and easily transition from personal to business banking with just a few clicks."

It is a digital-first world, but Douglas Brown, president of NCR Digital Banking, believes a physical branch presence will continue to play an integral role in the financial services ecosystem. "Still, the branch of the past must adapt, as the pandemic accelerated the need for branches to run more efficiently and better meet members' preferences while simplifying self-service options."

Redstone FCU supported its strategy to expand its self-service capabilities by adding 109 interactive teller machines over a two-year period. Now, with more than 130 ITMs across the network, members can access traditional branch-based services via self-service, video banking technology. "As a result, we can extend more services to more members, offer longer hours of service, improve operational efficiencies, and enable a safe environment for both employees and members," says Bentley.

RETURN ON INVESTMENT

Redstone FCU had already experienced an organic uptick in online transactions from business banking segments during the pandemic, and this trend has only accelerated. Since upgrading its business banking platform in December 2020, the number of users increased dramatically from 8,370 with 14% active to 11,427 in July 2021 with 66% active.

The ITM expansion has seen similar success. "Branches were previously responsible for staffing their own drive-thrus. Now, drive-thru operations are centralized through a 55-person ITM service center," Bentley explains. "After replacing the tube-style drive-thru system and various ATMs with ITMs, the percentage of completed self-serve transactions increased from 66% to 80%. ITMs have also cut drive-thru transaction times in half (from an average of 5 ½ minutes in 2017 to two minutes in 2021), while centralized staffing naturally reduces our costs and improves member satisfaction and staff efficiencies."

Satisfaction has been reflected in membership growth over the past three years. The CU added 20,922 new members in 2018 (a 5.1% increase from the previous year), 55,627 in 2019 (a 12.9% increase), and 102,000 in 2020 (a 22.6% increase). This growth can support the addition of even more digital and self-service options.

Member sentiment is another critical measuring point. Redstone FCU tracks member approval with ongoing surveys in all its channels. Survey scores increased from a 55% member satisfaction rating with its previous ATM and drive-thru structure to 91% for ITMs. As part of its emerging markets strategy, the credit union will continue to add ITMs. This also includes deploying a "motor bank" of ITMs to new locations, providing both full- and self-service options at stand-alone drive-thrus with no attached branch or on-site staff.

TRANSFORMATION TAKEAWAYS

Brown says to keep a close pulse on your member base. "Carefully understand who your members are, identify their unique and timely needs, model member data over time, and evaluate feedback from member surveys."

"Ultimately, we found a close partner in NCR to deliver a modern, intuitive solution to close the gaps in satisfaction and member service needs," concludes Bentley. "As we fully realize the success of our ITM and business services strategy, we can expand with confidence, understanding the power of technology and applying it in meaningful ways."

Ascentra Credit Union

A strategic technology plan has been the foundation for success for $533 million Ascentra Credit Union (*ascentra.org*), Bettendorf, Iowa. In March 2020, the CU partnered with Glia (*glia.com*), New York, to deploy the technology provider's digital member service platform as the cornerstone for a more comprehensive digital branch.

Making technology readily available to all members with consistent capabilities—and integrating all digital channels—was central to success. This focus on service across all channels, whether website, tablet or smartphone, was imperative so that members could communicate with the credit union via their preferred method.

Key goals:

- Implement a platform available across all digital channels.
- Offer online help in real time.
- Shift how members perceive banking in a digital world.
- Empower digital branch staff with more efficient digital tools, helping them serve members with greater confidence and ease.

Also integral to the credit union's digital transformation was the system's new CoBrowsing feature (collaborative browsing, *glia.com/cobrowsing*), which allows CU support staff to access a member's browser and provide real-time assistance. "It's another way to deliver modern, seamless service and support the experience in a member-centric way," notes Laurie Bruggenwirth, AVP/digital operations for Ascentra CU. "It's how we live our core values as a credit union while supporting and serving members in a digital world."

Understanding the goals for the service experience and being responsive to changing needs are nonnegotiables for digital solutions providers, adds Dan Michaeli, co-founder and CEO for Glia. "With our digital member service platform, members are in the driver's seat, empowered with additional options. They can choose to engage in the way they prefer, whether it's via chat, voice or video, or if they want the credit union to guide them using CoBrowsing, fostering more collaborative, efficient resolutions."

AN INCREMENTAL APPROACH

Ascentra CU's digital transformation has been incremental and flexible. For example, "we knew we were going to add bots to assist both employees and members but decided to start with the chat function to ease members and employees into the system," notes Bruggenwirth. "That allowed us to collect the data on bots that would be most beneficial before taking the next step of the phone transition. These intentional phases ensured the best outcome for members and employees."

A minor challenge was getting a few of the digital branch staff on board. "It's human nature to resist change," adds Bruggenwirth, "and some of our seasoned employees were a bit hesitant about incorporating the chat function. But using an empathetic, sensitive approach—and providing extra training and tools for staff to feel comfortable—eased the transition.

"Deliberate implementation and comprehensive staff training were essential," continues Bruggenwirth. "As part of our digital transformation strategy, we upgraded our website and launched both (the website and Glia's digital member service platform) at the same time to make it more seamless for the member. We notified members months ahead that a change was coming, but the ... targeted communication started three weeks before the launch in the form of emails, videos and even a scavenger hunt."

Bruggenwirth explains that the videos and emails were used to share how the system would look and tips for effective use. "We also gave employees a say in how they initially managed the chat and the number of engagements to handle at a time, allowing the individual to move at their own speed."

Following the adoption of the digital platform, the credit union migrated to Glia's phone system in August 2021, enabling the platform to handle all inbound calls versus a traditional phone system. "While members rarely had to wait longer than three minutes in the queue of our traditional call center, we recognized the need to transform the process for a more seamless experience," says Bruggenwirth. "Our operators can now quickly see the call history of the caller along with important notes placed from previous calls, turning what used to be a blind phone call into a personalized engagement."

RETURN ON INVESTMENT

Ascentra CU has realized greater efficiencies across the board since the transition. From March 2020 to July 2021, monthly online engagements nearly doubled from 600 to around 1,000 per month. Between the website and digital banking platform, the digital branch now handles an average of 40 digital engagements per day compared to 25 previously. Based on survey responses, member sentiment regarding the chat and CoBrowsing features have been positive, reducing member effort and support duration. Additionally, the resolution time for phone calls has also declined from over 10 minutes per call to an average of three minutes or less, resulting in greater member satisfaction.

Numbers are essential to evaluate decisions, but the member experience remains the priority, stresses Bruggenwirth. "Satisfaction can sometimes be difficult to measure, which is why we utilize numerous surveys, evaluate member reviews and take feedback seriously."

KEY TAKEAWAYS

Find a partner that offers everything you want throughout your digital transformation journey, advises Bruggenwirth. "At Ascentra, we didn't make a decision based on what we wanted at a single point in time but the capabilities we would require now and two years down the line. Don't put your credit union in a position where you have to piece together different platforms or point solutions—it's expensive, time-consuming, and results in poor employee and member experiences. Also, understand the power of a phased roll-out, and be strategic in the pace of your launch."

Ventura County Credit Union

For $1.2 billion Ventura County Credit Union (*vccuonline.net*), Ventura, California, digital innovation for members and staff—and replacing an outdated technology stack—have been the driving factors behind its digital transformation initiative. The credit union began its journey in May 2020 and hired CUES member Chad Ritchie as its new CIO, who brought with him the experience and architecture know-how needed for the undertaking. Once Ritchie gained executive and board buy-in, he reached out to CUES Supplier member Think|Stack (*thinkstack.co*), Baltimore, to help execute the strategy and enhance the organization's cybersecurity posture.

Key goals:

- Create a brand-new technology stack.
- Create opportunities to quickly and continuously improve and deploy new technologies.
- Increase ROI by boosting efficiencies, while reducing downtime and enhancing a robust cybersecurity model.
- Keep pace with competitors, particularly fintechs.

Now, at the end of 2021, the credit union is set to complete the first and most significant stage of its technology transformation: its core migration to the cloud, moving all on-premises servers to Amazon Web Services and implementing an application programming interface-focused technology stack. For the AWS migration, 31 components have been completed (in about 18 months), with just seven remaining. Thanks to Ritchie's experience—including a cloud conversion while serving at his previous credit union—innovations are occurring on an accelerated timeline.

"It's enabled us to scale and create significant efficiencies in the technology stack to create dramatically increased speed-to-market solutions—defined as how quickly we can deliver innovative results to members, staff and our community," says Ritchie. "Of course, the tech stack is only one piece of the equation. Strategies for change management, cultural adoption, member experience and operational excellence all play key roles."

New leadership at Ventura County CU helped lead to fast buy-in, says Chris Sachse, CEO of Think|Stack. "This newness, and the team's unflagging support, enabled us to move quickly within a truncated timeline. ... A typical transformation to the cloud can take three to five years, and we're operating in about half that time."

Each credit union's digital journey will be unique, adds Sachse. It starts by delving into technology needs and considering the current learning curve. "While Ventura had already completed much of this process because of [Ritchie's] expertise, other credit unions should use the process to understand how a digital transformation can differentiate itself from the competition. It may require assessing wants and needs, risk vulnerabilities, and conveying the process and critical milestones through leadership workshops."

"One benefit [of digital transformation] is eliminating repeat conversations between members and various employees—and without completing duplicate information on documents."

– Chad Ritchie

ACCELERATING TECHNOLOGY

Ultimately, the goal at Ventura County CU is to improve the member experience through all digital channels by giving employees a 360-degree view of each member with every interaction. Staff will be able to handle requests faster and seamlessly, and better manage the vast amount of data collected. "One benefit is eliminating repeat conversations between members and various employees—and without completing duplicate information on documents," explains Ritchie. "For example, a mortgage request will now be completed in minutes (versus an hour or more), with forms auto-filling from the data on hand. This is just one of the goals we'll achieve when the transformation is complete."

Ritchie also stresses the absolute need for credit unions to transition to the cloud and use an API-first architecture. "This evolution will become the new baseline of a credit union's modern technology infrastructure. It will solve the redundancy of old legacy systems where the loan and deposit sides couldn't speak to one another. Information will be shared on demand through APIs" without requiring employees to have technical expertise.

"Downtime from outages will be dramatically reduced as well, with downtime from a disaster recovery event reduced from over a day to about an hour by year-end," Ritchie adds. "That is meaningful to members. Data security is also much greater in the cloud with Think|Stack's support, managing our servers with their 24/7 security operations center.

"While credit unions are stewards of their members' money, a security strategy—which includes educating members, staff and board—is crucial. The demand for enhanced security cannot be underestimated, as the financial services industry estimates over $20 billion of fraud in 2022 (*tinyurl.com/pwcfraudtrends*)."

RETURN ON INVESTMENT

Since employees can do more faster, Ritchie says the ROI of the CU's digital transformation efforts is indisputable. "With [increased] speed-to-market for new technologies and the efficiencies gained by enhanced security, you naturally mitigate risk and protect your credit union and members. Disaster recovery and business continuity are other key ROI points. ... Leveraging cloud strategies can significantly reduce and often eliminate outages.

Credit unions need to make the technology implementation process iterative to achieve ROI, stresses Ritchie. "[This] also impacts the management of the IT team. For example, our entire organization has evolved into working in two-week sprints (using the scrum methodology, *atlassian.com/agile/scrum*) when developing new technology. ... Pieces are completed promptly, and schedules planned around bi-weekly deliverables."

Also, consider redefining the role of the CIO. "My job is really about helping people understand why we're making technology changes," says Ritchie, "to reassure staff that the changes we're making will help them do their jobs faster and easier."

TOP TAKEAWAYS

For Ritchie, a key facet of digital transformation is remaining relevant: "As credit unions, I believe we're facing a 'Blockbuster' moment. And if we can't find ways to create meaningful digital experiences and make it easy for members to do business with us, we could face obsoletion. We must focus on iterative technologies that create better outcomes for members and staff."

"The cloud can also give you flexibility and resiliency to change to better compete with fintechs whose strength is keeping pace with innovation," adds Sachse.

Both Ritchie and Sachse conclude that millennials (and all age segments) have expectations today of what the user experience should be, and credit unions must deliver. What CUs do in their communities is a difference-maker, but they must also be fast followers of innovation, or this community niche won't matter.

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 DIGITAL TRANSFORMATION

Five Hallmarks of Digital Transformation (*cumanagement.com/0721hallmarks*)

Cooperative Teachers CU Brings 'Joy' to The Member Experience (*cumanagement.com/092021skybox*)

Tech Time: Riding the Wave of Financial Technology (*cumanagement.com/0821techtime*)

New Urgency to Digital Transformations (*cumanagement.com/1020urgency*)

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

Master the Regulatory *Obstacle Course*

COMMUNICATION, SOFTWARE AND EDUCATION CAN HELP YOU OVERCOME YOUR FEARS AND RUN A SUCCESSFUL COMPLIANCE PROGRAM.

BY ART CHAMBERLAIN

If you lead a credit union or its compliance program, lots of rules and regulations govern your actions. Chances are, you are thinking about those rules and regs the wrong way. That matters, because the words and metaphors you use when you talk about compliance will frame how you ultimately feel about the topic.

Credit union leaders often refer to a regulatory "burden," which makes regulations sound like something credit unions must carry as they struggle toward a finish line. But it's more accurate to imagine that you're involved in a business version of the TV obstacle course competition "American Ninja Warrior" and that the regulations are challenges along your path that test you and give you an opportunity demonstrate your prowess.

In reality, compliance is a never-ending challenge. You'll always have to cope with changing regulations, and there is no finish line.

While many CU leaders fear new regulations or the appearance of an auditor or examiner in their office, the keys to success can be as simple as promoting good communication and using the right tools.

REGULARLY COMMUNICATE WITH EXAMINERS

CUES member Brian Lee, president/CEO of $225 million/14,500-member Landings Credit Union (*landingscu.org*), based in Tempe, Arizona, has seen the challenge from both sides. Lee was a National Credit Union Administration (*ncua.gov*) examiner before joining Landings CU seven years ago as CFO.

Lee says one of the challenges for some credit unions is to explain to their examiners how they are effectively using limited resources to both meet the applicable regulatory requirements and protect consumers and members.

"There's always that concern that I could be going in one direction and think I'm 100% correct, and then the examiner can come in and say I'm not doing it right."

— Brian Lee

"There's always that concern that I could be going in one direction and think I'm 100% correct, and then the examiner can come in and say I'm not doing it right," says Lee, who has been CEO since January 2020.

Communication with your auditors can help reduce stress and guarantee a smooth passage by ensuring you are heading in the right direction, he says.

"I think the problem sometimes people get into is they don't communicate with examiners or auditors until that one time a year that they're in their office," Lee explains. "You need to have communication before they come in to audit. That way, you're set up and good to go. That's something we try to do with both our auditors and examiners."

Lee advises checking in with your examiner on how you are interpreting and administering any new regulation, saying something like, "I'm going to do it this way. Is that OK?"

Often the challenge is agreeing on an interpretation of what the regulatory language means, Lee says. That's why it helps to have open lines of communication with regulators.

Since Landings CU doesn't have the internal resources of larger credit unions or banks, such as a legal department, Lee gets valuable help from credit union trade associations and networks with other credit union leaders about compliance topics.

He notes a challenge over the past year has been that more government agencies are setting regulations that impact credit union activities.

"I'm not only dealing with NCUA or my state regulator," he notes. "I have to look and say, 'OK, it is something that the CFPB (Consumer Financial Protection Bureau) is doing? Does that affect my credit union?'"

In addition to communicating with their examiners, credit unions must communicate with the people who are setting requirements in the first place—meaning officials of regulatory bodies and even politicians—about the new rules and regulations coming under consideration, Lee notes.

SOFTWARE TOOLS AND OUTSIDE EXPERTS

Compliance Systems LLC (*compliancesystems.com*), a Cuna Mutual Group company based in Grand Rapids, Michigan, helps credit unions be compliant by providing document-handling software that follows all applicable regulations. Its cloud-based systems ensure that credit union staff get the regulatory information they need and are directed to ask questions that even experienced workers might overlook.

Chris Appie, president of Compliance Systems, says it takes about 12 weeks for credit union staff members to become expert with the system and operate it confidently. His organization also provides a "compliance safety net" that looks at a CU's data to make sure it's compliant and internally consistent. That way, compliance staffers "don't have to worry about which rules apply in a given transaction. We give them peace of mind so that they can focus on member service."

Compliance software can help credit unions deal with another problem that occasionally arises: members asking them to go around the rules.

Barbara Schilke, IT administrator at $81 million/6,000-member Shore to Shore Community Federal Credit Union (*shore2shore.com*) based in Trenton, Michigan, has seen this happen. For example, "They'll say, 'Well, I've been a member for however long. Can't you make an exception?' or 'Can't you bend the rule?'"

Diane Abbonizio, president/CEO of $246 million/17,300-member United Bay Community Credit Union (*ubccu.org*) in Bay City, Michigan, has had similar experiences with members questioning staff about the questions they ask for compliance reasons.

"There's always that uncertainty as to, 'Why are you questioning me? This is my money,'" she says. "There's always apprehension because the staff knows the members; they are their friends or neighbors."

United Bay Community CU and Shore to Shore Community FCU both work with Member Driven Technologies (*mdtmi.com*), a credit union service organization based in Farmington Hills, Michigan, which offers a range of IT services that help ensure credit unions comply with relevant laws, rules and regulations.

"We found ourselves in a compliance black hole for a period of time," Abbonizio says. "Over the course of the last seven years, we've managed to dig ourselves out of that hole. A lot of it is on the back end, making sure that you have the proper compliance oversight. We've expanded our compliance department significantly over these last several years."

Part of the transition at United Bay Community CU has been changing the organizational culture to create an awareness of compliance needs and helping staff realize when they should ask specific questions or turn the matter over to someone else, Abbonizio says.

"Regulations tend to increase the complexity on the back end for us," Schilke says. "We have to make sure we have the right parameters defined and we do adequate testing to make sure we get the desired results to keep us in compliance with any changes."

Jason Sharabani, manager of internal audit and compliance at MDT, says he provides information updates as regulations change and an overview of what they mean.

"We link everything together," he explains. "If there are new regulations that come out, what do we have already that meets them? How can I communicate that to our credit unions to make it easier for them to comply? … I'm a resource from a service organization perspective."

MORE ON COMPLIANCE

Vet Your Vendors (*cumanagement.com/0921vet*)

Compliance Staff on High Alert (*cumanagement.com/0420compliancestaff*)

Buttoning Down Compliance Using Automation (*cumanagement.com/1020buttoning*)

Moving Into Using Data to Boost Compliance? Apply the 'Snowball Method' (*cumanagement.com/1220snowball*)

> **"We have to make sure we have the right parameters ... and ... do adequate testing to make sure we get the desired results to keep us in compliance with any changes."**
>
> — Barbara Schilke

VENDOR MANAGEMENT AS A COMPLIANCE CONCERN

Of course, third-party vendor management is an additional area of compliance concern, as credit unions need to ensure their vendor partners are compliant as well. Today, that means looking "a little deeper to see who actually has access to your information," Sharabani says.

"From MDT's perspective, we wouldn't go into business with the vendor that we want to offer our credit unions if they did not meet our compliance requirements," Sharabani adds.

Schilke says when fintech companies approach her credit union looking to provide a service, they need to expect to face a tough set of due diligence questions, and they will quickly learn that only those that score well will get business.

"We'll tell them we are going with a different vendor because maybe [they] got a six out of 10, but this other supplier has all 10," she says. "I'm going to go with the place that has all 10 because I'm going to be audited against this company."

THE COMPLIANCE CHALLENGE FOR BOARDS

Overseeing a credit union's compliance effort can be a challenge for the volunteer boards, particularly when directors do not have experience in this area.

A board's responsibility is to write an overall compliance policy and oversee its implementation. But many times boards will have difficulty interpreting detailed compliance reports.

After boards write a high-level policy about compliance, Schilke suggests that boards be supported in their oversight work by being given "a high-level overview and a good understanding of what's being done and why it's being done."

WHAT'S COMING UP IN COMPLIANCE?

The swearing-in of a new U.S. president in January has led to a new outlook from CFPB. This may mean a flurry of changes will be coming over the next few months and years. Sometimes the changes come from interpretations by a politician's team rather than any change in the actual law or regulation.

For example, Appie notes, during President Donald Trump's administration, the CFPB was reluctant to invoke the unfair, deceptive or abusive acts or practices provisions of the Dodd-Frank Act the same way that the Obama administration had. But this year, a few months into President Joe Biden's administration, the CFPB has returned to its original interpretation and appears ready to vigorously apply the law once again.

Appie says to expect more regulations from the CFPB once a new director is in place and begins to chart a new path for the agency. He also warns that it is not just regulators who can cause problems for credit unions. For example, class-action lawyers in some states are taking a harder look at credit unions and the way they impose insufficient funds charges, arguing that they aren't following proper procedures.

"Our advice is to make sure that what you're actually doing is in line with what you're disclosing to your members," Appie says. He notes that some larger banks have decided to offer expanded overdraft protection as a way of avoiding such controversies and legal challenges.

Many compliance professionals also expect a continued regulatory focus on cybersecurity rules. "It's the top of the agenda at all of the organizational events," Abbonizio says.

She says the risk of a major loss due to the ease of digital money movement almost makes her wish she could return to pencil, paper and a ledger, where at least the losses would be limited.

In all, credit unions can effectively overcome their concerns about compliance by leveraging good communication and software tools, helping board members oversee the process, and educating staff about the latest in the laws, rules and regulations and how they're being interpreted.

With these kinds of efforts, CU leaders can eliminate—or at least overcome—their compliance fears and challenges and build effective programs to support them in serving their members.

Based in Campbellford, Ontario, ***Art Chamberlain*** *has written about credit unions for more than a decade and has been a member for more than 30 years.*

Chris Gunnare

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For example, PSCU's industry-leading data science and analytics portfolio (*pscu.com/analytics-category*) analyzes our CUs' collective enriched data to create a holistic view of member behavior to drive actionable insights. Our portfolio currently includes such powerful tools as our Insights solution, predictive analytics and identity resolution, which enable our CUs to gain a holistic view of their membership data and make informed strategic decisions.

As we look to the future, we are focused on the financial well-being of our collective communities. Last year, we proudly named financial wellness as PSCU's official overarching corporate philanthropy strategy and, for our Owner credit unions, we continue to explore opportunities in which our products and solutions can support financial wellness for their organizations and their members.

What makes PSCU unique?
From the latest mobile and digital offerings to personalized experiences and emerging technologies, PSCU has its finger on the pulse of trends impacting the CU industry now and in the future. As always, we are prepared to provide the relevant and timely services, solutions, thought leadership and support our partners have come to expect for years to come.

Protecting Your Retirement Plan *From a Thief*

WATCH OUT FOR THE IMPACT OF INFLATION ON YOUR —AND YOUR EMPLOYEES'— RETIREMENT FUNDS.

BY SCOTT D. KNAPP, CFA

Cyberattacks, shifting regulations, rising income taxes, insufficient employee participation and deferral rates: The headwinds against successful achievement of a retirement plan's goals seem endless.

In an era of skyrocketing fiscal deficits, the probability of employees having to pay higher tax rates on income drawn from a standard 401(k) is rising. Likewise, recent cyberattacks were of sufficient impact to force plan sponsors and service providers to implement additional data security measures. These two risks alone are cause for vigilance, but thankfully their probabilities are still outliers.

One risk is certain: A thief will progressively steal employees' retirement savings. This thief has been getting a lot of attention lately, and plan sponsors need to focus heavily on stopping it in its tracks.

The thief is inflation.

THE CURRENT STATE OF INFLATION

Rising consumer prices have a knack for getting attention on Main Street. Higher fuel and grocery prices—the most volatile components of many inflation measures—tend to speak the loudest. Recent inflation data have been shouting because they have risen at rates not seen in many decades. In July and August, inflation was at 5.4%. The last time inflation was this high was in 1990. In 2020, the rate was 1.23%. Most of the year-over-year increases are due to base effects, but inflation is nonetheless running hot relative to any historical comparison or calculation method. A great debate among economists and central bankers now rages with one camp arguing inflation is temporary due to short-term post-pandemic conditions and the other arguing it's permanent due to structural changes in the economy.

In reality, inflation is not a well-understood phenomenon. Theories that seek to explain it often rely on relationships between economic variables that aren't linear or stable enough to create reliable cause-and-effect connections. The Phillips Curve that postulated a direct and almost linear inverse relationship between unemployment and inflation has proven to be particularly inexact. At Cuna Mutual Group, we believe current high inflation rates are mostly explained by temporary influences, but we have low confidence in our view. Only time will tell if the current trend of rising consumer and producer prices will pass quickly or stick around for the long term. Either way, the thief stealing retirement savings is currently quite active, and retirement plan sponsors and participants must guard the gate.

INFLATION'S IMPACT ON RETIREMENT SAVINGS

Inflation's impact on long-term savings can be devastating. Loss of purchasing power often makes seemingly abundant savings accumulated over a lifetime entirely insufficient after a significant percentage is stolen by even modest amounts of inflation. Indeed, a meager 2% annual inflation rate would reduce the purchasing power of accumulated savings by about one-third over a 20-year period. The challenges are compounded during retirement because retirees no longer benefit from cost-of-living adjustments to their earned income beyond Social Security increases. Quality of life during retirement is at stake, so stopping the thief in its tracks is a worthy endeavor at any stage of the retirement planning lifecycle.

Plan sponsors can play an important role as defenders of retirement savings. Plan design and investment menu management are critical tools that can help sponsors enable their employees to keep the inflation thief at bay. Matching employee contributions in ways that encourage participation and adequate saving rates should be explored. Just getting the process of saving underway is a big step forward, even though it doesn't directly fend off long-term losses of purchasing power caused by inflation. A proper investment menu fills that gap. More on that later.

WHAT RETIREMENT SAVERS OFTEN GET WRONG

Retirement is an abstract concept for young employees. Being old is for old people, so why preemptively address the challenges associated with aging too soon? Add financial constraints that often accompany being young, and the stage is set for reluctance to participate in a retirement savings plan. Older employees often suffer from recency bias that makes current negative headlines look darker and more intractable than any experienced in the past. Constant risk avoidance is almost assured as one ugly headline is replaced by another. Given all of this, many employees struggle with saving, saving enough, and investing with a proper amount of risk. Inflation compounds the challenge by progressively raising the bar for achievement of financial security during retirement.

But the news is good. Self-defeating behaviors among young employees can be remedied by effective education and communication programs. Likewise, greater understanding of long-term risk and return concepts can reduce risk avoidance that makes inflation a big problem for older retirement plan savers. Success with both age groups is only limited by the vision and creativity of plan sponsors and their service providers.

GUARDING AGAINST THE THIEF

What's the best way for an employee to succeed with their 401(k) plan? Participate. What's the second-best way for an employee to succeed with their plan? Save enough. Yes, participate and save enough are still best strategies for success. Obviously, the decision to not save leads to no savings, so rule that option out. No investment can beat the guaranteed return—often a 100% return—provided by an employer match, so employees should at least save enough to achieve that return (saving more, of course, is even better).

That's good advice during the accumulation phase of a retirement savings program, but the damage inflicted by the inflation thief is most insidious on existing savings. As such, return on accumulated savings must outpace inflation if it is to retain its purchasing power. Here, plan participants can fall short simply by investing too conservatively. The table below presents 20-year major asset class returns:

Annualized 20-Year Asset Class Total Return (%) as of June 30, 2021

NAME	ASSET CLASS	20Y
S&P 500 TR USD	US Large Cap	8.61%
MSCI EAFE NR USD	International Stock	5.78%
Bloomberg US Agg Bond TR USD	Investment Grade Bond	4.56%
DJ US Select REIT TR USD	US Real Estate	9.60%
ICE BofA US 3M Trsy Bill TR USD	Cash	1.3%

Source: Morningstar Inc.

As the table shows, returns ranged between high and low single digits with higher-risk asset classes mostly achieving the highest returns. The return on savings held in cash or money market accounts was a mere 1.37% annualized. Other investments with low or very low risk achieved similar returns. Disinflationary conditions, or a period when prices rose at decreasing rates, were mostly present during the reporting period, especially in the aftermath of the 2008 financial crisis. According to InflationData.com, annualized inflation between 2010 and 2019 was 1.75%. So, even disinflationary conditions took a meaningful bite out of investment returns on accumulated savings during the last decade. Investors who took no or very little risk experienced negative real returns. The thief strikes!

Plan design and investment menu management are critical tools that can help sponsors enable their employees to keep the inflation thief at bay.

MORE ON EMPLOYEE BENEFITS

Beyond Retirement Planning: Meet Your Employees' Overall Financial Education Needs (*cumanagement.com/071421skybox*)

Nine Steps to Creating a Deferred Compensation Program (*cumanagement.com/0421deferredcomp*)

Three New Reasons to Adjust Executive Retirement Plans (*cumanagement.com/0221threereasons*)

Strengthen Employee Relationships Across Generations (*cumanagement.com/1120strengthen*)

Assume for a moment that the past is prologue and investment returns shown in the table continue for the next 20 years (they won't, but assume they will for this exercise). According to Bloomberg, the U.S. Labor Department reported July 2021 year-over-year inflation was 5.4%. Now assume continuation of July's inflation rate into the longer-term future. Suddenly expectation for negative real returns reaches very far out on the risk spectrum. The assumptions supporting this exercise are bold to say the least, but negative real returns for investors who avoid risk are highly likely. Indeed, negative real returns on more conservative investments are almost certain if current rates of inflation turn out to be stickier than we currently expect.

Plan sponsors must assure their investment menus enable diversification, are simple to understand and provide sufficient inflation protection to keep the thief at bay. Overly complex investment menus tend to lead to overly conservative investing by plan participants. Ironically, an exotic commodity fund or inflation hedge on a plan's menu could lead to greater exposure to inflation as participants seek refuge from options they don't understand and invest in simpler alternatives that are guaranteed. If nothing else, plan sponsors must have confidence that the qualified default investment alternatives—the default investments used when employees do not specify how their funds should be invested—in their 401(k) plans provide adequately high expected protection from the long-term impact of inflation.

CAN THE THIEF STEAL MY DEFINED BENEFIT PLAN?

Defined benefit plans have a natural immunity against inflation. Usually, high inflation rates occur against a backdrop of robust economic growth and rising interest rates. As such, lost purchasing power attributable to inflation is often offset to some degree by rising discount rates used to calculate the present value of a plan's liabilities. In a perfect world, the impact of inflation would be equal on the asset and liability sides of the equation, thereby eliminating any response in a plan's funding ratio. Given this relationship between rising inflation and discount rates, defined benefit plan sponsors can rest easier versus 401(k) plan sponsors whose employees don't benefit from this natural immunity.

This isn't to say a defined benefit plan sponsor can ignore inflation entirely. An environment of rising inflation and persistently low interest rates, also known as a period of stagflation, can be particularly difficult. Stagflationary conditions often cause losses in financial markets while increasing interest rates customarily associated with rising inflation are missing. Under such conditions, assets fall in response to inflationary pressures without accompanying support to funding ratios provided by falling liabilities. Most defined benefit plan sponsors adopt total return strategies that seek to maximize investment return per unit of risk rather than a direct liability hedge. Those sponsors in particular still need to keep inflation on their radar screen.

A BOLD NEW WORLD

The post-pandemic period has led to meaningful structural change in the global economy. Explosive growth in debt and deficits is now a feature rather than a flaw in the system. Likewise, central banks have implemented money printing programs designed to support and stimulate the economy after an incredible shock. If Milton Friedman was right and inflation is always and everywhere a monetary phenomenon, plan sponsors and their employees would be served well by guarding the gate against a growing thief.

Scott D. Knapp, CFA, *is chief market strategist at CUESolutions provider Cuna Mutual Group* (cunamutual.com)*, Madison, Wisconsin.*

Matching employee contributions in ways that encourage participation and adequate saving rates should be explored.

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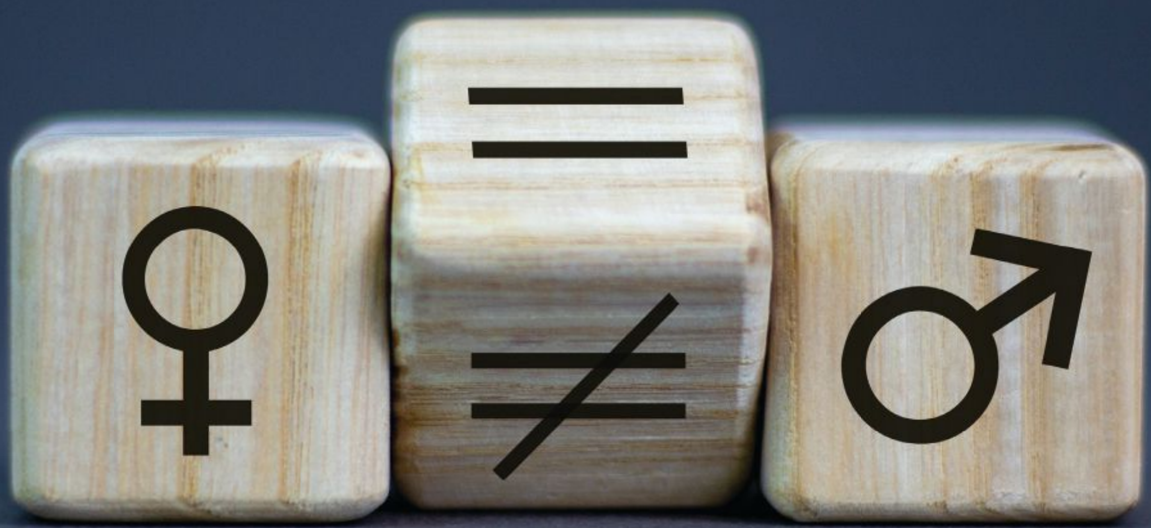

Amazing *Engagement*

SUCCESSFUL CREDIT UNIONS EMBRACE DATA TO FULFILL MEMBER NEEDS.

BY STEPHANIE SCHWENN SEBINRG

What do you call it when a credit union proactively uses data to create personalized experiences for each of its members? Jeremiah Lotz calls it "intelligent engagement."

"At PSCU, we specifically define intelligent engagement as an opti-channel strategy ... (choosing/optimizing channel based on data), where experiences are more proactive than reactive as well as personalized," says Lotz, VP/digital and data management for CUESolutions provider PSCU (*pscu.com*), St. Petersburg, Florida. "It embraces data and analytics, using readily available information to the fullest extent—which enables credit unions to use data to create experiences specific to each member and his or her individual needs based on the value and opportunity that member represents."

SOLVE PROBLEMS, SUPPORT DREAMS

When discussing intelligent engagement, it's hard not to make a comparison to Amazon, which seamlessly presents purchase recommendations based on all available data—a customer's ID and password, searches, preferences, location and even an individual's preferred social media platforms. While most CUs aren't yet meeting the bar set by Amazon, all of them have a lot of data to support their intelligent engagement efforts, Lotz says.

"The vast amount of data at their disposal ... is the foundation to craft Amazon-like encounters through intelligent engagement," stresses Lotz, "not 'selling' to your member but providing a concise recommendation, solution or response based on a person's needs or desires. It offers the assurance you can solve a problem or fulfill a dream. Use data wisely for clearer solutions and avoid ... canned offers.

"Examine items like logical data (information about individuals and their relationships within a data set) to create unexpected and delightful experiences," Lotz adds. "Intelligent engagement will also incorporate a member's preferred channels—social media, text, email, direct mail and more."

INTELLIGENT ENGAGEMENT TODAY

Leveraging a member's data and purchase history, predictive models can forecast a member's propensity for a service or how likely it is that a member will take a particular action. In turn, the CU can promote an appropriate offering to that member.

Intelligent engagement strategies may help a credit union discover that a member has a large upcoming purchase (and would be receptive to an appropriate loan offer), is experiencing unemployment or another financial hardship (and could need a consolidation loan or financial counseling), just got a new job (and might welcome a credit limit increase), plans to have a child (and might need a home equity line of credit to support preparing the nursery), or is moving into another life stage (such as retirement, which could be supported by financial counseling).

"Credit unions should identify these critical member journeys and leverage their tools to build on these prospects," Lotz says.

IMPLEMENTATION CONSIDERATIONS

Intelligent engagement should be the catalyst for discussing technology and data assets to improve the member experience. Lotz also advises partnering with companies that are ready for the challenge.

"Ask a lot of questions," he says. "What does our engagement look like now? What do we want engagement to look like? And how can we leverage our data to achieve an elevated level of engagement? Consider the data from the core, payments systems and other platforms.

"If you don't have a strong grasp on your member journeys, start a conversation internally and with your partners," adds Lotz. "Learn how to better coordinate multiple partners. Some credit unions are [staffing differently] ... to facilitate the process."

Members' needs are ever-changing, concludes Lotz, and those needs require that CUs align their data to support a positive member experience. Meet your members in the channels they choose but still incorporate your entire footprint, including physical branches, as you plan to serve them along their entire life journey, he advises.

Owner of Fab Prose & Professional Writing, **Stephanie Schwenn Sebring** *assists credit unions, industry suppliers and any company wanting great content and a clear brand voice. Follow her on Twitter @fabprose.*

MORE FROM PSCU

Transforming Workplace Culture Through Diversity, Equity and Inclusion (*cumanagement.com/092221skybox*)

Digital Card Issuance (*cumanagement.com/0821digitalcard*)

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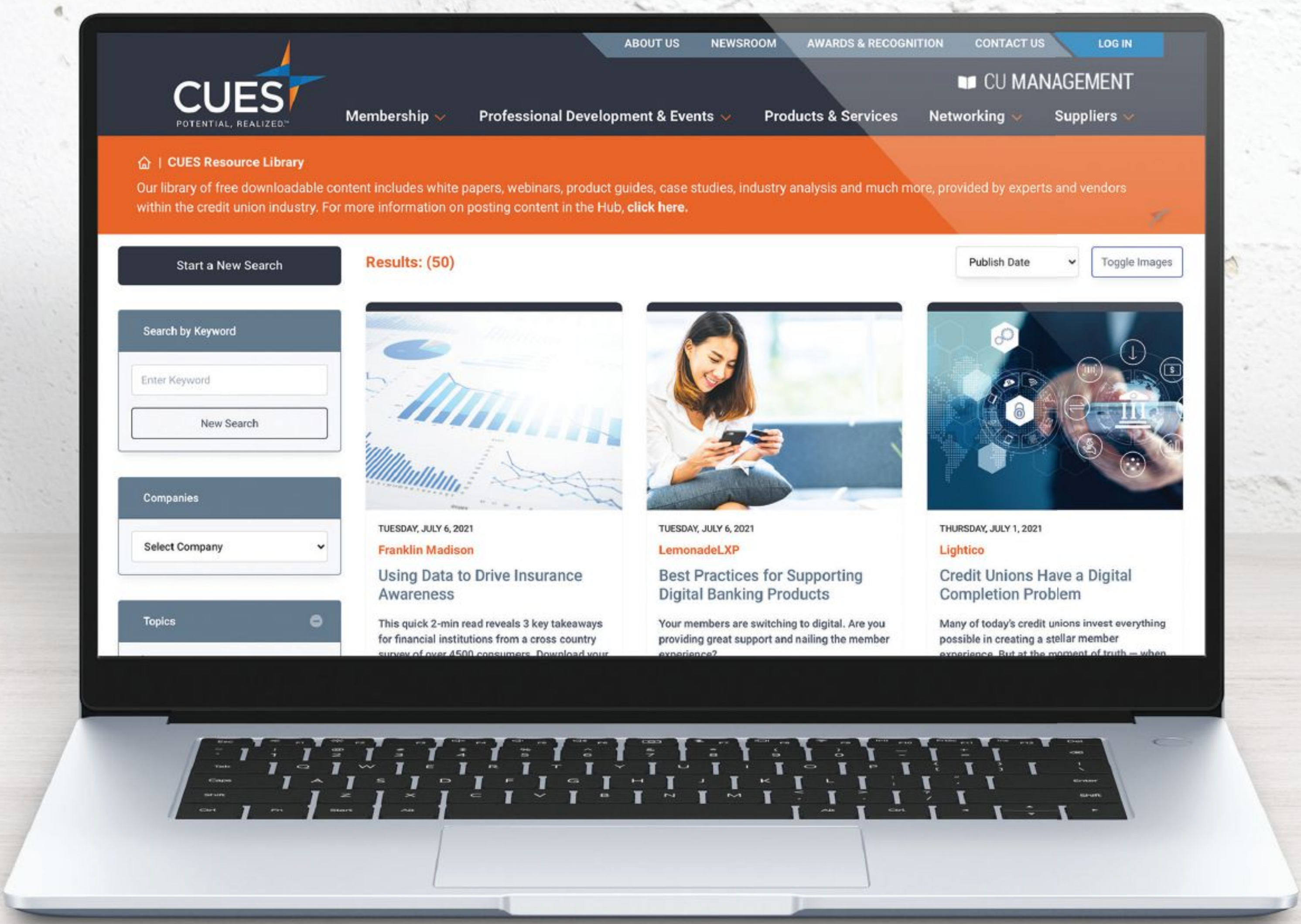

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Hsu Named *2021 CUES Emerge Winner*

Alex Hsu

Alex Hsu, CCM, VP/planning & change management at SchoolsFirst Federal Credit Union, Santa Ana, California, has been named the 2021 CUES Emerge winner.

As one of five Finalists, Alex's route to the podium began when he was selected into the CUES Emerge program early in 2021. From there, participants completed business cases and worked toward their project idea while a team of judges reviewed their proposals. On Oct. 6, it culminated in Alex and the four other Finalists presenting their projects live during an online pitch show, hosted by CUES and Tim McAlpine of Currency (*currencymarketing.ca*).

Two other Finalists, Krista Baum, CCM, security architect, WSECU, Olympia, Washington, and Daniel Valley, CCM, member experience manager, Lake Trust CU, Brighton, Michigan, were named as runners-up.

Hsu will receive an education and coaching package that includes registration to CUES Advanced Management Certificate Program from Cornell University (*cues.org/ecornell-cumanager*) and executive coaching from CUES Supplier member Envision Excellence (*envisionexcellence.net*). Each of the runners-up will receive an education and coaching package, including registration to a CUES eCornell certificate course of their choice.

Hsu's business case, entitled "Innovation Center of Excellence," explores ways organizations can evaluate individual pain points holistically and avoid approaching potential solutions with a silo mentality or an overreliance on technology vendors.

You can see all the Finalists' presentations at *cuesemerge.com*. "Our cohort of emerging leaders applied themselves fully despite continuing to work through a pandemic. The dedication shown by these leaders to apply their learning in their business cases was outstanding," says CUES President/CEO John Pembroke. "Our judging panel had a difficult decision to make when choosing not only our Finalists, but also the winners."

The other Finalists in the online pitch show were William Aguilar, CCM, assistant manager/contact center, America First CU, Brea, California, and Yianni Harbis, CCM, manager/branch and commercial banking, Sydney CU, Sydney, Nova Scotia.

CUES Emerge was created to offer free professional development to the industry's up-and-coming leaders. Participants who complete the coursework and business case earn the Certified Credit Union Manager designation in recognition of their commitment to their career.

The judges for the 2021 CUES Emerge competition were CUES members:

- Judy DeLucca, president/CEO, New Orleans Firemen's FCU, Bogalusa, LA;
- Kathy DuVall, CCE, president/CEO, San Francisco Fire CU, San Francisco, CA;
- Jim Minge, CEO, Texas Trust CU, Mansfield, TX;
- Michele Garcia, VP/human resources, AmeriCU, Rome, NY; and
- Jeff Shewfelt, CCD, co-CEO, G&F Financial Group, Burnaby, BC.

New RealTalk! Online Panel Series *Focuses on Women in the Workplace*

CUES is launching RealTalk!, a groundbreaking online discussion series that will cover important, but often hard to discuss, issues impacting the credit union industry.

In its inaugural year, CUES RealTalk! is set to explore four separate issues covering the theme "Women in the Workforce: Because $0.82 is NOT Enough." Session 1 is Nov. 10 and will cover the "great resignation."

The series will feature a panel discussion moderated by Laurie J. Maddalena, MBA, CSP, CPCC, CEO of Envision Excellence. Each panel will be comprised of accomplished female leaders, experts and professionals who will share their insights and experience.

Because the topics CUES RealTalk! covers are so important, this event is being offered at no charge, and all industry professionals are encouraged to attend.

You can learn more at *cues.org/realtalk*.

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*.

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Remote access available for general sessions.

DEC. 9
Noon Central
Virtual Classroom: Empowering Differences: How to Leverage Your Uniqueness to Accelerate Your Career

2021-22 LEARNING & EVENTS **CALENDAR**

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DECEMBER 2021			
Directors Conference	Marco Island, FL	**December 5–8**	cues.org/DC
FEBRUARY 2022			
CUES Symposium	Wailea, Maui, HI	**February 6–10**	cues.org/SYMP
MARCH 2022			
Execu/Summit®	Big Sky, MT	**March 13–18**	cues.org/ES
APRIL 2022			
CEO Institute I: *Strategic Planning*	*The Wharton School* University of Pennsylvania	**April 24–29**	cues.org/INST1
MAY 2022			
CEO/Executive Team Network™	Austin, TX	**May 15–17**	cues.org/CNET
CEO Institute II: *Organizational Effectiveness*	*Samuel Curtis Johnson School of Management* Cornell University	**May 15–20**	cues.org/INST2
CEO Institute III: *Strategic Leadership Development*	*Darden School of Business* University of Virginia	**May 15–20**	cues.org/INST3
JUNE 2022			
Governance Leadership Institute™ I	*Rotman School of Management* University of Toronto	**June 5–8**	cues.org/GLI
Governance Leadership Institute™ II	*Rotman School of Management* University of Toronto	**June 8–10**	cues.org/GLI2
AUGUST 2022			
Execu/Net™	Jackson Hole, WY	**Aug 28–31**	cues.org/EN
SEPTEMBER 2022			
Supervisory Committee Development Seminar	Santa Barbara, CA	**Sept 19–20**	cues.org/SCDS
Director Development Seminar	Santa Barbara, CA	**Sept 21–23**	cues.org/DDS
DECEMBER 2022			
Directors Conference	Las Vegas, NV	**Dec 4–7**	cues.org/DC

2022 ONLINE PROGRAMS		
Diversity, Equity, and Inclusion Cornell Certificate Program	**January 19–March 23**	cues.org/eCornell-DEI
NEW! Women in Leadership Cornell Certificate Program	**March 16–May 18**	cues.org/eCornell-WIL
NEW! Strategy and Digital Marketing Cornell Certificate Program	**April 20–June 22**	cues.org/eCornell-Marketing
NEW! Systems Thinking & Project Management Cornell Certificate Program	**June 15–August 17**	cues.org/eCornell-PM
CEO Institute I	**Summer, dates TBD**	cues.org/INST1-Online
CUES Advanced Management Program from Cornell University	**July 20– March 22, 2023**	cues.org/eCornell-CUManager
High Performing Board Digital Series	**New class starts July**	cues.org/HPB
NEW! Human Resources Analytics Cornell Certificate Program	**August 17–October 19**	cues.org/eCornell-HR
Director Development Intensive	**Dates TBD**	cues.org/DDI
Board Liaison Workshop	**Dates TBD**	cues.org/BLW

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

Transforming Culture *Through Diversity, Equity and Inclusion*

BY LYNN HECKLER

Diversity, equity and inclusion is a complex movement that continues to evolve, challenge our assumptions and push us forward. Done well, DEI can transform company culture and be a strategic differentiator for credit unions.

According to research from ManpowerGroup, the path to parity is the journey from conscious inclusion to unconscious inclusion. When it comes to workplace culture, moving the needle requires a wholesale change in thinking. To reach the end goal of unconscious inclusion, organizations should:

- intentionally create a culture of shared power and inclusivity, starting at the top;
- be aware of unconscious bias;
- employ strategies to reduce or mitigate unconscious bias;
- create a tangible DEI strategy and a measurable plan to achieve that strategy; and
- go beyond work-life integration to work-life harmonization.

Inclusive leaders build inclusive teams, and unconscious bias training is an important part of this. Committing to inclusivity means teaching leaders at all levels of your organization how to recognize and mitigate unconscious bias on an ongoing basis.

LOSING DIVERSE TALENT

Is your organization losing diverse talent? One of the primary reasons cited by diverse talent for leaving is a lack of psychological safety. DEI requires a commitment to ongoing conversation. Tackling sometimes uncomfortable conversations can be tough, but *Courageous Conversations About Race* by Glenn Singleton outlines a four-agreement model:

1. Stay present and engaged. Resist that natural inclination to stay silent and disengage on potentially uncomfortable topics.
2. Speak your truth; share your honest thoughts and feelings. This requires a willingness to take a risk and possibly disrupt the peace in the workplace.
3. Be ready to experience discomfort. Nobody enjoys it, but it is the only path to real growth. Pushing ourselves into honest dialogue about our core beliefs, values, perceptions and behavior is how we will move forward in our efforts.
4. Expect and accept non-closure. Understand there are no quick solutions to issues of this magnitude, complexity and longevity.

A STRONG DEI VISION, MISSION & STRATEGY

Be sure to make your DEI mission, vision and strategy your own. While there is no one correct formula, creating a collaborative framework that includes input from leaders and employees from across the organization increases your chance for success.

As part of operationalizing DEI, it is important to review all talent processes, including acquisition, promotions, performance management, compensation and succession planning. All of these have to be reviewed to ensure bias is mitigated and diverse employees have equal access to opportunities within your organization.

ESTABLISH METRICS

One of the best DEI metrics out there is Gallup's DEI Index (*tinyurl.com/gallupdeiindex*), which is a group of questions that can be incorporated into your annual employee engagement survey. However, there are many DEI metrics available through other reputable sources as well, such as Gartner.

Over the past 18 months, DEI has risen to the forefront of discussion in the workplace. Many people would say that we have reached a tipping point. While times of crisis can be uncomfortable and disruptive, they can also be a catalyst for change. Through DEI, we can seize this moment to create real and sustainable change in our organizations.

Lynn Heckler *is EVP/chief talent officer for CUESolutions Silver provider PSCU* (pscu.com)*, St. Petersburg, Florida.*

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> **"We need to remember that teamwork requires more than simply selecting talented individuals. … The team of today consists of individuals with complementary skills working together to create an inclusive environment in which collaboration, inquiry and action help achieve results."**
>
> **Jen Scheib,** professional development coordinator at CUES, in "Purposeful Talent Development: Building Teams to Meet Today's Demands" on CUES Skybox: *cumanagement.com/092721skybox*

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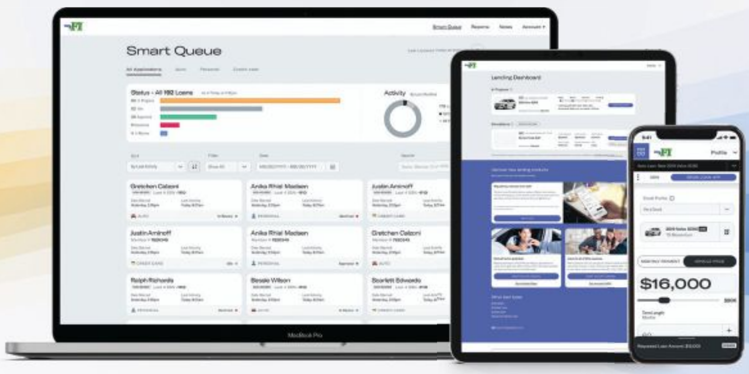

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