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EXTRA *Credit*

Key considerations for 2022 card program success

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The million-member milestone

MENTAL HEALTH
Level up support for all staff

CUES AWARDS
Meet Alex Hsu, CCM, 2021 CUES Emerging Leader

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At Directors Conference last month in Florida, NCUA Board Member Rodney Hood took stock in pandemic resiliency and described upcoming areas of regulatory focus.

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The Value of Not Being Colorblind

Vernetta Walker, J.D., CEO of Walker & Associates Consulting Inc. (*vernettawalker.com*), says recognizing our differences helps us know where we're falling short on diversity, equity and inclusion efforts.

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Online-Only Column

Inside Marketing: Improving Video SEO

Here are five strategic elements you should include in your credit union's video content, whether on your own website or Vimeo or YouTube channels, to make sure it gets ranked highly on search engine result pages.

cumanagement.com/1221insidemarketing

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Leadership and Learning Are Indispensable to One Another

In this episode, 2021 CUES Emerging Leader Alex Hsu, CCM, discusses his experience in the CUES Emerge program, managing change, meeting members' needs and his winning CUES Emerge project, the "Innovation Center of Excellence."

cumanagement.com/podcast123

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LET'S CONNECT

Comments, suggestions and letters can be sent to **theresa@cues.org**.
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YOUR THOUGHTS

WHAT DO YOU LIKE BEST ABOUT YOUR CREDIT UNION'S CULTURE?

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

Calculate Your *Culture Equation*

"I take the woo-woo out of culture," said Jessica Kriegel (*jessicakriegel.com*), author, consultant and chief people and culture officer at experience.com, speaking at CUES' Directors Conference (*cues.org/dc*) last month.

Credit unions, like all businesses, need to intentionally craft the culture of their organization and tie it to strategy. "When your culture is disconnected from your strategy, you are not going to get very far," she said. Your strategy, powered by an intentional culture, is the key to driving results.

Culture change is not about changing people, Kriegel said. "Your people will be the same. Culture is not about feelings." It's not about what millennials want. It's not ping-pong tables, "thirsty Thursdays" and nap rooms. Instead, it's something quantifiable and systematic.

Culture is the context around employees that influences their organizational behavior. "That means it's everything the employee experiences" along their journey with a particular organization. It starts at recruitment and goes through that employee's exit, she said.

We are at a moment in time when maintaining a strong culture is challenging due to both the Great Resignation (*cumanagement.com/1121turnover*) and the difficulty of engaging a hybrid workforce. But it is important to work on the employee experience to make it as uniform as possible.

You will have subcultures at work, Kriegel said. Sales will have a different subculture from HR. These subcultures can also vary depending on the manager employees report to or the branch where they work. These subcultures "will either be created unconsciously or intentionally. Which will you choose?"

Beware looking for the right culture "fit," she warned. This path leads to making decisions based on unconscious bias. "You'll miss out on the diversity of thought. It's very dangerous because culture is not about 'Are they like us?' It's not the culture *fit*. It's the culture *equation*. And it's a systematic approach to crafting culture intentionally."

The employee experience is just as valuable as the member experience, Kriegel stressed.

There are eight stages along the employee journey, and you need to create an intentional—and measurable—experience for each: attract, recruit, onboard, learning and development, rewards and recognition, progression and performance, retention, and exit.

Each phase should have measurable goals. For example, to measure success for your onboarding, track: How quickly are new employees able to do their jobs? During the exit interview track: How many people are saying they are leaving because of lack of development and training? How many open jobs are filled from within?

If your credit union has a hybrid workforce with at-home and in-person employees, think about each phase from both lenses. Does onboarding differ drastically for the remote employee? When measuring results at each phase, check for differences between the two groups.

Read a longer version of this column at *cumanagement.com/0122column*.

Theresa Witham

Theresa Witham
Managing Editor/Publisher

“THE BEST KEPT SECRET IN THE CREDIT UNION INDUSTRY.”

- Newcleus Credit Union Advisors' client

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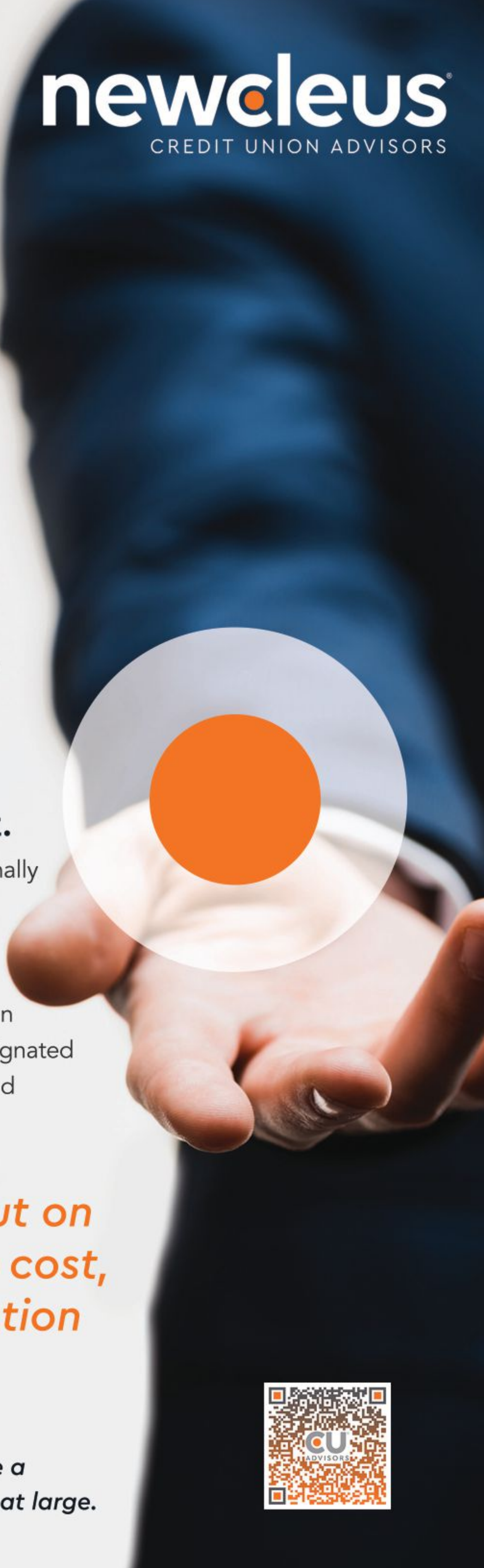
CREDIT UNION ADVISORS

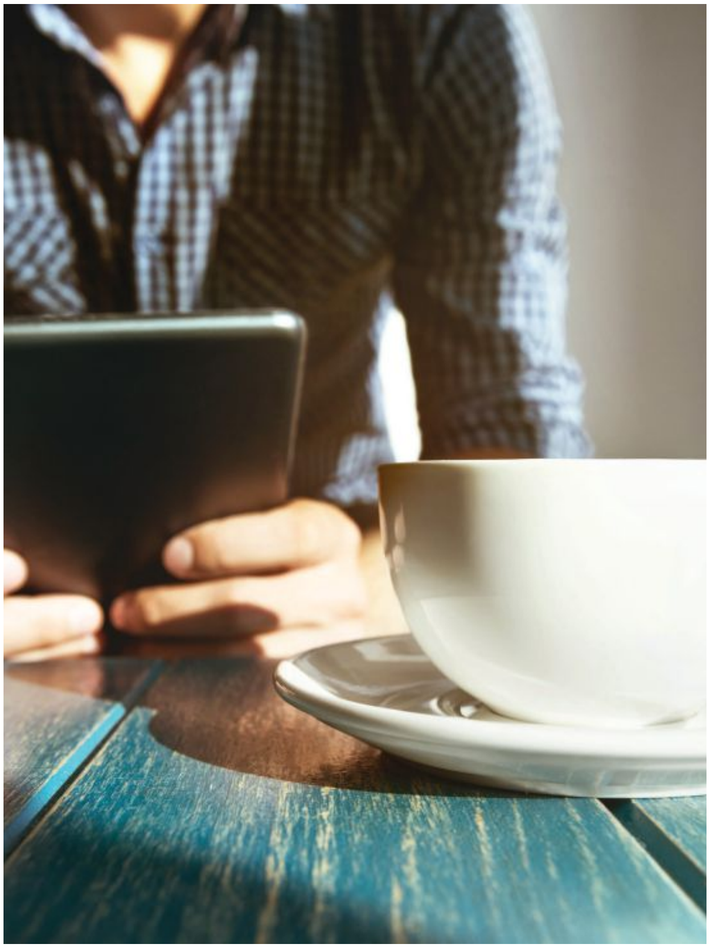


What some call the best-kept secret of the credit union industry, is actually an investment that has been around for years: The Charitable Donation Account.

Implementing a CDA allows you to invest beyond your traditionally allowable options. Federal CUs are required to give 51% of earnings overtime to 501(c)(3) charities. The other 49% of earnings are able to be kept by the sponsoring credit union. At normal rates, this means that most credit unions would see an increase in income in addition to extra money to fund your designated charities. One credit union we are working with is able to expand charitable giving over *10 times* using this “secret” capability.

Nationally, credit unions miss out on giving $180 million a year, at no cost, by not utilizing Charitable Donation Accounts.

Let us help you begin optimizing your investments to have a greater impact on your credit union and your community at large.



CUES *Resource Library*

Visit the CUES Resource Library (*hub.cues.org*) for free downloadable content, including whitepapers, webinars, product guides, case studies, industry analysis and much more, provided by experts and vendors within the credit union industry. Following is a list of recent resources posted there. For more information on posting content in the Resource Library, visit *hub.cues.org/resource/cues-contact-us*.

How to Have More Valuable Loans: In April 2021, credit unions surpassed $1.2 trillion for their total loan portfolio for the first time. Total year-to-date loan originations increased by more than 20% in dollar terms over each of the past two years. This is an incredible achievement. However it's important to ensure the success of the loan—from open to payoff. Whether indirect or direct loans, this article shares details on how to optimize your credit union's loan portfolio. Download at *tinyurl.com/valuable-loans*.

How to Create a Smarter, More Engaging Payment Experience: Remarkably, even though the bill-pay market as a whole has matured, the underlying technology that drives the consumer experience has remained relatively stagnant for most financial institutions. What's more, at most institutions, bill payment remains a separate feature from other methods of money transfer. In a more consumer-centric environment, the consumer would need only be concerned with the "who" and the "how much." The financial institution would figure out how to get the money where it's going in the most efficient manner possible, all in the background, separate from the user experience. This whitepaper explores how your financial institution can create a smarter, more engaging digital experience through the use of artificial intelligence and machine learning technology. Download at *tinyurl.com/smarterpayments*.

A Study of Credit Union Workplaces and the Future of Work: This is the first deep-dive study into the impact the physical workplace has on CU employees. The research delves into how CU employees are supported or hindered by their workplace from perspectives of both productivity and well-being, and identifies immediate, short-term and long-term strategies to better support your workforce. Download: *tinyurl.com/future-work*.

Why Digital Statements Are a Critical Touchpoint for Credit Union Members: Consider the following trends. Of the respondents to CSI's recent survey, over a third of financial institutions primarily (36%) or solely (2%) deliver paper statements. That's almost double the number of customers who prefer to manage finances digitally. Many customers still rely on paper statements, and there are advantages to providing both. This whitepaper explores how your credit union can transform this process into an effective touch point that cuts costs and meets the digital experience expectations of your members: *tinyurl.com/digitalstatements*.

From Antiquated to Tech-Savvy: How NUvision FCU Won the 2021 Tekkie Award: Learn how NUvision FCU advanced and streamlined its lending process into an award-winning platform that now offers members a frictionless buying experience (*tinyurl.com/nuvisionfcu*).

Attention to Retention: Redefining Customer Engagements Around Micro-moments: In a world where it feels like everyone wants or needs our attention, it's a wonder financial institutions can ever break through the clutter. Though it might feel impossible to command a consumer's focus for any length of time, finding shorter bursts are possible and, many times, preferable. That's the concept behind the micro-moment. In this whitepaper, you'll learn the skills to capitalize on consumers' attention, and how to ultimately master the micro-moment (*tinyurl.com/micromoment*).

Future-Proof Your Digital Channels: Many digital banking solutions fall short of today's user experience expectations, opening the door for larger, digital-only players, jeopardizing your established accountholder relationships. Learn how to future-proof your digital channels at *tinyurl.com/future-proof*.

The Benefits of Adding Non-Interest Income Products to a Financial Institution's Portfolio: Learn how financial institutions can leverage non-interest income products to help expand their revenue stream in a climate where interest rates are low (*tinyurl.com/noninterestincome*).

When to Take Strategic Risk in Your Credit Union: When is the appropriate time to undertake your boldest or visionary projects? This whitepaper shows that the answer involves a combination of strategic direction for the credit union and strategic risk-taking from an executive's personal financial plan. Download it now to read a case study of a personal financial plan with the use of a common yet powerful credit union executive benefit, the collateral assignment split-dollar plan (*cumanagement.com/100121whitepaper*).

Extra *Credit*

IT'S MORE IMPORTANT THAN EVER FOR CREDIT UNIONS TO CAREFULLY SET CREDIT CARD GOALS FOR 2022.

BY CELIA SHATZMAN

'Tis the season to be thinking about new year's resolutions. There's a good chance credit unions' version of a "new year, new you" philosophy will include setting card goals for 2022. But like any goal, you can't move forward without considering the recent past.

"We are still facing unprecedented times, which continues to impact many aspects of our payments landscape," says Roger Pittman, senior strategic account manager, credit union division for CUES Supplier member FIS (*fisglobal.com*), Jacksonville, Florida. "The pandemic, supply chain shortfalls, people resources and economic woes, to name a few, are creating a ripple effect of challenges. Being enabled with a nimble payments solution that provides flexibility and options for members is key."

There are so many ways in which credit unions can make payments improvements over the course of the new year. "As goal planning takes place for 2022, credit unions should be focused not only on growing balances and purchase volume, but on managing the expected return of card delinquency to pre-pandemic levels," says Norm Patrick, VP/Advisors Plus Consulting at CUESolutions provider PSCU (*pscu.com*), St. Petersburg, Florida. "In addition, credit unions should continue to evaluate introducing new digital features that will continue to enhance cardholder experience."

To make the most of this fresh start, here are the card goals that credit unions should be considering for 2022 and beyond.

DIGITAL VS. PLASTIC

The payments space has changed at a rapid rate, so credit unions need to keep pace with that evolution. Robert Zondag, senior manager at Wipfli LLP (*wipfli.com*), Milwaukee, a national accounting and consulting firm that works with hundreds of credit unions across the country, believes success comes down to understanding your member profile.

"Obviously, credit unions traditionally have been focused on consumers and need to understand what it is the members want," he says. "You need to have a wide range of products, but you need to understand why you're offering them. If you are predominantly consumer-driven, that's going to look very different than if you're a credit union that also serves, for instance, small businesses, and the digital space from traditional plastic."

To set your sights on the right payments moves, consider why your members are giving you their card business in the first place. "Given the target audience, determine why you're going to be their card of choice," says Wipfli Director Lisa Nicholas. From there, you can expand on the advantages you already offer.

The pandemic forced reluctant members to try new technology that they may not have been comfortable with before, notes Pittman. "These newly used forms of technology have been well-received and are now evolving into additional technology needs, such as digital issuance," he says. "Digital issuance supports the immediate gratification we all ... learned to expect. The instantaneous service of having a digitalized card in your mobile wallet ... will require credit unions to engage with their core and mobile/internet banking providers to ensure a fully integrated approach."

However, don't forget that though digital is in great demand, plastic will still be around for the foreseeable future.

SERVING MEMBERS' NEEDS

What has always set credit unions apart is their dedication to their members, their awareness of members' needs and financial goals and the meaningful relationships they have with them. "This deep understanding can serve as the basis for setting card strategies that best deliver solutions catered specifically for a credit unions' member base," says Celeste Schwitters, head of community accounts for North America at CUES Supplier member Visa (*visa.com*), San Francisco. "At Visa, we recommend three steps to the goal-setting process."

The first step is setting goals by product type. "Members use different products, whether credit, debit or a small-business card product for various purposes," Schwitters says. "Therefore, each product requires a distinct strategy." She recommends starting the goal setting by asking a few questions. For example, what does it mean for credit unions in 2022 that credit volume is beginning to ramp up in the travel and entertainment sectors? Will the trends of elevated debit usage that has occurred throughout the pandemic and robust debit growth continue in 2022? How can your credit union continue to foster this growth trajectory? Finally, small businesses are investing in digital technologies to remain competitive—how have you accounted for this in your goal setting?

The second step is factoring in current payment trends across card types. Thanks to the pandemic, there has been a massive shift in consumer behavior related to digital payments, with more people making online purchases. For example, buying online and picking up curbside became a preferred shopping method, and contactless payment usage has grown.

"With many of these behaviors expected to last, you must take this new reality into account as you set strategies for 2022," Schwitters says. "For example, card-not-present—or online—debit volume has increased considerably from last year. Do you have the right authorization and fraud strategies in place to take advantage of this trend? ... Have you made sure that your security messaging is clear, so your members feel comfortable shopping online? Are you seeing the same trends in credit? Or should you have other marketing or loyalty strategies as travel picks back up?"

Finally, highlight your competitive advantages. Consider what distinguishes your card products from those of your competitors and whether you're doing enough to communicate your cards' advantages to current and prospective members. Investigate whether there are gaps in your strategy that you should invest in closing to remain competitive, Schwitters advises.

CONTACTLESS

The adoption of tap-and-go and contactless payments did indeed accelerate thanks to the pandemic. Patrick reports that PSCU's Payments Index (*pscu.com/payments-index*) has observed card-not-present transactions moving from nearly one-third of purchase volume in September 2019 to over half of credit card spending volume in September 2021. "In addition, we are seeing contactless transactions approaching 20% of card-present volume on contactless-enabled cards," he says. "Credit unions should be focused on promoting the convenience of card-not-present and tap-and-go transactions and, for those ... late adopters, bringing contactless cards to market in 2022."

Nowadays, it's a must for every credit union to participate in and offer remote commerce capabilities and touchless payments in some form. Such features as digital wallet integration, contactless cards or QR code scan should absolutely be in your wheelhouse, says Manish Nathwani, SVP/product development at CUES Supplier member SHAZAM (*shazam.net*), Johnston, Iowa, a nationwide independent, member-owned debit network, processor and core provider supporting community banks and credit unions.

"In this constantly evolving world, you have to always be thinking ... 'What are the enhancements or technology tools that we have to make our card relevant to our members?'"

– Robert Zondag

"The more consumer channels you allow for acceptance of your debit card or credit card, the better experience your members ... are going to have," he says. "It's important that your credit union members can say, 'My card can be accepted anywhere.' From baby boomers through Gen Z, it's critical, however, that personalizing the member/account-holder experience doesn't get lost while attempting to offer an omnichannel experience with these types of transactions."

METRICS TO MEASURE

It's impossible to know how your goals are coming along if you don't have the right data benchmarks to check progress. "Visa provides benchmarking across three key metrics that we recommend you use to track and measure your credit union's performance," Schwitters says. The first is penetration: What is your addressable market—i.e., total number of demand deposit accounts, and of those, how many have a card? Second, consider activation, specifically how quickly a card is first used when it's issued to a member. The third metric is usage, including how many times per month the member is using your card and in what locations or categories, such as grocery, travel and entertainment, and everyday spending.

"Other key metrics we suggest tracking across your broader card portfolio include payment volume by product (increases or decreases), payment channels (card not present versus card present), PIN and signature volumes, fraud and chargeback volume, all with an eye towards revenue and profitability," Schwitters says.

Collection *Reflection*

A key goal for credit unions in 2022 should be creating better processes for real-time payment dispute management—particularly because as real-time payments adoption grows, so does the number of disputes. Although disputes typically aren't complicated for traditional card-based transactions, that isn't the case for real-time payments.

"Some of this is attributable to the relatively short time real-time payments have been in the market," says Jack Baldwin, Ph.D., chair/CEO of BHMI (*bhmi.com*), Omaha, Nebraska, a leading provider of product-based software solutions focused on the back-office processing of electronic payment transactions. "Card-based [dispute] options have existed for decades, and thus benefit from established, well-defined programs with consistent updates that are understood and trusted by users.

"However, the relative newness of real-time payments means that dispute regulations and procedures are still being created," he continues. "This not only results in less focused programs with uncertain update cycles, but it also means real-time payment users may not be completely aware of who is liable for a dispute until they find themselves involved in one. To add to the possible confusion, real-time payment methods such as P2P (person-to-person) transfers may occur in real-time, but the amount of time needed to research and return P2P funds is about the same as with traditional payments."

As a result, an instant payment dispute can end up taking weeks to resolve, and that lengthy resolution can be a serious risk to a credit union's reputation. "The primary challenge is that even as credit unions move to upgrade and adapt to support real-time payments, they are still all too often leveraging older, legacy dispute systems that are not designed for handling today's newer payment methods," Baldwin says. "The overall goal should be to modernize dispute systems to be more agile. This is the best way to prepare for the current and future real-time payments environment."

To significantly improve the management of real-time payment disputes, Baldwin recommends setting a few goals:

1. Implement procedures to shorten dispute research time. "One way to shorten overall dispute resolution time is the adoption of procedures to decrease research time," Baldwin says. "This might include decreasing the amount of paperwork or reducing the number of steps to resolve dispute issues."

2. Increase use of computerized workflows to process disputes. Any formal set of procedures, like dispute processing, requires training, which can be extensive depending on its complexity. "Training and ... processing can be shortened by use of customized 'intelligent' workflows that automatically walk disputes personnel through the correct processes," Baldwin says. "This might include screens that are automatically populated with data that is appropriate for the specific task at hand. In addition, data-entry fields can be automatically presented to only solicit and collect required information for the processing step under consideration."

3. Automate warnings and alerts. Since dispute procedures typically include a range of time windows for participants to complete their work, a computerized dispute system could automatically route warnings to supervisors noting that a processing time limit is about to be reached. "This can ensure that disputes are not forgotten or abandoned, improving quality and maintaining target times for completing dispute research," says Baldwin.

4. Reduce manual processing. "Increasing automated processing of disputes reduces the amount of manual processing that must be completed," Baldwin says. "This improves processing consistency, facilitates compliance with dispute procedures and shortens dispute resolution. Used in combination with refocused dispute procedures, it may be possible to eliminate manual processing of certain dispute steps."

5. Increase integration with supporting systems. These can include document generation and management or email distribution. "Incorporating these additional supporting systems as inherent components of automated dispute processing further reduces the need for additional manual intervention and reduces processing time," says Baldwin.

"Given the target audience, determine why you're going to be their card of choice."

– Lisa Nicholas

To get those nitty-gritty details, Nicholas recommends reaching out to the vendor that you're partnered with, such as MasterCard or Visa. "They generally have the numbers and know the benchmarks," she says. "You can use all their research to set your own benchmarks and goals."

REWARDS THAT MATTER

It's hard to overstate how important rewards are to card programs. "A credit card in the member wallet that has rewards becomes the card of choice nearly 45% of the time," Pittman says. "The first goal in establishing a rewards program that matters is determining the appropriate ratio for dollars spent to points. Typically, we see a dollar spent to a reward point earned for credit cards. Then, make sure you have aligned your rewards program with the marketing initiatives to help promote and draw awareness to the member benefits of the card product.

"Lastly, offering merchandise redemption sites remains in demand," adds Pittman. "However, those offerings have evolved dramatically from just the big screens and large ticket items to ... gift cards, entertainment experiences, charitable donations or even real-time fuel points. Ensuring you have a variety of 'must-have' redemptions items is key to maximizing credit card rewards."

"During the pandemic, we've seen a reimagining of rewards programs to meet the demands of changing consumer preferences," Schwitters says. "Credit unions should set a goal of re-evaluating their reward offerings as a way to give more choice and flexibility to their members.

"While consumer spending behaviors have shifted, what remains constant is that consumers want more flexibility in how they earn rewards. Some loyalty programs are now focusing on gamifying the program experience or even offering rewards in adjacent categories—think hotel brands offering points for local dining." It's also important for rewards to have higher perceived value. For example, travel rewards may now be seen as more valuable because of the travel restrictions that kept many people at home during the pandemic.

Additionally, Schwitters suggests thinking about expanding how and where rewards can be redeemed. Alternative redemption options can include enabling members to convert their points into stored value or letting them unlock more benefits in return for higher spend.

REMAIN VIGILANT

Another payments service that has recently grown in popularity—for better or for worse—is microlending, specifically buy now, pay later. "Typically, credit cards offer extended credit with pretty high interest rates, as well as penalties if you don't pay on time," Nathwani says. "Keep an eye out on this [pay later] area and how it might impact your existing credit card program. Certainly, in the last six to 12 months, it's gained a lot of traction."

"Credit unions should remain vigilant," Pittman says. "As members continue to embrace the value proposition set forth by the credit union movement and step away from the traditional banking models, the members will want to see the technology follow them into the credit union space. This will include digital receipt management, card controls and card maintenance in a single mobile application—digital payments processing with seamless integrations across all card platforms."

In other words, to truly rise above the crowd, credit unions need to go beyond baseline rewards programs and provide such bonus offerings as streamlined management tools to members. For example, Toronto-based Sensibill (*getsensibill.com*) recently released a digital receipt management solution. Through a digital banking app, members can capture and store their receipts digitally for both personal and business expenses. That makes everything from filing taxes to meeting their monthly budgets much easier. Offering such features that help improve personal finances can be a big bonus for cardholders.

"In this constantly evolving world, you have to always be thinking ... 'What are the enhancements or technology tools that we have to make our card relevant to our members?'" says Zondag. Ultimately, credit unions are all about member relationships, and their credit card goals for 2022 must reflect that.

Celia Shatzman *is a Brooklyn-based writer who has penned stories on topics ranging from beauty to fashion, finance, travel, celebrities, health and entertainment.*

MORE ON CARDS

Guidebook to Developing a Successful Sustainable Payment Card Strategy (*cumanagement.com/092821whitepaper*)

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

Members Enjoy Rewards of Doing Good (*cumanagement.com/0821rewards*)

Is Your Card Top of Wallet? (*cumanagement.com/0821wallet*)

Retool Your Card Program for 2021 (*cumanagement.com/0121retool*)

Models for Offering *Coverage to Members*

THESE PRODUCTS CAN PROVIDE CREDIT UNIONS WITH CRITICAL NONINTEREST INCOME—BUT HOW MUCH?

BY RICHARD H. GAMBLE

Credit unions have tried selling insurance products for years with mixed results. Now, with new technology, new pressure on earnings and some fairly new players, has it become a fundamentally new market with new possibilities? That's the question many CUs are asking. Jeff Chesky offers an insider perspective.

"Technology has fundamentally changed the insurance business in ways that favor credit unions," observes Chesky, president/CEO of Insuritas (*insuritas.com*), East Windsor, Connecticut. "McKinsey has forecast that 65% of insurance sales will come from nontraditional distributors in the next five years. That's a huge opening for financial institutions to capture noninterest income," he insists, "if they have the right model."

In the Insuritas model that Chesky advocates, the CU owns the agency, and Insuritas runs it. That's important because 15% of premium income typically goes to the agency owner and because sharing nonpublic member information with third parties now may be illegal. The Insuritas model has the CU share member information with its wholly owned affiliate agency. As a contractor to that agency, Insuritas can access that data to deliver insurance products exactly when a member would need them, Chesky says. The agency is a legal bridge between Insuritas and CU data.

PENETRATION CHALLENGE

Michigan First Credit Union (*michiganfirst.com*), Lathrup Village, liked the Insuritas model and has been partnering with the company to sell insurance through its agency since May 2016. The goal was to offer members better rates on core insurance products, primarily auto and homeowners. So far, says Michael Poulos, president/CEO of the $1.5 billion institution, penetration has reached between 1 and 2% of its members. In turn, 40% of members who request quotes buy policies. Policyholder retention is running at 76%, he reports.

The agency's activity is bringing in about $350,000 a year in noninterest income for the CU. That is a "really low percentage" of the CU's noninterest income at this point, Poulos notes, but he focuses on the upside. "We've still just scratched the surface. The noninterest income could grow a lot." Gross premiums for outstanding policies have hit $8.5 million, he reports.

The net noninterest income harvest may still be modest, but the return on investment could be remarkable, depending on the undisclosed cost of contracting with Insuritas, because agency operations are essentially outsourced to Insuritas, Poulos notes. No credit union staff time is directly allocated to running the agency. Insuritas staffs the call center. Marketing, mostly done internally, costs little, and staff referrals are not booked as an expense. Theoretically, he says, it's a low-overhead business line that generates steady, repetitive noninterest income tied to the premiums of outstanding policies—an attractive business if you can get the volume.

Local conditions may have given Michigan First CU an assist, Poulos notes. "Members in the Detroit area were paying sky-high premiums for auto insurance," he recalls. "We helped them get more affordable coverage." A dip in sales came last summer when a change in Michigan laws made auto insurance cheaper. "That was good for our members, but our premium dollars dropped a little," he reports.

ESTABLISHED PRACTICE

CUESolutions provider Cuna Mutual Group (*cunamutual.com*), Madison, Wisconsin, now 86 years old, uses a somewhat different model and certainly has the track record and market presence to reflect established practice.

"We insure 22.5 million credit union members," reports Corrin Maier, VP/partner management of the TruStage brand, which offers consumer coverage for things like auto, home, life, and accidental death and dismemberment. "Between 65 and 75% of all CUs offer one or more of our products. We are the second-largest direct-to-consumer life insurance provider in the country."

TruStage is an insurance carrier and agency built to be a conduit between insurance carriers and CUs, she explains. TruStage and CUs partner on marketing, but TruStage is the agency and provides the products.

"It's basically an outsource operation for credit unions," she explains. Credit unions continue to earn a modest 3.5% of their total noninterest income from insurance sales, she reports. They pocket anywhere from 2% to 35% of the premiums members pay, she explains.

$2.8 billion Local Government Federal Credit Union (*lgfcu.org*), Raleigh, North Carolina, is booking $500,000 a year in noninterest income as a result of offering members AD&D, life, home and auto insurance through Cuna Mutual's TruStage program, reports CUES member Sherrie Krizic, SVP/financial wellness.

The program is growing—it routinely exceeds the growth projections Cuna Mutual provides. And it takes very little effort on the CU's part. "TruStage handles most of the marketing and all of

> **"Members in the ... area were paying sky-high premiums for auto insurance. We helped them get more affordable coverage."**
>
> – Michael Poulos

the administration," she says. "We like not having our resources tied up with an ancillary business.

Almost 100,000 of Local Government FCU's 383,000 members have bought insurance products, Krizic says, thanks to an 86% increase in members purchasing insurance in the past three years. AD&D is the biggest seller, possibly because Local Government FCU has a lot of members who are police, fire or rescue workers and more exposed to accidents.

For any credit union member, the value proposition is price *and* member experience, Maier says. And not-for-profit credit unions don't hold a decisive price advantage, she admits. "There are times when we can beat standard pricing based on credit union member claims experience, but the business is both highly competitive and highly regulated, so we emphasize the member experience."

Technology is changing that experience. TruStage has traditionally sold insurance over the phone and online, not face-to-face, so it has always relied on a technology interface. Now streamlining allows a member to buy life insurance in under 10 minutes by answering just two health questions.

"We've used technology to simplify the member experience," Maier says. "Over 30% of our claims are paid the same day they are filed, and 80% are paid within 10 days."

GOING IT ALONE

Guardian Credit Union (*myguardiancu.com*), Montgomery, Alabama, has chosen to go its own way. The $740 million credit union started its own insurance agency in 2019 because it saw that members needed a better deal, according to CUES member Heath Harrell, CEO, especially for property and casualty coverage. Now that agency, located in the CU's main branch, has its own staff of five and just broke $1 million in aggregate premiums.

Forming the new agency was greatly aided by Torey Hatfield, a credit union employee who had previously managed an insurance agency and who now manages Guardian CU's agency. It also had a deal with an aggregator that would link the agency to the insurance carriers and provide a lot of the basic operations, Harrell recounts.

After six months, the aggregator suffered business reverses and became unreliable. "That was unfortunate for them but fortunate for us," Harrell observes. Fortunate, because the aggregator model wasn't working. Guardian CU needed more control of the business. The CU exercised the escape clause in the contract.

Still, the aggregator was critical to getting the program started.

CU Insurance Models *in History*

Selling insurance products to members has a somewhat lackluster history in the credit union industry. Here's a short list of insurance strategies that failed to deliver:

- **Letting third parties sell insurance to CU members and taking a cut of the commissions.** The simplest approach has been to sell membership data to an insurance company or third-party distributor and let them market their products—traditionally credit life, accidental death and dismemberment, and sometimes life, auto and business. In return, CUs get a little fee income, and the third party owns the underlying policy, explains Jeff Chesky, president/CEO of Insuritas (*insuritas.com*). Now, privacy legislation in the European Union and California creates significant barriers to sharing customer information with third parties.
- **Buying a local insurance agency and folding it into the CU.** When the 1999 Gramm-Leach-Bliley Act opened the door for financial institutions to own insurance agencies, the big banks and some credit unions bought up all the local insurance agencies they could find, Chesky reports. Then "post-acquisition integration failure" slammed those ventures. A local brick-and-mortar agency with local agents could not connect to the financial institutions' ecosystem and technology stacks. So the financial institutions dumped the agencies. A credit union can't operate an analog insurance agency profitably in today's digital world, Chesky says.
- **Starting an insurance agency from scratch.** It's nearly impossible to succeed with such an undertaking, Chesky states. The carriers won't give a start-up the appointments needed to sell their products.

In all, Chesky advises forgetting the past and looking to the future, which he says is evolving in favor of insured tech verticals like his company.

"We believe white-glove, licensed insurance agents working inside digitally rich platforms are the key to a CU agency's success," Chesky says.

"The big insurers wouldn't have talked to us without the aggregator," Harrell says. "The aggregator had the contacts to get the business rolling. By the time the aggregator failed, we had the contacts and a history of working with the insurers, and that continued. It's best for us now to work directly with the insurance companies."

Guardian CU's agency also has partnerships with its select employee groups to offer employer-paid programs through companies like Colonial Life and Mutual of Omaha. The SEGs offer the employee benefit; the credit union's agency provides the product, Harrell explains. Since only licensed agents can give insurance quotes, loan officers make a referral for homeowners' or automobile insurance when they close a mortgage or car loan, he explains.

How much is a growing insurance business helping Guardian CU with precious noninterest income? It's not, Harrell admits.

"We like the way the business is building and the 80% retention we have with policyholders," he says. "We expect the business to become profitable in about three years."

"We think we may see some profit," he explains, "but we didn't do this for the income. We did it for member needs." In his view, selling insurance is not the solution to a shortage of noninterest income. "At best, most CU programs will break even or provide a small return."

Harrell has tried outsourcing and is skeptical. "We needed to take control of what we were offering members and how we were communicating with them, something that was harder when the service was outsourced," he explains. "We visited two other CUs that were operating insurance agencies, and they warned us about outsourcing."

Before signing with an insurance agency, Harrell cautions, pay close attention to the contract. "There can be big upfront costs and even bigger exit costs. And while the agency may be in the credit union's name, the outsource provider truly controls it."

DIGITAL AGENCIES

Chesky remains an advocate of the outsourcing model that emphasizes the potential in creating digital insurance agencies that credit unions own but don't operate. The timing is certainly right, he says.

"Insurance is a hot topic now among credit unions because they desperately need fee income to offset margin compression. Overdraft charges are gone or going away." Insurance income, he says, is the answer to that need—and in some cases to the credit unions' survival.

Why is that? First, there are the economics. Some lines of insurance, like auto, home and business insurance, are products that all members need and already buy, Chesky points out. With local insurance agents mostly gone, the trusted credit union is an attractive provider. Most importantly, the commissions are paid by the carrier every year a policy is in force; carriers, on average, pay the agency 15% of the premiums collected. Once a policy renews in its second year, the average duration of that policy will be 8.1 years, exceeding the duration of consumer and mortgage loan portfolios.

Plus, premiums only go up—typically about 3% annually, Chesky continues. That's recurring income—what CFOs call "the gift that keeps on giving." And it is fee income that comes

"We shop for the members and get them the best coverage at the best price. They need the insurance. We're a trusted source that can guide them and make it easy."

– Angela Parham

from helping members, not punishing them like the nonsufficient funds fees that historically have brought $14 billion annually to financial institutions in the United States.

Insurance premium income is also noncyclical, he notes. It just keeps chugging along. That happened in the Great Recession of 2008. It happened again in 2020.

It doesn't work financially or operationally for a credit union to operate an insurance agency, Chesky notes, but it works really well for a credit union to own a virtual agency that is digitally embedded in credit union systems and doesn't require staff or lobby space.

"Credit unions can get the ownership benefits, principally revenue, without incurring capital and execution risk," he says.

Integration can tap into loan origination systems, Chesky notes.

"A credit union can offer free home insurance quotes automatically with every mortgage application." The same model can work with automobile loans and insurance. The criteria the credit union uses to gauge credit risk are the same criteria the underwriter uses to gauge the insurance risk, so that data can run through loan underwriters to insurers automatically and come back as insurance quotes, he explains. "Integrating insurance into loan origination systems is evolving rapidly."

Several CUs nationally now use the Blend mortgage loan system (*blend.com*), he adds. As a member applies for a home loan, the required home insurance quotes are delivered as part of the same online process.

Everything is automated until a member needs to talk to a person. For that, a CU could have a trained agent in a branch, but that doesn't make sense, according to Chesky.

"We have a workforce of trained agents that can respond almost instantly to a click on a website, mobile site or call center. We can talk with the member about their issue or engage via text and exchange digital images of insurance documents. That's more effective than asking a member to drive to a branch to talk to a person," he insists.

In August 2019, $3.5 billion Truliant Federal Credit Union (*truliantfcu.org*), Winston-Salem, North Carolina, launched Truliant Insurance Services (*truliantfcu.org/insure*), a full-service, turnkey agency operated in partnership with Insuritas. Since then, it has sold 1,800 policies to its 280,000 members. It has reached $1.5 million in total premiums, says Angela Parham, associated products and services manager. The credit union is shooting for $2.5 million.

"Forty of the leading U.S. carriers compete for our members' business," she explains. "We shop for the members and get them the best coverage at the best price. They need the insurance. We're a trusted source that can guide them and make it easy.

"We shoot for selling 120 policies a month, and we're hitting that," Parham adds. The total value of the autos Truliant FCU insures exceeds $157 million, and the value of the insured homes tops $150 million, she reports.

"Truliant typically refers 300 members a month to Insuritas for a quote, of which 250 get the quote and close to 50% of the 250 buy a policy," she says. Insurance sales will provide $225,000 in gross commissions this year, which is contractually split between Truliant and Insuritas.

Marketing is a mix of high-tech automation—emails dropped automatically by Insuritas on targeted dates drawn from Truliant FCU's database—and high-touch—staff talking to members and referring them to the agency when appropriate, Parham explains.

Tapping 40 major carriers gives Truliant FCU market pricing that is always competitive but still market pricing. There can be wins. The CU's agency won Parham's business, for example.

"I had auto insurance for more than 20 years with the same carrier," she says. "It was expensive, but I had two teenage drivers, so I figured that's what it cost. But I sought bids through our agency when it opened, and it saved me 50% on my premium. I had the new policy in 45 minutes."

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

MORE ON INSURANCE FOR MEMBERS

Generation Z and the Financial Institution Path to Life Insurance (*cumanagement.com/1121lifeinsurance*)

What Is Collateral Protection Insurance, and Do You Need It? (*cumanagement.com/0721cpi*)

Level Up Support *for Mental Health*

ENCOURAGE YOUR STAFF ACROSS THE ORGANIZATION TO PARTAKE IN TECH-BASED AND TRADITIONAL OFFERINGS.

BY LIN GRENSING-POPHAL

There has been much talk in the media and human resources circles recently about the "great resignation" aka "the talent tsunami"—the burgeoning number of employees who are deciding to leave their jobs or the workforce altogether. According to an April 2021 report from NPR (*tinyurl.com/npriquit*), "As pandemic life recedes in the U.S., people are leaving their jobs in search of more money, more flexibility and more happiness. Many are rethinking what work means to them, how they are valued and how they spend their time. It's leading to a dramatic increase in resignations—a record 4 million people quit their jobs in April alone, according to the Labor Department."

Some sources (including this article in *Fast Company*, *tinyurl.com/fastcomentalhealth*) have suggested that to stem the tide of exiting employees, employers should focus on helping them address mental health issues. Considering that credit unions teams have been working through a worldwide pandemic since the early part of 2020, working on mental health is definitely not a bad place to start.

CUES member Trevor Beaton, chief innovation and people officer at Synergy Credit Union (*synergycu.ca*) in Lloydminster, Saskatchewan, which has $1.6 billion in assets on its balance sheet, is paying attention to people's mental well-being at present.

"Overall, we're being very cognizant of burnout and turnover," he says. "We are aware of the 'talent wars' going on across Canada with remote work and flexibility opening up the possibility that a new job doesn't necessarily mean a physical move to a different community."

Mental health issues affect everyone in an organization—from frontline staff to CEOs. A study by Share Partners, SAP and Qualtrics (*mindsharepartners.org/mentalhealthatworkreport*) found that three-quarters of Gen Z workers said they had voluntarily left roles in the past for mental health reasons. The study also reported that CEOs are as likely to report mental health issues as other employees.

Many credit unions have found and implemented effective ways to shine a spotlight on mental health and promote overall employee well-being.

For example, $6.5 billion Michigan State University Federal Credit Union (*msufcu.org*) has been recognized for six consecutive years with the National Best and Brightest in Wellness award for its efforts to support a healthy workplace.

Michigan State University FCU CHRO Silvia Dimma, a CUES member, says in the news release (*msufcu.org/press_releases*): "As an organization, we encourage our employees to improve their health and well-being through a variety of activities and events. Many of the activities involve team-building practices, which lead to a more positive work culture for our employees. As an example, employees can choose to participate in voluntary fitness challenges, financial wellness education classes or the many 5K runs/walks the credit union sponsors to support local charities."

CONCERNS CONTINUE TO ESCALATE

Concerns about employee mental health were already growing before the pandemic. Then, over the past 20-plus months, concerns grew even more dramatically as CU employees at all levels became subject to new stressors ranging from changes in work setting and the need to work from home, changes in children's school schedules and the need for parents to be teachers, changes in child care access that made going to work regularly more challenging, issues related to other family members working from the same spaces, and personal concerns about the pandemic.

If there's a silver lining to all of this, it is that mental health is being addressed more proactively and more publicly than ever before. While some stigma certainly still exists, the willingness of many people to talk openly about mental health issues—including such well-known celebrities as tennis player Naomi Osaka and gymnast Simone Biles (*tinyurl.com/voxnaomisimone*)—is reducing some of the angst people often have about talking with others about their mental health concerns.

CU leaders, HR staff, managers and supervisors all have a role to play in addressing employee mental health issues. Of course, leaders also need to address their own mental health. Unfortunately, many are still hesitant to do so, says Scott Foster, CEO of Wellco (*wellcocorp.com*), a wellness firm he founded in 1996, located near Detroit.

Despite increasing awareness of and conversations about mental health, the adoption rate of benefits and services related to mental health are still abysmally low, notes Foster.

"Benefits can work only for those who use them," he says, adding that based on his research, "the participation rate in mental health benefit programs is lower than 2%."

As the pandemic has heightened mental health concerns, it has also heightened employers' recognition that they need to do more to encourage employees at all levels to access needed resources.

THE PANDEMIC EFFECT

Mental health has been a concern for credit unions, but the pandemic "shone a light on mental health as a top cause of

> **"Our surveys show that nearly 70% of credit union employees eat alone at their desks three or more days a week."**
>
> – Scott Foster

disability and driver of prescription drug costs," Beaton says. Based on data from the credit union's national benefits plan, one in five people experiences mental illness.

"We have known this trend for quite some time, and our own stats prove this out as well," he notes. "We projected higher mental health stress during the pandemic, but fortunately it didn't pan out to a full extent because of actions we took with our benefits package, using quadrants to manage our program: mental, physical, financial and social."

One of Synergy CU's efforts has been adding a "mental health moment" segment to team meetings. Having these conversations has helped, Beaton says.

"Some of the conversations have gone very deep and created a stronger and more trusting environment for my team to share and get support from each other."

He also points to a step challenge program that's helping employees, including Beaton himself, stay more active and keep their minds in a good place.

Other credit unions have also recognized the impact of the long-running pandemic on employee mental health and wellness and taken steps to support staff members and ensure they can access the mental health resources they need. GTE Financial (*gtefinancial.org*) is an example. Jasiel Legon is SVP/chief talent officer of the Tampa, Florida-based credit union, which has $2.7 billion in assets.

"During the pandemic, our HR team focused on one-on-one discussion with leaders," Legon explains. "We saw the leader burnout as they handled pandemic-related issues—some new and stressful. We learned that not being able to take real vacations, in which you travel and completely unwind, was taking its toll during the pandemic. It was so much harder to unplug during short car trips."

These leaders needed support, Legon says, because they dealt not only with their usual business responsibilities but also with COVID-19 illnesses within their departments, quarantine protocols, all kinds of unanticipated processes, and the overall grief that accompanied witnessing so much illness and death related to the pandemic.

"As Florida became a COVID hot spot, we stepped up our efforts to review PTO balances to ensure that leaders were taking time off—almost forcing them to unplug," Legon says.

Now, many of the credit union's employees are coming back under a hybrid work model, in which they are in the office two or three days a week, depending on the needs of individual departments.

TECHNOLOGY AIDS

While the pandemic heightened mental health concerns, credit unions have had mental health programs and tools in place for some time. Some of those tools leverage technology for delivery.

For example, $930 million LAFCU (*lafcu.com*), based in Lansing, Michigan, partners with On Target Living (*ontargetliving.com*) to offer virtual wellness resources for its employees. "There is much we can't control, so we looked at what we can control, and determined that information and inspiration from this program will better equip our staff to meet today's unprecedented challenges," says CEO Patrick Spyke, a CUES member, in a news release from October 2020 (*tinyurl.com/lafcuontargetliving*).

LAFCU Trainer Clare Gomez has this to say about her experiences with the program, which she accesses on her phone and computer.

"After just a few months I feel more energetic … more in touch with my body," Gomez says. "I'm sleeping better, exercising more, and when I feel stressed, I know it. Then I pull up my favorite three-minute OTL meditation video to reel me back in."

GTE Financial launched its internal GTE Live Well program about five years ago and considers it a key asset in helping employees cope with mental health issues.

Legon says the program has four pillars—educate, engage, empower and support—with an emphasis on mind, nutrition, know-how, financial health and activity.

"It's all about healthy lifestyles," Legon says. The Live Well program offers employees stipends for making use of specific wellness activities.

In addition, GTE Financial employees have access to a full-service gym, a 1-mile outdoor track, outdoor basketball courts and a game room at its main campus.

"We're constantly creating a sense of balance for our employees to support their mental health," Legon says.

Wellness Tools *for Employees*

- On Target Living (*ontargetliving.com*) provides educational resources, keynote speaking and coaching to help people experience the power of feeling their best. Its methodology is based on its three pillars: rest, eat and move.
- Teladoc (*teladoc.com*) allows participants in any location to talk to a doctor, therapist or medical expert anywhere by phone or video.
- Virgin Pulse (*virginpulse.com*), a wellness program offered by Sir Richard Branson's Virgin Group, offers tools that build better habits, including 100-day challenges on aspects of mental health, such as better sleep and regular exercise.
- Wellco (*wellcocorp.com*), a wellness solutions firm founded in 1996, offers solutions and tools as well as consulting services.

"We're being very cognizant of burnout and turnover."

– Trevor Beaton

About five years ago, GTE Financial added telemedicine to its list of employee benefits, leveraging the services of Teladoc (*teladoc.com*). More recently it added Teladoc's behavioral health practice, which offers 24/7 access to health practitioners. "It can be difficult to make appointments with therapists; this service is a huge advantage for our employees," Legon says.

Synergy CU initiated its telemedicine program six or eight months before the pandemic, Beaton says. Telemedicine is extremely important in some Canadian provinces, where long distances can create difficulty in getting to in-person medical appointments. Synergy CU serves 11 communities, not all of which have easy access to providers.

"It happened to be a happy accident in terms of timing that the telemedicine program was added to the list of employee benefits before the pandemic occurred," Beaton says.

CULTURE SUPPORTS WELL-BEING

Beaton points to examples of culture change at Synergy CU that are contributing to its employees' well-being:

"We share successes at each meeting," he says. "We want our employees to share happiness and joy. A recognition program helps our employees understand that what they do is important. We have sought to normalize these conversations about mental health."

The CU focuses on key topics on "mental wellness Mondays" on the company's social media applications. "There are posts internally on our Yammer site (*yammer.com*), and then our marketing team makes posts on our (external) social media channels," such as LinkedIn. Beaton adds. "Based on page hits and other data, we know that employees are well engaged with these topics."

The organization used its annual benefits review and five-year forecast to focus more deliberately on mental health. "We are finding that our teams are embracing programs and services that will help reduce the costs driven by declining mental health of our employees," Beaton says. To that end, the credit union adopted Virgin Pulse (*virginpulse.com*), a wellness program offered by Sir Richard Branson's Virgin Group. It offers tools that build better mental health habits, such as 100-day challenges on sleep and regular exercise.

Finally, Beaton says, "We're insisting that our employees take vacation and have the power to say 'no' when they are at limits that create anxiety or isolation."

A simple thing that all CU leaders can do to improve staff well-being is to reduce social isolation, says Foster. "Our surveys show that nearly 70% of credit union employees eat alone at their desks three or more days a week," Foster says. "They have no chance to develop a sense of community, which we need to promote along with safety and mutual respect in the workplace."

Leaders need to model a sense of well-being by being open. "The last year and one-half has been hard on everyone," Foster says. "Most employees have suffered from burnout and/or depression. Every leader should focus on being kind."

To that end, Foster says he personally has had to limit his exposure to media outlets and social media and to practice careful replacement of negative thoughts with positivity. "We need to acknowledge our struggles."

MOVING FORWARD

Addressing mental health needs to be an ongoing organizational focus.

Leaders might be deceived into thinking that their organization is doing well, Foster says, but research is showing that employees are struggling. "Long before the pandemic occurred, employees were struggling with staff shortages, long hours, and now with pandemic uncertainty," he notes. "We're hearing employees say they are exhausted. We are helping ... companies figure out where employees can thrive. Leaders can truly make a difference with a focus on overall well-being."

Moving forward, says Legon: "We're putting the joy back into our jobs by putting it (the pandemic) behind us. We want to move forward. For so long, we've been bogged down with negativity."

Legon adds that it's important for those in HR looking out for staff to take care of themselves first.

"We're like the airlines," he says. "You put your own oxygen mask on first so you can help others. But we need to recognize that it's OK to take care of ourselves as well."

Lin Grensing-Pophal, SPHR, *is a writer and human resource management and marketing communication consultant in Chippewa Falls, Wisconsin. She is the author of* The Everything Guide to Customer Engagement *(Adams Media, 2014) and* Human Resource Essentials *(SHRM, 2010).*

MORE ON MENTAL HEALTH

What Can Credit Union Leaders Do to Mitigate 'The Turnover Tsunami'? (*cumanagement.com/1121turnover*)

Podcast: Famous or Not, We All Have to Work on Mental Health (*cumanagement.com/podcast121*)

The Value of Valuing Mental Health (*cumanagement.com/0121mentalhealth*)

Video: Why Managers Need to Sometimes Say: 'Keep It Real; Tell Me How You Feel' (*cumanagement.com/video040121*)

Human Resources Analytics Cornell Certificate Program (*cues.org/ecornell-hr*)

Building the Case *for Innovation*

ALEX HSU, CCM, WINS THE 2021 CUES EMERGE COMPETITION BASED ON HIS FRAMEWORK FOR AN INNOVATION CENTER OF EXCELLENCE.

BY DIANE FRANKLIN

The business world is rife with examples of companies that have passed into oblivion because of a failure to innovate. Think of how Sears withered when it was unable to respond to Amazon, or how Blockbuster was caught flat-footed against the online streaming revolution that vaulted Netflix to a ubiquitous presence in consumers' lives.

Alex Hsu, CCM, observes that credit unions can learn an important lesson from these well-known business failures. "As a movement, we have to be able to innovate to counter similar threats posed by fintechs and megabanks," says Hsu, VP/planning and change management at $26 billion SchoolsFirst Federal Credit Union (*schoolsfirstfcu.org*) in Tustin, California. "Unfortunately, innovation too often gets treated as an afterthought and ends up on the back burner. I think we all need to increase our urgency regarding how fast we innovate. It's imperative to our survival as financial institutions and the right thing to do for our member-owners who are looking for new products and services that meet their changing needs."

Hsu made a strong business case for formalizing the innovation process during the final phase of the 2021 CUES® Emerge program (*cuesemerge.com*). Sponsored by CUES and CUES Supplier member Currency (*currencymarketing.ca*), this year's program featured a cohort of 32 up-and-coming credit union leaders who had the opportunity to further their knowledge in virtual classroom courses, mastermind sessions and peer collaboration sessions that guided them toward the development of a business case. Hsu was one of five Finalists selected from among participants to present their business cases in a live online pitch show in October, which culminated in his selection as the 2021 CUES Emerge winner.

AN ADAPTABLE FRAMEWORK

Hsu tailored his pitch around creation of an Innovation Center of Excellence, an adaptable framework that can be scaled for use at any size credit union. "The key feature of the Innovation Center of Excellence is to create a team that is dedicated to innovation projects and formalize some of the efforts that are already underway," Hsu says. "It could take shape at a credit union in a variety of ways. At SchoolsFirst, we have an established project management office, so it would be most appropriate to place our Innovation COE under that existing department. At other credit unions, it may make more sense to create a new business unit. The framework

“Innovation too often gets treated as an afterthought and ends up on the back burner.”

– Alex Hsu, CCM

offers enough flexibility for credit unions to set it up according to the needs and resources they have.”

SchoolsFirst FCU, which serves 1.2 million members, is the largest credit union in California and the fifth largest in the United States. With approximately 2,600 employee team members, the credit union is brimming with innovative ideas every year. Under the auspices of the Innovation Center of Excellence, Hsu foresees a mechanism for SchoolsFirst FCU to harness the people, processes and technology to bring the best of those ideas to fruition.

“I envision the Innovation COE as a cross-functional effort,” Hsu says. “It’s not the sole re-sponsibility of IT or technology vendors to drive innovation. We all need to have involvement, with sponsorship coming from the highest level of the organization in the C-suite. Executive support is critical to enable strategic, transformational change.”

Innovation has been a strong focal point for Hsu throughout his professional career. Prior to coming to SchoolsFirst FCU in 2017, he gained management and leadership experience at several major companies, including Deloitte (*deloitte.com*), DaVita (*davita.com*) and AECOM (*aecom.com*). At SchoolsFirst FCU, he currently leads a team with responsibility for strategic planning and project execution.

“I’ve been really fortunate to work with incredible leaders here at SchoolsFirst,” says Hsu. “They were very supportive during my CUES Emerge journey.”

Among those offering support were Hsu’s boss, Kevin Martin, CCE, SVP/organizational performance & strategic planning. “When Alex approached me about applying for the CUES Emerge program, I felt it was a great opportunity to showcase his written and presentation skills,” says Martin, a CUES member. “Alex is a lifelong learner, and someone who is able to take any new learnings and put them to good use for the benefit of our organization. The Innovation Center of Excellence business case was an excellent example of taking relevant concepts and proposing ways to drive innovation not only for SchoolsFirst FCU, but also for the overall credit union movement.”

Also lending support was CUES member Jose Lara, CCE, SchoolsFirst FCU’s COO, who applauds Hsu’s initiative and drive to improve member service. “Alex was thoughtful and inclusive when developing his idea for the CUES Emerge Program, really wanting to make an impact on business processes,” Lara says. “His idea for an Innovation Center of Excellence to help bring products and services faster to our members will help SchoolsFirst FCU and potentially the larger credit union movement compete in our quickly evolving industry.”

A PASSION FOR EDUCATION

As the CUES Emerge winner, Hsu receives a valuable prize package, which includes registration to the CUES Advanced Management Program from Cornell University (*cues.org/ecornell-cumanager*) and executive coaching from CUES Supplier member Envision Excellence (*envisionexcellence.net*).

Hsu already has impressive education credentials, which include a bachelor’s degree in international business and marketing management from California State Polytechnic University, Pomona (*cpp.edu*), a master’s degree in Information Systems from California State University, Fullerton (*fullerton.edu*), and an MBA from UCLA Anderson School of Management (*anderson.ucla.edu*). Additionally, he earned a professional certificate for Strategic Decision and Risk Management from Stanford University (*stanford.edu*) and an Executive Certificate of Strategy and Innovation from MIT Sloan School of Management (*mitsloan.mit.edu*).

“By participating in the CUES Emerge program, I also was able to earn my Certified Credit Union Manager designation, which added even greater value to the program,” he says.

Hsu left the CUES Emerge program feeling enriched by the experience. “It’s an outstanding program that I would recommend to any up-and-coming leaders who are looking for an intellectual challenge and who want to extend their network. I’m still relatively new to the credit union movement, but at the end of the program, I felt like part of a community.”

Having received recognition as the CUES Emerge winner, Hsu hopes his business case will inspire credit unions to prioritize innovation. The risk of not doing so is far too great.

“As a movement, we don’t want to suffer the fate of the companies that did not keep up with the innovators,” he says. “Our challenge is to continue to provide the wonderful products and services that our members expect but also maintain a pace of innovation that will sustain us in the future.”

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

MORE ON CUES AWARD WINNERS

Podcast: Leadership and Learning Are Indispensable to One Another (*cumanagement.com/podcast123*)

Leadership That Inspires and Empowers (*cumanagement.com/1221inspires*)

Fulfilling Its DEI Mission (*cumanagement.com/1221deimission*)

Creating a Winning Team (*cumanagement.com/1121winning*)

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

CUES Emerge (*cuesemerge.com*)

The Million-Member *Milestone*

THESE CREDIT UNIONS SERVE THEIR LARGE MEMBERSHIPS BY KEEPING THEIR FOCUS ON INDIVIDUALS.

BY ART CHAMBERLAIN

The handful of credit unions with memberships more than 1 million strong have developed their own ways to provide personal service, despite their size. For one, this has meant blanketing a state with branches in every county, while another has branches in hot spots around the world and a 24-hour member-care phone line.

At press time, there were nine credit unions in the U.S. with more than a million members and one in Canada. It's a small club that is likely to continue to grow in coming years, since membership growth is strongest for the largest credit unions.

Glenn Christensen, president/CEO of the CEO Advisory Group (*ceoadvisory.com*), based in Lake Tapps, Washington, says it's clear that larger credit unions can often afford to provide a wider range of services that smaller organizations can't manage. "The large ones have the financial capability of being an early adopter of some of these technologies that are meaningful to the membership," he adds.

Larger credit unions tend to score higher on overall satisfaction scores, Christensen says, often because they can provide better digital offerings. He also notes that the whole concept of satisfaction has been changing. In years gone by, it meant being greeted with a smile by someone who knew the member; now it means fewer transactions in-branch, and the focus is on digital services.

Christensen says larger credit unions have been enjoying faster member and asset growth over the past five years. A credit union's field of membership can impact its growth prospects, he notes, since it may be tied to an industry or geographic area that is struggling, but larger credit unions usually have a more diversified membership base and wider range of locations.

STELLAR SERVICE FOR SERVICE MEMBERS

$151 billion Navy Federal Credit Union (*navyfederal.org*), based in Vienna, Virginia, is the largest credit union in the world, with 11 million members. Founded in 1933 by seven naval officers, it retains a military focus in delivering its service: Navy FCU's members are either active service members, veterans or their families.

Helping members make the transition from active service to civilian life is a major goal of the credit union, says Clay Stackhouse, a regional outreach manager for Navy FCU. He's based in Pensacola, Florida, and serves members in Florida, Alabama, Mississippi and Louisiana.

Stackhouse says 250,000 people leave active service each year, and most can benefit from some financial planning advice to help them make the shift. A retired Marine colonel who joined Navy FCU's staff six years ago, Stackhouse has been a member of the credit union since boot camp but admits he wasn't aware of all the services it could provide. He's now a certified financial education instructor who offers advice that he could have used when he was younger but didn't know was available. Stackhouse says the CU, with 349 branches around the world and phone service 24/7, has the digital and mobile offerings that young service members want and need as they move around the country and the world.

The military approach to processes and discipline at Navy FCU is consistent with its membership. "The members are the mission," Stackhouse says. "We make it very clear to the new employees that in a credit union, the members are the owners, and our members are those military veterans and families."

$51 billion State Employees' Credit Union (*ncsecu.org*), based in Raleigh, North Carolina, is the second-largest credit union in the U.S., and it has taken a very different route to get there.

State Employees' CU is open to state and public school system employees and their families, which provides a wide base of potential members. Its 2.6 million members represent a quarter of the state's population of 10.5 million. The credit union was founded in June 1937 with 17 members and $437 in assets and initially operated part-time in the basement of the Agriculture Building in Raleigh.

"While we have just started to build out a traditional marketing area and functions, our growth through the years occurred without any marketing," says CUES member Leigh Brady, chief operating officer at State Employees' CU. Until now, the credit union's growth has all been due to word-of-mouth recommendations and the convenience of its locations in each of North Carolina's 100 counties and its 1,100 ATMs. But CUES member Jim Hayes, CIE, who joined the credit union as president/CEO in September, supports the marketing initiative.

Brady says the CU has lagged on digital offerings but is working hard to catch up so it can offer all the latest benefits for simple tasks and transactions. However, she says, a membership survey found members still prefer to go to a branch when they need services that are a bit more complicated or to arrange a mortgage.

State Employees' CU maintains its community connections by having local advisory boards from each branch. The 12-member groups "serve as the eyes and the ears of the organization" that help bridge the distance between members and management, says Brady. The boards provide valuable advice about such things as the best locations for ATMs or the need for new services.

OVERCOMING GROWING PAINS

Paul Davis, director of market intelligence at CUESolutions provider SRM (Strategic Resource Management, *srmcorp.com*), Memphis, Tennessee, says that, as credit unions grow, "they run the risk of not being able to offer the same high-touch service as a smaller institution. I think the leaders of those credit unions have to very be very mindful and thoughtful about the pace of growth and really think several years ahead."

Davis says credit unions need to consider how they can still give members that sense of being high touch, while at the same time benefiting from the scale of being a larger institution. He notes that the COVID-19 experience has helped shift member expectations, as they have moved more quickly to use mobile and online services than before the pandemic.

"Before you really start looking at what to do today, you really need to take that long view from five years out," he advises. "What are the challenges going to be, and what kind of credit union do we want to be in the future? Then, work your way back to today."

Davis warns that all financial institutions are facing "hyper-competition, and I think the successful credit unions are the ones that are going to figure out a way to be as efficient as possible and yet still be able to offer innovative products and services to their members."

On the other hand, larger credit unions have the advantage of being able to staff stronger IT teams that can better evaluate new technology and ensure a smooth rollout of new services, Davis says. To stay competitive, he suggests credit unions create an ecosystem that includes IT staff, other employees, directors, members and outside advisors so they can evaluate new fintech partnerships.

$13.8 billion Mountain America Credit Union, (*macu.com*) based in Sandy, Utah, is one of the newest members of the million-member club; it reached 1 million in August 2021.

"We don't look at it as 1 million members," says CUES member Sterling Nielsen, president/CEO. "We look at it one member at a time, and that's how we've approached it. Our philosophy about serving the 1 million is the same as when we were much smaller. Our goal is to earn our members' recommendation every contact they have with us."

"The members are the mission. We make it very clear to the new employees that in a credit union, the members are the owners, and our members are those military veterans and families."

– Clay Stackhouse

MORE ON GROWTH

Video: What You Need to Know About Becoming a Community Development Credit Union (*cumanagement.com/ 100121video*)

Switching Back to Offense for Mergers (*cumanagement.com/ 0821offense*)

Mergers Shouldn't Be Your Organization's Primary Tool for Growth (*cumanagement.com/ 072121skybox*)

How to Get Growing as Life Gets Going (*cumanagement.com/ 0621growing*)

Keep Your Outlook Bright (*cumanagement.com/ 0221outlook*)

On Compliance: A New Era Dawns For Community Fields Of Membership (*cumanagement.com/ 0820oncompliance*)

> **"I think the successful credit unions are the ones that are going to figure out a way to be as efficient as possible and yet still be able to offer innovative products and services to their members."**
>
> – Paul Davis

Mountain America CU has 101 branches across six states: Arizona, Idaho, Montana, Nevada, New Mexico and Utah. "We're expanding the branch network, and that makes it much easier to give that more personalized experience. It costs a lot of money, but it's hard to give that one-on-one counseling and help without having that face-to-face interaction."

While the credit union has a high-cost structure because of its large branch network, Nielsen says that this is offset by higher sales of products and services, so its overall efficiency rating is good.

Mountain America CU's personal touch extends to its call center, Nielsen says. "We're spending a lot more time not only in the branch but also on our calls in our call center. We have a lot longer calls because it's becoming much more of a help-the-member-out consultative type call."

An example of this personal touch paying off for members is the $900 million in loans that members previously held with other financial institutions—the credit union's staff identified these in 2021 and persuaded members to save on interest payments by switching to a lower-cost loan with Mountain America CU.

Nielsen says the pandemic was a growth opportunity for Mountain America CU because it jumped into the Paycheck Protection Program (*tinyurl.com/ sbappploans*) with both feet and became one of the largest PPP lenders nationwide.

FIRST IN MEMBERS' HEARTS

Desjardins Group (*desjardins.com*) is by far the largest financial cooperative—a federation of local credit unions—in Canada and the second largest in North America, with 4.7 million members and another almost 2 million customers of its insurance and other subsidiaries across the country. It is also the oldest credit union in North America. It has been 121 years since Alphonse Desjardins opened the first credit union, known as a "caisse populaire" in French, in Lévis, across the St. Lawrence River from Quebec.

Desjardins is thriving in part because of an unusual mission statement that doesn't focus on profits or dividends. Desjardins Group's "ambition is to be first in people's hearts."

Desjardins has a range of credit unions in its network of 215, one having more than $10 billion in assets while several others are in the $200-300 million range, reports President/CEO Guy Cormier.

Each caisse has its own board of directors and elects directors for the overarching Desjardins Group, which provides back-office services and insurance and wealth management products. As a total group, they meet two or three times a year—these days online.

Cormier says those meetings are listening sessions for him, a chance to hear directors' concerns and discuss growth opportunities. "It is really important to keep people from our roots at the board level," he reflects.

"When you are in a credit union, at the end of the day, you're there for your members, and making profit is a tool," he says. That's why shortly after taking over as CEO in 2016, he shifted the focus to being first in members' hearts. Cormier says it's an aspirational goal that means different things to staff, depending on what their jobs are.

The goal appeals to members, especially younger ones, but is also important because it inspires staff, he notes. "Employees are so proud of what we're doing. It's meaningful for them, and they feel that they work for an organization that wants to be a leader in the society. It connects with their own values."

That is especially important given the need to attract and retain talented employees, Cormier says. "Companies are fighting for the right talent, for the right people in technology, security, insurance and financial planning."

Credit unions that can win that battle will have a much greater chance of reaching the million-member milestone.

Art Chamberlain *is a writer based in Campbellford, Ontario, who has written about the credit union sector for more than a decade and has been a member for more than 30 years.*

Tap Your Team's *Hidden Potential*

HELP YOUR EMPLOYEES ACHIEVE TOP PERFORMANCE.

BY JAIME BOCHANTIN, PH.D.

Developing your people and investing in social capital has never been more important as we see changes hitting organizations at a rapid-fire pace. Issues relating to job security have become a central concern as employees fear for the state of their job in a time where turnover has been high, job engagement has been low, and changes in top leadership is ever-present. This is where having an effective talent development program in place is key. As the new VP/consulting services at CUES, I'd like to share some insight into my philosophy on talent development, which I hope brings it back into the foreground.

Like others in the talent development industry, I devote my efforts to helping leaders see the value of boosting their TD efforts and making them a cornerstone of their business. This has become increasingly vital, according to a survey done by McKinsey & Company (*tinyurl.com/skill-gap*) that found that 87% of companies worldwide are aware they have a skills gap or expect to have one in the coming years. As a result, organizations will need strong talent development strategies to stay relevant and competitive.

Furthermore, organizations must learn to pivot, especially in the wake of the COVID-19 pandemic. With that in mind, I think a reintroduction to the overall concept of talent development could be useful as organizations try to lead themselves out of this era of uncertainty and change. Here is a snapshot of what talent development is and what I perceive as the primary benefits of having a strong program.

WHAT IS TALENT DEVELOPMENT?

The most valuable asset most companies have is their people. The very best companies understand how important it is to grow and develop

Organizations need strong talent development to stay relevant and competitive.

this greatest asset to get a return on investment. Numerous industry studies show that to be in the top quartile of talent developing companies, you need to spend 2% of your revenue on talent development. But in my experience, I see organizations most often spending less than 1%.

Why is the investment typically so low?

I think the concept of talent development can cause confusion for those not within the confines of HR. The concept can induce a lot of scratching in the corporate world as leaders struggle with how best to use and apply it as a strategy. It often gets lumped in with such HR functions as recruitment, onboarding and performance management. While those areas closely relate—and in many ways could even be considered adjacent—talent development is a series of processes designed to develop, motivate and retain top talent as well as uncover hidden talent within an organization. It is where organizations provide learning opportunities and tools for employees to advance in their careers. The goal of talent development is to create a place where people are engaged, work hard, and are constantly learning and growing. But "talent" is not to be confused with "skills." When identifying talent, you're looking for employees' untapped potential. You can then teach them the skills necessary to reach that potential.

Many people assume talent development is only about training programs. While training can be a large part of TD in general, it's just one service CUES Consulting offers. The other work we do centers around instructional design, managing the learning function, leadership development, change management, leadership success profiles, individual development planning, coaching and succession planning. Furthermore, no matter what projects we work on, we always ensure that the talent development strategy aligns with business strategy. As a result, we create programs that upskill for current and future talent requirements.

BENEFITS OF DOING A GREAT JOB WITH TALENT DEVELOPMENT

Regardless of the approach or service used for talent development, at its core is learning and professional growth. In his bestselling book, *The Advantage*, Patrick Lencioni stresses that the only real competitive advantage any organization has is its ability to learn. And the faster your organization learns (through TD initiatives), the bigger and better your competitive advantage will become. Additional benefits of doing a great job with talent development include:

- Stronger job engagement and higher levels of productivity. Highly engaged employees are 87% less likely to leave their job.
- A high-performance workforce will allow the company to achieve its objectives.
- Improved onboarding and succession planning
- Lower attrition rates. According to a LinkedIn survey (*tinyurl.com/linkedin-survey*), 94% of employees would stay at their company longer if they took an active role in their learning and development.
- It drives better customer experiences. Forty-one percent of customers remain loyal because they notice positive employee attitudes, which can result from an investment in TD.

When I approach a new opportunity to provide talent development for a credit union, I keep in mind my understanding of industry trends and align these with the needs and desires of the company I am working with. That said, as we move into a new year, I cannot help but think about what I plan to focus on with new talent development initiatives, especially since 25% of companies plan to cut their learning and development spend. Based on what I am seeing with industry trends, I'd like to provide assistance with:

- work-life balance;
- managing a multigenerational workforce;
- diversity, equity and inclusion initiatives
- remote/hybrid work (since this is not going anywhere in the near term);
- leadership development, particularly emerging leaders and women in leadership; and
- executive and management coaching.

In the end, if you want an excess of talent in your organization, you must invest in it. I once read someplace that businesses don't grow, people do. Organizations do not exist in a vacuum. They are comprised of living, breathing human beings willing and able to learn and grow. So the question you must ask yourself now is: Are my current talent development efforts where they need to be? If the answer is no, what can you do to remedy this? If the answer is yes, keep up the good work!

Jaime Bochantin, Ph.D., *is VP/consulting services at CUES. Ask her about talent development and CUES Consulting* (jaime@cues.org).

MORE ON TALENT DEVELOPMENT

CUES Consulting (*cues.org/cuesconsulting*)

From John: A Party Plus a Plan for Talent Development (*cumanagement.com/1121fromJohn*)

From John: Your 2022 Talent Road Map (*cumanagement.com/1021fromJohn*)

Purposeful Talent Development: Staying Current Is a Moving Target (*cumanagement.com/102521skybox*)

Great Preparation for Becoming a Top Leader (*cumanagement.com/1021topleader*)

Purposeful Talent Development: Building Teams to Meet Today's Demands (*cumanagement.com/092721skybox*)

Coveted *Member Data*

CREDIT UNIONS ARE PROTECTING SENSITIVE PERSONAL INFORMATION AMIDST SHIFTS IN MARKETING STRATEGIES & REGULATIONS.

BY RICHARD H. GAMBLE

Credit union managers grappling with privacy are finding that it is at once a marketing issue, a compliance issue and a security issue. On these two pages, we'll dive deep into the marketing aspects of privacy. Read the full story about marketing, compliance and security at *cumanagement.com/1221memberdata*.

PRIVACY IN MARKETING

Using vast amounts of personal data to support targeted marketing has been a boon for CU marketers.

"We started budgeting for digital marketing around 2014," recalls CUES member Jenna Taubel, director of brand and digital member experience for $263 million First Alliance Credit Union (*firstalliancecu.com*), Rochester, Minnesota. "We were pleased with the results. It was a more efficient way to put a message in front of a likely prospect." She estimates her CU's ad spending is now 75% digital and 25% print.

For the digital ads, First Alliance CU uses data third parties have gathered from a wide variety of sources and analyzed; internal (first-party) member data such as checks written or card transactions is used only for in-house promotions. Taubel knows that third parties use cookies to trace consumer activity, and that this is what makes digital ads so effective. (Get more on first-, second- and third-party data at *tinyurl.com/1st2nd3rdpartydata*.)

She also knows that growing privacy concerns are forcing data-based targeted marketing to retreat. "The marketplace is absolutely changing now," she says, "in ways that will affect all digital advertising." Consumers are asserting ownership of their data, she observes, and they are demanding and using opportunities to opt out of having it collected.

Advertising was revolutionized by the precision of being able to use personal information to direct ads to the very people most likely to buy the product or service, notes Richard Crone, principal of Crone Consulting LLC (*croneconsulting.com*), San Carlos, California. Consumers happily sold their personal data by accepting cookies in return for free access to platforms, he explains. Technology trumped privacy.

Then came the backlash. It may have started in Europe with the General Data Protection Regulation (*cumanagement.com/0919privacy*), and in the U.S. with the California Consumer Protection Act (*cumanagement.com/0319oncompliance*), but for most American consumers a key date was April 26, 2021, according to Crone. That was when Apple introduced a screen option that gave users a choice to allow apps to track or not track their activities.

When 84% chose to block tracking, the cookie jar cracked, and targeted digital advertising quickly became more expensive and less effective.

Taubel has mixed feelings about the change. "As a consumer, I'm in favor of privacy and stricter limitations on how my personal data can be used, but as a marketer, it makes my job harder, so it's frustrating. I hate to lose the useful tools that have been working for us. It forces us to be more thoughtful. We'll adapt."

First Alliance CU uses no cookies on its website but is well aware that third parties use them.

"We know cookies are definitely involved," Taubel says. "That's how the ads can show up where they are supposed to. Losing cookies will hurt our ability to deliver timely, personalized messages to people." The CU does not sell member data to third parties and realizes no revenue from data-based marketing, she adds.

Marketing based on third-party data is on its way out, confirms Elisa Rode, president of Kearley & Co. (*kearley.com*), a Fort Worth, Texas, ad agency, while first-party data is making a comeback. "If your 2022 marketing plan relies on third-party data and targeting, you didn't get the memo," she observes.

Cookies became controversial because they not only let data gatherers track a person's activity on a particular website but also after they leave that website. Privacy laws like GDPR and CCPA make cookies illegal unless a consumer deliberately opts in, Rode reports.

Crone points out that the "pending cookie apocalypse by Google will magnify the value of the personal transaction data held by financial institu-

"As a consumer, I'm in favor of privacy and stricter limitations on how my personal data can be used, but as a marketer, it makes my job harder, so it's frustrating."

— Jenna Taubel

tions, fintechs and neobanks." (Google announced in January 2020 that it would eliminate third-party cookies from its Chrome browser by 2022.)

"Without cookies," Crone points out, "advertisers will look to the transaction and payment processing data ... in credit union and bank accounts" to enable the offline attribution (return on investment) "required to command premium advertising rates," he explains. "No other platform gets advertisers closer to a known or anonymized cohort than mobile banking and mobile wallets accessing the private transaction data managed by their credit union."

Financial institutions have the data to create an alternative to cookies, he adds. They are not yet legally required to get member opt-in, but it's smart business practice and could be legally required if GDPR and CCPA initiatives spread, he suggests.

Amanda Swanson, director of the channel practice at CUES strategic partner Cornerstone Advisors (*crnrstone.com*), Scottsdale, Arizona, outlines the new rules. If a credit union goes after new members with lead generation and collecting consumer data, it must make sure that its compliance, legal and marketing departments ensure they have the correct disclosures on the website. Such companies as Mozilla have taken steps to limit access to consumer data, she says, such as blocking trackers from following web users to collect information about browsing habits and interests. CUs also need to have a process to monitor opt-in and opt-out of nonmembers' information, along with a strategy to destroy consumer data promptly when that's requested.

Balancing marketing and privacy has become tricky, observes Sabah Samaha, founder and CEO of Samaha & Associates (*ssamaha.com*), Los Angeles and Miami. Demographic analysis of data can be useful, he says, but once companies start collecting information on consumer shopping to build individual behavioral profiles they can use to motivate more buying, they are entering dangerous ground that may jeopardize trust, he warns. CUs should be wary of engaging in too much data accumulation and manipulation, even if it works.

Member attitudes can be a problem. Unfortunately, notes CUES member Val Mindak, CCE, CEO/president of $320 million Park City Credit Union (*parkcitycu.org*), Merrill, Wisconsin, members have embraced digital experiences in which they willingly give out personal information and accept tracking cookies to get free services or shopping deals, without considering the consequences of sharing their personal data. Once they run into difficulty, she says, they often expect credit unions—as guardians of their finances—to help them unravel privacy concerns.

As user adoption of digital and online services explodes, she insists, it is important that credit unions continually educate consumers about privacy concerns and exposures.

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

What *Privacy?*

When it comes to the details of their personal financial activities, consumers have mistakenly assumed that these were highly private bits of information, carefully protected by their financial institutions. In fact, credit unions and banks have few constraints when it comes to sharing personal details, notes Richard Crone, principal of Crone Consulting LLC (*croneconsulting.com*), San Carlos, California.

"CUs and banks have been dealing with consumer privacy issues for decades," he points out, sharing sensitive information about members' creditworthiness that led to the creation of credit bureaus and individual credit scores. There's no keeping secret a tax lien, an auto repossession, a canceled credit card or a bankruptcy filing, he illustrates.

"Nothing is more personal than a member's creditworthiness, which is based on credit unions sharing payment history, current level of indebtedness, types of credit used, length of credit history and new credit accounts," Crone observes. "The right to privacy doesn't exist, but few members realize that when they agree to share all this data with the credit bureaus as a part of their member agreement."

MORE ON PRIVACY

Coveted Member Data (unabridged article) (*cumanagement.com/1221memberdata*)

Inside Marketing: Digital Targeting in a Cookieless World (*cumanagement.com/1021insidemarketing*)

Six Ways to Protect Member Data in a Remote Workplace (That Don't Require IT Support) (*cumanagement.com/042120skybox*)

Europe's Privacy Reg and How It May Impact You (*cumanagement.com/0919privacy*)

Taking Action *on Inclusion*

THE VALUE OF ASKING HARD QUESTIONS AND LEARNING TO SIT WITH DISCOMFORT ARE KEY TAKEAWAYS FROM DEI CERTIFICATE PROGRAM.

BY KARI SWEENEY

My key takeaway from attending the most recent Diversity, Equity, and Inclusion Cornell Certificate Program (*cues.org/ecornell-dei*) is actually a question that calls me to action: How can I help create a sense of community and belonging that makes people feel safe at work? So safe that they'll submit questions, reach for a big goal that they might fail to achieve and, in the biggest picture, bring their authentic selves to work? So safe that we'll better serve our members and more fully deliver on our mission?

As the leader of the CUES supplier solutions team, I believe the answer lies in being courageous enough to ask about difficult things and in being OK with being uncomfortable.

ASK QUESTIONS

For example, I have regular meetings with each member of my team. In those sessions, I often say, "If you are having an issue with your work at CUES or with CUES as an organization, please talk to me or another person in leadership so we can work on it together."

I recognize that speaking up isn't easy. For one thing, my supplier solutions team, while mighty, is small. Because of that, we are nimble. But because of that, team members may feel like their voices are louder than they want them to be when they raise a concern.

One way I'm trying to make speaking up safer is by walking the DEI talk. For example, I've been paying closer attention to the way I say things and trying to use more inclusive language. (Let me tell you, using "guys" is a hard habit to break.)

BE OK BEING UNCOMFORTABLE

Sometimes conversations about change are tough, but I really believe—and the Cornell course underscores—that the more we put ourselves into awkward but constructive conversations that honor individuals, the more comfortable it will be to do so the next time.

Kari Sweeney *is VP/supplier solutions at CUES. Reach her at* kari@cues.org.

Alphabetical list of class participants: Trina Alli; Yvette Avila; Leanna Beasant; Rachel Biars; Lisa Bowers; Carl Clark Jr., CUDE, CCUFC; Felicia Coney; Christopher David; Ben Davidson; Stephanie DeGrand; Cinnamon Elliott; Travis N. Frey, CCE; Robyn Galtieri; Manny Garcia; Lars Gilberts; Brittany Hanson; Jamie Hobgood; Ruby Huggler; Ashley Ingle; Vashyon Jackson; Jill E. Kozlok, CUDE, CCUFC; Adam Lee; James MacFarlane, CCD; Susan Makris, CIE; Sonya McDonald; Mary Jane Morrison; Renee Otiende; Shahani Perera; Vicki Plank; Micaela Sandy; Janet Schreiber; Samantha Shatz; Dawn Simon; Kari Sweeney; Michelle Wood

MORE ON DEI

Fulfilling Its DEI Mission (*cumanagement.com/1221fulfilldei*)

Charting a Credit Union Path to Economic Reconciliation (*cumanagement.com/1121reconciliation*)

Inclusive Climates Rely On Psychological Safety (*cumanagement.com/0621inclusive*)

DEI Resource Center (*cues.org/dei*)

UPCOMING CORNELL CERTIFICATE PROGRAMS

CUES Advanced Management Program from Cornell University (*cues.org/ecornell-cumanager*)

Diversity, Equity, and Inclusion Cornell Certificate Program (*cues.org/ecornell-dei*)

Human Resources Analytics Cornell Certificate Program (*cues.org/ecornell-hr*)

Strategy and Digital Marketing Cornell Certificate Program (*cues.org/ecornell-marketing*)

Systems Thinking and Project Management Cornell Certificate Program (*cues.org/ecornell-pm*)

Women in Leadership Cornell Certificate Program (*cues.org/ecornell-wil*)

How to Warm Up *for Strategic Planning*

REVIEW EXTERNAL DATA & TRENDS IN ADDITION TO INTERNAL RESULTS. PLUS, ASK LOTS OF QUESTIONS.

BY LISA HOCHGRAF

MORE ON STRATEGIC PLANNING

Elevations CU Pursues Audacious Goals (*cumanagement.com/1221audacious*)

OnPath Federal Credit Union on 'Experiential Growth' Path (*cumanagement.com/1221onpath*)

A Fresh Look at Strategic Planning (*cumanagement.com/0921strategicplanning*)

Four Tips for Revitalizing Strategic Planning (*cumanagement.com/0921revitalizing*)

Athletes warm up because it raises the temperature of their bodies and their muscles, readying them for high performance. Similarly, board members and executives will perform better in your next strategic planning session if they first warm up their thinking.

"There is a lot for a board member to read and study before the session," says Deedee Myers, Ph.D., MSC, PCC, CEO of CUESolutions provider DDJ Myers Ltd., (*ddjmyers.com*) Phoenix. "Beyond the data, the board should be prepared to ask numerous *what* and *why* questions about data, versus accepting the data."

TOPICS TO EXPLORE

Les Wallace, Ph.D., says the biggest risk credit unions face when doing strategic planning is "not considering bold ideas." Wallace, president of Signature Resources (*signatureresources.com*), Aurora, Colorado, suggests CUs review the following issues before undertaking a strategic planning session:

- attracting younger members,
- neobank trends,
- entreprenuerial CU service organizations,
- member insurance products, and
- the future makeup of your board to be younger, more business-savvy and more strategically aware.

John Oliver, president of Global Bank Training (*globalbanktraining.com*), Palm Springs California, says he's a great believer in board members undertaking a high-level trends analysis before going into a strategic planning session, including:

- the competitive environment, including both traditional and nontraditional providers;
- behavioral economics, reviewing shifts in consumer buying behaviors on both a micro level (the credit unions' members) and a macro level (the consuming public);
- technology drivers, understanding the seismic changes resulting from artificial intelligence, digital transformation, data analytics, machine learning and cybersecurity; and
- pandemic-driven trends, such as the future of work and the shifts to convenience.

Myers recommends strategic planning session participants read up on such external impacts as:

- the credit union industry;
- the economy and the Fed;
- politics as they affect the credit union;
- merger trends;
- hybrid/work-from-home trends;
- fintech trends;
- lending trends, including commercial lending for the millions of small businesses started during the pandemic; and
- vaccine mandates.

Myers also suggests understanding "the data that tells the truth about your organization and its readiness for change." This could mean doing surveys about organizational alignment and strategic opportunities.

Looking at internal metrics can also help you see where you are as an organization before you start planning for the future, according to Tim Harrington, president of T.E.A.M. Resources (*forteamresources.com*), Tucson, Arizona.

"Certain standard measures are the capital-to-assets ratio, return on assets, loan-to-share ratio, delinquency and charge off ratio," Harrington says. "It's important to understand why anticipated results are different from actual results. This will help you understand how you got to where you are today.

"It's probably important to look at how members are accessing services," he adds. "What is happening to digital transactions ... to in-branch transactions ... to call-center transactions ... to plastic card transactions? These are just some examples of delivery systems that are going through changes."

Read a longer version of this article at *cumanagement.com/100421skybox*.

Lisa Hochgraf *is senior editor with CUES.*

2022 LEARNING & EVENTS **CALENDAR**

CUES POTENTIAL. REALIZED.™

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			
TalentNEXT	Austin, TX	**May 15—17**	cues.org/TalentNEXT
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
School of Business Lending	**April 4—September 30**	cues.org/SOBL
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
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
CEO Institute I	**August 8—12**	cues.org/INST1-Online
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.***

CUES Welcomes *New Employees*

Jaime Bochantin, Ph.D.

CUES is pleased to announce three additions to the professional development team. The new team members underscore CUES' continued commitment to providing exceptional quality talent development offerings for members.

Jaime Bochantin, Ph.D., is the new VP/consulting services. She most recently served as lead trainer, consultant and curriculum designer at Charlotte Consulting Solutions. Prior to that, she was a faculty trainer and content developer for the executive education program at the University of North Carolina, Charlotte, where she was also an associate professor teaching undergraduate and graduate courses in psychology, organizational science, management, research methods and communication. She holds a Ph.D. in organizational communication from Texas A&M and a master's of corporate communication from DePaul University.

Bochantin will focus her efforts on CUES Consulting (*cues.org/consulting*), which helps credit unions identify key candidates, build stronger teams and create a more cohesive culture.

Ashanti Williams, Ed.D.

Shannon Rola has been hired as content and curriculum manager. Rola previously served as associate director in executive education at The Wharton School at the University of Pennsylvania, where she conducted client needs assessments and oversaw program implementation. In addition, Rola brings access to a strong network of instructors and professors ready to raise the standard of credit union and nonprofit education.

Ashanti Williams, Ed.D., CUES' new digital content and curriculum manager, will apply her expertise to the development of digital courses based on best practices in instructional design. Williams has an extensive background as a researcher and holds a Master of Education in curriculum and instruction from Sam Houston State University, as well as a doctorate of education in curriculum and instruction from Liberty University.

The three join Professional Development Coordinator Jennifer Scheib, who has been with the organization since December 2020, increasing the department's bench strength and assuring the continued quality and effectiveness of CUES' learning and development offerings.

Return of Popular Cornell University *Digital Certification Courses*

CUES has announced it is again partnering with Cornell University to bring Ivy League-level digital certification courses to the industry in 2022:

- Diversity, Equity, and Inclusion Cornell Certificate Program, Jan. 19-March 23
- Women in Leadership Cornell Certificate Program, March 16-May 18
- Strategy and Digital Marketing Cornell Certificate Program, April 20-June 22
- Systems Thinking and Project Management Cornell Certificate Program, June 15-Aug. 17
- CUES Advanced Management Program from Cornell University, July 20-March 22
- Human Resources Analytics Cornell Certificate Program, Aug. 17-Oct. 19

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

The courses are available to everyone in the industry, but CUES members receive a significant discount on registration. See all Cornell certification courses and get more information at *cues.org/Cornell*.

Thank You *Sponsors!*

CUES Symposium (*cues.org/symp*) is a unique conference that fortifies the partnership between your credit union's CEO and board chair. By attending together, the pair shares learning experiences and team-building opportunities, resulting in a powerful team that works well together, ultimately strengthening and advancing your credit union. We appreciate the following sponsors helping to make this event a success:

Platinum Sponsors

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- JMFA (*jmfa.com*)
- McLagan-Aon (*mclagan.aon.com*)
- SHAZAM (*shazam.net*)
- SimplyFocused (*simplyfocused.com*)
- SRM (*srmcorp.com*)
- The Sheeter Group (*sheetergroup.com*)
- Trellance (*trellance.com*)

Sponsors that signed on for the event as of Dec. 3 are included here. See the full list at *cues.org/symp*.

New! CUES State of Credit Union *Training and Development Report*

CUES launched its first-ever talent development survey among credit union CEOs, executives and HR managers in the spring of 2020 and repeated the survey in 2021. The questionnaire, administered by Acuitim Marketing Research and Consulting, was designed to achieve the following research objectives:

- Understand the most challenging aspects of talent development at credit unions.
- Survey how credit union leaders plan to address those challenges and how they self-assess their progress in addressing their aims.
- Evaluate alignment of the strategic plan with talent development needs.
- Gauge alignment between the workforce and credit unions' current and future needs.
- Ascertain what skills need to be developed for the next wave of leaders.

A whitepaper reports on high-level findings from the 2021 survey and offers three primary action steps, illustrated with case studies, that can help credit unions overcome some of the most critical talent development challenges identified in this research:

- Take a flexible approach to staffing post-pandemic.
- Offer multiple opportunities and options for leadership development.
- Introduce coaching and mentoring to improve management performance.

CUES members can download it at *cues.org/tdreport*.

CUES RealTalk! *Delivers*
Actionable Insights and Takeaways

CUES RealTalk!, an online panel discussion covering the theme Women in the Workforce: Because $0.82 is NOT Enough, launched in November to an audience of 270 industry professionals. CUES RealTalk! features an accomplished panel of female professionals, and participants were treated to a lively discussion of issues women face in the workplace. Attendees were able to submit questions and engage and connect with each other through the chat feature.

Discussions covered many topics, including an exploration of why women in particular have been negatively impacted by the pandemic and the ensuing Great Resignation, how to create strong work cultures even while working remotely, and how to fix the fact that much of the progress women made in the workforce ahead of the pandemic has been halted or is even regressing.

A key component of RealTalk! is to provide participants with actionable takeaways that can be used immediately, some of which included:

- Organizations would do well to practice extreme flexibility in recruiting, hiring and retention. Doing so can open your talent pool from local to global.
- Workplaces and leaders need to be very intentional when it comes to creating inclusivity. If you don't intentionally include, you unintentionally exclude.
- Instead of thinking of it as The Great Resignation, turn the phrase on its head and think of it as The Great Awakening. This can be a positive disruptor instead of a negative one.

"It's exciting to have such a great turnout for these important discussions. The energy from participants was palpable, and that led to great engagement levels across all the discussions," says Dawn Abely, CUES' SVP/chief sales & member relations officer. "We're looking forward to the next session in this series."

RealTalk! sessions will continue this year with:

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

Online Learning

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

JAN. 19-MARCH 23
Diversity, Equity, and Inclusion Cornell Certificate Program

JAN. 25
Virtual Classroom: Overcoming Burnout: A New Approach to Stress Management & Self-Care

MARCH 10
Virtual Classroom: The Leadership Mentality: How to Own Your Leadership & Make an Impact

MARCH 16
CUES RealTalk!

MARCH 16-MAY 18
Women in Leadership Cornell Certificate Program

APRIL 1-SEPT. 30
CUES School of Business Lending

APRIL 20-JUNE 22
Strategy and Digital Marketing Cornell Certificate Program

JUNE 15-AUG. 17
Systems Thinking and Project Management Cornell Certificate Program

AD INDEX

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Winning Employee Buy-In for a *Fintech Strategy*

BY PAUL DAVIS

A flood of consumers and businesses became digital converts almost overnight during the earliest days of the coronavirus pandemic. To keep up with customers' heightened need to perform day-to-day tasks from home, financial institutions intensified discussions with potential fintech partners.

Credit unions have a lot riding on getting their fintech strategies correct. A well-crafted approach could provide revenue opportunities, improve member experiences and reduce friction points.

I have been discussing the importance of building an ecosystem to evaluate your fintech strategy—a team that includes credit union members, regulators and the board of directors.

There is another crucial group that must be involved: your employees. Your staff may be the most anxious about pursuing fintech partnerships. It makes sense; they are often the first to hear from members should something go poorly.

During a recent panel discussion, George Nahodil, president/CEO of $6.1 billion Members 1st Federal Credit Union (*members1st.org*), acknowledged that his employees were the hardest to win over when the Mechanicsburg, Pennsylvania, institution began looking at fintech partnerships.

I met with him after the conference, eager to hear how he won over skeptical employees. Here are a few takeaways from that conversation.

- Be candid and transparent. The biggest challenge at Members 1st FCU involved convincing employees that change was needed despite the credit union's financial success. Nahodil reminds his team to take a long-term view. "We reminded our people about what happened to taxis—Uber doesn't necessarily have better drivers, but they made the process easier and more convenient through software," he says.
- Be clear about the objectives. Employees need to understand how fintech would boost revenue and returns. "We're not doing this because it's cute or trendy," Nahodil explains. "We're not a software company. To survive, we have to make fintech a part of who we are."
- Rely on a good communicator. A fintech strategy is best pursued and implemented when you have someone in your organization who can understand the technical complexities and explain the process to frontline staff. Members 1st FCU is considering hiring a chief innovation officer as it continues to evaluate opportunities. "Everybody knows what they need to do—but they don't always know how to go about doing it," Nahodil says.
- Host follow-ups with your staff. Periodically review your strategy with your employees. Celebrate successes and recognize that shortcomings happen—the key is to learn from efforts that fail to meet expectations.

These steps may not remove all anxiety at your credit union. Still, they should create an open dialogue, improve trust and, over time, create a sense of togetherness that should prove beneficial as your discussions with fintechs turn into actionable initiatives.

Paul Davis *is director of market intelligence for CUESolutions provider Strategic Resource Management* (srmcorp.com)*, Memphis, Tennessee.*

Leave a comment at cumanagment.com/111721skybox.

"The bottom line is that the talent market is going to be competitive for a while. Most institutions are concluding that they need to compete differently to get the talent they need. And while it's natural to lament the current challenges, those challenges also present tremendous opportunities to build a better talent machine that will serve the organization far into the future."

c. myers (*cmyers.com*) in "Building a Better Talent Machine for The Future" on CUES Skybox: *cumanagement.com/112221skybox*

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