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LEADING BY *Example*

Meet the 2022 CUES Outstanding Chief Executive, Linda Hoover, CCE

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Managing compliance automation

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Succeed with wellness by working together

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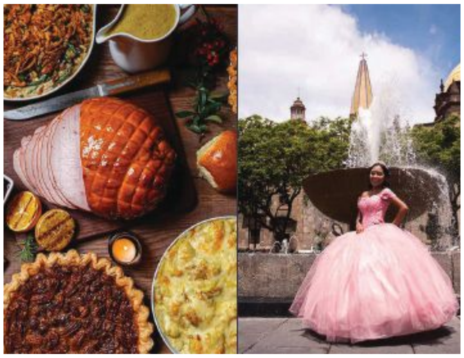

Online-Only Blog

What Do Thanksgivings and Quinceañeras Have in Common?

As the U.S. becomes more multicultural, CUs must become culturally fluent. How? Through data, conversations, empathy, creativity, authenticity and boldness.

cumanagement.com/100322blog

CUES Video

Level-Setting Expectations for Yourself and Others

Tonita Webb, CCE, president/CEO of Verity Credit Union in Seattle, discusses the importance of taking time for mental health, self-care and creating space to learn as leaders.

cumanagement.com/video110122

Online-Only Column

'Quiet Quitting' Isn't All That It Seems

The phrase "quiet quitting" has been trending over the past few months. Although the term is catchy, it's just a new name for an old problem—lack of employee engagement. Or is it?

cumanagement.com/1022nextgen

CUES Podcast

Stay Open to the Options in CEO Succession and Mergers

CUES member Bob Bruns, retiring president/CEO, and Eric Gelly, incoming president/CEO, share their story of CEO succession, sharing roles and considering mergers at Skyla Credit Union in North Carolina.

cumanagement.com/podcast137

Magazine Staff

PRESIDENT/CEO
John Pembroke • *john@cues.org*

VP/PUBLICATIONS & PUBLISHER
Theresa Witham • *theresa@cues.org*

SENIOR EDITOR
Lisa Hochgraf • *lisa@cues.org*

EDITOR
Danielle Dyer • *danielle@cues.org*

VP/MARKETING
Nicole Morrison • *nicole@cues.org*

VP/SUPPLIER SOLUTIONS
Kari Sweeney • *kari@cues.org*

SUPPLIER SOLUTIONS MANAGER
Loriann Mancuso • *loriann@cues.org*

SUPPLIER SOLUTIONS COORDINATOR
Rina Salverson • *rina@cues.org*

DIGITAL MARKETING SPECIALIST
Molly Parsells • *mollyp@cues.org*

DESIGN & PRODUCTION
Sara Shrode • *sara@campfirestudio.net*

ADVERTISING/SALES MANAGERS
Carla Kalogeridis • *carlak@cues.org*
Phone: 313.300.0547

Weston Kalogeridis • *westonk@cues.org*
Phone: 313.610.8092

CU Management (ISSN 0273-9267, *CUmanagement.com*) is published monthly by the Credit Union Executives Society (CUES®), 5510 Research Park Drive, Madison, WI 53711-5377. Telephone: 800.252.2664 or 608.271.2664 in the U.S.; 236.326.2620 in Canada. Email: *cues@cues.org*. Web site: *cumanagement.com.* Periodicals postage paid at Madison, WI (USPS 0569710).

Manuscript submissions and advertising are welcome. The appearance of an advertisement does not imply endorsement by CUES. Editorial opinions and comments in the magazine are not necessarily those of CUES. Annual subscription rate for CUES members and CUES Supplier members is $89, which is included in dues. Additional subscriptions: $89. Non-member subscriptions: $139. Digital-only subscriptions: $69. Single copy: $10. Subscriptions outside the U.S. will be invoiced for additional postage costs. For article reprints of 100 or more, call CUES at 800.252.2664, ext. 307. POSTMASTER: Send address changes to Credit Union Executives Society, P.O. Box 14167, Madison, WI 53708-0167.

LET'S CONNECT

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

YOUR THOUGHTS

WHAT IS ONE STEP YOU WILL TAKE TO SUPPORT MENTAL HEALTH AT YOUR CREDIT UNION?

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

Make Space for *Mental Health at Work*

How are you doing? Have you checked in with yourself recently about your emotional well-being? At this time of year, the pace of life picks up, and we might forget to prioritize our physical and mental health.

I struggle when the days become shorter. My depression picks up in the fall and continues through January. This year, I'm determined to better battle this seasonal affective disorder with more consistent light therapy in the mornings and other self-care practices, such as swimming at my gym, making my home more "hygge" with soft lights and candles, and embracing cozy moments throughout my day.

Of course, there's much more to mental health than a self-care routine, especially at work. "The sad truth is that most people are struggling with mental health," says Scott Foster, CEO of Wellco (*wellcocorp.com*), a wellness and fitness services firm in Royal Oak, Michigan. "Less than half of employees feel their companies are supporting them regarding their well-being. And they're dealing with so much more now since the pandemic ushered in even more mental health issues." Anxiety rates have risen 25% since the pandemic, and depression has tripled, he adds in our feature article on p. 26.

As leaders, we need to start the conversation. As Foster says: "There is tremendous value in being vulnerable and empathetic for CEOs and leadership. That value comes in best practices of creating environments of psychological safety and strengthening their community."

"Employees need to be reminded of the organizational commitment to creating a culture of safety where it's okay to speak openly about mental health. Be sure to overcommunicate this critical message," says Kim LaMontagne, a speaker and state trainer with National Alliance on Mental Health (*nami.org*).

I hope you'll find our article on this topic helpful. Here's a list of more mental health content from *CU Management:*

- Video: Level-Setting Expectations for Yourself and Others (*cumanagement.com/video110122*)
- Women in the Workforce and the Double Bind (*cumanagement.com/0822doublebind*)
- HR Answers: Burnout and Mental Health (*cumanagement.com/0822hranswers*)
- HR Answers: How to Help Combat Depression in the Workplace (*cumanagement.com/0522hranswers*)
- Leadership Matters: Talking Openly About Workaholism (*cumanagement.com/0222leadershipmatters*)
- Podcast: All Is Not Yet Rosy for Top Black Female Leaders (*cumanagement.com/podcast127*)
- Level Up Support for Mental Health (*cumanagement.com/0122levelup*)
- Podcast: Famous or Not, We All Have to Work on Mental Health (*cumanagement.com/podcast121*)

Theresa Witham
VP/Publications & Publisher

Leading by *Example*

2022 CUES OUTSTANDING CHIEF EXECUTIVE LINDA HOOVER, CCE, BELIEVES IN HANDS-ON LEADERSHIP.

BY DIANE FRANKLIN

When Linda Hoover took a part-time teller job at Educators Credit Union (*ecu.com*) in 1987, she could have never imagined that 30 years later she would be named the institution's CEO. Nevertheless, in her five-plus years as chief executive, Hoover, a CUES member, has repeatedly proven her effectiveness as a credit union leader. She navigated the Racine, Wisconsin-based organization to $3.19 billion in assets—remarkable when you consider that its assets were just $30 million when Hoover first stood at a teller window 35 years ago.

Since becoming CEO, Hoover has called upon her teller skills to help Educators weather the most disruptive days of the COVID-19 pandemic. On several occasions, she would bring a team to a branch that was short-staffed and work a drive-up teller station. It was a tangible way to show the credit union's 590 employees that they could get through even the toughest challenges by working together.

"One of my philosophies is you have to lead by example," says Hoover, whose achievements have earned her the title of CUES 2022 Outstanding Chief Executive. "I would never ask anybody to do anything that I would not be willing to do myself."

Hoover's journey from teller to CEO took her through many facets and functional areas of the credit union. After going full-time in her teller job, she moved into member services, mortgages, collections and eventually lending. Promotions elevated her to VP/lending, chief operations officer and finally president/CEO in 2017. In all of these roles, Hoover has been guided by a central principle of doing whatever is best for the member.

"If there is one thing that all of the employees know about Linda, it's the members first—always," says CUES member Mary Lueneburg, board chair at Educators. "She is focused, focused, focused, and always ready to learn about new products and new ways of doing things."

Hoover has found that this member-centric approach is the best way to set priorities. "With every project we do, we ask ourselves: What does it bring to the members?" Hoover reports. "Does it save them time? Does it create efficiencies? How does it enhance the member experience? That's the thing we hang our hat on—never losing focus on the member."

The satisfaction that Hoover derives from helping members is what compelled her to stay at Educators. "When I started as a teller, I had no thoughts of staying at the credit union," she says. "This wasn't going to be my career. I had other aspirations. But I just fell in love with the job. I love the people. I love the philosophy—the whole idea of people helping people. I still run into people whom I helped get their first home or first vehicle. Just seeing the difference you can make in people's lives made me love what I do."

STRATEGY WITH A HEART

Hoover's strong but empathetic leadership has earned the widespread respect of her colleagues at Educators. Among them is Chief Experience Officer Shannon Huot, CCM, who has worked with Hoover for 20 years.

"What I've always admired about Linda is that she's very strategic and business-minded, but she also has the heart behind the strategy—whether it's helping people reach their financial goals or working with staff to ensure they are successful," Huot says. "That's something that has never wavered in her. Regardless of her responsibilities, she makes it a priority to take care of others while also taking care of the credit union."

Huot, a CUES member and participant in the 2021 CUES Emerge program, was particularly impressed with Hoover's leadership during the pandemic. "Linda was in the trenches every day, supporting the staff and making sure we were able to serve the membership and the community. She was tellering, she was answering phones, she was helping out with loans, she was making cards. There was no job too big or too small."

Lueneburg likewise gives Hoover kudos for going above and beyond during the pandemic. She cites one example from early on, when Hoover was notified of a bottleneck at one of the drive-ups. "Linda went to that facility and moved the pylons herself so that the traffic would flow better," Lueneburg recalls. "When something needs to get done, Linda will do it. She'll get on the phone to help the call center. She'll fill in as a teller. The only thing I think she hasn't done is sweep the floors, and I'm not even sure about that. She has an incredible work ethic and is absolutely a leader by example."

Hoover is quick to point out that the pandemic required a major effort on the part of all employees. "I think my team and I did an excellent job of thriving through COVID," she says. "We were able to have some of our best financial years during COVID. We had real teamwork, and we're very proud of the fact that no one was laid off. We continued to give our members the best possible service. They had access to all of our products and services, even while our lobbies were closed."

CHILD OF AN EDUCATOR

Hoover's first experience with Educators came not as a teller but as the child of an educator. "My dad was a high school history teacher and a member of the credit union, so my parents opened up a bank account for me when I was just three years old," Hoover says. "I'm one of the few four-digit account numbers still at the credit union. I grew up knowing about the credit union and knowing the people at the credit union."

Founded in 1937, the institution began as Racine Teachers Credit Union but eventually expanded to encompass government workers and healthcare professionals. Today, membership is open to anyone who lives or works in 11 counties in southeast Wisconsin and four counties in Illinois. That expansion enabled the CU to grow to over 220,000 members serviced by 24 offices (all in Wisconsin). "About 75% of our membership growth comes from word-of-mouth referrals, with people referring their friends and their family," Hoover reports.

"When something needs to get done, Linda will do it. She'll get on the phone to help the call center. She'll fill in as a teller. The only thing I think she hasn't done is sweep the floors, and I'm not even sure about that. She has an incredible work ethic and is absolutely a leader by example."

– Mary Lueneburg

Before she began working at Educators, Hoover had attended classes at the University of Wisconsin-Green Bay. As she advanced in her career, she carved out time in her schedule to attend to the unfinished business of completing her degree.

"I knew that it was something I needed to further my career," she says. "So I went to the University of Phoenix, where I obtained my degree in business."

Hoover also focused on furthering her industry-specific education by completing CUES CEO Institute I: Strategic Planning; CEO Institute II: Organizational Effectiveness; and CEO Institute III: Strategic Leadership Development (*cues.org/ceo-institutes*), thereby earning her CCE (Certified Chief Executive) designation.

As CEO, Hoover has emphasized a hands-on leadership style—not just during the pandemic but as an ongoing way of doing business. Being hands-on allows her to see firsthand various processes throughout the credit union. "You can add a lot of efficiencies that way," she observes. "When you ask someone why a job is done a certain way, the answer may be, 'Well, we've always done it this way.' But when it's not your role, you can look at it with fresh eyes and come up with ways to optimize the process."

Hoover finds value in job shadowing for that reason. As an example, she requires staff who are VP level and above to shadow the call center annually. The objective, she says, is two-fold: "First of all, so they can understand that this is a stressful position. By putting themselves in someone else's shoes, they can come to appreciate how valuable the role really is. Second, to identify deficiencies and ways we can better serve the member. If there are 10

Former Wisconsin Department of Financial Institutions Secretary Kathy Blumenfeld (center) visits Educators to learn about the CU's financial education initiatives. Pictured with Linda Hoover, Shannon Huot (left), Director of Community Engagement Victor Frasher, CUDE (right), and Youth Apprenticeship Program participants.

people calling with the same problem, it gives you the knowledge to say, 'This is an issue that we need to address.'"

Giving employees the opportunity to offer suggestions also is a way to improve efficiencies. Educators' team has facilitated the ability for employees to give their input by introducing Innovation Station, a social web platform that its developer describes as "a suggestion box on steroids" (*valvora.com/products/innovation-station*). Many of the suggestions focus on ways to speed up processes that will save time for staff and/or members, such as automating the teller currency transaction reporting process or adding an online option to print receipts without a balance when members request them.

"We started that program about a year ago, and to date, we have implemented over 25 suggestions, with about 20 more in the works," Hoover says. "Our staff is really engaged with it."

Another major enhancement that occurred under Hoover's leadership was implementation of a video banking platform. Members can access the platform, called Educators Connect Cam (*tinyurl.com/ecu-connectcam*), online or by downloading an app. "They can open an account, deposit a check, apply for a loan, speak to a member finance representative—all through a video call rather than by visiting a branch," Hoover reports.

PRIORITIZING FINANCIAL EDUCATION

With a name like Educators Credit Union, it should come as no surprise that the institution has made financial education a priority. "We're dedicated to financial literacy and giving back to our communities," Hoover says. "We can't grow if we don't help our communities by providing financial education."

The CU focuses much of its financial education around area schools. "We have high school branches that teach students about financial literacy," Hoover says. "We sponsor Reality Check Days (*tinyurl.com/rce-realitycheckday*) to help students understand how to manage their finances when they get out into the real world. We also provide 35 $2,000 scholarships annually."

A new initiative that is in the works is a youth apprenticeship program, which will give young people an additional opportunity to build their financial literacy. "Shannon Huot is working with a local college to make it a certified program," Hoover says. "We're hoping to roll that out sometime next year."

Staff education also is a priority under Hoover's leadership. Shortly after becoming CEO, she introduced a leadership education program. "The purpose is to grow new leaders, not only people who want to go into management or supervisory roles, but those who want to be leaders in their current roles," she says.

Employees apply to participate in the program, which features a nine-month curriculum. Classes cover such topics as effective business communications, emotional intelligence, time management, understanding financials and dealing with change. Instruction is provided by leaders within the organization as well as from outside experts. To graduate from the program, each participant is required to collaborate on a project.

"Last year, we had two projects," Hoover reports. "One focused on employee engagement, and the other on employee recognition. Employees had to present their project to the leadership team, get their buy-in by defining the cost and time commitment, and once the project was approved, they had to complete it as a requirement to graduate from the program."

Beyond the leadership program, Educators also offers all-employee training once or twice a year. Typically there is an annual learning day, which focuses on educating staff about the CU's latest products and services. A separate training session centers around discussion of community involvement and how staff

> **"Regardless of her responsibilities, she makes it a priority to take care of others while also taking care of the credit union."**
>
> – Shannon Huot, CCM

members can be good community stewards.

Hoover realizes that education is a two-way street, which is why she puts herself in a position to interact with employees as much as possible. "In this role, you continue to learn, and who best to learn from than your own staff?" she says.

For that reason, Hoover and Huot both make it a point to visit every branch at least once a quarter. "We talk to staff, find out how things are going and ask what we can do to make their jobs easier," Hoover says.

But staff members don't have to wait for those quarterly visits to have a conversation with the CEO. "They can call me any time they want," Hoover reports. "I have an open-door policy. Anybody at any point can reach out to me with their comments or concerns."

Lueneburg gives Hoover high marks for her interactions with the staff. "She's very approachable. People can talk to her. If someone needs something, she is there to help out. She's very serious, but she's also very kind. She's a leader who provides unbounded leadership."

MEMBER AND COMMUNITY OUTREACH

As important as it is for Hoover to cultivate high satisfaction among employees, the ultimate goal is to ensure satisfaction among the members. Educators pays close attention to Net Promoter Scores to ensure that member loyalty remains high. "We continue to have real high scores, which is great," Hoover says. "However, the score isn't really the gift. The gift is the comments from members. Those comments, along with the feedback we get from our front-line staff, help us understand what members want. You can't sit in an office and concentrate on just the financials and compliance. You have to get out and listen to what others have to say."

Educators also has a program called Member Loyalty that has helped strengthen bonds with members. The program rewards members for various activities, such as the number of services they use, how often they use their cards, their loan balances, saving balances, etc.

"Last year, we paid out about $5 million," Hoover reports. "Members love the program, and we continue to grow and enhance it."

Serving members well also means serving the communities in which they live. As part of that effort, Educators gives back 12% of its income to charitable and civic groups every year. The CU also participates in various community activities, such as holding annual shred days, partnering with Milwaukee Public Schools on an annual back-to-school backpack drive and sponsoring local semi-pro sports teams. "We like to be there for the community because the community has been there for us," Hoover says.

Hoover is personally involved in the community as well. She has served on the boards of several organizations, including the United Way, Racine County Food Bank and FOCUS on Racine. She recently graduated from Leadership Racine (*racinechamber.com/leadership-racine*), a nine-month program designed to prepare leaders for positions of public influence in the Racine community. This is in addition to the credit union's support of Leadership Kenosha and Leadership Milwaukee. Hoover's community contributions recently brought her recognition from the *Milwaukee Business Journal* as a 2022 Woman of Influence (*tinyurl.com/mkebiz-hoover*).

Among her industry activities, Hoover participates in the Wisconsin Credit Union League and CUNA Councils. She also interacts with other credit union leaders through Members Development Company (*membersdevelopment.com*), a group of credit unions that focuses on collaborative research and innovation. "We joined the ownership about a year ago and have found it to be very beneficial, especially the networking," Hoover says.

When she is not working, Hoover enjoys hiking, biking, rollerblading, travel and spending time with family. She has two daughters, both of whom are teachers, and a son who plans to be a firefighter. An animal lover, she also has two dogs.

Though Hoover has reached the height of her profession, she will always be grateful for the start she got as a teller—and for her reintroduction to that role during the pandemic. "I welcomed the opportunity to go back to the teller line," she says. "I think it's important to remain humble. No matter where you go in life, you should never forget where you came from."

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

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Building the Case for Innovation (*cumanagement.com/0122innovation*)

A Passion to Include and Serve (*cumanagement.com/0222serve*)

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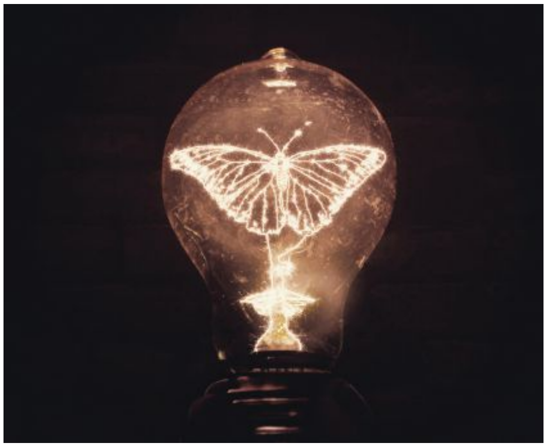

FIVE BUILDING BLOCKS OF TRANSFORMATION DISCIPLINE SEPARATE THE LEADERS FROM THE PACK.

BY BRAD SMITH AND JIM BURSON

It's hard to believe that Apple's iPhone was introduced more than 15 years ago, ushering in a new era of mobile-first applications and further igniting digital disruption in the banking industry. With more than 89% of U.S. adults using mobile banking today, according to Insider Intelligence's Mobile Banking Competitive Edge Study (*tinyurl.com/mobileusestat*), the innovations and experiences being developed and released for consumers and businesses are threatening the established ways credit unions create value for members.

Credit unions now find themselves faced with the need to transform their member experience to a model that blends digital-first delivery with the personal knowledge and helpfulness of CU team members. This journey of transformation is proving to be a long haul.

Research from CUESolutions provider Cornerstone Advisors (*tinyurl.com/cstoneresearch*) indicates that most credit unions stand between a quarter and halfway through their digital transformation as of Q4 2021.

Many factors make digital transformation a tough challenge for traditional CUs. For starters, their member bases have been highly concentrated in older demographics, thereby not pushing credit unions to change rapidly.

Moreover, first-generation digital sales platforms were order-taking screens that could not provide the product education and consultative selling of an experienced CU branch sales associate.

Plus, CUs are primarily "buyers" versus "builders" of technology and can only go as fast as the vendor market enables them. Managing a portfolio of vendors around a digital strategy requires focus and unique skill sets.

In addition, most credit unions have just started to attract the transformational talent necessary to complete this journey—expertise in digital, IT integration, user experience, data, marketing and risk management are necessary to truly support the future member experience.

Finally, CUs, like their traditional bank counterparts, have grown up in risk-averse cultures that are not oriented to rapid execution and operational change. They are just beginning to apply the "need for speed" in their ability to quickly review, approve and execute new ways of doing business.

BUILDING THE TRANSFORMATION

In our work with financial institutions, Cornerstone has found that organizations that truly build a formal discipline around their transformation move faster and drive significantly more impactful results than institutions that execute loosely and incrementally.

Several critical building blocks of a transformation discipline separate the leaders from the pack.

Discipline 1: Research and monitor disruption threats and opportunities. There are literally thousands of traditional and emerging competitors in the financial space, and CUs don't have the resources to react to everything. Instead, executives need a formal process that provides market and competitive intelligence to decide what experiences, products and processes to address.

Discipline 2: Benchmark performance and competitive gaps. It is vital that CUs understand how they are performing across delivery channels and how well they are competing with digital customer acquisition and engagement. Effective benchmarking looks at each member interaction type to understand critical competitive gaps and opportunities to enhance experience. By benchmarking both performance numbers (e.g., growth of digital consumer applications and person-to-person payment adoption) and capabilities (e.g., facial recognition login or new deposit account funding options), CUs can determine where they stand competitively and what gaps need to be filled quickly.

Discipline 3: Identify transformation funding via legacy reductions. CUs create their capital via earnings, so funding a major transformation effort means funding the budget through

While technology may be changing fast around credit unions, the most vital insight for boards and management teams to accept is that their organizations must transform if they want to realize a successful digital future.

MORE ON DIGITAL TRANSFORMATION

Pathways to Digital Transformation (*cumanagement.com/0922pathways*)

The Digital Transformation (*cumanagement.com/1121digitaltransformation*)

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

the revenue and expenses of the operation. To avoid shortchanging future transformation efforts, executives need to take a hard look at legacy expenses like branches, vendor contracts and process efficiency opportunities to free up dollars to invest in digital, data and next-generation marketing. Leadership must take bold steps to reduce the legacy and build the innovation budget.

Discipline 4: Formally define transformation outcomes and the future target operating model. Any road to the future needs a specific destination, and financial institutions often view digital transformation as a technology endeavor versus an urgent mandate to change business outcomes. Rather than just talking about "investing in digital," leading institutions look to "increase our digital sales by 400% in the next five years" or "more than double our digital net promoter score from 35 to 75 in the next three years." These specific outcomes provide a rallying cry for the organization and focus efforts and resources in the right places. Additionally, it is critical for business leaders to specifically define the operating model of the future—how services will be delivered, how the CU will be organized, and how systems and processes will come together to create a winning member experience. The operating model acts as a blueprint for the credit union of the future.

Discipline 5: Execute with a transformation road map. The very best CUs make transformation visible in the organization from top to bottom. The art of transformation centers on prioritization and breaking progress into short three- and six-month "sprints" to achieve specific improvements. Leadership must provide clarity about what the organization needs to focus on *now* (12 months), *next* (12-24 months), and in the *future* (more than 24 months out). By forcing prioritization of sprints focused on outcomes, the organization can have the bandwidth to execute and accumulate wins that build momentum. Too many CUs get change overload and execute poorly when they chase every initiative and every industry trend at once. The transformation road map can be multi-dimensional. A technology and vendor contract road map can work below the overall strategic road map to ensure that the nuts and bolts of change are aligned with the priorities of the business and that each vendor is being rigorously reviewed for whether it is doing its part in supporting the new environment.

When this type of rigor is followed, CUs begin to build a new skill set in their professionals and a stronger, more confident operating cadence in their organizations. Cross-functional collaboration can be crisper with defined outcomes, benchmarks, a target operating model and transformation road map to serve as the guide.

AT THE JOURNEY'S END

The work ahead for credit unions seems monumental at times, but if CUs step up and adhere to a best-practice transformation discipline, a bright, competitive future is realistic. In today's disrupted, post-COVID world, a void seems to exist between large banks and fintechs that progressive and scaling credit unions can fill. Large banks have bet more on fully digital going forward, and thinly staffed branches and longer contact center wait times aren't sitting well with customers. Fintechs have been humbled by a major valuation downturn in 2022, and as software platforms, they will never be interested in building the "last mile" of customer service and operational support. Credit unions should use this time to play offense and make bolder, faster changes to their organizations and how they deliver the member experience.

At the end of a transformation road map lie exciting business outcomes that boards and management teams can celebrate. These include robust organic growth, improved efficiencies, a market-leading member experience, deepened member relationships, stronger technology capabilities and an agile organization that's ready to adapt.

Brad Smith *has spent nearly three decades helping community and regional financial institutions achieve their business goals. As a partner at CUESolutions provider Cornerstone Advisors* (crnrstone.com)*, Scottsdale, Arizona, Smith heads up the firm's technology transformation service line.* **Jim Burson** *brings to his role as managing director of Cornerstone's digital transformation and delivery channel practice a deep knowledge of the financial services industry as well as a wide range of executive management and business planning experience.*

Todd Clark

Title: President/CEO

Company: Co-op Solutions

Phone: 800.782.9042

Website: coop.org

What makes Co-op Solutions unique?
Co-op is a provider of an expansive ecosystem of solutions for credit unions and their members, helping our great movement to be the absolute finest source of financial services to consumers. Recent product rollouts and enhancements have included Zelle, Insights Center, digital card issuance, Springboard expansion, COOPER Fraud Score and SmartGrowth.

Tell us a client success story.
Co-op was early in supporting credit union implementation of Zelle.

Clark County Credit Union, Las Vegas, had a legacy peer-to-peer payment solution that was not meeting expectations. CCCU reached out to see if implementing Zelle through Co-op was the better option for its members. In addition to confirming that Zelle exceeded the credit union's best-in-class product parameters, CCCU also learned that it was among the fastest-to-implement P2P solutions on the market by working with Co-op. The implementation project kicked off in late November 2020, and Zelle was fully in-market by mid-June 2021. And, in just the first 12 months, CCCU saw more than 12,500 Zelle enrollments with an active user base of 54%.

Valley Strong Credit Union, Bakersfield, California, had the same experience. In early 2021, it determined that a market-leading P2P solution was a critical way to add value to members' day-to-day experience. Working with Co-op, Valley Strong set the aggressive goal of implementing Zelle three months faster than the typical implementation timeframe. Within its first seven months, Zelle had generated more than 440,000 transactions and moved more than $61 million in peer-to-peer transfers, more than 20 times the engagement of its prior P2P solution.

How can CUs be more successful?
We believe the key is for CUs to lean into their tradition of collaboration by calling on technology partners like Co-op. CUs can offer their members best-in-class digital payment technology by working with partners already in our movement that share their commitment to members' financial wellness. In Co-op's case, we are entirely CU-owned.

Risky *Business*

CREDIT UNIONS ARE FACING VARIOUS THREATS IN THE PAYMENTS SPACE; HERE'S WHAT THEY NEED TO KNOW TO PROTECT THEMSELVES.

BY CELIA SHATZMAN

Cash or credit? That question is becoming more obsolete every day, since we can make plenty of purchases without whipping out our wallets—even in person. It's great not having to fumble around in your bag or wallet trying to find your credit card at the grocery store and skipping punching in your credit card number every time you shop online, but with all that convenience comes a major inconvenience: payment risks.

"Credit unions are potentially at risk of fraud in two different ways: at the point of card issuance and through payment acceptance options," says Rob Borucki, VP/product management at payments provider REPAY (*repay.com*), Atlanta. "Many credit unions have different integrations that supplement their product offerings, introducing risk where these different systems touch sensitive customer information.

"When bringing systems together or creating a new integration, it's crucial for the credit union to ensure that security is tested at each point in the integration process and ... at each phase of the payment experience," Borucki explains. "As with all tech integrations with human interaction, there's a strong possibility for error on the human side, so it's important to properly test new systems."

As payment options have become broader than ever, so has the financial risk. Credit unions certainly aren't exempt from these payment perils; however, they do have an advantage in this space. "Payment risk is a challenge across the financial services industry, with credit unions, banks and fintechs all working to deliver secure payment capabilities without compromising the user experience," says Mike Homer, VP/product management/account processing for CUES Supplier member Fiserv (*fiserv.com*), Brookfield, Wisconsin. "One bright spot for credit unions is that they tend to have close relationships with their members that may make it easier to spot abnormal activity. So, while they face the same risks as other financial service providers, the number of fraud occurrences and the overall impact, including potential monetary losses, can be reduced."

We tapped industry experts to delve into the various types of payments risks credit unions are facing today—and how they can best protect themselves.

"One bright spot for credit unions is that they tend to have close relationships with their members that may make it easier to spot abnormal activity."

– Mike Homer

THE HOLIDAY SPENDING SURGE

'Tis the season for holiday shopping, promotions and scams. Undoubtedly, November and December are some of the busiest months of the year for credit card and virtual wallet spend as members check off everyone on their nice list.

"There are many periods throughout the year when spending increases in addition to the winter holidays, such as back to school, after taxes and summer travel," says Jack Lynch, chief risk officer of CUESolutions provider PSCU (*pscu.com*), St. Petersburg, Florida. "Credit unions must understand cardholder seasonality as a whole as well as ensure they have a system that is sophisticated enough to adjust to those periods.

"Looking at it from the perspective of opportunity risk, credit unions also need to ensure that value propositions like rewards and promotional rates are competitive enough to keep up," Lynch notes. "Keeping a pulse on what the competition is offering from a value proposition perspective and reacting accordingly is paramount to winning and retaining share of wallet. Successful campaigns should be both mindful and relevant."

One of the reasons the holiday season carries higher risk is the significant number of scams and fraudulent marketing that occur during this time of year. To keep members safe, credit unions should educate them about potential threats. "Make sure that you're spending time late in the third quarter into the fourth quarter sending fraud reminders," says Keith Ash, SVP for CUESolutions provider Strategic Resource Management (*srmcorp.com*), Memphis, Tennessee. "One example is having a conversation around using Zelle (*zellepay.com*) and making sure you have a known person that you're sending funds to, because it's definitive—you can't get it back, so overcommunicating is important.

"E-commerce spend is up quite significantly," Ash adds, "so make sure the credit union is investing in technology, tokenization and digital enablement, so that when [members] are spending, it is as safe and as secure as possible."

EMBEDDED PAYMENTS

Embedded payments—payments technology from other vendors, fintechs and service providers embedded in merchant or vendor apps—are a convenient option for members, but they can also cause a headache.

"There is a right way to start accepting payments, and credit unions should prioritize mitigating immediate and downstream risk," Borucki says. "The biggest risk with embedded finance is uncertainty that the product is properly secured and PCI (payment card industry) compliant. Credit unions need assurance that each touchpoint is free of susceptibility."

Essentially, embedded payments have similar risks as traditional payments, including fraud and reputational risk, and must meet similar regulatory and compliance requirements. "The best way to address each of these considerations is with effective processes and tools that mitigate risk by proactively identifying, reporting and preventing losses," Homer says. He recommends using tools that provide real-time fraud detection and prevention with advanced analytics to identify fraudulent patterns as they arise.

Additionally, credit unions can strengthen authentication procedures. Homer believes that two-factor authentication is not sufficient to curb fraud, but the introduction of additional factors can significantly decrease malware and remote attacks.

"Protect all channels and payment types" to avoid "displacement" of fraud attempts, he says. "For example, a sole focus on online transactions can push bad actors to alternative channels that are less protected, such as call centers. Additionally, configure tools and processes to monitor both outgoing and incoming payments. Review of payment recipients can reduce the incidence of fraud. And by monitoring incoming payments, credit unions may be able to identify differences or unusual behavior."

FEDNOW VERSUS RTP

Is there a wrong choice when it comes to offering faster payments options? Tim Ruhe, VP/real-time payments at Fiserv, explains that when it comes to real-time payments, there are three important payment networks to consider for U.S. financial institutions.

"Zelle is the first real-time network most financial institutions support because of its widespread and growing use and its popularity with consumers," Ruhe says. The Zelle network is used primarily for P2P payments but is increasingly used for other purposes. Zelle uses email and mobile numbers to route payments securely.

"The other U.S. real-time networks are The Clearing House RTP Network (*theclearinghouse.org/payment-systems/rtp*), which is live at over 270 financial institutions, and FedNow (*frbservices.org/financial-services/fednow*), which will launch in 2023," Ruhe continues. "RTP and FedNow are different from Zelle in that they enable real-time clearing and settlement between financial institutions using account numbers, but they are also very similar to each other, so it remains to be seen whether financial institutions will choose to support both or support only one of the two.

"The large payment originators will likely support both to ensure maximum reach for delivery of real-time payments," he adds.

Since FedNow is not yet available, any advice or opinions thus far are purely speculative, Lynch says. "That being said, ultimately, it will come down to the hurdle of entry and use cases," he notes. "There is a project cost involved with real-time payments, and although we suspect FedNow's cost to be lower, only time will tell. In terms of use cases, it will depend on whether merchants and service providers will be developing instant payments, because they will have to invest in the technology to be able to use FedNow and ride

> **"There are many periods throughout the year when spending increases. … Credit unions must understand cardholder seasonality as a whole as well as ensure they have a system that is sophisticated enough to adjust to those periods."**
>
> – Jack Lynch

both ACH and FedNow rails. Both of those factors may drive the adoption and preference for which solution is chosen."

THE FAST AND THE FRAUDULENT

Despite—or because of—its popularity, fraud is flourishing on Zelle; in fact, $159 billion Navy Federal Credit Union (*navyfederal.org*), Vienna, Virginia, is facing a class action lawsuit filed May 2022 because, allegedly, it didn't explain the risks of using Zelle to members (*tinyurl.com/navyfed-classaction-zelle*). A similar suit against Wells Fargo was filed in June 2022 and dropped the same month (*tinyurl.com/wellsfargo-classaction-zelle*).

"The risk of offering P2P payments as a payment option is that the liability is on the consumer," Borucki says. "There are no consumer protection protocols in place, and it is still something that hasn't been regulated by the CFPB (Consumer Financial Protection Bureau, *consumerfinance.gov*). Credit unions need to work with their … members to properly educate them on the potential risks associated with this form of payment."

Real-time payments like Zelle and TCH RTP should be treated like electronic cash, so you should always know and trust who you are paying, notes Ruhe. "The primary source of fraud today is not the payment networks themselves but misuse of those networks," he says. "An example is when a consumer is tricked into giving fraudsters their login credentials or one-time passwords.

"The second risk is in using a real-time payment method to pay someone you don't know for goods or services, like buying a puppy or a concert ticket on Craigslist. There has been a lot of education on how to be safe with payments, but more education and awareness is needed. Education and awareness are the most important forms of protection," Ruhe adds. He compares it to the education that has gone on around online security, such as teaching people to never give away a password or one-time passcode and to never click on a link you didn't expect to receive or don't trust.

BUYING AND SELLING CRYPTOCURRENCY

Even though the risks of cryptocurrency continue to be closely watched and documented (*tinyurl.com/cumanagement-crypto*), that doesn't seem to be tamping down excitement for this hot payments category.

"Today, there is still uncertainty in the regulatory environment for cryptocurrency, and yet consumer interest in all things crypto-related is strong," Homer says. "To help our credit union clients meet the demand, our approach has been to integrate cryptocurrency platforms with digital experiences that allow members to access a third-party crypto platform or wallet via their credit union, enabling the member to buy, sell or hold cryptocurrencies. This puts the risk of buying and selling crypto on the member and not the credit union."

It's important for credit unions to stay on top of trends like crypto to meet member needs while protecting themselves. Doing so today while remaining compliant requires a partner. Marqeta, for example, allows CU members "to use their cryptocurrency holdings to purchase [with] fiat currency (government-issued currency not backed by a commodity) from a crypto wallet and earn rewards in crypto," says Kevin Issadore, head of business development for North America at Marqeta (*marqueta.com*), Oakland, California, a payments platform provider. "This way, … credit unions can leverage on-ramps and off-ramps to provide crypto rewards without needing to hold crypto themselves, instead deferring to the crypto provider."

To keep members satisfied, credit unions can educate their members on the risks of buying and selling cryptocurrency. "We've actually seen a lot of buyer's remorse in that space," says Ashley Town, VP/fraud services for CUES Supplier member Co-op Solutions (*coop.org*), Rancho Cucamonga, California. "Not all members who are investing in cryptocurrency are educated on what they're purchasing. Right now, we're seeing a lot of celebrity endorsements around cryptocurrencies and promises of riches that are making cryptocurrency seem very appealing to members. But what we're finding is that, especially as we're seeing this change in the economy, cryptocurrency might not be the investment that members thought it was."

Lynch notes that PSCU's cryptocurrency education microsite (*pscu.com/crypto*) hosts a wealth of resources and information specifically curated for credit unions to help them make informed decisions, including a downloadable educational video to share with credit union boards and staff, blogs, whitepapers and more from PSCU and other industry thought leaders.

Credit unions always face reputational risk offering such speculative products and services as cryptocurrency. "Because the NCUA (*ncua.gov*) does not allow cryptocurrency assets to be held by credit unions, they are not insured, so people who choose to invest in cryptocurrency run the very real risk of financial losses," Lynch says. "Credit unions should consider very carefully if they want their reputation to be attached to such a product."

REDUCING RISK WITH WEARABLES AND TAP-TO-PAY

Not only are wearables, Apple Tap to Pay and contactless payments via Google Pay convenient, but they also provide very secure transactions, notes Town.

The catch can occur during the provisioning or the signing up of transactions for digital wallets. "That can be where there is oppor-

"We've actually seen a lot of buyer's remorse in that space. Not all members who are investing in cryptocurrency are educated on what they're purchasing."

– Ashley Town

tunity for fraudsters," she says. "What's important in this technology is to make sure that you have really strong authentication measures when doing provisioning for those mobile wallets. That's really the space that fraudsters can tap into if you have areas of vulnerability."

However, security isn't the only thing credit unions must keep in mind when it comes to these payment offerings. High cost is another major consideration. "Apple Pay is a very expensive solution—you have to pay Apple Pay," says Ash of SRM. "Encourage and communicate to customers about other options, such as digitally putting your card on file—whether it be at the merchant or leveraging Click to Pay, which is where Visa (*tinyurl.com/visa-clicktopay*) and Mastercard (*tinyurl.com/mc-clicktopay*) store it on behalf of merchants—so that way, ... you're storing your credentials in a safe and secure environment."

BUY NOW, PAY LATER

Whether you choose to ignore buy now, pay later or offer your own competing option, BNPL is a key trend and risk—both in terms of opportunity cost and the potential for unchecked member debt.

"Marqeta surveyed 3,500 consumers in the U.S., U.K. and Australia at the end of last year, and 51% of all adults surveyed had used a BNPL service," Issadore says. "We anticipate that number will continue to grow as people seek out more flexible payment options, and many credit unions want to capitalize on consumer demand for BNPL."

New entrants to the payments industry have focused on very specific segments of the population and have the potential to infringe on segments currently owned by credit unions, cautions Issadore. He believes that credit unions that can offer the latest payment experiences and trends—whether it's BNPL, teen cards or instant issuance—while offering financial wellness services and education will have a leg up on their competition. Otherwise, if they don't keep pace with what other financial institutions and fintechs can offer, they risk losing business.

"Credit unions have a unique advantage in that they know existing customers very well," Issadore says. "In many cases, they may even be able to offer stronger underwriting and a more complete financial picture." The goal for credit unions, he adds, is to make payment and credit options more accessible to members. Leveraging a modern platform that lowers the barrier to entry for new products or markets can help CUs accomplish this goal.

THE BOTTOM LINE

Fraud is constantly evolving alongside changing consumer expectations and trends, so credit unions need to be able to react quickly to new threats. "It's an interesting challenge, because credit unions are trying to keep up technology-wise with big banks and tech companies when it comes to the interface with their members," Town says. "As this new technology keeps rolling out, there are also new risks that are introduced.

"With those new types of trends, or new tools and technology to make the experience faster and better for the member, you're also seeing that fraudsters are trying to take advantage of these new features," she adds. "It's a balance of trying to adapt and keep on top of new technologies but also ensuring that you're introducing new ways to protect members against fraud."

One of the best ways for credit unions to protect members is to raise awareness and educate them on how they can best protect themselves.

"Credit unions are a very important part of our society and are viewed as a trusted advisor who helps connect members to their money in a very trusted way," Ash says. "Being aligned with the right technology partners who help move them into the digital age quickly is going to be more important than ever. Whether it is a contactless card, easy-to-use mobile or online solutions and implementing card controls where they can turn a card on/off, members look to their credit unions to help them feel secure in how they transact. The role of the credit union is to allow members to do what they love and pay for it in a way that feels seamless and secure."

Celia Shatzman *has penned stories on topics ranging from beauty to fashion, finance, travel, celebrities, health and entertainment.*

MORE ON PAYMENTS

Tech Time: Why One Rail Shouldn't Rule Them All (*cumanagement.com/0922techtime*)

What Does NCUA's Guidance on Distributed Ledger Technology Mean for Credit Unions? (*cumanagement.com/0822ncuadlt*)

Cards and Cryptocurrency: The Road Ahead (*cumanagement.com/0822cryptocards*)

New Deal (*cumanagement.com/0822dealcards*)

Buy Now, Pay Later: Why Banks and Credit Unions Need to Pay Attention (*cumanagement.com/071322skybox*)

Seeing Light *in Darkness*

A POST-PANDEMIC MARKET REVIEW FOR EMPLOYEE RETIREMENT PLANS

BY SCOTT D. KNAPP, CFA

Let's not sugar coat it—the global economy is a bit of a mess right now. Distortions caused by the pandemic and the policy responses that followed are being abruptly reversed by opposing economic forces. Sadly, the remedy to a big imbalance is usually an extreme rebalance in the opposite direction.

Soft landings, when imbalances were offset by only modest resets, have been very rare throughout history. Fed Chair Jerome Powell knows this and has been very direct about what to expect as central banks around the world seek to fix economic ills. In his words, "pain" should be expected as tighter financial conditions make a recession more likely. Happy talk from other central bankers who express confidence in their ability to fix current imbalances with little disruption is being met with a healthy dose of skepticism.

INFLATION WAKES THE BEAR

The elephant in the room is inflation. It is the subject of almost all conversations, and it is the subject upon which all other conversions eventually land.

Central bankers know the inflation problem must be solved quickly lest societal tranquility devolve into unrest in the streets. As such, they have committed to doing whatever it takes to bring price stability back to markets.

Again, some pain will likely be involved, so markets are attempting to price in an amount that will be required to slay the inflation dragon. As of the date this article was written, stock indexes returned to bear market territory after a brief rally in July. Bond markets, which are normally safe havens when stock markets fall, have also been routed. The standard 60% stock/40% bond portfolio referenced by pensions, endowments, foundations, etc., has experienced declines not seen in several decades.

Rising interest rates are at the epicenter of the world's economic and financial market challenges. Increases in interest rates across the U.S. Treasury yield curve have been stunning, but the rapid rise of the short end of the curve harkens back to the bad old days of the late 1970s. Such inversions have been somewhat reliable harbingers of recessions. So, with history as our guide, a recession is likely on its way, and markets are doing their jobs as discounting mechanisms by pricing in the decline in advance of falling economic data.

The most likely fix to the current inflation problem is much slower economic growth with rising unemployment. How much of a slowdown will be experienced can't be estimated with high confidence, but we're not flying entirely blind when setting expectations.

During the past several years, slow growth, low inflation and stable unemployment rates dominated the landscape. They were so dominant that economic historians dubbed the period the "Great Moderation." Then, like a lightning bolt out of the blue, high rates of inflation galloped around the globe with devastating consequences.

There is little doubt that current high inflation rates are byproducts of fiscal and monetary policy responses to the pandemic. Trillions of newly printed dollars were spent by policymakers seeking to replace by fiat the GDP that was lost to lockdowns.

The money supply exploded, productivity plummeted, and consumer prices soared. If the size of the stimulus effort indicates how much of a slowdown will be required to offset the drivers of inflation, recovery from the likely impending recession could be a long way off.

Employers seeking to communicate with employees in a positive tone while the economy slows will likely be tested. Employees saving for retirement are facing the double whammy of falling markets and lost purchasing power due to inflation, so their skepticism is well-earned.

In our view, the best approach is to emphasize how much was learned during the difficult days of the pandemic and how less likely mistakes of the past are to be repeated.

HINDSIGHT IS STILL 20/20

So, it turns out printing and spending trillions of dollars of money while nearly shutting down production in the economy is inflationary. Gosh, who knew?!

As plainly obvious as it seems in retrospect, that reality was nearly invisible in the heat of the pandemic. Huge deficits and money printing have been fixtures since the 2008 financial crisis, seemingly with little or no negative consequences.

Out of this emerged a new economic theory known as “Modern Monetary Theory” that postulated debt and deficits are mostly irrelevant for countries with their own currency. The theory became *de rigueur* on college campuses. Why would they suddenly be a problem during the pandemic?

Now we know the suspicions that were historically directed to profligate spending and loose monetary policies were well founded. Perhaps we’re giving policymakers too much benefit of the doubt, but lessons learned during the pandemic could stick, making similar mistakes less likely to occur during the next crisis. That’s good news for long-term investors.

‘EXPERTS’ OFTEN LACK EXPERTISE

Have you heard? Experts tell us the Earth is spinning too quickly on its axis and needs to be slowed to a sustainable rate. The science is clear. An action plan has been developed, and Congress is expected to fund the project soon.

Yes, we’re joking. The claim about the Earth’s rotation is ridiculous, and the supposed remedy to the fictitious problem is well beyond anyone’s reach. Our point is to illustrate through exaggeration how audacious, confident and inept “experts” can be when tackling intractable problems.

Policymakers, who were often characterized as experts in economics, adopted an artificial replacement for the GDP that was lost due to the pandemic. The Fed exploded its balance sheet, and government tinkering in our presumably free-market economy became highly intrusive. Policymakers did so with misplaced confidence, even to the point of adding the word “transitory” to our economic lexicon when assuring us about nascent signs of inflation. They were wrong in their understanding of the problem, and they were overconfident in the policy remedies they implemented.

People often demand to be protected from pain inflicted by life’s challenges, including economic ones. Policymakers respond to the pressure with extreme measures designed mostly to avoid the wrath of their constituents. Good intentions lead to bad policies that often amplify and lengthen problems that need to be fixed. Post-pandemic stimulus programs are case studies in how it all works.

This lesson is worth its weight in gold for long-term investors. They need to embrace the pain associated with recessions, market corrections, shocks to financial system, etc., as normal parts of the wealth accumulation process. Patiently toughing out bad times was axiomatic for long-term investors before the financial crisis.

Experts are mere mortals with limitations, and their ability to ride to the rescue shouldn’t be counted on. Hopefully, understanding that time is more effective than experts at solving problems will return to the investing public in the aftermath of the pandemic.

AFTER THE PARTY COMES THE HANGOVER

Yes, markets have been tough this year, and losses experienced by investors have been large by historical standards. But the money-printing party led by central banks around the world contributed to stock market returns that were far above their historical averages for the last three years:

YEAR	S&P 500 Total Return*
2021	26.89%
2020	16.26%
2019	28.88%

**Source: Morningstar Inc.*

Note that even 2020—the year the pandemic started!—produced a stock market return that was nearly double its long-term average of 9.7%*. During the same period, all-time highs were reached in:

- venture capital investment
- IPO proceeds
- high-yield bond issuance as a percent of total
- prices of crypto, NFT, SPAC, collectables, etc.

The common thread in this data was big returns derived from extreme risk-taking. Inflation was everywhere to be seen except in consumer prices, meaning the blizzard of newly printed money was mostly lifting asset prices until 2022. It wasn’t until consumer prices started to rise that the problem was finally identified as inflation.

In the wake of this process is increased understanding among investors about how markets move in mean-reverting jagged lines. As markets produce outsized returns, they are setting the stage for outsized reversals. Only a catalyst for a correction is required.

Time-tested characteristics of successful investing strategies are coming back into fashion in the post-pandemic world.

MORE ON RETIREMENT PLANNING

Protecting Your Retirement Plan From a Thief (*cumanagement.com/1121thief*)

Beyond Retirement Planning: Meet Your Employees' Overall Financial Education Needs (*cumanagement.com/0721beyondretirement*)

More from Cuna Mutual Group (*cumanagement.com/cuna-mutual-group*)

That establishes a more stable platform from which markets can rise after equilibrium in the economy returns.

DARKEST BEFORE THE DAWN

Platitudes offer little solace to investors and employees who experience unexpected losses in their portfolios and 401(k)s.

Individual investors suffer from a malady known as "recency bias," meaning they believe current problems are unique, unprecedented and more intractable than anything experienced in the past. Like clockwork, darkness descends on the human psyche when conditions become difficult.

In reality, every new crisis has a close precedent that ultimately ended in a return to more normal conditions.

In tough times, professional investors become extra vigilant for signs of doom and capitulation among their individual counterparts. Sell-offs with high trading volume, increased put-call ratios, huge negative market breadth and other similar negative market signals indicate individual investors have thrown in the towel.

From that point forward, the only change in sentiment that can occur is positive. Said another way, when everyone is a bear, the only alternative for an individual investor is to become a bull.

Professional investors have already returned to markets by the time individual investors decide to jump back in.

Darkness before the dawn is indeed far more than just a platitude. It's an opportunity that most individual investors miss.

Markets in the post-pandemic era will likely validate the value of a contrarian point of view that sees light when everyone else sees darkness. The moment is right because there is little doubt the post-pandemic environment has created a crisis mindset for investors.

We can't say with confidence when a reversal will occur, but the large amount of damage being done to markets every day brings it ever closer. Until then, we hope this market review and commentary will equip employers to have a positive dialog with their employees while they see their retirement savings impacted by falling markets.

Even if employers don't follow our script, they should at least let their employees know they are with them.

Scott D. Knapp, CFA, *is chief market strategist with CUESolutions provider Cuna Mutual Group* (cunamutual.com)*. He is responsible for investment philosophy development and program implementation for Cuna Mutual Group's institutional retirement programs. He regularly speaks at economic and investment forums across the country.*

CU MANAGEMENT

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION

PUBLICATION NO. 273-9267
TITLE OF PUBLICATION: CU Management™
FREQUENCY OF ISSUE: Monthly
LOCATION OF OFFICE OF PUBLICATION:
2601 Crossroads Dr., Suite 105, Madison, Dane County, WI 53718
LOCATION OF THE HEADQUARTERS OR GENERAL BUSINESS OFFICES OF THE PUBLISHER:
Same as above
PUBLISHER: Theresa Witham, 2601 Crossroads Dr., Suite 105, Madison, Dane County, WI 53718
EDITOR in CHIEF: Theresa Witham
MANAGING EDITOR: Theresa Witham
KNOWN BONDHOLDERS, MORTGAGEES AND OTHER SECURITY HOLDERS OWNING OR HOLDING 1% OR MORE OF TOTAL AMOUNT OF BONDS, MORTGAGES OR OTHER SECURITIES: None

	Average No. Copies of Each Issue During Preceding 12 Months	Actual No. Copies of Single Issue Published Nearest to Filing Date (10/1/22)
A. Total Copies Printed	3,434	3,454
B. Paid and/or Requested Circulation		
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3. Paid Distribution Outside the Mail	N/A	N/A
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C. Total Paid Distribution	3,728	3,737
D. Free Distribution by Mail and Outside the Mail		
1. Free Outside-county	112	88
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E. Total Free Distribution	127	88
F. Total Distribution	3,885	3,825
G. Copies Not Distributed	112	75
H. TOTAL	3,997	3,900
I. Percent Paid and/or Requested Circulation	96%	98%
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A. Paid Electronic Copies	32,600	36,008
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Theresa Witham, VP/Publications & Publisher

Work Together to Support *Mental Health*

EMPLOYEE WELL-BEING BENEFITS THE MOST WHEN EVERYONE IS AWARE OF THIS INCREASINGLY SIGNIFICANT ISSUE.

BY LIN GRENSING-POPHAL, SPHR

Even before the pandemic, multiple reports were raising warning bells about the mounting mental health crisis in workplaces around the country. Since the pandemic, of course, the crisis has only worsened. Complicating the issue is a shortage of resources and mental health professionals to provide the care that people of all ages need.

MENTAL HEALTH NEEDS ON THE RISE

HR Dive (*tinyurl.com/hrdivewakeup*) points to the results of a survey conducted by The Harris Poll for Yoh, based on the input of 993 employed adults. Only 23% said their employers offered either on-site or remote mental health resources at no cost. Only 14% said that their employers had checked in with them about their mental health status.

These rising concerns are having an impact on employers' benefits practices. According to Employee Benefit News (*tinyurl.com/benefitnewsmentalhealthbenefit*), mental health care has become a baseline benefit in workplaces around the country.

"In 2021, according to a survey by media agency Mindshare, 76% of employees reported at least one symptom of a mental health condition, up from 59% in 2019," writes EBN Editor-in-Chief Stephanie Schomer in the article. In addition to their own mental health concerns, of course, many are also dealing with mental health issues among spouses, partners, children and other family members.

Financial concerns also are having an impact on consumers and employees. Research from Vericast (*tinyurl.com/vericaststudy*) indicates that "75% of consumers say the amount of money in their bank accounts impacts their mental health."

Employees on the front lines working with the public, including credit union employees interacting with members regularly, may be even more prone to impacts of financial concerns as consumers may become less patient and more demanding in response to the staffing and other issues many organizations now face.

THESE ISSUES AFFECT EVERYONE

"Mental health affects everyone," stresses Erin Terkoski Young, senior director at WTW (*wtwco.com*), London. There are a myriad of things in any employee's environment that may impact their mental health, she says—"with your children, with your family, with your own physical health, maybe financial circumstances."

Scott Foster, CEO of Wellco (*wellcocorp.com*), a wellness and fitness services firm in Royal Oak, Michigan, agrees. "The sad truth is that most people are struggling with mental health," Foster says—stress, anxiety, burnout, depression. "Less than half of employees feel their companies are supporting them regarding their well-being. And they're dealing with so much more now since the pandemic ushered in even more mental health issues." Anxiety rates, says Foster, have risen 25% since the pandemic, and depression has tripled.

Remote employees, he says, are dealing with other issues, including isolation.

"Employee well-being concerns are fueling this epidemic of quiet quitting," Foster says. Quiet quitting (*tinyurl.com/nprquietquitting*) is a phenomenon that has been getting a lot of attention in the media recently, as reports emerge of employees deciding to stay on the job but do the minimum to get by.

It's not a new phenomenon, of course. The concept of "quitting in place" is nothing new (*tinyurl.com/bbcquietquitting*). Many employees have been "coasting" in their jobs for years. But the ongoing stress and pressures of the pandemic and the Great Resignation (*cumanagement.com/0522position*) have brought more attention to this and the overall malaise of the American worker. And, in truth, this malaise isn't limited to America.

Employees around the world are feeling the pinch.

Kim LaMontagne is a speaker and state trainer with National Alliance on Mental Health (*nami.org*) and a member of the Dartmouth Hitchcock (*tinyurl.com/dhreact*) Campaign to Combat Behavioral Health Stigma and Discrimination. The trend toward quiet quitting might also be viewed as presenteeism. Presenteeism, says LaMontagne, "is when employees show up to work but, because of a mental or physical condition, or outside influence, they perform at a lower capacity. They are present, but 'wounded.' Employees experiencing mental health challenges are most likely experiencing presenteeism."

Mental health concerns are widespread, costly and potentially debilitating—for employees and the credit unions they work for.

There are, though, some important steps the credit unions, their leaders and HR support staff can take to enlist everyone in the battle to stem the impacts of mental health concerns.

STEP 1: ACKNOWLEDGE THE ISSUE

While much of the attention on mental health is centered on "employees," the reality is that people at all levels of the organization, from front-line member-facing staff to senior leaders, the C-suite and even members of the board, can face mental health issues. In fact, research from Principal (*tinyurl.com/principalstress*) indicates that 41% of employees and 61% of employers are feeling more stressed today than they were a year ago.

The prevalence of mental health concerns at all levels, of course, can make it particularly challenging for credit union leaders to address employee mental health concerns when it's likely that they're dealing with their own concerns as well.

On the other hand, credit unions can also look at their personal situations as opportunities to get conversations about mental health out into the open.

"There is tremendous value in being vulnerable and empathetic for CEOs and leadership," says Foster. "That value comes in best practices of creating environments of psychological safety and strengthening their community."

Employees are often hesitant to bring their mental health concerns into the open. That hesitancy can be positively impacted, though, when credit union leaders are open and honest about their own levels of stress, burnout and mental health concerns—and how they're working to address them.

STEP 2: OPEN UP COMMUNICATION

It's important, says Foster, to communicate with empathy, sensitivity and vulnerability. "There's a significant opportunity for credit unions to address blind spots regarding the well-being needs of their employees," Foster says.

LaMontagne agrees. "A culture of safety is one where everyone feels 'safe' speaking openly about mental health and substance misuse without fear of judgment, retribution or job loss. Psychological safety in the workplace is a critical component of creating a mentally healthy workplace culture. When psychological safety is not present in the workplace, it can lead to silence and fear of speaking up. Silence is toxic."

Leaders can make a major impact here by choosing to be open and vulnerable themselves.

LaMontagne is open, for instance, about her own mental health challenges.

"When I was at my lowest, I was remote, and it was easy to hide behind technology," she says. "I performed at a high level so no one would figure out that anything was wrong. I was a chameleon in the workplace and could blend in with everyone and every situation." Fortunately, her director was able to see the signs and take action.

"She was in New Jersey, and I was in New Hampshire, but she knew something was off," LaMontagne says. "She saved my life by being perceptive and seeing the signs."

Addressing mental health in the workplace is critical, LaMontagne adds. "One in five individuals will experience a mental health episode in their lifetime. The rates of depression, anxiety, PTSD (post-traumatic stress disorder) and other mental illnesses" have skyrocketed due to the COVID-19 pandemic.

LaMontagne recommends that organizations embed their commitment to mental well-being in all communications. "Be sure to overcommunicate this critical message."

Organizations must also ensure that managers understand their responsibilities to employees under the Family Medical Leave Act. In May, recognizing the massive impact the pandemic has had on mental health in the United States, the U.S. Department of Labor updated its Fact Sheet #280 (*tinyurl.com/dolmentalhealth*): Mental Health Conditions and the FMLA.

Employees are entitled to FMLA leave to address serious health conditions, including mental health concerns, even if they don't specifically ask for "FMLA leave." An article from SHRM (*tinyurl.com/fmla4mentalhealth*) says, "it is critical that employers identify all situations in which the employee may be experiencing a medical condition and proactively engage the employee in a discussion about what we can do to help."

STEP 3: ENLIST EVERYONE IN THE PROCESS

Everyone in the credit union from the CEO and senior leaders to front-line staff can and should be trained to identify the potential signs that an employee is struggling.

There are some important "tells" that credit unions and their managers can be on the lookout for in the quest for addressing employee mental health issues. Young points to three buckets of potential symptoms to look for:

- **Physical changes.** "People with increased stress or mental health issues might start actually coming to work looking disheveled or may exhibit a noticeable pattern of change."
- **Mood changes.** An employee might be more irritable than in the past or be visibly sad or tearful. "Managers or supervisors might notice things like poor concentration or poor recall or excessive tiredness—people just being generally disengaged."
- **An obvious decline in the quality of work output.** "Even basic things such as not being on time for work or calling in sick more" would be reasons a manager might want to reach out to see how an employee is doing, Young says.

Young cautions that mental health is highly personal and employees will exhibit different signs.

Making meaningful connections with employees can help managers, supervisors and others spot behavior changes that may signal an issue needing to be addressed. These connections are extremely important, Young says, "because they allow employees to have a willingness to open up to their manager and feel psychologically safe, to ask for help and to be directed to help if they don't know where to go."

LaMontagne recommends that credit unions also train leaders in how to "decrease stigma, identify an employee in distress and guide them to resources." While leaders should not step into the

MORE ON MENTAL HEALTH

NextGen Know-How: 'Quiet Quitting' Isn't All That It Seems (*cumanagement.com/1022nextgen*)

HR Answers: Burnout and Mental Health (*cumanagement.com/0822hranswers*)

Level Up Support for Mental Health (*cumanagement.com/0122levelup*)

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

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

> **"There's a significant opportunity for credit unions to address blind spots regarding the well-being needs of their employees."**
>
> — Scott Foster

role of "professional counselors," she says that they "must be trained to feel confident engaging in dialogue with an employee" and directing them to support resources.

Everyone needs to be part of the process and the approach for identifying and addressing mental health issues.

"One defensive or resistant leader can kibosh an entire department's mental health," Foster says. But, he adds: "On the other hand, one champion or one compassionate, empathetic leader can make huge strides." Nobody, says Foster, "can be exempt or removed from this process."

STEP 4: MOVE BEYOND THE EAP

Many CUs and other organizations have long used the services of an employee assistance program, or EAP, to help address employee mental health and wellness needs. But that's not enough, Foster says.

"The typical EAP utilization is 5%—not even close to enough to make a difference," Foster points out. That said, Foster has also seen organizations make great strides here.

"We've worked with employers whose engagement in mental health programs is greater than 75%," he says. "They've made a tremendous impact on reducing the impact of mental health concerns. And they do that through a series of best practices that can work for credit unions of any size and budget."

Still, credit unions should consider ways to work to expand mental health offerings beyond EAPs. These steps can be something as simple as eating lunch with employees to help address feelings of loneliness and isolation, offering "lunch and learns" to discuss various impacts on mental health and how to address them, or providing access to wellness apps like Noom (*noom.com*) and others.

Having a wide range of support options available and communicating about them frequently can help to address the varied needs, interests and comfort levels employees might have in seeking help when they need it.

STEP 5: COMMIT TO FLEXIBILITY

During the pandemic, there has been increasing recognition—and demand for—work/life balance.

"I like to say there's an adjoining door between work and home, and it's wide open," says Foster. "For this reason, promoting mental health and integrated wellness in the workplace is a top priority."

Employees are increasingly demanding both flexibility and the support of their work/life balance needs as they've seen what is possible during the pandemic. While not all credit union employees, of course, will be able to work remotely all the time, consider what type of flexible scheduling options might be available.

"Leaders have the power to model what a mentally healthy workplace culture looks like," says LaMontagne. "If leaders create a workplace environment that embraces the toxic, yes, they are setting their employees up for unrealistic expectations and stress."

Leaders lead by example, LaMontagne stresses. And, she adds, they "have the power to transform the workplace." Characteristics of leaders who make their team members feel secure and supported including being "nonjudgmental, vulnerable, approachable, inclusive and safe."

Finally, Young points out, it's critically important for credit unions and other organizations to create a stigma-free environment. From front-line tellers to the CEO, it's important that all feel comfortable and safe talking about mental health or seeking care for themselves or their loved ones.

The environment we all exist in now is increasingly uncertain, disruptive and stressful. Still, credit unions can take steps to help ease the stigma and explore new options for helping all employees address their mental health needs in a supportive and psychologically safe environment.

HR's role in creating this environment is really important, Foster says; it's also important that HR leaders recognize that they need to do something different.

"We need to be better. We need to be more empathetic. We need to be more compassionate," he says. This will model the way.

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).*

Matt Diersing

Title: VP/Operations

Company: United Solutions Company

Phone: 850.942.9186

Email: info@unitedsolutions.coop

Website: unitedsolutions.coop

What makes United Solutions Company unique?
USC joins together best-of-breed technology with strong core data processing, ancillary product integration and client support. A credit union service organization, we were founded by credit unions, for credit unions and have a unique understanding of where the industry has been and where it is going. This keeps us innovative and ahead of the game.

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USC is always trying to offer our clients the best knowledge and support by monitoring what may be working for one credit union and suggesting similar ideas for another. The credit union philosophy of "people helping people" doesn't have to be just between a credit union and its member. USC believes that philosophy should overflow to "credit unions helping credit unions." By having an open exchange of ideas with our clients and providing them with quality CUSO offerings, we help them become stronger—which means our industry becomes stronger too.

Meeting Regulations *With Technology*

CUs HAVE MOVED FROM MANAGING COMPLIANCE TO MANAGING COMPLIANCE TECHNOLOGY.

BY RICHARD H. GAMBLE

Technology has revolutionized regulatory compliance, notes CUES member Alan Stabler, CCD, EVP/CAO/general counsel for $2.3 billion AmFirst Federal Credit Union (*amfirst.org*), Birmingham, Alabama. High-tech compliance is not perfect, but it's working really well in many spots, he says.

"CUs need policy management solutions to help comply with federal and state laws that may not have been applicable before," notes Ryan Fox, strategic accounts manager at Mitratech (*mitratech.com*), a provider of legal, governance, risk and compliance solutions based in Austin, Texas. "They need new cyber risk monitoring solutions to protect technologies over broader landscapes. They need vendor risk solutions to understand risk exposure from each vendor." Keeping up, he notes, requires an automated compliance management system.

"The need to automate and track goavernance, risk and compliance through ... software ... continues to grow," says John Ogie Sheehy, global CIO at ViClarity (*viclarity.com*), formerly PolicyWorks, Des Moines, Iowa. "Credit unions are being pressed on all sides to adapt, and they need strong systems that can adapt with them," Sheehy says.

With the rapid spread of digitization, which took off during COVID-19 and is now cresting, manually addressing operational risk for things like cybersecurity, Bank Security Act compliance and vendor risk management is faltering, agrees Rafael DeLeon, SVP/industry engagement at Ncontracts (*ncontracts.com*), Brentwood, Tennessee.

"Banks and CUs have taken a proprietary approach, building systems and monitoring compliance on spreadsheets," he reports. "That no longer cuts it."

Spreadsheets are particularly vulnerable to turnover, he adds. As CUs experience retirements and resignations, they are losing institutional knowledge. "It's hard to take over someone else's spreadsheet. The ever more complex duties require a more sophisticated level of monitoring and automation."

Also, many CUs have focused on automation that affects the member experience, leaving less time and fewer resources for back-office upgrades, DeLeon notes. Regtech is becoming a higher priority.

IT AND COMPLIANCE

Lynn English, SVP/risk management at $1.6 billion Lafayette Federal Credit Union (*lfcu.org*), Rockville, Maryland, runs the organizational risk management umbrella for her CU.

"My staff is responsible for compliance with all the banking regs, with BSA (Bank Secrecy Act) compliance, audit compliance, business continuity [and] vendor risk. We share with IT responsibility for data security. I tell the head of IT that he's an honorary member of the compliance staff."

English is happy with the technology her team is using. "I like my [Ncontracts] system," she says. "It lets me see all Lafayette on one platform. It's not disjointed. I don't have multiple logins. It makes the job a lot simpler."

She's not alone. Running a compliance system from ViClarity, reports Bob Shaffer, CEO of $55 million Fresno Police Department Credit Union (*fpdcu.org*) in California, "has allowed us to transition from a considerable amount of manual processing and tracking."

Not that long ago, English recalls, compliance was considered a necessary evil, parsed out to various departments as a peripheral activity. If there was a dedicated compliance officer, he or she was a junior officer with a nerdy assignment.

Now, English says, compliance is mainstream and a high priority.

"The silos are gone. Compliance is pervasive, an important part of almost everything we do," she reports. "The world changed and forced us to integrate compliance and centralize its management. If all the departments, especially IT, didn't come together around compliance, we'd be in big trouble. Data security and privacy protection have become huge."

Almost all technology the CU uses has to embody compliance, so English is involved in vendor selection.

"We just went through a core conversion," she reports. "Compliance is a critical factor we evaluate when making such major changes. We're always at the table when a new product or service is considered."

She likes how her CU's relationship with Ncontracts has evolved. "We started with them in 2013 for vendor management," she recalls. "That was their primary product and our immediate need. But we've both grown. They now offer an array of products, several of which we use. It's been a good fit."

SPECIALIZED STAFF

Technology may supply compliant automation, but it takes specialized staff to really do the job right, Stabler warns.

CUs are hiring programmers, he adds. "Many of the tech solutions require us to hire someone with specialized knowledge to run them to maximum advantage." The job has shifted from managing compliance to managing compliance automation.

"I wouldn't hire a person today," English says, "who isn't proficient in using software, ideally the kind of software they'd be using in their jobs."

An old-school compliance officer needed to be detail-oriented and perhaps have a historical understanding of why certain regs were written. A new-school compliance officer needs to be not just detail-oriented but systems-oriented and adept at changing. They need to be prepared, English observes, for what hasn't happened yet. "The last thing you want to hear your people say is, 'This is how we always did it.'"

Employment compliance has changed since the pandemic created such a high use of remote and hybrid work, Fox points out. "State employment laws and CU technology security requirements have drastically shifted with a remote workforce."

High-tech hires particularly expect to work remotely, Stabler reports, which adds a new layer of compliance. "You have to ensure that they have proper security at their home work stations," he says, "and they have to agree to only work from those stations. They can't work from a local coffee shop."

Staff expertise raises outsourcing questions. CU leaders have to decide what will be managed in-house and what should be outsourced, English notes.

"There has to be a balance," she explains, "based on the complexity of the job, the staff resources, the budget, the IT support required. We split our vendor management compliance, doing the smaller vendor verifications ourselves and handing off the more complicated ones to Ncontracts."

EMBED COMPLIANCE IN OPERATIONS

CUs can buy a GRC or compliance system, but automation starts with embedding it in basic operating systems. His loan and deposit origination systems, Stabler says, have risen to the challenge.

"Paper forms have largely been replaced by online applications that are processed by automation that embeds compliance and provides the speedy decisions members expect," he notes.

Providing exactly the right documentation is a major regulatory challenge.

"The vast majority of small business loan applications are made online outside bankers' hours," reports Christopher Leonard, CEO of Velocity Solutions (*myvelocity.com*), a CUES Supplier member based in Fort Lauderdale, Florida. Good loan origination systems can automatically provide much of the documentation and flag the documents that are missing information to simplify the job of human lenders, he says.

Systems also can help CUs comply with regulatory concerns about overdraft fees, Leonard notes. "We can flag and report accounts that are paying excessive fees. We can curtail their use of overdrafts if that's what the credit union wants."

BSA is a prime example of the need for compliant operating systems.

"The regs are so intrusive and the consequences of noncompliance are so drastic that we need help," Stabler says. The regulators

"Compliance is pervasive, an important part of almost everything we do. The world changed and forced us to integrate compliance and centralize its management. If all the departments, especially IT, didn't come together around compliance, we'd be in big trouble."

– Lynn English

> "When BSA compliance was ramping up after 9/11, it was very manual. Now it's highly automated and quite reliable. Life is so much simpler."
> – Alan Stabler

MORE ON REGTECH

Credit Union GRC Done Right (*cumanagement.com/0822grc*)

Eight Questions to Consider Before You Buy (Vendor Management Software) (*cumanagement.com/0822vendormgt*)

Cybersecurity Is a Discipline (*cumanagement.com/podcast132*)

How Credit Unions Can Use Contract Software to Manage Compliance and Risk (*cumanagement.com/042722skybox*)

and tech companies have cooperated to support solutions. Today's software does the job. The examiners respect that and expect you to use it, he notes.

"When BSA compliance was ramping up after 9/11," he recalls, "it was very manual. Now it's highly automated and quite reliable. Life is so much simpler."

Digital banking and mobile apps originally were somewhat disruptive, Stabler reports, but the regs now are mature, and the tech is effective. "We're feeling pretty good about compliance there," he says.

Stabler also says e-signatures and interactive teller machines have created compliance efficiencies through automated service delivery.

REGTECH VENDORS

The flourishing of fintechs that specialize in providing sophisticated technology for specific functions has complicated the vendor risk picture, DeLeon points out.

"Fintechs tend to have transitory funding, dependence on a few key talents and an end game of being bought up by a larger vendor, so it takes vigilance to monitor their roles as they touch key credit union data," he explains.

Ncontracts sells a range of a la carte regtech solutions, but its primary focus is on monitoring, assessing and reporting vendor risk management.

"FIs tend to see vendor management as one big risk," DeLeon observes, "but it's many risks that have to be tiered to reflect the degrees of risk. You have to know who has what data of yours and how they are protecting it.

"When I hear of a breach" at a large player in this space, DeLeon explains, "I already know their role in the financial data supply chain and can track the consequences downstream to CUs that were using it directly or indirectly. Then it's a matter of assessing how large and critical the CU's exposure might be and quickly taking action to back up or scrub or isolate the exposed data."

Those steps can change when a vendor makes an acquisition or is acquired.

"That's part of the complex supplier landscape," DeLeon says. "It's what we watch every day. We investigate the changes that affect compliance."

Regulators are demanding when it comes to vendor risk management, DeLeon points out. They may require CUs to ask each vendor a lot of questions. A regtech supplier that can conduct vendor due diligence by collecting, reviewing and summarizing vendor documentation for a broad range of vendors can make the process more accurate and a lot more efficient, he says.

EXAMINERS OFTEN REQUIRE AUTOMATION

A critical test of a CU's compliance technology is the regulatory exam. The examiners are open to automating compliance, English says. In fact, they often require it. But they insist that staff really understand the software they use. They regularly probe to see how deeply staff knows what their tech tools are doing.

"We often get calls after examiners have left and cite the CU for noncompliance," Jennings reports. "Or they call us when NCUA (the National Credit Union Administration, *ncua.gov*) changes instructions that require a change in compliance."

Bank and CU regulators have done a good job through the Federal Financial Institutions Examination Council (*ffiec.gov*) of making regulation consistent, which makes it easier for vendors to build compliance software, English observes. "The implementation differences are slight," she says.

But the Federal Credit Union Act (*tinyurl.com/fedcuact*) limits or empowers CUs in certain ways. For example, banks can simply close an unwanted account, she notes, but a CU must follow a more complicated path to expel a misbehaving member.

CUs need to demonstrate to examiners and the board of directors, Sheehy says, that they're tracking and improving risk- and compliance-related functions at the credit union, such as addressing complaints or showing gaps in high-risk vendors. That is an important step in preparing for the next exam.

"Having the records and other data requests from the examiners all located in one place and easily downloadable saves us considerable time," Shaffer reports. "We also have a module that allows us to download the examination findings and record our responses for remediation and follow-up."

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

CUES SUPPLIER MEMBER SPOTLIGHT

Jill Nowacki

Title: President/CEO

Company: Humanidei

Phone: 203.213.7829

Email: info@humanidei.com

Website: humanidei.com

What makes Humanidei unique?
We are credit union people with a passion for the industry: Each of our consultants has decades of experience working in credit unions and a strong commitment to the mission and purpose of credit unions. Our reason for being is to help credit unions get the people side of the business right in order to differentiate and deliver on their mission. We help clients create inclusive organizations that attract, develop and retain top talent from the front line through the board of directors through services like executive search/recruitment; leadership coaching; strategic and succession planning; and diversity, equity and inclusion consulting.

What keeps clients up at night?
Our clients know they must attract, develop and engage a diverse workforce. We like to think that because of their partnership with us, it doesn't keep them up at night anymore though. When we work with clients, we assess their unique cultures and opportunities and offer customized solutions that position them for long-term success, helping them run their organizations in a way that employees feel as valued as they really are, well-positioned to contribute at their highest potential.

Tell us a client success story.
A CU reached out to us because they were having difficulty filling an executive finance role. After spending a year working with another recruiting agency, they had not encountered candidates who met their unique needs and wanted our help. We spent time in discussion with this credit union, learning about their culture and what they were looking for in their ideal candidate. In less than 60 days, we got them to a hiring decision with someone who aligned ideally with their needs. This is one example of how the work Humanidei does to really understand our clients uniquely defines us and leads to success.

Zachary Churchill

Churchill Named *CUES Emerge Winner*

Zachary Churchill, VP/finance, USF FCU, Tampa, Florida, has been named the 2022 CUES® Emerge winner.

As one of five Finalists, Churchill began his route to the podium began when he was selected into the CUES Emerge program early in 2022. From there, participants completed business cases and worked toward their project idea while a team of judges reviewed their proposals. On Oct. 5, the program culminated in Churchill and the four other Finalists presenting their projects live during an online pitch show hosted by Tim McAlpine of Currency (*currencymarketing.ca*).

Two other Finalists, Angela Harden, facilities assistant manager, Bay FCU, Capitola, California, and Jose Raya, security operations engineer, Magnifi Financial CU, Melrose, Minnesota, were named runners-up. All three will receive an educational and coaching package to support continued development and growth within the industry.

Churchill's winning business case was "The Case for a Data Analytics Team," with the goal of ensuring data is accurate and reliable for decision-making.

The other Finalists taking part in the online pitch show were Marilyn Mims, learning and organization development manager, Northeast CU, Portsmouth, New Hampshire, and Randi Timonere, risk and compliance manager, WeStreet CU, Tulsa, Oklahoma.

CUES Emerge was created to offer free professional development to the industry's up-and-coming leaders. Participants who complete the course work and business case earn the Certified Credit Union Manager designation in recognition of their commitment to their career, credit union and the industry. You can learn more about the program at *cuesemerge.com*.

The judges for the 2022 competition were:

- Stephen Bolton, president/CEO, Libro CU, London, Ontario;
- Patricia Campbell, president/CEO, Christian Financial CU, Roseville, Michigan;
- Josh Cook, president/CEO, Community Choice CU, Johnston, Iowa; and
- Estela Nagahashi, EVP/chief operating and lending officer, University CU, Los Angeles.

Webinars Explore CUES *Talent Development Benefits*

CUES is hosting free webinars designed to help credit union professionals gain insight into how a CUES membership can help them reach their professional development goals and strengthen their institutions.

What's in It for Me: The Ultimate Guide to CUES Membership will also offer a look into the most popular membership benefits, including:

- **Harvard ManageMentor**—more than 40 online leadership development courses from the experts at Harvard Business Review.
- **CUES Learning Portal**—easy access to curated content and preset learning pathways to expand skill sets.
- **CUES Director Education Center**—online education for board members.
- **CUES Virtual Classroom**—highly interactive online training, which allows participants to talk and interact with peers and experts, problem-solve and build relationships right from their desks.
- **CUESNet™**—the online networking community where CUES members can connect, share ideas, join communities, access the documents library, discover membership tips and more.

The *What's in It for Me: The Ultimate Guide to CUES Membership* sessions will be held on Nov. 3, Jan. 26 and March 2. Register at *content.cues.org/membership23*.

Online Learning

CUES Virtual Classroom sessions, CUES webinars and all program playbacks are free to CUES members. Learn more at *cues.org/events*.

NOV. 1
Virtual Classroom: Frictionless Leadership

NOV. 3 (REPEATED JAN. 26 & MARCH 2)
Webinar: What's In It For Me: The Ultimate Guide to CUES Membership

JAN. 18
Virtual Classroom: We-Q: the New EQ

MARCH 15-JUNE 20
Diversity, Equity, and Inclusion Cornell Certificate Program

APRIL 1-OCT. 30
School of Business Lending™ Online

JULY 11, 2023-MARCH 29, 2024
CUES Advanced Management Program from Cornell University

SEPT. 14-21
Board Liaison Workshop

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2022 LEARNING & EVENTS **CALENDAR**

FEATURED EVENT

CEO Institute: FinTech

New York • April 17–20, 2023 • cues.org/Fintech

CUES is pleased to announce the expansion of its popular CEO Institutes (*cues.org/institutes*) with a new offering—CEO Institute: FinTech. Challenges and disruptions caused by fintech are here to stay. How your credit union responds and adapts to these shifts will determine its future relevancy and strength, so CUES has partnered with the Cornell SC Johnson College of Business and eCornell to create a hybrid learning experience that will deepen CU leaders' understanding of innovative and disruptive technology. Stretch your thinking about all things fintech as we explore blockchain and cryptocurrency, AI and machine learning, analytics and more.

DECEMBER 2022			
Directors Conference	Las Vegas, NV	**Dec 4–7**	cues.org/DC
FEBRUARY 2023			
Symposium	Grand Wailea, A Waldorf Astoria Resort Wailea, Maui, HI	**Feb 5–9**	cues.org/SYMP
MARCH 2023			
Execu/Summit®	Sun Valley Inn Sun Valley, ID	**March 5–10**	cues.org/ES
APRIL 2023			
CEO Institute I: *Strategic Planning*	*The Wharton School* University of Pennsylvania	**April 16–21**	cues.org/INST1
CEO Institute: *FinTech*	*Cornell Tech* Roosevelt Island, New York, NY	**April 17–20**	cues.org/Fintech
MAY 2023			
CEO Institute II: *Organizational Effectiveness*	*Johnson School of Management* Cornell University	**May 7–12**	cues.org/INST2
CEO Institute III: *Strategic Leadership Development*	*Darden School of Business* University of Virginia	**May 7–12**	cues.org/INST3
JUNE 2023			
Governance Leadership Institute™	*Rotman School of Management* University of Toronto	**June 4–7**	cues.org/GLI
Governance Leadership Institute II™	*Rotman School of Management* University of Toronto	**June 7–9**	cues.org/GLI2

UPCOMING ONLINE PROGRAMS

School of Business Lending™	**April–Oct 2023**	cues.org/SOBL
Diversity, Equity, and Inclusion Cornell Certificate Program	**March 15–June 20, 2023**	cues.org/DEI
CUES Advanced Management Program from Cornell University	**July 11, 2023–April 12, 2024**	cues.org/eCornell-CUManager
Board Liaison Workshop	**Sept 14, 19 & 21, 2023**	cues.org/BLW

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

Top Ways Leaders Can Drive *CU Effectiveness and Relevance*

BY JOHN PEMBROKE

When a board hires a CEO or a CEO hires a staff member, it's important to take time before advertising the position to ask, "What roles do we need this person to be skilled at doing?" and "What behaviors must they be able to exhibit?"

It can be tempting to go with what you know—to write the job description based on the things you liked about the person who last held the position or the qualities of someone you know at another credit union who seems to do the job well. A more objective way to write the position description is to consult recent research into which roles and behaviors are currently most important to success.

If you want to take this more studied approach, the 2022 CUES report, "Key Competencies for Credit Union Leaders: The most critical behaviors to include in your leader success profiles," may be of assistance to you. This report, which is free for download (content.cues.org/cu-ld), asked credit union leaders and board members what they thought would be the most critical credit union leader roles and behaviors for driving effectiveness and relevancy for the industry in the next three to five years. The 73 respondents included 23 C-suite executives, 29 board members, 16 executives, three managers and two individual contributors from the U.S. and Canada.

Here's a quick summary of the results.

ROLES LEADERS MUST FILL

The key competencies report defined a "role" as work that must be done no matter the organization type or size; something against which we hire, promote, pay and separate employees; and work that's supported by various behavioral-based practices. Through a study of the talent literature, the report identified nine essential roles for top performance today.

Participants in the survey overwhelmingly indicated that to drive effectiveness in the next three to five years, credit union leaders must be able to fulfill the roles of "creating and cultivating culture" and "establishing a competitive and compelling vision."

This result is in alignment with the industry's motto of being "people helping people" and also what it takes to lead through the volatile, uncertain, complex and ambiguous environment in which our industry is operating.

BEHAVIORS LEADERS MUST PRACTICE

The report defined a behavioral "practice" as the specific knowledge, skills and attributes a leader needs to be successful. The research showed that the top three behaviors are "vision and strategy formation," "leading change and transitions," and "critical thinking." Having a "growth mindset" and "motivating and influencing" others were the next highest-ranked behaviors.

Leaders, managers and individual contributors who are aligned with the roles and behaviors needed for success are a must-have. As the marketplace continues to shift, the needed roles and behavioral practices will change as well. Through membership, events and consulting, CUES is poised to help both credit union leaders stay on top of the best practices that will lead to success.

John Pembroke *is president/CEO of CUES.*

Leave a comment at cumanagement.com/0922playbook.

"Serving as a mentor has allowed me to contribute to the broader credit union goal of 'people helping people,' and I took the next step toward becoming a leader. Being a mentor gave me some experience with the kinds of duties managers have without the full responsibility of a managerial role. By the end of the mentoring experience, I was more confident in my ability to guide others and in my own abilities as a closer."

Aaron Goettel, mortgage loan closer at Ent Credit Union (*ent.com*), Colorado Springs, and a graduate of Ent's first EntRANCE group, in "Lending Insights: A Young Pro's Views of Development Program" (*cumanagement.com/0922lendinginsights*)