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CUES Video

Resilient Leaders Leverage Dynamic Integration

Heather McKissick, I-CUDE, CEO of CUES, describes three components that make up "dynamic integration," which can help resilient leaders more effectively lead their organizations.

cumanagement.com/video120123

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Golden 1 CU Takes Belief in DEI Into Awarding-Winning Action

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cumanagement.com/podcast156

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LET'S CONNECT

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Maui *Memories*

It isn't every day that I cry at work. But it does happen. I used to try to hide it. But now, instead of feeling shame, I embrace my tears as part of who I am.

"Why are you crying today, Theresa?" you might be asking. I'm glad you asked. Today I am thankful to be part of the credit union movement.

In times of crisis, the credit union world always amazes with how it comes together to help, support and comfort those in need. I am in awe of the good this community does every day, and more so during tough times. Being part of such an amazing group fills me up and brings out the tears.

Your actions today have reinforced, again, just how special this movement is.

In August, when the wildfires burned on Maui, CUES was devastated. We have a very special connection to this beautiful island and its gracious inhabitants, having hosted 10 events there since 2000.

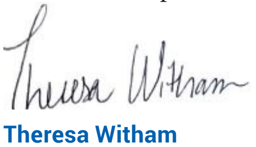
I was privileged to visit Maui with CUES back in 2006. I brought my then-fiancé with me. It was his first trip to Hawaii. We drove all over the island, enjoyed the amazing food at Mama's Fish House and saw so many whales! The highlight was a drive we took to Lahaina for dinner. On the way, we stopped at a roadside stand selling freshly squeezed guava juice. To this day that beverage is one of the most delicious things I've ever tasted. Then, we ate at a rooftop restaurant. My husband still has a photo of us from that night on his desk. It broke my heart to know that wonderful place and its amazing people were hurting.

As CUES prepared to return to the Hyatt Regency Maui last month for Directors Conference, we knew you, our members, would want to help. Wow, did you ever come through! Collectively you donated $13,000, enough to give a gift card to each Hyatt Regency employee who lost their home. You donated another $14,000 to the Maui Food Bank, enough to provide more than 56,000 meals.

In the press release issued by CUES, we quote Luke Yurek, Hyatt Regency Maui director of rooms: "I've been with this company for 12 years and I've never seen anything like this. The real beauty of this island is in its culture and its people; we now consider you and everyone in this room to be *ohana*—part of our family. Thank you so much. This is unbelievable, and we'll never forget it."

In addition, CUES committed to invest $15,000 in the relief and recovery efforts of the credit unions and people of Maui. Our CEO, Heather McKissick, I-CUDE, said it best: "The humanity and kindness the CUES Directors Conference attendees have shown warms my heart, knowing the cooperative spirit of credit unions is strong, and the credo 'people helping people' is alive and well. It was our goal to leave behind more than we came with, and we hope we have done just that."

I couldn't be prouder to be part of this amazing credit union family.



Theresa Witham
VP/Publications & Publisher

P.S. The CUES donation page has closed but if you would like to contribute, consider CUAid, which helps credit union employees and volunteers rebuild after a natural disaster (*ncuf.coop/disaster-relief*).

Luke Yurek, Hyatt Regency Maui director of rooms, and hotel staff affected by the Maui wildfires joined CUES CEO Heather McKissick at Directors Conference in December to receive the donations of CUES members and attendees.

YOUR THOUGHTS

WHY DO YOU LOVE THE CREDIT UNION MOVEMENT?

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

SPIRIT OF GIVING

CUES Directors Conference 2023 Attendees Unite for Wildfire Relief in Maui

Our heartfelt thanks goes out to our members, attendees and sponsors who rallied together under the “Spirit of Giving” to support those affected by the devastating wildfires that swept through Maui last August. These acts of generosity resulted in:

$13,000+

In gift cards, which were distributed to each of the 200+ Hyatt Regency staff members affected by the disaster.

56,000+

Meals provided by over $14,000 donated to the Maui Food Bank.

Mahalo to everyone who donated and showcased the cooperative spirit of credit unions to ensure a lasting impact on Maui’s healing journey.

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The Workforce *Challenge*

TRANSFORM YOUR CU's APPROACH TO TALENT ACQUISITION AND RETENTION IN THE NEW YEAR.

BY FELICIA HUDSON HANNAFAN

In the ever-evolving landscape of financial services and a competitive labor market, credit unions are grappling with talent management challenges. Whether job growth slows or unemployment rates change in early 2024 remain to be seen, but one thing is certain: Credit unions need to stay focused on attracting and retaining top talent and minimizing turnover to build a resilient workforce.

"It's an interesting environment right now, and organizations have to be flexible," says CUES member John Holt, president/CEO of $570 million Nutmeg State Financial Credit Union (*nutmegstatefcu.org*), Rocky Hill, Connecticut. "[Credit unions] have to be more compassionate than ever before with their employees. I think that they have to be more trusting of their employees and certainly they have to collaborate more with them.

"What I'm seeing in the workforce now is the need for good solid communication, collaboration and being able to give people a forum where they can talk, be heard and know that they're being listened to because the landscape is so competitive," he adds. "You have to obviously have good compensation plans and a good culture and work environment."

RECRUITING & RETAINING RIGHT

Remote work has obliterated geographical boundaries, allowing credit unions to tap into a global talent pool. However, attracting and retaining top talent in this environment requires a reevaluation of traditional recruitment strategies.

Keather Snyder, president/CEO of CUES Supplier member The Omnia Group (*omniagroup.com*), St. Petersburg, Florida, a firm specializing in behavioral assessments, says the goal should be not only to hire top talent but to keep them. She advises hiring managers to keep retention in mind during the recruitment process and to look at internal talent before going outside the credit union.

"Everyone is hungry for a new opportunity and the ability to grow," Snyder says. "Oftentimes leaders overlook the people inside. Starting there is key." Current employees may leave if they are passed over for advancement—a missed opportunity, since generally they are already a good fit for the culture.

"I'm also a big believer in fit, of course, because when it comes to finding people, there are all sorts of ways to recruit now," she continues. "The key is making sure you have the *right* people. If you get up every day and get to do the things that you enjoy doing most, you are going to do a phenomenal job in that role. And you're more likely to enjoy it and stay longer. Making sure they're a fit is key."

Snyder adds, "It is a very competitive market; the more you can make the job and benefits specific to the candidate is important." She notes that appealing to the right job candidates comes down to the basics of writing job descriptions, putting them in the places where you're most likely to find the people you seek and capturing what a day in the life in that role looks like.

Janice Shisler, CEO of CUES Supplier member JSpire Recruiting (*jspire.com*), Montgomery, Texas, sees credit unions more frequently hiring from outside the movement today, so it is important to be creative and flexible when it comes to benefits and compensation.

She says two of her recent CU placements came from CFO roles in banks: one from a $1 billion bank in Maryland, and another from a $3 billion bank in Virginia. "A lot of credit unions are looking at candidates with different profiles and different mixes," she says. "They're open to looking at people outside of credit unions, and I think it's fantastic—but again, that must come with some creativity on the compensation side."

One of Shisler's suggested recruiting enticements are retention bonuses. The hire receives an offer of their base salary with one bonus in 90 days an additional bonus in 120 days—then again in six months and 12 months. "We tier it to the point where it is an actual incentive," she says. "That has been very successful."

Shisler does caution talent recruiters to be conscious about compensation questions when interviewing candidates; in certain states, it is illegal to ask candidates their current salary. They can, however, be asked about desired compensation.

SHOWCASING CULTURE & VALUES

How can credit unions leverage their unique value propositions and community-oriented missions to further attract workers who might not have considered credit unions?

When recruiting, Snyder says, equally important to defining what a day in the job looks like is factoring in the culture and what differentiates the credit union from other companies.

"Culture is so important to the workforce today," she says. "Make your workplace and your workforce seen as compelling, engaging and enticing—more than just the work itself. What is it like to be there? That is critical; it's what appeals to talent today. People want to find purpose."

Holt agrees. "We do our best to showcase our culture—through social media, our website, recruitment materials, things of that nature—so people can feel and understand the type of culture we have." (You can find posts about employee honors, Hispanic Heritage month, community service and more on the credit union's LinkedIn profile at *tinyurl.com/nutmegstatefcu-linkedinfeed*.)

Holt adds, "We are a very transparent organization that believes in open communication. We have regular town hall meetings once a month where we communicate what's going on in the organization. When people see the values, propositions and the community focus that credit unions have, especially Nutmeg, I think they find that very attractive."

Holt says credit unions need to consistently emphasize that they support local communities and contribute to meaningful change. "Workers looking for purpose-driven work, especially younger folks, may be attracted to credit unions," he says. "We have found that they really want to work for an organization with a purpose with values that match their own."

Furthermore, Holt notes, in today's world, retention is about empowering employees. "They're a partner versus being an employee," he explains. "You hire people to support you, help you and to give you information to make the organization better. That's what they want, and that's how they want to be treated."

INNOVATIVE RECRUITMENT TECHNIQUES

Snyder notes that since credit unions are so community-oriented, they should consider how they recruit on college campuses. Beyond standard recruiting at job fairs, for instance, she suggests sponsoring specific clubs.

"Of course, college recruiting is a core," she says. "But get involved ... in the universities [by] sponsoring clubs that have the talent you're looking for. Work with local university faculty to have classes to tackle your strategic projects. I think this is something that organizations overlook sometimes."

As an example, Snyder proposes getting creative by sponsoring sales, marketing and data science clubs and bringing interns into the credit union to assist on projects. Judging club competitions is another option for building engagement with tomorrow's workforce. "Students will be exposed to opportunities that they may never have thought of. My team and I judge our city's university sales collegiate sales competition. We've been doing it for years. It's a phenomenal way to not only support students in your community but to also identify future talent."

Snyder says credit unions should also take advantage of their best recruiting tool: current happy and engaged employees. If your credit union doesn't already have a referral program, she suggests rewarding employees with bonuses for leveraging their own networks and bringing good people into the organizational culture. "Referrals are a great source of recruitment," she notes, adding that word-of-mouth is also key.

Snyder additionally explains that while some employees left their jobs during the Great Resignation, many have realized the grass wasn't necessary greener elsewhere. "We're seeing

> **"Communication from the leadership on down to the potential new hire is critical; it will set the expectations up front to be part of a great organization and great leadership team. They feel that they're going to be valued coming in as a new leader into the organization."**
>
> — Janice Shisler

> **"Everyone is hungry for a new opportunity and the ability to grow. Oftentimes leaders overlook the people inside. Starting there is key."**
>
> — Keather Snyder

some rebounding," she says. "Be open to accepting and bringing people back and not being bitter that they left."

(CAUTIOUSLY) CONSIDER AI

A 2022 survey by Eightfold AI (*tinyurl.com/8foldai-survey*) revealed that 92% of HR leaders plan to incorporate artificial intelligence in at least one major area of talent management. An SHRM survey that same year (*tinyurl.com/shrm-automation-survey*) found that 79% of employers currently use AI or automation in recruitment or hiring.

While AI can streamline such recruitment processes as writing job descriptions, summarizing candidates' qualifications, writing interview questions and onboarding, it's important to understand how best to use it while minimizing risk.

According to a study by Zhisheng Chen (*rdcu.be/dsXeB*), published by Nature.com's "Humanities and Social Sciences Communications" in 2023, "AI-enabled recruitment has the potential to enhance recruitment quality, increase efficiency and reduce transactional work. However, algorithmic bias results in discriminatory hiring practices based on gender, race, color and personality traits. The study indicates that algorithmic bias stems from limited raw data sets and biased algorithm designers.

Because AI is known to be biased, talent managers leveraging AI could be scrutinized by regulatory bodies on the watch for discriminatory hiring practices.

Holt says Nutmeg State Financial CU is not currently using AI for recruiting but acknowledges the potential advantages of cost-effectively automating such repetitive tasks as sorting through resumes, initial candidate screening and scheduling interviews. He also believes AI tools could provide an enhanced candidate experience. For example, conversational AI like ChatGPT (*chat.openai.com*) can provide immediate response to candidates' inquiries, improving engagement by keeping candidates informed throughout the process.

Holt also sees potential drawbacks, such as removing the human component of interaction if AI or automation are used too much during the recruitment process. "There could be a bias in the algorithms, if it's data-driven," he says. "Candidates might feel uneasy about AI analyzing their information, leading to trust issues. AI is so new; will the tools be compliant with labor and privacy laws? You have all those things to consider. The tools we use with our third parties that help us to recruit will probably in the future have AI built into them, as everything will. There is going to have to be a balance there. "

PRIORITIZE ONBOARDING AND ORIENTATION

Although it should be no surprise that onboarding is essential following the hiring of new staff, credit unions may not realize how essential it really is. Research by the Brandon Hall Group and distributed by Glassdoor has found that organizations with a strong onboarding process improve new hire retention by 82% and productivity by over 70% (*tinyurl.com/bhall-hirecost*).

"We make sure that once our employees are hired, they understand the total benefits or rewards," Holt says, "Oftentimes [an employee] gets a base salary, and they don't understand what they are truly getting when you add in the benefits. [We provide] a summary of all their benefits so they can see the total compensation."

Shisler says that in the later stages of recruitment, a leadership candidate might see themselves as a fit for the company but still question whether they are the right person for the specific role. Acting as facilitator, she often sets up virtual calls between candidates and the hiring manager to ensure a good fit.

"We talk through it," she explains. "Communication from the leadership on down to the potential new hire is critical; it will set the expectations up front to be part of a great organization and great leadership team. They feel that they're going to be valued coming in as a new leader into the organization."

Shisler adds that these conversations also serve to welcome the candidate with open arms, and candidates are appreciative of this extra step. "It is important that, at the end of the recruitment process, the organization make them feel welcomed and part of the team before they even begin their first day," she stresses.

FLEXIBILITY BOOSTS RETENTION

Employee engagement, a positive work environment and career advancement paths all contribute to job satisfaction and improve chances of an employee staying at an organization.

"Employees are demanding flexible work," Snyder says, pointing to a survey by FlexJobs that found employees are not just searching for remote jobs—24% of people are ready to sacrifice between 10% and 20% of their salaries to be able to work from wherever they want, as much as they want (*tinyurl.com/flexjobs-survey*).

"Employees are expecting that when they go for a job, it is either remote or at least hybrid," Snyder adds. "It's a requirement today. It's leveling the playing field; it's like you aren't even going to get a ticket to the game if you don't offer some sort of flexibility. It's just an expectation."

For CUES member David Tuyo, CSME, CIE, CCE, president/CEO of $1.2 billion University Credit Union (*ucu.org*), Los Angeles, implementing a remote strategy was a no-brainer.

Tuyo says he was intrigued after reading a Deloitte whitepaper about distributed workforces back in 2019. The report predicted gig work would account for 70% of all jobs by 2030. This model made him think about his own workforce. University CU headquarters, sandwiched between Santa Monica and Beverly Hills, is in an area with extremely high, often unaffordable rent, he explains. The credit union provided van pools to pick up employees beginning at 5:30 a.m. for a two- to three- hour commute, depending on traffic. Employees would then board the van at 5 p.m. for the same lengthy return home. He says the commute to and from the credit union made it hard to recruit and retain employees.

That year, he and his team built policies around what remote work would look like for employees based on those experiences.

MORE ON TALENT STRATEGY

Leadership Alignment Benefits Both Executives and the Board (*cumanagement.com/1123alignment*)

Purposeful Talent Development: A Culture of Learning Builds Resilience (*cumanagement.com/112723blog*)

Podcast: Executives and CUs Can Win the Financial Game Together (*cumanagement.com/podcast153*)

Mitigate the Flight Risk of Newly Promoted Employees (*cumanagement.com/podcast155*)

HR Answers: Top Talent Development Challenges (*cumanagement.com/1123hranswers*)

"They're a partner versus being an employee. You hire people to support you, help you and to give you information to make the organization better. That's what they want, and that's how they want to be treated."

— John Holt

When the pandemic hit in 2020, the credit union already had a plan in place, and all employees began working from home. Not only did this flexible work environment help University CU in terms of convenience, but Tuyo says productivity skyrocketed.

Ninety percent of Tuyo's staff now work remotely nationwide, and his policies have proven instrumental to retention. He says before remote work, the furthest distance an employee was traveling to the credit union was 52 miles. "If another employer offered a job that was that was closer to the employee's house, they would often take it," he says. "It was a difficult environment. Our turnover was very high, but now it's down into the single digits. We continue to have great success, and we're not turning back."

UPGRADE VIRTUAL COMPANY CULTURE

Sustaining a cohesive company culture becomes more challenging in a remote setting. As such, organizations need to invest in virtual team-building activities, clear communication channels and innovative ways to foster a sense of belonging among employees working from diverse locations.

"Hybrid and remote teams love cultures that care, and they love to be involved in it," Snyder says. "Create cross-functional events and activities for your credit union to give back and to spotlight them.

"Not only are you marketing your brand that you are a community-minded, social-oriented organization, but it also allows you to provide leadership skills maybe to front-line staff who haven't yet had any leadership experience," she adds. "Now they're leading the next Habitat for Humanity build or managing the food drive and donations for the holidays. They're building symbols that are making them better employees for you to promote and develop."

Tuyo notes that University CU has a regular "Day of Champions" celebration of all employees, which can help foster engagement among remote team members. He says it's a "tremendous environment" where many employees can participate in celebrating each other virtually.

MITIGATING TURNOVER

Creating an effective retention strategy requires identifying the reasons employees leave. People leave organizations for many reasons, including a noncompetitive benefits package, limited career advancement, lack of support or to attain a better work-life balance. A credit union's retention strategy should include feedback from staff and a plan to address concerns.

When it comes to reducing turnover, Holt says that knowing what employees value is essential. "Three things have come up in our employee surveys: collaboration, communication and upward potential," Holt says. "People want to know what the path is to grow. Then they obviously want to have a good, flexible working environment. When we conduct employee surveys, these are the big words that stick out for us. We know that we're not perfect. I don't know if you can be for everyone, but we certainly try. I think we're doing a good job, and we have a solid team now. I'm amazed by them."

Tuyo says that, with a remote workforce, University CU can source higher quality talent living in various states at more cost-effective wages than by hiring only people who live in the Los Angeles area. By having remote staff, the credit union minimizes location-related turnover while managing its expenses from a salary perspective.

"People are staying longer, and their engagement levels are higher as well because they get to live their best lives," he says. "As measured by our quarterly annual surveys, we went from 55% engagement... to 78% today. We continue to go up every time we do a survey."

Successfully tackling the challenges of recruitment, retention and turnover in the new year and beyond will require a comprehensive and agile approach. By optimizing recruitment, developing proactive retention strategies and understanding turnover triggers, credit unions can build resilient and innovative workforces.

Formerly a member of the CUES marketing staff, **Felicia Hudson Hannafan** *is a writer based in Chicago.*

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Disruptors *Disrupted*

THE SHARP ECONOMIC TURN UPENDED THE FINTECH WORLD, CREATING NEW RISKS AND OPPORTUNITIES FOR CREDIT UNIONS.

BY RICHARD H. GAMBLE

What a difference a year or two makes. If the sudden surge in inflation and interest rates in 2021 caught some credit unions unprepared, the challenges many have faced in sorting out their relationships with fintechs probably has been even greater. Now CUs are relearning who fintechs are and how they can work with them.

"We've looked at fintechs as 'frenemies,'" explains CUES member George Rudolph, CEO of $8 billion PSECU (*psecu.com*), Harrisburg, Pennsylvania. "While arguably they have disintermediated traditional financial institutions, they can be important partners as well."

Circumstances have made things a lot friendlier. "There has been a shift in the balance of power in favor of credit unions for the first time since fintechs originated," Rudolph notes.

"CUs now have more leverage than ever because fintechs are in dire straits," observes Lee Wetherington, senior director of corporate strategy for Jack Henry (*jackhenry.com*), a CUES Supplier member headquartered in Monett, Missouri, but that also means CUs need to exercise more due diligence than ever. "It's no small matter," he points out, "to partner with a fintech and embed them in a CU's infrastructure only then to have them fail."

Disruptive disintermediation is giving way to constructive collaboration, reports Vladimir Jovanovic, VP/innovation at CUESolutions provider PSCU (*pscu.com*), the large payments-processing credit union service organization based in St. Petersburg, Florida.

What are the popular niches for fintech collaboration? Jovanovic cites attracting new members, instant decisioning, loan acquisition, authentication and process automation.

TWO GAME PLANS

Credit unions are responding by using fintechs a little or a lot. PSECU wants a little collaboration. "We're pretty selective" when it comes to partnering with fintechs, Rudolph says. "A lot of today's fintechs didn't exist before 2017 and don't have a real track record. They've never been through this kind of economy."

So PSECU primarily uses two or three fintechs to provide assets, largely auto loans and unse-

> "CUs are struggling with the very high expectations of their members in this digital age. Using fintechs to help them grow and compete is critical, but that's a noisy ecosystem, so making the right choices is a challenge."
>
> — Brian Bodell

cured lines of credit, Rudolph reports. "We've reviewed dozens but settled on a few for the moment. For the most part, we like to keep our lending in the communities we serve."

PSECU execs found fintechs to be "a nice relief valve" when the CU had a surge in COVID-related liquidity and needed loans, Rudolph recalls. "Now, of course, we don't need that. We're at a 90% loan-to-share ratio, so we have reduced our use of fintechs."

However, $7.6 billion MSUFCU (*msufcu.org*) currently sees a lot of reasons to collaborate with fintechs, according to Ami Iceman-Haueter, chief research and digital experience officer of the E. Lansing, Michigan, CU with ties to Michigan State University.

In one way or another, MSUFCU has relationships with more than 20 fintechs. The CU owns a CUSO, Reseda Group (*reseda group.com*), that has equity investments in more than a dozen fintechs, as well as operating partnerships with fintechs across a broad spectrum of activities.

The key to success, she says, is to form true partnerships, based on shared goals and values, that go beyond a vendor relationship. "If you don't vet them up front for that fundamental alignment," she says, "you're likely to regret it."

In the past five years, trust in fintech has grown, Iceman-Haueter says. "There had been a mindset that fintechs were out to take advantage of CUs," she recalls. "We've moved past that."

For MSUFCU, fintech partners are not captives but neither are they stand-alone entrepreneurial ventures.

"You want fintech partnerships that endure, and you have to decide how far you are willing to go to support them," Iceman-Haueter notes. "Your infrastructure has to be flexible enough to keep going if a fintech partner doesn't make it or changes its goals—because that happens." The CU can be part client, part sponsor.

"We've been able to support a few in a big way," she adds, referring to the Reseda Group. "This is a really weird time for financial institutions, for the global economy. Being supportive can be wise."

MSUFCU and Oakland University Credit Union (*oucreditunion.org*), worked with Nymbus (*nymbus.com*), a digital banking and core platform provider, to launch two digital brands in 2023: AlumniFi Credit Union (*alumnifi.org*) and Collegiate Credit Union (*collegiate cu.org*). The Oakland University CU, Alumnifi CU and Collegiate CU brands operate under and within the assets of MSUFCU.

AlumniFi CU is designed for recent college graduates, Collegiate CU for current students; both are organized as micro credit unions. Prospects can become members of AlumniFi CU or Collegiate CU. They have no unique staff members—MSUCFU and Nymbus handle whatever people need to do, she explains. But they do have call centers staffed by Nymbus.

"We operate them as tradenames of MSUFCU," Iceman-Haueter explains, "so they have the same requirements, charters and standards as MSUFCU and the same board of directors."

After a few months, she reports, the two had 200 members combined as of last fall.

As part of a larger vision for partering with institutions, "we partner with colleges and universities to provide financial education and support through the institution to their students, faculty and staff through AlumniFi and Collegiate," she continues. "They in turn support our presence on campus.

"Our first active partner is Olivet University in Olivet, Michigan; we are currently working with several other institutions on partnership agreements. But all of these organizations have unique relationships with us to ensure we can support the needs of those we serve."

'GOLDEN' ERA

Under stress, fintechs are redirecting their efforts. The big fintech focus today, Wetherington points out, is on boosting generative artificial intelligence in ways that let CUs provide better, faster personal service to members at lower cost. "It's raising the standard," he says.

For example, a member sees a lower-than-expected balance and an unknown transaction or two and panics, Wetherington illustrates. With the right technology in place, sometimes from a fintech, the member can touch a button on a mobile banking app and be talking with a knowledgeable, sympathetic person in seconds. "They get answers they can trust from a responsive human in their moment of need. It's people helping people taken to a new level.

"We're on the cusp of a golden era of relationship banking," Wetherington envisions, especially for credit unions. With AI, the touches can be better, and the efficiencies can be better. One member service rep can deal almost simultaneously with up to a dozen members in need, he says, and that MSR, seeing all that data, can grasp the situations better and faster.

The MSR is still human. "Until we have clear regulatory guidance," Wetherington says, "generative AI will be assistive and curated by people at the credit union, enabling higher quality, human-to-human, real-time contact that members want in critical situations."

This golden era presumes—and it is a big presumption—that CUs have their data houses in order across every silo and available in real time, Wetherington cautions, "ready to feed, train and tune the large language models from Google (*google.com*), Open AI (*open ai.com*) and others.

"You need to be plugged into open banking rails to bring your members' data from other financial institutions, fintechs and financial apps," Wetherington points out. "A member may have 14 financial relationships with relevant data. You need it all to

get that 360-degree view of the member's status. Then you can really use AI to turbocharge and transform the member service for which credit unions are known."

Who are the big players in this space? Wetherington mentions Interface AI (*interface.ai*), Kasisto (*kasisto.com*) and Personetics (*personetics.com*), as well as Jack Henry's Conversations (*banno.com/conversations*).

There are still niches other than AI where fintechs are active. Responding to market demand, the focus of fintechs has shifted, Wetherington reports. "There are fintechs of all stripes to help CUs with almost every aspect of operations," he explains. But now demand has surged in leveraging data and using it with AI to level playing fields with banks and neobanks.

"It's definitive," he says. "Our survey shows that, for credit unions, the top strategic priority for 2023 and 2024 was not deposits. It was leveraging data. The No. 2 and 3 priorities were improving member acquisition and member experience."

Fintechs have targeted key financial needs that are pressing CUs, he says. "Some fintechs target new channels for loan growth. Some offer deposit-gathering aids. They can address revenue growth, profitability and efficiency," he reports.

CHOOSING A FINTECH PARTNER

It's no surprise that matchmakers have shown up. Curql (*curql.com*) makes equity investments in 23 fintechs through two funds on behalf of 68 CU stakeholders and another 43 subscribers, reports Nick Evens, president/CEO. "We facilitate collaboration," he says.

"We think it's a compelling proposition," he explains. "With venture money no longer available, fintechs love the prospect of attracting strategic investment dollars ... from 111 potential customers, primarily large CUs. The CUs get to see transformative technology from fintech CUSOs that have been rigorously vetted and could bring an attractive ROI and could be strategic operating partners."

Curql may work for members. How do other CUs make good fintech choices?

"I just attended the TruStage Ventures summit (*trustage.com/ventures/fintech-forum*)," Alex Johnson, founder of Fintech Takes (*workweek.com/brand/fintech-takes*), reported last fall. "Everyone there was offering CU solutions. They ran the gamut—member acquisition and retention, new product development, back-office automation, process efficiency, profitability modeling, chatbots. The solutions often featured generative AI and open banking. They all wanted to work with CUs.

"Go to fintech events to learn the landscape," he recommends.

There are currently about 10,000 U.S. fintechs, 26,000 in the world, and over a long timeline, 70-75% of them fail, according to Wetherington. "It's always been high-risk, high-reward investing," he notes.

So how can a CU carefully find the right partner and successfully navigate that potential minefield?

"CUs are struggling with the very high expectations of their members in this digital age," notes Brian Bodell, VP/fintech solutions at CUESolutions provider TruStage (formerly CUNA Mutual Group, *trustage.com*), Madison, Wisconsin. "Using fintechs to help them grow and compete is critical, but that's a noisy ecosystem, so making the right choices is a challenge." It has to start with the CU's strategy, he says, followed by the right level of planning, due diligence and governance.

To find a fintech partner, a CU needs to explore but quickly filter out the 99% that are irrelevant, Johnson advises. Try to find organizations that are already filtering, he suggests. Some venture investment funds have CU investors; they might have a head start, he points out. Some CUSOs have fintech accelerators and are plugged into the marketplace. "Look for active areas of fintech-CU collaboration and start there," he suggests.

And go to fintech conferences, he adds, echoing Johnson's advice. "This is a good time to explore."

Working with product-specific fintechs "takes more work on the investigation and integration end," Johnson concedes. "They won't be for everyone, but if you're able to put in the work, you might reap rewards."

Credit unions saw what was happening, and a few created their own fintechs through such industry players as TruStage and PSCU. While mutual and CUSO fintechs allow owners to compete in the fintech space and focus on solutions that fit cooperative financial institutions, they're still vendors, Johnson cautions, and credit unions will want to consider how dependent they want to be on any one vendor.

CUs collaborate, and that's important when it comes to selecting fintechs, Bodell says, so talk to peers. It's tough to beat word-of-mouth endorsements from other CUs.


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MORE ON FINTECH

Make Fintech Decision-Making Easier (*cumanagement.com/0223fintech*)

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CEO Institute: *FinTech* (*cues.org/fintech*)

"Credit unions are starting to work with CUSOs that directly negotiate with fintechs, choosing one or two to partner with them to build solutions that would have scale," he observes. "Fintechs are ready to partner with financial institutions to achieve meaningful penetration and, frankly, to survive."

Smaller credit unions with limited resources often work with fintechs individually, Jovanovic notes, but there can be integration challenges. "Fintechs don't always understand how credit union infrastructures work," he points out. "Having a technology bridge between the fintech and the credit union can be useful." That's a service PSCU provides.

Credit unions can piggyback on research by a company like TruStage, which vets and invests in fintechs through its Ventures portfolio, explains Sam Das, managing director of TruStage Ventures (*trustage.com/ventures*). Selection can be a seal of approval that credit unions can use in their own research, he suggests.

The promises of technology collaboration with fintechs are a better member experience *and* lower costs—and that's entirely possible, Bodell says. "With available products, a member can open a deposit account in two minutes at any time and without requiring staff assistance. That's efficient for the CU and pleasing to the member."

THE PLAYERS

The fintech revolution has meant that market niches have all been pretty well explored, notes Tony DeSanctis, senior director at CUESolutions provider Cornerstone Advisors (*crnrstone.com*), Scottsdale, Arizona. Major competitors thrived and established themselves before the fintech downturn.

Chime (*chime.com*) flourished by targeting the unbanked. "Margins were very thin," DeSanctis points out, "with income mostly from interchange, but it gave many low-income people access to checking accounts with debit cards and allowed them to avoid check cashing and payday lenders. It was a market banks and CUs pretty much neglected."

Sofi (*sofi.com*) started by refinancing student loans. Once they gained trust, they expanded into other financial services, DeSanctis adds.

Greenlight (*greenlight.com*) scored as a debit product designed for parents to give their kids banking services that the parents could monitor and control, DeSanctis reports. It was a foothold in the younger generation, he notes.

In the payments space, fintechs started out as disruptors, grew and consolidated and now threaten to dominate the market, increasingly sidelining CUs and banks and taking away much of their traditional interchange revenue, DeSanctis points out. Venmo (*venmo.com*) was a formidable disruptor, offering a P2P product that depended on the traditional settlement rails in the banking system. Some banks could see the threat and created Zelle (*zellepay.com*).

But Venmo merged with PayPal (*paypal.com*), and Cash App (*cash.app*), a Square (*squareup.com*) product that is now part of Block (*block.xyz*), expanded into merchant acceptance services to create closed loops that could operate outside the banking system.

"These players now have their own ecosystem," DeSanctis observes, "and financial institutions are losing revenue. These giant fintechs have embedded themselves in digital wallets." Merchants like McDonald's, Starbucks and Amazon accept payments through these networks, he adds.

According to a recent Worldpay study (*worldpay.com*), DeSanctis reports, digital wallets were the No. 1 payment preference for online purchases last year for the first time.

"They are becoming the primary payment option, especially online," he says. "Financial institutions are being pushed into the background." Disruptors have taken over.

The direct-to-consumer fintechs pose serious competition to credit unions, DeSanctis notes, but some were created to help CUs extend their reach. Fintechs like Alkami (*alkami.com*) and Q2 (*q2.com*) offered CUs digital platforms that could imitate the digital portions of the Chime/PayPal experience, he adds. There are fraud-detection fintechs and value-add fintechs like SavvyMoney (credit scoring and digital personalization; *savvymoney.com*) and MX (*mx.com*), which gives CUs data management tools.

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Helping Members *Reach Their Next Destination*

CUES member Jayde DelGado, CCM, branch manager at Harborstone Credit Union, was named the 2023 CUES Emerging Leader.

2023 CUES EMERGE WINNER JAYDE DELGADO ADVOCATES FOR A TRANSITIONAL HOUSING LOAN PROGRAM.

BY DIANE FRANKLIN

MORE CUES AWARD WINNERS

Leveraging Data to Promote Positive Change (*cumanagement.com/0123data*)

Authenticity Is Her Superpower (*cumanagement.com/1123success*)

Building a Culture of Success (*cumanagement.com/1123success*)

CUES Awards (*cues.org/awards*)

In this age of skyrocketing rent, the business case that Jayde DelGado, CCM, presented during the competition phase of the 2023 CUES Emerge program (*cuesemerge.com*) could not have been timelier. Providing details of a transitional housing loan program punctuated with an emotional personal story, DelGado impressed a team of judges who named him the 2023 CUES Emerge winner in October.

The CUES Emerge program, co-developed with CUES Supplier member Currency (*currencymarketing.ca*), offers a mix of virtual education, mastermind sessions and peer collaboration. DelGado, branch manager for $1.8 billion Harborstone Credit Union (*harborstone.com*), Lakewood, Washington, was one of 36 up-and-coming credit union leaders selected to participate in this year's program. He also was among the five finalists chosen to present their business cases in a live pitch show, hosted by Currency's Tim Alpine on Oct. 4.

DelGado began his presentation with the story of a young couple whose lives were thrown into turmoil when their lease renewal came due with a $500 hike in rent. Already on a tight budget, the couple couldn't afford the increase and decided to move. They found a great place in a nice neighborhood, but there was a problem: They were $5,000 short of the funds needed to cover first and last months' rent plus security, pet and damage deposits. What could they do? Taking out a personal loan would be too costly because of their poor credit score, and they were reluctant to ask family or friends for the money. They briefly considered living in their car, but that would be impossible since they had a small child and another on the way.

DelGado told this story to establish the need for a loan program that would help couples like the one he described. He revealed that the story wasn't hypothetical—it happened to him and his wife, Chelsea, eight years ago. Looking back at his brush with housing insecurity, he considers himself fortunate that he and Chelsea had the option of borrowing money from DelGado's mother to finance their move. Today, they are doing well. They have improved their credit score, bought a home, and are providing a secure environment for their three children, Ava, Elliana and Oliver.

"I remember the relief we felt, the weight lifted off our shoulders, knowing we would be OK and wouldn't have to live in the backseat of our car," DelGado reflects. "It was a challenging time, but I'm grateful we were able to get through it and never look back."

The problem of unaffordable rent increases has only gotten worse in recent years. "Not only is this something that I've gone through myself, but it's happening currently to people I know," DelGado says. "One of them, faced with this dilemma, opted to take the rent increase and get a second job. It breaks my heart to see someone work 70 hours a week when they have young children at home."

A NATURAL EMPATH

Knowing people who are in this situation inspired DelGado to make transitional housing loans the subject of his CUES Emerge business case. "I'm a natural empath," he says. "It doesn't take much to get to my emotions. Rather than feeling powerless to help, I thought, 'There's got to be something we can do as a $1.8 billion credit union to provide these families with a lifeline.'"

"Jayde identified a felt need in our community. That's why we exist as credit unions—to meet the needs of the people we serve."

– Geoff Bullock

As manager of Harborstone CU's branch in Federal Way, Washington, DelGado has spoken to local nonprofits that affirmed the importance of providing financial support to assist these people with their moving costs. "That's the No. 1 problem for many people—they can't afford to move," he says. "They don't have the substantial deposits required to get them to their next destination."

DelGado's business case calls for a close-ended, unsecured loan designed to cover first month's rent, last month's rent and required deposits. The loan would cap out at $6,000 per family at 12.99% APR and a maximum term of 72 months. As a community development financial institution, Harborstone CU would be able to backstop the program with a CDFI (community development financial institution) grant.

To be eligible for the program, members would have to meet four criteria: (1) be employed for 12 months; (2) have a signed lease agreement showing the amount needed and where it would go; (3) have a minimum credit score of 520; and (4) agree to attend a financial counseling session with a certified financial counselor at the credit union.

"Through counseling, we can help address some of the root issues they're dealing with and provide them with financial empowerment on a holistic level," DelGado explains.

BUILDING HIS CREDENTIALS

DelGado has used his empathy on behalf of credit unions members during his seven years of branch management experience. He first managed a branch in Port Orchard, Washington, for Alaska USA Federal Credit Union (now $11.8 billion Global Credit Union, *globalcu.org*). Four years later, he became a branch manager at Harborstone CU. "I've been here three years now, and I'm loving every day," he says.

Since coming to Harborstone CU, DelGado completed his bachelor's degree in finance from Central Washington University (*cwu.edu*). He plans to start working on an MBA and is looking forward to taking advantage of the prize package he received as CUES Emerge winner—coaching services from CUES Supplier member Envision Excellence (*lauriemaddalena.com*) and a scholarship to attend CUES Advanced Management Program from Cornell University (*cues.org/amp*).

DelGado plans to build his industry credentials with the goal of becoming a CEO someday. He has an excellent mentor to emulate in achieving this career trajectory: Harborstone CU's President/CEO Geoff Bullock. Bullock, a CUES member, won the 2017 CUES Next Top Credit Union Executive competition, the predecessor to CUES Emerge, when he was a financial education specialist at Firefly Credit Union, Plymouth, Minnesota (now $4.7 billion TruStone Financial, *trustonefinanial.org*). Since his win, Bullock has taken on increasingly higher positions in the industry. He also generously shared his leadership knowledge as a CUES Emerge Mastermind, mentoring the 2020, 2021 and 2022 cohorts. With his move to Harborstone CU in October 2022, he affirmed the prescient nature of his NTCUE title by becoming a CEO.

"Geoff's story shows the value of participating in the program," DelGado says. "To see him go from winning Next Top Credit Union Executive to becoming a CEO, while passing on what he's learned about leadership, I think is amazing. So much of his path is the path I want to follow. For him to show the way, to support me on my path and to be the biggest advocate for these programs that help give us the tools needed to take our careers to the next level—I'm so grateful for that every day."

Bullock, meanwhile, is not surprised that DelGado prevailed in the competition. "I'm incredibly proud of Jayde," Bullock says. "The whole organization rallied around him and was rooting him on. He is someone with a tremendous amount of heart. He's compassionate, he's driven, and I love his competitive spirit."

Affirming the value of DelGado's business case, Harborstone CU intends to pursue implementing a transitional housing loan program in 2024. "Jayde is going to speak about the project to our board in February," Bullock reports. "It will take some time to work out the logistics, but the idea is great. It's especially relevant to the housing issues we have in our market. Jayde identified a felt need in our community. That's why we exist as credit unions—to meet the needs of the people we serve."

VALUE IN NETWORKING

Reflecting on his CUES Emerge experience, DelGado is grateful not only for the opportunity to present his business case but also for the education, peer collaboration and networking that the program provides. The broad range of business titles represented by the 36-person cohort ensured a diversity of perspectives.

"It was phenomenal," DelGado says. "Being a branch manager, I'm in a member-facing position, but we also had people from finance and accounting, from IT and development. ... Everyone was contributing, everyone was sharing. It was amazing getting a view from all those different lenses."

Like Bullock, DelGado is now a huge advocate of the CUES Emerge program. "I can't stress enough how incredible CUES and Currency have been throughout the whole process," he says. "Currency's abilities in digital media, digital communications and production are second to none. And CUES is so invested in the leadership of this industry. They're helping us live the credit union vision and be the best we can be for our members."

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

CEO as Master *Storyteller*

KNOWING HOW TO GIVE A GREAT INTERVIEW CAN HELP YOUR CREDIT UNION AND YOUR CAREER.

BY ART CHAMBERLAIN

In the past, a credit union CEO was always the guy, and yes most always *a guy*, who could explain a balance sheet, spot opportunities and challenges, and lead the way forward.

But nowadays, in addition to those skills, a CEO must be a storyteller who can weave the story of their credit union and how it can benefit members and the community. Telling that story well means placing a greater focus on the outside world and dealing with the media, both traditional and social.

"More and more, the visible external presence of the senior leadership is being emphasized and matters to the board and to the organization at large," says Heather McKissick, I-CUDE, CEO of CUES (*cues.org*), Madison, Wisconsin. "In the past, the role has been internally focused, operationally focused, but now credit union CEOs are being called to take on a more external-facing role, and some are better prepared than others."

McKissick notes that her background includes two English degrees. During her career, she has received communications and media training that has helped her handle interviews, presentations and the now-inevitable Zoom calls.

"The idea that a good media strategy is all you need is no longer the case because the credit union is no longer in control of the narrative. With social media, cancel culture and all the other factors that are contributing to the narrative these days, you have to be in a position to respond far more nimbly."

McKissick says all these pressures can increase the anxiety that credit union executives feel when faced with public issues. Her advice to leaders is that they take an inclusive approach to communicating not only with staff but also about any public-facing decision.

"The more inclusive our practices are when it comes to designing products and services or member outreach strategies or communication plans, the more likely we are to have evaluated those decisions through multiple lenses," McKissick says. "That not only is the right thing to do but also reduces the risk of being blindsided by somebody whose opinion was not anticipated."

RISK AVERSE

Julie Ferris-Tillman, a vice president at Interdependence (*interdependence.com*), a PR and strategic communications firm that has advised several credit unions, says that the credit union sector is fundamentally risk averse, and that affects its approach to media and public relations.

"When we come to them with an opportunity to lend commentary or thought leadership to something, the approval process can be long, and they want to finesse the wordsmithing. Their inner regulator is always at play about how carefully to say things."

But she sees more credit unions understanding the value of public relations. "That is a signal that they're understanding the value of the people who work there as commentators or the value of earned media and storytelling."

Increased competition from digital banks and fintechs is also putting pressure on credit unions, she says. "I think in that competitive space, credit unions are learning that they need to reach out more and reach out with more tentacles to get those members."

The last decade has seen the collapse of traditional print and TV media with hundreds of outlets closing and most others slashing staff. Ferris-Tillman says the changes have had a major impact on the way media operates.

"The No. 1 change hasn't been that there is necessarily less television or less print; it's the speed at which journalists turn around what they need, and the speed that they need it," she says. "But the speed that a credit union executive may be comfortable moving often doesn't match that pace."

Another change is the way reporters expect and want to get responses. "One of the things that we learn with our clients who haven't engaged in publicity in some time, when we mention that we've got an interview for them, they immediately start to say, 'Is this on camera?' But now, 80% of the time, journalists are giving us questions in advance and want written answers," Ferris-Tillman says.

CUES member David Tuyo, CSME, CIE, CCE, CEO of $1.2 billion University Credit Union (*ucu.org*) in Los Angeles, says he's been successfully using public relations and the media to build brand awareness with members and potential members and to reach out to potential partners. He highlights University CU's recent partnership with Georgia Tech as an example of the benefits of having a public profile. He spoke as part of a panel, and immediately after, the university's leaders who were in the audience approached and said they liked what he said and wanted to join forces.

INVEST IN TRAINING

The credit union offers media training to its entire executive team, but Tuyo and Chief Marketing Officer Tristan Dion Chen, also a CUES member, handle most opportunities.

"We spend a lot of time upfront investing in media training, either through our PR firm, through our marketing department, or just through practice and role-playing," Tuyo says.

All the preparation helps you be ready for the crises that are inevitable during a long career, he says, citing 9/11, the Great Recession, the pandemic and the latest Hamas-Israel war as events during his 23-year career that could require a CEO to comment.

"You need to be prepared that you may be questioned about it in a live setting, and if you don't have the practice, then you're not going to know how to cadence your speech. You're not going to know how to choose your words carefully. You're not going to know how to leverage a pause in a way that's going to allow you enough thinking space to process everything in real time."

"You need to be prepared that you may be questioned about it in a live setting, and if you don't have the practice, then you're not going to know how to cadence your speech."

— David Tuyo, CSME, CIE, CCE

In his enthusiasm for the topic, the words come tumbling out, and Tuyo admits that his biggest problem as a public speaker is a tendency to speak too quickly, noting, "The irony is I'm from Alabama," but there is no Southern drawl in his voice.

Tuyo recommends that executives mitigate the risks involved in media appearances by explaining to their board the process and the preparations involved. Those steps should include getting questions in advance, if possible, and researching the reporter or podcaster you may be talking to to learn how they operate and have a better understanding of what to expect.

After more than 20 years as a TV anchor and reporter, Leslie Rhode (*leslierhodestories.com*) of Austin, Texas, now uses her knowledge to help executives successfully tell their stories. "I prepare people in two ways. I prepare them physically so that they know how body language works and how you present yourself in the best way possible, and in the second way, which is the biggest thing, … that's the content, the story they are sharing with the world."

Often, too often, Rhode gets a frantic call when an organization is hit by a crisis. Her first comment is to tell them they should have called much sooner.

NEEDED SKILLS

"I think the best preparation for crisis response is proactive storytelling. But to do that, you really have to reflect on what the story is and be able to constantly tell it, through traditional media or social media. The best crisis preparation is to get people working on these skills long before the crisis."

These skills are crucial for anyone hoping to advance to a CEO position. "I think anybody in a leadership role ought to be able to know how to immediately jump in front of the camera or a reporter and answer questions," Rhode says.

Ferris-Tillman says a key advantage of using outside PR agencies is that they should have a better understanding of journalists.

"Any really good media training session is not just going to be, 'Say this word, not that word. Look at the camera. Stand up straight.' It's going to also explain the process of various media from podcast to print, how they operate and what that industry looks like on the inside, which gives an executive a better perspective of what can happen. In a risk-averse industry, outside public relations support can add a layer of comfort."

"There will be continued call for financial executives to provide some gravitas, to continue to educate us, to continue to be a bellwether, to continue to be counsel, and publicity is a great way for them to be able to do that."

— Julie Ferris-Tillman

MORE ON PUBLIC RELATIONS

Media Training Tips (*cumanagement.com/0219prinsight*)

Keep Your Reputation Intact After a Data Breach (*cumanagement.com/0118prinsight*)

What the Recent Bank Crisis Could Teach Credit Unions (*cumanagement.com/0423bankcrisis*)

"The experience of being rushed by people with cameras and microphones is something that you need to have rehearsed in order to be good at it," McKissick warns.

Often in an interview, there are questions that you don't want to answer or that will lead you away from the message you hope to convey. The first rule is never to say, "No comment," but bridge back to your key messages.

"That is a skill, and if it doesn't come naturally to you, or even if it does, it's got to be rehearsed," McKissick says.

Ferris-Tillman says executives need to think of their audience and realize that when doing media, the journalist is part of the audience and may have a different perspective.

She says that most people, including many journalists, don't understand the difference between banks and CUs, so it is crucial that executives outline the benefits before talking about what they see as their main story that day. "Before we can tell the story that you want for your credit union audience, we have to get those journalists to understand first, so it's sort of a two-step process."

Ferris-Tillman says the key to getting media coverage and being seen as a thought leader "is storytelling, but it's also marrying to the stories that journalists are already covering." For example, it could mean providing guidance for stories in the works on how to get the best mortgage rate.

KEEP IT SHORT

A key thing executives need to learn is how to speak to the media in short soundbites. "The change [on which] we have to coach credit union executives—or any financial executives—is that speaking to the press is a different kind of speaking. Folks in an executive role are already fairly good at controlling the room." But they are used to talking in detail to their board, their staff or on industry panels.

"The bigger pivot is to take this executive who's used to holding the room and giving a fairly long explanation and now has to learn the brevity of short and sharp quotable statements."

Rhode says she has seen people with 15 pages of key messages that they think they need to memorize before a media interview.

"When it comes to an interview, you need to narrow it down to some bullet points of three to five phrases. ... What do you want people to know about? The secret to me is how can you weave in your company's mission or brand values into that story in a real positive way."

She stresses the importance of preparing for an interview. "Create some questions that you think that person's going to ask you and then practice speaking out loud. Don't just write things down on a piece of paper. It's a different part of our brains when we speak out loud."

YOUR OWN PLATFORM

These days Rhode is getting more requests for help with social media and public speaking. "I tell people, 'If you have a social media platform, you basically have your own television channel or your own radio station.'"

Tuyo says he has appeared on many different podcasts, and University CU is now considering whether to launch its own. Given the nature of podcasts, the talks are usually much longer and more relaxed than media interviews. Executives should prepare by studying how the host operates, says Ferris-Tillman. Often the questions are more personal and reflective since the host isn't determined to get a short, quotable answer.

Given the continuing financial uncertainty and need for financial literacy, the need for executives to comment isn't going away, Ferris-Tillman predicts.

"There will be continued call for financial executives to provide some gravitas, to continue to educate us, to continue to be a bellwether, to continue to be counsel, and publicity is a great way for them to be able to do that. ... The choice, I think, is going to be to have executives offer comfort, guidance, advice and be more public."

Art Chamberlain *is a writer based in Canada who focuses on the credit union sector.*

Curate Benefits for *Multicultural Leadership*

ARE YOUR RETIREMENT PLANS MEETING THE NEEDS OF ALL YOUR LEADERS?

BY OPAL TOMASHEVSKA AND KWAME SMITH

Broadening the perspectives of leadership is becoming a strengthening pillar of credit union growth strategy. Not only can a diverse C-suite attract a diverse employee and member base, it can also inject top-down ingenuity capable of earning the credit union actual dollars-and-cents benefits.

More people of color are joining the C-suite and board-of-director ranks. Minority representation on credit union boards increased to 14.2% by 2021, according to a report from CU Collaborate (*tinyurl.com/4nbk49sj*). As for people of color holding management positions, the National Credit Union Administration's most recent self-assessment workforce profile shows a rate of almost 30% who identify as nonwhite (*tinyurl.com/y2ca3u2c*).

DIVERSITY CALLS FOR MINDFUL CHANGES TO PEOPLE PRACTICES

As these numbers indicate, strategically diversifying the C-suite and executive up-and-comers is not easy. It takes intention and mindful changes to hiring practices as well as internal operations. To attract, hire and retain diverse leaders, credit unions can consider a range of initiatives—key among them, rethinking executive benefits packages that can flex and shift to the distinct needs of each leader.

Benefits packages are critical retention assets, not only for current department heads but for those rising through the ranks. Emerging leaders who see the credit union's commitment to personalized experiences may be more likely to stick with the organization for the long term. That, in turn, increases the chances that leadership continuity plans will play out as designed.

GET CURIOUS ABOUT HOW DIVERSE LEADERS SEE THE WORLD

Hands down, the best way to ascertain what's important to any CU executive is to ask. That said, unless leaders know the right questions to ask, the strategy is a nonstarter. Complicating matters is that some people struggle to ask for what they want or even know what they want. For this reason, it is incumbent on CUs to increase their awareness of the many different attitudes, values, motivations and beliefs that exist across diverse leadership segments.

What follows is by no means an exhaustive collection of the nuanced mindsets that comprise multicultural leadership. Think of it as a tip-of-the-iceberg set of feelings and thoughts that run counter to the mainstream. Exploring how multicultural leaders may see the world differently builds empathetic muscles, making it easier for CU change agents to push against the status quo and make a meaningful difference.

LACK OF FAMILIARITY WITH RETIREMENT PLANS MOVES BACK THE STARTING BLOCKS

According to a report from the AARP (*tinyurl.com/3bb98kjw*), many multicultural employee segments in the private sector, but especially Asian, Black and Hispanic segments, historically have had

MORE ON DIVERSITY

Advance C-Suite Diversity With 3 Mindful People Practices (*cumanagement.com/1123csuitediversity*)

The Evolving Demographics of the USA (*cumanagement.com/0923evolving*)

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Designing Personalized Benefits Packages as Unique as Your Executives (*cumanagement.com/082323blog*) much less access to workplace retirement plans. Thinking generationally, credit union executives who did not grow up hearing parents and grandparents discuss 401(k) plans and tax incentives at the dinner table have a much different starting point when they enter the professional workforce than those who did.

In recent TruStage™ consumer research, Black, Hispanic and Native American people were least likely to own any investment products (*tinyurl.com/trustage2022report*). Most of the people of color who said they do own investments can credit the opportunity to their employer for sponsoring a plan. In addition, very few representatives of these segments said they work with a financial professional (37% of Black consumers, 25% of Hispanics and 23% of Native Americans).

When top-tier leaders have not received adequate exposure to proper benefits, they may not know to ask for them. It may be a much more equitable and transparent approach for CUs to advise—rather than to merely ask—which benefits executives to expect.

HOW TO EARMARK MONEY VARIES FROM EXECUTIVE TO EXECUTIVE

One person's vision of retirement may be quite different from another's. So, too, may the notion of how much money is enough—for not only retirement but also for leaving a legacy. Whereas one CEO may fantasize about leaving a windfall to a set of heirs, another may hold the financial values of a "die with zero" enthusiast (*diewithzerobook.com*).

The TruStage survey highlighted some of these differences when asking multicultural groups about their top concerns. For instance, a greater number of Hispanic people were focused on saving for retirement, whereas a greater number of Black consumers said leaving an inheritance was the most important factor to their investing.

It's important to consider that end goals aren't the only area of difference. As discussed above, starting blocks on the financial journey are set differently for traditionally marginalized groups. Female executives, for example, may come to a leadership position with fewer earning years under their belts. Their 35 biggest-income years, therefore, may not be as high as their male counterparts, reducing their expected Social Security payout.

Understanding the emotional drivers for investing, as well as milestones reached along the savings journey, can help credit unions collaborate more closely with their executives on designing the best benefits package.

PERCEPTIONS AND TOLERANCE OF RISK ARE AS UNIQUE AS THE LEADER

Interestingly, risk preferences across racial groups may also contribute to differences in financial investments. Hispanic and Black households tended to perceive financial investments as riskier than their White counterparts. According to the Office of Economic Policy from the U.S. Department of Treasury (*tinyurl.com/4shcwsvu*), between 2013 and 2016, 23% of white households reported being willing to take at least "above average" financial risk compared to just 17% of Black and 14% of Hispanic households.

Life insurance, in general, however, proved to be most attractive to multiracial and Black consumers in the TruStage research, with six in 10 saying they purchased life insurance within the last five years. Four in 10 said they intended to purchase life insurance in the next five years. Women, too, tend to have a lower tolerance for risk. In many ways, this makes female executives a great match for most CUs. Yet, the tendency to be careful can backfire when it comes to planning aggressively for a financial future.

CUs may want to consider the possibility that an investment benefit that appeals to some executives may be off-putting to others. Understanding how a particular individual performs their risk-reward calculation of different investment, insurance and retirement strategies will be essential to crafting a truly engaging package.

ASK EMPATHETIC AND EDUCATED QUESTIONS

Again, the above is merely a small sample of the full spectrum of executive needs and wants, beliefs and ambitions. Each credit union will require its own exploratory endeavor. If possible, learning sessions should be led—or at a minimum, attended—by an individual who shares a similar background with the executive. (They may need to join from outside the organization.) Especially for women and people of color, who tend to have greater battles with imposter syndrome (*cumanagement.com/0621imposter*), feeling they aren't up to speed on the smartest personal investment, insurance or financing strategies can get in the way of candid conversations.

When asking empathetic and educated questions of executives, consider the following questions. Giving the executive a look at them well in advance is a best practice, as is advising employees that participating in a learning session like this is purely optional.

- How do you feel about our credit union's existing executive benefits package?
- Does the package fit into your personal plans?
- What would you change or add?
- Would you advise a close friend with similar experience to accept the same benefits package?
- Are we neglecting to consider any cultural nuances in the design of our benefits package?
- Do you have financial goals that the CU can help accelerate?
- Who are the people you consider when you evaluate career or compensation decisions?

To ensure empathy-building with executives happens on a continual basis, credit unions may want to add regular exploratory talks about their internal policies and/or procedures. Working with an outside consultant committed to frequent touch-base meetings is another way to bake in some accountability to help keep executive benefits fresh, relevant and inclusive.

Opal Tomashevska *is director of multicultural business strategy for CUESolutions provider TruStage* (trustage.com)*.* **Kwame Smith** *is executive benefits specialist for Cuna Mutual Group/TruStage. They can be reached at* Opal.Tomashevska@trustage.com *and* Kwame.Smith@cunamutual.com.

Get Ahead of Fintech Trends *With CUES in 2024*

CUES announces that CEO Institute: *FinTech* is returning in 2024, allowing credit union professionals to deepen their understanding of advanced fintech concepts and learn more about the innovations brought about by fintech.

"Fintech has simultaneously opened many opportunities for growth and innovation and brought about extraordinary challenges and upheaval in the financial sector," says Dawn Abely, CUES' SVP/chief sales and member relations officer. "CEO Institute: *FinTech* helps attendees manage and deal with disruptions, explore how to achieve strategic goals through smart technology use, and quickly turn fintech challenges into growth opportunities."

CEO Institute: *FinTech* goes far beyond typical conferences with a curriculum designed and facilitated by CUES' partner, Cornell SC Johnson College of Business, to increase participants' understanding and stretch their thinking. Attendees will:

- Explore the competitive landscape, including how to best compete with other financial institutions and platforms.
- Deepen their understanding of advanced fintech concepts such as artificial intelligence, blockchain, cryptocurrency, machine learning and consumer analytics.
- Learn smart ways to apply these concepts to their credit union's operations.
- Discuss the builder mindset and innovation process, and learn what's next for fintech.

CEO Institute: *FinTech* is the latest in the line of prestigious CUES institutes developed alongside world-renowned learning institutions, which include CEO Institutes I, II and III, and CUES Governance Leadership Institutes I and II.

CEO Institute: *FinTech* is a stand-alone offering for executives; attendance at CEO Institute I, II or III is not a prerequisite, but alumni of these programs are encouraged to attend to continue their leadership journey.

CEO Institute: *FinTech* is happening April 15-19 at Cornell SC Johnson College of Business, Roosevelt Island, New York.

Learn more and register now at *content.cues.org/ceo-fintech*.

Announcing Enhancements to *CUES eVote Online Election Platform*

CUES is pleased to announce enhancements have been added to its online election platform, CUES eVote, offering an even more robust and accessible voting experience for credit unions and their members through:

- **Live election reports,** providing up-to-the-minute voter turnout and results
- **Enhanced mobile responsiveness,** giving voters greater functionality and easier accessibility using their mobile phones
- **A more integrated secure upload site,** enhancing CUES eVote's data security

"We aim to provide unmatched value and support to credit unions, and we're excited to offer this enhanced online voting platform to our members," says Heather McKissick, CEO of CUES. "Our new partner, Survey and Ballot Systems, has more than three decades of experience in online elections, and they have handled a substantial number of credit union elections during that time."

CUES eVote supports credit unions during the entire election process—from nominations, notifications and voting tabulation to final certification—and offers options for online, paper, phone or hybrid elections. Credit unions can also put CUES eVote on retainer and hold their election only if needed.

Learn more about CUES eVote at *content.cues.org/evote*. Learn more about Survey & Ballot Systems at *surveyandballotsystems.com*.

Online Learning

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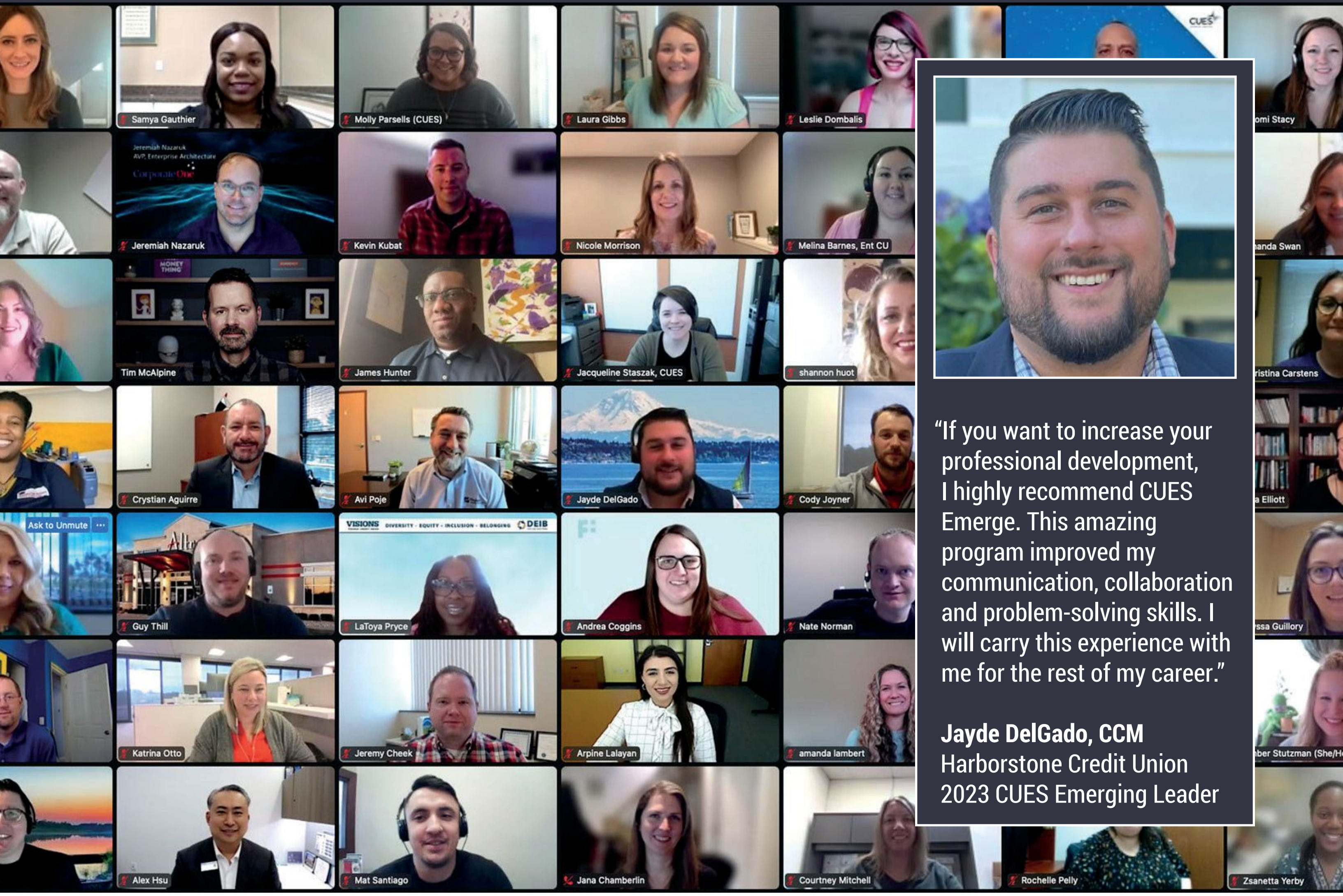

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A Culture of Learning *Builds Resilience*

BY LESLEY SEARS

According to statistics from McKinsey's State of the Organization 2023 (*tinyurl.com/mckinseyrpt2023*), 60% of leaders believe organizational resilience will become more important in the future, yet only 14% of organizations have adopted a fully agile operating model.

The same report found that resilient companies generated 10% more in total shareholder return between the fourth quarter of 2019 and the second quarter of 2020. Between Q2 2020 to the Q3 2021, the differentiated growth had gone up to 50%.

The report also found that publicly listed companies have found that when they involve more than 30% of their workforce in capability-building programs, they enjoy 43% and above benchmarks in total shareholder returns. In addition, organizations consider learning and capability-building as extremely important to their long-term resilience this year. (The number was 59% before the pandemic.)

These data points probably have you wondering what organizations can do to build resilience, right? McKinsey cited three things: respond quickly, empower employees to use their judgment and create a culture of continuous learning.

It's of course this third factor, creating a culture of continuous learning, that I want to look at more deeply.

LEARNING: A PRECONDITION FOR RESILIENCE

A great first step in building a culture of learning is setting a learning/knowledge vision for the whole organization. Ideally, your vision will be highly adaptable as the marketplace of staff (and member) needs shift. And ideally, your vision will be one that can and will be personalized to respond to the needs of each of your team members. You'll also want to build in metrics so you can check in along the way and adjust a bit if necessary.

It's important to keep in mind that both formal and informal learning play a role in an organization's overall ability to build capability among its team members.

To get you started, here are some concrete suggestions formulated based on ideas in the McKinsey report.

- **Build a knowledge repository.** Knowledge lies with individuals—but learning is social and learning from failure is paramount. You need a process for capturing what people know and storing that knowledge so other people in the organization can access it.
- **Think about learning as capability-building.** Building resilience requires making learning something that can be used effectively by the people in the organization to better serve the mission. When you think about learning this way, you will discover that sometimes you'll need your people to learn new things and sometimes you will need them to unlearn old things. The goal is for them to have the capability to do what the organization needs done.
- **Reinforce learning.** Be it in a classroom or online sessions, the overall experience of pre-, during and post-session debriefs defines what employees take back to their work from each learning.
- **Ensure learning is ongoing.** As you strive to build organizational resilience through learning, be sure to infuse resilience into your learning processes. This includes leveraging both technology and people to help team members learn, improve and adjust.

Organizations are not there yet in capability-building. McKinsey found 47% saying we need to act now and 43% saying they need to act soon. Where are you on building a learning culture for resilience?

Lesley Sears *is VP/consulting services at CUES and leads CUES Consulting (*cues.org/cuesconsulting*), which provides talent strategy support to credit unions of all sizes.*

Leave a comment at cumanagement.com/112723blog.

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