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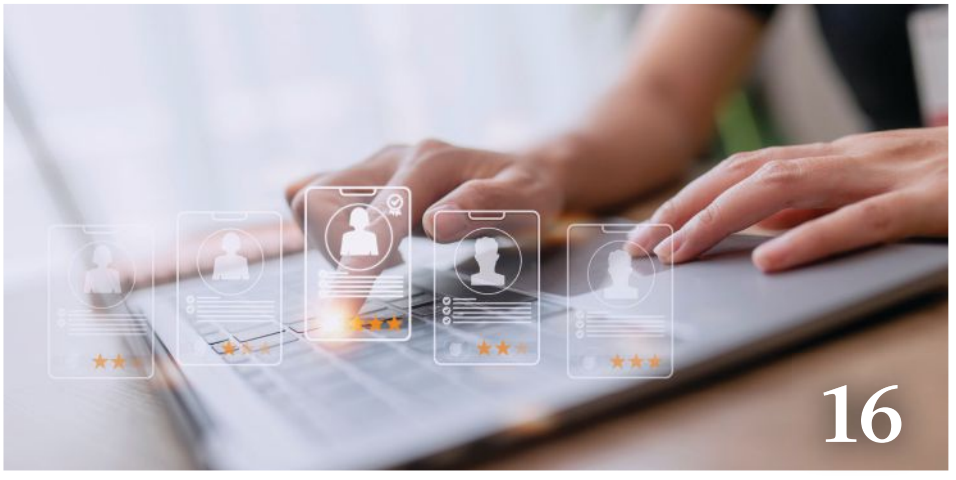
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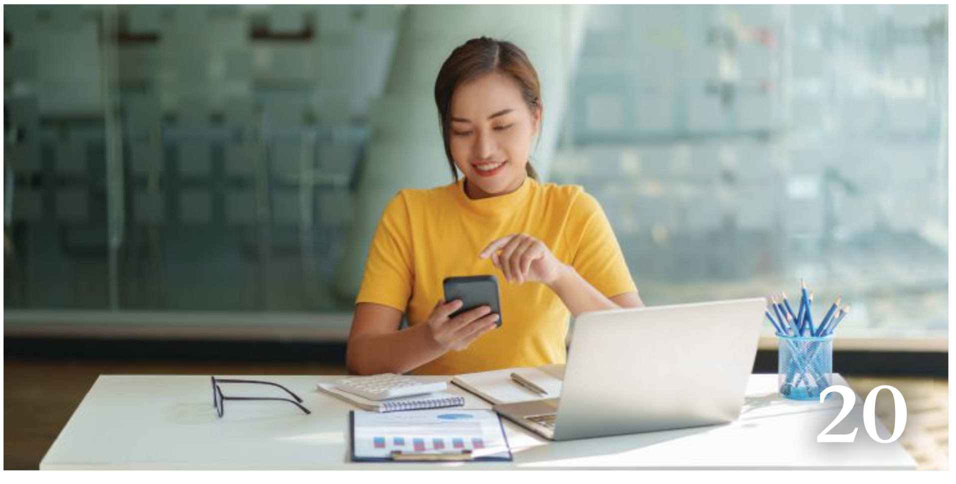
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FEATURES

>> Visit CUES.org to find the latest offerings suited to your job title, access to your member benefit portal and much more.

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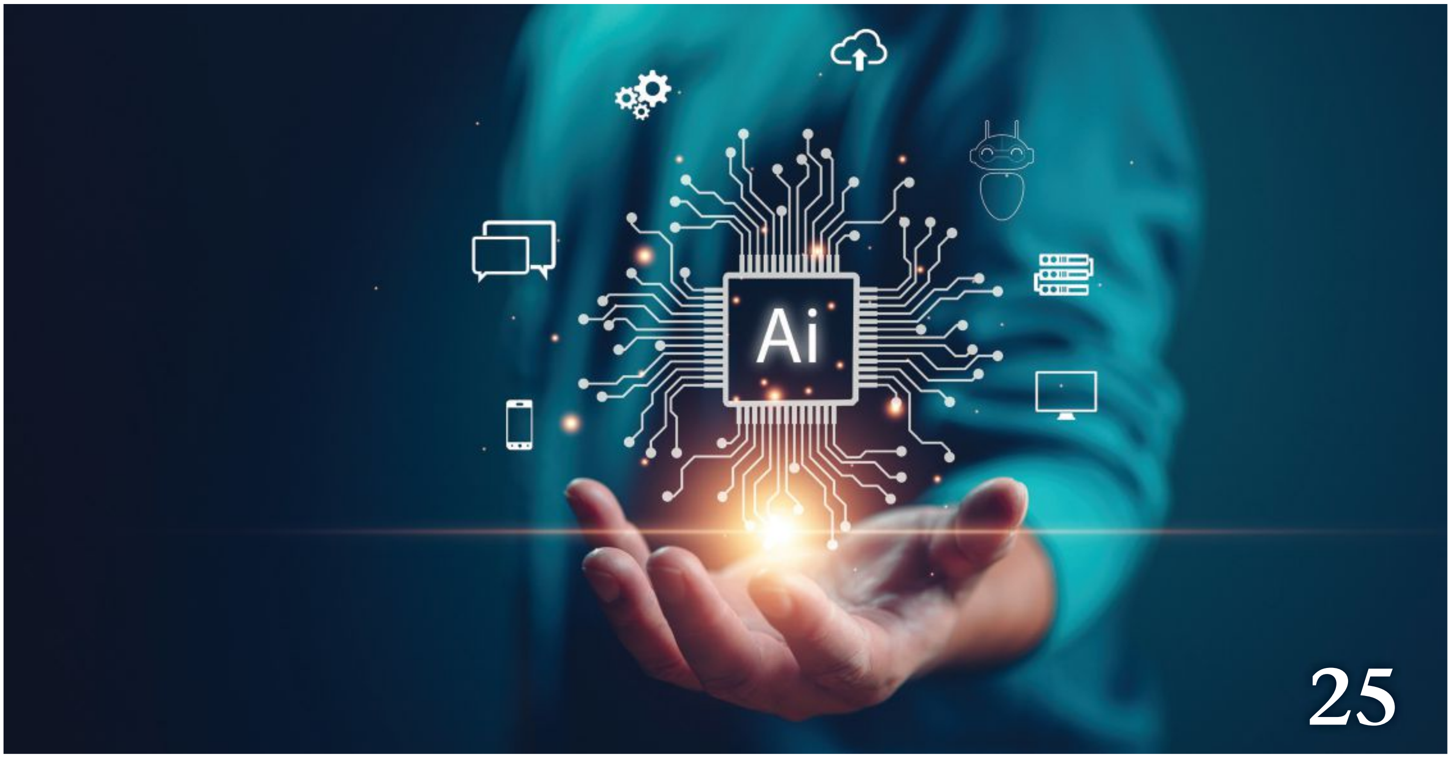
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Online-Only Column

Lending Perspectives: Empowering Members to Help the Planet and Their Pockets

John Tancevski, CEO of $1.3 billion Community First Credit Union, New South Wales, Australia, describes the evolution of green products at the CU.

cumanagement.com/0424lendingperspectives

CUES Video

Management, Leadership and Great Leadership

Cheryl Middleton Jones, chief people officer for PSCU/Co-op Solutions, discusses the differences between managers and leaders and the leadership qualities she's learned from experience and mentors.

cumanagement.com/video050124

Visit Us Online!

Scan the QR code to find all of the content on this page and more in the May digital edition of the magazine on CUmanagement.com!

CUES Podcast

Human-Centered Leadership

In this episode, returning guest Lesley Sears, VP/consulting services for CUES, explains the difference between a business-centered culture and a human-centered one. She also shares why centering your people will ultimately be better for the business.

cumanagement.com/podcast161

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LET'S CONNECT

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

YOUR THOUGHTS

HOW WOULD YOU DESCRIBE YOUR CREDIT UNION'S CULTURE?

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

Decoding *Company Culture*

This month, we're bringing you an in-depth resource about company culture. Our five-page cover story explores:

- how to build an intentional internal culture;
- why a strong culture is important;
- how to communicate your culture to employees and potential employees;
- the difference between organizational culture and climate;
- who is responsible for culture (Spoiler alert: It's everyone); and
- a helpful infographic that compares culture to an iceberg, with traits both visible (above the surface) and invisible (below the surface).

Your credit union's benefits and office environment are examples of visible culture traits. These are easy to define and explain to a new employee. Some invisible items are also easy to define and explain, such as your core values, vision and purpose. But some—like trust and safety, biases, work ethic, openness or enjoyment—can be trickier to pin down.

Many of these same themes come up in the CUES Podcast episode 161, a conversation I had with my colleague Lesley Sears, VP/consulting services, about human-centered vs. business-centered leadership. (Listen at *cumanagement.com/podcast161*.)

Sears shared signs that a culture might be in trouble. Are employees grumbling? "If they're fighting, if it's nitpicky, if it's all of those things that you would envision seeing in an unhealthy culture, ... it's probably not people-centered. And guess what? Members see that too. That culture doesn't stay hidden behind closed doors. It's clear and obvious to members ... what's going on."

In our article, Sears also describes the difference between organizational culture and climate. "Culture refers to the shared values, beliefs, history and traditions that are foundational to the organization, whereas climate refers to the recurring patterns of behavior, attitudes and feelings that characterize the organization's day-to-day work environment."

If your organization struggles with any of these invisible traits, the good news, according to Sears, is that it does not take as long to change climate as it does culture. "Culture is more ingrained in the organization, so it could take a decade or more to make a significant shift," she says. "If your climate needs repair, you could potentially change it within a couple of years."

Read more in our cover story on p. 10 and then let me know more about your credit union's culture. We'd love to feature you in a future issue.

Theresa Witham
VP/Publications & Publisher

P.S. Read more from CUES VP/Consulting Services Lesley Sears at *cumanagement.com/author/lesley-sears* or by scanning the QR code.

The Fraud Hits Keep Coming *From Every Direction*

In 2020, the Federal Trade Commission received 2.2 million fraud reports from consumers, totaling $3.3 billion in losses. For 2021, the number of consumer fraud reports to the FTC increased by 27% to 2.8 million (*tinyurl.com/3msv9nwc*). Even more alarming, the losses associated with them soared to $5.8 billion, a 76% year-over-year increase. These are just a few of the statistics that underscore how increasingly prevalent and expensive fraud has become.

Of course, fraud affects more than the consumers in the above-mentioned FTC reports. It also causes significant financial losses and reputational harm for entities involved in the U.S. financial system, which criminals use to perpetrate their fraudulent activities.

Such entities extend well beyond traditional banks and credit unions to all those subject to the Bank Secrecy Act. They face significant regulatory fines due to ineffective or nonexistent anti-money laundering compliance programs that fail to adequately detect and prevent fraud. This further exacerbates the financial toll they experience in relation to this crime.

Rising rates of fraud and the corresponding increase in regulatory scrutiny have traditional financial institutions on edge. The CSI "2023 Banking Priorities Executive Report" revealed that 91% of bankers participating in CSI's annual survey rated fraud as their greatest compliance risk (*csi.foleon.com/bp-2023-doc/bp23*). Banks and credit unions only represent one segment covered by the BSA, but their concern should be a wake-up call for the rest.

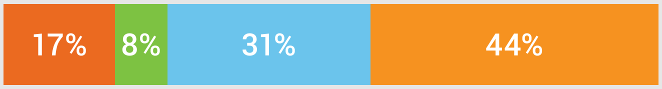
A free whitepaper from CSI highlights the massive problem of fraud, identifying its most troubling fronts. More importantly, it explains how your organization can thwart fraud and meet regulatory AML compliance expectations. Download it at *cumanagement.com/CSIfraud.*

Your *Thoughts*

We regularly post polls on our LinkedIn page. Here are some recent results.

How will your credit union respond to lending challenges in 2024?

Double down on HELOCs	17%
Emphasize used car loans	8%
Do more business lending	31%
Expand types of loans we offer	44%



Does your credit union have a policy for how staff can use AI in their work?

Yes	8%
No	75%
We're developing one	17%

Susan F. West

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How does Plansmith make its credit union clients more successful?

All credit unions struggle with their budgeting process. Inefficient budgeting software, limited resources and an absence of guidance for asset/liability and interest rate risk management contribute to the very real frustrations that so many of them face.

We provide financial institutions with software and services essential for adapting to change. We accomplish this by bringing objectivity, creativity and horsepower to the entire planning process through support professionals, expert advisors, educational offerings and powerful decision-making technology.

What do your clients love about Plansmith?

Our clients love our software's true ease of use and automated-yet-customizable report offerings, plus Plansmith's incredible customer service.

Because our database is fully integrated, reporting is as easy as a single click. Clients use our tool to produce financial statements for staff use, board packages and regulatory reports about such key factors as shocks, liquidity and stress tests in record time.

A majority of our highly trained professionals have experience in the industry. Our clients enjoy working with team members who can advise them on budget preparation techniques as well as developing a successful playbook by sharing real-life experiences. They also appreciate access to our seasoned advisory services department, composed of former Federal Deposit Insurance Corp. and National Credit Union Administration examiners, available to execute a multitude of exam-required services.

Tell us a client success story.

We'd rather you hear first hand from our client, $667 million Sun Community Federal Credit Union, El Centro, California. In this interview (*bit.ly/CUSpotlight*), two staffers discuss life before using Plansmith's budgeting software and outsourced ALM/IRR solutions. You'll hear about the struggles they faced and how Plansmith helped them reach their goals.

Build Culture From *the Bottom Up*

TO STRENGTHEN PERFORMANCE, ENGAGEMENT AND GROWTH, CUs NEED TO EVALUATE THEIR ORGANIZATIONAL HEALTH.

BY DIANE FRANKLIN

If at first you don't succeed, reevaluate your culture. Culture is a key component that separates the highest-performing organizations from the also-rans. McKinsey & Co. confirmed the connection between culture and performance in a 2018 study of over 1,000 organizations (*tinyurl.com/mr2zwucs*). Those with top-quartile cultures, as measured by McKinsey's Organizational Health Index, posted financial returns that were 60% higher than median companies and 200% higher than bottom-quartile firms. Unhealthy cultures led to lackluster performance, potentially portending an organization's downfall.

At credit unions, a strong organizational culture typically correlates with a well-defined mission. "The mission answers the fundamental question of 'Why are we here?'" says Lesley Sears, VP/consulting services for CUES (*cues.org/cuesconsulting*). "Often missions get rubber-stamped, but they really are the north star of where the credit union is going. I liken the mission to the culture because it relates to things like what products you offer, what type of member services you provide, what kind of bylaws you have, the size of your board and all the operational pieces that are foundational to the organization."

Tying the culture to the mission helps unite employees behind a common purpose. "Everybody within an organization needs to feel that their work matters and, more importantly for a mission-driven industry like credit unions, that their work is helping to further the mission," says Vaishali Jadhav, MBA, founder of Mandalight Learning (*mandalightlearn.com*), a leadership and team development company based in Austin, Texas. "Great leaders can create a strong culture by helping people understand

"How is your culture showing up in meetings? How is it showing up when you give feedback? How is it showing up in your recruiting process, your performance management and the way you assess your leaders?"

– Vaishali Jadhav

the impact of their work, even for the smallest of tasks. When you have a population of people who know their work matters, they feel more confident in helping to steward a strong organizational culture."

Jadhav can personally attest that working at a company with a strong culture boosts performance and engagement. Prior to founding Mandalight Learning, she gained experience working at several prominent companies. One of her most fulfilling experiences came at Whole Foods Market (*wholefoodsmarket.com*), where she was director of learning, communications and culture.

"The culture there was very welcoming," she recalls. "I learned so much and felt like I was making an impact. Being at a company with an intentional culture, I performed at a higher level and was more engaged than at companies where the culture was not intentional."

BUILDING AN INTENTIONAL CULTURE

The word "intentional" is often used to describe a high-performing culture. *Forbes* defines an intentional culture as one that is built "from the bottom up" and is centered around core values that provide a strong foundation for the organization (*tinyurl.com/3hjhmkhe*).

At $5.6 billion Visions Federal Credit Union (*visionsfcu.org*), headquartered in Endwell, New York, the culture was built intentionally to align around the core values of trust, community, integrity and service.

"In discussing our culture, I like to start with two acronyms," says Visions FCU's Culture & Inclusion Officer LaToya Pryce, Ph.D.(c), MBA, CCM. "One is DEIB, our version of diversity, equity and inclusion, which also includes belonging. The other is IAT. We are intentional, authentic and transparent, especially when it comes to our DEIB initiatives. Those are the pillars that guide us. We don't do things simply to check off boxes, win awards, make quotas or follow trends. We operate from a place that is anchored to our mission and our values."

The credit union's mission is "to make Visions matter" for its 250,000-plus members, who are served by 60 branch offices in New Jersey, New York and Pennsylvania. "We keep our mission and values alive and top of mind because that's what drives our culture," says Culture & Inclusion Specialist Kendra Pickett, MSIOP, MPA, SHRM-CP. "We want all our employees to know what Visions stands for because it helps them determine, 'Is what I'm doing aligned with our culture?' When you have that alignment, it builds and strengthens the culture. It helps employees understand, 'Why are we doing what we're doing?' They can't be successful if they don't know the 'why.'"

As their titles make clear, CUES members Pryce and Pickett play integral roles in advancing the culture at Visions FCU. Pryce came to the credit union two years ago to enhance employee engagement practices and to spearhead the organization's internal and external DEIB initiatives. A few months later, Pickett transitioned from an HR generalist role to her specialized responsibilities for culture and inclusion.

"While we both have the word 'culture' in our titles, it's not just LaToya and [me] building the culture for the nearly 1,000 employees at Visions," says Pickett. "We're always bringing people into the conversation to help examine and strengthen the culture. We are intentional in our communication because we want everyone to understand their role in contributing to the culture."

THE IMPACT OF A STRONG CULTURE

A strong organizational culture has a positive impact both internally and externally. At Visions FCU, not only has the culture led to greater employee engagement and job satisfaction, but it also has translated to more responsive service for members and better community outreach.

"If you have a strong culture, it will definitely spill out into the community," Pryce says. "We follow the credit union mission of 'people helping people,' but before you can extend your efforts outward, you have to make sure you are solid internally. That is something that a strong organizational culture allows us to achieve."

Coupling the concepts of culture and inclusion has been effective at Visions FCU. Its DEIB focus has "enabled us to create deeper connections and relationships with our team, our managers and our members," says Pickett.

Cultivating these deeper connections can be transformative for a workplace. Organizations are less likely to have negative issues such as employee burnout, low productivity or high turnover because the culture provides an outlet for solving them. "That's why we were so intentional about adding the B for 'belonging' to DEIB," Pryce says. "We stress the importance of psychological safety and psychological empowerment. We want to empower employees to be their authentic selves."

When a culture is strong, Jadhav says it will be embedded in all the credit union's activities. "Ask yourself: How is your culture showing up in meetings? How is it showing up when you give feedback? How is it showing up in your recruiting process, your performance management and the way you assess your leaders?"

To maintain a strong culture, many organizations ensure that their recruiting efforts prioritize finding employees who will be

a good cultural fit. While fit is important, Jadhav suggests that organizations go a step further. "I love the idea of recruiting people not just as a culture fit but as a culture add," she says.

The employment website Indeed describes a culture add as someone who brings fresh ideas to the organization while still adhering to the company's values (*tinyurl.com/yuhc9ted*). Culture adds make the organization stronger by diversifying the perspectives of its workforce.

"We tend to hire like-minded people because it's comfortable, but if everyone is like-minded, that doesn't allow us to innovate or evolve," Jadhav says. "To create true inclusion, we should think about bringing in people who are culture adds and can bring fresh contributions to our culture."

COMMUNICATING THE CULTURE

Communication is key to maintaining a strong culture, and that starts at the very top of the organization. "The better you are at communicating your mission at the leadership level, the stronger your culture will be in reinforcing it," Sears says.

In her business, Jadhav coaches organizations on the importance of telling stories to communicate the culture. "Sharing stories is a

Enhancing
Organizational Climate

As you evaluate your organizational climate, it's also a good idea to assess a related component—your organizational climate. Lesley Sears, VP/consulting services for CUES (*cues.org/cuesconsulting*), describes the difference: "Culture refers to the shared values, beliefs, history and traditions that are foundational to the organization, whereas climate refers to the recurring patterns of behavior, attitudes and feelings that characterize the organization's day-to-day work environment."

Sears adds that climate is easier to change that culture. "Culture is more ingrained in the organization, so it could take a decade or more to make a significant shift," she says. "If your climate needs repair, you could potentially change it within a couple of years."

There are nine dimensions that Sears recommends targeting to achieve a better climate. "Using the nine dimensions to assess what it's like to work at your credit union can help shape your leadership, people strategy and talent development efforts," she says. She defines these nine dimensions as follows:

1. **Challenge and involvement**, meaning team members feel challenged in their work and are involved in contributing to the organization's bigger purpose.
2. **Freedom**, giving employees the opportunity to make decisions and thus feeling empowered rather than micromanaged.
3. **Trust and openness** in the workplace, with employees having trust in each other and their leaders.
4. **Time to develop new ideas**, leading to more innovation and job fulfillment.
5. **Playfulness and humor**, which creates greater camaraderie and a more pleasant work environment.
6. **Conflict**, the only negative of the nine dimensions, which should be kept to a minimum so that team members can work harmoniously toward a common goal.
7. **Support for good ideas**, with a process in place to implement them.
8. **Debate**, a healthy part of communication that leads to employees feeling safe when sharing their opinions.
9. **Risk-taking**, giving team members discretion to take calculated risks with proper guardrails in place.

If a CU scores low in a dimension (other than conflict, No. 6), those areas should be targeted for improvement, Sears reports.

Credit unions should not delay in addressing the deficiencies in an organizational climate since they can lead to such issues as employee burnout or high turnover. Addressing the workplace challenge itself is not sufficient, Sears explains, since it's only the byproduct of a more systemic problem.

"Using employee turnover as an example, you need to delve into the climate to identify the root cause," says Sears, noting as an example that there may be too much conflict or not enough freedom for employees to do their job. "If there's something in the climate causing employees to leave, you won't be able to fix the problem until you change the climate."

Conversely, Sears notes, "if there's a good work environment, people are glad to be there. They are productive in their jobs because they understand what's expected of them and are clear about what success looks like."

Having a positive climate gets a lot of attention at $5.6 billion Visions Federal Credit Union (*visionsfcu.org*), headquartered in Endwell, New York. "We understand that it's important to be aware of the climate as well as the culture," says Culture & Inclusion Officer LaToya Pryce, Ph.D.(c), MBA, a CUES member. "Our climate at Visions is very people-centric and community-centric. That is the pinnacle of our DEIB strategy. We infuse diversity and equity into our climate to create a strong overall culture."

"We're always bringing people into the conversation to help examine and strengthen the culture. We are intentional in our communication because we want everyone to understand their role in contributing to the culture."

– Kendra Pickett

“We follow the credit union mission of ‘people helping people,’ but before you can extend your efforts outward, you have to make sure you are solid internally.”

– LaToya Pryce

MORE ON ORGANIZATIONAL CULTURE

Virtual Classroom Playback: Creating a Mission-Driven Culture (*cumanagement.com/0124vcplayback*)

Podcast: Human-Centered Leadership (*cumanagement.com/podcast161*)

Podcast: The Nine Dimensions of Climate (*cumanagement.com/podcast149*)

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

HR Answers: Bridge the Generational Gap With Psychological Safety (*cumanagement.com/0723hranswers*)

Purposeful Talent Development: A Sticky Culture Keeps People (*cumanagement.com/030623blog*)

powerful training tool,” she says. “It’s an effective way to make clear what your culture looks like.”

Jadhav describes three types of stories that organizations can tell. “First are the impact stories, which depict the impact your organization is having on your members, your employees and your partners—all of your stakeholders,” she says. “Next are integrity stories. When did you, as an organization, do something because it was aligned with your mission even if it was difficult to do? Maybe there was a cost to your credit union. Maybe you lost market share or access to a certain segment of consumers. But you made the tough decision because of your integrity.”

Lastly, there are hero stories. “Who are the heroes in your organization?” Jadhav asks. “I advise companies to look for heroes in the most unexpected of places. Don’t exclusively name senior leaders as your heroes because then you’re training your organization to rely only on them. Look to your frontline folks who are saving the day for your members. Those people are heroes too.”

Stories are a way to help communicate important aspects of the culture, Jadhav adds. For instance, if innovation is a core value, leaders should be prepared to tell stories about the organization’s best innovations. “If you expect people coming into your organizations to innovate, you should share your innovation stories with them the first day they’re hired,” she says.

While leaders need to do a good job in communicating the organization’s culture, Pryce stresses that it’s also important to give employees the opportunity to voice their opinion. “We want employee feedback,” she says. “We make it clear in our engagement surveys that we want to hear what they have to say. We use that input to drive a lot of our decisions all year long. I think that’s what really ties employees to our organization and helps enhance their sense of belonging.”

Jadhav observes that it’s important for credit unions to get feedback about the culture from all segments of their stakeholders, encompassing employees, members and community partners. “In a mission-driven industry, you have a lot of stakeholders who care about what you do,” she says. “They want a seat at the table, and they should have a seat at the table. If they have a voice in your mission, vision and values, they can support and steward and buy into them.”

In her work, Jadhav uses a model called appreciative inquiry (*tinyurl.com/s2smk4ur*), which brings together a cross-section of stakeholders with a goal of achieving positive organizational change. “You do a facilitated process that allows your stakeholders to weigh in on key issues, such as, ‘If we dreamed our biggest dream and it came true, what would that reality look like?’ You use that to source additional questions where everybody has a voice in designing the desired future for the organization.”

AN ORGANIZATION-WIDE RESPONSIBILITY

Every level of the organization should have a role in creating and maintaining the organizational culture, starting at the very top. “I always say that senior leaders are accountable for the culture—they take the pulse, they look at the impact of culture on business goals and employee engagement—but everybody is responsible for creating it,” says Jadhav.

“Leadership has to be the role model,” Sears affirms. “Each part of the culture has to be reinforced at leadership and then at management so it’s more likely to be embraced by individual contributors.”

The process of maintaining the culture needs to be constant and ongoing, Pryce says. “If there is someone who thinks, ‘We will have a strong culture if we just do these five things, and then we’re done,’ that’s absolutely not true,” she says. “Shaping the culture is work that never ends. Everyone contributes. It’s all-hands-on-deck.”

Pryce agrees that the best organizational cultures will be broadly supported by everyone in the organization. “The culture cannot be on the shoulders of any one department or individual,” she says. “It should be a shared responsibility. That’s the way you get buy-in. That’s the way you move the needle. That’s the way you create the culture you want.”

Diane Franklin *is a longtime contributor to* CU Management *magazine.*

H. David Wright

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What makes TriscendNP unique?

We've been in the executive benefits industry for over 23 years. Our unbiased approach to executive benefit plan decision-making is one of our key differentiators. Given the magnitude of the decisions, this method is crucial to credit unions and their boards. TriscendNP is a privately held firm, positioning us to focus on this disciplined approach and long-term relationships instead of quarterly earnings pressures.

Because we view our clients as partners and not simply a source of revenue, we formed a CUSO, BenefisCU, that allows our clients to participate in the profitability of advanced insurance arrangements. Further, we recently made all our employees owners by implementing an ESOP. While our employees have always operated as consummate professionals and prioritized our client's interests, we believe rewarding them with ownership will result in an even greater level of commitment.

What do your clients love about TriscendNP?

Neither CU executives nor their boards like to be "sold." We hear this frequently, and where credit unions have indicated they particularly appreciate TriscendNP's disciplined approach. We believe that if we do an exceptional job of educating decision-makers on the alternatives and providing objective analysis of how those alternatives affect the CU and its senior executives, the best alternative or alternatives will become evident. At that point, we partner with the CU to implement and administer that choice with the highest degree of service and professionalism.

How is TriscendNP making the credit union industry stronger?

The BenefisCU CUSO helps our CU partners generate non-interest income while solving retention and recruitment problems and serving the CU's business members. In addition, we believe our process for designing, implementing, and administering executive benefit arrangements results in a more resilient structure that is more likely to achieve the objectives of the CU, its board and its executives.

Can HR Be People-Centric *and Data-Centric?*

GROWING USE OF AI HIGHLIGHTS QUESTIONS ABOUT HOW HUMANS MAKE DECISIONS.

BY ART CHAMBERLAIN

We live in a data-driven world where most business decisions are based on numbers and the winners are the ones who end up with the largest numbers—in their personal credit union accounts or their balance sheets. But can you apply that approach to a field that is called "human" resources?

This question about the role of technology has been in the background for decades, but it's become more important as we've moved into the era of big data and businesses have looked for ways to apply data analytics and artificial intelligence to HR.

There is no question that a data-centric approach to recruiting is valuable in many areas of HR.

"Using data to better streamline the recruiting process is going to be important as we look at workforce planning and look at how we attract different candidates to make sure we are recruiting a diverse workforce," says Sarah Hilton, senior vice president at D. Hilton Associates Inc. (*dhilton.com*), an executive recruiting firm based in The Woodlands, Texas. "That being said, data is only as good as the information that the candidate and the client or the recruiting organization puts in."

Hilton notes that candidates may not understand some terms, or simply make errors, and that leads to companies getting recommendations from sites such as LinkedIn, Indeed or Recruiter.com that are clearly mismatches for their needs.

But she says credit unions can use technology to "track who's looking at your job, how your job postings are performing."

This type of data lets managers ask themselves: "Do we have the right words? Are we attracting the right type of candidates?"

ATTRACT BETTER CANDIDATES

"I think by using data correctly and looking at how our jobs perform when we market them, we can better attract different demographics," says Hilton.

According to Jamie Norrington, founder of Fidaris (*fidaris.io*), a British talent consultancy, "Data-centric recruiting represents a significant shift in talent attraction strategies, offering efficiency, personalization, informed decision-making and continuous improvement.

"As competition for talent intensifies, embracing data-driven approaches is essential for companies to attract and retain the best candidates in the ever-evolving job market."

Norrington says data-centric recruiting can help make talent sourcing more efficient, make it easy to personalize candidate responses, improve hiring decisions by using algorithms to assess candidate suitability and provide insight into recruiting effectiveness.

The job website Indeed (*indeed.com*) says recruiters are mainly using AI such as ChatGPT in the early stages of recruitment to improve the language used on career sites and social media, develop job descriptions, map out recruitment strategies, write email templates for communicating with candidates and create messages that will attract job seekers.

"One of the greatest benefits AI can deliver is changing where time is spent by performing the administrative tasks they'd normally have to do themselves," says the article from Indeed's /Lead publication (*tinyurl.com/indeed-leadai*). "Insiders report that decreasing the administrative workload helps them get to the meat of their job: recruiting, interviewing and onboarding new hires. This includes assessing a candidate's potential, the sensitive task of rejecting candidates and guiding onboarding processes for new hires."

A 2022 survey by Eightfold AI (*eightfold.ai*), Santa Clara, California, a talent management platform, asked HR managers for their priorities over the next year and a half (*tinyurl.com/eightfoldaisurvey*), and the top three areas were recruiting better candidates (83%), hiring faster (77%) and lowering turnover rates (75%).

HIGH TECH AND HIGH TOUCH

The Eightfold AI report notes that AI can help managers deal with these challenges. "By going high tech, recruiters can go high touch. Because recruiters don't need to screen as many candidates manually, they have more time to spend with hiring managers and candidates."

But with high tech must come high caution. In the Indeed article above, Trey Causey, head of AI ethics and a data science director at Indeed, warned companies to "be very skeptical of vendors who claim to have solved hard problems with AI or who think that they can magically do your hiring process by AI."

A report by executive search firm Kinsley Sarn (*tinyurl.com/kinsley-airecruiting*) notes that "according to LinkedIn's Global Recruiting Trends report which surveyed recruiters, AI has proven to be extremely helpful in terms of saving time. But when it comes to delivering the best candidate matches, AI isn't as helpful."

According to the report, "When it comes to assessing a candidate's technical skills, AI works for those 'check the box' type items. Where AI fails is in its inability to assess a candidate's interpersonal skills and fit to your specific culture. In order to gain the level of insight needed to determine whether a candidate is truly a good fit for a position, company, and culture—human interaction is needed."

It will be important to teach your employees how to use AI and take advantage of the time-saving processes it can handle, the experts say, because they will be working with AI copilots that can carry out many tasks, if they are monitored.

"It's the people who understand how to collaborate with AI that will have a real advantage over the next few years," says Dave Birss, a LinkedIn Learning instructor, in a course video, "How to Research and Write Using Generative AI Tools" (*tinyurl.com/ynct7b56*). "When employees fully grasp this, they will be in a strong position to both improve how they do their job today and advance their career moving forward."

"I think the more regulated spaces are, the more likely it is we're going to see more of those copilots, as opposed to fully autonomous software," said Josh Teichman at a recent Financial Services Regulatory Authority of Ontario conference (*tinyurl.com/2024fsraexchange*). Teichman, VP/legal and corporate affairs at Radical Ventures (*radical.vc*), a Toronto venture capital fund that has invested in dozens of AI businesses, predicted that it is more likely these copilots won't replace jobs but will make people more powerful, more proficient and give them an efficiency boost.

CONFIDENTIALITY FEARS AND RISKS

Despite this optimistic outlook, Teichman acknowledged the general risks that AI involves will apply to financial services. "Confidentiality is going to be a big issue because if you want your AI to be high-performing, you want to have more data and you want that data to come from a broad number of sources. But when you start blending information from sources, you get into more issues about confidentiality. So, I think one area that we have to think about in financial services is going to be how do we make sure we have a lot of good quality data that comes from multiple contacts and yet still preserves the confidentiality."

Michael Henry, managing partner of Massey Henry (*masseyhenry.com*), a Toronto-based executive search company, says, "AI will feature prominently in search over the next decade, but factors such as data and privacy regulations, costs, and technical skills may prove to be significant barriers to widespread adoption.

"AI will, in time, provide predictive analysis to determine the likely success of candidates, creating efficiencies in candidate search and optimizing the candidate and client acquisition process."

At the aforementioned FSRA conference, Carol Piovesan, co-founder of INQ Law (*inq.law*), a Toronto-based firm that specializes in AI issues, said executives who want to be aware of potential problems should check out the AI incident database (*incidentdatabase.ai*) to get a sense of the types of incidents that are occurring. The database is "dedicated to indexing the collective history of harms or near harms realized in the real world by the deployment of artificial intelligence systems." It now has a searchable database of more than 3,000 incidents, including several involving HR issues.

"Those incidents reflect some of the legal, reputational, ethical and other risks that come with the use of artificial intelligence," Piovesan told conference attendees. "There are things that can be done to mitigate some of those risks and put in place more governance, so you're using the technology more responsibly."

Piovesan also encouraged boards and executives to look at ISO 42001 (*tinyurl.com/iso42001*), published in December 2023, which specifies requirements for establishing and implementing AI management systems. "It gives some good guidance about what a responsible AI management framework could look like.

"There is a suite of policies and procedures that touch on appropriate use, risk mitigation, impact assessments, incident response.

MORE ON AI & DATA

The AI Advantage, p. 26

Unlimited+ Article: Ethical Intelligence For Governance Decision-Making (*cumanagement.com/0124ethicsai*)

Tech In '24 (*cumanagement.com/1123tech24*)

'Why' Data (*cumanagement.com/0623whydata*)

MORE ON RECRUITING

Building a Better Bench Helps CUs Sail Forward (*cumanagement.com/0424sailforward*)

6 Key Factors in Workforce Planning (*cumanagement.com/0324workforce*)

Podcast: Credit Union Pay Today: Data, Trends and Analysis Tools (*cumanagement.com/podast151*)

> **"Data is only as good as the information that the candidate and the client or the recruiting organization puts in."**
>
> – Sarah Hilton

Then, there will be an entire risk management framework that is put in place to help mitigate some of those potential risks of the higher use cases."

CULTURE FIT IS KEY

For roles with straightforward resume requirements or where large numbers of applicants are typical, AI recruiting software can help pre-screen candidates to get the recruiter's job done faster, says Colleen Fullen, Global Operations Executive at consulting firm Korn Ferry (*kornferry.com*), Los Angeles.

"The recruiter could put both the job description and candidate resume into generative AI and ask it to summarize why that person would be a good fit for the role," says Fullen. "It can look at both documents together and create a really succinct overview."

A great example is in retail where applications can be numerous and required skills are easily definable, she says. "Technology that screens candidates will shorten the fill time for recruiters."

While AI can work wonders in high-volume recruitment, it might not provide much return for smaller companies hiring irregularly or when hiring for complex roles that have variable qualifications. "The technology works where roles are kind of repeatable, where there is volume," says Fullen.

But not everyone is embracing the shift to AI. Some executive recruiters insist the personal touch is essential throughout the process when hiring CEOs.

"Our solutions are customized for the credit union and the executive," says Liz Santos, chief of staff, executive benefits practice, for CUES Supplier Gallagher (*ajg.com*), Washington, D.C. "It's a highly collaborative process that would suffer from any nonhuman interaction. The only way we can get to the heart of what is most meaningful to a board and executive is through building a relationship with them."

Executive recruiters often focus on filling positions by identifying potential candidates who haven't been looking for a new challenge. By casting a wider net and searching different sources, AI may be able to help recruiters expand their usual network.

"The credit union space is very geared towards culture and their membership, and it's important that a candidate fit in," Hilton says. "Everybody has seen a resume that checks all the boxes, but you end up talking to the candidate, and maybe they're not a good fit. There's always going to be an aspect of 'human' in human resources.

"We can't rely on AI to make fair hiring decisions, to make the right hiring decisions or to make sure that this person is necessarily going to be a good fit," she adds.

AI ZEROES IN

But Hilton says AI may be able to help candidates do a better job of highlighting how they meet the requirements for a job. "I think you're going to see that candidates are going to be able to use things like AI to make sure that they are listing all the skills that they have," she says.

In fact, there is a website, Final Round Ai (*finalroundai.com*), that already helps candidates do exactly that and much more. It offers an interview copilot that lets an applicant use AI to answer questions generated by an employer's AI in real time with a pop-up box that shows in a user's browser.

In addition, people can use Final Round for mock interviews, interview Q&A prep and resume revisions. It costs $600 for a year, $250 for three months or $99 a month and helps before, during and after interviews. At time of writing, the website claimed it has helped 580,000 people land a job in the last 30 days.

The service is in part a response to employers who have used AI chatbots, sometimes without telling applicants in advance, to handle at least the first round of interviews. Now, candidates can respond with a bot of their own.

A 2023 survey from Resume Builder (*tinyurl.com/rb-aisurvey*) found that 4 in 10 companies expected to use AI to "talk with" candidates in interviews. Of those companies, 15% said hiring decisions would be made with no input from a human.

Hilton says AI could help credit union HR departments in other ways. "AI is going to be really important when it comes to pay equity and looking at how people are moving through the ranks of organizations," she says.

Hilton concludes that AI will be a useful tool for predicting hiring trends and looking at hiring disparities. "I think using AI to get data you need to make better hiring decisions or more inclusive hiring decisions or to make sure that there's pay equity, for example—it's going to be really helpful."

Art Chamberlain *is a reporter based in Canada who focuses on credit union issues.*

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Get With the Digital *Account-Opening Beat*

IF CREDIT UNIONS WANT TO COMPETE WITH DIGITAL BANKS, THEY NEED TO PROVIDE AN EASY AND ELEGANT EXPERIENCE.

BY JOHN MEYER

At the top of credit unions' new system replacement list for the fifth straight year? Digital account origination systems, according to Cornerstone Advisors' 2024 "What's Going On In Banking" report (*crnrstone.com/whats-going-on-in-banking-2024*).

Why? Credit unions treat the consumer digital account-opening process as an extension of the branch account-opening process, failing to match the experience of digital-first bank accounts like Chime (*chime.com*) and Varo (*varomoney.com*).

Automated branch-based account-opening platforms have been around for ages. These systems are called "platforms" because the earliest new account teams would sit on raised platforms in the branches in order to see anyone who entered the lobby while using software to open accounts. In today's world, credit unions' ability to rely on branch traffic to generate account openings is waning.

In our benchmarking studies, Cornerstone has found that new deposit accounts per branch have been declining for years, from an average of 44 per month pre-pandemic to fewer than 20 per month today. Adding to this decline in branch account openings, these same benchmarking services show that the open-to-close ratio for credit unions hovers around 1.2:1—that is, for every 12 new accounts opened, 10 are closed. This data suggests that many deposit types are "hot deposits" that are easily lost to higher rates offered at other institutions. Where are these accounts going? To digital banks. During the pandemic, digital banks grew by a whopping 67%. Now, more than 14 million Americans view a digital bank as their primary financial institution. According to the 2023 "What's Going On In Banking" report from Cornerstone Advisors, over the past five years, the percentage of new deposit accounts opened with digital banks grew to more than 20%. This growth has spurred credit union executives to see the fintechs and challenger banks as a growing threat.

THAT'LL COST YOU

If 2023 was "The Year of the Deposit," then 2024 is "The Year of the Cost of Funds."

Credit union executives cited the cost of funds and new member growth as their number one and two priorities for 2024, according to the "What's Going On In Banking" report. High-yield savings and certificates of deposit might be a way to attract hot money, but the real driver of a low cost of funds will be garnering core deposits via checking accounts.

Many of our credit unions are trying to grow membership by chasing new, younger demographics to fuel deposit growth. Hence, the need to improve the consumer digital account origination experience.

But didn't we start off by revealing that CUs have been aggressively deploying consumer digital account origination for five years? So why are we not seeing the results? Three themes: member experience, high abandonment and alphabet soup. Here's what is getting lost in translation.

DUDE, I AM NOT A TERRORIST

Let's start out with the alphabet soup that comes along with being a credit union. FFIEC, FinCEN, BSA, AML, CIP, KYC, CDD, EDD and USA PATRIOT Act are all important agencies and regulations to safeguard America. Too often, though, we see new member account origination that not only cites these regulations but also asks a lot of questions that turn a prospective member off from your CU.

Certainly, a credit union must verify that the person applying is an upstanding human and that the person behind the screen is that same human. The great news? There is technology that can do that task for you.

Use technology like Alloy (*alloy.com*) or some other tool to help prove a potential member is who they say they are. In doing so, your CU will avoid asking the many questions that digital-first institutions don't pose up front to potential customers. Also, stop with the out-of-wallet questions. These stink for those younger members you are targeting because they don't have a mortgage or auto loan to verify their identities. P.S. These types of questions also frustrate divorcees and people with similar names to their parents.

DON'T ABANDON ME

Over the pandemic, we conducted a study of 184 banks and credit unions deploying digital account origination and uncovered horrendous abandonment challenges.

For retail deposit accounts, the average abandon rate was 55%, while 43% of those abandonments happened at qualification. While that sounds bad, it might not be bad for the qualification abandonment rate at least—maybe

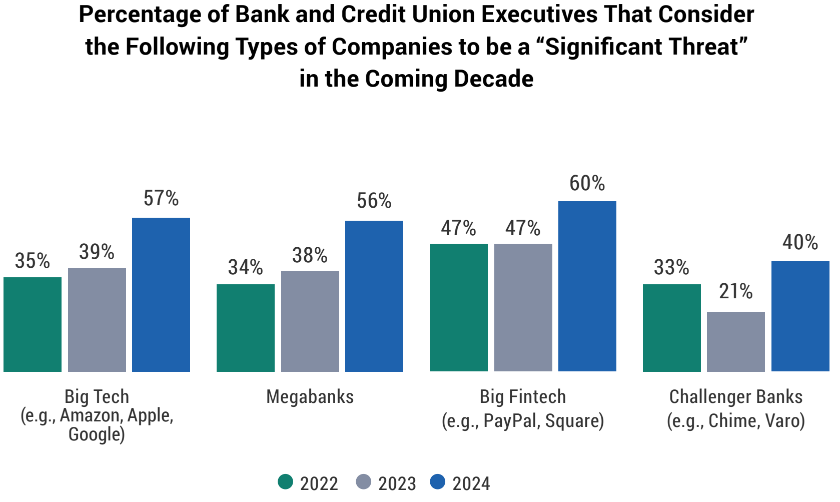
Figure 1

Credit Unions' New System Selections/Replacements

	Will select new or replacement app in 2024	Selected new or replacement app in 2023	Planned to select new/ replacement app in 2023
Consumer digital account opening	36%	12%	32%
Call center system	23%	21%	21%
Payments hub	18%	5%	10%
Fraud/BSA/AML	16%	9%	5%
Customer relationship management	15%	9%	28%
Person-to-person (P2P) payments	15%	16%	26%
Consumer digital loan origination system	14%	10%	21%
Marketing automation	13%	11%	13%
Commercial/small business DAO	12%	3%	10%
Consumer online banking platform	10%	14%	16%
Card self-service	9%	5%	10%
Commercial/small business mobile banking platform	9%	5%	14%
Debit card processing	9%	5%	9%
ATM processing	9%	5%	4%
Commercial/small business online banking platform	9%	6%	14%
Credit card processing	9%	9%	11%
Data analysis/business intelligence	9%	11%	15%
Consumer mobile banking platform	8%	15%	12%

Figure 2

Competitive Threats



Source: What's Going On In Banking 2024—Cornerstone Advisors

MORE FROM CORNERSTONE ADVISORS

Five Characteristics of the Future 'Smarter Bank' Organization (*cumanagement.com/0124smarterbank*)

Three Tips for Heading Off a Digital Banking Conversion Nightmare (*cumanagement.com/1023conversion*)

MORE ON DIGITAL EXPERIENCE

Reimagine Your MX (*cumanagement.com/1223reimaginemx*)

Tech in '24 (*cumanagement.com/1123tech24*)

Capturing Members' Attention (*cumanagement.com/0324capturing*)

Figure 3

Credit Union Execs' Top Concerns, 2021 to 2024

Percentage of Credit Unions Listing Concern as One of Their "Top Concerns"

	2021	2022	2023	2024
Cost of funds	8%	9%	47%	71%
New member growth	40%	41%	36%	56%
Efficiency, noninterest expenses, costs	25%	33%	29%	52%
Deposit gathering	NA	NA	NA	49%
Cybersecurity	26%	43%	35%	48%
Noninterest income	27%	39%	34%	48%
Interest rate environment	53%	38%	59%	45%

Source: What's Going On In Banking 2024—Cornerstone Advisors

they are not eligible for membership at your credit union, for example. Interestingly, 22.7% of those abandonments happened at funding. If your credit union requires ACH micro-deposits, which add steps required of your would-be member, then that abandonment number jumps to more than 30%. Why is it so hard to allow funding from a credit card or another bank account?

If you plan to have a team member follow up with an abandoned application, our study found that there is 0% lift from human follow-up. Maybe don't waste the effort because, as Eminem sings, "You only get one shot."

Also, not everyone should be a member. Our study showed that the average decline rate is 29.75%. That's OK—filtering out unqualified membership can be a good thing for the health of your CU.

The buzzword bingo winner last year for us was "digital transformation." That phrase implies that transformation is done at some point, but we don't think it ever ends for credit unions. It's still early days this year, but we are leaning in on "member experience" as the new buzzword bingo-winning contender. Look to challenger banks to see what a strong member experience resembles.

Has anyone at your credit union opened an account with Chime, SoFi, Varo or any other digital-first institution? Have you snagged screenshots and shown them at a leadership meeting? If so, did you do a side-by-side with your own digital account opening?

If you did, then you might see where we are going with the challenges we note when comparing the member experience of opening an account with a traditional credit union to doing the same thing at a digital-first player. Look at Chime's landing page (*member.chime.com/enroll*). The first screen only asks for First Name, Last Name and Email.

Now, ask your team if you have alphabet soup disclosures and abandonment rates like the ones in our study when someone is trying to become a member. See if your member journey matches that of SoFi (*sofi.com*), a firm that can open a deposit account within minutes and fund more than 80% of consumer loans applied for by 7 p.m. that same day. Oof, now that's member experience.

GET WITH THE PROGRAM

Too many institutions are missing the beat when it comes to improving the digital account origination experience. Given the pandemic effect on branch traffic, consumer behavior has permanently shifted. Credit unions must find a way to attract and retain deposits to remain competitive and grow membership, especially if they want to woo younger members (and we know you do).

If the online account origination process takes too long, requires too much data entry or puts additional friction on the system, those members will seek easier experiences with digital-first institutions that offer similar products with a smoother experience.

John Meyer *is senior director with CUESolutions provider Cornerstone Advisors* (crnrstone.com)*, Scottsdale, Arizona. He leads the firm's business intelligence and data analytics practice. In this role, he helps community banks and credit unions better use the data they have to make smarter decisions with risks and opportunities.*

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How can credit unions improve the strength of their succession plans?
As a road map for leadership continuity, succession plans are critical to the long-term sustainability and success of CUs. For leaders at the top of your succession plan, recognition of one's potential is a great motivating factor. However, a retention benefit such as a nonqualified benefit plan is needed to provide additional incentive for these key individuals to remain on the team. Another approach is to develop deeper bench strength. CUs can build their succession pipeline by identifying future leaders. These up-and-comers show great promise but require more years of development and mentoring before they can potentially step into a leadership role.

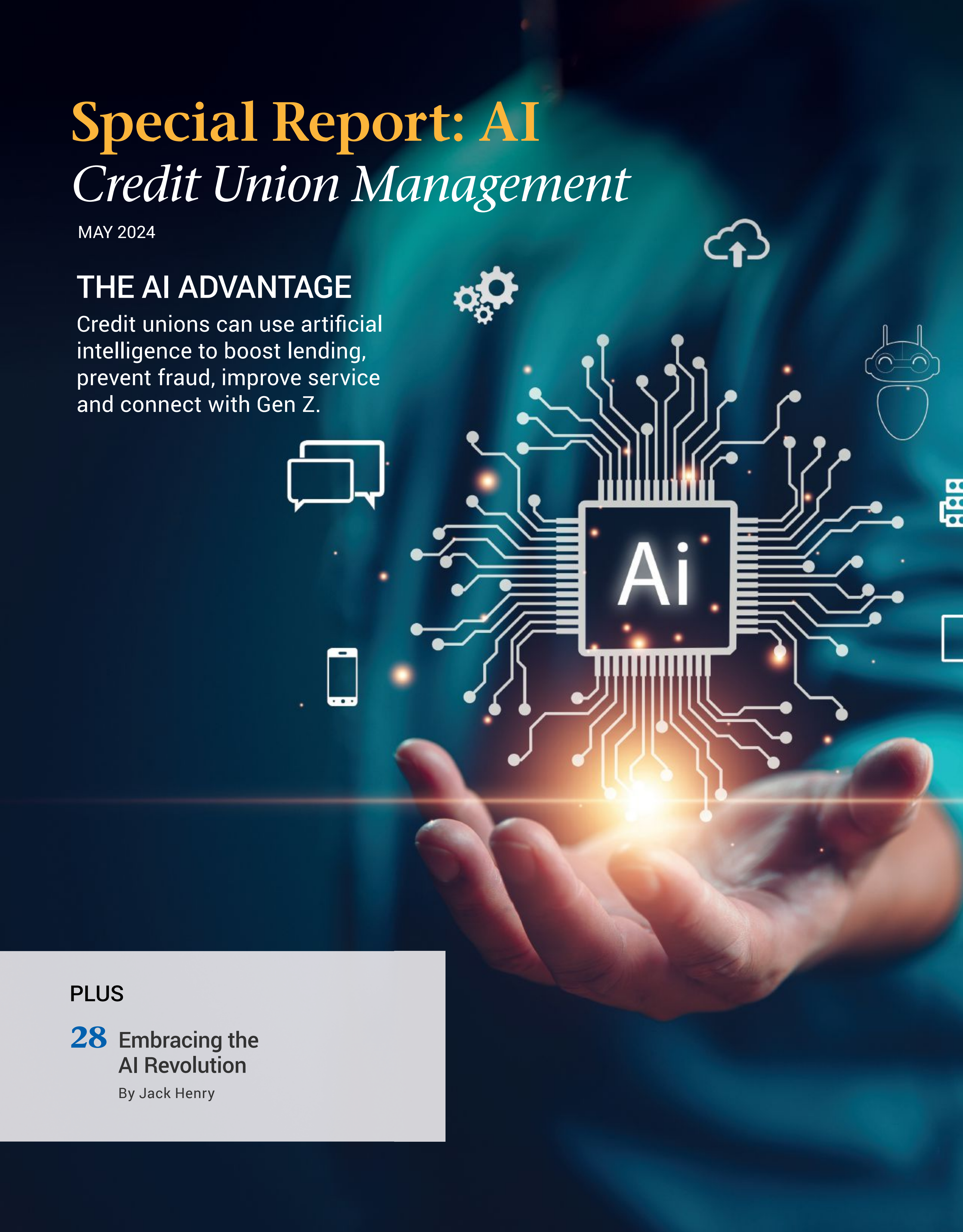
How can a CU evaluate the effectiveness of their nonqualified benefit plans?
Your provider should regularly assess design, competitiveness, performance, efficiency, expense and compliance. Key considerations include: Does the plan serve the CU's needs today and into the future? Is the benefit set at a competitive level for maximum retention power? Is the investment performing as expected? Does the product use the most valuable features available? Is the program in compliance with regulatory and due diligence best practices? Is the benefit expense appropriate and has it been properly mitigated? These questions and more are explored during a proper plan audit.

What makes a successful executive benefits partnership?
Your executive benefits partner should be well-positioned to service your program decades into the future, including the retirement distribution phase for your participants. Dig into a potential partner's service model to evaluate their infrastructure, support staff, financial resources, in-house knowledge, online account access and succession planning. A partner's ability to work with a wide variety of insurance carriers instead of a single carrier means you have access to more solutions and potentially better outcomes during underwriting.

Special Report: AI

Credit Union Management

MAY 2024



THE AI ADVANTAGE

Credit unions can use artificial intelligence to boost lending, prevent fraud, improve service and connect with Gen Z.

PLUS

The AI *Advantage*

EXPERT SHARES HOW CREDIT UNIONS CAN USE AI TO IMPROVE OPERATIONS.

BY CELIA SHATZMAN

MORE ON AI

Five Ways Document Processing Automation Elevates Indirect Lending (*cumanagement.com/1023fiveways*)

Video: Leading in an AI-First Future (*cumanagement.com/video110723*)

Putting Intel Behind AI Decisions (*cumanagement.com/0823intelbehindai*)

Resources for Artificial Intelligence (*cumanagement.com/0324resourcesai*)

It wasn't too long ago that artificial intelligence seemed like technology of the distant future. AI was for science fiction tales and movies set in the next millennium. But now AI is everywhere—even at your local credit union. And that's a good thing for credit unions *and* their members. That's because AI can drive growth, improve the employee experience and enhance member service.

"AI has strong use cases for driving operational efficiencies and expanding access to financial services," says Ranjeev Kumar, SVP/product development for CUESolutions provider Origence (*origence.com*), Irvine, California. "Credit unions are quickly seeing the impact of AI on lending with increased loan volume and enhanced borrower experiences."

That's just the tip of the iceberg. AI can be tapped by credit unions for many benefits. Kumar breaks down a few options.

Boost Lending: AI can enhance lending practices by enabling CUs to process loans more quickly and accurately. "CUs can make more precise lending decisions through AI-powered analytics, accelerating funding times and reducing operational expenses," Kumar says. "AI-automated underwriting technology allows CUs to tailor specific products and validate customizations against their performance data. It opens the doors to confidently lend throughout the credit spectrum and underwrite thin files."

Kumar believes that using AI to provide more access to credit for everyone is in line with the CU philosophy. "Alternative data can be used to better evaluate middle-tier borrowers and determine fair pricing, making credit more available while reducing potential biases and helping credit unions follow more equitable lending practices."

There are benefits for employees too, as AI helps improve efficiency and lower human error. It can verify documents like consumer credit and auto loan applications, which can often be a tedious and lengthy part of the lending process. "This gives employees time to help members who may need assistance that involves personal interaction," Kumar adds.

Prevent Fraud: As fraud becomes an even bigger threat, AI can help mitigate the risk. "AI can combat fraud by evaluating large amounts of documents and data with greater accuracy," Kumar says. "For example, it can easily compare paystubs and pay statements against a database of known fraudulent documents."

Improve Service: There are many ways AI can be strategically used to boost loan service across the board. "AI solutions can be an ally to help reduce manual reviews, which allows for faster decisions and eliminates burdensome waiting periods. This enables employees to focus on high-value tasks and manage volume spikes while increasing general productivity. AI can also allow employees to catch errors and address them quickly to keep the process moving and serve members more confidently."

Though it's natural to be concerned that incorporating AI can diminish the value of human interaction, Kumar believes that isn't the case at all. "Instead, it enriches the service landscape by freeing up human resources to focus on what matters most: building relationships, offering personalized advice and providing financial guidance and advice throughout the life cycle of the loan."

Connect With Gen Z: These days there's no member demographic more desired than Gen Z; however, connecting with this crowd can be tough. But AI can meet them where they are. "Today's members, including Gen Z, expect modern lending experiences," Kumar says. "This means credit unions need to offer a digital lending experience that includes faster decisions and funding. Gen Z wants quick and convenient loans without having to visit a branch or fill out a lot of paperwork. Credit unions that provide this experience can keep their business, preventing them from looking for other options."

Celia Shatzman *has penned stories on topics ranging from beauty to fashion, finance, travel, celebrities, health and entertainment.*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OVERCOME EXISTING CHALLENGES AND PAVE THE WAY FOR A MORE EFFICIENT AND SECURE FUTURE

BY JACK HENRY

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Podcast: The Challenge and the Fun of Fintech Integrations (*cumanagement.com/podcast150*)

Tech Time: Why Modernization Should Include Leadership and Technology (*cumanagement.com/0823techtime*)

Video: Three Important Findings From Jack Henry's 2023 Strategic Priorities Benchmark Study (*cumanagement.com/video081623*)

From streamlining operations to enhancing member experiences, the pressure for credit unions to innovate and stay ahead of the curve has never been greater.

Take, for example, the manual processing of invoices. This tedious and time-consuming task not only hampers productivity, but it also increases the risk of errors.

Then there's the rise of cybersecurity threats that have made it imperative for credit unions to bolster cybersecurity defenses—especially since traditional cybersecurity measures are no longer sufficient in protecting against sophisticated cyberattacks. Financial institutions of all shapes and sizes know (too well) the importance of staying one step ahead of fraudsters, who are becoming increasingly adept at exploiting vulnerabilities.

ENTER: THE AI REVOLUTION

Artificial intelligence is more than an industry buzzword. It's a technology that's poised to revolutionize the way your credit union operates.

AI processes—learning, reasoning, problem-solving, perception, language understanding, etc.—are increasingly being used across the globe to automate tasks, improve decision-making and enhance experiences. By leveraging the power of AI, you can not only overcome existing challenges but also pave the way for a more efficient and secure future for everyone involved—your credit union and your members.

That's not to ignore the fears that some people and companies have of AI, which stem from a combination of uncertainty about its future impact, ethical concerns about its use, and its potential to disrupt existing social and economic structures.

But whether you like it or not, AI doesn't seem to be going anywhere.

More importantly: It's up to you how you use it.

AI AS A FORCE FOR GOOD

Consider these three ways you can use AI as a force for good:

1. Streamline invoice processing. AI-powered document solutions can automate the process of invoice processing, eliminating errors and reducing processing times.

By digitizing and automating this workflow, you can free up valuable time and resources around your credit union that can be redirected toward more strategic initiatives.

2. Enhance cybersecurity. AI and machine learning can significantly enhance cybersecurity defenses. By analyzing vast amounts of data in real time, AI can identify and mitigate potential threats before they escalate.

This proactive approach to cybersecurity can be a game changer in today's threat landscape.

3. Combat fraud. AI and machine learning can also play a crucial role in combating fraud. By analyzing patterns and anomalies in transaction data, AI can detect fraudulent activity and alert your credit union to take immediate action—helping to mitigate losses and protect your members' assets.

MOVING FORWARD WITH AI

The future of your credit union lies in your ability to embrace new technologies.

As you navigate the challenges of the digital age, integrating AI into your operations can help you chart a path toward a more efficient and secure future. At Jack Henry, we're committed to empowering credit unions with innovative AI solutions that drive success and growth.

We believe that together, we can unlock the full potential of AI (*tinyurl.com/2tmfj22r*) along with a world of new possibilities.

Jack Henry™ *is a well-rounded financial technology company that strengthens connections between financial institutions and the people and businesses they serve. We are an S&P 500 company that prioritizes openness, collaboration and user centricity—offering banks and credit unions a vibrant ecosystem of internally developed modern capabilities as well as the ability to integrate with leading fintechs. For more than 47 years, Jack Henry has provided technology solutions to enable clients to innovate faster, strategically differentiate and successfully compete while serving the evolving needs of account holders. We empower approximately 7,500 clients with people-inspired innovation, personal service and insight-driven solutions that help reduce the barriers to financial health. Additional information is available at* jackhenry.com.

Month-End Close: From Manual to Automated

uw credit union

Based in Madison and Milwaukee with locations locations around Wisconsin, University of Wisconsin Credit Union (UWCU) has an asset size of over $5 billion, 300,000 members and is the 3rd largest credit union in Wisconsin. As they grew, they needed to adapt and began thinking of how they could ease their month-end close process, and eventually stumbled upon SkyStem's ART platform. We spoke to the Director of Accounting, Sandy O'Connor, on how their month-end close process was improved by automation.

Before ART

The GL reconciliations were done on standard Excel spreadsheets that were created by the team, with links to documentation to support the balances. The accountants had to keep rolling these sheets forward into the new month-end folder. This would be completed using a printed-out listing of accounts in Excel where team members would write their initials next to the account they had finished.

Their old reconciliation review process would entail opening the large tracking sheet on one screen and the accounts that were being reviewed on another screen to tick them off one by one and documenting review by initialing next to the account.

> "Everything got better and easier and I did not have to feel embarrassed of this Excel tracking sheet. It simply was not a problem anymore."

This process led to careless mistakes. As there were no automated timestamps, reviewers for the reconciliations would have 'the date is wrong on your record' type of notes which added unnecessary time to the process.

After ART

- **Tracking**: The dashboards, audit trail and alerts helped immensely with the completion tracking. There was no longer a need to put initials into the tracking sheet or maintain it at all.
- **Review**: The review tracking sheet was also eliminated. With ART, reviewers could spend just a half hour at the end of the day reviewing the reconciliations within the system.
- **Task List:** Having this list automated allowed all team members to know exactly what they needed to do, when they needed to do it and all the documentation was in one place.

SKYSTEM Crystal Clear Close

CUES Strengthens Industry Commitment *With Strategic New Hires*

Chad Helminak

Pixie Gray

CUES is pleased to announce two new leadership positions that will play a critical role as the organization expands products and services to equip its members with the skills, tools, knowledge and relationships needed to thrive.

Chad Helminak has joined CUES as VP/talent development programming. Helminak brings two decades of leadership experience supporting purpose-driven organizations and leaders in the credit union industry. He facilitates experiential training for credit union leaders, leads boards and executive teams through strategic sessions, and drives growth in people, programs and organizational capabilities.

"As VP/talent development programming, Chad will lead the charge in designing and delivering cutting-edge customized and in-house programs and products tailored to the evolving needs of credit unions," says Heather McKissick, CUES CEO.

Pixie Gray will join CUES as VP/organizational development in May 2024. She brings over a decade of experience in leadership development, coaching, design thinking and process refinement. Gray is known for merger and acquisition culture alignment and facilitating strategic processes that yield tangible results.

"Pixie will spearhead our efforts in internal and external organizational development, thought leadership and organizational change, and will launch a new CUES consulting suite," says McKissick.

"Chad and Pixie's appointments underscore our commitment to staying at the forefront of innovation and providing unparalleled support to our members. We are thrilled to have them both," adds McKissick. "This investment in talent programming and organizational development sets CUES up for success and empowers our members to reach successful new heights."

CUES & Cornell Empower Aspiring Credit Union Leaders *to Unlock the C-Suite Mindset*

CUES Advanced Management Program from Cornell University (*cues.org/amp*) is returning in 2024. This nine-month program, which runs July 10 through April 1, 2025, offers emerging credit union leaders a unique opportunity to gain a comprehensive understanding of the C-suite by equipping attendees with the knowledge and skills needed to navigate the challenges faced by top executives.

The program pairs eCornell's award-winning certificate programs with live-taught online classes, developed and led by Cornell University faculty—offering credit unions a resource to fill their leadership pipelines and giving future leaders access to Ivy League-level education without travel or time out of the office.

The program delves into the minds of top executives, offering insights into the CEO's strategic vision-setting, the CFO's financial acumen and the COO's operational efficiency. Participants will also explore the CMO's viewpoint in brand building and digital marketing, harnessing data and technology for member engagement from a CIO's perspective, mastering contract management from the CCO's suite, navigating risk and fostering collaboration as a CRO, and developing high-performing teams from the CHRO office.

Get an attendee's first-hand account of the program when you read "Learning Leadership Vision" at *cumanagement.com/0622leadershipvision*. Learn more about the program and register at (*cues.org/amp*).

Online Learning

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

MAY 14
CUES Virtual Roundtable: Emerging Leaders Community

JUNE 11
CUES Virtual Roundtable: Board Liaison Community

JUNE 18
CUES Quarterly Leadership Connection: CUES Learning Portal Course—Making Decisions

JULY 9
CUES Virtual Roundtable: Human Resources and Learning & Development Community

JULY 10, 2024-APRIL 1, 2025
CUES Advanced Management Program from Cornell University

AUG. 6-8
Board Liaison Workshop

AUG. 13
CUES Virtual Roundtable: Employee Resource Group Community

AD INDEX

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2024

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FEATURED EVENT

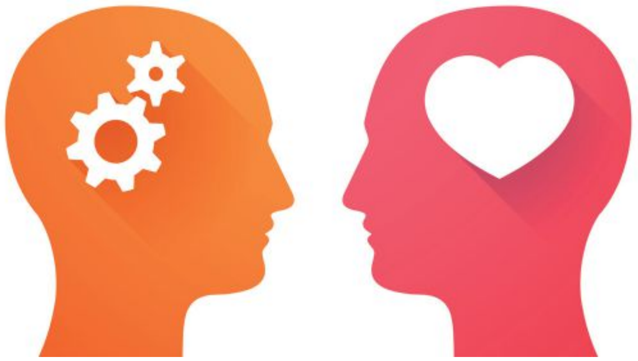
CUES Advanced Management Program from Cornell University

Online Event • July 10, 2024–April 1, 2025 • cues.org/AMP

Accelerate your career and get to the next level! Emerging leaders—position yourself for future success by gaining deep insights into the C-suite. Over the course of nine months and under the guidance of 11 Cornell University faculty members, you'll learn what it takes to be a successful executive and how to connect your day-to-day role with the purpose of your credit union so you'll be ready when the opportunity for advancement arrives.

JUNE 2024			
Governance Leadership Institute™ I	*Rotman School of Management* University of Toronto	**June 9–12**	cues.org/GLI
Governance Leadership Institute™ II: *Emerging Technologies*	*Rotman School of Management* University of Toronto	**June 12–14**	cues.org/GLI2
JULY 2024			
CEO Institute III: *Strategic Leadership Development*	*Darden School of Business* University of Virginia	**July 28–Aug 2**	cues.org/INST3-Summer
Director Development Seminar	Monterey, CA	**July 30–Aug 1**	cues.org/DDS
Supervisory/Audit Committee Development Seminar	Monterey, CA	**July 30–Aug 1**	cues.org/SCDS
AUGUST 2024			
Execu/Net™	Big Sky, MT	**Aug 18–21**	cues.org/EN
DECEMBER 2024			
Directors Conference	Nashville, TN	**Dec 8–11**	cues.org/DC
Board Liaison Workshop	Nashville, TN	**Dec 8–11**	cues.org/BLW
2024 ONLINE PROGRAMS			
CUES RealTalk! Series		**TBD**	content.cues.org/RealTalk
CUES Advanced Management Program from Cornell University		**July 10, 2024–April 1, 2025**	cues.org/AMP
Board Liaison Workshop		**Aug 6–8**	cues.org/BLW

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



Am I Emotionally *Intelligent?*

BY JIMESE HARKLEY, CUDE, J.D., SPP, CCE

Isaac Newton is said to have said, "Tact is the knack of making a point without making an enemy." With this statement, Newton, famous for inventing calculus and for his work on forces during the 1600s, seems to have been well ahead of his time in understanding emotional intelligence.

Emotional intelligence, defined by this Harvard Business School blog (*tinyurl.com/hbs-eiblog*) is "the ability to understand and manage your emotions, as well as recognize and influence the emotions of those around you."

Having emotional intelligence serves not just important scientists but also credit union leaders and team members. Let's dive deeper into what it is and how to develop it further in yourself and your organization.

According to this article by Cornerstone University (*tinyurl.com/cornerstoneu-eq*), emotional intelligence has five foundational characteristics:

1. Self-Awareness. People who have a high EQ know what they're feeling.

2. Self-Regulation. Emotions can hit people hard—and sometimes they come out of nowhere. A person with a high EQ can make choices about their emotions. They often have techniques at their disposal, such as breathing or taking a walk, that help them diffuse any emotion they're feeling and effectively address it.

3. Motivation. People with a high EQ can consistently move toward a positive attitude because they are regulating and reframing any difficult emotions they may be feeling.

4. Empathy. People with a high EQ are good at recognizing how others are feeling—they're empathetic. And they can treat people accordingly.

5. Social skills. Finally, a person with high EQ will usually have solid interpersonal skills that they are constantly developing further. "It used to be that access to the greatest amount of information would allow you to succeed, but now that everyone has immediate access to knowledge, people skills are more important than ever," the Cornerstone University article says.

According to an article from The Division of Continuing Education at Harvard University (*tinyurl.com/harvdce-ei*), developing emotional intelligence is an ongoing and very individual process. However, three key steps might help you on your journey:

1. Recognize and name your emotions. Try doing these exercises right now. Notice what emotions you are feeling. Ask yourself: "What are the emotions I typically feel in a stressful situation?" and "How do I usually respond in those situations?" Practice taking a moment to name your feelings. When you can pause and think before you act, you are developing emotional intelligence.

2. Ask for feedback. Audit your self-perception by asking people around you to rate your emotional intelligence. Find out how they see you responding (or reacting) to difficult situations, how empathetic they find you and how well you handle conflict. Don't discount what they say! Reflect on it and find ways to let that information help you grow.

3. Read fiction. Studies show (*tinyurl.com/ybcwbscb*) that reading books with complex characters can help us understand real people.

Building emotional intelligence is an important task for everyone and especially for leaders. To create an emotionally intelligent team, managers and supervisors must model the desired behavior, the Harvard article asserts.

"Start making heroes of people who help other people," Margaret Andrews, instructor of emotional intelligence in leadership, says in the article. "It's not just the person who got to the top of the mountain first—it's all the people who helped them. If you want to encourage good team behavior, recognize it, and call it out for what it is."

Jimese Harkley, JD, CUDE, SPP, CCE, *is VP/membership for CUES.*

Read the full blog and leave a comment at cumanagement.com/042624blog.

> **"With no development plan for managers in place, many individual contributors who get promoted will find they have gaps in the skills they need to do a great job—gaps that aren't getting filled. Getting leadership on board with learning where your managers ... can grow will strengthen your organization's culture and boost its performance."**
>
> **Lesley Sears,** *VP/consulting services at CUES, in "Purposeful Talent Development: How to Create the Right Curriculum for Your Managers' Learning"*: cumanagement.com/032524blog

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