Perspectives

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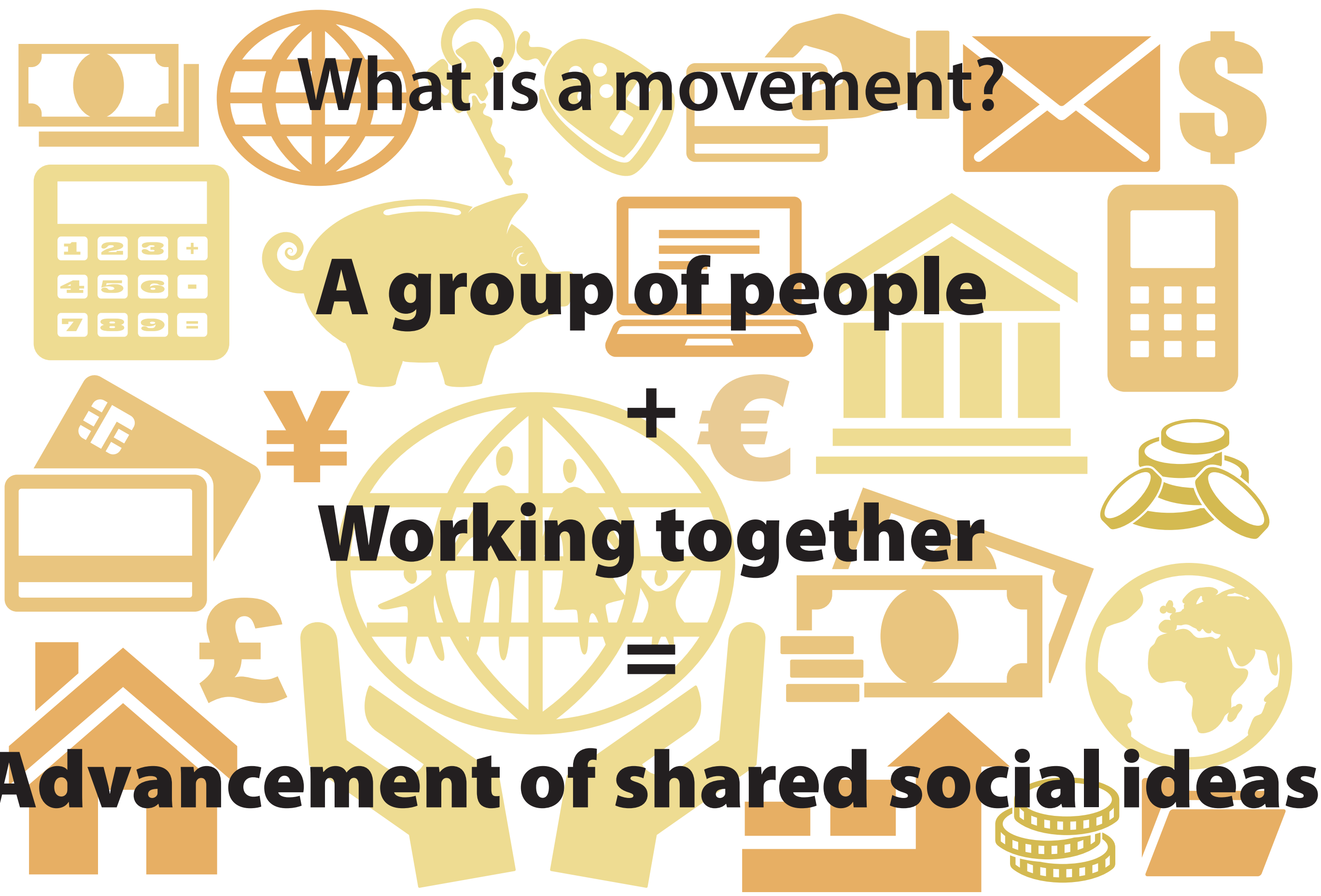


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Perspectives is a quarterly publication of the Cornerstone Credit Union League and is offered to affiliated credit unions as a dues-supported service. If you are not an employee or volunteer of a League-affiliated credit union and would like to subscribe to this publication, an annual subscription rate of $20 is available.

FEATURE

DEPARTMENTS

President's Column

By Dick Ensweiler
CEO
Cornerstone Credit Union League

At Cornerstone Credit Union League, we are committed to providing real value to our member credit unions. In addition to solutions and support in the areas of advocacy, regulatory & compliance, communications, ALM, education, etc., we cultivate relationships with leading companies committed to helping grow our movement.

A number of factors go into selecting companies with whom we collaborate. Financial stability, good value, trust and performance are clearly important factors, but above all we seek out business partners that specialize in service to credit unions.

One such company is the CUNA Mutual Group. For more than 75 years, the CUNA Mutual Group has provided credit unions with trusted products and services.

What you may not know is how the CUNA Mutual Group works closely with state leagues and the national credit union movement. The CUNA Mutual Group is a valued sponsor of several League events, including our Annual Meeting & Expo and Leadership Conference & Expo.

As a leading sponsor for many of our educational programs, the CUNA Mutual Group helps ensure we are able to attract our industry's brightest talent, who in turn are able to share their expertise, insight and knowledge with you. And when we are able to grow personally and professionally, we not only enrich our own lives, but we are empowered to enrich the lives of those around us – specifically those of our members.

The CUNA Mutual Group also supports the efforts of our Cornerstone Credit Union Foundation. They support the Foundation's annual golf tournament, contribute to the Southwest CUNA Management School Scholarship Fund, and are the sole sponsor of the League's and the Foundation's Financial Fitness Day in April. They also raise funds for the Foundation in their booth at the Expo Hall during our annual Leadership Conference, and dedicate a staff member to serve as an advisory board member to our Foundation.

The CUNA Mutual Group supports CUNA in virtually every major initiative to protect and promote the credit union movement throughout the United States. For example, when CUNA rolled out its Unite for Good campaign, the CUNA Mutual Group provided rich research statistics.

They closely monitor state regulatory agencies and legislative initiatives to ensure the laws and regulations are current, and to enable credit unions to insure members appropriately. Any time an Action Alert is initiated, CUNA Mutual management and staff send emails and phone their lawmakers, as well as take part in lawmaker visits.

Going further back in history, the CUNA Mutual Group provided people and big dollar support for HR 1151. They have always been, and remain, an integral partner in the credit union system.

If you don't already use the CUNA Mutual Group, I ask that you consider them. Credit unions across the country are benefiting every day from the products and services they provide. Financial stability, good value, trust and performance are important, and when you can show a proven track record of success, it makes your choice easy.

Chairman's Forum

By Paul Trylko
President and CEO
Amplify FCU

It's hard to believe that we are nearing the New Year, and on Jan. 1, 2014, it will have been six months since the Cornerstone Credit Union League became official.

During the last few months we've been busy assessing and evaluating our current programs, resources and services to ensure we are providing value to our member credit unions.

In September, we held our two popular conferences – the Marketing & Business Development Conference and Leadership Conference & Expo – in San Antonio. I was thrilled to see a strong attendance from Arkansas, Oklahoma and Texas at these back-to-back conferences. Our next big event is our Annual Meeting & Expo, which will also be held in San Antonio, April 22-24, 2014. This is the first official member meeting of the new collaborative League, so I encourage you to attend and exercise your voice as a member/owner of this organization.

Since the consolidation, I've been asked on more than one occasion, "How have the strategic goals of the League changed as a result of the consolidation?" Prior to the consolidation, each respective League had gone through a strategic planning process to identify the short- and long-term strategic goals for their respective organizations. Interestingly, as we were reviewing these strategic goals, we discovered a lot of similarities. This is not surprising, considering the fact that just as credit unions are mission-driven to serve the needs of their members, the Leagues, too, are mission-driven to meet the needs of our member credit unions.

Our focus since July 1 has been to provide continuous and uninterrupted service to our credit unions in all three states. To give you an idea of what you can anticipate going forward, I share the following:

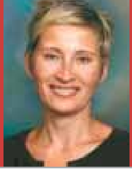
- We are on track to achieve full integration by year-end. What does that mean? As you can imagine, consolidating three organizations into one is a huge undertaking. Each organization had its own technology platform, phone system, policies and procedures, etc. Staff has been working diligently toward full integration, and every indication reflects that this will be accomplished when we ring in the New Year.

- The 2014 strategic goals have been approved by the board of directors, and staff is fully aware of the role they play in the successful implementation of these strategic goals. Without going into detail, our focus going forward will be to help strengthen and support credit unions and their efforts to serve and grow their membership, as well as increase their visibility in the market space, which includes the general population, lawmakers, media and public opinion makers.

- As a cooperative movement, engagement and involvement is critical to our future growth and success. We will continue to provide our credit unions these opportunities, which include targeted training and professional development programs; networking and best practices through programs such as our Chapters and Council programs; political advocacy and outreach programs such as our Young Professional Advisors Group, REAL Solutions and Juntos Avanzamos; and financial education.

The key to succeeding in a highly competitive market space is a willingness to transform. As we approach the New Year, we do so with confidence that while we have a new name, we also have a renewed energy and steadfast commitment to your success.

By Linda Webb-Mañon, I-CUDE
Vice President, PR & Communications
Cornerstone Credit Union League

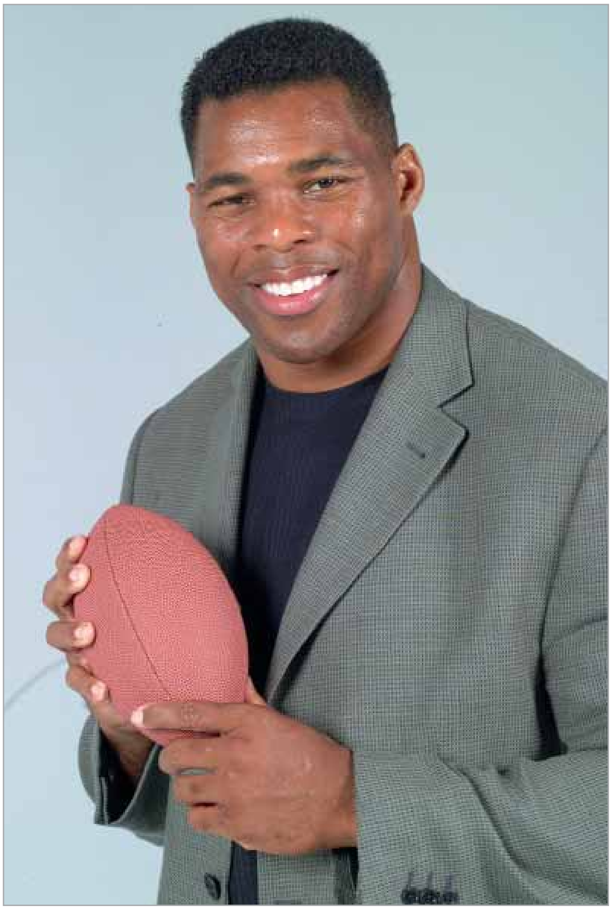


Herschel Walker: Overcoming Obstacles with Hard Work and Determination

Former Dallas Cowboys Star to Headline Cornerstone Credit Union League's Annual Meeting & Expo

A Heisman Trophy winner and a 1997 inductee into the College Football Hall of Fame, Herschel Walker was an excellent athlete who dominated the field and intimidated his opponents with his raw athletic skills and strength.

At 6-foot-1 and 225 pounds, Walker might seem invincible to some; however, there is real validity to the cliché, "you can't always judge a book by its cover."



As a child, Walker says he was bullied and ostracized because he suffered from a speech impediment. "I used to stutter, and as a result, I had no confidence to speak or read in front of my classmates," he recalls.

He soon realized, however, that he had two options: give up, or find a way to overcome the impediment.

"I started reading to myself in the mirror, and eventually I gained enough confidence to start reading in front of my peers," he says. "I also started writing down my thoughts."

By putting his thoughts down on paper, Walker says it helped him develop emotionally, so he became more articulate in expressing himself. "Everyone must overcome some kind of obstacle or hurdle in life," Walker says. "But I am a firm believer that with hard work, you can overcome any challenge."

To persevere, Walker believes you have to pay attention to everything around you and you must be patient. His determination to overcome a major hurdle early in life led to a successful football career, and later, a successful business career.

Walker admits that making the transition from athlete to a career in corporate America wasn't without its roadblocks.

"In the beginning, no one wanted to take me seriously because I was an athlete," he remembers. "They didn't want to give me respect as a business owner, although I owned several successful small businesses."

Walker was determined to change that. He identified several highly successful mentors in the business world and capitalized on their wealth of knowledge and experience.

"Although there are some similarities, the corporate world is much different than the athletic field," Walker notes. "But I had overcome a major hurdle in childhood, and there wasn't anything that was going to stop me from overcoming any obstacle in my life after football."

As for excuse-making, Walker believes everyone should take responsibility for their actions in both their personal and professional lives.

"No one else is responsible for the choices you make in life," he says. "Each person should hold themselves accountable."

If you want others to believe in you, Walker states you must first believe in yourself. You also need to be a team player. "In order for any business to grow and be successful, everyone in the organization has to be on the same page," Walker advises.

As a leader, he says it's important to lead by example. "The challenges and opportunities I've had in my life have instilled in me a very strong work ethic," Walker says. "I work hard and I expect others to work hard too."

Walker will share more inspirational insights this spring at the Cornerstone Credit Union League's Annual Meeting & Expo April 22-24, 2014, in San Antonio.

By Bob Mellinger
CEO
Attainium Corporation

All Hands on Deck: Crisis Management

You know who's on your crisis management team, and you've assigned people to assume various primary and alternate roles. But who actually does what cannot definitely be assigned until you know the type of crisis. Exactly who is available, and what are their strengths? Although you've planned and strategized, you can only hope there are enough people present with the correct skills and knowledge to respond effectively and manage the crisis in a timely manner.

The team leader has the most critical role, since the first decision to make in any situation is whether or not you truly have a disaster on your hands. So, while timely response is important, it's also necessary to make sure you're not declaring a crisis if there isn't one. It is the leader's responsibility to get as much information as possible on what happened and to determine if there is a true crisis. Once that's determined, the leader then has to assign specific roles to members of the crisis team, beginning with the scribe.

Because you don't know at the outset what the scope of the crisis might be and whether liability is involved, it's critical to have a scribe who can record all decisions, actions and outcomes. You can't wait until hours into a situation to begin documenting everything, since memory is not always reliable hours later in a crisis, and certainly not days or weeks after the fact if you haven't created and preserved a record of what happened.

The communication function plays a key role in internal and external communication in any crisis situation. The leader will assign – from available personnel – a spokesperson who is forthright and can remain calm and cool while speaking on behalf of the credit union. If you don't make information public as soon as possible, you may lose control of the situation and of what is said.

A media contact person must be identified quickly to handle media inquiries. Once the media gets wind of any problem, the calls will come in and someone has to answer their questions. This person obviously needs to be able to convey information clearly and logically. Also, communication with staff should be initiated quickly, and can be handled by human resources (among one of their many jobs in the crisis).

Remember that information in a crisis often flows slowly and can be inaccurate. Think of what you heard after the first plane hit the World Trade Center tower on 9/11. No one knew what had happened. And, even after plane number two hit the second tower and the Pentagon was hit, there still was no complete explanation for what was occurring. Expect in your crisis that information flow will be slow and not always accurate. From the outset, your team won't always know everything they need to know in order to manage and respond effectively. With the data that is available, the team leader and alternate leader may need to strategize – quickly – on how to respond to various scenarios in order to have the right people and actions in place as information trickles in. They will need to assign people with a variety of expertise to work in various areas of IT, logistics and operations.

The IT contact on the team should begin to determine the extent of damage or problems with the credit union's IT infrastructure and critical systems. That information should be given to the team leader and used to direct the IT department in its initial response and attempts to restore functionality and resolve the problem. Switching over to backup systems at other locations might be the initial fix.

The operations contact should be someone completely familiar with day-to-day operations of the credit union and must be kept in the loop about everything that is being done. It will be his or her job to oversee the work of the emergency response team as the crisis unfolds.

The person or persons assigned to the logistics role will act as the liaison with first responders and others involved during the beginning of the crisis. It also falls on them to work with building management and with the insurance company. Finally, they will make recommendations and decisions on allocating emergency resources and how and when to move people to other sites or credit union offices.

Everyone on the crisis team plays an important role in any crisis. Responding quickly and effectively is critical to managing and/or containing the crisis, as well as laying the groundwork for the fastest possible recovery.

By Carrie Buchholz
Communications & Events Manager
Cornerstone Credit Union League

The Secrets to Exceptional Member Service

What is exceptional member service? It is creating member loyalty by leaving a lasting impression. How do you leave a lasting impression? Inspire your employees to deliver your members with the absolute best service so they will never want to leave your credit union.

"Members are your purpose for being," says Kevin Conn of Houston Highway CU. "Without members, your credit union would cease to exist. Building a solid foundation with them is crucial."

Conn says there are numerous ways to create an amazing customer experience, such as making the consumer feel as if their needs come first. Another way is going above and beyond by exceeding their expectations.

Jerry Jackson, manager of Service Solutions at Tinker FCU (Oklahoma City), believes that employees are the face of your organization, and keeping them happy is one key to exceptional member service.

"At an organization with a service culture, employees are more likely to deliver a positive experience," Jackson says. "It is a known fact that employees who are treated well and given the tools they need to succeed will treat customers with respect and create a positive impression on consumers."

Strong leaders, Jackson adds, realize that engaging and training employees is one of the best ways to create exceptional member service.

Finding the right people is also a necessity to great service. "Successful managers look for the employee who truly cares about people and puts them in the customer service position," Jackson continues. "These people will create the best relationships with your members."

To really succeed in customer service, caring about people is essential. Virginia Fowble, a branch manager for Communication FCU (Okla.), says being available to your member and having enthusiasm in the transaction is truly important. Being fake, she says, can easily be picked up on, so always be genuine.

"There are so many organizations that can offer the same products to your members," Fowble adds. "What you can be the best at is member service. Create raving fans of your credit union."

One company famous for having exceptional member service is Zappos.com. Its CEO, Tony Hsieh, is known for empowering his employees to go out of their way to ensure their customers are taken care of, no matter the circumstances. The company's goal is to make their customers happy, and they believe through that everything else will fall into place.

As Conn notes above, there are numerous ways to create an amazing customer experience, but the ultimate secret to exceptional customer service is to be an exceptional leader. Leaders who are visionary and inspiring will plant that same attitude in their employees.

By Mark Arnold, CCUE
President
On the Market Strategies

Developing Your CU's Unique Market Niche

We live in a hyper-competitive financial services marketplace. Never before has the average consumer faced such a wide variety of choices in credit unions, banks and other non-traditional (i.e., payday lenders, check cashers, even Bluebird) providers.

We also live in an age of remarkable niche marketing. Think about it – how many choices do you have in cable channels? Radio stations? Downloadable digital entertainment? Websites and social media options?

Everywhere consumers turn, fresh new choices are offered across the marketplace spectrum. To remain competitive, viable and relevant, credit unions must also offer a unique choice for consumers. The trick is discovering exactly what it is that makes your credit union stand out from the pack. Do you provide the fastest loan decision turnaround? Are you best at servicing the needs of Generation Y? Can you excel at offering high-tech, mobile financial services platforms?

To develop your niche, you must look inward to discover what your credit union does best. You simply cannot be all things to all people. To try is an open invitation to failure. Imitation of other financial institutions is fraught with similar peril. Developing your unique niche is a quest for authentic differentiation, a platform where you and no one else resides.

While the process varies from credit union to credit union, four broad steps that can benefit all while embarking on this journey are:

1. Examine your demographics.

Look at members' characteristics. What are the primary age ranges? Where do they live? What products and services do they most often use? How profitable are they? By examining the numbers of your own credit union (often readily accessible via an MCIF system), you can gather data critical to finding your market niche.

2. Look at local and national trends.

Read up on the credit union and banking industry at all levels, such as local, state and national. What trends do you see? Is there a consensus amongst industry experts and regulators about the way things are headed? By keeping an attentive ear to the industry ground, you may glean information that gives clear signs about the orientation of your potential niche market.

3. Talk to your members.

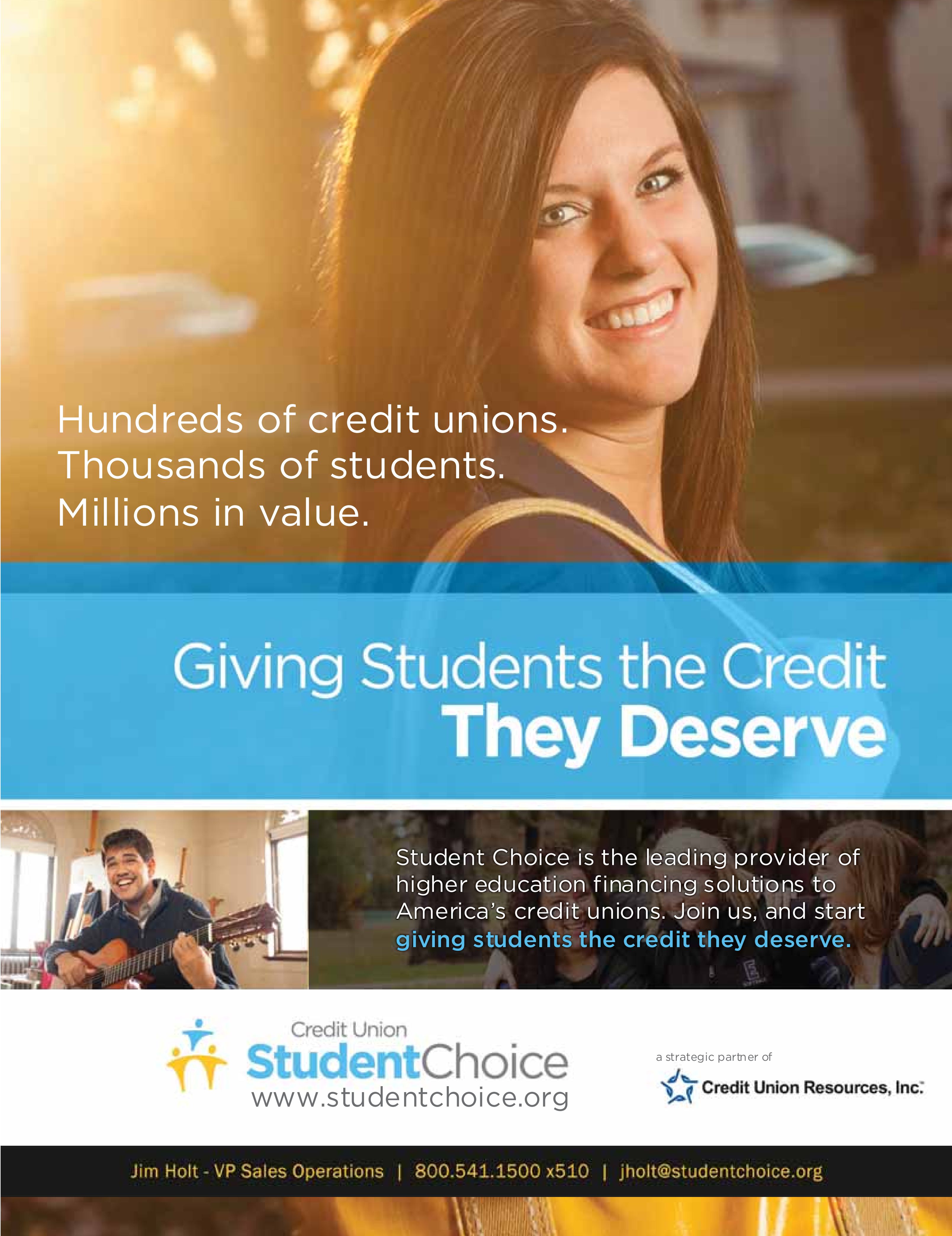
Credit unions do an amazing job serving the daily needs of their members. So attuned to the member relationship are we that stopping to talk to them about their wants and needs should come as second nature. Quizzing your members about how they view your credit union taps a potentially enormous well of information. They may back up what you already think about your credit union. Conversely, their honest feedback may knock you for a loop and point you in the right direction. Either way, actively listening to your members is a healthy exercise in which all credit unions should participate. Their responses represent a goldmine of data to furl your unique niche platform search.

4. Ask "who do we serve well?"

This is an opportunity for your credit union (including the board, management and staff) to look inward and ask a simple question with deep repercussions. Who do you do the best job serving? Of course, all credit unions should and do strive to meet the needs of all members, but again, you simply cannot be all things to all people. You may find that you best serve single mothers, senior citizens, young entrepreneurs, small businesses or deposit-oriented people. The possibilities are endless. The challenge is asking the question honestly and accepting the answer, even if it is one you weren't expecting.

To rise above the din of our modern competitive financial services arena, your credit union must find and exploit its natural and unique marketplace niche. Identifying this group (or groups) and serving them well is a vital component of surviving and thriving in today's marketplace. Actively pursuing information, both internally and externally, can help your credit union achieve this goal.

Mark Arnold is presenting at the Cornerstone Credit Union League's GSD Conference Oct. 21-22 in Austin.



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By Richard Grady
Vice President, Research
Cornerstone Credit Union League

Leveraging Research to Grow Your CU

As a pilot, one of the first areas I mastered was my six-pack. No, this was not a cut and defined muscle pattern between my rib cage and waistline. This was the six most critical instruments in the cockpit, relaying how well I was controlling the aircraft. With these six instruments, any pilot knows how fast they are going, how high they are, their rate and angle of ascent or descent, if they are in level flight or turning, the rate of their turn, and the direction they are going. Plotted with the external environmental factors, a pilot can successfully control a plane from point A to point B.

Of course, these are not the only instruments to master, but they are the most critical. The reason a pilot watches them all of the time is because conditions are constantly causing changes to them, which must be corrected if you are going to make it to point B. The same is true in business.

We have many instruments in credit unions. Our ratios are great for monitoring the current conditions of the operation. Computer or mathematical modeling software adds greater understanding as changes impact the mix of products and services offered. These ratios and interrelationships are the first two portions in the six-pack to master. These are our systems and internal condition instruments.

Still, we need deeper understanding of what is happening outside the walls and halls of the organization. What is our membership population like? Is our current membership primarily boomers, or is there an even spread across all generations? Do our membership demographics reflect the community demographics? Do we have empirical data helping predict where the community will be in the next five to ten years? How are we planning for this? Have we mastered the member instrument?

The age of the membership may dictate products, services and delivery methods. Are Generation Y people the only demographic using mobile technology? Absolutely not! Some of the greatest adopters of mobile technology use, especially with financial applications, are the baby boomers. Their use, however, is significantly different from that of the younger generation. Are we using that technology internally to expand service beyond the walls? How many of us had five-year plans that included smartphones and tablets in 2008, a year after the introduction of the iPhone?

What does the future hold for technology used between the member and the credit union? I, for one, have been keeping an eye (no pun intended) on Google Glass and the wrist phone. In demonstrations, wearers of these devices have held incredible discussions with people, all from data fed to their devices in real time from recognition applications running in the background. How soon will the Google Glass device evolve into a contact lens I slip onto my eye in the morning? Wearable computers, membrane thin, already exist.

The Great Recession gave many a master's level immersion program into generational, organizational and community needs. People who thought they had money came to understand they had little to none. People who spent a lifetime with a corporation suddenly found they were unemployed, underfunded, under duress and under water. People realized that their safety nets, called savings accounts, investments, pension funds, retirement packages, 401(k)s, homes, or simply friends and family had frayed, creating giant gaps and holes. How many of us had this scenario in our three-year plans in 2005? How good is our economics instrument?

What are the current economic conditions within the community? Can we use these conditions for our benefit, or are they conditions driven by forces where avoidance is the best alternative? Perhaps an economic development organization announced the establishment of a new factory or relocation of a new headquarters into the community. This could mean lower unemployment within the region, new training programs at the local community college, an expansion of the population, new housing construction, greater need for schools and teachers, more members, and greater lending opportunities.

Perhaps the city commission announced the closing of a factory or a relocation of a headquarters away from the community. The opposite effects could now be true; higher unemployment, cancelled training programs, housing vacancies, accounts closed, deposits taken away. How are we reading our community instrument?

How many of us know the names of and keep in touch with the mayor, the city manager, the city council, the planning department, and other community organizations? If we are reliant on a single employer, how well are we in tune with their sales growth, their employment conditions, their future plans for expansion and opportunities?

Certainly we are not the only financial institutions seeking this information and these relationships. Do we know who our competition really is? Where are their branches? What is their wallet share of deposits? What is their lending strategy and core expertise? What is my competition instrument telling me?

With this control panel brushed aside, the real question is how good is the intelligence on the conditions of the members, the future products and services, the future delivery systems, and the communities surrounding all of us? Research, that often overlooked business skill, is the one element that can deliver clues in preparing for current and future conditions, and sustaining level flight.

By Steve Gibbs, CUCE, BSACS
AVP, Shared Compliance Resources
Credit Union Resources Inc.

Choosing the Right Compliance Officer

Compliance has accelerated to the forefront of positions needed in financial institutions, due to the issues arising from abuse in the mortgage industry, resulting reforms put into place by the Dodd-Frank Wall Street Reform and Consumer Protections Act, and the rise of the Consumer Financial Protection Bureau (CFPB) and its numerous regulatory changes. There is a real need for "solid" compliance professionals; however, managers are still questioning how to evaluate this federally mandated position considered to be "crucial" to regulatory-related operations.

The following are some considerations in searching for a compliance officer:

1. **Experience.** There are numerous areas where compliance professionals can claim experience. Ultimately, those areas join together over a number of years, creating a sort of "seasoning" of the individuals in their outlook, work ethic and level of professionalism:
   - **Regulatory.** Former examiners and/or auditors with federal or state-related experience generally have a solid basic training in regulatory issues, their origins and reasons for compliance.
   - **Institutional.** Larger, more complex credit unions may require more previous experience in financial institutions (five to seven years or longer), while smaller, less complex organizations may only require someone with more basic (two to five years), hands-on compliance training.
   - **Certifications.** Professional recognitions are an excellent means of measuring regulatory knowledge, as to an applied field of study. Although it's not a substitute for time, it gives a thumbnail idea of the individual's ability to comprehend compliance terminology, issues and concerns.
2. **Cohesiveness and ability to work within various areas.** A compliance officer should be comfortable discussing the "issues of the day" with member services, loan officers, marketers and any other staff he or she may work with on a regular basis. Many times, that same compliance officer may find himself or herself in the position of "diplomat" when it comes to helping those groups understand the importance of performing the functions that keep his or her respective departments within regulatory guidelines, no matter how tedious or mundane.
3. **Meeting deadlines.** Procrastinators beware! Dates and times are always important to the compliance professional. Most regulatory requirements have rigid deadlines. Not only can failure to meet certain guidelines and mandates in a timely fashion result in infractions and "write-ups" by examiners, but they can also result in monetary penalties and fines.
4. **Research.** Sometimes a thorough compliance officer has to "crack the books" in order to perform his or her duties. It's often easy to go to our network of professional friends and acquaintances for answers; however that doesn't always give the detail needed in reporting to management or the board. It's not always about giving an answer; sometimes discussions require background information on where a particular issue or regulation came from, how it evolved, and its effect on other issues and regulations.

   Knowing where to find that information is almost as important as the knowledge itself. Good compliance officers should have archives of saved material, as well as websites, periodicals and manuals for consultation.
5. **Knowing when to "pass the ball."** Confidence is a wonderful attribute. It gives others a feeling that we know our job and what needs to be done, and that we are very good at it. However, with compliance, it's not enough to know your job; you must also know when you are outside your field of expertise. This is where the competent compliance officer seeks outside professional help or consultation. Whether from attorneys or accountants, some issues require technical help and reference that the compliance officer may not be able to supply. Well-prepared compliance officers will have a list of outside professionals ready for referral to management should the need arise.
6. **Passion for the job.** Regardless of the profession, a person without passion for what he or she does has no investment in his or her work product. A consummate compliance professional shows an enthusiasm for the role he or she plays in the organization and his or her contribution in keeping it safe.

Although there are many elements to consider in filling a compliance officer/professional position, those mentioned are some of the important elements in making that decision.

The importance of compliance continues to grow, along with the many new and changing regulations and issuances we receive every day. It's critical that management understands that the increasing complexity of the position warrants an even more complex and regulatory-savvy individual to shoulder that responsibility.

By Nathan Behncke
Regulatory Compliance Advisor
Cornerstone Credit Union League

Reg Q&A: New Loan Participation Rules Effective Sept. 23, 2013

On Sept. 23, the National Credit Union Administration's (NCUA) updates to the Loan Participation rules took effect. The new rules mean changes to several areas, including risk retention requirements, concentration limits, loan participation policies, loan participation contracts and waivers. The rule applies to all federally insured credit unions, which covers both state and federally chartered credit unions insured by the NCUSIF.

Here's a brief overview of the changes:

Q: What percentage of ownership will a credit union need to maintain?

A: Ten percent for federally chartered credit unions, and 5 percent for all state-chartered credit unions, CUSOs and other financial organizations that sell loan participations. This limit is a reflection of the 5 percent provision in the Dodd-Frank Act that requires originators to hold 5 percent of mortgage loans to ensure that good loans are being made; however the rule will apply to all loans.

Q: What are the new concentration limits?

A: The final rule states that the purchasing credit union's total loan participations from a single originator is called at the greater of $5 million, or 100 percent of net worth.

Federally insured credit unions may seek a waiver from the limit.

In addition, the NCUA adopted a 15 percent of net worth concentration limit on the purchase of loan participations made to any one borrower or associated borrowers. Credit unions may also apply for waivers from the limit.

Any credit union that exceeds these limits will be grandfathered in and will not be forced to divest any loan participations it currently owns, but it will not be able to purchase any additional loan participations until it complies with the regulation.

To get a waiver, a credit union must include in its waiver application:

- A copy of all pertinent lending policies and underwriting standards,
- The requested higher limit,
- An explanation of the need for increasing the limit,
- Documentation supporting the credit union's ability to manage and monitor this activity, including risk mitigation measures,
- Analysis of the credit union's prior experience with this type of loan,
- The loan participation master agreement,
- Servicing agreements/contracts, if applicable, and
- Documentation supporting the resolution of any material problems identified in the most recent exam report's Document of Resolution or any outstanding administration actions, with stronger support if a problem relates to loan participations, the type of loan the credit union wants to purchase, or existing waivers.

Q: What is required for loan participation policies?

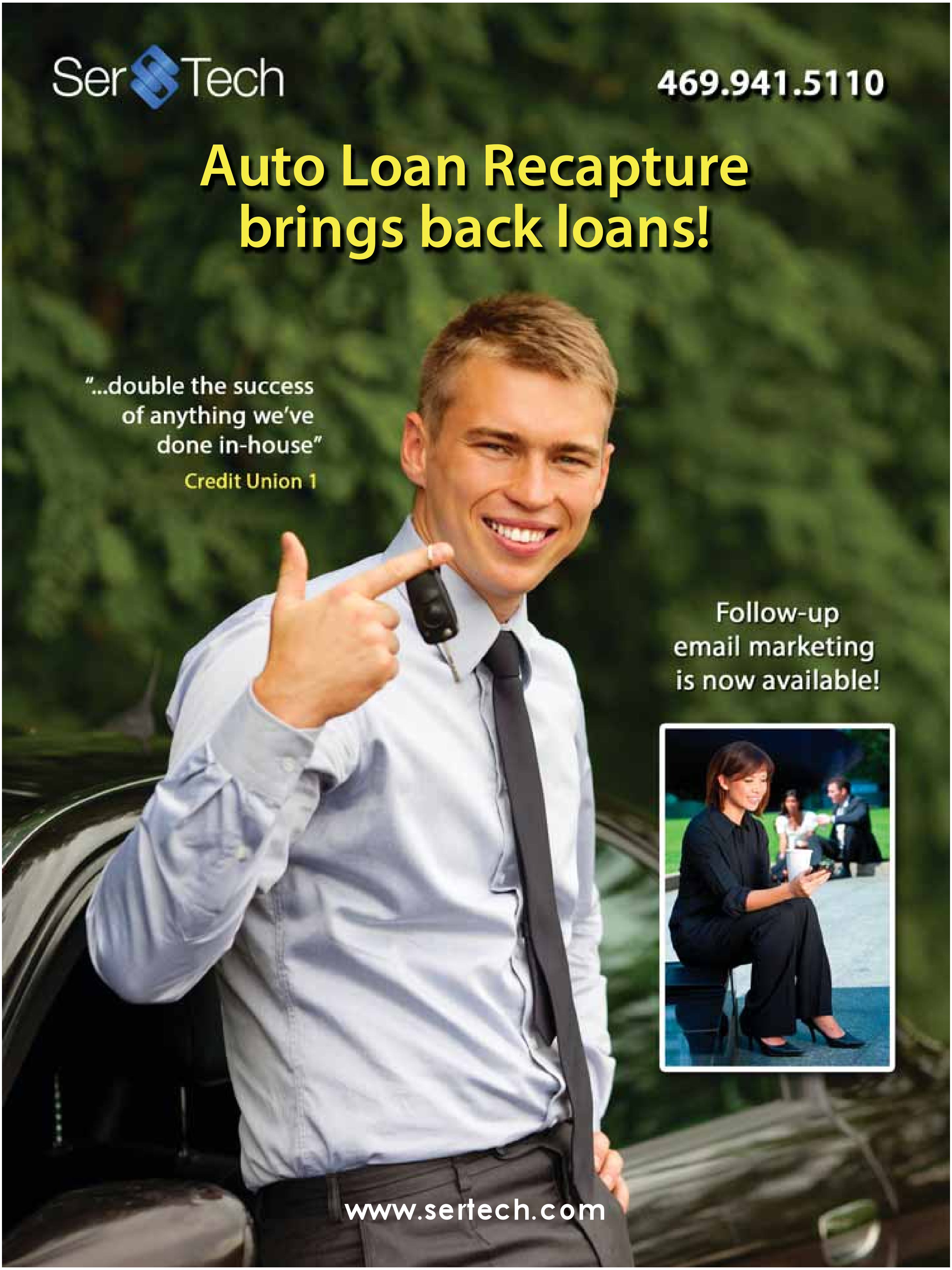
A: The NCUA is requiring that each federally insured credit union (including state-chartered credit unions) establish limits on the amount of loan participations that may be purchased by each loan type. These policies must cite the concentration limits in the regulation, or if the credit union has tighter limits, those limits.

Q: What must be addressed in a loan participation contract or agreement?

A: A loan agreement must:

- Be properly executed by authorized representatives of all parties under applicable law;
- Be properly authorized by the board of directors, or if delegated in its policy, to a designated committee or senior management official, under the credit union's bylaws and all applicable law;
- Be retained in the federally insured credit union's office;
- Include provisions that, at a minimum, address:
  - Prior to purchase, the ID of the specific loan participation being purchased, either in the document or incorporated by reference in the agreement;
  - The interest the lender will retain in the loan to be participated (10 percent for federally chartered, and 5 percent for state-chartered credit unions, CUSOs and other eligible organizations);
  - The location and custodian for the original loan documents;
  - An explanation of the conditions under which the parties to the agreement can gain access to the financial and other performance information about the loan, the borrower, and the servicer so the parties can monitor the loan;
  - An explanation of the duties and responsibilities of the originating lender, servicer and participants, including servicing, default, foreclosure, collection and other matters involving the ongoing administration of the loan; and
  - Circumstances and conditions under which participants may replace the servicer.

Credit unions should review their current loan participation agreements to reflect these requirements.



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Building a Global Community

On Oct. 17, 2013, credit unions worldwide will come together to celebrate International Credit Union Day, an annual event to commemorate the credit union movement's impact and achievements. This year's theme, "Credit Unions Unite for Good: A Better Way," emphasizes the benefits of cooperation among credit unions to better serve members and ties closely with World Council's vision to build a global community.

This year's message also speaks to the powerful global network of 56,000 credit unions in 101 countries serving 200 million members, which no other financial institution can claim. We go by many names: credit union, financial cooperative, SACCO, SKOK, savings house, caisse populaire, mutual housing society, cooperativa de ahorro y crédito, caja popular or caja de ahorro.

What we call ourselves may be different, but we share a common mission and a common set of values. Our mission is the financial empowerment of members. The values are about trust, mutual help and self-help. We build a community of credit unions dedicated to putting first what is right for members, their families and communities. We operate locally, but our markets have globalized. As our markets globalize, we acquire greater strength by globalizing our community.

We face the same challenges. When we ask credit union organizations and associations across the world what their greatest challenges are, they list regulatory compliance, payments and mobile technology, small credit union sustainability and consumer awareness.

Regulatory Compliance: Increasingly, national legislators and regulators follow global standard setters in creating rules for credit unions. Expanded supervision brings with it increased compliance burden. We respond at the global level by representing and defending our global community.

We advocate for supplemental capital to qualify as regulatory BASEL III capital at the Bank for International Settlements. We advocate for streamlined, anti-money laundering procedures at the Financial Action Task Force. We advocate for simplified, reduced costs of complying with the new Legal Entity Identifier (LEI) system at the Financial Stability Board. With our European colleagues in the European Union Parliament, we work to protect credit unions from increasing regulatory burden, which diminishes the capacity of credit unions to serve their members' best interests.

Payments and Mobile Technology: One of today's greatest forces of business disruption in financial service everywhere is the change in the technology of communications, payments and commerce. When we look at which credit unions are growing rapidly around the world, they are those who offer more complete services and access to payments, and mobile technology. Consumer demands for greater convenience and access mean that we need to provide multiple channels for consumer access.

Mobile technology offerings are driven by the wireless availability of the Internet. As the Internet becomes widely available, cheaper and faster, transactions and business shift to the Internet on mobile devices. According to the International Telecommunication Union, by the end of 2011, a third of the world population had access to the Internet. By 2015, they project that 60 percent of the world population will have access to the Internet.

As we see the role of payment systems increasing globally, we also see opportunities to extend payments services to credit unions around the world. This provides greater convenience to members and achieves higher growth of our global community.

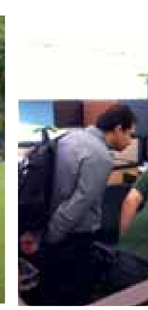
Small Credit Union Sustainability: These pressures drive greater consolidation of credit union systems as smaller credit unions merge into larger ones, which then creates pressures for consolidation and mergers and create sustainability challenges for smaller credit unions.

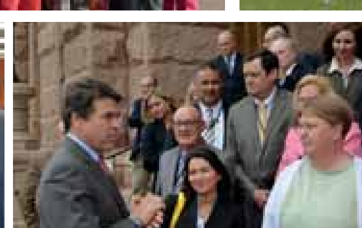
We see common pressures among credit unions around the world: high-investment costs in information technology, low interest rates, search for non-interest sources of income, low membership growth, difficulty in attracting young members and challenges with sustainability of smaller credit unions. Smaller credit unions in particular show low return on assets and negative membership growth while still holding high capital-to-asset ratios.

In contrast, larger credit unions display high return on assets and high membership growth, but constraints on growth by limited capital-to-asset ratios. The impact of this in countries such as Australia and Canada has been rapid concentration as smaller credit unions merge into the larger credit unions.

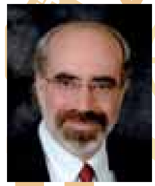
Yet, part of the richness of a global community is the creativity in the diversity of answers to these challenges. In Brazil, Korea, Poland and the United Kingdom, we see credit union systems develop shared business systems to achieve efficiencies for small credit unions through






By Brian Branch
CEO
World Council of Credit Unions



shared back office operations for managing accounting, personnel, training, fixed assets, advertising and investments. Throughout Latin America, credit unions build shared technology platforms to provide their members with access to payments systems, shared ATM networks, shared branching, online banking and mobile access.

Consumer Awareness: Consumers continually assess the value of credit unions. Consumers everywhere look for the best service quality and convenience for price. They compare rates and fees to save money and check if we provide the services and the channels they want. They may want simple savings and loan services. They may want mortgages and debit cards, a large ATM network, Internet banking, automatic bill pay and mobile access. Again, we find that the fastest growing credit unions are those that offer more complete services and access to payments and mobile technology.

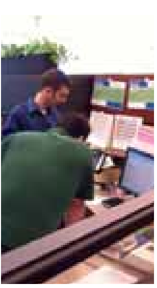
These are consumers' first order conditions. We must meet these to get them in the door. But this is not the credit union difference. There are banks, microfinance organizations and finance companies that offer these conditions.

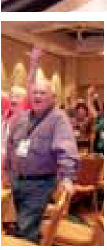
Once they are members, what resonates? They remember when their credit union did something different for them. Country after country, we see three common themes emerge:

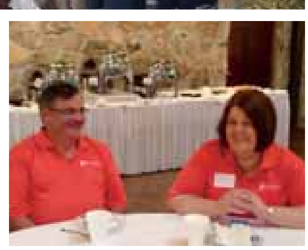
1. Members remember when the credit union helped them improve their life and the life of their family.
2. Members remember that the credit union provided support when others would not.
3. Members remember when the credit union gave them the best alternatives for them versus the most profitable alternative for the credit union.

If we want their loyalty and we want to keep them over the long run, these second order conditions are what members remember. This is what is different from the simple commoditization of financial services. Whether we call ourselves a credit union, caisse populaire or caja de ahorro, what our members see is that we are passionate about service to them. We put the benefit of the member first before the profit of the institution.

This is the common mission and the common set of values that binds us together as a global community. This is what we celebrate on International Credit Union Day.







Credit Unions ROAR for Advocacy

"Most battles are won before they're ever fought."

That quote, made legendary by World War II General George S. Patton, captures the idea behind Cornerstone Credit Union League's signature grassroots and advocacy program, CU: ROAR.

CU: ROAR stands for "Credit Unions: Ready, Organize, Activate, and Respond," and quite simply, it is both the foundation and catalyst for credit union staff and volunteers to get involved in the political process by connecting them with their lawmakers. It is also the backbone for PAC support because it promotes employee participation in payroll deduction.

Make the Pledge

While we often boast of "millions of credit union members ready to respond," the reality is that unless we can back it up with real grassroots action, our efforts ring hollow. It is for this reason that we urge all of our member credit unions to join CU: ROAR.

Credit unions that sign up for the CU: ROAR program pledge to:

- Be "Ready" by staying informed on political issues affecting credit unions;
- "Organize" by identifying credit union staff and members who are willing to become politically active;
- "Activate" when alerted by your League to take action and contact those individuals you identified in the "organize" stage; and
- Finally, "Respond" by contacting lawmakers via emails, phone calls or personal visits.

Your League stands ready to assist you as you develop your advocacy team.

Involvement is the Key to Change

You can make a difference, not only for your credit union, but for the industry through the CU: ROAR program. How?

- Sign up for CU: ROAR by completing the enrollment form, which you can obtain through the Cornerstone Credit Union League website.
- Ask for volunteers to create an advocacy team comprised of staff and/or directors—and even credit union members—who are interested in getting more involved.
- Spend time getting to know this guidebook, which contains fundamental information about the legislative process and how to be an effective advocate.

Keep Up the Momentum

A critical component of the CU: ROAR program is keeping your advocacy team informed and engaged.

- Consider introducing CU: ROAR as part of your new hire orientation to engage new advocates.
- Bring up CU: ROAR at staff and board meetings to generate interest and keep advocacy at the forefront of people's minds.
- Schedule periodic meetings to keep your advocacy team and board of directors engaged, informed and ready to respond to critical calls to action.
- Stay in touch with your League's Advocacy team. We want to hear your ideas for enhancing political engagement, and we want to know what actions you've taken to help CU: ROAR in your community.

To learn more, please visit www.cornerstoneleague.coop/grassroots.html.

By Karen Houston-Johnson
Vice President, OnBalance
Credit Union Resources, Inc.

Building a Governance Partnership

In much that has been written about CEO and board relationships, a familiar story is repeated: When it's successful, the relationship is a balancing act – carefully choreographed, but at the same time poised to shift, respond and change when necessary.

The CEO is the employee of the board and manages the operation, but in a constructive partnership with the board, he or she also provides essential leadership that engages and involves the board in governance. The CEO is many times the "spark" that ignites the partnership and helps board performance move from ordinary to extraordinary.

According to BoardSource's Nonprofit Governance Index 2010 Report, board-related work – in and between meetings – consumes an average of 22 hours per month of the CEO's time. The larger the board, the more time CEOs spend. Board chairs typically spend 19 hours, and other directors spend an average of 10 hours.

For the CEO, the partnership involves working for, working with, and working the board. When working for the board, the CEO has specific expectations based on vision and accountability. When working with the board, the CEO shares knowledge and information to engage directors by asking the critical strategic questions that contribute to organizational effectiveness. In "working the board," the CEO prepares directors to open doors to resources and relationships that make the organization the best it can be.

In the next seven issues of *Perspectives*, we will be examining the following seven rules for the board and CEO in developing a successful governance partnership:

1. Make mission matter,
2. Know the organization,
3. Cultivate relationships,
4. Inform and communicate,
5. Facilitate a balance in roles and responsibilities,
6. Structure the board's work, and
7. Plan for transitions.

RULE 1 – MAKE MISSION MATTER

The partnership between the CEO and the board focuses on the organization's mission, with both parties bringing their appropriate skills and expertise to bear on the desired results. Passion for that mission is important – it generates enthusiasm and momentum when pursuing a common goal. Directors working with a CEO who shows little excitement about the credit union's work are likely to mirror that attitude. Lacking incentive and direction, their work may feel like uninspired drudgery.

View from the director's chair

Passion for the mission is the beginning of great board involvement, and no influence is as powerful as that of the CEO. Directors, especially in the beginning, take their cues from the culture of the credit union and CEO. At their first meeting, they pick up on the CEO's knowledge and enthusiasm.

An effective CEO recognizes his or her responsibility to develop directors' emotional commitment, beginning with enticing them to learn about the credit union's challenges, objectives, needs and accomplishments. Astute CEOs keep directors focused on the mission through frequent reminders of accomplishments – starting or ending meetings with an example of how the organization has made a difference.

View from the CEO's desk

The more the CEO shares his or her passion for the mission with the board, the more he or she will tell enthusiastic stories about its positive impact on the community. Passion for the mission makes the CEO a valued partner with the board, not just someone who is along for the ride.

However, not all directors will be equally as passionate, connected or comfortable with the mission. An engaged CEO will inspire the same kind of enthusiasm among board members, who will then be more likely to embrace the cause themselves, increasing their commitment, productivity and effectiveness.

To bring passion for the mission into the boardroom, CEOs can try one or all of the following:

- Share stories about where the credit union was in the past and how far it has come.
- Research new developments in the industry and share them with the board to stimulate discussions about change that the credit union may consider.
- Find ways to recognize the work of outstanding directors and other volunteers, or apply for external awards that honor their or the credit union's accomplishments.
- Use the strategic planning process to reflect on the relevance of the credit union's mission. A fresh look at the mission can create increased understanding and commitment of the board to the work of the credit union.

Join us in the next issue for Rule 2 – Know the Organization, in which we'll cover issues including:

- Honoring the past
- Putting culture into words
- Establishing a learning organization, and much more.

DATCU: Encouraging and Educating Young Leaders

Denton-based DATCU was founded in 1936, and today we are a leading financial institution serving more than 73,000 members in North Texas. With current assets of more than $675 million dollars and 10 branch locations, one of our greatest strengths lies in our commitment to outstanding service for both our members and the communities we serve.

We were originally founded as a teacher's credit union, and while we are now proud to have a community charter, our educators and our students remain very dear to our hearts.

A few years back, our President and CEO Dale Kimble was intrigued by an article that featured a financial institution in the northwest that had formed a Junior Board of Directors. After much discussion and excitement, we followed suit in 2012.

With enthusiastic support from three Denton high school principals and assistance from school counselors and staff, recommendations were made for each of the schools' three top students. Our criteria for selection included academic performance, community involvement, leadership potential and school staff recommendations.

We wanted students who were shining stars and who we knew would ultimately, in the future, serve their communities on various boards. Nine students were selected for DATCU's Junior Board of Directors, with the first meeting held in September of 2012.

We met with the junior board six times throughout the school year. At select meetings, we invited credit union staff to spend time with the students, educating them on an overview of the credit union industry and movement, including various aspects of how a credit union works and the difference between banks and credit unions. There is definitely a reason that credit unions are growing, and those of us in the industry know why: we are often a "best kept secret" – especially to the younger generation.

In addition to educating these young student leaders about the credit union movement, we sought to give them an opportunity to learn more about ways they might serve their community in the future.

By Pat Sherman
Vice-President of Business Development
DATCU Credit Union

Finally, we wanted to provide these young leaders with a chance to collaborate with "cross town" peers from other schools and work through the challenges and rewards of planning and executing a community project. After a presentation of a needs assessment on Denton County residents by the executive director of United Way of Denton County, the students discussed potential ways they might help. After considerable brainstorming and discussion, they chose to hold a Teddy Bear Drive on their campuses for the Children's Advocacy Center of Denton County. In April, they presented more than 100 stuffed animals to be used with victims of child abuse at the Advocacy Center.

I, along with Melanie Vest, our chief financial officer, led the charge within our organization. It was a true pleasure to work with such ambitious and talented students, and especially to teach them about the history and philosophy of credit unions.

Although we feel the inaugural effort was a great success, we look forward to implementing new ideas and incorporating input from students in this next year.

Members of the DATCU Junior Board of Directors collected teddy bears for the Children's Advocacy Center of Denton County.

At the end of the year, as a reward for their outstanding efforts, we presented each junior board member with a $250 scholarship to be used toward higher education.

Reaching out to a younger generation is important for DATCU's future, as well as the movement's future. We understand that financial literacy and education is critical in our goal of capturing these Generation Y/Millennials (those born between the early 1980s and early 2000s). This generation's way of thinking and communicating is different, and for those close to this generation, we know that they have deeper convictions.

Specifically, we are told that they put great emphasis on having a positive impact and that they use this to determine what choices they make. We believe this fits perfectly with the credit union philosophy of service – it all comes back to "people helping people."

By Kimberly Jones
Human Resources Consultant
Credit Union Employment Resources

HR Q&A

Until recently, tattoos were popular among just a few groups and piercings were typically limited to the ears. However, times have changed and now tattoos and piercings, also known as body art, are being worn all over the body by all demographics. While some credit unions have begun to embrace this new epidemic by allowing some body art to remain visible in the workplace, other credit unions are still trying to deal with this conflict of interest because, in most professional environments, visible body art is deemed inappropriate in the workplace.

Below is a commonly asked question regarding tattoos and piercings that all credit unions should be aware of and its answer:

Q: Are there any laws that prohibit the credit union from disallowing visible tattoos or piercings in the workplace?

A: No, there are no federal or Texas state laws that prohibit an employer from disallowing tattoos or piercings in the workplace, but employers are required to provide a reasonable accommodation for an individual's religious beliefs or practices. However, credit unions should include these prohibitions in their dress code policy. Below are nine guidelines for addressing body art in a dress code policy:

- **Base the policy on your business needs.** It's important to consider credit union culture and the image you want to project to members, as well as current and future employees. Your dress code should be based on legitimate business needs.
- **Evaluate possible restrictions.** Decide what you deem to be appropriate and inappropriate in your workplace. For example, will you permit body art, or will you require employees to cover tattoos or piercings?
- **Consider state and federal anti-discrimination laws.** Employers are required to provide a reasonable accommodation for an individual's religious beliefs and practices, absent undue hardship.
- **Provide examples of inappropriate body art.** If you do decide to permit visible body art in the workplace, provide examples of acceptable and unacceptable forms of body art. Graphic, violent or offensive tattoos should never be visible. Encourage employees to ask questions if they have doubts.
- **Provide guidelines for covering body art.** If you restrict visible body art, consider requiring employees to conceal them. For example, wearing a long-sleeved shirt to conceal a tattoo along the arm.
- **Promote safety.** Identify jobs, if any, where body art may pose a safety risk and establish safety guidelines.
- **Explain the reasons for adopting the policy.** Explaining your reasons for adopting the policy will help with implementation.
- **Consider the effect on recruiting.** If you do impose restrictions, ensure your policy still gives you flexibility to recruit and retain qualified employees.
- **Be consistent.** Establish procedures for enforcing your policy and train managers on how to enforce it consistently.

If your credit union has a question or needs assistance with your HR needs, please contact Kimberly Jones or Susan Looney with CUER at (800) 442-5762, extension 6432 or 6431. Also, visit CUER online at www.curesources.coop.

By Chris Thomas
Regional Manager
Credit Union Employment Resources

CUER: Choosing the Right Candidate for the Team

Hiring the wrong person can have negative effects throughout an organization. Outside the creation of a void in job responsibilities, it can stretch the remaining employees to their max, curtail productivity, and be very costly. So what can you do to make sure you have the best fit?

Know Your Culture

It may seem simple, but it helps to know the culture of your company or department. If you understand it and can share that effectively with the candidate, you will be able to get the "buy-in" from the candidate and have a new employee who will mesh well from day one.

Use Assessments

Everyone would like to rely on his or her gut feeling for hiring new employees, but it doesn't hurt to have something tangible to back that up. Use personality assessments to get a better understanding of the way a candidate may think or feel. If you are able to help build a profile for the position, you can better match candidates to the best fit.

Know the Job

Take a look at the job description for the position for which you're hiring and make sure it is updated and accurate. Organizations are always evolving, so it stands that positions within them will continue to change. Look at the job description and make sure it shows the most important things this new employee will be responsible for on a daily basis.

Be Flexible

You should never paint yourself into a corner on strong requirements for a position. Flexibility on some issues may be very beneficial. You may certainly want a college degree, but would it be worthwhile to pass on a candidate with 10 years of experience in the field who has the right attitude because of the preference for a degree?

Take your Time

It may not feel like it initially, but it is okay to take your time. If you are hoping your next employee will be with you for several years, taking a little longer to find the right person may be a good idea. You do not want to settle for someone just to have the spot filled.

Once you've taken all of the above mentioned into consideration, identifying the best candidate for your organization should be a much simpler task.

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E-title has been state-approved and implemented in **Texas**, Florida, Georgia, South Carolina and 13 other states. **States are passing laws replacing the paper title with paperless ELT titles.**

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BREAKING NEWS

LEGISLATION FOR MANDATORY ELT IN FLORIDA & GEORGIA HAS BEEN PASSED.

ALL FLORIDA LIENHOLDERS ARE REQUIRED TO PARTICIPATE IN THE FL ELT PROGRAM AS OF JANUARY 1, 2013.


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Enter Vantiv. Our comprehensive solutions, ongoing support and education ensure that credit unions gain best-in-class payment solutions without dedicating significant resources to this complex area of their business.
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By Kimber Cockrill
Communications Specialist, Advocacy
Cornerstone Credit Union League

Best Practices for Small CUs: Multitasking Without Dropping the Ball

Small credit unions come with their own set of challenges and opportunities, but they are uniquely disadvantaged because employees must switch constantly between tasks.

C-T Waco FCU Manager Tina Cross notes, “Small credit unions have to do the same things larger credit unions do, but larger credit unions have a core staff that performs vital functions with the help of support staff. In a smaller credit union, the core staff is the entire staff.”

Budget constraints in small credit unions can ensure that fewer employees take on greater and more diverse workloads, but myriad professionals stand ready with documented studies that illustrate the pitfalls. Bottom line: multitasking can cost you.

Stanford University psychology professor Dr. Clifford Nass says the research shows that “people who chronically multitask show an enormous range of deficits. They’re basically terrible at all sorts of cognitive tasks, including multitasking.”

In a May 2013 interview with NPR’s Ira Flatow, Nass explains that his research scales divide people into those who multitask heavily and those who rarely multitask. The differences, he said, are remarkable. “People who multitask all the time can’t filter out irrelevancy. They’re chronically distracted. They initiate much larger parts of their brain that are irrelevant to the task at hand.”

Consider that brain-imaging studies of people who multitask reveal frontal lobes that require additional blood flow. That explains why you feel “brain-dead” after a busy day. Your brain is depleted and needs rest and replenishment through activities like exercise, sleep or meditation.

Nass also says our brains are wired to receive many stimuli at a time, but that’s related stimuli, meaning we can more easily multitask connected or successive activities. Take teller transactions. Standing at the counter and accepting a deposit, posting to an account, counting change and interacting with a customer about the transaction could be performed with ease. But running numbers on a balance sheet while taking phone calls, answering emails, texting, tweeting and greeting customers becomes more complicated because the activities are more disparate. We are at greater risk of missing something important and paying for it in errors and lost time.

With one’s focus so scattered, it’s not hard to imagine a scenario where a board member who sends email or text messages during a meeting could be held liable for damages if the board reaches a questionable decision. The board member’s inattentiveness could be interpreted as bad faith and a breach of duties.

So what is a small credit union to do?

Cross is a believer in sharing resources to lessen the inevitable multitasking. Not only does she tap into the resources available through the League and small credit union groups, CT-Waco FCU pools resources with other small credit unions.

“Small credit unions rely on one another,” Cross says. “Some even share staff members, and it’s not uncommon to find larger credit unions willing to help out.”

Cross adds, “One advantage to size is that small credit unions generally have fewer turnovers. Longevity results in a core staff that is well trained and experienced in a broad range of tasks. They also benefit from more vacation accrual and can re-energize through additional time off.”

None of us can afford to drop the ball. Since employees and managers at small credit unions can be heavy “multitaskers,” some helpful strategies may minimize or prevent mistakes and missed deadlines.

1. Every morning, prepare the day’s to-do list, including deadlines.
   a. Group time-sensitive tasks at the top of the list; and
   b. Group similar or integrated tasks so that you’re less likely to jump to unrelated activities.
2. Plan ahead. Designate special days for accomplishing specific tasks, like reporting.
3. Employ the 20-minute rule. With 100-200 minutes of email arriving in your inbox per day, Dr. Nass says we’re much more efficient when our focus is limited to 20-minute intervals. Also, eliminate the clutter:
   a. Unsubscribe to email from groups you don’t use; and
   b. Point nuisance or unsolicited vendor email to your junk box.
4. Refrain from non-professional social media activities. Without completely restricting employees and fostering animosity, limit the time workers spend online or engaging in social media that is unrelated to their jobs.
5. Reduce distractions in your work area. Close your office door or alert coworkers when you absolutely must not be interrupted.
6. Recharge. Take short breaks between groups of tasks. Get up and walk, eat healthy snacks and stay hydrated. At home, get regular exercise and plenty of rest.
7. Tap outside resources! Leverage the League, small credit union groups, councils and other credit unions that can help.

Employee Communication Isn't a One-way Conversation

Often times, internal communications is not a top priority for organizations. The assumption is made that employees already know what's going on in the organization; therefore, minimal effort is put into internal communications. Other companies might have an internal communications program, but it's not as effective as they would like it to be.

Susan Looney, senior vice president of HR for the Cornerstone Credit Union League, says there are a number of reasons for lackluster employee communications.

"For many companies, the lack of employee communications isn't meant to keep employees in the dark. It's simply an oversight," Looney notes. "What's important to remember is that communication is the responsibility of everyone in the organization."

"Employee communications isn't just one-way. It goes up and down and sideways," she adds.

At Southland FCU (Lufkin, Texas), CEO Jonathan Matthews says that while he and the COO might have primary responsibility for internal communications, they simply couldn't be effective without the help of their Member Service Representative (MSR) and branch supervisors.

To improve internal communications, Looney suggests credit unions consider what needs to be communicated, how the information needs to communicated, and how often they need to communicate.

"Credit unions should caution against communicating just to communicate," she suggests. "Your employees will 'tune out' if you communicate too often and if the information is of little value to them."

While email has its purpose, for example, Looney says it isn't always the most effective method of keeping employees informed and engaged.

"Emails can easily be overlooked, as well as misinterpreted," Looney warns. "Therefore, information of a significant nature is best addressed in team meetings."

However, even team meetings can be ineffective if not managed properly.

"There is real value in having regular staff meetings,

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Vice President, PR & Communications
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but don't just meet to meet. You need to have a purpose and agenda," she says.

Matthews couldn't agree more.

"We only call a staff meeting when there is a purpose," he says. "Depending on the information that needs to be shared and who it needs to be shared with, we might send out a memo, engage in a 'group huddle,' or utilize our 'notice board.'"

According to Matthews, "group huddles" are normally for the MSRs when a situation demands they bring something to their attention immediately. The notice board is a dry erase board the credit union uses to put messages on for all staff to read.

"We might use the notice board to share updates on growth trends and goals or highlight other credit union key numbers," Matthews says. "We might also use the notice board to keep employees abreast of staff meetings or CEO activities."

Another effective communication tool – if used wisely, Looney says, are employee newsletters. Of course, Looney notes that newsletters need to be engaging and colorful, both in the way they look and in the valuable content they provide.

"Remember, newsletters aren't just about informing. They are about inspiring and motivating. Make employees feel like they are a key part of the organization's overall success," says Matthews.

Just as we put a great deal of focus in communicating with our members, Matthews says we also need to invest the appropriate time and effort in communicating with our employees. As a credit union with $29.8-million in assets, two branches and 12 employees, Matthews believes internal communications is perhaps a bit more manageable.

"I've worked at larger credit unions, and I do believe that internal communications becomes more difficult when you have multiple branches and more than 25 employees," he says. "You just can't help but lose some bonding once you get beyond 25 employees or more than one location."

Matthews has a few tips for credit unions seeking to enhance their internal communications, including encouraging presidents/CEOs to make time to walk around the offices, teller lines, etc., as well as visiting any other branches at least once a month.

Matthews also believes it's vital that the president/CEO make contact with staff and observe, listen and participate in the daily operations.

"Walk the parking lot to get a view from the 'outside' and say 'hello' to members while you are out," he adds. "This gives you a break from your daily work load and at the same time provides a positive motivation for your staff."

3 Ways to Make the Most of 2014 Strategic Planning

It's that time of year again. Football season has started, the leaves are changing colors and your credit union is planning for 2014. Some parts of the strategic planning process will be familiar, but others will present new challenges your credit union hasn't faced before.

Before you sit down for your planning sessions, here are three key considerations that should be on your radar for 2014.

Enhance Your Member Experience

Improving your member experience has probably been on your strategic map for the past few years, and 2014 is no exception. Whether you're looking to reconfigure a branch, adopt mobile banking applications or improve back office operations, the end result you're likely looking for is a better member experience.

It may sound like a no-brainer, but getting out of your office and talking to real members is a great way to figure out how to improve your member experience. Ask them how they feel about interacting with your credit union. What would they change? Listen to their challenges, take note of their behaviors and then brainstorm ways to develop offerings to align with their needs. As you know, the goal of a credit union is to build experiences, not products.

And don't limit your questions to just members. Ask your employees—across the credit union, across responsibilities, across multiple branches—what they see every day and where they see members get frustrated. Sometimes the best ideas can come out of places you didn't expect.

Define Your Mobile Position

Did you know that 11.3 million United States households engage in mobile banking today? In response to this boom, most credit unions offer some type of mobile services.

Moving forward, credit unions need to figure out how to position themselves to best take advantage of the mobile channel. Be sure to focus on mobile services that will add value to your member relationships. And even if you've already adopted mobile technologies or enabled your members to interact with you from mobile devices, don't rest on your laurels. Our understanding of how to use a mobile device and the capabilities of mobile technologies change from day to day. New technologies like geofencing, NFC payments, and even biometric technologies like those introduced in the new Apple iPhone 5S create real opportunities for competitive differentiation at your credit union.

After you adopt new technologies, don't forget to spend the time to educate your employees and members on how to use the new services. Always remember the demographics of your members and appreciate that not everyone may be as keen on mobile technology as your own team. It's often helpful to hold in-person training or one-on-one demonstrations to make sure everyone knows how to best to utilize your mobile tools.

Adapt to Changing Member Habits

The way consumers buy financial products has been turned on its head over the last 10 years. In the past, if someone needed a loan, they would go to their local credit union and talk to one of your employees in person. Today, consumers use online channels to research their financial purchases before they ever interact with your credit union.

That means credit unions must embrace online channels or risk falling behind their more forward-thinking competitors.

If that sounds overwhelming, don't panic. Start by envisioning what you'd like your credit union's online presence to look like in an ideal world. Once you have the big picture, it's easier to break it down into smaller pieces and determine a plan of action.

As you know, your strategic plan is never really "done." It's a living document that gives your credit union ongoing direction for the future. But if you focus on member satisfaction, define your mobile offerings and adapt to changing member buying habits, you can be sure your credit union will be prepared for 2014.

And by the time you have it all figured out, it will be time to start planning for 2015!

By Nathan Rogers
Senior Marketing Manager-Locations and Channel
CO-OP Financial Services

Meeting Members' Needs Through Convenience

Recent economic circumstances have left many credit union executives wondering what strategic moves they should make next to meet their business objectives, while maintaining member service levels. Many things have sparked intense debate and put credit unions and banks in a precarious position, where they must figure out how to best make up for lost income without driving away members by asking them to fill the gap.

Many in the credit union industry agree that taking away member perks and benefit programs is a surefire way to lose them to other financial institutions. Over the past several years banks have disregarded this theory and are feeling the heat as a result.

Credit unions have been presented a golden opportunity to further differentiate themselves from larger financial institutions and experience new growth. Not only can they deepen relationships with existing members, they can also create new ones with potential members looking for relief from profit-comes-first-banks. The first step is to ensure credit unions clearly understand the attributes that drive people to a particular financial institution.

Recent interviews conducted on the street, targeting credit union members and non-members, demonstrate misnomers regarding how consumers choose their financial institution. People were interviewed outside of their banks and credit unions to explain the features that incline them to choose one financial institution over another. Even as delivery channels have changed, the resounding answer was convenience. This convenience-factor was sought through location, online banking, multiple ATMs, technology and longer hours. But the common thread was that everyone wants access to their account when and how they want.

Shared branching is a prime example of how credit unions are more accessible than consumers think by offering locations to meet current and potential members' number one need. By giving members access to the facilities of other participating credit unions to conduct transactions the same as in their home branch, the credit union's footprint grows to become the fourth largest branching network in the country with more than 5,000 locations.

In subsequent interviews, credit union members, both users and non-users of shared branching, discussed their affinity for the service. It was determined that the members who use shared branching rely heavily on the service. It was also determined that those members not using the service simply didn't know it existed, but were inclined to use it after they learned it was offered by their credit union.

Although branches continue to be the number one indicator of convenience to members, there are numerous other options for access credit unions must be prepared to offer—including remote deposit mobile access, self-services, and online banking—just to name a few.

Credit unions will need to be even more diligent about discovering efficient and effective ways to match larger institutions in their delivery channel options. By leveraging existing technologies, such as shared branching, credit unions are able to offer a variety of touch points that ensure members never need to seek out larger financial institutions based on convenience.

To learn more about shared branching, please visit www.curesources.coop/remote_transaction.html.

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