

Volume 15, Issue 1

# Perspectives

The Official Magazine of the Cornerstone Credit Union League



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# Transformation Through Leadership, Economic Uncertainty, and Digital Dexterity

*Caroline Willard, President/CEO, Cornerstone Credit Union League*

“Change is the law of life, and those who look only to the past or present are certain to miss the future.” ~ John F. Kennedy

In this issue of Perspectives, our main theme is leadership. At the same time, we are also addressing economic uncertainty and digital dexterity, which means embracing existing and emerging technologies to achieve better business outcomes. One thing these concepts have in common is transformation.

Leadership is constantly changing in the credit union movement. We are seeing many top executives at or near retirement leaving a talent gap. To fill these positions, we're looking to young, aspiring leaders to step up. Do you know who your future leaders are? More than likely, they are already working at your credit union, excelling in areas such as member service and bringing innovative ideas to help move your organization into the future.

Like this quote by Kathy Calvin, “Young people aren't the leaders of tomorrow. They are the leaders of today and tomorrow,” the Cornerstone Credit Union League can help you develop your current and future leaders through Young Professionals and our Collaboration Program. Young Professionals engage and empower young talent in our region through advocacy, networking, and community involvement. The Collaboration Program matches individuals at your credit union to mentors who will help them grow their leadership skills and build key relationships. This program also provides opportunities for you to serve as a mentor.

To spotlight our leadership theme, business partners and industry experts teach you how to repurpose failure and become a more influential leader, find the “Golden Goose” in effective leadership development, and deal with different workplace values and management styles across generations.

Our experts also walk you through the economy, forecasting the good, the bad, and the ugly and beginning a new decade with strength and optimism. In addition, an article on digital dexterity tells the story of Lone Star Credit Union's journey to virtualize their computers and server.

We also have an informative article on combating the daily grind of risk and compliance with AffirmX and ComplySight by the staff experts in our business and product development area as well as an insightful article on why attending the Annual Meeting is beneficial to you and your employees.

I hope you enjoy this edition of the magazine. I welcome any feedback or suggestions for future issues.

Best regards,



Caroline Willard, President/CEO  
Cornerstone Credit Union League



# Generational Perspectives

*Julie Kratz, speaker, trainer, and author*

If you thought those pesky millennials were wreaking havoc in the workplace (full disclaimer: I am one), the next generation that has just entered the workforce, Gen Z, is already making waves.

## Who is Gen Z?

While there still is no official name for them, Gen Z is a safe placeholder for this next generation in our workforce. We now have four generations in the workplace made of:

- » **Post-millennials or Gen Z, born 1997 to 2012**
- » **Millennials, born 1981 to 1996**
- » **Gen X, born 1965 to 1980**
- » **Baby Boomers, born 1946 to 1964**

With slowing retirement rates of Baby Boomers, this is unique. The U.S. has never before had this diverse of a

generational mix working together. And, it comes with its challenges. The experiences of each generation are a collection of our experiences growing up, and we bring those values to the workplace. I call them “coming of age” stories. Think back to your late teens and early 20s—what were you doing? What did you value? I bet that shows up in your workplace values.

In general, due to their upbringing and experiences, Baby Boomers tend to value hard work and appreciate hierarchical structures, whereas Gen X appreciates independence and flexibility. Millennials desire feedback and praise and seek deeper value and purpose in their work. Gen Z values diversity and inclusion. This is human. We are all a product of our collected experiences. It was different growing up in the 60s vs. the 90s. This creates workplace diversity in values, and it is further reinforced by greater diversity of younger generations.



## Gen Z is Very Diverse

The Pew Research Center's social and demographic trends show that post-millennials are on track to be most diverse, best-educated generation yet." This is not entirely new. Each generation has been more diverse than the previous generations. However, with immigration hitting its peak in the U.S. in 2005, this poses a fundamental shift—more U.S.-born diversity vs. immigrated diversity for future generations. In fact, Gen Z is projected to become majority nonwhite in 2026 according to the Census Bureau.

This has shifted how younger generations look at diversity. Because they are very likely to know and work closely with people that are of a different race, gender, and socioeconomic background, they see diversity as the norm. They grew up with people that were different than them and had different backgrounds and experiences yet found common ground beyond those differences.

## What Do the Younger Generations Want?

Gen Z expects diversity, inclusion, and belonging in their workplace. They are highly selective of where they interview, asking about workplace values and philanthropy and accepting positions where they feel included and welcomed every single day. This is a far cry from the Baby Boomer world of chain-of-command leadership and paychecks being the ultimate reward. It likely feels puzzling to the older generations to expect so much from your workplace.

Values do not go away. They are baked into who we are. Trying to change the younger generations has not and will not work. They are far more likely to change us than workplaces are to change them.



## How to manage Gen Z

To meet Gen Z where they are, it is most effective to flex your leadership style to them. While newer, less experienced

employees may need a lot of direction, after a few months, once they have developed the skills, it is okay to let go and delegate more. Assess their skills—their strengths and demonstrated skill sets, as well as their wills, their motivators and confidence drivers—to determine the best approach. Techniques that resonate are reinforcing positive behaviors, challenging them with new assignments, and coaching them to success.

## If You Are Not Working on Diversity, You Are Already Behind

Diversity goes way beyond gender and race. Generational diversity may be what finally closes the gap on diversity and inclusion in the workplace. With two generations now welcoming diversity as they saw it to be normal in their own lives, they are expecting it at work. You will not attract top talent if you are not reflecting diversity at every level of your organization. This is not something you can simply flip the recruiting switch on either. It takes a full commitment, every single day. Many organizations have been focused on this for years. If you are just now starting, you have some catching up to do. The good news is that it's never too late to be an ally for others and to truly support diversity.

## Being an Ally Requires Bravery and Courage, and You Do Not Have to Do It Alone

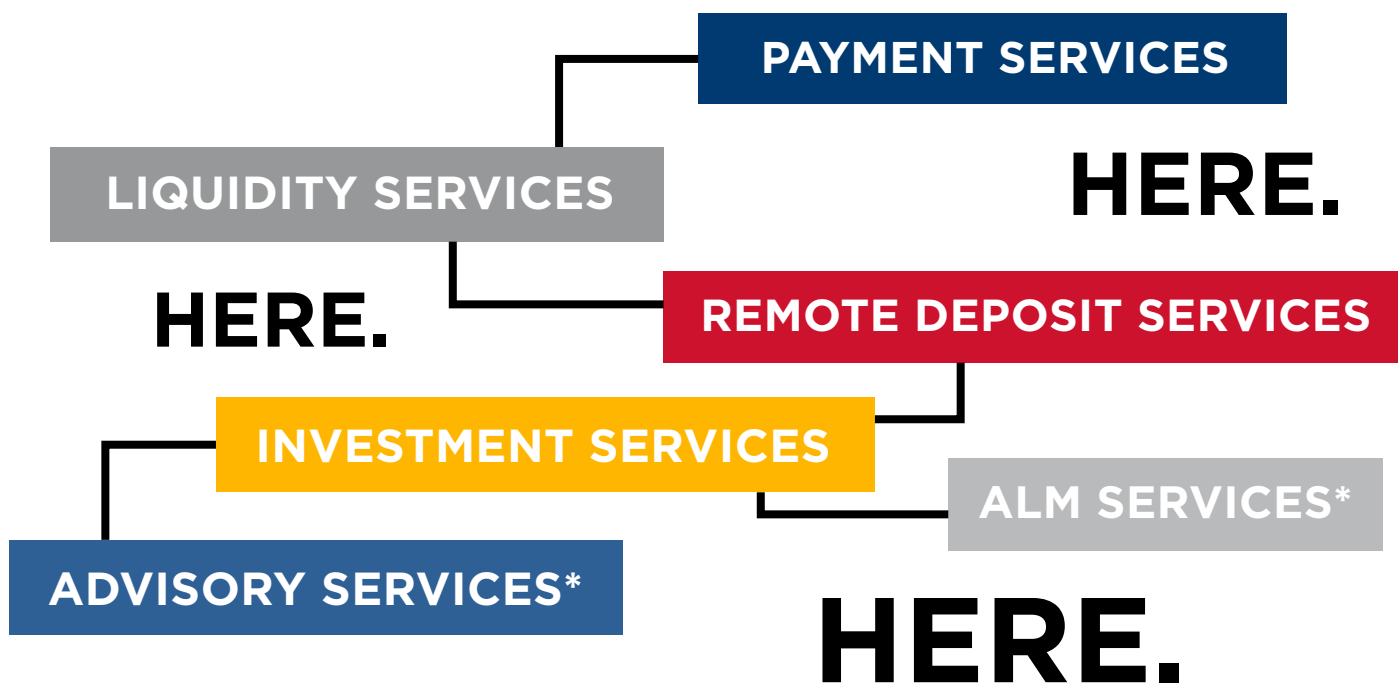
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*The experiences of each generation are a collection of our experiences growing up, and we bring those values to the workplace.*



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# DIGITAL DEXTERITY FOR CREDIT UNIONS

*Becky Reed, President and CEO, Lone Star Credit Union*

As credit union leaders, it is vitally important that we focus on the future. That means keeping up with what's happening in our industry. The challenge is that things are changing at light speed, and many changes happening outside of our industry have a direct impact on what our members expect and how our employees work. The world is moving on. Is your credit union prepared for what's to come?

The buzz word we hear over and over is "digital." Well, what is digital? Is it software? Is it mobile? Is it a device or a service? The title of this article is "Digital Dexterity." What does that mean? To me, anything digital must begin with infrastructure—the backbone to which everything must connect. I know what you are thinking. Infrastructure is boring; it's not new or





exciting, and it is not something you would call digital. So bear with me and let me explain.

Credit unions spend hundreds of thousands of dollars on software but often spend very little on infrastructure improvements. We tend to be one and done—buy a new server or some new PCs, and set it and forget it. This equipment runs in the background, and we don't give it a second thought until the time comes to replace the hardware, and then the cycle starts over again. There are many game-changing infrastructure options available that get very little if any, attention in our industry. Other industries are using them. Do you know what they are?

Back in 2014, Lone Star Credit Union was at a crossroads. The staff was frustrated with the performance of the tools they used to do their

jobs every day. Common complaints included frozen desktops, slowness in printing receipts, painfully slow document scanning, and computers that would reboot spontaneously. These hurdles cost our members precious time and caused a large efficiency gap for our staff. The leadership team knew this had to be corrected and presented the board with two options: traditional hardware and networking upgrades or virtualization of the entire infrastructure. The forward-thinking board chose to go the virtual route. Soon, the server room was transformed from a hodgepodge of hardware and equipment to one hyperconverged stack. Every PC was replaced with a virtual desktop, which served as our road map to digital dexterity and placed us in a much better position to take advantage of all the digital options available now and in the future.

Today, Lone Star Credit Union is 100% virtual. Our hyperconverged micro cloud is housed in a Tier IV data center off-premises. Our network is never down, and our employees can work securely from anywhere in the world. In 2019, we rolled out an award-winning branch-in-a-box program branded “Good2go@work,” where we take the credit union to the members. The technology infrastructure we have now provides us with the flexibility to do anything we want to do without investing another dime on hardware. We perform beta testing on new vendor software often because it is quick and easy to create test environments. We can allocate additional storage or RAM to a server at the click of a button. Cybersecurity, another buzz word we often hear, is easy to oversee and manage for the entire organization from a single console. Disaster recovery is simplified.

The decision to move to virtualization has enabled our credit union to provide our members and staff

with state-of-the-art products and services in a way that doesn't require economies of scale reach.

Digital dexterity is a philosophy. That philosophy must be adopted throughout the organization and needs to

start with the board and leadership team. Credit unions, and our regulators, tend to be conservative, which can lend itself to static thinking and risk aversion. To break free of this type of thinking, credit union leaders must have a clear understanding of what technologies are in use and what options are available. This process starts with understanding the existing state of your infrastructure. Often software solutions fail, or core systems are blamed for inefficiencies when the problem lies with the credit union's internal network architecture. Rarely do we look under the hood to find a solution, instead preferring to buy new software or even convert to a new core in an attempt to fix the problem. How healthy is your infrastructure? Is it as efficient as it could be? Is the state of your network holding your credit union back or helping it move forward?

Our whole world is being disrupted by technology and our industry right along with it. Adopting a digital dexterity mindset at your credit union can be a key factor in your future success. The decisions you make now will have a direct impact on what your credit union will be able to do in the future. We talk a lot about a "frictionless member experience," which generally refers to a new, exciting member-facing mobile software. What if that frictionless experience started with your most basic foundation—your network infrastructure? Adopting a digital dexterity mindset has created a frictionless member experience at Lone Star Credit Union, and it can do that for your credit union too.



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# HOW TO REPURPOSE FAILURE AND BE A MORE INFLUENTIAL LEADER



*Brandi Stankovic, Chief Strategy Officer, CU Solutions Group*

Failure can be a gift. Organizations may fall short when it comes to learning from success and failures. It is more likely a boss would reprimand for a failed initiative rather than reframe. Accepting failure is an altogether complicated and challenging feat to master. It requires concentrated effort to alter ingrained thinking—a process necessary to evolve as a successful leader.



Brave, open-minded leaders who develop and hone emotional intelligence realize they should be tolerant of failure. These leaders are the ones who decisively take risks to achieve innovation and growth. This business acumen to run a high-performing organization requires the relational skills to optimize potential.

So, how can you overcome failure and the worry of consequence? First, by casting your ego aside. Next, pursue these essential character strengths: positivity and grit.

## **POSITIVITY: FAILURE-PROOF PROTECTION**

Be your own advocate, and use affirmation as a source of encouragement. No successful project begins with deprecation and doubt. Take time to reflect, hit the pause button, if needed, then start the process of reinvention. If self-doubt begins to sneak in, make like Taylor Swift and “Shake It Off!”

If possible, find a champion or person to help give you the energy needed to keep going. Schedule and manage your time with purpose. Creating energy toward an initiative requires avoiding procrastination and prioritizing accordingly. Positivity is the elixir—and adopting a positive mindset is empowering and contagious.

## **GRIT: THE FEAR ANNIHILATOR**

Fear is the culprit that prevents us from taking risks or achieving our potential. It robs us of our possibility. Think about the complacent employee whose feelings of inadequacy stop her from applying for a new position or the sedentary manager who is not willing to trade a steady paycheck for the uncertainty of starting his own business.

Fear is the master manipulator. Always taking the safe route stagnates growth. Grit allows you to avoid the consequences of inaction. Refrain from second-guessing your leadership



abilities or falling into the trap of being discouraged. Success takes hard work and years of it. Ensure your board and leadership team are committed to a long-term growth strategy. Grit is having perseverance—keeping your eyes on the end goal while enduring whatever challenges you face.

You must also show determination where your team is concerned. Sometimes this merely means not completing delegated tasks and allowing your team to try and try again. Grit takes project management, allowing your team to be involved and being tolerant of their hurdles. Make the conscious choice to persevere and explore new opportunities to showcase your leadership strengths.

Truly embracing the gift of failure requires internal transformation—a brand-new mindset. It is not as simple as acknowledging failure. Thoughtfully examine how to wield the experience to become more self-aware, and improve so that positive change can sprout and spread throughout the organization.

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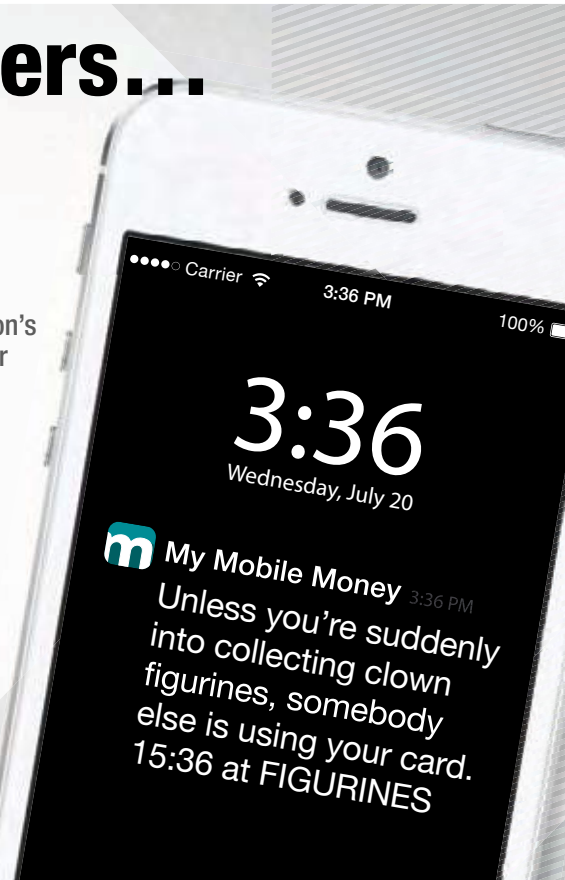
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# BEGINNING THE DECADE ON STRENGTH

*Sarina Freedland, Senior Investment Officer, Catalyst Corporate Federal Credit Union*

The last year of the decade can be summed up as 12 months of bouncing between trade and the Federal Reserve. The year began with a tariff war between the U.S. and China that appeared to heat up with each passing month. The Federal Reserve made so many pivots and changes to its policy throughout the year, it was difficult to remember if yields were supposed to go up or down.

## **THE ECONOMY**

Businesses pulled back on spending due to the uncertainty of the trade dispute with China, but consumers readily picked up the slack and kept the economy moving forward. The labor market continued to add jobs,

wages improved moderately, and inflation remained tame. The housing market closed the year with a surge during the final months, as lower mortgage rates compensated for higher prices and dwindling supply.

The uncertainty caused by trade and the Fed kept investors skeptical but still optimistic. In the end, the U.S. stock market had its best year since 2013. Almost all major global stock markets finished 2019 higher by more than 20%. The Treasury market had its best year, in terms of price appreciation, since 2011, as Treasury yields fell 76 to 92 basis points across the curve. More importantly, the yield curve shifted from inverted to positive, as fears of recession disappeared.

As we start a new decade, the outlook remains positive, both for the economy and your 401(k). Most economists believe the U.S. economy and the stock market will continue to grow at a steady, albeit slower, pace. Fears of a recession have receded, helped by the signing of the first phase of the trade deal with China. Estimates for growth continue to improve with each passing economic report. There are crosscurrents in the economy that make up growth, some stronger than others, but we begin 2020 on a strong footing.

## **HOUSING**

Speaking of footings, housing may be the biggest and best surprise in 2020. The continued demand for

housing pushed new construction activity to the highest pace in 13 years in 2019 and promises to stay on track. Total home sales, including new and existing homes, rose 4.2% through November 2019, compared to a decline of over 8% in 2018. As the millennial generation, the age group considered to be the prime home buyers, continues to move from renting to buying, the demand for medium-priced homes will continue. Homebuilders are feeling the most confident in 20 years about the industry. Home prices have been increasing at a much slower pace, which, along with low mortgage rates, should begin to attract people to the closing table.

## THE JOB MARKET

The job market remains strong, with an average of 174,000 jobs added monthly in 2019. The labor force participation rate rose to the highest level since 2013, as more people continued to enter the job market. Analysts expect the pace of hiring to moderate in 2020 but remain above the level necessary to accommodate population growth, around 150,000 per month. Wages have struggled to improve significantly, a fact that confuses the Fed, but have maintained close to a 3% annualized gain for a couple of years. As the trade war uncertainties dissipate in 2020, businesses should be in a better position to add workers and hopefully boost wages.

Consumer spending has carried the economy for several years and, by all estimates, will continue to do so. The level of spending is expected to slow, however, as consumers become more cautious the longer the economic

recovery drags on. The personal savings rate has hovered close to or above 7.5% for two years. Yet, with wages steady, the job market strong, inflation low, and internet shopping too easy, economists expect spending to continue.

One of the most important factors underlying economic growth is interest rates. The Federal Reserve has repeatedly stated there would need to be a material change for them to alter the current monetary policy. The latest rate projection shows the Fed holding interest rates steady at the current target range of 1.50% to 1.75% until mid-2021. The committee members believe the economy is in a good place, and the current level of interest rates is appropriate to support growth.

As we progress into 2020, there will still be trade issues to address, monthly economic data to decipher, Federal Reserve Federal Open Market Committee meetings to monitor, and of course, a Presidential election to navigate. Fortunately, the U.S. economy is beginning the new decade with strength and optimism that should allow it to weather whatever comes at us and hopefully set the stage for improved returns on assets in the coming year.



“ **ALMOST ALL MAJOR GLOBAL STOCK MARKETS FINISHED 2019 HIGHER BY MORE THAN 20%.** ”

# EFFECTIVE LEADER DEVELOPMENT: FINDING THE GOLDEN GOOSE

*Troy Hall, Ph.D., Chief Strategy Officer, South Carolina Federal Credit Union*

Most of us are familiar with the story of “Jack and the Beanstalk,” but have you ever looked at Jack as a young leader beginning his climb up the corporate ladder?

Hear me out. Jack saw an opportunity in a circumstance that others didn't give a second thought to. Although his journey required him to embark on a terrifying climb and outsmart a giant, he put in the work, came up with creative solutions, and ended his story as the victor, treasure in hand.

Good leaders practice those same habits, always keeping an eye on the prize, not letting an obstacle or two block their path to success, and silencing the naysayers around them. But leaders also need to understand that the way to riches doesn't grow overnight.

One of the best ways companies can foster younger leaders and improve individual contribution and performance is to train people on how to function effectively in cohesive teams. Since a large percentage of newly hired people are seeking advancement and development opportunities within their organization, having a team mindset from day one is essential.

Leaders who create and sustain what I call a Cohesion Culture support the elements of belonging, value, and commitment. In a Cohesion Culture, employees feel like a part of the team, they feel valued in what they do, and they are committed to the success of their organization. This kind of work culture positions employees for optimal success.

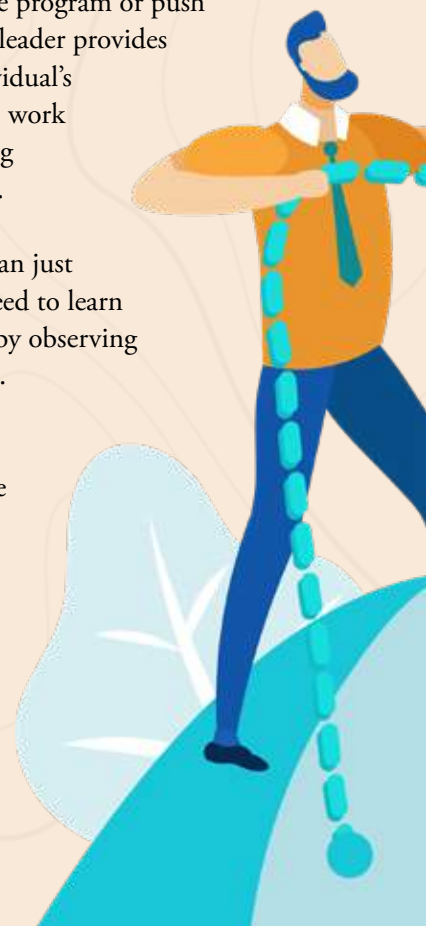
The magic, however, only happens when leadership is committed to individual success first and organizational goals second.

## **Magic Beans Only Work in Fairy Tales**

Employee development is more about how an employee behaves as a person and less about how effectively they can use a particular software program or push the paper out the door. When a leader provides opportunities that meet an individual's intrinsic needs, these individuals work more cohesively toward achieving desired organizational outcomes.

Aspiring leaders require more than just skill and technique. They also need to learn relationship-building behaviors by observing other leaders in the organization.

Leaders must create and implement customized employee development plans based on a clear understanding that there is a difference between skills and techniques to manage a project or program, along with the knowledge needed to effectively lead teams of people.



## Four Steps to an Effective Employee Development Plan

A successful training and development program should shift the focus from criticism and consequences and, instead, prioritize actions designed to enhance team effectiveness. This ongoing cycle has four steps: analyze, develop, conduct, and evaluate.

It is unfortunate when leaders skip the work involved in assessing and providing one-on-one coaching and development. These overly anxious leaders go right for the conducting step because they are more committed to achieving an organizational goal and not the development of the person. They believe their employee needs some technical information or redirecting without going through all four steps.

**1. Analyze:** The first step requires the leader and employee to assess goals, desires, and aspirations. Try to answer the questions, “What do I want to do?” and, “Where do I find my passion?” This first step is a critical part of the plan as it sets the direction and intensity of development.

- 2. Develop:** Using the information from step one, you begin to see the plan emerge. Focus on strengths that contribute to success. It is okay to note weaknesses, but the emphasis is to create a plan based on what one does well. Example: an individual wants to improve communication in public settings. This person is good at writing. Develop a plan to strengthen writing skills and complete each activity by reading it out loud.
- 3. Conduct:** This is the “doing” phase. From the plan above, read the speech out loud while recording it. That simple technique improves one’s speech rhythm and patterns, tunes his or her ear to listen, and creates comfort and familiarity, which in turn improves confidence and success.
- 4. Evaluate:** Set up a method to track and monitor progress. Based on the results, tweak the plan accordingly. Repeat as often as needed.



## Everyone Wants a Golden Goose, But Don't Forget the Climb

It is critical for leaders within a Cohesion Culture to personalize each employee's development plan and invest substantial time and effort into the individual's progress. Then, and only then, will the employee be set up to be their best self, maximize their contributions to the organization, and work toward becoming an effective leader.

Leaders must nurture employees as if they were seeds, so when the stalk develops, it resembles a sturdy tree and not a tall weed. Going through these steps is how organizations find their golden goose: they develop employees into cohesive team members who support belonging, value, and commitment for the betterment of everyone.



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# EXPERT SOLUTIONS FOR CREDIT UNIONS

**Credit Union Resources is a wholly owned subsidiary of the Cornerstone Credit Union League.** We thank you for supporting our business partners. Through our due diligence process, Resources ensures each endorsed vendor provides high quality products while insisting on the service you have come to expect.



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Your Credit Union's Credit Union



Debit/Credit Services



Lending Solutions



Technology, Marketing & Performance



Branch Technology Services



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Performance Management, Predictive Analysis

**CU Rate Reset**

Digital Loan Pre-Approval, Loan  
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Anti-Money Laundering Program

CU Resources provides this information as a service. Resources promotes those products and services that it believes to merit consideration by credit unions. However, its endorsement is not intended as, and should not be construed as, a guarantee of any product or service.

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800-442-5762



**Credit Union Resources, Inc.™**  
Your Business, Our Focus, Expert Solutions.

# *FutureNomics:* *THE GOOD,* *THE BAD, AND* *THE UGLY*

*Mary Kelly, CEO, Productive Leaders*

**L**eaders need to know what's happening with their company, regulations, customers, and their industry as a whole. They also have to understand economic forces that could shift or impact supply, demand, taxes, tariffs, and investments. It's a lot to know.

Globally, we are seeing some declining numbers that give us pause. India is not spending domestically as much as we would like, and Indian growth has slowed over the past six years. China's growth has slowed, as well. China's economic growth fell to 6.1% in 2019, the slowest pace in 29 years, down from 6.6% in 2018. Trade tensions hit industrial output growth, which fell to 5.7% from 6.2% in 2018. Per capita GDP in 2019 crossed the \$10,000 mark for the first time.

The trade agreement signed in January 2020 between China and the U.S. means better profitability for both.

It looks like Brexit will happen, and despite the delays, the United Kingdom and the European Union will agree on

terms, so they are not paying an additional almost 30% on goods and services passing through the English Channel. If they cannot agree, the UK will find that the U.S. sources much of the products they are currently getting from the EU.

The U.S. continues to enjoy low unemployment at 3.5%, a growing Gross Domestic Product (GDP) at about 2.3%, and increasing wages and salaries at 3% for 2019.

The U.S. stock market shattered records in 2019, with the major indices returning over 22% for 2019 despite uncertain political shocks. Investors are happy, but it puts pressure on U.S. companies to continue staggering rates of growth.

The next U.S. recession will depend on monetary policy, loan stability, and politics.

Monetary policy is controlled by the Federal Reserve, which is chaired by Jerome Powell. The Fed controls the money supply in the U.S. by mandating interest rates, the required reserve ration, and buying and selling U.S. government





The U.S. political cycle is going to be the cause of some stock market speculation, which will cause economic ripples. The stock market and the business world do not like uncertainty. Elections create both speculation and uncertainty.

Remember, a recession is two successive quarters of negative growth. For example, if the second-quarter numbers are 2.1%, and the third-quarter numbers are slightly lower, like 2%, that is not worrisome. If the fourth-quarter GDP is 1.9%, then technically we are in a recession, even if we are doing reasonably well. The political rhetoric is causing uncertainty. When people are uncertain, consumer confidence decreases, and they spend less. Consumer expenditures in the U.S. are about 70% of our GDP, so if that falls by even a little bit, it can give us some concern. When businesses are uncertain, they lay people off, don't pay bonuses, and stop spending.

If President Trump is reelected, the markets and the economy will continue to be strong because that decreases uncertainty, and the chances of recession will be low. If the U.S. does have a recession, it will be short and inconsequential.

If another candidate is elected, there will be more uncertainty. Business and consumer spending will decrease as fears of anticipated (and promised) higher taxes loom. Housing prices and commercial building prices will drop, and while that will be a buying opportunity for some, it could be tough for the building and construction-related industries.

Globally, economic concerns revolve around removing barriers to free trade, such as eliminating or reducing tariffs, decreasing quotas or voluntary export restraints, wage growth, and increasing profitability.

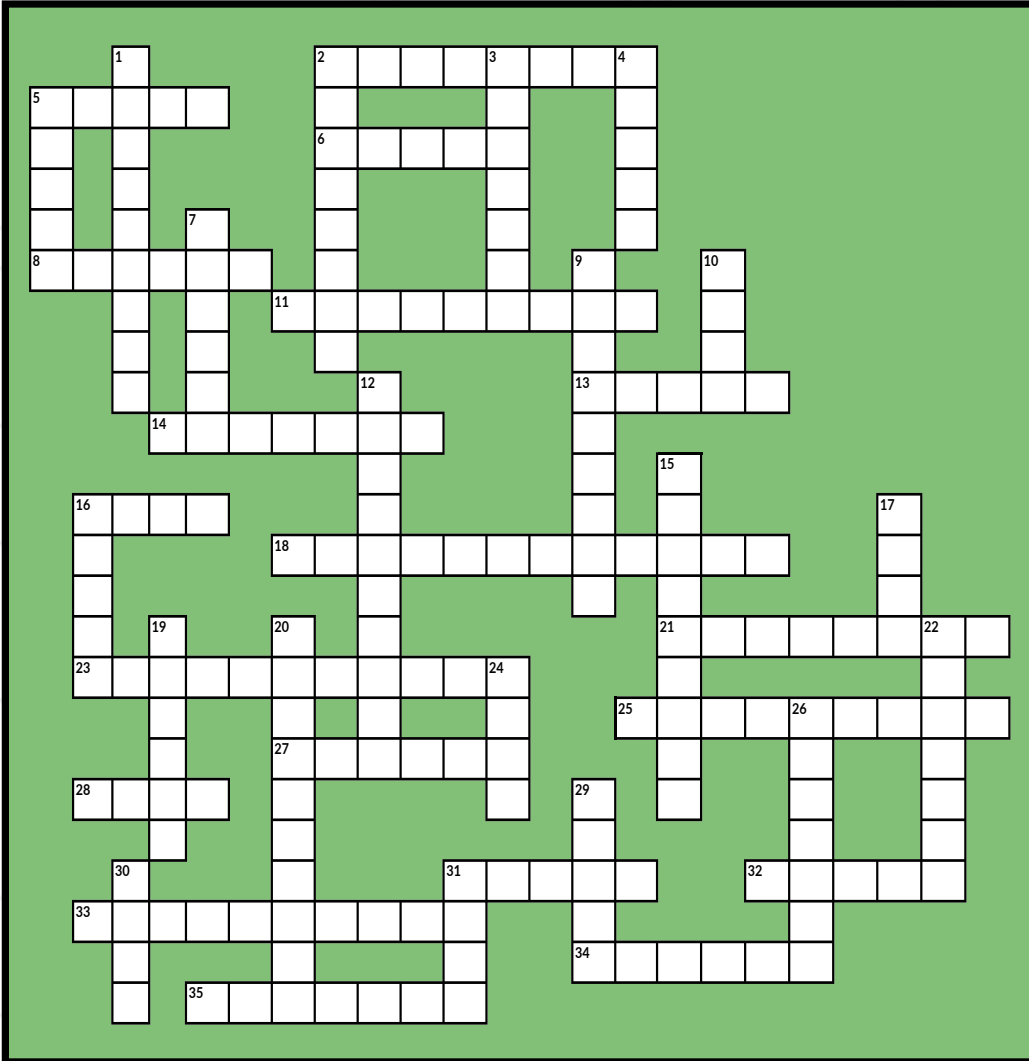


*Mary Kelly, Ph.D., CSP, U.S. Navy (Ret) is the CEO of Productive Leaders, dedicated to improving profit growth. She can be reached at [Mary@ProductiveLeaders.com](mailto:Mary@ProductiveLeaders.com).*

securities. When they push cash into the economy, the economy grows. When they pull money back, the economy shrinks. The goal is to create a stable and slow upward trend, without too many adjustments. Right now, the U.S. interest rates are having to compete with the European Central Bank's 0.5% rate for borrowing money. President Trump has encouraged Chairman Powell to decrease rates, not because the U.S. economy is performing poorly but because we are significantly losing borrowers. On the plus side, the low interest rates are driving business growth, housing developments, and purchases of durable goods.

Loan stability, or loan instability, could contribute to the next economic downturn. Because there is so much pressure on banks to be more profitable and because interest rates are so low, they start to make riskier loans—higher risk, higher reward. When financial institutions make risky loans, they can enjoy higher profits, but if those loans default, the snowball effect can create a situation like 2007 and 2008. When major financial institutions start to make questionable loans, we begin to worry.

# CROSSWORD PUZZLE



# ACROSS

2. A payment made by a CU to its members as a distribution of profit.
5. With 8 Across, Cornerstone Foundation's financial education conference.
6. CU Magazine recognizes the movement's Rock \_\_\_\_\_.
8. With 5 Across, financial education conference.
11. With 35 Across, small amount withdrawn from your check for PAC.
13. The green you buy things with.
14. Income, earnings, profit.
16. Turn your paycheck into this.
18. Cornerstone's quarterly magazine.
21. The process of getting stolen money back.
23. The Foundaton provides \$\$ for education.
25. Monetary matters or transactions.
27. Resources owned by the business to produce positive economic value.
28. Small payments for services.
31. Instead of cash, write one of these.
32. For your thoughts.
33. Following the rules and regulations.
34. Dollars piled high and wrapped securely.
35. With 11 Across, give to the PAC through this.

# DOWN

1. Science that determines production, distribution, and consumption of goods and services
2. Cornerstone Foundation provides this type of relief.
3. Shake things up, sometimes drastically.
4. Money and bread.
5. With 22 Down, real-life financial literacy tool for high schoolers.
7. Innovative thinkers and researchers for CUs.
9. CUs serve members who live in their \_\_\_\_\_.
10. Equivalent of two nickels.
12. Seeks financial support for charity or special causes.
15. Condition of being inclusive.
16. Jingly stuff at the bottom of a purse.
17. Lincoln's face appears on this.
19. Units of capital; ownership interest
20. Cornerstone Foundation grant for financial well-being.
22. With 5 Down, true to life.
24. A bill unpaid is a bill \_\_\_\_\_ due.
26. Five cents.
29. Money, thanks to deerskin.
30. Stolen money.
31. Current expected credit loss.

SEE PAGE 32 FOR ANSWERS

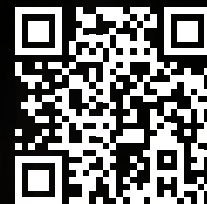
# MAKE PLANS NOW TO ATTEND

## CORNERSTONE'20 CREDIT UNION LEAGUE ANNUAL MEETING & EXPO



The Annual Meeting gives you seven credit-union focused educational forums to empower your growth, expand your knowledge, and make an IMPACT. You'll be able to select a forum based on your interest, and using our new All-Access Pass, you can attend any other session that interests you. Forums include:

- » Compliance & Audit
- » Finance & Accounting
- » HR & Talent
- » Lending & Collections
- » Marketing & Business Development
- » Operations & Leadership
- » Technology & Cybersecurity



Register today at: [cornerstone.swoogo.com/2020Annual](https://cornerstone.swoogo.com/2020Annual) or scan the QR code.



You will also want to participate in the **23rd Annual Golf Tournament** on April 14, benefiting the Cornerstone Credit Union Foundation.

For more information, visit the website at [www.cscuf.coop/golf.html](http://www.cscuf.coop/golf.html).

# APRIL 15-17, 2020 • GRAPEVINE, TEXAS

# Why Attend Cornerstone's Annual Meeting?

*Tamra Gaines, Experiences & Events Vice President, Cornerstone Credit Union League*



**CORNERSTONE '20**  
CREDIT UNION LEAGUE  
ANNUAL MEETING & EXPO

APRIL 15-17, 2020

GAYLORD TEXAN • GRAPEVINE, TEXAS

If you haven't registered for the Cornerstone Credit Union League's Annual Meeting, April 15-17, in Grapevine, Texas, you still have time. Join over 500 credit union executives, directors, and other decision-makers for this must-see event and attend more than 30 sessions on the latest credit union issues.

New this year, we are offering seven forums based on key areas of interest, making this conference the event for staff to attend, featuring topics on compliance and audit, finance and accounting, HR, lending and collections, marketing, operations and leadership, and technology. Not only will these forums empower

your growth, but they will also expand your knowledge and make an IMPACT on you and your credit union. With our new All-Access Pass, you will be able to attend any session that interests you, in addition to your selected forum topics.

## **Tee Off on Tuesday to Support the Foundation**

Enjoy playing golf at the Cowboys Golf Club, distinguished as the first and only NFL-themed golf club in the world and one of the region's only all-inclusive, world-class resort golf properties, at the 23rd Annual Golf Tournament on Tuesday, April 14. The event, which benefits the Cornerstone Credit Union

Foundation, features teams of four, kicks off with a 6:30 a.m. registration and breakfast, followed by an 8 a.m. shotgun start. Lunch and awards will take place upon play. The cost is \$250 per golfer.

## Learn BSA Basics and Networking Tips and Celebrate Pinnacle Awards Winners

On Tuesday, you'll want to attend these informative preconference sessions, gain ideas from your peers on effective marketing campaigns, and network with fellow credit union executives and staff:

- Cornerstone experts Nathan Behncke and Suzanne Yashewski will address Bank Secrecy Act: From the BSA Basics to Banking Marijuana-Related Companies, from 1:30 to 3:30 p.m.
- Cornerstone executives will discuss Network and Navigate: How to Make the Most of Your Conference Experience, from 4 to 4:45 p.m.
- From 7 to 8 p.m., you can celebrate the 2019 winners of the Pinnacle Awards, which recognize the top marketing and business development campaigns.
- Meet and greet your peers, industry experts, and Cornerstone staff during the Sweet Experience Welcome Reception from 8 to 9 p.m.

## Hear Experts Discuss Leadership Lessons, Financial Well-Being, and Trends during General Sessions

You will benefit from attending these enlightening presentations led by top industry experts.

### April 15

Keynote speaker Sarah Thomas changed the game in the world's most male-dominated sport, working her first NFL game in September of 2015. Now she's sharing essential leadership lessons from her journey with vital insights on shattering the glass ceiling. As a model of what's possible, if you believe, Thomas brings takeaways you can apply to your career, from staying focused under pressure and creating change to managing work-life balance.

### April 16

Financial stress is undermining your employees' job performance, leading to absenteeism and negatively impacting cognitive ability, productivity, and physical health—all of which have clear business costs. Taylor Nelms, senior director of research at Filene Research Institute, will examine workplace financial well-being programs and their potential to reverse these trends, but only if they are focused on workers' needs and implemented holistically.

### April 17

The most successful business leaders are always looking ahead, executing plans, and asking questions, such as, how will their company navigate potential economic downturns, and

what impact will the 2020 elections have on their company and industry? Gene Marks, a business owner, CPA, author, and columnist, will share the tactics, strategies, and ideas that business leaders are carrying out to grow their companies beyond 2020.

With only 40% of the global workforce committed to organizational success, Troy Hall, Ph.D., chief strategy officer with South Carolina FCU, makes the case that the type of commitment leaders want from their employees requires cohesion, not engagement. With nearly 63% of an organization's employees actively searching for a new position, companies can no longer afford to settle for employee engagement based on a hunch. Cohesion occurs when people feel a sense of belonging, have value, and offer commitment.

## Additional Fun-Filled, Worthwhile Experiences You Won't Want to Miss

Make plans to attend the following activities.

- **Wednesday, April 15: Networking & Awards Luncheon**, from 11:15 a.m. to 12:45 p.m., recognizes 2019 award recipients for the Desjardins Youth and Adult Financial Education, Dora Maxwell Social Responsibility, Louise Herring Philosophy in Action, Advocacy, Chapter Leaders, Small Credit Union

Achiever's, Credit Union Professional of the Year, and Hall of Fame.

- **Wednesday, April 15, following the day's events: Cocktails and Conversations** promotes Council Meetups to continue conversations from earlier sessions.
- **Thursday, April 16: Party with a Purpose** from 6 to 9 p.m. is a chance to let your hair down and network with peers and new friends. Your ticket will include food, a casino party, and dueling pianos. Show your credit union spirit by wearing your logo apparel.

To register or for more information, visit our website at [cornerstone.swoogo.com/2020Annual](http://cornerstone.swoogo.com/2020Annual) or contact Experiences & Events at 800-442-5762, ext. 6630 or [training@cornerstoneleague.coop](mailto:training@cornerstoneleague.coop).



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## **We are personal.**

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851 International Parkway, Suite 120 Richardson, TX 75081  
rschweizer@onedigital.com | onedigital.com

# COMBATING THE DAILY GRIND OF COMPLIANCE AND RISK

*Jeff Phillipich, Business & Product Development VP, Credit Union Resources, Inc.*

Credit unions are faced with an ever-expanding universe of internal and external risks to manage. The level of safety and soundness at credit unions is threatened by external sources that are rising at an alarming rate. At the same time, we are seeing many internal fraud cases involving credit unions where the institution had a trusted compliance process run by a team who committed the fraudulent acts.

One of the key points to any audit, compliance, or risk management function is a “check on the checker”—a level of independence or segmentation of duties—to make sure the work is accurate and truthful. To effectively assess, prioritize, and allocate resources across a long list of regulatory and risk concerns is a vital but inexact science. It can, for many, become an all-encompassing task that takes the focus away from serving our members and our communities who have come to know credit unions as their premier community financial partner. The weight of the workload can cause

otherwise professional and honest people to miss red flag items, cut corners, and push back deadlines, often with tragic results to an institution’s reputation.

It was with this problem in mind that a group of credit union leagues and league service corporations (LSC) came together to design an affordable, independent, risk-management ecosystem that would help lessen the burden of managing risk and compliance for all credit unions.



Credit Union Resources, the Cornerstone Credit Union League’s LSC, partnered with CU Solutions Group (CUSG), the Michigan Credit Union League’s LSC, as well as state-based leagues from Mountain West (Arizona, Colorado, Wyoming),

Indiana, Maryland/D.C., and Connecticut to form a credit union service organization (CUSO) named CU Risk Intelligence, and acquire the AffirmX Risk Intelligence Platform’s credit union portfolio of business.

The vision behind this partnership was to dramatically expand the group’s collective compliance and risk management base, in addition to leveraging the expertise of our new partnerships across the country and enhancing services and products to combat the daily grind of compliance

and risk. Within this transaction, AffirmX retained a portion of ownership and will continue to service the reviews, enhance

platform functionality, and fully support the platform with industry-best service levels to credit unions.

In a later transaction, CU Risk Intelligence acquired ComplySight from League InfoSight. ComplySight is



## Alerts

Start Date	Subject	Severity
02/14/2014	BSA Independent Report Available: 2014 Report in File Vault	MEDIUM
01/20/2014	Proposed Regulatory Change: New CUSO Investment Requirements	MEDIUM
01/15/2014	Risk Rating Increase: Website Review Increased Risk Rating	HIGH

## Risk Categories



## Calendar

February 2014

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15

## Notifications

Pending (5) Complete (10 of 20) System Wide (129 days) (11 of 16)

Due Date	Subject	Assigned To	Status
02/29/2014	AffirmX-dev Has Sent you a Request to Upload a File: (C-RR-03) Records Retention Program/Policy /Procedures and Logs	thetel	PENDING
01/22/2014	AffirmX Has Sent you a Request to Upload a File: (H-OE-05) Periodic Statements and Subsequent Disclosures for Credit Cards and other overdraft	thetel	OVERDUE

a cloud-based, self-directed, software-as-a-service (SaaS) compliance product that enables simple, easy tracking of a credit union's compliance with federal and state regulations. This product is particularly well suited for credit unions with in-house staffed compliance expertise. With League InfoSight now joining CU Risk Intelligence, the CUSO now serves more than 400 credit unions in 26 states.

“Bringing the two leading compliance management tools for credit unions under one league-owned entity gives credit unions more choices and easier access to compliance experts,” said Melia Heimback, CUSG, principal of risk management solutions.

The main benefit for credit unions of all sizes and scopes is that the CUSO's vision of being the premier compliance and risk ecosystem provides tools that work in ways best suited for YOUR credit union. Credit unions have a choice of the self-directed, in-house

ComplySight or the fully serviced, independent AffirmX Risk Intelligence Platform. Both systems come with state league-based compliance and risk experts credit unions have trusted for decades. These experts can quickly deliver local knowledge and proficiency with state and federal laws. They work with the local leagues and have long-standing, strong working relationships with each state's credit union regulator, as well as with regional offices and the National Credit Union Administration.

“With the formation of the AffirmXCU risk management and compliance ecosystem, the leagues now stand firm as the premier resource for guiding credit unions of all scopes with their compliance programs,” said Heimback.

Whichever option a credit union chooses, self-directed, fully serviced, or some hybrid of the two, the CUSO will be able to help

guide, educate, and advocate with a new level of governance, risk, and compliance sophistication that has yet to be duplicated within the industry.

*\*Note: Leagues are state-based.*



# CROSSWORD PUZZLE

## ACROSS








- |                  |                 |
|------------------|-----------------|
| 2. DIVIDEND      | 23. SCHOLARSHIP |
| 5. FOCUS         | 25. FINANCIAL   |
| 6. STARS         | 27. ASSETS      |
| 8. SUMMIT        | 28. FEES        |
| 11. DEDUCTION    | 31. CHECK       |
| 13. MONEY        | 32. PENNY       |
| 14. REVENUE      | 33. COMPLIANCE  |
| 16. CASH         | 34. STACKS      |
| 18. PERSPECTIVES | 35. PAYROLL     |
| 21. RECOVERY     |                 |

## DOWN

- |                |                |
|----------------|----------------|
| 1. ECONOMICS   | 16. KIDS       |
| 2. DISASTER    | 17. FIVE       |
| 3. DISRUPT     | 19. SHARES     |
| 4. DOUGH       | 20. CAPABILITY |
| 5. FAIRS       | 22. REALITY    |
| 7. FILENE      | 24. PAST       |
| 9. COMMUNITY   | 26. NICKELS    |
| 10. DIME       | 29. BUCKS      |
| 12. FUNDRAISER | 30. LOOT       |
| 15. GRANTS     | 31. CECL       |

ANSWERS

# SNAPSHOT

	<b>489</b> Affiliated credit unions <b>88%</b> League affiliation		<b>8.9</b> Million members
	<b>25,216</b> Employees		<b>\$104</b> Billion in total assets
	<b>Largest CU</b> \$9.6 billion in assets		<b>Smallest CU</b> \$473,651 in assets
	<b>26% of membership &lt; \$10 million in assets</b>		
	<b>27% of membership &gt; \$100 million in assets</b>		



### HISTORICAL NOTE:

We opened for business as Cornerstone Credit Union League on July 1, 2013, after the consolidation of the **Credit Union Association of Oklahoma**, the **Arkansas Credit Union League** and the **Texas Credit Union League**. All three were originally founded in 1934.



### GEOGRAPHIC NOTE:

- It is **814** miles from Texarkana to El Paso.
- It is **786** miles from Amarillo to Brownsville.
- **Texas** is about **270K** square miles; **Arkansas** is **53K**; **Oklahoma** is **70K**, for a total of nearly **400K** square miles. The U.S. is 3.8 million square miles, so **we're more than 10% of the total mass.**

CUDL-CONNECTED CREDIT UNIONS

# OUTPERFORM

Last year, CUDL-connected credit unions funded over \$45 billion in indirect auto loans. And, because there are no per app fees, credit unions on the CUDL network only paid for the loans they funded. It's just another reason why CUDL powers over half of all credit union indirect auto loans in the US. Get CUDL-connected and start outperforming the competition.

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**Breaking down barriers to financial security for all**

**Together we'll help more members achieve financial security**

Is your wealth management program a core part of your business today?

There's tremendous growth opportunity for credit unions within their investment services programs. While fifty-two percent of members prefer accessing financial services at a credit union, member penetration is only three percent.<sup>1</sup> By partnering with CUNA Brokerage Services Inc. (CBSI) to grow your program, you get a company with an unparalleled knowledge of credit unions and their members, plus game-changing innovation.

**Read "5 Reasons Why Your Wealth Management Services Aren't Measuring Up" at [cunamutual.com/makeWMcore](https://cunamutual.com/makeWMcore)**



<sup>1</sup>Making Wealth Management Core in Credit Unions, Kehrler Bielan, December 2018.

Securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor. CBSI is under contract with the financial institution to make securities available to members. Not NCUA/NCUSIF/FDIC insured, May Lose Value, No Financial Institution Guarantee. Not a deposit of any financial institution. CBSI is a registered broker/dealer in all fifty states of the United States of America. The representative may also be a financial institution employee that accepts deposits on behalf of the financial institution.