

# Perspectives

Volume 11, Issue 4

The Official Magazine of the Cornerstone Credit Union League



## Feel the Difference

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Multi-tier Credit Union  
Awareness Campaign

Pg. 7

## What Keeps You Up at Night

---

CEO's Divulge What  
Worries Them the Most

Pg. 11

## What to Expect From the 2017 Legislature

---

Highlighting Cornerstone's  
Focus & Upcoming  
Advocacy Efforts







Pg. 14

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# Contents

**"I WANT MY MONEY TO MAKE SOMEBODY ELSE RICH."**

- SAID NO BANK CUSTOMER EVER

**7**



**19**



**30**

President's Message

Pg. 5

Feel the Difference

Pg. 7

What Keeps You Up at Night?

Pg. 11

What to Expect from the 2017 Legislative Sessions

Pg. 14

2017 Training & Events Calendar

Pg. 17

The Membership Tool You May Have Overlooked

Pg. 18

Preach It, Teach It: Financial Literacy

Pg. 19

Why You Should Get Involved in a Chapter

Pg. 22

How to Make Every Member Touchpoint Rewarding

Pg. 24

Is Your Board Afraid to Face its Future?

Pg. 27

How to Choose a Mortgage Solutions Provider

Pg. 28

Are You Leveraging Cybersecurity and IT for ROI?

Pg. 30



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# Inside

## Perspectives | Volume 11 Issue 4

**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 Cornerstone-affiliated credit union and would like to subscribe to this publication, an annual subscription rate of \$20 is available.

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## President's Message

I say it a lot: we're all in this thing together, and it's true. In life and in business, we need trusted partners to pull off our grandest achievements, promote our biggest successes, and support our wildest dreams. And so it is that Cornerstone's highest goals are to promote credit unions and be your trusted partner in the Credit Union Movement.

It's why we also believe in our wholly owned subsidiary, Credit Union Resources and its many trusted strategic business partners. Resources is dedicated to serving credit unions. They know our credit unions need solutions-oriented products and services that really help their members and increase business. Those solutions are integrally tied to credit union success.

And that's why we have vetted, endorsed, and placed our confidence in a distinguished group of five-star partners like CUNA Mutual Group, CO-OP Financial Services, Catalyst Corporate, and Love My CU Rewards, along with JMFA, SerTech, CU Members Mortgage, Harland Clarke, CU



**"We have vetted, endorsed, and placed our confidence in a distinguished group of five-star partners."**

Solutions Group, Agility Recovery, Diebold Nixdorf, OneDigital Health and Benefit, LEVEL5, and INTECH, among others. These trusted strategic partners provide real value to credit unions and continually support the credit union system.

Our long-time friends at CUNA Mutual Group work closely with state leagues and the national credit union movement. They sponsor many Cornerstone

events, support the efforts of the Cornerstone Credit Union Foundation, and contribute to the Southwest CUNA Management School Scholarship Fund. They also support Credit Union National Association in virtually every major initiative to protect and promote the credit union movement throughout the U.S. Their value to us and to credit unions is hard to quantify beyond their wealth of insurance products, lending solutions, and marketing programs.

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Ultimately, at Cornerstone we are focused on your present and your future. We are heavily engaged in areas supported by your dues dollars that will return the greatest impact on your business regardless of your asset size. I encourage you to take full advantage of the partnerships we have forged on your behalf and explore how they can bring greater value to your organization. Learn more at [curesources.coop](http://curesources.coop).

**Dick Ensweiler, President/CEO**  
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# Feel the Difference

## New Awareness Campaign Provides Deliverables, Resources, and Strategies that Benefit All Member Credit Unions

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*Jon Gorman, SVP Communications and Outreach, Cornerstone Credit Union League*

**Think of a bank, then change everything you don't like about them. That's the credit union difference. It's also at the heart of a long-term effort that is coming to light and becoming a reality in the Cornerstone region—an effort to drive awareness to overcome consumer misperceptions about credit unions while at the same time empowering them.**

### Addressing the Need

Nearly three years ago, Cornerstone's Communications Advisory Committee began working toward a shared goal with the league to grow awareness of and membership in credit unions in Cornerstone's three-state region. Following the consolidation of the Arkansas, Oklahoma, and Texas leagues, the challenge was to spread awareness, interest, and action to lift the Credit Union Movement as a whole and to deliver a customizable toolkit of marketing materials and messaging strategies that credit unions could use.

"The primary goal of this process was to develop and deliver an awareness campaign that didn't try to replace or compete with the efforts being undertaken by individual credit unions or chapters, but to provide deliverables, resources, and strategies that could be layered on top of or aligned with all those existing efforts," explains Jim Brisendine, Awareness & Outreach Committee chairman and Resource One Credit Union president and CEO. "We weren't looking to reinvent the credit union brand; we have been looking at ways to increase awareness of what differentiates credit unions from other financial services, particularly among millennial, Generation X, and underbanked or unbanked Hispanic consumers."

Brisendine continued, "We also felt it was important to deliver marketing tools and resources in which credit

**"The challenge was to spread awareness, interest, and action to lift the Credit Union Movement."**

unions of all sizes can find value. Most importantly, through extensive research and consideration of the essence of credit unions, we are able to provide credit unions with a clear communications strategy, which can be used to lead consumers who are unaware of the credit union difference down a path toward membership."

This thoughtful and deliberate process was led by a committee of marketing and communications professionals and president/CEOs from across the region representing all credit union asset sizes. They began with conversations about the role Cornerstone should or could play to grow credit union awareness among consumers.

### Startup Funding

The committee recognized the need for startup funding to initiate an awareness campaign for Cornerstone credit unions, and Cornerstone's board of directors approved the establishment of restricted funds to do so. Once funding was in place, the committee reached out to agencies across the country to help drive this effort. Ultimately, the committee selected an agency out of San Antonio because of their passion for credit unions, commitment to research methodologies and informed branding, and an internal infrastructure that supported the desire of credit unions to attract younger millennial and Hispanic consumers.

**"I WANT MY MONEY TO MAKE SOMEBODY ELSE RICH."**

- SAID NO BANK CUSTOMER EVER

## Research Reveals Insights

A quantitative and qualitative research study was conducted in the Cornerstone region to uncover insights about how the offerings, perceptions, and differentiators aligned between industry stakeholders, members, and non-members. The study was executed through online polling and in-depth interviews with credit union influencers, professionals, and volunteers and covered the breadth of experience and job titles, credit union members, and in-person intercept conversations.

The results of the research were then married with the results of a mirror branding exercise that aimed to get at the heart of the credit union movement through an exploration of the feelings and emotions tied to membership. This marriage allowed the agency, the committee, and Cornerstone to clearly define the brand strategy.

The core of this strategy lies in four key narratives:

**Removing the Burden** – Financial burdens are a reality in life, but a financial institution should not be one of them. At the heart of the Credit Union Movement is a desire to help, to guide, and to actually listen. Our goal is to delight and surprise our members by providing realistic solutions, financial education, and ways to make their lives easier.

**Championing Humanity** – Whether it's the members we serve or the communities we support, credit unions put humanity first. Our members are people, not assets. We look for opportunities to help, rather than risks to avoid. Above all else, we believe in doing what is right—not for profit, not for shareholders, but for the good of our members, our employees, and our communities.

**Advancing Achievement** – Goals and dreams are personal. Credit unions treat every member as an individual, and, regardless of their unique definition of success or their current circumstances, we help clear and build the path toward achievement. We empower, equip, and coach each member toward personal growth and accomplishment.

**Inspiring Confidence** – Trust is as powerful as it is delicate. The Credit Union Movement seeks to inspire confidence in its members by giving them transparent operations and ownership in the organization. We do not expect our members to trust us; we strive to earn that trust with every interaction, through every service, every day.

These results also provide the keys to communicating the credit union difference with non-members. It uncovered positive and negative differentiators and perceptions.

*Our profits go back to our members and our community – that's the credit union difference.*

Dialogue with non-members should begin with the positive differentiators—credit unions are more trustworthy and have perceived value because they are member-owned, they return their money to the members, they contribute to the health of and give back to the communities they serve, and are not-for-profit. These differentiators are supported by the positive perceptions that exist in the market—credit unions offer more personal customer service, stronger interest rates, and are generally more trusted.

**“Dialogue with non-members should begin with the positive differentiators.”**

## The Negatives

There are some negative perceptions we need to overcome. These include the continued ambiguity of the term “credit union” (Who can join? Is it just for credit?); a lack of footprint (ATMs); and credit unions are behind in technology and lack services.

Some negative differentiators are best avoided until a credit union has converted a non-member to a member and provided them with a better understanding of credit union governance. These include: (1) all members can vote and (2) most credit unions are governed by volunteer boards of directors. Among those who don't understand credit unions, the concern is about the qualifications of those making decisions about the future of a complex and highly regulated financial institution that a consumer has entrusted with their money.

## The Plan Going Forward

Enter Cornerstone's new consumer awareness campaign “Feel the Difference.” Launched in October, this concept leverages the inherent knowledge we all have about what banks offer, which credit unions offer as well, and then overcomes the misperceptions and points out the reasons credit unions are better. It's a difference you can feel.

Cornerstone will work to drive credit union awareness among consumers through paid digital pre-roll and social videos, digital and social banner advertisements, and Pandora streaming radio. This paid media will specifically target millennial and Hispanic consumers, driving them to a branded website where they can search for a credit union that suits their needs.

Cornerstone member credit unions will participate in the campaign by working to influence consumer commitment and consideration through the use of a branded marketing

toolkit. The toolkit materials, which can be considered off-the-shelf solutions for a smaller credit union or as templates that can be personalized for larger credit unions, provides credit unions with television, radio, digital, social, and print advertising templates, as well as educational material on digital advertising and messaging suggestions.

To be successful, Cornerstone has fully funded all startup costs, as well as costs associated with paid advertising in 2017—without having to ask for a single dollar to be contributed by credit unions for this effort. Additionally, Cornerstone will need the support and acceptance from credit unions to participate in this campaign. It can be as simple as following the messaging matrix that suggests credit unions lead with positive differentiators, support with positive perceptions, overcome negative perceptions, and avoid negative differentiators to sharing the materials with a credit union's agency of record to incorporate into existing marketing or advertising efforts.

“Feel the Difference” is about driving awareness and overcoming consumer misperceptions about credit unions through layered use of campaign assets that will steer consumers to consider and commit to membership.

We hope Cornerstone's credit unions recognize the value this campaign delivers to their league membership. In addition to Cornerstone's myriad services and support efforts, this new campaign will reinforce Cornerstone's commitment to being the preferred partner for your credit union's success. We hope you feel about your membership in Cornerstone the way we do about this campaign: it's a difference you can feel.



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# What Keeps You Up at Night?

## Credit Union CEOs Divulge What Worries Them Most

Kimberly Cockrill, Publications Manager, Cornerstone Credit Union League

**As the CEO of a 21st century credit union, what keeps you up at night? Every cooperative business is as individual as the people it supports, but the concerns it engenders are more universal. At the November 2016 Top 50 event for CEOs, this question was put to attendees, and following are some of their answers.**

### Costs of Compliance, Disruptions, and Technology

The themes here crisscrossed, but the common thread that causes lost Zzz's is about cost layering to accommodate expenses for compliance, technology, and various disruptors.

All businesses need to spend money on infrastructure, which includes cybersecurity and emerging technologies, and those will impinge on a good night's sleep, but add to that the need to rebuild capital and net worth in a finite period of time, and you could end up wide awake, staring at the ceiling. One CEO worries about dedicating more costs for compliance, cybersecurity, and talent acquisitions when the margins aren't changing.

Changing security models. Since credit unions subscribe to typically "traditional" business models, some CEOs worry that when disruption happens—the odds favor it sooner or later—how will the event affect the credit union long term?

One CEO worried about people who were once only stealing debit cards but are now focused on ransomware. Credit unions must guard against ransomware attacks and find solutions for time lost as a result. A CEO's energy can be sidetracked toward crisis management and cost containment.

### Staff, Training, and Leadership

Lots of positives here, which can conversely weigh on a CEO. High on the concern ladder are successful talent acquisition, retention of the best and brightest, and how to instill a strong CU culture. The hope is for a trove of

talented workers who want the opportunity to be part of an organization they can believe in.

Ultimately, all hires will either help sustain and advance the goals of the organization or hinder it. Hiring competent people who can work up the ladder and lead the next generation of management are concerns shared universally, as well as how best to ensure that these hires share the credit union's values and are able (and willing) to fit into the established culture. What are the steps one takes for instilling that strong culture in staff?

It's a truth universally accepted that retaining well-qualified staff can be difficult. The prevailing supposition is that if you are a sincere and transparent CEO, employees will give you everything they've got. Ideas and energy can be harnessed. The CU and its members will benefit. Yet, turnover happens and good people are lost to other, more competitive opportunities. What's the best strategy for minimizing attrition?

Then there's the one constant: change. What's the best way to deal with changing employee demographics, such as age and mentality or those with a me-me-me attitude? And let's talk about the distraction of social media—or let's not. It's enough to consider the logistics of the staff's day-to-day pressures, demands, and desires for job security, professional development, and fulfillment.

Is following the trends a good thing? What about job sharing or telecommuting? Are those viable options and what costs would factor in? Do we even want to address the many critical facets of a reorganization?

## Membership and Social Purpose

Credit unions exist in a highly competitive financial services market, depending on their location. Figuring out how to expand into new markets, access new demographics, demonstrate how credit unions differ from banks, and maintain a positive presence in the community—including ways to give back—are frequent causes for sleepless nights.

And when you've grown your assets, expanded your membership, and succeeded in rebranding the organization to position it for greater growth, some CEOs worry that in the process they may have lost a bit of their culture, values, or social purpose.

## Branch Operations, Mergers, and Transformation

Mergers and moves were also named as things that keep CEOs up at night. One CEO cited a move to new corporate headquarters, which entailed relocating the entire staff under one roof. While the goal is to make the organization more efficient and better positioned to take advantage of market variations and opportunities, with the consolidation comes the loss of social roots for those who've had to move from their previous location.

Branch operations, efficiencies, and transformation can also be troubling, and if you're a small credit union, the associated stressors can augment the pressure.

## Boards, Reputation Risk, and Strategic Planning

Boards are always an issue, particularly when a board's members are prone to overstepping. Some CEOs worry about directors that are too new or inexperienced to be either decisive or divisive. Still others worry about succession and the board governance transition when new leaders take the mantle or are hired.

There are those occasional worries about renegade directors who feel the board should run the credit union, not the CEO hired for that purpose. One CEO's worry led to the unsettling comment, "You're only the CEO until the next board meeting."

With so much required of CEOs and their focus so spread out, what could go wrong? That could be why



reputation risk is a big concern. Some worry about being caught off-guard by something that could harm the credit union's standing in the community.

Given the economic conditions and sometimes choking regulations, one CEO questions whether the credit union's current strategy is sustainable long term, and how they might do more with less. Also, what's the right pace or cadence for the organization?

## Show Me the Money

Among the myriad reasons a credit union CEO might lose sleep, we can't forget the bottom line. Lending, payments, credit, delinquencies, charge-offs, earnings, margins, dividends, patronage payments, ALM, understanding the mix—all the financial buzzwords that affect the health of the credit union.

When you're starting from scratch, whether a business startup, merging two credit unions, or recovering from conservatorship, the costs and concerns of hiring, training, culture development, and talent retention can complicate efforts to get capital where it needs to be. One CEO pointed to worrying about "whether or not I'll be around long enough to retire."

Members who have trouble repaying their loans also figure into the mix of sleep killers. One CEO noted that even some members who are making their loan payments will walk away from a loan. Get enough of those and you'll never sleep.

All of the CEOs who attended the Top 50 meeting agreed that the same challenges and reasons for worry can be experienced by all credit unions regardless of size.

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Jim

Sue

Lee

Bill

Maria

James

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# What to Expect from the 2017 Legislative Sessions

*Jim Phelps, SVP Advocacy, Cornerstone Credit Union League*

Following an election season unlike any in recent memory, the Cornerstone Credit Union League is preparing for what promises to be a busy year in the state legislatures and our U.S. Congress. Next year, all three Cornerstone state legislatures will be in concurrent sessions. And while some similarities exist among the three states, each has its own political dynamics and issues that resonate more with member credit unions.



## Arkansas

The 91st Arkansas General Assembly will convene on Jan. 9, 2017. A session lasts for 60 days unless the legislature votes to extend it. The priority issues in Little Rock will

include vigorous opposition to any legislation that adversely impacts lienholders' interests; preventing abusive laws and regulations on non-consent towing; defending the credit union taxation exemption; and opposing anything that would adversely impact interchange fee income for Arkansas credit unions.



## Texas

The 85th Session of the Texas Legislature will convene on Jan. 10, 2017, and last for 140 days. Cornerstone's priorities in Austin will include supporting amendments to address credit union concerns with the

home equity lending law; seeking opportunities to mitigate regulatory burdens on credit unions; supporting legislation to protect lienholder interests; seeking measures to favorably modify data security; protecting the franchise tax exemption for credit unions; and supporting an independent credit union department with SDSI (semi-independent, self-directed) status.



## Oklahoma

The 1st Regular Session of the 56th Oklahoma Legislature will convene

on Feb. 6, 2017, and will adjourn no later than May 26. The priority issues in Oklahoma City will include protecting lienholder interests in a variety of areas, including the possessory lien process and insurance regulations that would require unreasonable timelines for remitting insurance proceeds to mortgage holders. Cornerstone will also continue efforts to defeat legislation that could impact a credit union's ability to prevent firearms on their premises and oppose efforts by payday lenders to circumvent new CFPB regulations and offer products under state regulation.



## Congress

In addition to the state legislative sessions, the new 115th Congress will meet from Jan. 3, 2017, to Jan. 3, 2019. The federal legislative priorities for Cornerstone include protecting the federal credit union tax exemption;



pursuing measures to favorably modify data security; collaborating with credit unions to engage members in legislative and regulatory issues; opposing rules or legislation that will harm credit unions' ability to offer overdraft protection services to members; taking proactive measures to influence proposed regulations; and seeking any/all remedies to alleviate regulatory burdens on member credit unions with specific focus on the Consumer Financial Protection Bureau.

The issues identified above will be the focus of Cornerstone's advocacy efforts for 2017–2018, but we'll be active on other issues as well. During what will be a busy year on the state and federal advocacy fronts, it will be essential for credit unions back home to be informed and engaged so that we are ready for whatever challenges and opportunities present themselves.

Success in the capitol is often the result of the work going on back home via meetings with lawmakers, contributing to the PAC, and making our voices heard. Cornerstone is here to advocate for and collaborate with credit unions to enhance our collective political capital. We hope you'll join us.

**“While some similarities exist among the three states, each has its own political dynamics.”**



  
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## 2017 TRAINING & EVENTS CALENDAR

JANUARY	18	BSA/OFAC Training	Teleconference	\$69
FEBRUARY	8	CEO Roundtable	Oklahoma City	NC
	9	Compliance Review Seminar	Houston	\$325
	14-15	Texas GAC	Austin	\$109-179
MARCH	TBD	Oklahoma GAC	Oklahoma City	\$150
	7-8	IRA School	Houston	\$325
	15	CEO Roundtable	Little Rock	NC
	23-24	SCMS Mid-Year*	Dallas	N/A*
	30-31	Foundation FOCUS Summit	Dallas	\$250
APRIL	11-13	Annual Meeting & Expo	Fort Worth	\$345
	19-20	Lending Seminar	Oklahoma City	\$325
	27	Compliance Review Seminar	Dallas	\$325
MAY	17-19	Southwest Lending Conference	Austin	\$549
	22-24	Principles & Philosophy	Oklahoma City	\$749
	24	CEO Roundtable	Houston	NC
JUNE	7-9	Volunteers Forum	TBD	\$649
	14	CEO Roundtable	Dallas	NC
JULY	9-19	SCMS*	Fort Worth	\$3,999
	12-13	Lending Seminar	Little Rock	\$325
	19	BSA/OFAC Training	Teleconference	\$69
	24-25	Women's Leadership Conference	Dallas	\$375
AUGUST	4-5	Young Professionals Conference	Oklahoma City	\$350
	7-9	Compliance, Audit & HR Conference	Fort Worth	\$599
SEPTEMBER	7-9	Leadership Conference & Expo	San Antonio	\$759
	20-22	Manager's Roundtable	Branson	\$325
	21-22	ACH Boot Camp	Dallas	\$495
	28	Night for the House	Oklahoma City	\$50
OCTOBER	5	Compliance Review Seminar	Oklahoma City	\$325
	11	CEO Roundtable	Oklahoma City	NC
	25-27	Marketing & Business Development Conf.	Austin	\$549
NOVEMBER	1-2	Chapter Leaders Conference**	DFW	\$350
	2-3	New Ideas Institute	TBD	\$749
	9	Compliance Review Seminar	Little Rock	\$325
	15	Foundation Festival of Trees Fundraiser	Oklahoma City	NC
	29-30	Lending Seminars	Dallas	\$325
DECEMBER	No events scheduled.			

\*SCMS mid-year event price included in 2017 SCMS tuition.

\*\*Two representatives from each chapter are free. Additional representatives are \$350 each.

Prices shown are early-bird registration fees. Prices and event dates subject to change until published on our website.

The Cornerstone Credit Union Foundation offers grants for educational needs. Please visit their website at [www.cscuf.coop](http://www.cscuf.coop).

For more information, please visit the the Cornerstone Education page at [www.cornerstoneleague.coop/education.html](http://www.cornerstoneleague.coop/education.html).

# The Membership Tool You May Have Overlooked

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*Doug Foister, VP Research, Cornerstone Credit Union League*

**Cornerstone's Research Service Provides Industry Intel at Your Fingertips. The Cornerstone Credit Union League's Research Department may be one of the most important—and overlooked—assets available to members. Are you missing out?**

Your dues dollars are hard at work with Cornerstone's research efforts, which are designed to assist credit unions in evaluating the financial services environment to help you make prudent decisions for the future of your credit union and the members you serve. Cornerstone Research provides, upon request, relevant financial, economic, and demographic data to all member credit unions. In addition, it maintains a library of helpful statistics on the Cornerstone website.

The staff also conducts marketing research for individual credit unions on a fee basis using member and non-member surveys, focus groups, and personal interviews. Brand awareness and evaluation, Net Promoter Score, market share, overall satisfaction, and likelihood of using new services are among the types of marketing data provided. The department also conducts employee surveys and specialized research on millennials and other demographic groups.

The Cornerstone Research Department has just introduced several new research products and services as well.

## Average Fees Report

The Average Fees Report is a dues-supported product available to all affiliated credit unions. It consists of a comprehensive, bi-annual report detailing the average fees charged by banks and credit unions nationally, as well as in Arkansas, Oklahoma, and Texas.

The report details fees charged for cashier's checks, traveler's checks, gift cards, money orders, stop payment, paper copies of statements, coin counting, dormant accounts, bill pay transactions, telephone transfers, account research, NSF/overdraft, wire transfers (domestic and international), safe deposit boxes, ATM/debit cards, CD early withdrawal, checking, regular savings, and money market accounts.

## Rate Map

Beginning in January, 2017, the Research Department will launch Rate Map. This dues-supported, graphics-based product will display current interest rates at banks and credit unions in the precise geographic areas of a credit union's choosing. The Rate Map will be housed on the Cornerstone website, and member credit unions will need their CU Passport ID and password for access.

## Member Effort Score

The Member Effort Score (MES) helps credit unions grow their membership and loan portfolios, as well as improve the member service experience.

This survey-based tool is based on the premise that reducing a member's effort to the point that you are making it easy to resolve issues and accomplish transactions does more to retain members than exceeding their service satisfaction expectations.

MES measures service transactions, including, for example, joining the credit union, taking out a loan, or accessing the credit union (in person, online, by phone, etc.). The MES quantifies the gaps between actual and expected performance and indicates areas where service may range from exceptional to terrible on the service spectrum. Related survey questions pinpoint the specific actions that either frustrate or delight your members.

The insight gained through the MES can improve member service, lower member service costs (getting it right the first time), and reduce member defections.

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If you have any questions about any of the products and services offered by Cornerstone's Research Department, please contact Doug Foister, VP research, at [dfoister@cornerstoneleague.coop](mailto:dfoister@cornerstoneleague.coop) or call 469-385-6477 (direct) or 800-442-5762, ext. 6477 (toll free).

# Preach It, Teach It: Financial Literacy

Vickey Morris, VP Marketing, Cornerstone Credit Union League

Research studies have shown that most consumers lack the ability to choose and manage a credit card efficiently. They lack money management and financial planning skills, and many certainly lack understanding of concepts such as compound interest and loan terms that can greatly impact their monthly budgeting.

Youth, on average, are less financially capable than their elders. Yet, most potential retirees lack information about saving and investing for retirement. Many people fail to plan ahead and take on financial risks without realizing it. Problems of debt are severe for a large proportion of the population because of one thing: financial illiteracy.

**“When you are the one who empowers your members—and your staff—their bond with your credit union becomes stronger.”**

As financial industry experts, you know how the lack of financial literacy is responsible for many of your members' poor decisions and subsequent black

holes of debt. Often, they don't know what they don't know, and therefore have no idea what to ask even if they sought help or information from you first. That's why financial education is so critical.

But, of course, you can help. Your employees can help. Financially literate members can help themselves. When you are the one who empowers your members—and your staff—their bond with your credit union becomes stronger. Your relationships become more valuable, more resilient, more future-focused despite any hard times. Start first with your employees. Ensure that their financial literacy is top notch. They're the face of your credit union and the first-line support for your members. Then make a plan to implement some financial education training sessions for your members.



## How the Cornerstone Credit Union Foundation Can Help

Financial education is at the core of the Cornerstone Credit Union Foundation. It's the first two of their three key initiatives: financial education, professional development, and disaster relief. Everything they accomplish stems from their mission to empower people to improve their financial well-being, and they are supported by credit unions, chapters, corporate sponsorships, Community Investment Fund investors, Credit Union Resources, Inc., industry groups, and individual donations.

“Students, of all ages, may have learned financial education fundamentals at home or school, both usually trusted sources,” said Foundation Executive Director Courtney Moran. “Credit unions pride themselves on being a trusted provider and the primary financial institution for members, so why not complete the circle by offering these continuous learning opportunities as well? A teachable moment presents itself with every transaction; we just have to take advantage of these moments.”

In its simplest form, financial literacy is the ability to understand how money works in the world: how someone manages to earn or make it, how that person manages it, how he/she invests it (turns it into more), and how that person donates it to help others. It is the economic agency that allows individuals to take charge of their personal finances.

Here's a short baseline quiz to assess financial literacy. Pose these questions to your staff, and let the results establish a springboard for future financial literacy training.



## Are You Financially Literate?

### Question 1. How much should you have in an emergency savings account?

- \$500
- 3 to 6 months of expenses
- A year's worth of your salary
- Two years' worth of your salary

### Question 2. The best way to build and maintain your credit score is to:

- Avoid using credit
- Use lots of credit cards
- Pay bills on time
- Make big purchases

### Question 3. How much should you budget for routine home maintenance projects each year?

- \$100 per year
- \$500 per year
- 1-2% of the purchase price
- 10-20% of the purchase price

### Question 4. Why is it important to build credit as soon as you can?

- To get a new job
- To rent an apartment
- To get a new loan
- All of the above.

### Question 5. When reviewing your insurance policies each year, which factor is least likely to affect your coverage?

- You experienced a major life event (e.g., getting married, retiring, having children)
- You recently made a large purchase
- You received several traffic tickets
- You replaced your windows

The level of financial literacy that people possess affects the quality of their lives, and it's more far-reaching than might be imagined. It affects their ability to provide for themselves and their families, their attitude about money and investment, and their contributions to their communities. Financial literacy enables people to understand what is needed to achieve a lifestyle that is financially balanced, sustainable, ethical, and responsible; and it helps entrepreneurs leverage other

people's money for business to generate sales and profits.

Ready to start a financial literacy program in your community?

"Your members and staff are increasingly turning to alternative payday lenders, and subsequently living in a vicious cycle of debt," says Moran. "Credit unions were founded on one simple principle: People Helping People. Offering financial education assistance is the right thing to do, and based on our simple principle, it's in our DNA. The first step is easy; reach out to your Cornerstone Credit Union Foundation and ask for help."

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Contact Foundation Executive Director Courtney Moran at 469-385-6448 or [cmoran@cscuf.coop](mailto:cmoran@cscuf.coop).

## Answer Key

1. It's a good idea to have three to six months' worth of expenses in your emergency savings. Depending on your monthly bills, family needs, job stability, and other factors, your amount may vary.
2. Pay bills on time. Your payment history is the most important factor in your credit score, representing 35 percent of your total score. If you always pay at least the minimum balance due on time, you'll be on the right path. Tip: It's best if you can pay more than the minimum payment due each month.
3. A good rule to remember is to budget 1–2 percent of the purchase price of your home each year for routine maintenance projects, though you should adjust based on the condition of your home.
4. All the above. A positive credit history is more important than just being able to use a credit card to buy things. Your credit history may also be considered when you apply for a job or housing.
5. You replaced your windows. When reviewing your insurance needs each year, it is a good idea to consider how life events, moving, large purchases, or driving habits might affect your coverage needs. Minor home improvements, such as window updates, would likely have less impact on your coverage needs, relative to the other listed factors.

[www.foldsofhonor.org](http://www.foldsofhonor.org) [www.transfund.com](http://www.transfund.com)

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# Why You Should Get Involved in a Chapter

Gretchen Ziegler, VP Political Affairs, Cornerstone Credit Union League

The Cornerstone Credit Union League's chapter program encompasses more than 500 credit unions serving about 9 million credit union members with access to 33 chapters across three states. But the numbers don't tell the whole story.

To illustrate the scope of the program, consider that you would drive almost a thousand miles from south Texas to the panhandle of Oklahoma and more than 1,100 miles from far west Texas to northeast Arkansas to visit them all. Across that distance, you can imagine how diverse the credit unions are that make up those 33 chapters. The common denominator is that they all exist to serve their members and support their communities.

## Chapters Are Versatile and Advocate Leadership

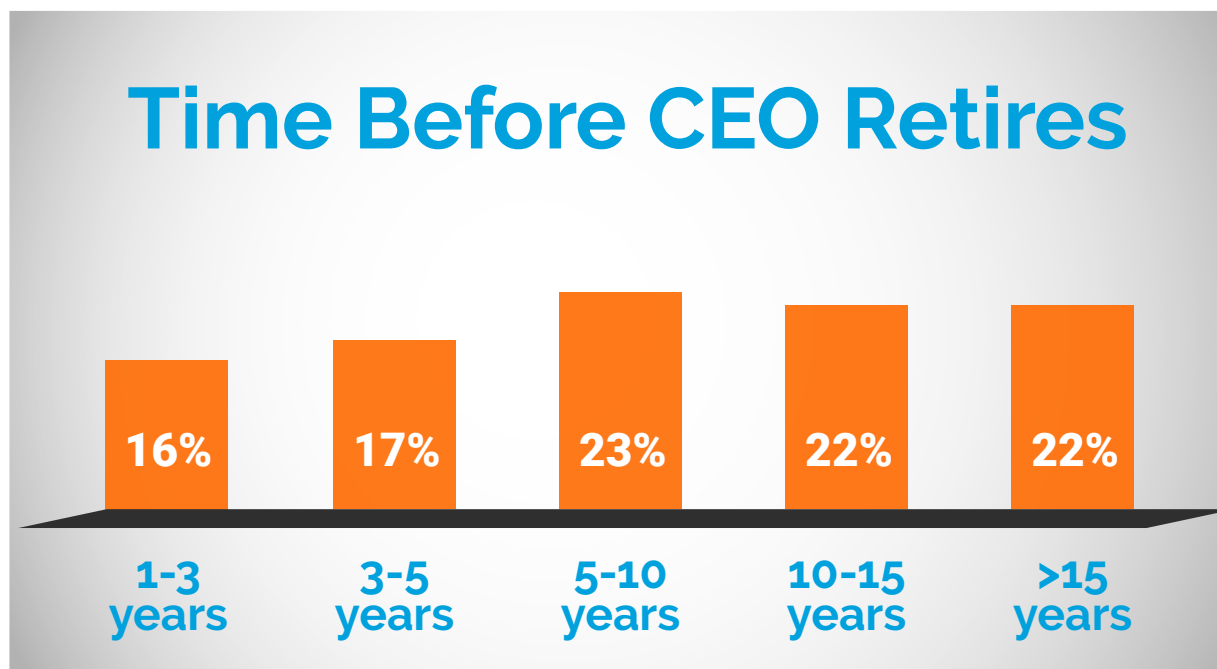
Among the many advantages of the Cornerstone chapter program is that there is not a one-size-fits-all approach. Your chapter would rather meet in the morning? Breakfast it is. Geographical challenges make monthly meetings difficult? Schedule them bi-monthly or quarterly. Having trouble finding chapter officers to commit to an entire year of service? No problem, credit unions can share the burden by rotating responsibilities.

"Cornerstone's chapter program is a great way to advance not only the interests of credit unions but the individuals involved as well," said Andy Reed, CEO of Texas People FCU and president of the Fort Worth Chapter. "The benefits of participation far outweigh the time investment to plan, deliver, and attend monthly events."

## Talking the CU Talk and Walking the CU Walk

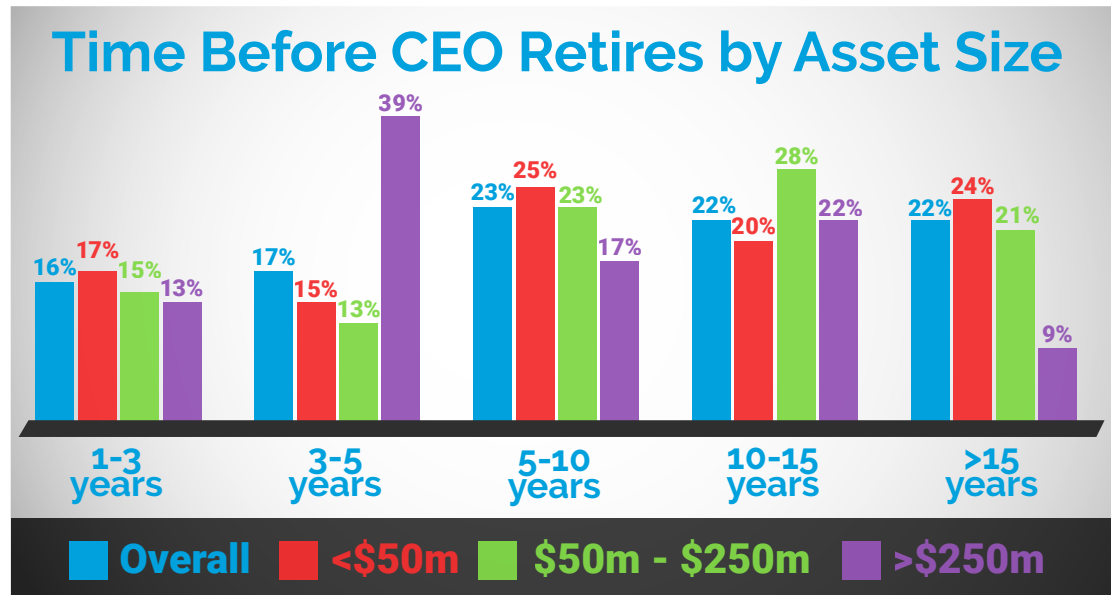
Through chapters, a group of like-minded individuals gathering on a consistent basis around shared goals is an opportunity to showcase the political capital of credit unions. When you invite a lawmaker to speak at your chapter meeting, engage in fundraising for one of our political action committees, or discuss ways to mitigate current legislative or regulatory burdens, you are demonstrating our grassroots strength.

But like most things in life, we must seize the opportunity when it presents itself. It's not enough to simply talk the talk; we must also walk the walk.





"I have been attending the Green Country Chapter meetings for several years," said Cindy Brown, branch manager at TTCU in Jenks, Okla., and soon to be president of the chapter. "Our chapter strives to bring in relevant speakers covering topics such as leadership, changes in regulations, and political updates, to name a few. The chapter meetings also provide credit union employees a wonderful opportunity to network."



### People Helping People: The Way CUs Do Business

Your chapter provides a great opportunity to support your local communities by being engaged in activities that highlight the "People Helping People" philosophy that credit unions are best known for.

Some of our most successful endeavors as a movement include providing support for Children's Miracle Network or volunteering at your local food banks. One of the most impactful and popular events is the reality fair for local schools—and your chapter could easily host one. Not only does a reality fair benefit your community by teaching kids about the importance of financial literacy, it also serves the purpose of showing lawmakers that credit unions are responsible and accountable to the communities in which they live.

### Preparing for CEOs to Age Out—Yes, They Will!

Believing that chapters provide the perfect venue to engage in advocacy, support local communities, and promote leadership development for young professionals, Cornerstone recently gave the chapter program a facelift to reflect those beliefs. We're now encouraging more of our GenX, GenY, and Millennial generations to get more involved.

Our research, derived from the 2016 Cornerstone Compensation Survey, shows that within the next five years, one out of three credit union CEOs will retire.

Extrapolated to the entire population of Cornerstone affiliates, this equates to 175 of the current 531 Cornerstone CEOs. Fifty-six percent, or one-half, of the survey respondents indicated their CEO would be retiring within the next 10 years. This equates to 297 CEOs. By asset size, we see more than one-half of CEOs (52 percent) from the largest asset category (more than \$250 million) planning to retire in the next five years. This equates to 37 CEOs.

"Young Professionals can really benefit from the contacts they can make in their region," said Brown. "The meetings have proven to be a great place to get the YP program off the ground in our area. We have several YPs that attend meetings regularly. We provide a place for them to get some education, make important connections, and get more involved in the credit union movement. I would encourage everyone to become active at their local chapter and take advantage of all they have to offer."

"A group of individuals working collaboratively on behalf of the chapter encourages not only networking, advocacy and good community works, but also enhances leadership skills," said Reed. "I strongly encourage all credit union management and staff to get involved with their chapter and see if you don't feel the same way."

And now I only have one question for you. If you're not currently active in your chapter, what are you waiting for?



# How to Make Every Member Touchpoint Rewarding

*Bill Prichard, Senior Manager Public Relations and Corporate Communications, CO-OP Financial Services*

**Having an industry-leading card portfolio is fundamental to serving credit union members well. However, the member experience you provide extends well beyond the wallet. Rewarding members at every opportunity can help you deliver a more meaningful consumer experience and can play a key role in nurturing member loyalty over the long term.**

In fact, card-based rewards only scratch the surface of what your credit union can offer, according to CO-OP Vice President Credit Card Services Jennifer Kerry. "Points can be awarded across the product line, including any time a member opens a checking account or takes out an auto loan," Kerry said. "Points can also be given to reward member behaviors your credit union values, such as signing up for e-statements, using online bill pay, or maintaining minimum balances in a checking account."

Kerry advises credit unions to treat every interaction as an opportunity to show appreciation to members. "Member feedback can be transformative to your organization, and can also be hard to get," she said. "So, reward members any time they take a survey or comment on their experience in the branch—or even when they report on a service mishap. Their time is valuable, and the effort they put into communicating with you should be recognized and rewarded."

Another way to engage members, Kerry notes, is to reward them for improving their financial IQ: "The financial health of your members is as valuable to you as it is to them, so offer financial literacy courses, and give members perks and points for completing them."

Kerry adds that everyone wins when members are encouraged to assist in account security. "You can give members points for something as simple as updating



their contact information," she said. "Even better, incentivize them to use new security technologies, such as tokenized payment options like Apple Pay and mobile apps for card controls and alerts. Their active role in securing accounts goes a long way toward heading off fraud, benefiting everyone involved."

Kerry emphasizes that while members appreciate the promotions, gift cards, and other perks your program provides, the solution you construct should always allow them to "spend" points with your credit union as well.

"Members should be able to apply points to everything from checking account fees to closing costs on a mortgage," she said. "Loyalty points should function like digital currency that members can use throughout your credit union to further their relationship with you."

## Success Requires the Magic of Marketing

Kerry points to the important role marketing plays as well. "Feature the program prominently across every channel, from branch signage and ATM splash screens to your website home page and online and mobile banking apps," she said. "In addition, enroll all of your employees in the program. Their experiences are powerful, and their enthusiasm will spread quickly throughout your member base."

"The most successful credit unions are constantly finding new ways to communicate program benefits to their members," Kerry said, advising credit unions to market the program on an ongoing basis. "For example, you can text members

**"The most successful credit unions are constantly finding new ways to communicate program benefits to their members."**

when they have accumulated enough points for a dinner out at a popular local restaurant. Or, have members establish wish lists and congratulate them as they earn and redeem points for the items and experiences they value the most."

"Don't forget to reward members just for being loyal," Kerry added. "Every time they reach a milestone, such as the 10-year anniversary of their membership, thank them in the branch, at the ATM, and with a personalized note or email. And, of course, shower them with points."

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Bill Prichard is senior manager, public relations and corporate communications, for CO-OP Financial Services, a Rancho Cucamonga, California-based provider of financial technology to credit unions ([www.co-opfs.org](http://www.co-opfs.org)).



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# Is Your Board Afraid to Face Its Future?

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*Yvonne Evers, CEO/Owner Public Relations and Corporate Communications,  
CO-OP Financial Services YME Coaching & Consulting, LLC*

**Making sure that the credit union has the most qualified board of directors in place to represent the interests of its members is one of the board's most important responsibilities—not only for current operations, but for the future. Failing to proactively plan for succession could be setting the credit union up for issues in the future. So, what can happen if you don't plan? Let's take a look at four problem areas.**

## Major Turnover

Maybe you haven't had turnover in a while, and when you did, it was one person here or there so the turnover was manageable. But what if you found out that two-thirds of your board members planned to leave within a four-year period? Worse yet, what if they planned to leave, but you didn't find out until it was happening?

This is not a made-up, worst-case scenario. It really has happened. And it can happen to your organization if you aren't aware of the intentions of your board members.

## Unfilled Board Seats

You may think it's easy to find board members and that you would never have an unfilled board seat for any period of time because you've never had problems in the past. But the number one issue that boards tell me they're struggling with is finding new members. They tell me stories of leaving board seats unfilled for one, two, even three years trying to find replacements.

## Not Having the Right Skills on the Board

Governing a financial institution is getting more and more complex with the increasing number of regulations, as well as competition from other financials and disruptors. Your board needs to stay informed. Yes, boards can and do get a lot of information from

executive management, but do your board members have the right knowledge and experience to question executive management when needed to ensure the credit union is heading in the right direction?

## Lack of Experience for Board Leadership

Have you had the same board chair or executive committee members for years? If so, you're not alone. This is a common practice in credit unions. But how do you keep the board up to speed on new industry regulations or the latest occupational trends, among other things? Who's training them, what kind of training are they receiving, how often are they being trained, and is the training adequate?

Your board should not be afraid of its future or succession planning because neither is about driving long-term or "older" members out or judging the skill level of current board members. It's about being ready for inevitable turnover and knowing what skills to look for in future directors.

Credit Union Resources has partnered with YME Coaching & Consulting, LLC to provide assistance in this area using YME's software solution, SUCCESSIONapp. This solution helps you easily create a succession plan with a board that embodies all of your critical competencies: qualified candidates available for service and a seamless transition when director openings occur.

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Yvonne Evers is the owner of YME Coaching & Consulting, LLC and the creator of SUCCESSIONapp™, an online app for CEO, management, and board succession planning. She has been driving credit union leadership and board success for more than 20 years. Find out how at [www.leadtoexceed.com](http://www.leadtoexceed.com).



# How to Choose a Mortgage Solutions Provider

*CU Members Mortgage*

**Whether you're offering mortgages now or considering it for the future, outsourcing some or all of the mortgage operation can be beneficial to your credit union and members. The most important step as you consider outsourcing is to choose a provider that offers customized relationships to fit your exact needs. You'll want to maximize income while decreasing overhead expenses as much as possible, so look for a partner with flexible options to ensure the best fit.**

Building a customized relationship with a service provider can help your credit union grow market share by expanding your product line. When you offer home loans to members, you not only have a better chance of retaining their business, but more opportunity to cross-sell other financial services. Here again, a customized relationship with your mortgage provider helps your credit union deliver the best program for your objectives. By providing a wide range of loan options, including government loan programs at competitive rates and terms, you'll have a greater opportunity to meet the needs of more members, whether they're first-time homebuyers, buying their next home, or refinancing.

Not insignificantly, outsourcing may also alleviate some of the regulatory burden imposed on all financial institutions that offer mortgage programs. It's no secret that compliance takes more time and money than ever before. And while every credit union must keep a close eye on regulations and work constantly to meet the letter and spirit of the law, it certainly helps to have an experienced mortgage partner who lives and breathes compliance at your side.

**1** As you evaluate your mortgage program, keep your expectations high and reach for a service provider that delivers the following: Equally great service to your credit union and your members. Your provider should have ways to prove their service levels with in-depth reports on call waiting times and other service metrics, loss mitigation efforts, and industry recognition.

**2** Retained servicing and cross-selling. With retained servicing, chances are better that when a member starts with you, they'll stay with you. If the servicing is sold after the loan closes, then a competing financial institution could end up soliciting your member for other products. A non-solicitation agreement should be in place.

**3** Expertise is everything. It's not just about knowing the credit union industry, but about knowing the mortgage industry as well. An expert lender knows the products available, can easily assess what options should be offered, and can assist members by explaining the complex details of the mortgage process in simple-to-understand language. Make sure they know their business.



**4** Sound business. Your service provider of choice should have a long history of running a sound business. No one wants to invest time and trouble onboarding a mortgage provider only to find the relationship won't last. Do your research and find out how stable the lender is and how long they've been in business.

**5** A wide range of product options in all 50 states. Your service provider should necessarily offer ample options, including government loans, in all 50 states. Your service provider should have its pulse on the market and know the latest products and guidelines.

**6** Stays ahead of the curve. Whether it's complying with the latest regulatory

**“A customized relationship with a service provider can help your credit union grow market share.”**

changes or adapting to consumer demand, an expert mortgage provider will be ahead of the competition and prepared for the future. If things aren't changing, be concerned.

Outsourcing your mortgage function can maximize the full potential of your credit union to meet your financial objectives. It can deliver more value by providing your members with the full spectrum of financial services. There is nothing more powerful than being there when your member realizes their personal achievement of the American dream.

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CU Members Mortgage is a division of Colonial Savings, NMLS 401285. The company is an endorsed business partner of Credit Union Resources, Inc., a wholly owned subsidiary of the Cornerstone Credit Union League.

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# Are You Leveraging Cybersecurity and IT for ROI?

*Idrees Rafiq, AVP IT Consulting, Credit Union Resources*

Approximately 10 years ago, IT was little more than an expense to most credit unions. And most technology-related expenses at the time were a reactive measure to regulatory guidance that had been quickly outpaced by newer technology. We've come a long way since then, but many credit unions still struggle to keep up. Part of the reason is they don't know how to get a return on their investment (ROI) for the security and IT expenses.

It's no wonder. Cybersecurity can be a daunting task when new cyberthreats are constantly emerging and evolving. The members' demand for technology and convenience is at an all-time high, so deploying e-commerce technologies in a safe manner while addressing compliance and member needs requires planning and innovation. Those are important considerations that cost money; they're also what makes a credit union competitive and gives you that ROI.

A full-on prevention and monitoring system requires vigilance, strong IT infrastructure, and fast-acting expertise to manage the risks and handle whatever comes; because the truth is, it's not a matter of if you're going to be breached, but when. It's also indisputable that real reliable cybersecurity cannot exist in any organization without a security mindset that emanates from the top and permeates the entire culture of the organization. With cybersecurity, it's not just money and



information at risk; it's the credit union's reputation, and that equates to member trust—every credit union's most valuable asset.

Small and medium-sized credit unions face a critical challenge when weighing costs vs. benefits, or that all-important ROI. When cost influences employment decisions, a credit union may scrimp on hiring a professional for a position the credit union leadership doesn't much understand. Having a limited budget means these credit unions need to be more strategic about their technology investments just to be competitive.

Is it possible to cut costs and run lean? Maybe, if running lean doesn't also mean cutting expertise, which in effect



can be cutting the effectiveness of your security and endangering your members' accounts.

I've seen some CEOs try to manage an IT person and IT vendors, yet they don't understand the cybersecurity function well enough to supervise the employees or the systems they manage. And why should they? The IT function isn't where their expertise lies; managing credit union operations and growing credit union membership is their forte, so their strategy falls short.

There's really no getting around it; managing cybersecurity means relying on the experts. And relying on the experts means someone within the organization must have the security IQ to balance expenses while ensuring the ROI. It's not complicated; it simply means your cyber plan has to be well considered, well laid out, and well executed.

### Where to begin?

- First, organizations need leadership that understands how and where technology can create monetary efficiencies that support business functions and satisfy members' needs.
- Second, companies need a team, either internally or externally, that understands the threat landscape, stays abreast of current threats, and can respond quickly when suspecting a breach.
- Third, the strategic plan for IT and cybersecurity must be set in place, supported fully by the credit union board and management, continually monitored for effectiveness, and regularly updated.

I recommend that small and medium-sized credit unions employ at least one staff member who has

a solid appreciation of technology and member services—this is an

executive-level technology person or a chief information officer. This person should completely

understand the credit union's security strategy, assist in executing the plan as designed, and embody the concept that business drives tech, not the other way around. Short of that, it's best to hire an outside expert.

The money invested on competent security personnel and a solid IT infrastructure is money well invested. In fact, a well-run security system that experiences no disruption, while invisible to management, is the precise return that nets a credit union and its members the peace of mind that has no price.

**“It's not just money and information at risk; it's the credit union's reputation, and that equates to member trust.”**

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## 3SI

### Electronic Dye Pack Security Systems

Jenny Jackson  
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www.3sisecurity.com

## Agility Recovery Solutions

### Contingency Planning Resources

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## BAE Systems

### Email & Network Protection Service

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www.baesystems.com

## Buzz Points

### Member Loyalty and Rewards

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## Catalyst Corporate FCU

### Your Credit Union's Credit Union

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## CO-OP

### ATM & Debit/Credit Cards

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## CU Members Mortgage

### Mortgage Lending & Services

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## CUNA Mutual Group

### Financial Services & Insurance

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## dealertrack

### Automated Collateral Management Services

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www.dealertrack.com

## Diebold

### ATM Equipment, Electronic Security Products, Managed Services & Supplies

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www.diebold.com

## eSignLive

### Electronic Signatures

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## GreenPath Debt Solutions

### Member Financial Counseling & Education

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## Harland Clarke

### Share Draft/Check Printing Services

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## INTECH

### Core Data Processing Solutions

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## John M. Floyd & Associates

### Overdraft Privilege/Income Enhancement Programs

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## Level5

### Facilities Management

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www.level5.com

## Love My Credit Union Rewards

### Member Rewards & Discounted Phone Services

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www.lovemycreditunion.org

## Newtek

### Member Business Services

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## Office Depot

### Discounted Office Products

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## OneDigital

### Employee Benefits

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## Passageways

### Web-based Portals

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## SER Technology

### Loan Generation Marketing Enterprise Risk Management

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## Student Choice

### Private Student Loan Program

Jim Holt  
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www.studentchoice.org

## Verafin

### Anti-Money Laundry Program

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www.verafin.com

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<sup>1</sup> TruStage Insurance Policyholder Analysis, July 2015

<sup>2</sup> TruStage Insurance Program Analysis of 2015 non-interest income median growth rates for credit unions with >\$1B in assets

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