

Volume 13, Issue 1

Perspectives

The Official Magazine of the Cornerstone Credit Union League



**How a Worldwide
Revenue Taskforce is
Making a Difference**

**Facilitating a
Fresh-Eyed
Strategy to Expand
Opportunities for
Your Credit Union**

**Raising Our
Influence**
2017 Legislative Sessions

**Understanding
the December 2017
MLA Changes**

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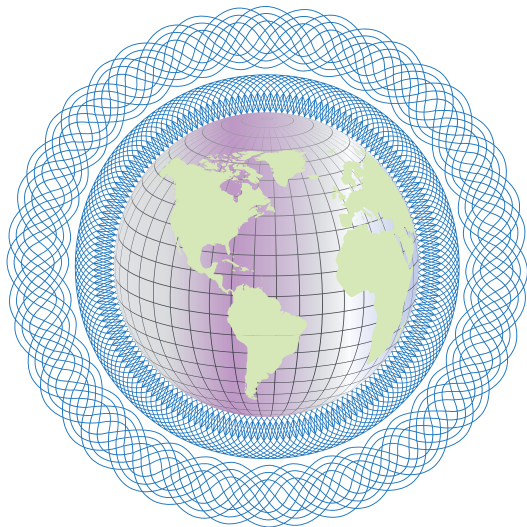
Member Service



Growth and
Retention Services

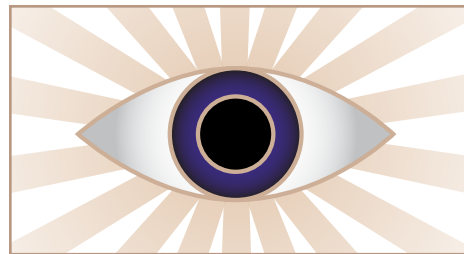
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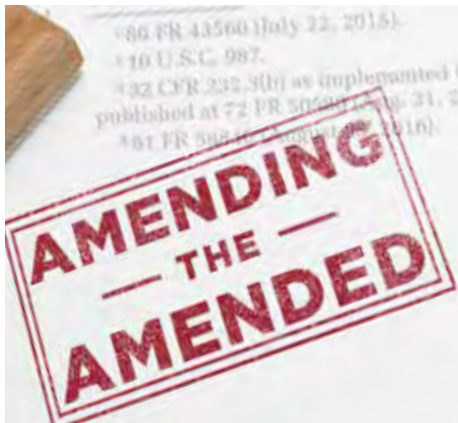
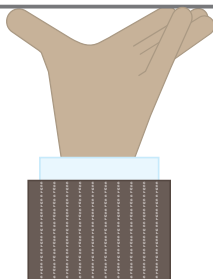
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One Year In:

It's Still About the People

CAROLINE WILLARD, PRESIDENT/CEO,
CORNERSTONE CREDIT UNION LEAGUE

It's nearing the one-year anniversary when I assumed the helm at Cornerstone Credit Union League, and what a great year it's been—full of challenges and opportunities and a learning curve that I don't mind saying has humbled me. I've met thousands of people near and far who, despite or because of their wide-ranging diversity in people, assets, location, goals, and membership, have one essential thing in common: their love of credit unions.

As a result of this past year of extensive traveling to “get to know you,” along with embracing the depth, breadth, and scope of our evolving movement, my staff and I have formulated a comprehensive strategy that focuses on sustainability and engagement; and we've begun implementing changes that should see us through the short term and the long term to serve your credit union to the best of our ability well into the future.

I think the essence of our new disposition is reflected in this edition of Perspectives. First, we're spotlighting the incomparable Crystal Long and her philanthropic mission with the Worldwide Revenue Taskforce that's making such a difference with credit unions globally. Next, we'll take a look at facilitating a fresh-eyed strategy to expand your credit union's opportunities; raising our influence on local and national advocacy stages; understanding the new MLA rules; implementing a royal court of digital marketing strategies; playing offense or defense on branch transformation; looking forward with a new fed chair at the helm, the tax code, and the outlook for economic growth; and finding solutions for ADA website compliance, EMV fuel pump liability, and synthetic identity fraud, among other topics.

I said upon my arrival that the lifeblood of credit unions is its people, their hearts and their passion for the movement, and I'm delighted to say that perception not only holds true, but also encompasses Cornerstone's leadership and staff. We are committed to delivering maximum value for your dues dollars, and we encourage you to explore the many ways Cornerstone can bring greater value to your organization.

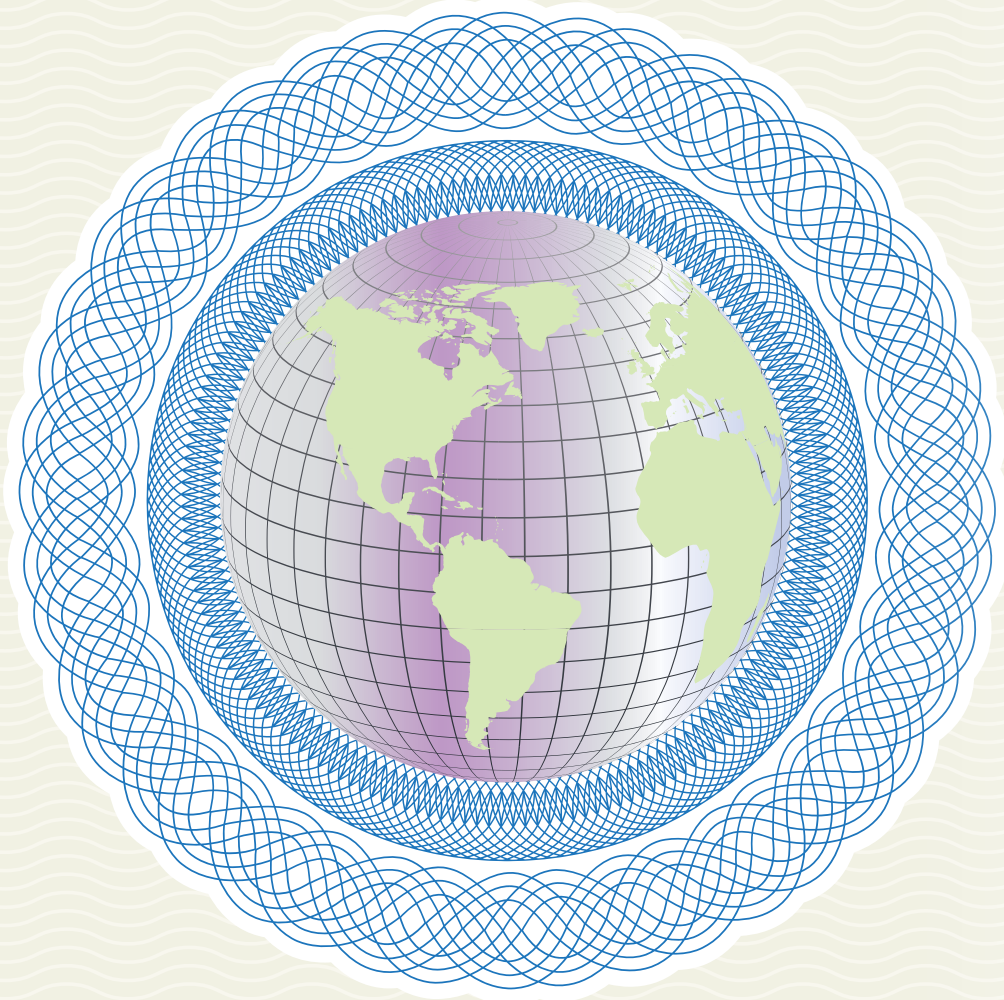
**“The riskiest
thing we can do
is maintain the
status quo.”**

Bob Iger, CEO, The Walt Disney Company

With gratitude,

Caroline Willard

HOW A WORLDWIDE
REVENUE TASKFORCE IS
MAKING A DIFFERENCE
☆☆☆ AND ☆☆☆
WHY YOU SHOULD TOO



JON GORMAN, SVP COMMUNICATIONS AND OUTREACH, CORNERSTONE CREDIT UNION LEAGUE

Sitting at the border between Mexico and the United States, El Paso-based GECU is at the forefront of serving a diverse membership. Such proximity gives GECU President/CEO Crystal Long a sharper eye for international issues that might affect her credit union and its service to membership.

Long's experiences have established her as a credit union influencer in El Paso and around the globe. She currently chairs the Worldwide Foundation Revenue Taskforce with which Cornerstone is actively involved. The goal of the Taskforce is to raise awareness and money for the World Council of Credit Unions and the work they do to expand the reach and impact of credit unions around the world.

"I had an opportunity to get to know WOCCU as a member of the Taskforce Committee," explains Long. "Through that experience, I learned about the challenges they face demonstrating to credit unions domestically why our roles and our contributions are important to the worldwide movement."

Long's WOCCU focus has been on demonstrating that credit unions can grow and learn from their global interactions by supporting financial inclusion and lifting up communities often ignored by other financial services. The experience, according to Long, is mutually beneficial.

"GECU had the privilege of traveling abroad on behalf of credit unions, and it is through these interactions that I realized we truly have a global responsibility to share our knowledge and best practices with others," says Long. "In the process, we too have learned invaluable lessons."

Long began her distinguished career as a file clerk with GECU when she was 19. During more than 30 years at GECU, she was mentored by former GECU President/CEO Harriet May—a member of the Cooperative Hall of Fame and the Cornerstone Hall of Fame, as well as a recipient of both the National Credit Union Foundation Herb Wegner Memorial Award for Individual Achievement and the World Council of Credit Unions Distinguished Service Award. May's legacy of service to the El Paso community and the worldwide credit union community lives on in Long who took over as president/CEO in 2012 following May's retirement.

Long credits the National Credit Union Foundation's Credit Union Development Educator program with giving her a new global perspective that has shaped her thinking about global credit union involvement.

"Too often, we're inclined to believe that the only thing that's really important is what happens within the walls of our individual organizations," explains Long. "Nothing could be further from the truth. Credit union developmental and cooperative issues call on all credit unions big and small to support WOCCU with their resources. Even the smallest gifts can impact hundreds of people across the globe and elevate the communities that desperately need the help of their friends in the United States."

Long describes how living on the largest border metroplex in the world gives

GECU, and El Pasoans in general, insights into the developmental issues that their neighboring communities—specifically, Juarez, Mexico, the cross-border city of El Paso—face on a daily basis.

"Having also traveled to Guanajuato, Mexico, with WOCCU several years ago, I learned that credit union cooperatives are alive and well there," says Long. "They provide a critical financial service and hope for families as they work toward a brighter future. Even so, countries like Mexico and beyond still need the ongoing financial support and volunteerism that their partners in the United States can provide to create sustainable change."

"Credit union leaders, directors, and employees can be confident that the money they contribute works alongside national and regional associations to build, grow, and champion the cause of credit unions worldwide," says Long.

"While credit unions as a whole are known for their generosity, we all have room to grow philanthropic endeavors that can benefit organizations such as WOCCU."

"Not only does the ongoing viability of WOCCU depend on corporate and individual giving, but communities abroad are depending on credit unions to demonstrate our

commitment to financial inclusion and those in poverty living, in some cases, on less than \$2 per day," concludes Long.

Long's request of credit union leaders is simple. Be generous and open minded to the credit union community and the opportunities afforded individuals across the globe as a result of membership in a credit union.

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GROW AND
LEARN FROM
THEIR
GLOBAL
INTERACTIONS



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Open Casting Call for Lip-Sync Superstars

The Cornerstone Credit Union Foundation is seeking credit union talent in the form of six lip-sync acts! That's right, we want six acts consisting of one or more brave souls who are ready to go from regular guys and gals to **LIP-SYNC SUPERSTARS**.

Please join the Foundation as we premier SYNG at this year's Leadership Conference and Expo in San Antonio on Sept. 6. While the audience enjoys your performances, we'll be raising money for the Foundation to pursue its three key initiatives: financial education, professional development, and disaster relief.

Anyone who works at a credit union can join the show; but be warned, it takes weeks of practice to hone a stage-ready routine, not to mention coordinating and creating props and costumes—which are highly encouraged! We're not looking for professionals, just creative people with a flair for the dramatic who are unafraid to get on stage in front of hundreds of their peers and have some fun.

Not only that, but there's a lot to be said for stepping outside your comfort zone—and a lot to be gained! Your friends, colleagues, and family will be amazed at your lip-sync skills, of course. But also, you'll be in line to win prizes!

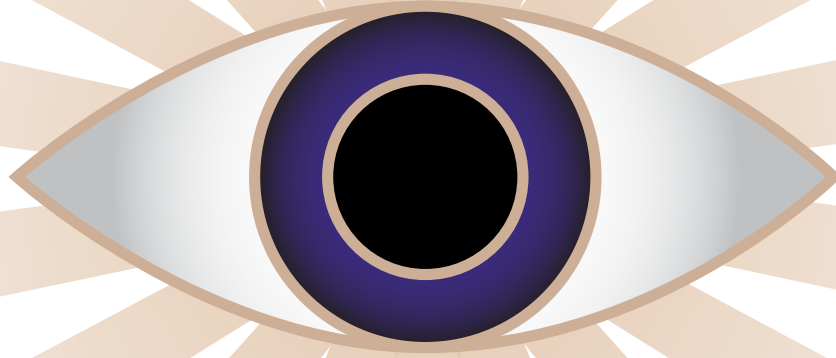
Ready to compete? Good! What's next?

- 1 Put on your creative hats and choose just the right song and cast members.
- 2 Notify Foundation Development Director Staci Zale (szale@cscuf.coop) of your interest in auditioning.
- 3 Prepare an audition video showcasing your song and cast members, and note the length of the performance. Submit the whole shebang to Staci Zale (szale@cscuf.coop) by May 11, 2018.
- 4 Watch for the announcement of chosen performers on May 31, 2018.



That's it! Plan now for your chance to win an epic lip-sync battle for ultimate bragging rights, prizes, and the opportunity to help raise funds for your Cornerstone Credit Union Foundation.

If you have questions, please contact szale@cscuf.coop or 800-442-5762, ext. 6443.



Facilitating a Fresh-Eyed Strategy to Expand Opportunities for Your Credit Union

HOWARD BUFE, LEAGUE REPRESENTATIVE, CORNERSTONE CREDIT UNION LEAGUE

Sometimes it seems we are so enamored of our mobile devices that we don't realize what's happening in the world around us. Makes you wonder, are we so connected to technology that we're out of touch with reality? The same can be asked about our work. Are we so ingrained in the day-to-day that we don't take time to plan for the future?

Fresh Eyes

Credit union leaders have to look up, view the membership they serve, and take time to think strategically. Team leaders that work in a vacuum will struggle to obtain success and grease the skids toward failure. They need what I call "fresh eyes." Having fresh eyes allows us to view challenges in new and different ways, and that includes accepting input from outside sources to fill the gap between what we know and what we don't.

Inside vs. Outside

Many teachers and philosophers have said in different ways, if you're convinced you know the answers, you'll be unable to learn anything new. And so it is with having only an "inside view."

When it comes to leaders working with teams, many of us are victims of our own inside views, which thrive in the confines of our tightly sealed conference rooms. What comes into the room is basically what each participant brings with them. While a great deal of experience and expertise resides within our own knowledge bases, our focus is typically geared toward solutions that have worked in the past, or what we know we know.

Unfortunately, information that could play a valuable role in obtaining superior results in our meetings often stays outside the room. In other words, if we depend on our own limited resources, the air is bound to get stuffy, stale, and recycled. In reality, we need a fresh-eyed approach to look up, from our

limited focus, and outside our skills and abilities to embrace more disruptive strategies that break new ground.

Inside Strategy

Typically, the inside view of our credit union is a detailed look at how we compare to last year, to our immediate competitors, and to our expectations for next year. But strategy is a journey that should not be focused on just our numbers. Good strategy should look beyond last year and next year.

Having fresh eyes allows us to view challenges in new and different ways.

The goal of strategizing is to design an achievable trajectory that's high on the Power Curve—the energy and results generated by the decisions we make. We must think more broadly, and to do that, we have to look up, zoom way out of our sphere, and take into account the landscape of profitability within other industries

and geographies. When we do that, we gain an important new perspective and context for where we exist in the larger, perhaps even global, sphere.

Skilled Facilitation

Planning and executing strategy requires determination, creativity, direction, and resilient leadership to get results. It's definitely not a spectator sport. My many years of teaching strategic planning have taught me that high-level strategy sessions require full engagement with both inside and outside views. Therefore, to make the most out of strategy sessions, I recommend using a skilled facilitator, or a committed coach, who can open our eyes to a fresh approach and new possibilities.

A skilled facilitator or coach can:

1. Keep discussions on track, reduce wasted time, and make smart use of the time available to achieve desired outcomes.
2. Create an atmosphere for resolving conflicts and clarifying misunderstandings within the group.
3. Improve communication within a team. They can help you to stop talking and start listening more effectively.
4. Encourage all team members to participate. Team members are more motivated to support decisions if they're part of the process and therefore feel like part of the team.

5. Channel new ideas and enlightened perspectives. With increased participation, individual and group creativity blossoms and the possibility of generating far-reaching, innovative solutions is within our grasp.

We as leaders and strategists must look up and zoom out from time to time to give ourselves the opportunity to learn something new. In the process, we can engage and strategize more effectively with others who would learn from us and, just as importantly, allow ourselves the opportunity to learn something new and valuable from them.



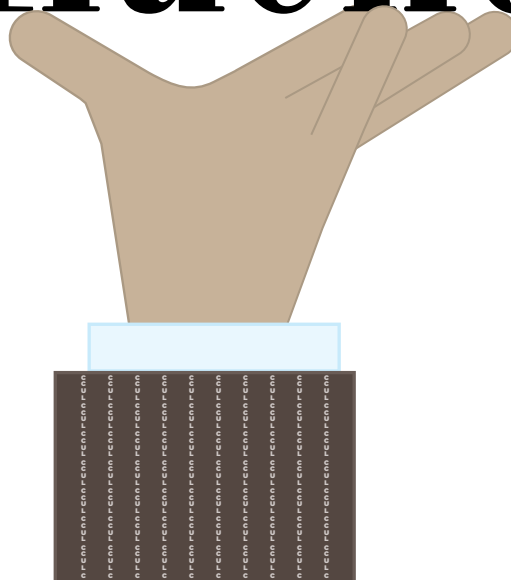
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- Cloud Technology | Personalized Service
- Collaborative Approach | Customer-centric Solutions



Raising Our Influence



JIM PHELPS, CHIEF ADVOCACY OFFICER, CORNERSTONE CREDIT UNION LEAGUE

Credit unions in the Cornerstone League region enjoyed a number of successes in the 2017 legislative sessions. Whether it was the passage of two constitutional amendments concerning home equity modernization and prize-linked savings, defending against harmful PACE and predatory lending bills, or protecting lienholder interests, we concluded the year in a stronger position than when we started.

That said, credit unions are operating in one of the most volatile legislative, political, and regulatory environments in memory. To ensure that credit unions not only survive, but thrive well into the future, it's essential we raise our influence at both state and federal levels.

2018 Mid-Term Elections

The Arkansas, Oklahoma, and Texas delegations will experience great change in the 2018 mid-terms. Several longtime credit union allies have announced retirements or will be seeking higher office. The general election will be held Tuesday, Nov. 6, 2018.

Texas had the nation's earliest primary on March 6. Most of the statewide offices were on the ballot, including U.S. Sen. Ted Cruz. Fifteen of 31 state senators were up for re-election, as were 150 state representatives. In addition, 36 congressional seats were up for re-election. Seven members of Congress have announced retirements, and one will be seeking higher office.

Turnout for Democrats was nearly double what it was in 2014 (560,000). More than 1 million made it to the polls in 2018, which is about 6.8 percent of registered voters. Republican turnout increased as well, from more than 1,149,000 in 2014 to more than 1,541,000 in 2018, or about 10.10 percent of registered voters.

The Arkansas primary will occur May 22. Seven constitutional officers are up for re-election, as are 17 of 35 state senators, all 100 state representatives, and four U.S. congressional seats.

The Oklahoma primary will occur June 26. All but two of Oklahoma's statewide offices will be open due to term limits. Half of the 48 state senate seats are up for re-election and, of those, six will be open due to term limits. All 101 state house seats are up for re-election and, of those, 12 are open due to term limits. In addition, U.S. Sen. James Lankford stands for re-election in 2018, and all five U.S. congressional seats are up for re-election; the 1st congressional district (Rep. Jim Bridenstine) will be open due to resignation.

Run-off elections play an important role as well. As seen in the Texas primary results, many races are headed for the May 22 run-offs. Arkansas run-offs take place June 19, and in Oklahoma run-offs are set for Aug. 28.

Importantly, the 2018 elections will impact the redistricting that will follow the 2020 Census, as many states task governors and state legislators with drawing new boundaries for state legislative and congressional districts.

In an environment of such immense change, what actions can credit unions take to raise their influence?

Get Political, Not Partisan

The decisions being made in the state and federal capitals have tremendous influence on the day-to-day operations of credit unions and service to members. Whether we like it or not, credit unions need to be more political, but that does not mean more partisan.

The fact is, credit unions are not Republican red or Democratic blue; we're purple. That means we should support candidates who support credit unions, regardless of party affiliation. How can we effect change at the local level and get more political?

First, support for your state's political action committee (PAC) and CULAC (the federal PAC for credit unions) is absolutely essential. PAC is the legal means by which we can collectively provide monetary support to pro-credit union candidates running for elective office. A well-funded PAC is a critical tool in our advocacy war chest as we actively engage in this election year. Credit union advocates can support the PAC in a variety of ways, through payroll deduction, candy sales, and direct contributions, to name a few.

Next, join Cornerstone's CU: ROAR program. The old saying "Most battles are won before they are ever fought" is the essence of CU: ROAR. It's designed to identify, educate, and engage credit union advocates across the region today so we're prepared for legislative and regulatory battles tomorrow. Elements of CU: ROAR include supporting your state's PAC and CULAC, identifying staff and volunteers to serve on an internal advocacy team, and enrolling in the Member Activation Program (MAP) to provide education and important advocacy information to credit union members. You may contact your league representative to learn more about CU: ROAR and to sign up.

Finally, be visible in your local community and meet with candidates. Better still, ask how you can assist in their campaign, and become a volunteer. Volunteer activity may include making phone calls, passing out yard signs, stuffing envelopes, and working at polling locations.

PAC and volunteer support are two of the surest methods for offering tangible support to candidates and cultivating new allies in our state and federal delegations. Some of the most influential interest groups in the state capitals and Congress are very active during campaign season.

Legislative success in the capitals is not possible without the work of dedicated advocates back home. Let's make this the year credit unions take political engagement to a new level and raise our influence to ensure a more favorable environment for tomorrow.

Redefining the Future of Payments

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What does it take to become top of wallet?
How can you grab the members' attention? Can
your credit union lead with payments?

What about leading with the idea of becoming the preferred payments provider? What if your financial institution offered a payment option that was truly viable, one that provided the three main things consumers look for: universal acceptability, security, and the ability to earn rewards?

Once you have an "in" with the consumer, you can look for other ways to drive interactions with them. You can leverage their payment cards to introduce them to other services you offer. Your branding will become stronger, and it will become easier to establish additional relationships with that consumer.

FinTech companies are driving a lot of innovation in an effort to become top-of-mind for their customers. FinTech companies are also changing the way they earn revenue; they are less interested in interchange fees and more interested in income driven by their ability to influence purchases. FinTech's ability to influence purchases is based on knowledge of the consumer, their purchase habits, and even their proximity to a merchant (in the case of physical transactions). They can offer purchase alternatives and have the ability to earn referral income on the purchase.

The company that owns the wallet can influence consumer purchases. An omni-channel wallet can help your financial institution engage with consumers, converting them to an adopter of your payment solution and then effectively nurturing them to do more with your brand.

What Consumers Want

In a survey of over 1,200 card users conducted by Digital Credence in 2017, here are the key reasons consumers use a card or an app from the card/payments provider:

- Easy to download and set up the application.
- Simple sign-on to check balances and transactions.
- The card is secure and covers any liability.
- My transactions are accurate and dependable.
- The card is reliable and offers the functionality I need.
- I like the personalization.
- It can do everything I want on my mobile device.

Where do you think you are, and what do you think it would take to enhance your payments strategy?

Sundeep Kapur is an educator with Digital Credence, an organization dedicated to sharing best practices in consumer engagement in the world of financial services.

"Real time payments are the underpinning of our 21st century digital economy. If you had to mail a check to Amazon before they could ship merchandise, the company would not exist and we would all still be shopping at Sears."

~ CIO, midsize credit union, West Coast

"The consumer has a number of choices in payment options, including built-in wallets on their mobile devices. Apple Pay, Samsung Pay, Android Pay, PayPal, and so many other choices exist. We need to make sure that what we offer is a complement to any one of these choices."

~ CEO, midsize credit union, West Coast

"There has been a significant decline in fee income, and this trend is going to continue year-after-year due a variety of reasons, including regulation and competition. Financial institutions need to look for new sources of strategic income, and payments are a critical component to payment strategies."

~ CEO, midsize credit union, Midwest

"Stop fraud, cut our losses. Increase consumer confidence. Become top of wallet."

~ CLO, large credit union, Northeast

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II. Interpretations of the Register.

The following questions represent official interpretations of the Department on issues related to...

¹ 80 FR 43560 (July 22, 2015).
² 10 U.S.C. 987.
³ 32 CFR 232.3(b) as implemented by...

published at 72 FR 50580 (Aug. 31, 2007).
⁴ 81 FR 58840 (August 11, 2016).

AMENDING
— THE —
AMENDED

Understanding the December 2017 MLA Changes

NATHAN BEHNCKE, REGULATORY COMPLIANCE ADVISOR, CORNERSTONE CREDIT UNION LEAGUE

For those that have been counting, the December 2017 changes to the Military Lending Act (MLA) mark the second set of interpretive changes released by the Department of Defense on top of the 2015 Final Rule. While these interpretive rules bring some limited clarification, they tend to also create new problems or fail to address issues that affected parties have had since the original July 2015 final rule. Worse still, interpretive rules do not have an implementation period and take effect immediately.

Looking to the December changes, the most significant clarification addresses the issue of which extensions of credit in an amount over the purchase price of a vehicle disqualify a loan from an MLA exclusion. Earlier interpretations of this rule clarified that loans that provided cash-out in addition to funding the purchase price of a vehicle, known as a hybrid loan, would not qualify for the initial purchase exemption from the MLA. Left unclear was what was considered “cash-out,” such as funding to cover negative equity in a trade-in, since such loans offer funding above purchase price that do not expressly finance an underlying vehicle.

We now have clarification that any transaction that finances the purchase of a vehicle or personal property, as well as any costs expressly related to that object, are excluded from coverage under the MLA as long as that funding does not also finance any credit-related product or service. This means that negative equity in a trade included as part of a purchase price of another motor vehicle or financing to cover vehicle-related products, such as extended warranties or optional leather seats, would not cause a loan to lose its exemption from the MLA.

This distinction, while helpful on trade-ins and add-on products, creates a major headache for loans that include financing credit-related products such as debt cancellation, GAP, credit life, or disability insurance. Since these products are not costs expressly related to the vehicle, they will cause any loan that includes them to be subject to MLA coverage. This was not the case under previous rule interpretations, where it was believed that any initial purchase financing that included these products were excluded from the MLA. The exclusion is lost even if the

credit union did not sell the disqualifying product directly, such as any product sold by an auto dealer in an indirect lending relationship.

This has the potential to make indirect lending very difficult, as auto dealers may not have the necessary disclosures or processes to adequately provide borrowers with requirements under the MLA, including a proper calculation of the Military Annual Percentage Rate (MAPR). As a holder in due course of a loan agreement written by an indirect lending partner, a credit union would be responsible for any failure on the part of that partner to satisfy MLA requirements. This may mean that an improperly executed contract could be voided if the MLA rules are not met or alternatively that the credit union could be subject to civil liability for failure to comply.

We do not yet have a firm solution on this issue. In the meantime, we suggest that our credit unions review lending areas subject to risk, which may require the refusal to acquire loans that include these products, force auto dealerships to assume the risk for MLA violations through contractual means, or help our dealers become compliant with MLA requirements.

The new interpretive rule also covers several other points, including:

- Making it clear that a borrower may grant a security interest in a deposit account by contract;
- Permitting credit unions to claim right of offset or statutory lien to recover funds as long as doing so is not prohibited by other applicable law or other provisions of the MLA;
- Stating that a creditor qualifies for the safe harbor for determining covered borrower status as long as the determination is made anytime during the 30-day period prior to the time a consumer initiates a transaction or submits an application.

We hope there are additional clarifications on the horizon, but we’re tempering our expectations based on the length of time between previous rule interpretations.

If you have questions, please contact Nathan Behncke at behncke@cornerstoneleague.coop or 512-853-8514.

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How You Can SUPPORT NEW LEADERS

VICKEY MORRIS, VP MARKETING,
CORNERSTONE CREDIT UNION LEAGUE

Every year, thousands of credit union professionals transform from a worker with potential to a leader in their credit union. This transformation includes developing skillsets and understanding how strengths can be leveraged to make them as successful as they hoped—and in some cases, more successful than they imagined. Fortunately, leadership skills and traits can be learned, no matter an individual's personality profile. But no one climbs to the top by themselves.

Behind every great leader is a mentor, formal or informal, who believes in them, passes on their knowledge and insights, and guides them on their journey. Everyone wins in this scenario, as the rewards are gratifying and magnify each participant's influence in the credit union space. So it's time to ask yourself: What are you doing to help support your new leaders?

Help Them Seek New Skills

The industry's constant evolution requires leaders to adapt to new trends, innovations, and technologies. Effective leaders must strive to stay abreast of the changes and take the initiative to learn new skills to keep pace. The more knowledge one has, the less likely one will be caught off-guard or left behind.

Help Cultivate Connections and Optimize Opportunities

True leaders take a professional interest in potential leaders inside and outside the office and, through casual conversation, can make the employee feel valued. Knowing staff better allows a leader to determine how best to reward them. If an employee values education, for example, find ways to help them learn new skills and attend leadership-building webinars, workshops, and conferences.

Teach Them to Network

Teach employees how to effectively network. As a leader, take your potential leader with you to meetings and conferences and show them how to confidently initiate conversations and forge connections with strangers. When they progress into leadership roles, they'll already have valuable contacts and the people skills needed to succeed.

Be a Mentor

In helping employees gain leadership skills, you can develop a mentor-mentee relationship. Seek out opportunities to meet with them one-on-one and converse about things like their goals, ideas they'd like to implement, or challenges they face. Your advice will provide valuable insights and encouragement, sometimes when it's needed most.

Executive leaders must be many things—a visionary, trailblazer, strategist, coach, communicator, diplomat, and even a politician. The world's most successful leaders are able to focus on the big picture while wearing many hats. Developing the required skills takes not only time, education, and training, but also individuals who believe in them.

Many learning opportunities are available for your staff and volunteers through Cornerstone Credit Union League. The Volunteers Forum, Women's Leadership Conference, and the Leadership Conference are three events in 2018 that can help potential leaders come out of their shells, learn new ways to accomplish their goals, and feel empowered in their rise to future leadership positions. Visit cornerstoneleague.coop for information on educational opportunities.

Get top-notch training without membership!

Training opportunities are often limited for credit unions that aren't affiliated with a full-service association like the Cornerstone Credit Union League, but we've got some great news! Cornerstone is opening its doors to credit unions beyond the tristate region of Arkansas, Oklahoma, and Texas. Those non-affiliated credit unions are now able to register for up to three Cornerstone conferences. We hope to see you at one of the following top-tier events:

Women's Leadership Conference

Improve the balance and bridge the gap between your life and your career. The Cornerstone Women's Leadership Conference allows you to network and learn from like-minded professionals while also placing the focus on you. This conference aims to inspire you to seek your highest level of personal and professional development by providing you with information, perspectives, and strategies.



Leadership Conference and Expo

We place a premium on leadership, and for good reason. But the concept of leadership isn't only for experienced managers; it's for every generation and all phases of an individual's career. The 2018 Leadership Conference and Expo features strategic presentations from notable industry experts who will provide barrier-breaking leadership concepts and insights to prepare you and your credit union for the future.



Credit Union Volunteers Forum

Volunteers take care of business every day. To best serve their credit union, staff, and members, volunteers must update and refresh their knowledge and skills. The Credit Union Volunteers Forum is the perfect opportunity to network with volunteers from credit unions around the country, explore future trends, discover the latest tools, and get practical guidance and proven strategies you can implement immediately.



Visit Cornerstone online for additional events available to non-affiliated credit unions. If you have any questions, please contact Cornerstone Training and Events at training@cornerstoneleague.coop, or call 800-442-5762, ext. 6630.

The Royal Court of

Digital Strategies for Credit Unions



FRANK ALLGOOD, RELATIONSHIP DEVELOPMENT LEADER, YOUR MARKETING CO.

Are you developing a digital marketing strategy and struggling with all the latest tricks to get you clicks? The digital marketing industry is always evolving, but the key to success for your credit union is building a strong foundation.

As you review your pay-per-click (PPC) advertising, social media, email marketing and more, stick to these four digital strategies:

Search Remains King

Eighty-one percent of shoppers conduct online research before making a purchase. Sixty-one percent begin with a search engine, and then dig deeper into price comparisons and by reading user reviews.

Getting your credit union on the first page of Google is imperative. About 91 percent of users never go to the second page of search results. And truthfully, for auto loans, personal loans, mortgage products and more, the key to getting in front of new consumers is by being one of the top choices on the first page.

While there are many digital advertising vehicles coming of age, search engine marketing (SEM) remains tried-and-true. Don't lose sight of what works.

Consistency is Queen

The famous saying, "slow and steady wins the race," is true in digital advertising. While there are certainly ebbs and flows, a digital marketing budget that is persistent throughout the year will garner greater return than a short-term campaign. Even if the budget is small, credit unions see greater success with a persistent effort.

It is true that digital ad platforms are giving us more data on when the best time is to send email, schedule social media posts, and more. But don't use these tools in a hasty manner. Going "all in" with a short-term digital marketing campaign is risky. Use purchase cycle data as part of an ongoing strategy.

The Court Jester of CTAs

From digital ads to every landing page on your website, you can increase engagement by using call-to-action (CTA) prompts. CTAs are designed to give people the confidence to buy or engage. You are essentially telling the person what to do by giving them a direct response.

CTAs can accomplish two things. First, your credit union can encourage them to "apply now" for a personal loan or "request an appointment" for financial planning, as an example. Second, you can capture their attention to dig deeper into their purchasing decisions. If someone were to visit your landing page for mortgages, perhaps they may be prompted to watch a video or download a homebuyer's guide. These types of CTAs help lower website bounce rates and keep the conversation going.

The Lord Chancellor of Original Content

Original blogs, social media posts, and videos can help draw traffic to your website. You can use these platforms for financial education, community events, and outreach, and to highlight product benefits. With additional web traffic coming to your website, these tools can help boost your organic SEO rankings.

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New Fed Chair, Tax Code, And Continued Economic Growth

SARINA FREEDLAND,
SENIOR INVESTMENT OFFICER, CATALYST CORPORATE FEDERAL CREDIT UNION

The Federal Reserve, which welcomed Jerome Powell as its new chairman in February, projects raising the target federal funds rate three times in 2018 for a total of 75 basis points. This schedule is not set in stone, however, as committee members may alter the amount of monetary tightening based on how much inflation moves this year along with economic growth.

One huge factor contributing to growth is the recently passed tax reform bill. The biggest change to the U.S. tax code since 1986 was signed into law at the end of 2017 and is expected to spur corporate spending, increase wages, and add more jobs. That is, if all goes according to plan.

This bill prompted the Fed to increase its 2018 forecast for economic growth to 2.5 percent and stimulated the bond market by pushing yields higher. It also caused stocks to take a small step back after having already priced the government action, but the market quickly resumed its surge past 25,000.

Another direct result of this bill is the substantial bonuses, salary hikes, and an increased minimum wage in nearly half of the states. Expect the unemployment rate to fall below four percent for the first time since 2000 and the housing remarket to remain tight until builders can construct enough moderately priced homes to satisfy the demand from first-time homebuyers.

Let's look at recent data:

Housing Sales of both new and existing homes surged in November to levels not seen in more than seven years. The impending tax changes for real estate may have pushed people to commit to buying before the year ended. Home prices continue to increase, making it more difficult for first-time homebuyers to enter the market. With prices up 6.4 percent in October, first-time homebuyers made up only 29 percent of sales, compared to the historic average of 40 percent.

Auto Sales

On the plus side, 2017 was the third year in a row with unit sales above 17 million. However, auto sales volume was down 1.8 percent in 2017. Fleet sales and dealer incentives continued as the key drivers of auto sales. Truck and SUV sales increased 5.7 percent, while car sales fell 14.4 percent.

Consumer Confidence

After reaching the highest level in 17 years, we saw a slight decrease in December. People were more optimistic about incomes rising in the next six months, but less confident that jobs will be available.



Economists continue to debate over how high long-term interest rates will move in 2018. Most believe the odds lean toward less rather than more. The Treasury needs to increase the amount of debt they issue in order to fund the growing deficit, but most of the new debt will be focused in the shorter end of the yield curve.

Even with the Federal Reserve reducing its balance sheet, demand will continue for the excess bonds from insurance companies, investment bond funds, and pension plans. There is a better chance we will see a flatter yield curve, with the 10-year Treasury note finishing 2018 still under three percent.



Employee Programs: Does Health = Wellness?

DAVID MARTIN, PRINCIPAL, ONEDIGITAL

When considering workplace wellness, a question should be asked about your end goal: Does health equal wellness?

Dictionary.com defines wellness as "the quality or state of being healthy in body and mind, especially as the result of deliberate effort." Clearly, wellness is more holistic than health. The state of wellness requires action. Wellness requires maintaining health, not just exercising and eating right. Wellness requires holistically living a more positive life, a life free from stress and anxiety; at a minimum, taking the action to be well.

Many factors come into play when considering whether wellness has been achieved. Getting up in the morning and working out is a great start. Working out in the morning is proven to help us both physically and mentally. Being incentivized to do so by a corporate wellness program is a great idea.

But what happens after our morning work out? We head to work. Does the work environment promote exercise and eating better and is it free from its own stress and anxiety drivers?

Most corporate wellness programs promote exercise and better eating. Some programs even promote exercising at work and provide better options for eating while at the office. Unfortunately, very few consider differences in individuals; for example, differences in lifestyles, stress drivers, and motivators. Differences also come in various shapes and sizes.




Sadly, many employers don't understand why it's important to promote healthy employees. They have but to look to PWC's 2017 Employee Financial Wellness Survey at <https://www.pwc.com/us/efwsurvey>, which states, "Financial stress is costing companies," and "46 percent of those who are distracted at work say they spend three hours or more each week thinking about or dealing with issues related to their finances."

While a healthy employee may be a byproduct of a corporate wellness program, there's a reason a well employee isn't referred to as a byproduct of a corporate healthy program.

Wellness Checklist

Certainly there is no one solutions for obtaining truly well employees, but taking a more holistic approach should garner a result closer to that goal. For an organization to have well employees, employers may want to consider these factors:

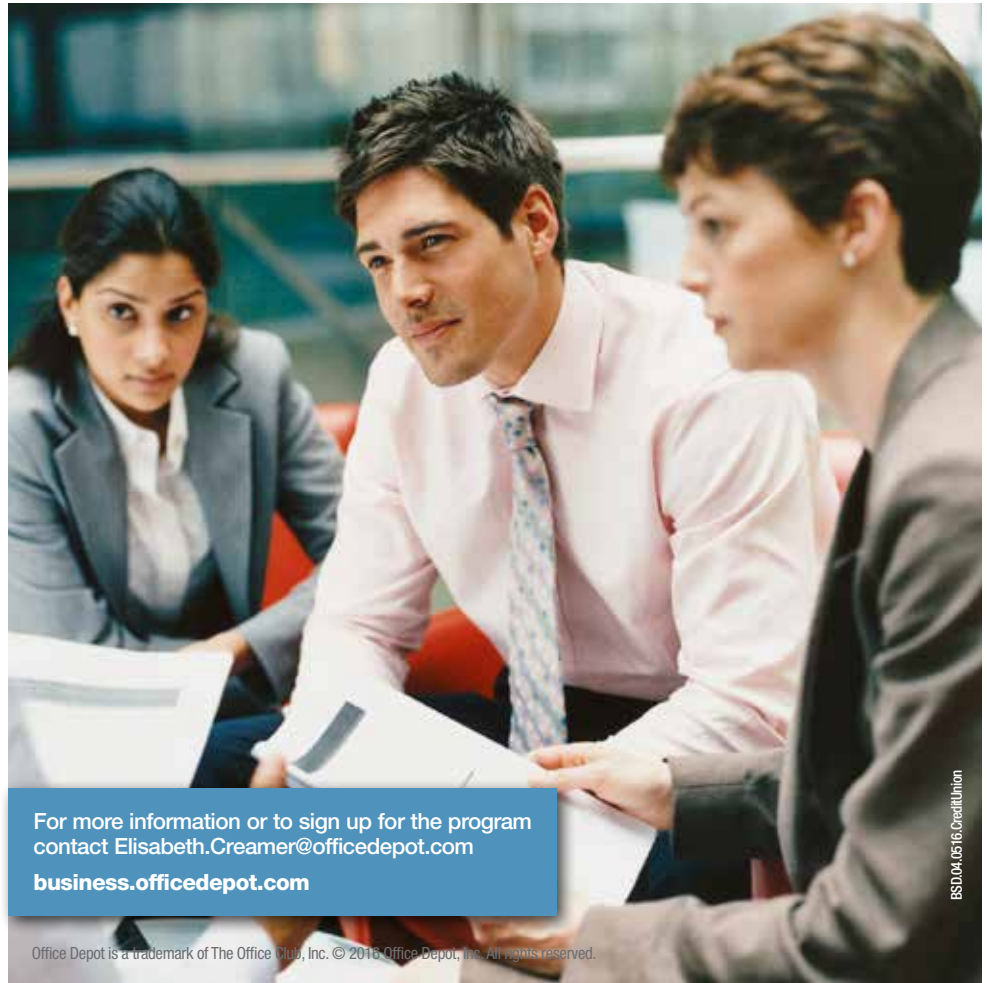
Physical health

-  What motivates individuals to move more?
-  Are there alternatives to the dreaded exercise requirement?
-  What motivates individuals to eat better?



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Mental health

-  Is the work environment as stress free as possible?
-  Is work/life/balance something truly supported or just a nice phrase?
-  Do managers have the appropriate training for managing different personalities?

Financial health

-  Is compensation truly commensurate with work load?
-  Do employees have opportunities to advance?
-  Do benefit packages provide choices that serve everyone's concerns?



Are You Prepared for These 3 Emerging Risks?

CARLOS MOLINA, RISK AND COMPLIANCE SENIOR CONSULTANT, CUNA MUTUAL GROUP

For many credit unions, identifying, assessing, and mitigating risks can be a challenge, considering nearly every aspect of the business can pose a risk. While some credit unions have a solid strategy for recognizing existing risk and anticipating emerging ones, others are less proactive in their pursuit of risk mitigation.

Emerging risks can be difficult to quantify in terms of speed of onset and potential impacts. If ignored, they can significantly affect a credit union’s financial stability, business strategies, and reputation. But when monitored and managed diligently, having mitigation strategies can help keep your credit union out of harm’s way and assist your leadership team in assessing how risks could affect your long-term plan and business objectives.

Consider these three emerging risks that are becoming increasingly prominent for credit unions across the country:



American with Disabilities Act (ADA) and Website Compliance

Law firms representing private litigants are pursuing credit unions aggressively, alleging their websites and mobile applications are not accessible to those with disabilities. To ensure compliance with the ADA, which requires organizations to make accessibility accommodations to ensure the disabled public can access the same services as clients who are not disabled, credit unions should identify content that may not be readily accessible to individuals with visual, auditory, and/or cognitive disabilities and develop policies to address these limitations.

EMV Fuel Pump Liability Delay

Card associations have delayed the EMV activation deadline for fuel pumps from October 2017 to October 2020. Pay-at-the-pump systems have traditionally been a ripe target for fraudulent transactions. But the delay in mandatory upgrades may further increase the frequency of skimming fraud. To mitigate this growing risk, credit unions should spend time educating members on protecting their information. Additionally, credit unions that haven’t implemented EMV on their credit and debit cards should make this a priority.



Synthetic Identity Fraud

As credit unions have developed strategies to combat point-of-sale fraud, fraudsters have shifted their activities to opening new accounts and obtaining plastic cards and loans with fake identities. Synthetic identity fraud uses the creation of fictitious identities, often with a combination of real data and fabricated information. For example, a fraudster may combine an individual's Social Security Number (SSN), with another person's name and yet another's address to create a brand-new identity. Since the real person won't see activity on an account created with their SSN, but without their name or address, they likely will not realize any fraudulent activity has occurred.

Credit unions should develop a layered approach to addressing synthetic identity theft. This approach should consist of leveraging third-party data and fraud-detection tools, as well as reviewing existing operational workflows vto identify potential gaps in credit assessment, member identification, and collection processes.

As you assess these emerging risks, it's critical to remain vigilant. Establish risk oversight processes that your leadership team can use to periodically assess vulnerabilities, and encourage your employees to take meaningful steps to mitigate potential risk.

Keeping ahead of the complex array of emerging risks, compliance issues, and industry regulations takes a team. But knowing what's around the next corner can make a difference.

Carlos Molina is a risk and compliance senior consultant for CUNA Mutual Group, the leading provider of insurance and financial services to credit unions and their members. Carlos is responsible for monitoring and planning for emerging risks and cybersecurity issues while consulting with credit unions of all sizes, helping them make strong strategic decisions that safeguard credit union operations and members. Contact carlos.molina@cunamutual.com.



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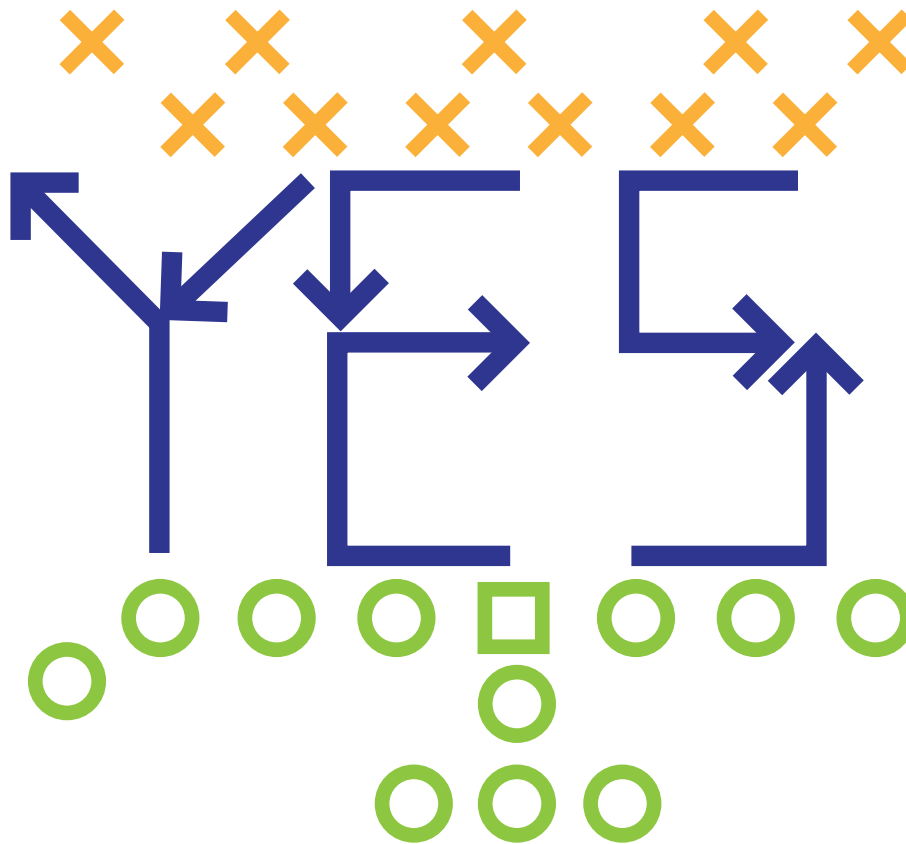
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Should You Play Offense or Defense with Your Branch Transformation?

TRAVIS HOBAN, SVP OF INNOVATIVE SOLUTIONS, FTSI



In football, some say “defense wins championships,” and others claim “the best defense is a good offense.” Who is right? In their book *This is Your Brain on Sports*, Jon Wertheim and Sam Sommers researched regular-season, playoff, and championship games in football and other sports. And any way they sliced the data, they found that both offense and defense win games. So why do people typically place so much more emphasis on offense?

The research claims that because offense is “sexier,” it gets more attention. If a team scores 40 points, it's definitely more exciting to watch and raises more eyebrows than if they keep the other team from scoring 10 points, even though both are difficult tasks. In addition, scoring has an intrinsic reward

system. Most players don't need to be externally motivated to score touchdowns.

Interestingly, with branch transformation, it is also typically the offense that gets more attention. New customer acquisition and asset growth (offense) often are given more focus than customer retention and cross sell (defense). But banks and credit unions dominating the competition are implementing a more holistic game plan. They are improving digital channels to attract new customers and grow revenue. At the same time, they are transforming legacy physical channels that enable them to continue to serve and retain their traditional customer base.



The Prevention Defense Doesn't Work


I sometimes meet with executives whose branch transformation strategy is to go completely on the offense. They plan to leave their legacy physical channels, such as ATMs and branches, as-is and spend the majority of their resources building or drastically improving their digital channels. As important as the digital channels are, and as much as I admire this commitment to improving them, this offense-focused strategy leaves their legacy lines of business exposed.

This is the equivalent of running a prevention defense in football, where the defense implements a very conservative strategy to just "not lose" the game. Some financial institutions are hoping to just not lose their traditional customer base. This strategy may work in the closing minutes of a football game, but it is a terrible long-term game plan because expectations are changing for every customer, not just certain demographics. All customers now expect more convenience in the form of extended hours, additional branch locations, and frictionless experiences.

The challenge for those banks and credit unions running the prevention defense is that the competition is playing to win. They are aggressively transforming their branches and ATMs through technology such as NCR Interactive Teller Machines (ITMs). NCR ITMs allow financial institutions to extend hours, add branches, offer additional services, and provide a superior customer experience while at the same time improving efficiency.

In the game of branch transformation, financial institutions need both a strong offense and defense to be victorious. If their digital channels (offense) are forward thinking and innovative, then their branch network and ATMs (defense) can't be traditional and outdated. Those banks and credit unions that fail to transform their legacy physical channels are giving up a lot of yardage to the competition. But those transforming both their digital and physical channels are playing to win.

Travis Hoban is a SVP of Innovative Solutions, focusing on financial branch products and services at FTSI Inc. For more information, visit www.ftsius.com or contact us at fts-communications@ftsius.com or 818-241-9571, ext 117.




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