

Recess is in session: at-home advocacy tips

How to get the most benefit from meetings with legislators during the August recess.

For members of Congress, the rigors of the job allow for little downtime. So it's no wonder that senators and representatives take time during the summer to leave Washington and return home for what's colloquially known as August recess.

This is a chance for elected officials to meet with their constituents and learn firsthand how policies passed in Washington are affecting the communities they represent.

Credit union advocates, including board members, can use this time to carry out advocacy efforts at home to advance the credit union movement.

Becca Durr and Robert Flock, two of CUNA's advocacy directors, work year-round with lawmakers on Capitol Hill to advocate on the movement's behalf.

Why are meetings with legislators in their home districts so important?

Flock: While meeting with legislators in Washington is critical, in-district and in-state meetings have several advantages. Without committee hearings, votes, and other legislative commitments, members of Congress typically have more time to visit with constituents and discuss their issues.

Meetings back home also enable credit union advocates to establish connections with local

staff, which often lead to credit union tours and other community-based activities.

These interactions complement the CUNA Governmental Affairs Conference and Hike the Hill meetings, which together form the basis for productive relationships with your representatives and senators, and allow them to see firsthand how you're helping their constituents succeed financially.

"YOUR firsthand experiences and the information YOU share will inform legislators' positions."

Robert FLOCK

How can advocates connect with members of Congress during the pandemic?

Flock: Given the difficulties associated with in-person meetings during this period, many elected officials are conducting virtual visits with constituents.

To make the most of your time, create an agenda and assign speaking roles for each credit union advocate beforehand. If possible, limit the number of participants to allow for open dialogue and questions.

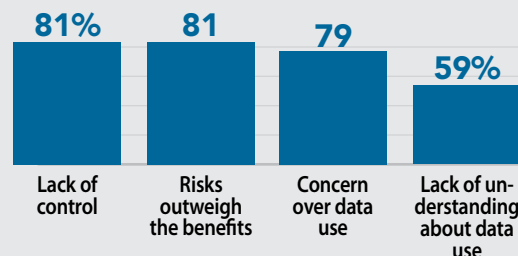
Share the most up-to-date facts and figures about your credit union and how you serve members. Legislators count on you to provide accurate and reliable information. This is your opportunity to be a resource. Make sure you have

QUICK TAKE for your next board meeting

Data and privacy concerns continue to grow

Ensuring the security and privacy of member data and personal information is one of the most critical tasks financial institutions face—and it will be even more important in the future. Seven in 10 Americans say their personal information is less secure now than it was five years ago, according to the Pew Research Center. Concerns about data privacy and security are high, and have continued to increase during the COVID-19 crisis.

Privacy and security concerns (% U.S. adults)



Source: Pew Research Center

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some district- and state-specific anecdotes and stories handy!

What can board members offer in an August recess advocacy meeting?

Flock: As community leaders, credit union board members can speak to local conditions during this difficult time. They can brief their representatives and senators on business trends as well as the broader economic climate in the district and state.

Your firsthand experiences and the information you share will inform legislators' positions on how to respond to the crisis. This is especially important as Congress contemplates additional relief legislation.

Board members can also discuss how they're volunteers for a not-for-profit, democratically owned financial institution that exists to serve and return earnings to their communities and members.

What requests can advocates make when meeting with legislators?

Durr: Our congressional priorities continue to evolve as the political and legislative landscape changes. Because of this, the most important and static message each office needs to hear and understand is the credit union difference and how we uniquely serve our members in contrast to other financial institutions.

Clearly spell out that your credit union is not for profit and returns earnings to members. Due to the annual turnover of elected officials and their staff, we can't always expect offices to be aware of our mission and the great work you accomplish in their district.

Attacks on our tax status arise annually. By continuing to amplify this message in each meeting, Congress continues to see the value in credit unions and their mission.

What are some tips for speaking with a member of Congress?

Durr: While you might not feel like you're a legislative expert, you are an expert in the financial needs of consumers in that legislator's district.

Tying policy into personal stories will help connect your message and elevate the policy you are advocating for. Members of Congress want to show value to their constituents either by alleviating a burden or increasing access to a service. By bringing your message back to how a policy allows you to better meet the needs of your members—their constituents—you will have their full attention.

When appropriate, don't be shy in asking about next steps after your meeting. You are one of several meetings they'll hold that day, so following up and staying engaged is key to achieving legislative success.

Assisting ALM efforts with financial ratios

Improve your understanding of performance, current risks.

Asset/liability management (ALM) involves planning a strategy that will allow the credit union to achieve financial goals while controlling risks.

It involves understanding how to read and interpret information in basic accounting reports, such as the income statement and balance sheet, spread analysis, and trend analyses.

Financial ratios can be beneficial in these efforts. This month, *Directors Newsletter* will focus on some financial ratios directors can use to assess the credit union's performance over time and spot current problems.

The ratios, what they measure, and formulas are:

► **Capital to assets:** The amount of funds available to absorb unanticipated losses relative to the credit union's asset size. Formula: [total reserves + undivided earnings + other equity capital] / total assets.

► **Gross spread:** The ability of a credit union to earn more interest than it pays to provide funds

to build capital and pay other expenses. Formula: [Interest income earned – (dividends paid + interest paid)] / average total assets.

► **Loan charge-offs:** The historical risk of the credit union's loan portfolio. Formula: Net loans charged off / average loans outstanding.

► **Loan delinquency:** The credit risk and potential losses in the credit union's loan portfolio. Formula: Delinquent loan balances (60 days+) / total loans outstanding.

► **Loans to shares:** This measures liquidity. The higher the credit union's ratio of loans to share, the less liquid it is. But a low loan-to-share ratio may indicate a lack of lending success. Formula: Total loans outstanding / total share balances.

► **Operating expense to assets:** This measures the credit union's operating efficiency. Formula: [Total operating expenses – (provision for loan loss + dividends paid on shares + interest paid on borrowed funds)] / average total assets.

► **Return on assets:** The overall profitability of the credit union and its ability to add capital. Formula: Net income / average total assets.



Tactical, straightforward tools for credit union *board members*

Credit unions are different, and board members are an integral part of creating that difference. While you're focused on improving your credit union, it's our mission to support you in broadening your industry knowledge and gaining a foothold in credit union advocacy.

Focus areas for board members:

Learn about credit unions and the movement with impactful onboarding and regularly updated educational content. Your knowledge can grow along with a changing industry.

Ensure credit union financials and operations are sound by honing your skills as an adept, strategic leader. Showcase your skills by earning one of several respected CUNA designations.

Advocate for the credit union movement as a member of one of the largest, most active networks of credit union board members. Make your voice heard in support for your organization and credit unions everywhere.

Improve credit union products and services using exclusive industry research. Discover exactly what employees and members expect from your organization, as well as how to provide it.

Prepare for the future of our movement, along with the broader financial services industry. Attend inspiring, informative events to stay connected.

Learn more at cuna.org/board-commit

Become comfortable with uncertainty

CUNA E-Scan Report provides insights to plan for operations after the pandemic.

What's considered "normal business operations during a global pandemic" is taking shape: being comfortable with uncertainty.

That's because preparing for the future during one of the sharpest economic downturns in history, record unemployment, and a global pandemic is uncomfortable for leaders.

Futurist Amy Webb says many companies are suffering from the "tyranny of tiny decisions." With no long-term vision for evolving after the pandemic and a path for that transformation, "leaders become fixated on what feels familiar and comfortable," she says.

Credit unions' vision of improving the financial lives of every member is clear. To determine the right path for your credit union, the 2020-2021 CUNA Environmental Scan Report offers critical issues and questions to consider as you reshape your strategies:

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With no long-term vision for evolving after the pandemic, "leaders become fixated on what feels familiar and comfortable."

Amy
WEBB

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► **Legislative relief packages and increasing compliance responsibilities.** Congress delivered economic packages with stimulus payments for members and programs to support employees and businesses. More proposals might be in the works.

These new regulations produced an onslaught of new compliance duties to the tune

of dozens NCUA letters and risk alerts and many interim final rules by the Small Business Administration.

How will you sharpen your advocacy awareness and manage these compliance requirements? ► **Operations and culture.** You've already transformed numerous processes and employee roles as a result of branch closures, safety concerns, and new regulations.

As branches reopen to members, safety and soundness remain primary.

How many of these changes will be permanent? How has your workplace culture evolved?

► **The gig economy and vulnerable members.** Gig workers make up an estimated 25% to 35% of the workforce. But COVID-19's impacts are exposing the vulnerability of this cohort to economic downturns or recessions.

Many will see their income decline as demand for their services and products dries up, while their lack of access to paid sick leave and employer-sponsored health insurance compounds their vulnerability.

How do your offerings keep these workers and other vulnerable members financially healthy? ► **Digital transformation.** From board governance to virtual teams to contactless payments and lending, digital services have become must-haves for credit unions of all shapes and sizes since the pandemic.

Many have advanced their digital road maps without missing a beat. Those who haven't must consider the impact.

How do you maintain these efficiencies and continue to build members' trust and loyalty through digital services?

► **AI capabilities.** The pandemic requires businesses to lean on artificial intelligence capabilities to provide safe work environments via contact tracing or screening, to quickly respond to economic factors, and understand members' financial situations.

How can you use AI to strengthen member engagement?

Resources



► **CUNA Advocacy resources:**
cuna.org/advocacy



► **CUNA Professional Development Online:**
cuna.org/cpdonline



► **CUNA Environmental Scan resources:** cuna.org/escan



► **CUNA board and committee resources:** cuna.org/board

If you want to innovate, do the work

Be willing to welcome change and actively pursue innovative goals.

Industry innovation is often sought after, but rarely attained. That's because it doesn't work unless you do.

Innovation starts as an attitude, with the willingness to openly welcome change and continues with hard work and a dedication to achieve results. It is an organizational culture to embrace and feed constantly by looking outside the industry and challenging yourselves to do better.

Innovation can be uncomfortable, vulnerable—and sometimes messy. For management and staff to feel comfortable stepping outside of the norm and creating something that no one else has thought of or dared to do, this mindset needs to start at the top with the board and CEO.

For a truly innovative culture, the board and CEO need to look at why you are doing what you are doing and ask if it makes sense. Decisions should be future-focused instead of based on who your credit union used to be or originally served.

Although credit unions are cooperatives, they are also businesses that need to make money and maintain longevity. As a board member, notice the innovations you experience as a consumer outside of the financial industry and ask how you can adapt them to your organization.

As companies expand their reach into nonconventional lending, it's more important than ever to challenge the way things have always been done.

Board members are in a unique position to experience your credit union just as consumers do. Pay attention to the member experience, convenience, and ease of use.

How does your credit union stack up against the customized experience companies like Amazon

and Apple provide? Could you do more with the data the credit union already has?

Leaders should bring new ideas to the table, but it is equally important to develop a workplace culture where anyone on the team can suggest innovations. Allow and encourage staff members to give feedback on how work can be done better, more efficiently, or more simply.

Let ideas and strategies bubble up within the organization and create a structure where you can research and pursue good ideas.

Don't just focus on financial performance goals. Set innovation goals, too.

The right people can effectively execute change. Do "innovation audits" to analyze how your credit union compares to its peers and companies outside of the financial services industry. Ask if your credit union pursues only projects other credit unions are implementing or if your credit union is trying to change the game.

Innovative projects don't stop once they have been rolled out. It is imperative to continually track a project's performance and impact.

This information will inform future decisions, ensure your organization accomplishes what it sets out to do, and create a culture that asks, "How can we do it better?"

To pursue innovation, don't just talk about it. Do the work. Research, create a plan, and deliver results. Encourage your team to come with new ideas and celebrate them. Look outside the industry to see how to do it better.

Focus on how to simplify and improve your members' experience and you will get there.

STACIE VANDENBERGHE is the CEO of CU Innovate. **SAMANTHA BROWN** is the director of consulting and innovation at CU Innovate.

"Don't just focus on financial performance goals. Set innovation goals, too."

Stacie VanDenBerghe

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