

Cybersecurity starts in the boardroom

Directors must ask questions and challenge assumptions.

Rayleen Pirnie often speaks about information security with credit union directors.

“I literally had one guy who sat in the front row and as soon as I said ‘cybersecurity,’ he folded his arms across his chest and went to sleep for the next 50 minutes,” says Pirnie, an adviser at NEACH Payments Group.

Don’t be that guy.

“Directors are just as responsible as executive management is for making sure all of this is done,” Pirnie says.

NCUA regulations call for directors to oversee development, maintenance, and implementation of information security programs and to have a fully integrated response plan to manage data breaches.

Repelling cyberattacks starts with engaged directors.

Many directors lack time and technical expertise, so they must rely on experts and senior leadership to guide them to effective defenses.

“It’s incumbent on them to ask questions that hold senior leadership and vendors accountable,” says Cary Conrad, chief development officer at SilverSky, a cybersecurity solutions firm.

If directors aren’t satisfied with the answers, they should consult outside experts. “How senior management reacts to that is usually indicative of whether they have controls in place,” says Conrad.

Pirnie urges curiosity when discussing cybersecurity. “If you don’t understand what your CEO is telling you, make them stop and provide the details you need to make an informed decision, just as you would for any other area of their report.”

Pirnie offers these tips for board members:

- › Ask questions.
- › Use internal and external resources.
- › Challenge management with your ideas.
- › Don’t approve a plan you don’t understand.
- › Allocate appropriate resources.
- › Review vendor contracts.

“It’s incumbent on **[DIRECTORS]** to ask questions that hold **SENIOR LEADERSHIP** and vendors accountable.”

Cary CONRAD

Internal audit also plays a role in providing an independent perspective on cybersecurity. Auditors should share these insights directly with the board, Conrad says.

Having expertise on hand is helpful, too. At Hiway Credit Union in St. Paul, Minn., the board appointed an associate board member with technology and cybersecurity expertise, says Dave Boden, CEO at the \$1.7 billion asset credit union.

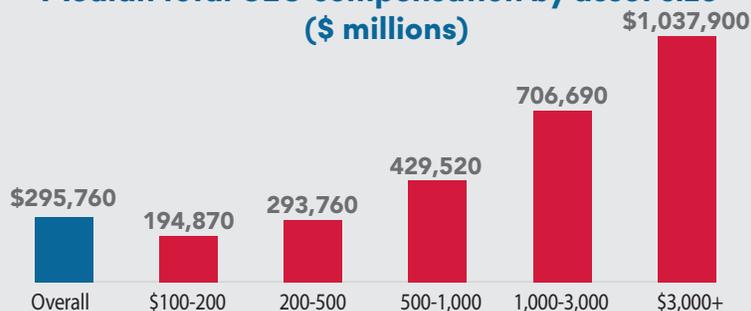
QUICK TAKE for your next board meeting

2022 CEO Compensation

The median total compensation for CEOs at credit unions with assets of \$100 million or more is \$295,760, up about \$33,000 from 2021, according to the 2022-2023 CUNA CEO Total Compensation Report (“Focus on leadership continuity,” p. 4).

This figure ranges from \$195,000 at credit unions with assets of \$100 million to \$200 million to \$1.03 billion at those with \$3 billion or more in assets.

Median total CEO compensation by asset size* (\$ millions)



*Excludes employee retirement, pension, profit-sharing, and supplemental executive retirement plans

Source: 2022-2023 CUNA CEO Total Compensation Report (cuna.org/compensation)

Senior management also encourages directors to attend cybersecurity events and invite outside speakers to address the board.

“We try to keep them informed, not only of what

we’re seeing but of what people see on the news and what’s happening in the world,” Boden says. “It’s incumbent on us to give them information so they’re aware.”

Board Roundtable offers key insights

Financial success is a byproduct of people, relationships, and human impact.

Financial well-being for all and collaboration took center stage during the 2022 CUNA National Roundtable for Board Leadership. Some insights from this year’s event:

Collaboration is credit unions’ superpower. “The ideas we need for success are in this room” was a common reminder as directors discussed avenues for success.



Financial well-being for all is the new people helping people. Discussions addressed the cooperative principle of education, expanding innovative products and services, as well as new markets ripe for opportunity.

The branch still matters. As credit unions move into new markets, physical presence is valued, advantageous, and expected by consumers. While tomorrow’s branch may be light on square footage and heavy on technology and expertise, an in-market presence builds a positive public perception.



CEO delegation frees up room for new value. As credit unions grow, the CEO’s role becomes more strategic. When executives take on higher-level operating responsibilities, the CEO can explore new partnerships and ventures that produce greater value for the credit union.

Execution is the top CEO skill. “To do, doing, done” was the mantra of three CEO panelists who shared their strategies for delivering results. In the end, strategy is only as valuable as the ability to focus, accept trade-offs, and finish initiatives that grow value.



Financial success is a byproduct of people, relationships, and human impact. A focus on expanding membership, deepening relationships, and making a true difference for members and communities creates positive financial results.

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“As credit unions grow, the role of CEO becomes more strategic.”

Jeff Rendel



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CUNA

Credit Union Finance for Boards & Committees

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Looking for a way to connect with your fellow board and committee members virtually? Join the CUNA Credit Union Board of Directors Community, an online platform for you to connect with your peers to solve problems and build knowledge to help you in your role.

What is it?

- Online platform to connect you with your peers nationwide
- Ask and answer questions that come up at board meetings
- Participate in discussions on topics that matter to you
- A space to access files for on-the-go resources

Meet some Rock Star directors

Lyn Kirkwood and Kevin Crane named 2022 Credit Union Rock Stars.

Directors have a long history of meeting challenges and inspiring others within the credit union movement.

Credit Union Magazine recently recognized two board members as 2022 Credit Union Rock Stars in a special digital issue sponsored by Fiserv.

Lifting spirits

Lyn Kirkwood met leaders of \$939 million asset Kirtland Federal Credit Union in Albuquerque, N.M., while volunteering at Kirtland Air Force Base before she retired in 2007 after 30 years at the Air Force Department of Defense.

Retired Kirtland Federal CEO Dave Seely gave her six months to enjoy retirement before persuading her to join the credit union's supervisory committee. Six years later, she joined the board of directors.



her community while lifting the spirits of everyone she meets.

"When you've been given so much, the least you can do is give back a little piece of yourself to others," Kirkwood says. "It puts a smile on my face every day."

A passion for service

Kevin Crane loves a challenge, especially being part of the team that tames it.



As board vice chair at \$4.4 billion asset TruStone Financial Credit Union in Plymouth, Minn., Crane is one of the youngest people to serve in an executive capacity on that board.

After graduating with a law degree in 2012, he joined medical device company Medtronic as manager, global contracts for clinical study administration.

To satisfy his passion for service, Crane joined the board of Firefly Credit Union in 2016 and later helped it merge with TruStone Financial, where he directs the compensation committee among other duties.

From 2020 to 2021, he assisted TruStone Financial with some big changes, including the merger with Firefly. These two complex institutions—each approaching \$1.5 billion in assets—successfully merged in a little more than a year during the height of the COVID-19 pandemic.

TruStone Financial's mission is to engage, educate, and inspire members to achieve lifelong financial well-being. "It's truly rewarding to serve as a volunteer to enact the democratic principles and representative aspect of the credit union's board," says Crane. "We're all working together as a team to execute on the engagement and education of our members.

"Remembering our roots as a community-first organization and sticking to our mission, vision, and core values is how we do it."

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When you've been given so much, the least you can do is give back a little piece of yourself to others.

Lyn Kirkwood

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She notes that Kirtland Federal's values match her own: trustworthiness, respect, responsibility, fairness, citizenship, and care. "I promise to always treat everyone with compassion and understanding because you never know what their life or their day is like."

Kirkwood gave up some activities in retirement but refuses to step back from others. Instead, she seeks to strengthen

Resources



▶ **CUNA Supervisory Committee & Internal Audit Conference, Las Vegas, Dec. 5-7**

cuna.org/sciac



▶ **CUNA compensation resources**

cuna.org/compensation



▶ **CUNA Board Community**

community.cuna.org



▶ **Certified Credit Union Board Member designation**

cuna.org/ccub

Focus on leadership continuity

6 ways to combat the effects of the Great Resignation among executives.

The Great Resignation—the widespread trend of Americans leaving their jobs in great numbers—is reaching the executive suite, making the development of a leadership pipeline a priority for credit unions, according to the 2022-2023 CUNA CEO Total Compensation Report, which surveyed credit unions with \$100 million or more in assets.

Driving CEO resignations are age, illness, the ability to capitalize on gains in personal retirement investments, new opportunities, and becoming worn out from coping with the pandemic and other challenges.

NCUA reinforced the importance of leadership continuity when it issued proposed rule 7535-01-U (succession planning) in January 2022 to prompt federal credit unions to develop a succession planning process for key positions.

The CUNA report offers six ways to meet this challenge:

1. Review succession plans and demands. Make sure your plan keeps pace with an evolving organization, as well as the marketplace for talented leadership.

2. Examine executive salary and benefit packages. Credit unions compete with other financial institutions for talent. Meanwhile, CEO resignations for all companies are expected to rise nationwide.

Remaining competitive in a marketplace with a high demand for executive leadership will likely require credit unions to offer higher levels of compensation.

3. Think ahead. Discuss the best approach to a CEO search now instead of waiting until a vacancy occurs. Consider whether you'll recruit internally, externally, or both; how you'll hire a recruitment firm;

and what qualities you'll require to lead the organization into the future.

4. Anticipate candidates' concerns. Shifting attitudes about work-life balance, working from home, and other concerns among all employees also affect executive candidates. Discuss these concerns during the hiring process.

5. Hire for change. Your next CEO should provide the expertise needed to fulfill your vision for the credit union's future. You may want a candidate who can build community connections, achieve digital transformation, boost lending, foster collaboration,

or recruit younger and more diverse directors.

6. Nurture leadership candidates. Assist promising internal candidates in gaining the experience and education required to step into the top spot.

Small credit unions report that nurturing internal candidates gives them the depth required to survive a CEO transition, in some cases by preparing an employee or employees to serve as the next CEO.

Prepare to pay more for executive leadership: CEOs

at credit unions with \$100 million or more in assets received salary increases of 5.5%, on average, in 2022, CUNA reports, with raises of 4.5% projected for 2023.

The CUNA CEO Total Compensation Report highlights trends in salaries, variable pay, benefits, perks, and total compensation for CEOs at credit unions with \$100 million or more in assets. As of Jan. 1, 2022, these CEOs earned a median total cash compensation of \$295,760.

Credit unions calculate CEO total cash compensation by combining the base salary with any variable pay (bonuses and/or incentive payments) they receive.

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CREDIT UNION DIRECTORS NEWSLETTER

(ISSN 1058-1561) is published monthly for \$157.50 per year by the Credit Union National Association, 5710 Mineral Point Road, Madison, WI 53705-4454. (Multiple-copy discounts available.) Also available as a downloadable PDF for an annual subscription rate of \$773. Periodical postage paid at Madison, Wis.

POSTMASTER

Send address changes to CREDIT UNION DIRECTORS NEWSLETTER, P.O. Box 431, Madison, WI 53701-0431. Advertising is accepted only from reputable firms, but inclusion of advertising does not imply endorsement by the newsletter or CUNA Inc.

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