

## Board training on a budget

**Small credit unions are adept at finding low-cost options to educate and motivate board members.**

Benjamin Franklin once noted, “An investment in knowledge pays the best interest.”

Yet, too many board meetings focus more on interest rates and other operational issues than on addressing strategic issues, anticipating future member needs, and embracing continuous learning.

Boards often fail to receive proper training and education around their true roles as strategic leaders of their credit unions, says Tom Sakash, manager of small credit union initiatives at America’s Credit Unions.

“The most important job of a credit union board is to set the strategic direction for the organization at the highest level,” he says. “Too many boards spend the majority of their time in the weeds and on the day-to-day operations of the credit union.”

### Meeting training requirements

At a minimum, directors need training about board roles and responsibilities, financial management and analysis, and risk management, says Alison Carr, consultant at Your Credit Union Partner.

“The biggest issue we see in our work with credit unions is the lack of development plans at the board

level,” she says. “Boards need to have a development plan that outlines mandatory training topics. They must budget for that training, and have annual assessments and accountability for completing the training.”

Many credit unions include training and educational requirements in board policies or director job descriptions.

“The **BIGGEST ISSUE** we see in our work with credit unions is the lack of **DEVELOPMENT PLANS** at the board level.”

Alison CARR

At Community Credit Union in Lewiston, Maine, all board members attend annual Bank Secrecy Act (BSA) and red flag training that covers identity theft, fraud, and information security.

“New directors are required to attend an orientation, which includes training on our financial statements, the credit union difference, and other timely topics,” says Jennifer Hogan, CEO at the \$99 million asset credit union.

According to NCUA, directors should have at least a working familiarity with basic finance and accounting practices. This includes the ability to read and under-

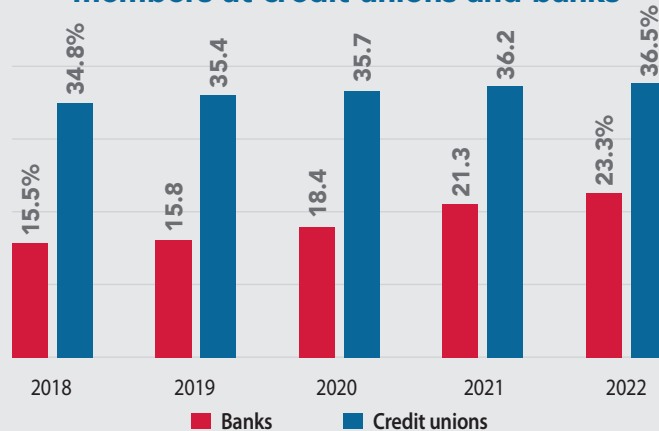
## QUICK TAKE for your next board meeting

### Women on the board

Having women on the board is more common at credit unions than at banks. In 2022, 36.5% of credit union board members were women, compared to 23.3% of bank board members, according to “Women in Credit Union Leadership,” an issue brief from America’s Credit Unions.

Female representation on bank boards has increased in recent years, potentially spurred on by state laws or Nasdaq’s board diversity rule. This rule requires the majority of publicly traded companies to have at least one diverse director on the board (“Study: more leadership roles for women at credit unions,” p. 2).

Percentage of female board members at credit unions and banks



Sources: NCUA, America’s Credit Unions, Security Exchange Commission, 2022

stand balance sheets and income statements, “and to ask, as appropriate, substantive questions of management and the internal and external auditors.”

This should occur at the time of election or appointment, or within a reasonable time to not exceed six months, the agency reports.

In addition to BSA training, Harvester Financial Credit Union in Indianapolis holds educational sessions during board meetings about topics such as the current expected credit losses standard. Board members are closely tied to the credit union’s members, staying in touch with their needs and concerns, says Jason Ford, president/CEO at the \$71 million asset credit union.

Reaching out to others in the movement also enables board members to not only learn new information, but to collaborate, share, and support others.

Caitlin Brama, CEO at \$17 million asset Farm Credit Employees Federal Credit Union in St. Paul, Minn., invites the Minnesota Credit Union Network’s compliance specialist to provide BSA and risk management training.

Hogan also turns to her network.

“I’ve asked other credit unions to Zoom into board meetings, and share their expertise or experience in different areas,” she says. “This was a successful

strategy we used this past year for strategic planning. We discussed contact centers, cannabis banking, interactive teller machines, and more. I invited credit unions from across the country to share their stories and engage in a question-and-answer session with the board.”

At Community, Hogan and the board chair are responsible for ensuring board members meet training requirements. At the end of each year, the credit union sets a board meeting calendar for the upcoming year that includes training for specific months.

Board members also are encouraged to attend an additional educational opportunity outside of board meetings.

“The required sessions are held during regularly scheduled board meetings, so it’s not something extra they have to do. We try to incorporate as many of the training requirements into board meetings as possible,” Hogan says. “I track this, and follow up with board members who may have missed a training to schedule one-on-one time with them. Attendance is tracked in the board minutes.”

It’s crucial to keep board members informed and up to date, Hogan says. “Things are changing so fast, and directors need to be aware of the new risks and challenges we’re being exposed to every day.”

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## Study: more leadership roles for women at credit unions

### Credit unions have a higher percentage of female leaders than banks, study shows.

The percentage of women in CEO positions is significantly higher at credit unions than at banks, according to “Women in Credit Union Leadership.” The issue brief investigates the extent to which women are represented in leadership positions at credit unions compared to commercial banks.

“There’s a lot of good news in this report,” says Samira Salem, vice president of diversity, equity, and inclusion at America’s Credit Unions. “First, credit unions continue to be the one place where women can get a fair shake when it comes to leadership positions—both on boards and in the C-suite. And significantly, we’ve seen a growing percentage of women leading larger credit unions.”

Some highlights from the study:

» **A majority** (51%) of credit union CEOs are women—nearly 14 times higher than the percentage of female CEOs at banks (4%).

» **A comparison** of credit unions and banks with more than \$1 billion in assets shows that a credit union CEO is five times more likely to be a woman than a bank CEO.

» **Credit union board members** are more than 1.5 times as likely to be women. In 2022, 36.5% of credit union board members were women, compared to

23.3% of bank board members.

» **The largest** credit unions are more likely to have gender diversity on the board. Only 2.6% of credit unions with more than \$1 billion in assets have no women on the board.

“These results should be celebrated,” Salem says. “However, our research demonstrates that we still need to identify and remove the remaining barriers to women, making even more headway on credit union boards and as CEOs of larger credit unions.”

The report sampled 162 publicly traded banks with less than \$22 billion in assets to compare against the credit union industry.

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Credit unions continue to be the one place where women can get a fair shake when it comes to leadership positions.

Samira Salem

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“ Definitely a must-do when building your competency as a credit union board member.”

**Marianne McBride**  
Board Member  
Community First Credit Union

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# Master your role as a board member

## Credit Union Board

### SCHOOL: INTRODUCTION & DESIGNATION

Whether you're new or seasoned, this is your gateway to enriched learning for mastering your credit union board role. Every board member will benefit from attending this event.

The Introduction track helps newer board members learn more about the fundamentals of their role.

The Designation track is for more experienced board members, who have a chance to earn their Certified Credit Union Board Member (CCUB) designation.

 [cuna.org/bsid](https://cuna.org/bsid)





**86%** of credit unions with assets of \$1 million or more, budgeted to provide salary/wage increases to at least some of their employees by year's end 2023



## Proactively build your team, overcome retention challenges

### Compensation

#### RESOURCES

Compensation Resources provide credit union CEOs and senior executives with data they need to make informed decisions to attract and retain the best candidates in the current labor market. Determine your strategy to meet these needs while staying on budget.

Compensation Resources provide data from nearly 1,000 credit unions nationwide for 90 job titles, to offer competitive compensation packages.

 [cuna.org/compensation](https://cuna.org/compensation)

## 'Leadership isn't for the weak'

Legacy leaders inspire others and create a path for those they lead.

Are you living the way you want to be remembered?

Several years ago, Kevin Brown hadn't been. He was outwardly successful, running a successful business and raising a family.

Trauma from the past, however, plagued his life and led to destructive decisions.

"Inside I was bankrupt," says Brown, a motivational speaker and author who addressed the 2023 CUNA Lending Council Conference. "I climbed all the way to rock bottom. It was time to confront the demons that were chasing me.

"Whatever you don't deal with eventually deals with you."

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Legacy leaders understand the responsibility that comes with creating an environment that draws people to you.

Kevin Brown

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During his recovery, Brown found an old journal with insights and guidance from his mentor. It made him think about his legacy.

He realized that his daily actions, even the fleeting moments, shape his ultimate legacy.

"Today is your legacy," he says.

Leaders, Brown says, should consider what they're building and why, and how they're creating impact.

"How do you take those fleeting moments and create something that lasts forever?" he asks.

Brown says legacy leaders share certain qualities:

»**They raise their hands** and show up in different ways to make life better for

members and employees.

"People helping people starts on the inside of the organization," he says.

»**They're not satisfied with satisfaction.** "Nobody notices normal, and nobody notices when the people you serve are satisfied," Brown says. "Satisfied" is code for average. Legacy leaders understand the responsibility that comes with creating an environment that draws people to you."

»**They see the industry differently.** This allows them to innovate and take new approaches to business challenges.

They communicate their vision, inspire others, and create a path for those they lead.

Brown's mentor saw something in him—a ninth-grade dropout who experienced occasional homelessness—that Brown didn't see.

"He created a vision for my life I never would have seen," he says.

»**They're bridge builders.** Legacy leaders realize businesses need to embrace younger generations despite their different work styles.

"Older generations say that younger generations don't work the way we do, and that they're doing it wrong," Brown says. "The younger generations say, 'get it together, old man.'"

"Legacy leaders realize they're both right," he continues. "They're bridge builders who know we need the energy, talent, and brilliance of those coming after us. The younger generations need your wisdom, mentorship, leadership, and vision. We need the best of you and the brightest of them."

»**They lead the way they want to be remembered.** "They understand you're a leader of one or a leader of none," Brown says. "They ask one question: Will the use of my day outlive my day?"

"Leadership isn't for the weak, and it's not about popularity," he says. "It's about potential.

"When you help someone find their true potential, you'll be the most popular leader on the planet."

# Resources



▶ **Governmental Affairs Conference, March 3-7, Washington, D.C.**



▶ **Board of Directors & Supervisory Committee Conference, April 15-18, Newport, R.I.**



▶ **Credit Union Board School, May 6-10, New Orleans**



▶ **Congressional Caucus, Sept. 8-11, Washington, D.C.**

# 'What does independence mean?'

## Asking questions allows supervisory committee members to ensure independent oversight.

Michael Daigneault admits he doesn't have all the answers, but he has many questions. He encourages supervisory committee members to ask their own.

"One of the most vital things we can do is to make sure we're asking the right questions," says Daigneault, CEO/co-founder at Quantum Governance. He addressed the 2023 Supervisory Committee & Internal Audit Conference.

Doing so allows committee members to "fine tune the fiddle" of what they're doing, he says.

Daigneault likens the board, senior management team, and supervisory committee to a three-legged stool:

**1. The board** provides oversight, establishes frameworks, and approves strategies.

**2. The senior management team** manages day-to-day operations and develops strategies.

**3. The supervisory committee** ensures independent oversight, and assesses and works to mitigate risks.

Daigneault encourages supervisory committee members to ensure independent oversight by considering several questions:

»What does independence mean? Daigneault defines independence as freedom from undue influence or control of another to remain objective.

"If you can't act in an independent manner, your opinions have less value," he says. "Independence helps you ensure that when your voice is heard, it's respected and valued."

»What's the balance between acting objectively and being beholden to the board?

»Should supervisory committee members participate regularly in board, board-level committee, and planning meetings? If so, what should their role be?

»Is the supervisory committee an appropriate proving ground for future board members?

»Should the supervisory committee write its own charter or do so in partnership with the board? What if the two bodies disagree about the supervisory committee's role and responsibilities?

»If the supervisory committee conducts an investigation at the board's request, who "owns" the report? If the supervisory committee investigates on its own accord, does the answer to that question change?

"There are no quick answers to these questions," Daigneault says. "You know you're in a time of evolution and change when you don't know the answers to your questions."

"One of the most vital things we can do is to make sure we're asking the right questions."

Michael Daigneault

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