

## Welcome!

WIRELESS ACCESS: **DeVos Place** 

PASSWORD (VOUCHER): CUA50years!

## Have you downloaded the conference app?







## **CEO Roundtable**

Where will Credit Union CEOs Take Us? The Credit Union Vision

November 12, 2019



## Welcome to the 2018 CEO Roundtable



- Greetings from the Board
  - Your 2019-2020 Board of Directors
  - Hint at the 2019 dividend checks
- **■**CEO Roundtable
  - CEO brainstorming: CUSO initiatives to act on going forward
- cuasterisk.com CEO Live Chat Room
  - CEO networking: Talking with each other with networking as the point

And don't forget tonight's special event:

50th Anniversary Open House
at the Grand Rapids Art Museum



**During the CEO** Roundtable, CEOs · break it down with. their peers, and we: see where the room. goes on credit union industry challenges ... and opportunities



This year we're trying something new: a live chat room where you can network, with networking being the whole point





Chairman's Report

# Your . 2019-2020 Board of Directors



Scott McFarland, Chairman CEO, Honor Credit Union Board Member since August 2009



Linda Bodie CEO, Element Federal CU Board Member since October 2013



Tom Gryp
President/CEO, Notre Dame FCU
Board Member since October 2016



Kris Lewis, Director CEO, Allegan Community CU Board Member since October 2018



Jeff Jorgensen, Director CEO, Sioux Empire Federal CU Board Member since December

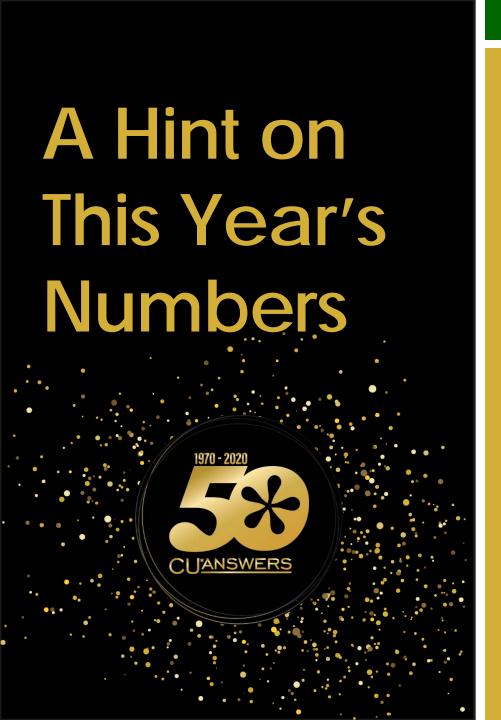


Dean Wilson, Director CEO, Focus Credit Union Board Member since January 2008



Vickie Schmitzer, Sec./Treasurer CEO, Frankenmuth Credit Union Board Member since October 2007

## THANK YOU



- Declared 2019 Patronage Dividends:
  - \$ 2,250,000 Standard Patronage Dividend
  - \$ 3,750,000 Bonus Patronage Dividend
  - \$ 6,000,000
  - \$ 842,820 Ownership Dividend
  - \$6,842,820
- Projected Stock Dividend: 4.00%
- Projected Increase in Stock Equity:5.25%

### My goals for today's interactions



#### **CEO** Roundtable

- A morning full of robust conversations that inspire our board and our CEO to propose new initiatives for our CUSO to take on in the future
- Put on your thinking caps and let's hear about what you would do if you were the CEO of this CUSO, listening at the sidelines

#### cuasterisk.com Live Chat Room

- No rules
- No expectations
- No judgment
- ■No Randy
- What do you want to talk about that might change your world?



Time for some roundtable brainstorming...

## Here's how it will work: CUSO CEC Listening I've got my listening hat on!

### ■3 topics, 45 minutes each

Introduction by Randy	5 minutes
Roundtable group brainstorming	30 minutes
Summary report from 1 group	10 minutes

Scribes will take notes for your group (ask your scribe if you'd like them to email you a copy of their notes)

Choose a spokesperson from your group to give the summary report, if you're called upon





What are the top 3 tactics a CEO could deploy to radically increase the compensation of their core team members in 2020?

How do you grow the pie that you split with your professional teams in the next 5 years?

#### Topic #1

Talking about growth can be fuzzy when there's no goal from the results of growth

Nothing challenges the CU industry more than creating careers for the people who will sustain their day-to-day activities





■What are the top 3 tactics a CEO could deploy to radically increase returns to members in 2020?

What member groups do you think have the chance to see the biggest increases in the next 5 years?

#### Topic #2

You all have plans for consumers, but sometimes stumble when you talk to individuals face to face as owners

What does the owner's persona get out of supporting your organization, beyond vague good intentions?





- Of the current trends debated in the industry today, which one of them do you want to count on for your future?
- Which one of them do you think will be a bust for your CU looking forward?
- Which one seems to be a "group-think loser" and you want nothing to do with it?
  - Go counter to the flow!

#### Topic #3

Thought leaders love to list key success factors, best practices, and the trends you can't ignore

But the truth is, it's all up to you – what would you have the CUSO pay attention to, given today's CU headlines and marketplace ideas?





#### Why Do Today's Credit Union Create Doubt About the Future?

UNDERGROUND COLLISION

It can all be so frantic!

An all too common conversation or email these days: "Randy, I have officially entered the frantic zone! I am overwhelmed by the sense that the future is so complex, moving further and further ahead of where we are today. and just too big for us to face. Every meeting with a consultant, every review by a regulator, every time my staff or board members tell me what they learned at their last industry event, and every time I look up and down the road. I feel defeated and ready to drive my credit union directly into the waiting arms of a merger partner. And somehow it feels like that was the design. The industry is herding me, and the thought leadership themes all seem to be the

No doubt today's overall marketplace environment can be overwhelming and push both consumers and business leaders into the "frantic zone". Social and business connections are so fine tuned to reach us all, and the content so diversified and attention grabbing that it seems the whole point is to make us panic about everything.

On one level you can just write it off as "life in the modern world." Hype is the game, and we all must find our wa through it without losing our balance and connection to the work needed. We push through the hype to face the changing realities and find success for our communities. But that is easier to type than to accomplish sometime

#### It's life today... we all know... so what?

What if our credit union industry's thought leaders all stopped and took responsibility for the impact of our wo We are the drivers of the sense of frantic resign of so many CU leaders and owners. Is that our goal?



#### Problem One: Identify our thought leaders and our goals.

Impossible – everyone believes they (including me) are a thought leader, so to get everyone in a ro and brainstorm on our goals and impact is tough. But what if we could urge credit unions to sta the game? "Instigating frantic fear of the future is a marketing ploy, not a theme for leadership.



#### Problem Two: Frantic fear of future regulation and compliance themes.

When will regulators wake up and avoid creating regulatory or compliance fear that lines the poof vendors and discourages the heck out of stressed or crisis junkies in our industry? Fee though more money has been spent on the fear of CECL than all the money to ever be saved execution. Where is the leadership to calm the credit union stakeholders that regulatory fear ahead of regulatory realities is irrational and industry defeating?



#### Problem Three: Frantic fear of technology differentials.

Almost a psychosis where CEOs are dead certain that every tech trend rumor is the comrequirement for every CU that hopes to have a future. A complete disregard for the hype during the build out of solutions, and the difference between the calls for capital to build so and the calls for customers and distributors to implement solutions. We are encouraged to too early by the hype cycle that teases us with the hopes we will own tech and corner an ad to avoid being left out. A tease we fall for over and over so we can lead the pack.

The anxiety of not conforming pushes another frantic round of "I will never reach the stars without The anxiety or rice conforming positive and industry to the conforming of the conforming positive and the conformi meigning for scale. What stars, teen stars, it moughs we were women about the agenus of our members and their aspirations? Why buy into tech at the edge? Tech has a "frantic lure" for reactives and uses asymmetric strip on the court of the c of us rethink our affinity for falling for the disappointment over and over.



Problem Four: Frantic fear from the dubious best practice declarations of peers

From your best peers: "If I have invested in this practice, you should tool if our CU does this every CU FIGHT YOU SEED PRESS. IN I HAVE INVESTED IN USE PRESCUE, YOU SHOULD USE IN OUR COURSE HER SIZE OF SOME SOME AS WELL TRUST US, we have done so much research about your situation, that we know this will ancula as were trust us, we have come software readers about your supported that the profit the winner for everyone." And generally, the vendors of best practices are even worse (for profit DE WINDER FOR EVERYORS. And generally, the vendors or dest practices are even worse (for profit vendors and our regulatory vendor endorsers) and they have more dubious reasons to influence vendors and our regulatory vendor endorsers) and they have more outlinus reasons to influence teams than your best friends. But year after year credit union leaders become more and more panicked about the list of things they must implement to keep up with the pack.

### Why write this now... hasn't it been the same deal for

Because the world is more anxious right now and credit union leaders are more likely to capitulate to the nature of cecause one worst a risse erouse right now and creat union leaders are more likely to capitulate to the nature or the times and just give it up. Because the group think of the industry is "scale is a safe". Because so many of us as the tirries and just give it up, decisiose the group time on the industry is scale is a sare . Decisiose commenters seem unaware that we are adding to the frantic nature of our industry's operators.

As thought leaders, we may have lost some sense of our responsibility to downplay the fear as the most important has enought resulted, me they have also some belief or our responsibility to downward the real as the risks an incommendation of this era for credit unions. To encourage the self-confidence of credit union consumer-owners as the meme or this era for credit unions. To encourage the ser-confluence of credit union consumer owners as the capital that we all count on for safety and soundness. And to most importantly separate our day jobs from the

In fairness I should not judge our motivations too harshly. But on some days, it seems that like a Halloween haunted house, our best thought leaders are simply selling tickets to scare the hell out of everyday credit union managers. nouse, our usest thought leaders are simply seiling doxets to scare the neil out or everyday credit union managers.

And I fear far too many times over my career I have let myself down as a thought leader too – we all deserve better

Here are the questions I was asked to consider in preparation for the Underground Collision

- 1. Why would the Underground Collision be colliding at Money20/20? What does it have to do with credit unions?
- 2. How can credit union leaders feel less overwhelmed by the constant pressure to up their digital game?
- 3. What happens to credit unions if we don't speed up our innovation toward the future of #CUMoney?



MNSWERS



Time for lunch!

OCTOBER 11, 2019 BY CHIP FILSON

Uber et al. and the Taxi Medallion Industry

It is accepted as a foregone conclusion that Uber and other shar platforms will eventually destroy the taxi medallion industry.

OCTOBER 7, 2019 BY CHIP FILSON

Should a Credit Union Be Bailing Out a Bank's Stockholders?

ent:

addition to the publ

as collateral for len

The July 16 headline in CUToday said it all: In First-of-its Kind Deal,

Corporate Ame

OCTOBER 2, 2019 BY CHIP FILSON

Just another in two years? Har

How Shadow Banks and Fintechs Keep

Increasing Their Role As Financial

The article mer

Intermediaries

company that

sold t

SEPTEMBER 10, 2019 BY CHIP FILSON

cent IC's

A Credit Union Member Takes a Stand After a \$40 Million Loss

In an <u>18-page complaint filed August 7</u>, Victor Webb filed suit agains the board and supervisory committee of the failed CBS Employees FCU seeking over \$40 million in recoveries for members.

According to press reports the loss was <u>first discovered on March 6</u>, by an employee who raised questions about a \$35,000 check the CEO, Rostohar, had made out to himself.

OCTOBER 30, 2019 BY CHIP FILSON

The Myth of Efficiency and the Allure of Scale

Supporting most mergers and more recently, bank purchases, is a

#### **JUST A MEMBER**

Chip Filson

Home

About

Subscribe

Publications

Contact

SEPTEMBER 26, 2019 BY CHIP FILSON

The End of Risk Based Capital for America's Community Banks

On September 17, the FDIC board eliminated risk based capital (RBC) requirements for community banks with assets of less than \$10 billion.

It replaced the international banking BASEL-inspired approach

## https://chipfilson.com/

Banks will not be required to report or to calculate a risk-based capital according to the FDIC's press release.

The FDIC Chairman Jelena Williams said the new rule ensures that the regulatory framework is commensurate with the operational reality of these institutions

Subscribe

email address

Subscribe



ABOUT THIS BLOG

Cooperative design is uniqu

## Now let's try something new... cuasterisk.com CEO Live Chat Room

### ■You have until we wrap up at 2:45:

Introduction by Randy	5 minutes
Introduction and explanation by your facilitators	15 minutes
Robust networking session, credit union CEO to credit union CEO, without CUSO participation	75 minutes

#### Your facilitators:

- Mark Richter, CEO of First United CU
- Matt Selke, CEO of Pinnacle CU



Wrap-up

# Join us at the party!!

at the

# Grand Rapids Art Museum (GRAM)

101 Monroe Center St, NW artmuseumgr.org

- Help us kick off the year-long celebration of our 50<sup>th</sup> anniversary
- Drinks and refreshments will be served

Shuttles will be running between the JW Marriott and the GRAM throughout the entire event

(catch one from the ballroom entrance at the JW, off Campau Street, NOT the main lobby/valet entrance)



## How do we champion an industry when we're so busy selling our own agendas?

LOOK FOR OUR AGENDAS THROUGHOUT 2020





#### Moving the Needle on CUSO Collaboration

The role of CUSOs, their collaborative influence and their impact on national credit union strategies and policy remains woefully underutilized. As a key component of our national credit union network CUSOs must expand their responsibilities to continue to build and assure the ongoing viability of the network. At CUPAnswers we are committed, along the side of our national CUSO association NACUSO, to leveraging the role, capacity and capabilities of all CUSOs. We are dedicated to the advancement of the sustainability, growth and market position of the nation's only financial ecosystem dedicated to the democratic values and empowerment of the individual owner and represented by the principals of the co-operative business model.

We have identified 5 major initiatives that we are committed to advance with our fellow CUSOs and NACUSO:

- 1. A national consortium of CUSOs dedicated to supported a new and vigorous strategy for the advancement of De Novo credit unions. This effort must include, but not be limited to, advantageous de novo product pricing, alternative funding and capital solutions, shared expertise, etc.
- 2. A CUSO-led effort to inspire innovative private insurance alternatives in all 50 states
- 3. A national service scholarship fund to support struggling credit unions via CUSO services
- 4. A national CUSO co-operative design think tank
- 5. An effort by CUSOs to impact the selection process for the NCUA board of directors

These 5 initiatives are just the starting point if you have other ideas, lets add them to the list.

Please join us in contributing to the grand vision for building self sufficiency among our entry credit union network. Contact us or the leadership of NACUSO with your intentions to support these CUSO led efforts.

Victor J Pantea, Manager of Market Place Alliances Randy Karnes, CEO victor.panteaecuanswers.com rkarnesecuanswers.com

cuanswers.com (800) 327-3478



## Thanks for the day!

See you at the party!