



Mid America Cooperative Council

MACC INDUSTRY SECTOR UPDATE

April 2015

April Features the Credit Union Sector of our Membership

Credit Unions Teach Financial Literacy



Student-Run Credit Unions - Did you know that serving your members through student-run credit unions can bolster your credit union's long-term growth strategy?

Watch a free webinar <https://www.ohiocreditunions.org/SiteAssets/Members/REALSolutionsWebinar-2011-StudentCUs.wmv> that brings to light how student branches can help credit unions better understand and influence the financial behaviors of youth and teens.

Resources for Teaching: MoneyAndStuff.info - Teach kids and teens the responsible use of money by leveraging MoneyAndStuff.info, a free website of financial resources that make the "money" talk easy for parents and teachers, <http://www.moneyandstuff.info/>. The site features teaching curriculum for students of all ages that your credit union can present in classrooms or share with teachers. Make sure your members know about the website so they can use the reading lists, budget worksheets, games, and more to teach their kids wise financial habits.

Finances 101: Walk the Walk, Talk the Talk - For years, the Northwest Chapter's "Finances 101: Walk the Walk, Talk the Talk" reality event has changed the lives of hundreds of local high school students.

Now, the free financial education game is available online to teach students about the money demands of the real world. Accessible worldwide, online players can manage a virtual checkbook, navigate "cause-and-effect" scenarios, and experience first-hand the impact their choices have on their financial situations. Play the online version of the game at: <http://www.finances101-thegame.org/>. (excerpts from *The Ohio Credit Union League website* <https://www.ohiocreditunions.org/Outreach/Philosophy/Pages/FinancialEducation.aspx>). Visit this page for other credit union educational resources.

Beyond personal finance, some credit unions are setting kids up for success in the business world.

Royal Credit Union in Eau Claire, Wisconsin, began its Future U.S. Entrepreneurs (FUSE) program in 2015. In it, middle school students compete to create and pitch a business plan. Credit union representatives help participants prepare for the contest with six classroom visits and one-on-one mentoring. Competitors present their proposals to a panel of judges and an audience for a chance to win cash prizes.



Other lenders are taking a new media approach. At Pasadena Federal Credit Union in California, a \$500 scholarship will be awarded for the best YouTube video focusing on personal finance topics created by a high school or college student. U.S. Federal Credit Union in Burnsville, Minnesota, also employed YouTube to introduce its Great Savings Challenge. The contest for scholarship money involves saving for college.

If you're interested in similar programs to help improve your youngster's financial literacy, talk to local credit unions to learn what they may be able to provide. (excerpts from *Teddy Nykiel on December 1, 2014, posted in Credit Union, Current Events and Banking Industry News*)

Increase Awareness

People incorrectly perceive who can and can't be a credit union member. Although some credit unions -- such as small, faith-based organizations -- have charters that limit membership, just as many have community charters that cover a wide service market.



Because business development focuses on developing partnerships and strategic relationships, a main goal is to get the word out, correct these misperceptions and increase public awareness. Distributing brochures throughout the credit union charter area that explain membership options and list credit union services can be helpful in accomplishing public awareness goals of business.

Improve Member Relationships - Business development goals expand to include employees in enhancing the in-house experiences of credit union members. Cross-selling and offering service bundles that combine traditional saving accounts with other services -- such as checking accounts, credit cards and discount loan options -- create stronger relationships that are likely to increase member retention. Establishing and maintaining long-lasting member relationships can be enhanced by employee training and development programs.

Public Relations Goals - External business development goals include public relations efforts that establish member and nonmember relationships through community outreach. Public relations activities strengthen branding efforts, help in positioning and create a positive public image. Tactical public relations activities can include things like writing press releases and setting up and maintaining a credit union website. Other activities can include promoting employee volunteerism in credit union-sponsored community or local charity events. (excerpts from *Jackie Lohrey, Demand Media - Houston Chronicle*)

Beacon Credit Union Acquires Midwest Ag Finance



Beacon Credit Union announced on March 18, 2015 it has reached an agreement to acquire Midwest Ag Finance. The agreement has been approved by the board of directors of both financial institutions and includes the purchase of assets and assumption of liabilities. The transaction requires final approval of the Indiana Department of Financial Institutions.

"We are very pleased to welcome the team of Midwest Ag Finance and their customers to the Beacon Credit Union Family," said **Kevin Willour, CEO of Beacon Credit Union**. "Having developed an outstanding partnership with Midwest Ag Finance for the past 15 years, we recognize that they bring with them a strong reputation in agricultural finance, and we believe our two business models fit very well together. Our similar lending philosophies, along with the knowledgeable, experienced, and adaptive staff from both organizations will provide for a smooth transition. This acquisition will expand Beacon Credit Union's ability to provide quality agricultural-based financial products and services to all corners of Indiana."

Established in 1931 as Wabash County Farm Bureau Credit Union, Beacon Credit Union is a financial cooperative offering a full range of financial products and services for individuals, families and businesses, while specializing in the agricultural community. Beacon Credit Union is currently the fifth largest credit union in Indiana and currently the largest agricultural lending credit union in the United States. Beacon Credit Union's member base is expected to grow beyond 47,000, with assets exceeding \$1.1 billion and a full time staff of approximately 260 people. (*excerpts from <http://www.beaconcu.org/beacon-credit-union-acquires-midwest-ag-finance/>*)

CHACO Credit Union Announces New Online Banking System



Chaco Credit Union of Hamilton, Ohio has been in operation for more than 76 years, currently from 6 locations. It is considered a state-chartered natural person credit union.

Chaco announced the launch of their new online banking and mobile app on March 23, 2015. The enhanced experience has many new features along with the basic features. They will continue to run the old Chaco Direct online banking system through April 30, but urge members to register with the new system as soon as possible.

The new online banking system will allow you to access your checking accounts, savings accounts, money market accounts, certificates of deposit, and Chaco Credit Union loans (excluding first mortgages). Although not on the list of accounts, once logged in you will also be able to seamlessly access your credit cards through the access link.

A new portion of the CHACO website will provide all the information, FAQs and videos needed to teach you about the new system. (*excerpts from <https://www.chacocu.org/>*)

Credit Unions - Internal Challenges and Legislative Regulations

Credit Unions are the most numerous cooperatives in the U.S., comprising about one-third of the total. Therefore, we might think that credit unions would lead the charge for networking and educating other cooperatives about the 7 Cooperative Principles. However, credit unions have strong internal challenges and their members are often unaware of their credit union's status as a member owned cooperative.

Due to multiple financial crises in the 1980-90s with savings and loan companies, and again in 2008 with overleveraged banks and investment firms, Congress was driven to pass two key pieces of legislation. **The Sarbanes Oxley Act of 2002 and the Dodd Frank Act of 2010**, significantly increased regulatory oversight in the financial sector and, specifically, for credit unions. Credit Unions, generally, are smaller community based financial cooperatives, thus limited in size. Unfortunately, these regulations place a heavy burden on every credit union, many times calling on one or more full time employees to meet their reporting demands. Additionally, credit unions are limited to only 10-12% of their loans for small business. The remaining balance are personal and home loans.

These two challenges of increased regulatory compliance and limited lending to small businesses, have caused many credit unions to rethink their role in the cooperative community. Because of their primary need to be focused on regulatory reporting, many times the cooperative principles they share with other cooperatives become secondary. This issue reminds us that we are all part of a larger community of cooperatives that are focused on serving member needs. We suggest that every cooperative focus on educating their employees and members in the following three areas:

1. All cooperative business and credit union members are "owners". They each have an equity stake in their cooperative. This is different than membership in COSTCO, Sam's Club, or other membership based organizations. Membership in a cooperative means you have an "equity state" or ownership position. Therefore, I like the phrase "**member/owner**" when referring to cooperative members.
2. All cooperative "member/owners" have control over their businesses by voting democratically in their annual election, for their board of directors. Each member, equally, gets one vote; and most importantly, as a "member/owner" assists in choosing who leads their organization.
3. Cooperatives, generally, measure their success based on a triple bottom line. In order to prove their cooperative is serving the entire membership, many have measured their success with standards in three areas:
 - a. First - Economic Success. Cooperatives are businesses and need to be profitable to be successful.
 - b. Second - Social Success. All cooperatives serve people with a common need. It only makes sense that a measurement standard be established by a cooperative to insure its employees and "member/owners" achieve their personal goals, beyond financial success.
 - c. Third - Physical success. This standard measures the efficient use of resources, and assists each "member/owner" in achieving sustainable growth.

We are all cooperatives, and by educating our employees we will educate our "member/owners", as well.