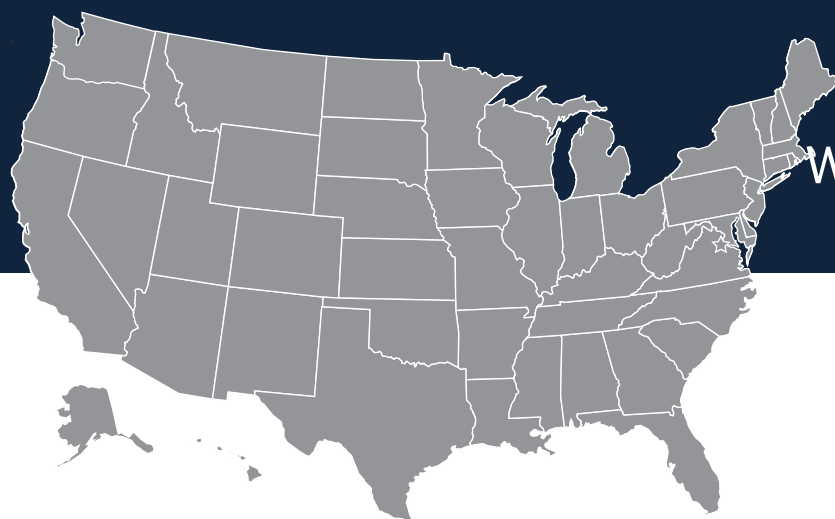




Anatomy of a Credit Union

Where Are
They Now?

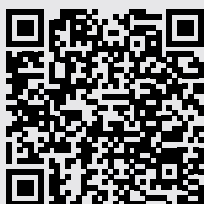




WHERE ARE THEY NOW?

This quarter, the team at Callahan & Associates is taking a different approach to “Anatomy Of A Credit Union.”

For more than a decade, Callahan has used this feature to offer a deep dive into credit union strategy and performance. These pieces look at not only an institution's balance sheet and approaches to the latest economic environment but also its history, culture, and beyond. Since late 2009, “Anatomy Of A Credit Union” has covered dozens of credit unions, foundations, leagues, communities, and more — but it's never looked back or provided a follow-up. Until now.



Scan this QR code to learn
more about Callahan's
2024 editorial pillars

Eagle-eyed readers have hopefully noticed Callahan started the year by committing to four content pillars across CreditUnions.com and our print publications. They include:

- Driving Employee Engagement
- Supporting Member Financial Wellbeing
- Fostering Financially Strong Credit Unions
- Building Vibrant Communities

With that in mind, this quarter “Anatomy Of A Credit Union” is revisiting four previous subjects for an update anchored in this year's editorial pillars, rather than a deep dive into every aspect of the credit union. The end result is a mixture of a look back and a look ahead — and unlike anything “Anatomy” has done before.

A final note, although Callahan & Associates will no longer publish *Credit Union Strategy & Performance* after the conclusion of 2023, readers will still be able to find continuing “Anatomy Of A Credit Union” coverage on CreditUnions.com and in the Callahan client portal. Callahan editors look forward to carrying on this award-winning series in new formats that meet the expectations of modern readers. 🌊

BUILDING VIBRANT COMMUNITIES

HELP AND HOPE GO HAND IN HAND

Hope Credit Union is helping revitalize the Deep South through innovative approaches to mortgage lending, community development, and more.

BY REBECCA ROWOLD

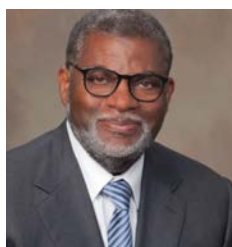
Callahan & Associates profiled Hope Credit Union for the fourth quarter 2013 "Anatomy Of A Credit Union."

With a multifaceted funding structure and sharply focused policies and practices, Hope Credit Union is transforming the quality of life for historically under-resourced communities in the Deep South. That was true a decade ago, when "Anatomy Of A Credit Union" first profiled Hope, and it's true today.

Hope is an NCUA-certified low-income credit union (LICU), a Treasury-certified Community Development Financial Institution (CDFI), and a member of Inclusiv, which serves community development credit unions. Those support structures help Hope credit union achieve its financial mission and meet its philanthropic goals of bringing affordable, practical services to communities in need. Indeed, back in 2013, one-third of new members were unbanked when they joined.

At that time, Hope was making strategic investments in new technologies, operational efficiencies, community partnerships, and branch design with the goal of doubling the number of individuals and locations it served during the next three years.

"We'll go where we are wanted and needed," Hope CEO Bill Bynum said in 2013. "But as a credit union, we're also uniquely positioned to respond to the needs of the underserved. It's in our DNA."



BILL BYNUM
CEO, HOPE CREDIT UNION

A TRIPOD OF HOPE

Hope Credit Union (\$579.2M, Jackson, MS) is one of three "HOPE" development organizations dedicated to "strengthening communities, building assets, and improving lives" in economically distressed areas of America's Deep South. Together, Hope Credit Union, the Hope Enterprise Corporation loan fund – a 501(c)(3) nonprofit organization – and the Hope

Policy Institute have helped more than 1 million people improve their quality of life, support their families, and contribute to the local economy.

Deposits held in the credit union are primarily government insured, which provides liquidity, but regulatory constraints often limit what the credit union can do with those monies. The loan fund, however, helps the credit union mitigate its own exposure by leveraging philanthropic and government support targeted at under-resourced communities.

"That's why we brand ourselves as 'HOPE,'" Bynum says. "The credit union, Hope Enterprise Corp., and Hope Policy Institute — all of those are central to how we do our work."



“ We’ve developed a pretty strong network of partners who know Hope prioritizes community development in under-resourced parts of the region. They know we have a good track record of leveraging federal philanthropic programs to help make projects work.”

— BILL BYNUM, CEO, HOPE CREDIT UNION

For example, although the credit union started out offering basic services such as savings accounts and consumer loans, the loan fund has helped Hope Credit Union offer business loans, too. That line of business has become a central part of the credit union’s work today as it looks to fill gaps in under-resourced communities.

“We’ve always financed mom and pop businesses — small entrepreneurs and sole proprietors,” Bynum says. “The majority of businesses are sole proprietors, particularly in the communities we serve. We continue to do that, but we have expanded and have focused increasingly on key sectors.”

HEALTH, HUNGER, AND HOMES

Key sectors include hospital facilities to address healthcare needs, grocery stores to address food insecurity, and multi-unit rental properties to address affordable housing. Breaking into these sectors and determining how to serve them better, though, requires strong partnerships and insider insight.

“We’ve developed a pretty strong network of partners who know Hope prioritizes community development in under-resourced parts of the region,” Bynum says. “They know we have a good track record of leveraging federal philanthropic programs to help make projects work.”

In Centerville, MS, Hope provided a \$6 million New Market Tax Credit investment and offered \$2.5 million in conventional financing to replace the community’s aging hospital — the only critical care facility in a more than 30-mile radius. Located in southwest Mississippi, Centerville has fewer than 1,500 residents, and its hospital serves two rural counties where poverty rates have topped 20% for three decades. Centerville’s Field Memorial celebrated its grand opening in September 2015 and today is the city’s largest employer, providing well-paying jobs for all skill levels.

In 2022, Hope helped prevent the formation of a food desert in one of New Orleans’ most populous areas when it stepped in to save a Cansecos’s Market grocery store location. If the grocer had closed, it would have left residents of the Seventh Ward with insufficient access to affordable, healthy foods, and could have had potentially devastating effects on the largely impoverished community’s physical and economic health. Instead, thanks to the Fresh Food Retail

Initiative (FFRI) — a citywide program to encourage grocery store development in low-income, underserved communities throughout Orleans Parish — and a partnership with the City of New Orleans, Hope secured funds to help Cansecos’s build a bigger, better Seventh Ward location.

“We offered low interest, flexible financing terms, and monetary incentives to keep them in the neighborhood,” Kathy Saloy, a senior vice president at Hope Enterprise Corporation, told CreditUnions.com in 2023. “When we partnered with the state of Louisiana and the city of New Orleans, the dollars started coming.”

3 WAYS TO STAFF FOR THE BUSINESS YOU WANT

When Hope Credit Union decides to serve a new sector of the economy, it goes all in. “We develop deep expertise in areas we know are going to be a focus of our work,” says CEO Bill Bynum.

Here are three ways Hope ensures it is properly staffed to serve a new sector.

- 1. Recruitment:** Hope recruited from Whole Foods to better understand the grocery sector and how to battle food deserts.
- 2. Instruction:** To educate existing employees, Hope sends staff members to conferences and trainings focused on specific sectors.
- 3. Consultation:** Hope supplements capacity by bringing in experts to ensure it’s making good decisions.

“We have learned over the years that we can’t do it all by ourselves,” Bynum says. “There’s no need to reinvent the wheel, but sometimes we need to bring the wheel to the communities we serve.”

“

We're opening the door to the American Dream for thousands of people across the Deep South.

— BILL BYNUM, CEO, HOPE CREDIT UNION

”

In 2022, the credit union also announced Brookville Gardens Group was acquiring a 120-unit apartment complex in Starkville, MS, using Low-Income Housing Tax Credits and a bridge loan from Hope Credit Union. That year, Hope also financed Valley Oaks, a 56-unit development in Valley, AL, with the help of Low-Income Housing Tax Credits and U.S. Treasury Capital Magnet Funds.

“So much of the economy in the Deep South is dependent on government,” Bynum says. “We have some strong businesses, but we don’t have a lot of tax-paying corporations that are located in low-income communities. Hope has teams that are experts in nonprofit finance. It takes commitment to understand these businesses and how these sectors work and then put together a capital stack to make it viable. It’s basic financing — blocking and tackling — but it’s not something you put into a computer and get a decision easily.”

CU QUICK FACTS THEN

HOPE CREDIT UNION

DATA AS OF 12.31.13

JACKSON, MS

\$186.7M

ASSETS

28,419

MEMBERS

15

BRANCHES

115

EMPLOYEES

4.2%

12-MO LOAN GROWTH

8.92

NET WORTH

0.19%

ROA

CU QUICK FACTS NOW

HOPE CREDIT UNION

DATA AS OF 12.31.23

JACKSON, MS

\$579.2M

ASSETS

39,199

MEMBERS

23

BRANCHES

225

EMPLOYEES

19.22%

12-MO LOAN GROWTH

26.1%

NET WORTH

0.04%

ROA

AFFORDABLE HOUSING? AFFORDABLE OWNERSHIP.

It’s no secret systemic barriers in the banking system limit homeownership. But Hope sees that challenge as an opportunity.

The credit union has built a mortgage practice that excels at putting borrowers in affordable home loans without asking them to take the kinds of risk that led to the financial crisis and meltdown of the housing market in 2008.

“We have a strong suite of homeownership products that has resulted in 80% to 90% of our mortgages going to first-time homebuyers,” Bynum says. “We’re opening the door to the American Dream for thousands of people across the Deep South.”

BRAG A LITTLE ... OR A LOT

CEO Bill Bynum says a robust campaign touting “Brighter Futures Begin With HOPE” on billboards, bus stops, television, and more has helped Hope increase recognition of and support for the work it does. “We’re very excited about the increased awareness,” Bynum says. “The more people know about Hope, the greater our impact will be.”

The credit union advises borrowers to think about the time and resources required to preserve a home, not just what it takes to purchase one. That includes setting aside 1% of a home’s purchase price for maintenance and upkeep. For members that might need additional debt counseling, Hope partners with GreenPath Financial Wellness. And when it’s time to finally make an offer, Hope connects would-be homeowners with resources for downpayment assistance.

It’s all opportunity, and there’s plenty more.

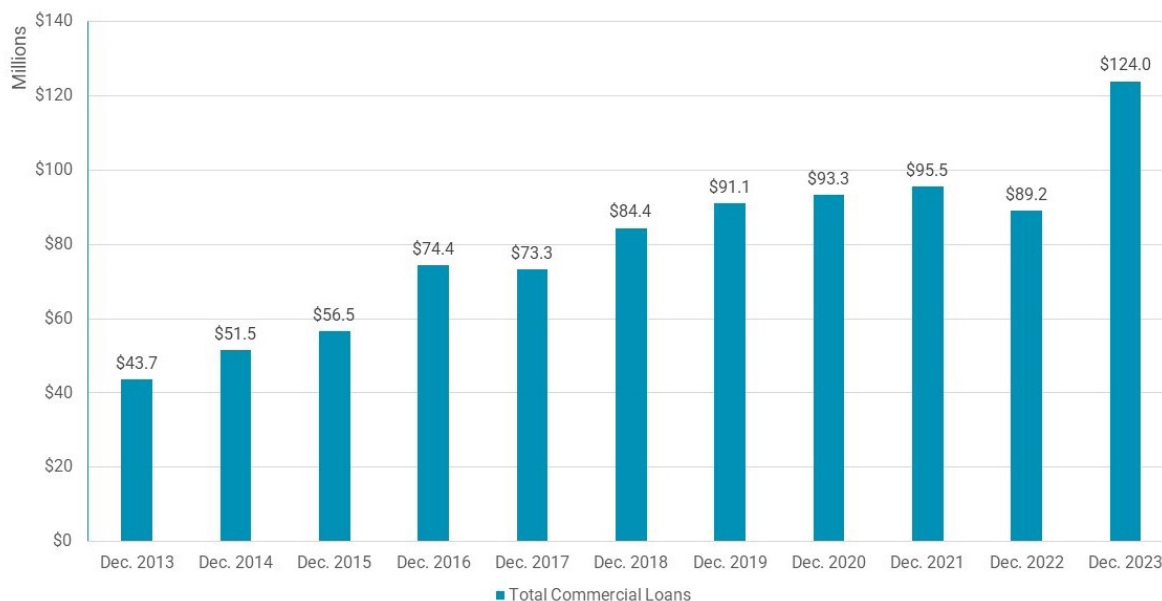
“It’s just the tip of the iceberg,” Bynum says. “There are half a million people of color and low-income white



COMMERCIAL LOAN BALANCES

FOR HOPE CREDIT UNION | DATA AS OF 12.31.23

©CALLAHAN & ASSOCIATES | CREDITUNIONS.COM



In addition to the sole proprietor, mom and pop shops it has always financed, Hope is increasingly expanding into the healthcare, grocery, and commercial housing sectors. Those loans come with larger balances, but breaking into the sectors requires strong partnerships and expert insight.

households throughout the region who cannot become homeowners because traditional mortgage providers don't accommodate them. We have put in place a plan to dramatically increase our mortgage program to close the homeownership gap over the next few years."

A LOOK AHEAD

In addition to the work it has already accomplished, Hope has its sights set on a brighter, more sustainable future. Leaders have worked with Congress and the Biden/Harris

administration to ensure new federal programs aimed at climate resiliency and environmental concerns earmark as much as 40% of funding to target the kinds of communities Hope serves, according to Bynum.

"If there's not an intentional effort to connect those dollars with under-resourced communities, they won't be made available, and we'll see a disparate impact on winners and losers," Bynum says. "We're positioning ourselves to layer some of those funds into our programs to make sure people have solar panels, energy efficient heating and air systems, energy efficient water heaters, and that people in the Delta and Alabama Black Belt are not driving gas guzzlers while people in more affluent communities are driving EVs."

For credit unions that want to better serve their own under-resourced communities, Bynum says it all boils down to listening to members and committing to mission. Hope asks its members what they need, and it develops strategies to address those needs. It's that simple, but it's not easy. That's where mission comes in.

"We are very clear that we are not a traditional institution; our priorities are on serving under-resourced communities," Bynum says. "We exist to serve them. That's what a credit union is supposed to be." 🐼

ANATOMY OF HOPE CREDIT UNION

A Mississippi credit union serves the borrowers other financial institutions can't or won't.

Scan this QR code to access a downloadable PDF of the full profile from 2013.



SUPPORTING MEMBER FINANCIAL WELLBEING

ELEMENT'S EARLY APPROACH TO DIGITAL BANKING PAYS OFF

The small West Virginia-based cooperative embraced e-services before much of the rest of the industry. More than a decade later, it shows no signs of slowing down.

BY REBECCA ROWOLD

Callahan & Associates profiled Element Federal Credit Union for the fourth quarter 2012 "Anatomy Of A Credit Union."

In July 2009, Element Federal Credit Union burst onto the radar of innovators and technology enthusiasts alike when it deployed a smartphone app developed in-house that offered remote deposit capture before even the largest national banks.

When Callahan profiled Element in 2012, the credit union was evolving into a fresh, friendlier alternative for financial services — one that emphasized openness, intuitiveness, and accessibility through efficient delivery channels. "Go" kiosks — which allowed members to withdrawal money, open a new account, apply for a loan, and more — and employee-assisted transaction stations had replaced traditional teller lines inside branches, and seamless integration among online, mobile, and physical channels allowed Element to serve a statewide membership 24 hours a day.

At the time, Element devoted a full 70% of its budget to remote channels, and CEO Linda Bodie stressed the important role technology played in strengthening relationships, not undermining personal connections.

"A lot of people have misunderstood what we've done with technology," Bodie said. "They'll say, 'Oh, you took the people away and you put in a machine.' We don't put in machines that take away people."

Now, 12 years on, how has Element merged technology with hands-on, personalized service? How has it preserved its culture of accessibility?



LINDA BODIE
CEO, ELEMENT FCU

PERSONALIZED SERVICE

Element Federal Credit Union (\$59.8M, Charleston, WV) has nearly doubled in assets since Callahan & Associates profiled it for "Anatomy Of A Credit Union" in 2012. Despite that growth, the cooperative still takes a personalized approach to products and services. It offers members many ways to complete

transactions rather than requiring a specific, standard set of processes and entry points.

"Because we're a smaller credit union, we can customize to the individual person," says CEO Linda Bodie. "We train our people to treat people the way they want to be treated and serve the way they want to be served. If you try to force people to do things one way, they'll become frustrated and it won't work."

Serving members the way they want to be served isn't just talk at Element. A decade ago, the credit union started offering call-ahead banking to reduce wait times for members and improve workload management for employees. Through a digital form, members can securely



“

The technology allows us to focus less on data entry and more on the member's needs. That's the way we've always used technology — to make the member experience better.

”

— LINDA BODIE, CEO, ELEMENT FCU

send a request for any kind of transaction — ordering debit or credit cards, transferring money, raising credit limits, submitting business paperwork, and more. Call-ahead banking was especially beneficial for crowd control during the pandemic, though adoption has never been high. Still, the credit union continues to offer it because a few members prefer it. Plus, Element gains constructive member insights from call-ahead banking, as well as other low-adoption special member engagements and transactions.

“It is valuable for us to understand the needs of our members and to know the percentage of our membership that does each kind of thing,” Bodie says. “We can learn their behaviors. We can learn what is the most-used thing. The least-used thing. Should we keep it? Should we not keep it? It helps us make better business decisions and also meet our members' needs.”

For more personalized service, the credit union also offers a credit analysis service that paints a comprehensive picture of a member's history and habits, as well as provides insights and advice on how to improve their specific financial situation.

Every member has access as soon as they open an account. They don't have to opt-in or open another account; it's just part of the online banking experience. Members can receive in-person credit counselling from a credit union representative or take the DIY route directly through the digital service and do it virtually. In the latter, members set up scenarios and the app tells them when they've spent too much money or made other missteps, and coaches them on how to save more or improve their financial security.

Before Element started using this tool, the credit union relied on paper credit reports and general information. Sometimes, the advice it offered wasn't relevant or helpful to the member asking for assistance. Now, employees and members alike can easily ascertain a broader and deeper understanding of a member's financial situation.

“We're here to help the members, in addition to having this app that coaches them on their financial wellness,” Bodie says. “We use this tool almost exclusively with every single member — brand new or existing. We want to make sure they are financially well.”

TOTAL ACCESSIBILITY

Element FCU members can open accounts and apply for loans online or through their mobile devices. Applicants who can pass verification requirements can open accounts — including loans — and set up online banking without human interactions. The credit union directs applicants who can't pass the verification process to a member service representative.

All that automation improves accessibility, efficiency, and accuracy across the board.

“The technology allows us to focus less on data entry and more on the member's needs,” Bodie says. “That's the way we've always used technology — to make the member experience better. It's not to push them off on technology and not talk to them. It's to use the technology to better engage and better help them with real questions.”

For better engagement, ITMs have been a game-changer for Element. Members can bank in person whenever they want — 24 hours a day, seven days a week. The machines have proven especially popular with business members, who prefer to conduct business and deposit checks and cash outside of traditional business hours.

CU QUICK FACTS THEN

ELEMENT FCU

DATA AS OF 12.31.12
CHARLESTON, WV

\$26.6M

ASSETS

4,595

MEMBERS

2

BRANCHES

13

EMPLOYEES

5.7%

12-MO LOAN GROWTH

10.73%

NET WORTH

0.56%

ROA

CU QUICK FACTS NOW

ELEMENT FCU

DATA AS OF 12.31.23
CHARLESTON, WV

\$59.8M

ASSETS

4,498

MEMBERS

3

BRANCHES

16

EMPLOYEES

-1.4%

12-MO LOAN GROWTH

12.70%

NET WORTH

2.70%

ROA

“ If you’re not at least experimenting and looking at new technologies, then by the time you do look, it’s already passed. ”

— LINDA BODIE, CEO, ELEMENT FCU

The credit union has replaced its drive-thru tubes with ITMs, so members can access the machines without needing to enter a branch lobby. If they run into a situation in which they need additional assistance, they can scan a QR code during business hours to talk to a credit union representative.

Element opened a new mixed-use location in March 2024 that includes two ITMs, one outside and one located inside the lobby. In terms of accessibility, though, the new branch goes beyond technological advancements.

The building includes a 1,500-square-foot credit union branch on the first floor as well as a 2,200-square-foot event space that local organizations can use for wellness-related programs and initiatives ranging from finance to physical health, safety, and more. The second floor contains another 1,500 square feet the credit union has leased to an LGBTQ organization in need of public program space.

“It’s been a dream for many years to provide a facility that is hyper community-focused,” Bodie says. “We’re venturing off the credit union transaction path to dig even deeper than what we’ve done in the past.”

ANATOMY OF ELEMENT FCU

No one can accuse Element FCU of being boring, but with a perfect blend of technology, service, and outside-the-box thinking, the credit union makes these differences work to its advantage.



Scan this QR code to access a downloadable PDF of the full profile from 2012.

THE NEXT WAVE OF TECHNOLOGY

Element FCU has always placed a focus on innovation, including a willingness to embrace new technologies and constantly searching out progressive digital solutions, says Bodie. When AI became usable for the regular person, for example, staff jumped right in and started playing with it rather than let concerns of the unknown hold them back.

“If you’re not at least experimenting and looking at new technologies, then by the time you do look, it’s already passed,” the CEO says.

In the case of AI, Bodie started using the technology on a personal level, writing poems, songs, and stories, as well as

creating music, even publishing some of her early results on her LinkedIn profile. When she moved on to experimenting for the credit union, she assessed how AI developed webpage content and used it to write policies. In a meta turn of events, she even used AI to write an AI policy.

“That’s where we got our AI policy,” Bodie says. “Was that policy accurate? Not exactly, but it did a really good job.”

Bodie says she tweaked it once and submitted it to the board, only fessing up that it was AI-generated after the board approved it.

Elsewhere in the organization, staff members have used AI to make their jobs easier, composing letters, creating policies, and, generally, “making their words sound better.” Bodie says she sees a lot of potential to facilitate workflows that improve employee and member experiences, but also is quick to note the credit union has not used AI for anything that requires personal information or personal data. Instead, it has focused on areas where it would not be a problem to have the information become public.

She’s now working with Chat GPT’s new image creator, but says its development has a long way to go — sometimes people have six fingers or no fingers, for example. Plus, there’s the problem of biases in representation. So far, Bodie says, her image results are predominately white, traditionally handsome men — even in images created for women-dominated fields.

The problem of biases is present in other areas of AI, as well. That’s why the credit union hasn’t adopted chat or loan-decisioning solutions. For chat, Bodie says, the answers aren’t as accurate or refined as the credit union wants. And for loan decisioning, she says, the credit union is treading lightly until it can be confident in accuracy.

“We can’t adopt something that’s going to have a bias built in,” Bodie says. “We’re still letting our people do things the right way.”

Bodie enjoys the creative process behind technological experimentation and thinking about what new technologies could do. She might not intend to always implement the next big thing, but she does plenty of research and testing to see how something could apply to the credit union.

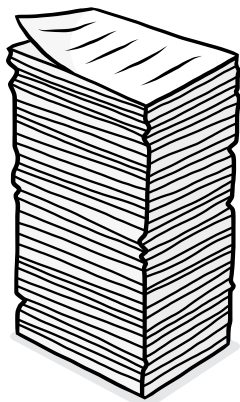
“In certain instances, we’re cutting edge; but in other instances, we might wait and see how something plays out,” Bodie says. “Typically, we make a decision very quickly on whether to adopt a new technology right now or whether we need a bit more time.”

BY THE NUMBERS

Six figures help tell the story of Strategy & Performance through the years.

BY AARON PASSMAN

69 Callahan produced 69 issues of *Strategy & Performance*, covering 4Q 2006 through 4Q 2023.



5,500+

If you stacked every printed issue of the publication together, the final product would be more than 5,500 pages long.

Nationwide credit union membership is up substantially over the 17 years *Strategy & Performance* was in print, rising to a whopping 140.7 million at the close of 2023.

61%



The credit union industry is nearly half the size it was when *Strategy & Performance* began printing, falling from 8,536 institutions at the close of 2006 to 4,994 at the end of 2023.

-41.5%

216.7%

Totally industry assets have skyrocketed since *Strategy & Performance* began publishing, rising from \$726.2 billion at the end of 2006 to \$2.3 trillion at the close of 2023.

48 The number of credit unions, foundations, leagues, and other industry organizations covered as part of the “Anatomy Of A Credit Union” series

FOSTERING FINANCIALLY STRONG CREDIT UNIONS

IN AN UNCERTAIN ECONOMY, LANGLEY FCU REWRITES ITS PLAYBOOK AGAIN

After a mid-decade push to rightsize its balance sheet, the Virginia cooperative understands how to pivot when times get tough.

BY REBECCA ROWOLD

Callahan & Associates profiled Langley Federal Credit Union for the fourth quarter 2015 "Anatomy Of A Credit Union."

When Tom Ryan became CEO of Langley Federal Credit Union in summer 2012, he knew he needed to make some changes. ALM modeling predicted earnings would be negative in six months. The credit union was flush with deposits, but it needed to replace its large investment portfolio with loans to members.

"We weren't serving our members by investing their deposit money," Ryan said at the time. "I felt it was our role to invest in our members in the form of loans."

The credit union got to work crafting a value proposition to encourage members to choose Langley for their borrowing needs. It adjusted pricing, and set expectations for applications and service hours. It also shifted its philosophy on branches, sales, and service. Rather than using branches as transaction centers, Langley FCU wanted members to use them as a place to start and deepen relationships.

To accommodate changes in operations, Ryan flattened the chain of command. He eliminated the EVP tier, promoted some employees, and refined the responsibilities of others. He also introduced an annual bonus with a payout that corresponded with the credit union's new member-driven goals.

"How can you be successful as an organization if not everyone understands what success is?" Ryan asked.

These changes helped Langley weather the uncertain economic environment it faced in 2015. At that time, the U.S. economy was slow, traditional indicators of recession were flashing, and the Fed raised interest rates over inflation concerns.

Today, financial institutions are once again facing economic uncertainty. How does Langley FCU compare to eight years ago? How is it dealing with the economic changes taking place, and how is today's approach informed by lessons from the past?



PIVOT AND PROSPER

If Langley Federal Credit Union (\$5.3B, Newport News, VA) has one lesson to teach credit unions about how to succeed in a difficult environment, it might be this: Don't be afraid to throw out the old playbook and start a new game.

"Credit unions have an opportunity to redefine what success looks like this year," says Curtis Baker, chief lending officer at the Virginia cooperative. "Consult your vision and discover new ways to deliver on the promise to members."

Baker joined Langley FCU in mid-2013 as senior vice president of lending and played a major role in helping the credit union turn on its growth engine in 2015 to rightsize the balance sheet. At that time, the cooperative was aiming to increase its loan-to-share ratio by focusing on growing loans while keeping deposits steady.

Today, Langley FCU's loan-to-share ratio exceeds 100%, and the credit union is once again pivoting. But instead of raising liquidity through CDs — an expensive way to attract deposits that generally benefits relatively few account holders — Langley decided to embrace its member-driven vision.

"We made significant changes to our strategic goals for 2024," Baker says. "The first was to focus less on overall deposit growth and more on helping many more members achieve a modest amount of savings."

A look at its membership revealed roughly 100,000 members — or slightly more than one-quarter — held more than \$400 in savings. The credit union could do a better job helping the average member build a safety net.



CURTIS BAKER
CLO, LANGLEY FCU

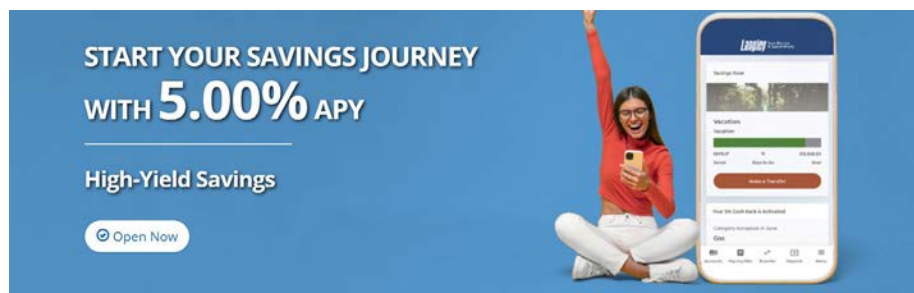
In late 2023, it introduced a high-yield savings account with a 5% rate that maxes out at \$10,000. The credit union also is looking to behavioral economics for strategies to nudge members to save.

"It's going to take some time to get to \$400 or more because we serve a working poor demographic," Baker says. "There's a lot of things we're doing — some are still in an idea stage because we're a little late to the game — but we think this pivot from total deposit balances to members with more than \$400 is going to stay with us. 2024 will be the year we build strategies for success in future years."

In lockstep with savings, Langley FCU also is looking at lending. The credit union traditionally has operated a strong indirect lending program and even stood up a CUSO after a 2021 NCUA rule change allowed credit union service organizations to engage in auto lending. Now, it's encouraging members to visit the credit union first before they make large purchases, building more robust direct lending strategies, and using indirect as a complementary growth strategy.

However, Baker noted credit unions shouldn't abandon members who finance at the dealership. Langley reps have been meeting with other credit unions that are strong direct lenders to talk about program specs, marketing fees, and more — anything it needs to know to operate better direct auto and mortgage programs. It's a major shift, but Baker is confident the credit union is up to the task.

"The challenges in liquidity and the interest rate environment have helped us, in a sense," Baker says. "Those were the lemons that forced us to make some lemonade. We didn't think this was going to be a high-growth year anyway, but these factors allowed us to make these pivots to deliver on our vision."



An example of Langley's latest online push to boost deposit volumes.

“The challenges in liquidity and the interest rate environment have helped us, in a sense. We didn’t think this was going to be a high-growth year anyway, but these factors allowed us to make these pivots to deliver on our vision.”

— CURTIS BAKER, CLO, LANGLEY FCU

A BRANCH STRATEGY FOR ALL ENVIRONMENTS

In 2015, Langley FCU was focused on moving branches away from a transaction-centered approach and toward a sales-and-service growth culture. It could never have predicted a global pandemic would hasten member adoption of digital channels and plummeting walk-in traffic would challenge strategies to grow organically.

Today, the credit union is still focusing on reducing the number of members who rely on branches for transactions and increasing digital usage, even incorporating it into its strategic goals for 2024.

“The use of digital channels is wise,” Baker says. “Members should be engaged with their balances and their products and services. That’s the primary reason for

increasing usage of our digital channels. The secondary reason is we want people to go to branches to build relationships and start new ones.”

In the past six months, the credit union has expanded its branch network to include locations in Richmond, VA, and Raleigh, NC, its first steps outside the Hampton Roads footprint. Those facilities serve as an anchor point to alert new members that Langley FCU has a nearby physical presence, as well as a robust digital channel.

As for that digital channel, the credit union is investing in the tools and services members desire to ensure a memorable, smooth experience every time. For example, members have access to monthly credit score updates and are alerted to changes. That’s a nudge to remind them to log into their online account, where they then can interact with the built-in products that allow them to keep track of their own products and transactions. The introduction of a cashback program that allows members to purchase digital gift cards and receive more than face value is another enhancement to engage members and help them save money.

“We’re constantly improving,” Baker says. “We’re hoping we can create an overall digital experience that would allow members, many of whom are the working poor, to feel comfortable and rely less on branches and our call center to conduct transactions or check balances.”

SHARE GOALS TO SHARE SUCCESS

To support staff members’ understanding of credit union success, promote common goals, and create an aligned institution, CEO Tom Ryan instituted a success-sharing program in 2012. Ryan and his senior managers worked with the board to identify a set of metrics that gauged organizational success. Those metrics tended to be strategic goals focused on member product usage or growth goals. If the credit union hit its goals, employees could earn up to 8% of their annual salary as a bonus.

That approach is still in use today.

CU QUICK FACTS THEN

LANGLEY FCU
DATA AS OF 12.31.15
NEWPORT NEWS, VA

\$2.1B
ASSETS
232,438
MEMBERS
18
BRANCHES
482
EMPLOYEES
19.6%
12-MO LOAN GROWTH
11.8%
NET WORTH
0.76%
ROA

CU QUICK FACTS NOW

LANGLEY FCU
DATA AS OF 12.31.23
NEWPORT NEWS, VA

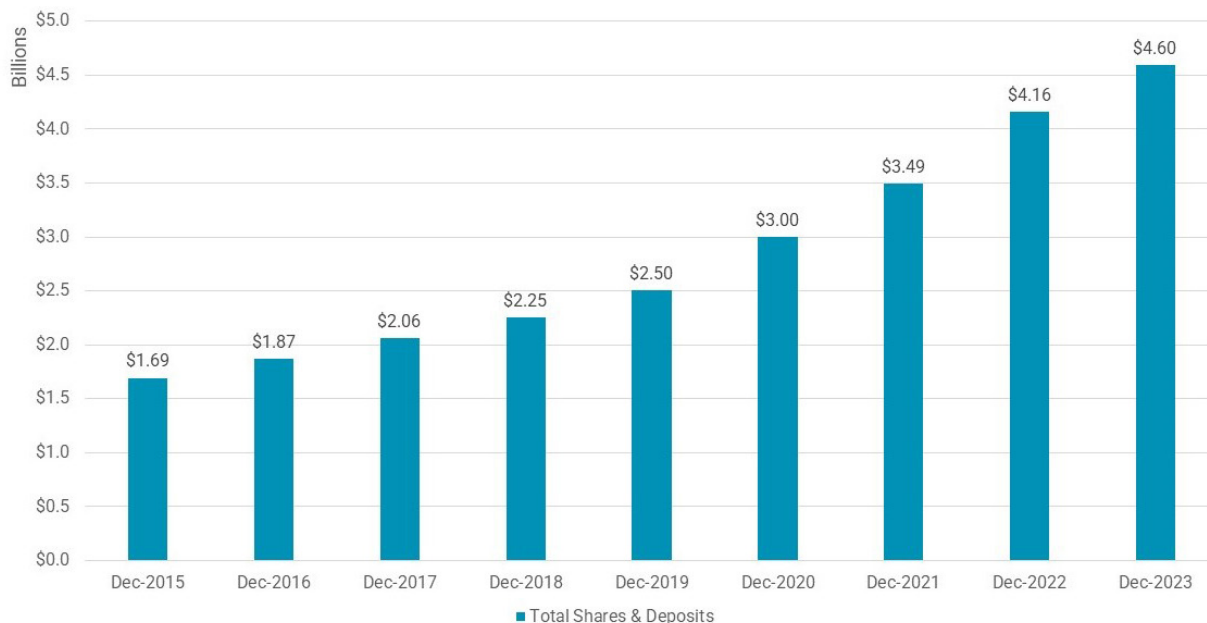
\$5.45B
ASSETS
373,860
MEMBERS
24
BRANCHES
714
EMPLOYEES
9.48%
12-MO LOAN GROWTH
8.48%
NET WORTH
0.51%
ROA



TOTAL SHARES AND DEPOSITS

FOR LANGLEY FCU | DATA AS OF 12.31.23

©CALLAHAN & ASSOCIATES | CREDITUNIONS.COM



Rather than offering higher rates on CDs, Langley FCU is raising liquidity through a high-yield savings account geared toward members who have a modest amount of savings. It's goal is to increase the number of members who have more than \$400 in savings.

“It’s the easiest thing to do,” Baker says. “Align your goals with your vision statement and have all employees share the same goals. Then, all of your employees know what’s most important.”

As 2024 progresses, Langley’s goals are to:

1. Increase members with more than \$400 in savings.
2. Increase members who regularly use Langley FCU’s digital channels.
3. Increase membership overall.
4. Increase spend.

That last one captures activity in the credit union’s debit and credit card accounts.

“Everyone knows what the four goals are,” Baker says. “We provide constant updates through our intranet. If you asked what’s important, every employee is going to say our vision, and they’re going to tell you about the four goals.

LESSONS FROM THE PAST. A LOOK TO THE FUTURE.

No pivot is complete without a thorough examination of current circumstances and the forces behind them. Langley FCU looked at an uncertain post-pandemic economic environment — one that included modest loan growth and buying money in the form of CDs — and decided to do something different to deliver on its vision more directly.

“When you’re faced with a major uncertainty, sometimes it’s a good idea to take a step back and ask, ‘What are the opportunities here?’” Baker says. “Think about what you might want to do differently. If you continue down the same path, it’s going to be a bad year. It’s going to be boring, and you’re not going to hit the results you want.”

ANATOMY OF LANGLEY FEDERAL CREDIT UNION

How the Virginia-based institution introduced a culture of growth and set an ambitious goal for the end of the decade.

Scan this QR code to access a downloadable PDF of the full profile from 2015.



DRIVING EMPLOYEE ENGAGEMENT

HOW ROGUE CREDIT UNION BUILDS FUTURE LEADERS

Engaged employees empower members to embrace their financial lives and make them lifelong advocates for the credit union.

BY REBECCA ROWOLD

Callahan & Associates profiled Rogue Credit Union for the second quarter 2018 "Anatomy Of A Credit Union."

Rogue Credit Union has been all in on member service for more than 15 years. Back in the mid-aughts, the Oregon cooperative's leadership decided they wanted to have the most loyal members in the nation, and Rogue's commitment to that goal has never wavered.

"If we create member loyalty, we can create financial sustainability for our members and our credit union," then-CEO Gene Pelham said in 2018. "If all else fails, take care of the member. We do that and everything else will take care of itself."

Rogue's employees are integral to that strategy. After all, these are the people who offer the kind of service that members promote to others. The credit union's "Loyalty Filter" — create and keep promoters, drive good profits, and expect and reward participation — empowers employees to evaluate member interactions and make decisions without consulting policy manuals or getting permission.

Rogue uses its in-school branches to attract top talent early in their careers and develop future full-time staffers. Melissa Wood worked part-time for the credit union during high school and college. She became the credit union's lending services manager in 2013, and, today, she is the assistant vice president of lending services at Rogue.

"I started with the credit union as a student teller at one of our student-run branches and had the opportunity to work at one of our main locations after school," Wood says. "It developed into an extracurricular activity in addition to my first employment."



MELISSA WOOD
AVP OF LENDING SERVICES,
ROGUE CREDIT UNION

SKILL SETS FOR THE GROUND FLOOR

Employee engagement is stagnating. Research from Gallup shows that while today's figures are higher than they were at the turn of the century — 33% in 2023 compared to 26% in 2000 — the latest figures still reflect a dip from rates seen immediately following the worst of the pandemic.

Given the link between employee engagement and productivity, service, satisfaction, and retention, how does Rogue Credit Union (\$3.4B, Medford,

OR) ensure it is building a workforce committed to achieving its organizational goals?

Basic professional development is one way.

The credit union's professional development series (PDS) is an internal program that offers an array of courses to help volunteer participants build up their professional toolkit.

"This is our introductory educational piece for staff," Wood says. "It's good, basic skill sets that are versatile across many different positions within Rogue."

For example, the credit union has offered classes on Microsoft Outlook, Teams, and Word to show participants how they can better use these platforms for communication and professional documentation. Currently, Rogue offers instruction in Microsoft Excel, community service, and time management.



Instructors for the professional development series are typically Rogue staff members — for example, the consumer lending underwriter currently presents on credit basics — and courses are offered à la carte. Classes typically meet for an hour once a month after business hours. Participants must complete courses within a set timeframe. If they meet the classroom and light homework requirements, they earn a certification.

Wood, herself, completed the series when she first started

CU QUICK FACTS THEN

ROGUE CREDIT UNION

DATA AS OF 06.30.18
MEDFORD, OR

\$1.5B

ASSETS

128,702

MEMBERS

20

BRANCHES

428

EMPLOYEES

14.1%

12-MO LOAN GROWTH

9.8%

NET WORTH

1.36%

ROA

CU QUICK FACTS NOW

ROGUE CREDIT UNION

DATA AS OF 12.31.23
MEDFORD, OR

\$3.4B

ASSETS

206,652

MEMBERS

26

BRANCHES

626

EMPLOYEES

2.57%

12-MO LOAN GROWTH

9.7%

NET WORTH

0.88%

ROA

The management school is a serious undertaking that gives participants a solid understanding of what it takes to be a strong leader at Rogue, Wood says.

To ensure employees fully understand the commitment, Rogue asks would-be participants to submit a formal application. The credit union also limits the program size to 10 people — an increase from the original limit of six.

Staffers who complete management school are well-positioned to assume supervisory roles at Rogue. According to Wood, she entered the program and moved quickly into management, becoming the assistant branch manager at one of Rogue's locations as well as managing one of the student branches.

"I enjoyed the experience," Wood says. "Being a part of the program, then getting to participate in managing a new set of team members."

HEAD OF THE CLASS

Career growth at Rogue takes many forms. The credit union offers a tuition reimbursement program for employees seeking degrees or certifications as well as provides avenues to learn more about credit union management. For example, Melissa Wood, AVP of lending services, is currently in her first year of Western CUNA Management School.

as a full-time employee after college and says Rogue has worked to enhance the program over the years.

"There are more opportunities for internal leadership to present courses," Wood says. "And a hybrid approach with some virtual trainings is allowing for people to participate in this educational piece and still have some flexibility with scheduling."

MANAGEMENT PREP

Rogue also offers management school for employees with their eye on the org chart.

Participants in this two-year program attend day-long classes, complete supporting homework, and compile a comprehensive portfolio of everything learned throughout the program. But they aren't left to do all this alone — Rogue assigns each employee a leadership mentor who provides one-on-one coaching and support.

LEADERSHIP AND ADVANCEMENT

As employees work through Rogue's development programs, the credit union keeps an eye out for those who demonstrate leadership qualities, not just management skills — people who have the ability to influence others and guide the organization toward its goals.

Wood is one of those employees.

After serving as assistant branch manager for a couple of years, she continued her career progression and applied for the role of lending services manager. There, she assumed oversight over most of the consumer lending in the branches and contact center, which required juggling indirect funding, procedure support, team processes, liens and titles, quality control, and more. A "vast area," she calls it, that, under her guidance, focused on improving processes and the member experience to accommodate the growing credit union.

"When I took over the department, we only had six people," Wood says. "It's a team of 13 today, so there has been a lot of changes."

Today, Wood is the assistant vice president of lending services at Rogue. She still oversees the functions that fall under lending services and has now added indirect dealer

ANATOMY OF ROGUE CREDIT UNION

Rogue Credit Union doubles down on loyalty and forges its own path in service of its Southern Oregon market.

Scan this QR code to access a downloadable PDF of the full profile from 2018.



relationships — the credit union has approximately 135 of those — as well as consumer loan officers, processors, and underwriting to her management catalogue.

“Rogue has so many opportunities in the sense of career growth,” Wood says.

PEER-TO-PEER RECOGNITION

Outside of career growth, Rogue encourages employee engagement by acknowledging the outstanding effort staff members put forth every day.

Employees can nominate one another for a monthly Loyalty Hero Award, which recognizes individuals for going above and beyond in member service or impact. Rogue also

honors employees and teams during an annual banquet that features an array of awards, including the Learner Award for someone who’s demonstrating they value education, the Rookie of the Year Award, and the CEO-selected President’s Award. For most of the awards, staff members can throw one another’s names into the ring during an open nomination process. The credit union whittles down nominations to three for every category, and staff members select the award recipients from there.

“The people vote, so to speak,” Wood says.

In conjunction with the banquet, Rogue offers a financial incentive as well. That incentive is derived from organizational, team, and individual performance.

“Each department has a business plan that supports the credit union’s strategic objectives. The success of the department business plans factor into the yearly Rogue reward,” Wood says.

All in all, employee engagement takes many forms at Rogue. But Wood says the common denominator that underpins them all is the belief in the credit union’s mission and vision.

“We recently implemented a purpose statement that is about partnering with our members and sharing their journey to financial wellbeing,” Wood says. “For engagement, you have to believe that is what Rogue is here to do each day. We are here to help our members.”

WITH GRATITUDE

Callahan & Associates thanks the following individuals for their time and insights in contributing to this Anatomy Of A Credit Union feature. These senior leaders at Element Federal Credit Union, Hope Credit Union, Langley Federal Credit Union, and Rogue Credit Union embody the cooperative spirit of people helping people. We hope readers will find value in and take inspiration from their collective accomplishments.



LINDA BODIE
CEO, ELEMENT FCU



BILL BYNUM
CEO, HOPE CREDIT UNION



CURTIS BAKER
CLO, LANGLEY FCU



MELISSA WOOD
AVP OF LENDING SERVICES,
ROGUE CREDIT UNION