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# The Ultimate Stress Test:

## *Breaking Down Barriers with Four Solutions to Ensure Your Credit Union Survives the Next Economic Crisis*


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# Introduction

'People helping people' is the credit union philosophy at the core of everything we, as credit unions, do. For those unfamiliar with the credit union movement, this philosophy may seem like an ideological goal or a nice sentiment portrayed, but not done. Credit unions, our employees, and our members know we live and breathe the 'people helping people' philosophy. We have been on the giving and receiving side, and we all live it daily to better the lives of our members. Experiencing both sides of this philosophy is why many of us are passionate about credit unions. At its inception, the credit union movement started because, in the face of adversity, people helped people.

Nearly 180 years ago, 28 tradesmen in England, known as the Rochdale Pioneers, created a cooperative to sell affordable food to many forced into poverty during the Industrial Revolution (Purvis, 2004). The cooperative started just like every credit union ever opened: these 28 tradesmen came together with one pound each and a purpose to help fellow citizens through a challenging economic time.

Across the world, more communities like the Rochdale Pioneers' cooperative began banding together to help each other when economic circumstances became difficult. These cooperatives became the forerunners of the credit union movement and soon gave way to a new financial philosophy where people helped people gain financial stability in times of difficulty. By the turn of the 20th century, the credit union philosophy crossed the Atlantic, with the first North American credit union established in Canada. St. Mary's Bank Credit Union was founded in the United States seven years later (National Credit Union Administration, 2023).

Since then, as the Servion Group highlights (2018), credit unions and members have frequently faced and overcome economic uncertainty, and we know future uncertainties are inevitable. Credit unions have historically adapted to weather the storm but have sometimes squandered opportunities to meet their members' needs. Continual growth and examination can prepare for future emergencies and prevent mismanaging a crisis.

## Statement of Issue

Credit unions were born out of adversity and uncertainty. And they strive to serve their members by helping them through times of prosperity and difficulty (Bhagat, 2022). Credit unions must always be prepared to adapt to the ever-changing economic landscape to continue aiding their membership when unprecedented events happen.

According to the 2023 Bankrate Emergency Savings Report, only 43% of Americans can cover an unexpected $1,000 expense (Gillespie, 2023). The most recent economic uncertainty hit credit union members harder than the average American, with 76% of credit union members stating it impacted their financial lives significantly (Vuong, 2020). These numbers are astounding. They show that credit unions must be able to recognize when an economic event may impact their membership so they are prepared to pivot and make changes to weather the economic storm at hand successfully.

In this white paper, we will analyze how credit unions have responded to past economic uncertainties to demonstrate four central areas of focus that will assist individual credit unions in performing their stress test. Credit unions can be proactive and prepared to navigate the next economic uncertainty by evaluating and enhancing these four areas. These central areas include policies, procedures, products, and services; digital solutions; employee retention and satisfaction; and strategic partnerships.

Our white paper will show how credit unions have responded in the past to barriers put up by economic uncertainties and how they can best respond in the future amid economic adversity. By implementing our recommendations, credit unions can ensure they can protect their members and employees while preserving their viability. As a result, credit unions will pass the ultimate stress test.

## Research

Two economic uncertainties led to the birth of credit unions in Europe in the mid-19th century: a hunger crisis and a lack of access to affordable livestock and farming equipment (World Council of Credit Unions, n.d.). Both events resulted in citizens and rural farmers in Germany being unable to support an appropriate standard of living for their families. Capitalizing on the cooperative principles the Rochdale Pioneers created just 20 years earlier from a similar economic uncertainty, the credit union movement began when Herman Schulze-Delitzsch and Friedrich Raiffeisen took a lesson from the pioneers and rose to the occasion to open the first credit unions (Carolinas Credit Union League, n.d.).

Schulze-Delitzsch and Raiffeisen provided cooperative financial options to the citizens of Germany, who became the first members of our credit union movement. By providing financial options in times of adversity, these new credit union members could now provide the necessities their families needed to survive. From that moment, the philosophy of credit unions was born, and the movement grew worldwide, making its way to the United States (U.S.) at the beginning of the 20th century. As Peterson (2020) noted:

> The birth of credit unions in the U.S. truly started after the Great Depression. While there were just a few credit unions in existence prior, the need for a different banking option created opportunity at just the right time. As stated on Ducksters' education website, in the late 1920s, consumers lost all their savings when 11,000 banks failed, and as the economy improved over a difficult economic decade, they were reluctant to trust banks with their hard-earned money. Unemployment went from 3% in 1929 to 25% in 1933. Sound familiar?
>
> The credit union movement took off in the 1930s as groups of people got together from different industries and pooled their savings together (teachers, steel workers, military, etc.). Rather than handing over savings to another institution that could fail, people decided to lend it to their peers and/or neighbors and charge less. The sense of ownership and safety to help one another was a much better option. This sparked a cooperative movement of "people helping people" where today, there are approximately 6,000 credit unions helping members to be financially secure. (para. 12)

In the past three years alone, our economic landscape has drastically changed. People have faced financial adversity they never anticipated. The current state of our economy is affecting everyone in the credit union movement – our members, our employees, and our credit unions – and we know it is only a matter of time until we are face-to-face with the next economic crisis. As we have always done, credit unions can learn from the past and prepare to adapt as external forces set up barriers impacting our movement.

## Credit Unions and Their Responses During More Recent Economic Crises

Ellen Sheng (2021) explained it best in her article for CNBC: the cooperative model of credit unions yields surprising results during crises. Thinking back to the pandemic in 2020 and the Recession in 2008, credit union asset quality improved; credit union delinquency rates fell, and net-charge offs dropped. In his interview with CNBC, Jim Nussle, president and CEO of CUNA, said: "because we're [credit unions] a cooperative and a not-for-profit cooperative, we don't have the same motivation to make money off your misery. If people think that you have their best interests at heart…even in the middle of a crisis, people recognize that. I think it creates loyalty and means more people during times of crisis might be more willing to come to a credit union" (Sheng, 2021, para. 17).

During the last 15 years, credit unions were impacted by three remarkable economic crises, each very different, that could have been detrimental to the movement. They were not, though. Why? While the answer may seem very complex, it makes sense when you think again about the birth of credit unions. Credit unions were born to assist those in need during economic hardships.

Our research over the following pages will review three significant periods when credit unions were able to overcome challenges presented during an economic crisis and, as a result, continue providing the level of service their members needed. Looking at how credit unions survived and protected themselves during Great Recession in the late 2000s, how credit unions protected their members during the government shutdowns in the 2010s, and how credit unions protected their employees and members during the COVID-19 pandemic will provide critical insights into what to do to prepare for the next, inevitable economic crisis.

### *The Great Recession: 2007 to 2009*

The Great Recession provided financial institutions with an environment unseen since the Great Depression and put members in a precarious situation many had never navigated. Several factors contributed to the Great Recession, but generally, the housing bubble bursting from subprime mortgage lending and increased personal debt levels became the largest disruptors.

Leading up to the Great Recession, government policies such as the First-Time Homebuyer Credit introduced in 2008, which offered a tax credit up to a maximum of $8,000 that taxpayers may not have had to repay, incentivized home ownership even for those who could not afford a home (Internal Revenue Service, 2020). Additionally, house flipping became increasingly popular. This way of making a profit contributed to an already speculative housing bubble and unsustainable increases in real estate prices, which inevitably caused borrowers to default on their mortgages.

Household debt peaked at an all-time high in the third quarter of 2003. According to the Federal Reserve, the debt-to-income ratio had steadily increased since the 1980s but experienced exponential growth in the early 2000s due to the housing boom. Simultaneously, personal consumption expenditures remained stable. Consumers were taking on more debt; however, when the housing bubble burst, many could not maintain their mortgage payments due to high debt levels, resulting in foreclosures (Board of Governors of the Federal Reserve System, 2018).

The Great Recession saw major banks like Bear Stearns, Fannie Mae, Freddie Mac, and Lehman Brothers collapse, but credit union average lending growth rates were nearly 40% higher in 2008 at the start of the Recession (Huddleston Jr, 2020; Cororaton, 2018). Although the later data shows that impacts from the Great Recession did not hit credit unions as hard as the big banks, they still had to reevaluate their lending products and policies to implement creative strategies that would break through the current lending barrier: a lack of access to safe and affordable mortgage products that fit members' specific needs. By implementing these strategies, credit unions offered support during the subprime bank crisis for their members and potential new members. This support further solidified the credit union movement as a unique industry, different than the traditional big banks.

Credit unions broke through the affordable loan product barrier by offering solutions through strategic marketing campaigns focused on credit union mortgages and partnerships with Credit Union Service Organizations (CUSOs). DuPont Community Credit Union and VyStar Credit Union weathered the storm well when capitalizing on these creative methods.

**DuPont Community Credit Union.** DuPont Community Credit Union conducted a four-month advertising campaign in Waynesboro, Virginia during the subprime mortgage lending crisis. The credit union spent $59,000 on various ads targeted at increasing the credit union's mortgage numbers, with benefits on lending at a credit union. At the end of the campaign, total mortgage loans grossed $31.5 million, and DuPont Community Credit Union increased net mortgage balances by 72% from the same period the previous year (Credit Union Times, 2008). As during most crises, the trust members have for credit unions and the genuine concern for members' needs attributed to DuPont Community Credit Union's significant growth during the campaign.

**VyStar Credit Union.** During the middle of the Great Recession in March of 2008, VyStar Credit Union in Jacksonville, Florida launched their real estate Credit Union Service Organization (CUSO), VyStar Real Estate Services. While many felt this was not a strategic move given the state of the economy (courtesy of the subprime lending fail), VyStar Credit Union identified a need for both their membership and non-membership – listing residential real estate on the CUSO's website (Samaad, 2008). VyStar Real Estate Services aimed to focus on less affluent areas surrounding Jacksonville and then partner with VyStar Credit Union's other CUSOs to assist members with the mortgage process.

By March 31, 2008, the credit union's mortgage portfolio was 48.7% higher than on March 31, 2007 (see Appendix A).

Credit unions survived the Great Recession by identifying the root cause of members' financial difficulty and offering customizable, needs-based mortgage solutions to avoid falling victim to subprime mortgage lending that impacted big banks. As a result, credit union real estate loan modifications peaked at $8.88 billion in the fourth quarter of 2010, keeping more than 50,000 members in their homes (Johnson, 2019). Through creative marketing, partnerships via shared banking, and the implementation of CUSOs, credit unions proved to be a reliable source of mortgage lending during the Great Recession.

### *The Government Shutdowns of the 2010s*

As Restuccia et al. (2019) suggest, government shutdowns have become prevalent over the past 40 years as lawmakers are more vocal in expressing stronger, differing opinions on which bills would fund the federal government's operations. Each year a disagreement takes place that cannot be resolved by a set deadline, government workers are furloughed or forced to work without pay, creating high levels of stress and worry over how they will support their families—the first few years of the 21st century alone brought on some of the most notable and expensive shutdowns as the United States experienced its most significant political divide (Silverstein, 2019).

At midnight EST on December 22, 2018, the most prolonged government shutdown in United States history began due to a stall over a spending bill between then-President, Donald Trump, and Congress (Silverstein, 2019). Eight hundred thousand federal workers were affected by the shutdown lasting 35 days that cost the United States economy $11 billion (Collins et al., 2019; Mui, 2019). According to the United States (U.S.) Department of Labor via the U.S. Bureau of Labor Statistics (2019), of the 800,000 government workers affected, 380,000 were furloughed (laid off), and 420,000 worked without pay until the shutdown ended. Many of these government employees were in circumstances that prevented qualification for unemployment assistance.

Just one year prior, research collected via a survey from CareerBuilder Hiring Solutions (2017) showed that 78% of workers were already living paycheck to paycheck, and one in four were unable to save each month. The government shutdown further exacerbated these already precarious spending and savings habits. Workers needed help to keep their monthly obligations and place food on their tables. Financial institutions had to act quickly to prevent a catastrophic increase in losses and provide some support to their consumers. Here is where credit unions came in and provided for their members.

Credit unions across the country began to offer product and service solutions such as furlough loans, hardship deferments, consolidation loans, and even partnerships with local businesses to help their members through the difficult and uncertain times brought on by the government shutdowns. Two credit unions, in particular, impacted their government employee members tremendously during the shutdown through some of these creative efforts.

**Navy Federal Credit Union.** Navy Federal Credit Union enrolled its members affected by the shutdown in a loan program designed to cover their direct deposits. Eligibility for the program expanded to Active-Duty military, Coast Guard, and Department of Defense (DOD) civilians who had a current direct deposit with Navy Federal Credit Union. The credit union offered 0% interest on loan amounts up to $6,000, or the member's net pay. When the shutdown was over, and regular direct deposits resumed, Navy Federal Credit Union would automatically deduct the monthly loan payment from the direct deposit (Neibauer, 2018). By February 4, 2019, 44 days after the shutdown, the credit union had already made deposits into the accounts of approximately 10,500 members (CUToday, 2019).

**North Star Community Credit Union.** In Maddock, North Dakota, North Star Community Credit Union introduced its Operation Shutdown Safety Net program, which included no-hassle loan extensions and low-interest loans. The credit union took the 'people helping people' philosophy one step further when employees identified community resources that were necessities for their members. By identifying these resources, members could access food and other support needed to survive this difficult time (CUToday, 2019).

During the government shutdowns in the 2010s, the 'people helping people' philosophy at the core of everything credit unions do gave them an advantage when they could recognize members' specific needs at that time. Like past economic crises, credit unions could ensure their members had food on the table, roofs over their heads, and sufficient funds to support their families and pay their monthly obligations with little to no impact on their credit.

### ***The Coronavirus Pandemic: 2020***

The Coronavirus (COVID-19) pandemic changed nearly every aspect of our lives, personally and professionally. Navigating health concerns, implementing safety procedures, and following the Center for Disease Control's guidelines became the focus of nearly every business, especially those essential to maintaining economic fluidity.

Credit unions were not immune to these concerns, and they understood the responsibility to stay present for their members during this new and uncertain economic challenge. Two critical components for maintaining a degree of normalcy for credit union members during the pandemic were to make provisions for and to protect credit union employees and to undergo a digital transformation while still providing the same level of service members expected.

At the height of the pandemic, most credit unions had no choice but to close their branches or severely limit face-to-face interactions between employees and members to drive-thru or appointment-only services. These decisions were critical to reducing the chance of exposure to COVID-19 for employees, members, and their families. According to Kluz (2021), while "this shift caused a ton of headaches, smart credit unions turned to remote work solutions that enabled them to work more productively and deliver strong digital experiences to their members" (para. 5).

Credit unions quickly converted non-essential roles to remote, work-from-home positions while also considering front-line employees who were immunocompromised or experiencing various childcare issues from school and daycare closures. They provided opportunities for creative work solutions while still supporting the needs of credit union members. Credit unions operating under drive-thru or appointment-only services installed hand sanitizing stations, provided surface disinfectants, and required social distancing and masks for employees who needed to work onsite. If and when a credit union employee did test positive for COVID-19, credit unions created a new sick-leave policy to protect employees and allow time to quarantine and recover. With every possible prevention in place, there was still risk involved while dealing with the public, and being considered essential meant sometimes being exposed to COVID-19.

Once credit unions pivoted to a new work model that still prioritized the member relationship, they focused on increasing and implementing digital services to continue operations without physical interactions. Kluz (2021) noted, "credit unions focused intently on serving up positive experiences in drive-through teller engagements. At the same time, they invested resources into ensuring that members had pleasant experiences online, on apps, and over the phone" (para. 7). Credit unions focused on educating members on how to use digital services and affirming the services received through call centers and drive-thrus would be next to none.

In the two years following the initial onset of COVID-19, credit unions continued their focus on reducing exposure risks while working towards reopening to the public, learning to navigate the new norm, and best leveraging the acceleration of digital solutions. While most credit unions have adjusted, they continue to balance caveats the pandemic sent.

Three credit unions on different coasts of the United States faced similar challenges. With quick thinking from management teams and buy-in from employees, though, they proved the COVID-19 pandemic was just another economic setback to overcome.

**Logix Federal Credit Union.** Based in Burbank, California, Logix Federal Credit Union already had disaster plans in place before the outbreak of COVID-19. However, the quick onset of the pandemic forced the billion-dollar credit union to implement new policies and procedures to protect their employees, members, and credit union. In their branches, specifically, Logix Federal Credit Union sent front-line employees affected by COVID-19 home for a paid, two-week quarantine. At the same time, the credit union sent every employee from those branches home for two weeks, essentially on a paid vacation. The branch(es) was closed and thoroughly cleaned while employees recovered at home. Managers reached out individually to members who visited the branch(es) within the past 14 days to inform them of their exposure to COVID-19. Additionally, Logix Federal Credit Union created a COVID-19 task force with senior management, and the task force had a call every day for two hours to discuss COVID-19, responses to various factors, and how to move forward to support their employees so they could, in turn, support their members (Passman, 2020).

**Mississippi Federal Credit Union.** At the beginning of the COVID-19 pandemic, Mississippi Federal Credit Union's senior management team paid close attention to The

Center for Disease Control’s recommendations and local state and government mandates to determine their first response steps. The credit union's priority was the safety of its employees.

Tate Reeves, the Governor of Mississippi, issued an executive order on April 1, 2020 to shelter in place from April 3, 2020 through April 20, 2020 (Exec. Order No. 1466, 2020). Reeves' order included social distancing guidelines prohibiting gatherings of ten or more individuals and the closure of all non-essential businesses. With public schools closing due to the executive order, employers were encouraged to determine if non-essential employees could carry out their duties from home.

Mississippi Federal Credit Union quickly purchased laptops and developed remote access and security for its core processor and phone system. Many employees received equipment to work remotely, limiting the number of employees in the office and further facilitating social distancing for onsite employees. A mask requirement was in place for all onsite employees, and every branch was closed to the public. The credit union established routine cleaning schedules for daily disinfecting of the facilities and regular professional sanitation of each building. Employees who tested positive for COVID-19 were sent home on paid leave to quarantine for two weeks. Mississippi Federal Credit Union, whose members were accustomed to traditional forms of banking, was catapulted into the world of digital technology, creating new remote ways to give the same excellent service its members knew and loved.

**South Carolina Federal Credit Union.** In the early days following the onset of the COVID-19 pandemic, South Carolina Federal Credit Union immediately began protecting the safety of its members and employees. Financial center lobbies were closed, with expanded services offered only through the drive-thru. The credit union sent support department employees to work from home full-time for an undisclosed period and created new policies to limit exposure for employees working at headquarters or in financial centers. Human Resources implemented a robust policy for sick leave specific to COVID-19 designed to protect employees and their families. Because of leadership's quick, forward-thinking initiatives, the 'people helping people' credit union philosophy was on display at South Carolina Federal Credit Union.

The silver lining for credit unions during COVID-19, as noted by Madill (2021), was their 'people helping people' philosophy. This long-standing model led to the implementation of enhanced efforts built on helping others. Credit unions focused on 'what happens after the pandemic' for their most vulnerable members; digital approaches to reach all facets of membership; helping local, small businesses in their fields of membership; adjusting communications to focus on products with purpose; and meeting employees' needs (Madill, 2021).

Although dealing with a worldwide pandemic was uncharted territory, credit unions rose to the challenge. Credit union leaders across the movement shared resources and ideas and worked together to do what was best for their employees. Making employees' needs a priority during COVID-19 and quickly transforming digital offerings allowed credit unions to maintain the level of service their members always relied on, come what may.

### A Survey of Credit Union Employees

To combine our research on credit unions and their responses to significant economic challenges and recommend practical solutions for credit unions to survive the next economic crisis, we surveyed our classmates from years two and three at Southeast CUNA Management School. This survey aimed to collect information on how their credit unions responded to the economic challenges we researched (see Appendix B for complete survey responses).

Survey questions created in SurveyMonkey centered around implementing new products, policy changes, and credit union growth during the Great Recession, government shutdowns, and COVID-19. Of the 16 classmates who responded out of 76 surveyed, 37.5% worked at their credit union through each economic challenge. Survey responses were consistent with our research: credit unions creatively pivoted to offer customizable products and services to fit members' needs during the economic crises while still taking care of employees and experiencing unsurmountable growth.

## Recommendations and Solutions

Mike Fife (2022) said it best in his article for Credit Union Times on the survival of credit unions during economic uncertainties:

> Credit unions have always proven to be a stable anchor during turbulence. Today, about 128 million members rely on their credit unions. This number amounts to approximately 30% of the U.S. population, which makes up only 7.5% of the financial services market, demonstrating credit unions' more inclusive mission. Credit unions are recording record growth in 2022, and may grow even larger since they inhabit a unique place in the ecosystem to help everyday people be resilient in tough times. All of this bodes well for households seeking to weather this economic storm. (para. 8)

From recessions to government shutdowns to rare pandemic outbreaks, credit unions have continued to thrive and uphold the 180-year 'people helping people' philosophy at the center of their existence, and our research proved this. Knowing that economic uncertainties are inevitable, credit unions must be ready to navigate the next one. So how do they do this? The answer is simple.

Credit unions can reflect on the economic challenges they have faced since the movement began and build on the lessons learned each time. Awareness of the changing economic landscape is crucial to identifying and breaking through common barriers and offering solutions to protect credit union members, employees, and their viability.

Before moving into possible solutions, credit unions must identify what type of economic crisis they are facing. Once your credit union has identified the type of crisis, you can see the barriers in place and evaluate the solutions we recommend for your credit union to pass the ultimate stress test and survive the next economic uncertainty.

### Customize or Enhance Policies, Procedures, Products, and Services

When difficult times are ahead, and pressure is mounting, credit unions must take an introspective look at their current policies, procedures, and products. Credit unions have to adapt to the economic challenge to fulfill members' needs while protecting their employees and viability. Many of our members may panic when faced with an economic crisis because they have never been in a situation where they struggle to pay their bills. Communicating regularly with members about the options they have can be pivotal in preventing these members from getting past due on their bills or worse.

Lending solutions such as creating short-term loan programs specific to the current crisis can help these members bridge an unexpected gap in income. Evaluating your credit union's lending policies and procedures can uncover ways to help members. To ensure your loan pricing reflects your membership and credit union's needs, review your current credit tier structure for any necessary changes or updates. Also, evaluate your loan modification policies to see if creative or additional loan modifications can be allowed outside your typical process, and, identify accounts that qualify for workout loans, consolidation loans, or a simple loan restructuring.

Lending policies, procedures, and products can immediately help a member by infusing them with cash or helping to modify an existing loan. But sometimes, a member does not qualify for those types of solutions, the equity is not there, their credit score has dropped significantly, or there is no way to reduce the payment and help the member. Other solutions to help members in these cases include hardship deferments, skip-a-pays, and financial counseling.

A credit union defines its hardship deferment program which generally enables members to defer one to three months of payments to get them through a short-term hardship. Hardship deferments can be especially helpful when faced with a mass layoff or sudden price increases. Many credit unions also offer skip-a-pays where members can initiate their deferment without speaking with a credit union representative. Skip-a-Pay programs are fully customizable, so credit unions can change their requirements to best adapt to the economic situation facing them.

Deposit solutions center almost exclusively around ensuring members have easy access to their deposits during an economic challenge. Enhancing services such as early access to direct deposit could positively impact the overall experience with members during an economic challenge, as our research showed with Navy Federal Credit union members during the government shutdowns in the 2010s (Neibauer, 2018). It is critical, though, to couple this service with a thorough understanding of the impact early deposit access has on members' budgets and monthly commitments. Our employees stand ready to provide this education to our membership.

Educating our employees is necessary so they can offer sound financial advice when working with members in a downward financial spiral. Financial counseling is the bread and butter of what credit unions do. The Credit Union National Association (CUNA) offers a specific Certified Credit Union Certified Financial Counselor (CCUCFC) accreditation, allowing employees to learn about financial counseling to serve their members best. According to CUNA (n.d.), “since 2011, credit unions with at least one Certified Credit Union Financial Counselor

(CCUFC) have seen a significant drop in delinquency rates." An example of this is at one of our credit unions. More than 80% of Centric Federal Credit Union's staff has completed the certification program and participates in the continuous learning provided (K. Green, personal communication, March 14, 2023). The staff of counselors provides financial education accessible both virtually and in person. This certification exemplifies ongoing growth opportunities for staff and is an invaluable resource to the members served.

Evaluating your credit union's policies and procedures, regardless of the type of economic uncertainty, is vital in identifying any barriers to staying in touch with the needs of your members. Your review may uncover opportunities to reevaluate policies, procedures, products, or services to serve your membership better. By doing this, your credit union can be flexible in times of crisis while helping members and employees return to a comfortable place of financial health.

**Enhance Member Engagement through the Expansion of Digital Solutions**

When faced with economic uncertainty, your credit union members must remain a priority. Just as crucial is assessing the type of economic adversity because members need to know that their money is safe and they can access it, regardless of what is happening in the outside world. Through past economic hardships, we learned that accessibility was a potential barrier for members and employees. In those moments, advances in digital solutions were paramount to surviving and became an essential weapon for credit unions, their employees, and their members.

In the digital age, members are familiar with the availability of many solutions. However, ensuring access and the ability to communicate with a human being is critical when uncertainty is high. Members must trust that any new digital solution will be paired with education to ensure they can use it and have support when needed.

Credit unions can offer additional accessibility options like extended service hours with solutions such as a 24-hour call center, video banking, and live online chat. These options can provide members access to valuable information anywhere or time. Credit unions must ensure digital solutions are compliant with The Americans with Disabilities Act so that all members have ease of use and accessibility.

Educating our membership is one of the cooperative principles of the credit union movement, but in the chaos of economic adversity, education can seem like the lowest of priorities. We recommend using digital solutions to fill this gap. Offering financial education through podcasts, social media, and interactive options allows members to stay aware of the topics impacting them financially. Provide these options for your credit union employees, too. According to a survey published by SoFi (2020), 53% of employees said they would be less stressed about their financial situation if their employer offered financial wellness programs. When your employees are less stressed about their financial situation, they can better empower your members to understand their financial situation and, as a result, increase their financial wellness (Alban, 2020). Financial education through digital resources will reassure our membership that the credit union stands with them, regardless of their difficulties.

Digital solutions are also a way to keep members in touch and up to date with their credit union's products and services. These solutions may be an enhancement of existing digital solutions or the origination of new ones. Online account opening, loan applications, and electronic signature capability can be integral to maintaining smooth operations, especially amidst the accessibility challenges we saw during COVID-19. Credit unions can implement their own credit union-defined, member-initiated Skip-a-Pay programs, which can be changed and modified to suit the economic climate. By using digital solutions to foster autonomy and independence, credit unions can help members through many hardships, regardless of whether they are global, local, or member-specific.

Preparedness can help a credit union survive even in dire economic challenges. Proactively implementing digital solutions to serve the membership best in times of prosperity can enable a credit union to easily depend upon and enhance those exact solutions to help members weather an economic storm. Members are increasingly self-sufficient thanks to digital solutions and confidence in our products. This confidence can ease any tension that economic uncertainty may present, mainly if the members are already familiar with it. Our ultimate recommendation is to have already implemented digital solutions to leverage your full capabilities when the economy becomes turbulent.

**Protect Your Greatest Asset: Credit Union Employees**

Sir Richard Branson once said: "Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients" (as cited in Lakoff et al., 2020). Credit unions have always done a stellar job honoring this concept with their members, but our most recent economic challenge brought it even more to the forefront.

During COVID-19, credit union employees rallied around the 'people helping people' credit union philosophy, just as they have done through almost every economic uncertainty. Often, they were face-to-face with their challenges. But the service our employees provided to credit union members remained strong. Members recognize the dedication their credit union has to help them through tough financial times, and they expect that same level of service each time. For that reason alone, it is important to remember that people are our greatest resource, and the adage 'take care of your people, and your people will take care of the rest' stands true. Prioritize your credit union employees. If you show your employees they matter and that you care, they will take care of your members.

Prioritizing your employees can look different depending upon the challenges an economic uncertainty presents. Think creatively to help your employees feel supported and recognized during an otherwise stressful time. You can evaluate your employee policies to be sure they align with an innovative future that can adapt to unprecedented times.

Credit union employees want recognition, and they want that recognition to be more than a pizza party, especially during times of stress. Your employees form bonds with members and help identify their challenges. In challenging economic times, it is essential to remember that your employees may need more support due to dealing with their troubled finances on top of helping members at the credit union. When you see an employee providing world-class service to a member, offering a life-changing financial solution, or going the extra mile to help a member in need, give immediate feedback with in-person praise and highlight these moments through your credit union's intranet, on social media, via an email chain, or even with a simple, hand-written note. It makes a difference, and your employee will know they are valued.

Balance is essential, and creating a culture emphasizing a work-life balance will lead to more productive employees. It is also an advantage when recruiting and retaining top talent at your credit union. If your credit union is able, offer flexible work opportunities. Flexible work opportunities look different depending on the needs of the credit union. It could be work-from-home solutions or a hybrid, remote work schedule. Other flexible work opportunities include flexible hours or allowing shorter workweeks but longer workdays for certain positions. We recommend even offering specialized paid time off (PTO) options during economic uncertainties to handle personal affairs or take time to recover. Other simple solutions to show your employees they matter are encouraging mental breaks, allowing PTO sell-back, providing low-interest rate or unique employee loans, and implementing onsite food options.

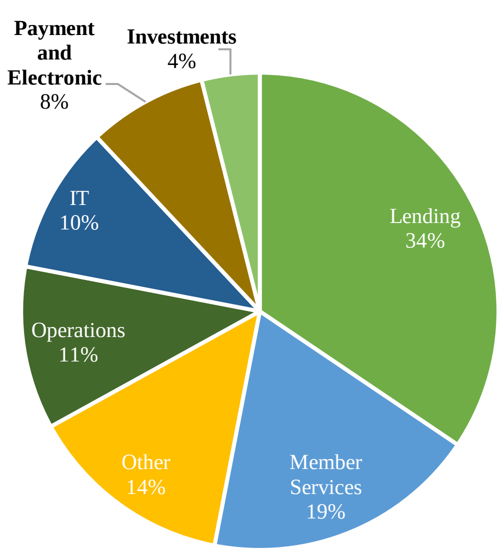
Employees need to know that their credit union cares for them and their well-being. Unsatisfied employees in an economic uncertainty can be a barrier for your credit union; they must know they are being taken care of so they can take care of your membership. Employees must remain at the forefront because they are your credit union's greatest asset.

## Bridge the Gaps through Strategic Partnerships

For some credit unions, implementing new products and services can be a difficult barrier to break through due to cost, staff size, or lack of staff expertise. However, strategic partnerships can help bridge the gap to offer members high-level service and flexible options. One partnership contributes to the movement while upholding the credit union philosophy of 'people helping people'.

**Figure 1**

*CUSO Services*




*Note.* Adapted from "CUSOs: People helping the people who help the people", by Bergstrom, A. (2022, May 24). Retrieved from https://www.cuinsight.com/cusos-people-helping-the-people-who-help-the-people/

Credit Union Service Organizations, or CUSOs, are corporate entities owned by credit unions or created by individuals in the credit union industry to assist credit unions. Many CUSOs offer products and services a credit union may need help to handle in-house. CUSOs have been around for over 50 years and, as seen in Figure 1, offer a wide range of services, from core processers to digital solutions, Information Technology (IT) services, lending, compliance, and recruiting. There are different CUSOs, some offering specific products or a more extensive range of services.

As Bergstrom (2021) mentioned, "CUSOs care about the credit union movement because they are part of that movement…they exist to serve the unique needs of credit unions" (para. 3). He goes on to note that credit unions can form that strategic, cooperative partnership with CUSOs in order to access things like members services, lending solutions, investments, and more, without having to spend much money.

The Great Recession, government shutdowns in the 2010s, and COVID-19 all had fast and hard impacts on credit unions and their members. Many credit unions had to quickly pivot and find new ways to communicate, new products to help their members, and new procedures to protect their staff, all while protecting the bottom line in a time of great uncertainty. CUSOs can make a small credit union feel like a large one with access to newer technology and help in times of adversity to maintain member trust and accessibility. Fortunately, credit unions have the resources of CUSOs available regardless of the state of the economy and their membership.

Many of our recommendations may be outside the scope of what your credit union can do, whether that be because of cost, size, or capability of staff. But by evaluating a CUSO as a strategic partner, new products, services, organizational support, or robust digital solutions may be within reach. We recommend carefully evaluating a CUSO as a potential strategic partner to serve your members through times of prosperity and adversity.

## Summary and Conclusions

The five of us come from credit unions of different sizes, from the Great Lakes to the Deep South to the Gulf Coast. We are a Chief Financial Officer, a Loan Adjustments Manager, a Branch Manager, a Senior Vice President of Marketing and Member Engagement, and a Training Manager. We have experienced different economic challenges that minimally or significantly impacted our credit unions and personal lives. Yet, these differences led us to a shared passion for helping others.

Writing about our individual experiences and how our specific credit unions responded to and learned from more recent economic challenges reaffirms the value of the 'people helping people' credit union philosophy. Bringing this perspective full circle is what we each gained by working on our paper together. Our research solidifies this: credit unions were born from adversity and uncertainty to weather-challenging economic storms.

### Alisha Van Horn: Michigan One Community Credit Union, $205M

In April 2020, management and the Board of Directors approved the M1 BRCP COVID-19 Pandemic Response Plan. At that point, it was becoming clear that the COVID-19 pandemic would have a more prolonged impact on our members, staff, communities, and credit union as a whole. The plan's objective was to preserve our net worth and protect our future. A revised 2020 Budget and Asset Liability Management Plan and possible actions based on revised Net Worth levels were developed.

The two primary asset liability management goals that Michigan One enacted during the COVID-19 pandemic were to hold Total Assets static through controlling deposit growth while, conversely strategically setting loan rates for controlled loan growth. These actions were possible as long as Michigan One held a strong Net Worth position. It was decided that M1 would actively shrink deposits and total assets if Net Worth deteriorated. This action would also result in a more significant negative impact on members and staff.

Michigan One fared well during the uncertainties of the COVID-19 pandemic. We sought ways to protect the credit union's financial position that would have the least negative impact on members and employees. All facilities projects were immediately suspended, and department budgets were reduced. Travel was also paused, and large events were postponed, which led to saving these associated costs. Fortunately, these restrictions were lifted entirely by 2022.

Regardless of the type of financial crisis, Michigan One has always taken the approach to preserving Net Worth to ensure soundness for the future. Managing total assets becomes the most important and influential strategy during extreme financial uncertainty, with cutting programs and expenses to follow.

Through the process of this project, I have learned that credit unions all genuinely share the common goal of helping their members. Regardless of asset size or location, when a credit union's members are faced with an economic crisis, they develop plans, products, or services to help its members thrive. As a result, a credit union that is helping its members can help its employees and the communities they serve.

**Amy Coggins: SC State Federal Credit Union, $1.3B**

The COVID-19 pandemic presented a unique challenge at State Credit Union, but we adapted to the circumstances we were presented with to persevere.

To help our membership, SCU offered additional loan products like Hardship Loans to help members bridge the gap between paychecks. We also implemented a pandemic deferment policy that streamlined our deferment process to best help our members who needed assistance immediately. We also helped members by temporarily modifying their loans by lowering interest rates, waiving late fees, and extending payments. Our robust digital platform enabled members to access their financial information, and we operated with drive-thru-only access to assist our members.

State Credit Union stayed open and in person throughout the pandemic. The credit union distributed logo masks, installed plexiglass barriers at our branch locations, and moved in-person meetings to digital to protect our employees. We implemented a COVID sick policy that helped our employees that were sick due to COVID remain paid. SCU partnered with a local cleaning and sanitization company to thoroughly sterilize all SCU buildings regularly to protect members and employees.

The pandemic exhibited the strength of State Credit Union and the credit union movement as a whole. We were able to not only survive but thrive amid unprecedented adversity. SCU showcased our Vision Statement – to be our Member's Champion.

Working with my team members on this white paper showed me that the credit union movement is unique and enduring. I learned that we must think outside the box when facing economic uncertainty. At its core, the credit union movement must continue 'people helping people' by prioritizing the members and employees. The stress test we created showcases our movement's triumphs in the face of unparalleled adversity but also incorporates the successes that we, as credit union employees, saw directly in our own credit unions. Without those experiences, the Ultimate Stress Test could never have come together. But it all comes back to the foundation of what a credit union does – it is all about People Helping People.

**J. Holly Spears: Mississippi Federal Credit Union, $163M**

In the face of many variables, logistic obstacles, and a large dose of fear of the unknown, Mississippi Federal Credit Union forged ahead during the first days of the Coronavirus (COVID-19) pandemic. Our focus from day one was to protect our employees and to be there for our members through this physical and financial whirlwind.

Our first objective was to ensure our employees were safe, many of whom could work remotely. In contrast, the remaining employees worked on a rotating schedule allowing us to socially distance ourselves from each other. The credit union provided masks, hand sanitizer, and cleaners so that we could keep the work areas sanitized.

Our second priority was to create ways for our members to access the full array of services from the comfort and safety of their homes. The most notable change was with our lending services. Before COVID-19, we provided most loan services in person, from the application stage to the loan closing. While we did have some of our lending services available online, we found that many of our members were resistant to change and preferred doing things in person. When an in-person experience was no longer an option, we were all forced to adapt quickly. We created new online loan applications seemingly overnight. Members were able to apply and upload supporting documents through our website. We were also able to implement loan closing through electronic signatures.

What started as a means for our literal survival, both physically and financially, soon became the new normal. While all employees are back in the office now, our loan services continue to be remote. Our members can apply for a loan, close the loan, and gain funding without ever stepping foot in any of our branch locations. Utilizing remote lending services has given us an edge against competitor lenders such as car dealerships and credit card companies. Although I would never wish for the catalyst of change that came about, the adversity we faced as a credit union, both employees and members alike, proved that we are adaptable and resilient.

It was a blessing to be able to work with such a brilliant group of ladies to accomplish success on our white paper project. It has strengthened our bond as a group and taught me the importance of collaboration and how we are an asset to each other. Sharing experiences and ideas and understanding each other's points of view will go well beyond this project. People helping people is the credit union philosophy; these principles are at the core of who we are. The knowledge afforded at Southeast CUNA Management School will have a lasting effect on our lives and careers in this esteemed credit union industry.

**Kelli Green: Centric Federal Credit Union, $345M**

During the COVID-19 pandemic, like many financial institutions and communities, Centric Federal Credit Union and the communities within Northeast Louisiana were negatively impacted. The pandemic was a time to about-face in terms of assessing member engagement and alternative products and services for members to maintain access to financial solutions.

While many businesses survived the economic turmoil, the credit union industry was able to hold steady and, in some cases, become more vital than ever. The pandemic allowed the credit union I serve to leverage digital resources to educate members more frequently, communicate 24 hours a day, and identify financial solutions for members to maintain their lifestyles.

Centric FCU launched a podcast, weekly digital engagement workshops now identified as weekly tips, a 24-hour call center, and a video banking service called MyCentric Connect. For loan opportunities, an option of 90 day no payment solution for all consumer loans (excluding mortgage and credit cards) was a solution introduced to continue loan growth, and an anytime skip-a-payment solution was made available to satisfy payment extensions for unexpected time off from employment due to illness or to care for a loved one.

With the pandemic, maintaining the safety of our members and staff while providing an exceptional member experience was top of mind and one that was not to be taken lightly. With this expectation, a limited in-person workforce was established, and the remaining employees were allowed work-from-home opportunities. During this time, the credit union grew by 20% in assets and finalized a merger with a micro-credit union.

The pandemic presented an unprecedented time that revealed the real strength and aptitude to serve and excel amid adversity. Our credit union is better for the trials that were overcome during the pandemic. The pandemic was a true test of time that many of us would forever remember as a moment of significant trust, confidence, and stability felt by our members and communities through the outpouring of accomplishment at the credit union.

The Ultimate Stress Test white paper project has evolved from my teammates' personal experiences. As the crises discussed, it is important to remember people, our members, who are impacted, first and foremost. We, like credit unions, consider the impact and response to those around us in every action and reaction, much like the progress and completion of our white paper. These crises were no different. The project itself exemplifies the dedication of each teammate to the fulfillment and accomplishment of the white paper, real-life experiences, and goals to consider if faced with economic uncertainty. The difference in each of us is the beauty and significance that creates the parallel between our project and serving our members. Much like the opportunity to serve my community and credit union, it has been an honor to serve with my team.

**Lindsay Clever: South Carolina Federal Credit Union, $2.5B**

Some may not consider it fortunate to be employed by a financial institution during challenging economic events, but I do not see it this way. I have been fortunate enough to work for South Carolina Federal Credit Union towards the end of the Great Recession; through government shutdowns; during COVID-19; along with a few other small yet significant economic events that financially affected South Carolina Federal Credit Union's three key assets: the members, our employees, and the credit union.

Through each economic challenge, I watched my senior leaders rally around creative solutions to protect our credit union. The outbreak of COVID-19, though, brought about challenges no one expected. How to survive and still provide the same level of internal and external service was the most significant challenge faced by South Carolina Federal Credit Union and the entire credit union movement.

The health, safety, and financial well-being of employees and members were always top of mind for our senior leaders during COVID-19, along with how to protect our credit union. The face-to-face work environment we had always known transitioned to a new, remote environment for almost half of our employees. We implemented new health checks and sick leave policies while prioritizing our employees' mental health. We reevaluated our products and services for members and provided an abundance of resources on financial education. Our leaders constantly communicated with employees and members to ensure we knew we would weather the storm together.

Fast forward two years after the outbreak of COVID-19, and our financial centers were fully open to financial center traffic with consistent preventive measures in place. Back-office employees transitioned to the office with a new, permanent, hybrid work schedule. The Contact Center expanded to a remote department with an opportunity to grow our employee base across South Carolina. The new norms in our work environment brought on by COVID-19 helped us realize we could always support our membership when faced with economic adversity. No longer would we be held back by the service challenges presented by eerie ice storms, once-in-a-lifetime floods, or hurricanes.

Working on this white paper with four other exceptional credit union leaders was inspiring. From the beginning, we connected and knew the one thing that impacted our lives the past few years – including our Southeast CUNA Management School experience – was worth writing about. Our bond exemplified the credit union philosophy differently – we would lean on each other when our research reached a roadblock or we could not think of the right words to put on paper. We spent countless hours the past nine months talking on the phone and Zoom while at the same time emailing and messaging each other to ensure we were good and to ask, 'what can I do to help?'. Researching our movement's resiliency in times of adversity led to crafting the ultimate stress test and hopefully proves this: our industry is unique. Because of our credit unions' dedication to telling our story, and our commitment to helping others and surviving during times of economic uncertainty, our movement will prevail.

**Passing the Ultimate Stress Test**

During the swells of COVID-19, Nicholas Calcanes (2020) wrote, "from the Great Depression to the Great Recession, credit unions have maintained the best interests of their members at heart during a crisis. Crisis is a time of opportunity. It’s a time to get things done.

It’s a key reason why consumers have traditionally gravitated toward the cooperative movement during our nation’s most challenging periods” (para. 29).

Unlike other financial institutions, credit unions were born with advantages and opportunities to help members and non-members through times of prosperity and difficulty. Our industry has repeatedly proven that since 1864 – 159 years – we can adapt and change to help our membership, even when adversity is knocking at our door.

Unfortunately, the next economic uncertainty is upon us, and inflation is flooding our doors. Interest rates are rising with no end in sight. Not all in the financial industry are surviving or prepared to handle the waves. Banks are shutting down and being either taken over by the Federal Deposit Insurance Corporation or forced to merge with another bank, hoping they will both survive. Consumers are worried. Once again, our members are depending on us. Like always, the credit union movement remains strong, resilient, and ready to weather the storm.

At the March 16, 2023 National Credit Union Administration (NCUA) Board meeting, Chairman Todd Harper noted: "…the NCUA is committed to protecting credit union members and the safety and soundness of the credit union system." (Ogden, 2023, para. 4). He goes on to further state:

> Nevertheless, recent events provide a good reminder of the dangers of concentration risk and the need for effective risk-management policies and practices in capital, interest rate risk, liquidity risk, and credit risk. Those fundamentals have remained true throughout all economic and regulatory cycles. And these risks were already highlighted as areas of focus in the NCUA's supervisory priorities for this year and the last several years.
>
> Credit unions must remain diligent in managing risk and ensuring their safety and soundness. Consumers can remain confident that their hard-earned deposits at federally insured credit unions are safe, just as they always have been, and that the NCUA will continue to act expeditiously, when needed, to preserve the stability of the credit union system. (paras. 5-6)

Inflation and rising interest rates are just the newest iteration of economic uncertainties to face consumers. But as long as credit unions remain proactive and carefully evaluate our ability to respond for our members, employees, and viability, we will remain strong. We can continue living the 'people helping people' philosophy of our founders and work together to break through barriers from economic challenges by offering the best solutions to those who need it the most – our members, our employees, and our credit unions. Together, we will pass the ultimate stress test.

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## Appendix A

*Credit Unions with Largest Portfolios of First Mortgage Loans*

| Rank | | First mortgages March 31 | Year earlier | Change | Total loans and leases | Assets |
|---|---|---|---|---|---|---|
| 1 | Navy Federal Credit Union Vienna, Va. | $9,887,386 | $6,005,808 | 64.6% | $28,088,768 | $35,265,132 |
| 2 | State Employees Credit Union Raleigh | 8,035,244 | 7,743,319 | 3.8 | 10,890,983 | 15,877,908 |
| 3 | Pentagon Federal Credit Union Alexandria, Va. | 5,020,777 | 3,845,960 | 30.5 | 10,852,187 | 11,913,058 |
| 4 | SchoolsFirst Federal Credit Union Santa Ana, Calif. | 2,273,204 | 1,924,039 | 18.1 | 5,262,897 | 7,768,934 |
| 5 | Kinecta Federal Credit Union Manhattan Beach, Calif. | 2,110,531 | 1,566,690 | 34.7 | 3,673,862 | 4,486,149 |
| 6 | San Diego County Credit Union San Diego | 2,017,665 | 1,646,682 | 22.5 | 3,365,761 | 4,194,147 |
| 7 | Suncoast Schools Credit Union Tampa, Fla. | 1,890,707 | 1,664,889 | 13.6 | 4,701,063 | 6,177,007 |
| 8 | Alliant Credit Union Chicago | 1,840,045 | 1,406,701 | 30.8 | 2,714,543 | 5,325,657 |
| 9 | Boeing Employees Credit Union Tukwila, Wash. | 1,827,145 | 1,730,034 | 5.6 | 6,655,744 | 8,417,119 |
| 10 | Golden 1 Credit Union Sacramento | 1,675,405 | 1,522,849 | 10 | 4,544,441 | 6,722,128 |
| 11 | Digital Federal Credit Union Marlborough, Mass. | 1,659,644 | 1,300,659 | 27.6 | 3,639,524 | 4,124,452 |
| 12 | Lockheed Federal Credit Union Burbank, Calif. | 1,611,511 | 1,442,653 | 11.7 | 2,353,119 | 2,697,742 |
| 13 | Citizens Equity First Credit Union Peoria, Ill. | 1,521,415 | 1,358,651 | 12 | 2,558,817 | 3,642,123 |
| 14 | Wescom Central Credit Union Pasadena, Calif. | 1,339,716 | 1,102,489 | 21.5 | 3,075,329 | 3,779,301 |
| 15 | American Airlines Federal Credit Union Fort Worth | 1,283,538 | 1,096,631 | 17 | 2,310,627 | 4,801,200 |
| 16 | Patelco Credit Union San Francisco | 1,283,424 | 1,194,664 | 7.4 | 2,738,368 | 4,182,310 |
| 17 | Bank Fund Staff Federal Credit Union Washington | 1,251,979 | 1,194,070 | 4.8 | 1,628,717 | 2,460,874 |
| 18 | VyStar Credit Union Jacksonville, Fla. | 1,024,294 | 688,772 | 48.7 | 2,327,130 | 3,525,356 |
| 19 | Addison Avenue Federal Credit Union Palo Alto, Calif. | 1,013,706 | 958,946 | 5.7 | 1,725,916 | 2,054,291 |
| 20 | Texans Credit Union Richardson | 1,008,380 | 761,123 | 32.5 | 1,474,131 | 1,968,475 |

*Note*. Credit union mortgage balances are listed by dollars in thousands and include only the first 20 credit unions out of 150 reported. Adapted from "Credit Unions with Largest Portfolios of First Mortgage Loans on March 31, 2008" by American Banker. Copyright 2008 by American Banker.

## Appendix B

*Survey Results: Credit Union Response to Past Economic Crises*

Survey questions are red and italicized below, with individual responses immediately following in regular font. For confidentiality, respondent names and credit unions are unavailable.

*Which of the following periods of time, if any, were you an employee of a credit union?*

| | Great Recession 2007 – 2009 | Government Furloughs/Shutdowns | COVID-19 Pandemic |
|---|---|---|---|
| Respondent 1 | No | No | Yes |
| Respondent 2 | Yes | No | Yes |
| Respondent 3 | Yes | Yes | Yes |
| Respondent 4 | No | Yes | Yes |
| Respondent 5 | Yes | Yes | Yes |
| Respondent 6 | No | No | Yes |
| Respondent 7 | No | No | Yes |
| Respondent 8 | No | No | Yes |
| Respondent 9 | No | Yes | Yes |
| Respondent 10 | Yes | Yes | Yes |
| Respondent 11 | Yes | Yes | Yes |
| Respondent 12 | No | No | No |
| Respondent 13 | No | Yes | Yes |
| Respondent 14 | No | Yes | Yes |
| Respondent 15 | Yes | Yes | Yes |
| Respondent 16 | Yes | Yes | Yes |

*Note*: Respondents employed during all three events: 37.5%; respondents employed during two of the three events: 31.25%; respondents employed during one event: 25%; respondents not employed during an event: 6.25%.

*Did your credit union provide new products to accommodate members during the crises?*

| | Yes | No | N/A* |
|---|---|---|---|
| Number of Responses | 9 | 6 | 1 |

*Note*: The respondent who answered N/A did not respond to the rest of the survey.

*If you answered yes to Q3, please share the products added.*

Products

- Government shutdown loans at 0%
- Increased credit card limits by $1,000 and Paycheck Protection Program (PPP) loans for businesses
- Loan deferments, skip-a-payment, and small dollar loans
- Paycheck Protection Program (PPP) loans for businesses
- Small personal loans for furloughs with a few qualifying factors for approval
- No interest 12-month loan for up to $6,000
- Work-Out Loans and Crisis Loans

Services

- Weekly credit union CEO update weekly to navigate and collaborate on all things pandemic
- Loosened restrictions on loan deferrals and collections during COVID-19
- Pandemic Skip-a-Payment during COVID-19
- Asset Protection was creative in developing options outside the norm to assist with members during Great Recession and COVID-19
- Skip payment options, posted previous direct deposit amounts until credit file came in, loan modifications, temporary removal of Courtesy Pay fee, etc.
- Loan extensions

*Did policy changes occur due to the crises mentioned in Q1?*

| | Yes | No | N/A* |
|---|---|---|---|
| Number of Responses | 7 | 8 | 1 |

*Note*: The respondent who answered N/A did not respond to the rest of the survey.

*If policy changes occurred, please share the name of the policy change(s) and purpose.*

- Allowed members to skip payments through a program called EPR; if member was out of work due to COVID or spouse was unable to work, allowed them to skip up to three months of payments; payments were put on the back of the loan so did have to catch the interest up when payments resumed, no fee charged
- Loan Deferral policy during COVID-19
- COVID-19: Policies adjusted to be more forgiving for members done at National Credit Union Administration's (NCUA) guidance; Great Recession 2007 – 2009: policies were tightened to have stricter criteria for granting loans
- In-person wire transfers changed to accommodate branch closings
- Provide extensions outside of policies in reference to loans and coded these extensions as COVID-related but did not rewrite any policies
- More flexible options for skip-a-month loan payments
- Government furloughs: Quick approval loan extensions to help members who worked for the Federal Government; waived all Certificate Early Withdrawal penalties for furloughed government workers
- Loan Policy changes

*For any of the crises mentioned in Q1, did your credit union experience growth in membership?*

| | Yes | No | N/A* |
|---|---|---|---|
| Number of Responses | 7 | 7 | 2 |

*Note*: One respondent who answered N/A did not respond to the rest of the survey. The additional respondent provided answers to other survey questions.

*If you answered yes to Q7, please share the growth experienced and why.*

- Normal membership growth trend continued
- Increase was due to the fact the credit union did not close any locations
- Growth in deposits due to stimulus checks combined with less desire to spend money
- Number of members increased from 116,575 in 2019 to 123,953 by 2021 due to credit union's reputation for stability during uncertain times
- Mergers
- COVID-19 increased Federal Assistance Programs introduced nearly $6 trillion in to the economy and suspended billions in student loan payments, freeing up discretionary funds for many people