



PARTNERSHIPS MAKE COMPLIANCE MORE EFFICIENT FOR LEAGUES AND ENHANCE MEMBER VALUE

Credit unions today are facing an unprecedented regulatory burden. The rapid-fire creation of proposed and final rules makes it difficult for most credit union staff to keep their heads above water. This is especially true when their natural desire is to prioritize member service. Credit union managers and other staff struggle to keep updated with impending rules and juggle required system and policy changes – let alone submit the kind of substantive comment letters that may change the course of regulator action.

BY JUSTIN HUPFER

POLICYWORKS CEO

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Ask any credit union league executive about the toughest challenges facing credit unions today and you're very likely to hear "regulatory compliance" among the first mentioned. Scott Sullivan, president and CEO of the Nebraska Credit Union League (NCUL), characterized it this way: "For most credit unions, compliance has gone from intimidating to overwhelming in just a few short years."

While complexity in the financial regulatory environment is not new, concern among credit union executives is picking up pace. In January 2013, 60 percent of financial institution leaders polled said they had significant concerns with their ability to stay abreast of regulatory change, comply with it and then prove adherence to regulators. When asked again in November 2013, nearly 80 percent showed similar concern levels, and this high level of concern remains true today.¹

Amy Vigil, Vice President of Association Services and Compliance for the Credit Union Association of New Mexico (CUANM), predicts the pressure to meet

the compliance demands will only increase in the future. "All the regulation around mortgage lending has made it difficult for credit unions to manage their programs in a way that will satisfy examiners. The prospects for long-term success become especially daunting when we have regulation that directly threatens revenue."

NCUL's Sullivan agrees. "Credit unions will have to deal with this going forward. It's that simple. While we will continue to work with legislators to push for relief, credit unions have no choice but to devote time and resources, be they physical or financial, to regulatory compliance. Where those resources don't exist, they should be able to lean on their league."

Short on the highly trained expertise demanded by today's massive amount of regulations, credit unions are increasingly looking to their league for help. Yet, leagues themselves may lack the resources to maintain the highly skilled staff with diverse expertise required to provide the assistance needed by credit unions.

¹ *Regulatory and Risk Management Concerns Climbing for Banks and Credit Unions, Reuters, Nov. 21, 2013*

“Each new regulation, which typically comes right on the heels of another, requires an incredible amount of time to digest,” said Wendell Lyons, CEO of the Kentucky Credit Union League. “Many of the smaller to mid-sized leagues don’t have someone dedicated full time to compliance; they have other duties. Even for those leagues that do have a compliance staff person, it can be very difficult to stay abreast of all of the changes and have the required expertise to answer credit unions’ questions.”

LEAGUES COLLABORATING TO SECURE REGULATORY COMPLIANCE SUPPORT

The New Mexico, Nebraska and Kentucky leagues have found a solution that enhances service to member credit unions in a cost-effective manner—partnering with PolicyWorks. PolicyWorks, a national leader in credit union compliance solutions, provides the dues-based compliance services that their association members expect.

Generally speaking, those services include answering compliance questions through a dedicated hotline and email address, authoring and delivering the latest in compliance information, commenting on proposed rules and providing training. Whether the information is delivered via email or online, all communications from PolicyWorks are co-branded with the specific league’s logo to ensure credit unions recognize it is a benefit of association membership.

Because the partnership with PolicyWorks offers this high-touch compliance service to members, leagues don’t have to be concerned with training and retaining compliance staff — and it’s often less expensive than if the league provided the service in-house. Collaborating with third-parties to deliver important services has become a go-to strategy for today’s leagues. Take, for example, this comment from a Nebraska credit union leader who responded anonymously to NCUL’s annual satisfaction survey:

How do you expect the league to contribute to your credit union’s success?

Continued strong relationships with elected officials; providing appropriate educational & training opportunities; continue to enhance relationships with third parties, like PolicyWorks, to provide expertise.

“When our credit unions consider league membership, they view it as an investment,” said NCUL’s Sullivan. “Compliance is an area where they need help, and being able to talk with professionals who know these regulations inside and out really is priceless.”



CO-BRANDING ENSURES CREDIT UNIONS RECOGNIZE COMPLIANCE SERVICES ARE A DIRECT BENEFIT OF THEIR ASSOCIATION MEMBERSHIP.

Examples of co-branded items: business cards, e-newsletter and website.

THE VALUE OF FREQUENT COMPLIANCE COMMUNICATION

PolicyWorks' communications to league members are designed to keep credit unions up-to-date on all things compliance. The communications come in different formats:



COMPLIANCE BULLETINS

includes changes to federal law or federal regulations impacting credit unions



Q&A

provides answers to hot-topic compliance questions



COMMENT REQUESTS

relating to proposed federal rules



REGULATORY UPDATE NEWSLETTER

summary of the most critical regulatory matters



PERIODIC MEMOS & EMAIL ALERTS

as needed to address urgent issues



ONLINE COMPLIANCE CALENDAR

important deadlines which can be exported to Outlook

Prepared by PolicyWorks staff, all communications are delivered in a co-branded format that helps keep the league – and the value it offers – front-and-center in the minds of its members.

COLLABORATION PROVIDES CREDIT UNIONS ACCESS TO BROADER EXPERTISE

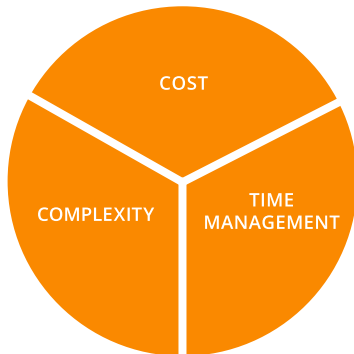
The relationship between PolicyWorks and its league partners to deliver the dues-based compliance services to their members has helped support the development of a “call center hotline” staffed with a team of attorneys, former examiners and professionals with operational experience in financial institutions. No one league, by itself, could likely provide its members with this breadth of expertise. By providing this service to multiple leagues, PolicyWorks maintains a staff with varied backgrounds that collaborate as needed on any credit union question, along with the production of pertinent information. It's a great example of leagues collaborating to enhance member benefit.

Both Sullivan and Vigil say that, of the many services PolicyWorks provides member credit unions, the one-on-one phone and email support is the most impactful. “I can't overstate the importance of personalized service when it comes to regulatory compliance,” said Sullivan. “Online resources by themselves often generate more questions than answers. It's one thing to go online and read; it's quite another to pick up the phone and talk to an attorney or compliance specialist about exactly the problem your credit union is facing.”

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Sullivan breaks down the compliance burden faced by credit unions in three silos: cost, complexity and time management.



Partnering with PolicyWorks, he says, addresses each of these three for NCUL's member credit unions.

“From a strategic perspective, we believe there is value in aligning with other entities to help us solve problems for our credit unions – or better yet, to empower them to solve those problems independently,” he said. “Our alignment with PolicyWorks does precisely that, and with a model that mirrors our culture, they are an ideal partner for NCUL.”

“Does each League need to staff and train its own staff person to handle questions and calls, or can we partner in a way that reduces cost and provides better service to our credit unions.”

“When you get down to it, a significant percentage of compliance questions are based on federal regulation that applies to all credit unions,” said Lyons. “Does each League need to staff and train its own staff person to handle questions and calls, or can we partner in a way that reduces cost and provides better service to our credit unions. For Kentucky credit unions, PolicyWorks has become a trusted compliance partner.” ■

ABOUT THE AUTHOR



Justin Hupfer is CEO of PolicyWorks. Prior to this role, he served as Director of Regulatory Compliance and later as Vice President of Government Affairs for the Iowa Credit Union League (ICUL), overseeing its federal and state government affairs activities and political action fundraising. Justin received his law degree with honors from Drake University Law School and graduated from Grinnell College. He currently sits on the board of the Iowa Taxpayers Association and also serves on the Tax Committee of the Iowa Association of Business and Industry.

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