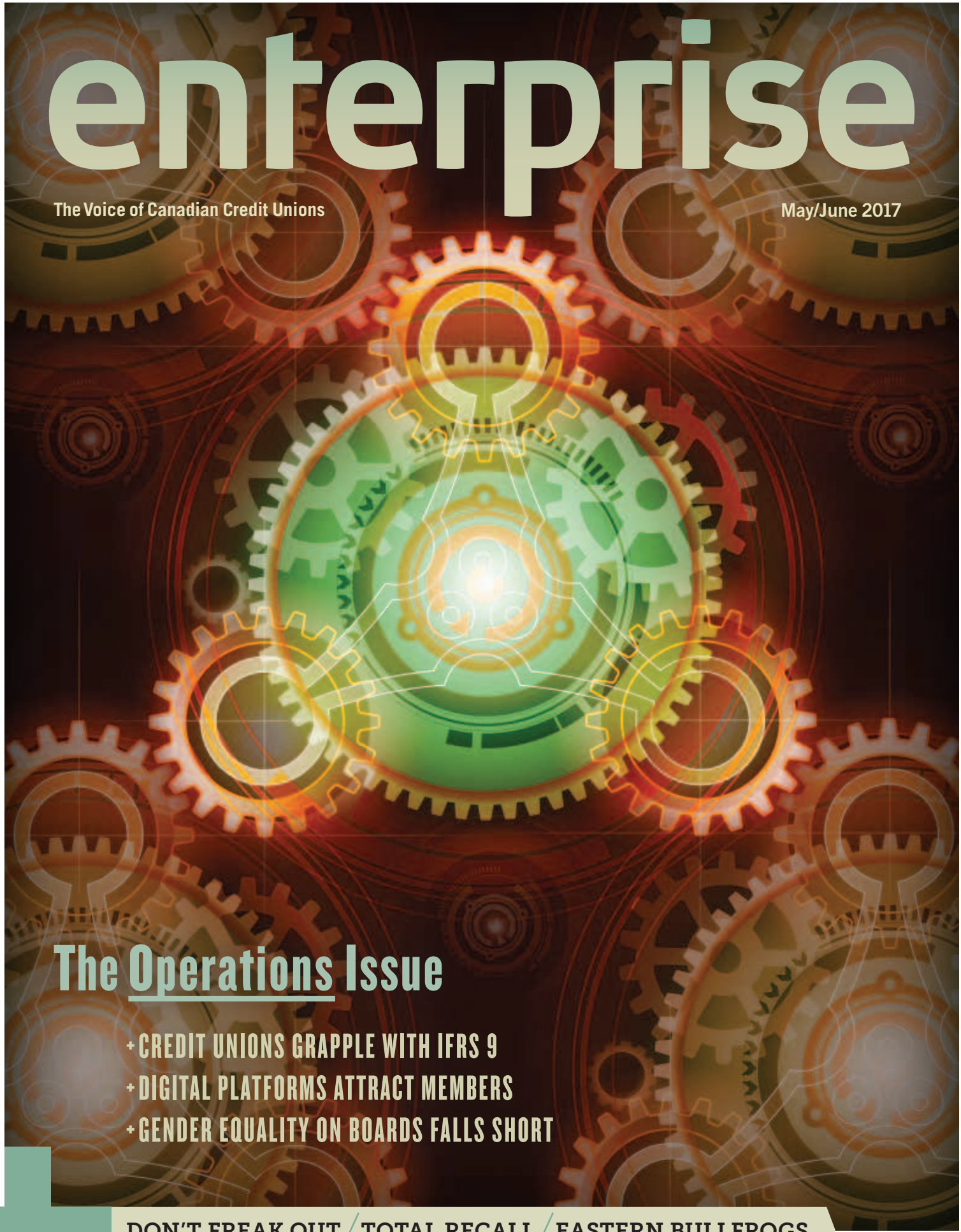


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The Voice of Canadian Credit Unions

May/June 2017

The Operations Issue

+ CREDIT UNIONS GRAPPLE WITH IFRS 9
+ DIGITAL PLATFORMS ATTRACT MEMBERS
+ GENDER EQUALITY ON BOARDS FALLS SHORT

DON'T FREAK OUT / TOTAL RECALL / EASTERN BULLFROGS



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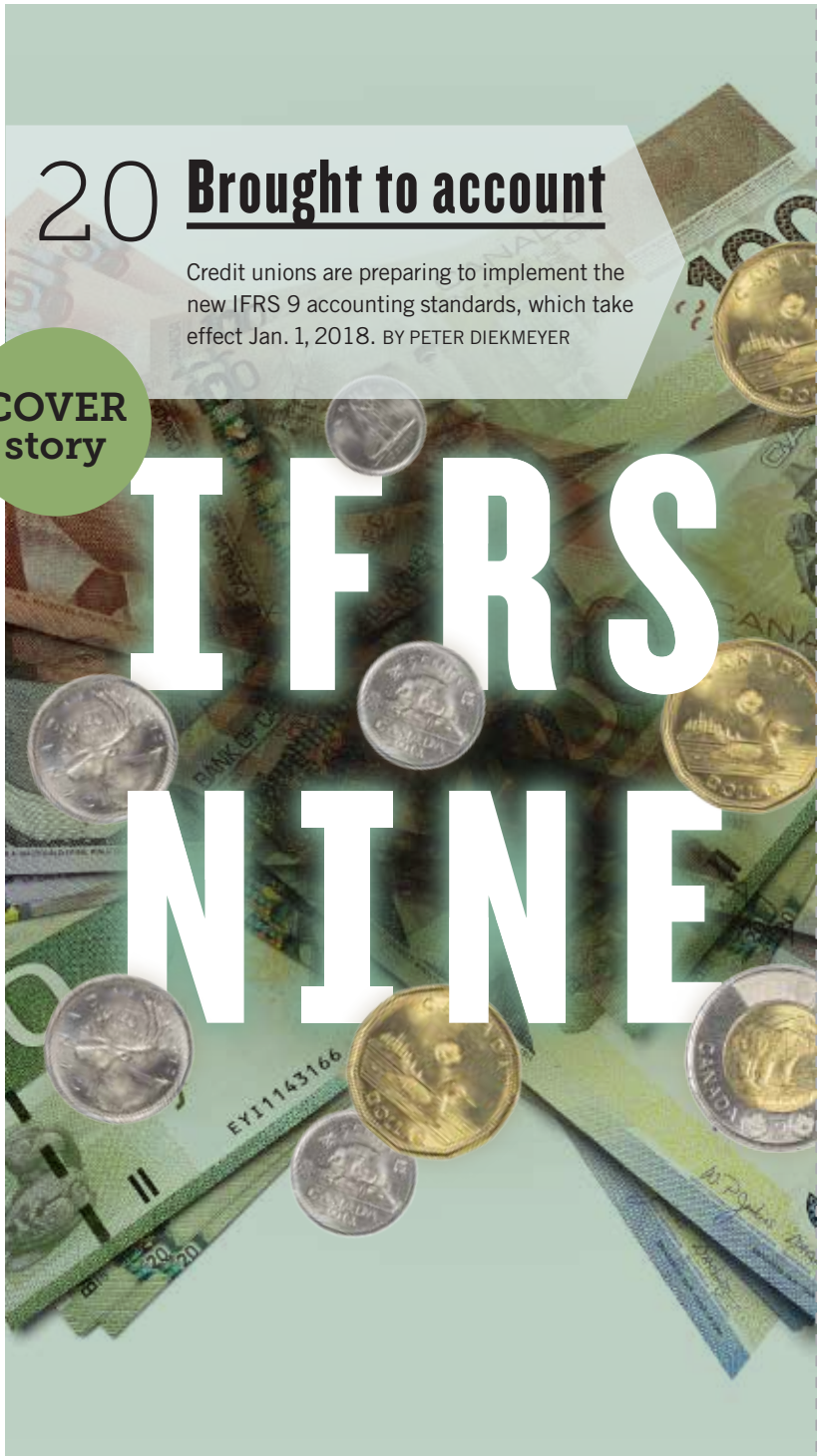
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Credit unions are preparing to implement the new IFRS 9 accounting standards, which take effect Jan. 1, 2018. BY PETER DIEKMEYER

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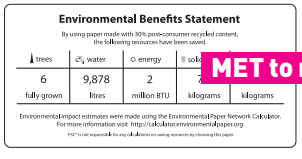


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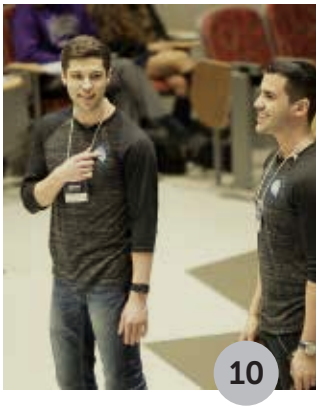
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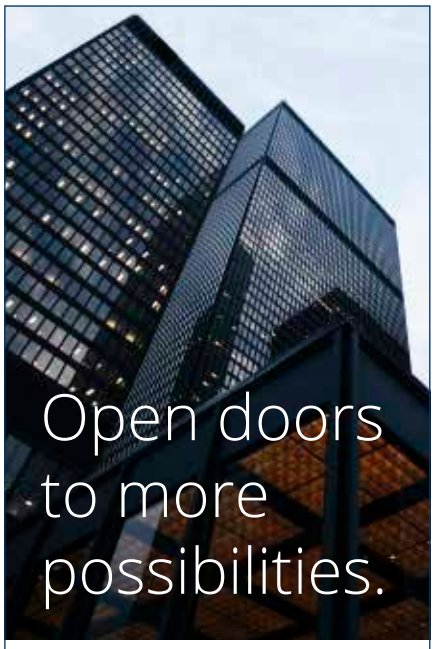
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Operational excellence



This spring issue of *Enterprise* is themed "Operations," a bit of a catch-all term that embraces the workings of a credit union and its employees: tellers, financial advisers, mortgage brokers, IT personnel, accountants, board members and executives, among others.

Managing a credit union—keeping operations running smoothly and efficiently—requires hard work, two-way communications, cooperation and the very-latest knowledge and insight on changes in highly complex government policies and accounting regulations.

One of the big operational challenges that credit union administrators are grappling with this year is the shift to new accounting regulations as set out in International Financial Reporting Standards (IFRS 9) Financial Instruments. IFRS 9 takes effect on Jan. 1 2018, replacing IAS 39 - Financial Instruments: Recognition and Measurement. It was determined that IAS 39—overly complicated and inadequate to the task of proper financial management—played a role in precipitating the banking crisis in 2008, when the world banking system was saved from collapse only by the injection of trillions of dollars. In the feature, "Brought to account," *Enterprise* looks at what credit unions are doing to prepare for the implementation of these comprehensive new accounting standards.

Enterprise also features stories that look at operational changes in other areas of credit union management. This includes a dramatic energy overhaul by East Coast Credit Union in Nova Scotia. East Coast is leapfrogging the conventional energy grid with the help of Bullfrog Power, which is overseeing the credit union's transfer to renewable sources of energy.

Another operational issue within the credit union system—one that also affects society on a larger scale—is the lack of women as board directors. Studies show that gender diversity on boards equates to higher company profits and the feature, "Women on board," delves into this controversial issue.

A different operational concern is the development, nurturing and promotion of a credit union's brand beyond the foundational "people-planet-profit triple bottom line." In the article "Brand management," we look at how a credit union's messaging can be artfully disseminated on a variety of social and digital platforms, in order to reach as many members—and potential members—as possible.

There are lots of other great stories in this spring issue, so enjoy the read—while revelling in the transition from snow and cold. It has been a tough winter and we're all looking forward to getting our summer wardrobe—and laid-back summer attitudes—operational once again.



Roberta Staley EDITOR-IN-CHIEF rstaley@shaw.ca

Increase Member Satisfaction and Teller Efficiency with Self-Service Coin Redemption



In today's era of branch transformation, credit unions are looking for ways to increase member satisfaction and meet members' self-service expectations. These needs should also be balanced with credit unions' goals to increase teller efficiency and grow the business. The addition of a self-service coin redemption program enables credit unions to achieve these objectives, while adding the convenience of a new service offering in the branch.

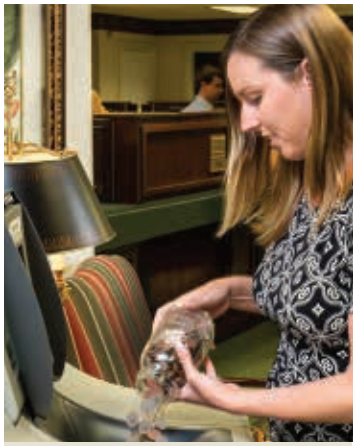
Increase Branch Traffic and Cross-Selling Opportunities

Despite the growing influence of alternative banking methods, members still consider the branch a primary channel for conducting their banking needs. Members continue to value the face-to-face interaction and quality of service that can only be delivered at a branch. The addition of a self-service coin counter increases member visits creating opportunities for face-to-face engagement, cross-selling and prospecting new accounts.

Improve Member Satisfaction

Eighty-nine percent of credit unions cited adding a value-added service to their branches as the top reason they offer self-service coin redemption.[1] Achieving high levels of overall member satisfaction has a strong positive effect on member loyalty and commitment, as well as share of wallet.

A self-service coin machine in the lobby eliminates the need for members to count and wrap their coins. Instead, they can avoid teller lines while holding heavy coin containers and they can have a faster, more meaningful exchange with the teller when cashing in their coin redemption receipt. Additionally, a no-fee coin counting option and waiving fees for non-account holders who chose to open an account can increase member loyalty.



The addition of a self-service coin counter in the branch increases member visits to those locations.

Maximize Teller Efficiency

Coin redemption can help credit unions achieve better efficiency in the branch, as well as cost savings. Self-service coin machines free tellers from time-consuming coin counting – reducing the cost of labour inherent in providing this service. In a recent use case, branch locations with self-service coin counters in place were able to maximize efficiency by redirecting workloads and reallocating tellers to more cost-effective tasks. In fact, more than 40 teller hours on average were gained each month in branches where members process their coins without teller assistance.

Vendor and Product Selection Matter

The success of a self-service coin program hinges on members' and employees' positive interactions with the coin counter. As the number one provider of high-speed coin processing equipment, Cummins Allison delivers unmatched service, support and equipment performance.

Cummins Allison's Money Machine® 2 is the only self-service coin machine to offer 16 sorted-bag capacity, making it easier to manage and transport coin, and providing more flexibility for coin collection and pickup. As the only vendor to offer four flexible procurement options – own, lease, rent or placement – Cummins Allison makes it easy for credit unions to add self-service coin redemption to their branch. Multiple coin management options give credit unions the flexibility to select what's best for their specific branch needs. A customized cost analysis performed by local Cummins Allison representatives can help credit unions select the right combination of program options to meet unique business needs, risk levels and revenue objectives.

To obtain your free cost analysis and learn more about how your credit union can increase branch traffic with self-service coin redemption, visit cumminsallison.ca/traffic

[1] *Coin Counting Practices within the Credit Union Industry; BranMark Strategy Group, 2013*

CA CUMMINS ALLISON

IFRS 9

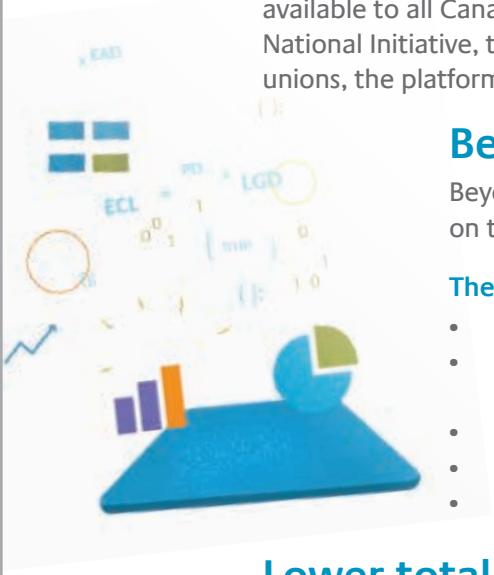
Is your Credit Union Ready for IFRS 9?

The IASB's new standard, IFRS 9, is required for fiscal reporting periods beginning on or after January 1, 2018. IFRS 9 affects your credit union's financial reporting and disclosures, and your assessed credit loss provisions. Together this may impact your bottom line. IFRS 9 compliance isn't optional, so what's the solution?

Introducing the IFRS 9 National Platform

powered by Central 1 Credit Union

Central 1's IFRS 9 National Reporting & Analytics Platform (the Platform) is a scalable loan loss model available to all Canadian Credit Unions. Developed in partnership with the IFRS Readiness for Credit Unions National Initiative, the Platform meets IFRS 9 impairment requirements. Created by credit unions, for credit unions, the platform reduces time spent on financial reporting, freeing up credit union resources.



Benefits beyond compliance

Beyond compliance, the Platform features value-added tools and intelligence to help build on the success of your credit union and its members.

The Platform enables credit unions to:

- Customize data and simulate "what if" scenarios based on local market conditions
- Leverage business intelligence tools to gain insight into factors driving high-expected loan losses
- Investigate using filters that allow you to drill through to data at the member level
- Take advantage of unlimited reporting, modeling, and filtering features
- Make better business decisions based on analytics of the credit union's aggregated data

Lower total cost of ownership and credit union pricing

Pricing is based on a cost recovery revenue model and credit unions will save on technology, overhead, human capital, testing, and security audit costs. There are no start-up or implementation costs to the Platform. Plus, ongoing maintenance and customer support is included in the overall fee.

Questions?

Our team is more than happy to provide a quote or answer your questions. For more information:

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BY ROBERTA STALEY

GLOBAL

Cheese-making nurtures gender equality in Colombia

By transforming milk into artisanal cheese, a small group of women in the municipality of Bolivar in north-western Colombia—an area once known for its guerrilla, paramilitary and drug-related violence—are transforming their lives.

The initiative—developing a processing business to create semi-aged Cerro Azul cheese for sale in farmers' markets and fairs—is carried out under the umbrella of the Association of Livestock Breeders of Bolívar (ASOGANABOL). The women involved with ASOGANABOL are either members, or their spouses are members, of the group. The cheese processing takes place at the farm of ASOGANABOL manager Luisa Fernanda Padilla. The extra income grants the women some measure of independence, allowing them to proudly say, "I earned this money with my work, with something I learned to do."

Members of ASOGANABOL are supported by the organization Improving the Economic Performance of Agriculture Co-operatives (IMPACT), which is funded by the Co-operative Development Foundation of Canada and Global Affairs Canada. IMPACT helps ASOGANABOL members develop stronger manufacturing, agricultural and environmental practices and develop a business plan based upon gender equity and generational change.



ELIANA PEREIRA

LUISA FERNANDA PADILLA MEASURES THE ACIDITY OF THE MILK BEFORE SEPARATING THE FAT FROM THE WATER TO MAKE ARTISANAL CHEESE.

ISTOCK

ACCOLADES

Desjardins and Assiniboine tops in customer service





The 2016 Surviscor Service Level Assessment review named Quebec-based **Desjardins Group** (seven million members, $261 billion in assets) alongside BMO Bank of Montreal as the country's two top financial firms when it comes to the best customer service experience. Manitoba's **Assiniboine Credit Union** (115,000 members and $4.3 billion in assets) rounded up the top three financial institutions in Canada.

Now in its 12th year, Surviscor's review looked at more than 40 Canadian digital banking, credit union and brokerage firms, using 170 "mystery shopper" service enquiries over the course of a year. It was determined that Desjardins had the quickest response time to enquiries.

Glenn LaCoste, president of Surviscor, a North American leader in the analysis and ranking of digital customer experiences at firms, stated in a media release that although "Canadian consumers are being offered more customer service alternatives than ever before, including social media, live digital interactions and traditional methods [they] are not being properly serviced through non-branch interactions provided by leading banks and credit unions."

TRENDS

Less is more for some financial customers

A study released this past February by the Canadian Prepaid Providers Organization (CPPO) found that although 99 percent of Canadians have a bank account, there is a growing interest, especially among younger Canadians, to use alternative payment tools they view as more convenient. Prepaid cards, such as those issued by credit card companies, topped the list as the fastest-growing payment product.







COMMUNITY

PUTTING THE BITE ON HUNGER

Last year, **First West Credit Union** (250,000 members, $11 billion in assets) generated, via food collection and fundraising, the equivalent of 1.35 million meals for hungry British Columbians.

First West and its local divisions: Valley First, Enderby & District Financial, Envision Financial and Island Savings collected about 20,000 kilograms of food for food banks and raised more than $450,000 for hunger-related causes in 2016. "The response to our hunger awareness efforts has been overwhelming," says First West CEO Launi Skinner.

First West, through an ongoing partnership with Food Banks B.C., supports all of the province's 99 food banks. It has also launched The Full Cupboard, an initiative to fight hunger on Vancouver Island and the Gulf Islands through the Island Savings division. Another initiative, specific to the BC Interior called Feed the Valley, surpassed its $1 million fundraising goal. "Food security is a cause that is near and dear to our hearts and one that has been embraced by our employees and our members," Skinner says.

ISTOCK

TIME MACHINE

Winds of change

In 2012, the credit union system was faced with a new technological challenge: adapting to, in order to take advantage of, the software and data storage opportunities offered by cloud computing. Transferring data to an amorphous cloud initially caused both consternation and confusion. The lesson is: change, be it technological or operational in nature, often means a steep and uncomfortable learning curve.

READ
Go to Page 20 for the latest on operational changes



[NOVEMBER 2012] **"Mindful of security and compliance, many large banks and insurers only use private clouds. As mid-market organizations, credit unions find themselves in the tough spot of being hypersensitive to those matters but lacking the resources to manage them the way big financial institutions can, says [IDC Canada's David] Senf. 'For credit unions, it starts to make more sense from a cost-savings perspective and from an agility perspective to focus on things like public cloud.' "**

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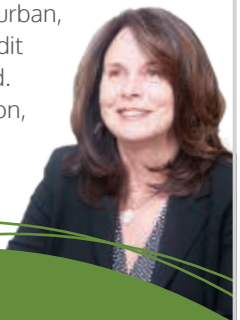
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Get your freak on

PenFinancial Credit Union members Adam Vassallo and Vincent Atallah instruct students in Ontario about financial literacy in their Don't Freak Out! program.

by Alexandra Gill

CHESTER SIEGMUND

At 20 years of age, Adam Vassallo and Vincent Atallah, members of Ontario's **PenFinancial Credit Union** (21,000 members, $545 million in assets) are more money-savvy than most young adults. As the co-founders of Don't Freak Out!, they are helping high school students throughout the Greater Toronto Area and Niagara Region learn how to navigate the tricky financial pathway into adulthood without stumbling into major money roadblocks. Best of all, the lessons that Vassallo and Atallah are passing on aren't rules gleaned from dry, how-to books about personal budgeting or financial planning. Rather, they are lessons that Atallah and Vassallo learned in the trenches of adolescence, succumbing to—then learning how to avoid—the many consumer temptations that can upend a young adult's credit rating, not to mention empty their wallet.

Vassallo, a third-year biomedical sciences student at Queen's University in Kingston, Ont., also operates a business giving private swimming lessons, a company that grew out of his first job as a lifeguard in his hometown of St. Catharines, Ont. This is where Vassallo met Atallah, who were both student leaders on the St. Catharines' mayor's advisory council.

As a busy working student, Vassallo stays on top of his academic and extra-curricular activities by keeping two large calendar boards marked with all relevant due dates above his desk—and abstaining from Netflix. "A huge time-saver," he says of the latter. Oh, and he always pays down his credit card in full every 10 days, to avoid paying any interest fees that might accrue thanks to a weakness for designer denim. Yes, that's every 10 days.

Atallah, a third-year student at the University of Ottawa, studying corporate communications and business, has worked in retail (Tim Horton's, American Eagle, Danier, Roots, among others) since he was an early teen – long enough to pay off a racing-red Kia Forte. "I'm a car nut," he admits. Like Vassallo, he has been able to live within his means and manage his student debt by becoming a master of time-management and keeping a very detailed personal budget. "It's one thing to have it all it in your head but to actually write it out by hand is very powerful," he says.



Still, for all their financial acumen and impressive self-control, both have fallen prey to a temptation to which almost everyone can relate: the dreaded, budget-derailing Starbucks habit. Atallah's "aha" moment occurred in Grade 12. Every morning, he'd go to his first class with a latte in hand. "Have you ever calculated how much that costs?" his teacher asked one day. She did the math on the chalkboard. "It worked out to something like $3,600 a year," Atallah recalls. "What a terrible waste of money."

Vassallo's Starbucks' epiphany came the following year, when he was a first-year university student living away from home for the first time. "It's very alluring, having all this freedom but it's also very easy to become careless," he says. "I clued in about halfway through the year. I thought, 'Hey, I have coffee included in my meal plan. I can go to the dining hall and get it for free.' "

Sometimes, it is the little financial decisions—as small as the accrued cost of a Starbucks latte—for which students are not prepared when they hit university. As Canadian household debt soars to record-high levels—Statistics Canada recently reported that citizens now owe $1.67 in credit market debt for every dollar of adjusted household disposable income—it is never too early to learn those crucial lessons, which often, unfortunately, aren't taught in school.

Thanks to Vassallo and Atallah, 600 high-school students from the Regional Municipality of Niagara learned some of these valuable lessons, and more, during a day-long financial literacy seminar held over two consecutive days at Brock University in St. Catharines, Ontario last February. Sponsored by PenFinancial Credit Union (where Atallah also worked as a teller in high school), the annual seminar, now in its second year, featured keynote talks from millennial financial coaches, in addition to smaller, interactive breakout sessions on bank accounts, managing credit, scholarships and bursaries, budgeting, expenses and spending habits.

Now that the Ontario Ministry of Education has announced it will be rolling out a pilot-learning module on financial literacy in high school, it appears that Don't Freak Out! has tapped into a much larger need, while showing potential for business growth. "We have a lot of experience with the provincial politics," says Atallah, explaining how they both sat on curriculum review boards during high school. "We definitely see this as an opportunity."

While neither young men claim to be financial experts, they do have the advantage of youth on their side. "We're only four years out of high school ourselves," says Atallah. "Our research shows that students are much more willing to listen to their peers. When we're planning our seminars, we're always thinking, 'If we were listening to this, would we be bored?' "

In addition to utilizing technology as much as possible, the seminar includes a take-home tool, a decision-making simulation that can help attendees think through future spending choices, whether buying a Starbucks latte or deciding which post-secondary institution to attend. "At the end of the day, I sat down in the auditorium while they were filling out" the simulation, says Vassallo. "It was late and they'd been given a lot of information. I half expected to see most of them on the phone or maybe even sleeping. But as I looked around, everyone was really thinking critically. I thought, 'Wow, if they are fully engaged with this, we are doing something right and we are doing something that really matters to these students.' "

BRAND MANAGEMENT



CENTRALS AND CREDIT UNIONS ARE FOCUSING ON INNOVATIVE SOCIAL MEDIA AND DIGITAL STRATEGIES TO BUILD THEIR BRAND AND ATTRACT NEW MEMBERS.

BY BRENDA BOUW



ISTOCK

When the "Gilmore Girls" revival was released on Netflix last November, the marketing team at **Atlantic Central**, which represents East Coast credit unions, didn't miss a beat, posting on its Facebook page: "If Lorelai had gone to a credit union for a loan, she probably could have saved herself a lot of family drama. But then, where would we be without Friday night dinners?" (For those who haven't watched "Gilmore Girls," the character Lorelai, played by Lauren Graham, borrows money from her wealthy parents to open her own business and pay for her sharp-witted daughter's education.)

The release of the latest *Star Wars* film was seen as another opportunity: "Don't let your finances go to the dark side—financial advice for every Jedi," read the Facebook post, which included an eight-second video featuring duelling laser-tipped fingers.

For the Super Bowl, Atlantic Central prepared an 11-second video with the tagline, "Don't play games with your finances—make sure your future is in good hands by booking an appointment at your local credit union."

While it may sound like the marketing department at Atlantic Central is having a little too much fun these days, the clever mini-social media campaigns are part of a broader strategy to communicate with, attract and retain members. "We are trying to build the momentum of our credit union network," says Jennifer Murray, manager of brand marketing at Atlantic Central.

The central's goal is not only to promote its members' products and services but also to build awareness around credit unions and their cooperative culture. "We're not always talking about our products, we're building our brand," Murray says. "That means not just focusing on what we want to say but also what our audience wants to hear about."

The medium is the message

Social and digital media are critical tools for any brand today but the strategy isn't just about medium—it's also crafting the right message to engage members, in particular millennials, given their growing economic clout. Not only do millennials make up about half of the North American workforce but as a group they're also poised to inherit trillions from their parents in the years to come. It's why credit unions, alongside other financial institutions such as the big banks, robo-advisers and other investment firms, are all vying for a share of the burgeoning millennial investment market.

While credit unions may not have the banks' sizeable balance sheets and budgets to spend on marketing and recruiting, they see their community approach and cooperative business model as potentially more appealing to millennials. It's a generation said to be more socially and community minded and looking to spend, save and invest its money differently than older generations. Social and digital media are seen as the gateway to most effectively reach this captive audience.



The most common channels that credit unions rely on today include Facebook (comprising Facebook Live and Facebook Stories), Twitter, YouTube, Instagram (one of the fastest-growing platforms) and LinkedIn, says Rhys McKendry, market research coordinator at **Central 1 Credit Union**. McKendry, whose job is to track social and digital media content at credit unions across Canada and compare it to competitors in the industry, says that financial cooperatives are starting to gain momentum online and on mobile platforms—although more can and needs to be done.

Credit unions don't have as big a following on social media as compared to the big banks, for example, which is understandable given their smaller size. Still, McKendry says a number of credit unions are seeing more engagement as they bulk up their social and digital media presence — and budgets. For instance, at Atlantic Central, social media currently accounts for about 25 percent of their media spending. That number was zero five years ago.

Credit unions are also being a lot more strategic about what they post, when and the messages they're sending. That's a smart move, says McKendry, given the growing "noise" online and growing challenge that brands in all industries are having breaking through to their target audience. "It's becoming increasingly difficult to get your message out through social media," McKendry says. "Just simply setting up a Facebook or Twitter page and continually pushing out content without any thought to what that content is or any strategy about how it's going to reach your target audience, isn't likely going to produce much value for brands in today's environment."

"There needs," adds McKendry, "to be a lot more thought, investment and strategy thinking around social media than even three or four years ago." McKendry describes social and digital media as "very valuable" mediums that can also be a lot more cost efficient than traditional advertising, such as TV and print, "as long as you're doing it right. The key is to understand what your audience is and the type of content that interests them."

What members want

At **Vancouver City Savings Credit Union**, (519,000 members, $21 billion in assets) the strategy is to use marketing and communication to profile issues considered top of mind for its members. Lately, that has been environmental issues, social inclusion and, of course, the cost of housing in Vancouver. "We focus on issues that are burning in the minds of our members," says Darwin Sauer, Vancity's vice-president of digital solutions.

Vancity has been running its #DontGiveUp campaign, which includes a call out for citizens to submit videos about issues they're facing or are concerned about. Some of those videos have been used as content across its social and digital channels and a few were compiled into a 30-second TV spot. Vancity also struck a partnership with VICE, an in-your-face media outlet that caters to millennials, on a three-part series on affordability, which Sauer describes as a "huge success."

For Vancity, success of these strategies isn't just measured in clicks, likes and shares but also membership growth and community impact, both of which are increasing, Sauer says. For instance, Vancity has released reports on food prices, one of which led the province to set up a food security task force. "That's impact to us," says Sauer.

Vancity has also been part of the discussion around a lack of affordable housing in Vancouver, for both buyers and renters. In the past year, the province has tried to calm the housing market in the Vancouver area by putting a 15 percent tax on home purchases from foreign buyers, which has indeed cooled the market. As well, the province has offered an interest-free loan of up to $37,500 to first-time homebuyers. Victoria is also spending $500 million on new, affordable housing rental

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stock. "We can't take direct credit for that but we definitely contributed to the dialogue," Sauer says.

Connecting with community

At **Westoba Credit Union** in Manitoba (38,250 members, $1.3 billion in assets) social and digital media are the driving force behind new ways to connect with the community and build its brand awareness. For example, Westoba uses Facebook to promote local events and leverage local sponsorships, which includes the local universities as well as the Brandon Wheat Kings junior hockey team. The credit union even hires two junior "reporters" each year to interview the players during the games and posts the content online and across its social media platforms. "It's a great conversation starter and a great equalizer," says Brenden Roemich, Westoba's marketing and communications coordinator.

Westoba CEO Jim Rediger is also a bit of a social and digital media star, regularly recording videos for members—and potential new ones—about everything from what's happening in the community to issues facing financial industry as a whole. It's about connecting with the community, not selling products, says Roemich. "A hard sell doesn't get you where you need to go with social media. It's more of a conversational, engagement piece for us."

Because Westoba has members in 17 locations across the province, it tries to keep its messaging broad. "We need to find one message that fits everyone, without exclusions," Roemich says. "It's looking at doing great things for great people in each of the areas."

Westoba focuses largely on Facebook, Twitter and YouTube and plans to boost its presence on LinkedIn. "It's a great new medium and allows us to look at things we couldn't even think about 10 years ago," Roemich adds.

"Always on" approach

Atlantic Central already has the Super Bowl, Valentine's Day and other occasions on its marketing calendar for next year as a way to stay on top of events and stay relevant in the minds (and on the screens) of its members. "We want to be out there, engaging and building our brand 12 months a year, not just during campaign periods," Murray says.

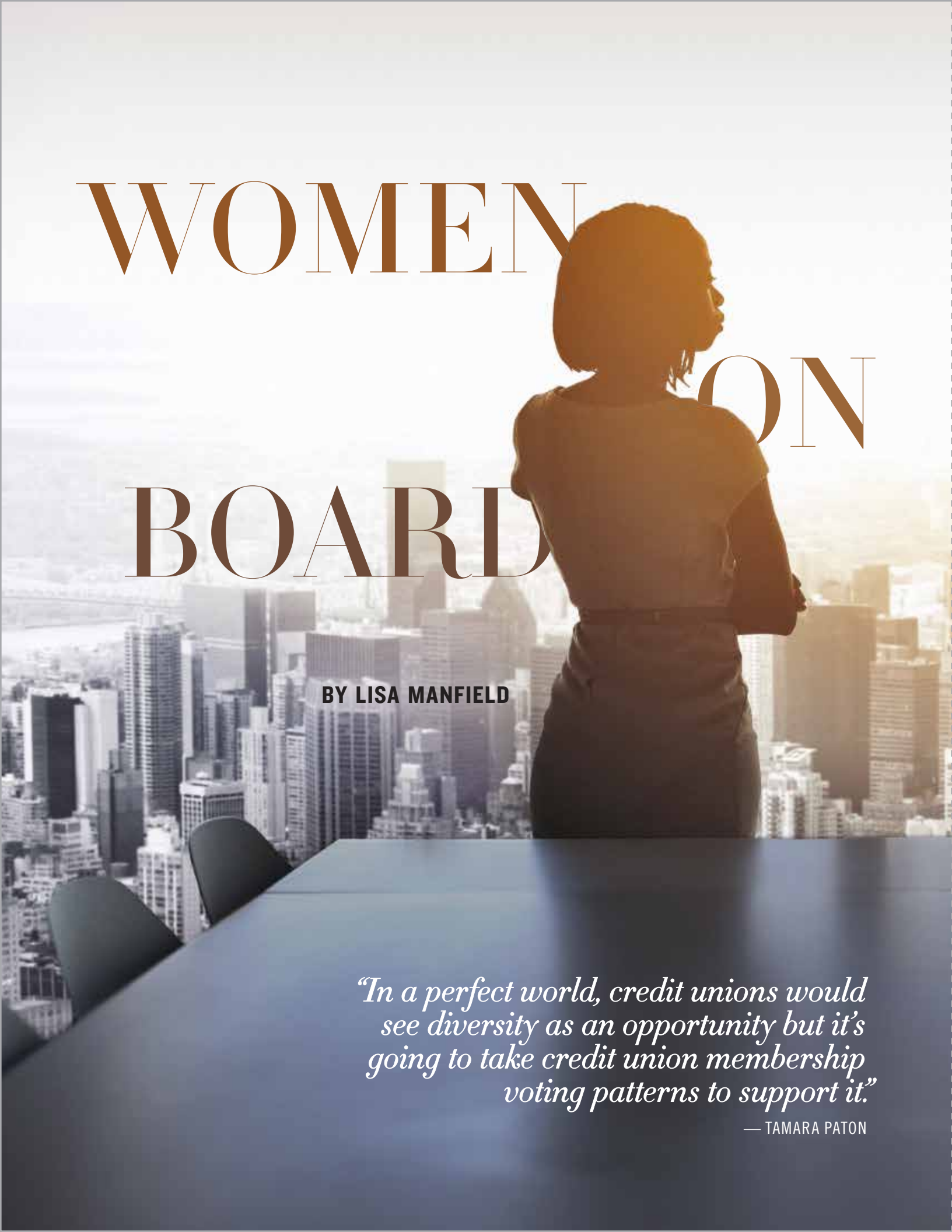
It's part of the "always on approach" that Atlantic Central uses, which Murray likens to a newsroom working to deliver on relevant information to its audience. The strategy appears to be working so far. Engagement is up (they have doubled social followers in the past few months) and membership at many of its member credit unions is growing.

For Atlantic Central and others, the next step is to keep its members engaged, which Murray says goes back to its integrated marketing approach. That includes other marketing initiatives to welcome new members. "It's about creating a member-first thinking," Murray says. "We're always evolving. We want to be out there, engaging and building our brands. That includes talking to new members as well as being top of mind for existing members." e



WOMEN ON BOARDS

BY LISA MANFIELD



"In a perfect world, credit unions would see diversity as an opportunity but it's going to take credit union membership voting patterns to support it."

— TAMARA PATON

STUDIES SHOW THAT GENDER DIVERSE BOARDS ARE GOOD FOR A COMPANY'S BOTTOM LINE. WHAT CAN CREDIT UNIONS DO TO GET MORE FEMALE DIRECTORS ON THEIR BOARDS?

It was a call to action that resonated globally on International Women's Day: a strategically placed bronze statue of a defiant and fearless girl, hands on hips and legs planted firmly apart, brazenly staring down Charging Bull on Wall Street in New York City.

Installed by United States fund manager State Street, the statue was an attempt to increase awareness of the need for equal opportunities and particularly greater gender diversity on corporate boards. "A key contributor to effective independent board leadership is diversity of thought, which requires directors with different skills, backgrounds and expertise," Ron O'Hanley, State Street's president, said in a statement. "We are calling on companies to take concrete steps to increase gender diversity on their boards."

O'Hanley's call to action is backed by research that shows diverse boards produce better results. According to a study by MSCI Inc., a US-based provider of equity, fixed income and hedge fund stock market indexes, companies with strong female leadership— defined as three or more women—generated a return on equity of 10.1 percent per year versus 7.4 percent for those without that critical mass of women.

Despite these supporting numbers, gender bias persists, particularly when it comes to senior leadership positions. When newly elected Prime Minister Justin Trudeau selected his cabinet members shortly after his victory in the 2015 federal election, his ethnically diverse and gender equal cabinet made headlines around the world. As did his reply, "because it's 2015," when pressed on his choices.

Federal cabinets aside, the overall lack of diversity in this country's corporate boardrooms continues to place Canada well behind many European nations, despite concerted efforts by a number of Canadian and international organizations to foster greater diversity, if not gender equality, on boards. According to the Canadian Board Diversity Council's 2016 Annual Report Card, the representation of women on boards of FP500 companies (Canada's largest corporations by revenue, as surveyed by the Financial Post) has been increasing over the last 15 years to 20 percent in 2016 from 10 percent in 2001.

The numbers are considerably worse, however, if you look at TSX-listed companies. Of 677 TSX-listed companies analyzed by provincial regulators, women make up only 12 percent of board seats while 45 percent of listed companies do not have a single woman on their board.

Compared to European countries like France, where women comprise 34 percent of corporate board seats, and Norway, where the percentage of women on boards soars to 46 percent, Canada seems stuck in the Stone Age.

Quotas versus comply or explain

Europe's high numbers are the result of government-imposed quotas coupled with strict penalties for non-compliance. Norway, for example,



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requires 40 percent of corporate board seats to go to women, with company dissolution the penalty for non-compliance.

Canada has taken a much softer approach to the regulation of board composition. Organizations like the Canadian Council for Board Diversity, Catalyst Canada and the 30% Club have all set aspirational targets for women on boards in the range of 25-30 percent.

In December 2014, the Ontario Securities Commission (OSC) released new regulations requiring all companies listed on the TSX to adopt policies on gender diversity or explain why they hadn't. Referred to as "comply or explain," the regulations have been adopted by regulatory authorities in Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Québec and Saskatchewan.

Tanya van Biesen, executive director of Catalyst Canada, which is part of a leading global non-profit dedicated to advancing women in business, says comply or explain has "raised board awareness and created an active conversation." But it hasn't gone much beyond that.

That's because the regulations don't really have any teeth, says Sarah Kaplan, director of the Institute for Gender and the Economy and professor of Strategic Management, Gender and the Economy at the University of Toronto's Rotman School of Management. "People were shocked that "comply or explain" didn't work. I wasn't shocked," she says, adding that most explanations regarding non-compliance refer to selection based on meritocracy. "It's clear that a meritocracy is not there."

Van Biesen says that the "comply or explain" regulations will be reviewed and tweaked. "We're almost three years in and they will look at it again and change it going forward."

Are credit union boards diverse enough?

Of course OSC regulations don't apply to member-owned credit unions. "Diversity is simply part of who we are," says Korinne Collins, vice-president, professional development and education, of the **Canadian Credit Union Association** (CCUA). "Credit unions have a different philosophy; they are more representative of their memberships."



FROM TOP LEFT CLOCKWISE: SARAH KAPLAN; TANYA VAN BIESEN; TAMARA PATON; JOANNE McDONNELL; COLLEEN SIDFORD; KORINNE COLLINS.

A recent CCUA review of the biggest credit unions in Canada showed an average 35 percent diversity rate on boards. But the numbers vary widely, with front-runners like **Vancouver City Savings Credit Union** (519,000 members, $21 billion in assets) at 89 percent diversity, while others still sit below 10 percent.

Joanne McDonnell is the sole female board member at **Comtech Fire Credit Union** (15,878 members, $370 million in assets) in Toronto after a merger with Kingston, Ont.-based Limestone Credit Union (previously the Federal Employees Credit Union) brought her over. She had spent 12 years on her previous credit union board, which she says was more diverse. "That board always had a very good representation of women but it was hard to find people to sit on the board."

That's exactly why Catalyst Canada maintains a list of

"On other boards, recruitment is typically done with a tap on the shoulder and lunch."

— COLLEEN SIDFORD

board-ready women, along with a mentorship program that pairs women with influential senior board members who can help open up their network. "Greater diversity creates an environment for different perspectives," says van Biesen. "You get greater collaboration and greater innovation, which drives performance."

This has been the case for **Assiniboine Credit Union** (115,296 members, $4.3 billion in assets) in Manitoba, which has made diversity on its board intentional, says board chair Vera Goussaert. "It's our goal to have our board mirror the community we work in in terms of ethnicity, gender and age."

Goussaert says Assiniboine doesn't set targets but tokenism has never been an issue. "Every year we do a gap analysis for skills and competencies with a diversity lens on board composition," she says. "If we need certain skills, we communicate that to our membership. "Right now we're not doing that well with respect to gender," Goussaert adds. "At one point we were at 60 percent. It ebbs and flows and that's not a bad thing."

Some credit unions are beholden to their nominations process, which may hamper diversity efforts. This is the case at **Meridian Credit Union** (287,310 members, $12.1 billion in assets) in Ontario. "I'm on a number of boards and Meridian has the most robust process," says Colleen Sidford, who has been a credit union board member for six years. "On other boards, recruitment is typically done with a tap on the shoulder and lunch."

Meridian's process is far more complex. "First you have to be a member of the credit union for a minimum of 12 months," Sidford says. "Then you have to get references from five members who cannot be directors or employees. We want people who are willing to accept the culture and values and reach out to members."

Any member can submit their name for review by the nominating committee. But board members cannot reach out once the nominating committee has begun interviewing incumbents. "It's fair and no one gets an advantage," Sidford says. "But we don't have any way of saying, 'we want two women this year.' If no women put their name forward, the nominating committee can not do anything about that."

When Sidford joined, there was only one woman on the board. "They were struggling with the lack of diversity and that's why one of the directors reached out to me. I had to become a member, so I had to wait a year to put my name forward."

"It's clear that a meritocracy is not there."

— SARAH KAPLAN

Other barriers to diversity

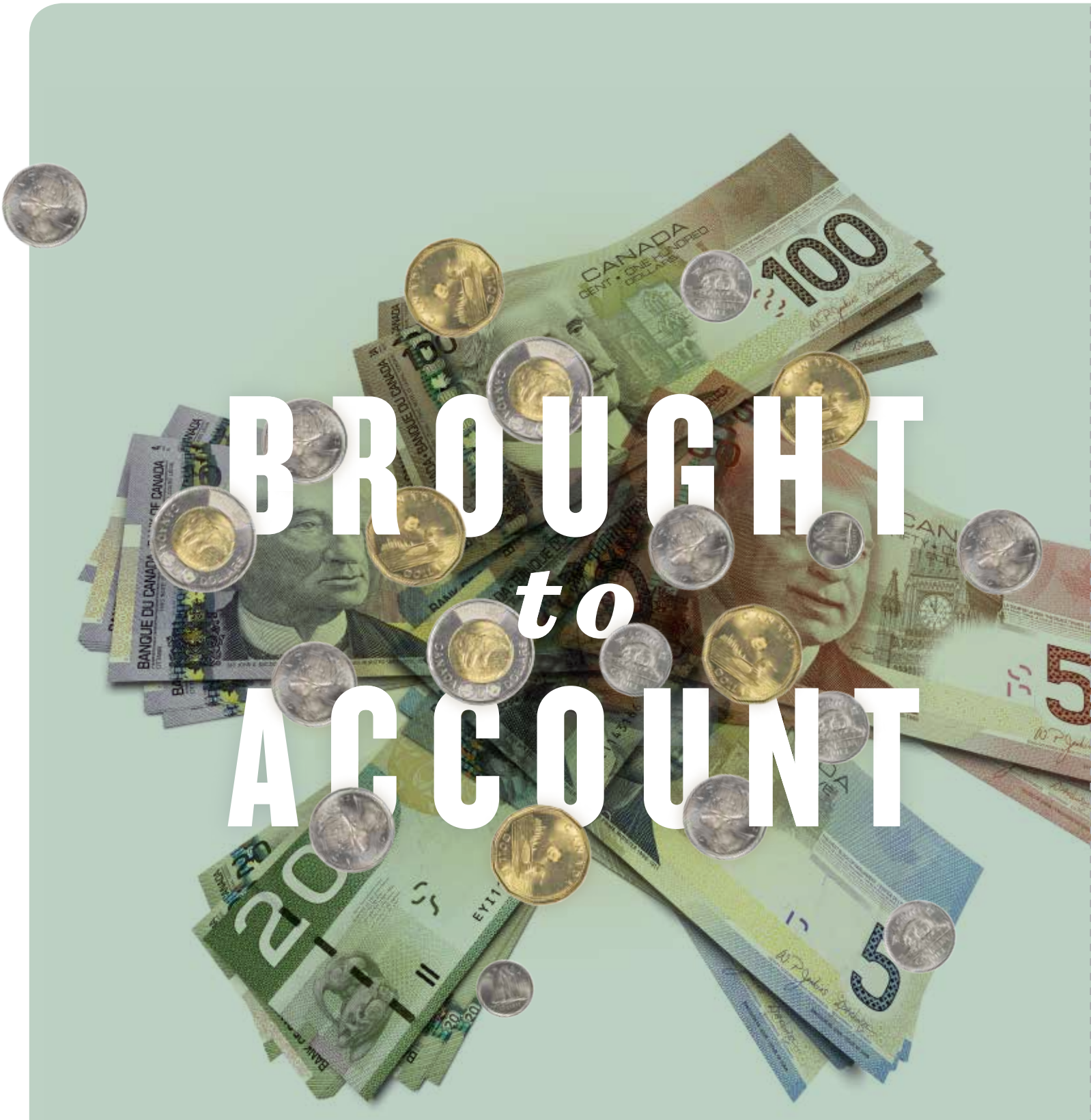
While the selection process can be both a barrier and a boon to diversity, another big barrier is term limits—or lack thereof—which can allow members to stay on boards for decades. Age can also be a barrier, particularly for younger people with families. "Taking time out for two- and three-day board meetings is difficult for people with jobs and families," Sidford says. "We do have difficulty attracting a younger cohort."

On the flipside, younger people can have difficulty getting endorsement from credit union boards or members. "People see you as a young person and don't take you seriously," Goussaert says. "I've been chair for a year and a half and I was mentored by the past chair. I was fairly young but fortunately I was supported by my board to take on this role."

Tamara Paton got her start on boards in her mid-30s in an effort to broaden her professional network. "When I started, I needed someone to say, 'have you considered this?' I was invited to join the Canadian Automobile Association board. After that, a credit union was the next obvious place for me." Now a member of Meridian's board, Paton also runs her own company offering board training for potential directors. "It started as phone calls and one-on-one coaching. Then I started blogging about how to get on boards and be effective."

Eventually, Paton launched an online training program called Boardroom Blueprint, which covers how to interview for board positions and create impact once you're on the board. Her clients are mostly male. "I'm not seeing the gender diversity that I think is possible," she says. "If you'd asked me five years ago, I would have winced at quotas but allowing osmosis as the strategy hasn't been effective. In a perfect world, credit unions would see diversity as an opportunity but it's going to take credit union membership voting patterns to support it."

Goussaert, nonetheless, sees progress. "I've seen a shift since I joined," she says. "As a credit union system, we are making progress. It's an important conversation to have and we should keep working at it."



BROUGHT *to* ACCOUNT

BY PETER DIEKMEYER

The 2008 subprime mortgage debacle sparked a global banking crisis, leading to a major overhaul of the financial landscape. Credit unions are scurrying to ensure they can meet the new IFRS 9 accounting regulations, which take effect Jan. 1, 2018.



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In September 2008, Lehman Brothers, a global financial services firm and the fourth-largest investment bank in the United States, collapsed. For the past five years, Lehman Brothers had amassed a huge commercial property loan book, focusing on securitizing sub-prime debt, which left it vulnerable to downturns in real-estate values. Holding more than US$600 billion in assets, it filed for bankruptcy. The repercussions were felt around the globe, with venerable financial giants like Merrill Lynch, AIG, Freddie Mac, Fannie Mae and Royal Bank of Scotland, among other institutions, coming within a hair's breadth of collapse themselves. Trillions of dollars were used to prevent the world banking system from collapse.

Canada wasn't immune to the crisis. A 2012 Canadian Centre for Policy Alternatives (CCPA) report estimated that several national banks, despite claiming solvency, received $114 billion in bailout support from various government agencies, including Canada Mortgage and Housing (CMHC) as well as the Bank of Canada.

Fingers were pointed at a variety of players, institutions and policies. It was clear that existing regulatory regimes were inadequate and in need of an overhaul. This resulted in the creation of the Dodd-Frank Wall Street Reform and Consumer Protection Act, a huge piece of financial reform legislation passed by Washington in 2010. That same year, the Basel Committee on Banking Supervision, headquartered in Switzerland, citing "excessive leverage, inadequate and low-quality capital and insufficient liquidity buffers" as some of the shortcomings that led to the crash, agreed to new Basel III global banking standards.

In mid-2014, the International Accounting Standards Board (IASB) published International Financial Reporting Standards, or IFRS 9 - Financial Instruments. As of Jan. 1, 2018, IFRS 9 would replace the standard IAS 39 - Financial Instruments: Recognition and Measurement. A report from 2009 indicated that IAS 39, overly complicated and inadequate to the practice of proper financial management, played a role in precipitating the banking crisis in 2008. IFRS 9 was drafted at the request of the G20, the international forum for governments and central bank governors from 20 major economies, to overcome these inadequacies and prevent another banking crisis like the one in 2008.

So, how is this new, sweeping legislative landscape affecting credit unions? The immediate challenge for Canadian credit unions relates to the implementation of new IFRS 9 Financial Instruments accounting standards. The requirements, governing asset classification and measurement, impairment accounting (including expected credit losses) and hedge fund reporting, take effect at the beginning of 2018. In order to ensure they meet the new requirements, credits unions are busy undertaking adjustments of their accounting systems to ensure they are up and running smoothly in just slightly over half a year.



This, says one expert, is proving to be a challenge. "The goal is to provide financial statement readers with more relevant information," says Abhimanyu (Abhi) Verma, a partner at KPMG, which has extensive financial cooperative sector experience. "But that requires more work." The burden is not equally shared. For example a big-bank team of 30 accountants is better equipped to tackle specialized provisions than the small staff in a regional credit union.

Cheryl Maksymiw, an associate vice-president at **SaskCentral**, agrees. "The new standards present considerable challenges. They affect not just accounting but overall operations," Maksymiw says. "That means increased compliance costs." According to Stephen Fitzpatrick, vice-president, corporate services and CFO at the **Canadian Credit Union Association** (CCUA), the sector is responding to the new challenge by using a traditional tool: cooperation. "When IFRS was first implemented CCUA took a lead role," says Fitzpatrick. "This time, the process is being driven by the centrals."

Cooperating: an old solution to a new challenge

Paving the way was the formation in late 2015 of the IFRS 9 Readiness for Credit Unions initiative. The group, which initially included CCUA, **Central 1 Credit Union**, SaskCentral, **Credit Union Central of Manitoba**, **Atlantic Central**, and **Concentra Financial** wholesale bank and trust company is headed by consultant Kim Andres, the acting national project manager.



ABHIMANYU (ABHI) VERMA, PARTNER KPMG

Andres today leads a team of 60 credit union and central volunteers from across the country who staff a series of task forces that are exploring ways to facilitate IFRS 9 compliance. "Our goals are to provide credit unions with information and coordinate a national approach that minimizes duplication of efforts and the sharing of resources to better address common issues," says Andres. "Ultimately this creates efficiencies and reduces costs throughout the system." Participants in the readiness initiative have been busy. Stakeholder meetings, teleconference and webinars have been conducted across the country and implementation working guides related to three major IFRS 9 areas have been hammered out. In addition, a "tool kit" related to financial statements notes and disclosures was just released.

The coordination of the process by Andres and her team was complex. They pulled together four working groups, three subgroups, a project team as well as steering and administrative committees. One of their first moves was to hire KPMG consultants to provide technical expertise, assist the various groups and facilitate overall process.



CHERYL MAKSYMIW, ASSOCIATE VICE-PRESIDENT SASKCENTRAL

Maksymiw, of SaskCentral, who is part of the steering committee, says that the preparations will help many credit unions overcome the pre-IFRS 9 jitters. "Many credit unions don't have the resources and large accounting teams they need to easily handle the transition," said Maksymiw, who cites process changes, data requirements, as well as IT infrastructure and personnel training as key costs member credit unions must assume. "We are doing

everything we can to help. We recently invited individual credit unions to participate in conference calls to exchange ideas. The reaction was very good."

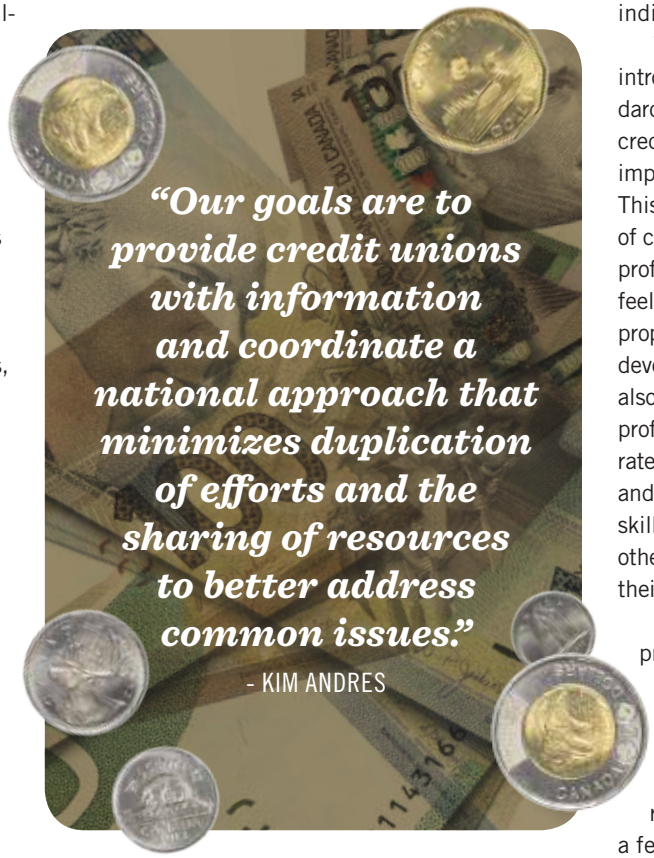
Changes affect credit unions differently

Complicating matters is the fact that not all the IFRS 9 changes affect credit unions equally. For example, classification and measurement guidelines, which are now driven by cash flow characteristics and the business models in which the assets are held, should be more straightforward to implement for credit unions that have narrow client bases. Conversely, the relaxation of hedge fund reporting requirements, which provide institutions flexibility regarding valuations of certain assets, particularly non-fungible items such as derivatives, will be more relevant to larger players.



PETER LIAO,
CENTRAL 1 SPOKESPERSON

One area that requires special attention is asset impairment. During the financial crisis, the delayed recognition of credit losses on loans and other financial instruments was identified as a weakness in existing accounting standards. IFRS 9 mandates a new, expected loss impairment model that requires more timely recognition of expected credit losses. According to Maksymiw, credit unions currently use an incurred loss model. The new, far more burdensome methodology includes forward-looking impairment models, which require different data sets, including the monitoring of macro indicators.



To help streamline the process, the national readiness initiative commissioned Central 1 to develop a national solution to help facilitate loan impairment accounting. According to Peter Liao, a Central 1 spokesperson, the new IFRS 9 National Reporting & Analytics Platform enables credit unions to achieve economies of scale by sharing costs associated with defining, building and maintaining a software solution that incorporates future revisions.

The new software as a service (SaaS) platform, which Liao's team has been demonstrating to Canadian centrals and their credit union affiliates during this annual general meeting season, facilitates flexible data modelling. This enables more realistic and relevant loan loss estimates. The solution offers several advantages. For one, it enables accounting stakeholders to create "what if" scenarios related to how loan portfolios would be affected by changes in interest rates, housing prices, local and national economies and a variety of other macro-economic and forward-looking indicators.

The platform also introduces some standardization in the way credit unions conduct impairment accounting. This provides a degree of certainty to financial professionals, who may feel uncomfortable using proprietary solutions developed in silos. It also makes it easier for professionals to collaborate on technical issues and to maintain their skills if they progress to other credit unions as their careers advance.

Simulations that produce reports related to projected loan losses and financial disclosure reconciliations will run in as little as a few minutes. Users will be able to filter loan portfolio variables to get a better understanding of expected loss results at both the branch and loan level. Central 1 is producing the new solution on a cost-recovery model basis. Fees will fund platform upgrades.

Participating credit unions will have to do initial implementation groundwork to identify and gather the needed data sets from their various banking platforms, loan origination systems and manual files. However, the new platform is expected to reduce lifetime ownership costs, such as staffing and specialized expertise and infrastructure, which are associated with developing and maintaining proprietary solutions.



IFRS NINE

Beyond IFRS: judgment will be key

Despite high hopes that the accounting profession would have learned lessons from the 2008 financial crisis, even a cursory glance at the proposed changes demonstrates their limitations. One of the reasons that chartered accounting firms escaped unscathed from the financial crisis, despite having approved the statements of financial institutions that months later proved to be insolvent, relates to the profession's complexity and opacity.

This tradition continues. Banks' annual reports can extend to more than 200 pages. Furthermore, many professional bodies keep the standards and timely updates that govern the auditing profession behind a paywall. This makes it hard for credit union managers who are not licensed accountants but who work with accounting information to access. The upshot is that sector professionals and stakeholders need to increasingly use their personal and professional judgment when implementing IFRS 9 standards and when using the resulting information.



The CCUA, for its part, has been a strong advocate for effective reporting, particularly in areas related to solvency and stability. In 2015 the association, in conjunction with the Filene Research Institute, a US credit union and consumer-finance think tank, commissioned Toronto's Phil Braginetz, a financial sector expert, to study the matter. "Credit unions need to look beyond stress testing as a mere regulatory requirement," says Braginetz. "Strategic risks exist for financial institutions at all levels and appropriate safeguards are critical."

Braginetz cites liquidity as a key example. Basel III and other regulations have standards as to how much liquidity financial institutions are expected to hold. However, regulations are silent regarding stress testing those levels, to see how credit unions would respond in challenging situations. "In the end it's not just about complying with specific provisions," says Braginetz. "It's also making sure that managers do what's best for their institutions, their members and the surrounding communities."

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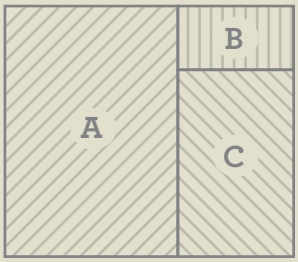
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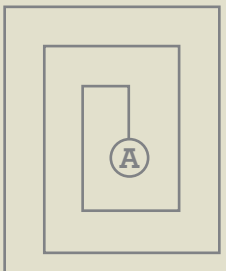
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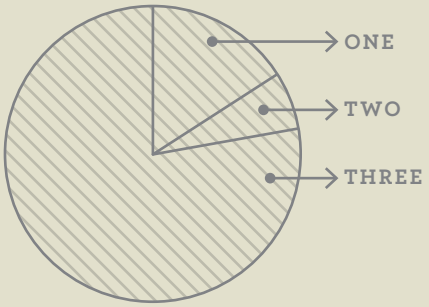
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ALIGN



Credit unions and cooperatives are adapting "lean" principles [first developed by Toyota] as a strategy to better support those who work on the frontlines.





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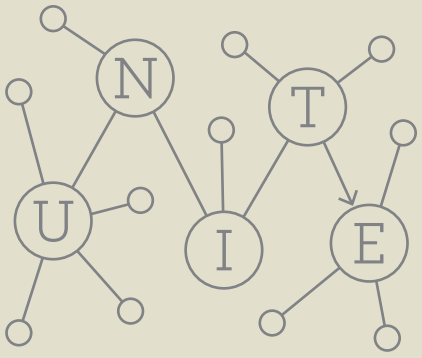
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OVER HAUL

ELL NAVIGATE

LESS

BY ART CHAMBERLAIN



In some ways, it seems odd that a system developed 60 years ago to produce cars more efficiently works today to create well-functioning credit unions focused on member service. But talk to the people using the system and the similarities between the two industries become clearer.

They intersect at values. In fact, values are their foundation.

Many credit unions, cooperatives and businesses across the country are using a "lean" approach to revamp their work. Lean was developed by Toyota as part of its then-revolutionary approach to car manufacturing. Instead of Henry Ford's never-ending production line of vehicles that had workers repeating simple tasks over and over and over, Toyota structured its workforce in small teams that worked together to develop the best way to carry out their tasks.

Their strategy was based on two simple principles: the elimination of any step in a process that did not directly add value to the product and the smoothing of the flow of work necessary to build the product. The goal was to create better value to the end user of a product while eliminating all waste in the process, thereby cutting the manufacturing cost.

In the 1990s when it became clear that Toyota was building the best vehicles in the world and all auto manufacturers were struggling to catch up, attention turned to the Toyota Production System. For most, the focus was on the business processes and how Toyota squeezed out waste, sped up production, yet maintained world-leading quality. "A lot of North American companies tried to follow what Toyota did and failed because they didn't look at the cultural/people

LEAN THINKING

THE FUNDAMENTAL PHILOSOPHIES OF THE TOYOTA PRODUCTION SYSTEM AT THE HEART OF LEAN ARE:

THE CUSTOMER COMES FIRST

PEOPLE ARE OUR MOST VALUABLE RESOURCE

CONTINUOUS IMPROVEMENT

SHOP FLOOR FOCUS – WORKING ALONGSIDE THOSE CLOSEST TO THE PROCESS

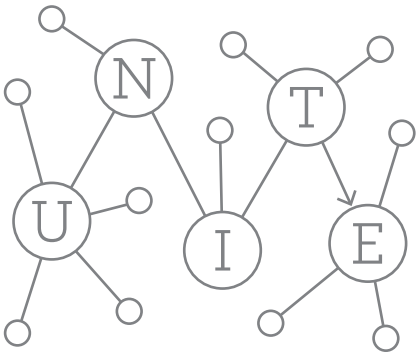


MICHEL LABELLE, DIRECTOR OF TECHNOLOGY STRATEGY, BUSINESS PROCESS AND ENTERPRISE APPLICATION SERVICES. CENTRAL 1



side," says Lorri Meulendyks, director, Enterprise Process Management at the CUMIS Group, which is part of The Co-operators. "They looked at the tools, not realizing that the secret sauce to why it works at Toyota is the training of the employees. In their culture, it would be disrespectful for a manager to answer or solve a problem for an employee," Meulendyks says. "It's more the role of the manager to mentor and teach them how to think, how to get to root cause and how to brainstorm for solutions. That's very different than the North American way."

THE Nº1 LESSON OF LEAN IS TO LOOK AT EVERY PROCESS AND EVERY STEP FROM A MEMBER/CLIENT PERSPECTIVE AND ASK WHETHER IT HELPS THEM OR IF THEY WOULD PAY FOR IT.



But many failed to implement lean because their focus was on using it as a process improvement tool, not realizing it really is a management method. CUMIS is one of the leading proponents for lean management in the cooperative sector. It has been using it since 2009, training more than 1,400 people so far, and establishing a Best Practice Centre of Excellence that is rolling lean out to all of the Co-operators Group's 5,000 employees.

"We really promote culture change and training for people leaders and project managers around lean management, that's what's different now," Meulendyks says. "It's become a prerequisite that people managers get trained on that now."

Central 1 Credit Union has been on a similar path for the past two years and Michel Labelle, director of technology strategy, business process and enterprise application services, says it has learned that cultural change is the key. "The key is not lean itself but the cultural elements that lean supports and the focus on our members," Labelle says. "We look at all our processes from a member/client point of view."

All of Central 1's 600 employees have had basic training in lean and it is now part of any new employee's introduction to the company, adds Labelle. The way to introduce it is by focusing on a small area, showing how the lean approach can save time, money and improve your service, then share that story with employees. "It's best to start with small things and do what you can where you can," Labelle says.

The No. 1 lesson of lean is to look at every process and every step from a member/client perspective and ask whether it helps them or if they would pay for it. Lean uses the Five Whys approach developed by Sakichi Toyoda, founder of Toyota. To solve a problem, it repeatedly asks "why," drilling down to understand any fundamental issues.

Central 1 and several other credit unions have worked with Vancouver-based training company Lean Sensei International. Labelle says the company has been charting new paths as it works in the financial services sector. "Lean is nothing more complex than common sense, uncommonly applied," says Labelle. "It's about servant leadership—the people who do the work on the frontlines need to be supported. Leadership's role is to support them and ensure they have the right tools and processes in place to be successful."

Meulendyks agrees: "Really, it's applied common sense and everything you do is a series of steps, which is a process that can be improved."

A study by Bradley Staats and David Upton published in the Harvard Business Review "found that lean principles can be applied in some form to almost all kinds of knowledge work and can generate significant benefits: faster response time, higher quality and creativity, lower costs, reduced drudgery and frustration, and greater job satisfaction."

"Many organizations suffer from process improvementitis," the Harvard article stated. "Their leaders pay lip service to the initiative of the month—and, not surprisingly, people don't take the initiatives very seriously.

"Turning an organization into a lean system requires a grassroots reinvention of how work is performed. That's as true in knowledge work as in manufacturing. The transformation demands sustained investment, a huge amount of training, a new culture and new processes. Senior leadership must treat it as a long-term change program."



Meulendyks is part of a Cooperative Lean Network that brings together lean practitioners from credit unions and co-ops across the country for conference calls about once a month where they can share successes and discuss any problems. The network was started by Kate Wetherow, knowledge management specialist at the **Canadian Co-operative Association**. She says the informal group came together because several people from various credit unions and co-ops were sharing ideas and realized there was a growing interest in learning more so they decided to set up a monthly conference call.

Wetherow points to CUMIS as a leader in Eastern Canada that has shown how effective lean management can be and shared information with many other organizations, while **First West Credit Union** (220,000 members, $9 billion in assets) has played a similar role in British Columbia. "What drives us is that there is a clear value alignment," Wetherow says. "The first principle of lean is to understand the value you bring to your customer/client or beneficiary. For credit unions and cooperatives that are very values- and principles-centric, it's all about the value that we're bringing to our co-op or credit union member."

> "SENIOR LEADERSHIP MUST TREAT IT AS A LONG-TERM CHANGE PROGRAM."
>
> — HARVARD BUSINESS REVIEW

Wetherow says some staff have initially questioned the use of lean, feeling it's for manufacturing companies. But after looking at examples, such as how Canadian Blood Services used lean to revamp its processes, or how a non-profit delivering food in New York after Hurricane Sandy dramatically increased its efficiency with lean, they understand the values connection. "Our staff gets that alignment when they see a process improved in a not-for-profit service," she says. "Our customers are our beneficiary and improving their livelihood is the reason we exist."

The name game

Members perceive that a credit union values them more if staff are able to recall their names.

By Alexandra Samur



In the post-factual, fake news, digital age we live in, it seems there is no need to remember anything anymore. Names, however, are among the few things we leave up to memory on a daily basis.

So then, why are many of us bad at remembering them?

Forgetting names, in fact, has gone mainstream, with its own pop culture references: it's the subject of television shows like "Celebrity Name Game." It even has entries on UrbanDictionary.com like "name shame" or "forgettery." (As in, "please remind me what your name is again. I have a forgettery instead of a memory.") A popular iPhone app called Namerick purports to cure even the most forgetful folks through repetition and mnemonics.

While forgetting names is commonplace, it's still associated with the most negative of feelings. "It's the worst feeling in the world when a person is talking to you, and you know that you know that person, but you just can't recall their name," says Devin Selte, senior manager, Member Experience and Analytics at **Servus Credit Union** (373,000 members, $14.6 billion in assets) in Edmonton. It's bad enough when the person standing before you is an old pal from high school. It's something worse when you're facing someone and that person happens to be a member.

Working with focus groups, Selte and his team, unsurprisingly, learned that their members liked when Servus representatives remembered their name as well as something personal about them. Members associated this with the perception that the credit union placed a positive value on them and their business.

These findings make sense to Graham Best, the Langley, BC-based founder and president of Memory Dynamics Inc. "If somebody calls you by name, you feel important," says Best. "If they remember things about you, you want to do business with that person."

Remembering names, however, is easier said than done. Best argues that everyone has (or can have) a great memory. A former high school physics teacher turned memory trainer, he recounts being on "The Alan Thicke Show" (remember that name?) in the early 1980s, demonstrating how he had memorized the entire studio audience and their telephone numbers from a single meeting as they filed into their seats. But while Best's abilities may appear unique, he insists anybody can do it. Dutch neuroscientists have found evidence to support his claim. Their research involving brain scans, published in the science journal *Neuron*, revealed that there aren't any obvious anatomical differences between the minds of memory champs and those of regular folk. Memory performance, he says, all comes down to training.

Visualizing, associating, studying—these are the techniques Best shares in his workshops and through his five-step guide, *How to Remember What's His Name*. If the concepts below ring a bell, it's because they are not unlike techniques you may have used to remember the periodic table of elements back in chemistry class.

For instance, one approach involves picturing a word that sounds like the name you're trying to remember. Take "Bill." Best notes that name "could be pictured by a duck's bill, or a dollar bill." Similarly, a technique for putting a name to a face involves studying a person's features and picking out something memorable such as their hair style, nose shape or birth mark. The lesson goes, if Bill happened to have a cleft chin, you could make a mental picture of rolling up a dollar bill to put in his chin.

Though you may not be immediately persuaded by the quirky examples, they can work – particularly if you use associations that make sense to you. Best also notes that to maintain memory, it's important to eat a healthy diet low in saturated fats, get plenty of exercise and, most importantly, get enough sleep. The No.1 tip he recommends? Make a point of challenging and engaging your memory regularly; like any other muscle, you use it or lose it.

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Frog Power

East Coast Credit Union signs on with Bullfrog Power and uses it to bolster its environmental stewardship cred.

By Sarah Brown

This past January, **East Coast Credit Union** (41,000 members, $677 million in assets) set the tone for 2017 and beyond by giving the green light to green power. In announcing a partnership with Bullfrog Power to buy green electricity for all of its 50 branches and ATMs across Nova Scotia, East Coast Credit Union CEO Ken Shea sent a clear signal that his credit union is serious about investing in clean energy. It's a power move that Shea believes will pay off in spades. "If we want to make change, we have to be the change," he says.

Still, an investment in Bullfrog Power is a complex idea to communicate. (Bullfrog is a Toronto-headquartered energy retailer that offers customers power from renewable energy sources like wind, low-impact hydro and green natural gas made from organic materials like agricultural waste.) East Coast Credit Union pays a modest premium on top of its existing electricity bill. That premium is used by Bullfrog Power to support renewable energy initiatives around the country, including smaller community and cooperative projects. In Nova Scotia this means wind farms and small-scale solar greenhouse and rooftop installations. The idea is that as businesses and individuals invest in Bullfrog Power, it, in turn, invests in clean energy. Fossil fuel-based sources of energy are slowly replaced with green energy systems.



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Smart marketing

East Coast Credit Union provides a good case study on how to communicate a complex idea on a limited budget. The partnership with Bullfrog Power's marketing team began in October 2016, with marketing representatives from both organizations cooperating to decide on the best ways for East Coast to communicate the initiative. Bullfrog Power's marketing team led communications as the initiative was rolled out and the two organizations continue to work together to spread the word.

When East Coast signed on, Bullfrog Power committed to providing the credit union with tailored website content, employee FAQ handouts and ongoing marketing content to announce and promote the partnership. Because Bullfrog Power's messaging is targeted based on each client and their region, it is conducive to other regional credit unions exploring whether a renewable energy initiative could be part of their CSR strategy. "We have regional experts who tailor the message," says Holly Bond, Bullfrog's vice-president, regional sales, Canada. "So, for instance, we have someone in British Columbia who grew up there and knows the concerns of British Columbians." The result is smart marketing — local messaging with local insight on employee engagement, CSR and attracting customers.

Green as a brand

For East Coast, embracing Bullfrog Power is an extension of an ongoing commitment to the environment; renewable energy is part of a CSR strategy that is already familiar to—and embraced by—members. In recent years, the credit union has experimented with geothermal and solar power when renovating its branches, promoted loans for members wanting to make energy efficient upgrades to their homes and instituted a car loan program that gives better rates for more energy-efficient cars. "We've had positive reaction to these types of initiatives over the years and the agreement with Bullfrog lets us reinforce our commitment," says Shea.

The beauty of Bullfrog Power is that it's fast, too. While making green refurbishments to East Coast's branches is a slow process, taking place as repairs are needed, the agreement with Bullfrog Power allows the credit union to champion its commitment to green in a quick and tangible way. Every one of its branches—new and older—is powered with green electricity. That's a concept that's easy to market. "In branding terms, this just adds to our profile. We want to be environmental stewardship leaders," Shea says.

The future is now

Millennials are an increasingly attractive and valuable demographic as they become established in the workforce. This is a cohort, says Bond, that "is up to three times more likely to want to work for—and buy from—companies that share their values." Green credentials are something they look for when they decide whether to join a credit union as an employee or member, Bond adds. "With East Coast Credit Union, a CSR strategy that includes Bullfrog Power is perfect because it's genuine and true. They've already shown a commitment to green initiatives, so this adds to that story."

Shea puts it more simply. "We want to lead by example. There is a cost to buying sustainable energy but the environmental impact of not using sustainable energy is much greater. Our members understand that."

Borrowing spree

Canadian households carry the biggest debt-to-income load in the G7, thanks to low interest rates, a high number of mortgages and hot Toronto and Vancouver housing markets. Unfortunately, reports Statistics Canada, these debt levels are only getting worse.

By Roberta Staley



This past March, Statistics Canada released a report indicating that Canadians seem to be embracing a growing tolerance for debt.

The Government of Canada agency reported that household credit market debt rose to **167.3%** of adjusted household disposable income in the final quarter of 2016, up from **166.8%** in the third quarter. That means that there is $1.67 in credit market debt for every dollar of adjusted household disposable income.

Equifax Canada, the consumer credit reporting agency, also released its National Consumer Credit Trends Report this past March stating that Canadian's total consumer debt, including mortgages, is now at **$1,718,000,000,000** an increase of six percent from the final quarter of 2015.

Equifax found that while **46%** of consumers are decreasing their debt, **37%** are increasing it and adding a larger amount on average.

Meanwhile, debt is increasing among seniors, at **6%** and among consumers with better risk scores, at **5%**

Policymakers have expressed concern over high household debt, viewing it as a risk to the economy, especially if interest rates rise or there are sudden job losses.

A key contributor is the mortgage sector, with all four Western Canadian provinces seeing increased credit inquiries at the end of 2016.

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