The State of the Movement: Addressing Diversity, Equity, and Inclusion within the Credit Union Movement
Framing the Situation

Eric Hansing
VP, Multicultural and Corporate Strategy // CUNA Mutual Group
America's Population is Diverse and Multicultural
Each Generation is Becoming More Racially Diverse

### American Diversity by Generation

<table>
<thead>
<tr>
<th>Generation</th>
<th>Age</th>
<th>Non-Hispanic White</th>
<th>Racially Diverse (all other)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GI GEN</td>
<td>80+</td>
<td>16.9%</td>
<td>83.1%</td>
</tr>
<tr>
<td></td>
<td>70–79</td>
<td>21.8%</td>
<td>78.2%</td>
</tr>
<tr>
<td>BOOMER</td>
<td>60–69</td>
<td>24.3%</td>
<td>75.7%</td>
</tr>
<tr>
<td></td>
<td>50–60</td>
<td>29.6%</td>
<td>70.4%</td>
</tr>
<tr>
<td>GEN-X</td>
<td>45–50</td>
<td>35.0%</td>
<td>65.0%</td>
</tr>
<tr>
<td></td>
<td>40–44</td>
<td>39.7%</td>
<td>60.3%</td>
</tr>
<tr>
<td>MILLENNIAL</td>
<td>30–39</td>
<td>44.5%</td>
<td>55.5%</td>
</tr>
<tr>
<td></td>
<td>20–29</td>
<td>43.8%</td>
<td>56.2%</td>
</tr>
<tr>
<td>GEN NEXT</td>
<td>10–19</td>
<td>46.2%</td>
<td>53.8%</td>
</tr>
<tr>
<td></td>
<td>&lt;9</td>
<td>50.8%</td>
<td>49.2%</td>
</tr>
</tbody>
</table>

Source: Nielsen Pop-Facts, CY 2014 aggregate of single year age by race by ethnicity (ASRE) with collapse Race/Ethnicity into “core” diversity cohorts.
Diversity Matters to Business Performance

- African American
- White/Other
- Hispanic
- Asian
Diverse Teams Make Better Business Decisions
The Business Imperative for Diversity and Inclusion

- Employees
- Processes, Products, Experience
- Customers
- Business Performance

Diversity Equity & Inclusion
Multicultural Marketing & Business Leadership
Connecting to our Shared History

Who is today’s “little man?”
Modernizing Our Shared History
Modernizing Our Shared History
Diversity, Equity & Inclusion at CUNA Mutual Group

Angela Russell
VP, Diversity, Equity and Inclusion // CUNA Mutual Group
What do we mean by ‘Diversity and Inclusion’?

**Diversity** is the **wide range of differences** that exist among people
- Visible characteristics
- Less obvious characteristics

**Inclusion** is a **work environment** where everyone can participate and is valued regardless of difference.

What is CUNA Mutual Doing?
Leadership at the top

Bob Trunzo
CEO, CUNA Mutual Group

Created INCLUSION as a corporate value upon becoming CEO in 2014
Key Wins in our 1st 4 years

• Launched 12 ERGs

• Developed and launched D&I Learning Series

• Created and launched the Inclusion Institute.

• Created an Early in Career Rotation Program

• Integrated inclusion into a number of our policies, procedures and practices.

• 100% on the Human Rights Campaign Corporate Equality Index for 3 years in a row
What can you do?
Common Themes & Emerging Best Practices

• High level of support
• Long term commitment
• Employee Resource Groups/Affinity Groups/BRNs
• Training: Awareness and skills building
• Asking the question: Who benefits and who is burdened?
• Data: Quantitative and Qualitative
• Collaboration and alignment with other efforts
• Recognition of early wins

Art source: Sew Fresh Fabrics - https://www.etsy.com/listing/90138867/
Diversity, equity, and inclusion within the CU movement

An analysis of DEI at credit unions and how CUs are serving diverse members

Samira Salem, PhD, Senior Policy Analyst // Credit Union National Association
Diversity, equity and inclusion at CUNA

“CUNA is an employer that values an inclusive workspace where employees feel valued, included and respected for their individuality.” – **CUNA Corporate Diversity Statement**

"CUNA, uniquely positioned to unify the movement, will use its role as thought-leader to call awareness to Diversity & Inclusion and will provide supportive training & education and enable networking opportunities to provoke thoughtful dialogue and action." – **CUNA Board**

"...I challenge all of us in the movement to consider the addition of an eighth cooperative principle: Diversity and inclusion." – **Maurice Smith, CUNA Board Chair**
Why DEI?

• **Value alignment**
  DEI aligns with the credit union movements’ principles of “democracy and voluntary membership without discrimination” and of its philosophy of “people helping people.”

• **A solid business case**
  There is a decades worth of research showing that organizations that are more diverse tend to perform better, have better customer orientation and decision-making, are more collaborative, and attract and retain top talent. This suggests that more diverse CUs will be more successful—earning more and growing faster.

• **Our core demographic**
  Shrinking middle class in the U.S. is struggling + high and growing inequality in the U.S. **CUs were designed to address financial inclusion and the needs of this demographic.** We need to redouble our efforts around equity/financial inclusion.

• **Policy makers and regulators care**
  Newly elected congressional leaders, as well as regulators, have made it clear that they care about deepening financial inclusion for diverse and underserved populations.
DEI is a market imperative

Percent Change in U.S. Population, 2010-2050

- Mixed/Other: 184%
- Native American: 3%
- Asian or Pacific Islander: 126%
- Latino: 109%
- Black: -5%
- White: 29%

All: -50% to 200%

Racial Profile of U.S. Population, 2045

- White*: 49.7%
- Hispanic: 24.6%
- Black*: 21.3%
- Asian*: 7.9%
- Multiracial*: 3.8%
- Other*: 0.9%


CUNA research on DEI at credit unions

• **Our research seeks to answer two questions**
  • What does diversity and inclusion look like at credit unions?
  • How are credit unions reaching and serving diverse members?

• **We gather and analyze data**
  • HMDA
  • Federal Reserve SCF
  • NCUA Call Report
  • CUNA Membership Survey and other CUNA Surveys
  • Filene Reports
  • Inclusiv and Coopera

• **Disseminate results** via presentations, video economic updates, trendlines articles, white papers, and policy briefs
Credit union leadership and DEI
Credit union CEO diversity: survey results

<table>
<thead>
<tr>
<th></th>
<th>CU CEOs</th>
<th>U.S. Population</th>
<th>Fortune 500 CEOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian or Alaska Native</td>
<td>0.3%</td>
<td>1.3%</td>
<td>--</td>
</tr>
<tr>
<td>Asian American</td>
<td>0.2%</td>
<td>4.4%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>1.4%</td>
<td>13.4%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Hispanic/Latinx</td>
<td>2.2%</td>
<td>18.1%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Two or More Races</td>
<td>1.0%</td>
<td>2.7%</td>
<td>--</td>
</tr>
<tr>
<td>White</td>
<td>89.8%</td>
<td>60.7%</td>
<td>95.2%</td>
</tr>
</tbody>
</table>

- The overwhelming majority of CEOs at a typical credit union are **white** followed by Hispanic/Latinx.

- Just over **5% of CU CEOs** at a typical credit union are **people of color**—slightly better than Fortune 500 companies.

- The **majority** of CU CEOs are **over 56 years old**.

Source: Credit Union National Association.
2018 CUNA member survey results

• The typical credit union board
  • 90% White
  • 8% Black/African American

• The typical Fortune 500 company board
  • 83.9% White
  • 16.1% People of Color (POC)
    • 8.6% Black/African American
    • 3.8% Hispanic/Latinx
    • 3.7% Asian/Pacific Islander
    • 0.1% Other
  (Source: Alliance for Board Diversity, 2019)

• The typical credit union’s leadership team
  • 90% White
  • 5% Black/African American

(Source: Alliance for Board Diversity, 2019)
Credit unions: reaching and serving diverse members
Credit union member diversity: age, employment, education, and income

<table>
<thead>
<tr>
<th>Credit Unions Members</th>
<th>Bank Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are younger: 50.7 years old</td>
<td>52.3 years old</td>
</tr>
<tr>
<td>Are employed at a higher rate: 63.1% employed</td>
<td>55.2% employed</td>
</tr>
<tr>
<td>Have more education: 64.4% some college or a BA</td>
<td>62.7% some college or a BA</td>
</tr>
<tr>
<td>Have higher median income: $58,955</td>
<td>$54,682</td>
</tr>
<tr>
<td>Have (much) lower average income: $78,201</td>
<td>$101,835</td>
</tr>
<tr>
<td>Have (much) lower average net worth: $309,583</td>
<td>$698,038</td>
</tr>
</tbody>
</table>

Credit unions serve middle-income members vs. banks serve low- and high-income clients

- **Credit Union**
  - < $25,000: 14.4%
  - $25,000 - $100,000: 20.2%
  - $100,000 - $200,000: 4.5%
  - > $200,000: 16.9%

- **Bank**
  - < $25,000: 60.9%
  - $25,000 - $100,000: 21.0%
  - $100,000 - $200,000: 8.0%
  - > $200,000: 14.4%

Place matters

CUs have a higher percentage of their branches in low-income, modest means, and diverse areas than banks

CUs originate a higher percentage of mortgage loans to Blacks and Hispanics than banks

Mortgage originations as % of total mortgage originations

<table>
<thead>
<tr>
<th></th>
<th>Credit Union</th>
<th>Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black/African American</td>
<td>6.6%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Hispanic/Latinx</td>
<td>7.9%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Minority</td>
<td>20.3%</td>
<td>21.0%</td>
</tr>
</tbody>
</table>

Note: “Minority” combines information reported on race and ethnicity. Minority means all races or those of Hispanic/Latinx origin other than White and Whites of Hispanic/Latinx origin.

CUs receive a higher percentage of mortgage loan applications from people of color

Applications/total applications

- Black/African American: Credit Unions 6%, Banks 9%
- Hispanic/Latinx: Credit Unions 10%, Banks 9%
- Minority: Credit Unions 24%, Banks 23%


Note: Minority” combines information reported on race and ethnicity. Minority means all races or those of Hispanic/Latinx origin other than White and Whites of Hispanic/Latinx origin.
All groups saved on their auto loan interest rates at credit unions, but people of color saved more.

<table>
<thead>
<tr>
<th>Group</th>
<th>Average Interest Rate on Auto Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black/African American</td>
<td>6.9% CUs 8.6% Banks and Other Financial Institutions</td>
</tr>
<tr>
<td>Hispanic/Latinx</td>
<td>5.9% CUs 7.3% Banks and Other Financial Institutions</td>
</tr>
<tr>
<td>Other</td>
<td>4.5% CUs 6.2% Banks and Other Financial Institutions</td>
</tr>
<tr>
<td>White</td>
<td>4.3% CUs 5.3% Banks and Other Financial Institutions</td>
</tr>
</tbody>
</table>

Minority Depository Institutions (MDI) CUs outnumber MDI banks, despite FOM restrictions!

- **MDI CUs asset size range:** ~$20.2K to $2.8B
- **MDI CU median assets:** $6.1M
- **MDI CU memberships:** 3.9M memberships (3.5% of CU memberships)

### Race/Ethnicity vs. Depository Institution Type

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>CU</th>
<th>Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MDI</td>
<td>MDI</td>
</tr>
<tr>
<td>Black American</td>
<td>278</td>
<td>23</td>
</tr>
<tr>
<td>Hispanic American</td>
<td>98</td>
<td>38</td>
</tr>
<tr>
<td>Asian American</td>
<td>49</td>
<td>75</td>
</tr>
<tr>
<td>Native American</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td>Two or More Races</td>
<td>113</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total MDI</strong></td>
<td>551</td>
<td>152</td>
</tr>
<tr>
<td><strong>Total All Depository Institutions</strong></td>
<td>5,548</td>
<td>5,477</td>
</tr>
<tr>
<td><strong>MDIs Percent of Total</strong></td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>MDIs Percent of Total Assets</strong></td>
<td>3%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Effective ways for CUs to engage people of color

Percentage of responding CUs

- Targeted products to low-income households: 70% MDI CUs, 53% Non-MDI CUs
- Attractive pricing for higher risk (low-income) HH: 68% MDI CUs, 47% Non-MDI CUs
- Financial counseling: 75% MDI CUs, 50% Non-MDI CUs
- Bilingual services: 43% MDI CUs, 53% Non-MDI CUs
- Targeted marketing: 32% MDI CUs, 25% Non-MDI CUs
- New branches: 25% MDI CUs, 25% Non-MDI CUs
- Staff training: 23% MDI CUs, 25% Non-MDI CUs
- Government, nonprofit assistance: 16% MDI CUs, 13% Non-MDI CUs
- FOM expansion: 14% MDI CUs, 22% Non-MDI CUs

Addressing the connection between Credit Unions and CU Associations

Adrian Johnson
SVP/CFO, MECU of Baltimore // Chairman of the Board, AACUC
African-American Credit Union Coalition
AACUC Strives to:

➢ Be the “go to” organization to identify executive talent for credit union organizations.

➢ Work diligently to maintain sound and healthy partnerships that can safely adapt to members’ changing needs.

➢ Engage young professionals.

➢ Provide professional development and networking opportunities.

➢ Advocate for credit unions and collaborate with our partners.
Important Statistics – African American CEOs

• 164 as of August 31, 2018
  • 94 led by Women

• 48 credit unions less than $1 million in assets
  • 30 led by Women

• 39 credit unions $1- $6 million in assets
  • 29 led by Women
Important Statistics – African American CEOs

• 19 credit unions $6+ - $20 million in assets
  • 7 led by Women

• 16 credit unions $20+ - $40 million in assets
  • 8 led by Women

• 12 credit unions $41 - $85 million in assets
  • 6 led by Women
Important Statistics – African American CEOs

• 4 credit unions $100 - $300 million in assets
  • 1 led by a Woman, Lynette Smith, Board Secretary of the AACUC

• 8 credit unions over $400 million in assets
  • 1 led by a Woman, Tiffany Ford ($857)
Important Statistics – African American CEOs

4 credit unions over $1 billion in assets

- Tyrone Muse, Visions Credit Union
- Don Lewis, Aberdeen Proving Ground FCU
- John Hamilton, MECU of Baltimore, Inc.
- Maurice Smith, Local Government FCU
CUNA’s Collaboration with AACUC

2002  $30K Grant to create Internship Program

2015 to Present  Promotion of the African American Credit Union Hall Of Fame recipients and Networking Reception during the GAC

2016 to Present  Bronze Sponsor at Annual Conferences

CUNA names Nate Burns, CUNA Engagement Consultant, as the official AACUC liaison

2002 to Present  Booth at the GAC

2016 to Present  Produce marketing videos and press releases

2018  Diversity Exchange Project (CU Development Educators & AACUC Members attend each other’s conferences)
Financial Inclusion within the Credit Union Movement

Cathie Mahon
President & CEO // Inclusiv
(formerly the National Federation of Community Development Credit Unions)
What is an Inclusive Economy?

- Economic Inclusion is equal and fair access to the means by which individual(s) can pursue economic mobility and advancement.

- An inclusive economy is one without unequal barriers or obstacles to that economic mobility whether it be fair and equal access to education, employment or capital.

- US Economy has been moving in the wrong direction. The income earners have more than doubled their share of the nation's income since the middle of the 20th century. The bottom 90% of all earners earn less than half of all income.
Wealth Inequality In the US

• Only 40% of Americans have sufficient savings to withstand a $400 emergency. Median white household possessed $13 in net wealth for every dollar held by the median black household; and $10 for each dollar held by the median Latino/a household. (Survey of Consumer Finances)

source: Prosperity Now 2019 Scorecard
Lower-income and communities of color have disproportionately less access to financial services

A History of Addressing Race Discrimination And Building Wealth Through CUs
Where We Are Today: CUs dedicated to Building Inclusive Economies

**Inclusiv CDCU**
- Total: 247
- Assets: $79,637,742,975
- Members: 7,941,880

**Minority Designated Institutions**
- Total: 553
- Assets: $38,289,220,697
- Members: 3,894,631

**Juntos Avanzamos Credit Unions**
- Total: 85
- Assets: $59,618,278,791
- Members: 5,395,403
But We Must Work to Preserve It
• Inclusiv and AACUC celebrated African American credit unions with a social media and print campaign for Black History Month

• Featured impact stories, testimonials, member spotlights and profiles from two dozen credit unions with 12 social media posts and a new 16-page print piece, African American Credit Unions Build Strong Communities

• Launched test of inclusivcommunities.org for consumers in NY to find an African American CU near them
Inclusiv Communities: Reaching financially “excluded” consumers and bridging the racial wealth gap by building the reach and capacity of credit unions

- Strengthening African American and Juntos Avanzamos Credit Unions

- Capital investments in the form of deposits, secondary capital and mortgage purchase

- Building ties with trusted partners to expand access to CU services and products

- Direct to consumer marketing and supporting platforms for consumers to access these vital institutions
Panel Discussion

Moderator: Eric Hansing, VP Multicultural and Corporate Strategy // CUNA Mutual Group
Angela Russell, VP Diversity, Equity, and Inclusion // CUNA Mutual Group
Samira Salem, PhD, Senior Policy Analyst // CUNA
Adrian Johnson, SVP/CFO, MECU of Baltimore // Chairman of the Board, AACUC
Cathie Mahon, President/CEO // inclusiv
Thank you!