Superintendent, Kevin Allard

Welcome to August. This time of year, our focus turns to getting the kids back to school, whether it’s grade school, high school, or college, so they can continue to learn and grow.

Our focus at the Division of Financial Institutions in August, September and October will also be on education for our state-chartered credit union CEOs and directors. In August, outreach events are being planned for the coming months to give us the opportunity to meet with groups of credit union leaders in an informal setting to discuss current trends and issues.

Directors and officers of state-chartered credit unions have a very important role in serving the members and providing direction and oversight to the credit union. In order to have a successful credit union, directors need to fully understand these duties and work together for the good of the institution. The roles and responsibilities of directors and officers, as well as regulatory examination concepts, will be addressed in greater detail at the Credit Union Directors and Officers Workshop scheduled for Sept. 18 at the Ohio Department of Agriculture, Reynoldsburg. The discussion of examination concepts will be an interactive session providing insight into how the CAMEL individual and composite ratings are developed and assigned and provide the framework for regulatory oversight of your credit union. We hope you will plan to join us. Click here for more information regarding this important event.

Finally, coming up on Oct. 9 is our annual Ohio Credit Union Day program, taking place at the Sheraton Columbus Hotel Capitol Square. This is yet another training opportunity for your officers and directors, which will feature current hot topics such as medical marijuana, cyber security, and third-party risks. The event will also include a networking lunch, giving you the opportunity to meet with the regulators, as well as your peers.

As always, if you have any questions on these or any other topics, please feel free to contact me directly at Kevin.Allard@com.ohio.gov or (614) 728-2631.
The Perfect Credit Union Director

“Perfection is not attainable, but if we chase perfection we can catch excellence.”  – Vince Lombardi

Among aspirational goals, perfection is probably outside the realm of human achievement. But as the above quote illustrates, seeking perfection provides its own reward. In the world of credit union boards of directors then, we can ask the question, “How would a perfect credit union director behave?”

At the outset, there is no one type of person who makes a perfect director. He or she could be any age and from nearly any background. This person defines perfection through action. Engagement is probably a quality this person has in great quantities. He or she cares enough about the credit union to understand with enough comprehension the rules and regulations involved and is actively involved in meetings from reading and understanding the board packet to challenging the CEO on his or her ideas in a productive and meaningful way.

For our perfect director, the rules of corporate governance are more than a suggestion. In carrying out his or her duties, our hypothetical perfect director treats all members equally with respect to the law and the member’s dignity. Recognizing the credit union plays a prominent role in the community, he or she practices civic involvement. Moreover, our director is honest and has integrity. He or she is devoted to running the credit union using democratic principles, while maintaining confidentiality and avoiding personal gain and conflicts of interest. He or she does his or her best and strives for personal improvement.

In working with the credit union CEO, our perfect director is fair but informed. He or she trusts but verifies. Our perfect director reads, understands and complies with exam reports. He or she understands audits are important and implements and updates internal controls. He or she understands the risks of paying dividends that are too high (or low), as well as understanding liquidity reserves, capital requirements and asset liability management. In terms of how the credit union lends money, our director understands concentration risk and the quality of the loans being made and the business reasons behind the lending the credit union engages in.

Our director is not supplanting his or her judgment for that of the manager but works with the other directors to set the course of the credit union and allowing the management team to take action to achieve those goals. While he or she is never a rubber stamp for the CEO, neither does he or she obstruct the management team from carrying out its mission.

In short, our director shows up and is ready to go at meetings and maintains a high degree of ethics. He or she understands a director has a fiduciary duty to the credit union and is ready to accept the full meaning of what that entails and is unafraid of doing so.

Does this perfect director exist? No one is perfect. But if a director chases perfection, he or she can achieve excellence.

Certified State Credit Union Examiner (CSCUE)

What does it mean and why is it important?

The Certified State Credit Union Examiner (CSCUE) designation acknowledges the individual examiner has met a level of expertise, has increased his or her proficiency and demonstrates he or she has met national standards of professionalism. The examiner achieves this designation by acquiring technical skills, with formal education, on-the-job training, work experience and with documentation from his or her superiors that validates the required skills have been mastered. Formal educational requirements are met with the satisfactory completion of specific courses and training,
CSCUE continued from page 2

which are offered by the National Association of State Credit Union Supervisors (NASCUS) and/or the National Credit Union Administration (NCUA). The CSCUE Program, administered by NASCUS, provides the recognition that the aforementioned skills and education have been attained and continue to be attained. Re-certification for the designation is required and is attained with the completion of 128 continuing education hours, with a minimum of 42 hours completed per year, during a three-year certification period. The Division of Financial Institutions fully supports the attainment and re-certification of these designations by ensuring each of the 17 credit union examiners meet the required continuing education hours.

In addition to the CSCUE designation, many individual examiners have attained specific Subject Matter Expert (SME) designations, e.g. Certified Anti-Money Laundering Specialist, Banks Secrecy Act Compliance Specialist, National Certified Compliance Officer, and Certified Public Accountant. Like CSCUE, each SME designation requires continuing education hours in order to maintain the specific designation.

The CSCUE designation, as well as the SME designations, provides an additional layer of expertise to the division and speaks to the dedication of the division and the examiner has to ensure the highest level of service to our stakeholders.

Did you know?
The combined years of expertise within the credit union examiners pool is a total of 219 years!

There are eight examiners with 10 to 30 years of service and nine examiners with one month to nine years of service.

Elder Abuse and Financial Exploitation

Ohio’s New Mandated Reporters
Effective Sept. 29, 2018

Ohio’s new requirements for mandatory reporters, as codified in the Ohio Adult Protective Services statutes, include an employee of a bank, savings bank, savings and loan association, or credit union organized under the laws of this state, another state, or the United States. Office of Consumer Affairs members attended a special event hosted by the Ohio Attorney General’s Elder Abuse Commission and the Ohio Department of Job and Family Services titled “Be Part of the Solution: Addressing Elder Abuse and Exploitation” on June 25, 2018.

The event covered topics including:

- Ohio Adult Protective Services (APS)’s updated responsibilities regarding mandated reporters
- Educational materials for spotting elder abuse and financial exploitation
- A physician’s perspective on elder abuse and the role of the medical community, and
- An overview of the many agencies and public servants working to protect seniors around the state, from probate judges to health care fraud investigators.

Educational materials prepared by the Ohio Department of Job and Family Services will soon be available online and in print for the division’s new mandated reporters. Once this information becomes available, the division will distribute copies through mass email alerts.

Follow Us on Twitter!
Follow us @OhioDFI for news and information about the division, as well as tips to help Ohioans become financially responsible and avoid getting scammed.
Credit Union Director & Officer Workshop

The Ohio Department of Commerce, Division of Financial Institutions is pleased to offer a one-day Credit Union Directors & Officers Workshop on September 18. Directors and officers are encouraged to bring their credit union expertise for a day full of interactive activity simulating a real-life examination. From Board Room Best Practices to Examination Concepts, this interactive workshop is intended to enhance the understanding of the director’s and lead officer’s complex roles and responsibilities to control risk in the current banking environment.

The workshop will take place at the Bromfield Auditorium at the Department of Agriculture in Reynoldsburg, Ohio. Registration and a continental breakfast will begin at 8:30 a.m., and the workshop is scheduled from 9 a.m. to 4 p.m. The registration cost of $95 will include breakfast, a catered luncheon, and all resource materials. Resource materials will be provided to enhance your role as a director of a financial institution. Most importantly, you will walk away with the assurance that the division wants to build a relationship with you and your management team, and that it is a valuable resource for your institution’s success.

For questions concerning the event, please contact Dina Messina at (614) 644-9576 or dina.messina@com.ohio.gov.

For additional information, agenda and to register, click here.

We look forward to seeing your institution represented at this year’s event!

Credit Union Council Members

Robert W. Rutkowski, Deputy Superintendent
William Burke, Day Air Credit Union, Inc.
Phillip R. Buell, Superior Credit Union, Inc.
Gregory Kidwell, Pathways Financial Credit Union, Inc.
Michael King, Ohio Educational Credit Union, Inc.
Kristen Scott, Telhio Credit Union, Inc.

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