

Advocacy Insights: Advancing the credit union cause in a global pandemic

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What Can You Do?

COVID-19 has forever changed the way the world exists at both at a conscious level, and how we will execute business and function in all areas of our lives. It has set a precedent that will alter our basic beliefs regarding what



is valuable, essential, and necessary. Credit Unions are all these things: valuable, necessary and essential. They are the financial first responders and the lifeline to many of our underserved and underbanked communities. In order to

advocate for how credit unions can be a part of the solution to the COVID-19 pandemic we recommend the following steps:

Identify Your Members' Needs

Identify what your members will need to help them weather the likely global recession. They are experiencing many kinds of financial stress from loss of income, increased health costs, inability to make payments and potential loss of assets. Their needs will vary from financial assistance, restructuring of loans, payment forbearance, health expenses, and relief from collection activities.

Identify Your Credit Union's Needs

The potential impact to your credit union can vary greatly from country to country. We are likely to see increased provision costs, increased write-offs, decreased return on loan portfolios, impacts on liquidity, slower growth and reduced capital positions. Think through those items that are more likely to have a long-term impact and use them in developing the key items to bring to policymakers for relief.

Craft Your Message

After identifying your members' needs and your credit union's needs, gather pertinent facts, data and, more importantly, stories to demonstrate the problem and how you can be the solution. Policymakers are more likely to be persuaded when you can demonstrate empirically the message that you are delivering and tie it to the relief you are seeking. For example, show how many members are unemployed as a result of the crisis, how many employees will lose their jobs and tie that to the impact your services can have on the community in addressing those issues. Craft your message to ask for the relief that will deliver the greatest impact to your credit union.

Communicate

Increased communication on many fronts during the crisis is critical. Your members are worried about the consequences of the crisis and will look to you for reassurance. Communicate that you care and are working to address their needs. Policymakers will take note of your efforts and this will help with advocacy. Finally, tell your story. All credit unions have their unique story and are doing extraordinary things during the crisis. It is important to let these efforts be known.

Collaborate

People helping people is the mantra of credit unions. This works well in advocacy too. Contact your fellow credit unions, your national association, even consider contacting rival trade associations (banks or other financial services groups). Here you can find common allies that will help strengthen your message. Multiple voices are often better than one.

Provide Solutions

The final key to success is providing solutions. Right now, policymakers and regulators understand the gravity of the problem and are acting quickly. We have seen this with the Basel Committee, The Financial Stability Board, IASB and others who are enacting relief measures quickly. Take advantage of this willingness to act, but also understand policymakers are looking for solutions, as no one has all the answers. They will value your input if you are realistic, credible, and strategic in your message.

What Are Advocacy Strategies?



Once the messaging has been crafted, the World Council Advocacy team suggests the following:

- Reach out to prudential regulators in the form of formal memos, letters, or even request in person (or virtual) meetings. Joint letters from multiple credit unions, regional or national associations, or global associations should be considered and are often effective. Be sure to follow up for responses to these efforts. These letters can request clarity on existing laws and regulation, request regulatory relief or

identify solutions that credit unions can bring to the pandemic.

- Provide regulators and policymakers with a well-reasoned and impactful argument supporting why credit unions should be designated as essential and should be afforded financial relief and flexibility of prudential and regulatory standards.
- The following are the most common forms of relief that credit unions are requesting from regulators:
 - Flexibility in restructuring loans and documentation
 - Allowing credit unions to make loans with special terms and reduced documentation to assist members
 - Reducing provision (ALLL) requirements for state mandated affected loans
 - Easing restrictions by correspondent bank services to credit unions
 - Allowing for temporary provision of cash and payment services to non-members
 - Flexibility in allowing credit unions to adjust their hours of service
 - Allowing credit unions to conduct board, management, membership meetings virtually
 - Liquidity support/employee support
 - Designation as essential
 - Implementing capital standards relief and accounting standards relief recommended by the Basel Committee and IASB.

As the leading global credit union trade association with over 40 years of experience working with governments, regulators and financial institutions throughout the world, World Council of Credit Unions prides itself on its ability to provide regulatory and supervisory support to government regulators and financial institutions, and to draft enabling laws and policies.