

9. Education and Training

Taking the time to educate staff members early about why the credit union is considering a payday-alternative product will make product implementation much easier. See Section 2 – Implementation Considerations.

Educating and Training Credit Union Employees

All Credit Union Employees Should Understand:

- The reasons for offering this product.
- How their efforts will contribute to its success.
- Specific techniques they can use to make new members comfortable in the credit union environment.
- How to cross-sell services and encourage new members to access other products and services.

Turn Staff into Effective Educators

Suggestions for educating staff so they can become effective educators in turn include helping them understand...

- ...who uses PDLs and why;
- ...how helping people with limited incomes fits into the credit union's values and mission;
- ...why users of payday lenders will benefit from the credit union's alternative product; and
- ...the credit union's plan to graduate PDL users into healthier financial habits.

If part of the targeted market for the credit union's payday-alternative loan is a new segment of members, such as immigrants or ethnic/racial minorities, with whom staff may be unfamiliar, the credit union should provide cultural diversity training in order to overcome negative perceptions and to help staff develop cultural awareness.

Create an environment where staff members realize people like themselves use payday lenders. Have staff share experiences with the payday loan industry, whether from first-hand experience or through friends, family and credit union members.

Hire from Within the Targeted Market

Other techniques to educate staff and management and to help with development of products include:

- Hiring employees from the payday lending industry
- Hiring employees from within the targeted market area who reflect its language and cultural ethnicity

Users of payday lenders often cite feelings of acceptance and respect which they find within PDL stores that eases concerns about obtaining a costly loan. Payday lenders often hire employees from within the neighborhood which helps to establish a sense of shared values and characteristics.

Staff Sensitivity Training

As part of its REAL Solutions® program for Montana credit unions, the Montana Credit Unions for Community Development (MCUCD) offered a webinar for participating credit unions on the subject of "Staff Sensitivity Training – Developing Compassion and Understanding." Some of the points made by speakers are included here as tools to help other credit unions educate their staff.

Whether these services are available internally or offered through external partnerships or referrals depends on the credit union's resources and philosophy towards member education. Training employees to be financial counselors requires an investment in time and money; then of course, there is the challenge of retaining them. Finding trustworthy external partners can also be challenging and requires your members to go elsewhere for help. Yet if that assistance is more expertly shaped to their needs, that alternative may be the better one. A classroom-type of educational seminar enables the credit union to reach out and school several people at one time and can be effective for certain types of classes—such as building a better credit report, developing a household budget, preparing to be a first-time homebuyer, or living singly again. Using community resources to provide some of the training can help with budgetary limitations and builds relationships with outside groups that can be mutually beneficial.

The following are some adult education programs and resources available to credit unions.

- In-house Certified Financial Counselors – CUNA offers both Certified Financial Counselor Schools and self-study Financial Counseling Certification Programs (FiCEP). For more information about these programs, go to: <http://training.cuna.org>.
- Member Financial Counseling Programs
 - Accel – a CUNA Strategic Services provider that features full service counseling. For more information, to go: <http://finlit.cuna.org/index.html>.
 - Balance – a financial education and counseling service. For more information, to go: <http://www.balancepro.net/>.
 - FoolProof – a CU Strategic Partners provider that features an interactive online suite of financial literacy modules that can be used by parents, adults, young adults, college-aged people, high schools and community groups. For more information, go to: www.colocu.com/foolproof.
 - InCharge Debt Solutions, Inc. is a non-profit organization specializing in personal finance education and credit counseling. For more information, go to: www.incharge.org or www.inchargefoundation.org. InCharge has also developed BrightScore to provide consumers with the information and tools they need to understand and proactively manage their consumer credit reports and scores. For more information, go to: www.brightscore.com.
 - The Kansas Consumer Credit Counseling Service has an on-line Financial Management Course available. For more information, go to: http://www.kscocs.org/index_files/Page476.htm
- Financial Education Resources
 - National Endowment for Financial Education (NEFE) offers “Help for Consumers” at its Web site at: <http://www.nefe.org/HelpforConsumers/tabid/64/Default.aspx>. Its Financial Literacy Resource Center is a collaboration of free, unbiased materials contributed by many organizations. For example, in its “Smart About Money” section, Bethpage Federal Credit Union provides a 13-page interactive Credit Management Coach guide.
 - MyMoney.gov is the U.S. government's Web site dedicated to teaching Americans the basics about financial education. It can be accessed at: www.mymoney.gov. It includes a free “My Money” toolkit which contains 7 different publications, one of which is FDIC's “Money Smart” program – a 10-module training program to help adults enhance their money skills. More information about the Money Smart program is also available at FDIC's website: <http://www.fdic.gov/consumers/consumer/moneysmart/overview.html>.
 - The Federal Trade Commission offers a lengthy list of consumer information regarding credit cards and loans at: <http://www.ftc.gov/bcp/menus/consumer/credit/loans.shtm>.
 - Check out CUNA's Consumer Web site that lists various tools and financial literacy information available for consumers. It can be accessed at: <http://finlit.cuna.org/index.html>.
 - CUNA also has a 14-page list of financial literacy information available at: http://finlit.cuna.org/download/financial_literacy.pdf.

Create Intervention Points

Find opportunities when members may be more receptive to education or counseling. Credit union executives debate the pros and cons of closed-end versus open-end payday-alternative loan products. The arguments for closed-end revolve around more opportunity for intervention points – that is, opportunities for discussion about the member’s financial situation with each loan application. Open-end proponents counter with arguments that loan disbursements are more efficient and the once-a-year renewal process is sufficient to look over the past year’s activity and to make suggestions for the member’s financial future.

- *Flag Repeat Borrowers*

Some credit unions require members to participate in some form of financial counseling or education after using the credit union’s PDL-alternative product “X” number of times. Others will argue such requirements are paternalistic and only send the person back to the payday lender down the street. Perhaps a more balanced response is to implement a system that flags repeat borrowers. These members can then be approached and encouraged to receive some form of financial counseling. Providing incentives to those who accept may encourage some, but not everyone will participate. The dilemma will be to decide how to handle those who pay off loans consistently, but decline any offers for counseling or help. If they have proven to be good members, it might be in their best interests and that of the credit union to continue the relationship even if help is declined.

- *Make a Better Offer*

Another intervention tactic is an offer of relief or a better-value product to the member who consistently uses the PDL-alternative product. If the person has established a good payment history with the credit union through its PDL product, perhaps it is time to graduate the member to a longer-term loan at a better interest rate. Such an offer may be the incentive the member needs to be receptive towards hearing about other credit union products and services.

- *Offer a Fresh Start*

A “fresh start” or 2nd chance checking and credit programs are opportunities to help members with previously flawed records rebuild good histories and move into other credit union services. Such programs offer additional junctures to connect with members and counsel them about financial management goals.

- *Help Them Save*

Similarly, a small savers or goal savers product gives member service representatives a tool for encouraging members to save for a future holiday, vacation or other goal. Such products usually feature a small initial investment with periodic deposits so that the savings hurdle is less burdensome.

Take Inventory of Your Credit Union Products

Think of intervention points as “just-in-time” educational opportunities to migrate your PDL-alternative borrowers into more traditional credit union services. But these intervention occasions require staff perception of the opportunity at hand and the right products in the credit union arsenal to fulfill the need. Credit unions should consider completing an inventory of their current products and services and then determine where gaps exist when it comes to helping their members move up the ladder to wealth-building. Including front-line staff in this process will help them become more aware of members’ needs and products to fit these needs.

Be Ready When Your Members Are Ready

Financial education has arguably been a credit union stronghold since the movement’s inception, absorbed into the credit union philosophy of “people helping people.” As such, it is frustrating to watch members make repeated financial mistakes and yet shun offers of assistance. However, when they are ready for some form of financial help, credit unions should ensure they have programs available to assist their members.

Educating Members

How Much, When and Where?

Try not to judge your members or potential members as to how they choose to conduct their financial business. Telling them what their financial goals should be may only result in resentment and the loss of a member. Your goal is to meet them where they are at in their lives today and to provide them with a needed product. You want to give them hope and a means of managing a financial crisis. New members who join in order to take advantage of your payday-alternative product may not feel comfortable initially in a traditional financial institution. If they were prior payday lender customers they are looking for fast, convenient transactions and they want to be treated with respect and dignity. Let them know they are welcome in your lobbies and that you value their business.

Education then should not be your first order of business. Rather building trust and loyalty is your immediate goal. The payoff is a long term relationship that results in moving these members up the ladder to wealth-building. As they gain trust, they will begin to see the credit union as a financial partner.

Make it Quick and Simple

Find quick, simple methods to educate, or better yet, share information with members to help them make better financial decisions. The concept of educating or counseling members initiates the roles of teacher/student, which may be fine when the member wants to be educated. But it can also be demeaning to the member who isn't interested in a lecture.

Instead, use the closing process as an opportunity to validate your member's decision to choose your credit union's product and to reinforce the idea of returning to the credit union when or if another financial crisis comes along. The chart below compares Pennsylvania's Better Choice loan with a traditional payday loan and is an excellent example of showing the member how much he/she saves by using the credit union loan. The member leaves the credit union fortified with the knowledge that he/she made a good decision and that the credit union will be there for future needs. This is also a good time to reinforce the importance of timely payments. Point out that late payments can result in a late fee and jeopardizes future loans. Encourage the member to contact the credit union quickly if a problem with payments emerges.

Better Choice vs. Payday Lending

Better Choice – \$500 for 90 Days	Payday Lending – \$500 for 90 Days
18% APR \$25 Application Fee	Fees and Interest equal to \$15 per \$100 borrowed every 14 days
Total cost after rebate: \$40.09	Total cost for 90 days: \$450
Amount in Savings Account: \$52.25	Amount in Savings Account: \$0



The Art of Giving Advice: Three Steps to Doing it Well

Article from the "Communicating with Passion" Web site at
<http://www.homestead.com/uziteaches/articles.html>

Giving good advice is a great gift. Yet, we sometimes run into trouble because of the way we offer it. The ability to give advice in a positive, constructive way is an art. Here are three points to help us offer advice with effectiveness and compassion.

1. **Listen first.** While this rule is true for all good communication, it is doubly true when we wish to give advice. Issues are often more complex than they initially appear. By first listening, we open a space for the speaker to more fully describe the situation and for us to more fully understand it. What is the point of offering advice based on partial information?

In addition, when we listen first, it makes it more likely that the other will then listen to what we have to say. In the words of Dr. Marshall Rosenberg, one needs "connection before correction." It is empathic listening that establishes the connection.

2. **Ask permission.** Unsolicited advice is a major cause of grief among friends and family members. It can be experienced as unwelcome intrusion into personal business. It might also be seen disrespectful, as implying that a person is incapable of caring for himself and resolving his own issues.

Asking if our advice is desired shows respect for others and prevents resentments. Here is one way to do this: "As I listen to you, there are some ideas coming up for me that you might find useful. Would you like to hear them?" It is very important to ask that question without attachment, from a place that both "yes" and "no" are equally acceptable responses.

3. **Offer without insisting.** It is worth keeping in mind that even after we have listened, we can never know with certainty what is best for another person. There is so much that we are not aware of. So we offer our insights, experiences and ideas, with the attitude that our advice is another point of view, and we trust the listener's inner wisdom to discern what is right for him or her.

Giving advice is like a waiter in a fine restaurant who holds out a dessert tray and says to the patron, "here, if you wish," and the diner takes what is right for him. This has a practical advantage, as well. By not insisting, we increase the chances of our words being considered.

The Art of Good Listening – Three Steps to Doing it Well

Article from the “Communicating with Passion” Web site at
<http://www.homestead.com/uziteaches/articles.html>

Good listening is one of the best and most loving gifts that we can offer to another person. This is especially true when somebody is hurt or upset about something and shares it with us.

All too often, in spite of our good intentions, we find ourselves responding to others in ways that are not effective. Here are three principles that help us to respond with compassion and effectiveness when people share their feelings with us.

1. **Listen with openness, not judgment.** The first thing that people need when they share something that hurts or upsets them is a sense that it is safe to talk. That means that when they tell us what happened or how they are feeling, we will not judge, criticize, shame or blame them. This is what allows them to trust us and feel safe opening up.

That we don't judge does not mean that we have no sense of right and wrong. What it does mean is that we put that aside and listen with compassionate ears. It is to focus on the heart that is sharing its hurt with us, rather than on our sense of right/wrong.

2. **The key is the feelings and needs.** The second thing that people want, after a sense of safety, is for their experience, and especially their feelings, to be understood. This is because the key to any situation is how the person feels about it. This attempt to understand how another is feeling in a given situation, and doing so with no criticism or judgment, is called "empathy."

One excellent way to express empathy is to reflect back to the person what we imagine the experience was like. There is an art to doing this that is hard to convey in a short article; in my Communicating with Compassion course we spend the first four sessions on this.

That having been said, here is a simple example: If somebody is sharing with us a story about how she was ridiculed for asking a certain question, we might ask ourselves how we feel when we are ridiculed. We would then reflect that feeling back and see if this indeed is how she felt. We might say, "So you felt embarrassed and humiliated." It is of course important to say this in a gentle tone and a caring way.

It is remarkable how often a simple reflection of feelings, when done with no judgment or criticism, creates an initial sense of relief. It also tends to open the speaker's heart to share more of the experience. She might add that she was going to be with these people for the next 10 hours, and was concerned that they might ridicule her again. To which we might respond, "So you were feeling unsafe."

This might go on for a few rounds. If we stay with reflecting feelings, with no judgment or criticism, and only a desire to understand the other's experience, the result will often be a sense of deep relief and the ability to arrive at a sense of resolution.

3. **Wait before offering advice.** We often have ideas and information that might be helpful to the other. And yet, it is very important to first understand and reflect the feelings, and only then to offer advice. When people are upset, what they need first, before anything else, is empathy. Only after the feelings have been heard and acknowledged are people ready for advice. Offering advice before that point might be well intentioned but is in fact misguided. It could easily result in people being irritated or hurt.

(For an excellent introduction to the art of empathy, see "The Seven Habits of Highly Effective People," by Stephen Covey, pages 236-260. For a more in-depth discussion, see "A Way of Being," by the great psychologist Carl Rogers.)

Compassionate Communication

- Language says it all in the most subtle of ways.
- Delivering good member service has always been a priority of credit unions, including treating people with respect and dignity. Therefore, you are launching the new service from a good perspective!
- Some members will have had experience with the public benefit system. In some cases this process may not have been positive and could impact how members will work with staff.
- Compassionate communication and listening works well with all people and in particular people who are seeking assistance to overcome a crisis.

For more information on compassionate communication, see the articles that follow on “The Art of Good Listening” and “The Art of Giving Advice.”

Put Procedures in Writing

Educating staff as to why the credit union is offering this non-traditional product is one step in the process. Expecting staff to properly and efficiently implement operational procedures requires those procedures be in writing and that employees are expertly trained. Operating procedures were covered in Section 6 and several credit union samples were provided for your use. Bear in mind, this is a riskier and non-traditional loan product, so employees may need additional training and checklists to ensure procedures are being carried out to minimize losses and costs to the credit union.

- Partnerships & Referrals
 - Consumer Credit Counseling Service (CCCS) is a network of 115 nonprofit agencies that are members of the National Foundation for Credit Counseling (NFCC). NFCC sets the standards to which all member agencies adhere, including a code of ethics. All counselors must be certified. Along with debt management programs, CCCS provides community education programs on budgeting and managing credit. For more information about NFCC or to find a CCCS agency near you, go to: www.nfcc.org.
 - Park Side Federal Credit Union (Park Side FCU) partnered with Northwest Montana Human Resources to provide four, 10-session financial education courses, with 40 families participating in each session. Mentors from the credit union and the business community are provided for each family for up to one year to provide support and advice, as necessary. After completion of the course, participants can open checking accounts at Park Side FCU regardless of past history and have access to a line-of-credit up to \$300. Northwest Montana Human Resources hopes to replicate this program throughout Montana and the U.S., if possible. For more information about the program, contact Angie Meehan, Director of Marketing at ameehan@parksidfcu.com.
 - Other potential partners include:
 - advocacy groups
 - cooperative extension agents
 - workforce services
 - colleges/universities/trade schools
 - nonprofit organizations
 - offices of public instruction
 - YWCA/YMCA
 - social services agencies