

The Great Resignation and Your Next Call Report

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No one ever wants to hear the word “unprecedented” again, at least not for a decade or three. But when the Wall Street Journal is pumping out data about “*The Great Resignation*” and the “*Coronavirus Pandemic Compels Historic Labor Shift*” in the fastest reallocation of labor since World War II, we sit up and take notice.

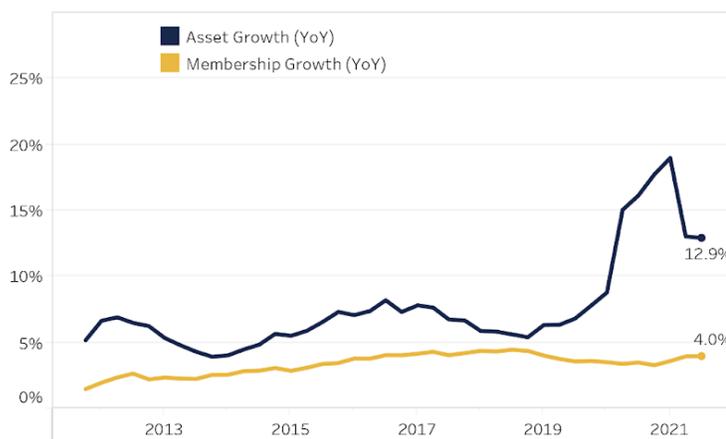
WILL “THE GREAT RESIGNATION” CREATE A CRISIS FOR YOUR CALL REPORT?

The government has pumped over \$4T into the U.S. economy to stimulate it — some in direct payments to citizens, others in the form of business support or unemployment benefits. Is this a problem? What does this mean for your credit union? The National Credit Union Administration data shows the growth graphically:

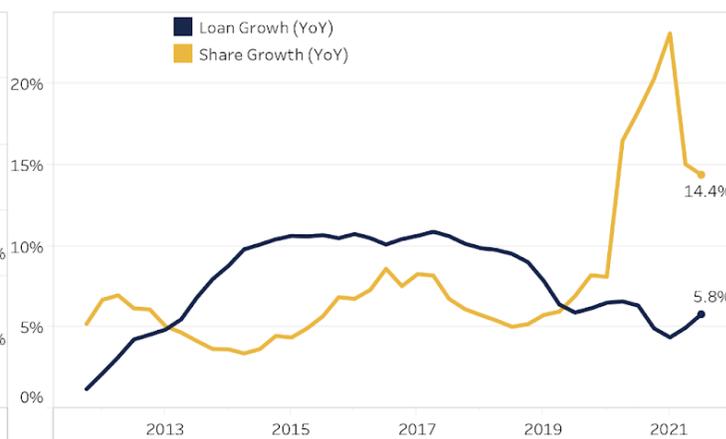
FINANCIAL TRENDS IN FEDERALLY INSURED CREDIT UNIONS 2021 Q3

Overall Trends

Asset Growth vs. Membership Growth



Loan Growth vs. Share Growth



SOURCE: All data in this report is extracted from live database containing Call Report data. Ratios in this report are consistent with Financial Performance Reports (FPRs).

Source: National Credit Union Administration <https://www.ncua.gov/>



Net Worth

Distribution of Net Worth Ratio

	2015 Q4	2016 Q4	2017 Q4	2018 Q4	2019 Q4	2020 Q4	2021 Q3
>7%	5,892 97.9%	5,660 97.8%	5,449 97.8%	5,294 98.5%	5,160 98.5%	4,946 97.0%	4,769 95.6%
6% to 7%	91 1.5%	88 1.5%	81 1.5%	51 0.9%	38 0.7%	105 2.1%	168 3.4%
4% to 6%	27 0.4%	23 0.4%	34 0.6%	24 0.4%	31 0.6%	37 0.7%	44 0.9%
2% to 4%	5 0.1%	13 0.2%	4 0.1%	3 0.1%	4 0.1%	7 0.1%	5 0.1%
0% to 2%	5 0.1%	1 0.0%	2 0.0%	2 0.0%	2 0.0%	2 0.0%	3 0.1%
<0%	1 0.0%		3 0.1%	1 0.0%	1 0.0%	2 0.0%	1 0.0%

Source: National Credit Union Administration <https://www.ncua.gov/>

The real “tell” of the stress credit unions are under is seeing the number of institutions in the Prompt Corrective Action Capital range jump from 1.45% of institutions pre-pandemic to 4.5% 21 months later. With interest rates at historic lows, there is little income to sustain capital during the sudden growth spike.

LABOR SHIFTS



“The Great Resignation” puts you in competition with firms over a wider geographic area and for rates far higher than you may have expected. This photo, taken October 12, 2021, on the New York State Thruway illustrates this issue. The LA Times explains the labor force participation rate has dropped 2% or 6.63MM people. There are not enough people to fill the 7.4MM open jobs.¹

There has also been an increase in remote/hybrid working — now 48% vs. 30% pre-pandemic. Early in the pandemic, many workers lost their jobs and others were exposed to non-standard work models. Time Magazine reports in *The Great Reopening* issue that “The Pandemic Revealed How Much We Hate Our Jobs.”² After World

War II, the modern office was created on a military model with strict hierarchies and assumed that an employee’s home life was handled by “someone else.”

For decades, the line between work and home has blurred, creating a “deep unhappiness with how workplaces are structured” for many employees. Business leaders have been caught off-guard by workers suddenly expressing their unhappiness and ultimately resigning.

Gartner reports that “32% of organizations are replacing full-time employees with contingent workers as a cost-saving measure”³ and that there has been an increase in remote/hybrid working up to 48% vs. 30% pre-pandemic. Companies realize huge cost-savings with “gig” or “contingent” workers as workers leave.

In a recent Charles River CFO, Inc. case study, a client’s key finance employee resigned. The credit union was running lean and efficient because of years of Net Interest Margin (NIM) compression. Running lean tends to concentrate organizational knowledge in a few key people, and taking the time to document processes feels wasteful. Unfortunately, the quarter closed a few weeks after the departure.

Fortunately for this client, their CEO is on trend with the rest of the country. They reached out to Charles River CFO’s proven team to provide a swift response that closed their books and filed their Call Report within five days. A few weeks later, the entire process was documented and repeatable.

Are you ready? Do you need additional financial expertise? Or a permanent fractional solution? Charles River CFO, Inc. can provide an entire team (part-time) for less cost to a credit union while reducing succession planning/governance risk.

Contact Charles River CFO at info@crcfo.com to have a confidential conversation about your requirements and how our experience can contribute to your success.

We are smart, nimble, and flexible.

1. Kotkin, Joel. “Op-Ed: How work will change permanently after the pandemic.” *LA Times*, June 6, 2021. www.latimes.com/opinion/story/2021-06-06/employment-remote-work-pandemic-labor-shortage-wages
2. Lipman, Joanne. “The Pandemic Revealed How Much We Hate Our Jobs. Now We Have a Chance to Reinvent Work.” *Time Magazine*, May 27, 2021. www.time.com/6051955/work-after-covid-19/
3. Baker, Mary. “Gartner Identifies Nine Trends for HR Leaders That Will Impact the Future of Work After the Coronavirus Pandemic.” *Gartner*, May 6, 2020. www.gartner.com/en/newsroom/press-releases/2020-05-06-gartner-identifies-nine-trends-for-hr-leaders-that-wi