

# The CU 50

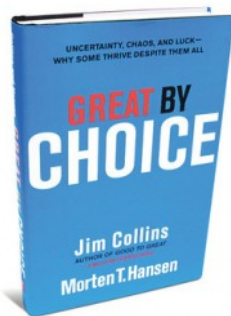
**Presented by**

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Rising Above Enterprises



# Great By Choice



- 20,000 companies.
- 25 years.
- Financial, operating, and service statistics.
- 7 of 20,000 were 10 times as successful as industry peers over time span.



## 10X Companies

**AMGEN** *PROGRESSIVE*

**BIOMET** **stryker**



**Microsoft**



## Growth Strategies

	Where to Play	How to Win	Optimum Focus
Core	Serve existing markets and members	Use & leverage existing products & assets	70%
Adjacent	Adjacent markets; serve adjacent members or customers	Add incremental products & assets	20%
Transform	Create new markets; target new member needs	Develop new products & assets	10%



## Examples of Growth Strategies

- Core
  - Increase lending capacity; mobile branch; tech-focus; grow footprint.
- Adjacent
  - Business lending and services; CUSO insurance services; merge with a CU; wealth management brokerage
- Transforming
  - Buy a bank; expand nationwide; equity stake in local business.



## Membership Growth



## AL – Top Line Focus



- Revenue focus more important than expense control.
- O/D revenue drives income stream; \$35 is fair; members depend on the service.
- Checking accounts drive membership.
- Higher NIM; C paper; lead with loan, not rate.

## MI – The Average Household



- Hard-Working CU.
- Average balances.
- Average interest.
- Real world costs to average household.
- \$31,000 savings to average household at Zeal CU.

## VA - \$60B Growth in 12 Years



- Risk-based lending: ways to say “yes.”
- FHLB: funding partnership; hold servicing rights.
- Mobile must do the same as online features.
- 10-minute car loans.
- Simple, killer credit card: the new debit.
- Instant debit card.
- Private student loans.
- Call Center: 45 minutes to 45 seconds.



## Community Development



## AK – Social Impact Map



- Display giving activity.
- Cause-marketing strategy.
- Update, stay connected.
- App tied to social networks.
- 3,000 hours per year of staff time in communities.



## CT – Save Interest; Help Community



- Community Savings Challenge.
- 2 months; \$443K in refinanced loan interest savings.
- Three charities benefitted.
- Ongoing campaign and challenge.



## NE – Invest in Business Members' CSR



- Goal to deepen business relationships.
- Where do members invest in non-profits?
- Partnered with members to raise their image in local communities.
- Leading business CU and in public image.



## OR – 80 Acts of Kindness



- 80 year anniversary; 80 acts of kindness per month.
- Backpacks; school supplies; foster kids.
- Special offers.
- Appreciation BBQ.
- Gift cards; beach balls; turkeys; flowers.



# Loan Growth



## AR – Digital Marketing



- Campaign to drive loans.
- 20% of members with email addresses took out loans.
- 9% loan production increase.
- 150% increase in online loan applications.
- 300% increase in members reached digitally.



## CA – Subprime Auto Lending



- Alt. data points: time as member; rent payments; utility payments.
- Avg. rate = 11.47%; Avg. bal. = \$13,000.
- Lower delinquency than “C” paper.
- 2,000 new loans in 18 months.



## PA – Want Loans? Remove Rules.



- Rework policies to give decision to loan officer.
- Lots of rules removed judgement call loans.
- 25% LTS; 80% A-paper; now, 40% LTS.
- Serve more, different levels of credit.
- Risk-based pricing as credit improves.



## WI – Social Network Loans



- 325 loans; \$3.9MM; \$79K in NII.
- Track social and digital media for leads.
- Members come to your CU in many ways; use alternative channels; keep the engine churning.

## Member Service



## FL – Fun and Trendy



- Member engagement design.
- Snap stories; v-logs; mannequin challenge.
- Open-mic nights; one-minute videos; all levels of staff.
- Timely topics; get to know CU personally.

## NM – Bonus Dividends



- \$10MM; 83K members.
- Over-reserved.
- Based on dividends-earned; deposit-focused.
- Members as investors.
- Growth-focused tool to drive balanced membership.

## OK – Redefine Checking



- Check volume declining; dump “checking.”
- Simple Money Debit.
- Debit, mobile, P2P.
- Rewards activity.
- Simple, mobile experience.
- Financial ed through Simple Meet-Ups.

## PA – E-Books



- E-books on consumer finance.
- Budgeting.
- Auto-shopping.
- Credit cards.
- Mortgages.
- Add clarity to the confusion of consumer finance.
- Moving toward app; video platform.

# Branches



## MO – PTMs



- Drive up; interact via audio/video.
- Skype-like banking.
- Strategy of moving away from shopping centers to convenient, standalone sites.
- Relocate branches with PTM drive-through lanes.



## TX – Neighborhood Branch



- Smaller footprint; high tech; more locations.
- Members like tech, but want to touch the CU.
- 60% of walk-in traffic is assisted electronically.
- Optimize costs, FTE, service, efficiencies.
- Much member demand.



## WY – Location, Location, Location



- Postcard in the community.
- Traffic studies.
- Physical room for growth; is the community growing?
- The right side of town.
- Quiet rooms; pods; logos; mission.
- Get the compliments.



# Technology



## ID – Analytics

# P1FCU

- Data integration and analytics.
- Exponential data growth – members, products, channels.
- Find value in data – structured and unstructured.
- Profits from transaction and settlement side of financial services.



## MT – More Mobile, Less Branch



- Transactions told the story.
- Mobile marketing; mobile lending.
- Increase e-engaged.
- Members understand rationale; they caused it.
- Convenience, investments, profits back to members.



## TN – Best Overall App



- You will be judged by the experience of your app.
- Smart watch; biometrics; balance widget; multi-apps.
- Listen to members; they may love you, but they'll be brutal about your app.





## WA – P2P Engagement



- Easy; seamless.
- Real-time posting, vs. 2-4 days.
- Retain relationships from other P2Ps.
- Change payments habits, "Why wouldn't I use P2P?"
- Expected at account opening.



## Operations



## IA – Efficiency, Value, Growth



- 1.60% ROAA.
- Op. exp/AA – 1.85%; 3.50% in industry.
- Efficiency provides room for value. Value is in pricing. Pricing drives growth.
- Measures and targets for every department.



## MD – Back Office Partnering



- Capture greater economies of scale.
- Sought out of state partners; competitive dynamics easier when out of market.
- Call center; business intel; card services; IT services; payroll.
- Efficiency ratio lower.



## WV – The TPS Report



- Today's Pioneer Status; a daily dashboard.
- Sales; service; loans; operations; expenses.
- Engagement; incentives; decisions; tied to strategy.



## The Credit Union Message



## GA – Member Stories



- Collect stories – member’s perspective.
- The best way to tell the Peach State story.
- Shed light on the CU difference.
- “Good Stuff” – what we’re doing for you and the community.

## ON – Endowing a Professorship



- University of Guelph.
- Libro Professor of Regional Economic Development.
- Transform banking and economic development.
- Focus on cooperatives.
- \$1MM over 10 years.

## RI – 3-Point Shot



- 3-Point Co-Op Shot supports co-op extension program at URI.
- \$10 for every URI home 3-pointer.
- Student and alum marketing.
- Become a local talking point.



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## Additional States and Examples



## AR – A Complaint is a Gift



- Action on NPS feedback.
- Detractors-to-Promoters-to-loans.
- 24-48 hours not good enough.
- Actions vs. measures.
- Going live with measures.

## AZ – Down Payment Assistance



- \$500K; FHLB; WISH program.
- Low-to-middle income; first-time buyers.
- \$3 to \$1 contribution, up to \$15,000.
- \$717K; 48 families.



## CO – SooperPay



- Selling rights in five bordering states.
- Major development tool for merchants.
- Entry point for business lines/loans.
- 2X growth rate in business accounts.
- P2P function engaged more consumers.



## DE – Valentine’s Gift



- Use the most, get the most.
- \$100 patronage; use of multiple products and services.
- Patronage follows expenses, new products, expansion, and hours.
- Live 7 cooperative principles.



## DC – Winning Gen Z



- Summer Youth Employment Program.
- 13,000 hired in DC each summer.
- 12% of members under age 24.
- Select FI; teach to save; how to spend.
- Tech, experience focus.





## HI – Kiosk Branch in Shopping Mall



- Self-service touch points.
- Advanced ATM.
- In-lobby teller.
- Product browsing tablets and notebooks.
- L/T business plan for broader FOM.



## IL – Online Acceptance Portal



- Credit card upgrade offer.
- Top of wallet focus; online acceptance.
- 12% response; 60% accepted online.
- Flexibility to personalize – cash; rewards; the card.
- Liquidity; loyalty; engagement.



## IN – Buy an Adjacent Market Business



- Acquired industrial loan and investment company.
- Full, farm lending, leasing, insurance.
- Partnered for many years; funding.
- Non-organic growth; offered better opportunities as one.

## KS – Cash Mobs and Gas Giveaways



- 1,200 Kansans, 19 CUs.
- Cash, gift cards, gas.
- Display the philosophy and value of CUs.
- International Credit Union Day announcements on Facebook and Twitter.

## KY – Double Digit Loan Growth



- Online chat; social media; realtors.
- Loans apps transitioned from call center to e-branch.
- Automated decisions are half of approvals.
- “We’re flexible; you have options.”
- Balanced growth; high ROA; 10% capital.



## LA – Non-Member Deposits



- \$5MM deposit; all CUs; NCUA insured.
- Networked deposits.
- Funding/liquidity option for LICUs.
- Further use of LICU opportunities.



## ME – Student Loans



- Next generation of loan growth.
- Partner with Maine Finance Authority.
- Link borrowers and lenders.
- Current, graduates, gap loans.
- 200 BP pricing advantage.



## MA – FinTech Innovation



- UM Lowell DifferenceMaker contest.
- Challenge students for idea to make a difference in financial services.
- DCU Fintech Innovation Center.
- Seed-stage start-ups.



## MS – CDFI Investments



- New Markets Tax Credit allocation.
- Projects to benefit economically distressed areas.
- CDFI fund.
- 3,000 jobs; health care for 100K patients.



## NH – Zero MBL Delinquencies



- 7 years in MBL.
- Skilled business lenders.
- Close relationships with borrowers; use lenders as resource.
- Strong products; serve balance sheet; serve employees.



## ND – Boom and Bust



- Housing assistance; housing purchases.
- Pulse on wage market.
- Loan growth; share management; secondary market.
- Initial demand; initial denials; eventual growth.
- Watch volume, pricing, relationships over \$250K NCUA insurance.



## NJ – Market Like a Local



CREDIT UNION IN SEARCH OF BFF.  
MUST LOVE:  
GREAT LOAN RATES,  
LOW FEES AND  
PORK ROLL.



CREDIT UNION  
IN SEARCH OF BFF.  
MUST ENJOY:  
FRIENDLY SERVICE,  
FEE-FREE ATMS  
AND DISCO FRIES.



- Resonate with locals.
- Brand awareness; casual marketing.
- This is NJ; be like NJ.
- Branding builds awareness; awareness drives business.
- Led to new visitors; hits; accounts; loans.



## NY – Sell in the Suburbs



- 20% mortgage growth in one year.
- Seasoned, well-connected, suburban mortgage originators.
- Expansion to DC; needed to be in suburbs.
- Local loan officers; local RE agents.
- Build the support capacity in DC.



## OH – Buy a Real Estate Brokerage



- Purchased through subsidiary.
- Adds to origination, title, property/casualty insurance.
- Adds member benefit; enhances buying and selling experience.
- Beginning to end service.



## PEI – Credit Union Place



- Naming and marketing rights.
- THE event and community center.
- All year activities.
- Nightlife and dining center.
- Capitalize on the focal point of community.



## SC – First Responders Loan



- Small credit union, looking for success in established niche.
- \$1,000, 0% interest, 1 year term.
- Purchase work clothing and gear.
- Thanks to responders; opportunity led to other loans at FIs.





## SD – Telling the Story and Value

**THE CREDIT UNION DIFFERENCE**

We have members, not shareholders.

Members Shareholders

We are democratically governed and elections are based on a one-member, one-vote philosophy.

**We are a CO-OP!**

The cooperative structure of credit unions creates a cycle of mutual assistance towards the common goal of the financial well-being of members.


One member's savings becomes another member's loan.

**NOT-FOR-PROFIT**

Credit unions operate to promote the well-being of their members.

REDUCED FEES SAVINGS RATES LOAN RATES

Earnings are returned to members through services like free ATMs, better rates and lower fees.



## UT – Blogger Brunch



- Influential UT bloggers; partner; reach members.
- New ways to connect with members.
- Continue looking to new ways to reach community of members.



## VT – Solar Investment; Partnership



- Investment in renewable energy; offsets power consumption.
- Purchases metering credits to offset power bill.
- Benefits CU, environment, VT.
- Furthers mission; acts as model.



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