Anne Legg, Director of Client Strategy

AdvantEdge Analytics
CUNA MUTUAL GROUP

My Job:
Work with the credit union to develop transformational business strategies from their business insights to grow in a competitive, highly regulated and disrupted business climate.

My Street Cred:
A recognized credit union industry expert, veteran thought leader with an MBA thesis on the credit union business model as well as two internationally published whitepapers on credit union business strategy. Anne's experience in big data coupled with a growth strategy has resulted in one credit union experiencing the highest loan volume in their recorded history.

My Credit Union Life:
Spent the majority of my professional career in credit unions with 17 years in the C-suite harnessing data to achieve growth objectives. She has served on various credit union organizations' boards, taught at CUNA schools, has been a contributing author to CUNA's Environmental Scan. Currently, you find her hosting a podcast on BigCast Network, blogging and creating thought leadership at advantedgeanalytics.com.

Passionate about 3 things:
1. Credit unions
2. Their data
3. How to make them grow

Agenda

1. Urgency of Now - Why is this Important?
2. Insights from Big Data
3. Meeting the Needs of Your Members with Data & Analytics
4. Setting your Data Analytics Strategy

"*Progress is the constant replacing of the best there is with something better still.*"
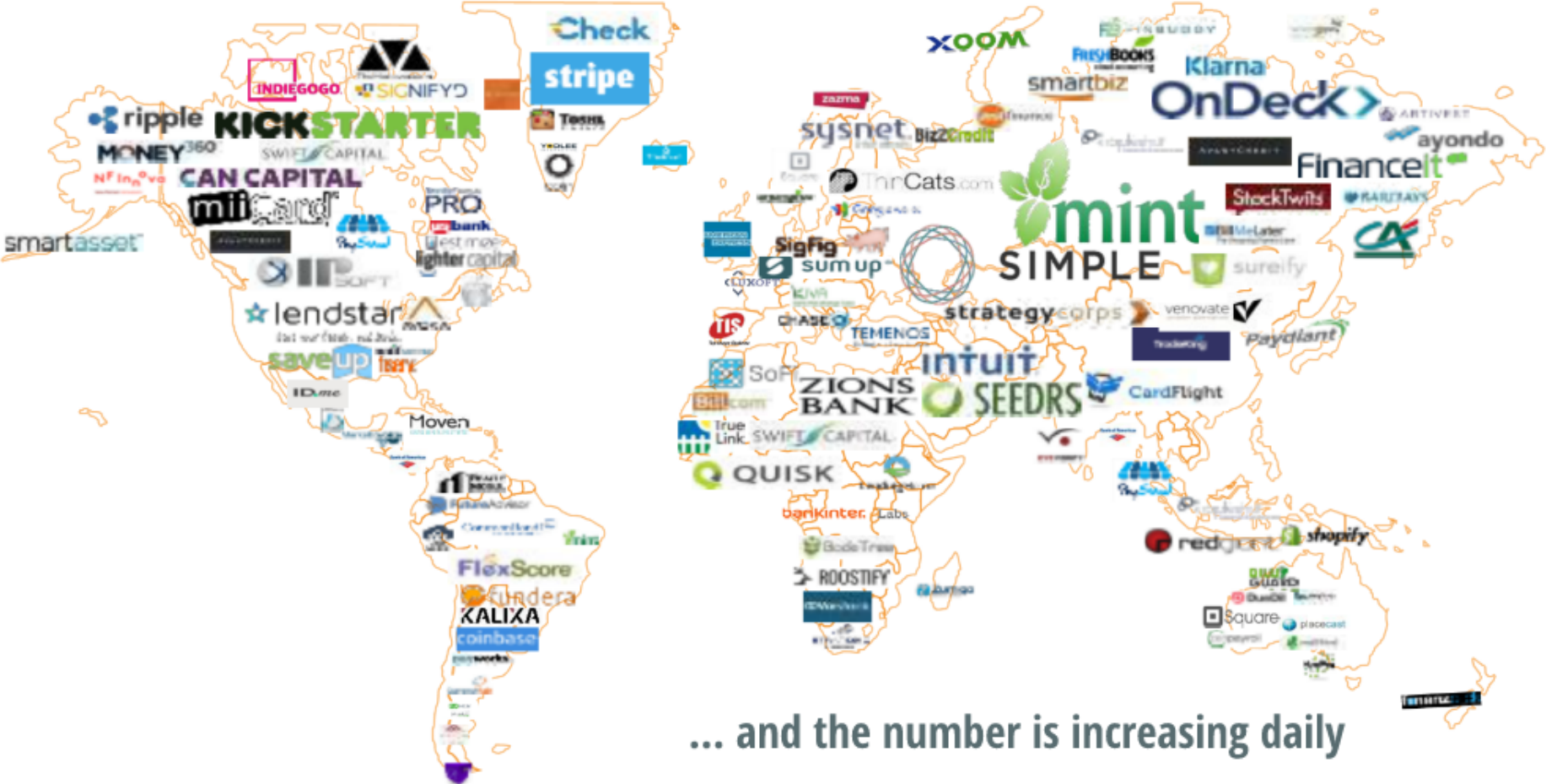
- Edward A. Filene

Current Climate

Fintech start-up companies are active in the marketplace.

Each one is targeting one small piece of traditional financial institution's business.

... and the number is increasing daily

Death by **12,000** Cuts

Data Analytics for enhanced member experience

Member expectations today
- Understand me
- Coach and plan with me
- Be easy and instant
- Engage me
- Help me live a better life
- Be social

Innovators	How they do it
Kabbage	Use non-traditional data sources to make underwriting decisions
charles SCHWAB	Omni-channel ecosystem for financial services and advice
Capital One Bank	Personalized and simple web and mobile financial applications
SoFi	Offer "Social Finance" outreach and exclusive events to members
mint	Consolidate accounts and bills in one place for managing finances
venmo	Connect with friends to easily make payments via mobile phone

Large banks are investing billions in digital and analytics

Chase bank invested over **$1B** in the last 2 years...
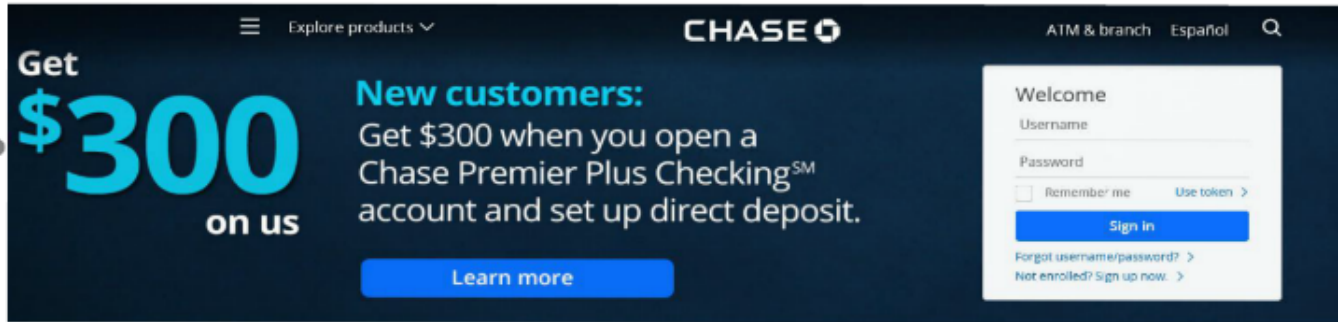
Analytics-backed website

Free credit score tracker

Clean and simple website

Choose what's right for you

....and has a relationship with ~50% of US households

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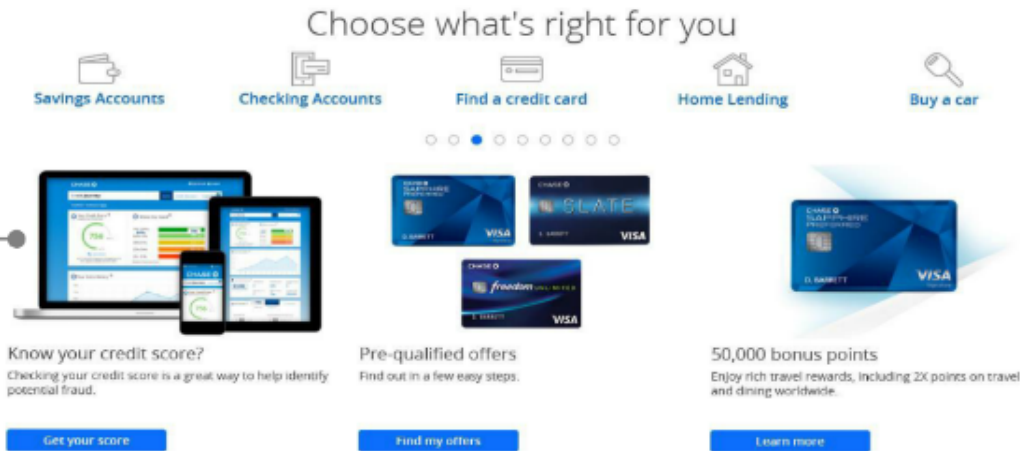
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Data Analytics survey of Credit Unions - Key findings

26% — Have business- driven analytic initiatives

73% — Indicate that most of their member data is not easily accessible

9% — Have a comprehensive front-line adoption approach

Data Analytics survey of Credit Unions - Key findings

73%
of credit unions see analytics as a way to significantly transform the way they do business

Common business priorities		Common business priorities
	Grow member base	Optimize targeting of new members through channel preference and/or life stage
	Deliver a best in-class digital member experiences	Behavior based product marketing and connect with customers based on life events
	Optimize risk and manage losses	Predict impending defaults to guide collections efforts, CECL reporting and early warning fraud detection
	Grow number of products per member and wallet share	Offer "next best product" to indirect members, target millennials with personalized offers to improve loyalty

What's happening? We have entered a fourth phase of banking, the first time the bank becomes truly full-scale digital
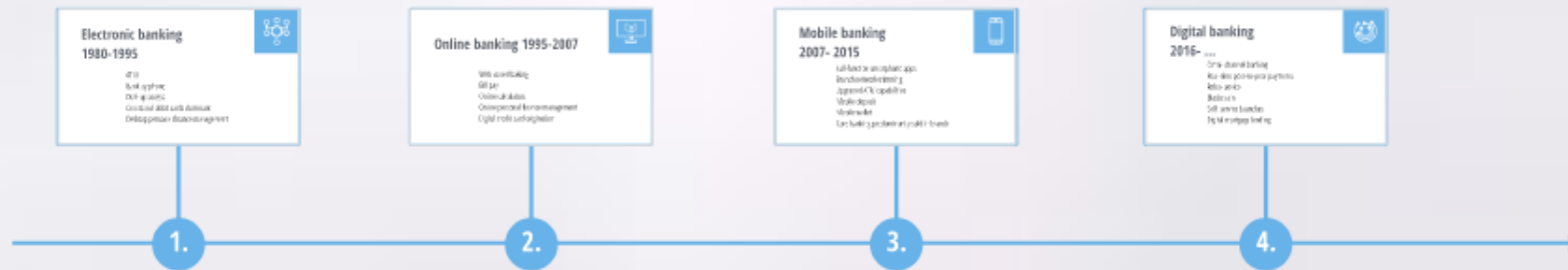
Data and analytics is foundational to digital banking

Electronic banking 1980-1995

ATM

Bank by phone

Dial- up access

Credit and debit cards dominant

Desktop personal finance management

Online banking 1995-2007

Web-based baking

Bill pay

Online calculators

Online personal finance management

Digital credit card origination

Mobile banking
2007- 2015

Full-function smartphone apps

Branch network trimming

Upgraded ATM capabilities

Mobile deposit

Mobile wallet

Core banking predominantly sold in branch

Digital banking 2016- ...

Omni- channel banking

Real-time peer-to-peer payments

Robo- advice

Blockchain

Self- service branches

Digital mortgage lending

Successful Companies Think About Data in Three Buckets

1. Boosting traditional P&L levers

2. Delivering the digital bank & enhancing the member experience

3. Developing new areas of growth

They solve the same business problems as before, but use data to become more effective & efficient.

Data Transformation

Digital technologies change how we connect and create value with our members, competition and data.

The opportunity presented is how to turn enormous amounts of data into valuable information.

How Can You Compete?

WHAT WE KNOW....

What does this mean to your Member?

1. They trust the credit union
2. They want their credit union to know them
3. They want you to identify their needs
4. They want you to FILL their needs before they know they need to be filled
5. They want the experience to be at the touch of a fingertip

Removing Friction

Most common loyalty-eroding behavior:
 - having to re-explain an issue
 - having to switch from web to phone
 - spending moderate to high effort to resolve an issue
 - being transferred
 - having to repeatedly contact the company to resolve an issue

Credit Union Friction - CUs want to:

Access Real-time Reporting Dashboards with Visualizations, Insights & Analysis
- *Self-service, robust, predictive reports across the organization*

Anticipate Consumer's Next Best Product & Make Smarter Decisions
- *Leverage predictive analytics to customize member experience & improve operational efficiencies*

Create a "One-Click Member Experience" Anytime, Anywhere
- *Seamless, easy engagement on every credit union channel.*

Credit Union Friction - CUs want to:

Automate & Streamline Internal Processes to be Better & Faster to Members

- *Improve decision-making for requests & remove internal obstacles with technology.*

Encourage Data-Centric & Digital-Savvy Thinking in Staff

- *Tech training moves organization from intuitive decisions & better member experiences.*

Data analytics:
you need a strong foundation

Harness Data to Improve Member Experience & Operations

Connected, Accessible, Integrated, Defined, Centralized data in Real-time

View Member Information as an Enhanced Single Source of Truth

360° view of member to all staff containing external, useful data

What member data do you have?

Products
accounts, balances etc

Transaction History
fees, volume and value

Payment history
electronic, paper, channel

Spending Behavior
Plastic activity, categories, propensity

Credit Union Member

Segment
consumer segment, campaign data

Demographic (zip code, county level)
employment rates, median home price, population

Member Characteristics
age, tenure, home, auto, assets, kids

Social Media
social media footprint, age of email address + activity, phone os

After data is organized, it's time to translate:
data analytics spectrum

Advanced Analytics

10. **Prescriptive Analytics-** What is the best next action for us to take?
9. **Predictive Analysis-** What will happen next?

Guided Analytics

8. **Forecast-** What if these trends continue?
7. **Statistical Analysis-** Why is it happening?

Reporting/Self Service

6. **Alerts-** What are best actions?
5. **Selective drill down-** Where is the problem?
4. **Ad Hoc Queries-** How many, how often, where?
3. **Standard Reports-** What has happened?

Data

2. **Clean Data**
1. **Raw Data**

Remember: it's all about the Member...

Member experience > member service

Create value for the member

Five core behaviors that drive members in digital experiences

1. **Access**

   Be faster, easier, everywhere, always on

2. **Engage**

   Become source of trusted content & right content at right time, relevant & useful

3. **Customize**

   Make products, services & interfaces adaptable and personalized

4. **Connect**

   *Become part of member's conversations - solve problems & learn about members*

5. **Collaborate**

   Invite members to help build your enterprise (ie: w/beta-testing)

THE DIGITAL TRANSFORMATION PLAYBOOK

DAVID L. ROGERS

The elements of the Value Pyramid
Products and services deliver fundamental elements of value that address four kinds of needs:
Functional, emotional, life changing, and social impact. In general, the more elements provided, the greater customers' loyalty and the higher the company's sustained revenue growth.
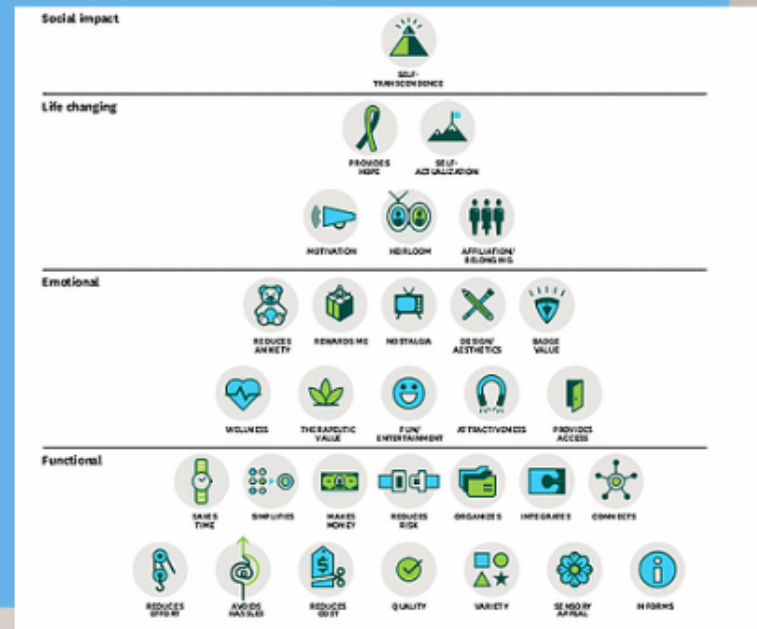
Functional:

- saves time
- avoids hassle
- reduces effort
- informs
- makes $
- reduces risk

Member is Source of Value

Don't start with solutions:

What's the member problem you are trying to solve?

Solutions - and data analytics use cases - should follow.

Remove friction

Iterate

Be agile, embracing change

"If you're saying that the only way to get this product or service is to come to the branch and sign this piece of paper, then you've got a problem."

Brett King
Bank 3.0 author & host of #1 fintech podcast/ radio show

Your mission:

Think and act like a fintech, but hug like a credit union.

Instill the CU difference into the process.

Create a member experience, not just products

Think like a fintech & help members with five basic needs.
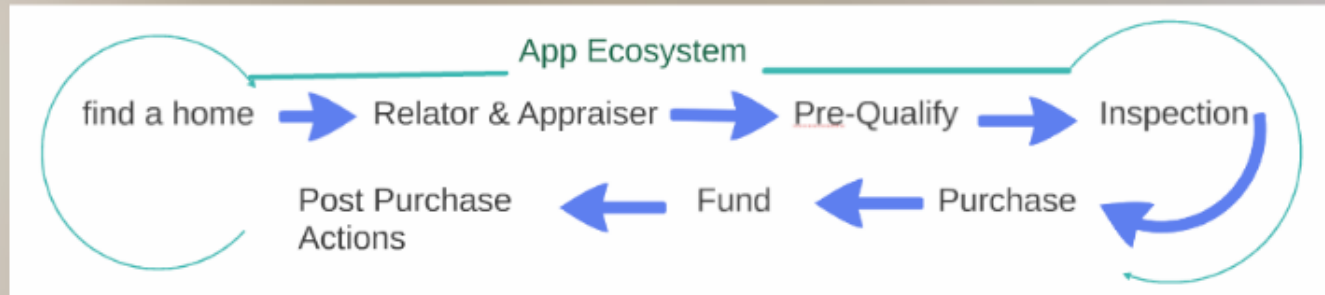
Some examples:

Shelter	Transportation	Travel/Play	Education	Savings/Retirement

Shelter

The home, not the morgage

Transportation

The auto, not the loan

My Auto Loan App

Travel/Play

The experience, not the credit card

What can insights from big data reveal about member's travel or play preference?

Education

Right time advice & products

- With life event data, provide financial advice & services at the right time.
- Card rewards program that gives a cash back reward into savings account for education needs.

Savings/Retirement

Right time advice & products

- With life event data, provide financial advice & services at the right time.
- Make member experience better to save simply and automatically.

Data Analytics for improving current credit union operations

Call centers

- **50% efficiency** gains over next four years
- Powerful source of customer insight for better selling and advice

Automation

- **70% efficiency** gains on the next four years
- Far fewer errors than outsourced workforce

Mobile banking

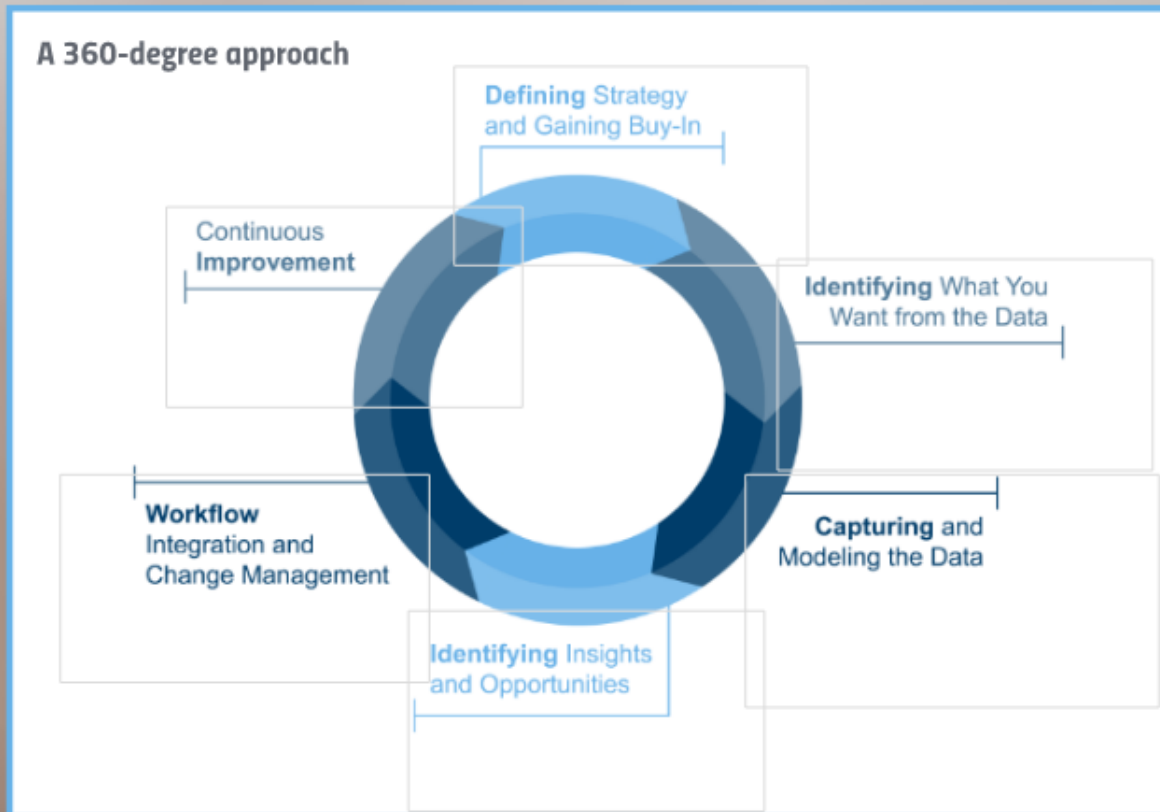- **70% interactions** on mobile over the next four years

Bank branches

- **40% efficiency** gains over next four years
- Powerful source of customer insight for better selling and advice

Setting Data Analytics Strategy

A 360-degree approach

- **Defining** Strategy and Gaining Buy-In
- Continuous **Improvement**
- **Identifying** What You Want from the Data
- **Workflow** Integration and Change Management
- **Capturing** and Modeling the Data
- **Identifying** Insights and Opportunities

Defining Strategy and Gaining Buy-In

Align analytics to overall business strategy

Identifying What You Want from the Data

Ask the right questions, such as:

- What are the business opportunities that are most significant to us?
- How can we prioritize them?
- What's the ultimate value of each?
- What's the investment needed?
- What are the metrics we'll use to track value?
- What is the roadmap we will follow?

Capturing and Modeling the Data

- Assess internal capabilities & identify level of investment to determine right technology.
- Consider where data will come from, internal vs. external, where & how it will be warehoused, etc.
- Critical for IT & business strategy be fully aligned
- Cross-functional teams can help

Identifying Insights and Opportunities

What does the data mean?

Data scientists and translators are essential in the process

Workflow Integration and Change Management

Once opportunities are identified, it's time to implement

Hardest part of journey:

- Top down buy-in is critical
- Staff must be open and willing to change for better of organization

Continuous
Improvement

Iterate & constantly refresh approach

Your Member. Today.

Checking Account

Media Consumption

Artificial Intelligence (AI)

Your Member. Today.

Internet of Things

Social Media

Demographics

Wearables

Checking Account

Media Consumption

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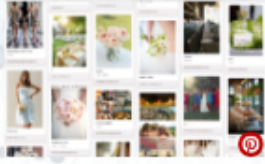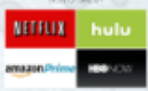
Social Media

Demographics

What Happens Next?

Wearables

Checking Account

Remember....

- Competition, technology & member expectations have changed.
- Start & evolve the data transformation process at your CU to improve member's lives, drive growth & operational efficiencies.
- Transcend products & services, creating value for your members.
- Set a robust data analytics strategy & continually iterate.

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