

Getting on the right side of the digital divide

Presented by
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Today's Agenda

- 01** Business Challenges from Major Banks
- 02** Overcoming Disadvantages Through Digital
- 03** Taking the Next Step

What Advantages Do Banks Have Over Credit Unions?

Banks Lead Credit Unions in Customer Satisfaction for the First Time Ever!

—The American Customer Satisfaction Index (ACSI), Dec. 2019

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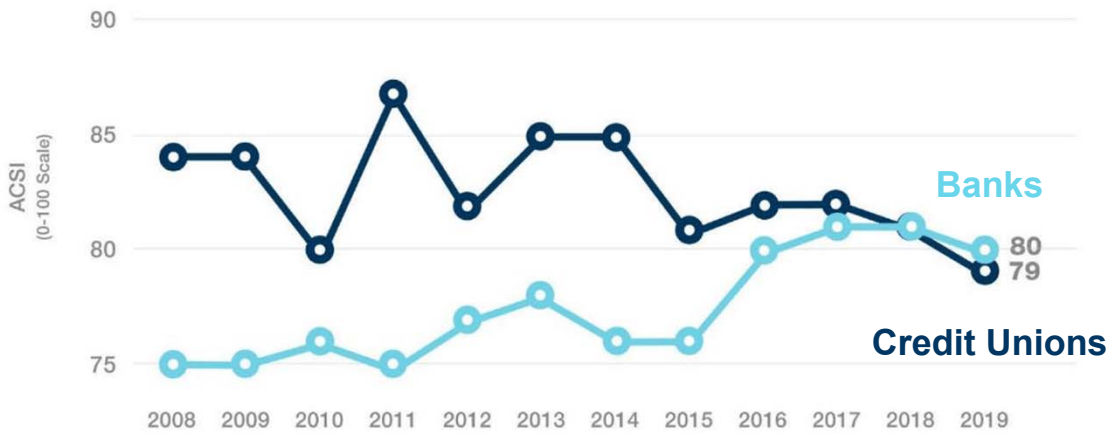
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- 01.** Banks Are Outspending Credit Unions in Digital.
- 02.** Financial Products Are Becoming Increasingly Commoditized.
- 03.** New Category Entrants Are Crowding Our Marketplace.

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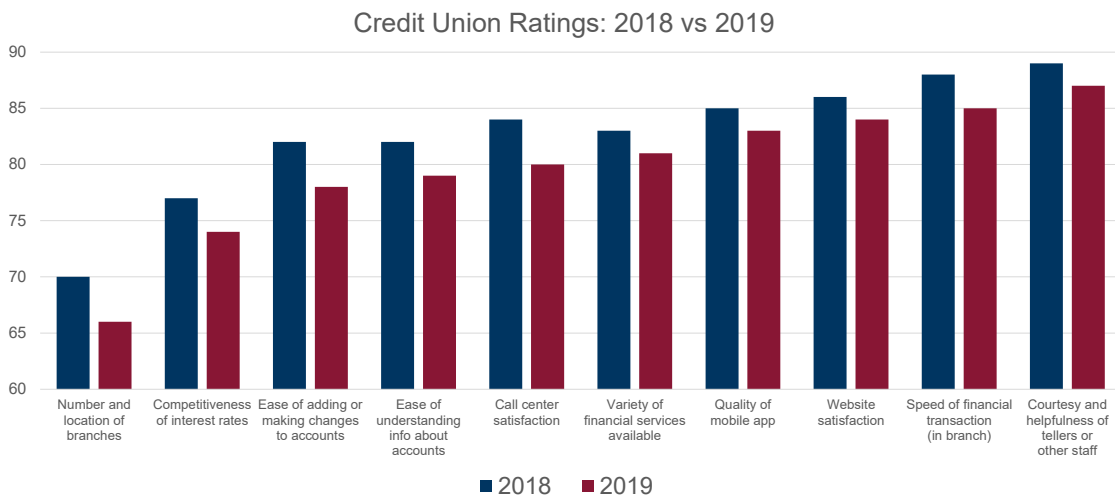
Banks Edge Out Credit Unions in Customer Satisfaction



7 Source: CUNA Mutual Group Intelligence Briefing—The Outside In, December 2019



Credit Unions Are Losing Edge in Historical Areas of Strength



8 Source: CUNA Mutual Group Intelligence Briefing—The Outside In, December 2019



There Are Six Major Contributing Factors



Digital Presence
Decline. Website
Satisfaction **Down 2%.**

Banks Are Outspending Credit Unions in Digital.

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Bridge the Gap with Intelligent Investment in Practical Digital Channels

\$12 - \$20

spent per **current** CU member

\$280

spent per **new** CU member

In 2020

50%

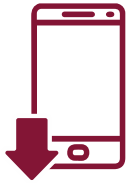
of the average company's
budget will be spent online

Up from **42%** in 2018

12

Source: Web Strategies Inc. 2019: How Much Should You Budget for Marketing in 2019?
Web Strategies Inc. 2019: How Much Should Credit Unions Budget for Marketing?

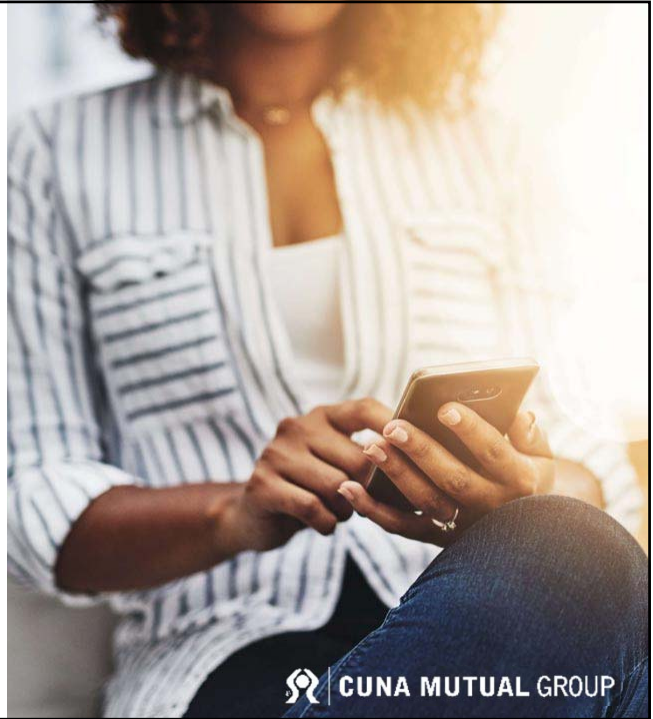
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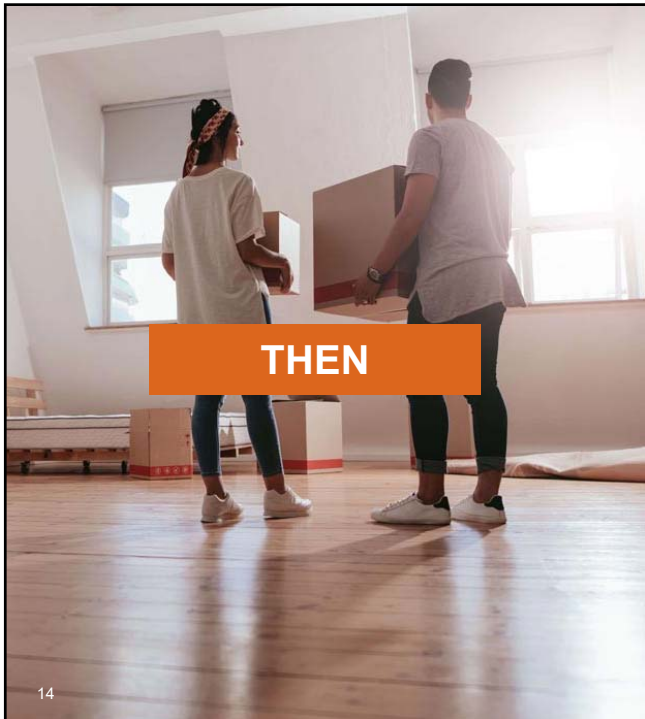
Quality of Mobile Apps **Down 2%**

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Source: Goldman Sachs Shareholder's Report, 2020
JD Power US Retail Banking Satisfaction Study, 2019

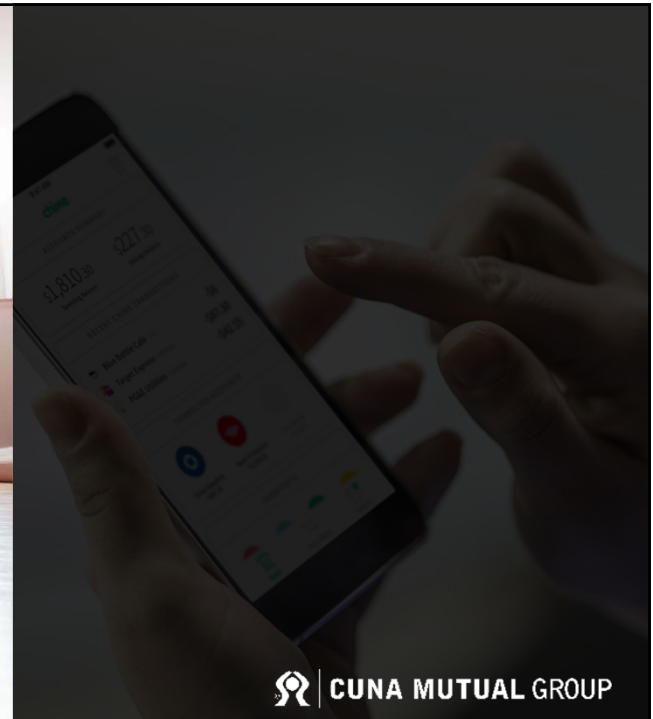


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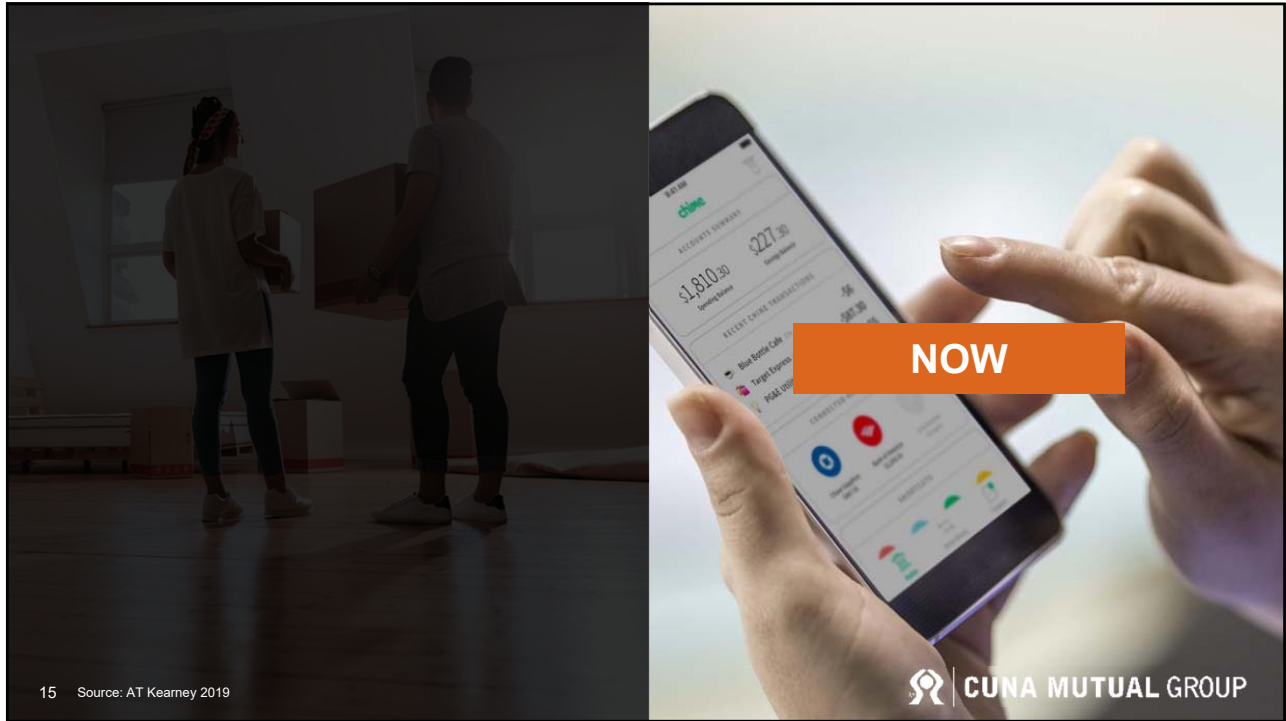


THEN

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15 Source: AT Kearney 2019

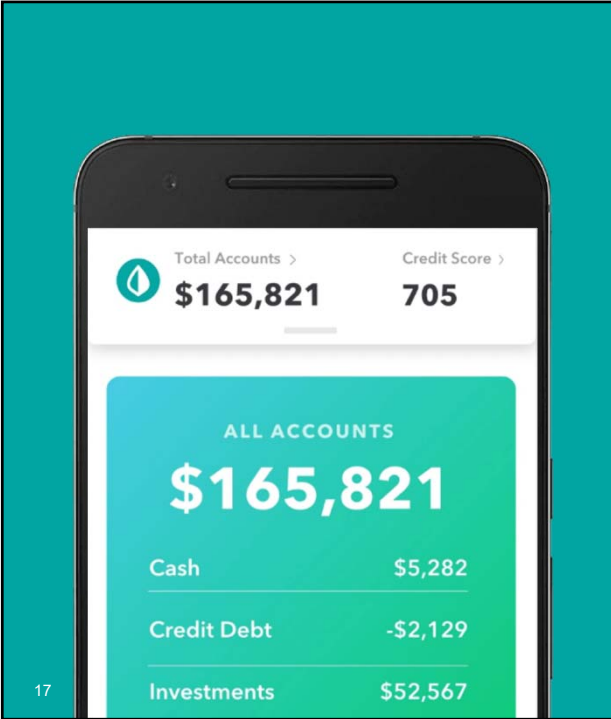
Traditional Journey



Modern Journey

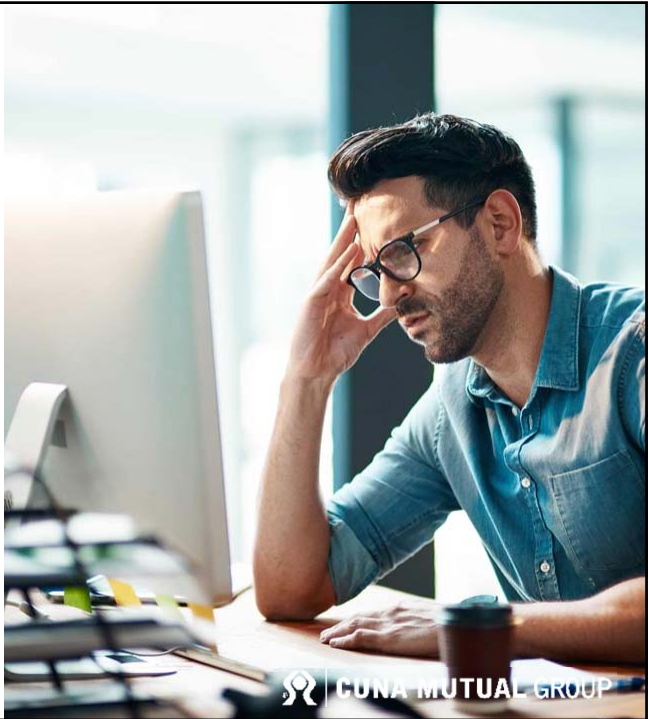


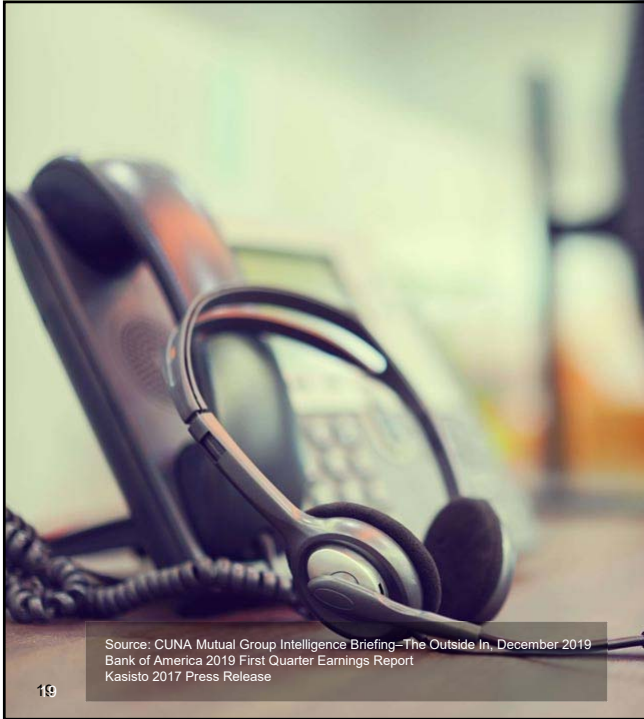
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Perceived Lack of Variety of Financial Services

Source: Deloitte | Forbes, 2019





Source: CUNA Mutual Group Intelligence Briefing—The Outside In, December 2019
Bank of America 2019 First Quarter Earnings Report
Kasisto 2017 Press Release



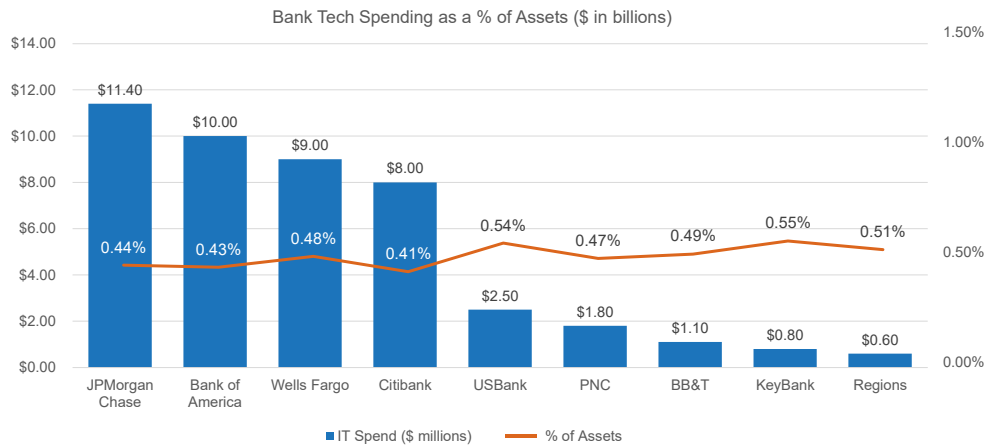
Call Center Satisfaction Decline



Interest Rate Advantage Erosion, **Down 4%**



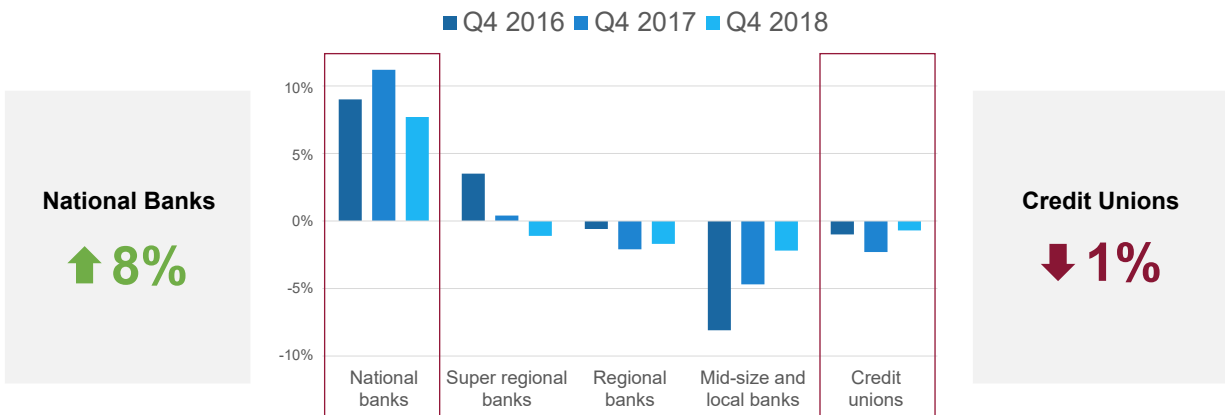
Major Banks' Tech Spending in the Top 4 of All Business Sectors



21 Source: UBS 2019 | Cornerstone Advisors



Migration from Credit Unions to National Banks



22 Source: Statista: Bank of America Advertising Spend 2018 | Statista: JP Morgan Chase & Co Advertising Spend 2018



So What Does Digital Investment Net Us?

01 Digital investment drives switching behavior.

02 There's a predictive correlation between the technology and member satisfaction.

03 CUs need to constantly evolve/continuously improve digital capabilities.

- 01.** Banks Are Outspending Credit Unions in Digital.
- 02.** Financial Products Are Becoming Increasingly Commoditized.
- 03.** New Category Entrants Are Crowding Our Marketplace.

02. Financial Products Are Becoming Increasingly Commoditized.

Company	Monthly Price
Protective	\$18.98
MINNESOTA LIFE A Securian Company	\$22.32
AXA EQUITABLE	\$24.40
AIG	\$19.57
John Hancock	\$24.91
UNITED OF OMAHA LIFE INSURANCE COMPANY	\$20.86
Lincoln Financial Group	\$25.81
Principal	\$21.00
Prudential	\$34.13

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Compared to other companies in the past year,
Experience-driven Businesses...

Grew revenue
1.4x faster

Increased customer lifetime value
1.6x more



“Digital’ is not about a website, a mobile app, cloud services or an API. It’s not even just about technology. It’s about everything that allows technology to make an enterprise competitive.”

— Michael Endler, Google Cloud

The Recipe to Meet Digital Experience Demands



Channel-Agnostic
Experiences

The Recipe to Meet Digital Experience Demands



Channel-Agnostic Experiences



Immediacy

The Recipe to Meet Digital Experience Demands



Channel-Agnostic Experiences



Immediacy



Consistency

The Recipe to Meet Digital Experience Demands



Channel-Agnostic Experiences



Immediacy



Consistency



Personalization

The Recipe to Meet Digital Experience Demands



Channel-Agnostic Experiences



Immediacy



Consistency



Personalization



Anticipated Needs

The Recipe to Meet Digital Experience Demands



Channel-Agnostic Experiences



Immediacy



Consistency



Personalization



Anticipated Needs



Transparency and Trust

The Recipe to Meet Digital Experience Demands



Channel-Agnostic Experiences



Immediacy



Consistency



Personalization



Anticipated Needs



Transparency and Trust



The Fundamentals

Data Management

Companies that use customer analytics to create insight from all these new sources of data earn twice as much profit as their competitors.

A.I. + Machine Learning

79%

of insurance executives believe AI will revolutionize the way they gain information and interact with customers.

37 Source: The UNCOMMON Magazine—Vol. One_ The Truth About Humanity in Technology

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Cloud

Gaining efficiency in the cost of infrastructure.

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APIs + Open Banking

Service Integration

39

40

Mobile

Once developing, now the primary vehicle for customer experiences.

41 Source: Statista 2018, Digital Banking Users in the U.S. 2018 - 2022, by Generation

IoT + Biometrics

New interfaces create new sources of data.

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Chatbots

85%

of customer interaction
will be **managed without
a human** in 2020.

43 Source: Gartner 2018

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Voice

72%

of US consumers are
using voice search
through a digital assistant.

44 Source: Microsoft Voice Report, 2019

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It's No Longer Innovation; It's Table Stakes.

Newly Established
Consumer Demands

Newly Established
New Technical Enablers

Newly Established
Interfaces

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73%
Millennials

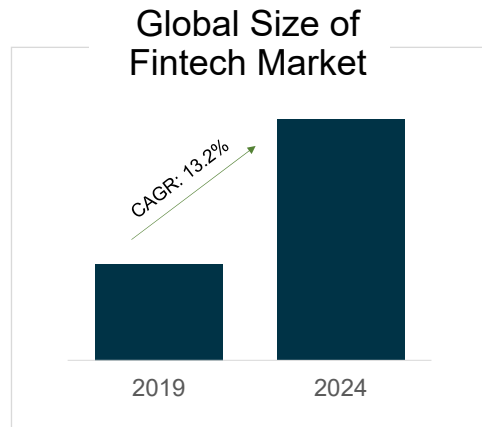
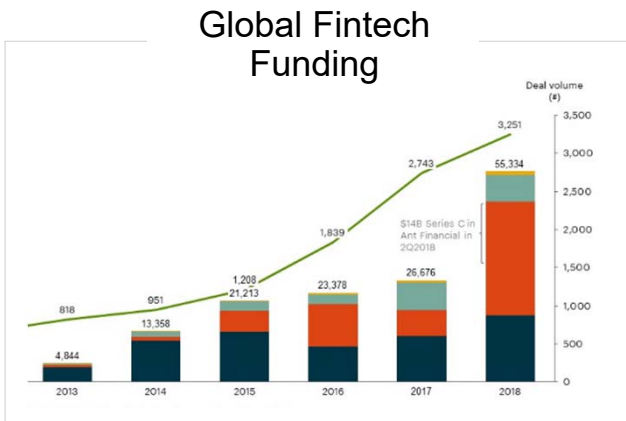
30%
Customers
Worldwide

amazon
Google
Apple

Source: CB Insights | Insurance Business Magazine

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Fintechs Continue to Eat up Market Share

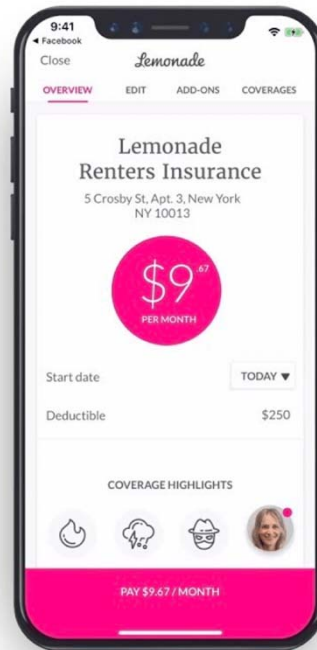


48 Source: Mordor Intelligence 2019



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Lemonade



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snapsheet

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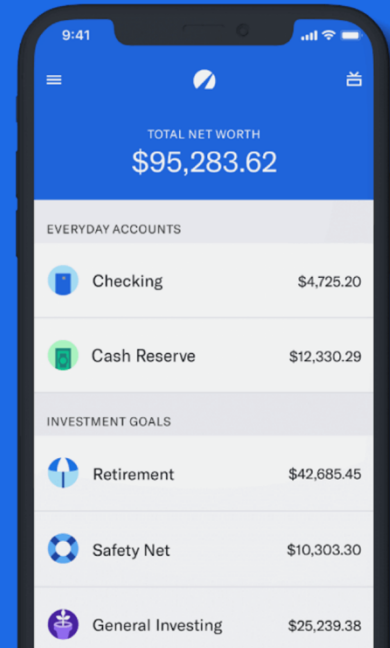
 robinhood



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Betterment

53 Betterment, 2020



Earn Found Money

Your total **Earned** value is **\$74.93**

Dollar Share Club
5% Invested

Top Supporters



Nike
5% Invested



Apple
12% Invested

Newly Found



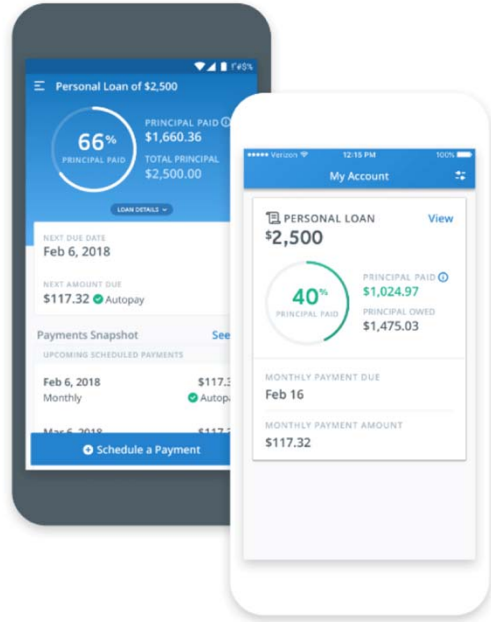
For You

\$5 Invested

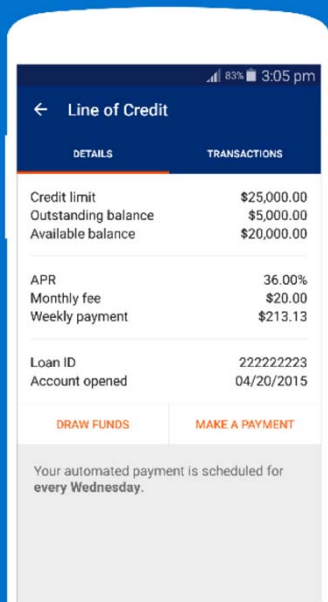
Sign Up Now

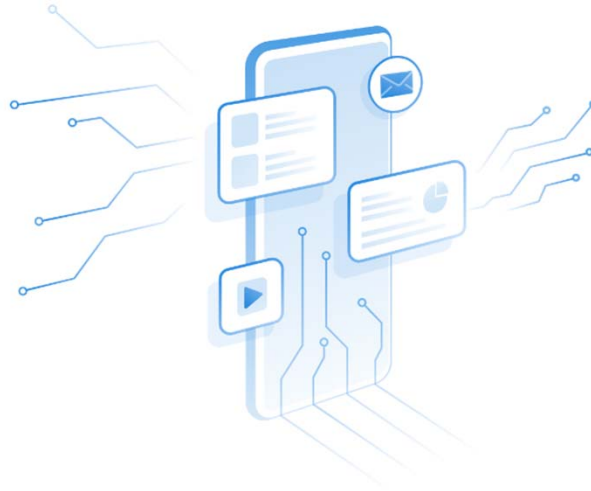
 **acorns**
Invest the Change[®]

AVANT



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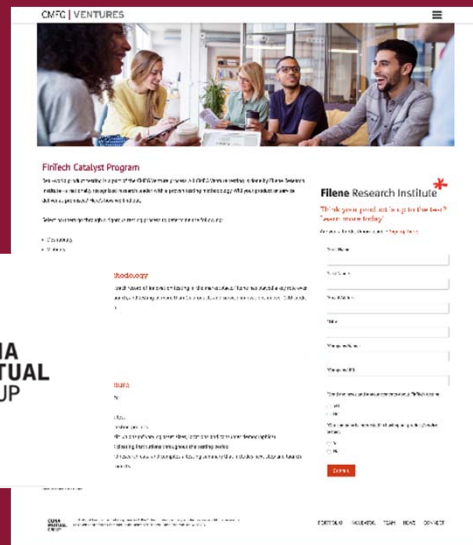


57 Source: Crest Financial, 2020

Investing in Innovation

CMFG Ventures and Filene Research Institute Partner to Launch New FinTech Catalyst Incubator

Start-Up Companies Encouraged to Test New Products and Services in Credit Unions



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First Three Startups in Incubator



\$1 billion+

In debt paid off

70,000+

Members



Home » CUNA Mutual acquires Compliance Systems Inc.

CU SYSTEM

CUNA Mutual acquires Compliance Systems Inc.

November 28, 2018



CUNA Mutual acquires Compliance Systems Inc.

CUNA Mutual Group today announced the acquisition of Grand Rapids, Mich.-based Compliance Systems, Inc., a privately-held technology company specializing in compliance technology for financial services, to expand the company's lending technology capabilities.

Compliance Systems is a best-in-class provider of financial transaction technology and compliance expertise. The company provides technology that enables delivery of loan, deposit, and other transaction content in adherence with compliance regulations.

Compliance Systems' solutions complement CUNA Mutual Group's long-running



AdvantEdgeAnalytics™

CUNA MUTUAL GROUP



4/11/2018

AdvantEdge Analytics Acquires Data Integration Company Finivation

Acquisition Will Accelerate and Strengthen Real-time Data Integration for Credit Unions

MADISON, Wis. – [CUNA Mutual Group's AdvantEdge Analytics](#) today announced it has acquired, [Finivation](#), a New York-based data systems integration and software company that offers real-time data integration for credit unions, community financial institutions and technology providers.


AdvantEdge Analytics will incorporate Finivation's Concert integration product into its suite of services to build and strengthen data integration across the credit union industry. This acquisition will further advance the development of an industry standard platform that will best position credit unions to improve the member experience, enable growth and compete more effectively.

"Credit unions are increasingly confronted with integration challenges due to disparate systems that hinder their ability to get the most value from their member data," said Tim Peterson,



Paradoxes to Address


Personalization



- Customers demand personal, anticipated, connected experiences.
- 198% increase to analytics budgets.


VS

Privacy



- Apple's Intelligent Tracking Prevention (ITP)
- General Data Protection Regulation (GDPR) Europe

64 Source: The Wall Street Journal, 2019; Digitas, 2019

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Data Collected



2.5 quintillion bytes of data are created each day.

VS

Data Applied



How can that much data actually be analyzed?

Partner to Grow



Leverage partnerships in and out of category to grow the brand and/or category.

VS

Protect Brand



Isolate proprietary information to protect brand position in the market.

Pushing Forward

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Develop and Implement Your Digital Strategy

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Consumer-Centric
Data View

CRM & Relationship
Building

Evolved Partner &
Affiliate Model



Customer
Experiences

Prospecting and
Amplification

Establish Your Vision to Get on the Right Side of the Digital Divide

Create **seamless, personal, anticipated** end-to-end customer experiences fueled by **data**, inspired by **human insight** and connected by **technology**.

Establish Your Vision to Get on the Right Side of the Digital Divide

Create **seamless, personal, anticipated** end-to-end customer experiences fueled by **data**, inspired by **human insight** and connected by **technology**.

How can we
provide value?

How can we define
and promote
our values?

How can we make
our customers
feel valued?

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Thank you.

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