

# Changing Dynamics of the Payments Landscape

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Peggy Brown  
Solutions Engineer

October 8, 2019

Consumer experience is the next competitive battleground.  
It's where business is going to be won or lost.

– Tom Knighton, Conversant

The largest companies today are technology companies, digital, and “Consumer Obsessed”



Tech Firms  
Become  
**Financial  
Institutions**

Source: Aite: Top 10 Trends in Retail Banking & Payments in 2018 as of January 4<sup>th</sup> 2018

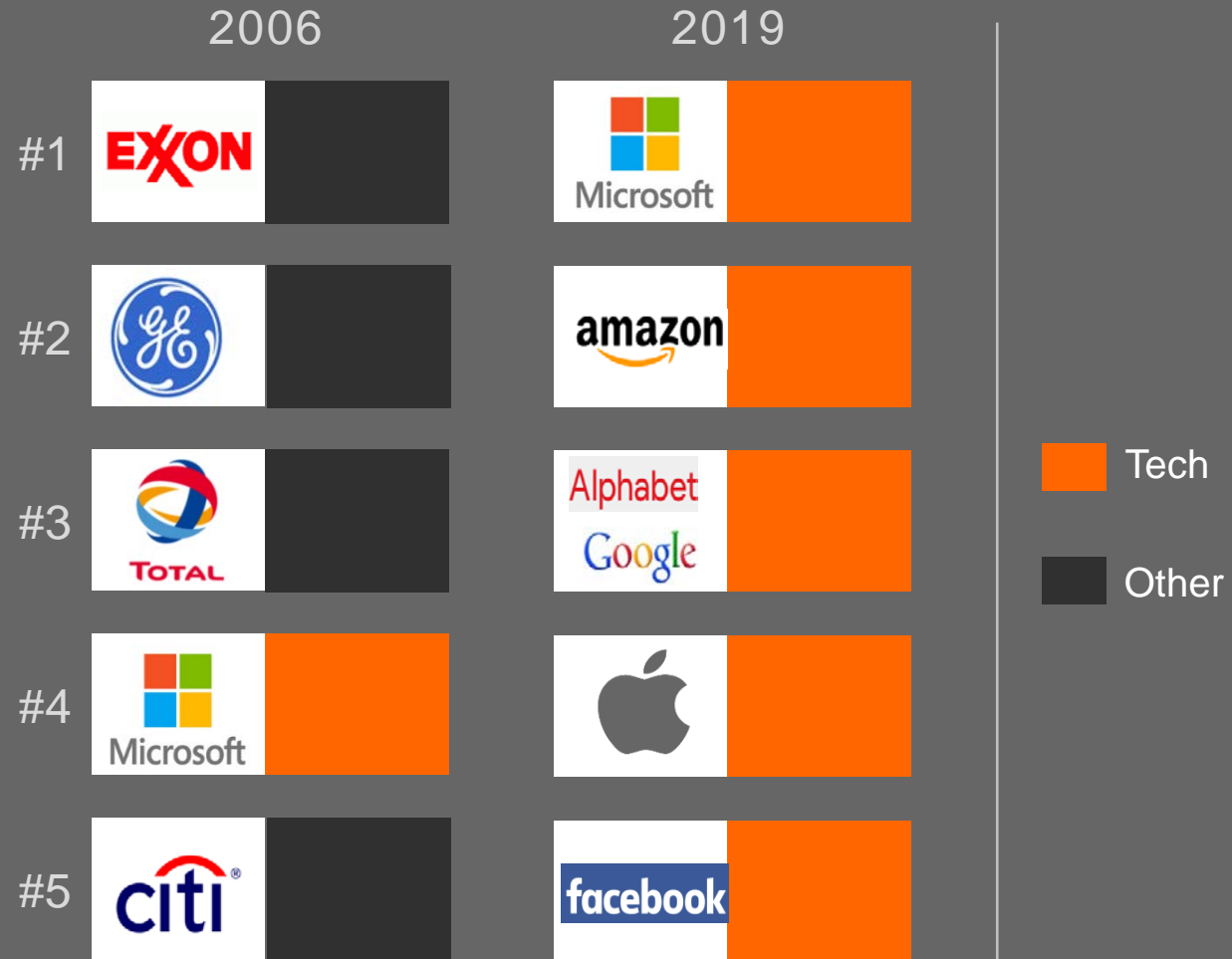
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FORTUNE Magazine **World's Most Admired Companies**  
2014 | 2015 | 2016 | 2017 | 2018 | 2019

**fiserv.**

# We are Seeing a Clear Shift to Technology Leaders

The Top 5 largest companies today are technology companies



Source: 2006 figures = Visual Capitalist, The Largest Companies By Market Cap Over 15 Years (August 2016)  
2019 figures = Google Finance (January 2019)

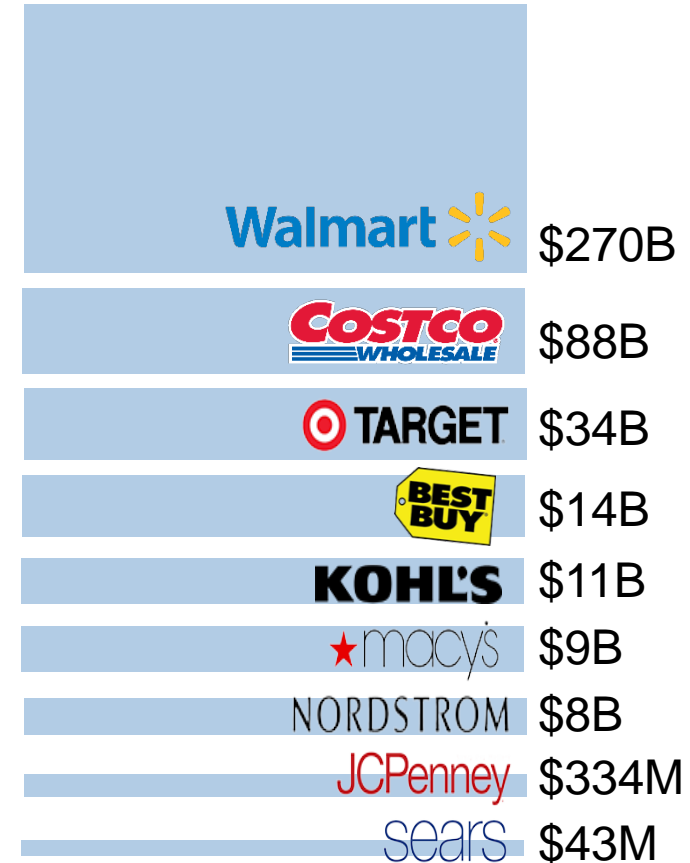
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# The Extraordinary Rise of Amazon

Amazon is bigger than the leading brick-and-mortar stores combined!





# Fueling a New Member Experience



Your members have increasing choices for all financial services.

Two out of every three payments via PayPal are performed via ACH

2% "cash back" on all transfers to Amazon account



One out of every three payments to Target come in through ACH. 5% discount on all purchases.

# Three Trends to Watch

1



Life goes digital

2



Intelligent experiences

3



Opportunity abounds

# Trend #1: Life Goes Digital





# Money Movement Made Simpler

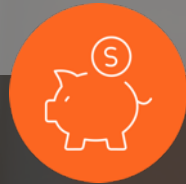
We spent a lot of years training consumers on our terminology:

Digital Reality for an Always-On World

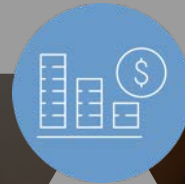
“DDA, ACH, Routing number, PIN, Wire, Bill Pay”

This new generation of consumers doesn't care.

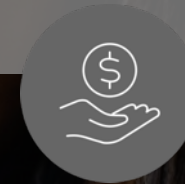
Deposits



Money Movement

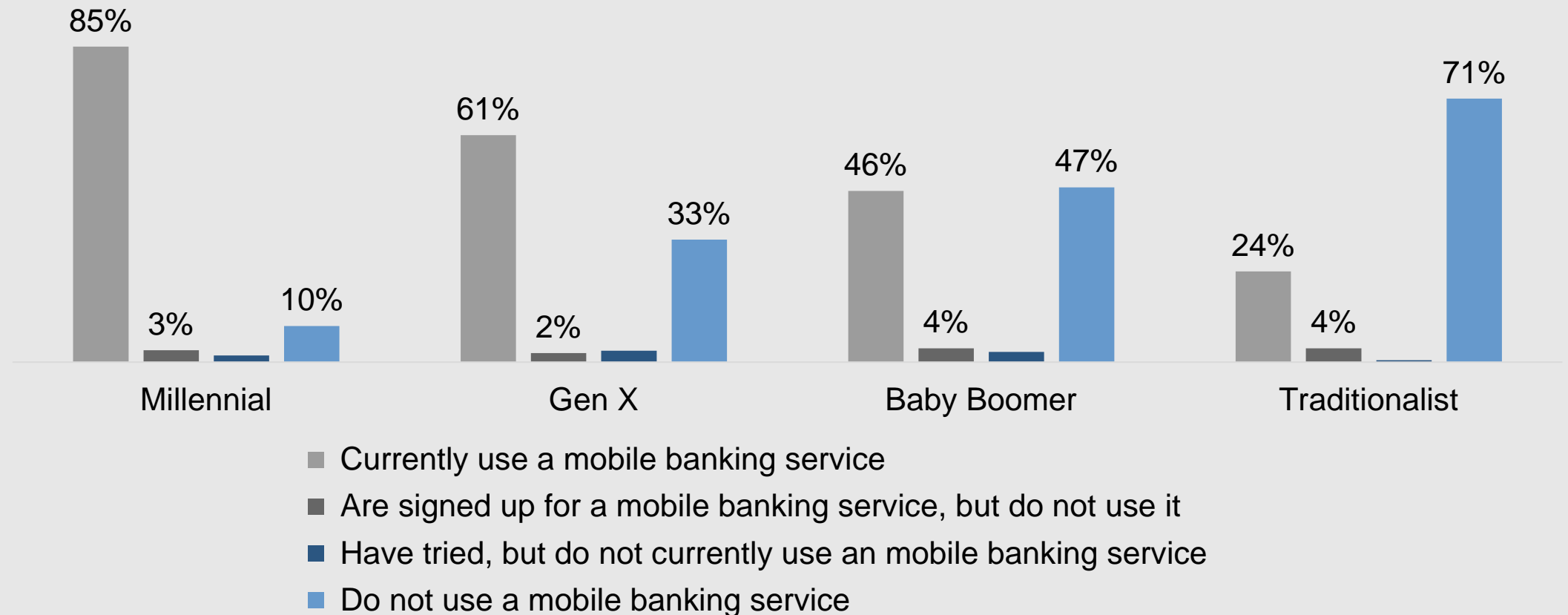


Loans



# Mobile Banking Usage Driven by Age

Mobile Banking Status by Generation



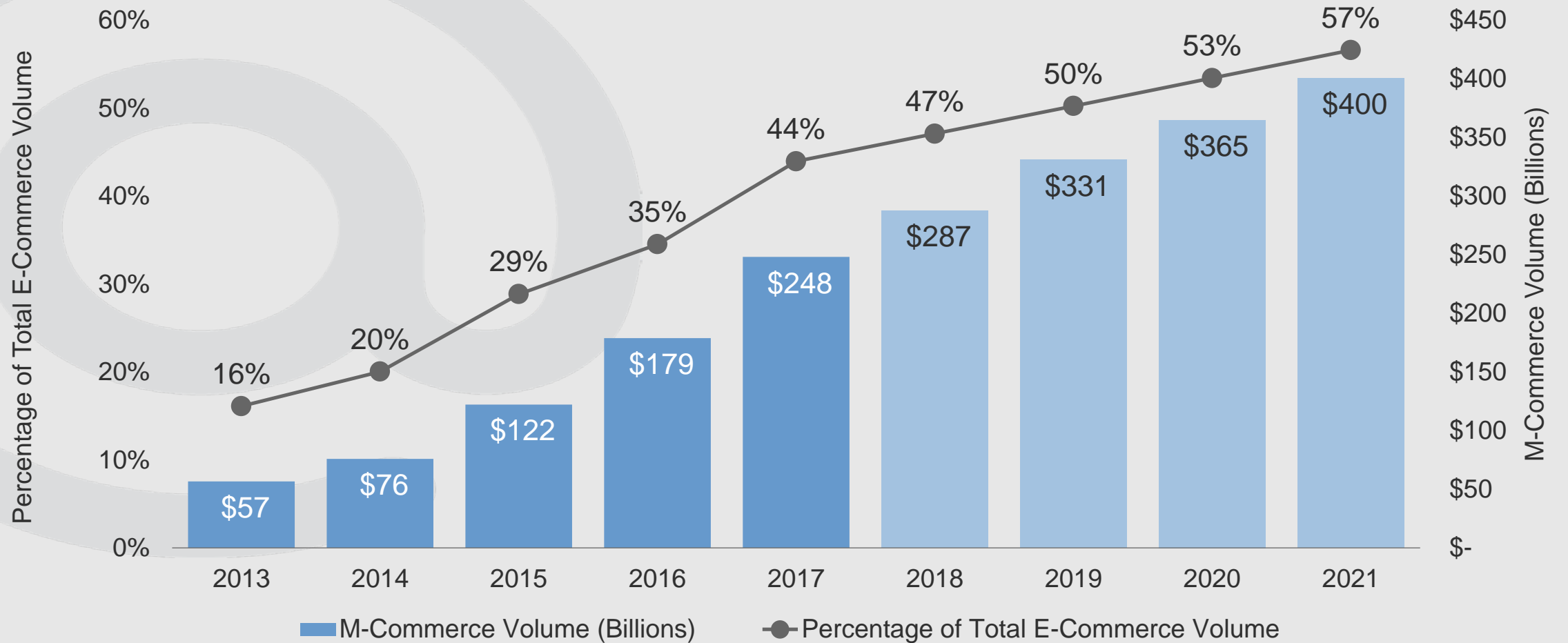
Source: Raddon Research Insights

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FORTUNE Magazine world's most admired Companies  
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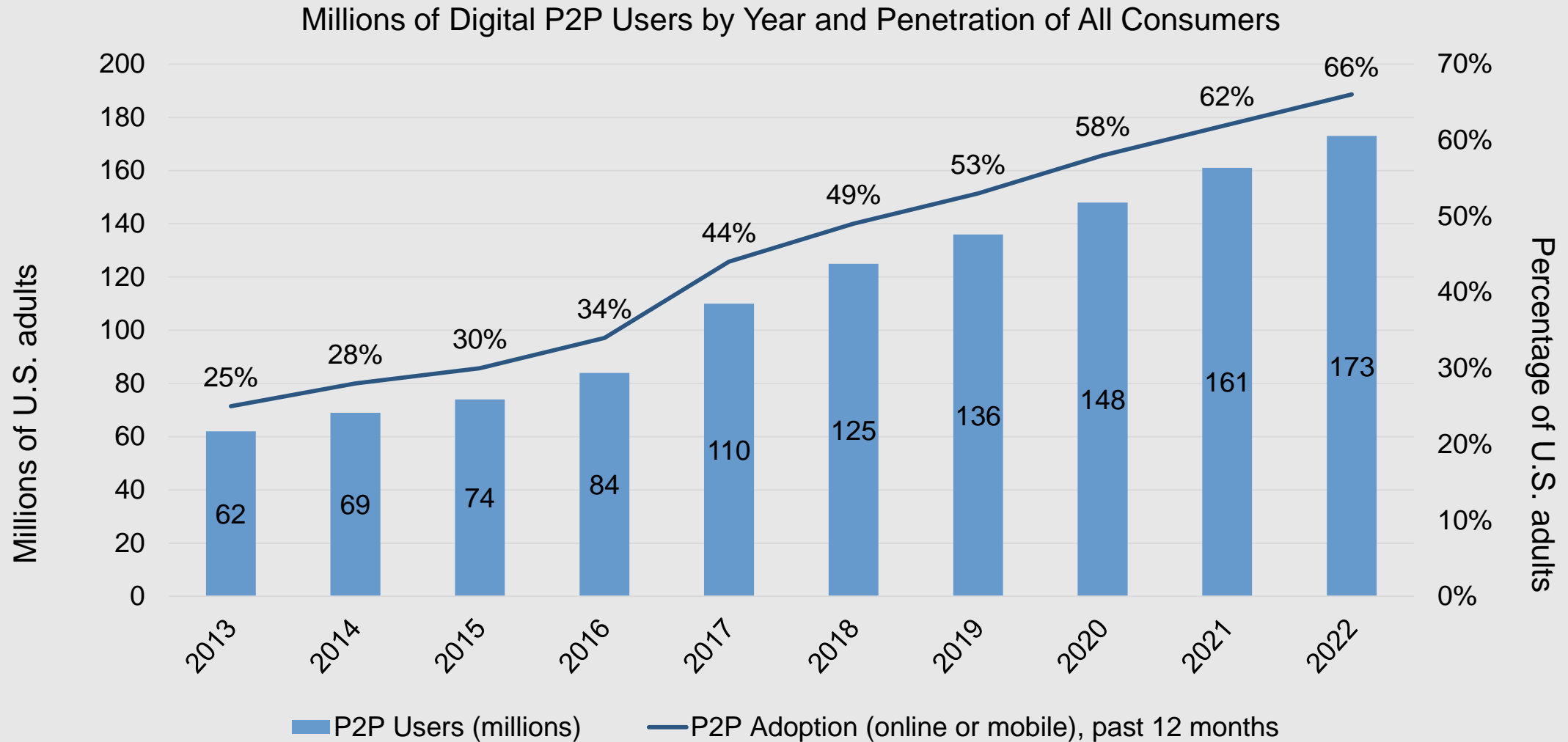
**fiserv.**

# Mobile Commerce Purchases to Be Dominant Channel Starting in 2020



Source: Javelin, "2018 M-Commerce Forecast Inquiry," August 2018 (Annual M-Commerce Purchase Volume by Year)

# Two-Thirds of Consumers Will Make P2P Payments by 2022



Source: Javelin, “2018 Mobile P2p App Scorecard: Creating A Foundational Block Of A Multiproduct Consumer Relationship,” April 2018

FORTUNE Magazine world's most admired companies  
2014 | 2015 | 2016 | 2017 | 2018 | 2019

# Tokenization Engages Your Member

Acceptance Is Expanding  
of the **60%** **retailers** participate

Source: Boston Retail Partners (BRP)

Adds Another, Valuable Payments Choice  
of consumers **aid** digitally in the **last month**

Expectations & Experiences Quarterly Consumer Trends Survey – January 2018.

Accelerates Member Engagement  
Users **increased spend** following enrollment

Source: Mastercard.

Provides a Positive Member Experience  
of consumers say paying is **more convenient**

Source: Mercator Advisory Group

Mitigates Risk  
Unique numeric digital **tokens** provide added **security**

## Solutions



## Purchases

In-Store Purchases



In-App Purchases



In-Browser Purchases

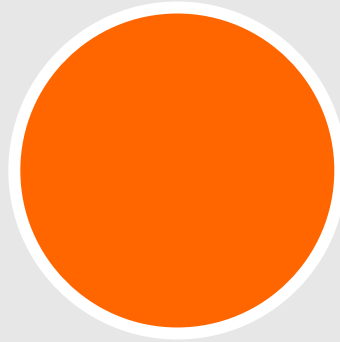


Card-on-File

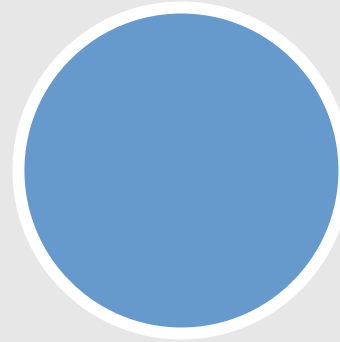




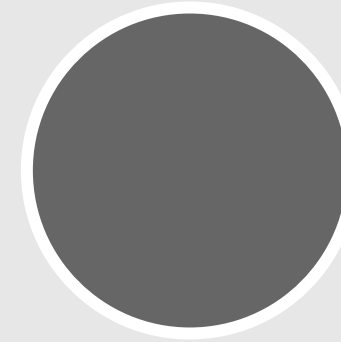
# Cardless ATM Access Is an Expectation



of institutions plan to **offer cardless access** to their accountholders using a smartphone<sup>1</sup>



of consumers say one of the **top drivers in trusting their institution** is the ability to make cash withdrawals easily<sup>2</sup>



of young, urban, wealthy consumers want to **withdraw cash without a card**<sup>3</sup>

1) <http://www.atmmarketplace.com/whitepapers/2015-atm-and-self-service-software-trends>

2) Cash is (Still) King. Diebold Nixdorf. July 2017

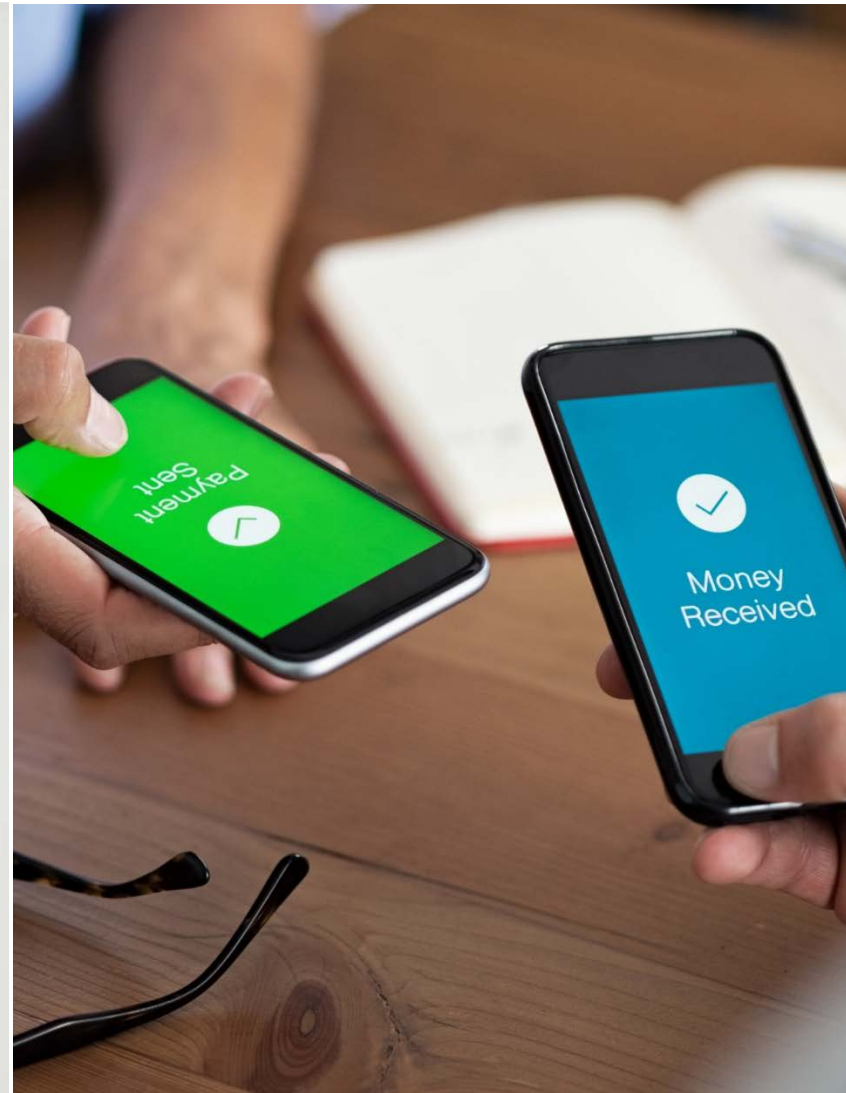
3) Fiserv Expectations & Experiences, June 2017

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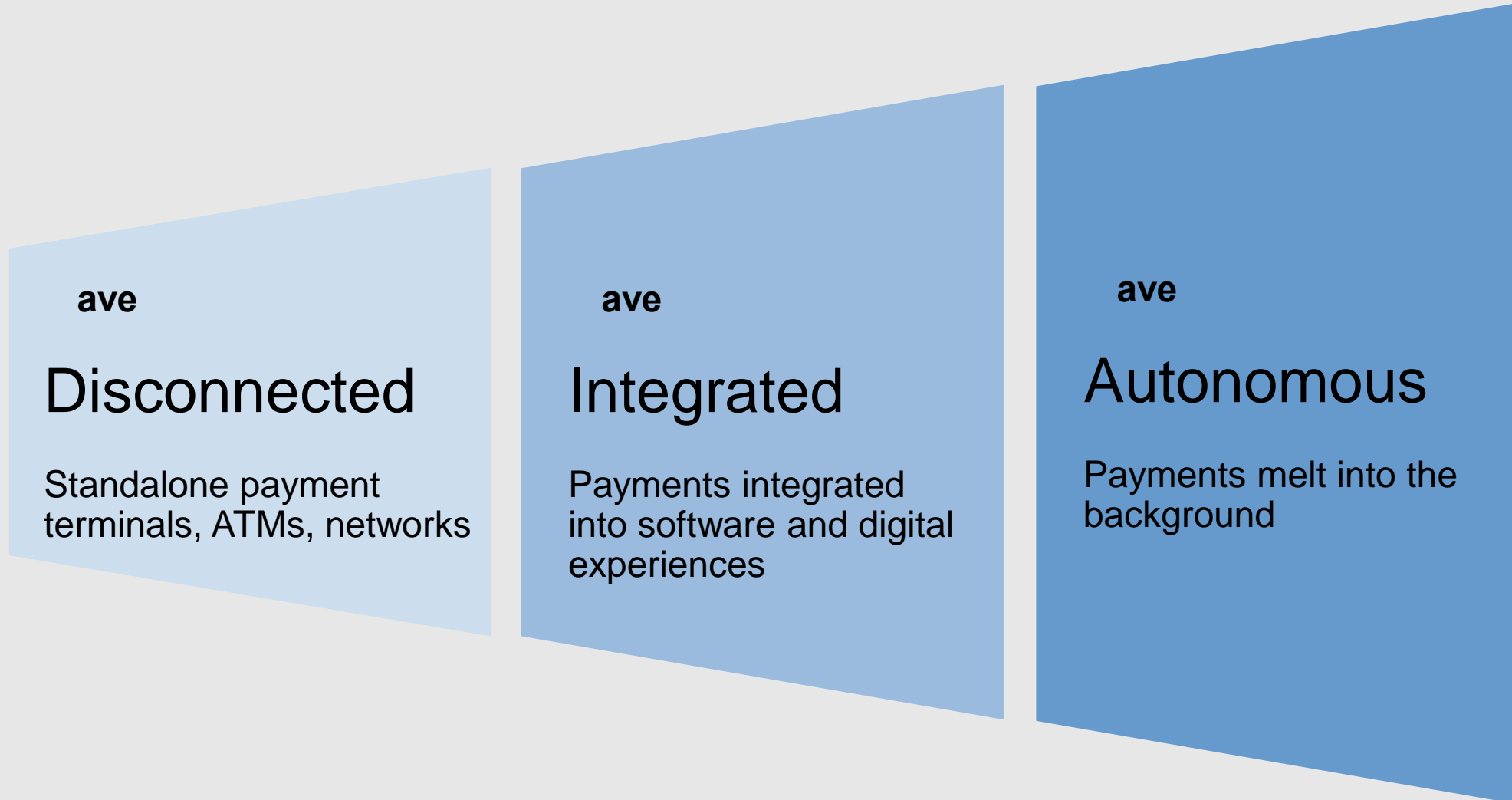
Our mobile banking consumers have the **highest cross-sell ratio** and significantly **higher total interactions** across the bank. We have greatly **improved our retention rates** with our updated mobile banking solution.

– SVP, Digital Banking Officer, Community FI

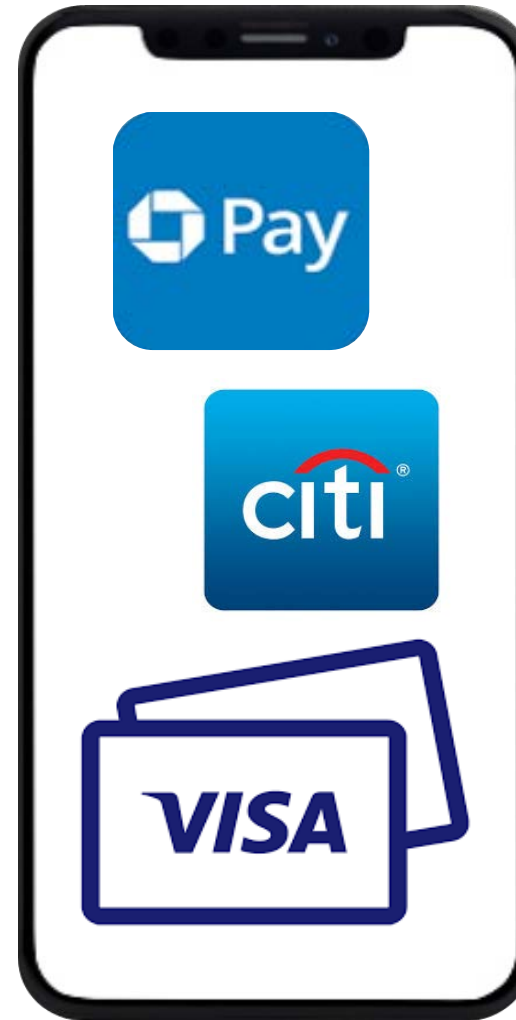
## Trend #2: Evolution of Intelligent Payment Experiences



# The Third Wave of Payments Evolution



# “Pay” Options Continue to Grow





# An Evolution Toward Intelligent and Autonomous Payments

AI Assistants

Augmented Reality

Wearables Mobile Ordering

Invisible Payments

E-Commerce Card on File

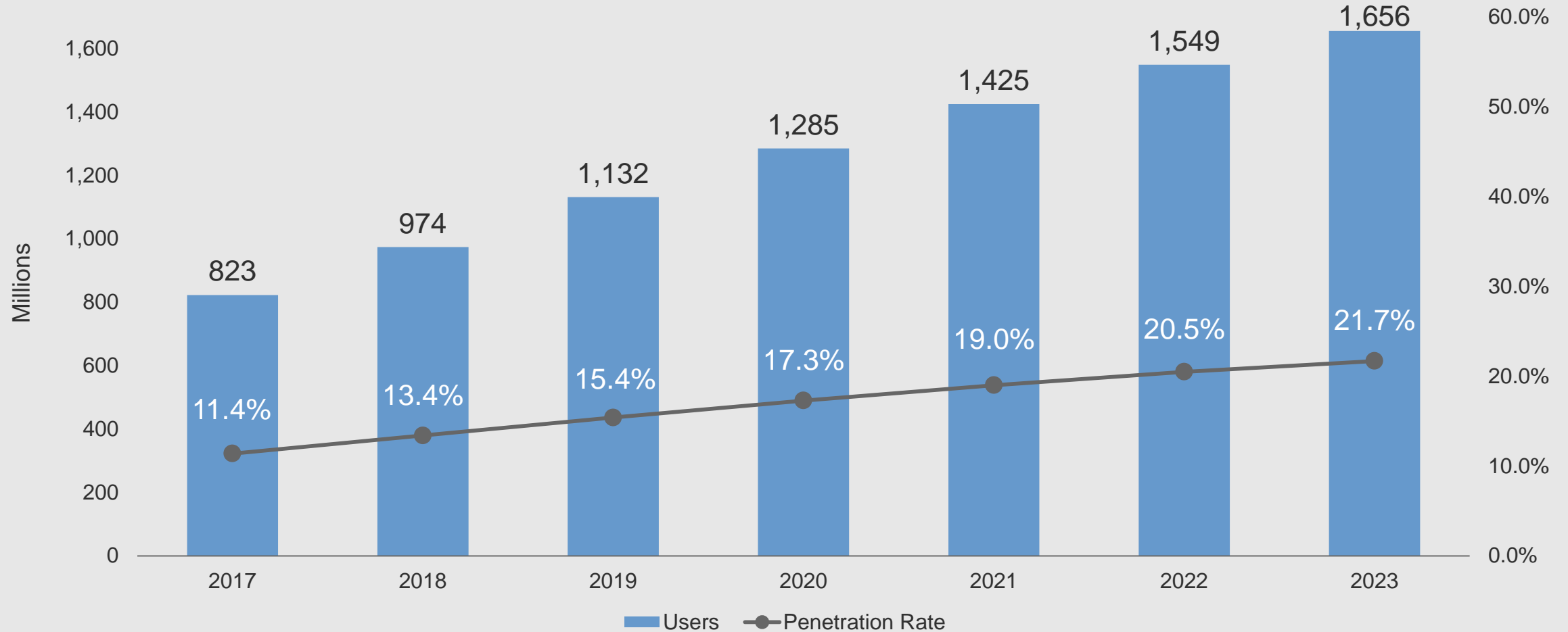
Internet of Things BOPIS

mPOS Showrooming

Machine Learning



# Expect 'Pays' Market Share to Continue to Increase



Source(s): Statista, February 2019, Mobile POS Payments

# Subscriptions Are BACK!!!



Subscriptions Are BACK!!!

**chewy**



**PL****WZ & MO****WZ**<sup>®</sup>  
OUTDOOR HOME SERVICES

**TRUNK CLUB**

A NORDSTROM COMPANY



**Blue  
Apron**



**FABLETICS**

ACTIVATE YOUR LIFE



**STITCH FIX**



TRY THE WORLD



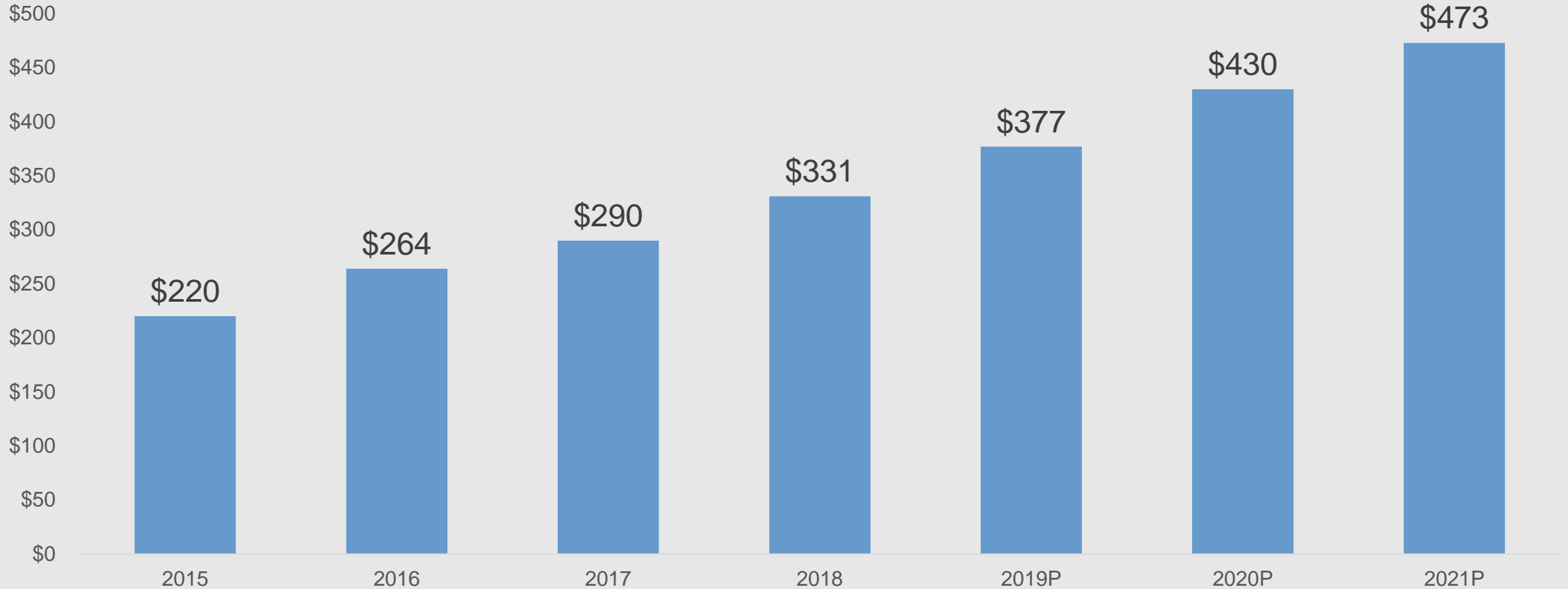
**amazon**

**BirchboxMan**



# Recurring / Subscription / Card-On-File = Growth

Recurring Debit & Credit Card Transaction (Sales Volume \$)



Source: Mercator Advisory Group, U.S. Recurring Payments Market Forecast, 2017-2021 & 2016 Fed Payments Study



# The New “Top of Wallet”



### Add a New Payment Method

**FSA or HSA Cards**  
Use your FSA or HSA card to pay for eligible items  
[Add an FSA or HSA card](#)

**Credit or Debit Cards**  
Amazon accepts all major credit and debit cards.  
[Add a card](#)

Enter your card information:

Name on card	Card number	Expiration date	
<input type="text"/>	<input type="text"/>	01 2019	<input type="button" value="Add your card"/>

Use this card across all of Amazon [What's this](#)

**Amazon.com Store Card**  
Access to exclusive financing offers. No annual fee. Zero fraud liability.  
[Learn more and apply now](#)

**Personal Checking Accounts**  
Use your US based personal checking account. [Learn more](#)  
[Add a personal checking account](#)



App Store 12:48 AM 100%

### Pick how to pay

You'll only be charged after the ride

Card number

Activate your promo code with a payment method  
Your payment info will be stored securely

1	2 ABC	3 DEF
4 GHI	5 JKL	6 MNO
7 PQRS	8 TUV	9 WXYZ
	0	<input type="button" value="X"/>



STEP 3 OF 3

### Set up your payment.

Cancel before 4/27/19 to not be charged.

As a reminder, we'll email you 3 days before.

No commitments. Cancel online at anytime.

Secure Server

Credit or Debit Card

# Consumers Want Easy, Frictionless Experiences



- Embrace new payment technologies
- Enable digital interactions
- Subscriptions are BACK!
- A new “Top of Wallet” battle

# Putting More Controls in your Member's Hands



## Digital Enhancements

- CardFree-ATM access
- Activate card
- Report card lost/stolen
- Travel exemptions
- 2-way fraud notifications
- Rewards and Offers
- Add card to Apple Pay
- Virtual card

## Trend #3: **O** **ort** **nit** **bo** **nds**

### Debit:

- Annual growth rate is strong – 7-8%
- Still the #1 US payment vehicle (transaction volume)

### Credit:

- Annual growth rate is rivaling debit
- Most popular e-commerce and wallet payment method

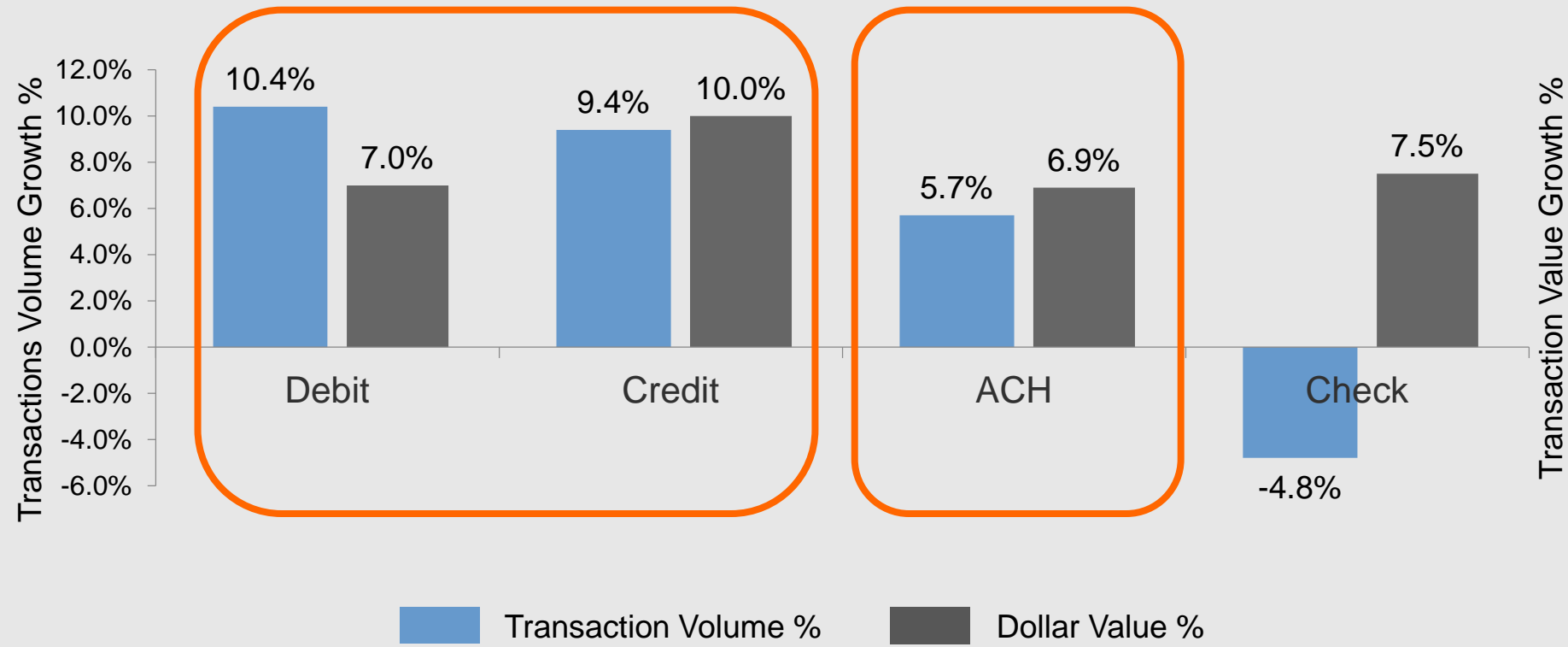
### EMV and Contactless:

- Chip authenticated transactions represent more than 50% by volume
- Is Contactless the next Way To Pay?



# Card Growth is Strong but ACH Continues to Advance

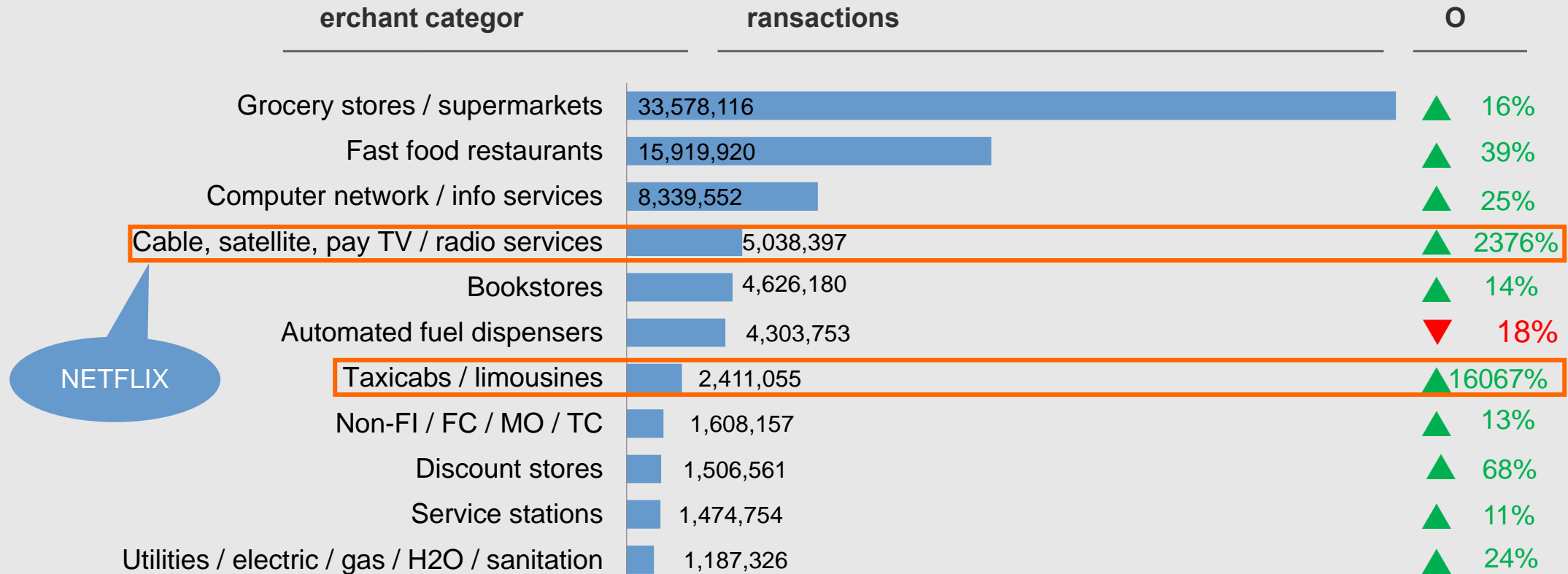
2016-2017 Growth Percentage By Payment Type  
- Payments Transaction Volume and Value



Source: The Federal Reserve Payments Study: 2018 Annual Supplement



# Recurring Payments are Key to Continued Growth



Source: Fiserv Proprietary Data

# Contactless Cards: The Next Way to Pay?



## Benefits

- Faster: 15 seconds vs 30 for EMV card
- Tap or Wave: No more dipping or swiping

## Merchant Acceptance:

- About half of the 52% of EMV capable POS terminal actively accept contactless cards

## Contactless Cards in Your Hands:

- Card shipments expected to triple from 2018 to 2021 reaching 229M

# Cash Remains Relevant

- In person payments: 30% of all transactions and 55% when under \$10
- Most frequently-used payment instrument averaging 12.4 payments monthly in 2017
- Most used by Under 25 and Over 44 Year Olds – 34%
- P2P payments: cash continues to account for 80% by volume

Source: Federal Reserve Board of San Francisco: 2018 Findings from the Diary of Consumer Payment Choice

# Comprehensive Portfolio Growth Solutions

Intelligent solutions to support your portfolio growth strategy

## Performance

### ICS

Use innovative research, insightful analysis and strategic guidance to better understand consumer behavior.



**Financial  
Institution**

## ISO Services

Ensure sustainable portfolio growth through data-driven strategies and white-glove consultative partnerships.

## Portfolio

### OH

Create market-driven, consumer-centric strategies using our unique industry expertise, proprietary research and benchmarking diagnostics.

## Goalt ES

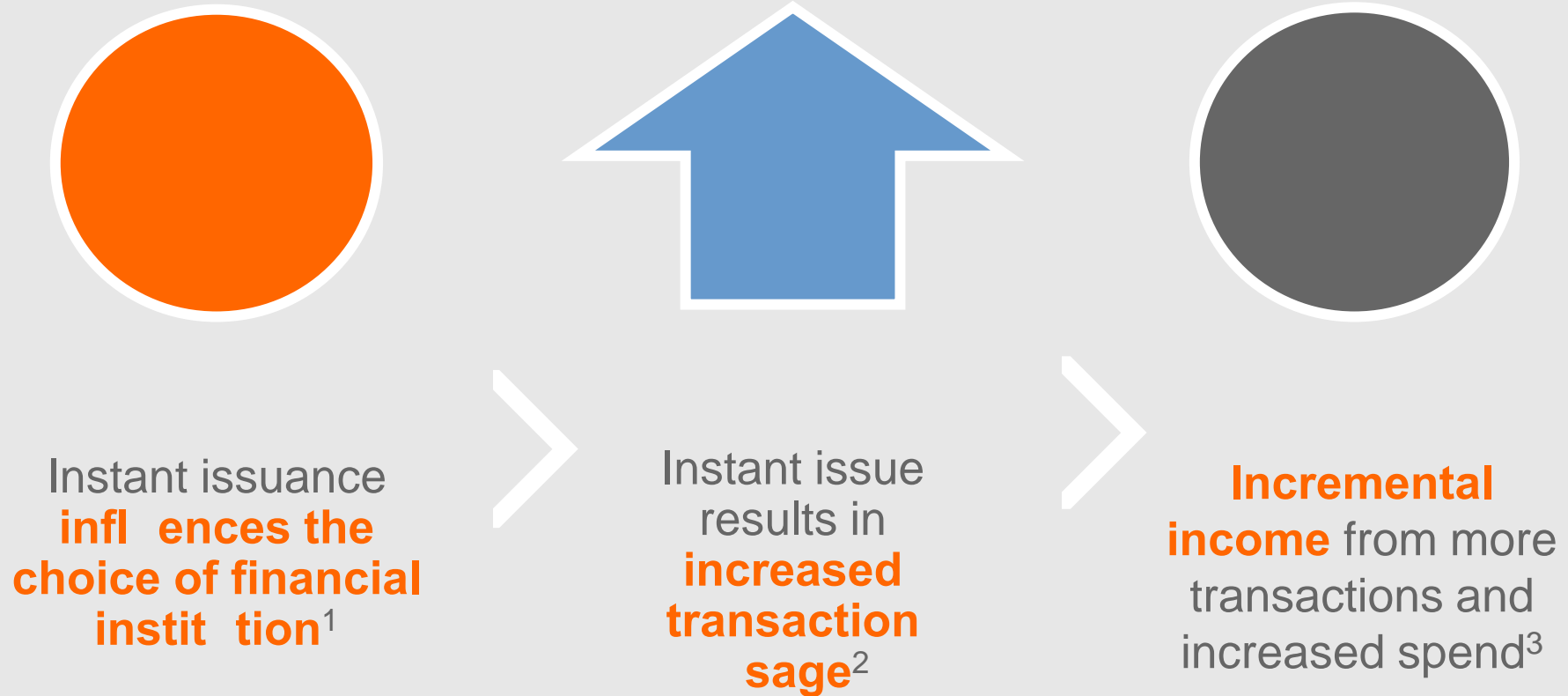
Drive top-of-wallet status by incentivizing consumer loyalty.



# The First Step in Rewarding Loyalty is Getting Your Card into the Member's Hand



# Today's Card Issuance Environment



1 Fiserv, Expectations & Experiences: Household Finances, June 2017

2 Entrust Datacard 9/7/17

3 Fiserv Raddon Financial Group & CEO Strategies Group, Instant Issue Debit Cards Study, December 2016. Annual gain.

# What Do These Companies Have In Common?



YAHOO!

FAFSA  
Federal Student Aid  
An office of the U.S. Department of Education



HYATT®



EQUIFAX®

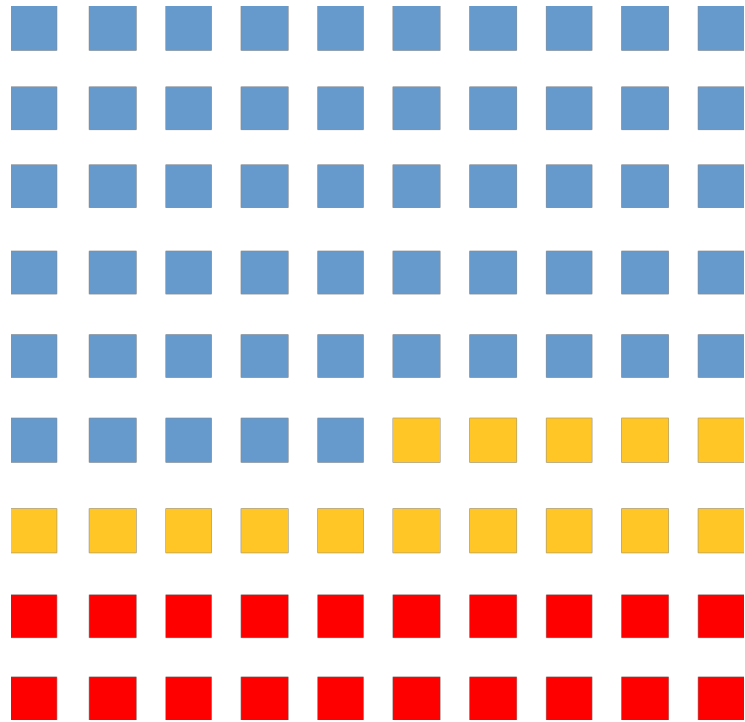
Brooks Brothers  
ESTABLISHED 1818



K  
kmart™



# High False-Positive Denials Negatively Impact Your Consumers and Undermine Your Brand

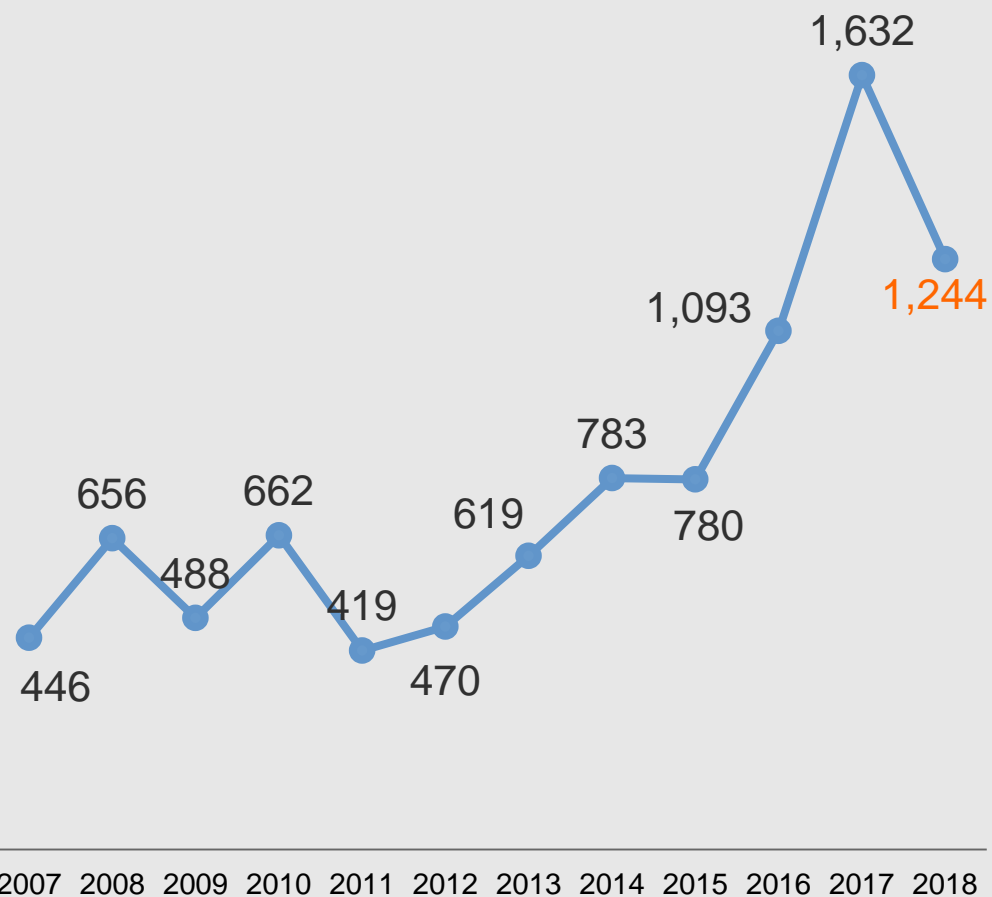


Cardholders that experience **more than denial** of a legitimate transactions in a 7 month period:

- **will reduce sales ending**
- **will stop using that card**

Source: Fiserv analysis of 20 million cardholders, 2017

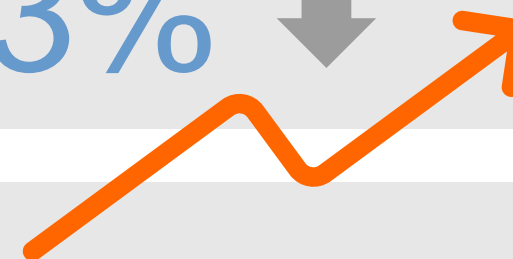
# Total Number of Breaches Reported in 2018 Declined Number of Exposed Records Greatly Increased



Total number of breaches reported in 2018 are

Since

23%



Exposed

Consumer records are

Up 126%



From 2017



Source: Identity Theft Resource Center, "2018 End-of-Year Data Breach Report," 2018

This isn't just about growth.  
It's about staying in business.

– Beth Comstock, Former GE Vice Chair



# Key Considerations

# 1

## Life Goes Digital

- Develop a digital strategy
- Embrace the 'Pays', card controls, P2P
- Marketing drives adoption

# 2

## Intelligent Experience

- Offer key financial services via multiple channels
- Make it easy to understand and use

# 3

## Opportunity Abounds

- Engage members through marketing
- Risk management partnership
- Watch electronic payments

# Thank You!

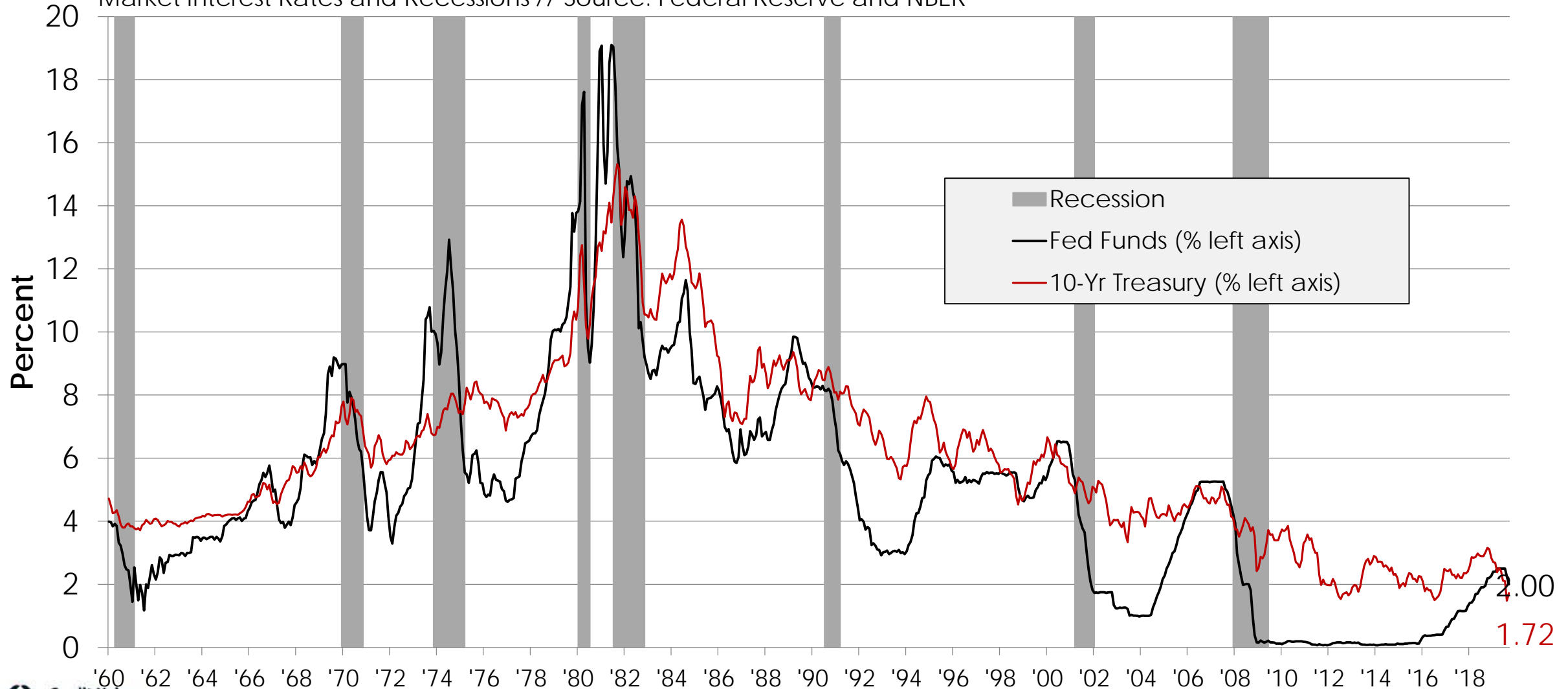
# Economic Update

CUES New England Council Annual Event  
October 8<sup>th</sup> 2019. Mohegan Sun Resort

*Mike Schenk, Deputy Chief Advocacy Officer and Chief Economist  
Credit Union National Association  
[mschenk@cuna.coop](mailto:mschenk@cuna.coop)*

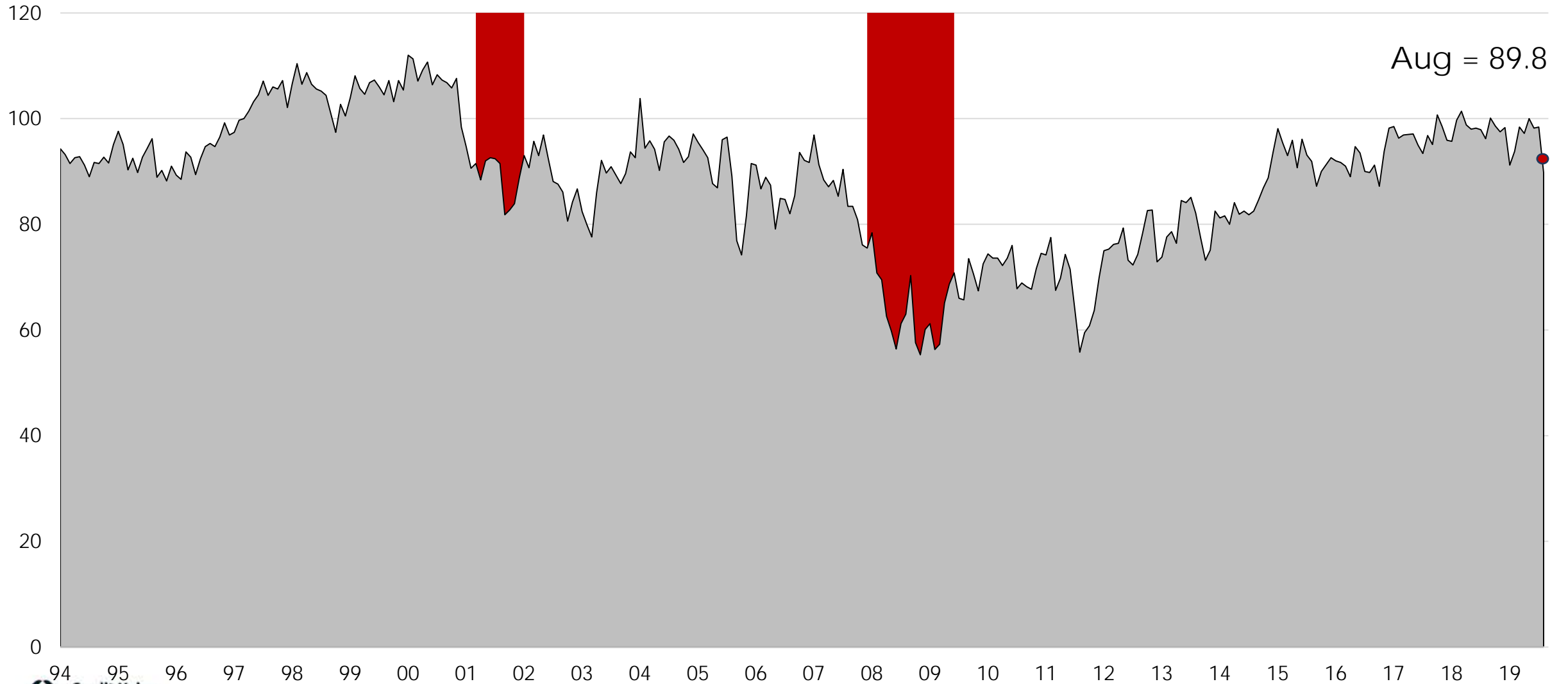
# A Slippery Slope?

Market Interest Rates and Recessions // Source: Federal Reserve and NBER



# Trudging Along

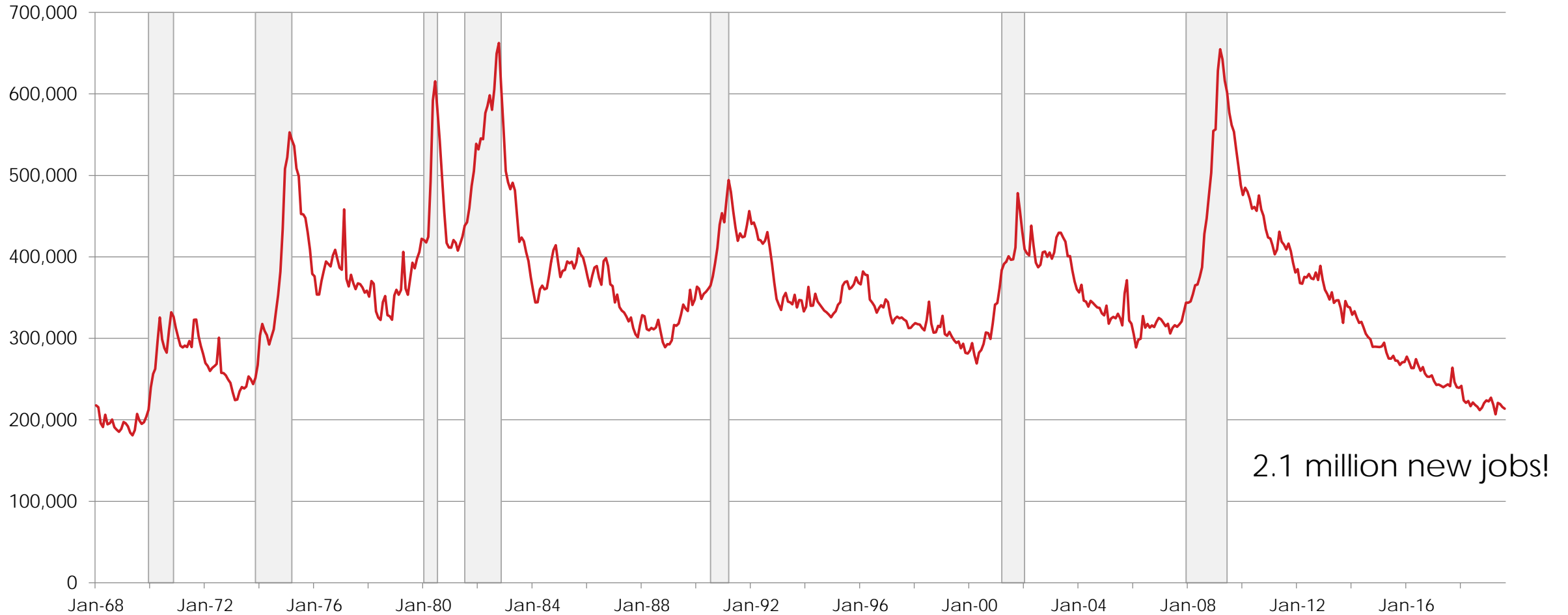
Consumer Sentiment // Source: University of Michigan





# Great Views! Initial Claims for Unemployment Insurance

4-week Moving Average (SA) and Recessions // Source: BLS and NBER.



# Economic Outlook

## 1. Fundamentals

- Slower growth
- Tight labor markets
- Relatively tame inflation
- An engaged Fed

## 2. Wildcards

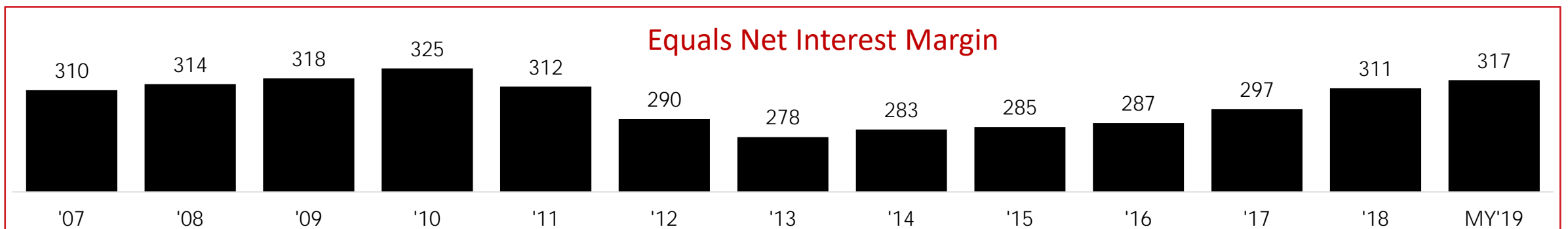
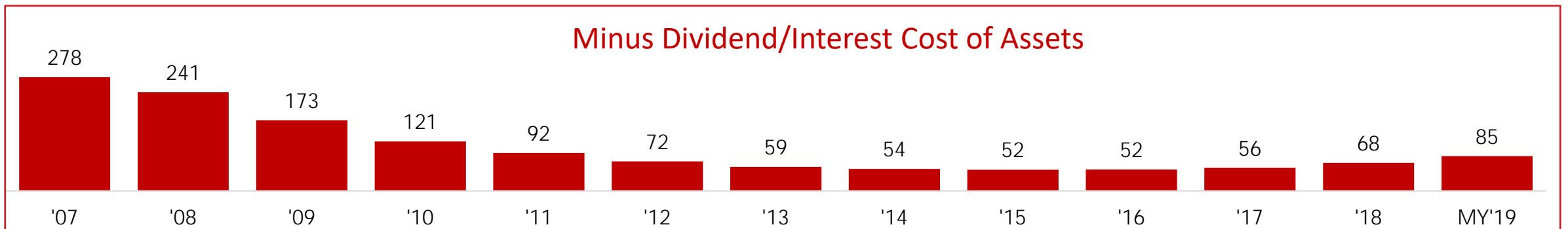
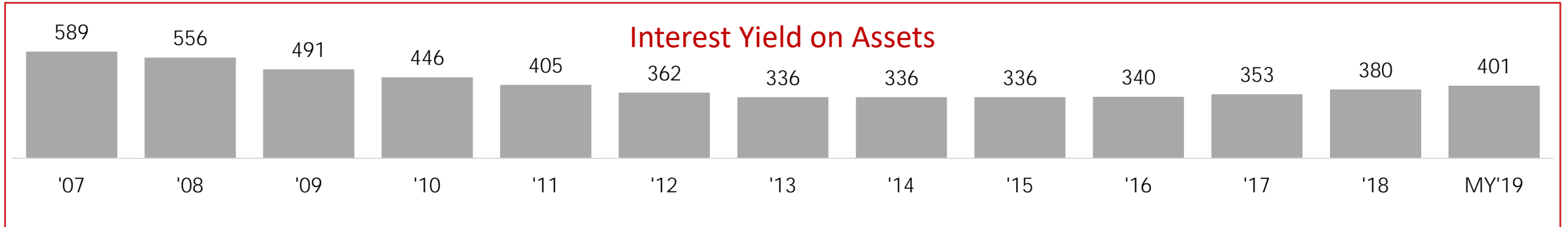
- Trade disputes/policy
- Weak international growth
- Potential for armed conflict

## 3. Longer-term Challenges

- Growing budget deficits/ballooning debt
- Implications of Savings Glut

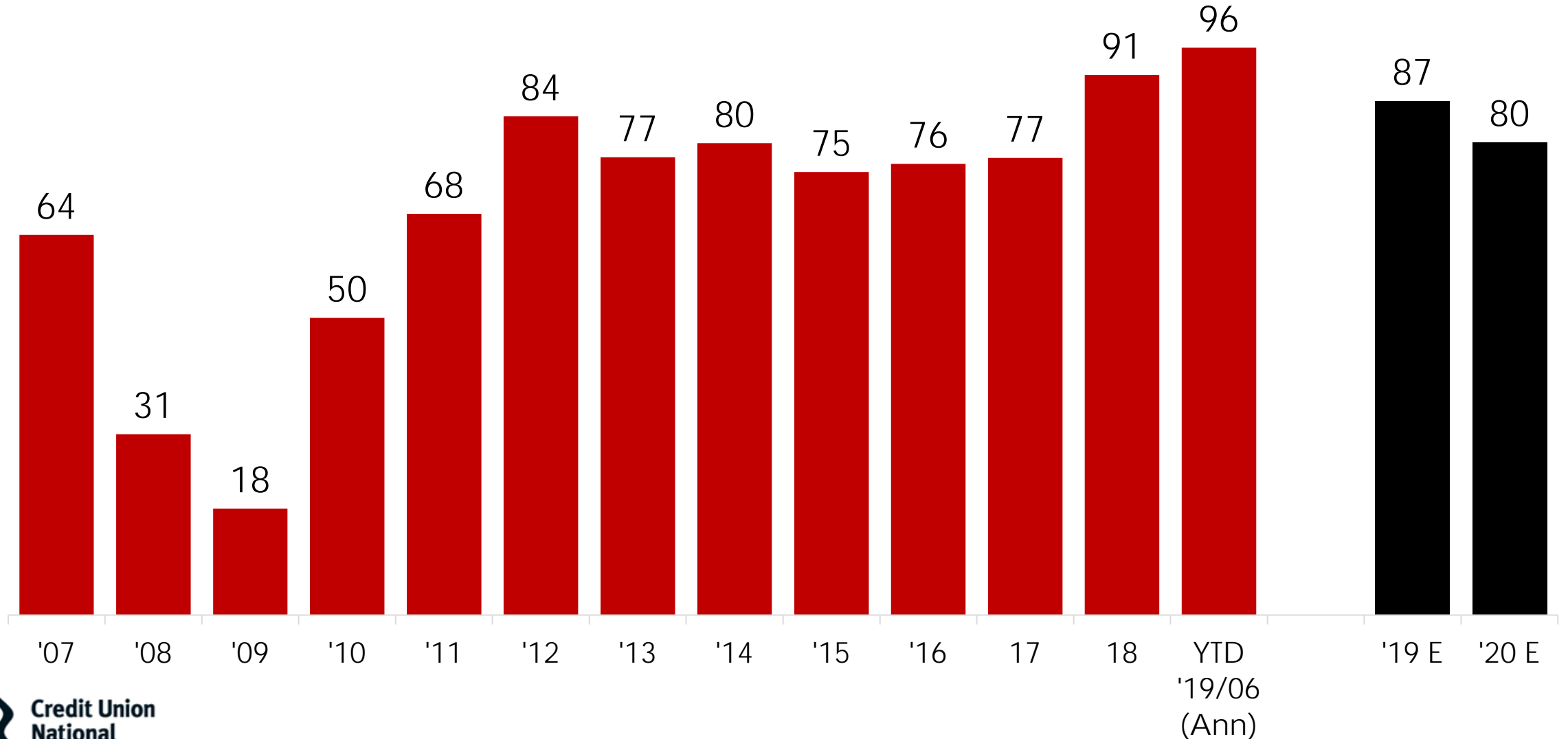
# An Exhilarating Ascent: Net Interest Margin Trends

Basis Points of Average Assets // Source: NCUA and CUNA



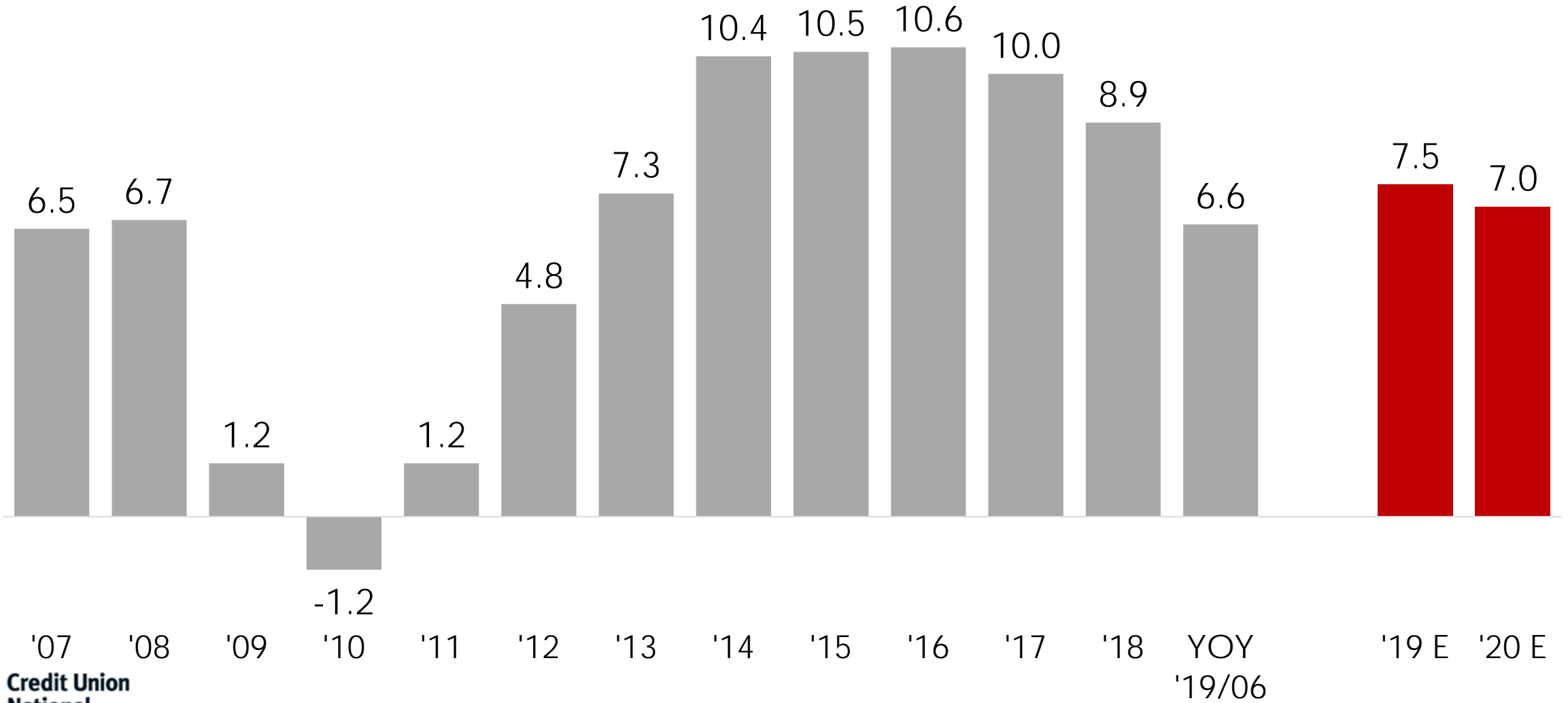
# The Peak!

CU ROA in basis points // Source: NCUA and CUNA



# A Painful Fall?

12-Month Changes in CU Loan Growth (%) // Source: NCUA and CUNA





# Short-Term Operational Wildcards

## 1. More obvious pressure on interest margins

- Tight liquidity
- Slower membership & loan growth
- Lower asset yields
- Higher funding costs

## 2. More obvious pressure on non-interest margins

- Lower demand for fixed-rate mortgages
- Lower interchange income
- Modest increases in loss provisions
- NSF/late fees increase modestly (with a lag)

## 3. Talent management

- Attracting & retaining
- Differentiation
- Operating expense pressures
- Diversity, Equity, Inclusion

# Consumer Trends & Challenges

## 1. Rising income volatility

- Underemployment/gig economy (fewer benefits)
- 60% of HH experience at least one financial shock annually
- One in nine workers exposed by autonomous cars/sharing economy

## 2. More obvious income & wealth disparity

- Wages for bottom 50% declined over the past 30 years. This group now holds 1% of total U.S. HH wealth.
- 20% of HH have zero or negative net worth
- Minority HH hit hard

## 3. Demographics

- Aging population/low birth rate/low HH formation/immigration policy cap growth
- Education/retraining opportunity gap
- 10,000 baby boomers per day retire
- Eldercare & healthcare challenges

# Other Operational Challenges

## 1. Fintech

- Providing seamless experiences
- Automated lending and machine learning underwriting
- Social media
- Payments

## 2. Bank Attacks

- More, larger and fast-growing CUs
- More with national footprint
- Bank purchases, naming rights etc.
- CRA, taxation, independent regulator

## 3. Regulations

- Competition with unregulated entities
- Data security/risk management
- Housing finance reform
- Risk-based capital, CECL, etc.

# “Nobody Shrinks Into Greatness”

**Leadership To Grow Your Credit Union**

**October 2019**

Leadership Success Is Always  
Achieved By **GROWING THE BIZ**

So...

For the purpose of this session, let's talk  
about leadership that grows the BUSINESS

**Lots To UNPACK!!!**



# How To Grow?

“More” becomes the answer.....

More products, more services, more markets, more distribution, more technology

# 1<sup>st</sup> Consideration To Growth

Win the brand battle, then expand.

Amazon

Enterprise

Fed Ex

Subway

SWA

# Are you a Buyer or Seller?

Interested Parties...Who are your constituents?

Members

Staff

Regulators

Competition

Media

# Canary In The Coal Mine...

Irrelevancy comes long before insolvency

# Here's The Punchline!

Do you and your team have the focus to distinguish between “temporary disruption” and “fundamental change?”





**What Keeps You Up At Night?**

Long Term...What's On Your Mind?

# HMMMM...Don't Be Short?

Is the Board and CEO time being spent managing today's earnings rather than fostering future growth. Resources?

# PepsiCo...Long-Term

Dateline: WSJ: Friday, 10/4...Results of long-term investments in advertising, technology and supply chains...

“Organic growth up 4.3% from a year earlier...shares rose 3% in Thursday’s trading after the announcement...” More products for a changed lifestyle

Pepsi CEO Laguarda said Thursday... “the decision we’ve made will give the consumer maximum choice.”

Meeting that objective isn’t cheap and the investments aren’t yet growing as profit has not yet caught up. EPS are down 1% from a year earlier.

“Still, investing to keep up with the consumer wants in a today’s highly fluid market is the right call.”

Pepsi is no longer a cheap stock which reflects investor recognition that Pepsi is now innovating and adapting to change.



# A “Bird In Hand” Syndrome

Have we become complacent?

Check your talent?

Check your investment?

Check your innovation?

Check your use of data?

Avoid physical traps?

Psychological traps?

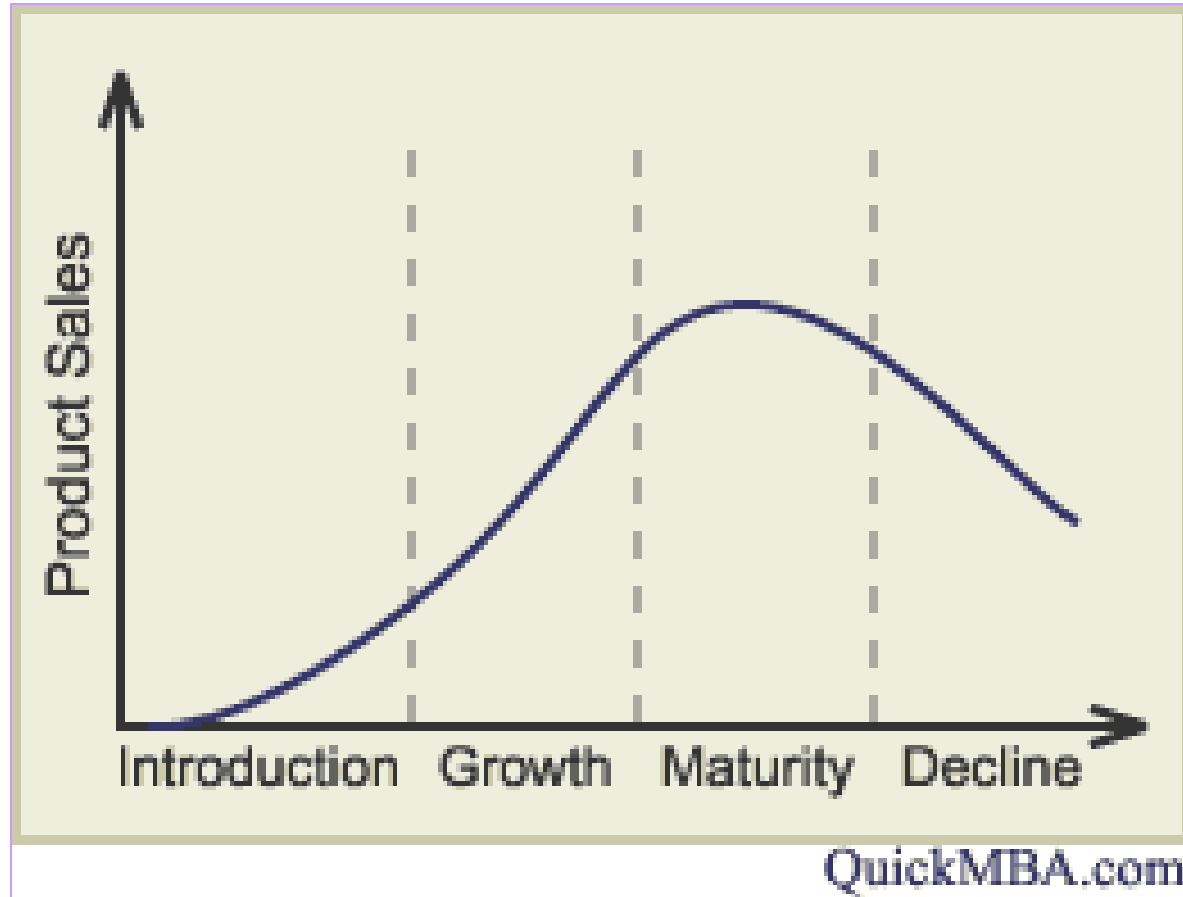
Future mega trends?

# Growth Stuff To Think About...

- **Nobody shrinks into greatness.**
- **The CU must be “the thing to do” for consumers.**
- **You may not have the sustainable competitive advantage you think. Advantage evaporates in a heartbeat.**
- **Industries are amorphous...competition is unpredictable.**
- **Stability is not the goal...continuous change is the goal.**
- **Deeply imbedded assumptions trap good leaders.**
- **Strategic planning requires institutional curiosity.**



# I'm Bullish On CU Value Opportunities...



# Slicing Up The Leadership/Growth Pie...8 Pieces

- Investment
- Innovation
- Profitability
- Member Experience
- Corp Culture
- Brand
- Purchases, Acquisitions, Partnerships
- Social Respons

# To Summarize...The Growth Curve Demands...

**You are “Essential & Significant” in peoples lives by solving their problems, their habits, & their needs. Compliment their daily lives. Ask Questions!**

**You are “Unique” & have a differentiator that matters.**

**You have great people doing great things.**

# Consumers Are In Charge...Not You

People don't want a ¼" drill bit, they want a ¼" hole

# What Do Consumers Want Today?

- Make it easy to complete frequent transactions
- Fix my problems efficiently
- Have an excellent reputation
- **Fully trusting**
- Fair rates and fees
- GET ME...Understand my uniqueness

**Operate @ the “Speed of Member”**

# Classic CU Value...Focus On The Main Thing

Our members, staff and community deal with many obstacles to financial success. We solve problems!!!

How do credit unions deploy resources to **improve the human condition** of our market footprint?

We have “marked advantage.”

# Digital Transformation to Enhance Member Experience

**DX = MX**

(It's a Biz Decision not a Tech Initiative)

**How wide is the “personalization gap?”**



# Ask Yourself the ?s and be Honest...

- Are you moving at the “Speed of Member”?
- Is the window of time called “Wait & See” just about closed?
- Does your risk-aversion equate to under investment?
- Do we have consistent member experiences across all channels?
- How wide is the “Personalization Gap” to meet the NEW MX?

# Let's Talk The Down & Dirty Dynamic Direction

- Is “Mobile” first?
- Is the focus “Anytime/Anywhere” delivery?
- Has MX overtaken “service” in the leadership ranks?
- Is “Loan Origination” and “Payment Wallets” being discussed?
- Is your “Legacy System” being replaced by “Cloud Computing”?
- Is “Speed to Market” and “Flexibility” seen as drivers?

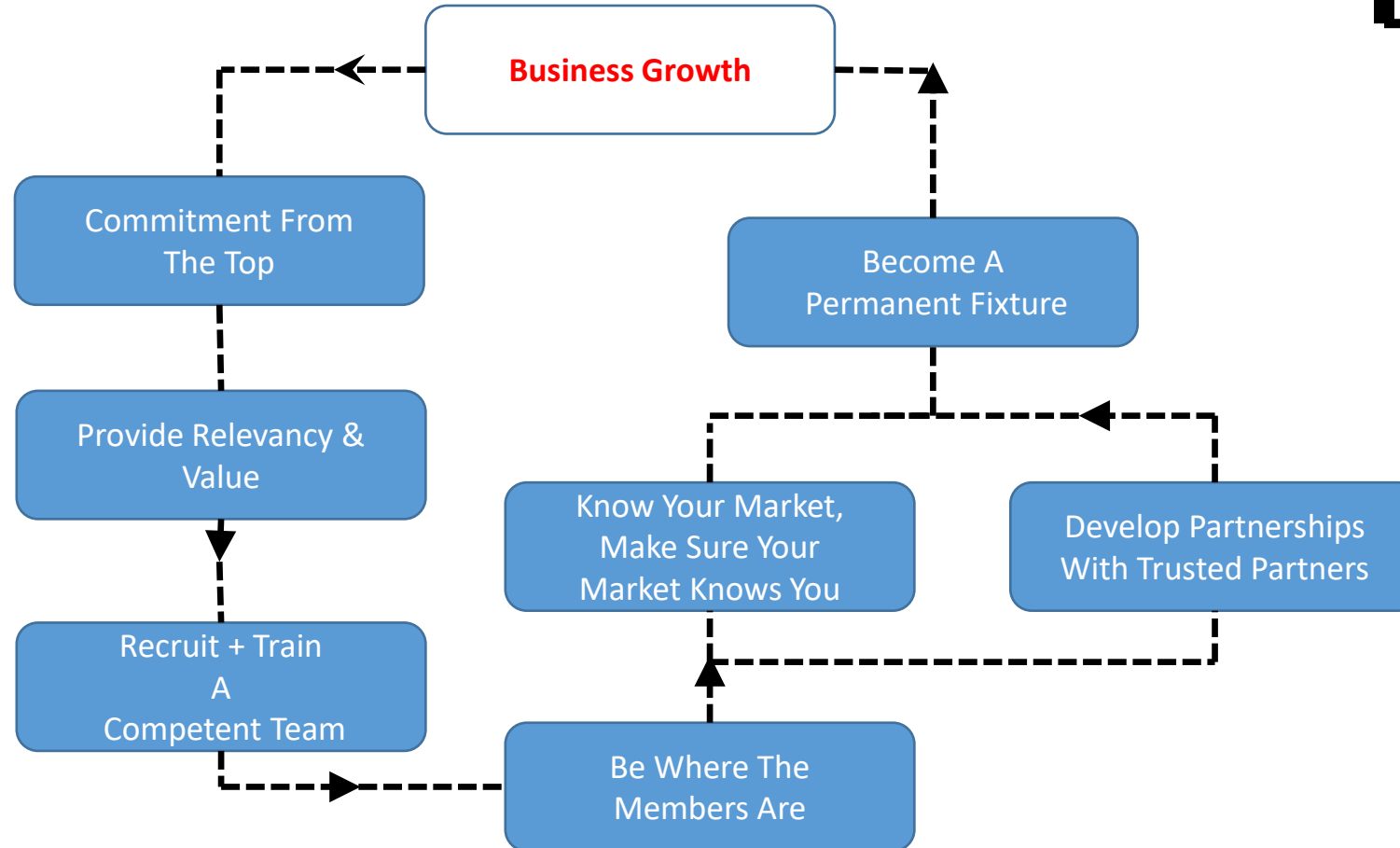
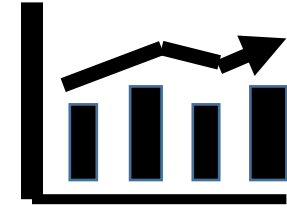
# FOCUS: Where Should We Be?

The most appropriate level of DX for your credit union is at any level above the current one.

**KEY: The lack of investment slows our response to better MX**

**Spend Some Money... “Appeasing an Alligator Doesn’t Mean You Won’t Get Eaten”**

# How To Get The Business The Road map To Success



# Strategically Speaking...What's In The Way?

- Long-term Investment
- Uniformly defining what “going digital” means?
- Do you have the talent to execute on the needs going forward?
- Are you ready to disrupt or just continue to be iterative?

“...The culture of (Sam) Walton stood for the supercenter store model, but that isn't the credential one needs to build the next phase of Walmart.” ---Walmart Executive Rick Bendel

# Drucker Institute Cites 5 Dimensions To Success...

- Employee Engagement & Development (Corporate Culture)
- Financial Strength
- Customer Satisfaction
- Innovation
- Social Responsibility

# Cultural Commitment

- Maintain Strong Compensation/Benefits
- Continue Professional Development Investment
- Leadership Training to Gain Strong Bench
- Embrace the “Whole Employee”
- Proceed with Safe & Secure Working Conditions

# Financial Strength

- Seek New Sources of Revenue
- Continue to Strengthen Lending Efforts
- Maintain Effective Cost Containment
- Deepen Current Member Relationships
- Expand to New Mission-Centric Market/New Geographic Footprint(s)



# Member Satisfaction Experience

- Meet Member Changing Needs
  - Digital Transformation = Enhanced Member Experience
  - Close the “Personalization Gap” with Solutions
- Branch Support Evolving to Relationships vs Transactions
  - Digital Product Demonstrations
  - New Product Showcases
- Maintain Product Value to Meet Member Life Stages

# Innovation Investment

- High-Level Resource Allocation
  - ---Avert “Competitive” Risk thru Proper Investment
- Digital Transformation to Augment Branch Delivery
  - ---Mobile 1<sup>st</sup>
- Improved Member Experience
  - ---Data Usage Improves
  - ---Omni-Channel Effectiveness
  - ---Marketing Personalization
  - ---Protect Against Cybersecurity and Data Breach Threats
- Increased Technology Talent Expertise/Skill Sets

# Social Responsibility

- Commitment to Hiring Local
  - ---Wages/Benefits to Attract & Retain
- Meaningful Partnerships Extended (Existing & New)
  - ---Mission-Centric Matches
- Community Engagement
  - ---Donor Assistance
  - -- Volunteer (Manual, Intellectual, Leadership) Capital

# Sounds Expensive...

Should we be worried about the Law of Diminishing Returns?

“Until you put the money where you say your strategy is, it’s not your strategy.” ---Emma Walmsley CEO, GlaxoSmithKline

# The Hardest Thing About Big Investment Is That While Long-Term Benefits Are Profound, There Is A Short-Term Cost

We may be of the age and job tenure that we never see the shade cast from the trees we're planting

# Where's The New Revenue Being Generated

- Improved Member Experience Equals...
  - Less Churn (close the back door)
  - Longer Member Lifecycle
  - Cross-Selling
  - Up-Selling
  - Meaningful Referrals
- Operating Efficiencies
  - Less Manual & Costly Work
  - Better Results Faster
  - Smarter Decisions without Guesswork

# Where's this leave our investment in branches?

They have an outside effect on our bottom line

# Digital & Branches Come Together

Cleverly referred to as “Phygital Delivery”

Note: Wish I would have thought of that!



# Branches Take On A New Role...

- A place to gain expertise
- Find out what is available and how to incorporate in the MX
- Enhance the member's desire for human interaction, empathy, warmth, context
- Build Relationships
- Product-demonstration spaces
- Showcase for the latest and greatest
- Conversation leads to cross-sell
- Teach members how to do all the work
- Builds loyalty & trust...become the protector

# It's the “exceptional and” vs the “replaceable or”

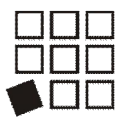
Mobile distribution is the channel. Branches will be “additives” to the experience. The reverse exists today. Other channels compliment, not substitute.

Build Strong, capable e-commerce and digital strategies, but also strengthen the experience in the branches.

**It's “and” not “or”**

# What's It All Mean To Your CU...

- Provide opportunity for Revenue Growth and Cost Cutting
- Modernized Infrastructure including modernized workforce
- Better Self-Serve
- Heightened, personalized brand awareness
- More efficient operations
- Increased profits
- Better Differentiation
- More Competitive



# World Class Service

## CREATING A WORLD-CLASS SERVICE ENVIRONMENT

• If you only want to copy your most successful competitor, hey, have at it. Knock your self out. Benchmark the most successful companies in your industry, try and copy them, and be prepared to eat their dust. Let's do a reality check. You do not catch and pass your competitor by copying them. You only continue to lag behind. The best sparks for ideas that will put you in the lead in your market are probably to be found outside your market.ö

~ *Indispensable, Joe Calloway*

### What does your service look like?

Are you *Ritz-Carlton* responsive?

Are you *Nordstrom* empowered?

Are you *LL Bean* positive?

Are you *Disney* magical?

Are you *Zappos* creative?

**Ritz Carlton:**

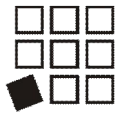
"We are ladies and gentlemen serving ladies and gentlemen."

**Nordstrom:**

"In all situations, use your best judgement."

**Zappos:**


"Embrace and drive change!"




# World Class Service

## Hiring (selection)


- ☞ Who you bring into your credit union· your most important decision
- ☞ The best don't just hire· they select
- ☞ Your role· protect the DNA of your credit union
- ☞ When in doubt· don't
- ☞ Hire slow· fire fast
- ☞ Hire the smile· train the skills
- ☞ Who trains your people· their parents
- ☞ The first interview· the phone
- ☞ Get buy in· the peer interview
- ☞ Key questions· align with your core values
- ☞ You don't manage people· you manage agreements
- ☞ Before you commit· the Carla McCoy question



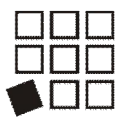
*"People are not  
your most important  
asset. The right  
people are"*



*"I'd rather interview  
50 people and not  
hire anyone than  
hire the wrong  
person."*




*"Hire right, because  
the penalties of  
hiring wrong are  
huge."*




# World Class Service

## Onboarding


- ☞ You never get a second chance to make a first impression
- ☞ If you expect great service, make sure day one is 1st class
- ☞ Set the stage one week in advance
- ☞ Day oneLthey need a mentor or buddy
- ☞ Dazzle them with a one year plan (road map)
- ☞ Don't abandon them on day one
- ☞ Let them hear the heart of the CEO
- ☞ Create a party atmosphere
- ☞ How to make the tour extra special
- ☞ LunchLtime to enhance key relationships
- ☞ Don't dump the whole truck on day one



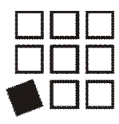
*"If you help enough people reach their goals, you will be successful."*



*"Training is expensive, not training is really expensive."*



*"Always treat your employees exactly as you want them to treat your best members."*




# World Class Service


## Service Standards

### Five Commitments of an External Service Professional

- ☞ I am empowered to create unique, memorable and personal experiences for our members through extraordinary service.
- ☞ Attitude is everything. I promise to choose the right one.
- ☞ I am a professional problem solver. I own and solve problems.
- ☞ I build strong relationships and create members for life.
- ☞ I am proud of my professional appearance, language and behavior.




*“Consistency attracts.  
Inconsistency repels.”*



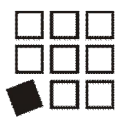
*“You don’t improve service in general.  
You improve it in specifics.”*

### Five Commitments of an Internal Service Professional

- ☞ If you drop the ball, I will pick it up.
- ☞ If I have a concern, I will speak directly to you- not others.
- ☞ I am committed to lateral service. How can I best assist you?
- ☞ I will communicate with you at a high level- just as I would with my grandma or a celebrity.
- ☞ I will love my job.




*“It takes months to find a member...seconds to lose one.”*




# World Class Service

## Coaching


- ☞ You are in the people building business
- ☞ Managers add followers, coaches multiply leaders
- ☞ If LeBron and Tom Brady need a coach- your people do
- ☞ The mission . engaged and empowered employees
- ☞ Set the stage on day one
- ☞ Don't shy away from crucial conversations- embrace velvet steel
- ☞ Questions are a coaches best friend
- ☞ Help them embrace sales
- ☞ Their career path is rock wall climbing
- ☞ Don't be seduced by your office or your computer
- ☞ You may be coaching the future CEO of your credit union



*"All coaching is, is taking a player where he can't take himself."*



*"I absolutely believe that people, unless coached, never reach their maximum potential."*



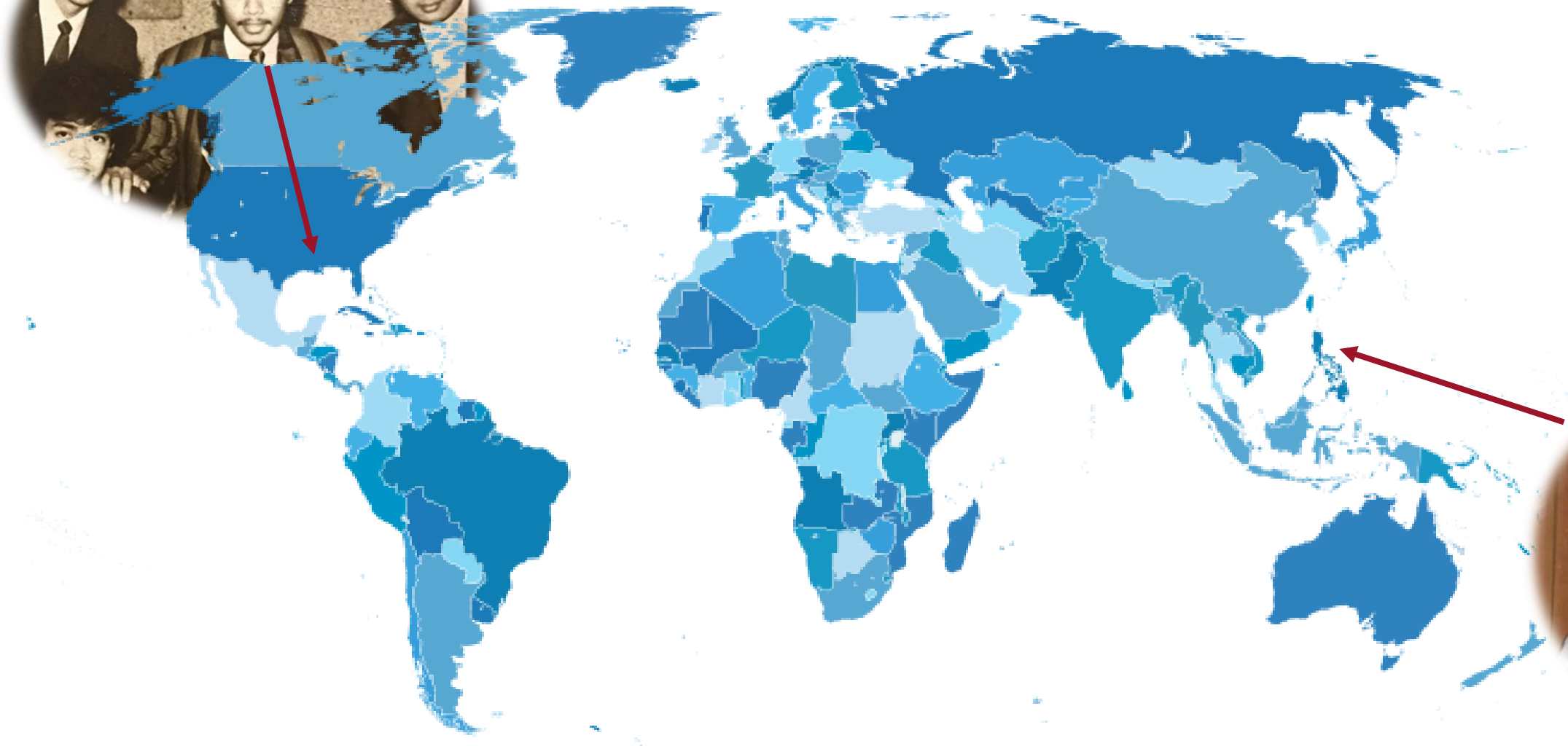
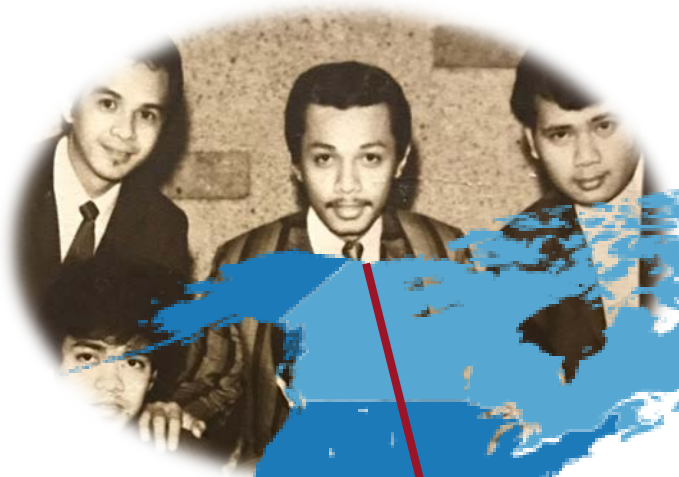
*"If it doesn't challenge you it won't change you."*

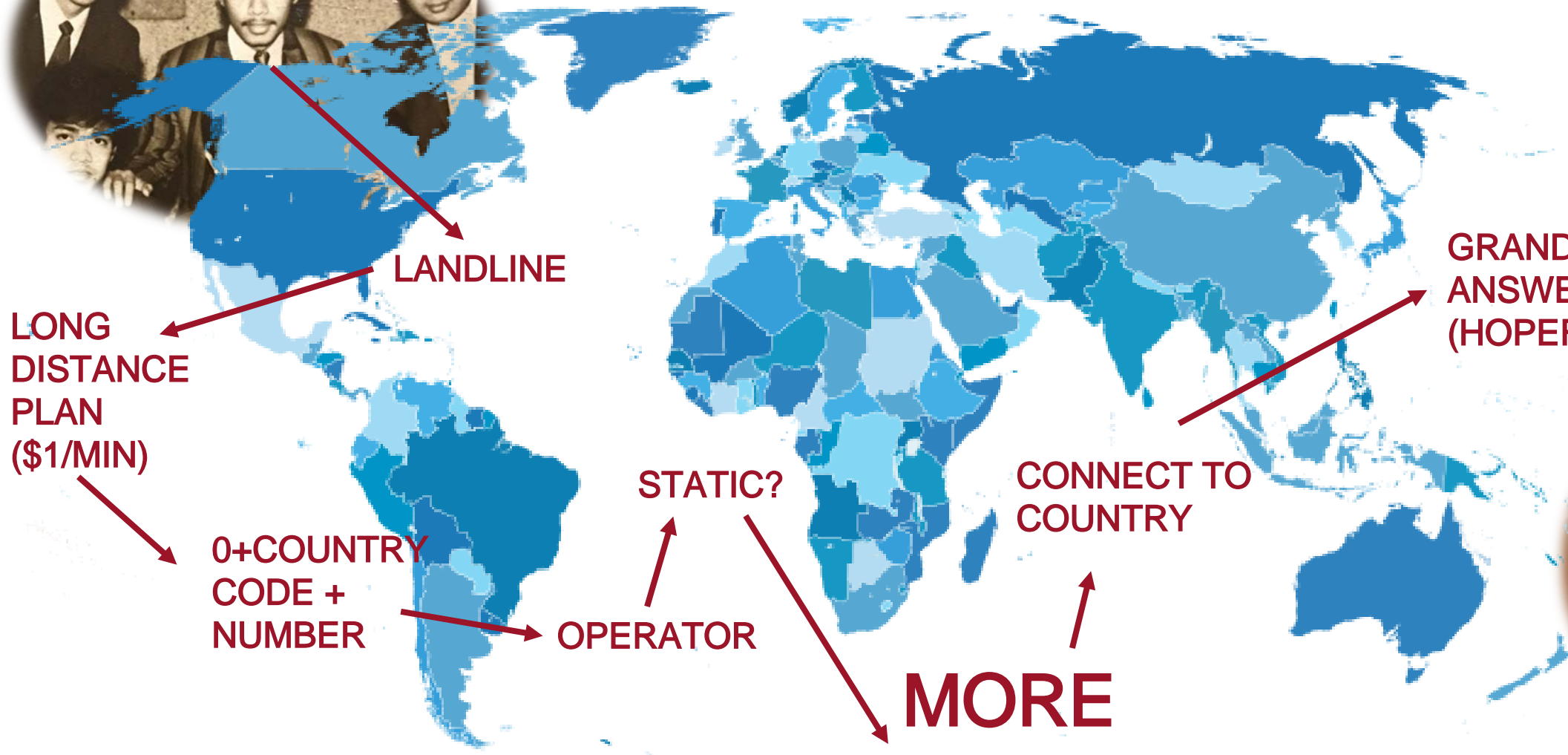
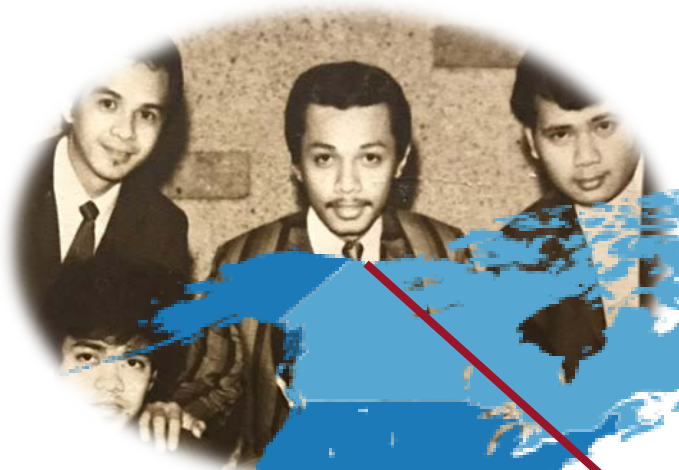


# A story.





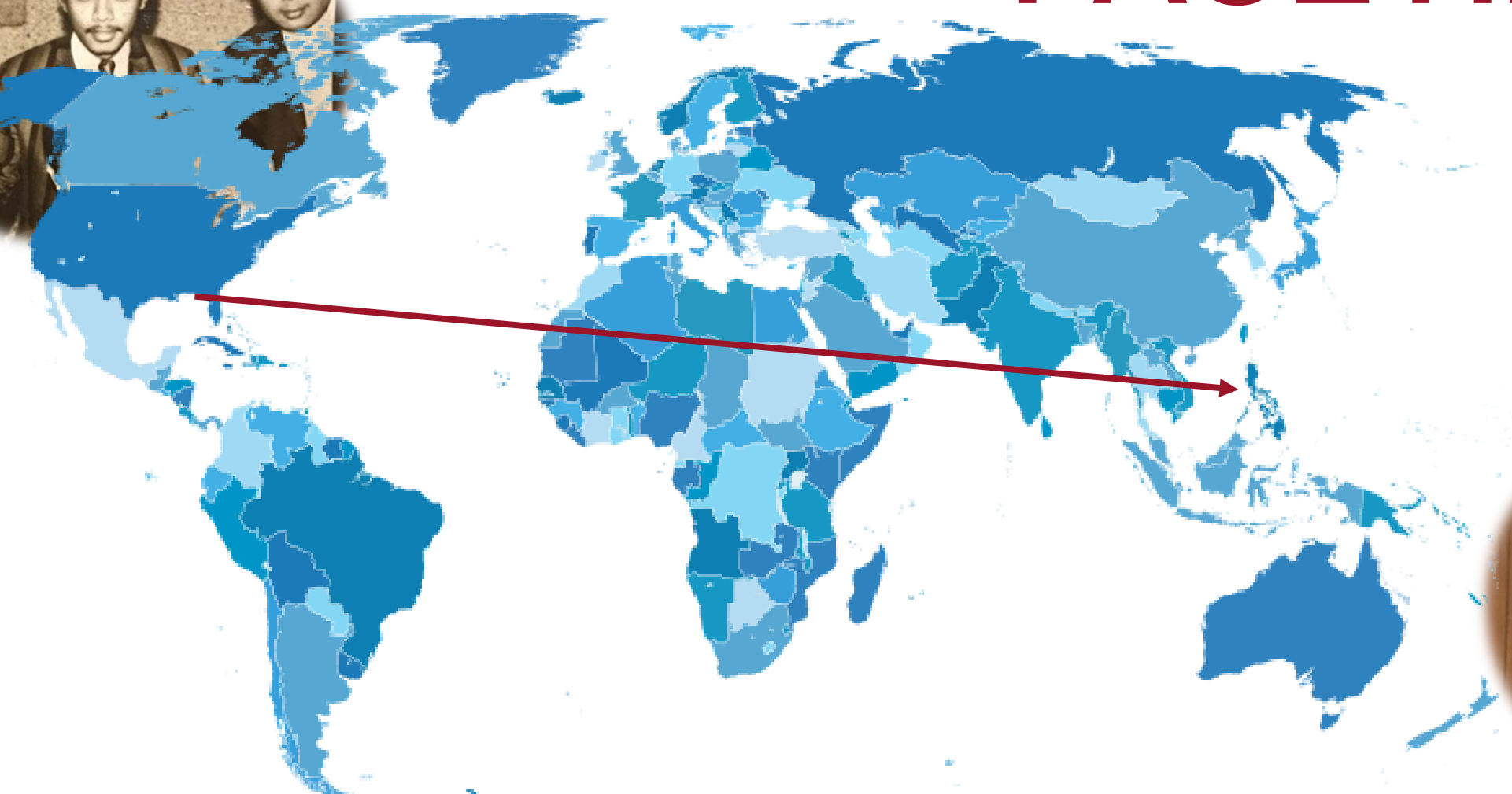




GRANDMA ANSWERS...  
(HOPEFULLY)



# FACETIME



**WHY.**



Cloud

Ads/Media

Payment



Digital

Entertainment



Music

Retail



**amazon.com**  
 **Prime**

*Effect*

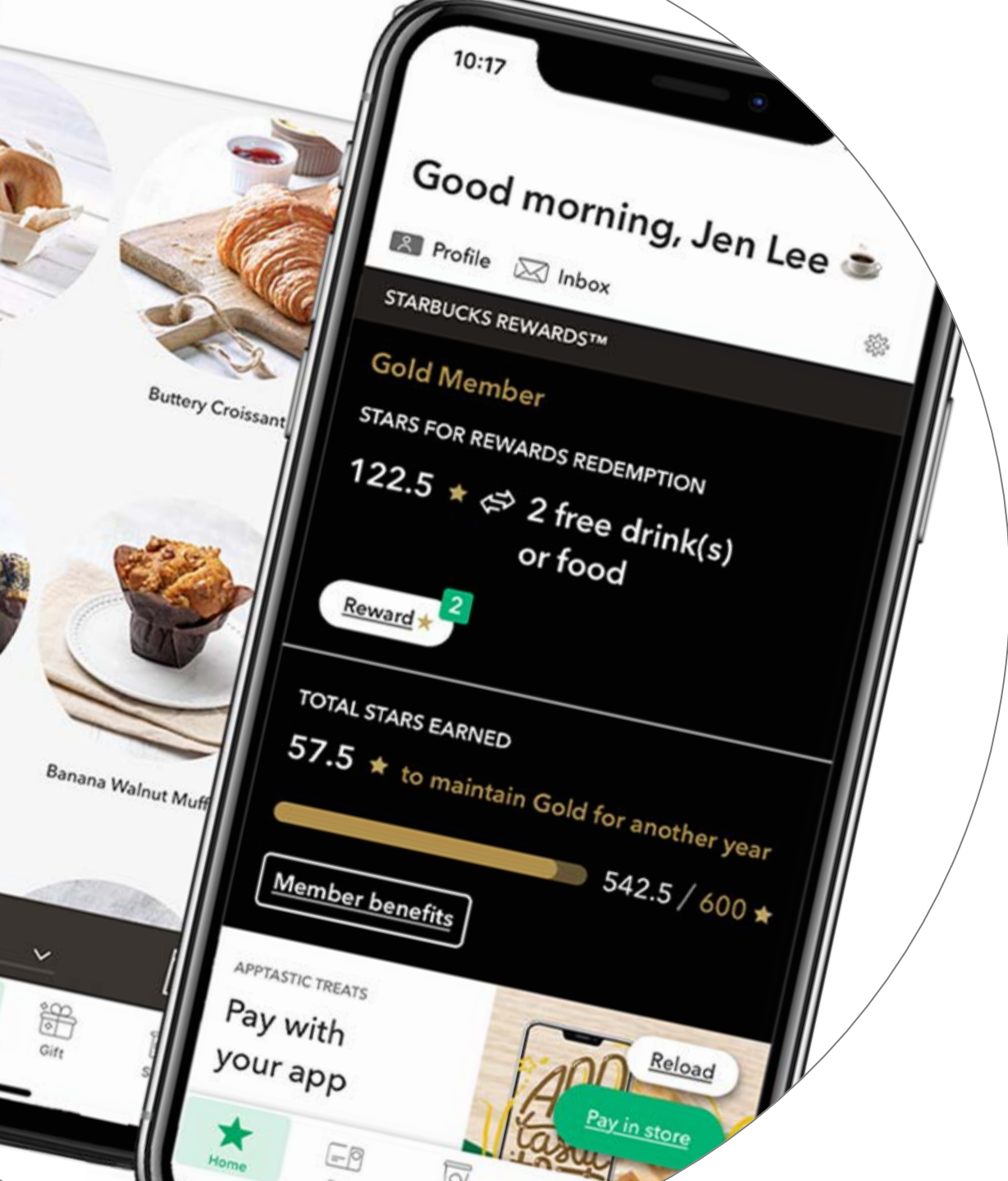


“

A person's last experience  
is their new expectation.

Warren Tomlin

Former Chief Innovations Officer, IBM



---

\$2 billion

---



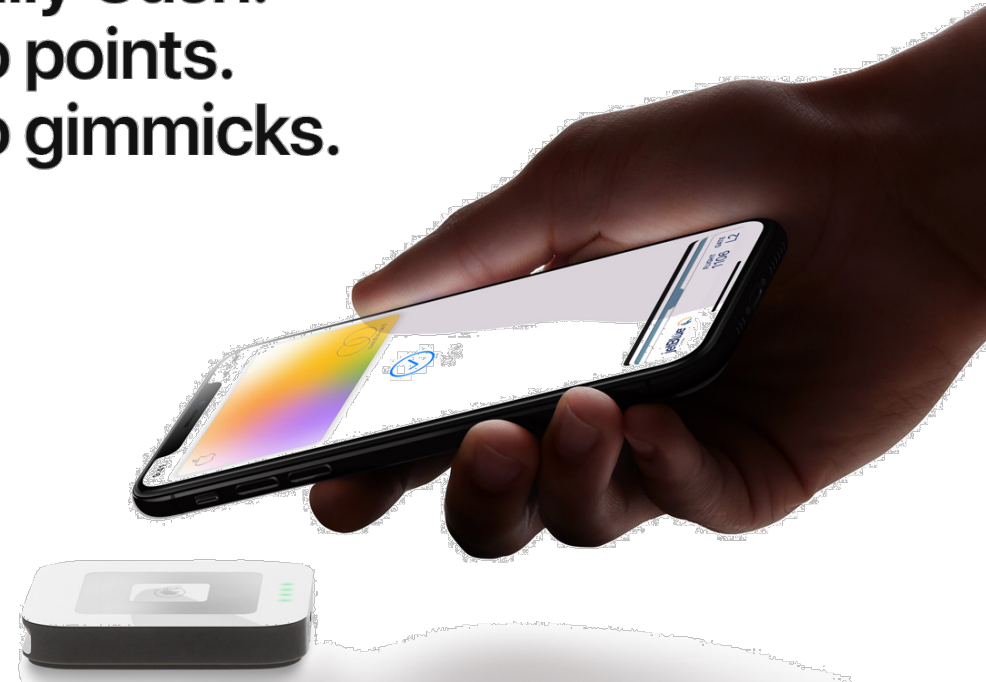
Marisa Robertson



# No fees. Not even the hidden ones.

We want to make it easier to pay down your balance, not harder. So Apple Card doesn't have any fees.<sup>4</sup> No annual, cash-advance, over-the-limit, or late fees.<sup>5</sup> No fees. Really. And our goal with Apple Card is to provide interest rates that are among the lowest in the industry.

Daily Cash.  
No points.  
No gimmicks.



\* Apple will send email or push notifications, where available, when there's news about the release of Apple Card.

1. Subject to credit approval.

2. Subject to credit limit.

3. An Apple Cash card is required. The Apple Cash card is issued by Green Dot Bank, Member FDIC. See [www.apple.com/apple-pay](http://www.apple.com/apple-pay) for more information. If you do not have an Apple Cash account, Daily Cash can be applied by you as a credit on your statement balance. Daily Cash is subject to exclusions, and additional details apply. See the [Apple Card Customer Agreement](#) for more information.

4. Variable APRs range from 13.24% to 24.24% based on creditworthiness. Rates as of March 2019.

5. If you miss a payment, we won't charge you a late fee or apply a new high-interest penalty rate. However, you will continue to accrue interest on your balance at your regular interest rate.


6. Interest estimates are based on your posted account balance at the time of the estimate and do not include pending transactions or any other purchases you may make before the end of the billing period.

Software is subject to change.

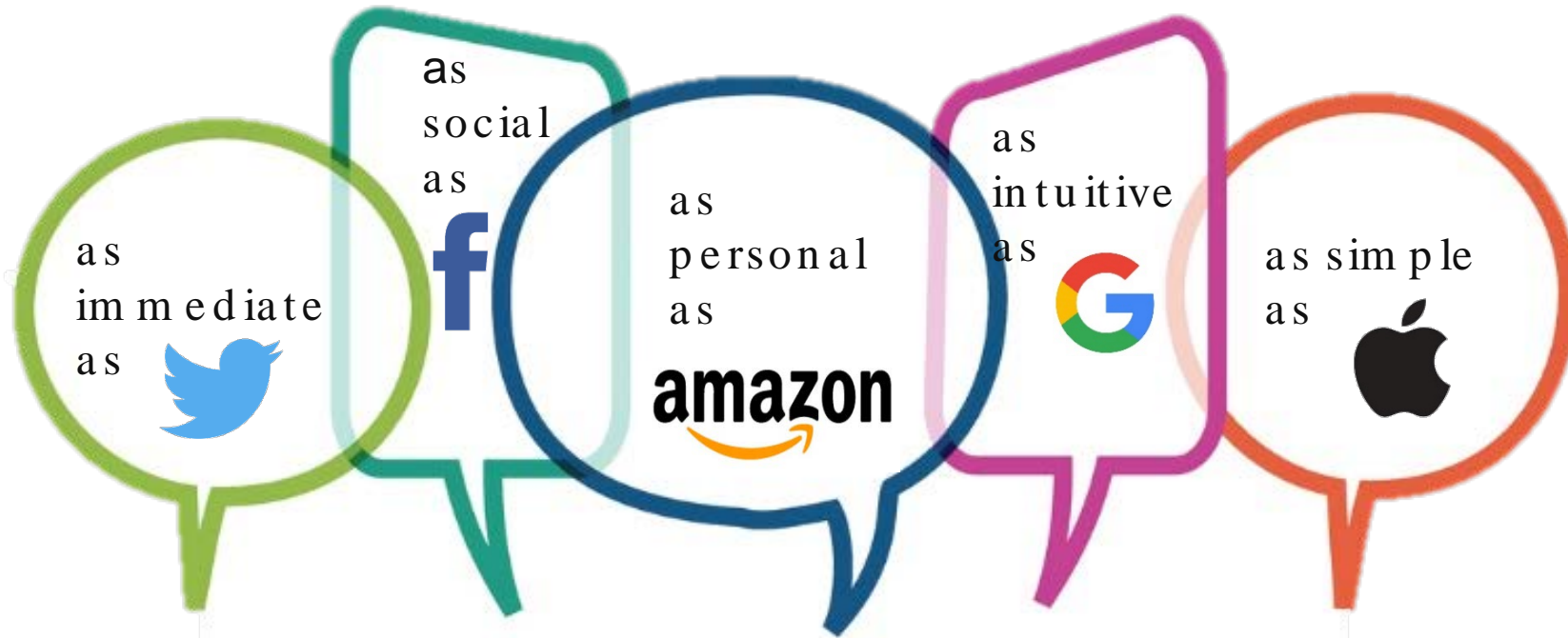
Will be available for qualifying applicants in the United States.

Issued by Goldman Sachs Bank USA, Salt Lake City Branch.

 > Apple Card

 > Apple Card

Issued by Goldman Sachs Bank USA, Salt Lake City Branch



...final words on WHY:

Consumers have **hijacked** your brand.

...final words on WHY:

Consumers have hijacked your brand.

...which is not just a **marketing** gig.



**HOW.**

**#1: Remove the friction**



USP?



Two-click mentality



Top revenue processes

# Remove the friction: *processes*

20	processes	20
631	hours	115
78	business days	14
229	total # of steps	169

*81.79%*

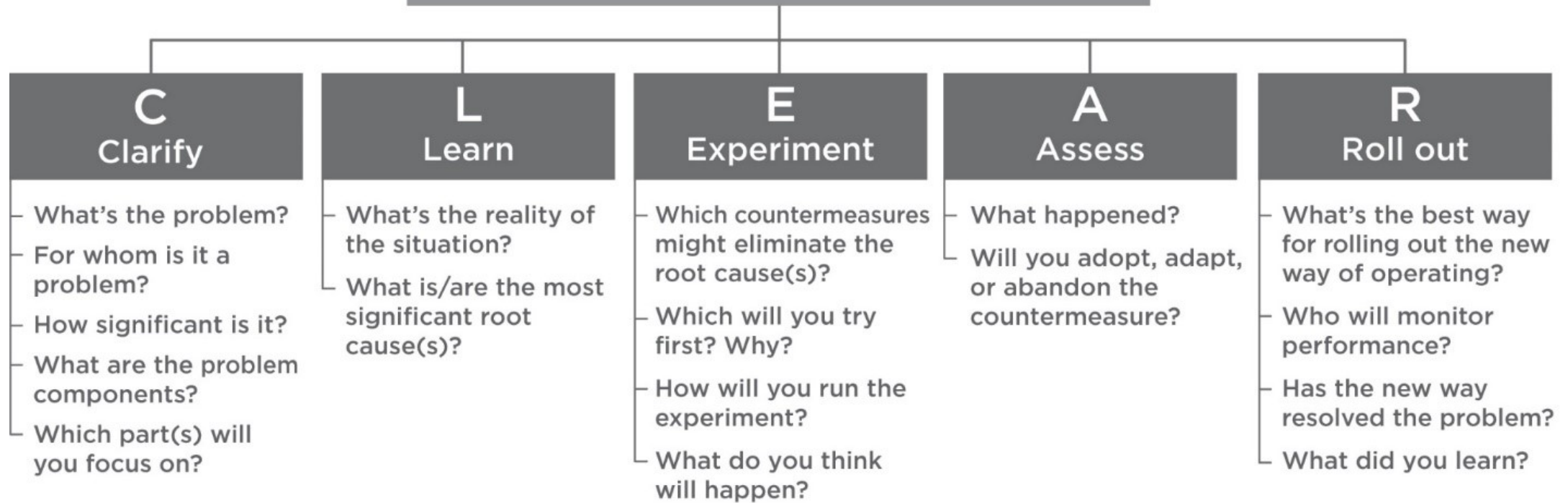
# Remove the friction: **processes**


20	processes	20
631	hours	115
78	business days	14
229	total # of steps	169

**64.5 business days**

Remove the friction: *digital channels*

# CLEAR PROBLEM SOLVING



 When members enter a branch (E or brick + mortar), are processes **consistent** from one location to the next? And, are they **channel agnostic** ?

 Do we focus on **human -centered design** ?

 Who **owns** process improvement or changes?

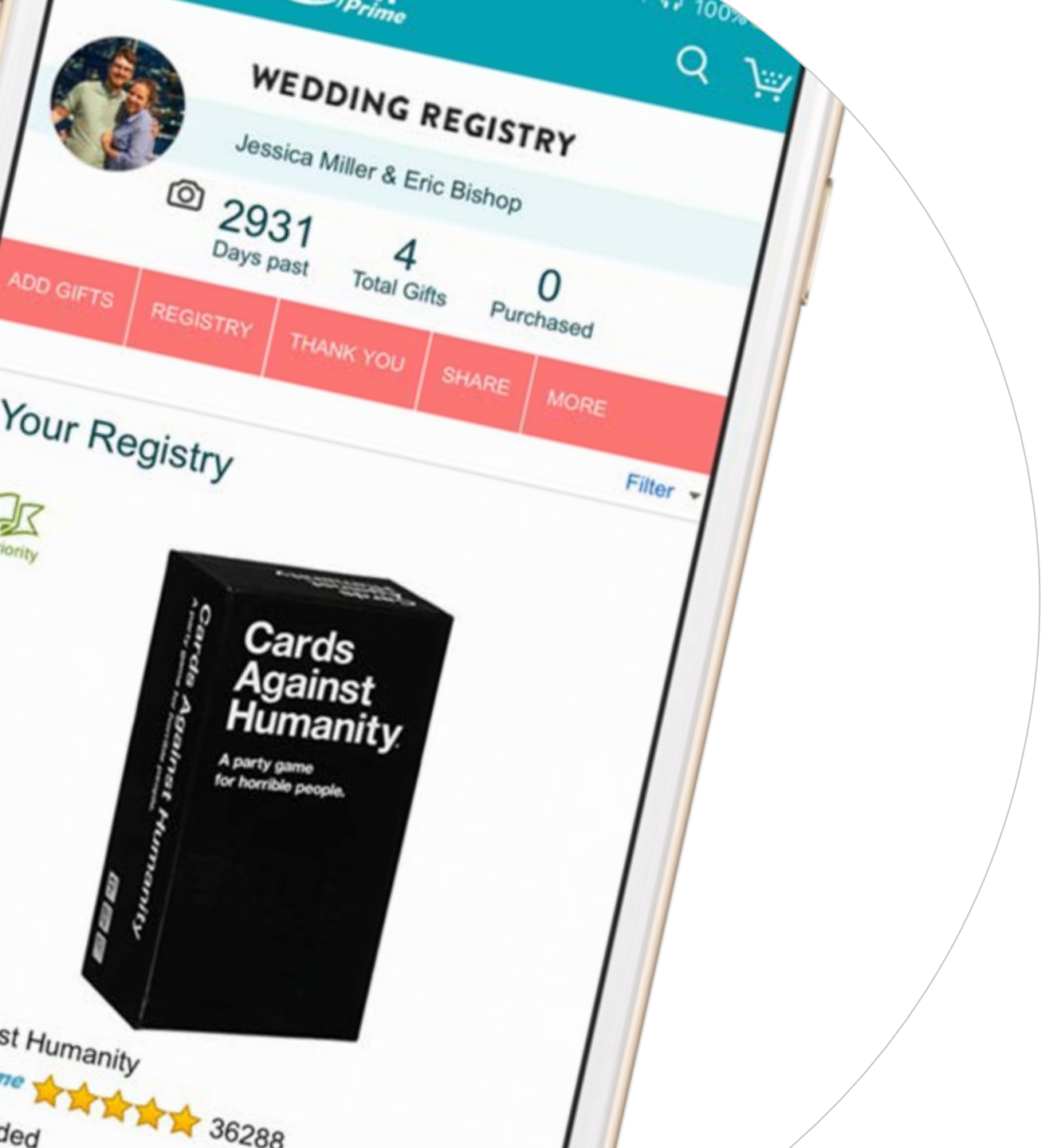
 Is **process articulation** consistent across the enterprise?

 Do we dilute efficient processes with **erroneous** steps that make us feel better as the employees?

# Takeback Qs



**#2: Nurture sales lead**



---

58%

---

Desktop. Tablet.  
Mobile. **Seamless.**



Need

Identification

Comparisons

Decision

Evaluation

Want

Solution

Alternatives

Purchase

Recommend

Problem

Explanation

X vs Y

Inquiry

Review

Issue

Research

Quality

Schedule

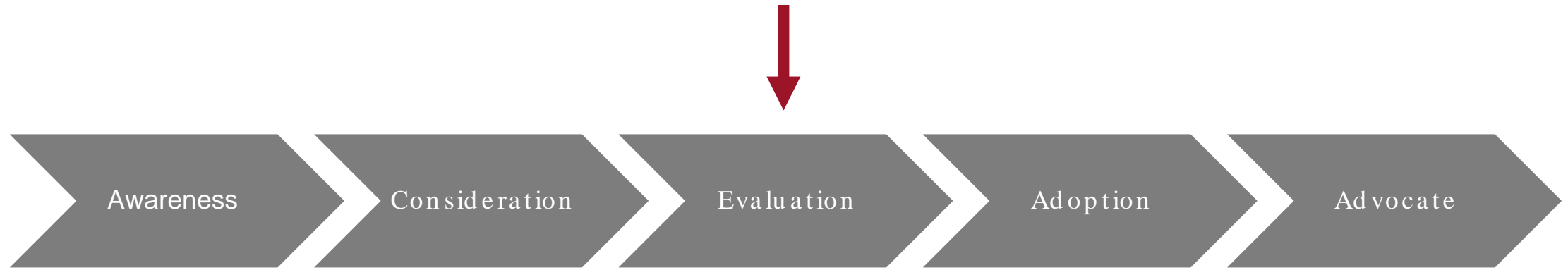
WOM

Opportunity

Reputation

Future purchase

Improve



Need	Identification	Comparisons	Decision	Evaluation
Want	Solution	Alternatives	Purchase	Recommend
Problem	Explanation	X vs Y	Inquiry	Review
Issue	Research	Quality	Schedule	WOM
Opportunity		Reputation		Future purchase
Improve				

**\$32,174**

average website investment



Visited frequently by  
nearly everyone who  
does business with you

**\$2.5M**

average branch investment



Visited only  
occasionally by only a  
handful of people every  
month

Source: Digital Growth Institute



Does my entire organization have a precise understanding of the **consumer buying journey** ?



Does our website focus on the member we have or the member we **want** ?



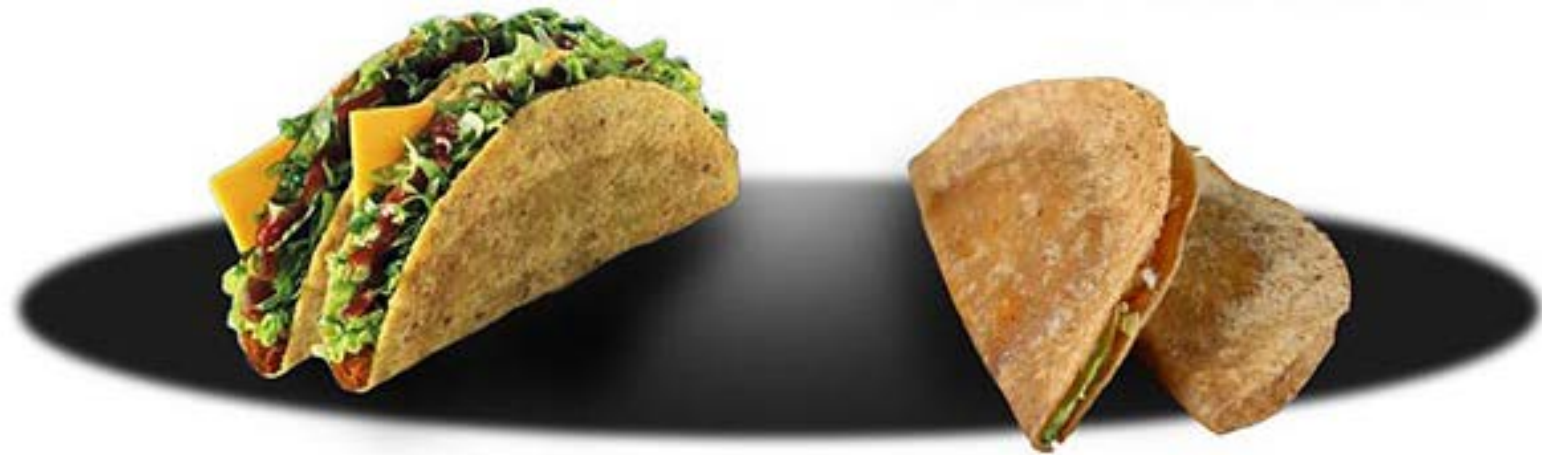
Does my website focus on **lead generation** ?



Who at my CU **owns** sales leads and is the process frictionless?

# Takeback Qs

**#3: Align culture  
with brand**



Advertised vs reality





Is the sentiment at my shop: “branding is a marketing gig”?



Does advertising, culture, and service delivery align with our brand?



Have we had honest conversations about cultural norms in our shop that may be sabotaging our brand?

# Takeback Qs



Identify your #1 rev generating process. Architect a workflow. Identify friction points that are creating abandonment.



Engage in a UX testing deployment to identify member/potential member sentiment.



Consider a cultural articulation exercise to identify cultural norms that need championing versus elimination.

**In the next 30 days**



# thank you.

Mia Perez, Chief Administrative Officer

Louisiana FCU

e: [mperez@LouisianaFCU.org](mailto:mperez@LouisianaFCU.org)

p: 985.653.1754