
Get In or Get Out!

Strategically Planning to Bank Tomorrow's Members

Michigan Credit Union League

David L. Peterson

Chief Strategic Officer, i7strategies

WHAT IS YOUR STRATEGIC FOCUS?



Strategic Focus

strat·e·gy/'stratəjē/ - Noun:

A plan of action or policy designed to achieve a major or overall aim ...

What is Your Overall Aim???

What is Your Strategic Focus?

How would you define what it is your institution does?

- Community/Seg Credit Union?
- Financial Services Provider?
- Catalyst of Economic Activity?
- Payments Gateway?



PRIMARY QUESTION: ARE YOU
GOING TO SELL OR COMPETE
FOR THE LONG HAUL?

Why Get Out Now?

What is driving community institutions to leave the industry?

- Family owned institution with no heir apparent
- Cost of compliance with regulations too high
- Dodd-Frank is having its intended consequence
- Shareholders want to maximize investment
- Continued negative environment for bankers in general

If You're Getting Out Now?

- Strategy A
 - Ignore all investment in future members / technologies
 - Make balance sheet look as strong as possible
- Strategy B
 - Purchaser will want strong vibrant FI with prospects
 - Prepare for new members / new technologies

3 Strategic Issues



#3

DEVICES ARE NOT CHANNELS, YOUR
MEMBER IS THE CHANNEL

Why Innovate?

Your members and their
behaviors are changing

Consumer Behavior – Spending Money

\$14

Avg monthly amount spent on apps



256M

Tablets sold in 2015



46%

of Americans with mobile phones said their monthly bill was \$100 or more



1.9B

Handsets sold in 2015



\$513

2015 Avg price for a smartphone



79%

Smartphone owners shop on their mobile device



Why Change – Spending Time

128min

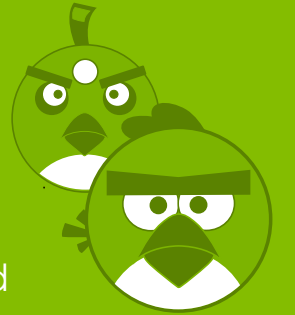
Spent on a smartphone daily

32hrs

Spent browsing the web weekly

2.5B

Angry Birds apps sold



23hrs

Spent on social networking weekly

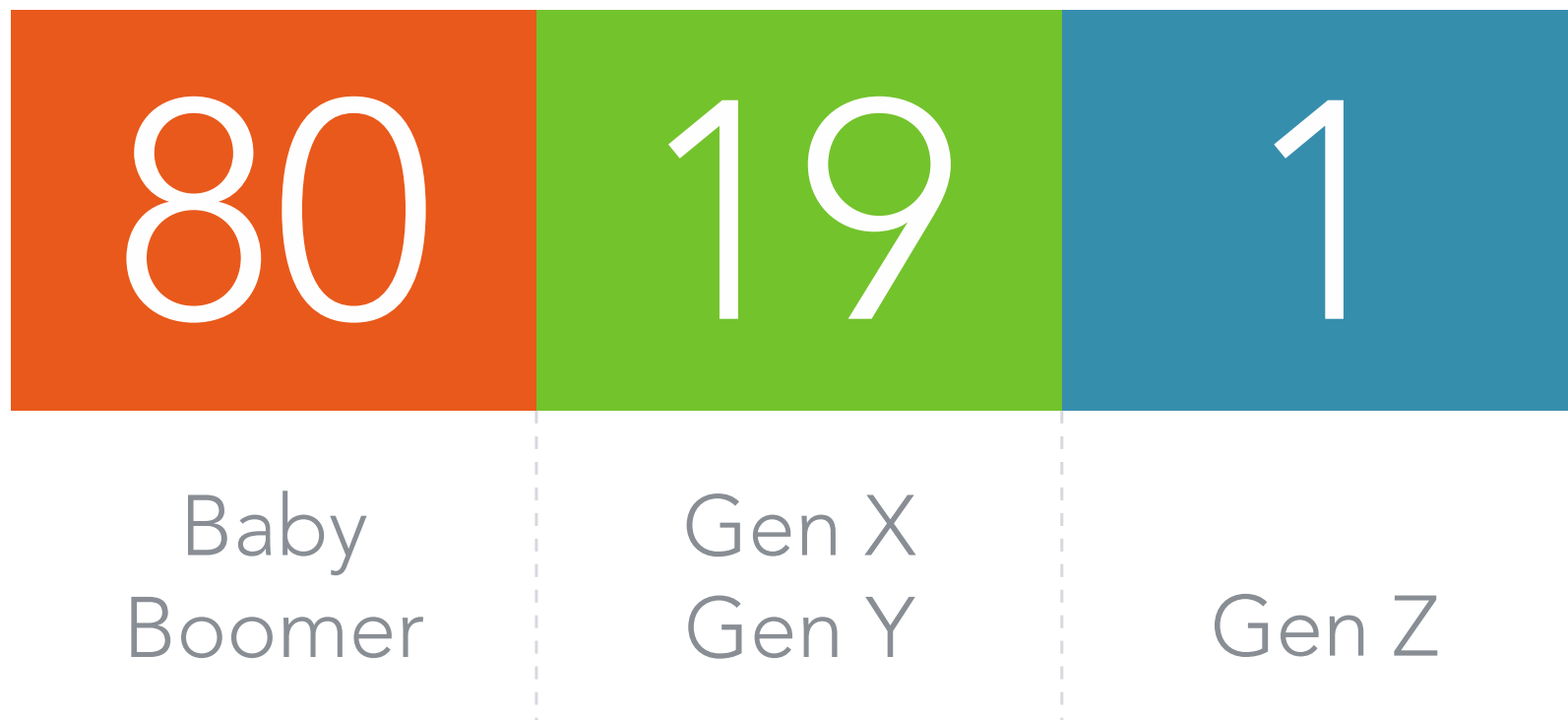
415M

Active LinkedIn users

1

Minute to notice cell phone is missing

Retail Segmentation (% of Deposits)



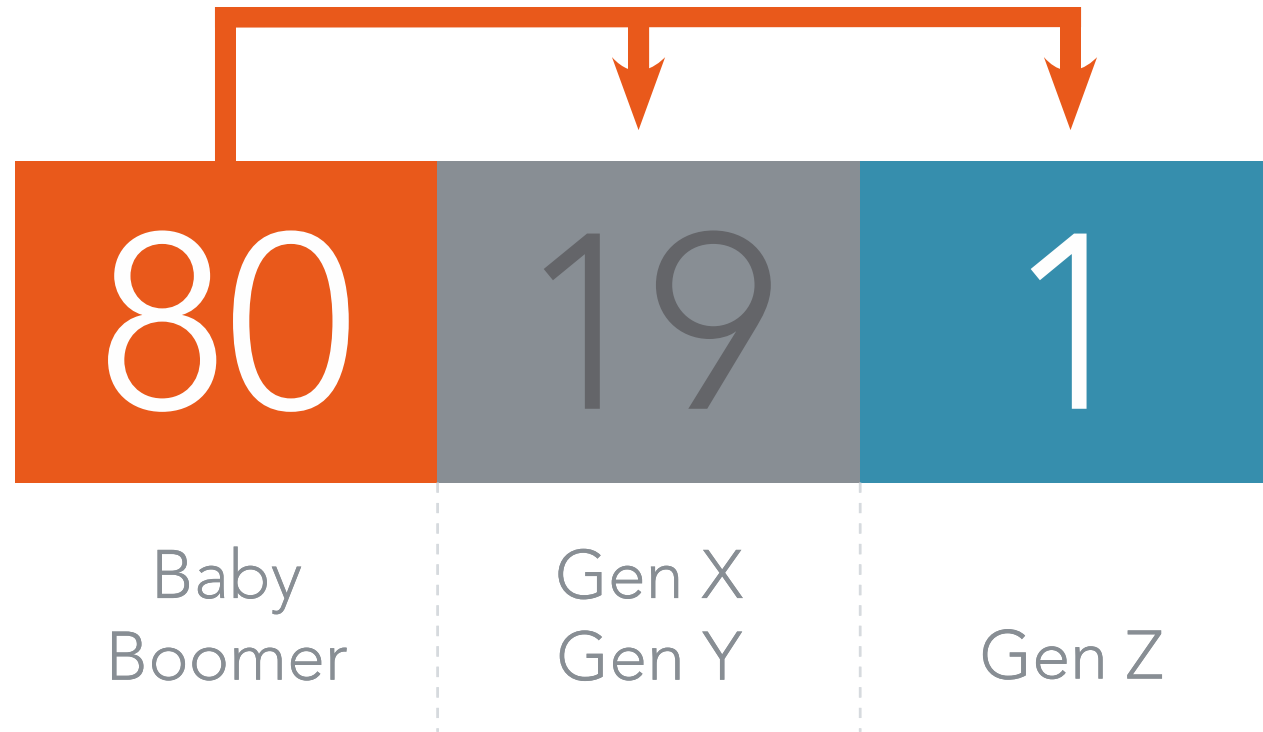
\$41T

In assets



According to the Johnson Center for Philanthropy, 2012

Retail Segmentation (% of Deposits)



Strategic Takeaway

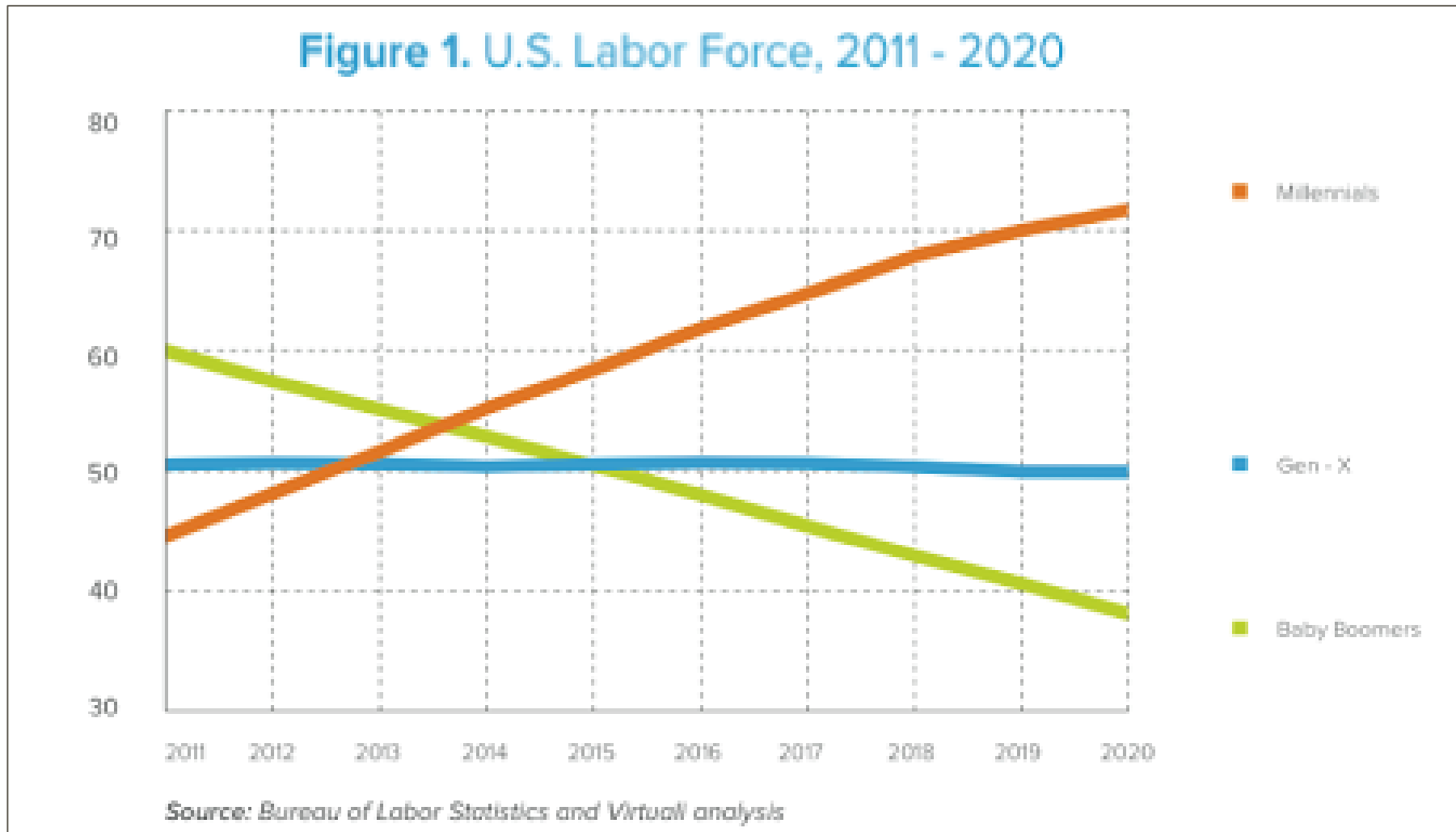
- Make Mobility a priority
 - Add Mobile Banking to your Virtual Branch
 - Add Tablet banking to your short term plans
 - Sign up for some type of mobile payment
 - Explore alternative payments with fintech partners



#2

**PAY ATTENTION: MILLENNIALS ARE FAST
BECOMING YOUR LARGEST MEMBER
SEGMENT!**

Who Will Your Members' Be? Millennials!



<http://www.womma.org/posts/2014/10/marketing-to-millennials-what-we-know-part-1-of-4>

Millennial end-users need:

Any time,
anywhere,
any device
access

Compelling
experience

Financial
wisdom

“As seen
on TV”

A modern, empty office reception area. The space features a long, dark wood reception counter with white panels. A queue line is formed by silver stanchions connected by a yellow rope. In the background, there are several desks with computers and office chairs. A water dispenser with a large blue water bottle is visible on the right. The walls are made of light-colored stone tiles, and the floor is a mix of light and dark tiles. A green sign on the wall reads "Safe area".

Too empty?

- Not Convenient
- Not Compelling

Transforming the Physical Branch

Goal – Make innovative use of existing facilities

Solution: Change focus of branch visits

- More engagement by staff
- Less physical barriers
- Increased use of technology – but not for transactions



Banks are failing to cater to 3 generational traits:

Ys' desire for
instant
gratification



Ys' expectation
for thoughtful
personalization



Ys' pursuit of
digital education
resources



Strategic Takeaway

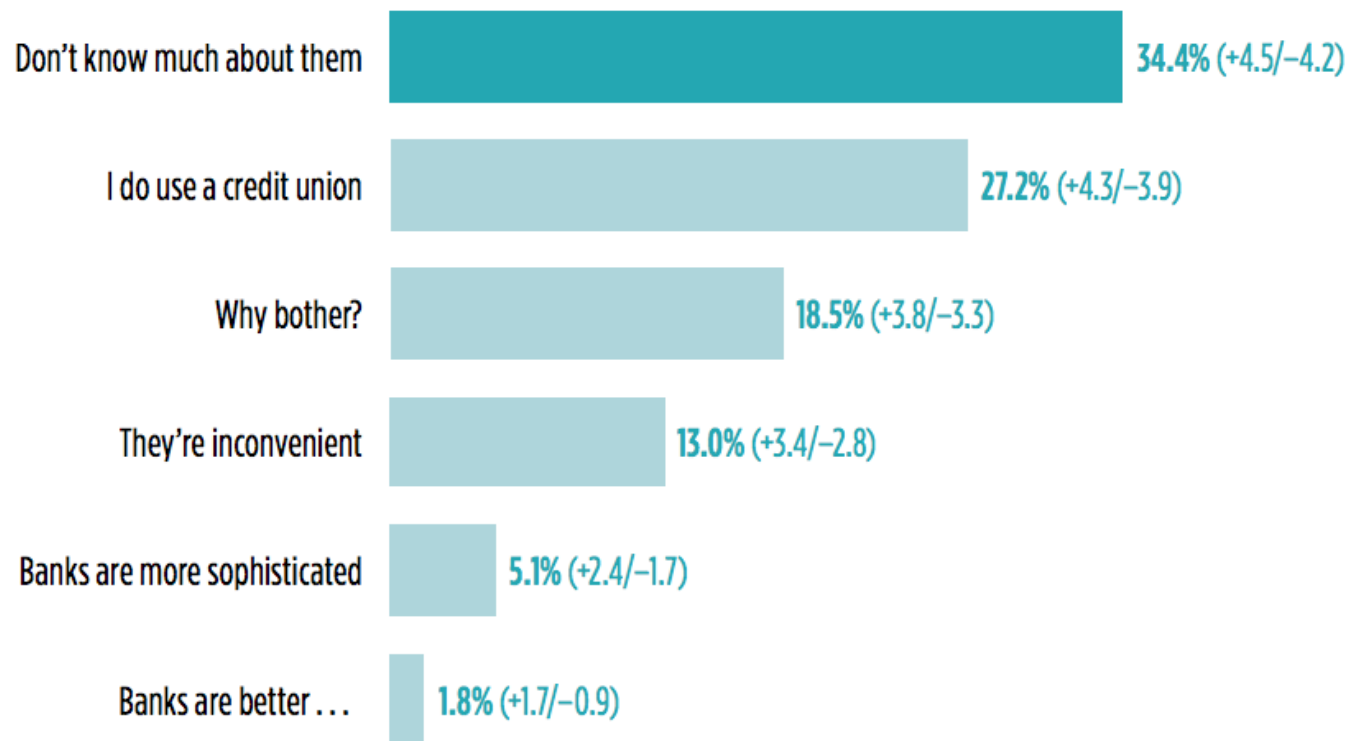
- Don't wait to begin the shift to millennial members!
 - Credit Unions are behind in getting millennials to consider them relevant



Credit Unions and Millennials

How are Credit Unions viewed by millennials?

WHY DON'T YOU USE A CREDIT UNION INSTEAD OF A BANK?



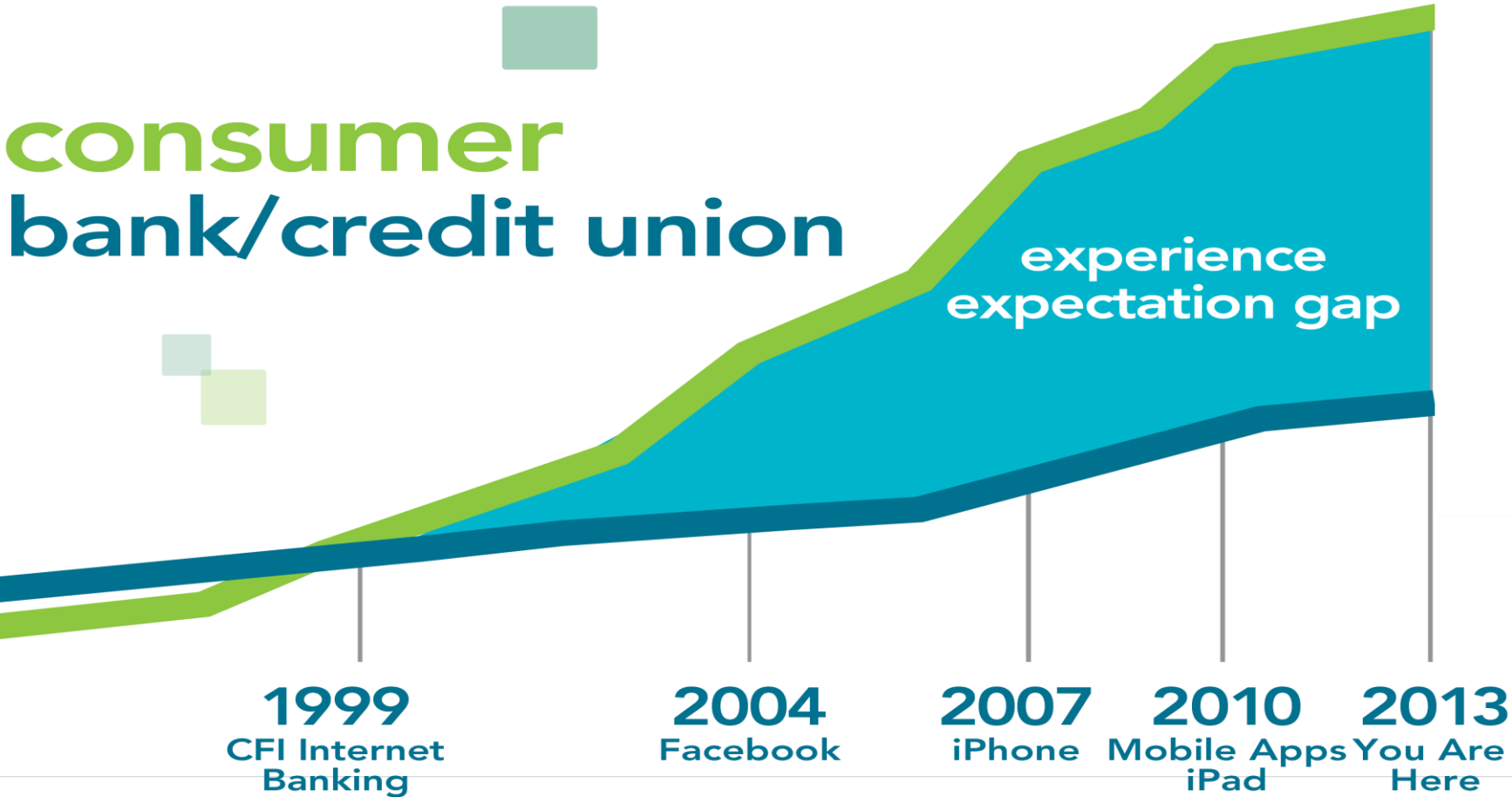
Source: Conducted by Google Consumer Surveys, December 30, 2014–January 9, 2015, based on 453 online responses.

Note: Results are for all respondents; weighted data were unavailable for this view.

Winner is statistically significant. Sample: general population filtered to 18- to

#1
PAY ATTENTION TO THE MEMBER
EXPERIENCE!

How Important is Member Experience?



1

How Important is Member Experience?



How Important is Member Experience?



Strategic Takeaway

- Determine the usage of mobile/tablet for your members
- Provide:
 - Integrated experience for online, mobile and tablet
 - Engaging experience
- Purchase tablets for Sr. Mgmt!



Summary

- When will millennials and their banking habits dominate your market?
- Change your attitude on strategic focus
- Make strategic planning more meaningful
- Assign someone to pay attention to industry trends
- Prioritize and move forward!



Thank You!

David L. Peterson

229-630-1000 (m)

david@i7strategies.com