The Credit Union Renaissance

Approaching continual change through the lens of opportunity allows the credit union industry to reinvent and stay relevant. Ed Filene saw opportunities to evolve the way financial services operated nearly 100 years ago and brought about the U.S. credit union system. The Filene Research Institute was created within the industry out of the need for thoughtful and objective research and innovation around financial services issues. Filene continues to evolve to rise up to the opportunities before the industry.

FY 2023 brought us to the brink of the credit union renaissance. A time of exploration of where credit unions came from, and an opportunity to build on unique strengths around humanism, innovation and transformation.

Throughout this issue, you will see where the work of Filene has supported the credit union industry’s renewed focus on human well-being, autonomy, and progress. You will see the stories of credit unions doing the work of innovation. You will see the ways in which change is reshaping and transforming the industry.
Over the past year, I have thought of Edward A. Filene's visionary words from 1935 (above). Today, these words resonate as we stand at the precipice of the credit union renaissance—truly a new epoch for our industry.

In Fiscal Year 2023, Filene continued to evolve and adapt to the ever-changing landscape of the credit union industry. We have seen the industry face unprecedented challenges, we have also witnessed remarkable opportunities for growth and transformation.

Our work at Filene has centered around three defining characteristics of the present: Humanism, Innovation, and Transformation.

**Humanism** represents our renewed focus on human well-being and advocating for the fundamental principles of freedom, autonomy, and progress. We believe that credit unions, with their people-first approach and local connections, are uniquely positioned to champion these ideals. This spirit is cultivated through Filene's communities, especially the Cooperative Trust and i3, as well as research on community social impact, financial wellness and DEI.

**Innovation** has been a driving force as change sweeps through our industry. We have seen credit unions thrive by cultivating a culture of innovation. Many credit unions displayed remarkable agility during the pandemic, embracing new ideas and innovative solutions. We are proud to have played a part in fostering this spirit of innovation through The Lab at Filene, the Racial Economic Equity Incubator, and our innovation and incubation research.

**Transformation** is all around us, from shifting economies to changing leadership structures. Credit unions must embrace these transformations to thrive. Filene's work in launching the Credit Union Data Exchange and the Center for the Credit Union of the Future underscores our commitment to guiding the industry through this transformative era. With nearly a third of all credit unions seeing a CEO change in the past 5 years, the industry is at a point of reinvention, which is why Filene has launched the Center for Leadership, Strategy & Governance.

Throughout this annual report, you will find stories that reflect these core themes. Our journey continues into 2024, as we invite you to join us to be a part of the future of the credit union industry. Filene will remain a vigilant guide for the industry to not only see the changes on the horizon but also to act swiftly and effectively in response.

As we navigate this Credit Union Renaissance together, we must remember that credit unions' unique strengths lie in trustworthiness, the ability to connect with members' changing needs, a data-driven approach, and openness to new ideas. With these strengths as the foundation, credit unions can not only weather the storms but thrive in this new epoch.

Thank you for being part of the Filene community, and for your unwavering commitment to the credit union system.
Humanism plays a pivotal role in the ethos of credit unions, emphasizing a people-centric approach that prioritizes the well-being of members and the community over profit maximization. This philosophy underscores the fundamental values of empathy, trust, and service, shaping the very essence of how credit unions operate. Humanism guides credit unions to make decisions that align with the best interests of their members, promoting financial education, inclusivity, and a focus on social responsibility. This approach not only builds stronger relationships but also fosters a deeper sense of trust and loyalty among members, distinguishing credit unions as institutions that truly prioritize people over purely financial gains.

The Cooperative Trust’s focus is on belonging, connection, and continuous learning. Creating moments of serendipity that connect emerging talent to system opportunities, thought leaders, and their peers. It is building deep connections and renewed levels of support for the next generation of leaders.

“What Filene has done is bring all these young professionals together with the same type of drive and energy.”

Erika Carmichael
Manager of Asset Recovery
Zeal Credit Union

The Filene Research Institute's Crash program, according to Erika Carmichael, has been instrumental in fostering connection among young professionals in the industry. "Being around young folks that have the same energy and passion as I do is amazing," she shares.

Participation in the Crash program and the i3 class has offered Erika a plethora of opportunities for growth and learning. The experiences she has gained through these programs have not only helped her establish meaningful connections within the industry but have also played a significant role in her career trajectory.

According to Erika, her participation has been life changing. She notes, "If I give 10%, I’m getting 100% back. I’ve seen a big growth trajectory and great things happen in my career as a result."

filene.org/crash

FY 2023
306 emerging leaders participated in the Crash Program
100% NPS average rating by Crash participants
Amplifying Social Impact

Credit unions prioritize the Children’s Miracle Network Hospitals (CMNH) partnership to provide tools and resources to mitigate the costs of health care and related debt for their communities.

In FY 2023, Filene teamed up with CMNH to develop a marketing strategy to increase awareness of the credit union industry’s fundraising efforts through the Credit Unions For Kids program.

Racial Economic Equity

Filene’s REE Incubator is advancing racial economic equity through the credit union system by co-creating solutions that meet local community members’ needs and delivering resources, support and capital to communities of color.

The REE Incubator takes a unique approach to addressing wealth gaps by inviting a small group of credit unions already partnering with community organizations to apply together and participate. As a cohort, they help to create a framework for incorporating racial equity into financial programs, products, services, and strategies with an explicit focus on reducing the racial wealth gap.

Filene i3

Congratulations to our i3 Wave 16/17 big.bright.minds. science fair prototype winners: CUSHift: Anne Kirksey, ELGA CU; Annie Lepper, Minnesota Power Employees CU; Ben Maxim, Michigan State University Federal CU; Christina Wilkerson, SchoolsFirst Federal CU; Hazelmae Overturf, Kaua‘i Federal CU; Randy Stolp, My Community CU.

“The knowledge and skills I gained throughout the i3 program are invaluable and will help me make an impact at my credit union and for our members.”

Anne Kirksey
Marketing Manager
ELGA Credit Union

“The REE Incubator has been a true test of shifting strategy and execution to be more collective and collaborative. Combining human-centered design and innovation with value-aligned community organizers and leaders is the cooperation needed to make significant impact to systemic inequities and development issues.”

Hazelmae Overturf
Program Director
Kaua‘i Federal Credit Union
Innovation stands as a pivotal driver for credit unions, offering a pathway to adapt, thrive, and stay competitive in a rapidly evolving financial landscape. Embracing innovation allows credit unions to enhance member experience through digital advancements, streamlined services, and personalized financial solutions. By leveraging technological advancements, such as AI-driven analytics, mobile banking, and fintech collaborations, credit unions can efficiently meet the changing needs of their members, expanding their reach and relevance. Moreover, innovation enables the development of new products, services, and operational efficiencies, ultimately fostering growth, sustainability, and a distinct edge in the financial industry.

Thinking Forward is Filene’s new LinkedIn newsletter. Every month join Filene experts as they weigh in on what matters most to credit unions. What questions are the industry asking? What’s important? What’s next? Thinking Forward is here to give you the insights you need most. Launched in August, Thinking Forward has quickly amassed 3,400 subscribers and counting. Are you subscribed?

Filene’s New Innovation Series is a step-by-step resource guide for implementing a flywheel of innovation strategy to achieve scalable growth.

**Step 1:** The Digitization Cycle: Preparing for the Next Wave of Innovation
Assessment tool to determine where your credit union is in the cycle of digitization. Available October 2023.

**Step 2:** Year 2 Credit Union Innovation Study
Analysis of how members perceive credit union innovation. Available November 2023.

**Step 3:** Developing Competitiveness in the Credit Union System

See page 17 for insights from the top downloaded reports in FY 2023.

12,043 research reports downloaded

filene.org/innovationseries
The Lab is Filene’s ongoing platform for testing new tools, products, and strategic solutions for their potential to help credit unions grow and deepen their impact. The Lab works with credit union sponsors and stakeholders to select and execute a set of tests identified through Filene’s research and market engagement. Here are the selected tests for year two:

### Growing Payments & Deposits

**Flow Networks: Activating the Payment Moment**

How can credit unions employ new technologies to foster active preference for their payment products in response to emerging competitors?

**Changed: Debt Repayment Round-up Tool**

How can credit unions attract more deposits and help members manage their debts for improved financial health?

### Using AI to Improve Credit Union Performance

**Vertice AI: Grow Indirect Member Relationships via AI**

How can credit unions leverage AI to devise effective strategies that facilitate the seamless conversion of indirect members into engaged and active members?

**Exagens: AI-driven Behavioral Banking**

How can credit unions incorporate behavioral banking solutions to deepen digital relationships, increase financial wellness, and simultaneously grow their financial bottom line?

**ChatGPT to Improve Member Interactions**

In partnership with Visa, how can credit unions utilize ChatGPT to improve sales effectiveness and efficiency?

### Looking Past the Horizon

**Blockchain for Enhanced Auto Loan Market Activities**

How might credit unions leverage blockchain to increase loan sales, loan participations, and other secondary loan market activities?

**Subscription-based Pricing Models 2.0**

Building upon our insights gathered in year one, how might credit unions design and implement effective bundles and pricing structures that align with member preferences and needs, while also evaluating their competitiveness against traditional fee structures?

### “The Lab at Filene is an AMAZING initiative. It allows forward-thinking credit union leaders the opportunity to break away from their day-to-day and innovatively strategize some of the main problems credit unions all over the U.S. are facing. We then get to put those innovative ideas to the test to determine their desirability, feasibility, and viability. Our findings and proven solutions are shared with other credit unions so they may adopt and find their unique competitive advantage. The Lab at Filene is the epitome of ‘people helping people.’”

Shanda Reaves
Director of Project Management
Chartway Federal Credit Union

The Lab at Filene

filene.org/thelab

“ The Lab at Filene is an AMAZING initiative. It allows forward-thinking credit union leaders the opportunity to break away from their day-to-day and innovatively strategize some of the main problems credit unions all over the U.S. are facing. We then get to put those innovative ideas to the test to determine their desirability, feasibility, and viability. Our findings and proven solutions are shared with other credit unions so they may adopt and find their unique competitive advantage. The Lab at Filene is the epitome of ‘people helping people.’”

Shanda Reaves
Director of Project Management
Chartway Federal Credit Union

**FY 2023**

- 4 successfully completed
- 20 credit unions & system partners in participation

**The Lab tests**

- Ignite Sales (8 credit union testers)
- Pocketnest (4 credit union testers)
- Subscription-based Packaging (6 credit union testers)
- Rethinking Physical Space (2 credit union testers)
Credit unions are currently undergoing a significant period of transformation, largely propelled by rapid technological advancements, evolving member expectations, and dynamic market conditions. To remain relevant and competitive, credit unions must proactively embrace change. This entails adapting to digital innovation, revamping traditional processes, and redefining member engagement strategies. By embracing this evolution, credit unions can not only streamline their services but also cater to the changing preferences of a tech-savvy membership base. This proactive approach is essential for credit unions to remain agile, responsive, and innovative, ensuring their continued relevance and growth in an ever-changing financial landscape.

Enhanced Data Analytics

Enhanced data analytics and having a deep understanding of their members are critical needs for credit unions in navigating the complex financial landscape. By harnessing sophisticated data analytics, credit unions gain valuable insights into their members’ behaviors, preferences, and needs. The ability to leverage data effectively not only fosters stronger member relationships but also empowers credit unions to stay competitive, innovative, and responsive in meeting the diverse financial requirements of their members.

Credit unions need to join forces and share data to compete with other financial services providers as a larger data pool drives many benefits.

**Bigger Data, Better Outcomes:**
- Credit unions own the data exchange and govern through a cooperative model.
- Credit unions define standards for data governance, data privacy and security, and data use through Exchange Councils.
- Credit unions drive the exchange roadmap.
- Credit unions participate by sharing a rich, anonymized and analytically valuable data set.

Hearing your members’ voices is more critical than ever as credit unions continue to fall behind banks in consumer rating satisfaction.

**Credit unions who use Member Voice will be able to:**
- Identify distinct segments in their membership base.
- Activate member-focused strategies and drive growth.
- Create tailored push and pull marketing campaigns.
- Enhance product innovation and service delivery design.
Two New Centers of Excellence

Filene’s two new research center topics are reflective of the most pressing needs credit union leaders face today and aim to support credit unions’ efforts to adapt and explore new business models to survive and thrive in the future.

The Credit Union of the Future

Led by Filene Fellow, Dr. Lamont Black, the Center for The Credit Union of the Future will take an ecosystems approach to identifying and developing new business models that will ensure ongoing growth and sustainability for the credit union system. This exciting new research center will help credit unions prepare for what’s next by addressing:

- **Their future value proposition**—how do they remain relevant and are they well-positioned to attract and engage potential members?
- Are they applying the right **data insights** to help better serve members in the future?
- Which trends in **innovation and disruption** should be prioritized?

Leadership, Strategy & Governance

Filene’s second newly launched research center also focuses on helping credit unions to strategically adapt but with more of an internal scope. Led by Filene Fellow, Dr. Amy Hillman, the Center for Leadership, Strategy & Governance will deliver fresh approaches to leadership and governance as credit unions look to renew and rejuvenate the ways they operate, do business, and develop talent.

- How are the expectations for **leadership** evolving?
- What strategies can credit unions implement to stay competitive?
- What are the proven best practices and optimal **governance** models?

Meet the Fellows

Lamont Black

DePaul University
Filene Fellow, Center for the Credit Union of the Future

Dr. Lamont Black is a finance professor at DePaul University in Chicago and a recognized expert on emerging technologies including cryptocurrency, blockchain, the metaverse, and artificial intelligence.

Click the ‘Add to Following’ button on Lamont’s bio on our website to stay up-to-date with all new research from this center.

Generous support for the Center for the Credit Union of the Future is provided by America First Credit Union, Kinecta, Michigan State University Federal Credit Union, Orange County’s Credit Union, PSCU, Summit Credit Union and Trellance.

Amy Hillman

Arizona State University
Filene Fellow, Center for Leadership, Strategy & Governance

Dr. Amy Hillman is a world-renowned management expert and an active business consultant in the areas of corporate strategy and board composition.

Click the ‘Add to Following’ button on Amy’s bio on our website to stay up-to-date with all new research from this center.

Generous support for the Center for Leadership, Strategy & Governance is provided by Community Financial Credit Union, Desert Financial Credit Union, Suncoast Credit Union, TruStage, University Credit Union, and Visions Federal Credit Union.
A New and Improved
FILENE.ORG

Notice anything new at Filene’s digital HQ? The next time you visit filene.org, you’ll notice our new digital user experience, redesigned with our members at the center. We are so excited to share this list of the Top 5 Features of the new site to prepare you for this new digital experience. As an agile, learning organization, this is a multi-phased Web UX project that will leverage user insights and data in our first phase to build additional features and enhancements in subsequent phases.

As credit union industry leaders you know how important website UX is to your members. Team Filene has been hard at work developing the new filene.org that is centered around you, our members. The key to your personalized experience is logging into your member account.

Here are the Top 5 Features that were specifically designed to enhance your experience as you engage with us on the new site!
Top 5 Features of filene.org

1. **Best-in-class Search Functionality**
   As busy credit union professionals, you are short on time and we have an abundance of research, insights and content. Our new site uses the latest in sophisticated search technology to save you time and serve up exactly what you’re looking for.

2. **Clear and Easy Navigation**
   The new site is structured to help you navigate no matter what journey you take. The new Mega Menu feature gives you a quick snapshot of different journeys to explore in one place—this is a great place to start if you want to see what questions your peers are asking, popular topics, the latest podcast episodes, blog posts, research reports and what’s happening with our Centers of Excellence!

3. **A More Personalized Experience**
   Even though we all share a passion for credit unions, we know that each and every one of you are unique and deserve an experience that is specifically tailored to your needs and interests. Now when you log in to the new site and click on the My Account button in the upper right you will see your Filene Member Portal page. This page is unique to you and will share specially curated content based on your interests and what information you’ve engaged with previously—we see you Amazon! The more you search and save or like your favorite topics, reports and Filene Fellows, the more personalized your experience will be.

4. **Multi-media Interactivity**
   Who knew that interacting with data and research could be so fun? Our new site will offer the ultimate experience for members to interact directly with our content allowing for a variety of ways to engage and learn including videos and interactive graphs/charts to enhance your journey.

5. **User Generated Content and Feedback**
   Improving and enhancing the UX on our new site will be an evolutionary process. Giving you the opportunity to submit questions about topics that interest you the most will enhance the experience for all members. You will also have the ability to share your feedback on our new site to let us know how best to optimize the experience.

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**Sign Up Today**

Don’t have an account yet? No problem, just click **Create Account** and follow the navigation to get started.
Filene’s Signature Event

BIG.BRIGHT.MINDS.

Filene’s biggest annual member event brings together the most innovative credit unions with the brightest minds in the industry.

A culmination of all the most important research of the year, big.bright.minds. is a gathering of Fellows, researchers, experts and leaders energized to learn from each other to move the industry forward.

1. Each year we invite our members to raise a glass at the Annual Member Meeting and celebrate the impact credit unions have made, thinking forward and changing lives.

2. Filene’s signature event, big.bright.minds., sold out with the largest event attendance to date.

3. Filene’s famous Day Away activities take attendees to unique off-site locations designed to make minds bigger and brighter and return home with inspired ideas.

4. Filene’s MerryMaking was held at Urban Putt and offered members a chance to connect in a fun and casual environment. You can look forward to plenty of opportunities for networking at future big.bright.minds.!
Filene’s Spring Meeting

SPARK!

The name says it all—we gather for our Spark! event to spark ideas, insights, innovation and inspiration. In FY23, industry experts, academic thought-leaders, and attendees came together for a hands-on experience that drove actionable change. Spark! brought an opportunity to connect people and ideas in ways that virtual connections lack.

Fellow Dr. Lisa Servon from the Center for Consumer Financial Lives in Transition shares her latest research insights on the troubled term, financial literacy, and how credit unions can better connect with members in their moment of need.

Fellow Dr. Quinetta Roberson from the Center for Diversity, Equity & Inclusion presents her latest research insights on how to best leverage DEI to deepen partnerships with suppliers and other partners.

Fellow Dr. Bill Maurer from the Center for Emerging Technology shares his latest research insights on alternative underwriting and how to assess which models could expand access while growing lending opportunities.

Fellows Dr. Mai Nguyen from the Center for Community Social Impact and Dr. Jeffrey Robinson from the Center for Innovation & Incubation, showcase the broader lessons drawn from Filene’s Racial Economic Equity Incubator and show how you can adapt tactics and approaches to grow and improve outcomes in your communities.

JOIN US | SPARK! 2024

05.13.24 – 05.15.24
Boston, MA

filene.org/events
2024
Event Calendar

Visit filene.org/events for the most up-to-date details and to register for 2024 events and webinars as registrations open.

FY 2023 EVENTS
By the Numbers

Webinars
SESSIONS
25

REGISTRATIONS
5,436

Roadshows
ATTENDEES
31
Innovation in Action
New Jersey

37
Data in Action
Ohio

37
Consumer & Community Impact
California

So far in FY24...
Two additional Roadshows in Boston and Dallas have brought together more than 100 more innovative credit union leaders to shape the future of the industry.

Research Events
TOTAL ATTENDEES
1,000+

- 246
Reasearch Event
Texas | Hybrid

- 606
big.bright.minds. 2022
Colorado | Hybrid

- 211
Spark! 2023
Maryland | Hybrid

* Event dates and locations subject to change. Visit filene.org/events for the most up-to-date information on all Filene events.
I would advise credit unions big or small to check out the quick start guide by Filene and the National Credit Union Foundation. You’ll find not only tips and resources, but examples and a true guideline for how to commit to the mission, as well as the really important parts of assessing and learning from your membership, to implement a plan to act on financial well-being for all.

You really have to work at getting people out of their day-to-day jobs and their day-to-day to-do lists and the things that are on their strategic plan for this year, for next year and the year after, and really start training them to think future, to think beyond what they even see today. And that is a skillset.

There are so many different ramifications, even physical ones, when we’re anxious about our money. It makes us physically ill, but there’s so much that we can do about it. And getting the right information into people’s hands is the very first step in helping them make the sort of changes that are possible in order to create a life that’s a little less stressful financially.
Research

TAKE-AWAY TOOL

THE ROAD MAP TO A DATA-DRIVEN CULTURE

Through its work with the Center for Data Analytics and the Future of Financial Services, Filene has developed a series of reports focused on analytics readiness, specifically six levers a credit union needs to manage to accelerate value creation from its investment in analytics. Report #582 focuses on two crucially intertwined levers credit unions must leverage in order to drive data analytics value in their organization, leadership and culture.

The Roadmap to a Data-Driven Culture gives credit unions a step-by-step guide to activating the research.

VISIT FILENE.ORG/582 TO DOWNLOAD THIS TOOL.
You Asked.

WE ANSWERED.

Who Moved My Cheddar?
The Sudden War for Deposits
Start by closely monitoring deposit outflows. Analyze if deposits are moving out of the credit union so you can act. Identify “at risk” deposits, especially large balance members and develop your pricing and retention strategy. Read more on page 18.

Hybrid Work is Here to Stay:
Are You Ready?
Begin by creating an intentional hybrid work strategy that is led by and supported at the corporate level. The need for in-person work and/or collaboration should be dictated by the demands of the specific roles. Access the full report to uncover more ideas for crafting a successful hybrid work program. Read more on page 19.

Creating Cyber Resilience in Credit Unions
One of the major cybersecurity threats for financial institutions is data breaches. A data breach occurs when information is viewed, copied, transmitted, or stolen from a system without the knowledge or authorization of the system’s owner. Learn more about other types of cybersecurity threats as well as how to develop strategies to mitigate your institution’s risk. Read more on page 20.

Credit Union Innovation:
The Member Perspective
Yes, credit unions that are perceived to be more innovative by their members enjoy higher loyalty, brand attractiveness, and satisfaction than credit unions who are average or low on innovativeness. Learn where credit unions rank in innovativeness compared to other financial service providers. Read more on page 21.
The ripple effects of the COVID-19 pandemic years have brought about rapid change and a new challenging environment for credit unions. Macroeconomic factors that can be traced back to the early pandemic years, have induced a competitive "war for deposits." Financial institutions, including credit unions, banks and online banks find themselves in a heated battle to attract deposits.

In order to navigate the current competitive environment and prepare for the future, credit unions must understand these new circumstances and how they impact their balance sheets, examine their current strategies, and develop a new action plan.

EXECUTIVE SUMMARY

The ripple effects of the COVID-19 pandemic years have brought about rapid change and a new challenging environment for credit unions. Macroeconomic factors that can be traced back to the early pandemic years, have induced a competitive "war for deposits." Financial institutions, including credit unions, banks and online banks find themselves in a heated battle to attract deposits.

In order to navigate the current competitive environment and prepare for the future, credit unions must understand these new circumstances and how they impact their balance sheets, examine their current strategies, and develop a new action plan.

WHAT ARE THE CREDIT UNION IMPLICATIONS?

Rapid change is occurring right now. Consumers and businesses are incentivized to seek better rates and the supply of deposits is dwindling. Financial institutions are also facing a tightening of liquidity which in turn is increasing demand for deposits. Credit unions are at risk of falling behind in the war for deposits to competitors willing to price-up to attract deposits. Credit unions are best equipped to handle slow change, but they must respond quickly to these rapid changes and prepare for the future.
Hybrid Work is Here to Stay: Are You Ready?

FILENE.ORG/581
Published April 2023

EXECUTIVE SUMMARY

Like most organizations, credit unions are transitioning from fully remote work towards hybrid work models. While many business leaders and academics believe a hybrid arrangement is the “future of work,” there are also credit union managers and leadership teams grappling with conflicting hybrid work preferences across staff and concerns over trust and culture. When it comes to hybrid work, middle managers have been found to be critical touchpoints bridging leadership and staff. As credit unions move forward in their hybrid work strategies, providing strategic planning and training opportunities for middle managers can make forming work arrangements both easier and more effective.

This report investigates how credit unions are managing their return to work and hybrid work arrangements, identifies the issues credit unions face and provides actionable approaches to resolving these issues with an emphasis on the manager’s role in enabling an effective hybrid workplace.

WHAT ARE THE CREDIT UNION IMPLICATIONS?

Hybrid work arrangements have provided benefits to many employees, with productivity and engagement appearing to increase with hybrid work. Employees have spoken loud and clear: they want the flexibility that working from home affords but still want to spend some time in the office. These team members are prepared to look elsewhere for that flexibility if their credit union does not offer it. Therefore, it is crucial that credit unions offer a thoughtful hybrid work program if they want to be competitive in the war for talent.
As the possibility of cyber threats increases, credit unions must develop and reinforce their cyber resilience in order to prevent, respond, withstand, and recover from cybersecurity incidents.

**EXECUTIVE SUMMARY**

Credit unions are facing an increasingly sophisticated and constantly changing array of cyber threats from data breaches, exposures, and leaks to cyberattack vectors like phishing, malware, ransomware, and vulnerable third-party managed service providers and partners. As credit unions continue to deepen their digital delivery of financial services, they must guard against the diverse array of cyber threats. The increased risk of cyber threats compels credit union leaders to focus on cyber resilience—strategies that enhance the credit union’s capacity to recover quickly from any issues created by a cyberattack.

This report explores the wide range of today’s cyber threats and the technological and cultural changes that a credit union must consider in order to create a cyber protection mesh, resulting in a more cyber resilient entity.

**WHAT ARE THE CREDIT UNION IMPLICATIONS?**

The cost of a successful cyber attack extends beyond financial harm. It can impact a credit union's reputation and retention of members. Creating a culture that highlights the importance of cybersecurity provides credit unions an opportunity to promote their commitment to members' data privacy and security. As digital transformation within credit unions expands and members' expectations regarding digital access and data privacy changes, credit unions must create a culture that embraces cybersecurity across the organization.
Credit Union Innovation: The Member Perspective

FILENE.ORG/573
Published February 2023

EXECUTIVE SUMMARY

To address the question of credit union innovation, Filene Research Institute partnered with the Responsible Business Coalition at Fordham University’s Gabelli School of Business and the research firm Rockbridge Associates to study the level of innovation in the credit union sector, as viewed through the eyes of members.

Filene then launched the Credit Union Innovation Success Study, which measures the state of innovativeness of the credit union sector based on member experience and identifies opportunities for these institutions to differentiate themselves from traditional bank competitors and fintechs. This report showcases the study results and highlights the urgency for credit unions to boost innovation efforts in order to compete with fintech disruptors and attract new members.

WHAT ARE THE CREDIT UNION IMPLICATIONS?

Innovation for credit unions is critical, and this research is coming at a time when the industry needs key insights into where they stand on the question of innovation among their members. By having hard data that demonstrates what credit unions are doing well and why that matters to members, credit unions can leverage that data in product development and marketing communications to ensure they are attracting members, building loyalty, and retaining talent.
Financial Highlights

Thank you to our members and sponsors whose financial support makes Filene’s work possible and contributed to our success in FY 23, both in terms of our mission impact and financial stewardship. FY 23 showed steady revenue growth of 7% over the prior year, fueled by the recent launch of 2 new Centers of Excellence (Leadership, Strategy & Governance + The Credit Union of the Future) and the introduction of HerMoney as a member offering (delivered in collaboration with HerMoney Media, Inc.). This allowed Filene to further invest in our programs and initiatives with 78% of expenditures directly allocated to our core mission.

FY 23 operating expenses, while lower than planned, increased over the prior year by 11% with contractor spend increases offsetting staff vacancies, and in-person events and community gatherings resuming to pre-pandemic levels including the largest attendance ever at Filene’s signature big.bright.minds. event.

As we look forward, Filene’s financial position remains healthy with Net Assets of $13.2M, providing financial stability and enabling us continued delivery on our mission of changing lives through innovation, truth and cooperation. Thank you for being the driving force behind our mission.

### REVENUES

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<thead>
<tr>
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<th>2023</th>
<th>2022</th>
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<tbody>
<tr>
<td>Contributions and Grants</td>
<td>$7,843,018</td>
<td>$7,057,655</td>
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<tr>
<td>Program Service Revenues</td>
<td>$540,840</td>
<td>$630,049</td>
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<tr>
<td>Other</td>
<td>$305,685</td>
<td>$468,566</td>
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<td><strong>Total Revenues</strong></td>
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### EXPENSES

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<td>Program Services</td>
<td>$6,631,488</td>
<td>$5,203,198</td>
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<tr>
<td>Support Services</td>
<td>$839,350</td>
<td>$1,189,839</td>
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<tr>
<td>Membership Development &amp; Fundraising</td>
<td>$1,072,020</td>
<td>$1,310,962</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$8,542,858</strong></td>
<td><strong>$7,703,999</strong></td>
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### LIABILITIES + NET ASSETS

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<th></th>
<th>2023</th>
<th>2022</th>
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<tbody>
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<td>Liabilities</td>
<td>$2,278,852</td>
<td>$1,542,181</td>
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<tr>
<td>Net Assets</td>
<td>$13,232,119</td>
<td>$13,085,434</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$15,510,971</strong></td>
<td><strong>$14,627,615</strong></td>
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### NET ASSET BREAKDOWN

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<tr>
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<th>2023</th>
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<tbody>
<tr>
<td>Without Donor Restrictions</td>
<td>$3,846,343</td>
<td>$3,785,235</td>
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<tr>
<td>With Donor Restrictions</td>
<td>$9,385,776</td>
<td>$9,300,199</td>
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<tr>
<td><strong>Net Assets</strong></td>
<td><strong>$13,232,119</strong></td>
<td><strong>$13,085,434</strong></td>
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* Detailed audited financial statement and 990 filings will be available on guidestar.org
Board of Directors

Some of the finest thinkers in the credit union system serve on the Filene board of directors. Under their direction, Filene Research Institute is able to continue to drive change for credit unions and their members.

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Michigan State University FCU

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President + CEO
Visions FCU

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BILL CHENEY
CEO
SchoolsFirst FCU

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President + CEO
Suncoast CU
*New Director in FY23

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PATTY CAMPBELL
President + CEO
Christian Financial CU

DIRECTOR
ROB PURTELL
Senior VP, B2B Sales
TruStage
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Deputy Chief Advocacy Officer for Policy Analysis + Chief Economist
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Thank You

OUTGOING DIRECTOR
TRACIE KENYON
President + CEO
Montana’s Credit Unions

OUTGOING DIRECTOR
MAURICE SMITH
CEO
Local Government FCU

Welcome in FY24

NEW DIRECTOR
TONITA WEBB
CEO
Verity CU

NEW ADVISORY MEMBER
TAMMY SCHULTZ
President, Preplanning Solutions + SVP, B2B Sales
TruStage

OUTGOING DIRECTOR
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TruStage
We at Filene are extremely grateful to the many individuals and organizations whose financial contributions and enthusiastic support make our work possible. Your commitment and leadership are critical to the future of the credit union system.
<table>
<thead>
<tr>
<th>Hudson Valley FCU</th>
<th>NorthRidge Community CU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idaho Central CU</td>
<td>Nusenda CU</td>
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<td>Ideal CU</td>
<td>NuVision FCU</td>
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<td>Ignite Sales</td>
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<td>Raiz FCU</td>
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<td>SCE FCU</td>
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<td>Scott CU</td>
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<td>True North FCU</td>
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Member contributions received between July 1, 2022—June 30, 2023

* Member contributions received after June 30, 2023
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<tr>
<td>World Council of Credit Unions Inc</td>
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SET UP YOUR TEAM FOR SUCCESS

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