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to reinvent the credit union experience
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Information on PYMNTS.com and CO-OP Financial Services

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WHAT'S

INSIDE



In the financial services space, the competition for members and customers can be tight among credit unions (CUs) and banks. Given this adversarial landscape, it's little wonder that financial institutions (FIs) are heavily investing in solutions to make it easier to join their ranks.

Several credit unions are focusing on their websites to improve how members engage with their services. One of the biggest problems they're finding is that their sites do not always comply with rules outlined under the Americans with Disabilities Act (ADA). Some CUs even face lawsuits due to complaints over lack of ADA-compliant online accommodations.

Various companies recently took greater steps to address the challenges that disabled customers face when interacting online. Among these was credit union design firm BloomCU of Orem, Utah, which recently partnered with web accessibility firm User1st. User1st offers auditing and automated scanning services that check for compliance issues.

Meanwhile, a non-profit group that represents firefighter-focused credit unions is taking its own steps to overhaul its web presence and online ADA compliance. The National Council of Firefighter Credit Unions (NCOFCU) recently announced it will work with OMNICOMMANDER, a FinTech specializing in web design and hosting. The new design will offer built-in mobile responsiveness to ensure websites are mobile friendly, offer SSL encryption and align with ADA guidelines.

These efforts to improve ADA rule abidance barely scratch the surface of how CUs and their partners are redefining member engagement. Check out the Tracker's News and Trends section (p. 10) for the latest developments impacting the credit union market.

Developments in the credit union industry

While some CUs are focused on improving their online presence, others are reinventing the ways members engage through mobile channels.

Credit union members could soon find a more intuitive online user experience, thanks to a new [partnership](#) between software development company Intelledox and the Symitar Vendor Integration Program (VIP). Intelledox recently joined the VIP, which allows CUs and banks to more easily update older, static websites with web- and mobile-friendly options. The integration grants credit unions access to VIP's data services, which, in turn, helps them reduce process abandonment and provide more personalized, real-time data for their members.

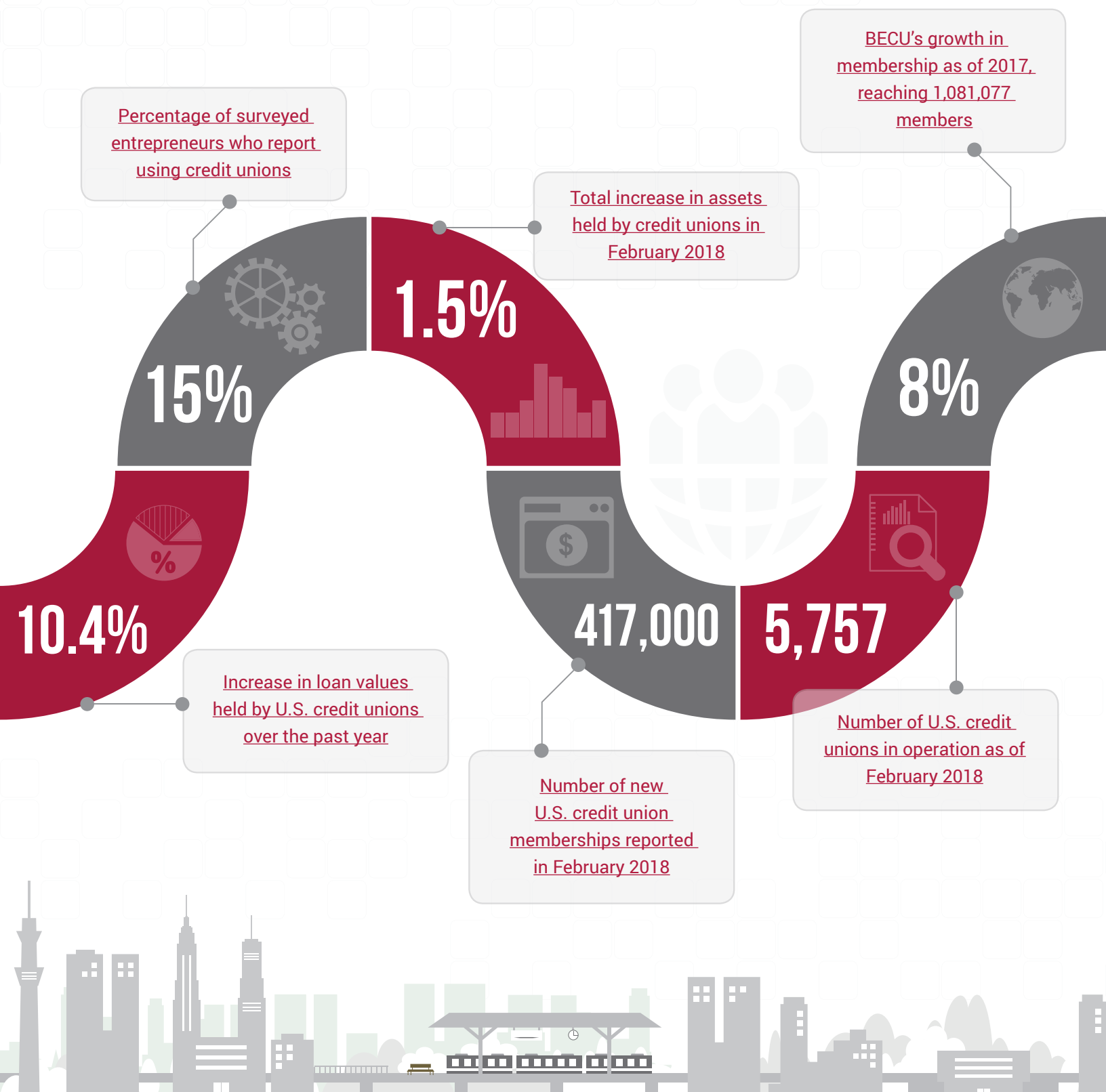
Another data service integration means CU members who are running low on cash could gain access to additional capital. Coastal Federal Credit Union recently [announced](#) it will work with BSG Financial's CourtesyConnect®/CourtesyLimit™ technology to monitor its overdraft services. The offering enables CUs to track a wide array of data points — like member usage, electronic funds transfers (EFTs) and debit transactions that were denied due to insufficient funds — and offers dynamic overdraft limits that can be adjusted to a member's ability to repay a fee.

Yet another integration is making it easier for credit union members to make donations to charitable organizations. CO-OP Financial Services recently [added](#) a new feature to Sprig, its turnkey mobile banking solution. With the feature in place, members can log into the app and be redirected to make donations to Children's Miracle Network Hospitals.

How SAC Federal Credit Union turned to ITMs with an eye toward change

Mobile-based solutions are not the only innovations changing credit union-member interactions. [SAC Federal Credit Union](#) (SAC FCU) launched interactive teller machines (ITMs) across its network of branches earlier this year, allowing members to engage with staff remotely through live video screens.

In the May/June Credit Union Tracker™ feature story (p. 6), SAC FCU president and CEO Gail DeBoer explains how these devices are not only disrupting the ways CU members and employees interact, but also allowing the credit union greater flexibility in terms of employee staffing and security.



A glowing light bulb with a filament, set against a dark background with a blue geometric pattern. The light bulb is the central focus, with its filament glowing brightly. The background features a dark, textured surface with a blue geometric pattern of overlapping squares and rectangles. The overall mood is futuristic and technological.

SAC FCU ON BANKING WITH A Tech-Forward Approach



“ We embrace technology, and I think our members have, too. ”

— GAIL DEBOER,
CEO and president of SAC Federal Credit Union

Change can be intimidating, but also a necessity for survival. That's a lesson players in the credit union market are quickly learning as they face growing competition from larger commercial banks and FinTech firms.

In this competitive landscape, adjusting to changes in the market means keeping up with current and potential members' interest in sought-after technological innovations.

Over time, this lesson has resonated strongly with [SAC Federal Credit Union](#) (SAC FCU). First launched in 1946 to serve members of Andrews Air Force Base — previously known as Andrews Field — in Maryland, SAC FCU had shifted its mission to focus on a community membership by the early 1990s. Now based in Papillion, Nebraska, the CU has grown to represent 110,000 members and is on track to hold \$1 billion in assets later this year.

SAC FCU has embraced change in recent years, too, investing in new financial services tools like remote deposit capture, and making digital payment tools like Apple Pay and Samsung Pay available through its debit cards. It also introduced interactive teller machines (ITMs) throughout its branches in the past year.

All this change is necessary to meet the rising expectations of an increasingly tech-savvy customer base, according to CEO and president Gail DeBoer. She recently spoke with PYMNTS about SAC FCU's drive to stay on top of payment innovations, and how the addition of ITMs has impacted its day-to-day operations.

Opportunity for upgrade

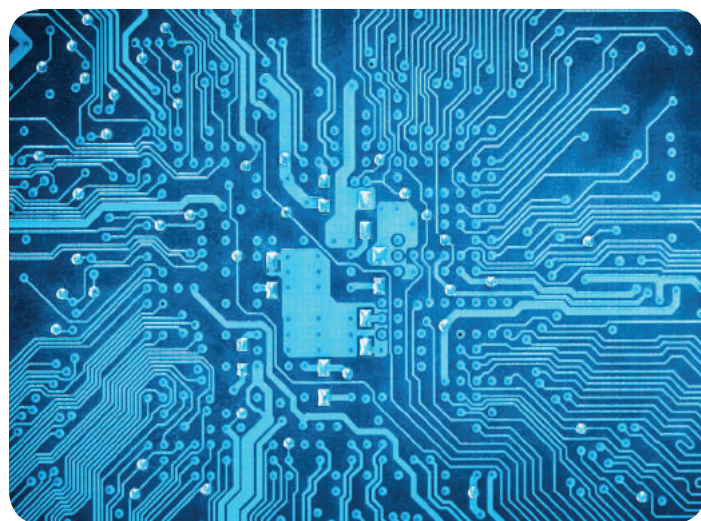
The decision to invest in ITMs was largely driven by the credit union's need to upgrade its ATM network.

“Our ATMs had to be converted to be EMV-compliant, so we were looking at a pretty big investment,” DeBoer said. “It seemed like the perfect time, if we were going to do it, to do it then.”

The new machines allow users to interact with a CU professional through a video conference. They have been installed at SAC FCU’s drive-up teller locations, enabling drivers to interact with a live teller through the screen. Members can use the ITMs to perform the same services they could at a traditional drive-up teller window, including making payments on loans or withdrawing cash from their accounts.

While the services available at ITMs are the same, the interface system is notably different. Because the technology changes how members engage with the FI and its employees, DeBoer said SAC FCU was concerned that ITMs might scare off or alienate members.

“We were worried [about] how it would be adopted,” she said, adding that the CU deployed staff to assist members in learning to use the machines.



“

We are always aware of any new technology and how members may react to it.

”

The devices have been positively received by members since their rollout, and SAC FCU’s metrics indicate usage has increased over the past year. The key to that success was to be prepared to help members adjust to – and learn about – the new financial products and the changes they could bring.

“We are always aware of any new technology and how members may react to it,” DeBoer said.

More efficient operations

The ITM investment has been beneficial to SAC FCU’s members, and it also led the CU to rethink its staffing decisions.

Under the old drive-up service practices, CU had two full-time employees (FTEs) staffed at each of its nine branch locations. With the virtual teller experience, DeBoer said the credit union can now have five employees serve all nine branches without physically having to be on-site at any of them.

“We were really able to reduce FTEs with this technology,” she said.

In addition to enabling greater workforce efficiencies, DeBoer explained that the ITM investment offered another benefit for SAC FCU employees: heightened security. Drive-up windows opened earlier and closed later than the credit union branches, and were staffed by two people for security purposes. The virtual ITM technology eliminated that need, allowing a small group of staff to remotely serve members from the SAC FCU headquarters branch.

“We wanted our employees to feel safe,” DeBoer added.

Employees’ jobs are also safe with the ITM technology’s introduction. While new technology can put some human positions at risk, the machines still rely on people to engage with customers, creating new career opportunities for existing SAC FCU employees and even leading to new hires joining the credit union’s team.

The millennial influence

While SAC FCU got its start as a military-specific credit union, DeBoer noted the organization has since grown to cater to a wider customer base — and has more recently begun to focus its efforts on millennials. Its efforts to attract this group have so far been successful, as the CU now has more than 34,000 millennial members, according to its data, accounting for approximately 37 percent of its membership.

Having a tech-savvy membership can be a double-edged sword, however. These members want SAC FCU, or any credit union, to offer similar tech innovations to those available at larger FIs.

“Our members expect the same technology they can get at Bank of America,” DeBoer explained.

To meet those expectations, the CU partners with third-party processors to stay on top of the latest innovations. These collaborations have enabled it to introduce solutions like Touch ID and Face ID on its mobile app, although the latter is limited to members with the Apple iPhone X.

Change might be overwhelming for some members, but DeBoer urges the credit union market to consider the risk of non-investment. After all, a lack of technology could include getting left behind by, or alienating, the more tech-savvy customers.

“We embrace technology, and I think our members have, too,” she said. “You can’t be afraid of it. You have to look at it as an opportunity.”

In other words, change might be intimidating today, but it can pay dividends to stay on top of it.





NEW CREDIT UNION INNOVATIONS

NCOFCU partners for website update

A firefighter-centric credit union is getting a new online makeover. The National Council of Firefighter Credit Unions (NCOFCU) recently [announced](#) it will work with OMNICHOMMANDER, a FinTech company that specializes in web design and hosting. The latter creates websites with built-in responsiveness for mobile devices, according to a news release announcing the services. This includes Americans with Disabilities Act (ADA)-compliant SSL encryption to accommodate disabled members.

In the same release, NCOFCU CEO Grant Sheehan said the group had sought a partner that worked specifically with credit unions. In addition, OMNICHOMMANDER founder and CEO Eric Isham explained that one of his company's employees is a New York City firefighter and a liaison for the council. NCOFCU has more than 750,000 members and holds \$14 billion in assets.

BloomCU aims for greater online ADA compliance

Another company currently aiming to improve how CUs comply with ADA laws is BloomCU of Orem, Utah. The credit union website design firm [recently](#) collaborated with web accessibility company User1st to improve the

online experience for disabled CU members. This is a growing effort, as many credit unions' website designs are outdated or unusable for those with disabilities. Many lack online tools to help those who are visually impaired, for example.

User1st offers ADA compliance auditing and additional services, including a plug-and-play accessibility tool, automated scanning, live user testing and remediation. A third-party auditor verifies that compliance work has been completed during a CU website's design, copywriting and development, and also compiles a list of any issues that should be addressed.

Intelledox joins Symitar to enhance CUs' digital experience

Improving the online credit union experience goes beyond better ADA compliance, however. Intelledox, a software development company specializing in solutions that streamline business processes, recently [joined](#) the Symitar Vendor Integration Program (VIP). By participating, Intelledox can integrate its Infiniti platform with Symitar's Episys programming interface, allowing CUs, banks and other businesses to access its core data and business rules.

Intelledox's integration enables these FIs to upgrade legacy onboarding processes, such as paper forms or static websites, to web- or mobile-friendly options. Credit unions with access to the Infiniti services can create personalized, real-time data profiles for members, saving money and time, and reducing the likelihood of process abandonment.



Coastline FCU aims to overhaul its overdraft program

Another CU partnership aims to make it easier for members to gain faster access to capital when they need it. Coastal Federal Credit Union recently [tapped](#) BSG Financial Group to revamp its overdraft service, with the former using the latter's CourtesyConnect®/CourtesyLimit™ technology to oversee its discretionary overdraft offerings. The solutions can provide short-term liquidity to members who need to make purchases but have low account balances.

The CourtesyConnect®/CourtesyLimit™ software can track a wide array of data points, including member usage, Regulation E decisions for electronic funds transfers (EFTs), overdraft channels and debit transactions denied due to insufficient funds. With the solution in place, Coastal FCU staff can contact members who have experienced a denied debit service and notify them of the option to join its overdraft program. The solution also

provides dynamic overdraft limits that can be adjusted based on members' individual abilities to repay overdraft fees.

CO-OP launches new mobile-based charitable donation service

Credit union members have a new way to donate to a network of children's hospitals, thanks to a new feature in CO-OP Financial Services' Sprig app. According to a [blog post](#), the Sprig turnkey mobile banking solution allows members to access different accounts from a single portal, and perform remote deposits, transfer funds between accounts and complete person-to-person (P2P) payments. The latest update provides CU members with a link enabling them to make donations to Children's Miracle Network Hospitals. Members can click the Credit Unions for Kids logo when they log into the app, and will automatically be redirected to the CU4Kids donations page. CO-OP is currently evaluating other potential opportunities for the service.



Union and Southern Teachers & Parents Federal Credit Union of Baton Rouge, Louisiana. The pair now have access to myCUMortgage's suite of mortgage origination, processing, underwriting and servicing solutions. The CUSO's staff processes and underwrites member applications, then selects the most appropriate loans.

Illinois Community Credit Union and Southern Teachers & Parents FCU have a combined membership of 16,000 and assets valued at more than \$115 million.

MERGERS AND PARTNERSHIPS

Pair of CUs find a home with myCUMortgage

Two credit unions recently gained a new mortgage assistance tool to offer to their members. The myCUMortgage credit union service organization (CUSO), which is owned by Wright-Patt Credit Union of Beaver Creek, Ohio, recently [announced](#) it had partnered with Sycamore, Illinois-based Illinois Community Credit

Credit unions gain access to reverse mortgage tools

A separate partnership enables CU members to obtain a different type of mortgage service. Federal Savings Bank, one of the largest privately held chartered banks in the U.S., recently [announced](#) it is now offering credit unions access to its Home Equity Conversion Mortgage solution and the potential benefits of reverse mortgages. Reverse mortgages allow homeowners to borrow money

against the value of their properties and receive the funds in the form of a fixed monthly payment or line of credit. Repayment of the mortgage principal or interest is not required until the property is sold or the borrower passes away.

The partnership allows CUs to refer members who might not have access to reverse mortgage services through their FIs. Federal Savings can provide both educational resources to explain how reverse mortgages work, as well as access to reverse mortgage services. The partnership extends to credit unions in all 50 U.S. states.

Oakland County Credit Union, Vibe Credit Union announce plans to merge

Two Michigan-based CUs, collectively representing approximately 64,000 members, have formed their own partnership. Oakland County Credit Union (OCCU) and Vibe Credit Union recently announced their intent to merge in a joint [statement](#).

Both CUs said they were looking for potential partners that matched their membership loyalty, demonstrated financial strength and held a vibrant employee culture. OCCU president and CEO Allan Kemp McMorris said the decision stemmed from the realization that 30 percent of the CU's membership resides outside of Oakland County. The merged credit unions will operate under the Vibe Credit Union banner, which will hold roughly \$1 billion in assets and employ more than 250 employees. Once completed, Vibe Credit Union will become the 13th largest CU in the state, and the sixth largest in Southeast Michigan with 16 branches across the region.



Marine Credit Union buys 10 branches from Old National Bank

A Wisconsin credit union is expanding its network of branches. Marine Credit Union of La Crosse recently [announced](#) it will purchase 10 banking centers from Old National Bank of Evansville, Indiana, which is owned by Old National Bancorp. The purchase includes \$274 million in deposits and branches in the Wisconsin communities of Chippewa Falls, Columbus, Dodgeville, Eau Claire, Lancaster, Monroe, New Glarus, Platteville, Prairie du

Chien and Stanley. It is currently on track to close by Q3 2018, and will be subject to regulatory approvals and additional closing conditions.

UNIFY selected as official CU of the LA Rams

On the West Coast, UNIFY Financial Credit Union recently scored a significant victory, [announcing](#) it had been named the official credit union of the Los Angeles Rams. The multiyear partnership with the professional football team allows UNIFY to serve Rams players and staff as part of the team's Select Employer Group (SEG).

As the Rams' official credit union, UNIFY will have the opportunity to engage with fans and have a branded activity space at the Rams Training Camp at the University of California, Irvine. The partnership also gives the CU access to in-season signage events at the Los Angeles Memorial Coliseum, co-branded digital content and promotions, integration with Rams media content and access to year-round joint member, community and marketing programs and other exposure opportunities.



RULES & REGULATIONS

NCUA approves new stress-testing, advertising rules

CUs also gained new opportunities following a recent National Credit Union Administration (NCUA) board meeting. It unanimously [approved](#) two measures, one of which reduced the regulatory burdens on federally insured

credit unions that hold assets valued at \$10 billion or more. This removes certain capital planning and stress testing requirements from those CUs, such as NCUA's supervisory stress test.

In addition, credit unions will gain flexibility and regulatory relief on how they comply with NCUA's advertising rules. Federally insured CUs were previously required to use one of three versions of NCUA's official statement in all advertising, which impacted how they produced their marketing materials. The new rule aims to offer them

additional flexibility through a fourth option: simply stating “Insured by NCUA.” The NCUA board will also exempt the statement requirement for radio and television advertising.

Michigan credit unions, banks voice regulatory reform support

In Washington, D.C., lawmakers are considering altering provisions of the Dodd-Frank Act to offer regulatory relief to CUs affected by the legislation, and three Michigan trade groups representing banks and credit unions are urging state lawmakers to pass the [measure](#). The Community Bankers of Michigan, Michigan Bankers Association and Michigan Credit Union League all lobbied the state’s congressional delegation to support the legislation. The existing law has been criticized for implementing a “one-size-fits-all” approach to financial regulation, putting unfair requirements on smaller institutions that are intended to impact their larger

counterparts. This approach makes it difficult for smaller institutions to perform common actions like lending, prompting several to consolidate or merge.

European Parliament mulls credit union relief

Credit unions across the pond could soon see regulatory relief of their own. Representatives of the European Network of Credit Unions (ENCU) and the European Parliament Credit Union Interest Group recently met with the European Parliament to urge lawmakers to loosen [restrictions](#) facing CUs in the region. The groups argued that EU financial regulations should not place too heavy a burden on smaller banks and FIs, and should instead address the problems posed by systemic institutions. Credit unions provide services to approximately 7 million European households, and lifting some regulatory requirements could enable them to better serve their members.



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Feedback

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