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# CREDIT

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## UNION Tracker™



## NPCU ON CATERING To Police Needs

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Credit unions (CUs) are stepping up their efforts to better serve existing members and recruit new ones. As such, they're currently investing in technology while doing their best to push regulators to the sidelines.

Digital First Credit Union (DCU), New England's largest CU, recently [partnered](#) with IT solutions provider Virtusa on a new customer relationship management (CRM) system. The service is intended to help DCU improve member services while providing a more efficient onboarding process for new members.

Outside New England, a Colorado-based credit union is making its own effort to strengthen the new member onboarding process. Foothills Credit Union recently [worked](#) with software-as-a-service (SaaS) technology firm Digital Onboarding Inc. to reduce new account closures and the costs associated with losing new members.

CUs may be focused on investing in technology to retain existing members and draw in new ones, but the industry has also made notable efforts to keep federal regulators at bay. Earlier this month, the National Association of Federally-Insured Credit Unions (NAFCU), a credit union service organization (CUSO), [sent](#) a letter to House lawmakers urging Congress to move CU oversight away from the Consumer Financial Protection Bureau (CFPB). It also urged changes to the CFPB's leadership structure.

### **Recent credit union industry developments**

Based on a recent court filing, the rivalry between credit unions and banks appears to be alive and well. The American Bankers Association (ABA) [filed](#) a cross-appeal in early June to challenge the National Credit Union Administration's (NCUA) field of membership rule. The ABA argues that the rule expands the field of membership and loosens restrictions on where federal CUs can recruit their members, which gives them an unfair advantage.

While the ABA's legal challenge plays out in court, other credit unions are moving forward with their own member recruitment initiatives. CU Members Mortgage, a division of Colonial Savings, F.A., recently [launched](#) a new client engagement department to improve the CU onboarding experience. The department will focus its efforts on reducing ramp time to maximize submission volume, improving training and helping credit union clients with their expansion efforts.

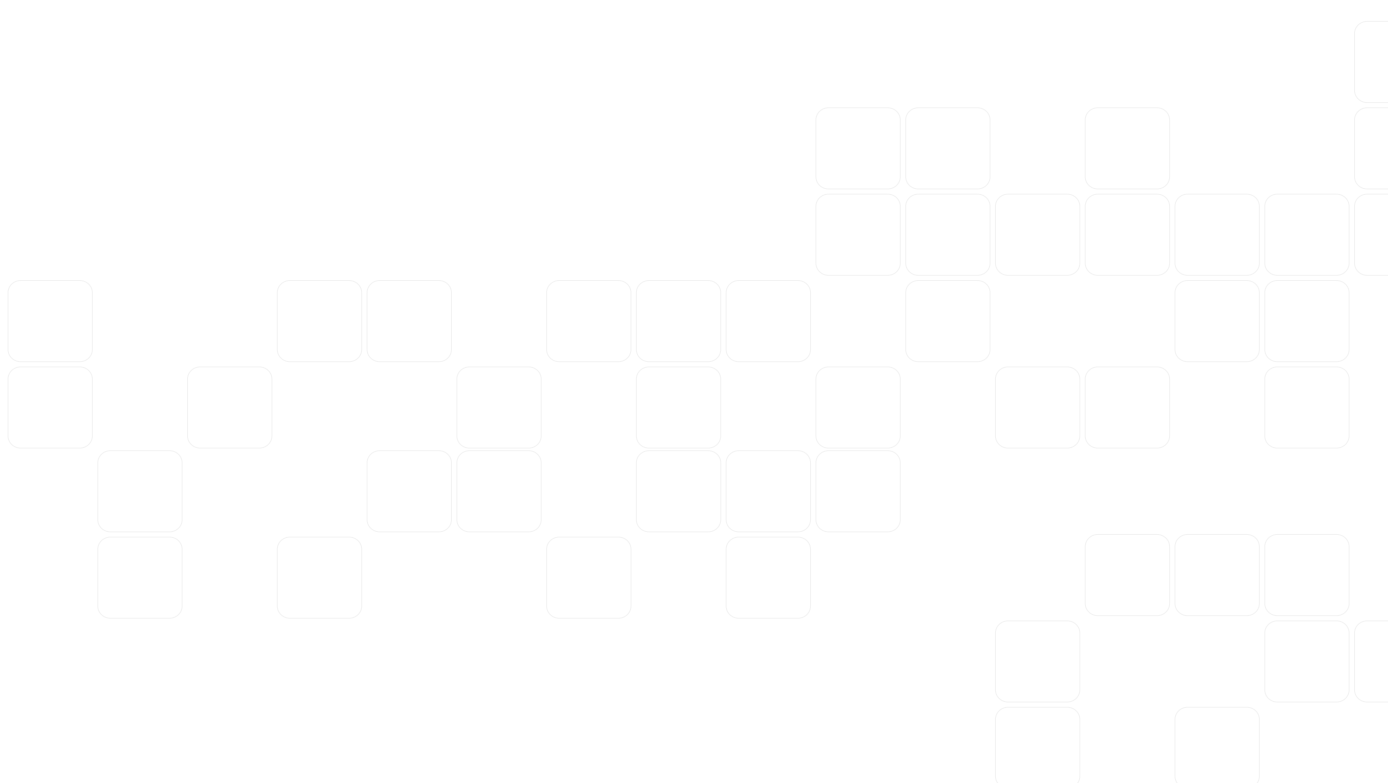
Other initiatives are helping CUs pursue their digital transformation plans. CO-OP Financial Services is [launching](#) a series of live "Roadshow" events, single-day conferences featuring industry thought leaders who will share actionable strategies. The series is part of CO-OP's "Race to Excellence."

For more of the latest developments driving the CU market, check out the Tracker's News and Trends section (p. 10).

### **Shaping a credit union around police needs**

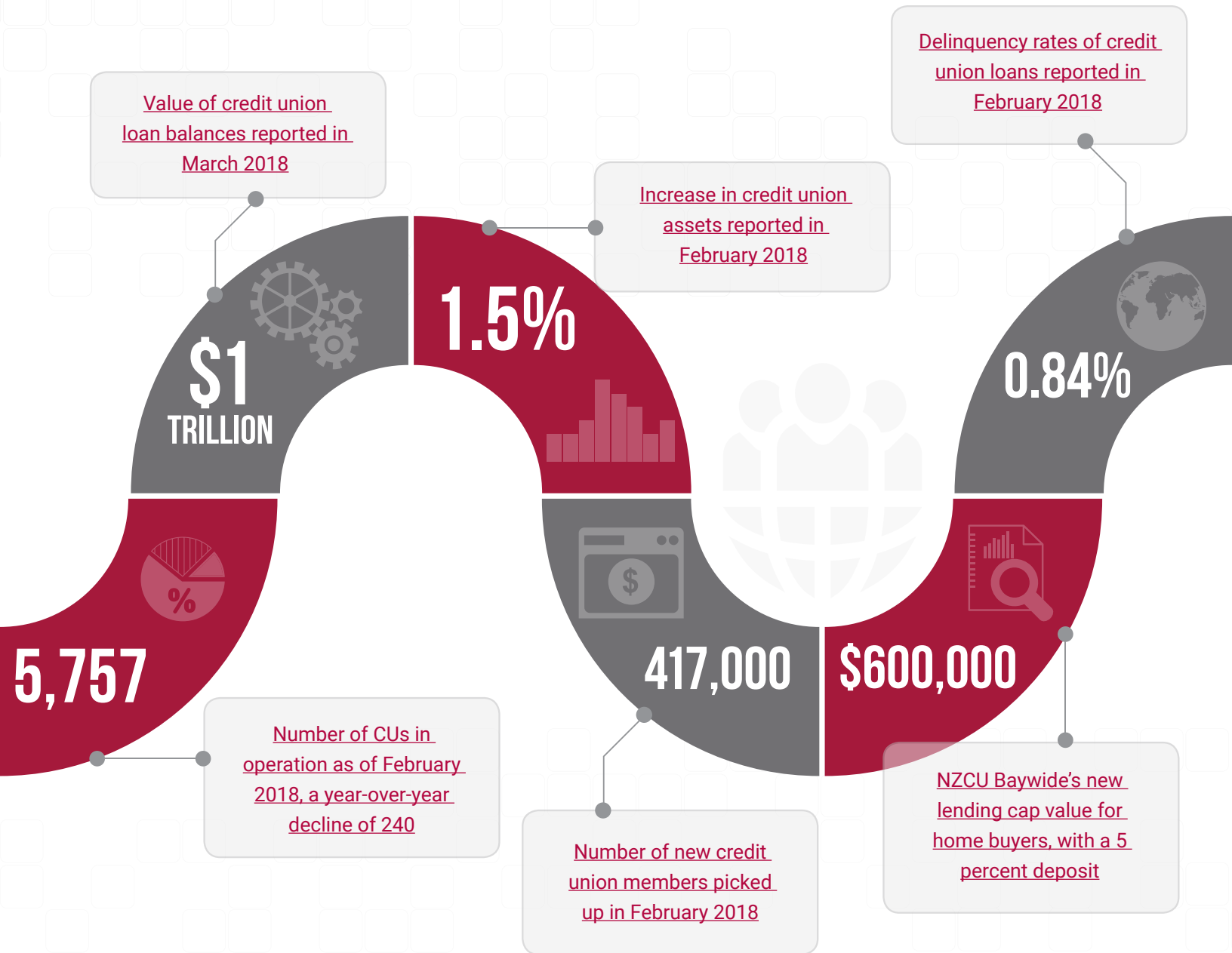
Law enforcement officers' work lives and financial concerns don't always match those of civilians. As such, they really need their own financial institutions (FIs) that can cater specifically to them, according to Jim Bedinger, president of the [National Police Credit Union](#) (NPCU), a division of the [Chicago Patrolmen's Federal Credit Union](#) (CPDFCU).

In this month's feature story (p. 6), Bedinger explains how NPCU has tailored its offerings to serve the needs of its police membership. This includes solutions for all stages of their careers, from academy recruits scrounging up funds to buy their equipment to active duty officers concerned about their families' finances, should they be killed in the line of duty.



# BY THE NUMBERS

WHAT'S INSIDE





**NPCU ON CATERING**  
To Police Needs



“ Some departments are having trouble recruiting people because it is a high-stress, high-demand job. Knowing that we have deferred loans available helps with recruitment.” ”

— JIM BEDINGER,  
president of the National Police Credit Union

Law enforcement faces a variety of career-related concerns, from staying financially afloat during police academy training to confronting the risks of on-the-job personal injury. As such, many find that their work lives and monetary concerns may not be neatly answered by the offerings of civilian-focused FIs.

FIs that cater to police officers' financial needs must tailor their services to accommodate the population's unique monetary stresses and workstyle patterns. In a recent interview, Jim Bedinger, president of the [National Police Credit Union](#) (NPCU), a division of the [Chicago Patrolmen's Federal Credit Union](#) (CPDFCU), explained both what it takes to serve a law enforcement membership and how CUs are working to remain competitive with major banks.

## Loaning to the law

Loans can provide a critical backup for law enforcement members. In fact, the need for this financial solution often arises before they are even officially sworn in as officers. While a police department typically supplies some or all the necessary equipment to those they hire, some recruits have no such luck when they enter the academy.

“Not every department actually supplies [recruits] with the equipment and everything needed to go through the training academy,” Bedinger said. “[Even] for departments that may [provide the uniform], it’s still an expensive time — and a tough time.”

Cadets may be required to purchase sweatsuits printed with their names, handcuffs, a gun and mace. These and other work-related expenses could set them back

\$3,000 or more, and come on top of any student debt amassed from the college coursework required by many departments.

NPCU offers pre-approved loans for these equipment needs, regardless of members' credit scores. Recruits are not guaranteed to pass the academy, but the CU has found it to be a safe offering, Bedinger said – and the loans have an added benefit of helping the credit union turn cadets into lifelong members as they start their careers. NPCU also provides student debt consolidation, pausing payments until cadets are sworn in, which can lower barriers to entering the field.

“Some departments are having trouble recruiting people because it is a high-stress, high-demand job,” Bedinger said. “Knowing that we have deferred loans available helps with recruitment.”

### Serving families and lodges

In addition to personal finance issues, police officers also face challenges related to housing and their children's education. A notable segment sends their children to



“

With technology, if you're a small financial institution, like many credit unions are, it's an equalizer.

”

private schools for many reasons, necessitating NPCU to offer children's education loans. These reasons including job-related residency requirements that prevent the family from moving to a preferred school district, as well as concerns that children may be targeted if they are known to be related to a local police officer, among others.

Serving officers also requires acknowledging the high risks of the job. NPCU will soon offer a loan protection insurance policy, underwritten by AmTrust, that covers an officers' qualifying loans until retirement. The policy will pay off all loans with the credit union for up to \$850,000 should the officer be killed in the line of duty.

Other police-specific offerings include commercial checking accounts for lodges – or chapters – of the Fraternal Order of Police, a trade organization that advocates for law enforcement needs. These accounts are designed for chapter officers, including cost-efficient and feeless processing of the checks and cash collected for members' dues. NPCU has also seen strong demand for a card program for lodge officers who travel frequently for their duties, Bedinger added.



## Expanding access and foiling fraud

As Bedinger sees it, NPCU has some advantages when it comes to competing with larger banks. The CU's mission-specific focus enables it to appeal to and win over new police members, offering a guarantee that their specific financial needs are understood and that board members are focused only on them – not on shareholder profits.

Like other similarly sized credit unions, NPCU struggles with a limited advertising budget when trying to raise its visibility. In addition, competing against larger banks with nationwide presences creates a greater need to embrace new strategies, like the ability to enable members to easily access services from outside their home towns or states.

To level the playing field, and keep its members happy, NPCU has turned to technology and collaboration with like-minded CUs. This includes services like shared branching, which enables members to receive service at any participating credit union branch in the nation. The CU has also tapped into a surcharge-free ATM network,

including ATMs at convenience stores, grocery stores and other often-frequented locations.

Its police officer membership tends to be more resistant to adopting new tech, Bedinger noted, but mobile banking, remote deposit capture and other digital solutions have helped NPCU expand access to its services.

“With technology, if you're a small financial institution, like many credit unions are, it's an equalizer,” he said. “With the shared branching network and things like that, we can compete with [bigger FIs] for location... and I think we'll be able to compete with them on the technology side of things, too.”

Law enforcement may be charged with protecting civilians in the streets, but credit unions and similar organizations are seemingly well-positioned to protect officers' financial lives – and offer tailored solutions, too.





## NEW CREDIT UNION INNOVATIONS

### **DCU launches new CRM system**

Digital First Credit Union (DCU), the largest credit union in New England, recently rolled out a new CRM system – developed in collaboration with IT consulting and outsourcing solutions firm Virtusa and software provider Pegasystems – to improve its members’ digital experience. According to a [news release](#), the new system aims to help DCU improve member services, reduce costs and implement a more efficient onboarding process. It

also uses artificial intelligence (AI) to anticipate member needs and deliver real-time recommendations.

### **Edwards, Bankjoy to improve mobile banking**

Another CU is also making efforts to improve its members’ digital experiences. Edwards Federal Credit Union recently [partnered](#) with online and mobile banking solutions provider Bankjoy to improve members’ experiences in both channels. A news release announcing the development said Edwards’ former provider did not offer an interface that worked effectively with the CUProdigy core system, which handles core processing for Edwards and other credit unions. The CU plans to launch the Bankjoy mobile solutions to its members by October 2018.

### Foothills Credit Union offers simpler onboarding

Foothills Credit Union (FCU) recently [collaborated](#) with Digital Onboarding, Inc., a SaaS technology company that provides automated account activation solutions, on a new solution to simplify onboarding. A news release announcing the partnership noted that FIs can spend \$300 to acquire a new checking account, but 20 to 40 percent of those new accounts are closed in one year. By investing in a simpler onboarding process, FCU is aiming to reduce the number of new accounts closed and the costs associated with losing new members. It currently holds more than \$100 million in assets.

### CU Members' new client engagement division

FCU is not alone in its efforts to simplify onboarding. CU Members Mortgage, a division of Colonial Savings, F.A., recently [launched](#) a new client engagement department solely focused on improving the onboarding experience. The department is charged with providing additional support and growth opportunities to credit union clients, as well as reducing ramp time to maximize submission volume, looking for opportunities to improve training, refining internal and external communication protocols and aiding clients with their expansion efforts.

### CO-OP takes innovation to the street

One company is hitting the road to help accelerate credit unions' digital transformations. CO-OP Financial Services is aiming to help CUs pursue their own innovation strategies through a series of "Roadshow" events, seminars that are aimed at helping them effectively pursue their digital agendas.

There will be six single-day Roadshow events between July and October 2018, according to a [news release](#), all held



at different locations throughout the U.S. It will begin in Boulder, Colorado, and wrap up in Boston, Massachusetts, featuring industry thought leaders who will share actionable strategies for CUs. Speakers will offer insights into the latest consumer and FinTech trends and digital transformation strategies, data integration and more. The event is part of CO-OP's "Race to Excellence" series and aims to continue the discussion from May's THINK 18 conference.

## MERGERS AND PARTNERSHIPS

### PCSU to rebrand as Canvas Credit Union

A Colorado credit union is rebranding. Public Service Credit Union (PSCU) of Lone Tree recently [announced](#) its plans to rename itself Canvas Credit Union with help from brand experience consulting firm Monigle. The Canvas brand will officially launch in August.

Monigle conducted research with PSCU members, employees and the local community to arrive at the rebranding decision, and “Canvas” is intended to represent a blank canvas and foundation upon which to build. In addition, as part of its partnership with PCSU, Colorado State University will rename its multipurpose stadium Canvas Stadium.

### **Catalyst Corporate invests in Constellation**

A credit union in North Carolina is making a sizable investment in open banking to improve its digital service offerings. Constellation Digital Partners LLC and Catalyst Corporate Federal Credit Union recently [announced](#) that the latter will invest \$500,000 in the former, an open banking platform for CUs. The platform enables CUs to access the resources necessary to offer members the digital services they want.

Catalyst Corporate serves approximately 1,400 CU members nationwide. In a news release, its CEO and president, Kathy Garner, said the open development platform enables CUs “to overcome many of the constraints faced in the past on competitors’ legacy technology systems.”

### **Narmi, NJCUL partner to help Garden State CUs**

Another partnership aims to help more than 150 New Jersey-based CUs pursue their own innovation investments. Digital financial solutions FinTech Narmi recently [partnered](#) with the New Jersey Credit Union League (NJCUL) to offer access to the 150-plus features on its platforms. It currently boasts partnerships with companies like bill negotiation services firm Billshark and Lemonade, which provides affordable property insurance, to help CUs offer more effective solutions to members. NJCUL members can access Narmi’s online banking, mobile banking, online account opening, CRM and website design services through the partnership.



### **Affinity FCU, BSG Financial partner on overdraft solution**

One New Jersey-based credit union has reached a partnership to assist with its overdraft services. Compliance solutions provider BSG Financial Group recently [announced](#) that Affinity Federal Credit Union of Basking Ridge had chosen its CourtesyConnect®/ CourtesyLimit™ overdraft management solution – which automatically calculates a members’ overdraft limit using data points like frequency and deposits, length of the relationship and associated accounts – to help address members’ liquidity needs. The offering will also help Affinity FCU meet the necessary compliance and risk management requirements to shield itself from financial risk.

### **PCUA adds RKL to Service Provider Alliance**

Nearby, the Pennsylvania Credit Union Association (PCUA) recently [announced](#) that accounting and business consulting firm RKL LLP had joined its Service Provider Alliance (SPA) program. The SPA is part of PCUA Solutions, PCUA’s service corporation, and offers credit unions resources to remain competitive in the financial

services sector. Its inclusion makes RKL a preferred provider of accounting services for PCUA members, including for guidance when addressing operational efficiency, regulatory compliance, mergers and human capital management challenges.

## RULES & REGULATIONS

### ABA files challenge to CU membership rule

A recent court filing indicates the rivalry between banks and credit unions could be heating up. The American Bankers Association (ABA) recently [filed](#) a cross-appeal in its challenge to the NCUA's field of membership rule. In the filing, the ABA argues that the NCUA's rule expands the field of membership and loosens the restrictions on where federal CUs can recruit their members. It is specifically challenging a portion that was upheld by a D.C. circuit court judge, which allows credit unions to serve core-based statistical areas but exclude the urban cores that define them.

### NAFCU urges CU exemption from CFPB

Other challenges in the market also aim to loosen credit union operation regulations. The NAFCU recently [sent](#) a letter to the House Financial Services Committee urging lawmakers to shift CU oversight away from the CFPB

as credit unions are burdened by overregulation under its oversight. It also urged lawmakers to restructure the CFPB's leadership from a single director to a five-person, bipartisan commission.

Regulation is not the only area in which the NAFCU is challenging the CFPB. The group also sent a [letter](#) to the government watchdog urging it to cease publishing unverified anecdotes on its website, claiming such complaints can harm a credit union's reputation. It is also encouraging the CFPB to permit CUs to respond to complaint reports.



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[CO-OP Financial Services](https://co-opfinancial.com) offers credit unions access to the latest technology and trends to strengthen member connections and support growth. The company offers clients a continually evolving portfolio of proprietary products and services that allow them to remain at the forefront of emerging trends. CO-OP was created by credit unions, for credit unions. The company is committed to being there for its credit union clients through technological expertise and thought leadership that make new levels of access and convenience possible.

### Feedback

We hope you enjoyed this Tracker and we welcome your feedback. Please feel free to contact us at [creditunion@pymnts.com](mailto:creditunion@pymnts.com).

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