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AFTER HURRICANE MICHAEL,
CREDIT UNIONS STEP UP
TO BOOST REBUILDING EFFORTS

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How credit unions help local communities recover after natural disasters

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Information on PYMNTS.com and CO-OP Financial Services

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WHAT'S INSIDE



Just like all businesses, credit unions (CUs) need customers — or members — to stay afloat, but it's not always easy to determine which members are happy, and which are on the brink of flying the “co-op.”

Fortunately, several recent innovations can help financial institutions (FIs) improve how they engage with members. These include public-facing programs that elevate credit unions' brands and foster community engagement, as well as technology-driven solutions that help CUs engage with members at specific points in their financial journeys.

On the technology front, some CUs may soon gain access to predictive analytics solutions designed to help them retain members. Data and analytics solution provider OnApproach recently [announced](#) an integration with CU Rise that predicts how likely it is that a member will leave a CU within four to nine months. The tool also offers engagement scores that measure how frequently members engage with CUs' offerings.

Citizens Equity First Credit Union (CEFCU) of Peoria, Illinois, is putting predictive analytics like these to the test. It's working with Stakana Analytics on the [pilot](#) of its predictive analytics platform. The platform uses artificial intelligence (AI) and machine learning (ML) technologies to quickly analyze and predict member behavior, helping CEFCU more effectively engage with and retain members.

Not all recent member engagement efforts are technology-focused, however. In Canada, for instance, WFCU Credit Union [launched](#) a community engagement initiative, known as Inspire, that includes a series of signature events for its members. The program will offer a children's spelling bee, a speaker series, family-friendly movie events and financial literacy programs produced with WFCU's NFL partner, the Detroit Lions.

With the addition of community engagement and tech-based solutions like predictive analytics, the industry appears to be making member retention a strong priority.

Recent CU industry developments

Best Innovation Group (BIG), a technology development company, recently [announced](#) it will use a conversation software development kit (SDK) from FinTech firm Geezeo to expand its voice-based offerings. The solution will help members track their spending and progress toward financial goals.

In other CU innovation news, the Filene Research Institute recently announced the industry executives who will be [participating](#) in its i3 program. During the two-year program, participants will brainstorm, build and test innovation concepts and prototype ideas at their own CUs.

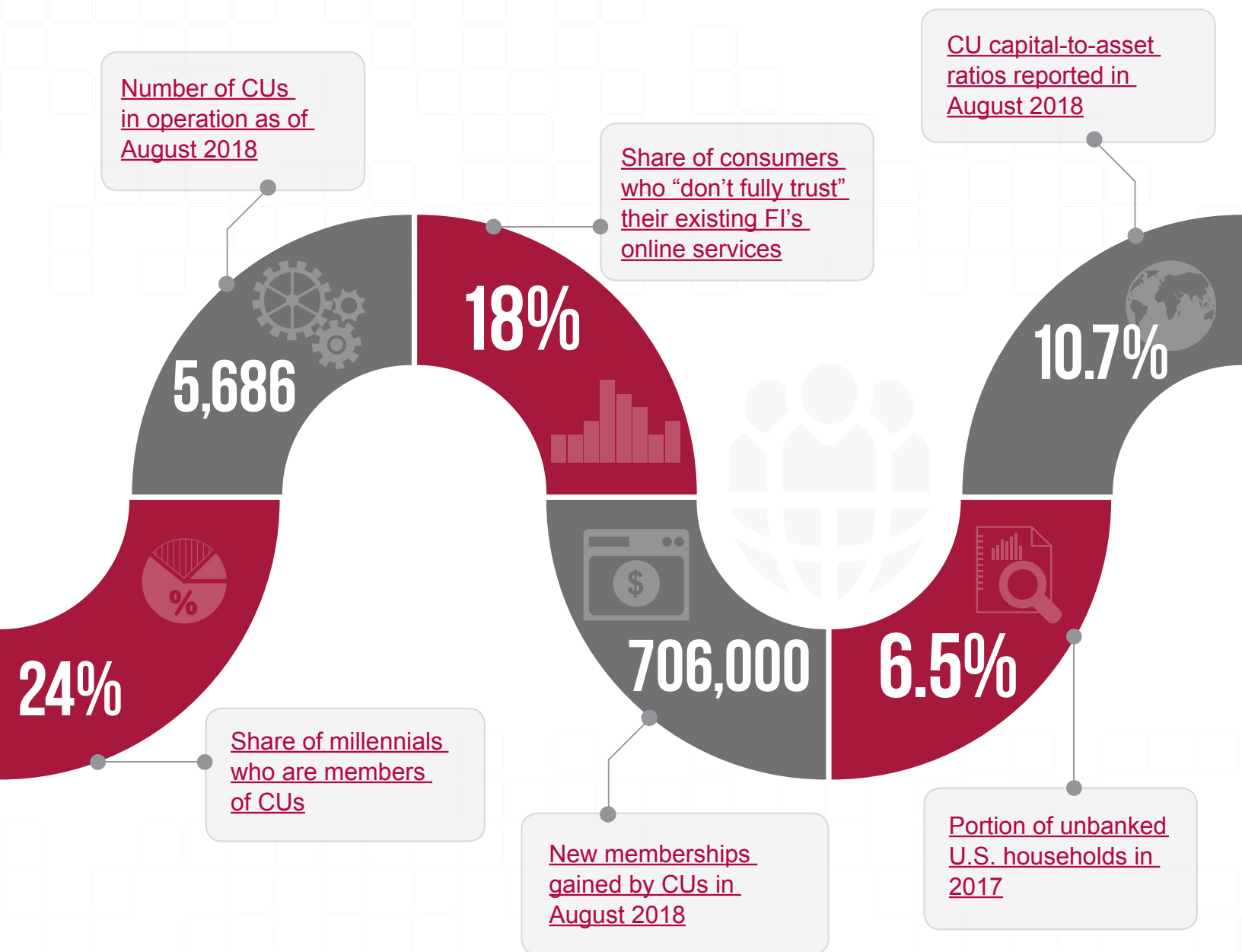
A trade organization serving Louisiana-based CUs is making its own effort to improve member experiences and services. The Louisiana Credit Union League

[unveiled](#) a [new website](#) that offers improved navigation, appearance and accessibility. The new site also helps media, government officials and consumers access updated CU information.

Following Hurricane Michael, CUs help communities recover

Communities in the Florida Panhandle are still recovering from Hurricane Michael, which ravaged the region last month. Following the storms, CUs and their staff stepped up to get branches up and running so that members could begin rebuilding their lives. In this month's Credit Union Tracker™ feature story, [Innovations Federal Credit Union](#) CEO David Southall and [League of Southeastern Credit Unions](#) CEO Patrick La Pine discuss how local CUs help communities recover after a natural disaster.





AFTER HURRICANE MICHAEL,

Credit Unions Step Up

TO BOOST REBUILDING
EFFORTS



“I’ve never seen anything like it. We’re over a month out now and [the community] is still unrecognizable.”

DAVID SOUTHALL

Innovations Federal Credit Union, CEO



In early October, Hurricane Michael ravaged the Southeastern United States and parts of Central America, and these areas are still recovering from the damage. In addition to the human toll, the damage includes destroyed homes, vehicles, roads and infrastructure. By some [estimates](#), the powerful storm — which has been linked to [36 deaths](#) in the U.S. — caused approximately \$4.5 billion in damages to residential and commercial properties.

As residents rebuild their lives, local CUs are stepping up to help them address immediate financial needs. [Innovations Federal Credit Union](#) of Panama City, Florida, for one, is helping members get back on their feet by offering a hurricane assistance loan program and waiving

fees. One month after the hurricane made landfall, recovery efforts remain a tall task, said CEO David Southall. Some CUs were forced to close branches, and their employees are addressing recovery efforts of their own.

“I’ve never seen anything like it,” Southall told PYMNTS in a recent interview. “We’re over a month out now and [the community] is still unrecognizable.”

Fixing communications, reopening branches

The Category 4 hurricane was one of the worst storms to hit the Florida Panhandle, so after the danger had passed, the Innovations management team immediately

got to work. The storm had, unfortunately, knocked out telecommunication services, making it challenging for the team to reach its employees and each other. As a result, Southall posted a physical note at one of Innovations' branches, asking any staff who visited the location to meet at a designated time and place.

The note worked, and several employees met at the agreed-upon spot to see how they could assist. During the meeting, the CU restored internal communications with prepaid phones. The phones also included Wi-Fi hotspots, which allowed the CU to connect to its core operating system from the disaster recovery site.



“These were people that didn't have much before the storm; they have nothing after the storm.”

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The next step was to reopen a branch location so members could access cash. The CU was able to open a branch three days after the storm and conduct basic services, including withdrawals and check cashing via the facility's drive-through window.

“We had lines that were longer than I had ever seen before,” Southall said.

In addition to offering aid to those who were impacted by the storm, the CU also identified members who might have been in financial trouble beforehand, as they were the most likely to be struggling to afford basic expenses as a result. Innovation staff proactively called those with delinquent accounts to see if the CU could offer some kind of financial relief.

“These were people that didn't have much before the storm; they have nothing after the storm,” he said. “This turned into a humanitarian event more than anything.”

Delivering hurricane relief

Immediately following the hurricane, one of the key steps the CU took was to provide members with financial relief as quickly as possible. Quick access to funds allowed members to begin the recovery process — they could hire professionals to remove debris, or access supplies if their homes were damaged or destroyed.

To help expedite these efforts, the CU launched the Hurricane Assistance Loan, which provides qualified applicants with low-interest loans. So far, Innovations has issued more than \$200,000 in Hurricane Assistance Loans. Additionally, the CU has waived roughly \$27,000 worth of fees, including out-of-state ATM fees and late payment fees, and issued approximately 1,000 deferrals. These and other disaster recovery efforts speak to the CU's core mission.

"The [philosophy of a] credit union is 'people helping people,'" he said. "Even before the storm hit, we already knew how we were going to help our members."

Patrick La Pine, CEO of the [League of Southeastern Credit Unions \(LSCU\)](#), a trade organization that represents more than 200 CUs in Florida and Alabama, including Innovations FCU, echoed that sentiment. LSCU worked to deliver generators to CUs that needed them, along with supplies like diesel and gasoline.

"Credit unions look for creative ways to give members breathing room during these situations," La Pine said.

Helping CU staff help members

Southall noted that the work of Innovations' staff was a key part of the company's relief efforts — they put CU members' needs first.

"We have [employees] that have been with us for a very long time," he said. "They are loyal to the credit union. We have a cohesive team that all knew what to do without telling each other what to do."

La Pine agreed that a committed staff is essential to disaster recovery efforts. Part of LSCU's efforts included grants given to employees of its member CUs, which helped them find short-term housing or vehicles so they could continue to keep their respective CUs open and running. LSCU has issued approximately \$385,000 in grants to CU employees in impacted areas.

"A lot of employees at credit unions, like tellers or front-line staff, are living paycheck to paycheck," La Pine said. "What we focus on ... during natural disasters are the necessities of life: housing, transportation and food."

La Pine and Southall agreed that it will take a long time for communities to recover from Hurricane Michael's impact. As Thanksgiving approaches, they're both grateful for having staff who are ready, willing and able to respond to their missions of helping their communities. In the face of natural disasters, this puts CUs in a strong position to help communities bounce back.





NEW CREDIT UNION INNOVATIONS

OnApproach turns to predictive analytics to retain members

OnApproach, a credit union service organization (CUSO) and provider of data and analytics solutions, is helping CUs better connect with their members. The company recently debuted a data solution integration that improves member engagement with predictive analytics. According to a [news release](#), OnApproach's partner, CU

Rise, integrated its solutions into OnApproach's CU Rise Analytics Ecosystem. This grants users of the company's M360 Enterprise data analytics platform access to OnApproach's Predictive Model Suite.

According to the release, M360 currently offers three predictive models: A member attrition prediction solution, which analyzes a member's likelihood to leave a CU within the next four to nine months; a product propensity tool that identifies the most appropriate product for a member based on their transaction history; and an engagement score that can help a CU evaluate how engaged a member

is with its offerings. A new “householding” solution will also be added with the integration, providing CUs with an algorithm that can be used to identify cross-selling opportunities, minimize risks and gain marketing insights.

CEFCU to test client retention solution

OnApproach is not alone in its effort to closely monitor CU member retention. Citizens Equity First Credit Union, a community CU based in Peoria, Illinois, had a similar goal in mind when it [collaborated](#) with Stakana Analytics, a FinTech startup that focuses on predictive analytics solutions. According to a recently signed agreement, CEFCU will pilot Stakana’s predictive consumer analytics [platform](#), which helps increase member retention.

The platform uses AI and ML technologies to quickly analyze and predict member behavior, helping CUs effectively engage with and retain members. In a news release announcing the collaboration, Stakana’s CEO, Nate Derby, claimed the solution would help CUs predict which members might be considering leaving for other FIs and why. He also noted that this data could help CUs adjust their outreach strategies to encourage members to stay.

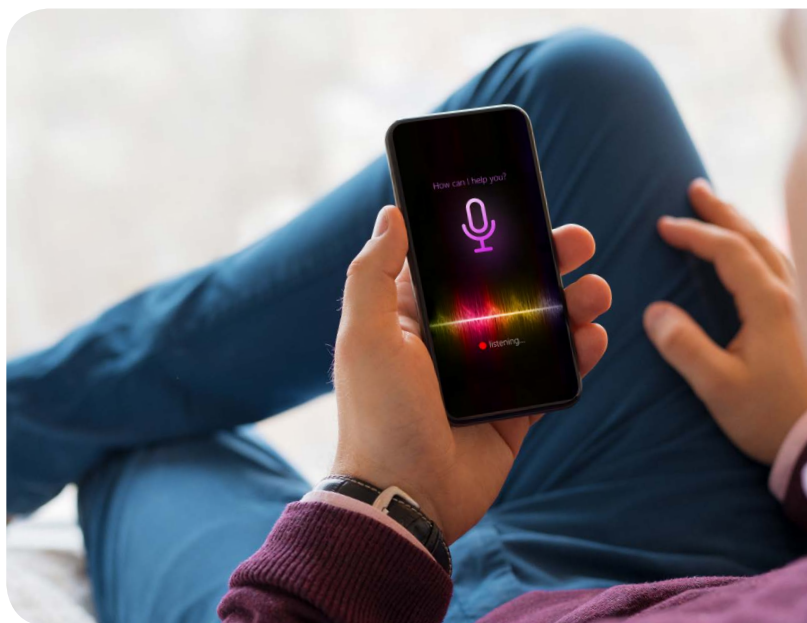
BIG turns to Geezeo for voice-based banking solutions

Other innovations are encouraging CU members to find their voices — and literally speak up about their banking needs. BIG, a technology development company, recently announced it would leverage a conversation SDK from FinTech company Geezeo to expand its Financial Innovation Voice Experience (FIVE) voice banking

platform to include personal finance management (PFM) capabilities.

According to a [news release](#), the solution helps members manage their personal finances, including monthly spending, or keep track of personalized savings goals. The same release also noted that 70 percent of U.S. bank customers use mobile devices for their banking needs, while only 43 percent visit bank branches at least once per month — an indication that connectivity could lead to further transformations in the banking industry.

In a statement, BIG’s CEO, John Best, said voice-based interactions could “create new opportunities for CUs to provide services and increase engagement with their members.”



Louisiana Credit Union League debuts redesigned website

Elsewhere in the space, nonprofit trade group the Louisiana Credit Union League recently [overhauled](#) its public-facing [website](#) to improve engagement with its members. A news release announcing the launch noted that the updated site improves navigation, appearance, accessibility and uniformity.

The group, which serves Louisiana-based CUs, is specifically hoping to offer easier access to information in key areas, such as advocacy, compliance, professional development, communications and other topics. In addition, the new website helps the media, government officials and consumers access the most recent and relevant CU industry information.

CANADIAN CU COLLABORATIONS

Central 1 forges ahead with Forge

Central 1, a technology partner for CUs in Canada, recently [launched](#) a new platform, Forge, which offers CUs and banks greater flexibility over their mobile banking platforms, public-facing websites and online banking services. A news release noted that the platform was developed using technology from Backbase, a digital omnichannel banking solutions provider, and corresponds with the way Canadians currently use digital banking technology and how they're expected to use it in the future.

The platform is currently being put to use by FirstOntario Credit Union and Alterna Bank, a division of Alterna Savings and Credit Union. The same release noted that

Alterna customers will experience an enhanced mobile interface, while FirstOntario members will have access to a new public website.



WFCU Credit Union aims to Inspire with new engagement program

Another Canadian CU recently launched a broad initiative to boost member engagement in local communities. WFCU Credit Union of Ontario, Canada, [rolled out](#) a community engagement program, known as Inspire, which will help the CU connect with the local community through public events. The Inspire program will include the WFCU Credit Union Scripps Regional Spelling Bee; a speaker series to discuss business, politics, environment and other topics; an Easter egg drop and movie screenings held at public parks and community centers. The CU will also launch a financial literacy program with its [NFL partner](#), the Detroit Lions, which will focus on not just financial literacy, but also leadership and anti-bullying efforts.

Valeyo, Grow Technologies partner on integrated lending and insurance solutions

A pair of companies recently collaborated to enable

Canadian CUs to provide their members with added benefits. Valeyo, a FinTech solutions provider, announced that it had formed a partnership with Grow Technologies, a provider of digital banking software as a service (SaaS) solutions. According to a [news release](#), the partnership will allow CUs to use the Grow Platform to offer members an integrated online lending and insurance experience. Through the partnership, Valeyo will integrate its back-end insurance engine with the online lending process. The goal of the integration is to allow members to protect their loans at the point of sale (POS).

MERGERS & PARTNERSHIPS

VyStar Credit Union joins WOCCU

Back in the U.S., VyStar Credit Union of Jacksonville, Florida, recently announced it has joined the World Council of Credit Unions (WOCCU) through the organization's Worldwide Foundation for Credit Unions as a gold-level supporter. It made the move in response to WOCCU's 2018 International Credit Union (ICU) Day Challenge. A [news release](#) announcing the move noted that the field engagement program allows participants to study a CU's evolution, volunteer services to a CU to help address a key development issue and provide CUs with technological and consulting services.

VyStar's gold-level supporter status allows it and WOCCU to receive engagement experiences that will improve both organizations' strategic goals. The Worldwide Foundation for Credit Unions' field engagement series provides opportunities for U.S. CUs to travel with the foundation's staff to learn about the issues international CUs face.

CUs gone WILD

In Wisconsin, a pair of CU professionals are participating in an innovation initiative of their own. Digital Marketing Specialist Brittany Jordan and Relationship Development Officer Mark Volz of Corporate Central Credit Union were recently [selected](#) to participate in the 2019 Wisconsin Ideation and Local Development (WILD) initiative, formerly known as the Wisconsin Innovation Group.

The WILD initiative is a nine-month collaborative effort for the industry to create, test and implement financial products, services and business model ideas. Participants then present the results of this collaboration at the Wisconsin Credit Union League's 2019 Annual Convention and Exposition.

2018 Filene i3 class announced

The Filene Research Institute, which engages WILD participants during the innovation development process, recently added 21 new CU executive participants to its own innovation program. The [program](#), i3, brings together thought leaders in the space to develop ideas and innovations to address issues in the financial services industry. Participants are encouraged to pursue ideas, innovations and implementations, hence the name i3.

The two-year program will officially launch at Filene's annual big.bright.minds event in San Diego this December. Participants in the program will conceive and develop financial innovations and attend two national meetings per year. Concepts produced by previous participants include innovations aimed at AI, virtual reality and helping CUs pursue member engagement activities. The current class is expected to complete its work by December 2020.

RULES & REGULATIONS

Federal agencies weigh in on sharing Bank Secrecy Act resources

Innovation, of course, is not the only field where CUs need guidance. The federal government recently [released](#) a guide to encourage CUs and community banks to share resources to boost anti-money laundering (AML) efforts and streamline compliance with the Bank Secrecy Act (BSA).

In early October, five federal agencies, including the Federal Reserve Board, the Financial Crimes Enforcement Network (FinCEN), the National Credit Union Administration (NCUA), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of Currency (OCC), issued a [joint statement](#) outlining collaborative steps FIs can take to work toward these compliance efforts. In the statement, the agencies said collaborative efforts are generally “most suitable for banks with a community focus, less complex operations and lower-risk profiles for money laundering or terrorist financing.” Efforts to streamline compliance would most likely involve two or more banks, the group said, and include managing controls, testing compliance and designating individuals at a bank or CU.

For example, two or more CUs or community banks could pool resources, such as technology and human talent, to improve their internal controls. This could help these FIs more efficiently update their BSA/AML policies and procedures and review risk-based customer IDs. Additional recommendations include identifying employees who can conduct independent tests of BSA/AML compliance and sharing the costs of hiring a qualified instructor to train staff in BSA/AML requirements. The agencies did not recommend sharing a designated BSA officer between banks, however, due to potential conflicts.

NCUA delays risk-based capital rule

NCUA’s board had a busy month. Aside from its work on BSA/AML compliance, the group recently [voted](#) to delay the implementation of its risk-based capital (RBC) requirements by one year. The change moves the effective date of the new rule from Jan. 1, 2019, to Jan. 1, 2020. A [news release](#) from NCUA noted that the RBC change will exempt 1,026 federally insured CUs from the rule, while 531 will be subject to the rule once it goes into effect.

NCUA’s board also voted to raise the asset threshold for a CU from \$100 million to \$500 million and approved a rule to update the bylaws that CUs are required to follow, as part of an effort to clarify federal CU bylaws. The change is necessary to offer CU officials, employees and members a better understanding of provisions — notably a CU’s ability to limit services to a “disruptive or abusive member.”



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