

Early Concept Document

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for updated information.



# CONCEPT DOCUMENT



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## **THE OPPORTUNITY**

Credit unions are member-focused and community minded. Credit Union staff work on various programs to raise money by donations to support local charities. Credit Unions participate in raising money for community charities throughout the year in a variety of different ways. From bake sales, candy sales, cookbook sales, BBQ's, golf tournaments etc. CU Donate To Win offers an efficient way to fundraise that can raise more money than all the little ways while encouraging Members to "Give".

Despite economic conditions, Americans gave more than \$290.89 billion in 2010 to their favorite causes. The greatest portion of charitable giving was given by individuals or household donors. With Donate to Win Members have the added benefit of winning their monthly loan payment or a term deposit. Non-members can participate and win a term deposit and open an account. Member is more involved in giving in their community. An easy, fun way to win money and encourage Members to "GIVE". Members that enter CU Donate To Win can collectively choose which charity in their community receives the money. Promote voting on social network website such as Facebook for the Charity that receives the funds. This builds loyalty and trust with the increased exposure from Social Media. Creates opportunity for Credit Union to acquire new members from "Word of Mouth" or Friends of Friends on Facebook".

## **THE SOLUTION**

A lottery that benefits charity. The prize is a loan payment or other cash prize such as term deposit that is paid for the participant with all the remainder of the proceeds going to the wonderful cause.

## **TARGET MARKET**

The target market for this program is two-fold. One piece is the population that is looking for organizations who are responsible citizens of their surrounding community. A Cone/Duke University study has shown that consumers often gravitate toward businesses that are active in social causes. In fact, cause-related messaging was

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shown to boost sales as much as 74 percent for some brands. Roughly 85 percent of survey respondents said they had a more positive view of products that were associated with a cause, and 79 percent said they would actually switch to a brand promoting a cause with which they agreed. The other piece is those consumers who enjoy playing a game of chance, such as a lottery. According to Wired Magazine, The North American lottery industry is a \$70 billion-a-year business. Forty-three states and every Canadian province currently run lotteries. In some states, the lottery accounts for more than 5 percent of education funding. While approximately half of Americans buy at least one lottery ticket at some point, the vast majority of tickets are purchased by about 20 percent of the population.

The market we are targeting are those consumers who care about the community while also being able to benefit from giving to a good cause.

## **CONSUMER BENEFITS**

- Chance to win one of several cash prizes
- Donate to a good cause
- Make a difference in the community
- Have a voice in selecting the beneficiary (members can vote for their charity via facebook, twitter, credit union website)

## **CREDIT UNION BENEFITS**

- Encourages member involvement
- Promotes philanthropy
- Shows CU support for the community
- Cause related marketing

## **PILOT RESULTS**

Future date

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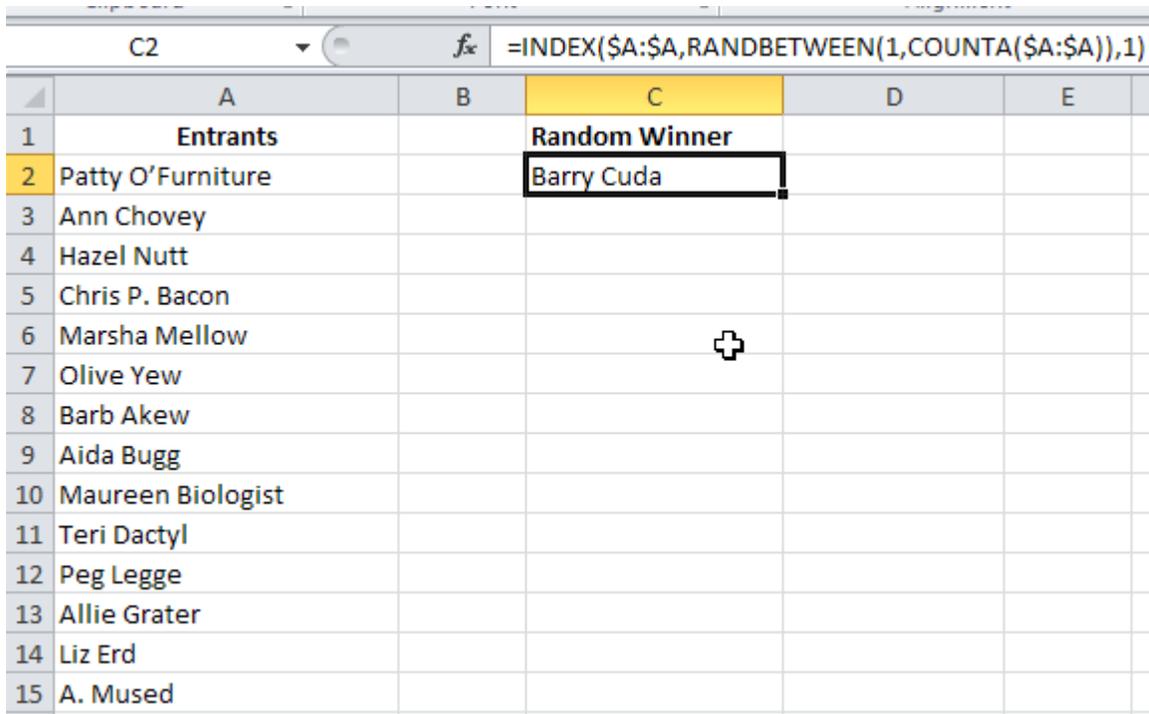
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## OPERATIONAL AND OTHER CONSIDERATIONS

The ideal solution in practice for this concept would allow the members to text their participation to donate directly from their mobile device, sign up via a web page or opt-in through a voice response system. Though we will be discussing the intricacies of such a system below, we also feel it should be said that such enhanced technological solutions are not necessary for institutions with limited means or size who wish to participate.

This project could be as simple as merely charging the member's account with a specific transaction code or a free form descriptive deposit (as long as the description is unique and consistent) and then pulling a simple report into Excel and using member number or member name of those who donated.

As a simple example if the members names were listed in column A, we could then easily just enter this Excel formula  
`=INDEX($A:$A,RANDBETWEEN(1,COUNTA($A:$A)),1)` in column C2 to pick a random winner using functionality already built into Excel (see screen shot below). The example formula also has the added benefit of being dynamic as you can add/remove names from the list without worry about any type of value ranges.



	A	B	C	D	E
1	Entrants		Random Winner		
2	Patty O'Furniture		Barry Cuda		
3	Ann Chovey				
4	Hazel Nutt				
5	Chris P. Bacon				
6	Marsha Mellow				
7	Olive Yew				
8	Barb Akew				
9	Aida Bugg				
10	Maureen Biologist				
11	Teri Dactyl				
12	Peg Legge				
13	Allie Grater				
14	Liz Erd				
15	A. Mused				

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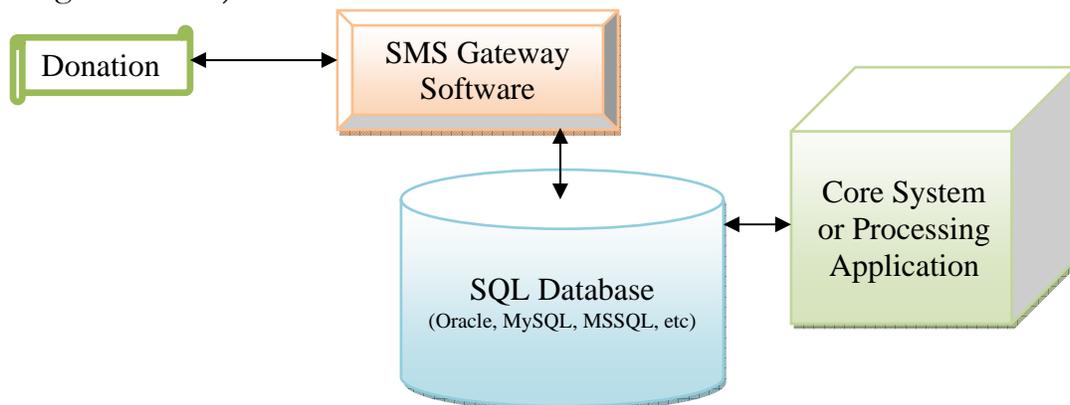
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Taking this idea further it would be possible as stated above to create a web page that allows the member to enter their information into a form to participate. The form could then be either submitted directly to an internal database or simply encrypted using asymmetric encryption and a public key then written to a file on the web server. This method would allow the member data to be stored on an Internet facing system without risk since only the private key would be able to decrypt the data.

This file could then be retrieved at the end of every day and then processed either by a credit union employee or if so desired the credit union could create a posting job for their core system to have the transactions automatically take place during their end of day batch processing. This method would also mirror what could be done on the voice response side since many vendors in this area usually have the ability to write to a log file based upon prompts chosen by the member.

Though we feel the greatest opportunity for donations and entries is available through a text messaging opt-in ability. Normally setting up such an endeavor with providers that specialize in this area is costly which would reduce the amount of funds available for the charitable donation, if a credit union has in-house resources it is possible to buy some off the shelf software that would allow the sending and receiving of text messages that could provide interactivity between the credit union and their members.

This “Charitext” text message could be delivered by utilizing software packages such as Diafann SMS Server, OZEKI SMS Gateway or any other service or package which would allow the sending or receiving of messages to be connected and written directly to a database. Once the software is setup and connected it would be as simple as running a custom batch job to process all incoming and outgoing messages (see diagram below).



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The incoming message can be verified by either a random serial number which is used to identify the member only for the promotion that the member texts in or the institution could go as far as verifying PIN or originating cell phone number to process the entry. The credit union's core system would then pick up the new entry, charge the donation fee and then send back a confirmation number for the member.

The one aspect of this promotion is its flexibility to fit within all institutions of varying degrees and sizes. We feel that any credit union can easily get on board and process the entries with a small amount of effort.

## **FINANCIAL PRO-FORMA/ROI**

The Math: □ CU has an average non real estate loan payment size of \$500. CU has 10,000 members with 5000 loans. If 2% respond by giving only \$5, then that raises the \$500 needed to breakeven.

Bigger scenario: □ CU has 15,000 loans. 5% response will be 750 times \$5 which equals \$3,750 netting \$3,250 for the charity.

Really big scenario: □ CU has 50,000 members with loans with a 5% response participating at 2 entries per responder on average. 5,000 times \$5 = \$25,000 for the charity

## **RESOURCES**

The necessary resources for this project would include involvement from the credit union's CFO, Operations/Frontline department, Lending Department and additionally from their Information Technology support division/department if implementing some of the more enhanced aspects of member entry.

If implementing the texting portion of handling entries the institution will need to enter into agreements with either a cell provider and/or an Intra-carrier Messaging Portal where the messages can be exchanged over secured SSL on the Internet to be delivered or received from any cell phone number.

The credit union's core vendor also may need to be involved or the credit union's web site creators.

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## GETTING STARTED

1. Contact Filene at [innovation@filene.org](mailto:innovation@filene.org) to participate in a pilot
2. CFO Determine if viable for Credit Union
3. Develop and execute marketing and staff training plans