



CONCEPT DOCUMENT

Member Maximizer

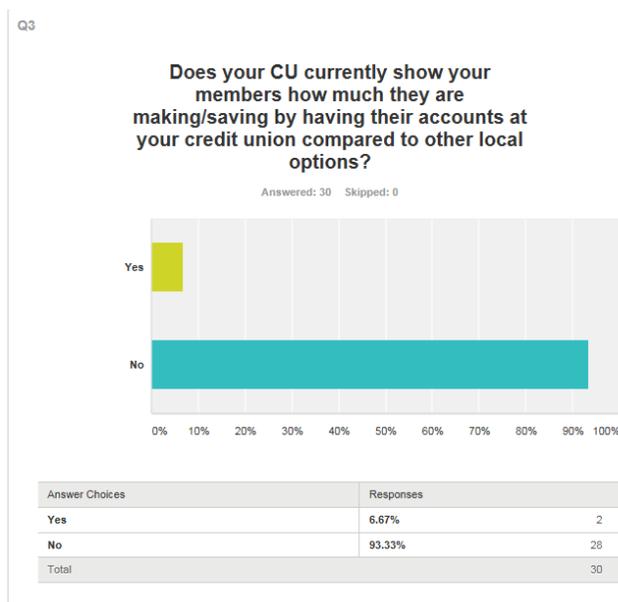
TEAM MEMBERS

Tammy Williams, Verve a Credit Union
Andy Sulentic, BlueShore Financial
Brice Mindrum, America First Credit Union
Ericka Gorman, Great Lakes Credit Union

PROBLEM DEFINITION

How might Credit Unions educate their members on the monetary value that they provide? Our members do business with us, but do they really know that the value that they derive from doing business with a credit union instead of a big bank? Do we have a way to validate for them that they have made a good decision? Finances are complex and rates and terms that are advertised are often teaser rates, and not available to the masses. How might we develop a solution that provides a monetary value to these decisions that the member has made not only past decisions, but also show the value in bringing more of their financial relationships to the credit union.

We see that non-financial companies have similar solutions. Consider the Target RedCard, each time you transact, you see how much you save by using it. Not only do you see how much you saved in this one instance, but over the course of the year, the dollars add up to show a material savings the more you use it. This drives engagement and increases the frequency of the interactions.



As you can see, a very large percentage of our members do not know how much working with the credit union is financially benefitting them.

A 2008 Filene Research Institute project found that 93% of members do not know that credit unions were not for profit institutions. Over 90% of our members, do not know that they reap the benefits of profits made on their deposits and loan dollars. This is a huge number and illustrates that fact that we do not tell our story as well as we could.

INNOVATIVE SOLUTION

The Member Maximizer will show once and for all that our members are making great choices by working with us. No more doubts about if someone else is getting a better deal! No more buyers' remorse about that mortgage or auto loan, now you know how much more you are saving on loans and earning on deposits than all of the uniformed. The Member Maximizer will take your credit union and make your members your biggest evangelists. Everyone likes to talk about how they saved money on a deal, now your members will have the real insights in front of them illustrating how much they are saving and earning over local and national competition.

Member Maximizer will show the members how much they are saving on their loans with their credit union against how much they would be paying at local or national competitors. The same functionality is available for the deposits as well.

This solution will drive a deeper share of wallet with your members as you show them other savings and earnings that they could use to **maximize** their relationship with you by bringing them to the credit union.

The original solution, Money Maximizer, was used for prospect members to see how much they could save or earn with the credit union. While we think this is a useful tool, is it easier and more cost effective to retain a member than it is to gain new ones. The Member Maximizer is a unique tool that will assist credit unions in the retention of their current membership.

PROTOTYPE

The Krewe team worked with Horsetail technologies to design and develop a solution that is scalable and could be tested without in investment in NPI protection and core integration. Essentially the member information is loaded to the solution which compared the credit union's rates to that of the local competition and/or national competition. There will be a section where the member can see their current relationships, how much that is financially benefitting them and another section which shows how much they could be benefitting. They will be able to link through from the potential products straight to the application process to open the additional product.

Behind the scenes Member Maximizer aggregates data from rate providers and then provides the member proof of real dollars saved. In addition, Member Maximizer can absorb third party data regarding auto loans, credit cards or home loans. In this example we have added data from AutoCount to specifically target members that have auto loans at other financial institutions. We are also using revolving credit line data from Experian that when combined with the credit union data, we can determine the amount of outstanding credit balances the member has at other financial institutions

MEMBER MAXIMIZER The Value of My Krewe Membership Logout

KREWE credit union

Member **8** Years

JIMMY WATSON
P.O. BOX 2863
HENDERSON, NV 89099
jwatson@krcu.com
***-**-7311

FICO Score **754**
Free Credit Report from
Krewe

LOAN SALE
1.99% APR
One week. One rate.

MY KREWE CU

KREWE New Car \$398 <small>Save with Krewe</small>	KREWE Used Car \$508 <small>Savings compared to Average Bank Fees in the Market</small>	KREWE Interest Checking \$0 <small>Savings compared to Average Bank Fees in the Market</small>	KREWE Savings \$3 <small>Savings compared to Average Bank Fees in the Market</small>	KREWE Mortgage \$180 <small>Savings compared to Average Bank Fees in the Market</small>
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ANNUAL SAVINGS \$1,090
Krewe FCU

OTHER FINANCIAL INSTITUTIONS

? Credit Card \$1,376 <small>Savings compared to Average Bank Fees in the Market</small>	? Home Equity Loan \$767 <small>Savings compared to Average Bank Fees in the Market</small>	? Home Equity Line \$63 <small>Savings compared to Average Bank Fees in the Market</small>
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MOVE TO KREWE FCU AND SAVE! \$2,206

MEMBER MAXIMIZER
Current and Potential Savings with

POTENTIAL **\$2,206** per year

- Credit Card** \$1,375.93 [Click to Save!](#)
- Home Equity Loan** \$767.18 [Click to Save!](#)
- Used Car** \$507.92 [Get the Lowest Interest Rate!](#)
- New Car** \$398.36 [Get the Lowest Interest Rate!](#)
- Mortgage** \$180.16 [Get the Lowest Interest Rate!](#)

MEMBER MAXIMIZER The Value of My Krewe Membership Logout

Credit Card Savings Summary

Experion Report

Number of Credit Cards: 0

Current Credit Card Balances: \$0.00

Credit Card Limit: \$ -

Credit Usage: 0%

Available Credit: \$ -

Krewe Rate vs. National Average: **-2.3%**

Potential Annual Savings: \$

Membership has its Privileges

Krewe Credit Cards offer rates that are significantly below the national average. We provide multiple card products ensuring we have the benefits that most appeal to you.

Apply online or stop by a branch. Our Member Services professionals will help you change cards, transfer your balance and begin saving today.

Why Wait?

Apply Now!

Bank Name
Krewe Member Visa

Apply Now!

Bank Name
Krewe Travel Gold Visa

MEMBER MAXIMIZER The Value of My Krewe Membership Logout

Mortgage Savings Summary

Your Krewe Mortgage Summary

FICO Mortgage Report

Outstanding Balance: \$47,661.00

Current Interest Rate: 6.64%

Payments Remaining: 164

Current Payment: \$443.00

Krewe Rate vs. National Average: **-0.4%**

Current Krewe Rate*: **2.32%**

Savings Available (15 years): **\$18,622.13**

New Monthly Payment: **\$ 339.54**

Potential Savings with a Krewe Refinance!
\$18,622.13 over 15 Years

Krewe Home Mortgage and Refinance

Since our Credit Union is owned by YOU and not stockholders and investors, we can offer lower rates than most banks.

As a borrower with excellent credit, we offer low or no closing costs to move your loan to the credit union. The process is easy and simple.

Talk to Krewe EasyMortgage and start saving now.



Saving with Krewe Every Month

Product Rates

Market Rates

Mortgage Refinance - Bankrate.com

Product	Rate	Change	Last week
30 year fixed	3.43%	0.03	3.40%
15 year fixed	2.70%	0.02	2.68%
5/1 ARM	2.95%	0.05	2.90%

Home Equity Loan - Bankrate.com

Product	Rate	Change
30K Home Equity Lox	4.88%	
50K Home Equity Lox	4.03%	
75K Home Equity Lox	4.03%	

Home Equity Line of Credit - Bankrate.com

Product	Rate	Change	Last week
30K FICO-based HELI	4.68%	-0.00	4.68%
50K FICO-based HELI	4.35%	0.02	4.37%
100K FICO-based HEI	4.07%	0.03	4.10%

Credit Card - CreditCards.com

Column1	Avg. APR	Last week	6 months
National average	15.07%	15.05%	15.01%
Low interest	10.37%	10.37%	10.33%
Balance transfer	12.82%	12.73%	12.66%
Business	12.80%	12.80%	12.98%
Student	13.24%	13.24%	13.27%
Cash back	14.98%	14.91%	14.84%
Airline	15.46%	15.46%	15.30%

Krewe Rates Tool

Product	Adjustment
Mortgage	80%
Home Equity Loan	101%
Home Equity Line	116%
Credit Card	85%
New Car	81%
Used Car	82%
Checking	109%

Krewe Rates

Mortgage Refinance - Bankrate.com

Product	Rate	Change	Last week
30 year fixed	2.95%	0.03	3.40%
15 year fixed	2.32%	0.02	2.68%
5/1 ARM	2.54%	0.05	2.90%

Home Equity Loan - Bankrate.com

Product	Rate	Change
30K Home Equity Lox	4.93%	0
75K Home Equity Lox	4.07%	0
10K Home Equity Lox	4.07%	0

Home Equity Line of Credit - Bankrate.com

Product	Rate	Change	Last week
30K FICO-based HELI	5.43%	-0.00	4.68%
50K FICO-based HELI	5.05%	0.02	4.37%
100K FICO-based HEI	4.72%	0.03	4.10%

Credit Card - CreditCards.com

Column1	Avg. APR	Last week	6 months
National average	12.81%	15.05%	15.01%
Low interest	8.81%	10.37%	10.33%
Balance transfer	10.90%	12.73%	12.66%
Business	10.88%	12.80%	12.98%
Student	11.25%	13.24%	13.27%
Cash back	12.73%	14.91%	14.84%
Airline	13.14%	15.46%	15.30%

We chose to prototype in this fashion to create a minimally viable product to identify the reception of the solution in the market rather than putting a great deal of programming hours towards building out a more technically complex solution and finding out we had gone down the wrong path. We believed it most critical to show the UI that the member would interact with, giving them the feeling of really seeing what the value is, and left the integration components to be in a later phase.

TESTING AND RESULTS

At the start of the process, we sent out a survey to 30 credit union executives and managers. This survey focused on the viability of the product and our answer was a resounding YES!. In this question 93% of those surveyed believed that the product would benefit their members.

We then targeted Millennials and Generation X user testers to test the prototype and provide live recorded feedback as to their thoughts and answers to 5 specific questions:

1. If your credit union (financial institution) presented this to you, would you be enticed to move your loans, savings, credit cards to the credit union to save money?
2. Did you realize you could move your loan balances to another financial to save money?
3. Do you find value in knowing how much you are saving by using your credit union?
4. Would you take action, move your accounts, based on the information provided to you?
5. On a scale from 1 (no action) to 4(immediately take action) how likely would you be to take action on the information provided?

Our User Acceptance Testing of 21 individuals revealed similar results as to the credit union executives and managers with a majority of the test group saying that if they were presented with a similar product it would likely cause them to take action.

78% of credit union member testers would likely take action

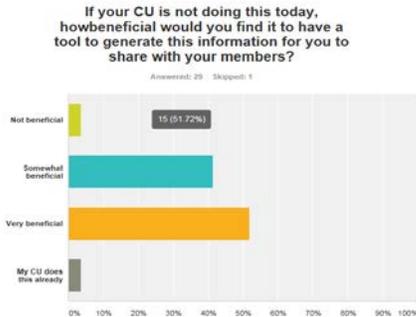
61% of non-credit union members would take action.

These results are very encouraging and prove that with this product, it will deepen the existing relationship that the member has with the credit union as they learn about the value provided by their credit union. Ultimately this would result in an increase of share of wallet, increase in products per member, increase in member retention and an increase in member referrals.

BUSINESS MODEL AND 3-YEAR FINANCIAL PROFORMA

Our customers are credit unions. We will bring them value in the financial impact of retention of their current members and a deeper relationship by building their share of wallet with each member. The cost of the program is small, so there is very little to bar the credit union from enrollment. A \$2,500 set up fee and a \$500 monthly subscription will gain entry into the program.

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Consider this program to be similar to a pre-approval, but without the added cost of a specific credit file form the bureau. A typical rate of return would be 1%, with each credit union's showing an increase of 4% annually on top of their typical growth rates. Growth rates may vary by product and credit union based on the value that they choose to provide.

Member Maximizer Three Year Financials					
Ongoing Monthly Revenue:		Number of CU	15	30	60
			Year 1	Year 2	Year 3
	\$500.00		\$90,000	\$180,000	\$360,000
Total Monthly Charges			\$90,000	\$180,000	\$360,000
One Time Set Up Fee Assumptions:		Number of CU	15	30	60
			Year 1	Year 2	Year 3
	\$2,500.00		\$37,500	\$37,500	\$75,000
Total Set Up Fee Revenue			\$37,500	\$37,500	\$75,000
INCOME			Year 1	Year 2	Year 3
Revenue From Monthly Charges			\$ 90,000	\$ 180,000	\$ 360,000
Revenue from one time set up fees			\$ 37,500	\$ 37,500	\$ 75,000
Total Revenue			\$ 127,500	\$ 217,500	\$ 435,000
EXPENSES					
Website Development			\$ 50,000	\$ 10,000	\$ 10,000
Programming/Testing/onboarding			\$ 24,000	\$ 30,000	\$ 50,000
Website Hosting			\$ 9,000	\$ 11,000	\$ 15,000
Updates / Maintenance			\$ 20,000	\$ 20,000	\$ 20,000
Marketing			\$ 20,000	\$ 40,000	\$ 60,000
Overhead Support/Adminstration			\$ 40,000	\$ 60,000	\$ 120,000
Total Expenses			\$ 113,000	\$ 171,000	\$ 275,000
Net Income(Loss)			\$ 14,500	\$ 46,500	\$ 160,000

The estimates used were derived from our partnership with Horsetail and the experiences of credit union management involved in this program.

COMMENTS, NEXT STEPS, AND CALL TO ACTION

Next steps for this project would be to gain support from a few core supporters who would be willing to commit to testing with their memberships. These credit unions should all be of the same core in order to minimize variability in the solution for an alpha test. Once that commitment is locked in, the programming should begin to include the integration points of the core, so that they can feed member data into the solution.

Testing with these member credit unions will provide the insights needed to determine if this solution really does minimize attrition and build loyal members with deeper shares of wallet. We recommend working with one bureau to minimize variability initially and then setting a standard operating procedure that all bureaus could use.

It is critical for credit unions to learn how to better tell the story of why we are different from banks. This solution, Member Maximizer, tells the financial piece of this story eloquently and opens the doors for your members to become your biggest supporters.

ABOUT FILENE

Filene Research Institute is an independent, consumer finance think and do tank. We are dedicated to scientific and thoughtful analysis about issues affecting the future of credit unions, retail banking, and cooperative finance.

Deeply embedded in the credit union tradition is an ongoing search for better ways to understand and serve credit union members. Open inquiry, the free flow of ideas, and debate are essential parts of the true democratic process. Since 1989, through Filene, leading scholars and thinkers have analyzed managerial problems, public policy questions, and consumer needs for the benefit of the credit union system. We support research, innovation, and impact that enhance the well-being of consumers and assist credit unions and other financial cooperatives in adapting to rapidly changing economic, legal, and social environments.

We're governed by an administrative board made up of credit union CEOs, the CEOs of CUNA & Affiliates and CUNA Mutual Group, and the chairman of the American Association of Credit Union Leagues (AACUL). Our research priorities are determined by a national Research Council comprised of credit union CEOs and the president/CEO of the Credit Union Executives Society.

We live by the famous words of our namesake, credit union and retail pioneer Edward A. Filene: "Progress is the constant replacing of the best there is with something still better." Together, Filene and our thousands of supporters seek progress for credit unions by challenging the status quo, thinking differently, looking outside, asking and answering tough questions, and collaborating with like-minded organizations.

Filene is a 501(c)(3) nonprofit organization. Nearly 1,000 members make our research, innovation, and impact programs possible. Learn more at filene.org.

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—Edward A. Filene

