CITADEL
CREDIT UNION

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CitadelBanking.com

CITADEL CREDIT UNION

Agenda

Today’s Credit Union

Recent Years have brought significant changes to the Credit Union industry across economic, technological, and regulatory dimensions

- **Member-Centric Growth**: Credit unions are emphasizing personalized member experiences, using data analytics and AI to tailor services and improve retention.
- **Branch Optimization**: Institutions are using data to optimize branch locations and improve service delivery.
- **Fintech Partnerships**: Collaborations with fintechs have expanded service capabilities, especially in digital payments and financial wellness tools.
- **AI and Personalization:** Credit unions are leveraging AI to deliver smarter, more personalized member experiences, including predictive financial advice and automated savings tools.
- **Digital Giving:** Integrating charitable giving into digital banking platforms is helping credit unions build emotional connections with members.
- **Cybersecurity Enhancements**: With a 38% surge in cyber threats in 2024, credit unions have adopted multi-factor authentication, encryption, and threat intelligence tools to protect member data.

Today’s Credit Union

Business Checking & Savings Accounts

- Often Low or No Monthly Fee’s
- Some Interest Bearing

Commercial Lending

- SBA Loans
- Commercial Real Estate
- Equipment Financing
- Line of Credit
- Credit Cards

Merchant Services

- Integrated Payment Processing Solutions (e.g., Clover)

Payroll Integration

- Partnerships with Providers Like ADP or Paychex for Streamlined Payroll
- Integrated HR solutions and 401K offering

Remote Deposit & Digital Banking

- Mobile Apps with Features Like ACH Transfers, Wire Origination & Positive Pay
- Quick Books Integration
- Real Time Analytics

Specialized Services

- Cannabis Banking
- Nonprofit Accounts
- Extended Insurance coverage

Member Segmentation

Credit Unions Segment their Business Banking Members using a mix of traditional and advanced data-driven strategies

Attribute-Based Segmentation

- **Business size** (e.g., micro, small, mid-sized)
- **Industry type** (e.g., retail, healthcare, construction)
- **Revenue and profitability**
- **Geographic location**
- **Lifecycle stage** (startup, growth, maturity)

Behavioral Segmentation

- **Product usage** (e.g., checking accounts, merchant services, loans)
- **Transaction volume and frequency**
- **Digital engagement** (e.g., mobile banking, online account management)
- **Branch visits vs. remote interactions**

Profitability Segmentation

- **Cost to serve** vs. **revenue generated**
- **Deposit behavior** and **loan performance**
- **Cross-sell potential**

Psychographic & Lifestyle Segmentation

- **Values and motivations** (e.g., community involvement, sustainability)
- **Risk tolerance and financial attitudes**
- **Preferred communication styles**

Engagement Channel Optimization

- Which **branches or digital platforms** are most effective
- Where to **invest or divest** in service channels
- How to **personalize communications** based on business preferences

Developing a Cash Management Suite

Define the Strategic Objectives

Start by aligning the suite with your credit union’s goals

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Objective 1

Enhancing member experience for business clients

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Objective 2

Increasing non-interest income

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Objective 3

Improving liquidity and cash flow visibility

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Objective 4

Offering competitive treasury services

Core Components of a Cash Management Suite

A. Payments & Transfers
- ACH origination
- Wire transfers (domestic & international)
- Real-time payments (RTP)
- Bill pay integration

B. Receivables Management
- Remote deposit capture (RDC)
- Lockbox services
- Integrated invoicing and collections

C. Liquidity & Sweeps
- Automated funds transfers between accounts
- Investment sweeps (e.g., to money market accounts)
- Line of credit sweeps

D. Fraud Prevention & Security
- Positive pay (checks and ACH)
- Dual controls and approval workflows
- Real-time alerts and anomaly detection

E. Reporting & Analytics
- Cash flow forecasting tools
- Customizable dashboards
- Integration with accounting platforms (e.g., QuickBooks, Xero)

Technology & Integration
- Platform
- APIs
- Mobile Access
- User Roles

Member Experience & Onboarding
- Streamlined onboarding for business members
- Dedicated relationship managers or support channels
- Training materials and demos

Compliance & Risk
- Ensure alignment with NACHA, FFIEC, and other regulatory bodies
- Data privacy and cybersecurity protocols
- Audit trails and reporting

Monetization Strategy
- Tiered pricing models (based on volume or features)
- Bundled packages for different business sizes
- Incentives for adoption (e.g., fee waivers for first 3 months)

Geographic-Base d Coverage

Geographic-Based Relationship Strategy

Regional Segmentation & Prioritization

- **Define Territories**: Segment your footprint by geography—e.g., counties, metro areas, or rural zones.
- **Market Potential Analysis**: Use data to identify high-opportunity regions based on business density, industry mix, and credit union penetration.
- **Tailored Goals**: Set region-specific growth, retention, and engagement targets.

Local Relationship Managers

- **Geographically Assigned Officers**: Assign business banking officers to specific regions to build deep local relationships.
- **Community Presence**: Encourage participation in local chambers, business associations, and economic development groups.
- **Localized Expertise**: Train staff on regional industries, economic trends, and cultural nuances.

Regionalized Product & Service Customization

- **Localized Lending Programs**: Offer products tailored to regional needs (e.g., agricultural loans in rural areas, startup lines in tech hubs).
- **Flexible Underwriting**: Adapt credit criteria to reflect local business realities.
- **Community Investment Initiatives**: Support local infrastructure, nonprofits, or small business incubators.

Geo-Based Marketing & Outreach

- **Hyperlocal Campaigns**: Use geo-targeted digital ads, local radio, and community sponsorships.
- **Member Spotlights by Region**: Showcase successful businesses from each area to build pride and visibility.
- **Localized Events**: Host business roundtables, financial education sessions, and networking mixers in each region.

Data-Driven Relationship Management

- **CRM by Geography**: Track member interactions, referrals, and opportunities by region.
- **Regional Dashboards**: Monitor performance metrics like loan growth, member satisfaction, and wallet share by territory.
- **Feedback Loops**: Collect and act on regional member feedback to refine strategy.

Effectively Managing Capital

Commercial Capital Strategic Framework

Effectively managing **commercial capital** in a **credit union** setting involves balancing growth, risk, liquidity, and member value. Since credit unions are member-owned and mission-driven, the approach differs from traditional banks.

Strategic Capital Planning

Regulatory Capital Compliance

Risk-Based Capital Management

Performance & Profitability Metrics

Liquidity & Funding Strategy

Member & Community Impact

Differentiating Member Experience

Business Member Experience

Dedicated Business Member Services

- **Relationship Managers**: Assign specialized business banking officers who understand local industries and can offer personalized advice.
- **Segmented Service Models**: Differentiate service levels for microbusinesses, SMBs, and larger commercial entities.

Tailored Financial Products

- **Industry-Specific Lending**: Create loan products for sectors like agriculture, healthcare, or construction.
- **Flexible Credit Solutions**: Offer lines of credit, equipment financing, and seasonal cash flow support.
- **Treasury & Cash Management**: Provide tools for payroll, ACH, remote deposit capture, and fraud protection.

Digital Experience Enhancements

- **Business Banking Portals**: Separate login and dashboard experience from consumer banking, with multi-user access and approval workflows.
- **Mobile Tools**: Enable mobile check deposits, invoicing, and real-time alerts tailored to business needs.

Community-Centric Branding

- **Local Impact Storytelling**: Highlight how business members contribute to the community and how the credit union supports them.
- **Member Spotlights**: Feature business members in newsletters or social media to build pride and visibility.

Advisory & Value-Added Services

- **Financial Education:** Host webinars or workshops on cash flow management, succession planning, or tax strategies.
- **Networking Events:** Facilitate local business meetups or sponsor community business expos.
- **Business Concierge Services:** Help members navigate licensing, insurance, or vendor connections.

Feedback-Driven Innovation

- **Business Member Councils:** Create advisory boards to gather input and co-create new services.
- **Surveys & Journey Mapping:** Regularly assess pain points and opportunities across the business member lifecycle.

Leveraging Limitations as Opportunity

Turning Credit Union Limitations into Strategic Advantages

1. **Smaller Scale → Personalized Service**

   Limitation: Credit unions often have fewer branches and staff than large banks.

   Advantage:
   - Enables high-touch, relationship-driven service.
   - Staff can know members by name and understand their business deeply.
   - Easier to customize solutions and respond quickly to member needs.

2. **Limited Product Suite → Focused Expertise**

   Limitation: Fewer financial products compared to big banks.

   Advantage:
   - Allows for specialization in key areas like small business lending or community development.
   - Easier to train staff to become true experts in the products offered.
   - Less confusion for members—simpler, clearer choices.

3. **Regulatory Boundaries → Trust & Stability**

   Limitation: Credit unions face strict membership and lending rules.

   Advantage:
   - Seen as safe, conservative, and member-first.
   - Members appreciate the transparency and ethical standards.
   - Strong compliance culture builds long-term trust.

4. **Not-for-Profit Model → Member-Centric Innovation**

   Limitation: No shareholders to drive aggressive growth.

   Advantage:
   - Profits are reinvested into better rates, lower fees, and improved services.
   - Decisions are made for member benefit, not investor return.
   - Easier to align with community values and social impact.

5. **Local Focus → Community Leadership**

   Limitation: Limited geographic footprint.

   Advantage:
   - Deep understanding of local economies and business challenges.
   - Can be a true partner in regional development.
   - Builds loyalty through visible community involvement.

6. **Technology Gaps → Human Connection**

   Limitation: May lag behind big banks in tech innovation.

   Advantage:
   - Opportunity to blend digital with personal service.
   - Members can talk to real people when needed—no endless phone trees.
   - Can adopt tech strategically, not reactively.

Attracting Top Talent

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Purpose-Driven Culture

- Mission Alignment: Emphasize the credit union’s member-first, community-focused mission. Many top performers are drawn to impact-driven work.
- Values-Based Leadership: Showcase how leadership supports ethical banking, financial inclusion, and local economic development.

Career Growth & Influence

- Broader Scope of Responsibility: In a credit union, business bankers often have more autonomy and visibility.
- Strategic Voice: Offer opportunities to shape products, policies, and member experience, not just execute them.
- Professional Development: Invest in Learning

Competitive Compensation with Flexibility

- Total Rewards Package: Highlight not just salary, but bonuses, retirement match, health benefits, and work-life balance.
- Flexible Work Arrangements: Remote/hybrid options, compressed workweeks, or sabbatical programs can be attractive differentiators.

Showcase Success Stories

- Talent Spotlights: Share testimonials from current business bankers who’ve grown their careers and made a difference.
- Member Impact Stories: Demonstrate how business bankers helped local businesses thrive—this builds emotional connection.

Modern Tools & Support

- Tech Enablement: Provide CRM systems, digital lending platforms, and analytics tools that empower bankers to succeed.
- Cross-Functional Collaboration: Promote a culture where business bankers work closely with underwriting, marketing, and community teams.

Recruitment Strategy

- Targeted Outreach: Use LinkedIn, industry events, and local business networks to find talent aligned with your values.
- Referral Programs: Encourage current employees to refer high-caliber candidates with incentives.
- Employer Branding: Build a strong online presence that reflects your culture, mission, and employee experience.