FACTS

• Credit unions declined by 7173 from 1991 thru March 2015 per CUNA recent CU trends state by state.
• There are now 6420 credit unions. By 2020 it is projected to be less than 5000.
• There are only 4-6 new credit unions chartered each year.
THE ISSUE

• The majority of CUs being merged/liquidated are small credit unions under $50MM

• Of this number, most are under $25MM and serve lower income memberships
"Success is not final, failure is not fatal: it is the courage to continue that counts."

Winston Churchill
A DECISION at GAC
COLLABORATION

• National Federation of Community Development Credit Unions (Federation)
  – www.cdcu.coop

• African-American Credit Union Coalition (AACUC)
  – www.aacuc.org

• Network of Latino Credit Unions and Professionals (NLCUP)
  – www.nlcup.org
My Credit Union Mentor

Federation, AACUC and NLCUP members operate in communities where CDCUs are the only financial institution providing safe and affordable financial products and services to low-income families, immigrants, seniors and young people looking for alternatives to mainstream banks.

For that reason the “My Credit Union Mentor” program was made OFFICIAL by the three organizations.
BENEFITS

• Support the Dodd-Frank inclusion legislation
• Preserve Small, minority-owned, faith-based credit unions
• Provide a safe haven to attain and gain knowledge and assistance
• Connect the resources
MENTORS

• Mentors share their skills and experience on a volunteer basis.

• Mentors are drawn from throughout the credit union industry to provide the expertise credit unions and executives need to remain a vibrant resource in their communities.
MENTORSHIP EXPERTISE

Strategic planning | Lending |
Fiscal Management | Marketing |
Secondary Capital Board Governance |
Compliance | Operations Budgeting |
Collections
PILOT PROGRAM

The Federation, AACUC and NLCUP Advisory board will jointly administer the program, supported by a database of mentors, participating credit unions, and credit union supporters.
## Volunteer Mentors

<table>
<thead>
<tr>
<th>Mentors</th>
<th>Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beverly Alwell</td>
<td>River Cities Credit Union</td>
</tr>
<tr>
<td>Carmen Anastase</td>
<td>North Jersey FCU</td>
</tr>
<tr>
<td>Duane Day</td>
<td>Municipal Employees Credit Union of Baltimore, Inc.</td>
</tr>
<tr>
<td>George Poitou</td>
<td>SCE FCU</td>
</tr>
<tr>
<td>Hilary Eisbrenner</td>
<td>Keesler Federal Credit Union</td>
</tr>
<tr>
<td>James Gukeisen</td>
<td>CU24</td>
</tr>
<tr>
<td>Kenneth Bell</td>
<td>The Florist FCU</td>
</tr>
<tr>
<td>Mike Banks</td>
<td>NC State Employees' CU/Latino Community CU/Greater Kinston CU/ TCP CU</td>
</tr>
<tr>
<td>Raul Velazquez</td>
<td>Velazquez Ventures LLC</td>
</tr>
<tr>
<td>Shasta Lienenger</td>
<td>New Orleans Firemen's FCU</td>
</tr>
<tr>
<td>Helen Godfrey-Smith</td>
<td>Shreveport FCU</td>
</tr>
<tr>
<td>Sheilah Montgomery</td>
<td>AACUC</td>
</tr>
<tr>
<td>Staci Williams</td>
<td>Genisys Credit Union</td>
</tr>
<tr>
<td>Tyrone Tyler</td>
<td>State Employees' Credit Union</td>
</tr>
</tbody>
</table>
Your Involvement

• Recruiting for both mentors and mentees

• The first mentor/mentee relationships will start 4th Quarter 2015.

Contacts

Pam Owens (powens@cdcu.coop)
Jules Hebert (jhebert@cdcu.coop)
Sheilah Montgomery (smontgo122@aol.com)
Coming together is a beginning, staying together is progress, and working together is success. —Henry Ford

Small credit unions are an integral part of the overall success of the Credit union movement.
Why Rekindle...

I am accountable to you.

Everything I do, I do for your long-term financial health.
This We Believe...

• that credit unions provide a unique and important service to Americans.
• that it is possible for credit unions to achieve 10% market share.
• that small-to-midsized credit unions are at risk of extinction.
• that providing Americans with an option for local, intimate, and personalized service is exactly the purpose of the credit unions – the loss of which is unacceptable.
• that CU devote too much resource to the operation of non-differentiating back office operations, thereby reducing their ability to focus resources on member development and CU growth.
• that only through collaboration can we achieve the scale efficiency and reduced costs critical to survival.
• we must re-create trust among credit unions though collaboration – the only sustainable and unique competitive advantage enjoyed by all credit unions.
# The Big Three

<table>
<thead>
<tr>
<th>Staffing</th>
<th>Systems</th>
<th>Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Expenses</strong></td>
<td><strong>% of CU Nationally</strong>¹</td>
<td>76%</td>
</tr>
<tr>
<td>Total Employee Compensation and Benefits</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>Office Operations Expense (including in house systems)</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Office Occupancy</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Professional and Outside Services (including outsource systems)</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Member Insurance</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Loan Servicing Expense</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Educational and Promotional Expense</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Operating Expenses</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Travel and Conference Expense</td>
<td>0.84%</td>
<td></td>
</tr>
<tr>
<td>Operating Fees (Examination and/or supervision fees)</td>
<td>0.45%</td>
<td></td>
</tr>
</tbody>
</table>
Playing well together!
Playing well together!

UBC Federal Credit Union
Objective

Working collaboratively as the rFaith Network, the National Federation of Community Development Credit Unions and Everence seek to strengthen local faith-based credit unions and to expand member access to high-quality, faith-based financial services.
Shared Priorities

1. To provide member credit unions with new strategies and solutions for generating increased capacity, revenue and membership growth opportunities.

2. To support and grow faith-based financial services through expanded inter-credit union collaboration.

3. To further leverage existing internal resources, systems and expertise.
Core Services

Faith based ‘credit union’ directed/elected:

1. Expanded lending services – mortgage, business, church, and student loans delivered through a combination of direct referral, loan participation opportunities, or shared lending approaches that may be identified.

2. Training, member education, and marketing support – materials and education to help strengthen participating credit unions in the staff, member and outreach areas.
Core Benefits

Faith based CU ‘natural person member’ directed/elected:

1. Access to the rFaith Network credit card— featuring an interchange transaction rebate to benefit charities selected by a rFaith advisory council.

2. Access to Everence Association member benefits – including budget & debt counseling, advanced financial services and education (insurance, investments, estate, & charitable), accidental death benefit, college scholarships, and will preparation rebate.
Dec. 31, 2014 – Pilot credit unions sign Faith Memorandum of Understanding

Feb. 15, 2015 – Establish initial rFaith Network product/service offerings

July – December 2015 – rFaith Network initial pilot period


Dec. 31, 2015 – Evaluate pilot activity and determine next steps
Special Sauce

- Demonstrated ability to make the hard decisions.
- Uninterested in being told what the answer is or why it can’t be done.
- A desire to co-create with a talented group.
- Learner.
- Listener.
- Speaker.
- Confidentially humble.
- Ego and agenda checked at door.
- Just crazy enough to think we can.
- Willing to bring their first and best to the challenge.
- Fun at a BBQ!
Thank you!

Questions or comments?
Models for Collaboration: Cooperation Among Cooperatives

Results of a Filene Research Study on the Benefits of Working with Other Co-ops

Mark Cummins and Richard Dines
CUNA Cooperative Alliances Committee

- Mark Cummins, CEO of MN CU Network, Chair
- Gary Perez, CEO of USC CU, Vice Chair
- 10 CU CEOs, including Linda Levy (Lower E. Side Peoples FCU) & Eunice Johnson Rogers (NRS Comm. Dev’t FCU)
- League leaders Denise Gabel (NW) & Murray Williams (IA)
- Co-op leaders Bill Oemichen, Pat Sterner & Walden Swanson
- Staff liaison Richard Dines
CUNA Cooperative Alliances Committee

- Committee launched concept of research study to show benefits of working with other cooperatives in May 2014
- Filene Research Institute agreed to undertake study
- National CU Foundation provides grant to fund study
- Research led by Dr. Luis G. Dopico (Macrometrix) and Ben Rogers (Filene Research Director)
- Study completed in February 2015; presented at GAC
Cooperation Among Cooperatives: Quantifying the Business Case

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2014</th>
<th>Cumulative growth (not inflation-adjusted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-financial cooperatives</td>
<td>264</td>
<td>346</td>
<td>31%</td>
</tr>
<tr>
<td>Non-credit union financial cooperatives (owned, at least in part, by non-financial cooperatives)</td>
<td>209</td>
<td>282</td>
<td>35%</td>
</tr>
<tr>
<td>Credit unions (natural person)</td>
<td>761</td>
<td>1,107</td>
<td>45%</td>
</tr>
<tr>
<td>Corporate credit unions (owned by natural person credit unions)</td>
<td>71</td>
<td>19</td>
<td>-73%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,305</td>
<td>1,754</td>
<td>34%</td>
</tr>
</tbody>
</table>
Cooperation Among Cooperatives: Quantifying the Business Case

Growth Rates (2009-2014)

- Consumer Inflation: 10%
- Nominal GDP: 21%
- Household Assets (excl. stocks): 21%
- Cooperatives' Assets: 34%
Cooperation Among Cooperatives: Quantifying the Business Case

- Non-financial cooperatives owe $100 B in loans and have $75 B in investable assets
- If they shifted 10% of loans to CUs: $10 B
- If they shifted 50% of deposits to CUs: $37.5 B
Cooperation Among Cooperatives: Quantifying the Business Case

Study examined case studies, including

– Partnership between CU and REC in GA to provide home energy efficiency loans to members

– Partnership between CU and food co-ops in MN to offer co-branded credit cards to members
Cooperation Among Cooperatives: Quantifying the Business Case

Study recommendations:

– Start with deposits
– Examine underwriting before offering loans
– Take initiative and leadership role
Models for Collaboration: Cooperation Among Cooperatives

Thank You!

Mark Cummins: mcummins@mncun.org
Richard Dines: rdines@cuna.coop