Sharpen Your Digital Strategy:
Digital Trends Shaping the Financial Sector

CUNA MUTUAL GROUP
Hello,
From CUNA Mutual Group.

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Sharpen Your Digital Strategy:
Digital Trends Shaping the Financial Sector
Today’s Agenda

01 State of the Industry

02 Trends Impacting the Industry

03 Taking the Next Step
Digitization Is Impacting the Entire Financial Sector

By 2030

80%

of heritage financial services firms will...

• go out of business
• become commoditized
• or exist only formally but not compete effectively.

Source: Gartner 2018
Quick Poll: Is Your Credit Union Digitally Mature?
A.I. + Machine Learning
We Spend a Lot On A.I.

$12 Billion

Financial Services and Insurance are expected to spend $12 billion on AI by 2021¹

To Interact Less.

25% of customer service will use virtual assistants by 2020²

82% of millennials use mobile banking²

To Meet Customer Expectation.

And We’re Doubling Down.

53% plan on increasing spending in tech over the next 3 years from 25–49%³

¹ Gartner 2018
² The Financial Brand The Rise of the Digital-Only Banking Customer
³ Quantcast 2018 Lessons of 21st-Century Brands
**Millennials**
- Grew up during an **Economic Boom**
- Tend to be **Idealistic**
- Focused on having **Experiences**
- Mobile **Pioneers**
- Prefer brands that **Share Their Values**
- Prefer **Facebook & Instagram**

**Generation Z**
- Grew up during a **Recession**
- Tend to be **Pragmatic**
- Focused on **Saving Money**
- Mobile **Natives**
- Prefer brands that **Feel Authentic**
- Prefer **Snapchat & Instagram**

Millennials: Born between about 1980 & 1996
Generation Z: Born between about 1997 & 2010s

Millennials: Most were raised by Baby Boomers
Generation Z: Most were raised by Gen Xers
Inside the Brain of GenZ

Where Generation Z goes, the world goes! Born between '96 & '10 there will be 2.56 billion globally by 2020 and they’ll equal up to 40% of the US population. Largely and regularly misunderstood, WeRGenZ™ was born to provide clarity and to amplify the voices of this powerful & influential generation. Through surveys of more than 1,000 US Teen Think Tank and our insightful What’s Hot, What’s Not panel, we take brands inside the brain of real teens. But remember, they’re the most diverse and individualistic generation ever. This is only a guide. For more specifics & custom solutions contact askus@WeRGenZ.com

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“While Millennials were mobile pioneers, teens are mobile natives.” Because of this, Gen Z is the generation that is much more exclusive on mobile and less so on laptops compared to other generations (Forbes, July 2018)

Unlike Millennials, Gen Z has never known a world without unlimited Digital access (Forbes, July 2018)

Gen Z is already on track to become the largest generation of consumers by the year 2020, and they account for $29 to $143 billion in direct spending (Forbes, July 2018)
U.S. Population by Generation 2018

Source: US Census Bureau
# Technologies as Change Agents in the Financial Sector

<table>
<thead>
<tr>
<th>A.I. and Machine Learning</th>
<th>Chatbots</th>
<th>IoT and Biometrics</th>
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</thead>
<tbody>
<tr>
<td><strong>79%</strong></td>
<td><strong>25%</strong></td>
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<td>of insurance executives believe AI will revolutionize the way they gain information and interact with customers</td>
<td>of customer service will use virtual assistants by 2020</td>
<td>New interfaces create new sources of data</td>
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**Voice**

- >50% of all searches will be conducted by voice by 2020

**Mobile**

- 82% of customers will use virtual assistants by 2020

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1. Accenture Technology Vision for Insurance 2017
2. Gartner 2018
3. Gartner 2017

**Notes:**
- 79% of insurance executives believe AI will revolutionize the way they gain information and interact with customers.
- 25% of customer service will use virtual assistants by 2020.
- 82% of customers will use virtual assistants by 2020.
- New interfaces create new sources of data.
Consumers Expect Personalized Experiences
Consumers Are Empowered More Than Ever Before

- Their choices are expanding.
- Their accessibility is expanding.
- They are receiving unprecedented value from brands.

Focus on all three to remain competitive
For Insurance, the Core Audience Is Aging out and New Entrants Are Technology Adopters

![Projected population by generation](chart)


PEW RESEARCH CENTER
But We’re Not Really Ready... Yet.

only

25%

of financial services companies consider themselves “Digitally Mature”¹

¹ Adobe 2018 Digital Intelligence Briefing
Trend 01
The Connected Customer.

Trend 02
Automation in the Customer Experience.

Trend 03
Making Sense of Member Data.
Trend 01
The Connected Customer.

Trend 02
Automation in the Customer Experience.

Trend 03
Making Sense of Member Data.
Planning for the Integrated Customer Journey
The Fundamental Lending Process

Lead Generation/Acquisition
Application
Decisioning
Fulfillment
Support/Reporting
Focus on Shopper Motivations and the Rest Will Follow

**PERSONAS**

**NEEDS/REASONS TO BELIEVE**

**EXPERIENCES AND MESSAGES**
Family Trust FCU Uses Identified Consumer Needs for Cross-brand Promotions
‘Many organizations have unwittingly designed innovation processes that produce inconsistent and disappointing outcomes. They spend time and money compiling data-rich models that make them masters of description but failures at prediction.’

1 Harvard Business Review 2016
From ‘Sleepy Operation’ to One Of the Most Innovative Colleges in America

https://hbr.org/2016/09/know-your-customers-jobs-to-be-done
Jobs to Be Done - Questions for Consideration

• What experiences will help customers make the progress they’re seeking in a given circumstance?

• What obstacles must be removed?

• What are the social, emotional, and functional dimensions of the job?
Implications

01 Data-driven insights are fueling customer experience design.

02 New technologies are enabling brands to give customers what they want.
Trend 01
The Connected Customer.

Trend 02
Automation in the Customer Experience.

Trend 03
Making Sense of Member Data.
Automation Is Here
Quick Poll: How many of you own...

A. Amazon Echo with Alexa?
B. Google Home with Google Assistant?
C. Apple Home Pod with Siri?
~50% of Consumers
own an Echo, Google Home or HomePod\textsuperscript{1}

- 47% search
- 35% basic research
- 30% shopping
- 13% manage their finances

Huge brand opportunity!

Source: \textsuperscript{1}Adobe 2018
By 2020, Half of All Searches Are Expected to Be Made by Voice

It’s Reliable. It’s Cheap + It’s Personal. It’s Everywhere.
Alexa, ask Summit Credit Union to pay my auto loan.
The Rise of Chatbot Assistants
Implications

01  Process Automation Solves for Increasing Member Expectation.
02  Voice Interfaces Are Quickly Becoming a Familiar Way for Consumers to Interface with Brands.
03  Learning Algorithms Promote Better and Safer Environments for Members.
Trend 01
The Connected Customer Experience.

Trend 02
Automating Operations and Marketing.

Trend 03
Making Sense of Member Data.
We Have More Data Now Than Ever Before

55%
of marketers believe data allows awareness of customers’ needs\(^1\)

53%
think it allows for greater personalization\(^1\)

2.5 quintillion bytes of data are created each day

1 Quantcast 2018 Forbes Insights Modern Brands AI Report
It’s Not About ALL THE DATA. It’s Using the Right Data Correctly.

Create informed campaigns.

Build relevant financial products.

Optimize content.
Machine Learning Curates a Personalized Shopping Experience

• Includes voice and text support
• Curates personalized content for professional buyers
• Gains valuable consumer purchasing data
How do we take advantage of an excess of data?
Strategic Acquisitions Grow Digital Capabilities for CUNA Mutual Group and Partners.

Small Business Lending

Compliance

Data Management and Insights
Implications

01  Focus on action-based response intelligence, while working towards improved analytics and automation.

02  Companies employing effective analytics programs can increase productivity, reduce losses, and improve products and services
Trend 01
The Connected Customer.

Trend 02
Automation in the Customer Experience.

Trend 03
Making Sense of Member Data.

Wrap Up
Plan holistically for the connected member experience.

New automation tools are allowing us to reach new and existing consumers in new ways.

And we have a ton of data that presents us with opportunity to better serve our members.
Now that we’ve gone through the state of the industry and trends....

Do you feel you have ideas that can help your credit union move forward?
Your Digital Checklist

- Know the narrative.
- Get an understanding of today’s member.
- Know where and how to reach the consumer across channels.
- Look for ways to automate.
- Plan to iterate.
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<th>FROM</th>
<th>TO</th>
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<tbody>
<tr>
<td>Offline experiences</td>
<td>Communal experiences online</td>
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<tr>
<td>Buying online as a convenience</td>
<td>The expectation to service all needs online</td>
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<tr>
<td>Generic messaging</td>
<td>Personalized experiences</td>
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<tr>
<td>Tools to inform purchase</td>
<td>Expanded product or service offerings</td>
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THANK YOU

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