

“The ‘Concept’ Credit Union”

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CEO, Local Government FCU & Civic FCU

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Maurice-

- Received the African-American CU Coalition (AACUC) 2019 Pete Crear Lifetime Achievement Award
- NCB- Board of Directors/Vice Chair
- CUNA- Board of Directors/Past Chairman
- Filene Research Institute- Board of Directors
- NC League of Municipalities Leadership Foundation
- Launched new (2nd) CU called Civic FCU in 2018

Maurice attended [Finovate](#) in NYC. Finovate conferences showcase cutting-edge banking and financial technology through a unique blend of short-form demos and key insights from thought-leaders. 1,200+ fintech companies have taken the stage in NYC, London, Silicon Valley, Hong Kong, Dubai & Cape Town. At the end of the demos on stage and after awards are given, companies are out in the halls bidding on these new ideas, customers and signing up.

The world is moving fast with technology and we are **“ripe for disruption”** in CUs/financial services. CU consolidation means that half the CUs that existed in 1998 are now gone. It is estimated that another 2K CUs will be gone by 2027. What will it take for my CUs *NOT* to be one of those that disappear?

Conditions for Disruption:

- Complex experiences
- Broke trust
- Redundant intermediaries
- Limited access

Maurice has a slide he shows at each board meeting on what keeps him up at night.

Maurice was in Detroit at GM and viewed a “concept car”. He wondered why that car never made it to market. The engineer who designed it said it is a

Nightmares

Keep Me Up At Night

Regulatory Challenges	Trade Wars	Interchange Fee Income Loss	Portfolio Risk	Unpredictable Rates	Low Investment Returns
Declining Demand for Credit	Corporate Governance	Liquidity Risks	Credit Union Taxation	Security Risks	Vendor Contingency Plans
Shrinking Number of Credit Unions	Field of Membership Relaxation	Data Breaches	Amazon	New Breed of Competition	Leadership Succession
Scalability Limits of LGFCU	Net Worth Management	War for Talent	Payment Systems	Shifting Member Demographics	Public Deposits

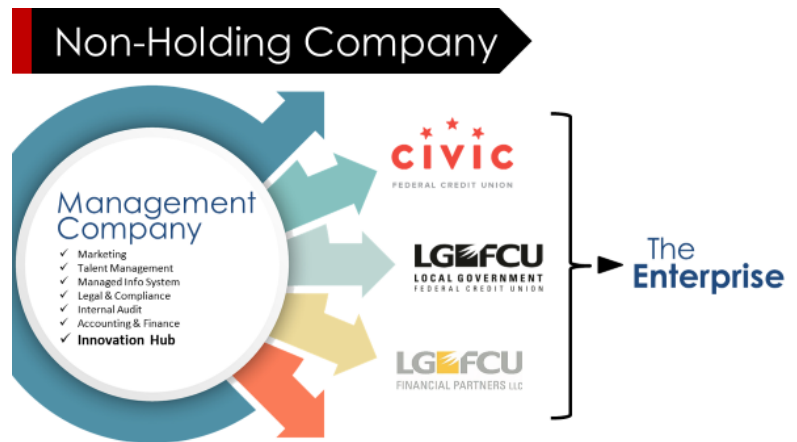
design to see what we should work on in the future. Some design features might make it into vehicles in the future, others will not. They thought about back up cameras and lane departure warnings back in the '60s. The concept car is full of wild ideas and some of them stick. That got Maurice to thinking he could design a "concept CU" for the future. He started thinking what members do not like and how can we solve for that.

Civic FCU has a Tip Charter that overlaps with the same membership at LGFCU. Serves the same people for commercial services and business services.



Foundation for New Ideas:

- Search for new powers.
 - Change FOM rules to make membership easier.
 - Eliminate some regulatory restrictions to help us operate better for members.
- Maurice wants to add a new state-chartered CU and an **Innovation Hub** (non-holding company).



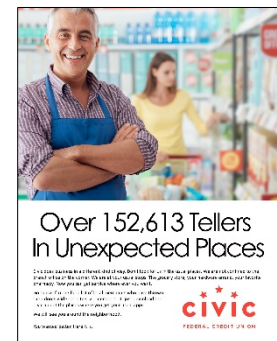
LGFCU has a Lifecycle/Roadmap to track tactics, strategy, etc.

LGFCU Lifecycles The Roadmap

	1983	1993	2005	2011	2020	2025	2030	2040
Stage	Corporate Governance	Staff Development	Brand Development	Sustainability	Scalability	Corporate Expansion	Policy Leadership	TBD
Strategy	This is the formative cycle where LGFCU was getting started.	Here, LGFCU began building a staff with specific technical skills. Less reliance on SECU's people.	LGFCU embarked on a plan to improve its market branding within local gov't community.	The focus here is on survivorship of a disruption and expanding our footprint.	Solutions will be sought to facilitate rapid growth and scale into new markets.	LGFCU will evolve into a family of specialized companies in different sectors	LGFCU will be recognized as a thought leader on consumer and community finance matters	TBD
Tactics	<ul style="list-style-type: none"> • New Board • Committee Formations • Advisory Councils • Policy Developments 	<ul style="list-style-type: none"> • Staff Expansion • Employer of Choice • VP Structure • HR & Training • Recruitments 	<ul style="list-style-type: none"> • Strategic Alliances • Quorum Center Partnerships • Visible Presence • Earned Media • SVP Structure 	<ul style="list-style-type: none"> • Plan B & C • E Channels Best of Breed • Realign Member Behavior • Create Operations Function 	<ul style="list-style-type: none"> • Expand Net Worth Options • Data Monetization • New Capital Sources • Payments Strategy 	<ul style="list-style-type: none"> • Create Specializations • Spin Up Subsidiaries • Create new Service Channels • Fictional Holding Company 	<ul style="list-style-type: none"> • Foundation • Public Policy Contributor • Think Tank • Institute for Consumer Advocacy 	TBD
Skills	<ul style="list-style-type: none"> • Basic CU Understandings • Building Awareness • Working w/ SECU 	<ul style="list-style-type: none"> • Data Ownership • Management Reporting • Talent Acquisition 	<ul style="list-style-type: none"> • Brand Discipline • Influence in Local Gov't • Sponsorships • Property Management 	<ul style="list-style-type: none"> • Talent Development • Innovation Culture • Leadership Training 	<ul style="list-style-type: none"> • Finance Expertise • Balance Sheet Strategies • Data Analytics • Legal Support 	<ul style="list-style-type: none"> • Corporate Governance • Enterprise Management • Investor Relations 	<ul style="list-style-type: none"> • Government Affairs & Lobbying • Publishing • Philanthropy • Public Advocacy 	TBD

Concept CU 2040 Ideas:

- **Remote Cash Deposit**
 - Convince the Federal Reserve to give credit unions credit for mutilated money with an image.
 - Create way to verify members destroyed currency.
 - Limit daily deposit amount.
- **Cashier's Check at Home**
 - The Credit Union now sends members a secured message with an image of their cashier's check.
 - The member may print the cashier's check at home or office.
 - Dual authentication is used to verify the member received the coded image.
 - Uniform Commercial Code 4 does not limit the shape, size and look of negotiable instruments.
- **Debit Card Deposits**
 - Every merchant that accepts plastic cards can receive deposits for credit unions.
 - The cashier only needs to handle the deposit like a return merchandise.
 - The deposit is a reverse debit transaction and the checking account receives a deposit.
 - This service does not require any coding or equipment changes for merchants or financial institutions.
- **Uber Ca\$h Delivery**
 - Members get cash delivered by vetted Uber drivers.
 - Cash comes in a secured lockbox that can only be opened with a code texted to the member.
 - The lockbox is tracked with a GPS tracker to verify delivery.



What are YOUR IDEAS?

- Drone delivery of cash.
- Bio-authentication (fingerprints/facial recognition) to join the CU.
- Need to make things frictionless. One attendee told story of applying for the new Apple credit card (issued by Goldman Sachs) and it took 1 minute. No ID needed. This was an Amazon-like experience. Maurice did the same thing and assumed it would not work because his 3 credit bureaus are all frozen. He was approved for a \$20K credit line card. He assumed it was based on a reputation score- info they know about you/public info.
- Crowdfund members to lend to new businesses (P2P lending offered through CU).
- Help members with the fact that people are living longer. Longer consumer life cycle.
- Be a provider of information for buying car and house.
- Managing money for members and providing suggestions of how to maximize.

- How can we take care of members in more rural areas? Maybe partner with government or universities.
- Crowdsource members to lend to high risk members CUs would not lend to (P2P lending offered through CU).

What are problems we can solve for members about money?

- Members do not like to be surprised by declines or NSF/OD.
- Government regulation.
- CUs could be case manager for Social Security issues.
- CUs can become the largest employer of the gig economy.
 - Banking at work
 - Working at bank (CU)
- Rethink/simplify and take out account type names. Savings and checking.
- Improve member experience.
 - Workforce for CU- less back office.
 - Supply chain innovation
- Can we teach each department of the CU to think of ways to make revenue for the CU?

Thank You!

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