

elliott davis

# FINTECH

*Friend or Foe?*

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**DOES YOUR CREDIT  
UNION HAVE THE  
EXPERTISE TO  
IMPLEMENT AND  
MANAGE FINTECH?**



**ARE YOU ABLE TO  
CREATE NEW PRODUCTS  
QUICKLY TO EXPAND  
YOUR MARKET AND  
REACH NEW MEMBERS?**

**Things to consider during the presentation...**



**DOES YOUR  
CURRENT  
STRATEGIC  
GROWTH PLAN  
INCLUDE  
INNOVATIVE  
TECHNOLOGIES?**



**WOULD A PARTNER IN THE FINTECH WORLD  
MAKE YOUR LIFE EASIER AND KEEP YOUR  
EXISTING MEMBER BASE HAPPY?**



# SERVICES

Payments

Lending

Banking as a Service

Investments

Insurance

# Polling Question

- Does your Credit Union adjust products and services based on member feedback?
  - Yes, frequently
  - Sometimes
  - It's rare
  - Never







# INDUSTRY TRENDS



AUSTIN, Texas--(BUSINESS WIRE)--Sep 13, 2021--

Q2 Holdings Inc. (NYSE: QTWO), a leading provider of digital transformation solutions for banking and lending, today announced that it has been named a winner of the 2021 IDC FinTech Rankings Real Results Awards for "innovation platform to improve digital experiences at Visions Federal Credit Union". Q2 has been named a winner in the Omni-Experience Customer Engagement category.

Visions Federal Credit Union, founded in 1966 and headquartered in Endwell, New York, needed a partner that could facilitate exceptional digital member experiences, deliver competitive differentiation in the markets it served, and accelerate the delivery of innovative digital services to meet the expectations of its over 220,000 members. Visions chose Q2 as its partner to make it possible to give members the digital experience they deserved.

"Visions needed a partner like Q2 that could accelerate its ambitious digital roadmap. Q2's Innovation Studio has enabled Visions to significantly increase the speed to market for modernization, which is a key competitive differentiator," said Jonathan Price, EVP of Emerging Businesses and Corporate Development, Q2. "Even better, they can use data to offer members more granular and substantive interactions. We couldn't be more honored to win the 2021 IDC FinTech Rankings Real Results Awards for our work with Visions Federal Credit Union and we are thrilled with the progress Visions has seen."

"We are excited to be recognized in the 2021 IDC FinTech Rankings Real Results Awards. Prior to the partnership with Q2, Visions was experiencing an extremely low online banking adoption rate. After implementing Q2 we've experienced a more than 25-fold increase in usage of our personal financial management tools," said Tom Novak, VP and chief digital officer at Visions Federal Credit Union. "With Q2 Innovation Studio, we can take something from inception to execution in six months or less, maybe even three months or less, which is warp speed in comparison to what we've done in the past. We can now help our members manage their financial lives better."

Expert Opinion

# 3 Principles Credit Unions Should Adopt to Attract More Millennial Members

CU membership is aging, signaling challenging times ahead for CUs if they don't begin attracting younger new members.

By Joel Schwartz | September 15, 2021 at 09:00 AM

## CreditUnionTimes

### Principle #1: 'Digital' Doesn't Matter if It's Not Mobile

According to research from BAI, 62% of millennials and 61% of Generation Z indicated "they would switch their primary account for a better digital experience" in 2020, an increase from 47% and 54% respectively in 2019.

But it's important to consider the generational differences inherent in even the word "digital." Millennials might remember when mobile experiences weren't available, but they certainly don't want to go back to living that way. Gen Z grew up "digital-first," meaning they have never known a world where mobile wasn't the default option. They want to do *everything* via their phone (except make a call). And, they want it to be simple, understandable and easy to navigate. If they need to get up and turn on their PC to engage with your credit union, you've already lost the member experience battle. If you need them to call or visit a branch in-person, it better be the exception to the rule.

### Principle #2: User Experience Can Make or Break You

It's essential to capture this generation's attention with relevant, short content on the right channels (think Instagram and TikTok, not Facebook and LinkedIn). And this is challenging enough. But all that hard work would be for naught if you don't deliver on the promised experience, and outdated credit union technology is one of the biggest impediments here. Why? It delivers a bad user experience. Millennials place particularly high value on a good customer experience – and they'd pay for a better one. Gen Z takes their expectations even further: Not only do they want more innovation in the form of new products and services, two-thirds of them expect companies to translate their existing offerings into digital experiences.

### Principal #3: Don't Seem Shady

It's widely understood that millennials and Gen Z value transparency and authenticity in the brands that gain their loyalty. This is an area where credit unions have an opportunity to really shine, because these values have been embedded in their member-centric approaches for decades.

Once again, experience matters – down to the last detail. If you say you're transparent but millennials can't understand your disclosures or feel duped by your overdraft processes, you're back at square one. This is a golden opportunity for credit unions to rethink how they deliver their most controversial offerings, such as overdrafts, to help these generations feel that they are in control of their own finances. Credit unions can move beyond financial literacy campaigns and programs to embedding new functionality and services into their offerings that empower members to understand their options and make their own choices. Remember, millennials make up a sizable percentage of the 125 million adults living paycheck-to-paycheck in the United States. If you help them now, they'll remember you as they build their wealth. Of course, it's important to note that regulators and legislators are paying as much attention to this issue as millennials are.





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US consumers are overwhelmingly satisfied with the products and services they get from their banks today.  
This is not a reason for complacency.

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There is a **vast set of unmet financial needs** that consumers are quietly struggling with. They are extremely interested in new products and services that would address these unmet needs. They are **willing to pay for them**.

While **50%** of consumers would prefer to get these products and services from their existing bank, **70%** of consumers say they would be “likely” or “very likely” to open an account at a competing provider to address their unmet needs.

**FICO & Nonfiction Research Report – Realizing a Better Financial Future**





SO, WHY ARE FINANCIAL INTUITIONS HESITANT TO PARTNER UP?

# Polling Question

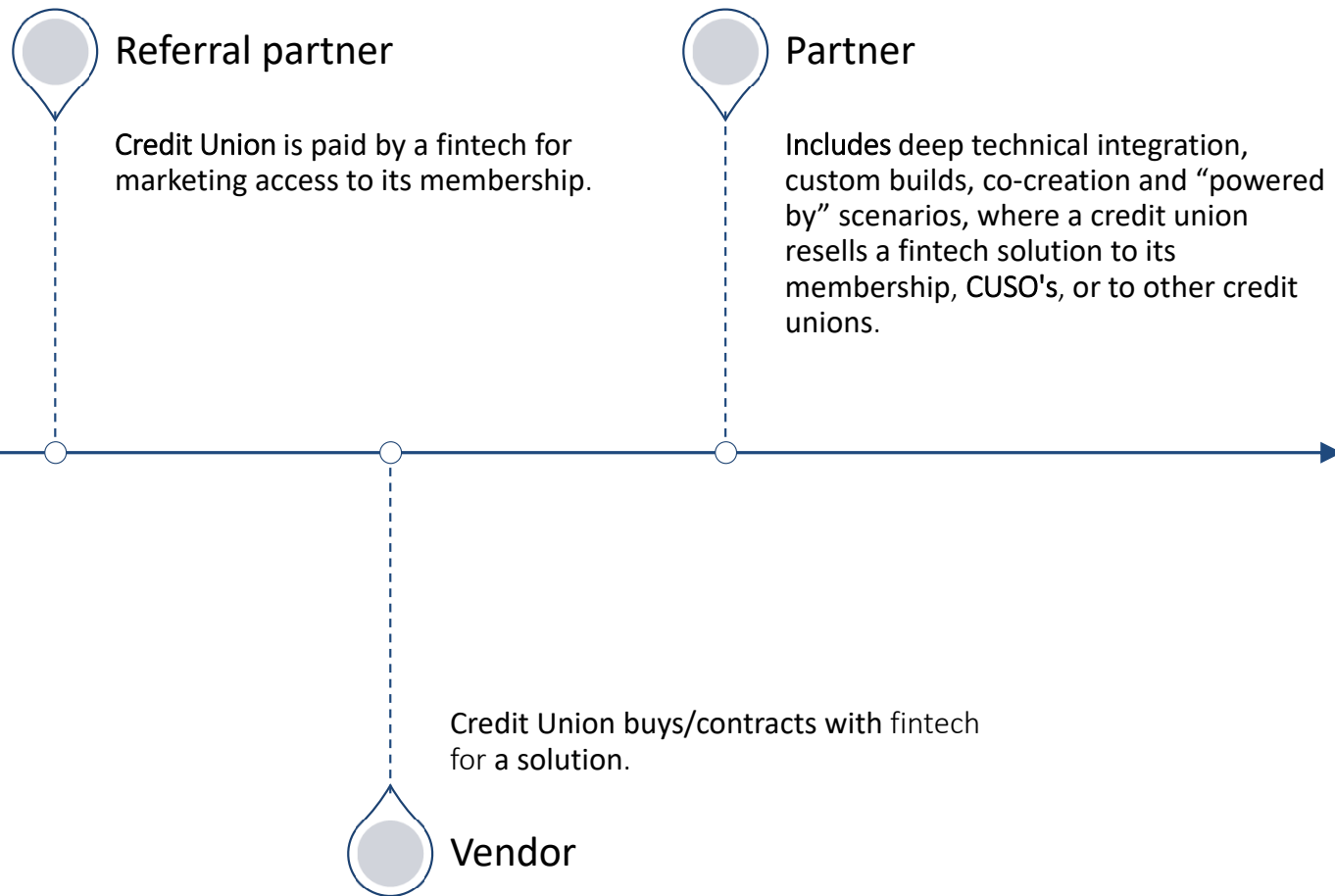
Is your Credit Union involved with any fintech partners?

- Yes, more than 5
- Yes, less than 5
- We're in the process of building a program
- No





# HOW COULD YOUR CREDIT UNION GET INVOLVED?



# RISK, REWARD, & REGULATION

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# DISCUSSION WITH LEADERSHIP

# Polling Question

Do you think your leadership team  
would be interested in fintech  
partnerships?

- Yes
- Currently evaluating
- Maybe in the future
- No



# STAY IN TOUCH

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