

# Coming Of Age: Competing In Today's Tech Landscape

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Sam Taft, AVP of Analytics & Business Development, Callahan & Associates*

**CALLAHAN**  
ASSOCIATES  
*the credit union company*

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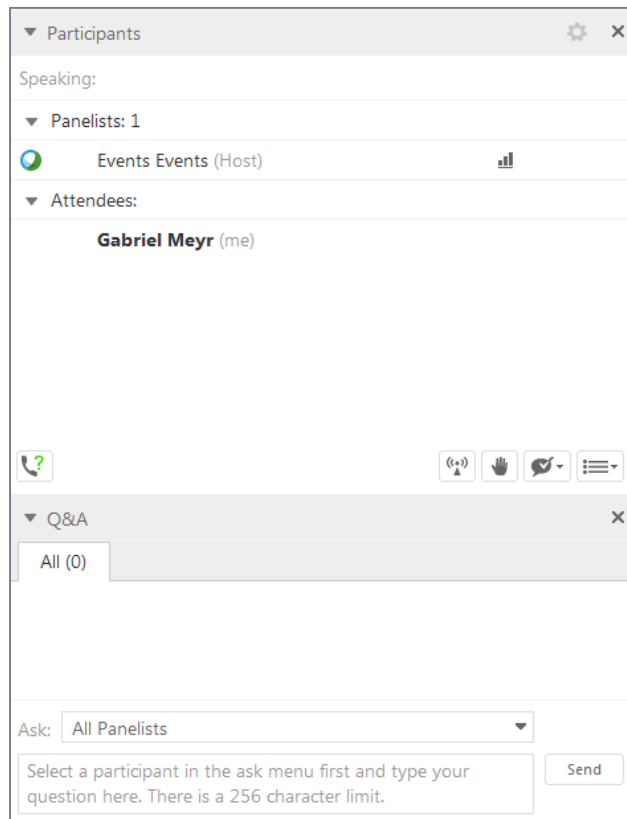
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# We Encourage Questions



Use the

## Questions Box

located on the right side of the screen, to type your comments or questions.

# Tell Us What You Think!



Please take our post-event survey.

We value your feedback!



# COMING OF AGE

Credit Unions Must Position Themselves Now to Compete  
in Today's Tech Landscape

# AGENDA

- Speaker Introduction
- Industry overview
- Where credit unions have been and where they are going
- Making strategic investments that make sense for long-term ROI
- Operational, managerial and financial opportunities that come with technology upgrades
- Q&A

# TODAY'S SPEAKERS



**Josh Cook**  
*COO*  
Community Choice  
Credit Union



**Sam Taft**  
*AVP, Analytics &  
Business Development*  
Callahan & Associates

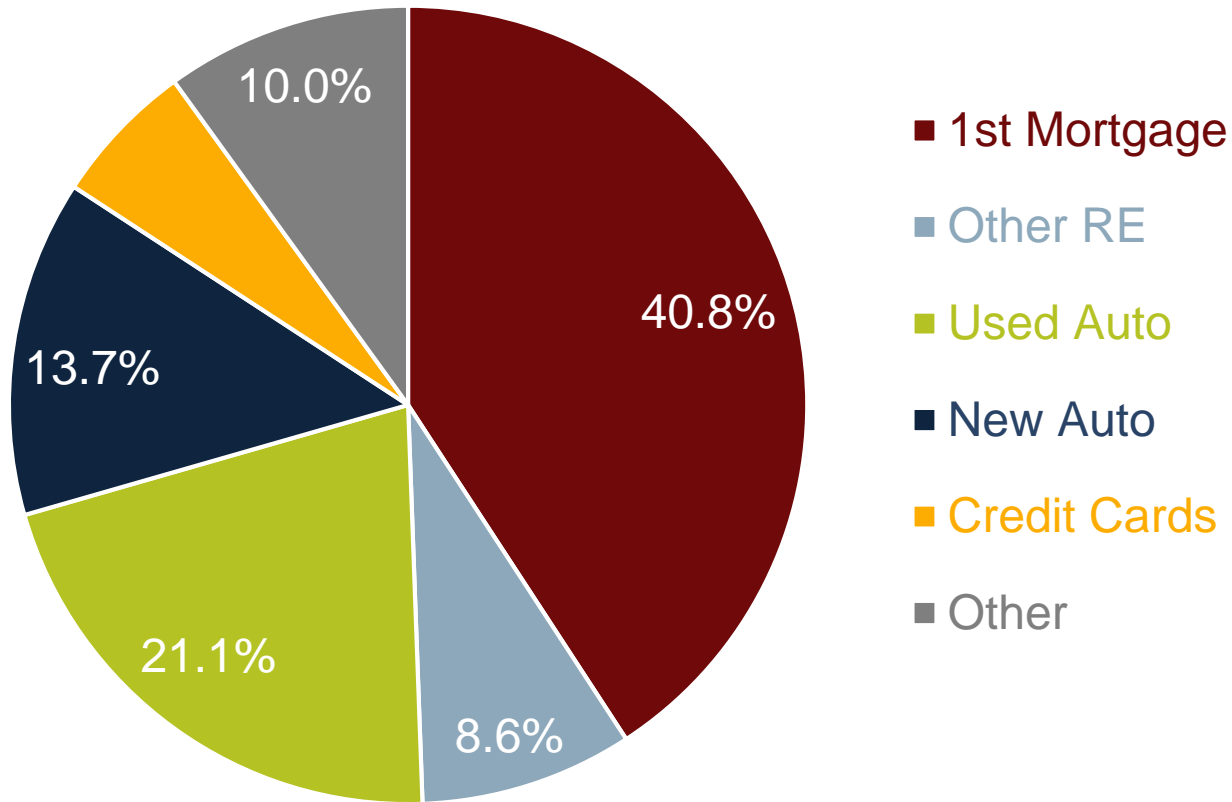


**Milind Pathak**  
*Senior Director, US Core  
Platforms and Integration*  
Finastra

# CONSUMER LOANS GROWING IN CONCENTRATION



Credit Union Loan Portfolio  
Data as of 09.30.17

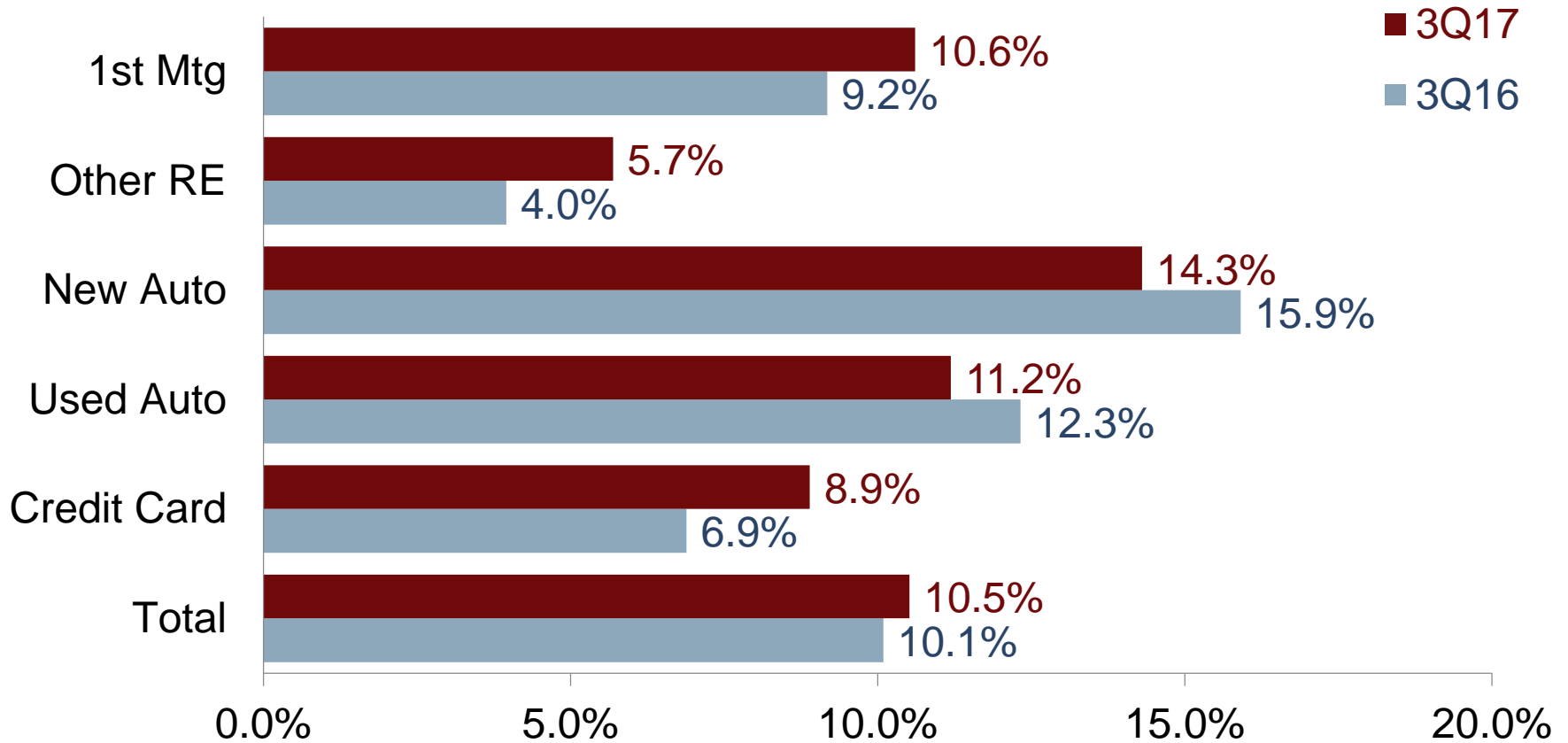




# FIRST MORTGAGE GROWTH DRIVES TOTAL LOAN GROWTH TO 10.5%



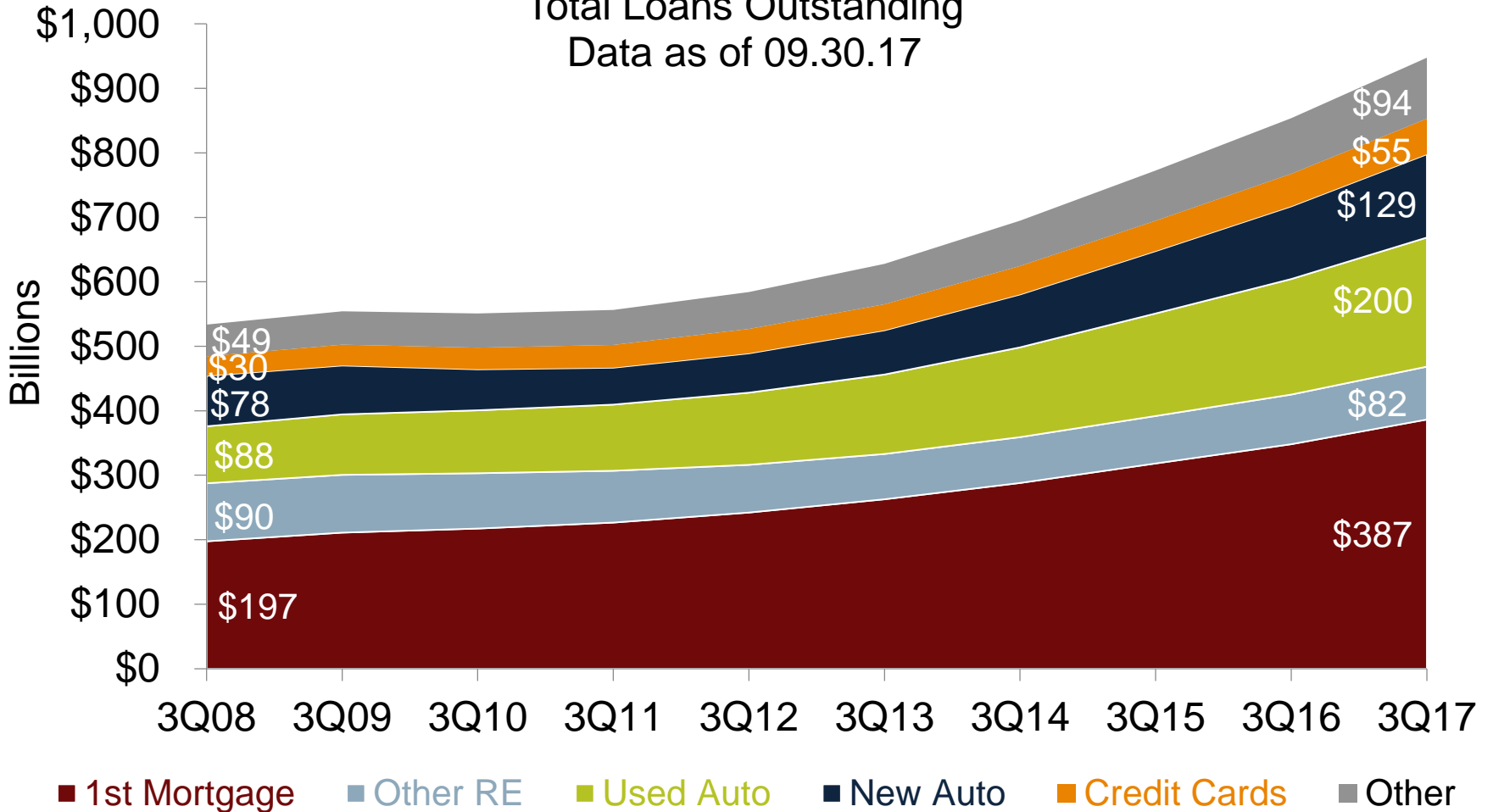
## 12-Mo. Growth in Loans Outstanding Data as of 09.30.17



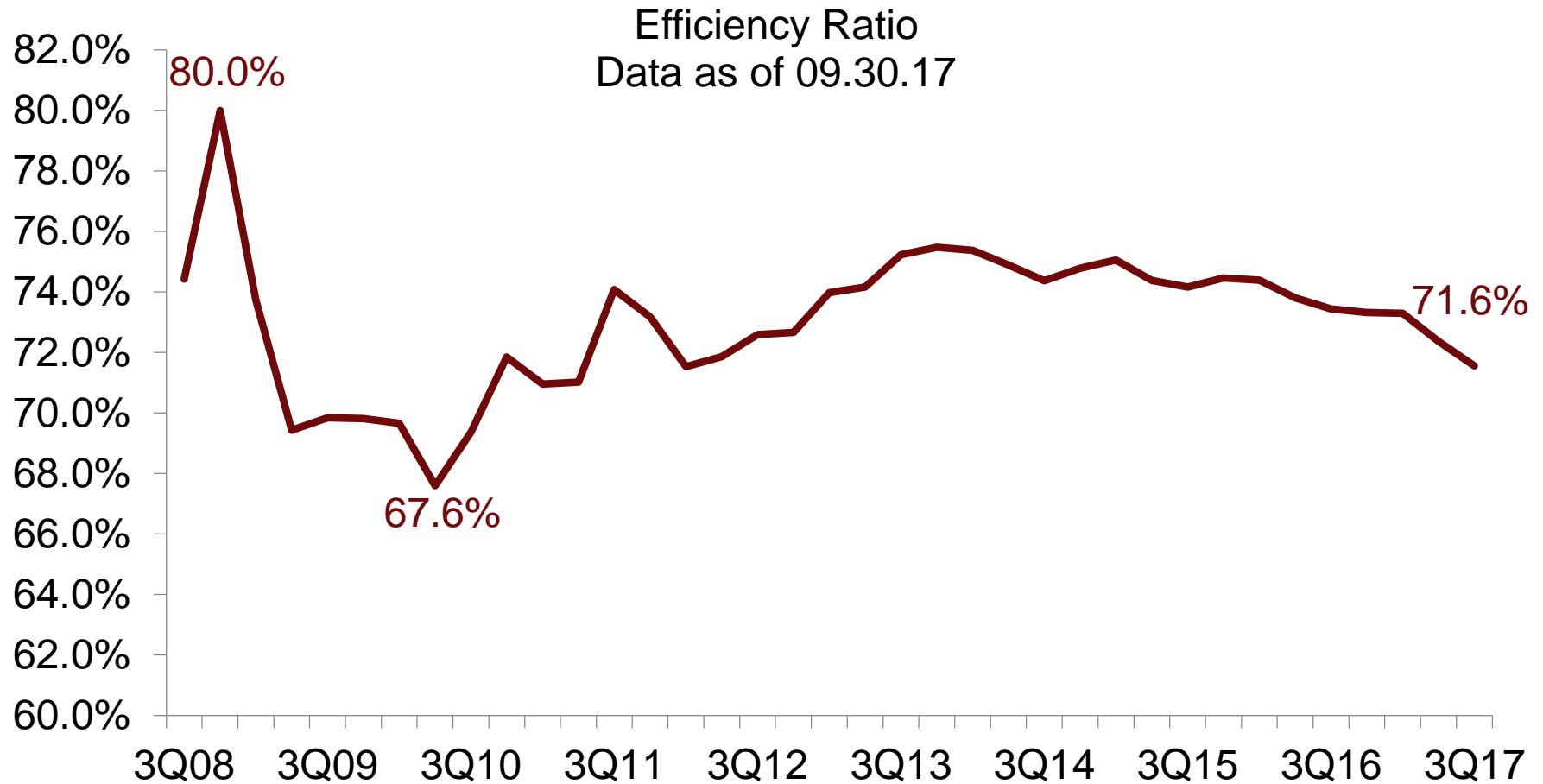
# CONCENTRATIONS SHIFTING OVER TIME



Total Loans Outstanding  
Data as of 09.30.17



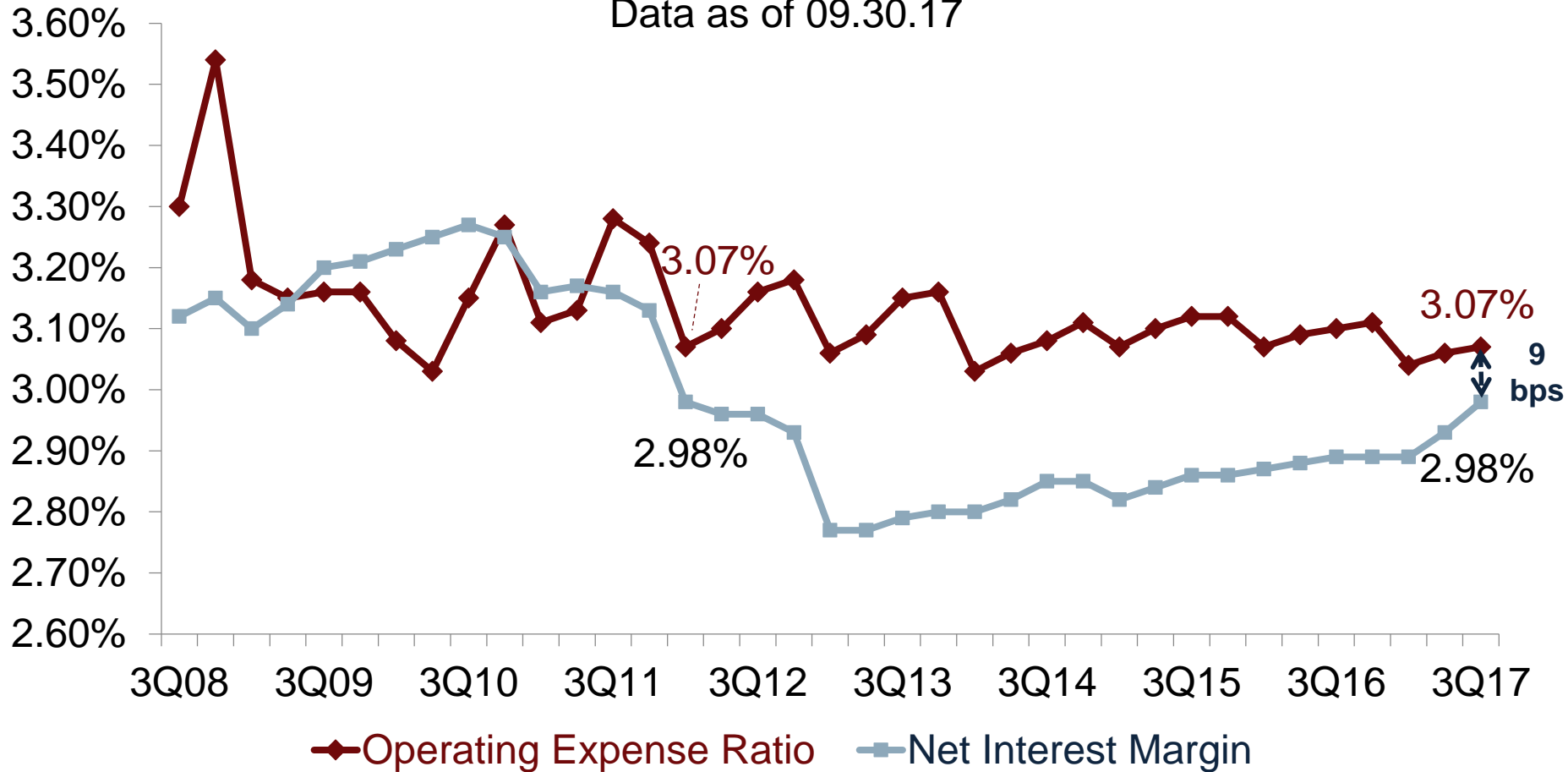
# AFTER SEVERAL YEARS OF VOLATILITY, CREDIT UNION EFFICIENCY HAS GRADUALLY IMPROVED



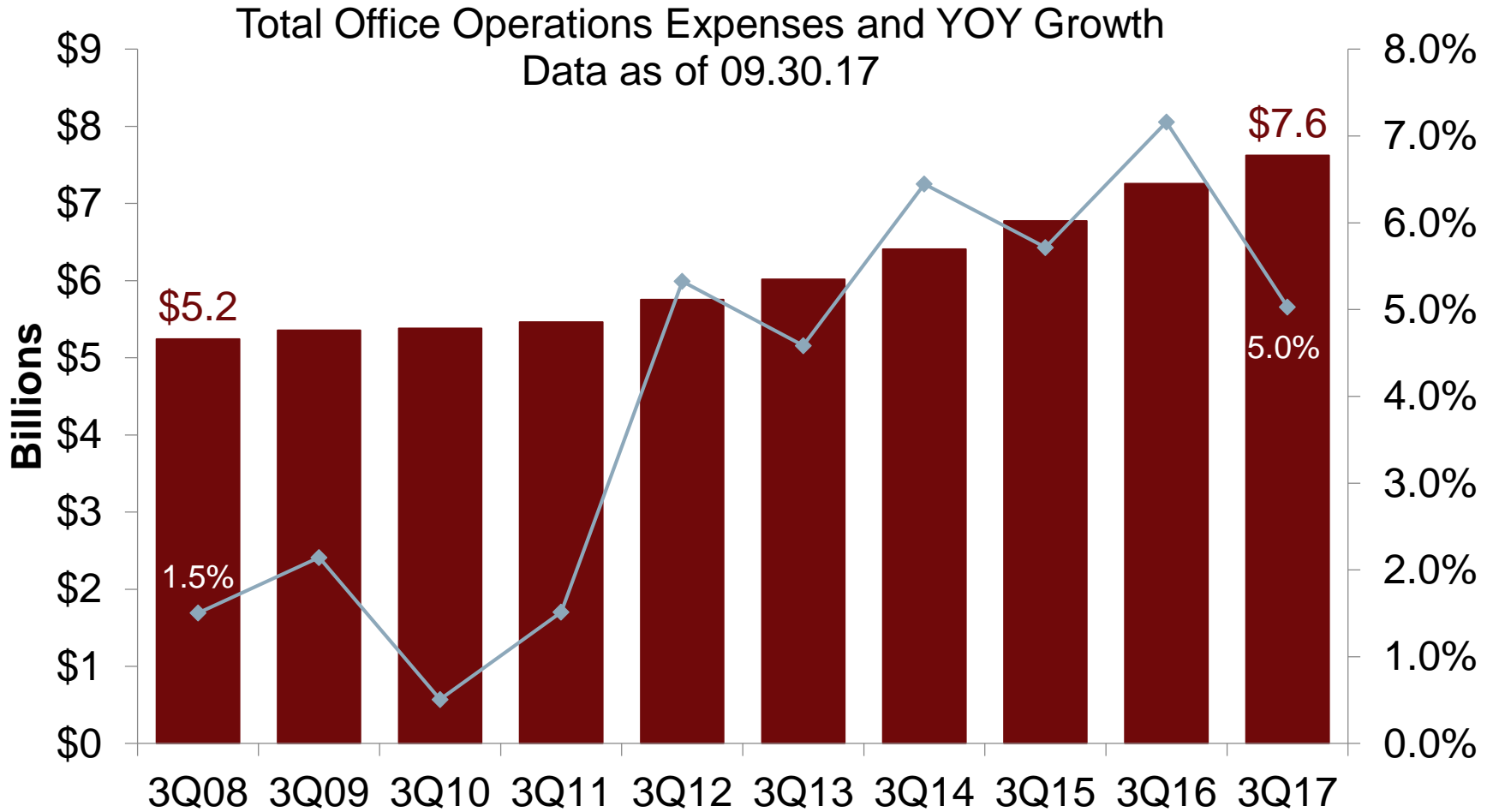
# OPERATING EXPENSE RATIO CONTINUES TO FALL; EARNINGS GAP SHRINKS TO LOWEST SPREAD SINCE 1Q12



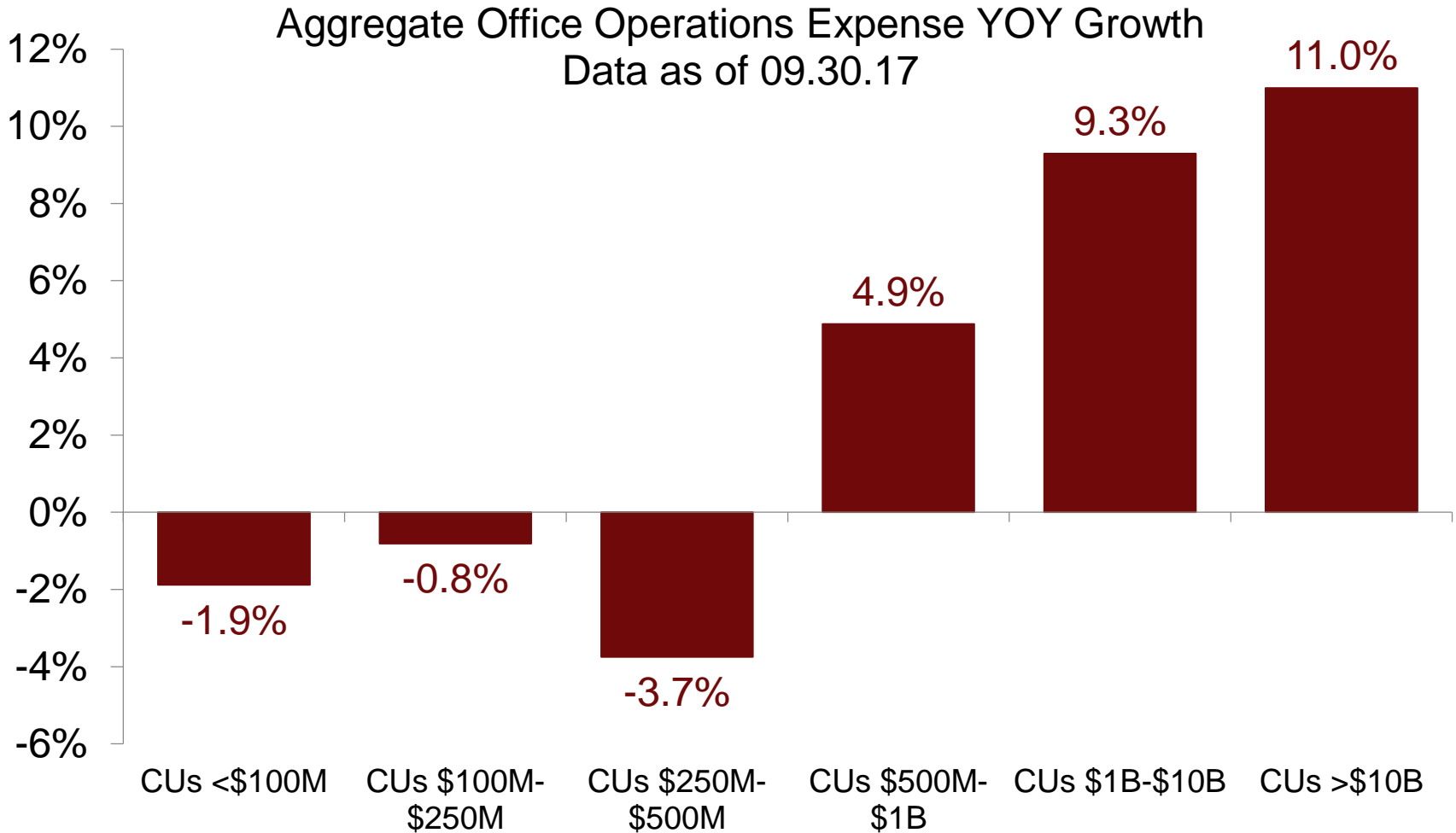
Net Interest Margin vs. Operating Expense Ratio  
Data as of 09.30.17



# OFFICE OPERATIONS SPEND IS UP 45.4% SINCE 2008



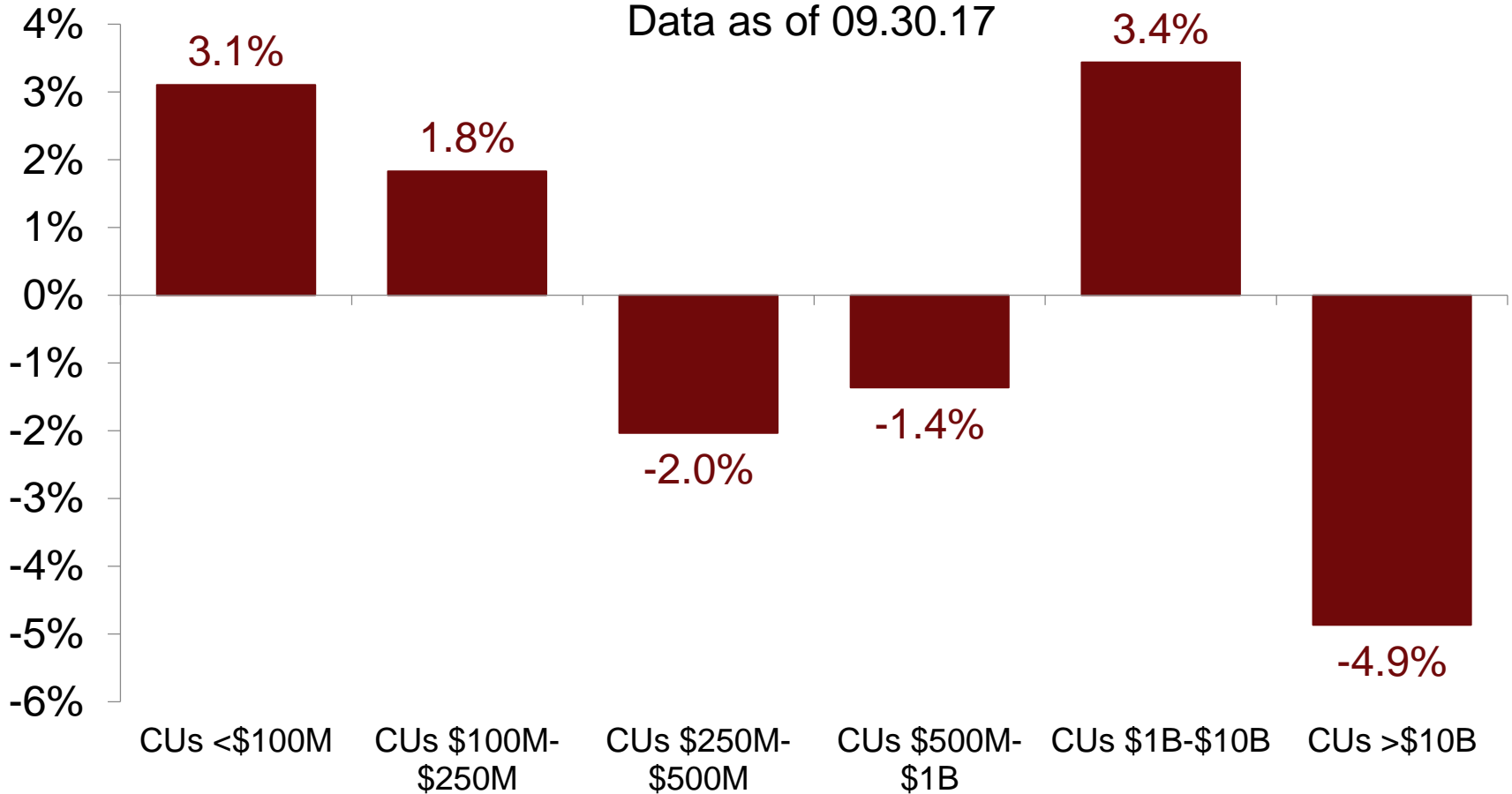
# TECHNOLOGY INVESTMENTS INCREASING WITH ASSET SIZE



# WHILE AVERAGE TECH SPEND RISES AT SMALLER CUS



Average Office Operations Expense YOY Growth  
Data as of 09.30.17



A man in a white shirt is lying face down on a dark surface, with a large, dark, rectangular block of stone or concrete resting on his head. He appears to be in a state of exhaustion or stress. The background is a plain, light-colored wall.

Changing regulations  
Consumer Demands and Technology Trends  
Stronger competition  
Need to expand products and services





**“The vast majority of financial institutions are increasing their investments in innovation, but legacy technology, lack of a defined innovation strategy and other obstacles aren't making innovation easy.”**

– Credit Union Times

# CREDIT UNIONS ARE DIVERSIFYING THEIR LOAN PORTFOLIOS



Personal



Mortgage



Small  
Business

# THE DIFFICULTY IN MANAGING ACROSS MULTIPLE SYSTEMS

Pulling the information from multiple data silos is not an easy task and takes time that prevents real-time monitoring of the institution.



Understanding the total relationship a member has (360 view).



Coordinating daily, weekly, monthly, quarterly periodic processing of activities like accruals and late charges.



Pulling info from disparate systems to display on a statement, home banking, and mobile member-facing applications.

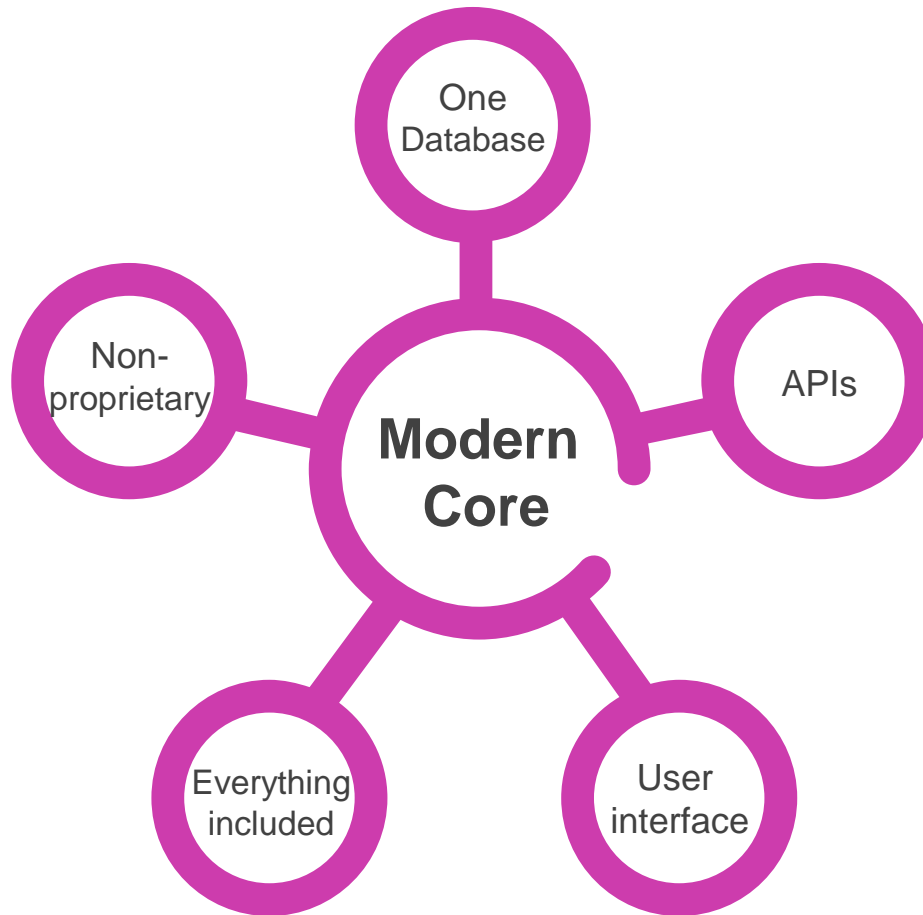


Coordinating upgrades and upgrades across the systems without disturbing the often brittle and complex integrations between them.



Processing payments made through digital branch channels in real-time.

# A SINGLE PLATFORM IS CRUCIAL FOR EFFICIENCY AND COST SAVINGS



# Thank you



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