

MDC's Project Strategy

MEMBERS
DEVELOPMENT
COMPANY



MDC is uniquely positioned in the credit union market due to the specific credit unions we serve and our more narrow focus on specific credit union issues. Our project agenda is very focused on the growth strategies of select, large credit unions. There is no other entity in the credit union industry with that singular focus.

Our owners comprise 73 credit union entities:

- three non-credit unions (two large CUSOs and CUNA Mutual)
- 66 large credit unions
 - Total assets of \$224.4 billion
 - Average assets of \$3.2 billion

Based upon input from a recent owner survey, the priorities of our credit unions are: data analytics, digital channels, fin-tech, member experience, cyber security, and maintaining relevancy. These priorities are an important data point as we consider which projects to work on for our owners.



Our recent and current projects include:

1. **Chatbots:** Chatbots are sometimes used on websites to immediately answer your questions on an automatic basis (without the delay of a real customer service person). MDC is researching developing a chatbot that members can use on our owners' websites to answer their financial questions at any time, day or night, or direct them to the appropriate staff if their requests require a human response.
2. **Auto Sharing:** The sharing economy and the ability to summon an Uber or Lyft at the touch of a button has not just transformed the transportation industry, but also created a need to manage shared assets in a more intelligent way. In this project, MDC is researching and developing lending and insurance products our owners can offer to make participating in this marketplace practical and affordable
3. **Cone of Plausibility:** As MDC is dedicating a portion of our project work to more long-term work (5 to 10 years out), we are seeking to develop a set of scenarios and robust long-term strategies to focus both that longer term MDC work and support strategic planning for MDC's owners. MDC is currently evaluating vendors and will soon select a vendor to develop scenarios and other support materials for this effort.
4. **Innovation Council:** MDC's Innovation Council (IC) has been a recurring annual process at MDC since 2012 and has produced many great ideas for MDC projects. Through the IC, MDC owners can gather their best thinkers and rising stars together to create innovative ideas for new products, services, and experiences. IC members are guided by MDC staff and our innovation partners through ideation and design processes, and IC members are able to further develop the innovative ideas through concept testing, marketplace testing, and additional research. Ideas from the IC are presented annually at our winter owner meetings, where all of MDC's owners are able to evaluate the IC's finding and express their interest in exploring the project idea further.
5. **Innovation Skills Training:** We analyzed the characteristics of groundbreaking companies, identified gaps within our credit unions, and brought on a world-class partner to enhance our innovation skill sets. Impressive discounts are available to MDC owners for innovation workshops, on-demand tools, and even keynote speakers.
6. **Member Experience:** How can we differentiate in a world of commoditized financial products? Through the experience we provide to our members! MDC has been working on member experience projects for over four years now, providing education, tools, and actionable learnings to our owners. We have shared the results of these projects with our owners, including how to best onboard new members, better serve small business, and improve call center services. By partnering to research these issues with some of our owners and their members, all of our owners benefit from the shared findings. Peer-to-peer learning at its finest!
7. **Member Loyalty and Satisfaction:** A Net Promoter Score (NPS) does not provide actionable information for new product development or insight into what members value. Plus, an NPS is limited to a snapshot in time, so how do we get a finger on the pulse of

what the member really wants? Is there a better way of evaluating members' loyalty/needs/intentions with the credit union? In this project we researched existing member loyalty and satisfaction measurement options and recommended four different models to our MDC credit unions. We also examined ways to measure loyalty and satisfaction using data analytics—no more surveys!



8. **Member Score:** We all know our members are more than just their FICO score. In this project, MDC will research and develop a plan for implementing a “member score” system that also takes into account other information about a member applying for a loan, like their history with the credit union, assets, or level of education. This will help loan officers make better decisions about the credit worthiness of members who otherwise might be denied a line of credit.
9. **Personalization:** Personalization is the practice of using member information to deliver a relevant and engaging experience across channels and devices. Essentially, it is being willing and able to change your behavior toward an individual member based on what you know about them. It’s quickly moving from a game-changer to an expectation of the American consumer. We completed research and conducted a pilot with a third party who appends data from the core with publicly available social media data—resulting in a strong personalized marketing campaign.
10. **Robotics Process Automation:** Robotics process automation (RPA) is an emerging area of technology. Some might call it robotics for white collar jobs. The “bots” can perform highly repetitive jobs, primarily focused on moving data from one place to another 24 hours a day, 7 days a week. These bots can free up staff time for more valuable work, improve accuracy and generate a significant ROI on these investments. Another interesting aspect of RPA is the ease with which we can innovate with it through the piloting and beta testing phase, as these bots can eliminate the need to build interfaces between systems just to test their efficacy. This could save months of time and thousands of dollars during these test stages.
11. **Student Loans:** We have identified actionable steps credit unions can take to address student loan debt concerns facing members, including innovative solutions to obtain and refinance debt. Our team dug into private student loan alternatives to government loans, employer-based repayment solutions, equity sharing programs, pre- and post-school financial planning, and other innovative models. Through secondary research and first-person interviews, our team identified opportunities for credit unions to develop a student loan innovation or select a partner that addresses this growing financial concern. We are currently piloting several solutions.
12. **Total Rewards:** In an increasingly competitive market for share of wallet, MDC owners need a response to popular reward programs offered by big banks and credit card companies. In this project, MDC will research how our owners can analyze the spending history and habits of members and create a rewards program providing maximum benefit.

As you can see, when MDC owners collaborate, we prioritize and turn ideas into:

- Relevant research
- Innovative products or service
- Actionable takeaways
- Improved processes
- Valuable vendor relationships

