

# SECU Shared Services Update

November 9, 2023





# Agenda

- **Consortium Introduction**
- **Benefits of Shared Services**
- **Size and Scope**
- **Consortium Vision**
- **Strategic Alignment**
- **Governance Structure**
- **Measuring Success**
- **Appendix**

# Consortium Introduction

## Credit Unions



- Formed in 1941
- HQ: Bethpage NY
- 461K Members
- \$13B in Assets



- Formed in 1951
- HQ: Linthicum MD
- 254K Members
- \$5.3B in Assets



- Formed in 1936
- HQ: Greenwood Village CO
- 363K Members
- \$8.1B in Assets

## Credit Union Service Organizations (CUSO)



- Formed in 2003
- HQ: Englewood CO
- 215 Employees



- Formed in 2012
- HQ: Canton MD
- 850 Employees

***Collectively Serving over 1 Million Members and \$26.4B in Assets***

# Benefits of Shared Services

## TALENT

- Gains in Expertise
- Better Staff Retention
- Attract Better Talent
- Afford Specialized Talent

## OPERATIONAL EXCELLENCE

- Improved Operational Excellence
- Best Practice Processes
- Accuracy/Reduced Errors
- Consistency of Delivery

## FINANCIAL

- Increased Efficiency
- Reduced Operations & Technology Costs
- Improved Risk Mitigation/ Regulatory Controls
- Share Excess Capacity



## MEMBER EXPERIENCE

- Improved Member Satisfaction
- Greater Ability to Customize Service Delivery
- Improved Cycle Time
- Greater Ability to Support Volume Swings

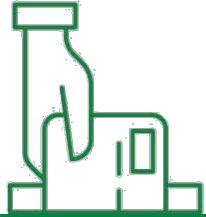
## TECHNOLOGY/DATA

- Improved Technology Leverage
- Better Decision Support
- Stronger Information Security
- Improved Systems Uptime/Reliability

## STRATEGY/COLLABORATION

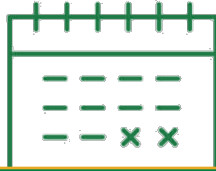
- Increased Strategic Focus
- Greater Focus on Growth
- Leveraging Best Practices of Partners
- Offer Enhanced or Additional Products

# Shared Services Support Areas



## Deposit Operations

ACH  
Wire Transfers  
Overdraft  
Payments  
Deposits  
Verifications  
Account Opening  
Refunds  
CD Support  
Card Services



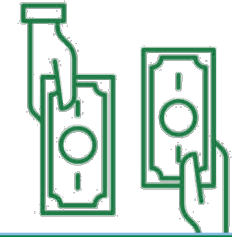
## Default Management

Delinquency Calls  
Loss Mitigation  
Bankruptcy  
Foreclosures  
Credit Bureau  
Disputes  
Asset Disposition



## Contact Center

Inquiries  
Account Verification  
Charges/Refunds  
Online/Web Banking  
Business Banking  
Card Issues



## Lending

Underwriting  
Processing  
Closing  
Funding  
Secondary  
Servicing  
Indirect auto financing

# Scaling Support Post Pandemic

*Shared resources allows for proper scaling to handle the increased volume driven by market conditions.*

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**Originations**

**97,000**

Mortgages and Home  
Equity Loans Originated

**Originations**

**246,000**

Consumer Loans  
Originated

**Servicing**

**2,200,000**

Annual Member Contacts  
to the Call Center

**Servicing**

**350,000**

Loans Serviced

**Servicing**

**514,000**

Active Checking Accounts  
Supported

# Consortium Vision Statement

**Provide an “Easy to do Business With” (ETDBW)\* and “Easy to Collaborate With” (ETCW)\*\* experience that is efficient, scalable and enables our employees to deliver on each of the credit union partners visions through people, process and technology.**

# Strategic Alignment & Approach

## **ANNUAL STRATEGY REVIEW**

Credit Unions & CUSOs Jointly Review Individual Strategic Plans

1

## **ALIGNMENT DISCUSSION**

Review of Overlapping Priorities or Shifts in Strategies to Determine Synergies

2

## **VALIDATE CURRENT INITIATIVES**

Discuss Progress and Validity of Current Multi-Year or Carry-Over Consortium Initiatives

3

## **PREVIOUS YEAR POSTMORTEM**

Discuss Progress Made in Previous Year and Recommend Governance Changes

4

## **KEY INITIATIVE AGREEMENT**

Agree on Consortium List of New Initiatives and Priorities for the Year

5

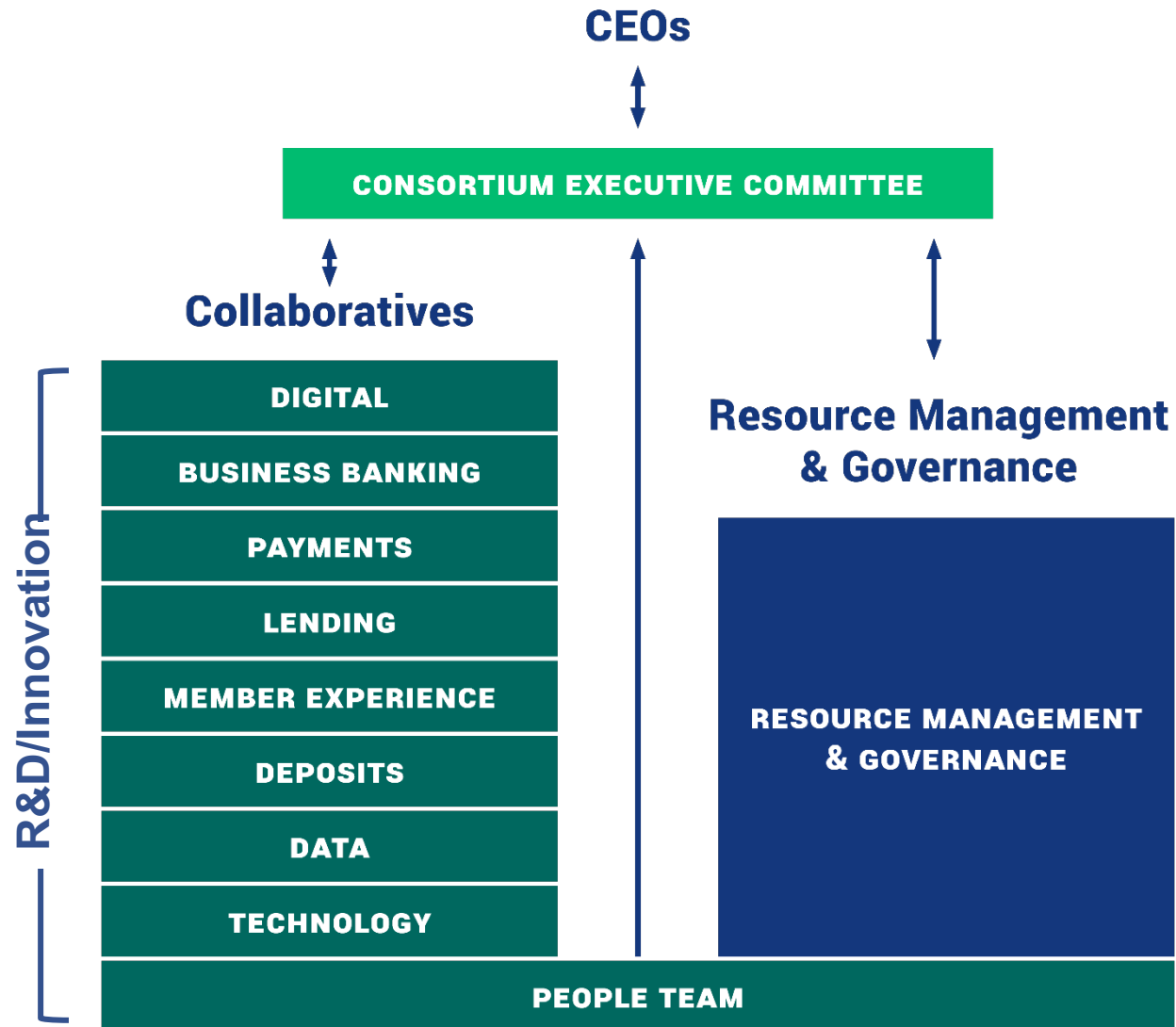
## **GOVERNANCE & OVERSIGHT**

Discuss the Optimal Approach to Achieving the Current Year Objectives & Key Initiatives.

6



# Governance Structure



# Measuring Success of Continuous Improvement

## SLAs

**Continuous measurement of various SLAs, including areas related to member service and uptime in applications.**

- Abandonment Rate
- Member Sentiment
- Activity Management
- Speed to Answer
- Uptime in Applications

## Output

**Monitoring of progress of the strategic initiatives and projects identified in the consortium roadmap .**

- Progress towards Strategy
- Project Completion
- Strategic Alignment
- Resource Allocation

## Efficiency

**Continuous optimization and modernization to reduce costs and increase scalability.**

- Expense Management
- Budget Allocation
- Modernization
- Employee Satisfaction

# Appendix

## Principles of Independence



# Principles of Independence Requirement

- ❑ In the early stages of development, the CEOs (partners and S3) wanted to ensure S3 would be based on a foundation of independence.
- ❑ This would prevent any one credit union from dominating the relationship with the CUSO and thus being able to exert undue influence over its operations.
- ❑ Independence is emphasized to ensure that external knowledge, viewpoints, and expertise would be leveraged in the new CUSO.
- ❑ Independence does NOT mean that S3 will operate independently of the collective partnership. S3's goals must be aligned to objectives of the partners, and large-scale decisions must involve the partners.
- ❑ The 10 Principles focus on leadership, staffing, facilities, and production excellence.

# Principles of Independence – LEADERSHIP

1. The President/CEO of S3 is wholly responsible for successfully executing the business plan of S3, while ensuring that sufficient levels of engagement and relationship building occur between its leadership and its CU partners.
2. S3's Executive Management team is the final decision-making body relative to the hiring, promoting, and terminating of personnel at S3. S3's Executive Management Team will be hired from outside the partners.
3. It is the responsibility of the host credit union CEO of a co-located site to ensure his/her leadership team does not interfere in S3's day-to-day operations.
4. Open dialogue between S3 and CU leadership will occur to ensure all issues are addressed in a timely and appropriate fashion. S3 will have the necessary leadership roles to ensure this occurs from its perspective.

# Principles of Independence – STAFFING & FACILITIES

5. No existing credit union employee is guaranteed a role with S3, regardless of tenure or if their role has been eliminated as a result of S3.
6. All support-type activities outsourced to one of the CU partners (e.g., recruiting, accounting, training, compliance, etc.) will have direct oversight by S3's CEO or delegate who will have ultimate accountability for these functions.
7. While S3 may reside in an existing CU facility, there will be a clear physical separation within the facility. Security access will only be granted to S3 employees. S3 will be considered/ treated like any other tenant. This principle applies to all employees, including executive management and board members.

# Principles of Independence – PRODUCTION EXCELLENCE

8. S3's leadership is ultimately responsible for complying with the efficiencies and process improvements designed for S3.
9. All new hires, including any from existing CU partners, must be trained and tested to ensure they meet S3's newly created standards and expectations, and comply with the “new way” of doing business.
10. Service Level Agreements (SLAs) will be created and agreed upon by the leadership of both S3 and the CU leadership. These goals will be reviewed on an annual basis.

