

MCUL & Affiliates Priority Report Script

August 2017

MCUL CEO Dave Adams:

Hello and thank you for joining us for the August 2017 edition of the MCUL & Affiliates Priority Report.

Before we start, I'd like to announce a new, valuable addition to MCUL & Affiliates. David Dean, formerly chief strategy officer for LifeStep Solutions, is now senior vice president of business development for CU Solutions Group. In addition to the expertise in mobile technology, marketing and product development that David brings to the role, this move also allows Senior Vice President of Michigan Solutions Alan Augustine to wholly dedicate his time and attention to our clients and member credit unions here in the state of Michigan. So once again, welcome David!

As our member credit unions know well, one of our four pillars is removing the barriers that prevent credit unions from growing and serving their members. It's in this vein that we recently submitted comments to the NCUA regarding its proposed merger rules — rules that are frankly unnecessarily burdensome.

In preparation, MCUL recently held a call with a number of small- and large-asset size credit unions — those most impacted by mergers — to gather the perceived impact of these new proposed regulations.

Based on credit union feedback, our comments address:

- The negative impact on both small and large asset size credit unions,
- Concerns regarding member-to-member communication,
- The proposed extension of the proposed rule to state chartered credit unions,
- And finally, concerns over excessive focus on CEO and executive compensation in burdensome new member disclosures

You can review the comment letter in its entirety in the Regulatory Outreach section of MCUL.org.

Additionally, the NCUA Board has issued a Notice of Proposed Rulemaking regarding the merger of the temporary corporate stabilization fund and NCUSIF. As many of you know, MCUL actively called for the merging of these funds earlier this year in a letter that was signed by more than 100 Michigan credit union CEOs. MCUL will again be providing comments to the NCUA on the proposed rule, strongly encouraging the merger of the funds and timely refunds to credit unions.

For more information and assistance on regulatory and compliance issues facing Michigan credit unions, as well as advocacy tools and information on legislative issues, credit unions have a free-to-use resource in Destination Compliance. This comprehensive solution has been available to Michigan credit unions for just over a year now, and we have some exciting developments that we'll be launching at September's Executive Summit.

In addition to new enhancements to the site's general look and feel, we're introducing two new, major features. The first is a community forum. Based on user feedback, the forum will allow users to interact with one another, share resources and insights, and ask questions. Additionally, we are integrating a robust search feature that will make it easier for credit unions to pinpoint the exact issues and information that they're looking for. We're always working toward the improvement of our compliance resources, so if you have any additional insights or ideas, please let us know.

Again, all MCUL-affiliated credit unions — that's 100 percent of the credit unions here in Michigan — have free access to this total compliance solution. To access Destination Compliance, just visit MI.DestinationCompliance.com.

And speaking of compliance, I did want to remind everyone that new ADA regulations pertaining to credit union websites will go into effect in February of 2018. We've had an influx of credit unions reaching out to us for guidance.

Our CU Solutions Group Technology Solutions team is currently working with a number of credit unions, making sure that they're both compliant, and offering the resources necessary to serve members with disabilities. Because this is a growing concern for many credit unions, we have developed a specialized

audit service so that they can quickly identify content issues, programming issues and even links to third-party sites that may have ADA issues of their own.

CUSG makes this a quick and painless process for credit unions, but it's important to address this sooner rather than later. As the deadline approaches, more and more credit unions will be scrambling to adjust. We strongly advise all credit unions to schedule an ADA compliance audit if you haven't already done so.

CUSG's Technology Solutions team has also been busy completing the service layer of LifeSteps Wallet. First showcased at the AC&E in June, we're now just a few short weeks from launch. As we've been reporting, this is shaping up to be an excellent tool for credit unions looking to establish ongoing engagement with their members. The wraparound container app, geared toward millennials, includes verticals for credit union-specific services, shopping, home, auto and financial wellness.

On the Membership Enhancement front, we have an important update. First, CUSG recently signed an extension to its Sprint agreement, which now takes our contract out to June 30, 2020. A few important aspects were added to this new contract. Sprint has transitioned to a bounty method of payment, so credit unions will now be paid for *each new member* that signs with Sprint. This can potentially double — even triple — the amount credit unions earn on well-executed Sprint marketing plans. Second, Sprint's expressed a desire to get much more involved with credit unions with their respective community outreach to drive value to members; we look forward to executing on this new tactic. Finally, Sprint has committed to maintaining a meaningful value proposition to credit union members — like the \$100 offer currently in place. We're already seeing great results with 31,000 accounts added in July alone. The trends are very positive.

Also, covering topics in technology, marketing *and* HR performance, CUSG just released the third quarter 2017 issue of CU TrendScan. This is only the publication's third issue, and it's already enjoyed great reception from the credit union community. Among other topics, this quarter's issue covers data breach, mobile banking, search engine optimization, email marketing and employee engagement. Your credit union can download a free PDF version of the publication at CUTrendScan.com

In other marketing news, new assets from the 2018 CU Link campaign just came in from FocusIQ and CUBE TV Studios. The refreshed CU Link campaign for 2018 — *There's Real Strength in Our Numbers* —

builds on the powerful narrative developed by the *Steps* campaign. It continues to tell the story of how credit unions are there for all their member's major life events, and makes an emotional link between their daily lives and the benefits of using a credit union.

This is an important message all Michigan consumers should hear, and it's why we put so much time and effort into this annual campaign. It's also why we're making it easier than ever for credit unions to integrate their own advertising with the professional assets put together by CUBE TV and FocusIQ. Your credit union has access to radio and digital video spots, social media assets, digital ads, billboards, postcards, image libraries and much more.

These assets are designed with both large- and small-asset size credit unions in mind, so whether you're looking for a cost-efficient way to supplement your advertising efforts, or you plan to use this agency-generated campaign as the core of your marketing plan, CU Link is a strong fit for both. In addition to focus-group-tested messaging and highly-targeted tactics, your credit union is able to leverage the full reach and impact of a multi-million-dollar media campaign. As far as awareness advertising is concerned, there's simply no greater return on investment for your marketing dollars.

Once again, the first batch of new assets were just posted to the MCUL.org/CULinkAdvertising. More assets will roll out in the coming weeks, so make sure that your marketing department is planning its 2018 budget with these valuable assets in mind.

On a final note, we have several events coming up in September and October. As mentioned earlier, our Executive Summit is being held September 13-15 in Bay Harbor. This event offers a retreat for Michigan credit union executives to relax and network, while leaving refreshed and inspired.

The Fall Leadership Development Conference, which brings together CEOs and board members, is being held in Traverse City from Sept 15-17.

We'll be making our trek to Washington D.C. September 27 and 28 for the 16th annual Hike the Hill. Participation in this year's Hike the Hill is more important than ever as the focus remains on federal issues including regulatory burden, data breach liability and credit union not-for-profit tax exemption.

And finally, Capitol Day will take place in the Mackinac Room in the Anderson House Office Building in Lansing on October 17. This event features an issue briefing on our current state issues followed by a luncheon with lawmakers representing districts throughout Michigan.

For registration or more details on any our upcoming events, visit MCUL.org.

That's it for the August edition of the MCUL & Affiliates Priority Report. Thank you once again for joining us. As always, please don't hesitate to reach out with comments, questions or concerns. See you next month.