

# The Transformation to a Digital Credit Union in Eight Steps



Today's modern member expects a digital credit union. That means offering a simple, consistent user experience across channels. Members aren't likely to remain loyal if interactions aren't easy and intuitive. Member loyalty aside, a digital credit union is generally more sustainable and profitable. Labor-saving automation, a reduction of hardware expenses, and a better efficiency ratio await those who negotiate this change.

That's why a complete conversion to a digital foundation is necessary today. It's the most recent stage in a journey that's been going on for decades. The transformation to a digital credit union started with the first use of office computers and continues exponentially. Image capture solutions have been busy digitizing paper for years now. Today we have voice command banking and digital loan management.

Next, we will completely digitize the back office and to a large extent, the front office, as many duties that belonged to tellers go to online branches and smart machines. Digital and online services are no longer a separate area of focus within an institution, they are the institution. A big challenge here is that your credit union may find itself attempting to add sophisticated digital solutions to an outdated core processor.

To address this challenge, we'll look at some of features of a digital credit union and moves you can make to transition to a fully modern system.

**Many organizations are building partial or sub-standard digital solutions rather than end-to-end solutions that benefit both the consumer and the financial institution.<sup>1</sup>**

## THE STEPS OF YOUR TRANSFORMATION

The way employees and managers work together shouldn't be left to chance, but intentionally developed to meet your goals. There are certain habits and ways of communicating that make sense and promote maximum progress in a digital world. They take two central facts into account: changes are happening continuously, and members expect instant results. This leads to some common attributes. Digital cultures:

### 1. *Gain the ability to integrate, connect, and customize.*

"Change" is the byword of the digital age. Constant change requires a flexible, **open platform that uses modern development tools**. You need the freedom to tailor the way your core system operates so it fits the changing needs of your members and your strategic interests. For example, you may want the ability to freely change the message and input on your signature pads, to customize the way reports are generated, or to change the way your core handles an operation. All these options and more should be open to a fast-moving digital institution. In a similar vein, you want the choice of easily integrating most any third-party solution. Your core system needs to provide maximum flexibility, now and in the future.

### 2. *Offer a consistent cross-channel experience.*

Do your members see the same brand and get **the same look and feel on a phone, computer, or tablet?** They expect it. Are they forced to log in to separate systems to get tasks accomplished? You want to provide a unified, fluid experience, native to the device being used, and dynamically rendered for easiest use. According to a study by the research firm, Kantar, financial institutions that provide an excellent experience for account holders get definitive results: 1.9 times the number of recommendations, 2.1 times the willingness to take up new products, and 1.9 times greater wallet share.<sup>2</sup>

### 3. *Make digital service personal service.*

Whether they call or log in, **credit union members expect personalized attention**. If you track members' behavior and send them relevant messages about services directly applicable to them, you are personalizing digital. If you provide the option of voice-driven banking through Amazon® Alexa® or a similar service, you're making digital more personal. Customizable expense tracking options and guides for life milestones can both be part of a personal digital strategy.

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### 4. *Gain the ability to accurately gather and analyze business intelligence.*

Data is pouring in from social media, CRMs, third-party databases (loan origination data, mortgage information, student loans), your core system, and other sources. Those who can warehouse, analyze, and report on this ocean of information are a step ahead. A digital credit union must gain control of its data and present it in meaningful ways that **enable informed decision making**. If you can recreate points in time, make ad hoc queries in short order, and see member behavior trends, you know that you are mastering data and not letting it overwhelm you.

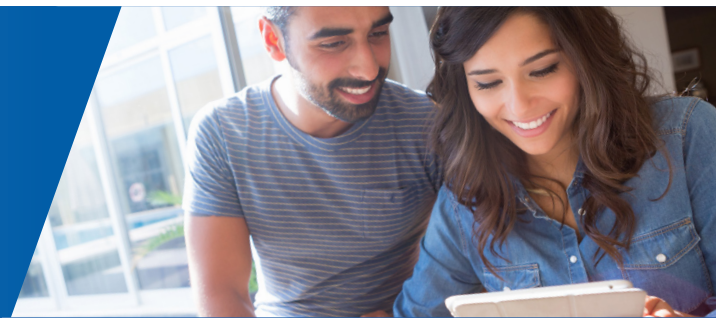
#### 5. *Don't fear fintechs.*

Today's credit union understands that it may be an attractive business partner for a fintech company. After all, you have a loyal member base, and achieving that may be a challenge for a fintech. You've got something they want. In turn, they have **technological expertise and the latest development tools**. Fintechs may be a way for you to offer video banking, AI advisors, sophisticated personal financial management, and other solutions that members appreciate.

#### 6. *Consider outsourcing your core processing system.*

A digital credit union will often choose outsourcing because this increases the ability to **be nimble and decrease time to market** with new services. At the same time, it reduces capital expenditures on hardware and shrinks the cost of IT staffing hours spent on hardware maintenance and software upgrades. A digital credit union can more easily offer services in the aftermath of severe weather or a disaster because operations are not tied to one physical location.

To remain competitive in the future, financial organizations will need a modern digital platform that can support current and future digital solutions.<sup>3</sup>



#### 7. *Make full use of workflow automation.*

Automating back office routines and workflows across the enterprise enables digital credit unions to turn up the efficiency of operations. Remove the fallible human element in many procedures, make certain that tasks are done correctly and in the correct order, and speed the completion of jobs. A single institution can **save hundreds of hours of labor each month** with smart automation.

#### 8. *Institute a "digital culture" in your organization.*

A digital credit may not succeed without a modified organizational culture. What are the work habits and personal interactions that match the technology? **A culture that encourages and rewards creativity and agility** is called for when member needs are changing quickly, and new technologies come online every day. Fast decision making, a flat organizational structure that encourages collaboration, and rapid testing of new solutions distinguish a modern work environment.

# Graduation to Digital

The complete digitization of a credit union, if done correctly, means an end to fragmented systems that take up employee and member time with manual operations. It means efficiency based on smart automation and agile decision making. It's taking control of your data and unleashing your employees' creativity.

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The critical factor is the ongoing ability to flex and change. You can't afford legacy systems that make changing its operations or connecting with other systems impossible or difficult. Because one thing we can be sure of is that more changes are coming – we are not at the end of the digital revolution.

## TOOLS FOR A DIGITAL CREDIT UNION

The Symitar® platform is designed for rapid information transfer, integration of diverse solutions, and adaptability. We can help you serve the needs of the modern member and make each touchpoint a personal experience.

- » Open, customizable core platform
- » Consistent look and feel across channels
- » Data warehousing and analysis for smart decision making
- » Workflow automation
- » Digital loan lifecycle management
- » Outsourced data center

## SOURCES

<sup>1)</sup> Marous, *Major Storm Clouds On The Digital Banking Horizon*, The Financial Brand, January, 2019

<sup>2)</sup> *The Experience Advantage*, Kantar, 2018

<sup>3)</sup> Marous, *Major Storm Clouds On The Digital Banking Horizon*, The Financial Brand, January, 2019

For more information about Symitar®, call **888-796-4827** or visit **symitar.com**.