

2015 Iowa Innovation Group

Key Insights:

*An overview of the latest innovations to help
Iowa credit unions and their members*



EXECUTIVE SUMMARY

For the third year in a row, the Iowa Credit Union League and Filene Research Institute partnered to replicate the renowned Filene i³ international innovation program for the benefit of Iowa credit unions and their members. A total of 11 employees from credit unions and system organizations across the state collaborated over the course of six months to develop innovative concepts that solve critical challenges faced by Iowa consumers and credit unions. These concepts were introduced during a keynote session at the September 2015 Iowa Credit Union Convention in Des Moines. Each team gave a five-minute pitch in front of Convention attendees.

This year's concepts were:

- **CU Auto Pilot** is an interactive, personalized timeline developed for the member to track their progress towards booking and funding their auto loan from start to finish. It includes notification alerts for necessary follow up documentation.
- **FiNAV** is a budgeting and goal-setting tool that allows members to see, in real time, how they are doing toward reaching their goals while also encouraging accountability by allowing the member to share goals and their progress with friends.
- **Ignite Your Growth** helps credit unions attract and serve new members who have damaged or no credit by taking into account their utility payment history, participation in direct deposit, completion of educational courses, and other factors to provide them with small-dollar loans.

The concept documents presented on the following pages provide a summary of each team's idea, a description of the prototype they built, prototype test results and recommendations for next steps toward commercialization. These ideas are at the front end of the innovation process and will require further development and testing before they are market ready. We welcome your thoughts on how to take these ideas to market and invite you to share your interest in being a part of ongoing prototype testing.

The Iowa Innovation Group will continue to invest in innovation on behalf of and for the benefit of all credit unions in Iowa. As we enter the fourth year of this initiative, we invite your credit union to participate in creating a better consumer finance model for Iowa's consumers.



CONCEPT DOCUMENT

CU AutoPilot

TEAM MEMBERS

Ben Abbott, I.H. Mississippi Valley Credit Union
Lauren Fidler, Cedar Falls Community Credit Union
Logan Knight, Collins Community Credit Union
Jill Rothenberger, Dupaco Community Credit Union

PROBLEM DEFINITION

How might we improve the communication between credit union members and credit union employees on loan processing procedures in an effective and efficient manner?

While the members in our group - the CU Movers & Shakers - come from different areas within our own credit unions, we all noticed the lack of communication and inefficiencies in processing loans and collecting documents from credit union members in order to complete a loan.

In a survey we sent to consumer loan processing managers, we found that about 66 percent of respondents spend up to one hour per day following up with pending consumer titles and the remaining 33 percent spend more than an hour. Nearly half of the same respondents indicated that they attempt to reach the member four or more times before escalating to another department. Many processes on the back end of a loan are manual and take hours away from one or several credit union employees.

On the opposite side of the consumer loan transaction, credit union members can be left with some confusion about what is needed and why. There are some members that assume if they get their loan through a dealership that the dealer will take care of everything and handle all necessary documents needed in order to provide funding. We have seen loans not in the books until their first payment is past due because the communication between the dealership, member and credit union is not always transparent.

INNOVATIVE SOLUTION

CU Movers & Shakers developed CU AutoPilot. CU AutoPilot is an interactive, personalized timeline developed for the member to track booking and funding their loan from start to finish, and notification alerts for follow-up documentation.

The timeline can be originated in several different ways: from the dealer, to the indirect department, to the direct loan officer; CU AutoPilot is designed with the credit union member in mind. The member will be contacted by email or text message, whichever is more convenient for them. These notifications will come throughout the process to let them know what documents they might be missing or when they receive a document all the way to a congratulatory completion notice.

CU AutoPilot allows the member to view their timeline, upload and download required documents and receive more information on each document. This helps by educating the members on what items, such as insurance documentation, lien notations, GAP and Extended Warranties, are and how to get them to the credit union. No one likes to have CPI placed on their auto loan, so CU AutoPilot will remind the member we are missing their declaration page for their auto insurance to avoid putting CPI on the loan unnecessarily.

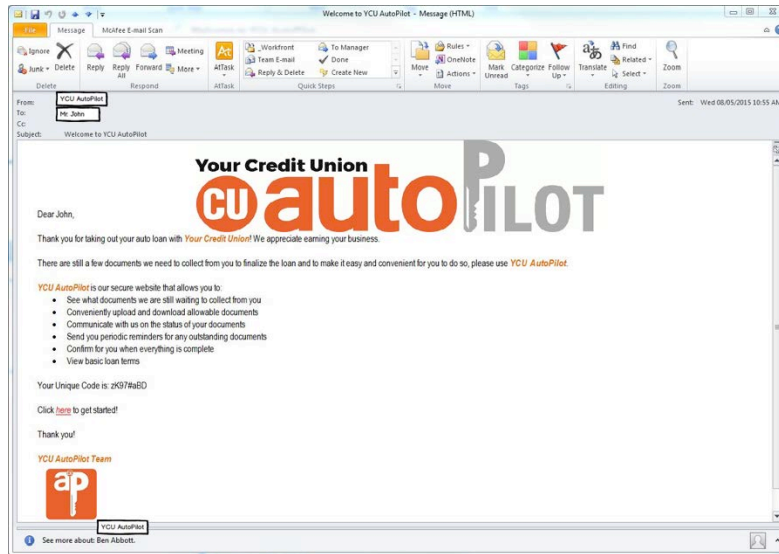
Our group is confident that CU AutoPilot will bridge the gap between the credit union members and loan processing departments creating an effective and efficient way to collect documents needed to complete a loan. CU AutoPilot will free up time of credit union employees by eliminating manual hours of communicating back and forth with the membership on documents needed as well as freeing up the time it takes to manually place and remove CPI from loans. By educating the members and allowing them to directly upload documents and communicate with the credit union, CU AutoPilot becomes an important tool for loan completion and membership satisfaction.



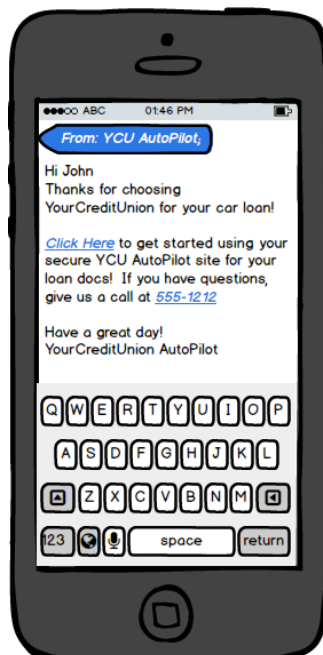
PROTOTYPE

The CU AutoPilot prototype is a set of mockup emails, website screens, and smart phone displays to show what the member experience would be like for numerous functions offered from the time their loan was disbursed through to the time the credit union had collected all required information from the member. The prototypes include all three ways that CU AutoPilot can touch or be touched by a person and what that might look like for a user to experience:

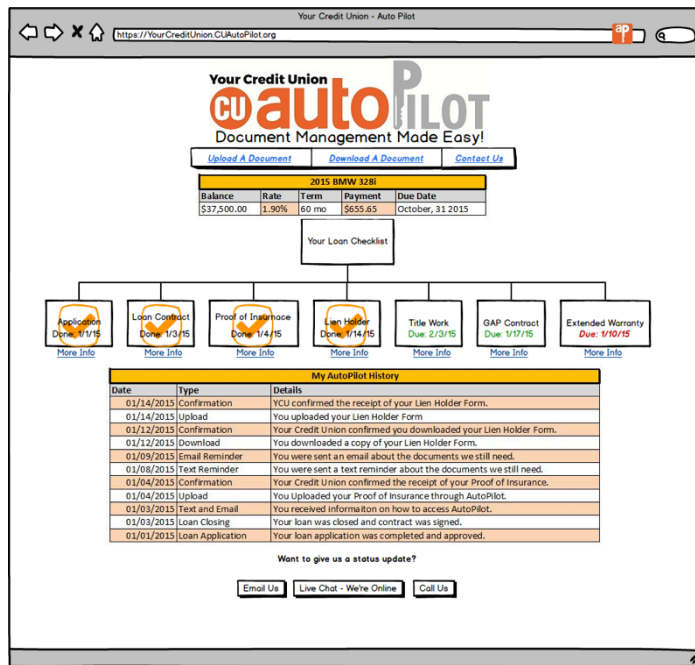
Email



Text Message



Responsive Website



Appendix A includes the full set of mockups.

TESTING AND RESULTS

CU AutoPilot has two key parts to it: the member facing experience to make it easy for document management; and the credit union back office operations perspective of collecting required documents. Because of this, we had two different approaches to how we tested.

From the member perspective, we put together a series of emails, screenshots, and text messages displaying numerous interactions that the member could experience. We wanted to show this 'script' (**See Appendix A**) to individuals educated in lending as well as individuals who may not be as familiar with the lending process. Both test groups provided great feedback when shown the script of screens. Overwhelmingly, the response we got was positive in that it seemed like an easy process to understand and maneuver through. Many people liked that we were offering the ability to be contacted and do business through their preferred method: by phone, text, web or email. A number of subjects who were not as familiar with the lending operations liked the feature that helped them understand what the documents actually were, why they were needed, and how they could obtain them or turn them in.

To test the credit union back office operations perspective, we used a survey to collect data and ask questions if they would be interested, as well as showing them the same script of screens to see what questions they had to ask. The data that we collected from the other credit unions confirmed for us the amount of time credit unions spend on communication and collection of necessary documents. Of the 48 credit unions that responded, 81 percent said that they feel this product would be beneficial. When shown the script of test screens, the feedback was positive due to its simplicity and the ability to send out messages to the members and not take staff time to do it. Numerous questions were asked about how CU AutoPilot would know what documents or information to put on a member's custom page.

The overall feeling was positive because it would take manual employee intervention out of a process while providing the members communication in a form that most say they would prefer over phone calls.

In summary, our results validated what we were hoping to see. Our test subjects confirmed that the system appeared to be simple for members to use and would create operational efficiency for credit unions.

OPERATIONAL AND IMPLEMENTATION CONSIDERATIONS

CU AutoPilot provides one location for credit unions to send and receive communication to members, download and upload required loan documentation such as lien forms, proof of insurance, title follow-up and other required loan forms. Members will be able to view loan terms, view account history and set up automatic payments. This secure web-portal will help credit unions increase efficiency with operation time, help credit unions meet regulatory demands, increase positive member experience and market additional credit union products and services.

FINANCIAL CONSIDERATIONS AND PROFORMA

- Loan Documentation – regulation risk management
- Titles – Receive titles quicker to ensure lien placement
- Proof of Insurance – personalized messages to members and explanation of required information needed from insurance agents.

Out of 48 responses from the survey, on average of 53 percent stated their staff spent five hours/week following up on pending titles. On average 55 percent spent 2 hours manually posting and reversing CPI postings. On average 70 percent spent two or more hours researching insurance issues. 40 percent of staff spent at least 1 hour/week following up on pending loan documentation. CU AutoPilot will save staff time spent and allow them to work on other job duties.

The upfront cost for interface would be based on the credit union's core system capabilities. File batch transfers can be a backup option with potential less cost.

Increased member satisfaction will lead to future loan products with the credit union creating loyalty and unlimited interest earnings.

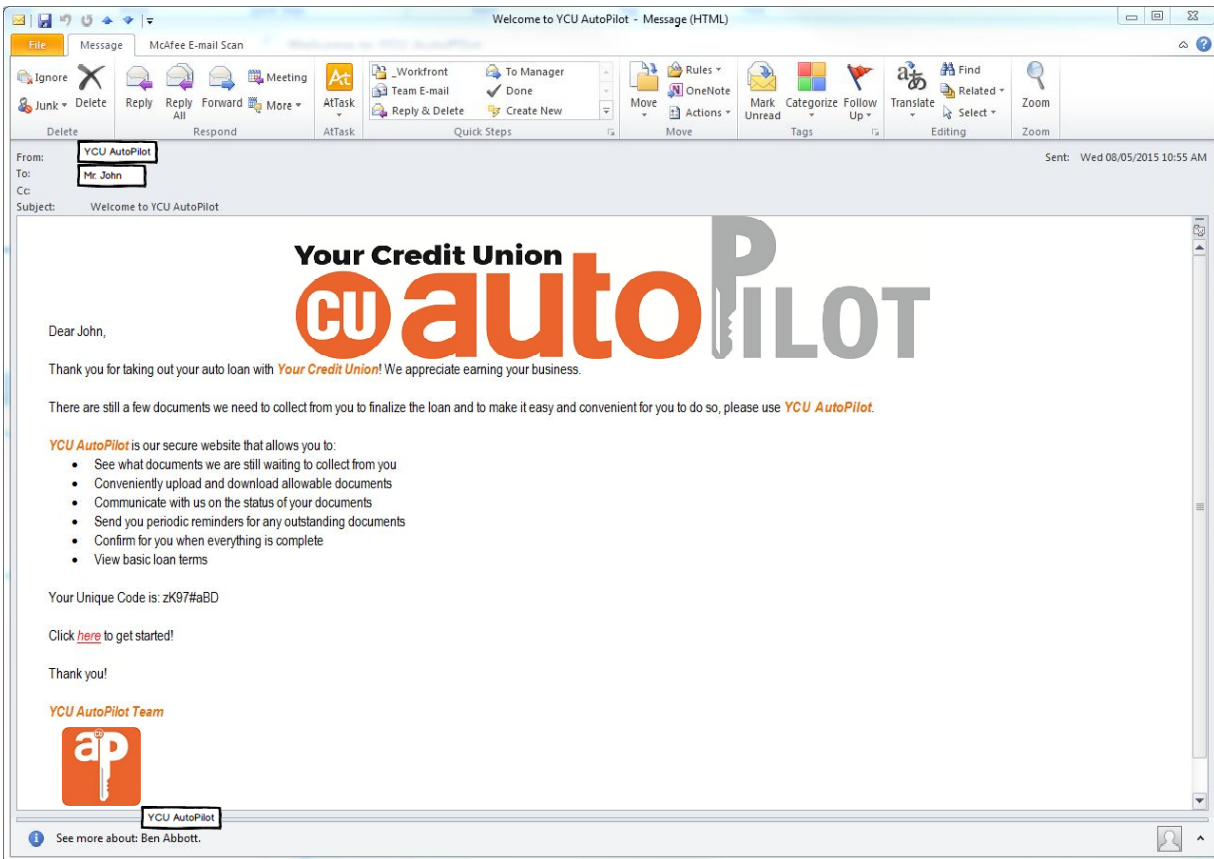
COMMENTS, NEXT STEPS, AND CALL TO ACTION

Our survey results and member comments leave us with a very positive outlook on what CU Auto Pilot can be. The high number of credit unions who said they would use a product like this leaves us especially optimistic. We want to expand on our survey results and be able to show actual time to dollar cost savings for credit unions by evaluating actual time spent and potential time savings, as well as secondary cost savings based on what specific secondary products and services the credit unions use.

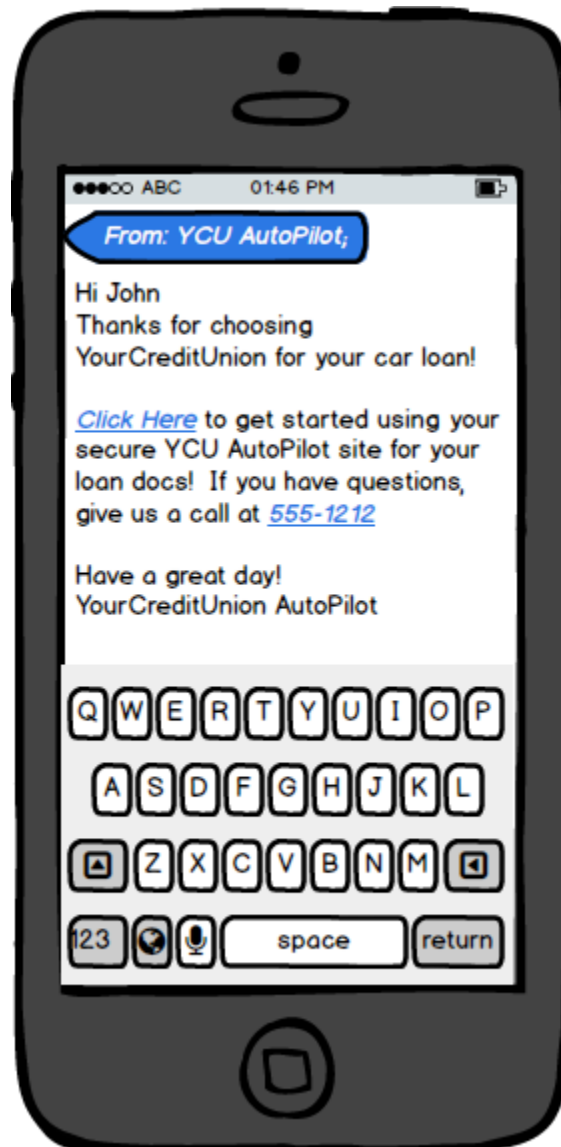
The next step for CU Auto Pilot is to find credit unions interested in the product to help us keep the idea moving forward by talking together about what you would want to see and pledging funds to begin the development of the site to create a beta/pilot application.

APPENDIX

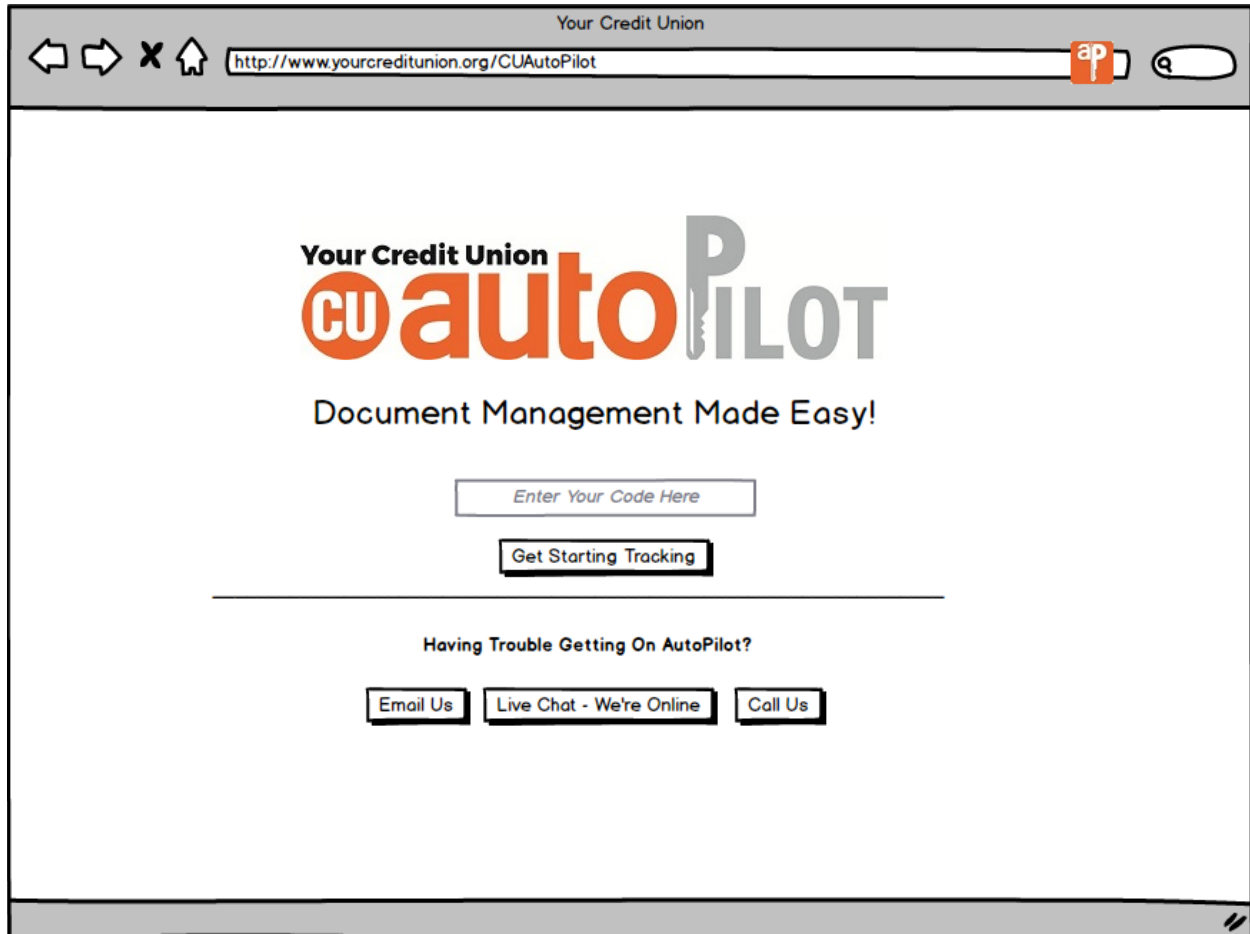
Welcome Email



Welcome Text



Log In Page



The screenshot shows a web browser window with the address bar displaying "http://www.yourcreditunion.org/CUAutoPilot". The page content includes the "Your Credit Union" logo, the "CU autoPILOT" branding, and the tagline "Document Management Made Easy!". Below this is a text input field labeled "Enter Your Code Here" and a "Get Starting Tracking" button. At the bottom, there is a section titled "Having Trouble Getting On AutoPilot?" with three buttons: "Email Us", "Live Chat - We're Online", and "Call Us".

Your Credit Union

http://www.yourcreditunion.org/CUAutoPilot

Your Credit Union

CU autoPILOT

Document Management Made Easy!

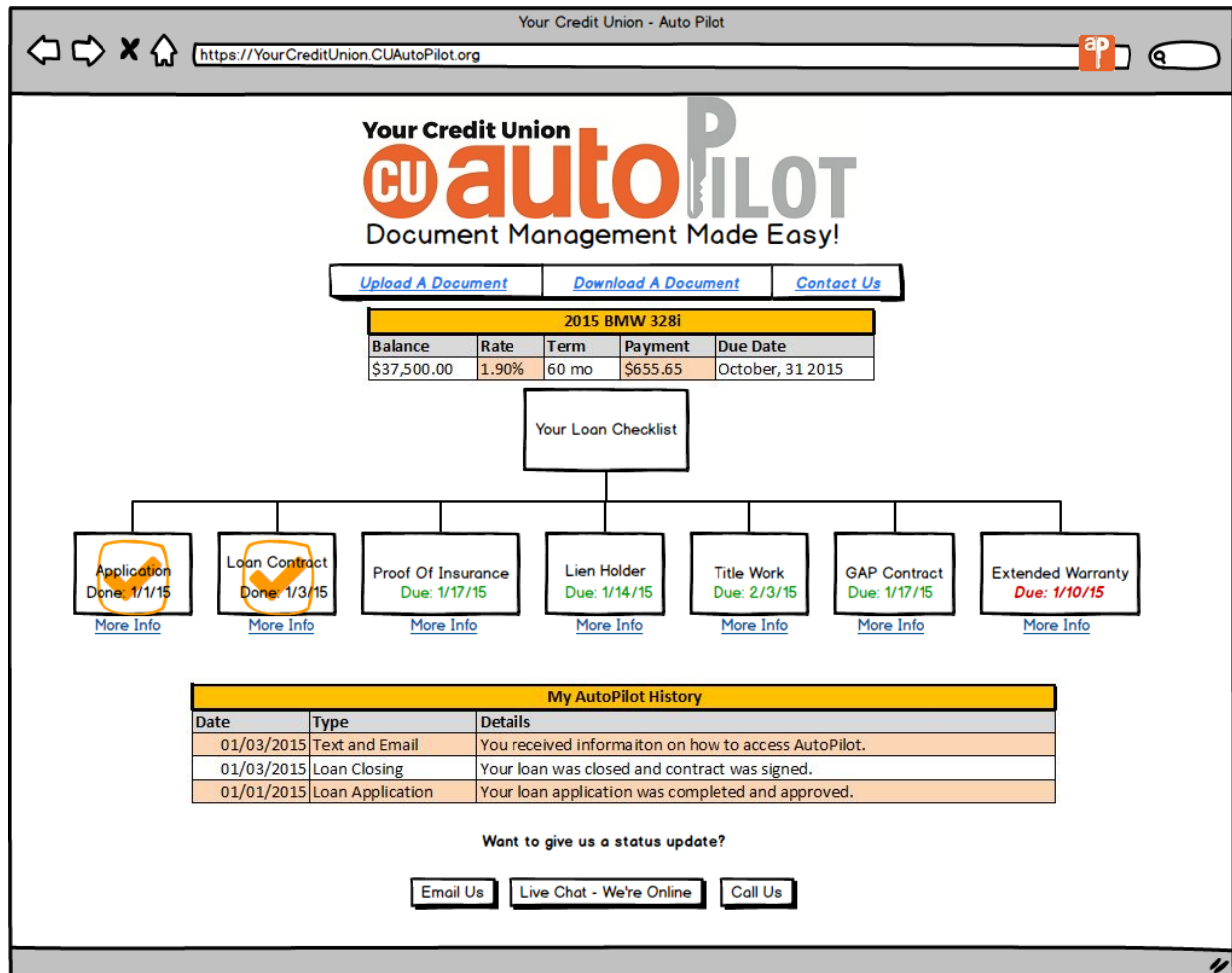
Enter Your Code Here

Get Starting Tracking

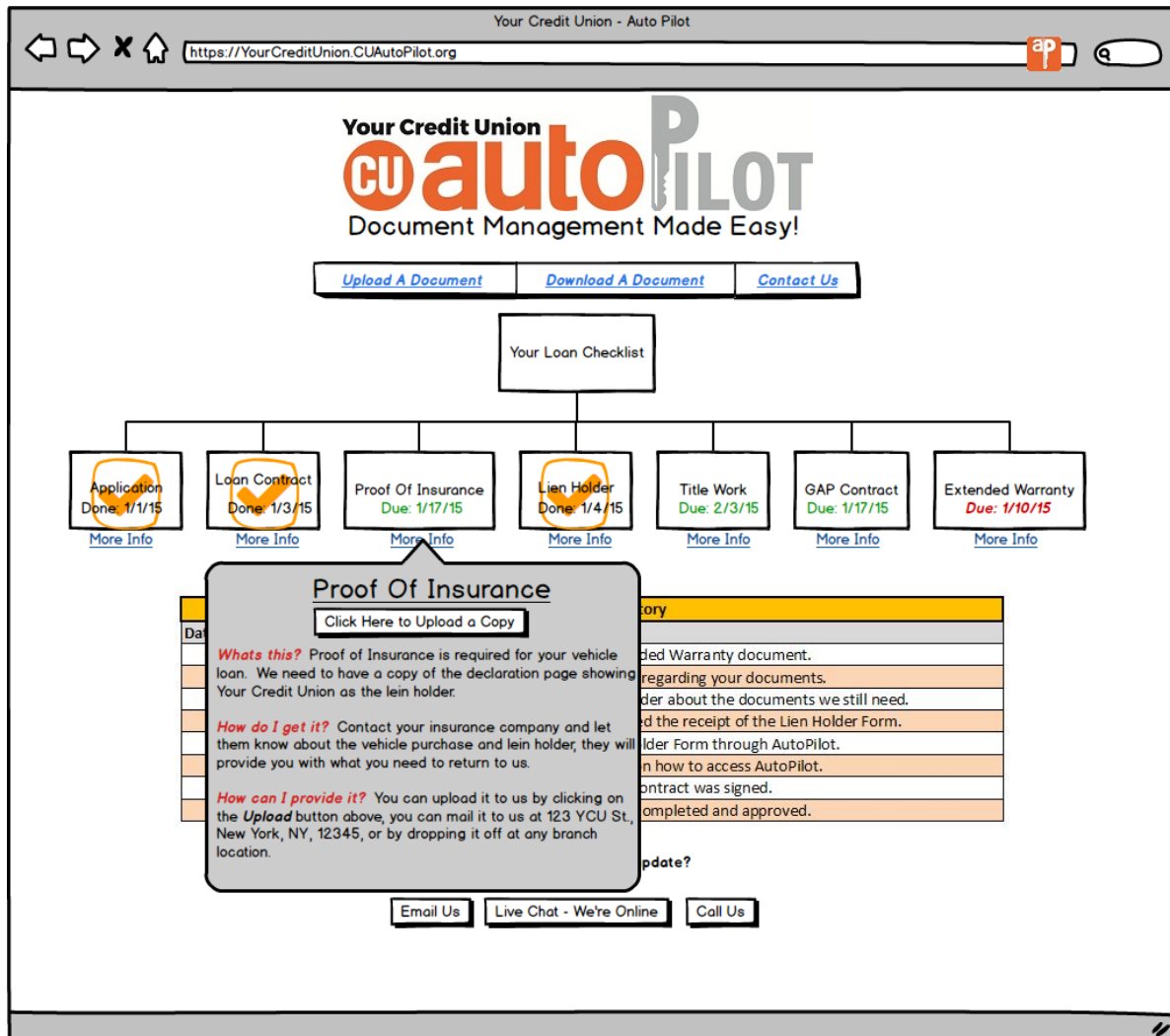
Having Trouble Getting On AutoPilot?

Email Us Live Chat - We're Online Call Us

Home Page



More Info Page



The screenshot shows a web browser window with the address bar displaying <https://YourCreditUnion.CUAutoPilot.org>. The page title is "Your Credit Union - Auto Pilot". The main heading is "CU autoPILOT" with the tagline "Document Management Made Easy!". Below the heading are three buttons: "Upload A Document", "Download A Document", and "Contact Us".

The central feature is "Your Loan Checklist", which lists several items with their completion status and due dates:

- Application: Done: 1/1/15 (More Info)
- Loan Contract: Done: 1/3/15 (More Info)
- Proof Of Insurance: Due: 1/17/15 (More Info)
- Lien Holder: Done: 1/4/15 (More Info)
- Title Work: Due: 2/3/15 (More Info)
- GAP Contract: Due: 1/17/15 (More Info)
- Extended Warranty: Due: 1/10/15 (More Info)

A pop-up window titled "Proof Of Insurance" is overlaid on the checklist. It contains the following text:

Proof Of Insurance

[Click Here to Upload a Copy](#)

Whats this? Proof of Insurance is required for your vehicle loan. We need to have a copy of the declaration page showing Your Credit Union as the lein holder.

How do I get it? Contact your insurance company and let them know about the vehicle purchase and lein holder, they will provide you with what you need to return to us.

How can I provide it? You can upload it to us by clicking on the **Upload** button above, you can mail it to us at 123 YCU St, New York, NY, 12345, or by dropping it off at any branch location.

At the bottom of the pop-up are three buttons: "Email Us", "Live Chat - We're Online", and "Call Us".

Upload Page

https://YourCreditUnion.CUAutoPilot.org

ap

Your Credit Union

CU

auto

PILOT

Document Management Made Easy!

[Upload A Document](#)

[Download A Document](#)

[Contact Us](#)

2015 BMW 328i				
Balance	Rate	Term	Payment	Due Date
\$37,500.00	1.90%	60 mo	\$655.65	October, 31 2015

Upload a Document

Choose which document you would like to upload:
Documents not found in your upload list require the original be delivered to us.

Select What Document To Upload ▾
Proof of Insurance
GAP
Warranty

OR

Drag and Drop Your File Here

Proof of Insur

PDF

Browse For Your File

Submit your Document

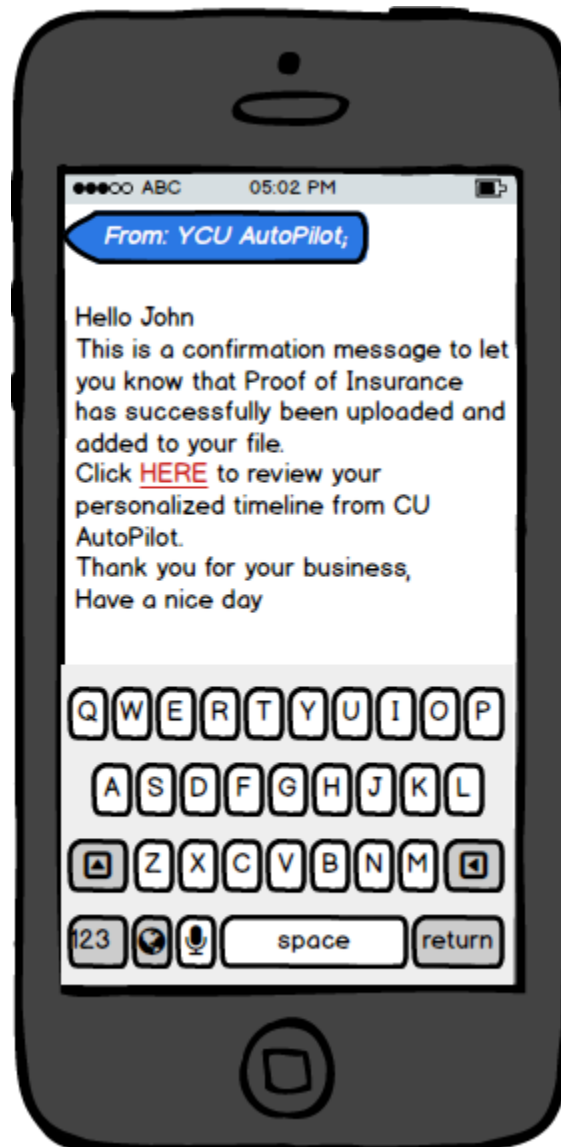
Want to give us a status update?

Email Us

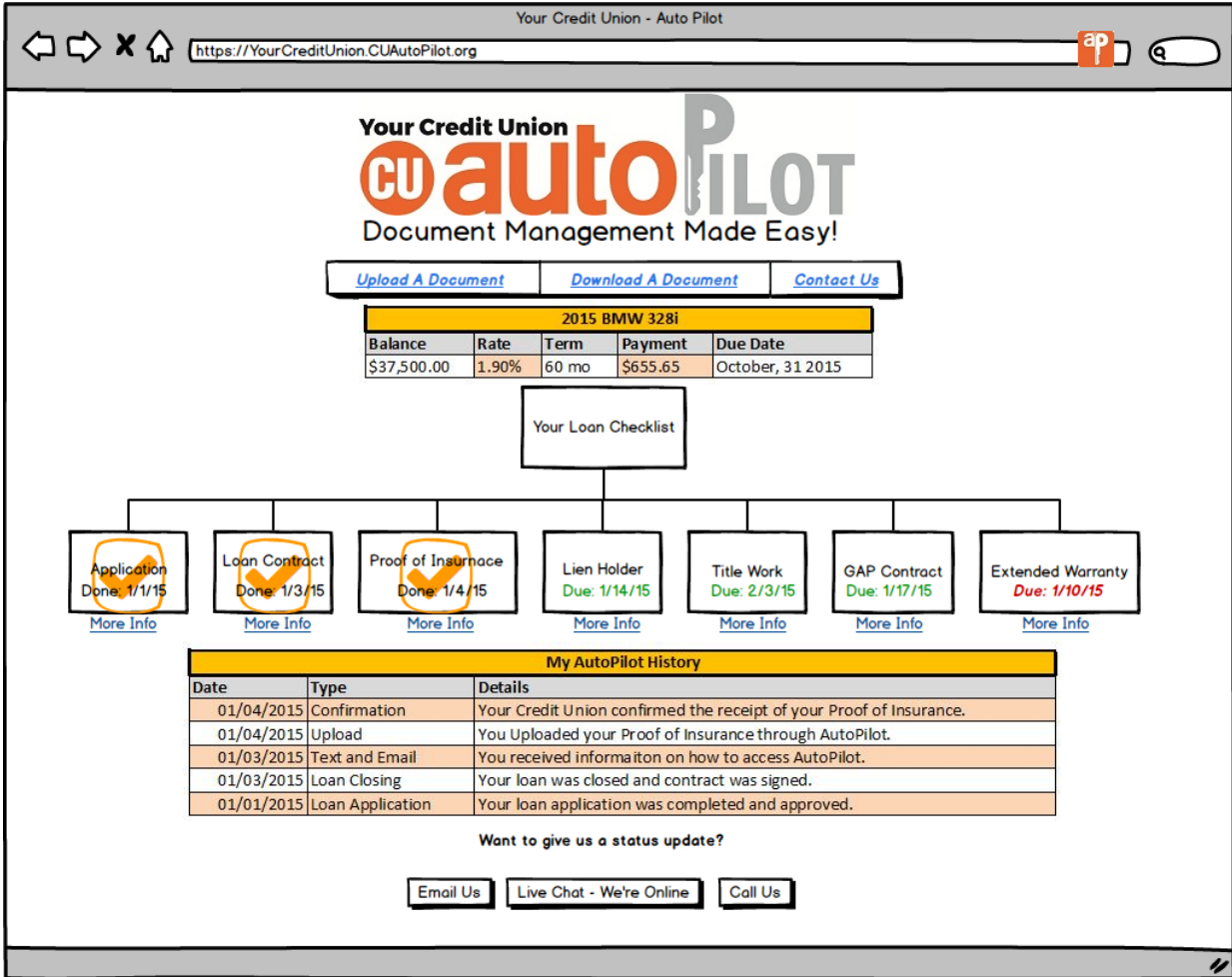
Live Chat - We're Online

Call Us

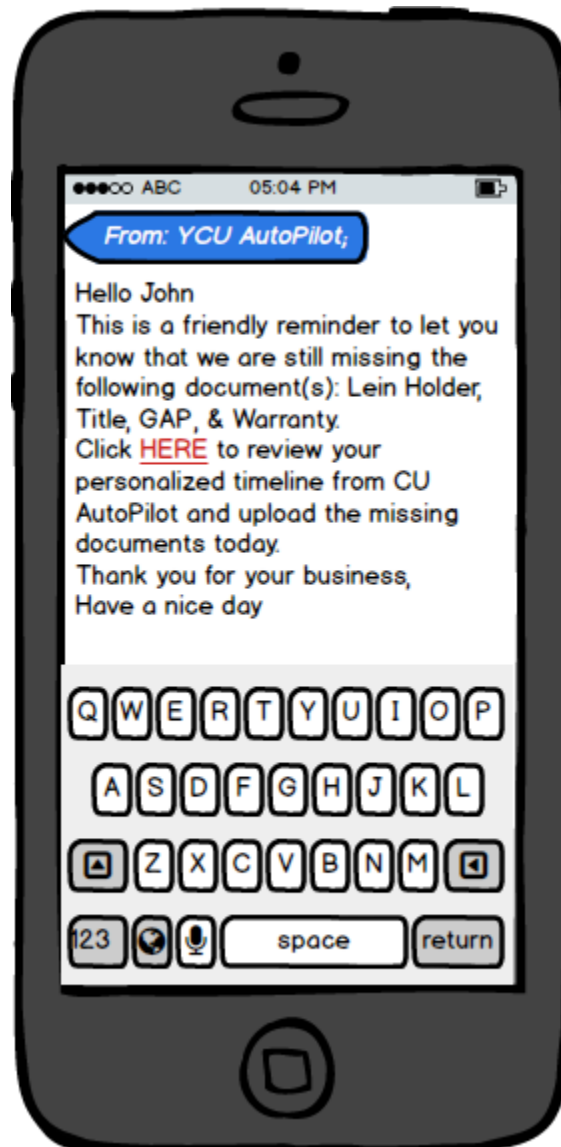
Upload Confirmation Text



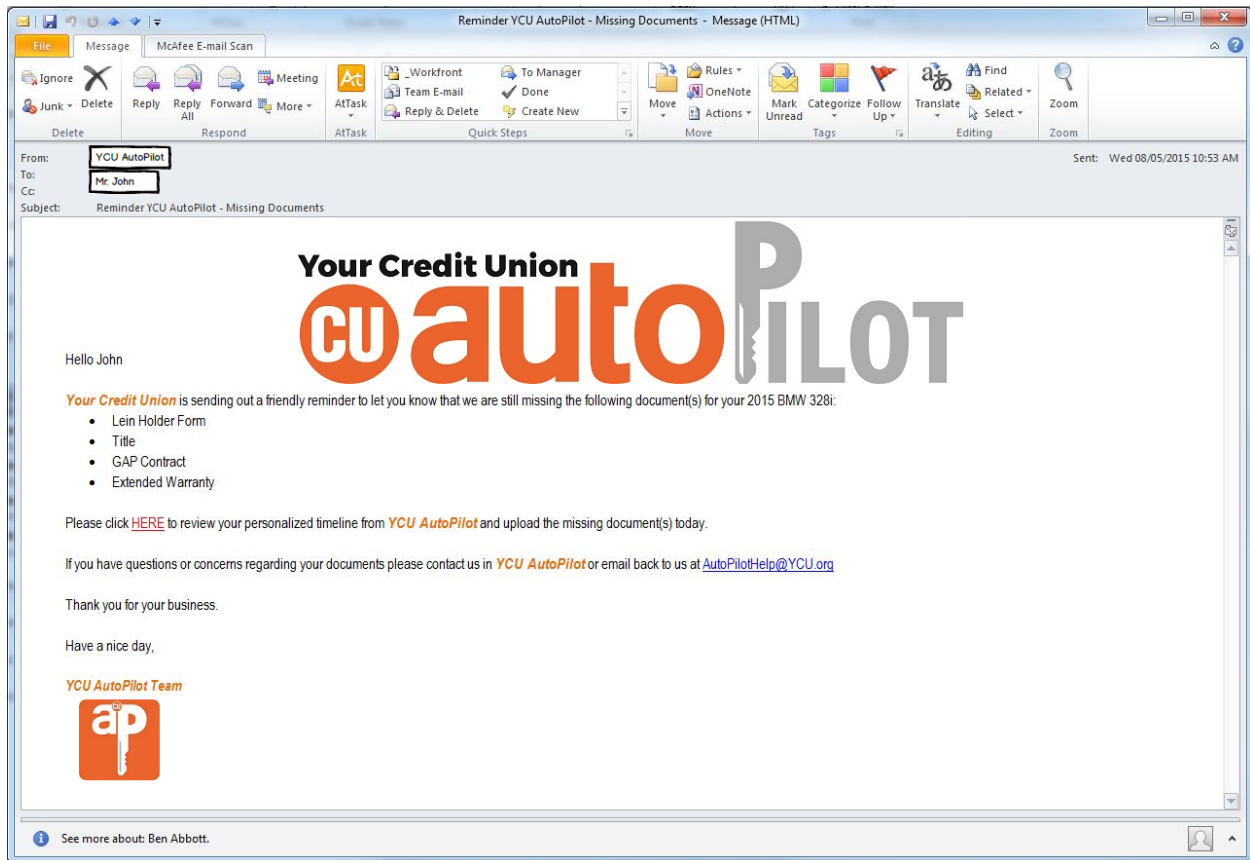
Home Page with Updated History



Reminder Text



Reminder Email



Download Page

Your Credit Union - Auto Pilot

<https://YourCreditUnion.CUAutoPilot.org>

Your Credit Union CU auto PILOT

Document Management Made Easy!

[Upload A Document](#) |
 [Download A Document](#) |
 [Contact Us](#)

2015 BMW 328i				
Balance	Rate	Term	Payment	Due Date
\$37,500.00	1.90%	60 mo	\$655.65	October, 31 2015

Download a Document

Choose which document you would like to download:

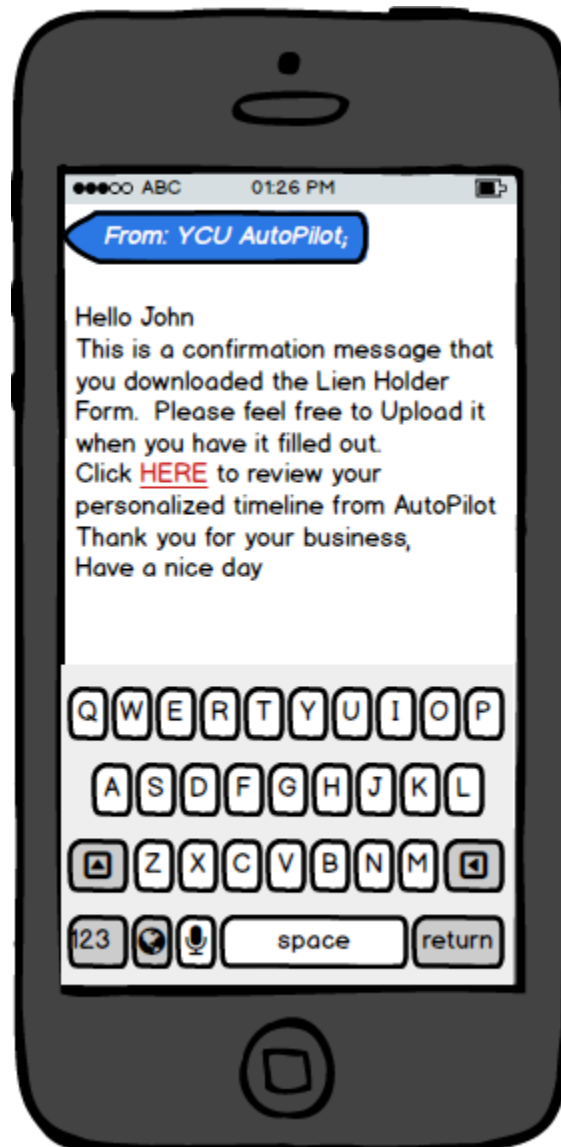
Select Which Document ▼
Lein Holder
GAP
Warranty

Download your Document

Want to give us a status update?

Email Us | Live Chat - We're Online | Call Us

Download Confirmation Text



Home Page with Updated History

Your Credit Union - Auto Pilot

<https://YourCreditUnion.CUAutoPilot.org>

Your Credit Union
CU autoPILOT
Document Management Made Easy!

[Upload A Document](#) [Download A Document](#) [Contact Us](#)

2015 BMW 328i

Balance	Rate	Term	Payment	Due Date
\$37,500.00	1.90%	60 mo	\$655.65	October, 31 2015

Your Loan Checklist

- Application Done: 1/1/15 [More Info](#)
- Loan Contract Done: 1/3/15 [More Info](#)
- Proof of Insurance Done: 1/4/15 [More Info](#)
- Lien Holder Done: 1/14/15 [More Info](#)
- Title Work Due: 2/3/15 [More Info](#)
- GAP Contract Due: 1/17/15 [More Info](#)
- Extended Warranty Due: 1/10/15 [More Info](#)

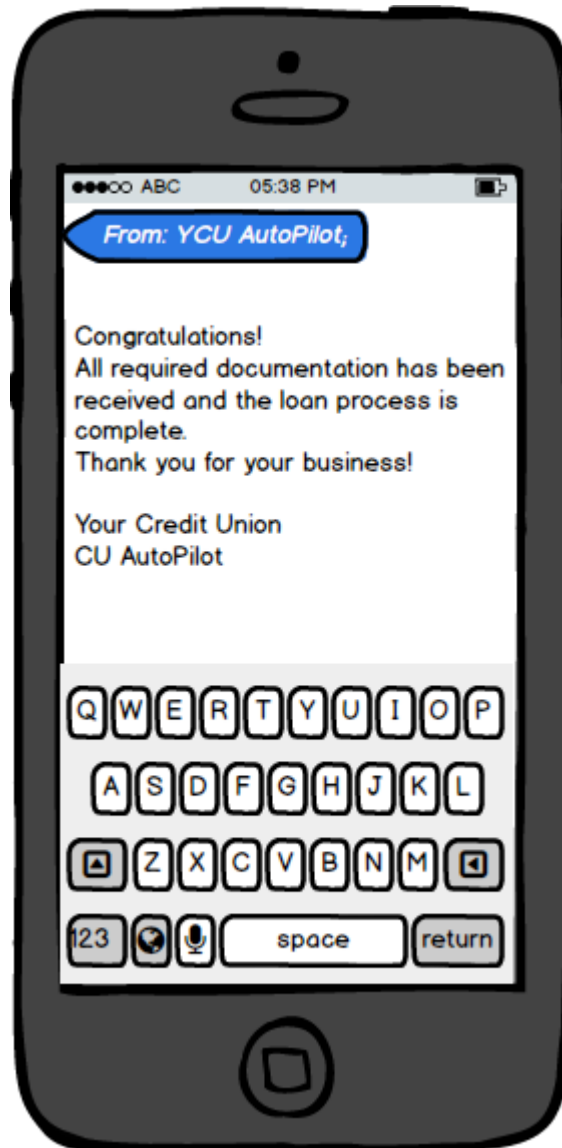
My AutoPilot History

Date	Type	Details
01/14/2015	Confirmation	YCU confirmed the receipt of your Lien Holder Form.
01/14/2015	Upload	You uploaded your Lien Holder Form
01/12/2015	Confirmation	Your Credit Union confirmed you downloaded your Lien Holder Form.
01/12/2015	Download	You downloaded a copy of your Lien Holder Form.
01/09/2015	Email Reminder	You were sent an email about the documents we still need.
01/08/2015	Text Reminder	You were sent a text reminder about the documents we still need.
01/04/2015	Confirmation	Your Credit Union confirmed the receipt of your Proof of Insurance.
01/04/2015	Upload	You Uploaded your Proof of Insurance through AutoPilot.
01/03/2015	Text and Email	You received information on how to access AutoPilot.
01/03/2015	Loan Closing	Your loan was closed and contract was signed.
01/01/2015	Loan Application	Your loan application was completed and approved.

Want to give us a status update?

[Email Us](#) [Live Chat - We're Online](#) [Call Us](#)

Congratulations Text





CONCEPT DOCUMENT

FiNAV

TEAM MEMBERS

Scott Meier, Des Moines Metro Credit Union

Nate Duncan, The Members Group

Don Borcharding, Greater Iowa Credit Union

PROBLEM DEFINITION

FiNAV is a budgeting and goal-setting tool that allows members to see the real-time progress of their financial goals.

Much of the feedback in our original surveys had to deal with wanting to save more money for retirement and to stop living from paycheck to paycheck. FiNAV can give these members the tools they need to help budget and set goals while keeping them accountable by their friends and family.

INNOVATIVE SOLUTION

There are many products out there that can do one thing or another but none that can do it all. FiNAV aggregates a member's financial information in one place so that they don't have to search the web to see how they are doing. It also allows them to set goals, calculate life event changes, and contact a trusted credit union employee if they have any questions.

To make sure that they are staying on track members can post their goals to share with their friends and credit unions can reward them for their accomplishments. Not only do the members get a great tool but the credit union will also get valuable data.

The credit union will be able to see what is important to their members, allowing them to send specific marketing that is relevant to their members.

PROTOTYPE

The FiNAV app will have six main pages:

- 1) Opening Page
- 2) Dashboard
- 3) Budget
- 4) Goals
- 5) Calculator
- 6) Friends

All the pages will have links to the main pages and a quick "post-it" spot to share accomplishments or goals. They will also all have links to Facebook, Twitter, and "Ask an Expert," which will connect the member to a credit union employee directly or let them send them a message to be answered later.

The Dashboard is the jumping off page. This page will have key items that the member can set as quick reference items. It will also have a space for the credit union to post news or relevant information directly to the member.

The Budget page will have specialty areas that determine where a member's funds are being spent. The member can create these sections or use app created sections like Food, Utilities and Shopping.

On the Goals page, a member can build new goals or view current goals and track their progress. The member can choose what goals are seen by their friends and what information their friends can see. They can choose percentage or amount.

The Calculator page will have links to different relevant calculators. Some examples of the calculators are Savings, Loan Payment, Retirement and Life Change. The Life Change Calculator is a great one to have on there because it would allow a member to see how their income could change depending on different events: sickness, marriage, income change, etc.

The last page would deal with the social aspect of the app. This would give the member the opportunity to see their friend's goals and how close or far away they were to reaching them. The member would also have the ability to post about their own or their friends' goals.

You can find these pages in Appendix A.

TESTING AND RESULTS

We tested our prototype with family and co-workers. Each tester was given a printout of the pages with a description. We also gave them a link to the POP App. This allowed them to see a rough version of the app design.

Those who tested FiNAV wish they could have used the app more freely. Due to the prototype's inherent restrictions, it was difficult for those who tested the app to get a real feel for its true intentions. Most testers appreciated the idea, but it was hard to get involved in the prototype.

In our initial planning, we wanted to have all of these tools in one spot, which the testers mentioned too. We had many comments that it was nice to be able to see/use these tools on the app versus having to go to many different sites or having to use Excel to aggregate the information on their own.

One of the questions we asked all testers was, how was this app similar/different than what you are currently using and would you move to this? Here are some of the answers:

"I currently use Excel to budget and have to input all my information every week. This would be nice because it would do that automatically for me."

"This would be nice because I could see where my funds are going. Instead of just looking at my statement each month this would break it down for me as to if it was going to my savings, food, clothing or fun allowance."

"I like that the goals have picture captions so I know that one goal is for a car and another goal is for a trip or house purchase."

OPERATIONAL AND IMPLEMENTATION CONSIDERATIONS

The great thing about FiNAV is there are credit union partners out there that already provide personal financial management tools.

If we could partner with a similar company to add the social and life change calculator as well as an ask an employee aspect to their current products this would get a jump on any other services out there as well as give us a great jump off spot to get in to the market with a known company in the environment.

By partnering with someone that is already in the market, we would have their expertise as well as their market research to see what items will work and what we may need to change.

FINANCIAL CONSIDERATIONS AND PROFORMA

We believe that in order to build this product it would take 300 hours. That build time is made up of 200 hours IT programming. The rest of the build time is spend from the project team, tasks such as documenting requirements, researching, marketing, pricing, legal, and testing. We used an internal rate of \$65 per hour for IT staff. The rate includes benefits and salary. From an IT perspective we are looking at \$13,000 to build the program. For the rest of the staff we used an internal rate of \$55 per hour. For this side of the project we are looking at \$5,500 of cost for the build. In total it would cost \$18,500 to build the program.

From an ongoing perspective we believe that it would take about 10 hours per client. This is made up of 5 hours for IT programming to build the site and sync the client's systems with ours. The other piece is 5 hours for project management, implementation and testing. It total we estimate that it would cost \$600 per client onboarding.

Our initial investment to build the program is \$18,500. If we mark-up the implementation fee to clients to \$1,000, that is a 66 percent mark-up. That will help cover our cost to build and implement each project on a client basis. It will also help recover our cost to initially build the program.

On an ongoing perspective the monthly charge for the program would be \$125. We believe that the value this brings to a credit union justifies the monthly expense. This program will improve member satisfaction, as well as give the credit union a wealth of data on their members.

The three year net income for this product is (\$14,500). This is based on our cost and revenue assumptions, as well as a client adoption rate of 10 over the 3-year period. The breakeven point is month 31 and the 3-year IRR is -50 percent. However, we believe these estimates are low. We think we can beat the cost estimates and grow client adoption at a higher rate.

COMMENTS, NEXT STEPS, AND CALL TO ACTION

Early in our project, we sent out a survey to our friends and family to see how interested they would be in a service like FiNAV. While we thought there would be more interest in the social media aspect of it that came in on the low end. We believe that the reason for that was because many of our friends and family are not in the Millennial Generation. You can find our survey results in Appendix B.

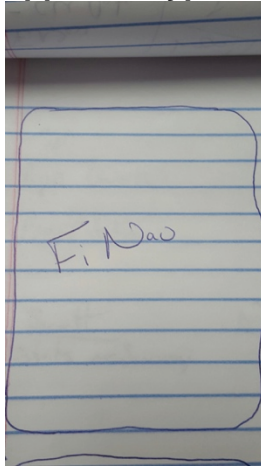
After showing our prototype to our family and co-workers, we would move forward with a more interactive, user-friendly prototype, which would allow testers to use some of the calculators and goal-setting options. We would probably look in to using a PowerPoint presentation with live links that would take our users to websites that had the calculators or tools that we wanted to have all in one spot.

While our results were minimal due to our prototype, we did have many good comments about our idea and the thought of having all these tools in an easily accessible, user-friendly app. This is definitely a tool that people of all backgrounds are looking for. Not only would we be helping our members with this tool, we would be helping our marketing and research departments at our own credit unions with all the "free" data that we would get from knowing how our members are saving, what goals they are setting, and how they budget day to day.

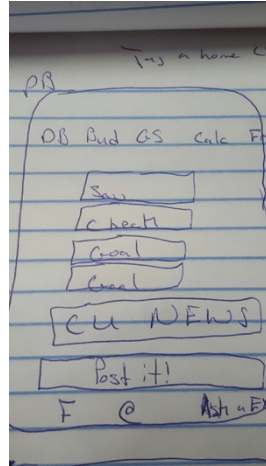
Why wouldn't we want this information?

APPENDIX A

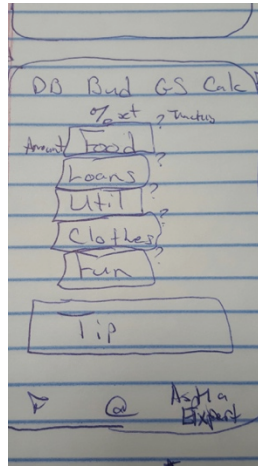
App Prototype Pictures:



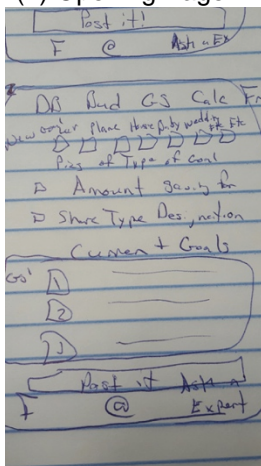
(1) Opening Page



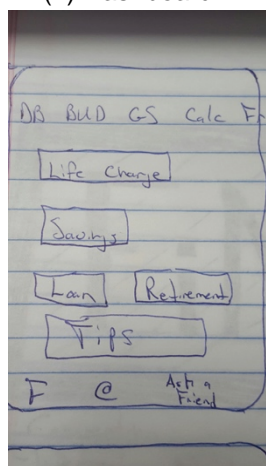
(2) Dashboard



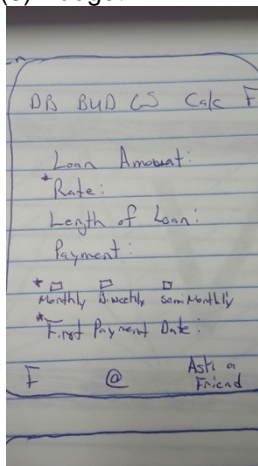
(3) Budget



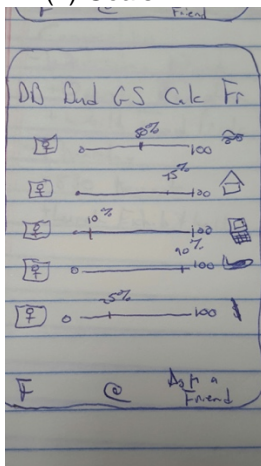
(4) Goals



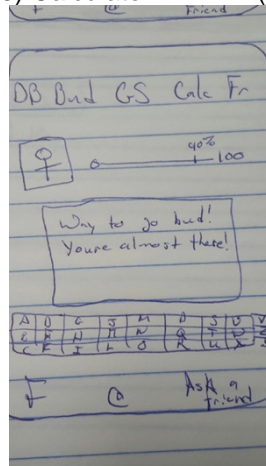
(5) Calculator



(5B) Loan Calculator



(6) Friends



(6B) Posting to Friend

APPENDIX B

Survey Results/Comments

While we did not get the information we were expecting we still received very valuable insights that we were able to put towards finishing FiNAV. Here are some of the results.

Do you feel financial education classes should be provided by your financial institution?

Yes: 76

No: 11

If your financial institution offered a free online tool to better assist your financial planning, would you use it?

Yes: 76

No: 10

"Perhaps, it depends on how easy it was to use"

"Would only use if it was better than Mint.com which I already use"

Would you like a financial planning tool that allowed you to see all of your loans and savings or checking accounts in one place?

Yes: 57

No: 2

"Have one-Quicken"

"I already have that information on an excel spreadsheet at home"

Do you currently have a budget?

21/64 do not budget

51/77 people do not use a budgeting tool at this time.

"Smartphone integration/easy to use/automatic updates"

"We have never had any help with our long term financial goals. We have done the best we can with what we feel is the right thing to do"

Do you feel comfortable with where you are at financially today?

Yes: 31

No: 33

"Don't like living paycheck to paycheck"

"Too many student loans!"

"Short on what we have saved so far from retirement"

"Not sure about job"

"Spend more than I bring in"



CONCEPT DOCUMENT

Ignite Your Growth

TEAM MEMBERS

Amanda McDaniel, Alliant Credit Union
Amanda Schrab, IntegrUS Credit Union
Carrie Severson, Veridian Credit Union
Melissa Brooks, The Members Group

PROBLEM DEFINITION

According to a Financially Underserved Market Size Report, financially underserved consumers spent \$103 billion in fees and interest in 2013.¹ Millions of Americans are using payday lending services and paying to have their checks cashed simply because they are unaware of the options and benefits of becoming a credit union member. Others are expecting to be denied at a financial institution due to poor credit history or no credit history. We all know that member who just graduated college with student loan debt and cannot be approved for a personal loan; or the single mother who has a poor credit score due to unforeseen medical circumstances; or lastly, the elderly man who experienced identity theft and was left trying to sort out a large amount of debt that he personally did not incur. Our goal as a credit union movement is to educate and help people better their lives through the many different options we offer. We don't charge outrageous fees or simply turn away when a member needs advice. Credit unions are missing a great opportunity to help potential members and build new relationships. We'd like to assist the underserved by offering an educational, web-based tracking tool that looks at alternative methods rather than just credit score to receive services from a sponsored credit union.

INNOVATIVE SOLUTION

Through "Ignite Your Growth," current and potential credit union members with damaged or no credit can track bills and payments that are not reported on a traditional FICO score. An alternative credit scoring method is used and can be altered to any credit union's standard. The alternative score is composed of points earned by uploading current billing statements, taking part in direct deposit and/or other services offered by the credit union, a history of no overdraft charges, or taking educational courses and receiving an acceptable grade. The many options are located on the Ignite Your Growth website, which is accessible by the member and the credit union. This allows a member to build a relationship with the credit union and gain financial knowledge. Once the specific number of points deemed necessary by the sponsoring credit union are earned, the member may be eligible for a small loan or service they originally would have been denied.

PROTOTYPE

We created a PowerPoint prototype of what the Ignite Your Growth website would look like. This allowed us to gain insight and feedback from others to see how the site would function. As a team, we each completed different sections and then combined it together for a consistent look and feel.

The website offers logins for both consumers and credit union staff. It is user friendly and can be customizable for partnering credit unions.

Some of the features of the Ignite Your Growth website include:

- Ignite Your Growth Homepage (Appendix A)
 - Provides basic information
 - New user sign up
 - Current user sign in
- Ignite Your Growth point system (Appendix B)
 - Showcases how consumers can use education and other tools to help them reach their financial goals
 - Easy and convenient to use

¹ 2013 Financially Underserved Market Size Report

- Customizable for credit unions
- Resources and tools for success (Appendix C)
 - Guide and tips
 - Education
 - Budget tools
 - Maximize potential with Direct Deposit, Automatic payments, and account history
 - Credit reports and education
- Track progress from start to finish
 - Can be done on their terms
 - Log out and come back to where left off
- Report Card (Appendix D)
 - Printable
 - Available for credit union
 - Build on past scores to establish quality credit
- Credit union staff site (Appendix E)

TESTING AND RESULTS

Testing was completed in two phases. Ignite Your Growth had a big transformation throughout our whole process. Our initial testing included a survey to gain more insight on whether our idea was feasible and attractive to others. We sent a short survey out to co-workers and contacts from LinkedIn through Survey Monkey. After obtaining our results from the survey we learned that there was a higher demand and need for education. This caused us to alter our idea to focus more on education for credit union members and potential members. (Appendix F)

Once we had a prototype of the Ignite Your Growth website, we shared the PowerPoint with our co-workers asking for their feedback. Our test group included credit union and non-credit union employees with a broad range of roles and experiences. This group ranged from front-line staff to training and operations.

We asked our co-workers to think of our PowerPoint as a website. We asked for what they would want and need both as a consumer and as a credit union employee pulling reports. We gained valuable insight that helped us adjust the site to make it more user-friendly.

OPERATIONAL AND IMPLEMENTATION CONSIDERATIONS

The technology for the website is already out there. It is just finding a creator and getting it built with security and ease in mind. There would be two sides to the website: the side the member uses and the side the credit union will use to pull the information on the member. There would need to be some collaboration between financial education providers to help provide the education pieces for the website.

The biggest operation and implementation consideration for the credit union will be creating a new lending program at the credit union. Ignite Your Growth could potentially create templates for the lending program but it will be up to the individual credit union to customize their program based on their policies and procedures. Ignite Your Growth is providing an alternative way to look at potential applicants who would get turned away due to poor/no credit scores or prior account closures.

Along with creating the program, the credit union will need to take the time to train staff on how to read the score and procedures on offering services based on the reports from Ignite Your Growth. The credit union will need to decide how much verification they are going to do beyond the amount the member is

providing on the site. The credit union will be able to see the supporting documents the member puts out on the site. The credit union will also need to train staff on how to help the members use the website and potentially offer designated areas with the technology to allow members to use the website at the credit union.

FINANCIAL CONSIDERATIONS AND PROFORMA

The biggest hurdle of Ignite Your Growth would be the cost to build, implement, and maintain the website. We reached out to a website creator in the Des Moines, Iowa area to get an idea of the cost of our proposed website, and they gave us an estimate of \$64,500. To show the member's dedication for using the site there would be a small yearly subscription fee to those who enroll to use Ignite Your Growth of \$29.99. This alone will not support the website. There would be an annual subscription fee to sponsoring credit unions of \$1,000; this fee will allow the credit union to have the logo on the page and access to advertising material. There will also be a per-report pull of \$10. In addition to the funding provided by the sponsoring credit union, Ignite Your Growth could reach out to many other agencies for grants to help the underbanked and underserved community. The annual fee and the creation of the loan program is the biggest hurdle to the credit union. However, the credit union would have the potential to see higher returns on the loans made based on these alternative credit scores. These are loans and accounts the credit union would have turned away just on credit score alone, but this program would show the members' willingness to improve and pay bills on time making them less risky. The credit union could also implement an application fee to help cover the cost to the credit union on loans made using the Ignite Your Growth reports.

COMMENTS, NEXT STEPS, AND CALL TO ACTION

Team Ignite Growth received critical feedback from our industry peers and management that resulted in a concept shift. Survey feedback made us question the desirability of our initial concept. See Appendix F for survey data.

We are empathetic toward our targeted audience and wanted to provide a tool to provide them with financial literacy and lending options. As a result, we decided that an incremental innovation would best lead us to our desired outcomes. Instead of recreating the wheel, our goal can be achieved by leveraging existing saving progress the consumer has made and by providing assistance locating existing resources.

To get Ignite Your Growth as a lending standard for the un/under banked, the following steps need to take place:

1. Secure credit union partners to fund and utilize the site
2. Develop collateral to increase credit union and consumer market share
3. Make it consumable by implementing training plan for credit union partners

We ask for your support! If you would like to help break the predatory lending cycle and provide assistance and education to the underserved, please contact a member of Team Ignite Growth.

APPENDIX

Appendix A

Welcome Back!

User Name:

Password:

Need help logging in?

New User?

Click here to sign up.


Sign Out



Serving the under-banked by offering an educational web-based tracking tool that looks at alternative methods, rather than credit score, to receive services from a sponsored credit union.

General website information...

Appendix B



Earn Points!

Earn points by tracking your finances, using certain Credit Union options, completing educational courses, and more. Just upload your invoices, transcripts, etc. with the link provided!

Ways to earn points:


- Education Transcripts
- Obtain Credit Score
- Create a Budget
- Provide Proof of Savings
- Provide Proof of Debt or Collection Payoffs
- Utility Bills (phone, internet, cable, etc.)
- Rent
- Informal Lending
- Direct Deposit
- Auto Pay
- Good Account History

Clicking each link will be a hyperlink to respective page.

Add point range for each?

General website information...

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Appendix C

Site breadcrumbs...



Track Your Spending

Use the form provided to track monthly expenses and upload your progress with your monthly statement. Extra points can be earned by sticking close to your goals!

Upload "budget tool" information

General website information...

Appendix D



Site breadcrumbs...

Report Card

Verbiage about providing this page to the credit union for decision process...

Print

E-Mail to Credit Union

General website information...

Appendix E

Welcome Back Credit Union!	User Name Password Need help logging in?	<input type="text"/> <input type="password"/>	Sign Out
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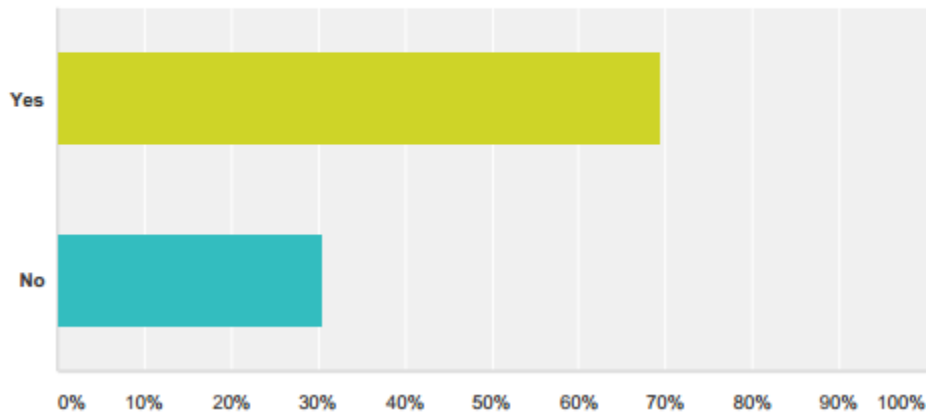
Serving the under-banked by offering an educational web-based tracking tool that looks at alternative methods, rather than credit score, to receive services from a sponsored credit union.

General website information...

Appendix F

Q3 Would you participate in a CUSO to help educate members?

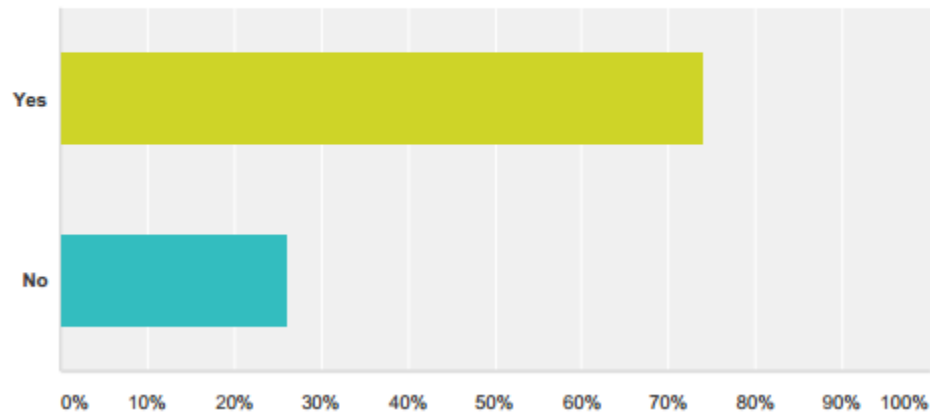
Answered: 23 Skipped: 1



In no, please elaborate.
members don't even read the statements and newsletters
Not at this time - too many alternative projects.
You would have to show me an ROI for me to participate
Not at this time.
That is what the Iowa CU League does.
Possibly.
We may, but we would need more information

Q4 Would you participate in a CUSO as a way to gather more members?

Answered: 23 Skipped: 1



If no, please elaborate.

I would like to think that if we provide an option to non members for payday lending that we could continue to educate them on becoming a credit union member; but to become part of CUSO just to see what I can get out of it, then no.

closed form

But only for true members and not single product members.

No, because we only have a select field of membership and the individual CU's need to differentiate themselves as to why they should be chosen to bank with.

Possibly.

We may, but we would need more information



Q5 What do you feel is preventing credit unions from helping members break the cycle of payday loans?

Answered: 21 Skipped: 3

Responses
Haven't seen examples of successful programs that help a majority of the members over time.
Risk of the members going there as their last resort and second is fear of the credit union process.
We've seen time and time again where the same members have fallen back into the horrific cycle of pay day lenders. Doesn't stop our willingness to stop trying, but have heard from other credit union that this is why they do.
they are too easy to get and too hard to pay back, predatory lenders bury them in refinancing and then they go to other payday lenders to pay off older ones.
Stronger legislation needs to happen at a federal and state level, members go online and borrow. The businesses that offer these type of loans should be held accountable just like any other financial institution.
most cu's don't know that they are using them
I believe it is going to take one on one education as well as setting a budget for the member and working with the member to ensure they stick to the budget.
Questions the consumer feels they are asked by a financial institution and judged versus payday lenders getting basic live work information and not concerned about ability to repay or helping the consumer. The consumer needs to want help as well, some we've been able to help, some just get right back into the same pattern they've developed or feel is their only choice due to their wants and often low income.
Most likely risk to take on someone in that cycle, possibly not enough Financial information provided to their members, or not looking actively for potential issues that could impact other loans with the credit union.
Do we really understand who and why people are utilizing the product.
Borrower discipline and spending habits
education, convenience, member perceptions
They are very labor intensive and high risk. The success rate is relatively low. It's too easy for members to fall back into old habits when times get tough rather than coming to the CU. We do try but they often times "sneak" back to the payday lenders.
Risk tolerance in many cases. Also not truly understanding the environment and culture of those utilizing those sources. Need to be closer to the source to have any major impact. Requires a completely different viewpoint.
Small and risky loans...I'm sure most feel they are not worth the time...cost money to do loan
When you make loans to members in financial difficulty, it usually makes their situation better in the short-term and worse in the long-term. They meet their immediate need, and if they do not have the ability to repay, the cycle repeats. We should only makes loans to members who have the capacity to repay them.
Ability to take on additional risk. Everyone needs to play it safe as the state examiners would hammer on those CU's who get to far outside the box, unless a proven track record of alternative payday lending is shown. CU's need to promote signature lines of credit as an alternative, but budgeting financial education is needed.
we have tried to market an alternative, but it was not successful. I think the members who utilize payday loans don't understand how they work, and feel they can't get credit elsewhere.
I believe many credit unions are doing what they can. The member needs to be willing to effectuate change in their lives. . . .
It is hard to reconcile our mission with making pay day loans. Pay day lenders make money on repeat borrowers. That isn't our way of doing business.
Members behavior needs to change, and that is easier said than done.



ABOUT ICUL

The Iowa Credit Union League is the non-profit trade association that represents the interests of Iowa's state and federally chartered credit unions and their more than one million members. ICUL provides the following services to Iowa's credit union industry:

- **Advocacy** — ICUL lobbyists hike the hill each year to speak with legislators in Iowa and Washington, D.C. about the importance of credit unions and to discuss different issues affecting the industry. The legislative department also coordinates fundraisers for the Credit Union Political Action Committee (CUPAC) and manages and organizes grassroots involvement programs.
- **Regulatory Compliance** — Iowa credit unions are heavily regulated by the National Credit Union Administration and the Iowa Division of Credit Unions. ICUL offers support and expertise to credit unions to help them understand and comply with these regulations. In addition, the regulatory department offers fee-based professional audit products that include 24/7 Compliance Support, Lending Audit Services, BSA Independent Tests, Regulatory Training and Website Compliance Audits.
- **Communications and Marketing** — The communications team works to increase awareness about credit unions through media outreach efforts, social media and the member engagement plan.
- **Professional Development** — ICUL holds numerous professional development seminars for Iowa credit unions each year. This includes the Iowa Credit Union Convention, ICUL's largest event of the year.
- **Management Consultation** — Experienced management consultants work with individual credit unions to help them identify goals, challenges and prepare for the future. The consultants have a strong credit union background, provide educated advice and personalized service.

Find us on Facebook at Facebook.com/IowaCreditUnions and on Twitter at twitter.com/ICUL. For more information visit, www.IowaCreditUnions.com/ICUL.



ABOUT FILENE

Filene Research Institute is an independent, consumer finance think and do tank. We are dedicated to scientific and thoughtful analysis about issues affecting the future of credit unions, retail banking, and cooperative finance.

Deeply embedded in the credit union tradition is an ongoing search for better ways to understand and serve credit union members. Open inquiry, the free flow of ideas, and debate are essential parts of the true democratic process. Since 1989, through Filene, leading scholars and thinkers have analyzed managerial problems, public policy questions, and consumer needs for the benefit of the credit union system. We support research, innovation, and impact that enhance the well-being of consumers and assist credit unions and other financial cooperatives in adapting to rapidly changing economic, legal, and social environments.

We're governed by an administrative board made up of credit union CEOs, the CEOs of CUNA & Affiliates and CUNA Mutual Group, and the Chairman of the American Association of Credit Union Leagues (AACUL). Our research priorities are determined by a national Research Council comprised of credit union CEOs and the President/CEO of the Credit Union Executives Society.

We live by the famous words of our namesake, credit union and retail pioneer Edward A. Filene: "Progress is the constant replacing of the best there is with something still better." Together, Filene and our thousands of supporters seek progress for credit unions by challenging the status quo, thinking differently, looking outside, asking and answering tough questions, and collaborating with like-minded organizations.

Filene is a 501(c)(3) not-for-profit organization. Nearly 1,000 members make our research, innovation, and impact programs possible. Learn more at filene.org.

"Progress is the constant replacing of the best there is with something still better!"

—Edward A. Filene

