

The Risk of Irrelevance

Anthony Demangone, NAFCU EVP-COO

ademangone@nafcu.org

(w) 703.842.2278

(c) 571.332.2512

Relevant?

closely connected or appropriate to
what is being done or considered.



Radio Shack
AMERICA'S TECHNOLOGY STORE

PRESIDENTS' BIRTHDAY SALE!

DON'T DELAY!

All-Weather Stereo
Cut 34% **\$1188**
Realistic STEREO-MATE AM/FM personal receiver shrugs off sand, water, and ice. Includes carry case. See how it does it!

AM/FM Clock Radio
30% Off **\$1388**
Chromromatic™ 261 clock radio's compact size cuts right-sized clutter. See how it does it!

In-Ear Stereo Phones
HALF PRICE! **788**
Realistic™ in-ear phones weigh just 0.8 ounce! With carry pouch. See how it does it!

Micro-Thin™ Calculator
30% Off **488**
Radio Shack EC-413 is almost the size of a credit card! Solar powered. See how it does it!

3-DAY SPECIALS ABOVE GOOD SATURDAY THRU MONDAY ONLY!

0% \$5,225 in 2013 dollars for 13 products in this ad

EXPIRES TUESDAY FEBRUARY 19

COME IN AND TAKE ADVANTAGE OF THESE OTHER FANTASTIC VALUES!

INTRODUCTORY SPECIAL!

TANDY 1000 TL/3 Computer System

Save \$670
\$1599

Low As \$159 Per Month

- 286-Based PC Compatible
- Color Monitor
- 20MB SmartDrive™ Hard Drive
- Easy-to-Use 10-in-1 DeskMate™ Software

BONUS PACKAGE

- Lotus Spreadsheet For DeskMate
- DeskMate O&A Write
- Quicken
- 2-Button Mouse

Mobile Cellular Telephone

Save \$100
\$199

Low As \$19 Per Month

Deluxe Portable CD Player

Save \$40
\$159.95

Low As \$19 Per Month

Tiny Dual-Superhet Radar Detector

Save \$60
7995

Realistic PRO-37™ detector lets you drive with confidence. Separate X and K-band tones. See how it does it!

Compact 10-Channel Desktop Scanner

Save \$30
9995

Low As \$129.95 Per Month

Mobile CB With Channel Controls on Mike

HALF PRICE! **4995**

Low As \$99.95 Per Month

Our Easiest-to-Use Phone Answerer

Cut 17% **4995**

Low As \$99.95 Per Month

VHS Camcorder

Save \$100
\$799

Low As \$699 Per Month

3-Way Speaker With Massive 15" Woofer

Save \$110
14995

Low As \$139 Per Month

20-Memory Speed-Dial Phone

Cut 33%
2995

Low As \$29.95 Per Month

Handheld Voice-Activated Cassette Tape Recorder

40% Off
2995

Low As \$299.95 Per Month

Check Your Phone Book for the Radio Shack Store or Dealer Nearest You. See how it does it!

MOST MAJOR CREDIT CARDS WELCOME

Those products now fit in your pocket with a \$200 iPhone



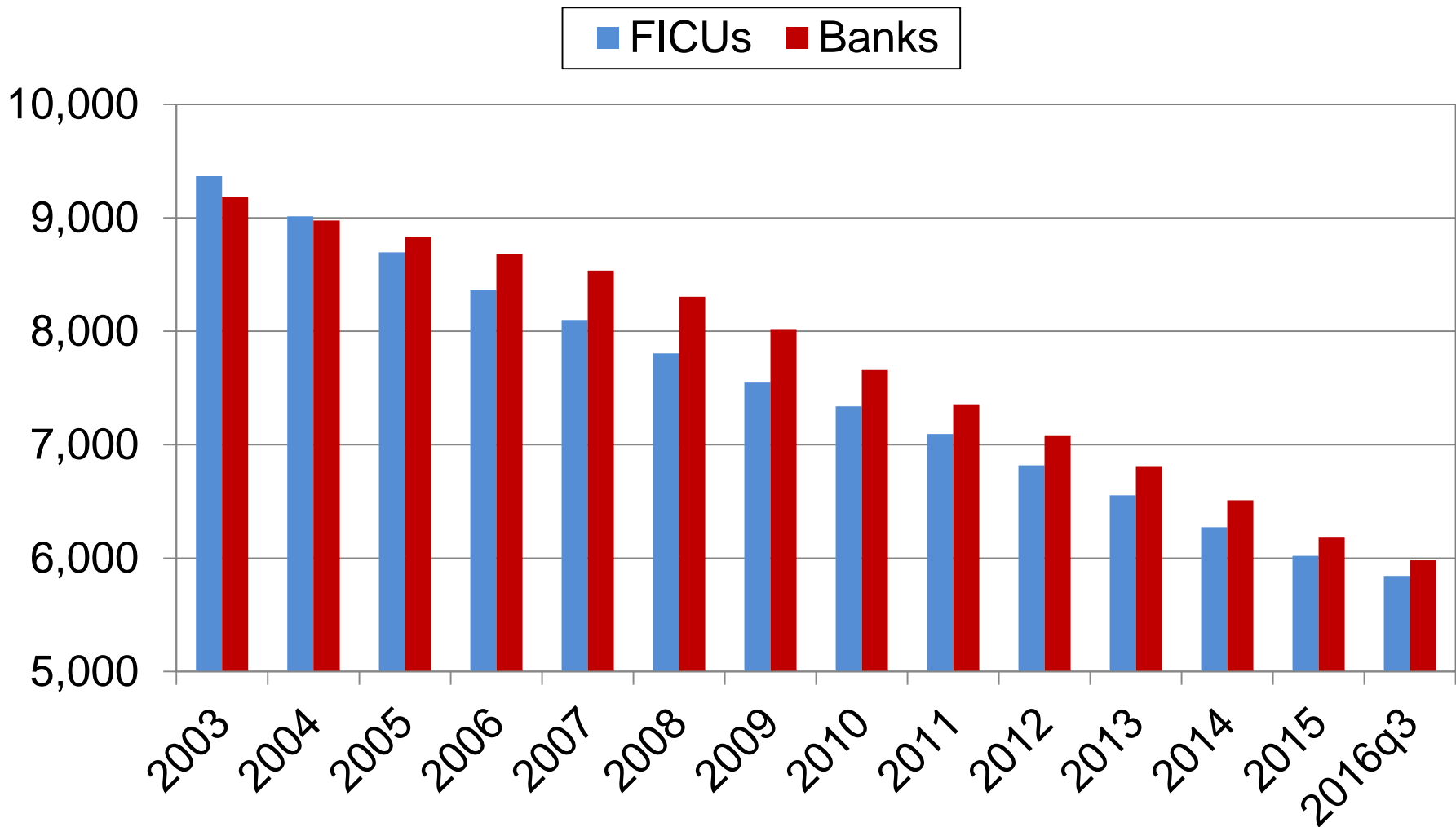


The F-Series





The wrong J Curve



Source: NCUA, FDIC



Making Strides

Since 2015 The number of credit unions not offerings these services have dropped by:

- Home Banking: 104
- ATMs:88
- Mobile Banking: 321
- RDC: 440
- **Mobile Payments: 378**

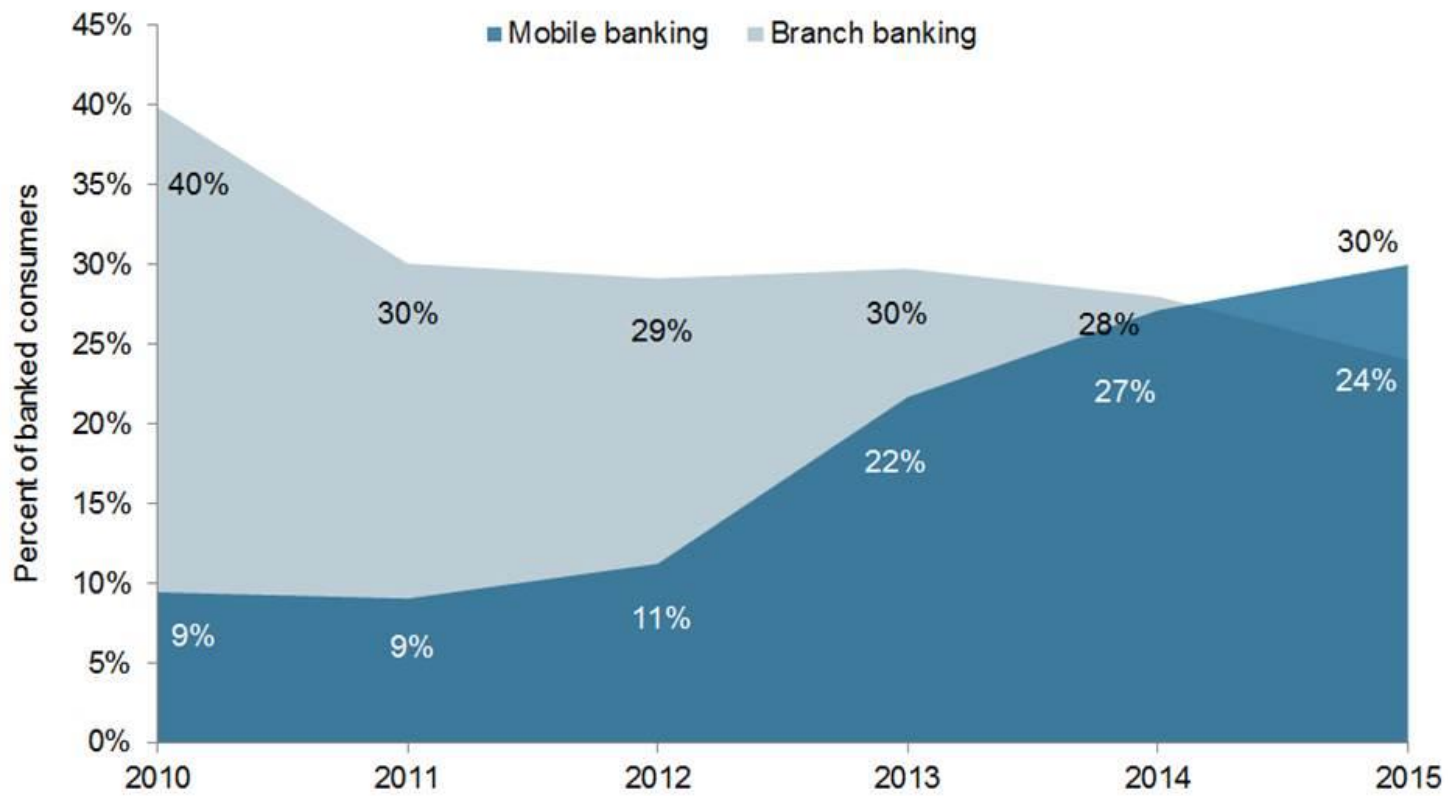
Mobile Banking

Mobile P2P Users to Increase by Nearly 180% in the Next Five Years



© 2015 GA Javelin LLC

Mobile Banking Exceeds Branch Banking



© 2015 GA Javelin LLC

Uber





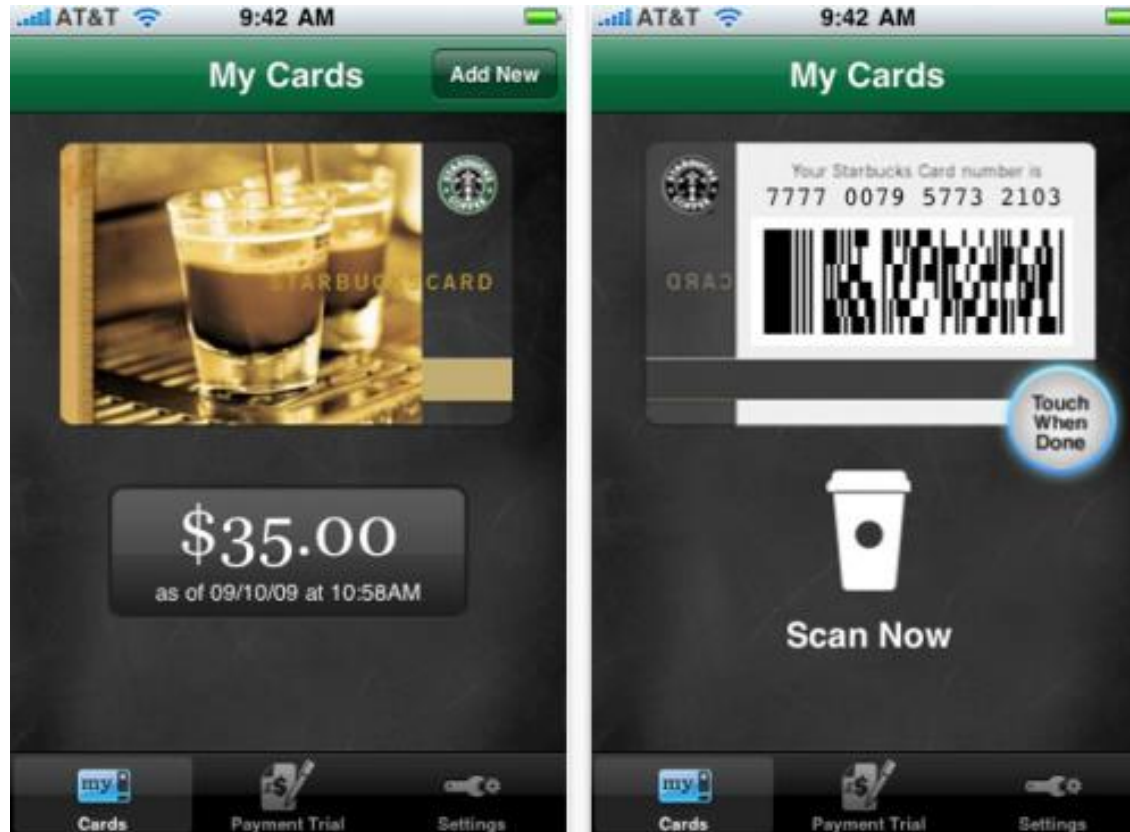
Biggest Payment Competitor?



Starbucks?

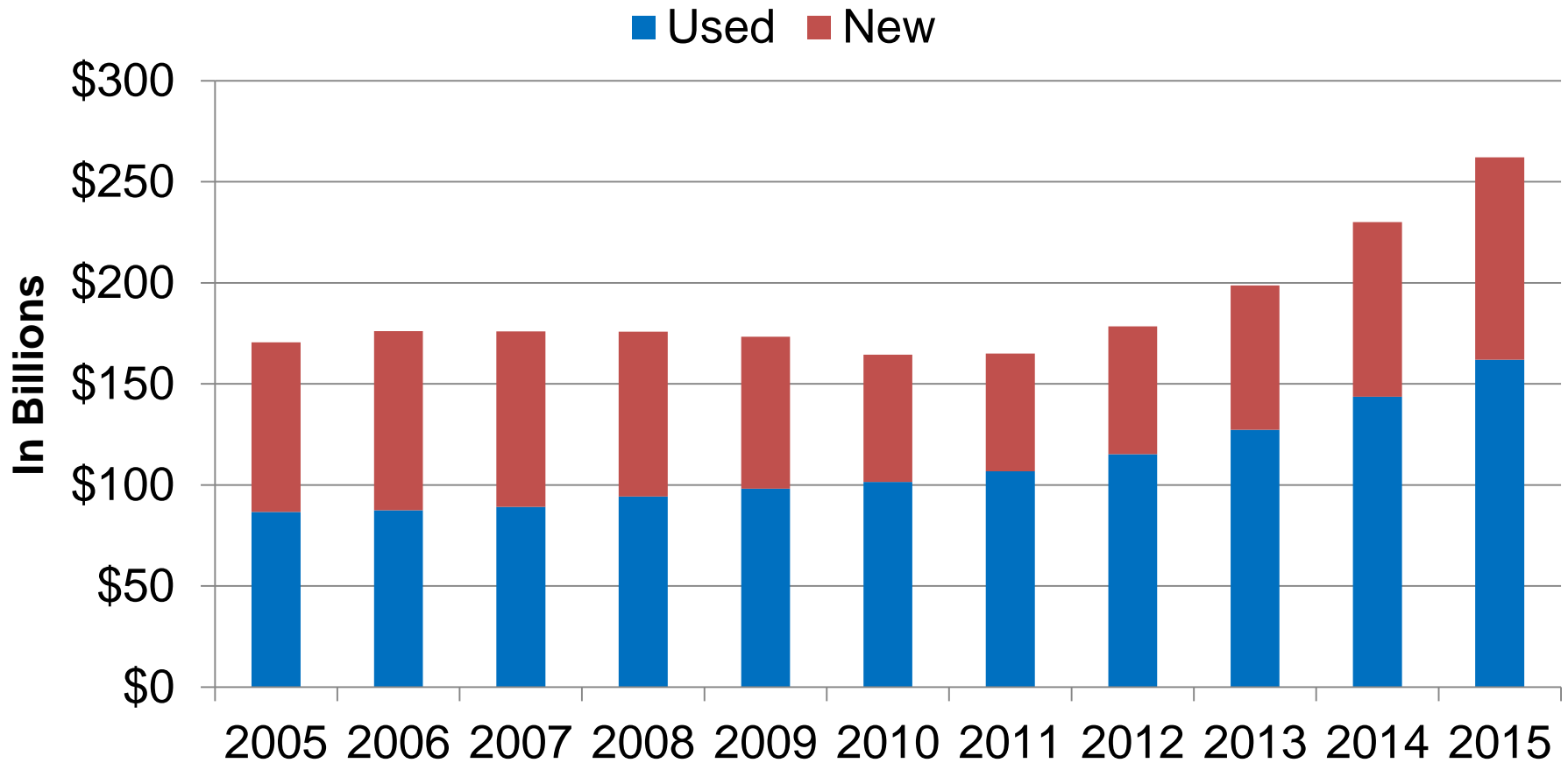
- Starbucks has over \$1.2 billion dollars on deposit within their apps and on their stored value cards.
- \$1.2 billion dollars is more than most of the industry has on deposit.

- Starbucks has more on deposit than **97.57%** of all Credit Unions.





CU Auto Loans Outstanding



Source: NCUA 5300 data

Driverless Cars





1. Controlled Hustle

- Aggressive, urgent work
 - According to strategy
 - Completing tasks
 - Improving technology and people

“We’re everywhere.”

“Our bus runs fast.”

“You don’t get today back.”



2. One with the community

- They know their community
 - Relentless outreach and support
 - Giving, without asking
 - Board and staff

“I’m not sure where our credit union stops and the town starts. We’ve blurred that line.”

Ice cream

Hugs

Seats at the table

3. Risk Takers

- They understand risk
 - Alligators, sharks, black swans, cows and heart disease
- Standing still is a risk-affecting decision
- Not afraid of failure
- Board/CEO/Staff on same page

“HR Director or ROA”



4. Efficient

- Efficient \neq cheap
- Squeeze vendors, not experience
- Know their data, transactions and trends
- Place scarce resources where they will do the most damage
- Every. Dollar. Counts.



Example of Efficiency

- Debit cards
 - How many checking accounts do you have?
 - With direct deposit?
 - With debit cards?
 - Do you know your P...A...U?



5. Diversified

- Loans
- FOM
- Experiments
- Marketing
- Board and committees



6. Forward Thinking

- Decide, move on, execute
- Where do we need to be in 5 years, 10 years, 20 years?
- Sunk costs? What about sunk successes?
- Paranoia of falling behind and becoming irrelevant



7. Relentless Focus on

- Active membership growth
- Loan growth
- Both short and long-term vision

“If you aren’t working on growing loans or members, you’re job is going to change.”

