



**Southwest Lending
& Collections Conference**

October 2021

Laying the foundation for a Transformational Digital Experience

Market forces

- Technology
- Regulation
- Consumer Expectations
- Growth
- Competition
- New Entrants





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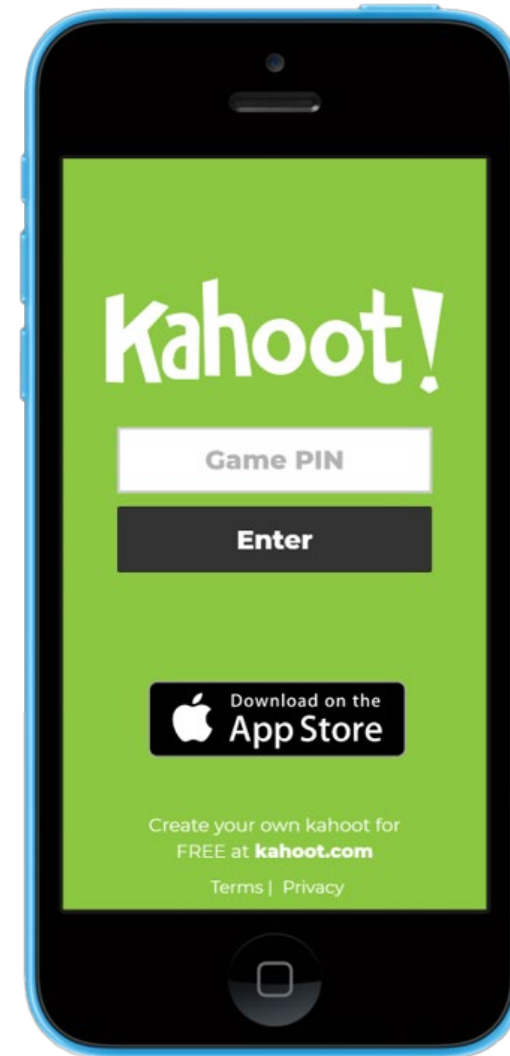
WATTERSON

Elements for Discussion

- Defining digital transformation
- Organizational maturity
- The digital transformation imperative
- Strategic considerations and applications



- Launch www.kahoot.it
- Write down PIN Number



This is just a test poll to see if Hamilton should actually ask any more questions.



Sure! It's
engaging
and fun.



Yes. But
let's not
push it with
the "fun".



I would
rather not.



Seriously.
No. Let's
get out of
here
already.

“Digital is a hot mess of a word. And it causes a lot of grief in organizations.”

- Melissa Swift





TACO BELL



DRIVE THRU OPEN

Menu board displaying various food items and prices. The board is illuminated and shows a variety of tacos, burritos, and other menu items. Below the main menu board, there are smaller signs for "FRESHLY" and "SANTITAS BURRITOS".



Defining Digital Transformation

Digital transformation is the integration of digital technology into all areas of a business, fundamentally changing how you operate and deliver value to customers.

It's also a cultural change that requires organizations to continually challenge the status quo, experiment, and get comfortable with failure.

- The Enterprisers Project



Defining Digital Transformation

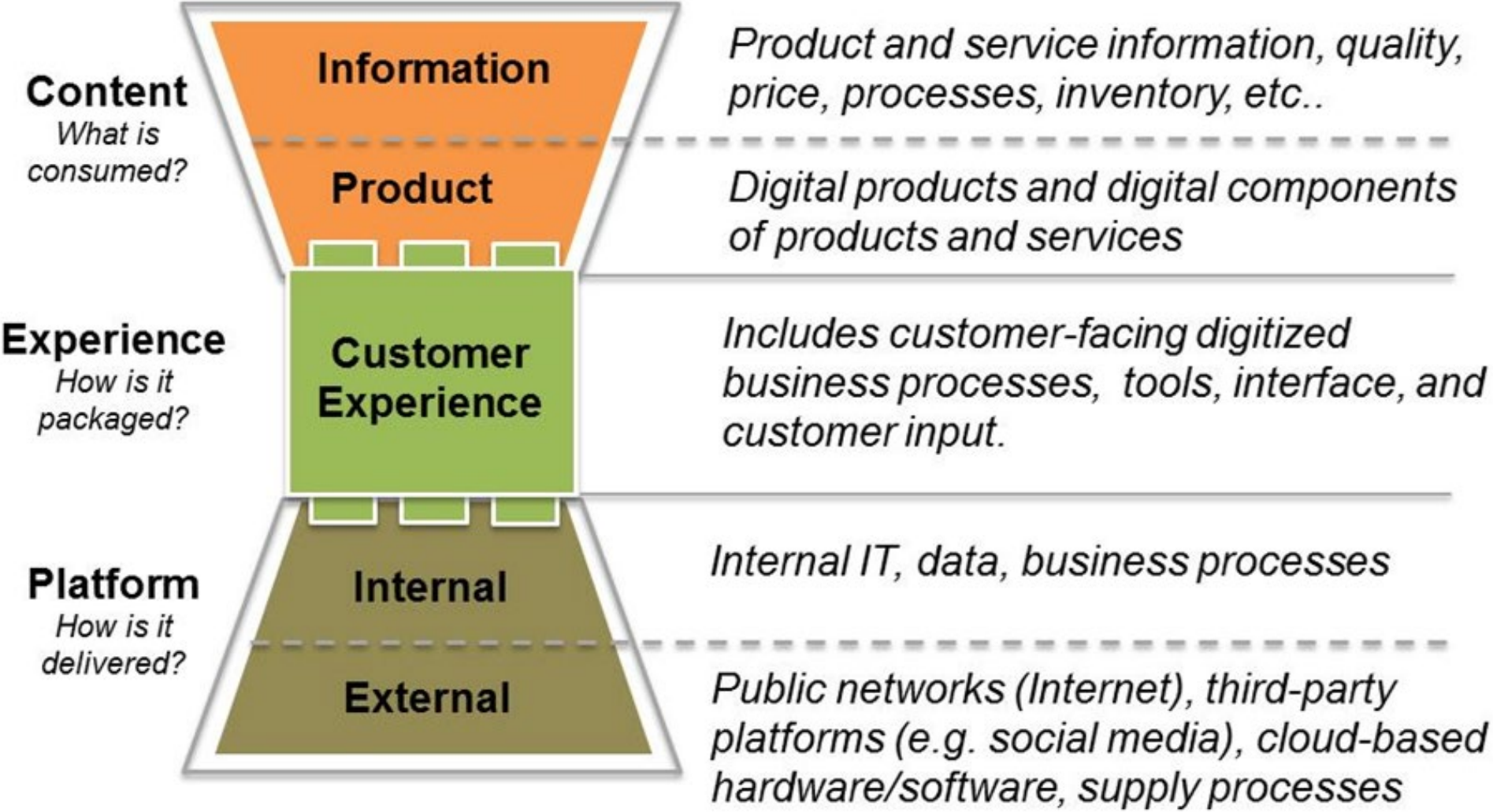
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Defining Digital Transformation





Digital Transformation Maturity



70% of all corporate digital transformation initiatives fail

- employee engagement
- management support
- cross-functional collaboration
- accountability to get on board or execute

Poll Question

My credit union has experienced X number of these challenges.

- employee engagement
- management support
- cross-functional collaboration
- accountability to get on board or execute



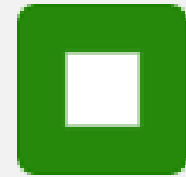
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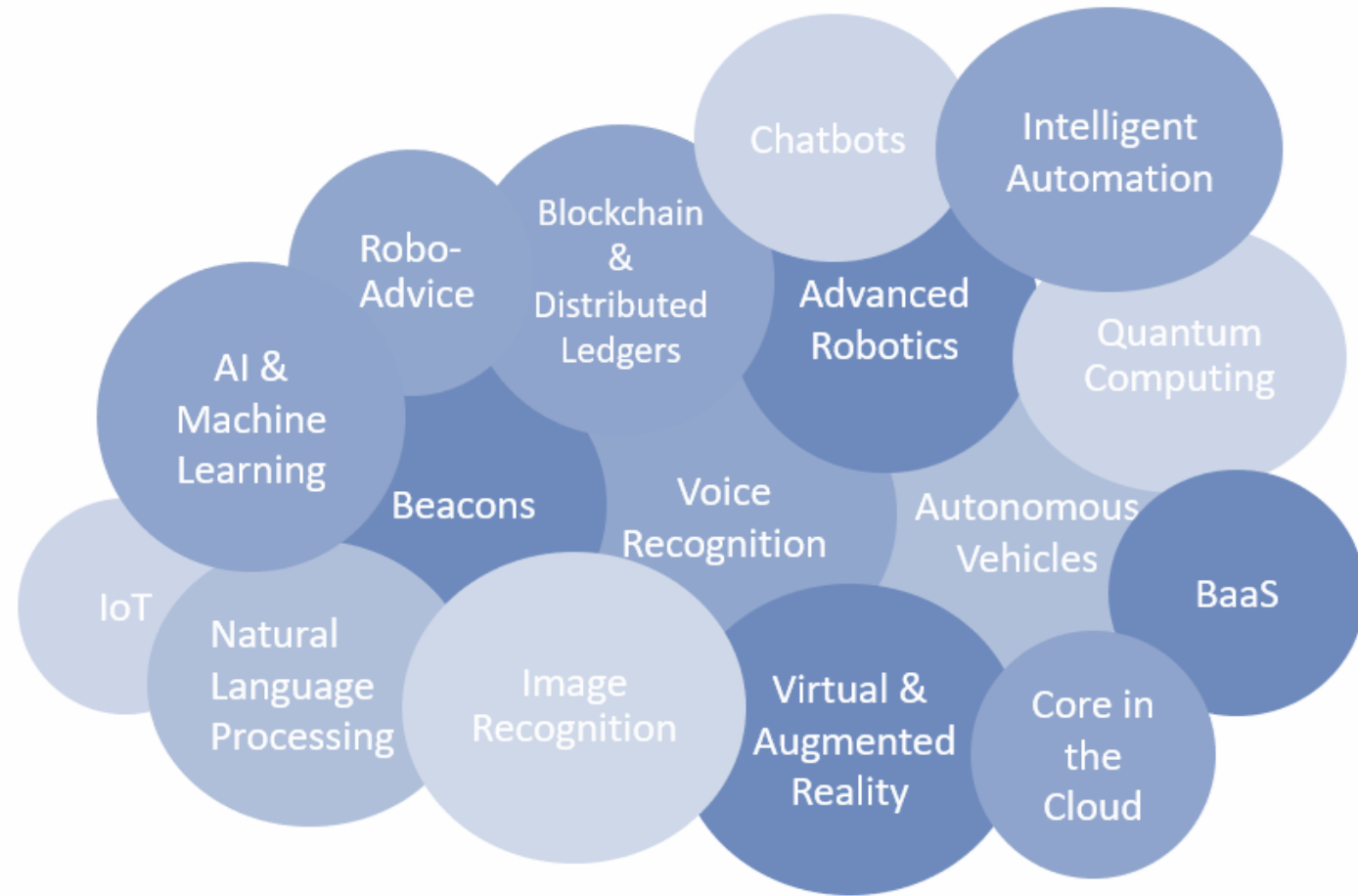
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3 - 4

What is REAL now?

Buzz / Hype / Trends

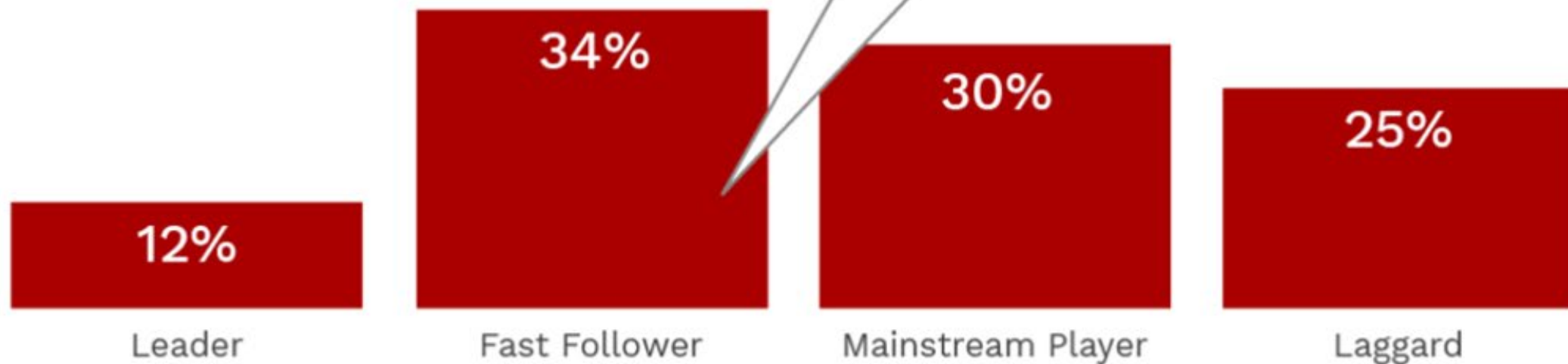


Meaningful Digital Transformation

- Human values / Usability
- Technology / Feasibility
- Business / Viability



Digital transformation maturity of organization



SOURCE: Digital Banking Report © January 2020 The Financial Brand

Poll Question

The Digital Transformation maturity of our credit union is ...



Leader



Fast Follower



Mainstream
Player



Laggard



The Digital Transformation Imperative





WHYYYYY

Digital Ubiquity



USAA Case Study

40% of credit union members say they are “very satisfied”

64% of USAA members say they are “very satisfied”

“Most USAA interactions are digital and **83%** of USAA members intend on purchasing additional products from USAA.”

BANKS SURPASS CREDIT UNIONS FOR AN ACSI FIRST



Digital is transforming personal service

“Customers want mobile options, and big banks have the resources to deliver. As technology improves, so does customer satisfaction.

The personalized service that’s the hallmark of smaller banks and credit unions may no longer be as critical to customers, especially a younger demographic.”

- David VanAmburg,
ACSI Managing Director

*2020 update: Banks 78 vs Credit Unions 77

Poll Question

We take a “digital first” approach when designing all member and employee interactions and experiences.



True



False

Operations





Zappos Case Study

Steven Weinstein, shown here in the retailer's Las Vegas headquarters, holds the record for longest Zappos customer-service call at 10 hours, 43 minutes.

Origence Document Processing Case Study

Automated Document Processing

- Recognize documents
- Sort documents
- Read documents
- Validate information
- Communicate with sender
- Write-back to systems

Marketing





Consumers who said that they found personalization appealing were 10x more likely to be a brand's best customer.

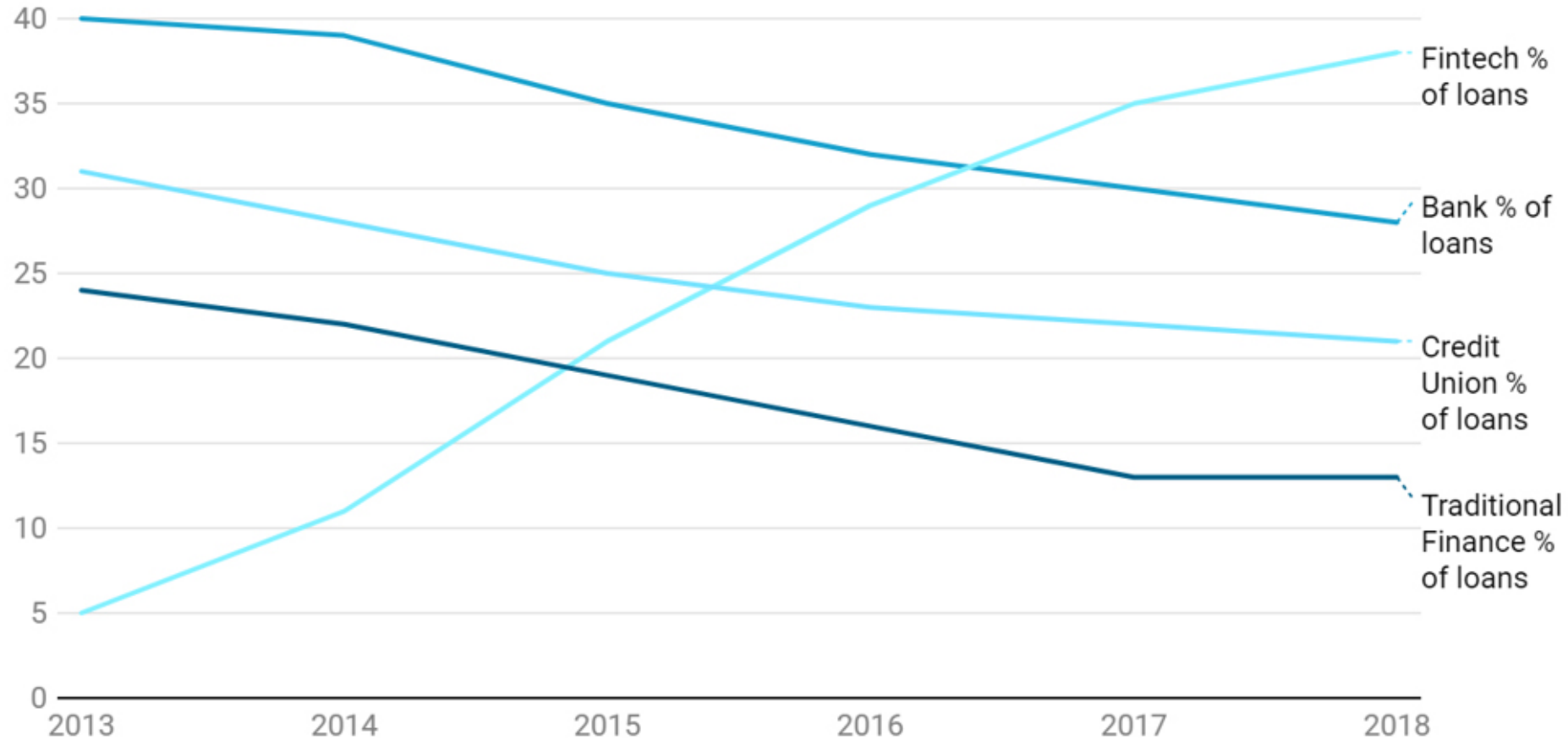
- Epsilon

Scanning the FinTech & TechFin Landscape



Who is stealing our white hats?

Percentage of total unsecured personal loan balances originated by fintech vs others.



Source: TransUnion • [Get the data](#) • Created with Datawrapper

Who is stealing our white hats?



JPMorgan Chase Enters A Hot Fintech Space: Point-Of-Sale (POS) Financing



Ron Shevlin Contributor ⓘ
Fintech
Observations from the Fintech Snark Tank



JPMorgan Chase building in Hong Kong GETTY

Poll Question

My credit union's take on what to do with FinTech is to ...



Wait and watch
for awhile



Invest to beat
them before it's
too late



Partner with
them



Combination of
"beat them" and
"partner"

worried?



Keep calm.
We've got this.





Strategy First

- What are we trying to achieve?
- What will it do for our credit union?
- What will it do for our members?
- What is the compelling story?



User-Centered Design Thinking

- Start with no constraints
- Journey mapping
- Persona development

Organizational Cultural Shift

- Start with the Board & CEO
- Connect the dots for all stakeholders
- Change management programs





People, programs, and process refinement

- SMAC Stack
- Waterfall to Agile
- Rethink span of control
- Break things that aren't broken
- Requires different roles/skill sets

Poll Question

We have a senior executive focused exclusively on “UX”.



True



False



Poll Question

We have senior “IT” staff at the table in strategic planning (not just for execution).



True



False

Poll Question

We have advanced business analytics/intelligence capabilities with proper staffing levels, skill sets, and resources for us to maintain a competitive advantage.



True



False

Poll Question

We partner with universities on projects or internships that support digital initiatives.



True



False

Key Takeaways

- Digital transformation enhances personal service
- Market forces require transformation
- Digital transformation is internal and external across all facts of business
- Strategic clarity and organizational cultural alignment are a must



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Thank you!



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