

# Becoming Digital: The Path to Credit Union Transformation

A hand is holding a white credit card with a gold chip and black text. The card is held in front of a blurred laptop keyboard. The background is a soft-focus office setting.

## About pureIntegration

With pureIntegration, you get more than a project. Quite simply, you're putting the best problem solvers in the industry to work for your organization. With an uncanny knack for solving tough problems, our team leads are former executives from global management consulting organizations. And our performance results are reflected in our 97% customer satisfaction rating through formal surveys.



# Building Success into Your Digital Transformation

*The credit union industry's next mountain to scale is digital transformation. Credit union industry news is filled with leaders and laggards in digital transformation. Organizations already on their digital transformation journey are using technology at scale to enable innovation, automate processes, and deliver insights that fuel growth. Digital leaders are transforming their organizations to thrive in the digital economy. But what are they doing differently?*



Photo: Mathilda Dwi Lestari (Source)

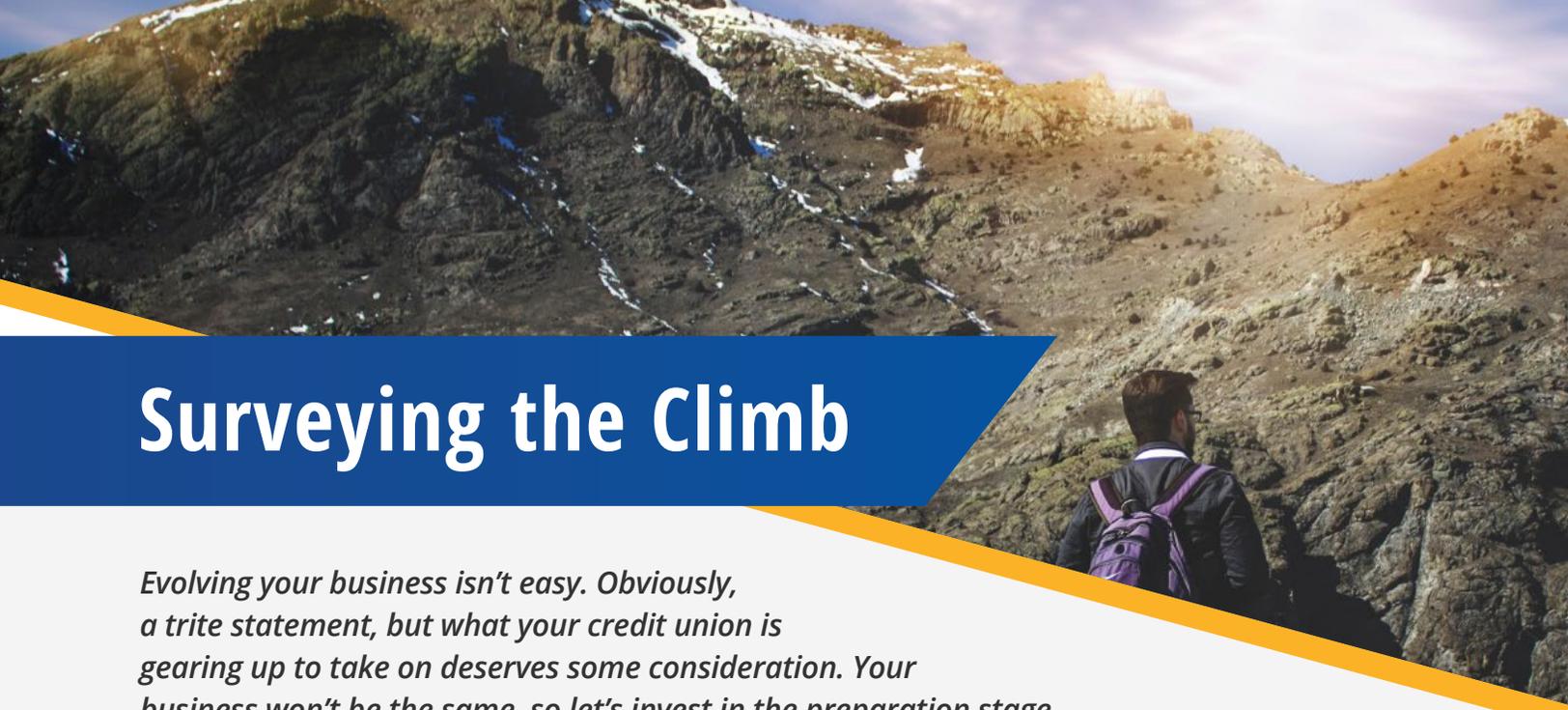
The pressure is mounting for credit unions to transform their operations. You'll already find first movers accelerating the introduction of new products and services, expanding to new member demographics, and securing more share of wallet. As member expectations increase, market share erosion will surely follow for those that lag behind.

Mathilda Dwi Lestari (a member of the first Indonesian all-female mountaineering team to climb the Seven Summits) says she becomes more confident as she climbs, and she keeps on climbing until her body gives out.

A cautious digitization approach—testing a new market, adding an app without back-end system improvements, or automating certain departmental processes—won't stand up to the rigor of the climb in front of your organization. **How then can you methodically approach digital transformation when you don't have deep pockets, available people, or the ability to update your core systems?**

**In this eBook, we walk you through the key elements to help you succeed at every step.**

- ◆ **Surveying the Climb:** Preparing your organization and gaining sponsorship.
- ◆ **Setting Up Basecamp:** Ensuring each step provides value while gradually creating significant change.
- ◆ **Reaching the Summit:** Locking in the gains you made to sustain long-term success.
- ◆ **BONUS:** Answer the "Vision Questions" in order to prepare yourself for your internal pitch.



# Surveying the Climb

*Evolving your business isn't easy. Obviously, a trite statement, but what your credit union is gearing up to take on deserves some consideration. Your business won't be the same, so let's invest in the preparation stage to ensure you get what you want out of this endeavor.*

## Aligning to Strategic Goals

The root cause of failed transformation initiatives is treating them like a pet project. Credit unions that make real progress in their digital transformation process do so when they align their efforts to the organization's strategic goals. Those goals represent an organizational challenge for everyone to engage in solving. An initiative that supports a sponsored vision is part of the holistic solution and gets the funding and resources it needs to thrive. This alignment instantly enables the right conversations to happen with the right people at the senior level and the board.

- ◆ How do you define digital transformation?
- ◆ How does your digital transformation plan align with business priorities?

**Vision  
Questions**

## Securing Board Commitment

You can expect to have many meetings, conversations, and emails about it. Your aim is now to work with senior leaders and board members to get everyone on the same page and ready to invest. Prepare to meet the expectation to clearly define success metrics, present a roadmap, and explain the value of your initiative. That's standard. What's different is you're going to ask them in return to support and stand by you as you provoke, agitate, and ultimately transform your operations.

- ◆ Where are you and your leadership team on the same page—and where are you not?
- ◆ Where in the transformation journey do you need their help? Get specific.

**Vision  
Questions**

## Investing in the Initiative

It's a rare sunny day that you will receive funding to digitally transform comprehensively—this is typically along the lines of a 3- to 5-year scope. There are ways to scale the mountain—one step at a time. As you make improvements, you build buy-in, grow revenue, and free up expense funds to go after goals, which require more funding. Assess the readiness of your operations, data, and current budget allocation, so you can prioritize different initiatives against outcomes. This assessment helps you make a rational pitch for funds, as you can show the ROI of each step and how they build on each other. You can show how you'll create value through cost savings, revenue expansion, increased member loyalty, efficiencies in performance, and satisfaction metrics.

- ◆ What steps do you need to take for board approval regarding this vision and set of objectives?
- ◆ What technology debt can you leverage during digital transformation?

Vision  
Questions

## Success Metrics

Metrics focus your organization on the right paths. As you measure performance (KPI) and risk (KRI) along the way, you're ensuring you remain tied to your strategic goals and ultimately, on what your members value. This "dashboard" helps show the magnitude of your efforts. Your board will gain confidence in what the digital transformation can deliver for them. These metrics also help your team prioritize against what's affordable, what will provide results, and how well they relate against strategic initiatives.

- ◆ How are you measuring member and employee satisfaction today?
- ◆ Who are the final users of your data and what do they want to find out from your data?

Vision  
Questions

The new Credit Union Innovation Study found that **22% of all CU members** "would consider leaving their CUs for competing FIs if their CUs do not innovate."<sup>1</sup>

<sup>1</sup> <https://www.pymnts.com/study/credit-union-digital-banking-innovation-rewards-mobile-pscu/>



# Setting Up Basecamp

*There's an urban myth that if you want your digital transformation initiative to fail then put its fancy new name on a t-shirt. We all know it's difficult to get these initiatives going, let alone expand. Instead of coming up with a name, think about how to approach this initiative, so it becomes a self-sustaining source of energy for your entire organization.*

*It's a Gordian knot of people, process, and technology, and the changes needed within each of those strands bring their own set of challenges. There's no right or wrong path, as long as you're achieving progress toward business goals and key value drivers for your members. The vision for transformation requires some specific considerations.*

## Organizing for Success (Employees)

Remember while it's often technologies behind the digital transformation effort, it's the people that take on the organizational shift. Your approach to moving the organization forward requires a focus on the DNA of your credit union: its people and culture. Many companies make the decision to build up their digital capabilities, but it's very likely you'll need to shift how your organization, well, organizes. Bringing in an expert can provide an outside-in view on how to maximize the use of the skills you have in-house. Your HR department can support your efforts with an inside-out view. Responsibilities can shift entirely, or partially, based on when you need certain skills. Member experience owners can come from other departments, consult with data scientists as needed, hire advisors to facilitate change management, initially work with outside developers, and then hire in-house. It all depends on the whole portfolio of initiatives, and when you need the differing skills. Elasticity may be a key to maintaining day-to-day operations while you transform.

- ◆ Do many people outside of IT know what's happening?
- ◆ Can you identify the largest sources of frustration and slowdowns for your employees?

**Vision  
Questions**

## Co-Creating Success

Your members carry their vision of your digital transformation every time they order food, watch a movie, or buy the latest item on Amazon. Members expect a similar seamless, omni-channel experience from their credit union. If you're not already, begin tracking member experience metrics and watch your performance as you roll out new initiatives. There's also an opportunity to leverage the data you collect about your members and their interactions with you to inform what, when, and how you digitally transform. When you're aligned with members, financial and membership growth happen organically. This growth translates into strategic plan performance you can measure and report to your board.

- ◆ How would you rate your member operations today?
- ◆ What is your current member tenure and member retention rates?

**Vision  
Questions**

## Modernizing What's Needed

You can't launch a brand-new app without considering the back-end infrastructure and processes to support it—and you can't retool or cancel out your core financial or legacy systems without impacting members and customer service agents. The modern credit union technology stack is complex, but it's also a powerful enabler of growth once you determine the correct path forward. It makes fiscal sense to use what you already have as much as possible, to the extent that it can interact with modern applications to do with mobile banking, loan approvals, AI-enabled budgeting software, etc. You'll architect the future based on the reality of the systems you have right now.

- ◆ What technology for digital transformation will influence your end goals the most? And how?
- ◆ How quickly can you develop new solutions/services in response to member needs?

**Vision  
Questions**

## Prioritizing the Work

It's likely there are a number of competing areas for investment; make sure you identify them all. While you don't need a complete inventory, you want to make sure you don't omit an area critical to downstream success. Then you can move on to prioritizing the initiatives. There are different ways to assign a priority, but everyone involved should come to an agreement on how you will prioritize. In the early stages, pick an initiative with the potential to cause a visible impact. One option is to look across your customer journey to identify choke points. For example, perhaps applying for a new account is cumbersome for both the member and your employees. Then see if tackling this challenge is affordable, relates to your goals, and has a short-term resolution. Redesigning that process will delight members, likely reduce costs, and provide an early proof point for a return on your investment.

- ◆ What obstacles do you anticipate in the execution of your approach?
- ◆ What cross-organizational roadblocks create the most chatter?

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Questions**

A climber is seen from behind, standing on a rocky mountain peak. The climber is wearing a red jacket, a helmet, and a backpack. The background shows a vast, hazy landscape under a clear sky. The image is partially obscured by a blue banner at the bottom.

# Reaching the Summit

*Typical athletes get energized on game day. Climbers of the world's highest peaks are exhausted. In that state, it's critical for them to pay attention to the small signals from their body. The same applies for you in your digital transformation journey to sustain the success you've built up to the summit. By now, you've planned against strategic goals with full consideration to the reality of budgets, resource constraints, and technology. You've also shown value by tracking performance.*

*Now's the time to expand on your success and go!*

## Orchestrating Meaningful Change

Digital transformation will impact every aspect of your business but orchestrating what happens when to your business drives value from the start and provides a baseline to continue building. Digital leaders think through the vision: how it impacts members, workflow, and offerings. They adjust and adapt in a series of micro-steps to bring in the right changes so they can hit those strategic goals. We mentioned previously the concept of carefully identifying and prioritizing your initiatives, so you achieve value as you work through them. Small steps create a portfolio of change.

- ◆ What BHAG could you accomplish next if all reasonable constraints were removed?
- ◆ Where can you reinvest in your digital initiatives?

**Vision  
Questions**

## Building Internal Capabilities

Creating a holistic shift in how you conduct business requires employees to get on the bus, embrace change, and leverage modern technologies such as data analytics and artificial intelligence. It's a new way of working, so nurture this capability within your organizational structure. You may find there comes a time where you need to name a cross-functional member experience owner at a senior level. Over the last few years, a new C-level title, Chief Digital Officer, has become increasingly common. This cross-functional role, whatever you call it, will ensure the investments in headcount and new/upgraded technology continue to serve the goal of enabling better member service and experience. As you bring on new capabilities, you'll find you need to deploy training and development programs and possibly bring in employees with different professional experiences.

- ◆ Where do you need to recruit or train to “digitize your workforce”?
- ◆ How should things change at the leadership level?

Vision  
Questions

## Approaching the Work Differently

Similar to bringing on a cross-functional owner of digital experience, eventually the organization may undergo a redesign. Silos create friction for your members and your employees, and the adoption of new technologies and processes provide a way to increase collaboration and performance. Sometimes that shakes up the traditional structure. It won't happen overnight, so there's time to approach this shift in the right way for your members and your organization. Keep it simple: make deliberate and methodical changes, which carry the most benefit.

- ◆ What can you deploy or change to help connect all the parts of the organization?
- ◆ How do you share data and insights without being hampered by departmental silos?

Vision  
Questions

Digital leaders are **four times more likely** to be driving projects that enable new business models.”<sup>3</sup>

<sup>3</sup> <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/the-drumbeat-of-digital-how-winning-teams-play>

# When Your Members Win, You Win

Partnerships that align closely to both parties' goals work. Think about Google and NASA developing Google Earth, or Comcast and Disney developing Hulu.

The challenge for credit unions is that even though you know what your members value, need, and aspire to, you are two steps behind delivering to those expectations. Instead of being exceptional, many credit unions get hampered by a clunky patchwork of technology, workarounds, and "manumation."

The good news? Now that you can look up your childhood home on Google Earth or watch Animaniacs on Hulu, you can also take some incremental steps which carry with them high-valued outcomes. Your relentless focus on your members will lead you to measurable, long-term success.

## About the Authors



**Karen Diamond** is the Vice President of Enterprise Accounts. Karen has over 15 years of consulting and management experience in establishing partnerships with clients to address their business challenges. Cultivating trust and achieving the highest levels of client satisfaction with the work effort and result of each project is paramount in Karen's personal approach to her clients. Karen holds a Bachelor of Business Administration from James Madison University.



**Andy Zipfel** is the Senior Business Development Executive at pureIntegration, supporting the growth of client partnerships across all industries. Andy is a successful business development and marketing executive with 30 years of experience in media, sports, and entertainment—with more than 20 of those years in digital media. His focus is on providing "solutions accelerators" for clients. Andy holds a Bachelor of Arts in English and Communications from Cabrini University, and he served for 5 years as an Adjunct Professor in Georgetown University's Sports Industry Management MBA program.

**Ready to Transform your Member Experience?**  
Meet with Authors today!