



# Seeds of Opportunity

## Reinventing Your Business Model

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# Tim Harrington, CPA

Tim Harrington is a Certified Public Accountant who has consulted with financial institutions since 1992. Since 1996, Tim has been President of TEAM Resources, a firm that provides consulting, strategic planning and training to financial institutions from coast-to-coast. He is the author of the popular the books

- *Eisenhower on Enlightened* and
- *Living a Life that Matters* and co-author of
- *Credit Union Guide to Strategic Governance*.

Tim is a faculty member of two national credit union schools on governance and management, and has spoken to hundreds of thousands of directors, executive management and staff throughout the Northern Hemisphere.



*In the midst of every catastrophe*

*Lie the Seeds of Opportunity*

ACSI®

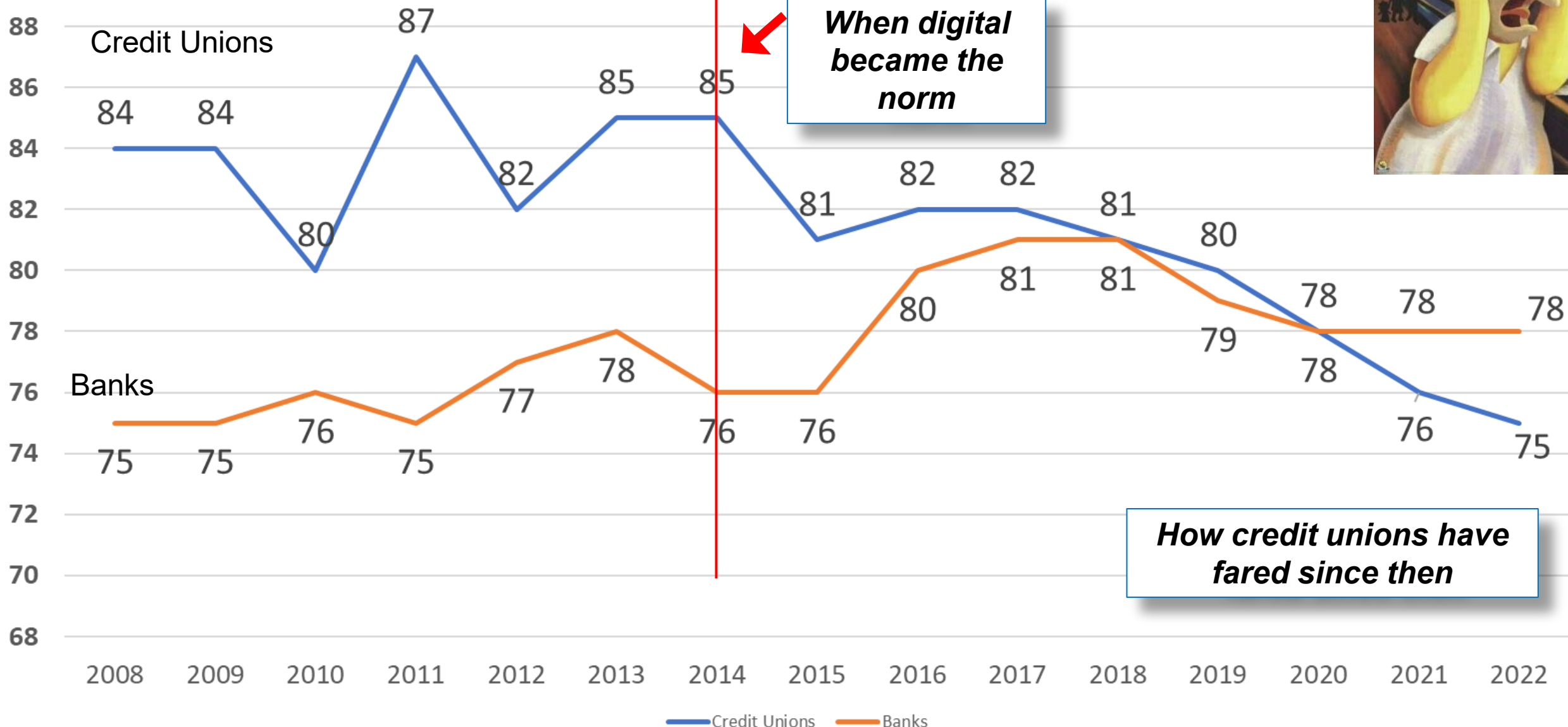
American  
Customer  
Satisfaction  
Index

American Consumer Satisfaction Index Survey



***When digital  
became the  
norm***

***How credit unions have  
fared since then***



**G A f a ↗**

**Proved how dominant their business models are during COVID-19**



GAFAN has defined  
convenience and safety

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40% of consumers have no memory of a  
world before GAFAN

*Accenture*

# Companies rarely benefit from Random Acts of Digital

*The definition of **Service** is generationally divided:*

*Boomers: Nice People*

*Gen Y and A: Seamless, Intuitive technology...  
with a human to help if my mobile app fails.*

Digital Transformation is not:  
A better mobile app  
A new online loan app

# Digital Transformation is:

- A Culture of Change
  - A change of culture
  - That thinks Member Ease
  - From a Member Perspective
  - With every new product or service

No business can change  
without its LEADERS  
Changing too

*Historically, banks and credit unions have not been REWARDED for the RISKS they take.*

*It is not part of our cultural DNA*

**The Risk of Slow Action or Inaction is  
much greater than the  
Risk of Wrong Action**

# Board must Support Innovation

***Boards must encourage*** management to ***push*** the envelope on digital

A. Quest for faster, easier, better **member experience** solutions

B. Expect management to develop a digital and MX culture of innovation

# Management must Support Innovation

To thrive, a new mindset must take over.

***C-Suite*** must have digital knowledge,  
experience and ***passion***

*You cannot delegate “digital transformation”  
to mid-tier staff and succeed*

# Can a Legacy CU Change?

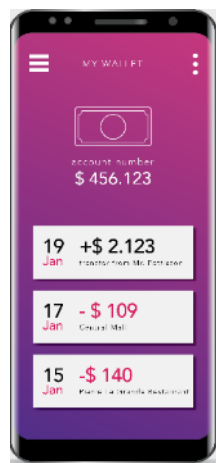
Look at Walmart. Despite being an older, large and established company they are doing some really remarkable things. Some of it was through acquisition, while some was just by driving that transformational mindset from the top level. The CEO made digital transformation part of annual reviews down to the line level employees.



Its Time to  
**RETHINK**  
Everything

## Connected Experiences

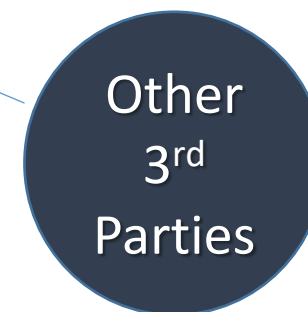
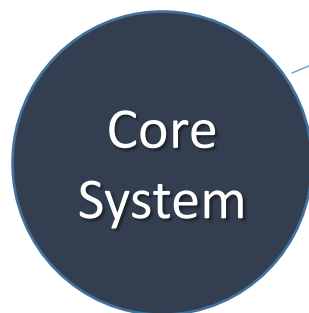
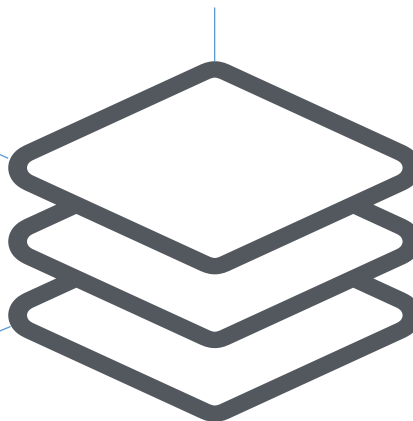
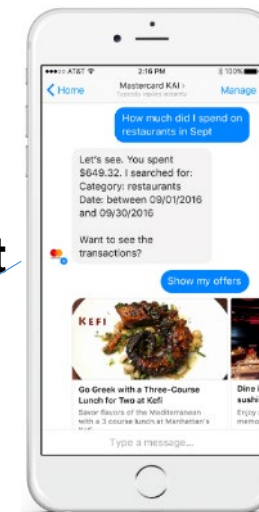
## Human Assisted



**Self Directed**



**Smart Assist**



## Underlying Systems

# To move into the digital world:

1. *You can program it yourself*
2. *You can hire contract programmers*
3. *Or you can partner with 3<sup>rd</sup> parties*  
...No matter what you choose, you have to pay for it!

**To move into the digital world:**

*It will help to become innovative*

*MSU FCU Labs*

*USAA Labs/Member Innovation group*

*Trius*

*TD Bank Workshop Innovation Lab*

Remove  
Consumer  
Pain  
Points  
or...



Remove  
Consumer  
Pain Points

- *Account opening*
- *Account funding*
- *Guidance and advice*
- *Getting a loan*
- *Signing anything*
- *Scheduling a call or branch appointment*

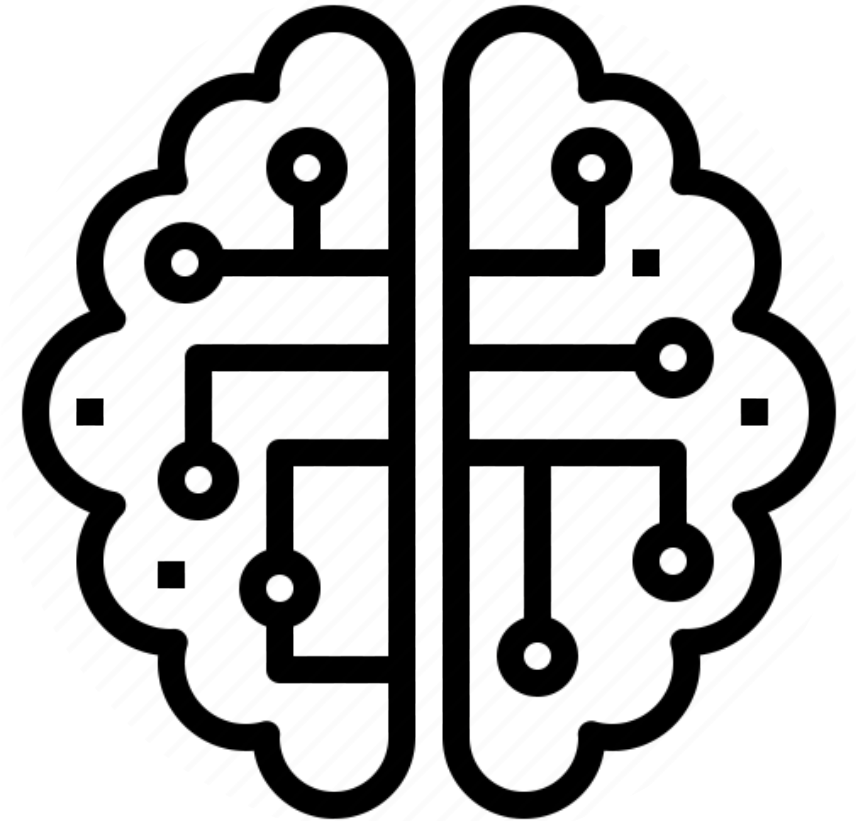
# RETHINK

## Account

## Opening

# New account opening

- Make it totally digital
- Make it easy
- Make it anytime
- Identity: use facial recognition
- Include online account funding
  - PayPal, Venmo, Debit Card, Credit Card





Easy to Find



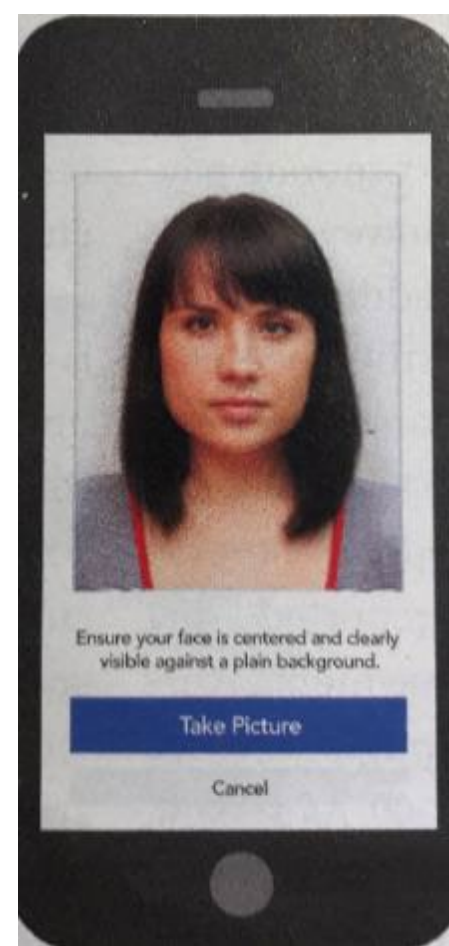
Optical Character Recognition



Biometric ID



Liveness Check





Open and Fund



# Its Time to **RETHINK** Lending

# How **easy** can you make borrowing?

1. **Consumer loan**...from pressing the “Apply for a loan” link on the Home Page to receiving “Mr. Harrington, you have been approved for a \$32,000 car loan” in **less than 60 seconds**. 
2. **Mortgage loan**...asking for 3 digital documents, completing the appraisal in a week, providing an ‘approval’ in 15 days. 

How can you make getting a  
loan from your credit union

**As easy as**



Think like a  
borrower,  
not a lender  
How easy  
can you  
make  
borrowing?

- Use AI for ***automatic approval***
  - Build parameters
  - Test it
  - Trust it
  - Retest it
  - Trust it some more
- Pre-approve everything they qualify for
- Request documents digitally (and only those you actually need?)
- E-sign everything
- Human touch if they need it

# From offer to loan in 30 seconds???



- Great pre-screening
- Perpetual loan approval
- Approve, fund and insure in 10 seconds
- Trackable marketing

The sequence of screenshots illustrates the user journey:

- Screenshot 1 (Accounts):** Shows the 'XYZ Financial' app interface with account balances. A green arrow points from the 'Available Balance' section to the next screen, labeled **Notify** in red text.
- Screenshot 2 (Offers):** Displays 'Your Loan is a Few Clicks Away!' with pre-approved offers. A green arrow points from the top of this screen to the third screen, labeled **Clarify** in red text.
- Screenshot 3 (Loan Details):** Shows the final loan terms for a \$60,000 loan at 3.79% APR. A green arrow points from the 'Continue' button to the bottom of the screen, labeled **Insuri-fy** in red text.

**XYZ Financial Account Overview:**

Account Type	Count	Available Balance
Free Checking	(9)	\$4,611.14
Savings	(0)	\$16,411.14
Additional Savings	(1)	\$0.00
Mortgage	(**1947)	\$496,924.17

**Pre-approved Loan Offers:**

- \$60,000 for a New Auto**
- \$50,000 for a Used Auto**
- \$15,000 for a Travel Rewards VISA**
- \$75,000 for a Home Equity Line of Credit**

**Final Loan Details:**

- Amount Requested:** \$60,000
- Term & APR:** 3.79%\* for 84 months
- Est. Monthly Payment:** \$817.76
- Insurance:** We recommend protecting your loan with Guaranteed Asset Protection (GAP), at a cost of just \$299 (\$3.56 per month). [What is GAP?](#)
- ☒ I am interested in GAP (separate election form to follow).

\* An annual percentage rate (APR) is the annual rate charged for borrowing or earned through an investment and is expressed as a percentage.

# What if your on-line loan application isn't flexible enough?

## **Consider partnering with a Loan Lead Generator.**

Simply Focused is a CUSO that functions as a lead generator that masquerades as an on-line Loan Application. Click on Loan App; enter a few bits of information; get a call in a few minutes from a commissioned loan closer from your staff





Several providers can help you move to a



level of digital service

# **Substitute AI and Robotics for Humans for standard, repetitive Tasks**

*Use Humans for the Exceptions*

*e.g. Loans that don't fit our “easy to  
approve” parameters.*

RETHINK

Member

Experience MX

# MX is not about Digital Products or Technology.

Its about:

- 1. Member Effort*
- 2. Member Ease*
- 3. Member Awareness*
- 4. Member Experience*

Are you Serving your  
members?

Or are you meeting your  
members at their  
**Point of Need?**



Safest and most innovative bank in the world

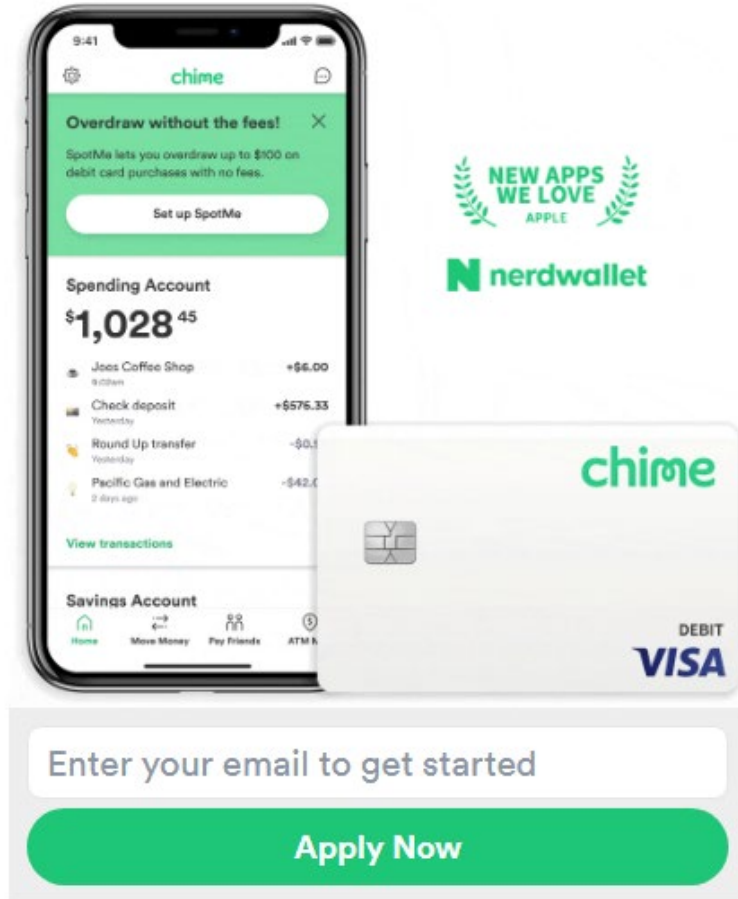
*“Focus on the customer journey, on the customer experience and deliver the best you can. Profit, Capital and Growth will follow.”*

Chng Sok Hui, CFO of DBS



## Banking Made Awesome.

\*scroll down for more details regarding early payday and overdraft limit



Chime is a mobile banking app and debit card made awesome.

- ✓ Fee-free overdraft up to \$100<sup>1</sup>
- ✓ Get paid up to 2 days early with direct deposit<sup>2</sup>
- ✓ No hidden bank fees
- ✓ Grow your savings automatically
- ✓ Signing up takes 2 minutes

150K+ 5-Star App Reviews

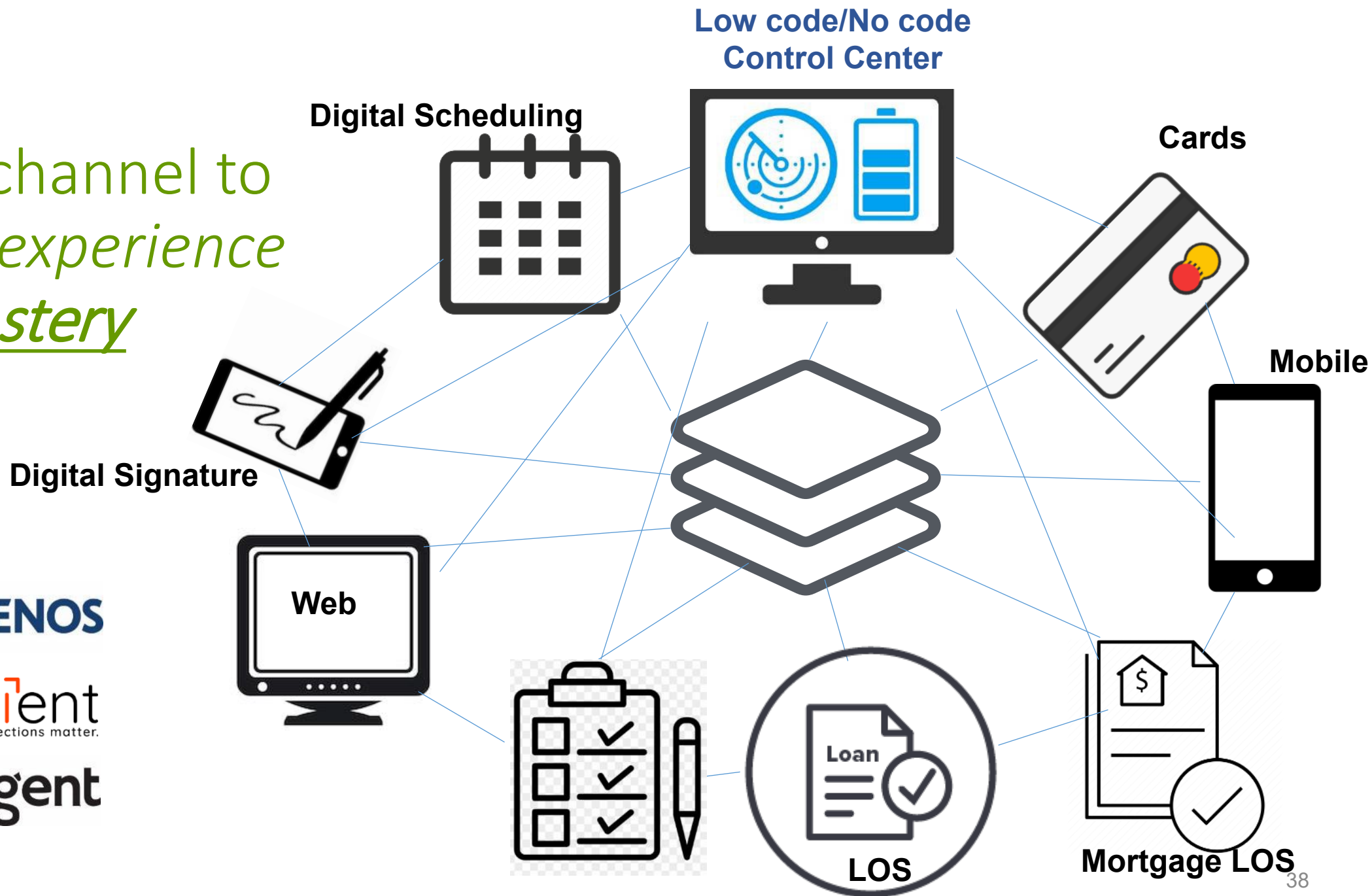
"WILL NEVER TURN BACK!"

With Chime you get updates via notifications every time you spend, you get PAID TWO DAYS EARLY, and they never let you overdraft.

★★★★★

Grace S, App Store Review

# From Omni-channel to *Multi- experience* UX Mastery



# Bank in a Box



technisys



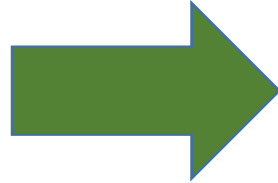


Pacific National Bank

**FACILE**  
by PNB



TRANSPECOS BANKS



Bank**M**

*Bank***5**

**BANK5**  
*CONNECT*

**All**AmericaBank.



# New Digital “Bank in a Box” Opportunities for Small and Mid-Sized FIs

Several providers offer a stand-alone digital “bank” to existing banks and credit unions.

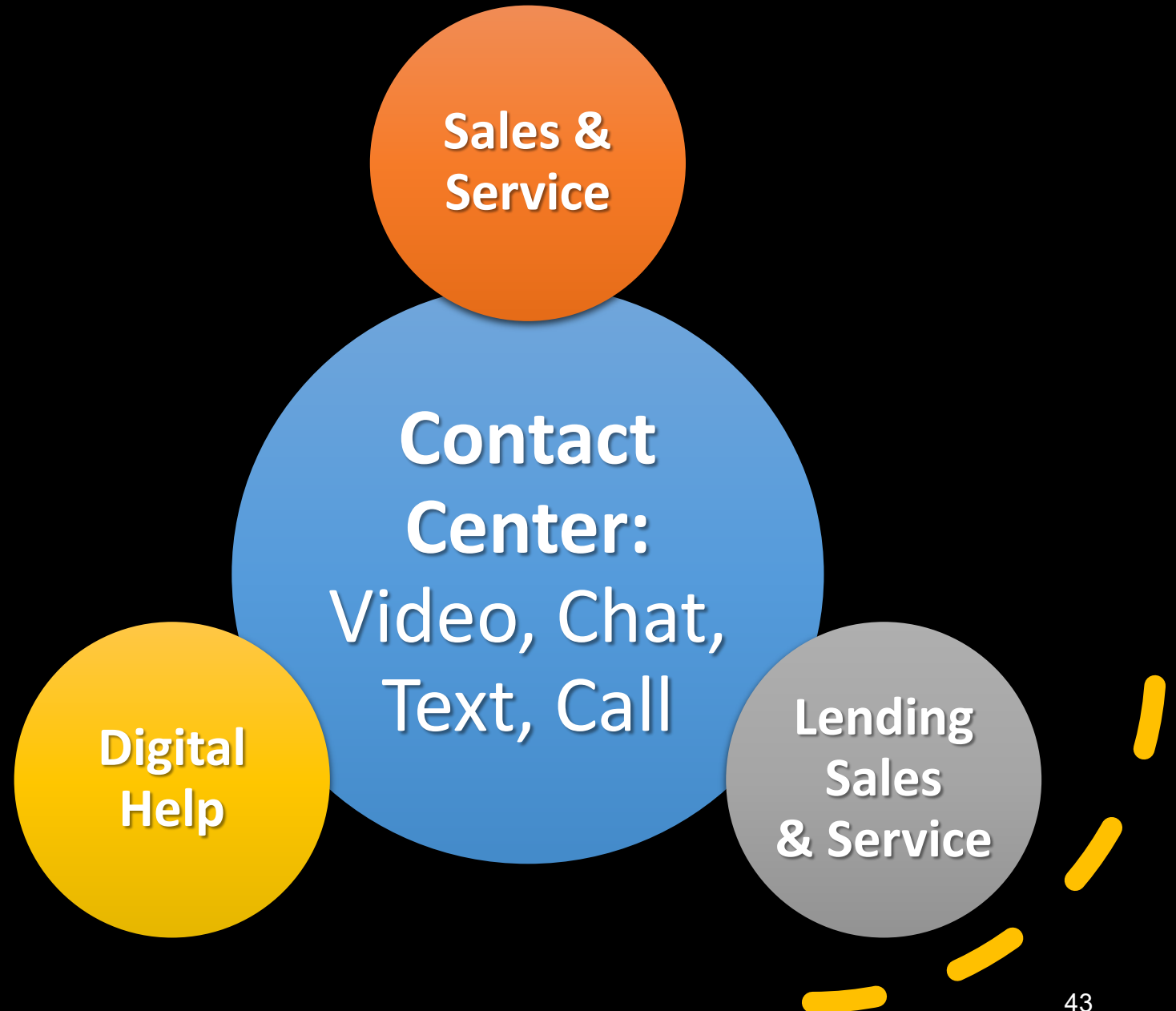
- Uses your charter
- Uses a different name (a “dba” or “division of”)
- Online account opening
- Online account funding
- All regulatory, KYC, other requirement compliant
- Plug-and-play or low-code and bypass your core
- Integrate digital marketing
- Can build a digital bank in 45 to 90 days

# RETHINK

## Human

## Intervention

Contact  
Centers  
have  
become a  
key Digital  
Support  
Center



# Contact Center – the Human Contact Hub

- 24/7 365 service
  - Regular hours...your staff
  - Off hours... 3<sup>rd</sup> parties if you can't afford to staff it yourself
- Chat
- Secure text
- Voice
- Visual/video
- Staff trained to serve, open, sell
- Contact Center staff can be anywhere...





Video banking growing rapidly



# Digital Communication Becoming Common

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Its Time To

**RETHINK**

Branches

# **Branches matter**

But what they matter for is changing

And the employee skills required are changing too

*“This combination of a social center and trusted brand that can be seen and touched is a really important factor in finance.”*

*Chris Skinner*

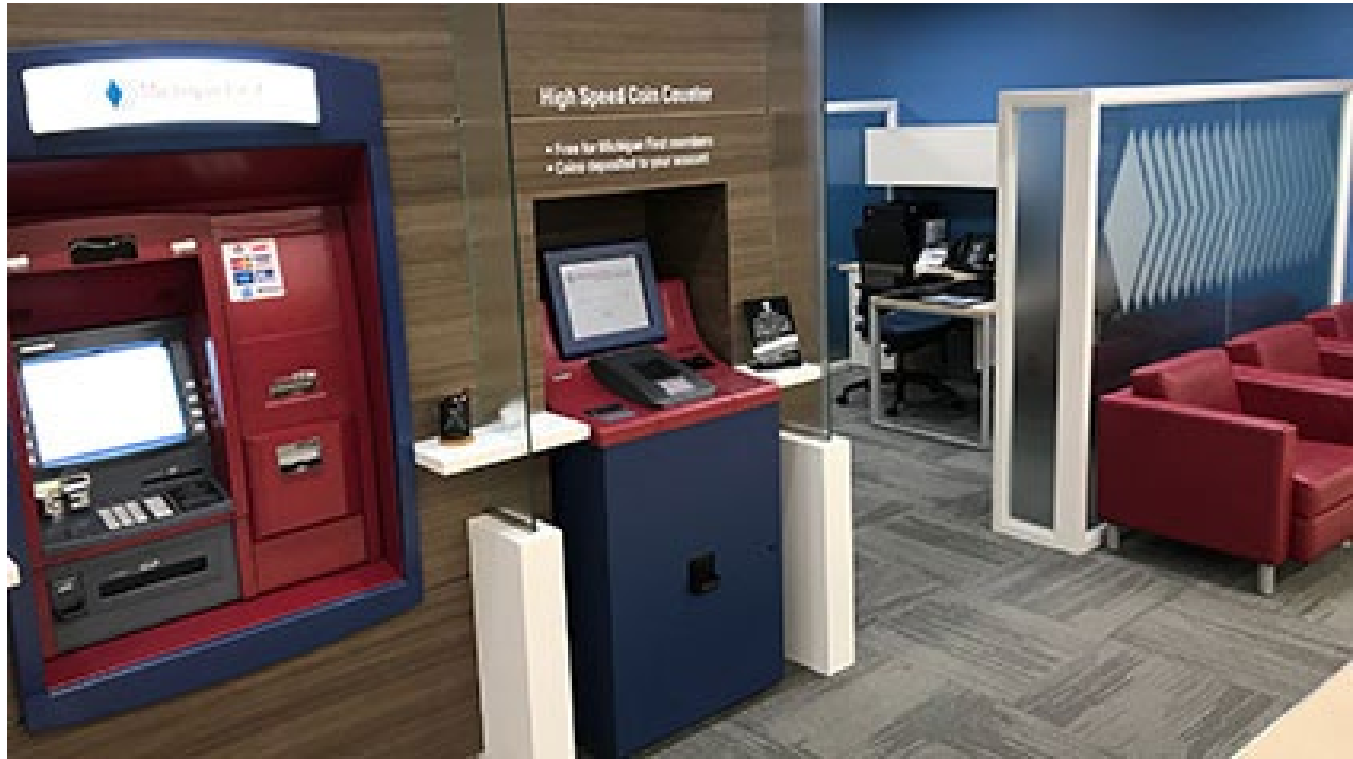


“Other banks have tellers. We have listeners”





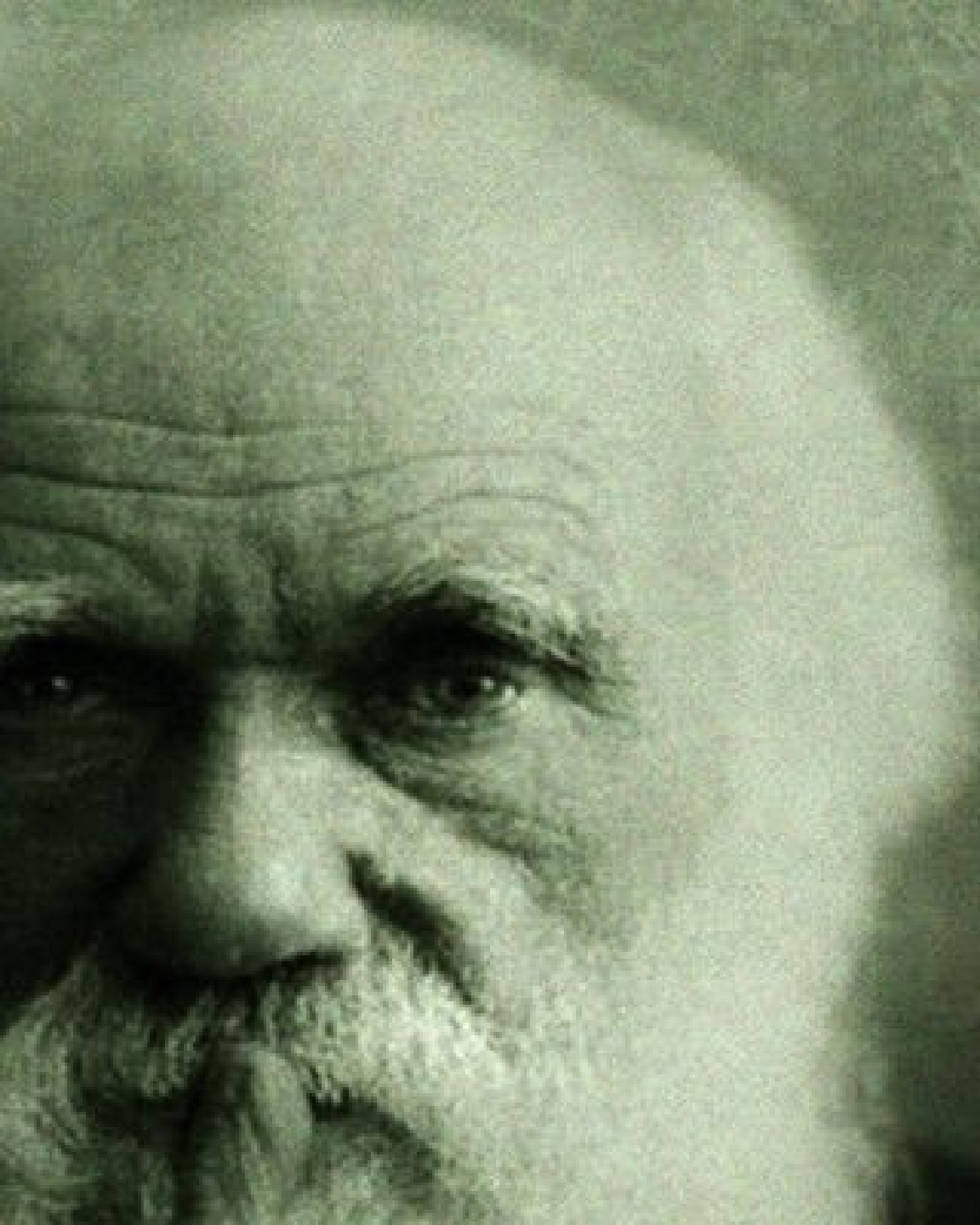




# ‘Banking’ customers are NOT looking for new technology

They are seeking

1. Simpler
2. Faster
3. Cheaper
4. Easier for me...not for you

A sepia-toned portrait of Charles Darwin, showing his face and a full white beard, looking slightly to the left.

“It is not the  
strongest of the  
species that  
survives, nor the  
most intelligent,  
but the one most  
responsive to  
*change.*”

-Charles Darwin, 1809

Free Digital Self-Audit Questionnaire to determine how far along you are in becoming a “highly digital” financial institution?

Please follow this link or go to our website:  
ForTeamResources.com

<https://forteamresources.com/documents/DigitalSelfAuditQuestionnaire.docx>

# TIM

Transform Inspire Motivate

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