



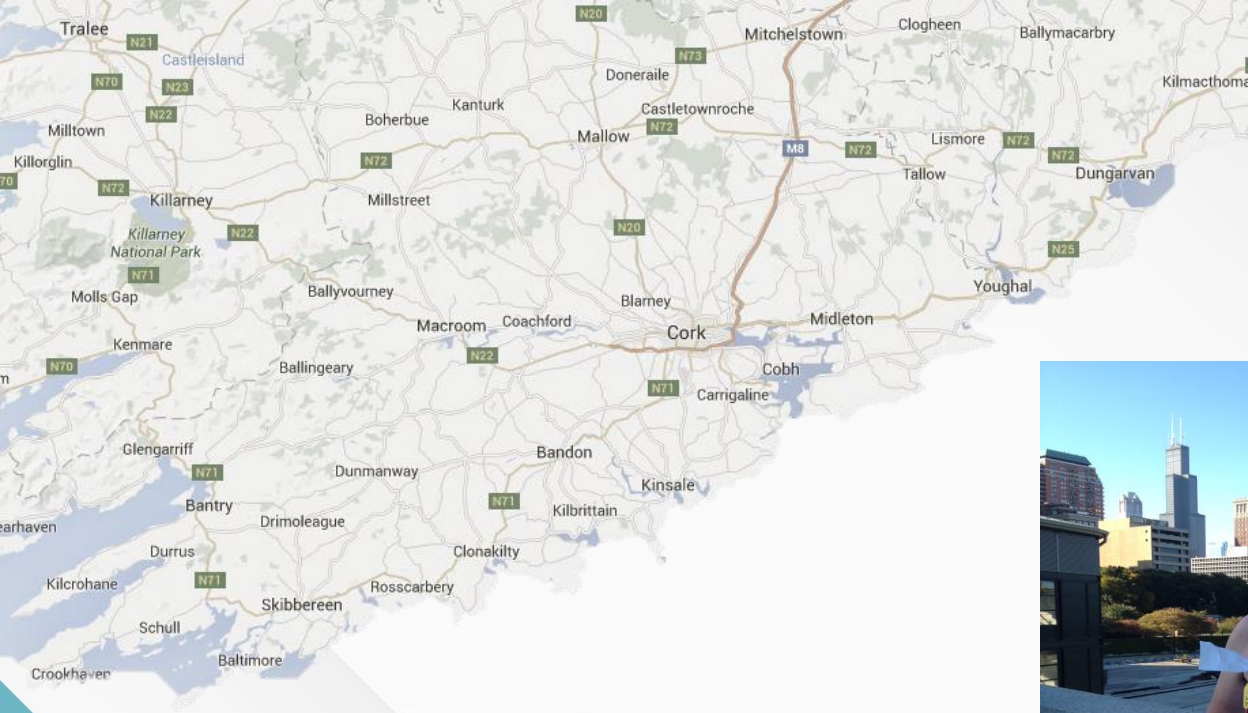
surviving disruption:

three indispensable skills
for achieving
sustainable growth

joe sullivan, ceo
market insights

 @mi_sullivan #CUinBelfast2016





banking is necessary; banks are not

Bill Gates



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KNOWLEDGE TO ADDRESS YOUR GROWTH

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2013: 6,554
2018: 5,400
2023: 4,200

2013: 2,390
2018: 2,210
2023: 2,000



for the credit union
movement,
relevancy in the
age of disruption
is the challenge of our time.

Jim Nussle - CUNA



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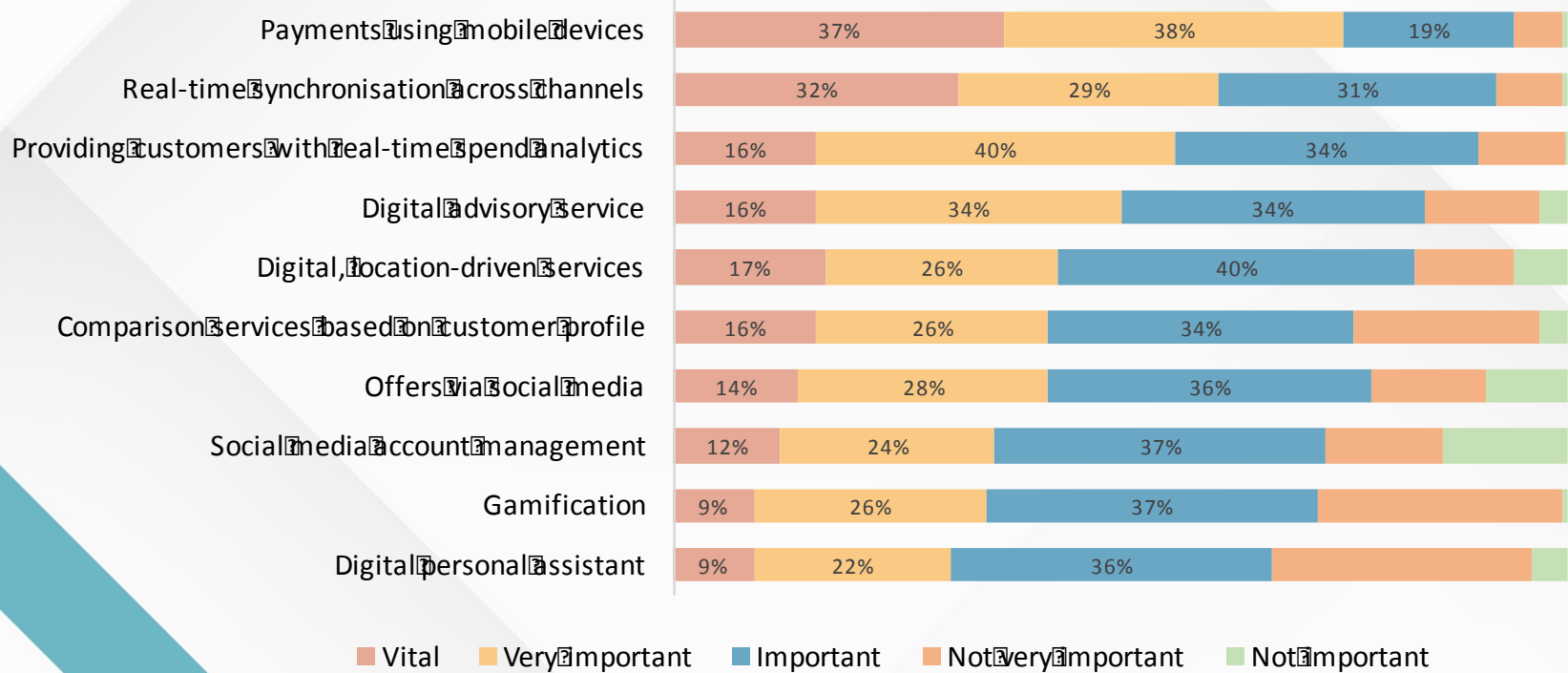
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Customer Engagement



Source: Oracle

total
population



**7.395
billion**

Urbanization: 57%

internet
users



**3.419
billion**

penetration: 46%

active social
media users



**2.307
billion**

penetration: 31%

unique
mobile users



**3.790
billion**

penetration: 51%

active mobile
social users



**1.968
billion**

penetration: 27%



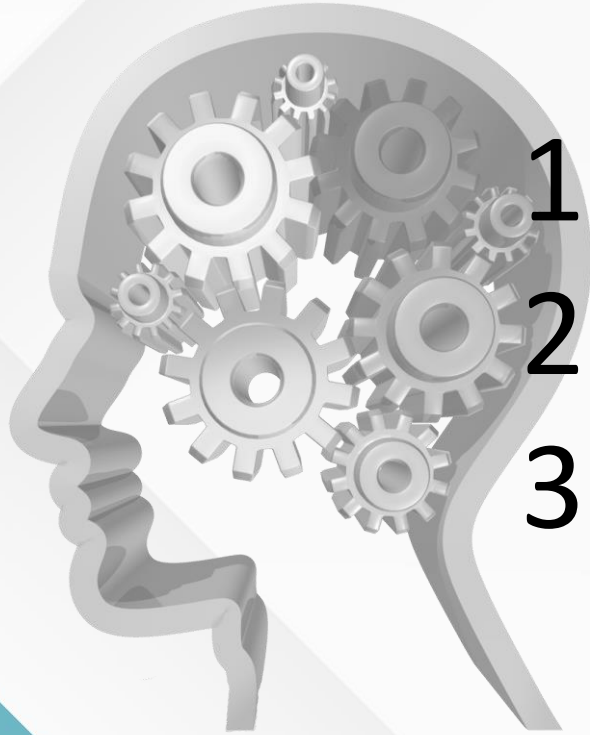
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GLOBAL DIGITAL SNAPSHOT 01.16

Source: We Are Social



1. alignment
2. agility
3. adaptability



alignment

80% of senior leaders
say flawed information
has been used
to make
strategic decisions

American Institute of CPAs (2016)





market

- trajectory
- density
- quality



potential

- point score
- 5 year growth
- prioritize



members

- segments
- your data



competition

- propensity
- market share
- type



alignment

- demographic trajectory
- business profile
- psychographics
- financial propensity
- engagement/channels
- competition
- emotional drivers



the number of people
65 and older
is projected to
triple by 2050

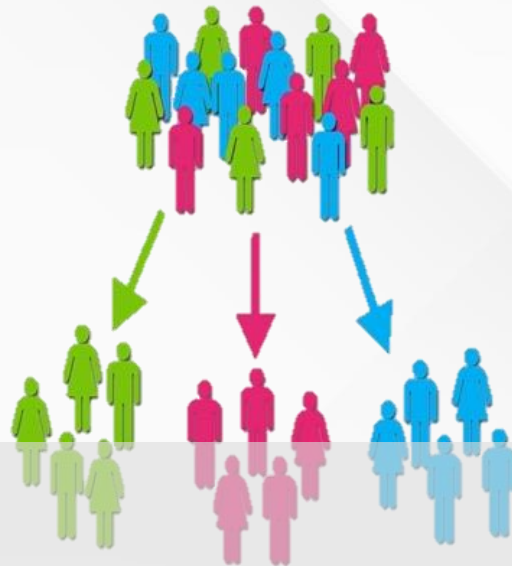
United Nations (2016)



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alignment



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<p>Y1 Upwardly Mobile</p> <p>05 Power Couples 22 Bargain Lovers 24 Corporate Climbers 30 Fiscal Risktakers 34 Online Living</p> <p>Y2 Metro Mainstream</p> <p>39 ATM Nation 43 Payday Prospects 49 Loan Rangers 50 Urban Essentials 54 City Strivers</p> <p>Y3 Fiscal Fledglings</p> <p>57 Young Urban Renters 58 Bottom-Line Blues</p>	<p>F1 Flourishing Families</p> <p>07 Family Fortunes 09 Big Spenders 12 Feathered Nests 15 Middle Highlife</p> <p>F2 Upscale Earners</p> <p>14 Financial Independents 19 New Money 21 Leveraged Life 23 School Daze 25 Safe At Home 31 Khakis & Credit 32 Family Sprawl</p> <p>F3 Mass Middle Class</p> <p>33 Cut-Rate Country 36 Paying It Down 37 Rural Roots 41 Finance Chargers 44 Homespun Families 46 Settling Down 48 New Nests</p> <p>F4 Working-Class USA</p> <p>45 Greenback Acres 47 Middle Ages 51 Starter Ranches 52 Country Cottages 55 Getting-by Blues 56 Economizers</p>	<p>M1 Financial Elite</p> <p>01 The Wealth Market 03 Business Class</p> <p>M2 Wealthy Achievers</p> <p>02 Globetrotters 04 Golden Agers 08 Domestic Bliss 10 Capital Accumulators 17 Home Sweet Equity</p> <p>M3 Upscale Empty Nests</p> <p>06 Civic Spirits 11 Savvy Savers 13 Annuity-ville 18 Travel & Antiques</p> <p>M4 Midsize Matures</p> <p>16 Leisure Land 27 Conservative Couples 28 Senior Solitaires 29 Retirement Ready 35 Hunters & Collectors 40 Timeless Tenants</p> <p>M5 Retirement Blues</p> <p>20 Comfortably Retired 26 Early-Bird Specialists 38 Old Homesteaders 42 Sunset Times 53 Social Insecurity</p>
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Y1 — Upwardly Mobile

Who I am
Median Income: \$73,780
Home Ownership: Mostly homeowners
Presence of Kids: Mostly without children
Age: Mostly under 45
U.S. Households: 10,157,064
% of U.S. Population: 8.81%

My lifestyle preferences

- Likely to own or lease a Mercedes, BMW or Volkswagen
- Dine out often at restaurants such as Ruth's Chris and Chipotle
- Go skiing, scuba diving/snorkeling, sailing and mountain biking

The best way to reach me

- Think Internet is the most trusted media source
- Visit google.com, cnn.com, Wall Street Journal Online
- Read *The Economist*, *Macworld*, *Wired*
- Watch *The Office* and online videos
- Listen to alternative rock radio

How I manage my money
 Upwardly Mobile Financial Attributes v. U.S. Average (100)

Attribute	Value (approx.)
Have First Mortgage over \$150K	210
Have Student Loans	190
Use American Express Card	180
Trade Online	170
Opened Bank Account Online	160
Direct Deposit Payroll	140

My income-producing assets
 Y1 - IPA Distribution

IPA Range	Percentage (approx.)
PA \$0 - \$49K	35%
PA \$50K - \$99K	25%
PA \$100K - \$499K	20%
PA \$500K - \$1M	15%
PA >\$1M	5%

Upwardly Mobile consists of up-and-coming Americans: five segments of relatively young professionals with substantial salaries, expensive homes and a range of income-producing assets. Many of these households contain childless couples who've earned college degrees and landed well-paying professional positions. They've already begun building their retirement accounts with mutual funds, stocks and options. And they make a strong insurance market, buying auto, home and life insurance all at high rates. But many group members are still young enough to have hefty student loan balances, and they've also borrowed to maintain their go-go lifestyle, taking out personal loans, auto loans and home equity lines of credit.



agility

25%

35%

25%

15%

search



High

Strategic Responsiveness

The
Faux-Agile
Company

The
Agile
Company

The
Fragile
Company

The
Almost-Agile
Company

Low

Low

Organizational Flexibility

High



Source: PwC analysis



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agility assessment

1. in planning
2. in collaboration
3. in measuring progress
4. in responding
5. in letting go

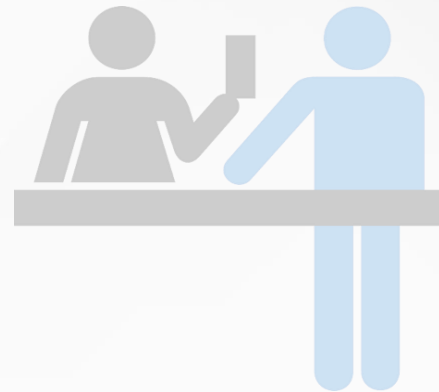
agility



adaptability

65% of banking executives think their bank delivers an excellent customer experience. only 35% of their customers agreed.

IBM (2015)



people

adaptability



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cul·ture \ 'kæl-chər\

- start with purpose
- define common language, values, and standards
- lead by example

adaptability



place

adaptability



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ATM Walk-up/Drive-up



Self-Service Banking Center



Hybrid Banking Center



Full Service Traditional Branch



Rural Outreach



What's Next?



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processes



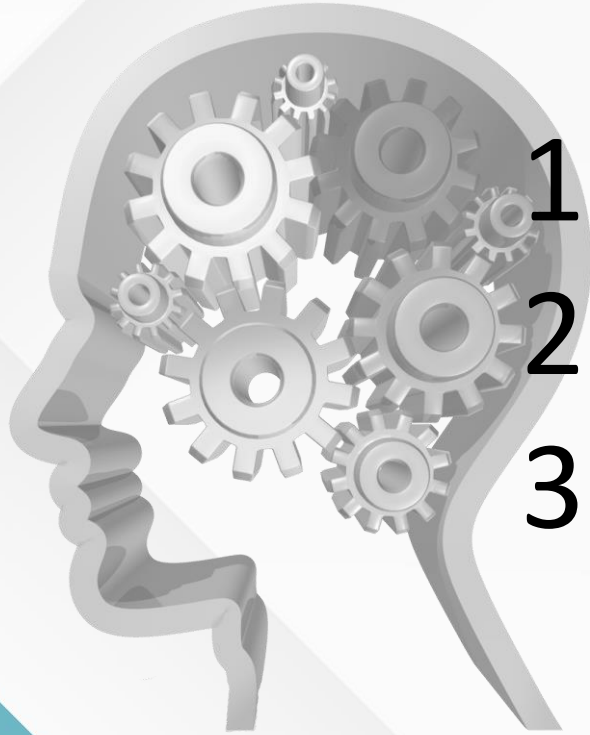
adaptability



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1. alignment
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a final thought...

we repeat
whatever led to
last year's harvest.
it is time to be a
hunter, not a farmer.

Jeremy Gutsche, *author of Better and Faster*



A man in a grey suit and purple tie stands in front of a body of water with a city skyline in the background. The skyline includes the Space Needle, suggesting it is Seattle.

thank you!

joe sullivan, ceo
market insights

 @mi_sullivan #CUinBelfast2016