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DIMENSIONS LLC

EMPOWERING CREDIT UNIONS TO WORK  
SMARTER SINCE 2001

## Credit Union Business Intelligence Strategy


Powerful New Tools for  
Creating Opportunity & Competitive Advantage

Presented by:  
**John Chapman III**  
Principal Engineer and Founder  
Intellectual Dimensions, LLC



2016 Tech Forum  
June 22 – 23, 2016

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## Today's Discussion Points

- About Intellectual Dimensions
- Credit Union Intelligence, Why Now?
- What are your reports really telling you?
- Real World Solutions
  - Understanding what is possible **BEING DONE**

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## Intellectual Dimensions Company Overview

Intellectual Dimension, LLC (ID) is a niche company that is a recognized leader in Credit Union Intelligence solutions. ID is comprised of credit union professionals and technology experts that provide professional services, tools, and a proven methodology to deliver innovative solutions to credit unions. Our solutions leverage relevant business data and technology to improve operational efficiency and decision making to create a competitive advantage for our credit union clients. ID provides credit unions of all sizes, cost-efficient access to the latest CU Intelligence technologies, subject-matter expertise, and best practices.

Since our inception, ID has concentrated on the aggregation, creation, and analysis of pertinent credit union enterprise data in order to gain a holistic view of members, the membership, and credit union performance. We experienced and understood the gap that existed between the technology available to credit unions and their business information needs to empower its strategic vision. This inspired us to develop our gap fill solutions and concentrate our business on helping credit unions understand and use data warehousing and BI as a strategic weapon.

Company website: [www.intellectualdimensions.com](http://www.intellectualdimensions.com)

## Speaker Profile

Mr. Chapman is the founder of Intellectual Dimensions, LLC (ID), and a recognized innovator and subject matter expert in the practical and strategic application of business intelligence (BI) for credit unions.

Mr. Chapman has over 20 years of credit union experience in addition to over 30 years of database management experience. This combination of relevant, real world experience has provided Mr. Chapman with a unique perspective and understanding of "Big Data" and its successful integration with all aspects of credit union operations, strategic planning, and managed growth.

His ability to communicate effectively at all levels, from high tech to senior executive levels has made him a trusted resource for credit unions large and small.

## Intellectual Dimensions

- Specialized Professional Services Company for Credit Unions
- Founded in 2002
- Specialized Practices in
  - Credit Union Business Intelligence Integration
    - Data Integration, Data Warehousing, Turn-key EIS/Dashboard Portals
  - Strategic Plan Integration & Development
  - Operations & Best Practices
  - Analysis & Process Improvement
  - Merger Process Management

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## What can your data do for you...

- True Credit Union Business Intelligence (CUBI) Solution is:
  - Expanded data retention with “moment in time” access & data retention
  - Real-time and retained “normal business data”
    - Visualize trends and opportunity
    - Identify process improvement opportunities
    - Identify member service gaps
    - Proactively manage production & goals with real-time feedback.

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## Credit Union Business Intelligence Is

- Seeing and *using* data differently
- Time tested & Proven Solutions & Methodologies
- Immediately *measurable* ROI using new tools to empower your Credit Union to “make money” or “save money”

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busi·ness in·tel·li·gence

/ˈbɪznəs/ /ɪnˈteləjəns/

- **Business intelligence (BI)** can be described as "a set of **Techniques** and **TOOLS** for the acquisition and transformation of raw **DATA** into meaningful and useful **Information** for business analysis purposes"

\* Source: Wikipedia

## CU Business Intelligence Strategy

- Linking data and analysis with strategy
- Using enterprise data collected in the course of normal business to:
  - Expose invisible factors and business practices
  - Find processes that fail to meet acceptable service or efficiency levels (and fix them)
  - Find missed opportunities
  - Drive change
  - Automate strategic information delivery

## Applied CU Business Intelligence

- Productivity and service delivery management
- Member engagement
- Membership rewards and loyalty programs
- Process improvement
- Sales culture transformation

## Applied CU Business Intelligence

- Member retention and defection management
- Strategic decision making
- Enhanced on-boarding
- Data aggregation, expanded retention, trending
- Foresight to see trouble before it becomes disappointment on a board report

## Value to the Credit Union

- Credit Union Business Intelligence is where Process, Strategy, Vision, Goals, Data, and Information Delivery collide.
- The true value of Credit Union Intelligence is realized when data from *all sources* within your Credit Union is used to recognize opportunities, drive change, improve efficiency, and support the goals and strategies of your Credit Union!

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## Bringing it all Together

**Strategy & Vision**

Drive strategic initiatives with the alignment of Credit Union goals with its vision for information delivery

**Process Improvement & Innovation**

Realization of efficiency and ROI gained through re-engineering and automation

**Proactive Management**

Business and performance metrics, opportunity identification, and insightful decision making

**Reporting & Analysis**

Discover trends, patterns, and opportunities with the delivery of relevant business information based on end-user requirements

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## Applied CU BI in Action

- Two production examples of CUBI making a difference
  - Member defection management (membership retention)
  - Member engagement with member loyalty and rewards

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## Membership Retention Management

Applied CUBI & Data Explorer  
The Science Behind Understanding Member Defection

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## Membership Retention Management

- AKA “Member Defection”
  - Can we see how and why memberships end? **YES!**
  - Can defection reasons be measured? **YES!**
  - Can defection be predicted? **YES!**
  - Is all membership defection bad? **NO!**
  - Can we look backwards in time and understand the relationships members had with us in the past; and, can we see events (or the names of competitors) that led up to the death of the membership... **YES!**

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## Predictable Defection Reasons

- Members pass away
- “Purpose Built” memberships close when the “purpose” ends
  - Memberships with just one loan
  - Certificate rate shoppers
  - Holiday Club members
  - Youth accounts
  - Indirect
- Member is declined for a loan (and gets mad and leaves)

## Defection Reasons (continued)

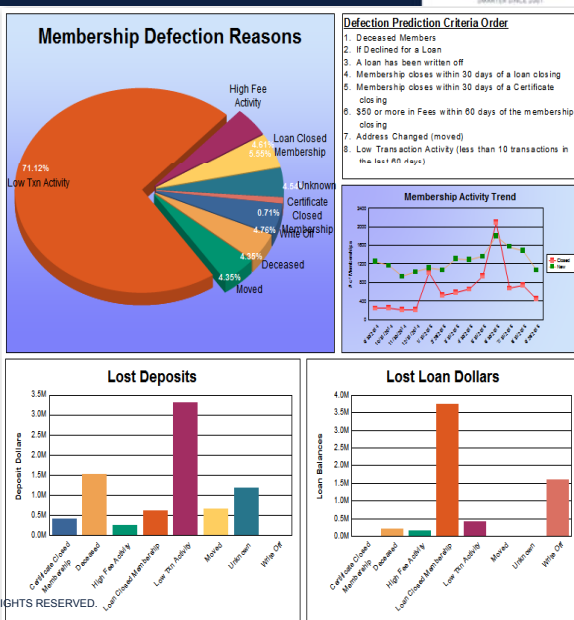
- Write Offs
  - The feelings are Mutual!
- Members move away
  - And do not use, or do not *know* about, online services
- Members have a weak transactional relationship
  - Meaning they *must* have a better relationship somewhere else
- High fee activity (and low member tolerance)

## Defection Analysis Approach

- Find memberships that have recently closed
- Using retained data in the Data Explorer Warehouse to look back in time and understand the products and services members had before the membership closed.
- “One size fits all” approaches never fits *anyone* well

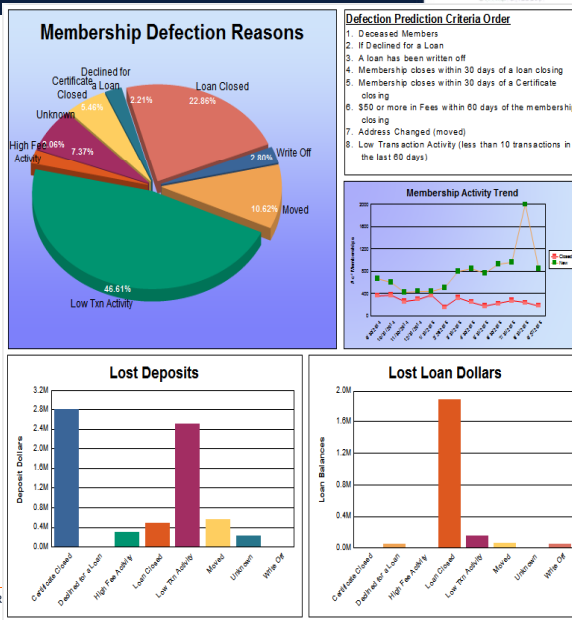
### Example 1

- Membership growth exceeds deflection
- All factors just as likely to occur (excluding certificates).
  - Meaning: The most significant factor leading to defection is low transaction activity.
- Notice the spike in close activity in Q3. This is where low transaction folks that do not close go. Dormant and escheatment.
- The cost: \$3M in deposits and \$3.5M in early loan payoffs.



### Example 2

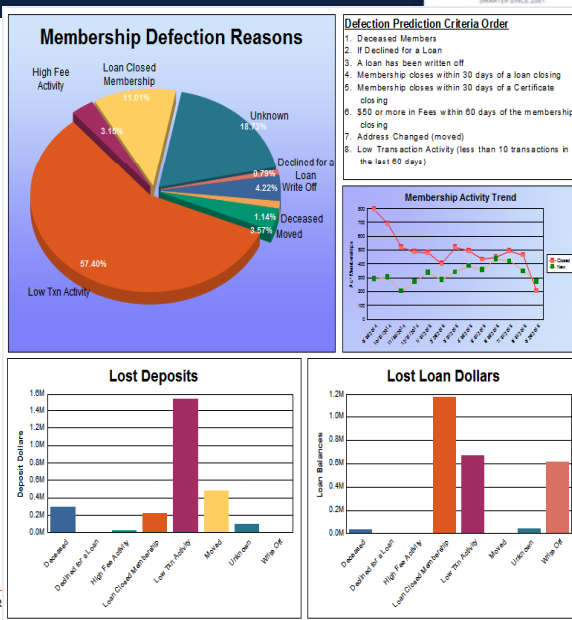
- Member growth far exceeds defection...and it looks like we had a merger!
- Early loan payoff, unpredictable reasons, and moving members accounts for almost as much as the low transaction activity (40.8%). Early loan payoff is particularly disturbing.
- While Certificate closing only accounts for 5.4% of the total defection... it accounts for over half of the lost deposits - \$2.8M.
- Cost: \$5m in Deposits and \$1.8m in Loans.



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### Example 3

- Defection exceeds growth, but growth is improving.
- Early loan payoffs and "unpredictable" reasons account for 25% of total defection.
- Cost: low transaction activity took \$1.4M in deposits but only took \$600K in loan dollars. Early loan payoff dollars cost almost \$1.2M!



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## Defection Analysis

- Now that we are armed with REAL Information
  - Dive deeper into each *relevant* bucket and further sort good from bad.
  - Create a template of those factors
  - Reapply that template to the whole open membership
  - Develop plans, strategies, messages, products, bundles, procedures, etc. to save “At Risk” memberships
  - Create Daily Dashboards to make Defection *visible*

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## Member Engagement & Loyalty

Applied CUBI & Data Librarian™

The science behind measuring Engagement Levels and the cornerstone of goal driven Loyalty Programs

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## Measuring Engagement & Loyalty

- Scenario
  - Limited (and shrinking) potential membership pool
  - Members and potential members have a great deal of FI choices
  - Membership growth is very difficult
  - A significant portion of the membership lives more than 100 miles from the closest branch.

## Measuring Engagement & Loyalty

- Drivers & Strategic Links
  - Increased loan penetration
    - All types
  - Increased use and activity for online services
  - CU has to increase:
    - Member retention
    - “Stickiness” and online service use
    - Loan growth

## Measuring Engagement & Loyalty

- The Process
  - Analyzed existing membership product usage using 2 years of history from the Data Librarian™ DataMart
    - Compared “ideal” memberships with the general population
    - Studied membership defection to identify “missing” factors leading up to weak relationships
    - Studied product use, enrollment, features, and bundling
    - Clearly delineated “profitable” vs. “valuable” relationships

## Measuring Engagement & Loyalty

- The Factors
  - Heavy emphasis on active lending relationships
    - This was the missing factor for relationship management, and a critical growth component of the CU's short and long term strategic plan
  - “Engaged” members already had very heavy debit card use
  - Active home banking use (including related online services) proved to be a very significant indicator of future business and membership longevity

## Measuring Engagement & Loyalty

- How it works
  - Points assigned to valuable relationship behaviors
    - Bonus points issued to members with active and aggressive loan relationships
  - Points are added up monthly and create buckets
    - Platinum Plus = 6 Points
    - Platinum = 5 Points
    - Gold = 3-4 Points
    - Silver = 2 Points
    - Disengaged = 0-1 Points

## Measuring Engagement & Loyalty

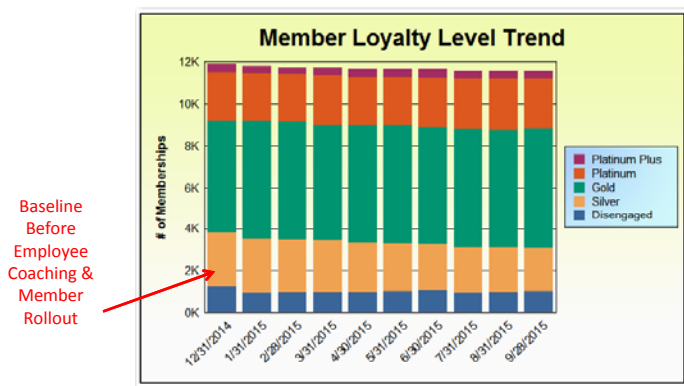
- Deployment
  - Engagement levels visible in the core
  - Relationship Pricing Levels
  - Relationship change, over time, captured in the warehouse.
  - Engagement levels come with perks
    - Clever perks deployed...like hold limit and velocity changes

## Measuring Engagement & Loyalty

- Deployment
  - Engagement levels used at member service moments
    - Determination of fee refunds (or how much)
    - Hold limits / velocity changes
    - Rate discounts & bonuses
  - Completely automated

## Measuring Engagement & Loyalty

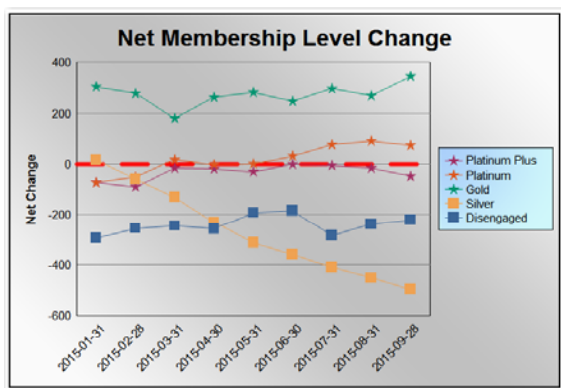
Did it work: Level Distribution





## Measuring Engagement & Loyalty

Did it work: Net Change



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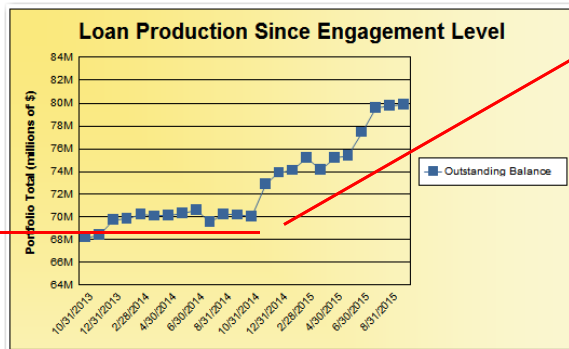
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## Measuring Engagement & Loyalty

Can "Engagement Management" Change Loan Growth?



"Order Takers"



Relationship Focused

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## Positive Changes with Credit Union Business Intelligence

- Made Possible by
  - Seeing and using data differently
  - Enterprise data aggregation (Data Librarian™)
    - All data sources, all relevant systems in ONE PLACE
  - Reliable, maintainable, easy to understand and deploy tools, technology & methodologies
    - Data Models your team already understands
    - Many tools you already own!
  - A time tested and proven approach with a partner through the entire process
  - Filling the gaps in data collection, analysis and presentation

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## Want to Know more?

- Contact your Account Executive
  - Ask for a CUBI with Webinar to be shared with your Management Team
    - <http://www.intellectualdimensions.com>
    - [info@intellectualdimensions.com](mailto:info@intellectualdimensions.com)
    - [John Chapman; Founder  
jchapman@intellectualdimensions.com](mailto:jchapman@intellectualdimensions.com)

## DATA LIBRARIAN: YOUR DATABASE LIBRARY



“Our data warehouse has revolutionized the way we are able to get facts at a credit union, regional, branch, and employee level. I am not sure what we would do without it.”

**Mark Koppedryer**

Vice President of Branches  
Veridian Credit Union

### Data That Creates Opportunities

Data Librarian is the foundation for the storage and access of business information in order to drive innovation, deliver improved efficiency, and plan future strategy. Data Librarian centralizes your vast store of data into one location, allowing you to analyze and report on your Credit Union’s membership, product, and performance trends with ease. Data Librarian together with Intellectual Dimensions’ over 13 years of experience providing Credit Union Intelligence solutions is the perfect recipe for delivering data that is used to identify opportunities, drive change, and support the goals and strategies of your Credit Union.

With Data Librarian, your host and third party data sources such as home banking, mortgage, credit card, MCIF, and Social Media information can be stored in one easy to access location. No need to worry about database schema changes, reporting is made easier through automatic recognition and modification. Data Librarian has two data storage modes available: Snapshot - separate databases by data source and date or Warehouse - a single database that appends data for all-in-one place data aggregation.

The Data Librarian platform and infrastructure resides on SQL Server and uses industry standard tools for fast transference of data. Any data source that can be accessed via native SQLServer or ODBC (DB2, SQLServer, Access, Sybase, Oracle, Excel, etc.) can be imported into Data Librarian.

To learn more about Data Librarian contact us today!

### Features and Benefits

- Automated access to any ODBC accessible data source
- Superior high speed data transfer
- Point in time data captured and stored--no more overwritten or lost data
- Automatic schema change detection and modification
- Ability to capture data from third party and custom data sources, including home banking, mortgage, credit card, social media and MCIF data
- Two data storage modes:
  - Snapshot-separate databases
  - Warehouse-single, expanding database
- Easy to use and administer with the Data Librarian Administrator