



Leading With Care:
**Our Vision
for the Future**

December 2022

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Our Shared Mission

State Employees' Credit Union (SECU) is a state-chartered, federally insured, not-for-profit financial cooperative owned by its members. Since our inception in 1937 with 17 members and \$437 in deposits, our organization has grown to the second largest Credit Union in the United States with over 2.6 million members and more than \$53 billion in assets.

A hallmark of our success has been the ability to adapt to meet the changing needs of the membership we serve. For retirement planning, education, insurance, and investments, our members trust us to provide meaningful financial support and services. Through the philanthropic efforts of the SECU Foundation, we have also served the needs represented in our members' communities.

As an organization, we are led by these CORE VALUES. Each represents the commitment we make to each other and our membership:

- **Exceed Expectations:** We own our members' experience. We focus, engage, and listen to our members and each other, striving to go beyond the basics.
- **Embrace Curiosity:** We seek and share knowledge and we are lifelong learners. We embrace change and are innovative.
- **Invest in the Success of #TeamSECU:** We respect our teammates and celebrate each other's successes. We openly communicate and are transparent. We champion diversity, equity, and inclusion.
- **Contribute to the Solution:** We are accountable for our actions and results. We identify inefficiencies and bring solutions.



To be the trusted provider of financial services to every eligible member and to enhance the value of their lives and financial well-being while maintaining our fiscal strength.



A Changing Market Landscape

Members are demanding more from the credit union industry. Our collective goal to remain relevant has become increasingly challenging. Specifically, through the rise in popularity of cash movement options and fintechs that offer robust digital services and ease of access, our members are presented with many opportunities to do business elsewhere. Key metrics, such as loan-to-share ratios and overall profitability, indicate that parts of our business are vulnerable to these disruptors. Compliance demands, enterprise risk, and operational concerns are all greater than ever.

Additionally, the global pandemic materially shifted the financial services landscape. New opportunities and threats to our business model require a full-scale modernization of our structure to ensure we meet the increasingly complex needs of those we serve. While change in our industry has been constant, the acceleration of disruption requires us to move with a greater sense of urgency.

For our organization to compete in this environment, we recognize the necessity of increasing the skills represented in our workforce. Optimizing our human capital remains a vital function in both serving our membership and ensuring the highest levels of implementation for the systems and technology that support their experiences.

Our strategy and execution will balance the complexity and nuance of our current operating environment with our shared SECU mission and values.

Planning for the Future

The purpose of this document is to articulate the strategic plan set forth by the Credit Union's leadership in collaboration with the Board of Directors. Together, it helps us set priorities, focus resources, and strengthen operations to ensure all stakeholders are connected through our common goals.

Strategic planning is an ongoing organizational process of using available knowledge to document our intended direction and ensure our goals are backed by sound reasoning. It involves intentionally stepping back from the day-to-day operations and asking where our business is headed and what our priorities should be. It is the guidepost. It is the higher-level answer to the "how," whereas goals and tactics are answered in the "what"—separate and apart from a strategic

plan. As an organization, we will weigh our plans against this to ensure we are moving in our intended direction.

Why a Strategic Plan?

As our business has become larger and more complex, intentional focus will be given to how we upskill and reskill our current workforce. While we work to expand the knowledge of our current staff, we will also leverage new talent with broad experiences to increase the depth and breadth of our talent pool. The strategy in both upskilling and onboarding immediate talent is required to help us meet the new infrastructure and market demands.

Developing a strategy for long-term financial value requires we deepen our understanding of our business value proposition and its position relative to others in our market. This requires us to balance our vision for the business against the practical realities of our current position while considering the implications of change.

The successful execution of this strategic plan will bring more value to members by promoting greater efficiencies, expanding member choices and channels, and positioning SECU for ongoing sustainability.

Executive Summary

It has never been more necessary for SECU to fill the role of a trusted service provider. With shifting demographics, emerging technologies, industry consolidation, and enterprise risk, the stakes have never been higher. Our charge is to continually provide stability amid a volatile environment. Our members need us, our employees need us, and our community needs us.

Our strategic plan outlines a holistic approach to modernization and enhanced SECU member value over the course of the next five years:

- We will **expand product and service options** to our members in varying financial situations by offering tiered-based pricing, upgraded branch experiences, and expanded mobile/online access, thereby bringing more value to the member.
- We **will increase the investment in our people**. From professional and leadership development to diversity, equity, and inclusion (DEI), we value the development of our

people. We want to be an employer of choice that attracts and retains top talent to ensure superior service to our members.

- We will **answer member and market demands for digital innovation** by streamlining processes, increasing efficiencies, promoting automation, and onboarding new technology tools.
- We will take responsible measures to **ensure the long-term safety of our organization** to assure member investments are safe and protected.

Our Goals

Four quadrants illustrate SECU’s strategic focus areas. In all aspects, we place intentional effort on building trust and providing value to the membership. Key success factors within each section will determine how we evaluate our progress and measure success.



GOAL #1

Create Relevant Products, Services, and Outreach That Drive Member Value.

Provide Relevant Products and Services

Exceptional member experience has been the bedrock of our success as an organization. We empower members to improve their economic situations by providing a source of credit at fair, reasonable, and competitive rates. We strive to offer financial services in a way that does not ration resources in underserved areas.

Our goal is to provide an exceptional member experience and financial value through competitive products and convenient services. SECU members will benefit from this value through multiple offerings, such as:

- Below-market fees
- Lower credit card rates and fees
- New card offerings, including points and cash rewards with best-in-class features
- 100% savings on services such as free notary
- Broad ATM network for convenient access
- At-market share savings rates

Key success factors and ways that we will monitor our progress include:

- Ensuring rates, fees, and dividends are competitive and fiscally responsible and are commensurate with Safety and Soundness key performance indicators.
- Ensuring above-average value for member programs.
- Increasing overall household product penetration and service usage.
- Leveraging net promoter scores (NPS) as a metric to formally measure loyalty and assess product/service value.
- Leveraging multiple member feedback loops to determine member satisfaction and areas of opportunity.

Optimize Community Partners

As we continue to grow and expand our presence in all 100 North Carolina counties, we recognize the many challenges faced by our membership and all NC citizens, including affordable housing, financial literacy, predatory lending, and teacher recruitment/retention. SECU Foundation initiatives have allowed the Credit Union and its members to demonstrate the cooperative's **People Helping People**[®] philosophy in a powerful and profound way.

Additionally, an extension of the member experience includes the work SECU does to promote financial literacy and membership feedback opportunities. As we work to standardize the information from these initiatives and scale community programs, our goal is to use these channels to maximize the impact of our organization and increase the resiliency of members and their communities by addressing the concerns that matter most to our members.

The exceptional member experience includes providing financial education tools and resources to SECU members and the communities where we serve.

Key offerings include:

- Financial fairs and workshops (such as Reality of Money, retirement simulations, and on-site financial literacy workshops).
- Staff participation in and of community events (branch staff donate time to volunteer in charitable causes, raise funds for nonprofits and support community events).
- Sponsorships, scholarships, and grants (such as summer camp scholarships, housing project grants, and college and trade school scholarships via \$1 contributions of members to the Foundation).
- Support of Lead for NC and other programs that strengthen communities through public service.
- Support of Broadband NC, a statewide digital inclusion initiative to provide rural communities with internet service.
- Support of statewide initiatives through the Foundation on average \$15 million per year.

Key success factors and ways that we will monitor our progress include:

- Scaling financial literacy programs with an emphasis on financially vulnerable and financially undereducated populations.
- Formalizing membership appreciation efforts.
- Increasing community engagement and partnerships.
- Ensuring use of Advisory Boards to promote Credit Union initiatives and gather member feedback.
- Maximizing SECU Foundation impact and awareness through communication channels.

GOAL #2:

Increase the Investment in Employees to Attract and Retain Top Talent.

Employer of Choice

People remain our most valuable resource. While an emphasis will be placed on modernizing our technology offerings, SECU will equally invest in the development of our employees. The full engagement of our teams creates a business advantage that cannot be reproduced.

To this end, SECU will work to leverage internal and external partnerships to enhance the capabilities of programs built and deployed for staff. Proactive effort in the areas of compensation, skills acquisition, and leadership development will help our organization raise the quality of projects, increase speed to market for products and services, and elevate the employee experience. Our ultimate goal is to become a highly ranked employer by achieving the Best Place to Work certification. To develop and/or maintain our competitive advantages, we actively seek to retain and attract top-level talent in all factions of our organization.

An exceptional employee experience benefits not only the employee but members alike. When employees feel empowered and confident, the member experience is also improved:

- Studies show that employee engagement leads to an increase in productivity, profitability, and member satisfaction. Engaged employees are happier, healthier, and more likely to stay in their jobs. High levels of employee engagement have also been linked to lower absenteeism and fewer workplace accidents.
- When employees feel capable and confident, they service members with an increased level of ease. Members are given the advantage of working with knowledgeable employees empowered to provide exceptional service.
- Engaged employees are more invested and, therefore, more willing to take their time with each member and personalize their experience. If employees are engaged, they will project this to the member.
- Employees who deliver exceptional service intentionally go beyond the minimum of what is expected. Passion and ownership underpin their work. When employees are engaged, they

are fully immersed; it's not just about a paycheck. There is a personal and intrinsic motivation to deliver excellence.

- Ultimately, when employees take these initiatives to go above and beyond, it helps members save time or money or teaches them something new, resulting in happier and more satisfied members.
- When employees get the sense that their presence and work are valued, they will be inclined to perform better and will naturally deliver more value to members as well. Happy employees make members feel valued.

Key success factors and ways that we will monitor our progress include:

- Achieving industry-recognized designations that position the organization as a preferred employer.
- Executing a comprehensive compensation and benefits strategy.
- Providing opportunities for professional skills, industry designations, and leadership development.
- Introducing mechanisms to improve employee engagement.

Diversity, Equity, Inclusion, and Belonging (DEIB)

Our commitment to an equitable workforce means our focus extends to DEIB. To ensure we are creating an atmosphere that honors and respects the diversity of experiences, opinions, and approaches, we will embrace a culture that celebrates the variance in viewpoints represented in our workforce and the membership we serve. SECU strives to help employees, members, and partners know their differences add value. DEIB remains a critical part of what we will use to better serve our underrepresented and financially vulnerable populations. DEIB also ensures the long-term relevancy of staff development and financial options to promote equitable outcomes for all. We will be a leader in the DEIB space.

Key success factors and ways that we will monitor our progress include:

- Leveraging community partners to provide opportunities for participation in DEIB initiatives.
- Ensuring internal and external awareness of DEIB initiatives.
- Evaluating trends to address DEIB themes.

Environmental Sustainability

There are increasing expectations for organizations to demonstrate they are responsible corporate global citizens by exercising good stewardship of our resources. Our promise to meet the challenges our members face means we must understand our organization's impact on certain environmental conditions. We will proactively seek ways to implement business decisions that equally respect the people we serve and the planet we occupy.

Key success factors and ways that we will monitor our progress include:

- Evaluating the scope of a sustainability initiative through an Environmental, Social, and Governance (ESG) Study.
- Sharing results of sustainability efforts through an ESG report.

GOAL #3:

Service Members in the Capacity and Channel in Which They Want to be Served.

Digital Focus

A strong digital delivery system is the next evolution of our service offerings. The digital-first strategy is not done at the expense of people. Rather, it respects the desire of our membership to choose the channel in which they want to be served. We recognize that as financial services have become more accessible over time, a growing part of our membership requires us to invest and improve online delivery. To remain competitive in these spaces, member expectations demand a more integrated and robust digital experience. We strive to present options that mirror the excellent in-person care and individual attention delivered by our physical branch network.

Key success factors and ways that we will monitor our progress include:

- Increasing Digital Engagement.

Improve Service Delivery Platforms

Providing exceptional member and employee experiences requires modernized and integrated systems with few friction points within the journey. SECU seeks to mitigate redundant and labor-intensive manual processes and promote a culture of operational efficiency.

Key success factors and ways that we will monitor our progress include:

- Upgrading system capabilities to allow for more member self-service and system-generated cross-sell opportunities.
- Deploying equipment to allow for full optimization of remotely deployed staff.
- Introducing systems that allow for automated loan decisions.
- Modernizing member service center platforms to decrease wait times for assistance.

Modernize and Improve Technology

SECU seeks to transition its portfolio of legacy systems to more robust and modernized platforms that meet member demands in today's highly competitive financial environment. Leveraging agile frameworks that boost efficiency and remove dependencies on complex and proprietary systems will position the organization for future sustainable growth. We will focus on modernizing our infrastructure to position the organization for future offerings that align with member expectations.

Key success factors and ways that we will monitor our progress include:

- Executing the Security Program Enhancements Roadmap.
- Maintaining availability metrics for critical business systems.

GOAL #4:

Protect and Position the Organization for Maximum Impact.

Maintain Health and Viability of the Organization

As a financial cooperative, we take to heart that prudent stewardship of our member's money is of utmost priority. Our responsibility lies in the ability to serve all members while maintaining a safe and sound organization. We must prepare for unexpected economic times to ensure SECU is available for our members when they need us the most. The financial strength of our organization benefits the members now and into the future.

Key success factors and ways that we will monitor our progress include:

- Maintaining capital ratio between 8% – 10%.
- Attaining a return on assets (ROA) of 1%.
- Achieving an expense-to-asset ratio of 2%.
- Sustaining a liquidity ratio of three times coverage.
- Increasing loan-to-deposit (LTD) ratio (goal of 80%).

Risk Management

SECU seeks to expand its risk management culture, governance capabilities, and practices across the organization. This will allow our organization to manage the inherent risk in the creation and realization of our business objectives more effectively.

Safety and soundness will be balanced with strategic business initiatives to proactively control threats to the organization's capital, earnings, and reputation.

Key success factors and ways that we will monitor our progress include:

- Deploying a scalable and robust enterprise risk management (ERM) framework.
- Developing and establishing foundational governing documents.

- Adopting roles and responsibilities across the organization.
- Ensuring all business decisions align with SECU's risk appetite.

In Summary

Our core values represent the forward-leaning tenacity that will be required at all levels to propel SECU ahead. **Exceeding expectations** is how we want to be known. Internally, our collaboration produces high-level work. Externally, our members continue to depend on us as their primary relationship well after transactions have been completed.

Having our **embrace curiosity** mindset means we are constantly searching for new ways to improve. We show up daily believing we can be better. **Investing in the success of #TeamSECU** means we respect and challenge each other. Our commitment to embracing different perspectives creates the positive tension required to weigh business decisions and their potential outcomes. As we identify problems and challenges, we resolve to **contribute to the solution**. We recognize that access to financial services is a socioeconomic equalizer. Our ability to help members navigate the complexities of financial services remains the standard by which we are evaluated.

The hallmark of SECU's success has been the ability to serve our members. Our future requirement is that we serve members through the channel and the capacity by which they want to be served. The successful implementation of this strategic plan and these core values will promote greater operational efficiencies, expand member choices, and prepare the organization to operate more sustainably. Our organization will remain relevant and be poised for growth and expansion. We will meet our members where they are and help them get where they want to go.