



Leading With Care: Our Vision for the Future

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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 2.7 million members and more than \$50 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 financial services, 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. We strive to:

- **Exceed Member Expectations:** We own our members' experience. We focus, engage, and listen to our members. We strive to provide value through products and services for every stage of life.
- **Invest in the Success of #TeamSECU:** We seek and share knowledge and we are lifelong learners. 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 welcome innovation and change. We identify inefficiencies and bring solutions through convenient access to facilities and technology.



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. The acceleration of disruption requires us to move with a greater sense of urgency.

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.

Executive Summary

It has never been more necessary for SECU to fill the role of a trusted service provider. With shifting demographics, emerging technologies, and enterprise risk, the stakes have never been higher. We will continue to meet the needs of our members amid a changing environment.

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 by offering competitive pricing, upgraded branch experiences, and expanded mobile/online access, thereby bringing more value to help improve our members' financial well-being.
- We **will increase the investment in our people**. From professional and leadership development to diversity, equity, and inclusion (DEI), we value our team. 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 implementing 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.

We are committed to transparency by keeping our members informed of critical changes and their impact on the collective membership.

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 Products, Services, and Outreach That Promote Member Value.

Provide Value-Added 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.

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:

- Low-cost provider of services, including financial advisory options.
- Competitive loan and savings rates.
- New card offerings, including points and cash rewards with best-in-class features.
- Convenient access through a broad network of branches, ATMs, digital offerings and a contact center.
- Commitment to NC and all 100 counties.

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.
- 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.
- Encourage multiple member feedback loops to determine member satisfaction and areas of opportunity.

Commitment to our Communities

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).
- Millions of dollars awarded annually by the SECU Foundation for sponsorships, scholarships, and support of other statewide initiatives (such as housing project grants, college and trade school scholarships, etc..) funded by a \$1 per month contribution of members.
- Programs that strengthen communities through public service.
- Support of a statewide digital inclusion initiative to provide rural communities with internet service.

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

- Providing 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:

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.

Our ultimate goal is to become an employer of choice. To do this, SECU will:

- Work to leverage internal and external partnerships to enhance the capabilities of programs built and deployed for staff.
- Be proactive in the areas of compensation, skills acquisition, and leadership development.
- Actively seek to retain and attract top-level talent across the organization.

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

- Executing a comprehensive compensation and benefits strategy.
- Providing opportunities for enhancement of professional skills, industry designations, and leadership development.
- Ongoing efforts to improve employee engagement and retention.

Diversity, Equity, and Inclusion (DEI)

Our commitment to an equitable workforce means our focus extends to DEI. 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. DEI remains a critical part of what we will use to better serve our underrepresented and financially vulnerable populations. DEI also ensures the long-term relevancy of staff development and financial options to promote equitable outcomes for all.

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

- A diverse workforce at all levels of the organization.
- Leveraging community partners to provide opportunities for participation in DEI initiatives.
- Ensuring internal and external awareness of DEI initiatives.
- Implementation of directives from the SECU diversity committee.

GOAL #3:

Serve Members Where, When and How They Want to be Served.

Digital Advancement

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.
- Reducing manual and paper-based processes for members and staff.

Improve Service Delivery Platforms

Providing exceptional member and employee experiences requires modernized and integrated systems with few friction points within the journey, regardless of whether the member seeks service through a branch, ATM, Contact Center, or through one of our digital platforms. SECU seeks to mitigate redundant and labor-intensive manual processes and promote 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 staff.
- Enhancing systems that allow for quick loan decisions.
- Modernizing 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. We will focus on modernizing our infrastructure to position the organization for future offerings that align with member expectations and boost efficiencies.

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 members' money is of utmost priority. Our responsibility lies in the ability to serve all members while maintaining a safe and sound organization. We must 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:

- Capital ratio between 7% – 10% (target of 9%)
- Return on assets (ROA) of 0% - 2% (target of 0.50%)
- Expense-to-asset ratio of 1.75% - 2.5% (target of 2%)
- Loan-to-deposit (LTD) ratio of 50% - 85% (target of 75%)
- 3+ month delinquency range of .50% - 2% (target of 1%)
- Net chargeoffs range of .35% - 1.00% (target of .60%)
- Asset growth of 0% - 15% (target of 4.5%)

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 mitigate 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.
- Defining roles and responsibilities across the organization as related to risk monitoring.
- 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.

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. 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 for the future. We will meet our members where they are and help them get where they want to be.