Payments & PFR
(Primary Financial Relationship)

Todd Clark, CEO
CO-OP Financial Services
Your Members Need you.

Be there for them day-to-day...in addition to big life events.
Consumer Expectations See Modest Improvement

One-Year-Ahead Household Spending Growth Expectations

Consumer CONFIDENCE is tied to perceived WELLNESS (in every sense of the word)

How COVID-19 is Shifting Member Spending

ONLINE BOOKSTORES (AMAZON)*

- Debit: 26%
- Credit: 61%

Amazon continues to be a strong top-of-wallet opportunity for credit unions, particularly as the marketplace begins offering summer deals and discounts.

GROCERY STORES/ SUPERMARKETS*

- Debit: 12%
- Credit: 5%

In-store grocery purchases saw a slight recovery in the first half of June, but it appears consumers are still being cautious.

DEPARTMENT STORES*

- Debit: 15%
- Credit: 3%

Department stores are undoubtedly hoping to recover from months of declining revenues. It looks like recovery may take longer then hoped.

DISCOUNT STORES*

- Debit: 10%
- Credit: 20%

Discount stores, on the other hand, saw their tenth consecutive week of year-over-year growth in credit and debit transactions.

*Transaction volume
Source: CO-OP Financial Services transaction data
3 Payments Trends to Watch For

- Payments Driving Lending Opportunities
- Contactless and Mobile Wallet Adoption
- Increased Payments Fraud and Delinquency
COVID-19 Shows Importance of Payments

- **47%** of Americans carrying more credit card debt during COVID-19\(^1\)
- **1/3** of Americans became 1*st*-time contactless users\(^2\)
- **Double-digit** growth of enrollment for Zelle\(^3\)
- **146%** increase in e-Commerce year-over-year\(^4\)

Life Stage events on hold but Lifestyle events continue

Primary Financial Relationship
Connect lifestyle and life stage to link payments and lending using advanced analytics and human service across the value chain.

Help Members Manage, Move & Budget $ Better
Personalized Experience, Wherever & Whenever
Create user-centric transparency & control
Financial Wellness + Payments

Reward Me When & How I Need it Most
Incent usage with top e-commerce merchants

Digital Experience: Instant, Invisible & Free

Increase usage and spending in growth areas, preserving top-of-wallet status
Emergence of the New Normal

Payments Industry’s Stability will Play an Invaluable Role in Rebooting the Global Economy

Quarterly GDP in Q2 2020 could decline by 35-40%

Instead of projected 6% growth, activity could drop as much as 8-10% of total revenues – reduction of up to $210B – comparable to the 10% revenue reduction in the ’08 financial crisis.

McKinsey, How Payments Can Adjust To The Coronavirus And Help The World Adapt, 2020
Post-COVID-19 Most Consumers Plan to Resume Normal Levels of Spending

Expected Spending in the Next Month vs. Before the Outbreak (%)

US
- 13% A Lot Less
- 20% Somewhat Less
- 53% About the Same
- 12% Somewhat More
- 2% A Lot More

France
- 11% A Lot Less
- 18% Somewhat Less
- 56% About the Same
- 12% Somewhat More
- 2% A Lot More

China
- 10% A Lot Less
- 27% Somewhat Less
- 41% About the Same
- 19% Somewhat More
- 3% A Lot More

Source: BCG COVID-19 Consumer Sentiment Survey
4 Use Cases to Embed into Your Members Lifestyle

- Immediacy/Digitization
- “No Touch” Experience
- Protecting Members
- Always-on Service
CO-OP’s Proactive Response: Priority Recommendations

**CU Self Service Integration of Digital Tools**
(MyCardInfo, CardNav, ATM & Shared Branch Locator)

**Digital Solutions Program Package**
(Mobile Wallets, Contactless Cards, Tokenization, ABU/VAU)

**Leverage Developer Portal**
(Card Activation & PIN change)
Questions?