

Federal Credit Union for St. Lawrence and Northern Franklin Counties



Scott Wilson
President & CEO

CEOCFO: *Mr. Wilson, what is the philosophy at SeaComm Federal Credit Union?*

Mr. Wilson: It is important for everyone to know that we understand that never forgetting your roots or where you come from is overall key to success. Staying grounded in the basic philosophy is important. We were founded by ten General Motor's employees that got together because back in 1963, certain banks were not willing to lend these folks small loans to bridge them from payday to payday. They decided to form a cooperative so that they could help each other and make credit available to themselves. The 1934 Credit Union Act is just that--making credit available to those who cannot get it elsewhere. We have stayed true to that philosophy. Back in 2010, we opened our sixth retail branch and I said at that time that this was the first time in our 47-year history that we were opening up a branch and there is no longer a General Motors plant operation in Massena; it closed but we never forget where we came from. The bottom line for us is you have to earn a profit but actually running a successful credit union is much like what those ten founding members wanted which was basically to take care of family, friends and neighbors. We realized that no person's financial life fits into a one-size-fits-all box and certainly a FICO score dictates what we are going to charge for a rate but we do not make a complete lending decision based upon it. We take the person's whole history into consideration and character is extremely important. I am proud of the fact that SeaComm continues to have that core philosophy being as we are nearly half a billion dollars in assets today, fifty-one years later.

CEOCFO: *Does the area you serve understand that about SeaComm?*

Mr. Wilson: I believe so. Today we are sitting nearly at 29% market share. We have over 41,000 members and that is one of the things that we pride ourselves on is that people who are having challenges in their lives knowing that they can come into one of our branches or call on the phone and we will work and try extremely hard to assist them. Can we help everyone? No, but I think we do a very good job of making our best effort to do that.

CEOCFO: *Would you give us an example of an out-of-the-box interaction?*

Mr. Wilson: A couple of years ago I had some members who were having some challenges. They came in to discuss it with our collection staff. They were behind on their truck payment and a bit on their credit card and they were making some payments on it. They always had come in and had conversations with us. They indicated that their home was going into foreclosure and the staff person said she cannot do anything for them but she suggested they give Scott a call and they could speak with him. The woman came in and she told me her story. It simply was that she and her husband had retired. They were from the suburb near Rochester, New York and had moved up to the north country to build a dream home. His brother lived in the area; it was a little more laid back, and that they loved the North Country. He was a retired police officer and decided to get another job. He lost that job as he realized that the people at the top were doing things that they ought not to be doing. He turned them in and lost his job. His wife was a nurse and she got sick and was unable to work at the time so with the loss of his job he fell behind on his payments. These were people of integrity and had fallen on hard times because of things that had happened in their lives that were unforeseen. I looked back on her history and she always paid; she may have been a bit slow, but the reality was that I looked at their financial lives and their character and that meant something. We talked to the financial institution that held the mortgage and took it out of foreclosure for those people. That is a huge risk because I did not have it on my balance sheet but it was the right thing to do for these people. I always believed that is one example of the things that SeaComm has done to help its members and I feel that is our strength. We are able to look at a situation and not make judgments and help people out of their problems that are sometimes out of their control.

CEOCFO: *Do the communities you deal with understand the difference between a credit union and a bank?*

Mr. Wilson: I do not think they do and I do not think all of our members understand that. What they do know is that we are a community partner. We are a significant player in giving significant money in the community to every Little League, Fire Department and school related functions. SeaComm is a strong community supporter. They know that about us.

CEOCFO: Do you do much advertising?

Mr. Wilson: We have a specific marketing strategy that is in our business plan. Today, there are all types of media that you have to use in order to garner new business. Obviously print advertising and radio are traditional, but we are also focused on social media and realizing that we have to think differently, so we have a specific marketing strategy to attract millennials and it has been very successful for us.

“It is key for our employees to know how they fit into the organization and how they make a difference. One of the messages to them is that as CEO I am not the most important person in the organization, but they are. They are the ones who on a daily basis deal directly with our members. I have to ensure that is made clear to them every day in some way, shape or form because they are the ones that are making the organization successful. As a CEO, I want them to understand that I am a servant leader, in service to them.” - Scott Wilson

CEOCFO: How are you dealing with the interest rate situation?

Mr. Wilson: That is a great question because as interest rates stay low they put squeeze on margins. We have a real understanding of the importance of balance sheet management; it has been vital to our financial success and we have taken it seriously. In fact, Weiss Ratings is an independent rating industry that ranks insurance companies, banks, thrifts and credit unions. We have had an A rating for the last number of years, which if you look back we are in the top 6% of ratings across the country in terms of financial strength. We take into consideration a multitude of factors and we look at our cost of funds, capital or do we have sufficient retained earnings on an annual basis. We have been able to be very successful. We have some of the higher rates on deposits in the market place. Our board of directors believed that we made a philosophical decision to reward our members who maybe have taken their money out of riskier investments and placed their trust with SeaComm. We wanted to make sure that we could pay them as much as we can while at the same time being prudent in our asset liability strategy. We took it even further by offering a rewards program to our members that have been loyal to the credit union. We have taken this thing called a loyalty rewards program and have been able to offer an additional rate up to another half a point on any of our deposit products for certificates of deposit over thirty-six months. It has been very successful and our members are very happy. We realize their cost of funds are higher but we have to balance that between how much money we need to earn. We have had some extremely good years since the downturn in 2008. Our capital back a number of years ago around 2009 was at 8% and today we are nearly 13%. The NCUA requires us to have 7% in equity to be well capitalized and we are well above that. We just feel it is prudent that we return money back to our members in the terms of the higher deposit rates. We still have to lend money at a certain rate and we have been able to keep our average yield around 6.29%, which is good in our overall portfolio. We offset that with our investment portfolio and the money we cannot lend out we invest and that has been prudent. We had an average of 2.11% in terms of average investment yield.

CEOCFO: Would you tell us about the program focused on banking for children?

Mr. Wilson: We have a program called a Moola Moola, and it is to get the youth to be savers. We took it a step further a number of years ago; we put in place what is called “spin the wave” (the wave is our brand). When they get their report cards they are able to bring those in to the credit union and if they earned an A in any of the four core subjects such as English, math, social studies or science, they are able to take a spin on this wheel. The wheel prizes can include a five or ten dollar deposit, you can win some gift cards to Amazon or you could win some candy. The point for this program tied into our Moola program is to show we want our youth members to save. We want them to understand why they need to be prudent in life by trying to balance having some money set aside, but also at the same time, we are able to promote academic excellence by rewarding our young members for having good grades.

CEOCFO: Why are such banking programs important today?

Mr. Wilson: It is about financial education. If we do not educate our young folks about money, we are going to end up where we were back in 2009. People are spending money they do not have and are not capable of balancing a checkbook and they do not have any money set aside for a rainy day. We parallel our academic excellence program with financial literacy in the schools like many credit unions offer and go in and say here is why you need to balance this checkbook. If you keep a balance to your checkbook and you use a debit card which most of us do today and you overdraw your account, it costs you more money than what the original purchase was. It is all about making sure that they have a better understanding of the impacts of not being financially prudent. We want to make sure that we put the name SeaComm in the front of these young folks and their families because part of that “spin the wave” program was to draw new members in including their families; you cannot be a Moola member without an adult member. This partnership is so we bring in members and then they can say, oh I did not know you did this or oh we can get that from SeaComm.

CEOCFO: *How big a part is the commercial lending and do you see that as a growing area?*

Mr. Wilson: Certainly commercial lending is important. We want to make sure that when a business member has a need that we are able to fill that for them. The bottom line is that in America today, the small business is the backbone of this country. It is extremely important in the north country where we are located. On every street corner, there is a small business and they employ one, two, three or four people. We also know that it is very difficult for those small businesses to go to a large bank and be of interest to them because if you are borrowing \$75 thousand, that is not a lot of money today and not every financial institution is interested in that. We go back to our core philosophy that is we are here to make credit available and if they are interested in borrowing money and are qualified and we can work with them then we should have the expertise on staff to do that. We have made an investment in our commercial lending department to make sure we are able to do that whether it is \$75 thousand or \$1 million or \$2 million, we want to make sure we are able to handle those for our membership.

CEOCFO: *We came across SeaComm because you were recognized as one of the best places to work in New York State. How do you provide the atmosphere that your employees enjoy and value?*

Mr. Wilson: First, retaining and attracting high performing employees is critical to any business today. We have a talented, smart and hardworking staff. They take great pride in their work and they take great care of our members. We have high expectations and we are committed to making sure our standard stays there and we live our mission of people helping people. It starts at the top and that is my job. I am focused on staff and from the day an employee is hired here, they receive a welcome letter from me as CEO. They are aware from that communication of the direction of the credit union. They know at that time they are going to be an integral part of our overall success. When they come onboard, I hold what I call a CEO breakfast with all new staff and I talk about how they fit into the organization. I talk about our culture and our strategic direction and how they are valuable to the overall success of the organization and how they fit in. Whether you are a teller, a financial service representative or a commercial lender, everyone has an important part of the overall success of the organization. Communication is the key; I am a chief communicator and I have to make sure they are onboard and understand what is going on. I have a CEO page on the intranet. I am able to post what our goals are and anything that is new coming up. I have quarterly meetings with our staff in person and I talk about where we are and where we are going. They are able to ask questions. It is key for our employees to know how they fit into the organization and how they make a difference. One of the messages to them is that as CEO I am not the most important person in the organization, but they are. They are the ones who on a daily basis deal directly with our members. I have to ensure that is made clear to them every day in some way, shape or form because they are the ones that are making the organization successful. As a CEO, I want them to understand that I am a servant leader, in service to them.

CEOCFO: *Why choose SeaComm Federal Credit Union?*

Mr. Wilson: Service excellence is the number one priority for our staff. We offer the same thing as any other financial institution. We offer checking accounts and money markets and certificates of deposit. What we want to do is exceed any expectation of the service level for a member. We obsess over it and ensure that our members are being surveyed, so if you come in and do a transaction with us, you may get a survey and it is directly from me. They are able to choose a number of points such as was it service friendly, timely or accurate. We rate that and each employee gets incented on how well they do. Just this past week we had a luncheon for the top five members of our staff who exceeded member satisfaction. I call it the Presidents Excellence for Service Award. If you go into a business and people are not friendly and they do not smile and you have something they offer, that is well and good and if someone next door has the same thing and they are friendly and they are doing everything to be attentive, then you are going to go there to get those products and services. We understand that and we want to make sure we exceed that. Our core philosophy is we are here for service and we have to make sure we are doing that everyday. We have to be relevant because we have a significant market share here nearly 29% but in order for members or prospective members to want to continue to come here we have to grow and expand our footprint. We have to continue to deliver what the future demands and always be looking to the future and creating any new products and services they may need because they are always changing. At the end of the day it always comes down to we are going to do the right thing for our members. We do not put the wrong products or services in their hand; we do not push those things. We only do what is best for our members and we practice that every day.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine



Seacomm Federal Credit Union

For more information visit:

Assets: \$487 million

www.seacomm.org

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