

Intro: Welcome to the SeaComm Federal Credit Union podcast, your guide to financial information and what's going on at your credit union.

Jerry: We're talking with Scott Wilson, CEO and President of SeaComm. And Scott, we recently held our annual meeting, but this one was different than anyone I've ever been in attendance.

Scott: Yes, this was the first time we've actually held a virtual meeting. Obviously due to COVID, we were unable to have an in-person meeting. But Jerry, the silver lining in this is, is this is what we're going to be doing going forward. We've expanded our markets from not just Massena in the North Country, but also through Plattsburgh and now into Burlington. So we think this is an excellent opportunity for our members to obviously view our Annual Meeting virtually.

Scott: We talked a lot about a lot of things at the Annual Meeting. And first of all, I wanted to talk a little bit about what we saw for 2020. And all indications were going to have a strong year, again, as strong as we saw in 2019. However, then mid-March everything went to pause and obviously everyone saw unemployment rise, etcetera. But one of the nice things about SeaComm is we're in a really good place to weather this economic anomaly. And it is an anomaly because every so often you go through these types of recessions. This is the worst since the great depression. However, your credit union, is in a really strong position in terms of capital. Capital is that rainy day fund that if we have something like this, we're able to draw on if our earnings aren't where they're supposed to be, we will be able to continue to do business and do things for our membership.

Scott: Also, our liquidity is very strong, so we have lots of money coming in, in order to meet the members' demands, whether it be a withdrawal or a loan. We're able to meet all those. And we've been stress testing our capital and liquidity since 2008 on a quarterly basis to ensure that we're able to do it. So that's one of the great highlights of the Annual Meeting is that your credit union is positioned to be able to meet the demands and any kind of economic condition we have thrown at us.

Jerry: And this didn't happen by accident. We've been working on this.

Scott: Absolutely. I think since 2008, when there was a collapse in the financial system. This is a health related crisis that caused a financial crisis, but either way, we were able to and continue to be able to withstand this type of economic activity.

Jerry: And as always bottom line, help the members.

Scott: Absolutely. So what I said at the Annual Meeting is that look, yes, 2020 started on a high note and then we had to go into this pause, but it's really imperative to look back in 2019. And the reason we're strong is because we've had strong years. 2019 was an exceptional year for us. I wanted to give some highlights of what we saw during the year. First of all, we had a 4% membership growth. We're over 48,000 members today. We continue to have growth in our market share penetration of 33%. And that's our core markets before we did our expansion. We see a 1.78% in Clinton and obviously

we're very new in Burlington. So there really is no penetration number to offer today, but earnings exceeded our targeted forecast.

Scott: We earned \$6.2 million last year in net profit. That retained earnings goes back to capital. That's that capital number we talked about, and by the way, that's \$92 million of money that's there. It's a pretty big cushion. In fact, one of the things I like to note is that our regulator, the National Credit Union Administration, requires us to have 7% of our assets in capital. And that's to be considered well capitalized.

Scott: And we have over 14.5%, so significantly much higher or significantly higher than what is required from a regulatory perspective. So what it means is we've had a lot of good years, which we're able to put those monies away for these types of situations. It also helps us as we grow our footprint, that we're able to draw on that capital if necessary. But all that growth and capital has been kept in line with our strategic growth targets. So we haven't had to dig into it. We've been able to have our earnings cover all of that. So we've done very well in that regard as well. Assets are at \$625 million today. Our loan portfolio is at \$332 million. I will tell you we had \$93 million of new loans come on the books last year.

Scott: Growth in our mobile. Obviously we talk about today, we'd probably see an uptick in growth in our mobile, but last year we saw a 20% growth in our mobile usage and also an increase in our mobile deposit capture. That's where you can actually take a picture of your check and deposit it. On the member satisfaction side. You know, we rate via survey to our members on a random basis every month, how they rate us in terms of our service. Are we friendly? Do you feel valued? And overall, what was your experience? And out of seven, we scored a 6.79% member satisfaction grade. That's extremely high with the amount of business we do.

Jerry: Absolutely. The members that I talk to on a regular basis have been really pleased with the service they get at SeaComm and I've noticed many of them said I never realized how cool your online and mobile services are. Now I know. So I think we're going to continue to see an uptick in that.

Scott: Yeah. And even if they don't want to use those services, obviously we've kept our branches open. Obviously, you had to use the drive through for transactional volume, our transactional business, and by appointment for in-lobby. But I got to tell you that we haven't missed a beat, Jerry, in terms of taking care of our membership.

Jerry: Not at all.

Scott: We refunded more than \$216,000 of fees. So if you made an error, there's an error that you made based on you forgot a deposit in your checking account and you had an overdraft or some kind of transfer fee, we've refunded \$216,000 worth last year. And we paid nearly \$4 million in dividends to our members for using their money and keeping it on deposit with us.

Scott: One of the services I really love personally is our bill pay service. I have that you set it and forget it. So you set your payments up for whether it's your electric bill or cell phone bill, but we spent at the credit union \$125,935 on that service for our members last year at no cost to them. I always look at the value proposition of being a member of SeaComm. So if you're using one of our mobile apps for free, or you're using our bill pay for free, you're getting those services.

Scott: One of the other services I really love is our CO-OP ATM and shared branching network.

Jerry: Absolutely.

Scott: Again, free of charge. We had 2,364 in-branch and ATM transactions from everywhere from Arizona, Florida, Georgia, Indiana, Maine, Mississippi, Texas, North Carolina, Ohio, Oklahoma, PA, and so many more. And what I love about it, again, it makes it easy for our members. They're able to go into a branch that's part of the shared network, make a deposit, make a loan payment, do a withdrawal, or we use one of those ATMs. Nearly 30,000 ATMs in the CO-OP network, all free of charge. In addition, our advisor services, if you haven't used our personal financial advisor services, we have \$33,824,019 in assets under management.

Scott: So a lot of 401k rollovers, a lot of planning for retirement, maybe educational purposes, but our members using that again. It's free of charge. Come in and talk to one of our advisors.

Scott: GreenPath. That's where we have members who have some difficulty with some trouble with their debt, and we're able to work with them. We hire experts at that, Jerry, because they really know how to work through the debt management process. Again, another service free of charge, but 2,850 members used that in 2019 for just a little over \$1.7 million of consumer debt management, a pretty nice service to offer to our membership.

Scott: Another service that most probably don't think about is in terms of when you have fraud on your debit or credit card. Last year, hackers stole \$15.1 billion worth of records. There was 7,009 breaches in 2019. Last year alone, Dunkin Donuts, Dow Jones, Disney Plus, AMC Networks, Sprint, Macy's, Capital One, DoorDash all had breaches of some sort and all of those added to a lot of money in terms of loss to a member or a potential loss to a member.

Scott: So during 2019, our members experienced \$279,789 worth of fraud on their debit or credit. It really was up 8% from the year prior, but we issued 1,089 new debit and credit cards due to the fraud. And the complete loss to the member, \$0. We took care of it. We have a zero loss policy with our Visa program and we want to ensure our members got taken care of. So if you had fraud, you come in, we do an affidavit and we give you a provisional credit. And once we determined that it was fraud, you never have to take care of that. We go back on and take care of it ourselves. So I think that that's important. We do write off a lot of that, Jerry. So again, it's a service that we take care of our members.

Jerry: Members aren't in a position to be able to go and fight for that. That's why we do it.

Scott: Yeah. I'm not saying that we're the only ones that do that. But I got to tell you, there's a lot of institutions that don't, and they'll say, "Hey, look, you got to go out and talk to the airlines. That has nothing to do with us." We don't really want our members to worry about it. It's our responsibility to worry about it for them.

Jerry: That's right.

Scott: One of the highlights of the year at the beginning of year, we obviously opened our new location in South Burlington. We had our ribbon cutting in January. We started off fairly strong going into that new market. And obviously, we're on pause even in Vermont, but I'm very hopeful that we'll be able to get back on track by the end of the year. But in that regard, we do have our new location and we are going to be planning for our second location in Essex, Vermont. And that is continuing as well.

Scott: Some of the nice kudos we got during the year, we were for the 10th consecutive year a Best Companies to Work for in New York State. Although, we don't know our position or where we are in the ranking because they didn't have a dinner and that's been pushed off to August. So we'll have to wait to see where we fall this year. The St. Lawrence County Chamber named us Business of the Year last year. We attended the dinner and made a few comments about the history of the credit union and why we're a best business of the year.

Scott: And one of the nice things I got to tell you is these national awards. We got a first place in community engagement by the Marketing Association of Credit Unions in our Pay-It-Forward program. So really, kudos to us in terms of making sure that we're supporting the communities in which we do business. And speaking of giving away, we did \$375,000 worth of direct contributions and sponsorships last year. That's a lot of fire departments, little leagues, school activities, and some major ones too. We gave \$50,000 to Hope Lodge over in Vermont. So if you've ever had a loved one who had to go over to UVM for a cancer treatment or anything, you were able to stay there free of charge. And I've had members that I've known that have had to do that. And this is a way we can concretely help and assist our members so that they can go there and feel that they have a place to stay during very difficult times for themselves.

Scott: I will tell you, Jerry, we've had a consistent strategy for the last 10 years. I reiterated that at the Annual Meeting. We've had responsible strategic growth in line with our capital plans. And we continue to deliver member value through our new products and services. And the delivery channels we offer, whether it's a mobile or by calling in or even SMARTline, some people still use SMARTline. We have people that still like to use the phone service. All of those are across the credit union, and we provide those free of charge to our members. So that's the value proposition of being part of SeaComm.

Scott: We did have an election of two directors at the Annual Meeting. Myron Burns and Mitch Marolf were both elected to another term of three years each, and they will be joining five others on the Board of Directors. What's going on for the future? You know, Jerry,

we're kind of moving in a little slower pace because of this pause that we're just coming out of. But one of the things that we are focusing on is instant issue credit.

Scott: So if you've ever come into the credit union, and we have a lot of people to do, I need a new debit card for reasons. I lost it, it got broken, it's been stolen, it's got fraud, or whatever. We're able to instant issue one right there at the branch while we're working and hopefully having this done by the early part of summer, instant issue credit. So if you've ever experienced fraud on your credit, we have to order you one. It's a 14 day window before you get a new one. Now we'd be able to print one and you can go away and start using it. And one of the worst times to have it is when you're going on vacation. You're getting ready to leave town and you realize, I don't know... Something happened. My credit card. I don't have it. I misplaced it. Now we'll be able to assist our members in that regard.

Scott: We're also upgrading our ATM network fleet. We did replace three of them in Massena this year. The Optiva 740s are coming to the end of life for support. So we're upgrading all of our ATMs. We'll do a couple more next year and finish off in 2022 with a remainder. We already have those new ATMs in Plattsburgh and in South Burlington. So we're already moved in that direction.

Scott: I want to just mention that we remain committed to ensuring our members get the very best member experience from us. Obviously core products and diverse delivery channels, as I just mentioned, like NetTeller or Mobile and SeaComm Pay. And we're really thankful, Jerry, for the amount of trust in us as a financial institution by our 48,849 members.

Jerry: And hopefully that continues to grow and we will continue to move forward.

Scott: We work hard every day to ensure that, Jerry, and we don't take it for granted.

Jerry: No, and that's because we have a wonderful staff.

Scott: Absolutely.

Jerry: Thanks, Scott. Much appreciated. Another annual meeting and we'll be talking again soon.

Scott: Good. Thank you, Jerry.

Jerry: Scott Wilson, President and CEO here at SeaComm.

Outro: That's it for this edition of the SeaComm Federal Credit Union podcast. Thanks for joining us.