

A bold way forward

Strategic Plan 2018 / 20

As a provider of solutions to a wide range of credit unions and other financial institutions across Canada, Central 1 has an established network and a strong balance sheet, with continued growth in assets. Over the past three years, our strategic focus has been on building strength in four areas: members & stakeholders, people, processes and financial stability. We also dedicated considerable focus to building a national platform. We have a solid foundation from which to build.

We recognize that credit unions are faced with pressures around margins, growth and member acquisition, digitization and efficiency. The ongoing consolidation and bifurcation¹ in the credit union sector means that we must be more intentional about servicing the increasingly differentiated needs of their members. At the same time, banks and emerging players such as ‘fin-techs’ are competing with centrals for the same business, and centrals themselves are exploring alternative ways of collaborating.

Over the last six months, we have conducted extensive analysis, particularly within the payments business, and convened multiple internal and external discussions to assess our options and explore interdependencies with the actions and priorities of other stakeholders.

The result is a renewed focus on the success of Canadian credit unions and their members and a reaffirmation of our commitment to the cooperative values and principles.

We know that expanding our services to other financial institutions will further power the progress of credit unions.

Our analysis and conversations with members confirmed that Central 1 is well-positioned to meet the challenges of the current environment, the needs of our clients and the opportunities the future presents.

This strategic plan outlines our path forward and provides a roadmap for implementation. It is a plan to which our leadership team is deeply and unequivocally committed.

Our starting point

¹ In their 2012 paper, The 21st Century Cooperative, Deloitte coined the term “system bifurcation” to describe what they saw as the result of the evolution of two distinct groups of credit unions: a small group of large credit unions with the scale and desire to act independently, and a shrinking but still sizeable community of niche players who will increasingly need to rely on collaboration and cooperation to survive.

We have a bold vision

This strategic plan lays the foundation to create a competitive edge for our clients through design excellence, market-leading speed and innovation, and proactive stakeholder engagement and partnership. Through collaboration we will develop and deliver innovative products and services that create value and strengthen the Canadian credit union system.

We want to be the national partner of choice for financial, digital banking and payment solutions. Our scale and expertise remain the source of our competitive advantage, and the success of Canadian credit unions and the financial well-being of their members, continue to be our compass and – our purpose.

Our purpose

Leveraging our scale & expertise, we power progress for credit unions to enhance the financial well-being of all Canadians

Our vision

To be the national partner of choice for financial, digital banking & payment solutions

Our Values

The fundamental beliefs that guide our behaviour

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Our values of curiosity, collaboration and courage continue to unite us and inspire us to collectively accomplish great things, rise to our greatest potential, and set us apart from our competitors. We will work with clients and with each other to move forward together. We will engage credit unions to develop solutions and provide services that fuel their success. And we will take decisive action and persevere in the face of challenges, uncertainty and opportunities.

curiosity

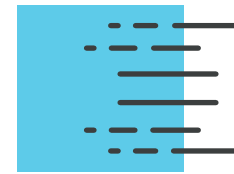
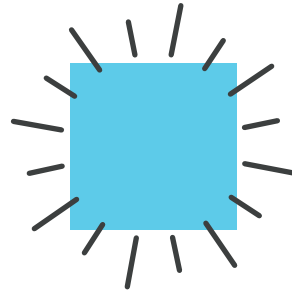
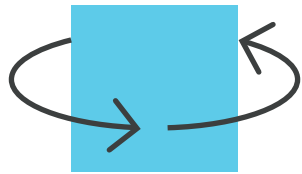
collaboration

courage

Our Strategic Priorities

How will we achieve our vision

Building on the foundation of our previous strategic plan, we have identified three strategic priorities that represent the high-level goals that are necessary to achieve our vision: Client Centricity, Operational Excellence and System Leadership. To achieve these, we have defined nine focus areas that will guide decisions, resource allocations and activity across Central 1. These are outlined on the following page.



Client Centricity

Place the success of our clients at the centre of everything we do

Taking a client-centred approach is paramount in a world in which credit unions and other organizations have choice. We will put the needs of our clients first in everything we do, while delivering innovation at scale. We will respond with pace and agility to changing demands and opportunities and ensure that our clients have real choices in the products and services they use.

Operational Excellence

Create an engaged and empowered culture that delivers results

In order to support our clients effectively, we must deliver flawlessly on our commitments. We will build a culture focused on outcomes and creating value for our clients. We will strengthen accountability for what we do personally and collectively, and we will seek ways to continuously improve our operations to create efficiencies.

System Leadership

Make change happen for the system

We will provide a competitive edge for our clients by proactively developing partnerships with stakeholders across the system to bring the best capabilities to our clients. We will communicate transparently and engage regularly with our clients and other stakeholders, and we will develop, share and deploy knowledge and strategic insight for the benefit of the sector.

Our Focus Areas

What we will do to achieve our strategic priorities

Client Centricity

**Place the success
of our clients
at the centre
of everything
we do**



- 1 Transform our client service** to align more closely with differentiated client needs. We will engage more proactively with our clients, and we will adopt a segment-based approach to ensure that our products, services and relationship management approach meet their requirements. We will increase collaboration across Central 1's business lines to deliver integrated solutions and ensure that members and other organizations benefit from connections across our offerings and coherence in our approach.
- 2 Launch digital and data platforms** that enable client self-development and customization, with an early focus on the implementation of the User Experience Platform Program. We will also assess client demand for data analytics as a service, using these requirements to inform the structure of our internal information systems as we renew them. This will ensure that we establish a data foundation that can support decision-making and innovation for both Central 1 and our clients.
- 3 Create and deliver a suite of products and services aligned to client needs.** We will provide a portfolio of options, some of which will be Central 1's own offerings; others will be partners' products and services that we know align with our clients' requirements. In this way, we ensure that our clients are getting what they need, irrespective of whether their needs align directly with our areas of technical capability. Initial areas of focus will include origination and small business solutions, as well as portfolio management and consulting services.

Our Focus Areas

What we will do to achieve our strategic priorities

- 4 **Establish an empowered and accountable culture** to enable business performance and drive transformation. We will create a meaningful work environment and deepen employee engagement. We will realign incentives, embed change management practices and expand leadership development across Central 1 to build an organization that is intent on – and capable of – delivering performance and change.
- 5 **Execute and deliver flawlessly** through improving our processes and systems and aligning Central 1 data and functional support. To improve enterprise-wide effectiveness, we will renew our information systems to provide data to support integrated decision-making (business intelligence). We will operate in a more cost-effective manner and organize our central resources to provide excellence and transparency in their services across our business.
- 6 **Facilitate regulatory effectiveness** to strengthen credit union competitiveness. We will work with regulators, our peers and the Canadian Credit Union Association (CCUA) to advance policy change to minimize complexity for credit unions. We will support our members and other credit unions more directly in managing their regulatory requirements.



What we will do to achieve our strategic priorities

System Leadership

**Make change
happen for
the system**



7 Transition to a national operating model to serve clients across Canada. We will assess market opportunities and put in place the required infrastructure to support client development and service. Much of this activity may, in time, be achieved in collaboration with peers and other players across the sector, but in the interim, we will expand our own efforts to better serve the needs of credit unions and financial institutions across the country.

8 Optimize ownership benefits and pricing to support the increasingly differentiated needs of our clients. We will investigate alternative dividend and pricing models to ensure that our members continue to enjoy preferential value, and that our products and services are commercially competitive. We will work closely with our members to ensure that we build solutions that work for them.

9 Strengthen relationships to facilitate system evolution for the collective benefit of Canadian credit unions. We continue to believe that a nationally integrated second tier is ultimately the best foundation for credit union success in Canada. We will support the national trade organization, CCUA. And working from an agreed set of partnership principles, we will prioritize the development of existing and new relationships that are mutually valuable, and that benefit credit unions.

We will be accountable

We will establish a set of metrics (a strategic 'dashboard') that collectively align with the direction and commitments outlined in this plan. The specific measures will be agreed as we move into implementation, but they will represent our performance and progress in six core areas:

- **Financial returns**
- **Growth in our client base**
- **Penetration of client business**
- **Time to implementation**
- **Client satisfaction**
- **Employee engagement**

The strategies will be translated into actions, deliverables and accountabilities through our business plan, and then renewed annually under the umbrella of the strategic plan.

Each of our lines of business – Digital & Payments Services and Treasury Services – will develop a plan that aligns with and reinforces Central 1's strategic direction.

This plan is intended to create a roadmap for Central 1, outlining the priorities that will guide our day-to-day actions. We will manage and measure our delivery through regular performance processes. We will ensure our people and teams are well-supported, resourced and connected as they address our strategic priorities.

to take action

**Be
Bold.**

Build
Strong.