



SUMMARY SLIDES

Year Two FiLab Results: Changed *Growing Payments and Deposits*

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FiLab

FiLAB

FiLab seeks out innovative solutions and creates capacity for credit unions to rapidly test and implement promising concepts in the marketplace.

By leveraging Filene's cutting-edge research and engaging the market to identify emerging innovations, FiLab provides an efficient platform for exploring new products and strategies and implementing solutions to the challenges that matter most.

Each year, FiLab will engage key partners in selecting and executing innovation tests that drive change for credit unions.

Once selected, credit unions participate in a testing approach that answers questions about potential solutions while receiving tools and support to test a unique hypothesis and assess a concept's desirability, viability, and scalability.

To kick off the second round of tests, FiLab partnered with Changed as one of seven solutions for the 2024 testing phase.

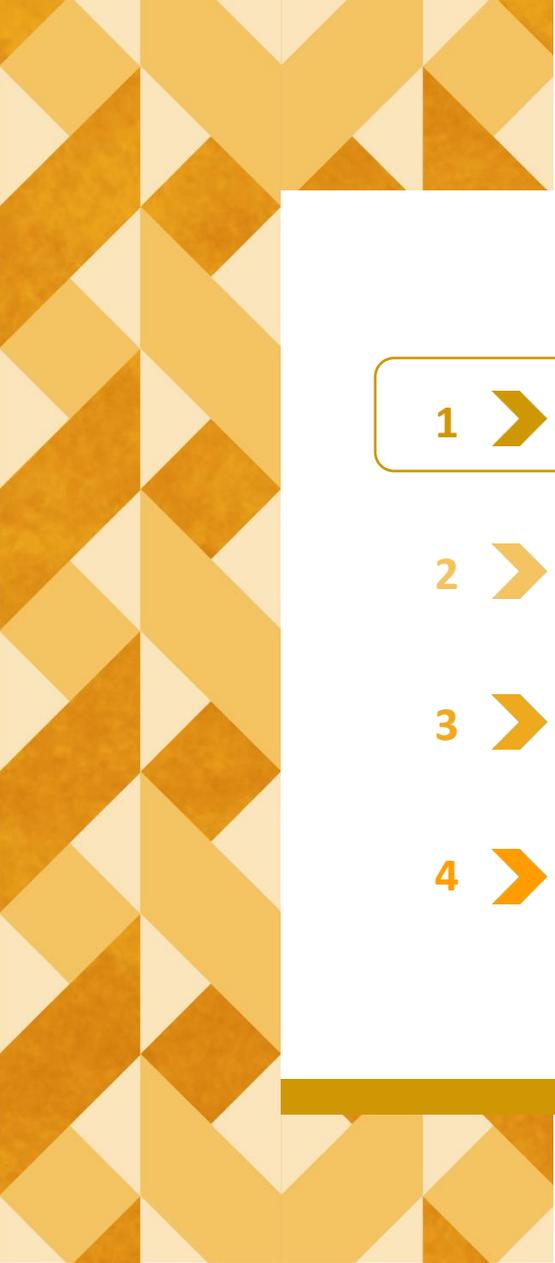


Changed is a debt repayment platform designed to empower members to consolidate all their debts in one convenient location and automates micro-savings, helping members pay off their debts faster and save more money.

CHANGED

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The Challenge and a Possible Solution

MORE DEBT, FEWER DEPOSITS

Credit unions in the US are grappling with the challenge of rising consumer debt, which is impacting their financial stability and growth. Detailed in Filene’s [“War for Deposits,”](#) as consumer debt increases, credit unions face higher risks of loan delinquencies and defaults. Additionally, this surge in debt causes members to withdraw from their savings, leading to a notable decrease in deposits.

Addressing these issues is crucial not only for the financial well-being of credit union members but also for the overall stability of the credit unions themselves.

AVERAGE AMERICAN DEBT BY AGE, AS OF Q3 2023

GENERATION	TOTAL DEBT
GENERATION Z	\$29,820
MILLENNIALS	\$125,047
GENERATION X	\$157,556
BABY BOOMERS	\$94,880
SILENT GENERATION	\$38,600

Source: Experian data from Q3 of 2023; ages as of 2023

KEY CHALLENGES FOR MEMBERS MANAGING DEBT

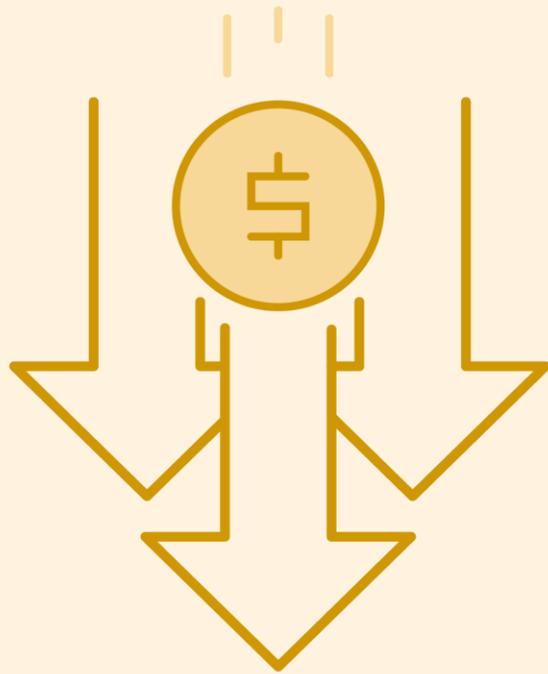
As consumer debt rises, members face several key challenges in managing their debt:

- High interest rates associated with unsecured debt exacerbate the difficulty of reducing balances.
- Financial instability and limited savings, particularly for those living paycheck to paycheck, complicate efforts to manage debt.
- Resistance to behavioral change prevents the adoption of healthier financial habits.
- Psychological strain from significant debts severely hampers proactive debt management efforts.



Providing adequate support is crucial in addressing these financial challenges, as it directly impacts the financial health and stability of members. **By effectively managing these issues, credit unions can enhance member financial wellness and build enduring, productive relationships with both current and prospective members.**

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Through this test, Filene seeks insights on how credit unions can help to improve the financial health of their members and attract more deposits by automating micro-savings, facilitating faster debt repayment and progress towards their financial goals.

Filene partnered with Changed to provide credit unions with a debt repayment tool that members can use to consolidate debts, automate micro-savings, and pay off their debts faster, ultimately saving more money.

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HOW IT WORKS

- 1. Download and Set Up:** Member downloads the Changed app and creates a profile using bank-level encryption and security standards.
- 2. Link Loans and Accounts:** Users link their spending accounts via Plaid and link their entire debt profile through a proprietary method Changed created through credit bureau's.
- 3. Roundup Accounts:** The app allows users to select accounts for analyzing roundups and formulating debt payoff strategies. Additionally, it enables users to choose transaction types for rounding up, offering control over the pace at which savings goals are reached.
- 4. Boost Savings Feature:** The 'Boost' feature allows for either one-time or recurring savings contributions, determined by the user's budget or the platform's assessment of spare cash availability.
- 5. Progress Snapshot:** A summary page displays the progress towards savings and debt payoff goals, providing personalized recommendations to enhance the effectiveness of the user's payoff strategy.





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Changed: Credit Union Pilot Overview

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TEST APPROACH

Filene examined Changed to understand the desirability, feasibility, and viability for credit unions to offer **more ways for members to effectively pay down debt faster and save more.**

THREE RESEARCH QUESTIONS

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- How can credit unions attract more deposits and help members manage their debts for improved financial health?
- How does the use of Changed influence members to explore and convert to other credit union products and services?
- Based on member activity and usage of the app, how would the use of Changed impact the credit union's financial performance (e.g., loyalty, non-interest revenue, increased wallet share, etc.)?

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Michigan State University FCU Case Study

The data and insights presented cover results from a 24-month period, provided by a current client.

MEMBER METRICS

Key metrics from the Changed pilot with MSUFCU, demonstrates the substantial impact on member financial wellness:

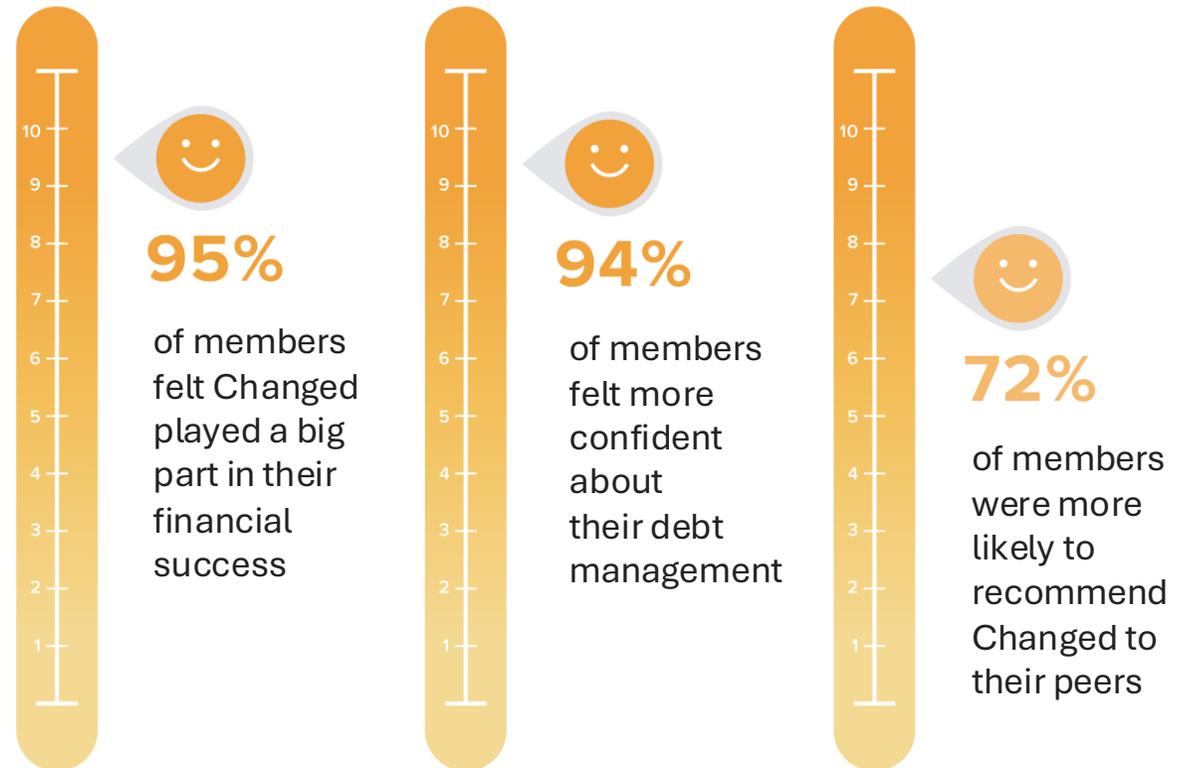
Loans Linked to MSUFCU via Changed

\$76,300,000

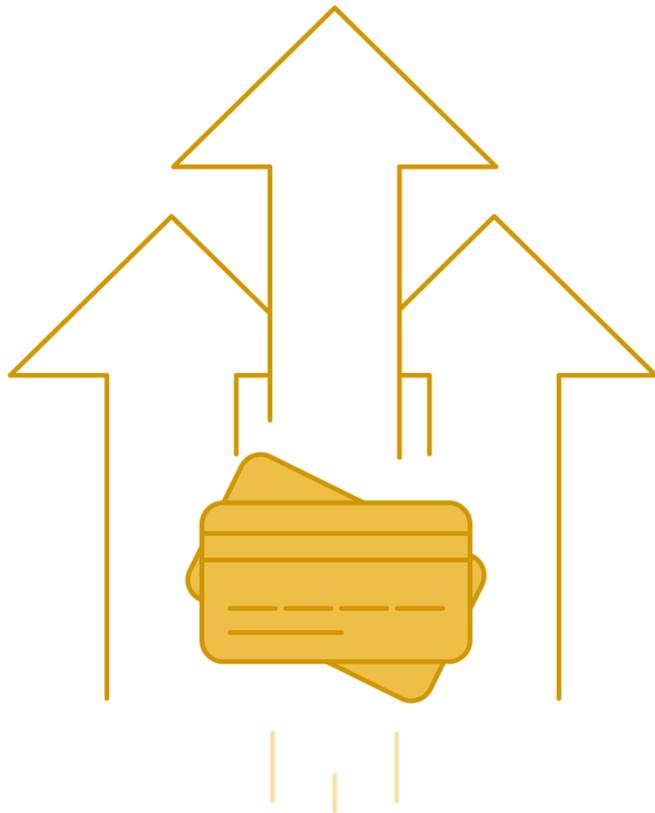
Helped members pay off debt

\$993,000

The following feedback from members illustrates the effectiveness of the initiative:



CREDIT UNION METRICS



The following credit union metrics from MSUFCU highlight the positive outcomes of effectively and strategically engaging members, which ultimately enhances the credit union's financial bottom line:

- **Interchange Revenue:** Members using their debit and credit cards experienced a 13% increase in interchange, directly boosting the credit union's revenue.
- **Card Utilization:** 78% of members actively used their debit and credit cards, ensuring these payment methods remain highly preferred.
- **Product Conversion:** The Changed offering achieved a conversion rate three times higher than other financial products, demonstrating its effectiveness and member appeal.
- **Net Promoter Score (NPS):** An NPS of 77 indicates strong member satisfaction and loyalty, crucial for sustained growth and community trust.

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Conclusion

REFLECTIONS ON CHANGED



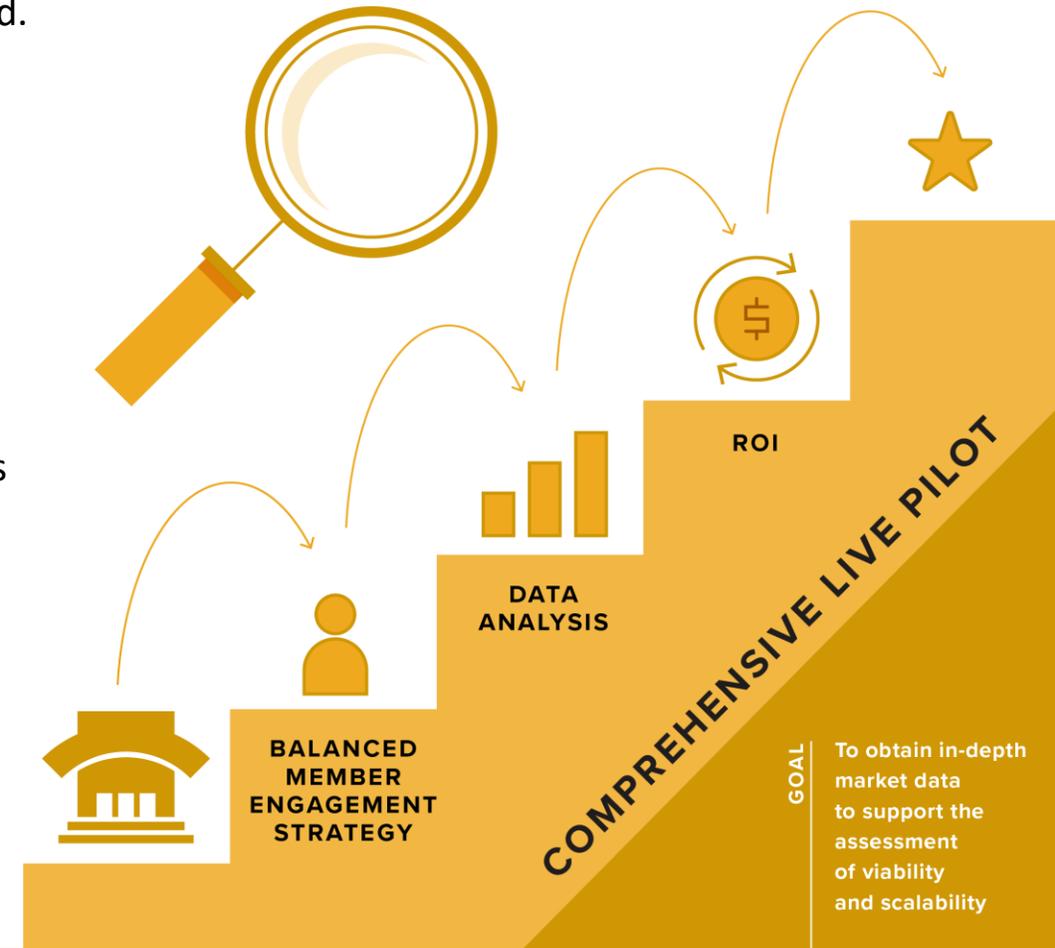
Before the pilot's launch, Changed encountered a critical outage in its ACH services, which affected users' money movement activities. This disruption was caused by the unexpected dissolution of a third-party banking technology partner. In response to this timeline, Filene collaborated with an existing credit union client of Changed who contributed their data and insights to the pilot.

As this report is published, Changed has secured a new ACH partner and has restored full functionality, including all money movement activities

NEXT STEPS

Filene successfully collected data from one credit union over an extended period. The findings suggest that debt repayment solutions like Changed are valuable for credit unions considering such programs. Based on this data, FiLab recommends initiating a comprehensive live pilot to acquire more in-depth market data on Changed. The goals of the extended pilot would include:

- **Evaluating the Impact:** Assessing how Changed aids members in managing their debt to improve financial health.
- **Debt Reduction and Savings Enhancement:** Understanding the solution's role in helping members pay down debt and increase their savings.
- **Support Efficacy:** Evaluating the support provided by Changed in assisting members to better manage their debt.
- **Platform Effectiveness:** Testing how effectively Changed can encourage members to explore and convert to additional credit union products and services.



THANK YOU

ACKNOWLEDGEMENTS

The Filene Research Institute would like to thank **Changed** for its contributions to freely share their concept with us and providing invaluable support throughout the test.



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