

2020-2024:

Analyzing 5 Years of Pricing Trends in Our Network

2024 Conversations on Pricing

CU*ANSWERS
A CREDIT UNION SERVICE ORGANIZATION

May 22, 2024

Conversations on*

Pricing

A CU*Answers Collaboration Group



Welcome!



Welcome to the 5th iteration of Conversations on Pricing!

Today, we're celebrating the 20th anniversary of the Conversations on Pricing event!

<https://www.cuanswers.com/resources/doc/pricing-guides/>

Please use your owner's voice and contribute to the open floor Q&A at the end of this presentation.

Agenda

Introductions
& Goals

5-Year
Historical
Review

Why & How
We Charge
Fees

CU*BASE
Invoice
Analysis

Open
Q&A

Introduction



- We have been meeting every 5 years since 2004! This year's meeting marks 20 years since the first.
- The purpose of this group is to demonstrate that we're putting our money where our mouth is with our pricing models.
 - We charge only when we have to, not just because we can!
 - We're continuing to document and analyze our pricing models over the years for transparency and accountability.
- We hope you will continue to be an advocate for the importance of a cooperative pricing philosophy. Use your Owner's Voice!

Let's take a tour of the latest 5-year review...



New Products and Services!



This year, we've introduced several new products, services, and integrations!



- Additional CU Publisher features
- EFT processing discounts for clients using MAP
- InvestiFi (previously CryptoFi) integration for cryptocurrency and investment solutions
- Digital card issuance
- Bonifii's MemberPass solution integration for MFA
- Real-time money movement integrations

The set-up and monthly maintenance fees for the real-time money movement integrations are bundled, so you can adopt both services for the same initial price!



Did you know...?

1. In 2000, we charged a fee for ATM inquiries.
2. We charge the same closed member fee in 2024 that we did in 2000.
3. In 2001, the 5-year contract base member fee was \$0.52, and today it is \$0.58. Impressive as you think back on all of the software enhancements over the past 2 decades!
4. Our custom programming hourly fee has only increased twice since 2001. It now stands at \$125/hour.
5. We used to charge for closed members for 2 years (and stopped in 2003). Now, we charge a closed member fee only for the year the membership closed.

Base Member Processing Fee



- A Foundation fee for active members
 - 999 sub accounts per membership
- Represents primary licensing cost for core applications
 - Accounting, teller, LOS, back office, misc. trial balance services

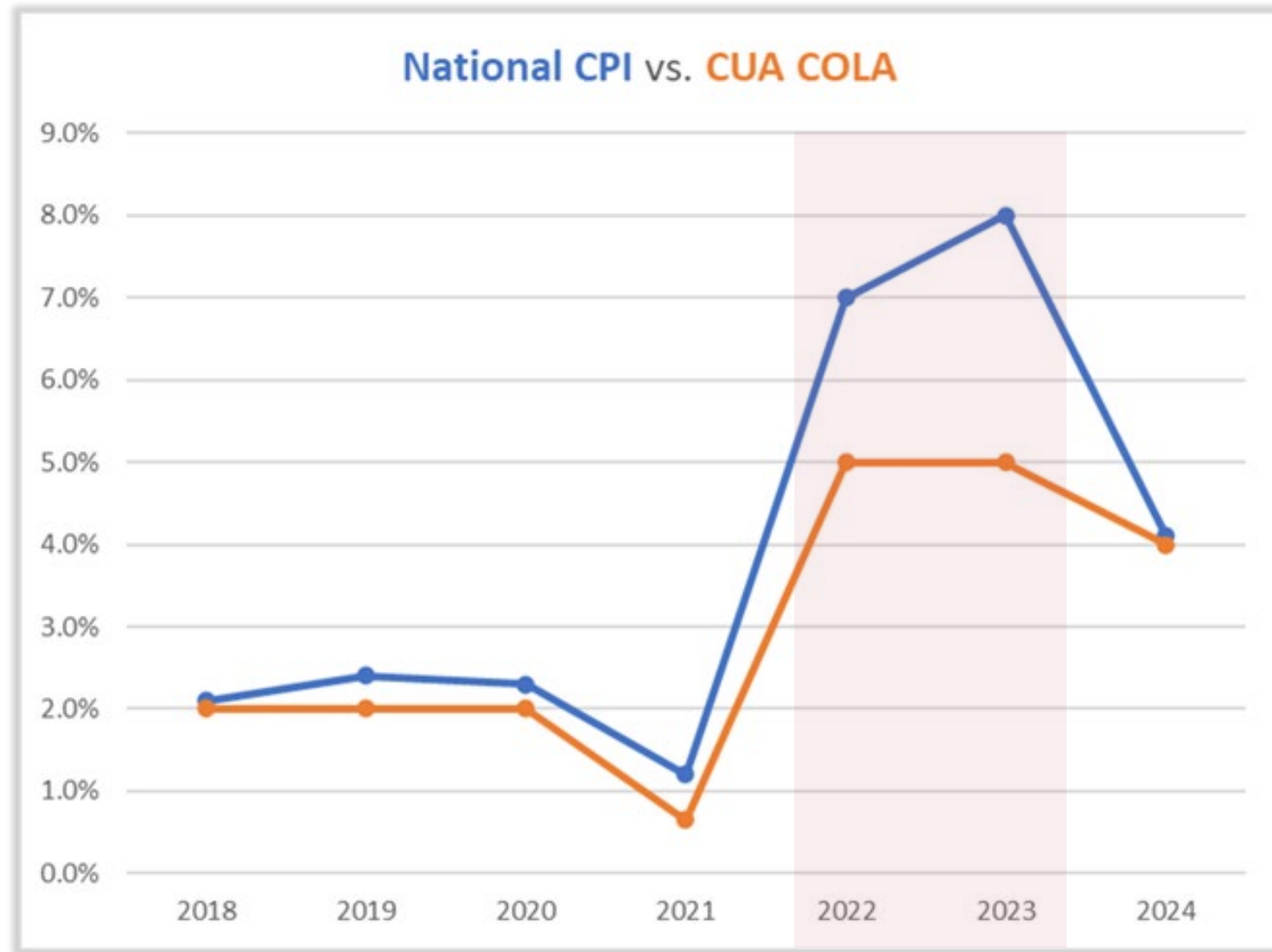
| 2019 Price Rollback | |
|---------------------|--------------|
| # of Credit Unions | 93 |
| # of Members | 788,400 |
| Average Savings | \$0.017 |
| Revenue Impact | \$151,614.11 |

- Pricing is based on your contract
- The “rack rate” has remained stable over the past five years!

As of March 2024, the monthly BMPF ranged from \$0.53 to \$0.687 per member, yielding an average of \$0.615.

In 2019, we rolled back the BMPF for all 93 credit unions that were paying more than the rack rate in our Pricing Guide!

Base Member Processing Fee - The COLA Increase



- Built into your contract but charged only when needed (if at all)
- COLA increases are kept at or below the National CPI and always capped at 5%
- Issued COLA increases over the past five years, but all have been at or below CPI

In 2022 & 2023, we capped our COLA increase at 5%, which was 2-3% less than the National CPI!



Did you know...?

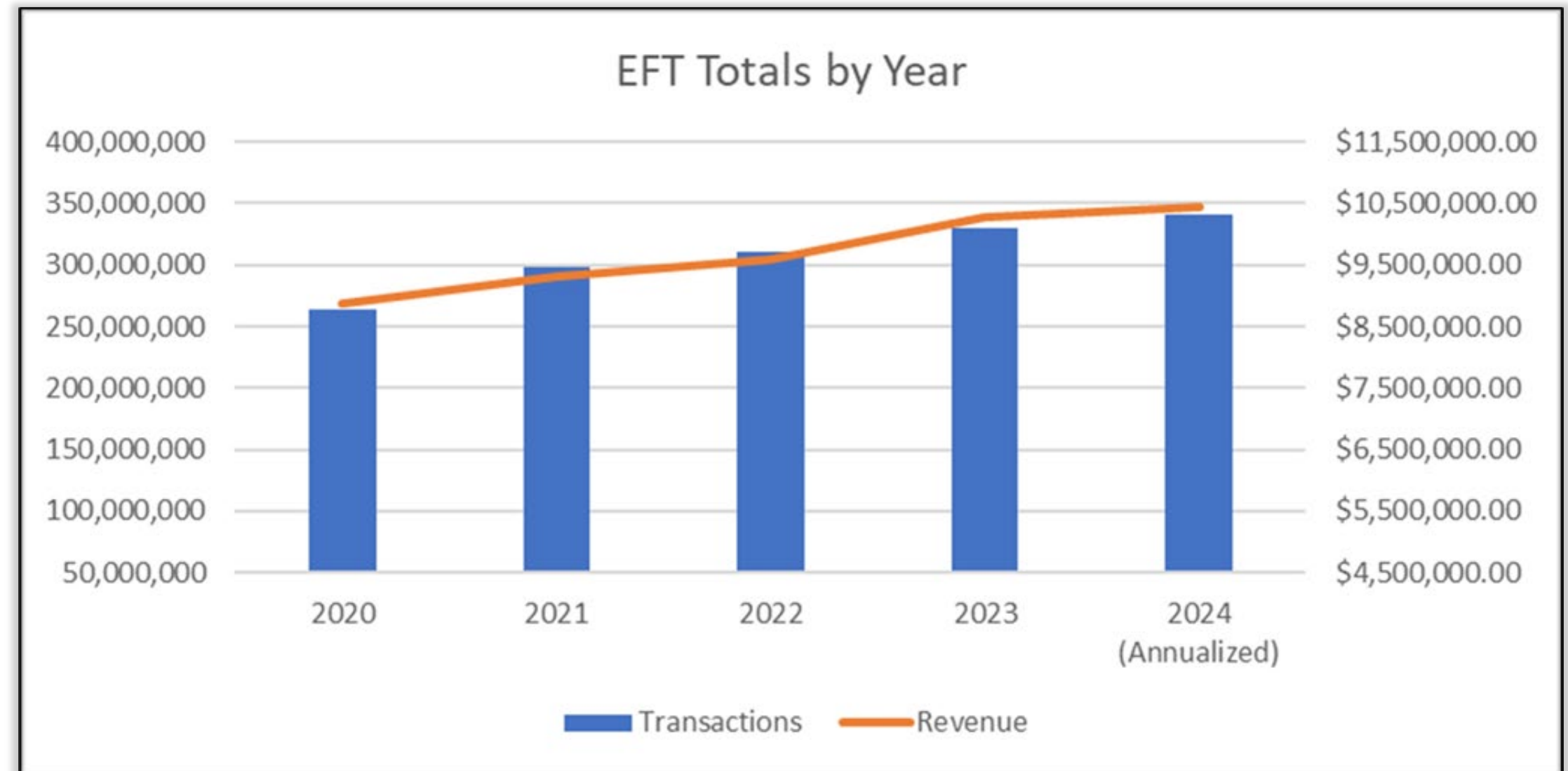
6. Our EFT fees have dropped by more than 45% since 2006.
7. Our credit bureau pull fee has been the same since 2007.
8. Our standard de-conversion fee of \$0.65/member has not changed since 2007.
9. In 2008, we launched our e-commerce suite and stopped charging per minute for online banking utilization.
10. In 2009, we started publishing an Ancillary Pricing Guide due the breadth and depth of the suite.

EFT Transactions



As EFT transaction totals steadily increased over the years, we fulfilled our commitment to reducing EFT transaction fees by 10% over a 4-year period and have maintained stable fees since.

- Added two more pricing tier caps for the highest transaction volumes in 2023
- Continue to offer EFT pricing advantages for credit unions with CU*BASE online credit cards





In late 2023, we partnered with Member Access Processing (MAP), a CUSO and VISADPS partner.

| MAP Discounts: EFT Transaction-Based Fees | |
|--|----------|
| 2024 | |
| ATM/Debit Batch Processing Thru MAP CUSO WITHOUT Online Credit Cards | |
| Credit Unions Less than 2,000 Members | Waived |
| EFT 1-75,000 Transactions | \$0.0450 |
| EFT 75,001+ Transactions | \$0.0348 |
| ATM/Debit Batch Processing Thru MAP CUSO WITH Online Credit Cards | |
| Credit Unions Less than 2,000 Members | Waived |
| EFT 1-75,000 Transactions | \$0.0409 |
| EFT 75,001+ Transactions | \$0.0307 |
| Credit Card Processing Thru MAP CUSO | |
| Credit Card Transactions using MAP CUSO | \$0.08 |

- New, discounted EFT fees for clients who use the MAP platform (18% reduction)
- New, discounted credit card processing pricing for clients who use MAP for credit card processing (11% reduction)



Did you know...?

11. In 2014, we stopped charging for email marketing messages.

12. We have formalized both our scholarship and de novo startup pricing metrics as a takeaway from our 2014 Pricing Focus Group event.

13. In 2015, we launched our forever-FREE mobile banking platform.

14. In 2016, we turned on RDC for the mobile app and upped the game with RDC-IQ in 2019.

15. We started charging for Sunday processing in 2016 and stopped in 2019.

E-Commerce Fees

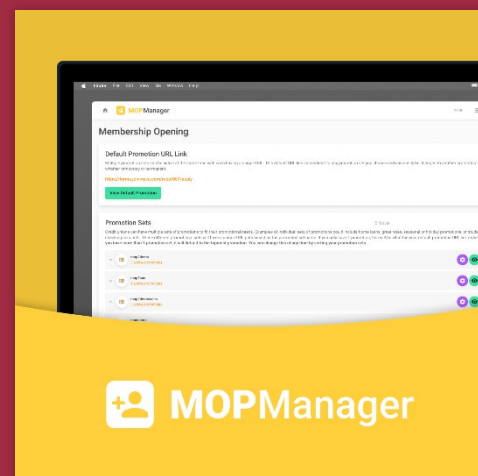
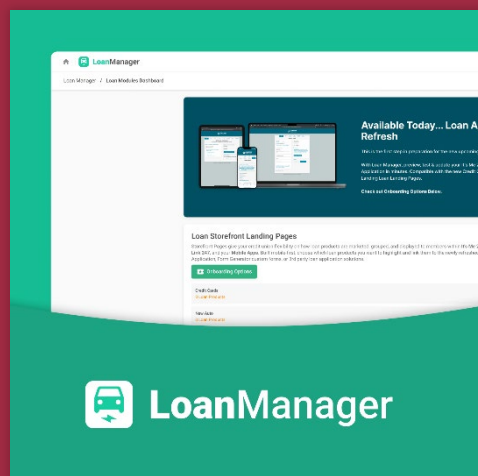


The e-commerce flat fee includes:

- Unlimited It's Me 247 with PIB multi-layer security
- e-Statements
- e-Notices
- e-Alerts
- Mobile web banking
- CU*Talk online audio response usage fee (up to a \$300 credit for CU installed IVR unit)

In the past 5 years, we've:

- Issued the first increase in nearly 10 years, despite continuous inclusion of new services
- Discontinued the RDC automated posting fee
- Reduced the MACO fee in 2021
- Continued to waive fee for <2000 members CUs
- Added a new fee to certify new mobile app versions in Google/Android/Apple stores



Check out the CUPublisher store!

We've added several new, self-service CUPublisher services with à la carte pricing to enhance your content management!

<https://store.cuanswers.com/store/irsc/cupublisher-self-service/>

E-Commerce Fees - Online Banking

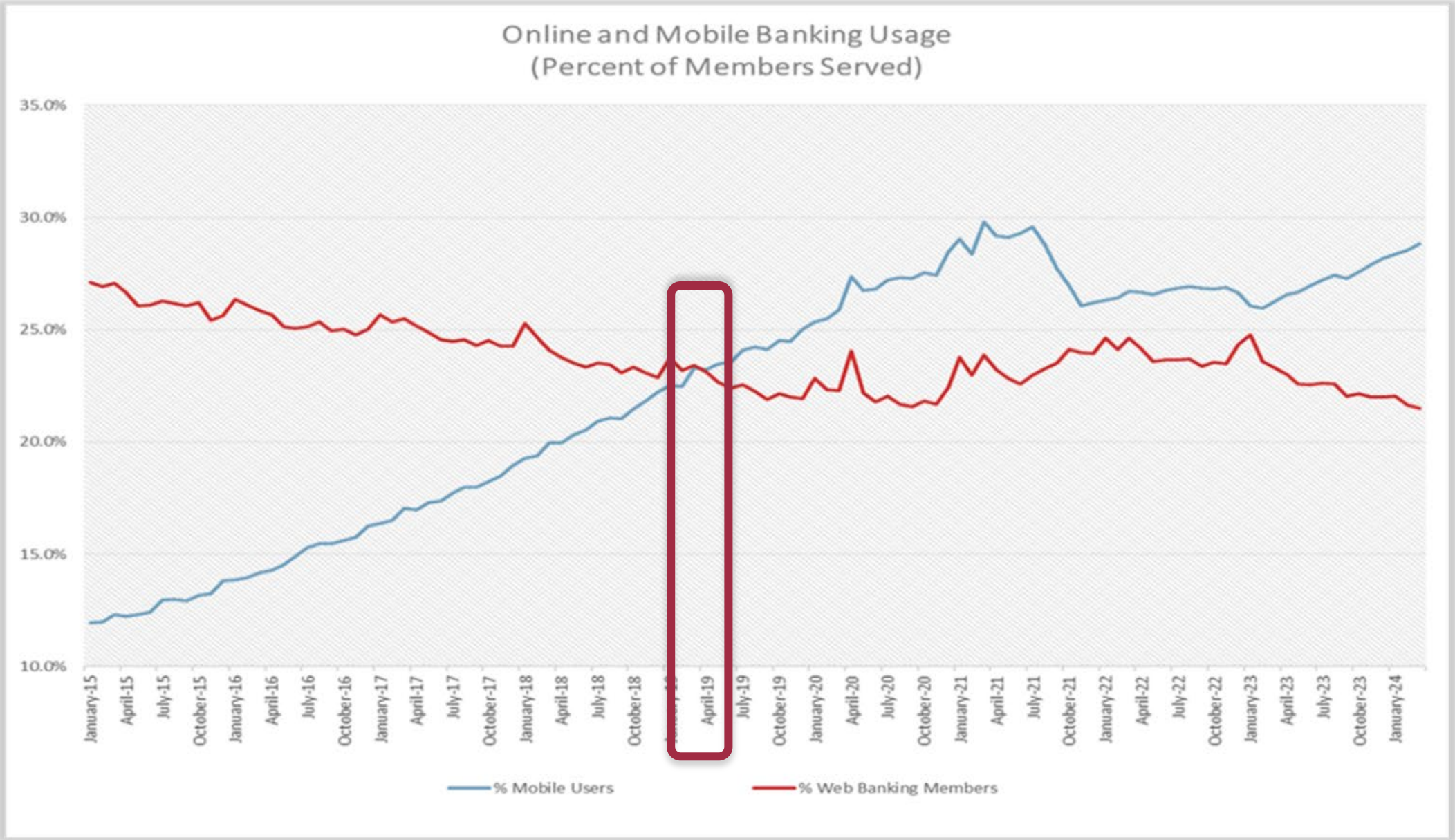


As of mid-2019, the percentage of It's Me 247 mobile app users surpassed desktop users.

In 2018, we began offering MACO (multiple authentication convenience options) for It's Me 247 mobile app users.

MACO logins the past 6 months:

- Increase in face
- Increase in PIN
- Decrease in username & password



| Month | Total Logins | Username/PW | PIN | Face | Finger | Voice | Other |
|-------------|--------------|-------------|-------|-------|--------|-------|-------|
| November-23 | 1,535,602 | 50.0% | 12.5% | 26.0% | 9.3% | 0.03% | 2.1% |
| December-23 | 19,881,730 | 48.4% | 12.6% | 27.4% | 9.3% | 0.03% | 2.3% |
| January-24 | 18,929,251 | 46.7% | 13.0% | 28.3% | 9.7% | 0.03% | 2.3% |
| February-24 | 19,208,389 | 45.4% | 13.5% | 28.9% | 9.9% | 0.03% | 2.3% |
| March-24 | 19,564,930 | 45.0% | 13.5% | 29.4% | 9.8% | 0.03% | 2.3% |

E-Commerce - Bill Pay/Presentment



- Simple, flat fee per transaction structure
- Currently offer two native solutions: 55.6% use Paymentus and 38.6% use iPay (via Jack Henry)
- SSO for CUs with Fiserv's CheckFree product (5.8%)
- Our native solution partners can (and did) issue COLA increases to our reseller pricing
- As of 2022, Paywatch Fraud Detection is included with the transactional fee
- Estimating to waive at least \$55,000 of Paymentus P2P fees in 2024



Powered by...

Paymentus 55.6%

38.6% **jack henry**TM

fiserv. <5.8%

Coming soon: A2A and P2P integrations for Payrailz, Jack Henry's new acquisition



Did you know...?

16. Prior to 2017, our pricing guides did not include 7-year contract pricing.
17. In March of 2017, we launched the CU*Answers Online Store.
18. In 2018, we added MACO to the mobile app.
19. In 2018, we stopped charging CUs under 2,000 members for e-commerce fees and EFT fees.
20. In 2021, we rolled out the CU Publisher Content Management System.

Other Miscellaneous Fees



SERVICE CHARGES AND PROCESSING FEES

- Covers OFAC, FIDM, & special services
- Apart from some 2018 decreases, fees have been steady for over two decades

See Page 14

OFF TRIAL BALANCE FEES

- Plastics vendors, mortgages serviced, & other 3rd party services
- Steady past 5 years
- Looking forward: possible change to one-time OTB vendor setup fee

See Page 14

MISC STATEMENT HANDLING FEES

- Peripheral fees for physical statements
- Stable fees for past 25 years (excluding the elimination of the email marketing messages fee)

See Page 15

DATA ARCHIVAL FEES

- Real-time archival strategies
- Enhanced online vault & CU*Spy
- Steady past 5 years
- Looking forward: continue looking for alternative strategies and cost reductions

See Page 15

EXTERNAL VENDOR COMMUNICATION FEES



- Replaced 247 Lender with FUEL in 2022, resulting in 90% cost reduction
- Otherwise, fees remained stable for over a decade
- Anticipate stable fees, despite increasing complexity

| External Vendor Communications <i>(monthly fee unless noted)</i> | | | | | |
|--|-------------------|------------------|--------|------|------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Loan Insurance Load/Run Processing | \$30 | | | | |
| ACH Processing | \$50 | | | | |
| ACH Returns and NOCs | \$0.80 per return | | | | |
| Online Credit Bureau Access (per report) | \$0.75 | | | | |
| 247 Lender Decision Modeling | \$0.50 | Replaced by FUEL | | | |
| FUEL Automated Decisioning | n/a | \$0.05 | \$0.05 | | |
| Qualifile Risk Assessment | \$0.50 | | | | |
| Credit Bureau Reporting | 1 bureau = \$20 | | | | |
| | 2 bureaus = \$35 | | | | |
| | 3+ bureaus = \$45 | | | | |
| AIRES File Creation | \$50 | | | | |
| A-to-A via Magic Wrighter (Annual and per txn fee) | Billed by MWI | | | | |



DEVELOPER'S HELP DESK PROGRAMMING FEES

| Developer's Help Desk (DHD) Fees | | | | | |
|--|-------|-------|---------|------|-------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Custom Programming Fees | | | | | |
| Per Labor Hour (Credit Union Rate) | \$125 | | \$125 | | |
| Per Labor Hour (3rd Party Vendor/Partner Rate) | \$160 | | \$160 | | |
| Project Minimum | \$250 | | \$250 | | |
| MICR Line Changes | | | \$350 | | |
| Check Processor Setup (non-CUA) | | | \$1,500 | | |
| Conversion Programming (per member) | | | \$1 | | |
| De-Conversion Programming Fee (per member) | | | \$0.65 | | |
| Custom Training Edition | | \$250 | | | \$350 |
| Fee Increased | | | | | |

Reflective of the increased complexity of projects, we've:

- Issued first-ever increase for CTE
- Increased hourly labor rate (first time in a decade)



Did you know...?

21. Since 2014, CU*Answers has added 111 credit unions with 892K members to your cooperative.
22. In the past 15 years, our disaster recovery fee has gone up by \$0.01 despite tens of millions of dollars invested in business continuity for the network.
23. Our custom training environment (CTE) is celebrating its 10th year! We have 34 credit unions leveraging it today.
24. The slight e-commerce fee increase we added in 2024 was the fee's first increase in more than a decade.

Analyzing CU*BASE Invoices



Analyzing CU*BASE Invoices



Over time, your invoice changes. Let’s take a look at how we can analyze these changes and the responsible factors.

- Has our changing menu of services adopted by your CU changed your invoice?
- Has scale (your asset and membership size) changed your invoice?
- How has time changed the way you see your invoice?
- Have your business plans changed your invoice?
- Has member behavior changed your invoice?
- Has our pricing changed your invoice?

| C.U. NO. | DATE | TERMS | PAGE | | | |
|---|---|--------------|------------|----------|---|----------|
| | 04/12/2024 | Paid via ACH | 1 | | | |
| QUANTITY | SERVICE OR DESCRIPTION | CODE | PRICE | UOM | AMOUNT | |
| Class ID: Stationary and Supplies - 264 | | | | | | |
| 100 | Courtesy Reply Envelopes - CU*BASE | 601001 | \$0.0392 | Each | \$3.92 | |
| 1,000 | Statement Envelopes - CU*BASE | 601002 | \$0.0365 | Each | \$36.50 | |
| | | | | | Stationary and Supplies - 264 Subtotal: | \$40.42 |
| Class ID: Statement Processing - 299 | | | | | | |
| 1 | Monthly Admin Fee - Statements | 101002 | \$25.0000 | Each | \$25.00 | |
| 1 | Delivery Charge | 101003 | \$2.0000 | Each | \$2.00 | |
| 1 | Monthly Admin Fee - CC Statements | 101004 | \$25.0000 | Each | \$25.00 | |
| 1 | Forms Warehousing Fee | 101005 | \$2.0000 | Each | \$2.00 | |
| 2,785 | Monthly Processing/Lasering | 101006 | \$0.0220 | Each | \$61.27 | |
| 1,578 | Credit Card & Statement Pages | 101008 | \$0.0373 | Each | \$58.86 | |
| 1,000 | Stmnt Onsert Processing | 101011 | \$0.0150 | Each | \$15.00 | |
| 1 | Onsert Admin Fee | 101015 | \$25.0000 | Each | \$25.00 | |
| 1.578 | Bursting Fees | 101016 | \$6.9000 | Thousand | \$10.89 | |
| 1.578 | Folding Fees | 101018 | \$6.9000 | Thousand | \$10.89 | |
| 1 | Inserting Fees | 101019 | \$29.9000 | Thousand | \$29.90 | |
| 0.945 | Nesting Multiple Pages | 101020 | \$23.0000 | Thousand | \$21.74 | |
| 1 | Statement Postage | 101022 | \$597.6250 | Each | \$597.63 | |
| 1 | Overwt/Foreign/Postage - billed 2 months in arrears | 101028 | \$2.5200 | Each | \$2.52 | |
| | | | | | Statement Processing - 299 Subtotal: | \$887.70 |
| | | | | | SUBTOTAL | \$928.12 |
| | | | | | SALES TAX | |
| | | | | | INVOICE TOTAL > | \$928.12 |

| C.U. NO. | DATE | TERMS | PAGE | | | |
|---|--|--------------|------------|------|---|-------------|
| | 04/12/2024 | Paid via ACH | 3 | | | |
| QUANTITY | SERVICE OR DESCRIPTION | CODE | PRICE | UOM | AMOUNT | |
| Class ID: Core Processing Fees - 293 | | | | | | |
| 1 | Monthly File Transmission to Magic Wrighter | 117205 | \$100.0000 | Each | \$100.00 | |
| | | | | | Core Processing Fees - 293 Subtotal: | \$3,363.28 |
| Class ID: Signature/Pin Card Fees - 293 | | | | | | |
| 75,000 | Online EFT Transactions w/Credit Cards | 100200 | \$0.0509 | Each | \$3,817.50 | |
| 2,976 | Online EFT Transactions w/Credit Cards | 100200 | \$0.0407 | Each | \$121.12 | |
| | | | | | Signature/Pin Card Fees - 293 Subtotal: | \$3,938.62 |
| Class ID: Bill Pay Services - 293 | | | | | | |
| 190 | Paymentus - Active Users | 104200 | \$0.0000 | Each | | |
| CU*ANSWERS Monthly Billing | | | | | | |
| 1,186 | Paymentus - Inactive Users | 104201 | \$0.0000 | Each | | |
| CU*ANSWERS Monthly Billing | | | | | | |
| 792 | Paymentus - BillPay Transactions | 104203 | \$0.6610 | Each | \$523.51 | |
| CU*ANSWERS Monthly Billing | | | | | | |
| 2 | Paymentus - BillPay Electronic Returns/Rejects | 104205 | \$5.4700 | Each | \$10.94 | |
| CU*ANSWERS Monthly Billing | | | | | | |
| 27 | Paymentus - BillPay P2P Transactions | 104206 | \$0.0000 | Each | | |
| CU*ANSWERS Monthly Billing | | | | | | |
| 819 | Paymentus - Paywatch Fraud Monitoring | 104207 | \$0.0000 | Each | | |
| CU*ANSWERS Monthly Billing | | | | | | |
| 4 | Paymentus - BillPay Postal Returns | 104208 | \$10.9300 | Each | \$43.72 | |
| CU*ANSWERS Monthly Billing | | | | | | |
| 65 | Paymentus - BillPay Presentments | 104209 | \$0.2760 | Each | \$17.94 | |
| CU*ANSWERS Monthly Billing | | | | | | |
| 792 | Paymentus - Postage Adjustment | 104216 | \$0.0533 | Each | \$42.21 | |
| | | | | | Bill Pay Services - 293 Subtotal: | \$638.32 |
| | | | | | SUBTOTAL | \$16,198.24 |
| | | | | | SALES TAX | |
| | | | | | INVOICE TOTAL > | \$16,198.24 |

Analyzing CU*BASE Invoices



Don't forget about the Accounting website!

Use the Accounting website to:

- Browse billing codes
- Access helpful resources
- View frequently asked questions
- Meet the Accounting Team
- Contact the Accounting Team

*This site is only available via a CU*BASE connected terminal.

The screenshot displays the CU*Answers Accounting Services website. At the top, there is a search bar labeled "Search CU*Answers Accounting" and a "Search" button. The navigation menu includes links for Home, Browse Codes, Resources, FAQs, Testimonials, Meet the Team, and Contact. The main heading is "Billing Code Lookup" with a subtext: "For more information about the billing code in question, enter it below." Below this, there are two input fields: "Enter Code" and "Lookup Code". The page is divided into three main sections: "CU*Answers Accounting" (providing general information and links to financial statements), "CU*Answers Financial Statements" (with a "Due Diligence" button and links to various forms like Blank W-9 Form, CU*Answers Completed W9, Sales Tax Certification Form, and ACH Debit Authorization), and "Most Popular Billing Codes" (listing codes 100200, 100230, 100201, and 100223 with their respective descriptions). The footer contains contact information, copyright details (© 2002 - 2024 CU*Answers Accounting), a privacy notice, and a disclaimer.

Questions?

Conversations on*

Pricing

A CU*Answers Collaboration Group

Thank You!
Make it a great day!

Conversations on*

Pricing
A CU*Answers Collaboration Group