

PERSPECTIVES

Strength in Numbers: The Real Value of a Payments CUSO Partner

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Are your vendors acting like providers or partners? Vendors provide a service for a price. A Credit Union Service Organization (CUSO) is a true partner, adding value that enables the mutual success of both parties. A CUSO delivers incremental benefits to its owners directly through scale in buying power, partnerships with industry leaders, and direct access to the services credit unions need to compete with banks and other financial services providers.

CUSOs were founded and built by credit unions for the purpose of helping them access best-in-class products and services at competitive prices. And as a credit union owned cooperative, its owners contribute a collectively unique perspective on their strategic needs to thrive and grow in their market. This collaborative approach ensures that the focus of the cooperative addresses the highest priority needs of its membership.

CUSO owners are able to derive value from the CUSO's deep pool of experience and expertise. This spans the spectrum of payments for the credit union owners of PSCU, including risk and fraud management, strategic portfolio and marketing consulting, credit union



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Brian Caldarelli leads PSCU's Corporate Support Services team, which includes Finance, Legal and Enterprise Risk Management. Brian is responsible for driving the necessary transformations on the regulatory, strategic and internal risk fronts to ensure the continued growth and prosperity of the CUSO and its Member-Owner Credit Unions. Prior to joining PSCU, Brian served as Chief Financial Officer of the European division of Recall Corp, a global document management company. Brian's previous experience includes senior leadership roles with Bank of America and Acuity Brands.

operations and call center management. Credit union owners should rightfully expect their CUSO partner to help in lifting their performance across nearly all business disciplines and operations.

For nearly 40 years, PSCU has strived to deliver an exceptional and memorable service experience at every credit union

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and member touch point. PSCU's targeted investments in transaction processing, fraud prevention, digital payments, loyalty rewards, data analytics programs and call center support give all owners the competitive edge needed to excel in their markets.

In true cooperative fashion, PSCU acts as an extension of a credit union's own staff through its unparalleled member service capabilities. PSCU owns and manages all assets used by its call centers, including proprietary call processing, quality assurance tools and software. Continual investments in call center technology and resources ensure PSCU's Owners receive the most attentive, customized and responsive service possible.

PSCU's access to industry leading partners also gives its owners the opportunity for early adoption of new payments technology. EMV chip cards and digital wallets like Apple Pay, Android Pay and Samsung Pay are prime examples of sophisticated technologies that involve the coordination of many moving parts – and multiple partners – that are being successfully delivered to credit unions by PSCU. This depth of resources within the PSCU CUSO relieves owners of the burden of managing dozens of endpoints, as well as provides access to services and expertise at far less cost than credit unions would incur by hiring individual experts.

The cooperative ownership structure serves as a significant differentiator, as the profits

of a cooperative such as PSCU are paid to its owners through annual cash dividends and equity investments in the CUSO. These earnings serve to both boost the owners' net income and increase their capital. Since 1994, PSCU has distributed nearly \$435 million in patronage dividends to its Member-Owner Credit Unions.

Many CUSOs are governed by a board structure made up of their members. In PSCU's case, the cooperative is governed by a board of directors comprised of CEOs of its credit union owners who answer to the cooperative's credit unions, not to the short-term demands of the stock market. In the cooperative CUSO model, owners are both shareholders with a stake in the company, as well as the client of the cooperative.

A CUSO partnership, in which the CUSO and owner share common goals, can provide value far beyond that which can be obtained from other vendor providers who are unlikely to share the credit union's core values. The intrinsic connection that exists between a CUSO and the mission of its owners is not found in the commercial customer model. With a CUSO and its owners, there is a mutual understanding of what is, and is not, important.

Dave Serlo, PSCU's first employee and CEO, always understood that the core values of credit unions – service, trust and community – resonate with all consumers seeking fairer and more rewarding relationships with their financial

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consumers seeking fairer and more rewarding relationships with their financial institutions. In 1994, PSCU was established as a CUSO that embraced these same values and in doing so, dramatically changed the way credit unions do business. These pioneering efforts continue to this day and have served as a model for the development of modern CUSOs that offer untold savings to owners while making a significant difference in helping credit unions compete more effectively with local, regional and national banks.

Today, partnerships with CUSOs empower credit unions everywhere to offer competitively priced and innovative products and services that make a real

difference in members' lives and at life's critical moments when their members' needs for help are the greatest. The fabric of the industry was built on serving the under-served, and on bonding the financial institution to members with a passionate sharing of values and relationships. This unique relationship is fulfilled best by the creation of a cooperative business model, where all members contribute in multiple ways to member satisfaction while benefiting from mutual success. The real value of the CUSO goes beyond the dollars and is in fact defined by the success of its owners and how well the CUSO serves its credit unions and their members. And that is strength in numbers at work.