

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

Jerry: Well, once again, it's time to chat with Scott Wilson, the President and Chief Executive Officer at SeaComm. Scott, another year in the books.

Scott Wilson: It's hard to believe, Jerry, and you know, as I always say, I love these chats.

Jerry: Well, so do I. It's fun to find out what's going on at SeaComm from your perspective.

Scott Wilson: This is the one time of year I'm able to come back and say, this is what happened in 2023.

Jerry: So what did happen in 2023?

Scott Wilson: Well, as everyone is aware, the interest rate environment is a little volatile. Since 2022, if you look back in March of 2022 to July of last year, we had an increase of 525 basis points in the fed rates. What does that mean to the general public? Prime is at eight and a half percent, which means that our rates go up. At the same time we have to raise our rates. But also it's not just on the loan side, but also on the deposit side. So we obviously will talk a little bit about that during this podcast.

Jerry: You know, it's interesting. I remember because I'm an old guy, I remember back when the rates were high, higher than they are now, my first car loan was at 12%. I remember getting 6% on my savings account. So all things are relative, but what it does, I think, is probably what it's designed to do, slow down the economy.

Scott Wilson: Which it absolutely has. Listen, most don't think about this. We were in basically a zero rate environment for almost a decade. It's a little bit of ups and downs, but at the end of the day, really, really low. It's really hard to get your brain around that I was able to have a car loan at two and half percent, and now it's cost me six and a half. It's just a big change in the environment. Fortunately, I think that those rates will start to come down this year as the Federal Reserve has talked about maybe a couple of rate cuts, but it'll take some time to unwind where we are today from where we were.

Jerry: So I guess the bottom line is how has this affected the credit union?

Scott Wilson: To be honest with you, Jerry, we've actually had an exceptional year. We exceeded our own expectations based on the key metrics and the budget the board approved the previous year. We ended with a nice growth of 2.85% in membership. Our overall assets ended at \$799,354,624 and we ended with a net income of \$7.6 million.

Jerry: Those are good numbers.

Scott Wilson: They're very good numbers. I will tell you that going into 2023, it was really hard to predict where the Federal Reserve was going to be in terms of rates. The amount of money that we pay back to our members in a dividend based on the use of their money has went up significantly through a number of vehicles, specifically the certificates of deposit. So when we budgeted for 2023, we actually exceeded our budget of what we thought we'd pay back to the members by \$2 million, which is favorable to the member who's wanting to look for that additional yield. So some of that, even with that, we obviously have had a good year. Our loan growth was at 12.17%. So what does that mean? We did 137 million worth of new loans that were dispersed during the year.

Jerry: Well, despite the fact the interest rates are up, people still need cars. They still need homes. So people are still borrowing.

Scott Wilson: Think about from the mortgage side, if you were already involved at the time of looking to purchase a new home, maybe you had yours for sale, maybe you sold it, and you are in the midst of that, you probably paid a little bit more than you thought you'd pay a year ago. The same on the auto side. If you had a 3% auto loan and all of a sudden three years later you're trading and now it's going to be six and a half. That's a big difference. So when you're looking at it from a payment perspective, obviously everything's went up, but as you indicated, folks need cars to drive, and so they're willing to pay a little bit more in order to get that.

Jerry: And we do have options that can help members fit these payments into their budgets.

Scott Wilson: Absolutely. One of our nice products we have is Driving Sense, which allows our members to get into an auto with a more reasonable payment based on residual values of that vehicle. It's a lease like product.

Jerry: I like to call it like a lease, but better.

Scott Wilson: It is better because you're not stuck with it.

Jerry: You own the vehicle.

Scott Wilson: Yes. If you decided to trade out in 36 months of that maybe 72 month term, you're able to do that. It's your decision.

Jerry: And we work with the members to help them do whatever they need to keep their expenses within their budget. Let's face it, the way the economy is, people need loans and we're the place to go.

Scott Wilson: Absolutely. It's from everything from maybe a Christmas loan. I mean, we're just coming out of December, and we do have members who are looking for that additional money to put some presents under the tree, but also more importantly, maybe they ran into a furnace broke down, and they need a little bit of money to help do that, or maybe even to put fuel in their tank. So you have all kinds of need at any one point, and obviously we're there to assist.

Jerry: And from the numbers, the members do depend on us to take care of these needs for them.

Scott Wilson: Yeah. And I think the important also part of this conversation is how we take care of our members. I mean, obviously having an expectation of service is really critical. So first of all, we're getting near the end of our 60th anniversary, June 6th, and looking back those six decades and thinking about what we were intended to do was make credit available to those who needed it, and that's what we've done, and we've tried to make it at a reasonable rate. I love to talk about our loyalty rewards program. The more business you do with the credit union, the better rate you get, and that really makes a difference when you're looking to borrow. But also, conversely, on this side, when you're making a deposit like a certificate of deposit with us.

Jerry: We've had a variety of specials throughout the year and continuing into the new year, and it's amazing how much the loyalty rewards can raise a member's rate.

Scott Wilson: Significantly.

Jerry: Significant.

Scott Wilson: We ended a year with our member satisfaction scores, so we used Quality Loop to basically measure how well our staff is doing in terms of servicing our members. We set a goal of 6.75 out of seven, by the way, and we ended up with 6.81, which is very favorable. Obviously that really makes us feel like we're doing what we're supposed to do and we're exceeding that expectation.

Jerry: Well, anecdotally, Scott, I can tell you we are because of what I hear, I'm out every day and I talk to people and people love SeaComm.

Scott Wilson: And, you know, Jerry, it's not that we never have a problem, but we know that when we have a problem, that is our opportunity to fix it and to make it right by the member. And that's really where it comes about. And the most important part of taking care of our members is not just when we do it right, but when we do it, maybe not so right, and we're going to try to fix that problem.

Jerry: Oftentimes, it's just not right for that particular member, but we'll take a look at the circumstances and do whatever we can to make it right.

Scott Wilson: Absolutely. I think also it's important to note that last year we came off a great year with our employee engagement. We made the Great Place to Work, which is a national survey company. 90% of our employees agreed that we are a great company to work for, and when we compare it based on the information they provided to us, 57% of US-based companies. So it's a much higher agreement than what you see across the country. And I also think it's important to note that we won a few awards last year. We were awarded the first place for New York State in the Dora Maxwell Award for Social Responsibility and Community Service.

That really came down to our Pay It Forward program, Jerry, which you know you're a part of, and that's consistent. We've been winning that award for a number of years, so something to be really proud of. We also won the Diamond Award from the CUNA Marketing and Business Development Council for ongoing events with Pay It Forward, and we also won the Silver MAC Award for Community Engagement. So obviously our Pay It Forward program really is something that's significant for us and what we're doing for the communities in which we do business.

Jerry: And also for the membership too. They love to see us out like that.

Scott Wilson: They do. We look at Facebook and our other social media platforms, and it's really rewarding to hear all of the comments like, we love SeaComm. We love being part of it. We love that what we're doing in the communities, and really business is about relationships, and it's not just about the direct relationship with our members, but the communities in which we do business, and it's important that we're a good community leader in doing those things.

Jerry: Well, I think a lot of the membership realizes that we're out there doing that. It's them too.

Scott Wilson: Last year, collectively between direct support and sponsorships, we gave \$428,000 away in the communities in which we do business. 50,000 of that was from the Federal Home Loan Bank of New York, which we're a member of part of a recovery grant program that they offered their member institutions. We took advantage of it, gave five organizations in our markets \$10,000 each. It's really important to note that those dollars really do matter to these organizations. In particular, whether it's the United Way of Northern New York or the Police Activities League, it really doesn't matter. They all are looking for dollars in order to meet their mission as well.

Jerry: And that's how we reach out to people. Yes. We take care of their savings account, their checking account, their loans, but also we try to make our communities better, and I think we do a really good job on that.

Scott Wilson: The other thing I just want to mention that we did integrate our new enhanced SMARTline platform that gives the member ability to call in, use the interface

for 24/7 access via chat to their accounts. One of the major questions we get asked is, what's my balance, especially after a long weekend.

Jerry: Right.

Scott Wilson: So we think that this gives our members that 24/7, I want to do it at 10 o'clock on a Saturday night when we're closed. They're still able to call and get that information. They can make a transfer for a loan or transfer some money from your share account to your shared draft, whatever your needs are. That doesn't replace the people. We have great people who answer those calls during business hours, plus we obviously have our mobile technology and NetTeller, which gives you direct access to those as well. So it's just one additional service that we do offer, Jerry.

Jerry: We just try to make it easy to do business with us.

Scott Wilson: We do. I think really the important part is your credit union is always looking to enhance those services and always looking to make sure that we're doing what is needed in order to make your life easier as a member.

Jerry: So 2023 was a good year. All things considered in the life of SeaComm, we go into 2024, what can we expect?

Scott Wilson: What you can expect is the same high level quality of service and products that you have come to expect from us.

Jerry: That's really important, Scott. And I know our membership expects that, they deserve it, and we deliver.

Scott Wilson: As I always say, we work for our members and that is what they're asking of us, and we're going to make sure it happens.

Jerry: Okay, Scott, anything else?

Scott Wilson: No. I think that's it. Thank you again, Jerry, for your time.

Jerry: Well, until next time, that's President and CEO, Scott Wilson from SeaComm.

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