



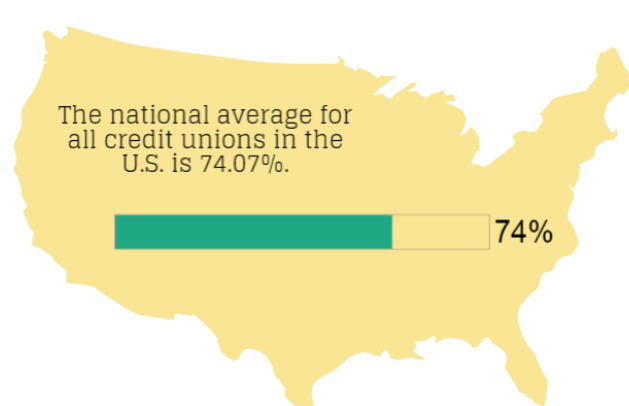
# Financial SPRING CLEANING

Spring is an excellent time to assess efficiency and clean up clutter to make way for new products and measures.

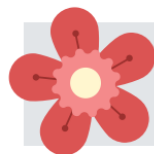
## EVALUATE

Before embarking on a deep clean, decide what areas need attention. Start by looking at the credit union's efficiency ratio, loan originations per employee, and dollar revenue per dollar salary and benefits.

### 1 THE EFFICIENCY RATIO



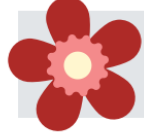
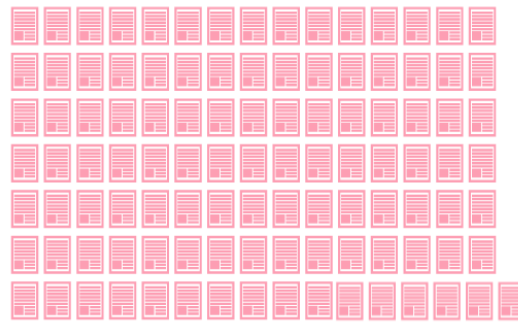
- Calculate the credit union's efficiency ratio by dividing operating expenses by interest income less interest expenses and non-interest income.
- By subtracting interest expenses from the denominator, the efficiency ratio is less volatile and better controls for the effect of interest rate fluctuations.



To see how two credit unions pared down redundancies and added efficiencies through document management, read "Document Purge Leads To Clean Spring" on CreditUnions.com.

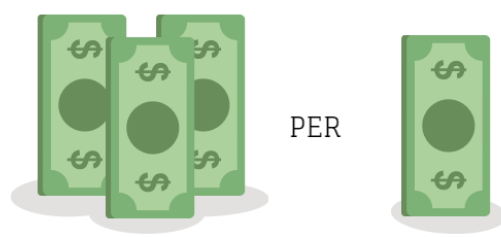
### 2 LOAN ORIGATION PER EMPLOYEE

- Looking at the number of loan originations per employee is one way to measure productivity.
- Nationally, each credit union employee originated 106 loans on average in 2015. This is steadily on the rise and is up 10 loans since 2013.



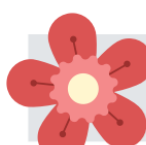
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### 3 \$ REVENUE PER \$ SALARY AND BENEFITS



PER

- The national average for all credit unions is \$2.97 dollars of revenue per \$1.00 salary and benefits.
- Measuring return on salary and benefits expenses helps ensure a credit union is generating enough revenue and compensating employees appropriately.



For more information on employee productivity metrics, download the Callahan Collection, "Role Re-Vision For The Modern Credit Union" on CreditUnions.com.

## PLAN AND EXECUTE

With the right metrics in place to evaluate efficiency, credit union leaders can tackle spring cleaning like a pro. The following strategies are examples of ways to boost revenue and cut costly, ineffective measures.

### 1 REEVALUATE THE BRANCHING MODEL

- Consider implementing technology that makes branches more efficient without sacrificing member service and satisfaction.



With Callahan's BranchAnalyzer, the ability to make smart tweaks to your branching strategy is just a click away. For more information, click here.

### 2 INCREASE ELECTRONIC OFFERINGS



- Mobile offerings reduce paper work and costs. They also decrease branch transaction traffic, allowing the branches to run efficiently and focus on relationships.
- Almost half of all credit unions offer mobile banking, nearly two-thirds have electronic bill payment, and more than one-third accept online member applications.

Source: Callahan & Associates

### 3 CLEAR THE CLUTTER

- Build-up collects in all areas of the credit union. Combat that by getting rid of inactive accounts, outdated marketing materials, and paper statements.



Read more about one credit union's strategy to clean up inactive accounts in "How To Clean Up 900 Checking Accounts" on CreditUnions.com.

### 4 COLLABORATE WITH CUSOS



- A credit union can offer new products and services through a Credit Union Service Organization (CUSO) without assuming too much cost or risk.
- Credit unions that participate in multi-owned CUSOs have higher loan, share, and member growth rates than those who do not.

Source: Callahan & Associates



For more information on CUSOs and their ability to help generate new earning opportunities, download the "CUSOs" Callahan Collection.