

Credit Union **BUSINESS**

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3D Web: Ready? Here it Comes

Is your credit union poised for three-dimensionality? In the very near future, virtual 3D Web may become an everyday aspect of credit union life. If today's high-tech youth are to become your credit union's members of tomorrow, 3D Web is a technology you'll definitely want to understand. Discover some tips to get you started on this wave of the future. *By Diane Franklin*

Sometime in the not-too-distant future, a young person may walk into your credit union to set up an account. That person may sit down at a member service representative's desk and learn about the many advantages your credit union has to offer. This scene may not seem too unusual, except for the fact that this interaction will be happening in the virtual world of the 3D Web. In this scenario, the young person and the member service representative are actually miles apart, but their avatars – 3D representations of their real selves – are interacting in the 3D Web-based branch of the credit union.

Technology already exists for such an interaction to take place. In fact, millions of people have ventured into virtual environments, thanks to the emergence of 3D worlds such as Second Life (www.secondlife.com) and There (www.there.com). These sites, and others like them, allow people to create customized avatars that socialize with one another using both voice and text chat.

While initial usage of the 3D Web has been socially based, numerous businesses in many different industries are committing serious dollars to researching what the 3D Web can do for them. In the credit union industry, the Filene Research Institute's i³ Group (<http://filene.org/i3>) is exploring the 3D Web with initial emphasis on providing financial literacy education to the under-25 demographic.

Filene i³ is a work group of credit union professionals

who collectively look for ways to enhance credit unions' effectiveness (the three i's stand for ideas, innovation and implementation). Based upon their exploration of virtual online worlds, these pros hit upon the idea of creating Credit Union Island, which will be located on the Teen Grid of the Second Life virtual world. Funding for the project will come from individual credit unions as well as venture capitalists who are looking to get in on the ground floor of a new use for an emerging technology.

A key component of Credit Union Island will be an interactive game targeting Gen Y. The game allows this age group to make simulated financial decisions that will mirror those they will face in the course of their lives, such as buying a car, obtaining a home mortgage or investing in a 401(k). The players' decisions not only result in actual possession of virtual homes and cars but also create a competition amongst multiple users to see who makes the best financial choices. Rewards can be given to the highest score, and eventually, virtual money can be converted to real currency and electronically deposited into a credit union account.

Within the 20 minutes that it takes to play the game, they [gamers] can learn life-long ramifications of their financial decisions and have fun at the same time," says Scott Moriarty, a member of Filene i³ and also VP of lending at Virginia Credit Union in Richmond, Va. "The 3D Web can be used as a financial literacy learning tool in an environment that is



appealing to the younger generation. Financial literacy is a struggle across the industry, and we see this [technology] as a gateway to enhance financial literacy for youth and possibly build new member relationships.”

David Brooke, another Filene i³ member, likewise sees value in reaching the younger demographic with a 3D virtual world. “Our research showed the importance of educating the Gen Y demographic on financial literacy. Part of that is familiarizing them with the credit union movement,” explains Brooke, who is EVP of operations and COO at Point Loma Credit Union in San Diego, Calif.

A Natural Progression

Plans for Credit Union Island also include a virtual credit union building. While this credit union structure is generic in nature, it offers the potential for participating credit unions to have portals to the island reachable from their own Web sites. “We envision a time when Credit Union Island will be able

to host individual credit unions, all of which have their own virtual 3D presence,” Moriarty says. “The idea is to create a virtual island for credit unions nationwide and allow them to leverage their educational initiatives and value propositions in a new way.”

While conducting business using the 3D Web is still a fairly new concept, Moriarty sees it gaining momentum quickly. “The use of virtual worlds is rapidly accelerating. Use in Second Life alone has grown considerably over the last year, and at any given time, 40,000 participants can be online.”

Moriarty cites projections from Gartner Research, indicating that 80 percent of active Internet users will be participating in 3D Web by 2011. In addition, some 80 universities are using Second Life as an educational tool. “It’s an idea whose time is coming. We feel it’s important for credit unions to be aware of this [concept] as an emerging technology. By



getting involved now, they can be part of the development of the concept for the credit union movement.”

Brooke sees the use of the 3D Web as a natural progression in the socialization of the Web. “Over the past few years, we’ve seen the use of chat rooms grow,” he explains. “The 3D Web is like a chat room on steroids. It’s a chance to interact and use a gaming environment. Many in this demographic have grown up with gaming, so using our interactive game will provide them with an opportunity to learn by using something that they enjoy doing.”

Partnership with Ohio University

Filene i³ is working with the University of Ohio to bring the game to young people. Dr. Chang Liu, Assistant Professor of School of Electrical Engineering and Computer Science at Ohio University, is working with the i³ group. Dr. Liu heads the university’s VITAL Lab (<http://vital.cs.ohiou.edu>), which has created educational games and learning tools for Second Life and other 3D online virtual environments. Among its

various projects, the VITAL Lab received a \$1.6 million grant from the National Science Foundation to improve science at the middle school level through the development of online science labs. Another project involved working with the Ohio Environmental Protection Agency to create an interactive game at the high school level.

“There is great interest in using Second Life for higher education,” reports Dr. Liu, explaining that the virtual-gaming experience on Credit Union Island allows young people to try out financial decisions in a risk-free manner. “Instead of real life, where they have to live with the consequences of their mistakes, they can try out decisions in a virtual world. For instance: Should I buy a house or should I rent? Should I get a bachelor’s degree or master’s degree? Should I get a cheap car or a more expensive car? In 20 minutes or so, they can play out several years of financial decision making.”

The game will soon be ready to move from the alpha-testing to the beta-testing phase. It will make its debut as

This man has:

- a. Won the lottery
- b. Fallen from the sky
- c. Been shot out of a cannon
- d. Increased his auto loans by 18% in the last 6 months

The answer is d.

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soon as Credit Union Island goes public sometime later in 2008. The focus, Dr. Liu explains, has been on making the game both educational and fun. “Gen Y grew up playing video games, so they are comfortable learning this way,” he says.

Also providing input into the game is Teresa Franklin, Associate Professor in Instructional Technology in the College of Education at Ohio University. “The game is very similar to the game of Life,” Dr Franklin reports. “It teaches economics, money management and life skills, such as the importance of setting money aside in a 401(k).”

Dr. Franklin adds that the game can help introduce college students, high school students and even middle school students to concepts about money that they have never learned before. “There are high school juniors and seniors who know nothing about checking, and once they get to the university level, they are going to be inundated with credit card offers. There’s a whole range of students who need to start learning about money management. The really interesting aspect about

this [concept] is that we’re building something in a virtual environment that meets national standards of what students should be learning about economics. Having it in this format makes it more interactive and therefore more engaging.”

Beyond Virtual Games

While the financial literacy game is part of the focus of Filene i3’s early efforts, Brooke reports that Credit Union Island involves other types of interaction. “Participants are able to explore and interact with other people on the island, not just play the game,” he says.

Moriarty adds that there are many different uses for the 3D virtual-world technology. “You can hold a virtual financial seminar or have a virtual meeting in a virtual auditorium with 100 people, all represented by avatars. Individual people can converse and hear the conversation. Or you may be able to test certain concepts such as branch designs to see how well they may be received. Every day, companies are learning new ways to use this technology.”



Brooke sees the 3D Web as a growing, diversifying technology. “Down the line, I can see a time when virtual avatars will be doing business with one another. For instance, a member will be able to sit down with a loan processor in a virtual environment, when really both of them are sitting in front of a computer across town from one another. It could definitely be an advantage to be an early adopter of the 3D Web, just as it was with the original Web technology.”

Similarly, Moriarty foresees a time when credit union interactions may occur in the 3D world. “Based on what we’ve seen, we believe there is potential for this type of interaction. Those who get their feet wet in the 3D Internet today may set themselves up for using it more productively in the future.”

Diane Franklin is a business writer with extensive experience in the credit union industry. She is based in Florissant, Mo.

For more information about Credit Union Island, email Scott Moriarty scott.moriarty@vacu.org, or visit Filene.org for more information. Also, see the Credit Union Island video on the You Tube Web site. Visit www.youtube.com and enter “Credit Union Island” (within quote marks) into the search field.

Beginning in March

