

Service Issues

An E-publication from the Delaware League Services

Fourth Quarter 2011

CUMONEY — Family Card



Has the average age of your members increased in recent years? It's a common issue concerning many credit union executives – older members borrow less money which erodes your ability to reinvest interest income in products and services. To ensure the future growth of your credit union you need to engage the younger generation. Getting their attention requires a creative strategy and a little help from your league. ICUL's CUMONEY Family card, a reloadable debit card, offers your credit union an opportunity to connect with young members while giving them hands-on financial learning.

Your credit union will benefit from the following:

- All liability and fraud exposure is carried by ICUL Service Corporation – keeping you focused on serving your members
- Build loyalty among the next generation of members
- Additional revenue opportunity for your credit union
- Online ordering and loading – allowing you to implement quickly
- No card inventory – cards are issued and paid for when member enrolls
- Cards are personalized and mailed to members in 7-10 days
- Free credit union website banner ads for marketing and member website link
- Free marketing toolkit with program set up
- No extra bond coverage needed by Credit Union, ICUL Service Corp assumes all fraud risk
- Free parent internet website to reload funds, check balance and transaction history, set up parental
- card controls and set up alert messages
- Free cardholder internet account balance and transaction history website
- 12 month card expiration date from the time of order
- Gift giver access for reloads
- Cards can be loaded an unlimited number of times at the Credit Union or online, at www.cumoney.com
- Minimum load is \$5, maximum value on card is \$500
- Member email and text alert messaging
- Member selected PIN with Pulse and Plus ATM access
- CO-OP ATM Surcharge Free Network
- Credit Union co-branding is available

For more information on the CUMONEY Family Card, contact Jane Bailey at

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Just The Facts

There's no doubt, Invest in America is working. You can tell from tangible results like credit union involvement and the encouraging sales figures. Is your credit union a part of these remarkable statistics?

Invest in America

46 leagues participating
3,291 credit unions promoting IIA
78% of national credit union membership reached through supporting credit unions

Sprint

\$151 million saved by credit union members
1,555 credit unions supporting the program

Sales

2,007,788 members have taken advantage of IIA discounts
477,093 vehicles sold through September 30, 2011
250,987 new credit union auto loans through September 30, 2011





Three Steps to a Transparent Sales Culture

By Karim Habib

Over the last few years, your members have seen an economy—and perhaps their own financial futures—put at great risk in part because of risky behavior in the financial industry that caused the economic downturn. Consumer confidence in spending and borrowing money is understandably low.

As a result, many lenders have mirrored this lack of confidence. They've tightened underwriting standards to de-risk their portfolios, disconnecting themselves from a huge contingent of people who need loans. Here are three steps credit unions can take to get into the *reconnection* business.

1. Ask members about their financial situations—and explain why you're asking.

If you're a lending employee, you should use every touch point with members to ask about their current financial situation and future financial aspirations. Be transparent. Explain that, given the difficult economy in recent years, your credit union wants to know what may have changed in the member's life, work, and family situation. Don't push

products. But at the same time, don't allow members to walk away with the first thing they ask for—until, that is, you learn whether that product or service is the best, and only, thing you can do to help them.

Again, be transparent about why you're asking questions: Times have changed, and your credit union is asking for an exchange of information. The more you know about members' needs, and the more members understand what your credit union can do to meet these needs, the better it is for both parties. Some sales experts call this "needs-based selling."

A better description is simply "good service."

2. Open your books, and your ears, to employees

If you expect employees to be transparent with members, start by being transparent with employees about the type of sales environment your credit union needs to survive and grow.

A common belief in credit unions is that terms like needs-based selling simply disguise a hard-sell approach that puts income ahead of members' well-being. This notion is strengthened by the reality that interest margins and loan volumes are no longer sufficient to maintain healthy balance sheets.

Be clear with lending employees about the importance of earning non-interest income in addition to boosting loan volume. Open the books. Educate your staff about the economic forecast in your operating territory.

And most importantly, listen to what they say about how they interact with members. Learn how employees feel about presenting payment protection options to members or cross-selling additional credit union loans and services. With employees, as with members, you can't overcome barriers until you know what they are.

3. Make the mission the message

The message that lending employees take from this exchange should not be that they must sell, sell, sell, no matter what. The message is twofold:

1. Credit unions thrive by serving members' best financial interests.
2. By helping members make informed decisions about your credit union's products and services, *you are serving the members' best financial interests.*

Look at your credit union's mission statement. The brand of needs-based selling you cultivate should be an expression of this mission. An employee's personal approach to needs-based sales should be an expression of his or her commitment to member service. Put another way: How does a passive, order-taker approach to serving a member express real commitment?

Changing a credit union's sales/service culture is difficult. But so many members are facing difficult financial choices today that credit unions must make difficult changes to serve them better.

Karim Habib is a Director of Lending for CUNA Mutual Group. If you have questions about establishing a sales-and-service culture at your credit union, contact your CUNA Mutual Sales Executive at 800.356.2644.

Payment protection solutions include debt protection products available through the credit union and MEMBER'S CHOICE® credit life and credit disability insurance products underwritten by CUNA Mutual Insurance Society.

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Marketing Since 1979

Deepen Your Connection
with Your Members.
Here's How.



This may surprise you. In an age when new media seem to be coming on the scene all the time, recent data show that magazine readership is growing in every age bracket. It's hit 93% for adults overall and 97% for adults between the ages of 18 and 24.¹ This too may surprise you. Credit union marketers now have an effective way to use that particular marketing channel. It's called *Member's Choice*.

Member's Choice is designed to be your credit union's own magazine. You don't have to buy advertising in it. The whole magazine is an advertisement for your credit union.

That's not to say that all of the content will be promotional. Most of it will be devoted to articles on personal finance and other topics likely to be of interest to your members. Readers will, however, get frequent reminders of all the reasons you deserve to be their primary financial institution.

Every issue will strengthen your relationship with your members, because every issue will give them more reasons to be glad they belong to your credit union.

Still not sure this is something you need? Then consider this . . .

People get immersed in magazines. Research has shown they get our undivided attention to an extent other media seldom do.² In fact, that may be one reason the average magazine reader spends 43 minutes reading each issue of a magazine.³

Wouldn't you love to have 43 minutes of your members' undivided attention?

Here's your chance.

Take a closer look at Member's Choice and the benefits of having your own magazine. Let us know if you'd like get a sneak peak at the topics the November issue will cover! Request a quote today!



Contact us today!

info@visionsink.com / 866-844-4775

The Delaware League will be stirring up some excitement at our 54th Annual Meeting & Trade Show, April 19-21, 2012 at The Clarion Fontainebleau Hotel in Ocean City, Maryland. Many great events and surprises are planned with your success in mind. So mark your calendars!



Rejuvenating Revenue with a Comprehensive Card Strategy - a multi-section article to be continued in future newsletters

Credit unions can now take their card programs to the next level with a comprehensive card strategy. According to Equifax's April 2011 National Credit Trends Report, new credit card account originations at credit unions increased 28 percent in 2011 over 2010. And during that same period, credit card limits increased more than 27 percent. This trend demonstrates that there is a resurging interest in credit as credit unions look for ways to rejuvenate revenue. A comprehensive card strategy that addresses four main areas of card lifecycle management: **acquisition, activation, usage and retention** – can have a positive impact on card portfolio profitability. The final area to consider is management of the card portfolio as well as having a process for risk and fraud mitigation. With a comprehensive card strategy in place, credit unions are able to optimize each area of the card lifecycle in order to achieve the institution's business objectives – better card portfolio performance and revenue generation. An end-to-end card strategy will also provide enhancement products, such as loyalty and reward programs, that are necessary in today's competitive marketplace. This approach also helps to solidify relationships and build loyalty with individual cardholders.

State of the Card Industry

Card programs are continuing to undergo significant changes, as the economy moves through and beyond a recessionary period and consumers tighten their belts. **Debit cards**, for example, have become the primary card for many consumers, a trend which has heated up the competitive landscape for credit cards. But new government regulations are muddying the waters. Complicating the credit card scenario, the Credit Card Accountability, Responsibility, and Disclosure Act of 2009, which more tightly regulates credit card interest rate changes, credit card marketing and opt-out

options for consumers, went into effect in February of 2010. **Prepaid** cards also are grabbing a growing share of the card marketplace. For consumers, prepaid cards are a one-off purchase as gifts for family and friends as well as a budgeting tool for teens. For businesses, particularly credit unions, prepaid cards are increasingly being used as incentives to entice consumers to conduct all their financial business in one place. As the card industry morphs, card and service providers must react to retain and grow their business. Best-in-class providers are formulating innovative strategies and developing new technologies to capture the attention of **businesses and consumers** in order to secure additional market share. Being able to meet the needs of individual businesses and consumers is key, and providers are responding with more advanced **card customization** and personalization options.

I. Maximizing the Value of the Card Portfolio

Before moving through the four phases of card lifecycle management, credit unions must focus on the concrete reasons to keep or sell their card portfolio, and how to best manage that part of their business. Without the proper perspective, credit unions can leave large profits on the table while slowly eroding their overall business.

To evaluate the value of the portfolio, credit unions should focus on three areas: portfolio analysis, competitive analysis and the formulation of a card lifecycle management strategy.

Portfolio Analysis

Many credit unions lack the internal expertise to evaluate the best way to move forward with a card program. In addition to choosing the type of card and **enhancement products**, these credit unions also must deal with regulatory challenges, as well as constant fluctuations in consumer interest of credit vs. debit cards and vice versa.

Out of frustration some institutions may quickly sell their program, but that may not be the best decision. By leveraging CSCU's Portfolio Consulting Services, these credit unions can more effectively determine the pros and cons of selling a portfolio. Keeping the portfolio and managing it internally with outside assistance from a comprehensive service provider may be the more profitable way to go. For example, credit cards typically account for 5 - 6 percent of an institution's asset base, when they are not

actively managed by the institution. But, by taking an active role in managing the program, that institution can potentially increase the credit program asset base 8 - 10 percent, noted Willie Koo, CEO and Co-Founder of Asset Exchange, a consulting and brokerage firm that helps credit unions evaluate their card programs. Additionally, in a typical credit union approximately 15 - 17 percent of the members use the credit union card. But, with active management that number can increase to 25 - 40 percent and higher. "If you can get 40 percent to carry your card that reinforces your brand and creates more loyalty among members to go back to the credit union for other financial needs," Koo said.

Competitive Analysis

With a glut of new program offerings spreading through the marketplace, credit unions must figure out how to differentiate their offerings from the competition. The process of competitive analysis can be time consuming and overwhelming, but with the help of a comprehensive service provider, it can be simplified and streamlined.

Some of the components of a competitive program review include:

- Identifying the consumer base: What are the demographics of your target customers?
- Penetration of current card program: How many potential customers are participating in the current program?
- Competitive opportunities currently available for customers in the same marketplace: What are the competitors offering?
- Defining different customer levels to vary offers: Which customers should receive which offers?
- Designing the fulfillment model: Do we need to customize program offerings to meet localized demands?

Formulating a Card Lifecycle Management Strategy

The most compelling questions to ask are around cost-benefit analysis: How much are we willing to invest in this program and what kind of return do we expect? Based upon a portfolio analysis and competitive analysis, the next step would be to formulate a card lifecycle management strategy. With a turnkey service from a comprehensive solution provider, this question can be easily answered. The best solution provider will offer full

program management through one administration fee along with redemption costs, eliminating the unknowns of file fees and change fees.

...to be continued next quarter. Information provided by CSCU (Card Services for Credit Unions).



The Delaware Credit Union League is now an accredited business with the Better Business Bureau of Delaware (BBB). BBB Accreditation provides visibility and recognition to select companies who qualify through measurable and ongoing commitments to business ethics and trustworthiness in the community. If you are interested in BBB accreditation for your credit union, contact [Jane Bailey](#) or go to [Better Business Bureau](#).



Happy Holidogs!

Thank you for reading Service Issues!

[Jane Bailey, Editor](#)

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