

Sophia Sena  
Future of Credit Unions Scholarship

Being the CEO of US Eagle, the oldest credit union in New Mexico, would be an extremely challenging, but rewarding job. If I were truly in this position, it would be my mission to grow and flourish the credit union industry under my watch. It would be a tough challenge in learning how to blend the old with the new. The credit union's business model is mission-driven and based on the ideals of "people helping people." What does this ideal look like to our millennial generation who relies on digital interactions? Do they embrace the same values as our older population who expect the face-to-face customer service experience? How must we evolve with the years and still stay accountable to our mission? Three of the top issues that credit unions are continually facing today include increasing member relationships, member value, and technology. An ever-changing mindset and a fast-paced world makes this task challenging, but not unattainable.

Relating back to the original mission of "people helping people," a credit union desires to build lifetime members in their consumers. The credit union must create a large range of products and services that are available to the consumer for this to happen. Richard Magrann-Wells states in his report about troubling credit union issues that the average age of credit union membership is 48 and increasing." Credit unions must find a way to appeal to the millennial generation and younger. One of the easiest ways to create more members of this and future generations is to hook them while they are young. Credit unions need to take the small risk involved with young members in order to grow them into lifelong members. This was one of the main reasons I joined a credit union over a traditional bank. The credit union was willing to take me at a young age and grow with me. It all started with a savings account. Having a savings account program that is specifically tailored to the young consumer is a necessity to draw the member in. They need ownership even at an early age, or the account becomes uninteresting and more parent oriented. Even something as easy as receiving "tickets" for deposits, (to be traded in later for fun credit union merchandise) starts the investigative process of what is really happening when money is deposited. It peaks interest, develops ownership, and starts the child on his lifelong path of credit union membership.

As I grew, my needs grew and more and more services were available to meet my needs. At each stage of my young life, there has been a service that has met my current need. There was also a program of some type along the way that appealed to my age range, educated me about financial topics of interest, and again gave me a sense of ownership with my account. As I look to the future, I know that my other financial needs such as auto and house loans, credit cards, or a line of credit can also be acquired at my credit union. They were willing to take a small risk with me when I was young, but in return, I have become a loyal lifetime member. This is the backbone to growing member relationships. We must treat it as a lifelong relationship and not transactional. By allowing the customer to grow with the products, all of the consumer needs are met and there is no reason to go elsewhere. Of course, just having the product does not guarantee lifetime commitment. Customer service, member value,

convenience, and access to technology also play a pivotal role in maintaining and growing membership. Maybe it is best defined as providing useful products with excellence.

Member value is also a key element in growing a lifetime customer base. You need to understand what is important to the consumer and then translate that into ideas that are also important to the credit union. Social values are one of the main reasons that members are attracted to credit unions. It is vital that credit unions reach out and are involved in their communities. This basic idea of community involvement gets harder and harder as the younger generation embraces a digital relationship over a personal relationship. The credit union must look for opportunities to reach beyond their member base to establish a presence in the local community. For me, that personally comes in the form of offering scholarships for young consumers. This is a statement to me that the credit union cares about education, their younger members, along with the financial burdens they might carry as they try to obtain a college degree. Another great example of this is a yearly member meeting. This is an opportunity for credit unions to express to members what new developments are in process and celebrate recent success. It also gives the member an understanding that this non-profit organization they are involved with is centered around meeting the needs of the member. Profit is not the bottom line. This is growing the relationship into a lifetime commitment. Consumers want to see the credit union involved in the community and giving back. The credit union mission should mirror the members' aspirations for purpose, connection and convenience. Making relationships a priority will help the credit union stay connected with members and provide them with a richer, more engaging credit union experience.

Member value is much more than just a social or community connection, though. It also includes that ideal that the credit union is providing all of the consumer's banking needs with a wide variety of products. This includes different types of accounts, loans, savings and investing options, tools, technology and education. Most credit unions have at least 2.5 products per member. How do these products drive value for the members? They have to be relevant to their needs, and more importantly, the member cannot feel like they have to go elsewhere to take care of one of those needs. All of the consumer's needs must be met under the one roof of the credit union umbrella. Effective, efficient banking also plays a key role in member value. Along with innovative services and products, consumers desire longer hours, weekend options, and technology based convenience.

The last concern facing credit unions today, and perhaps one of the largest, is technology. Credit unions will need to raise the bar across their entire slate of digital products in order to attract and excite members. "They need to create a personalized, human centered experience for members that is intelligently integrated and delivers the speed consumers today expect," cites Insight Vault in their article about the top trends in credit unions today. It is vital that the credit union provide the latest and greatest in the form of technology, while also keeping the personal face--the human touch--of the credit union. Credit unions need to provide best in class digital banking solutions that are highly usable, secure, visually engaging and branded for the credit union. Technology changes before our eyes and keeping up with the demands of this ever-changing world are tough. According to Insight Vault "50 percent of

consumers abandon a slow loading app or video after just two seconds. And 46 percent of consumers won't return to a mobile site if it doesn't work properly on the first visit." Consumers expect flawless utility from every digital platform they encounter. That is a tall order to fill, but the statistics speak for themselves. Credit unions are not exempt from evolving technology and they need to evolve just as quick. Where once seen as a millennial issue, this is no long the case as "consumers of all ages, backgrounds, geographies and income brackets demand a flawless, expedient, value packed digital experience that is highly cohesive between online and mobile channels," states Insight Vault.

Digital payments will be an area that will have to be expanded on to please the current customer base. Non-financial groups such as Facebook, PayPal, Amazon, and Square are making digital payments easy and convenient for the consumer. As their presence strengthens, credit unions will have to keep pace and provide equitable options for their members. This could be a difficult challenge when all you need is an email address to transfer money on some of these applications. Credit unions will need to expand and figure out how to make payments easier and across different modes of communication without compromising security.

It is an ongoing job to stay current in this ever-changing face paced world of technology, but I can personally attest to credit unions trying to keep up with the most effective type of technology. My credit union is continuously adding new digital features and the website is updated frequently to meet the constant demand of the consumer. These tools of productivity, convenience and security are of paramount importance. The millennials expect a strong digital channel, but anymore so, other consumers are relying on digital capabilities just as much. As digital tools increase, credit unions will be responsible for educating members on these powerful new tools of productivity, convenience, and security. Helping members to safely and securely realize the full benefits of these products can transform their credit union experience and inspire long-term loyalty.

In this age of digital banking, it is vital to also provide face-to-face human interaction. It may not be possible to know every member by name, but it is possible to make each member feel like you know them and are concerned about their needs. Abuilding of trust per se. This also relates back to community involvement. The consumer needs to see that the employees care and are involved in the same community as the member. Remember, the members are most likely drawn to the credit union because the organization reflects their social values. Insight Vault reports that "credit unions need to deepen their involvement in their communities as evidencing positive social values—the values consumers themselves hold—is increasingly a determiner of buying decisions for the modern consumer. "We are all in this together," comes to mind as we try hard to break the sterility of a "take a number" traditional banking experience.

While these issues are challenging, they are far from impossible to achieve. In thinking through these concerns, it made me think that these items should really be fundamentally important to all customer-engaged businesses. Much of society has unfortunately lost the

customer service aspect of engaging with customers. As we rely more and more on digital interaction, the art of personal communication and caring about an individual seems to dwindle. This, to me, is the key to obtaining that lifelong member. The credit union's mission should mirror the member's aspirations for purpose, connection and convenience. The interactions with members should artfully blend the human touch with the seamless efficiency of digital. Give them the tools, products and efficiency that they need, coupled with a personal relationship and you will provide the members with a rich, engaging credit union experience. That would convince me every time.