

Special Report: Growth

Credit Union Management

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HOW TO ACHIEVE MAXIMUM POTENTIAL

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How to Achieve *Maximum Potential*

TWO INDUSTRY LEADERS WEIGH IN ON WAYS CREDIT UNIONS CAN OVERCOME TOP BARRIERS TO EXPANSION.

BY CELIA SHATZMAN

Whether they serve anyone in a branch of the U.S. armed services, employees of a single company or several enterprises, or those who live, work or worship in a small town, all credit unions have something in common: a drive to best serve their members and continue to expand.

“Growing a credit union—whether focused on account openings, new members, credit card applications or something else—can come with its share of challenges,” says Brian Scott, chief growth officer of CUESolutions provider PSCU (*pscu.com*), St. Petersburg, Florida. “However, some credit unions accidentally limit themselves without even realizing it. What are these barriers to growth, and how can credit unions overcome them?”

BARRIER: NOT MEETING TECH EXPECTATIONS

“Consumers’ expectations for all the services in their lives are changing, and if credit unions don’t stay current with their members’ and potential members’ needs, it will inevitably diminish opportunities for growth,” Scott says. “Take, for example, business processes like requesting a new credit card. If a member loses his or her card and needs to request a new one, that member wants the process

to be simple and seamless, while also gaining access to his or her new card immediately.”

Scott suggests that credit unions can meet these expectations by using readily available digital tools—for example, allowing members to flag a card as lost on their app and request a new one immediately, then generate a credit card number that can be used to populate a digital wallet right away.

“The common thread in many of these relatively new expectations is the need for digital-first strategies,” Scott says. “By using the latest technology, credit unions may already have the tools to digitalize their processes and meet members where they are.”

HOW TO KEEP DIGITAL AT THE FORE

Other ways credit unions can keep digital at the forefront, according to Scott, include:

Self-service. Although some members still prefer to handle their business over the phone or in person, many members now want to take care of all their financial needs online. That includes the already mentioned functionality of being able to mark a card lost or stolen, digitally access cards or activate cards immediately. Enabling these self-service options puts control in the hands of the member for a more positive, digital-first experience, Scott suggests.



“Growth in this uncertain environment certainly requires credit unions to break from the status quo.”

— Jenna Chaffins

Connected experiences. Members can address their financial needs from many platforms, and ideally they should all work together. A member needs to be able to begin a business process on one channel, step away from it and then pick back up in another channel at the same point from which they left off.

Personalization. PSCU’s most recent *Eye on Payments* study (pscuc.com/eye-on-payments) found that personalization was one of the four key factors driving consumer payments preferences and behaviors. Using data from members’ personally identifiable information, preferred channel and engagement style (low or high touch) as indicated by past behaviors and feedback, credit unions can effectively optimize each channel experience.

Buy now, pay later offerings. As online purchases continue to grow exponentially, consumers are beginning to appreciate—and in some cases expect—the ease of use associated with BNPL or other installment payments. Credit unions should create a plan to best approach implementing a BNPL offering, Scott advises.

First, choose and develop your installment plan through a BNPL vendor. Options include prepurchase (consumer opts in for installments before making the purchase), at-purchase (consumer is prompted at merchant checkout to pay with installments) or post-purchase (consumer converts a recent credit card purchase into installments). For a financial institution’s first BNPL offering, prepurchase or post-purchase is recommended, as card issuers have more flexibility with these plans based on cardholder history, existing credit lines and regular cardholder interactions.

BARRIER: STICKING TO OLD WAYS

During the summer, CUs are in the middle of their busy lending season, putting growth at the top of their priority list.

“But 28 months into the pandemic, with rising geopolitical tensions, multiple planned interest rate hikes and deposits at record highs, growth in this uncertain environment certainly requires credit unions to break from the status quo,” says Jenna Chaffins, senior director, insights and marketing at CUESolutions provider Experian (experian.com), Costa Mesa, California.

So, how can credit unions push through challenges to growth to see their numbers rise?

“Credit unions must pivot from their normal playbooks if they hope to increase loan growth and member wallet share,” Chaffins says.

HOW TO GAIN A GROWTH EDGE

To give CUs an advantage during these times, Experian VP/Credit Unions Lisa Bonenfant recommends they consider these winning strategies:

Data and modeling. Using data to responsibly say “yes” to more loans is important. This starts with scoring as many members as possible. Conventional methods, according to analysis done by Experian, are often only able to score 81% of borrowers without extensive credit histories, leaving many creditworthy borrowers without fair access to credit. Using advanced credit scores like Experian Lift (tinyurl.com/exp-lift) can help CUs score up to 96% of consumers, Bonenfant says.

Digital preapproval. Adding digital preapproval not only contributes to loan growth but can enhance the member experience, Bonenfant adds. Additionally, this process can drive financial inclusion by allowing members to easily check preapproved loan amounts and interest rates, ultimately putting them in the driver’s seat.

New products. Some experts predict a resurgence of credit card and home equity lines of credit in 2022 as consumer spending broadens and mortgage originations decline. Another opportunity is identifying niche lending products.

Market smart. Credit offer personalization is an important element of invitation-to-apply campaigns, Bonenfant suggests. Combining member data with marketing data not covered by the Fair Credit Reporting Act (tinyurl.com/ftcfair-credit) allows CUs to send invitations that meet the specific needs of the member.

Smarter cross-sell efforts. Finally, consider adding more intelligence to your efforts to cross-sell. Identifying members who are already in the market for a new home or vehicle allows for a timely targeted offer. Or identify and target members you can help save money by lowering their interest rate using data from Experian or other providers. ↗

Celia Shatzman has penned stories on topics ranging from beauty to fashion, finance, travel, celebrities, health and entertainment.



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OnPath Federal Credit Union on ‘Experiential Growth’ Path
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Staying Competitive in the Age of Immediacy

By Scott P. Young, Vice President, Innovation, PSCU

In the ever-evolving payments landscape, it can be a challenge for credit unions to keep up, much less grow. Consumer expectations are rapidly changing to reflect the latest technological and cultural shifts, and it is essential for credit unions to meet members where they are today in order to compete for tomorrow.

Digital experiences are without a doubt one of the top drivers when it comes to growth. Members are becoming increasingly accustomed to immediacy – whether that comes in the form of Amazon same-day packages, Netflix on-demand streaming or Uber Eats food delivery – so it's no surprise that members are beginning to expect immediacy from their financial partners as well. In our digital-first world, any kind of a waiting period, even a five-day approval for a new credit card, can be too long of a wait for many members. Enabling business processes to take place both digitally and instantaneously can help alleviate unnecessary friction while also meeting – and, ideally, exceeding – members' expectations.

This especially rings true surrounding the often lengthy process for account opening and credit card application approval. For most, gone are the days when members are willing to wait until a branch is open during a weekday to take out a car loan. Instead, members want the ability to request a loan when and where it's convenient for them to do so – for example, at a dealership while looking at cars on a Saturday.

To help its Owner credit unions solve this challenge, PSCU has partnered with Amount, a fintech focused on next-generation digital account opening, lending and buy-now, pay-later (BNPL) solutions for some of today's larger financial institutions. With this new partnership, PSCU and Amount will initially provide credit unions with digital account origination technology through an innovative platform that delivers the digital experience many members are seeking today.

With Amount's data automation and advanced identity verification technology, members can quickly and easily apply for credit cards from anywhere and be approved instantly. While a typical credit card application requires consumers to manually enter an average of 30 fields, the new PSCU application experience will significantly reduce the number of required fields – thanks to the pre-population of member data. Additionally, consumers who are not yet members will have the ability to apply for credit union membership as a part of the credit card application process. Once approved, card credentials are immediately generated and provisioned to a digital wallet, providing members the ability to make purchases online or via mobile wallets right away. A physical card will also be mailed soon after.

By introducing a seamless, fully integrated digital account opening solution with real-time lending approvals and immediate access to card credentials, credit unions can gain valuable market share and stay competitive in our modern, digital-first landscape.

Scott P. Young oversees the Innovation, Design and Integration Teams at PSCU. With over twenty-five years of experience in payments, Scott started his career at First Data in Omaha before moving to Pentagon Federal Credit Union (PenFed) and more recently, BankFund Staff Federal Credit Union before joining PSCU in late 2019. A passionate advocate for the credit union movement, Scott is also a leader in Diversity, Equity and Inclusion (DEI) efforts at PSCU and across the industry. Scott is a graduate of the University of Nebraska.

The Digital Difference Starts Here. **Your Possibilities Delivered.®**



Digital payments are about more than convenience, they're about connecting. PSCU has a broad range of solutions that help make a difference in the lives of your members. Our digital banking and analytics platforms are at the forefront of innovation, connecting members with a world of new possibilities.

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