



SESSION BRIEF

What Matters Now™

Insights to Boost Membership with Middle-Income Americans



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OVERVIEW

What will it take to attract more middle-income Americans to your credit union? While credit unions are currently serving 42% of middle-income Americans, there are over 50 million who are not members.¹ Would they consider a credit union? Our What Matters Now™ research shows 64% of non-credit union members would consider joining a credit union.² The values of middle-income Americans closely align with credit union values, making them a strong target for you to grow membership. Gain new insights on strategies to bring them to credit unions.



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Middle-income Americans are a valuable credit union target.

This target is defined by age 30-70 years and household income, \$25,000- \$100,000 annually. They add up to an impressive 36% of the U.S. population.³ Consider that nearly half (43%) don't have life insurance⁴ and the vast majority (80%) don't belong to credit unions—but that nearly two-thirds (64%) would consider opening an account⁵—and the value of this demographic is even more apparent.

Recognizing the importance of this target, CUNA Mutual Group conducted a three-part research study that looked at the differences between credit union members, bank customers and those who didn't have any sort of relationship with a financial institution. This research included:

- A longitudinal analysis of roughly 25,000 consumer encounters (this examined their attitudes, media use, and behaviors)
- A photo journalism/social media program with 83 consumers that captured their insights about credit unions
- Custom quantitative surveys with 5,000+ consumers to validate the themes uncovered in the qualitative research

This market segment prioritizes family and financial stability.

When asked to define success (in the CUNA Mutual Group research), middle-income Americans' top three picks were: good kids (for most this was defined as having a good value system and strong morals); a great relationship with a partner/spouse; and financial stability (being able to provide for their families). Following close behind were good health and a strong spiritual relationship.

What they did not care about included having a lot of money, broad life experiences, or advancing to the top of their profession.⁶

Financial worries are keeping them up at night—and sometimes every night.

Nearly two-thirds (62%) of this target group worry about their finances every day.⁷ Many have an income that fluctuates from month to month and making ends meet is a true struggle. They're heavily dependent on potentially undependable vehicles—many are dealing with older cars, longer car loans and upside-down car values—and have likely gone without some form of medical care because of cost.

“When we focus on what (our community) cares about, the numbers show it. Last year our membership growth was 2% higher than our peers and we had a 46% increase in new loan applications.”

Laura Eibin
AVP of Awesomeness
Mazuma Credit Union

Middle-income Americans care about good service.

Member service has long been a credit union strength and, good news for credit unions, 61% of middle-income Americans seek this out when they're looking for a financial institution.⁸

Forty percent of middle-income American credit union promoters mentioned the word "service" when asked their primary reason for recommending credit unions.⁹

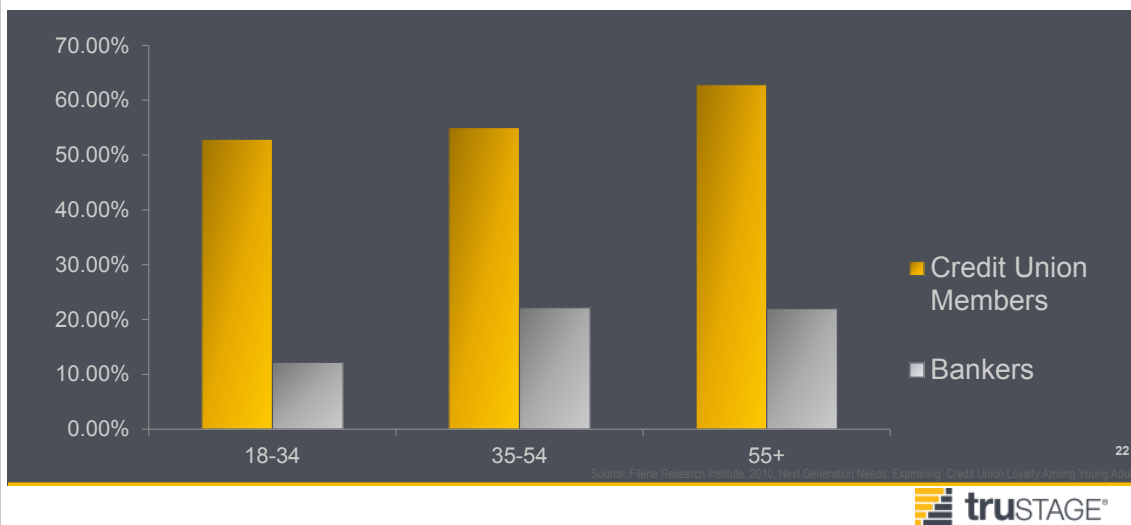
When it comes to finances, this segment listens to their friends and family—and are likely to know a credit union member.

Middle-income Americans want to hear what their friends and family have to say about their financial institution and are likely to be influenced by their choices. Luckily, nearly half of them (46%) know someone who belongs to a credit union and these members are highly likely to recommend their credit union.¹⁰ Credit unions' net promoter scores are aligned with perennial consumer favorite, Apple.

This demographic has good things to say about credit unions—and some misperceptions. The good news first: even those who didn't belong to a credit union believed they offered good, customer-focused service. **The misperceptions:** unfortunately, non-members tended to

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NET PROMOTER SCORE: CREDIT UNION VERSUS BANKS



Source: Filene Research Institute, 2010, Next Generation Needs: Examining Credit Union Loyalty Among Young Adults

Slide 26

The rate on a loan or a savings account or the fees charged were some of the key things that brought people to credit unions instead of banks.

hold a number of misconceptions that could limit the likelihood they'd make a switch: namely, that credit unions were less likely to have conveniently located branches, ATM access or good online banking. Credit unions who want to reach out to this target must address these concerns. One piece of information that should help: research shows members give their credit union an impressive 90 out of 100 score on their satisfaction with their credit union's online services.¹¹

WHAT SHOULD CREDIT UNIONS DO NOW?

Get the word out about products and services that meet the needs of middle-income Americans. This group needs the help that credit unions have to offer—especially things like affordable car loans and insurance coverage and good rates on savings. Credit unions that clearly articulate their value proposition and motivate staff with member success stories, instead of volume goals, have had good success.

Explore ways to reach new members through their family and community. This target values family and friends and trusts them to recommend good resources. Credit unions that have successfully targeted this segment have had good results with direct mail and social media and by partnering with local organizations (in one case, a popular soccer team).

Keep the focus on service. Credit unions have a sterling reputation for excellent services and this market heavily values it.

Reinforce this critical message: We can help you create financial stability. These consumers worry about their finances on a daily basis. They need help managing their payments and their cash flow; they want to protect their families and their futures. Show them how credit unions can help.

The rate on a loan or a savings account or the fees charged were some of the key things that brought people to credit unions instead of banks.

For more on the What Matters Now™ research, visit www.cunamutual.com/whatmattersnow.

^{1,3,8,9} GfK Mediamark Research & Intelligence, LLC, 2013 MRI Doublebase, as provided by Hiebing Group

^{2,5,6,7,10} TruStage What Matters Now™ Consumer Survey, 2014

⁴ LIMRA, Facts of Life, 2012

¹¹ CFI Group, 2014, Credit Union Satisfaction Index



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SESSIONS ONDEMAND

KEYNOTE PRESENTATION

Beyond Disruption
STEVE RICK 1

BREAKOUT SESSIONS

U.S. Economic Outlook & Its Impact on Credit Unions
STEVE RICK 7

**Strategies to Sustain Small Credit Union Growth -
A Panel Discussion**
BEN ROGERS, *Moderator*
JON HERNANDEZ, *Panelist*
JED MEYER, *Panelist*
LINDA BODIE, *Panelist* 15

**Reaching the Subprime Auto Lending Market - Make It
a True Win-Win!**
STEVE HOKE 19

**What Matters Now™: Insights to Boost Membership with
Middle-Income Americans**
ANGIE FUHRKEN 25

Payments (r)Evolution
SAM MAULE 29

**Cybersecurity: Protect Your Credit Union's and
Members' Data!**
JAY ISAACSON, *Moderator*
JOHN W. CARLSON, *Panelist*
MARK GREISIGER, *Panelist*
CHRIS LACKE, *Panelist* 35

New Frontiers for Large Credit Unions
DAVID POLET 39

Omni-Channel - What You Need to Know
MARK SIEVEWRIGHT 45

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