



## Growing Credit Union Membership in a Down Economy

### A White Paper by Syphr, LLC

Finding and keeping members is central to the success of any credit union. Finding new members in a saturated, slow-growing market is no easy task, but it becomes even more burdensome during a recession where credit union marketing budgets may be slashed indiscriminately. According to research from the Council on Financial Competition (CFC), these factors, coupled with the mixed results seen by those practicing service bundling, cross-sales, or other retention strategies, have led to a renewed interest in acquiring new accounts. In fact, the CFC reports that its analysis of deposit growth at leading financial institutions points to balance growth being more directly related to new account acquisition than retention.

While it is obvious that every credit union needs to attract new members from their field of membership, they face daunting hurdles in achieving this seemingly straightforward goal. Frustration may set in when credit unions realize that traditional membership-growth strategies are too expensive, time consuming and difficult.

On the surface, each of these obstacles may seem virtually insurmountable. In terms of expenses, a 2007 EverythingCU Marketing Budget Report estimated that the average cost to gain a new member using traditional advertising and marketing methods was an astronomical \$475 EACH. This is in addition to the labor required by the marketing team, which takes away from efforts to promote new products and services to existing members.

Yet no matter how difficult the task of generating leads and converting these to new credit union members, membership growth must be an ongoing and tier-one priority. In a recent CFC survey, 75% of financial institution executives said they believe that new account acquisition is more important or much more important than it was only five years ago. Plus an overwhelming 83% of these executives revealed that their institutions have to work moderately or much harder to acquire and retain profitable consumers. Part of the problem is that numerous new competitors have been able to rapidly respond to consumers' evolving financial services needs. Specialized online firms with extremely focused value propositions, along with large retailers and dedicated lending sites such as Lending Tree, have entered previously stable markets, and are successfully targeting very specific consumer subsets.

At a time when credit unions are fighting for trust, respect and even survival in some cases, new non-financial institution competitors are offering consumers new and different ways of obtaining loans and managing money. Non-FI competitors, most with little or no ties to the local communities they market to, often concentrate on niches where the profit opportunities are high and community orientation is much less important to consumers. It is clear that credit unions must work together to combat this stiff competition because they can ill afford to lose members, loans and deposits. In order to effectively face these challengers and grow their membership base, credit unions need to look beyond traditional mass-market member-outreach and to efficient targeted solutions.



One such approach is to look to lead generation as a tool in building membership growth. A quality lead generation service will offer a credit union the following benefits:

- Low cost
- Low risk
- High security
- Online, automated, and requiring few labor resources
- Not dependent on building expensive new branches to attract members
- Not demanding of the credit union's IT infrastructure
- Ability to engage consumers early in their buying cycle

Without a doubt, innovation will be the key to achieving these goals, not rigidly pre-defined programs, offers, or products. In essence, what the market needs is an integrated lead management system that incorporates the necessary characteristics listed above.

New York-based credit union service organization, Syphr, LLC, has entered the marketplace to meet this need. Syphr is leading the way with a highly innovative solution called RateMatch™ which uses patent-pending technology to match participating credit unions with thousands of credit report purchasers per month. RateMatch compares the loans on these consumer purchased credit reports with those of participating credit unions, shows the consumer savings to be realized, then sends the consumer's information to the participating credit union – all in a highly automated and secure manner.

This powerful, easy to use lead generation tool sources potential loan and new member prospects from hundreds of thousands of consumers who buy credit reports each month, then sends them messages using a cost-per-acquisition model. Not only does this give credit unions a tremendous strategic advantage by placing them in the first-mover position on sites that sell credit reports, but it effectively taps into the millions of consumers who are increasingly looking online for information to make financial decisions and tools to manage their own accounts.

This unique opportunity to engage motivated - and as yet untapped - borrowers early in the buy cycle is invaluable. That the RateMatch solution capitalizes on critical knowledge of the buy cycle and allows credit unions to convert prospects into new members at a cost per new member of less than 10% of traditional mass-market means. Even the smallest credit unions can afford to take part in this low cost system as it brings in new accounts without sacrificing quality for quantity and can result in profitable growth even during economic downturns.

In action, RateMatch generates highly valuable leads from pre-qualified consumers who buy credit reports with an eye toward originating a new loan or refinancing an old one. The leads are instantly inserted into the lead management system and sent to credit union staff for followup. Credit union employees securely login and the leads are automatically assigned based on highly customizable business rules. As employees process and further qualify the leads, their activity is tracked in real time so



that managers can monitor their progress and analyze performance metrics. Finally, management can view reports to understand their marketing ROI, sales performance and easily determine how to drive business performance – all in a Software as a Service (SaaS) environment that requires no in-house IT resources.

In theory, it can be argued that the rise of online information and transaction capabilities has virtually eliminated the inequity in knowledge and opportunity between the buyers and sellers of financial services. In practice, Forrester Research reports that 77 percent of borrowers using the Internet for research are looking for rate and fee information. Meanwhile, consumers are increasingly going online to purchase credit reports and research their credit history, RateMatch is uniquely positioned to place both at potential credit union members' fingertips, enabling them to convert information gatherers into profitable new members.

At the end of the day, with the changes ongoing in today's financial services industry, membership growth is becoming as important to the long-term future of a credit union as is serving existing members. Syphr, with its innovative RateMatch solution is uniquely positioned to help credit unions achieve this important endeavor and help them thrive in today's converging financial services marketplace