

# A CASE STUDY

from the  
**cuasterisk.com network  
Playbook**

**Services Center  
Federal Credit Union**

## Cost savings chart for e-statements

Let's say that your credit union has 10,000 members, and 50% have checking accounts. To keep the math simple, we'll assume that it costs \$1.00 to mail out a statement every month: 10,000 quarterly statements, and 5,000 non-quarterly statements. Under this assumption, you are paying \$40,000.00 for quarterly statements, and another \$40,000.00 for non-quarterlies. A total of \$80,000.00 per year: quite a hefty outlay for a service that is only used by 20%-30% of your members!

### What's your potential savings?

CU\*Answers credit unions that offer e-statements range from 1% to 48% penetration. (See the Peer-to-Peer Analysis for exact details.) Using the above 10,000 member credit union as an example, your savings can be as dramatic as you want them to be.

<b>E-statement penetration</b>	<b>Projected yearly savings</b>
5%	\$4,000.00
10%	\$8,000.00
15%	\$12,000.00
20%	\$16,000.00
25%	\$20,000.00

## DEVELOPING ELECTRONIC RELATIONSHIPS WITH YOUR MEMBERS

### An interview with David Wright

There's been a lot of talk nationally about credit unions simply changing their membership over to e-statements, then handling the complaints as they come in. Basically managing the exceptions. I'm not comfortable with how that fits the credit union spirit of treating members.

#### The logic is good

- Few members actually even open their statements: 30% or fewer, depending on whose statistics you want to believe.
- Even fewer use them to balance their checking accounts: 20% or fewer
- E-statements are "green," the new buzz word: they save paper, save storage space, etc.
- They are much more secure than paper-- no worry about them getting lost or stolen in the mail.
- Even more pertinent, less worry about members throwing statements out in the trash
- They are readily available in It's Me 247 during tax prep time, when they are needed most
- Statements can be saved and stored electronically

Plus your credit union stands to save thousands of dollars on statement prep, postage and mailing costs (see sidebar chart)

#### You can have great success without forcing members into e-statements.

Forcing members to accept e-statements is not necessary. You can have a lot of success, as we have, using a more member-friendly approach: E-statement Campaigns. In addition to producing concrete results, you'll discover that these campaigns will:

- Boost member recognition of your credit union's tech capabilities
- Increase staff knowledge of electronic offerings
- Boost staff morale



## Managing for results

Employees are critical for your campaign's success, but so are your members. So you need to energize and motivate your staff to get results, but without irritating your members. Here's what we did:

**Members.** Our staff simply checks to see if the member is signed up for e-statements. If they are not, the Cross Selling feature tells if the member had been asked about e-statements recently. We do not want to get on the wrong side of members by asking them repeatedly. If a member has not been asked recently (within the past 6 months), they are fair game. Going through this exercise gives staff an opportunity to add a comment: "may be ready for e-statements in mid-June (etc.)" It also provides an opportunity to inquire about other products like credit and debit cards.

**Staff.** We have a query that sums up results at the end of each month. It tells us how much progress we made, and who should get rewarded.

All this does take some time, planning, and follow-up. But our results show that we paid about \$8,000.00 in bonuses last year. We saved nearly twice that in postage alone!

*Worth thinking about?*

I'm not going to say that ours is the best way, or the only way to run one of these campaigns. But I can assure you that what we do works (about a 50% penetration rate) without alienating scores of members. And it did have a great impact on our staff.

Please feel free to borrow, change, and improve our campaign. If anyone has an idea for improving what we do, or has a better idea, we'd like to learn about it.

### **The successful member-friendly approach.**

Our approach is not nearly as simple as flipping a switch, but it treats members with the respect they deserve, and the results speak for themselves. Early in the planning process we decided that our path to success would include:

- Having employees take the opportunity to demonstrate the value of e-statements to members
- Offering staff incentives to get them motivated
- Making it easy for members to enroll themselves on-line, and offering a \$5 incentive to do so.
- Strongly encouraging new members to use e-statements

**Employee demonstrations.** We pay staff members \$2.00 for each e-statement sign up. This requires them to take the member over to the "cyber café" in their office, and to run the member through the simple sign-up process. Members really appreciate the hands-on approach, and the \$2.00 bonus has proven to be a great incentive for staff to take the initiative. The whole process requires staff to learn about the service so that they can answer questions. That alone may be worth the \$2.00.

**Member self-enrollment.** Some members will opt for this great service without much prompting. Remember, that many, if not most, already have 3-4 affiliations with other financial institutions. Odds are that they already are accustomed to electronic services, including e-statements, through these institutions. Alerting them to the fact that e-statements are available gets them on-board. We really have been able to catch their eye with the "earn an easy \$5" promise.

**New member enrollment.** It's no secret that the best time to sign members up for a service is when they open their account. Membership account openings are the ideal time to run through e-statement benefits, but don't miss out on an opportunity when staff opens a checking account, certificates, credit card, mortgage or car loan as well. (Keep reminding staff about that \$2 bonus!)

### **Plan on marketing the heck out of it.**

A key marketing fact to remember is that "consumers/members don't pay attention all the time." That means you have to grab their attention any way you can. For electronic services, the best avenues are also electronic: website banners and ads, e-mails, and messages in Its Me 247. But don't overlook traditional means as well: statement messages, lobby and drive up posters, and teller handouts. By far, person to person efforts are the most successful. But Marketing is a saturation campaign, so use every tool at your disposal.



## About David Wright



David J. Wright has been CEO of Services Center Federal Credit Union for 34 years. As a champion of collaboration, he has served on the CU\*Answers Board for 6+ years. Currently David serves as Vice Chair and is also the Chair of the 2009 Nominating Committee.

## About Services Center Federal Credit Union

Services Center FCU, headquartered in Yankton, SD, has branch offices in Springfield and Parkston. This community chartered CU serves Yankton, Bon Homme, Douglas and Hutchinson counties in South Dakota, as well as Nebraska's Knox and Cedar counties. SCFCU was founded in 1962, and currently has over \$38 million in assets, more than 6,200 members, and 20 employees.

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### Don't ever give up.

Success often goes to the steadfast and the strong willed, over the flashy and clever. Our experience has proven that successful campaigns like this are better when they are run strongly for 10 days to 2 weeks. After a breather, we run another campaign, and throw in some special incentives every now and then to keep up staff enthusiasm.

- At the end of a campaign, pick a date and award staff members an extra \$5 or \$10 if they enrolled a member on that date
- Or, pick a "stealth member" at the start of a campaign. If an employee signs that person up during the campaign, give them an extra \$25
- Award the best branch, department, or the whole credit union pizzas or sub-sandwiches for reaching a goal

The point is that you have to keep it fresh to maintain employee enthusiasm. And your staff holds the key to success of these programs. You may find that different timing, different incentives, and a different approach are appropriate for your market. The important point is--don't quit before you are successful. And, there's always room for even more success.

### Doing nothing is unacceptable

Remember, financially astute, tech savvy consumers have already formed relationships with financial institutions that meet their needs—yes, even your own members. Some of your best members, and our best members, are in the above group, because we know that most households have 3 or more financial relationships. We need to compete with leading edge institutions to keep these members from leaving, and we need to win back business they have taken elsewhere. We also need to promote our electronic capabilities if we want to attract young people as they mature and start needing financial services.

### Case Studies: the power of collaboration

This series of Case Studies demonstrates how CU\*Answers credit unions and cuasterisk.com network partners are improving their operations through collaboration. Some are forming CUSOs to take advantage of market opportunities. But, many others are earning their success simply by leveraging the accomplishments of other clients who have shared their ideas. All contributors have agreed to answer your questions. We urge you to contact them.

Tell us about your "great ideas." Regardless of the size of your project, your contribution may be exactly what some other credit union has been looking for. Just put together the major details, and e-mail it to [mhaehnel@cuanswers.com](mailto:mhaehnel@cuanswers.com)

