

How Credit Unions Can Increase Revenue (and Stay Compliant!) Using Social Media

BY TINA OREM



Credit Union Times

Social media is a powerful tool, but for many credit unions it's little more than a once-in-a-while chore on a long list of other work to do. And, it doesn't always seem to generate much in the way of revenue.

Some credit union social media experts, however, are shattering that perception. They have changed how they think about social media's purpose, and they have turned it into a tool that does more than just connect with members: It generates sales.

Regulations regarding social media are evolving, too. In order to protect lucrative new social media programs, credit unions need to understand the essentials of maintaining regulatory compliance.

This case study explores how the \$766 million Oshkosh, Wis.-based Verve, a Credit Union, turned its social media program into a revenue engine while keeping its social media activities in line with today's regulatory requirements.

ABOUT VERVE AND CHATTER YAK!

Headquartered in Oshkosh, Wis., Verve, A Credit Union is open to anyone who lives, works or worships in several counties in Wisconsin and Minnesota. Membership is also open to employees of Kimberly-Clark, Neenah Paper and the medical services industry and immediate family members of any current member. It has \$766 million in assets, 15 branches and 56,000 members.

Chatter Yak! is a CUSO co-owned by Verve, A Credit Union that was established in June 2011 in Sandusky, Ohio. It provides loan-generating and member-generation software, marketing and consulting services and marketing campaigns rooted in social media. It also helps credit unions and community banks capitalize on social media data.

KARRIE DROBNICK

Karrie Drobnick is the chief marketing officer for Verve, a Credit Union. Using her vast experience and passion for digital marketing, she and her team created an exciting brand that has engaged the communities they serve. As the CMO, Karrie is responsible for both the strategic direction of marketing and technology. Prior to joining the credit union in 2014, she was director of interactive strategy and development for Ameriprise Auto and Home Insurance; she also has substantial experience as an account strategist and corporate communications manager.



BRYCE ROTH

Bryce Roth is a strategic marketing and public relations expert, public speaker and consultant with extensive experience working on new media platforms, and a passion for credit unions. He is co-founder and president of Chatter Yak!, a CUSO of Verve, A Credit Union. Prior to launching the social media startup, Roth was director of cooperative outreach at Verve. He also served as marketing coordinator for Vacationland FCU. Some of his professional awards include the CU Times Trailblazer 40 Below, CUES Next Top Credit Union Executive finalist and CUNA 2014 Credit Union Rockstar.



BACKGROUND

The social media story of Verve, A Credit Union really begins with the birth of a CUSO called Chatter Yak!, which was co-founded in 2011 by Bryce Roth, Verve's former director of cooperative outreach, and Kevin Ralofsky, who is Verve's current president and CEO.

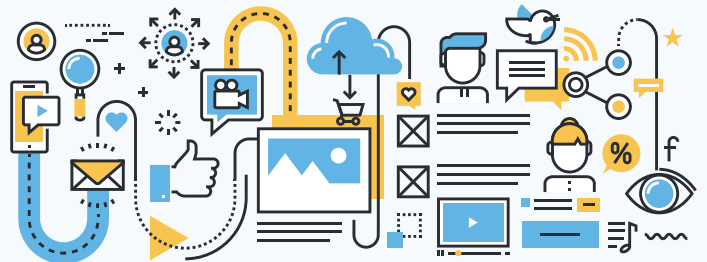
"We started the CUSO for a number of reasons. One, we're very firm believers in the cooperative principles and cooperation among cooperatives," Roth explained. "We started realizing we were doing things that were working and that made sense for the credit union and for our members, and that it would be silly in light of the cooperative principles to keep those to ourselves. But at the same time, we were also out there looking at all these other tools and resources that we could use if we had a budget."

The CUSO specializes in helping credit unions and community banks capitalize on social media. After its formation, Chatter Yak! launched Yak Tracker, an application that helps credit unions grow its social media presence via sweepstakes, trivia and contests on Facebook, Twitter, YouTube or other platforms.

The application collects detailed information from entrants that credit unions can then use to do more than just connect. Credit unions can use it to advance existing or potential members through the purchase funnel to loans, new accounts or other products.

In 2015, Verve used the method to add 175 new loans linked directly to its use of social media. It also generated additional noninterest income from 52 GAP policies and 68 debt-cancellation policies that came through social media, according to the credit union. In total, it added \$2.5 million to its loan portfolio.

Its goal in 2016: \$4 million.



Social Income

175 NEW LOANS = \$2.5 MILLION

216 GOAL = \$4 MILLION IN NEW LOANS

52 NEW GAP INSURANCE POLICIES

68 NEW DEBT-CANCELATION POLICIES

CLIMBING THE SOCIAL LADDER

Four years ago, when Roth joined Verve, A Credit Union, it had no real social media presence. Today, Verve's heft in the social media world is substantial.

The credit union now ranks No. 54 on The Financial Brand's Power 100 list of "Top 100 Credit Unions Using Social Media," pulling in more than 13,000 Facebook "likes," 800-plus Twitter followers and nearly 196,000 views on YouTube. That gives it more social media sway than some credit unions on the list that are several times Verve's size — behemoths such as \$2.4 billion El Paso, Texas-based GECU, which has 348,000 members and ranked 61st on the list; Bethpage, N.Y.-based Bethpage FCU, which has almost \$7 billion in assets and more than 293,000 members (it ranked 73rd); and even \$7.3 billion Live Oak, Texas-based Randolph-Brooks FCU, which has 657,000 members and ranked 55th.

"This is another vehicle that represents your credit union. If we're really going to talk to generations today and in years to come, we have to figure out all sorts of different media," Verve, A Credit Union's Chief Marketing Officer Karrie Drobnick explained.

Today, Verve uses the following social media platforms:



Facebook



Twitter



LinkedIn



Pinterest



Instagram



YouTube

WHAT COUNTS AS SOCIAL MEDIA?

Social media is changing all the time, and in some cases its definition is a matter of opinion. One opinion about what social media is carries particular weight. According to the Federal Financial Institutions Examination Council:

"Social media can take many forms, including, but not limited to, micro-blogging sites (e.g., Facebook, Google Plus, MySpace, and Twitter); forums, blogs, customer review web sites and bulletin boards (e.g., Yelp); photo and video sites (e.g., Flickr and YouTube); sites that enable professional networking (e.g., LinkedIn); virtual worlds (e.g., Second Life); and social games (e.g., FarmVille and CityVille).

"Social media can be distinguished from other online media in that the communication tends to be more interactive. For purposes of this Guidance, messages sent via traditional email or text message, standing alone, do not constitute social media, although such communications may be subject to a number of laws and regulations discussed in this Guidance."

THE COMPLIANCE TRAP

Social media is more than just a fun way to share things with members; under several regulations it's a form of advertising if

using it to attract public attention or patronage to a product or business, according to the FFIEC and the Federal Reserve. That means tweets, posts, pins and status updates all have to comply with an alphabet soup of regulations such as TISA, UDAP, ECOA, TILA, RESPA and FDCPA.

"Many credit unions make the mistake of thinking about social media posts as the equivalent of making comments at a cocktail party or among friends rather than as public statements," Drobnick noted.

"You still have to play by those same rules," she warned. "It's a really easy trap for people to fall into."

BECOMING A SOCIAL CLIMBER

Verve, A Credit Union's social media success hinges on two objectives: Moving users down the purchase funnel, and making sure its social media activities comply with a variety of rules and regulations.



WIDENING THE TOP OF THE FUNNEL

The path to most purchases, the purchase funnel, begins with first making consumers aware that a brand or product exists. It is a task perfectly suited for social media.

Verve learned that in order to get as many people as possible to the top of the funnel, each platform warrants its own type of content. Here's the credit union's take on what types of content should go on which platform for maximum impact.



Facebook

Best for:

Notifications, scam alerts, video. Light-hearted posts are ok if they work with the brand.

From Karrie:

Do not put all your eggs in the Facebook basket. "If we just rely on Facebook, eventually the traffic will go and we'll be in a spot where we're scrambling to figure out what the next thing is," she warned.



Twitter

Best for:

Connecting with other credit unions, sharing useful articles, addressing customer service requests.

From Bryce:

"The credit union needs to have a presence on there because the fact remains that all people are different and they all choose different ways to communicate."



LinkedIn

Best for:

Articles and posts about your credit union's culture, perks or other aspects of employment.

From Bryce:

"We may put some of those community things in there too because we believe that a lot of people are seeking an employer that cares and that gives back, and does the right thing."



Pinterest

Best for:

Financial literacy articles, savings tips, photos of community activities involving the credit union.

From Bryce:

"The majority of Pinterest users are women, and if we can provide insightful information that can help them maybe save time or money so they can spend more time and/or money on their family or with their family, then we believe that we're doing what we're called to do as a credit union."



Instagram

Best for:

Photos of the credit union out in the community.

From Bryce:

"They call it 'Verve in Action' — just doing what they need to do in order to live that cooperative principle."



YouTube

Best for:

Commercials or video promotions, as long as they have a call to action.

From Bryce:

"If you just put the video there, and there's no call to action to drive them to a linked page where you can track conversion and do all of those other things, then you might as well not do it, because it's just basically saying, 'Here's a video and please watch it.'"

Best for:

Members who haven't friended, liked or followed you yet.

From Bryce:

Email is social, too. "Not everyone thinks, 'Of course my credit union's going to be on Facebook' — unless you tell them that you're there and give them a reason [such as a contest entry] to maybe like you, right?"



Email



Snapchat

From Bryce:

Avoid this one for now, Roth said. "I know that all the magazines and the publications are saying how great Snapchat is and how everyone needs to get in to it, but I still think there's a lot of research that we have to do before we can get in to these sorts of disappearing messages platforms," he cautioned. "An examiner or an auditor asks you a question and you can't answer it or you can't produce it in front of them... that's not a good space to be in."

MOVING DOWN THE FUNNEL

Many social media managers stop once they feel they've done what they can to get people to the top of the funnel, but Verve goes a step further. It uses social media to move people down that funnel and toward a loan application.

The process works like this: The Yak Tracker application generates leads by helping credit unions conduct sweepstakes, trivia and contests via social media. Entrants complete customized questionnaires that analyze their answers in real-time and serve up special loan offers, products or tools to keep them moving down the purchase channel. Coded links track lead forms and other activity that comes in through social media platforms, so the credit union knows exactly where potential members and borrowers are seeing its offers.

"Likes don't keep the lights on; loans do."

—Bryce Roth

"Instead of just saying, 'Hey, good luck winning the \$100,' what we then do is — because they've indicated on their own will that they have, say, a loan somewhere else and they want to save money by bringing it over, or they're at least interested in it — we then can put a loan calculator in front of them that has the credit union's rate," Roth explained.

"Then they can see exactly, by picking what their credit score is, the term they want, how much they'd like to borrow; we can show them right then and there what their auto loan payment could be with us. At that same time, someone in the credit union then gets an email with all that person's information that they entered and then they can call them right away," he said.

FINDING THE NEXT SOCIAL MEDIA PLATFORM

Social media platforms can rise and fall in popularity very quickly. So how can credit unions determine when it's time to add another channel to its social media lists? Roth has two tips:

Look at the data. "When you look at [the platform] and quarter after quarter it's growing by a hundred thousand users, that's a pretty good indicator that, on average, a percentage of those people are your members."

Look at the time required to use it. "You have to make sure that you can keep everything up to that level of quality that you've established, because people will recognize when you're filling it in."

COMPLIANCE CHALLENGES

For Verve and every other credit union interested in turning social media into a revenue-producing activity, the FFIEC's social media guide is a must-read. Its 19 pages explain which federal consumer protection and compliance laws, regulations and policies apply to social media, and it points out considerations for credit unions to assess its risks and create policies and procedures for social media.

The big takeaways from Verve and Chatter Yak! regarding compliance and social media:

TAKE SOCIAL MEDIA COMPLIANCE SERIOUSLY.

"We follow the same rules in compliance that we would in any other medium," Drobnick said. "We treat it, really, like an advertising channel despite the fact that we make our tone of voice appropriate for the brand."

According to the FFIEC supervisory guidance, credit unions should have risk-management programs that identify, monitor and control the risks related to social media. Even if a credit union doesn't use social media, it should still have a plan for addressing negative comments and complaints that arise on social media.

WATCH OUT WHEN MENTIONING RATES OR TRIGGER TERMS.

Posts need to lead straight to the required language. "If you're going to mention a rate or a trigger term, you have to link directly to where the disclosures are," Roth explained. "Not to your homepage. They have to get to the website. They have to get to the fine print."

"I can't tell you how many times I see people putting rates and just saying, 'Hey, this is a great deal,' and that's it. It's scary."

— Bryce Roth

DON'T FORGET THE VISUALS.

Credit unions must be sure to display required elements in social media posts. "It's very clear that the NCUA says that if you process mortgages, you have to have a certain logo," Roth explained. "We're very cognizant about putting those where they need to be and/or, in the case of Instagram, it's one of the trickiest ones; you don't have, really, a cover photo where you can click those images. We make sure that we have that language in our About Us section."

HELP EMPLOYEES SHARE RESPONSIBLY.

Loan officers and others may want to share good news about what the credit union's doing with a product or talk about a promotion. To avoid headaches from forgotten disclosure language, Verve set up a system to help employees with those tweets and posts they want to put on their personal accounts. "We help them make it compliant," Drobnick explained.

REALIZE THAT NOT ALL PRODUCTS ARE MEANT FOR SOCIAL MEDIA.

Promoting products with constantly changing terms is tricky, Roth said. "We try not to talk too much about mortgages at all on social," he noted. "No one really ever does mortgage billboards either. The reason they don't is if you put a rate on there, the next day it's different anyhow. We try to stay away from that."

"If it's about a community event that you participated in, if it's about the Packers just beating the Patriots, that stuff's all good to go."

— Bryce Roth

THE MARKETING TEAM AND THE COMPLIANCE TEAM HAVE TO WORK WELL TOGETHER.

The marketing department may want to get a message out quickly; the compliance department may want to pump the brakes. That can lead to butting heads if not managed well, Drobnick warned. "In the rare instance that compliance and marketing might disagree, that's a great opportunity to just sit down and say, 'Hey, if we're trying to do this and we feel like in this channel this is the way we need to communicate it, how do we make this work?'"

Not every post has to go through compliance, Roth added. "But if you're going to talk about products and services, if you have any interest in mentioning a rate, if you want to talk about a product that generally has asterisks associated with it, then you need to go to your compliance team."

CROSS-TRAIN ON DISCLOSURE REQUIREMENTS.

"At Verve, people you wouldn't think would know this stuff, like your head of creative, your graphic designers, your web designers — we just tell them we want to run a credit card promo; they pretty much already have all the disclosures in there when they send it to compliance. Because they know," Roth said. "That shaves down that time. I think some of it is just not looking at compliance as that one person in your organization, that, they'll take care of it. Taking a little bit of the responsibility yourself, become knowledgeable of it. Then that gives you a little bit more autonomy."

RECOMMENDATIONS

Verve, A Credit Union's success highlights steps other credit unions can do to turn its social media programs into revenue engines that don't create compliance headaches.

- Do more with your posts than just getting people to the top of the purchase funnel; include specific calls to action.
- Use coded links and other tools to track activity that comes in through your social media platforms.
- Don't post the same thing across all social media channels. Each social media channel has an audience with different expectations.

- Determine what audience/traffic measures and time requirements make a new or old social media platform worth investing in.
- Familiarize yourself with the FFIEC's social media guide.
- Respond to negative comments on social media, even if your credit union doesn't use social media.
- Teach everyone involved in social media about the compliance responsibilities.
- Know what words or topics prompt special disclosure and review from the compliance team.
- Remember the visual requirements that may go along with social media posts.
- Build tools to help employees use social media responsibly.
- Don't assume every credit union product is well suited for social media promotion.
- Build a team that can analyze and discuss compliance issues in a collaborative spirit.
- Boost productivity by training more people on social media compliance.

Tina Orem is a technology and payments correspondent for CU Times.