



## Executive Corner – A Best Practice Tip Resource A Look at Staff Training for the Next Generation of Members

Behind every credit union statistic lays an actual living, breathing person, and while numbers best illustrate statistical trends, in the end, credit unions want to improve the quality of life of their members. And not everything can be crisply measured. Considering the way financial services are used, the choice of a particular institution is woven into the fabric of our lives. When members open their first credit union account, they have historically stayed put because their checking account, auto loan, or mortgage payment are part of managing their lives. That is the history. But is it the future?

Competition for users in the marketplace is coming from unexpected directions. Large box stores are offering financial services. PayPal and even smart phones offer person-to-person financial transactions. With a change in charters, credit unions are even competing against each other. Since competition for members is inescapable, it makes good sense to take a close look at the direction consumers have taken and train personnel accordingly.

Current statistics point to the need to reach out to a younger consumer who does not have a loyalty to their parent's bank or the practice of aggregating all of their financial transactions to one institution. They are more likely to use on-line tools to comparison shop nationally and choose the best offer. Credit Unions are placed in a position of needing to fight for every financial decision from this new generation of consumer. The task is made even more complicated by the fact that the average non-member of a credit union has no idea what a credit union offers or stands for. With younger consumers wanting to complete their financial transactions via cell phone, there is no question that mobile banking is gaining traction on a global scale. To attract and keep the new generation of consumers, the credit union will need to continue to develop their technology and programs to offer more and richer mobile banking tools with attractive rewards programs.

A recent article at Creditunions.com states that according to the "FDIC and the Center for Financial Services Innovation, 23% of households with bank accounts meet the definition of under banked and complete most of their basic transactions with AFS providers. The demographic includes not only those with lower incomes, but also young people who do not fall within traditional underserved parameters. In fact, 50% of under banked people have a college degree. Moreover, young people and the traditionally under banked might have different motivations, but they demonstrate similar behavior when it comes to using financial services. A typical under banked consumer spends up to \$77 per month in fees for AFS transactions, including check cashing, money orders, remittances, walk-in bill payment, and reloadable prepaid debit cards. That fee income goes to non-bank providers because most credit unions and banks do not offer these services."

As credit unions develop new services to increase its member base, it will be important to focus its front line staff on educating members about services that will bind relationships more tightly such as on-line banking, automatic deposits/payments, direct deposits and e-statements. Making sure that staff have used or experienced all of the services that the credit union provides will give them the confidence to have an educated conversation with a member. It is always a good idea to have a 'go to' subject matter expert available for more complicated questions or services.

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