



CASE STUDY

Exceptional Debit Growth Through Strong Focus – Secrets of Top-Performing Credit Unions

Today's increasingly competitive financial services and payments landscape requires credit unions to explore every possibility to secure the primary member relationship. Checking – featuring debit – remains the most connected payment offering for consumers. A compelling and competitive checking product strategy can do wonders for establishing the foundation to build and maintain a valuable member relationship and serve as the center of the consumer's payment experience.

Advisors Plus consultants provide assistance to credit unions seeking to understand and improve the performance of their debit card portfolio. According to analysis by Advisors Plus, checking account growth combined with increased debit usage are the two key drivers to accelerate debit card purchase volume growth.

To better understand the business practices that drive exceptional debit performance, Advisors Plus identified PSCU Owner credit unions with consistently strong debit card

purchase volume growth over a multiple-year period. These “top performers” were then interviewed to share their thoughts on their achievement and the actions they regularly take to drive that performance.

Top performers at PSCU have debit purchase volume growth that is twice the industry growth rate. This has two important implications:

1. Their interchange income is growing twice as fast, allowing them to reinvest back into the success of the program.
2. This growth means they are successful in capturing evolving consumer payment choices being made by enrolling debit cards in digital wallets, mobile apps and card-on-file at varying merchant types. Never has this been more important than with the COVID-19 operating environment.

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Keys to Driving Debit Purchase Volume:

Based on work with many credit unions to improve their checking and debit offerings, along with extensive analysis of market and credit union performance data, Advisors Plus has identified several focus areas that contribute to successful growth. The actions of our “top performers” resonate strongly with each of these.



Management Intensity: While the executives of the credit union are not in the branches selling debit cards to members, their support and focus is paramount. A broad and deep

belief in the value of checking and debit, and desire for every member to benefit from checking at the credit union is key. Dedicated management for debit and checking products are critical components of a top performer’s formula to accelerate growth and deepen relationships. Starting at the top, executives sharing their belief in the criticality of growing their checking and debit portfolios will see success in enhancing the member relationship and overall growth for their credit union.

Metrics and Analytics: It is important to track and monitor performance and establish goals for debit and checking account growth. This helps develop a roadmap for success. Credit unions that embrace a “hands-on approach” with continuous monitoring and analysis of performance metrics, which are shared and communicated throughout the credit union, from executive management to branch staff, will keep everyone aligned and engaged to meet goals and serve members’ needs.

Product Strategy: This starts with an attractive product that’s easy for members to understand, provides members value for their active relationship, and is modified over time to remain competitive and relevant in the market. Successful credit unions continuously tweak their checking product lines to adapt to market changes, reward members for their relationship and focus on digital services as a primary “engagement” factor.

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Culture: All employees within the credit union must embrace their checking product as “best in the market” and keep that top of mind. Their passion and enthusiasm will assist in driving the product’s growth. This type of culture sends a powerful message throughout the credit union, and this excitement resonates with members. Part of a successful culture is created through employee ownership and usage of their credit union’s checking account, whereby their personal experiences become a positive testimonial to the value delivered to their members.

Marketing: Top performers invest dedicated marketing dollars in debit and checking, and plan continuous marketing and communication efforts with a full-year calendar of initiatives. At a minimum, there is quarterly contact with the checking base. This may include debit campaigns focusing on key spend opportunities such as the holiday season or Amazon Prime days, and initiatives to encourage debit as top of wallet. Or solicitation of direct deposit which is directly correlated with spend. Targeted checking acquisition campaigns with cash offers provide the opportunity to further grow the debit card portfolio via new checking accounts.

Future Considerations: Always plan ahead to be ready for what’s next, proactively stay on top of industry trends and look to continuously improve the digital member experience. With new competitors and



expanded forms of payments coming to market daily, debit card and checking success across credit unions will require more focus and effort than in past years.

All credit unions can use these tactics to examine and refine their strategy, to accelerate growth.

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Advisors Plus wanted to see how credit unions showing high growth were accomplishing their amazing results. Accordingly, Advisors Plus surveyed a few of PSCU's Top-10 debit performers and conducted in-depth interviews with two of the credit unions, Altra FCU based in Onalaska, Wisconsin, and BCU, based in Vernon Hills, Illinois. Here is what they had to say.

Altra FCU – Innovative Product Management

“There is not one silver bullet.”

The strength of Altra's approach lies in trying new things and optimizing as many touchpoints as possible. By creating a dedicated group to focus on checking, debit and all things payments, they learn from each other and continuously share information. Using a retail dashboard with goals and metrics, they make sure information is available to the entire credit union, from branches to executive management.

Altra coordinates goals and planning with their retail management and product teams to optimize product benefits and qualifications to find the right balance for members. Planning ahead is also a key to their success. They are working on a three- to five-year checking strategy that focuses on Millennials and Gen Z trends, as they are key growth segments.

From a technology standpoint, Altra has a strong focus on instant issue, and view the account opening process as a key touchpoint

with members. They are also incorporating new card designs and push provisioning to mobile wallets is on their roadmap.

Altra continuously monitors the competitive marketplace. Challenger banks like Chime with their “free” strategy and unique perks (early paycheck availability, fee-free overdraft, etc.) are always on their radar.

“Our checking product is by far the best.”

All of Altra's checking products are free, and they have found that their “no fee” strategy strongly resonates with new and existing members. This helps to break down barriers for the member to establish or expand their relationship with the credit union. Additional benefits are gained by meeting debit card transaction and direct deposit requirements.

Altra has three products: Free Checking, A+ Checking and A+ Platinum Checking (both A+ products are high-yield rewards checking), and staff members are trained extensively to understand and explain the differences between the three types and to identify the product with the best value and fit for individual members. The vast majority of employees also use Altra checking products, so their hands-on knowledge of product benefits is strong. Additionally, their CEO reinforces the importance of using and understanding their products as a significant part of their culture.

Altra strongly believes that ongoing product training is critical to their success. They dedicate extra time to training frontline employees about the qualification differences between the products to ensure that

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members choose the best product for them. Additionally, the product team visits branches regularly and meets with member-facing staff to gain their feedback and ensure members are happy with their checking and debit products.

“We’re going to do something a little different.”

The creative and varied selection of marketing, member engagement and educational activities are further evidence of a willingness to try new ways of reaching and influencing members.



Altra
Federal Credit Union



- Headquartered in Onalaska, Wisconsin
- Serves nearly 115,970 members
- \$1.9 billion in total assets (as of December 2021)
- www.altra.org

Checking acquisition offers are a critical part of Altra’s marketing strategy. While their \$100 ongoing offer targeting members without checking accounts is featured on the Altra website and other channels, they are

exploring using occasional higher-value offers during more competitive periods of the year, such as increasing the offer to \$150 during the Black Friday weekend.

Another targeted campaign encouraged members in Free Checking to upgrade to A+ Checking or A+ Platinum Checking. Altra targeted members who were close to meeting direct deposit and debit card transaction qualifiers to upgrade to one of their high yield checking products. As part of the campaign, Altra paid one month of the interest the member would have earned if they used the A+ or A+ Platinum product.

Other innovative marketing activities include in-person and virtual “Tech Fest” events to educate members about Mobile Wallets and other new payment features. This started with an employee event to increase staff understanding and buy-in. Member sessions were well attended and the virtual version with pre-recorded video was used to extend the campaign throughout the pandemic. Although it will be difficult to attribute it solely to these events, mobile wallet enrollment has increased 100% year over year at Altra.

Altra has found social media campaigns to be effective ways to attract new members, and they are working very hard to make their mobile and in-person account opening process seamless and simple. They are developing a custom account opening solution for mobile devices, since none of the out-of-the-box solutions have all the features they need. Their goal is for members to be able to digitally open an account in minutes.

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BCU – A Continued Top Performer

“We love that we are best-in-class, but there is so much more we could be doing.”

Nothing sums up the positive attitude and commitment to growth at BCU better than the quote above. In interviews with the checking and debit team from this leading credit union, the idea of doing more and staying focused on the member experience kept coming up. When BCU learned they were in the Top 10 for debit growth, they highlighted their next year will be even bigger and that they are pushed and empowered to be the best.

“We have strong, active and engaged members.”

One of the cornerstones of BCU’s checking strategy was developing an effective activation approach to drive usage. They realized the importance of getting members who open a checking account to activate and use their debit card. Motivating their members to set up digital wallets and use P2P payments are important parts of their top-of-wallet strategy.

Onboarding campaigns for new checking accounts are targeted by product type, and encourage activation and usage of new debit cards. They supplement this with extensive use of relevant video content on their website to prompt engagement and explain product benefits.

bcu



- Headquartered in Vernon Hills, Illinois
- Serves nearly 293,194 members
- \$4.4 billion in total assets (as of December 2021)
- www.bcu.org

“Power Plus Checking is our flagship product to get members through the door.”

BCU has created a high-yield reward checking product with valuable member benefits. Their free, no-fees offering extends a strong “balanced value exchange,” which encourages high engagement to secure the primary financial relationship and generate organic debit card growth. Members are rewarded for their active relationship with a competitive high yield and no ATM fees. Even surcharge fees are reimbursed when qualifications are met.

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Monthly qualification for the high yield is achieved through direct deposit and a combination of flexible transaction alternatives such as debit card and/or credit card transactions, awarding members based on their purchasing preferences. Starting with frontline employees motivated to promote and set up checking accounts, contactless instant-issue debit cards get the active relationship started.

They have also added great features members love, like an online widget that tracks monthly progress toward deposit and transaction qualifications to encourage members close to meeting the goal, and enhanced direct deposit for early access to direct deposit funds.

“Our website is the cornerstone to the beginning of a relationship.”

When asked about marketing, BCU’s first response was, “we need to do more.” As an example, they want to talk more about debit on their website with a new dedicated product page and feature debit front and center on their homepage.

Checking acquisition campaigns are a key part of BCU’s growth strategy. They have been consistently marketing targeted new account incentives ranging from \$75 to \$250. Monthly marketing campaigns to members who have been issued contactless debit cards highlight card features to stimulate usage. And new debit cardholders are targeted with activation campaigns to get their members transacting.

Combining New Approaches with Time-Tested Strategies

Given their performance and details from the interviews, it is clear that BCU and Altra FCU have an excellent grasp of the key drivers of success for their debit and checking portfolios. While each approach is unique in its own way, they cover the elements Advisors Plus consultants examine in our portfolio reviews.

We would like to thank our partners at BCU and Altra FCU for taking the time to share their stories and experience of their exceptional debit and checking success.

Special thanks to Lidya Garcia, senior manager, Deposit and Debit Product Management, BCU; Tim Powell, debit product analyst, BCU; Jennifer Cyert, vice president, Deposits & Payment Strategies, Altra FCU; and Josh Goodman, manager, Payment Operations, Altra FCU, for participating in this case study. If you would like to join them in the Top 10, need help with certain performance drivers in your portfolio or just want to make your checking and debit programs more successful, please contact your PSCU Account Executive to arrange a consultation with Advisors Plus.

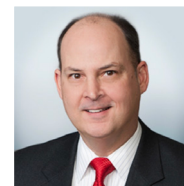
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Key Contributors

Kari Anne Arnosk and Tom Bennett are Principal Consultants with the Checking and Debit practice at Advisors Plus, with over 60 years of combined experience in the financial services industry. They advise credit unions on strategic opportunities to enhance portfolio growth and profitability.



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Advisors Plus

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