

Why credit unions need one-to-one messaging to build profitable member connections





As nonprofit organizations, a Credit Union's primary focus is to provide distinct services to members rather than attempt to make a profit.

Therefore, credit unions have a responsibility to continuously seek new ways to enhance their member engagement. After all, their revenue is dependent upon the ability to retain members. The question is: how will they approach this problem at a time when customer engagement is shifting towards digitization?

The preference for members for dealing with credit unions, in part, is due to the wide range of benefits they typically offer, including greater access to customized products, higher interest rates on savings accounts, lower borrowing costs, and reduced fees. Besides those factors, there are several other reasons that people chose credit unions - one primary reason is their commitment to communities.

Credit unions make their revenues from the transaction fees, and interest on loans, mortgages and credit cards that their members pay. In contrast with banks, they answer to their members rather than shareholders. CUs may share their annual profits with their members, donate to local charities and community projects, provide scholarships, and invest some of these profits in improving the quality of their operations and services. That is why it's important that a credit union consistently demonstrates why members chose it in the first place. Developing an effective strategy to manage and maintain member relationships is very important. The [Credit Union Innovation Index](#) found that 21.9% of members would consider switching to a more innovative financial institution. Members are looking for more ways to engage with their credit unions, so it is important that credit unions adapt, meet new demands, and provide their members with the best possible experience.

[Glen Welch](#), president and CEO of [Freedom Credit Union](#) describes it this way, "Credit unions and other financial institutions encourage people to come together for the financial betterment of their communities and their members." In this context, the importance of cultivating genuine connections in this environment cannot be overstated. The very nature of credit unions as not-for-profit institutions allows them to focus on providing better services and interactions to their members. But credit unions are lagging behind by their inability to respond to the rapid digital transformation that has affected the entire financial industry when customers and clients are calling for personalized yet digitized engagement.

To meet these expectations, the key is to take a member-centric approach to customer service. A credit union can show its genuine interest and care for its members by authentically communicating directly with them through various channels. Truth is, the traditional modes of communication are no longer sufficient to accomplish these objectives in today's digital age. In addition to traditional customer service channels like telephone and in-branch support, credit unions must now also embrace digital channels like live chat and chatbots in order to meet the growing expectations of their current and future members.





Arguments for why credit unions should emphasize digital member engagement

Today's marketing and consumer culture are focused primarily on experience. Your credit union will not succeed if you do not provide a quality experience to your members, whether that is through your digital platform and app, your credit union's physical locations or via the customer service department. The most important thing you can do for your credit union is to focus on creating authentic, valuable and quality experiences for each member every time they interact with your organization. There are several reasons why prioritizing member relationship is important to profitability, including;

1. Changing member expectations

A member wants to feel appreciated for their patronage but credit unions and the entire financial industry lag behind other industries in this regard. For example, digital tools allow customers to manage coupons and discounts in the grocery industry, while points and rewards are gamified in the aviation industry. By changing the way credit unions think about how they engage with their members, they can improve their member experience, as well as ensure member loyalty, and in turn, improve profitability.

A decrease in engagement is usually the first indication that something is wrong within an organization, which of course has a negative impact on member retention. Marketing General's 2020 Report shows that [43% of members fail to renew their membership](#) due to a lack of engagement with their credit union, an increase from 37% in 2018. Conversely, members who are engaged tend to [stay for a minimum of 4 years](#). While lack of engagement is consistently the number one reason why members do not renew memberships, engagement also impacts the bottom line, with [engaged members spending 22% more](#) than non-engaged members.

2. The financial service industry is ready for technological innovations

Technology has been a slow transition for many credit unions. While the pandemic forced the hands of many smaller financial institutions, there is a mindset of resistance when it comes to implementing these financial technology practices for larger firms. According to a Cornerstone Advisors' study, 15% of credit unions still had not developed a digital strategy by the end of 2021, which is far too high.

There is a common misconception that when you go digital, you lose the relationship but the reality is that the use of these tools and capabilities presents an excellent opportunity to deepen member engagement. Regardless of the channel, it is still a human seeking a personalized, meaningful experience.





2. The financial service industry is ready for technological innovations

There is a need for credit unions to continue to invest in digital technology that creates more efficient and effective service interactions, as well as ensure a consistent experience across all channels of communication - online and in person. The following benefits may be enjoyed by CUs that invest in engagement enhancing technologies;

- **Enhancing the member experience:** By adopting the latest technological products and services, a credit union can further improve this experience. Streamlining your processes will allow you to devote more time to providing your customers with that extra level of service they deserve.
- **Cybersecurity and member protection:** An active effort must be made by credit unions to secure and manage their data and to provide a safer banking experience for their members.
- **Secure money management:** There is a demand from consumers for credit unions to offer a secure and reliable digital service with little to no downtime. Customers also typically expect 24-hour customer service technical support which may be offered through chatbots.
- **Improved products and services:** Investing in mobile and digital innovations can enable credit unions to lead the way in financial technology. Members seek a better banking experience, and credit unions understand that it will be difficult for technologically outdated organizations to remain competitive.
- **Innovative insights and intelligence:** The benefits of technology extend beyond the members. CUs are now able to gather more information about consumer behavior than ever before thanks to the numerous member engagement platforms and softwares available today. It is now possible for credit unions to create customized experiences and offer the right offers at the right time, creating long-term success and high customer retention.

As previously stated, credit unions in particular have experienced profound changes in recent years. With consumers increasingly using mobile apps and various channels for communication and accessibility. Considering the mass digital migration, CUs should consider exploring technologies that can provide seamless service to their clients without requiring in-person interactions.

3. Personalized outreach is crucial for credit union marketing services

Member expectations are evolving quickly, they want more digitization, communication and personalization to their individual needs. Credit unions need to find new and innovative ways to present value while engaging with members.

With their agile and disruptive potential, digital solutions coming out of innovative tech and science, like [AI](#) and [chatbots](#), represent one possible avenue to tackle these issues. While tempting to lean on the latest tech trend, CUs should still be wary – digital is not necessarily a one-size-fits-all solution.

As Thomas Shields, the VP of Product Enablement at Kasasa, points out, "chatbots and AI often downgrade what people value most about going to their credit union – having a relationship and direct communication to the people who work there." This is the core problem for CUs: how to find ways to maintain the familiarity and spirit of personalization and service in a digital world?

As a start to better understand how members are engaging and interacting with the CU and its products, marketers need to start asking critical questions. For example, what are members communicating to you based on how they use your products?

With this knowledge, marketers don't just get to know their members better; they are also better positioned to understand their needs and goals too, enabling them to find the best available technology to help them. In any case, consistent communication is needed across all fronts. The goal is to create an information loop where new data and available technology is used to refine and better tailor the engagement experience to the needs of individual CU members. These variables have to be brought together to generate a tailored and personalized interaction with members which distinguishes CUs from other kinds of FIs.



Improving engagement for credit union members through modern marketing strategies

CUs need to spend more time and resources to understand their membership better so they can deliver the personalized interactions that their members expect. They need to know how their membership communicates with them, both digitally and in person. The inability to fully understand the [CU membership leads to a monolithic approach](#) that treats members like one homogenous group with similar needs. Audience intelligence lets CUs gather insights into how different members have different financial needs.

Creating a data filter that pulls information from your CRM systems helps CUs understand what members need as they interact with you digitally. It helps the CU understand how that conversation is happening and find ways to continue that conversation. So, for example, if a CU wants to move member conversations and customer service into multi-channel, it's important to think proactively about maintaining the dialogue with members consistently over the [customer engagement lifecycle](#). To make it easier to know when and how to reach a member through multi-channel, they need to improve their understanding of the user experience.



How CU's can integrate personalization and one-to-one messaging to provide quality experience for their members

Today's consumers are overwhelmed by mass marketing that doesn't always provide real value to their needs, and traditional advertising no longer reaches people at those critical touchpoints in the customer engagement cycle. Tuned out of generic marketing tactics, consumers pay more attention to businesses offering authentic interactions on their own preferred channel. CUs need to use all channels of communication at their disposal to communicate with members effectively or educate their members about new products and services based on their purchase history.

This could involve leveraging member data to optimize field-tested channels like short messaging platforms, and then leveraging their specific advantages. Take direct text messaging for example, it is a channel that can not only communicate relevant news and updates but also has an inherent ability to improve [lead response times](#) - and so, in this instance, you are using the specific benefits of a platform to improve engagement and retention across the board.

As Statflo's Scott McArthur points out, "... a CU that has returned the connection with me, to me as a member, that's super important, and if I have that regular interaction and dialogue with my CU, I'm going to give them more 'surface.' And I think that's where CUs have really cool opportunities that are available to build engagement in the community that will bring more business in their direction."

CUs have to do this with a keen awareness of the complexities of working in a multi-channel environment. Not only do certain members prefer certain channels, but certain channels are also simply better suited for different touchpoints in the customer journey. For example, if members receive information about mortgages on a digital channel, it doesn't make sense to send them information about a new life insurance product through your direct mail channel, and then focus on the sponsorship of a community event on your website.



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Marketers have to keep this in mind. They must ensure that their conversations with members remain consistent through the different digital channels used to engage users. If not, users will intuitively understand (even if they may not be consciously aware) that the conversation around products and services isn't compatible with their needs and expectations. The member experience and the exchange of information have to be tailored to the member's specific needs. CUs have to move away from a one-size-fits-all mentality. They can no longer rely on using a mass list to send generalized messages promoting their products and services.

As members have access to a range of user-friendly, effective digital tools in other aspects of their lives, they expect seamless, instant, contextual communication from their credit union as well. The members' preferences have evolved in terms of communication channel preferences, and they desire easier access to services on a variety of platforms.

Thus, it is critically important for CUs to ensure that their conversations are relevant and personalized rather than sending the same text message to all members in order to capture their attention. Statflo helps CUs in [communicating the right message to the right member groups](#) through personalized messaging, which elicits an increased level of engagement in conversations.

Members [expect to receive personalized information](#) in accordance with their history with the credit union, as well as their specific wants and needs. A communication that includes such context would increase the likelihood of members responding, thereby increasing engagement. Using [Statflo](#), CUs can segment and customize interactive messages so that a member's specific situations, goals, and needs are addressed throughout the communication process. CU's engagement can be significantly impacted by efficient, accessible communication across multiple platforms.

As a one-to-one text messaging platform, Statflo is able to provide members with access to information through familiar and user-friendly channels, ensuring high levels of engagement.

Are there risks associated with a digital transformation?

As economic and business conditions continuously change, CUs need to adapt. Digital technology is being adopted rapidly by consumers and businesses alike, and while this is proving beneficial, it introduces new risks. The following are some of the typical risks associated with digitizing customer engagement:

- Failure to be compliant with local or national outreach regulations.
- Sending or receiving of inappropriate content
- Misuse of outreach tool (eg. staff member using text messages to badger members)
- Using offensive or unprofessional language in messages
- Data breach due to lack of security in third party tool

Confidentiality, privacy, and security are significant issues for CUs and their members and governments have strict rules and regulations for how FIs can communicate with clients and type of information that can be shared. When these rules are flouted, it may lead to negative outcomes on member relationships and trust, costly and complex legal issues, and bad press that leads to reputation damage.

Ensuring that you have the best compliance controls and security measures in place for member outreach should be top of mind for all Credit Unions. However, many CUs worry that new digital technology will not be compliant with strict privacy and data security laws while the cost of flouting these rules can be expensive. Statflo technology is [fully compliant](#) with existing security and privacy legislation in the US and Canada;





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- Statflo has controls in place to maintain the confidentiality of the data you make available to the platform.
- Statflo secures your passwords and secrets using industry best practices to salt and hash credentials before they are stored. You can also add another layer of security to your account through SSO integrations and enabling two-factor authentication (2FA) integrations.
- Its risk-based assessment security framework includes administrative, technical, and physical safeguards designed to protect the confidentiality, integrity, and availability of data.
- It continuously monitors and manages vulnerability by developing processes and procedures for handling incidents and designing proactive and detective capabilities
- Additionally, Statflo is SOC 2 Type 2 certified which enforces end-to-end encryption on sensitive data; there are opt in/opt out measures in place.
- In Canada CASL, PIPEDA, DNC are regulations Statflo is compliant with but what makes it perfect for financial services is the fact that it is also compliant with The Financial Consumer Protection Framework (FCPF) in the Bank Act and KYC.
- Similarly, in the US, the TCPA, CCPA, 10DLC, DNC, Gramm-Leach Bliley Act including regulation P and Privacy Notice, KYC regulations are in place to protect business and consumers.



From a compliance perspective, one-to-one text messaging is easier to control. Compliance teams and sales teams can craft the messaging together. As Thomas Shields points out, "...instead of recording 5000 calls, you can actually read the text messages you're sending. And if you have a service representative for your training, you can then scan their conversations, look at the ones that didn't work and look at the ones that did."

- Smart filtering ensures that inappropriate language and content flagged and blocked from being sent and received.
- Includes DNC management tool helps you handle opt-outs automatically for all available communication channels (e.g. text message, email, calling)

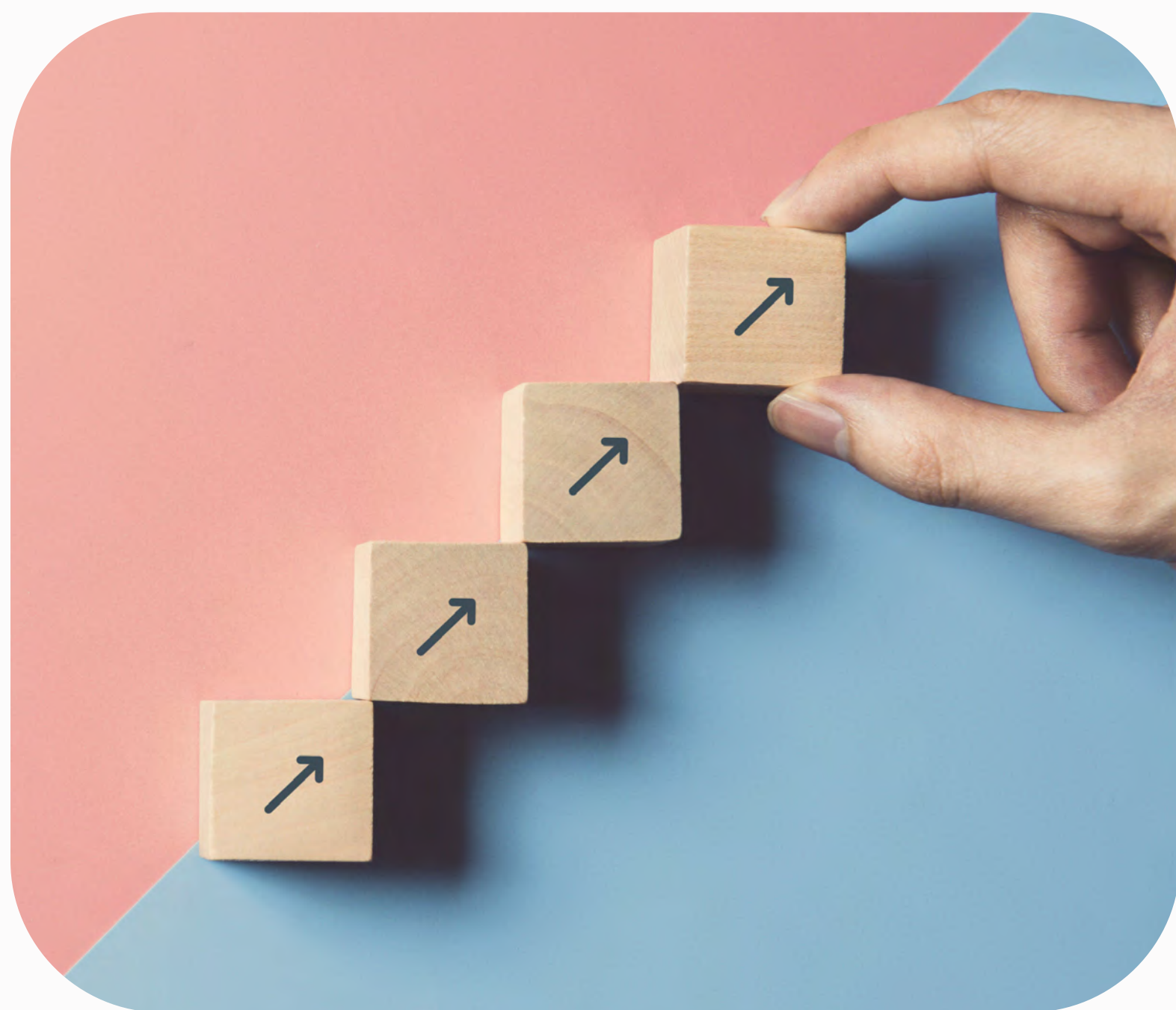
Members are using their own personal devices, an advantage from a security and privacy perspective. They can also more easily see what's being sent to them and choose if they want to receive messages in the first place. Once the CU initiates a text based conversation with a user, technology like Statflo messaging helps ensure that employees aren't making things up 'in flight' and pitching unsupportable claims like 'we offer the best interest rates in the country.' CUs can automatically block messages that an employee may try to send or messages that make claims or use language that is deemed inappropriate.



Failure to embrace change can result in serious consequences

In a recent study, [Gartner projected a 80% increase in text messages going out to consumers](#) across all industries over the next year. Texting is popular with businesses and clients because it's conversational and suited to cultivating those meaningful, authentic and personalized connections with end-users.

As more businesses communicate with consumers using one-to-one text messaging, CUs who do not adopt the technology risk losing members. If one CU doesn't do it, another certainly will because it helps deliver on their commitment to providing a superior and personalized member experience while remaining differentiated and competitive.



The conversion rates for messaging are more effective than other marketing channels such as email or direct mail campaigns. Texting offers a more personalized and cost-effective solution for CUs looking to improve member engagement and the quality of service and product delivery. Research shows that customers appreciate one-to-one text messages. As we've seen, response rates for [SMS run between 40% - 45%](#), which is much stronger than other marketing channels. In addition, text messaging has an almost non-existent opt-out rate. For Credit Unions, the bottom-line benefits of Statflo's Business Text Messaging technology are clear.

There is no doubt that credit unions need to understand their member base better to identify engagement opportunities. The trends and numbers are clear: without data and actionable engagement strategy, credit unions will suffer membership loss, increased dissatisfaction, and decreased spending. From there, it becomes harder and harder to position the organization for competition against those who have prioritized engagement and adopted the digital solutions to ensure retention.



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