JANUARY 2015

INTERNATIONAL LESSONS FOR YOUNG ADULT MEMBERSHIP GROWTH

TECHNICAL GUIDE

THIS WORLD COUNCIL PUBLICATION BRINGS TOGETHER AN ARRAY OF INTERNATIONAL EXAMPLES ON GROWING YOUNG ADULT MEMBERSHIP, AS SHARED BY THE CREDIT UNION COMMUNITY DURING THE 2014 WORLD CREDIT UNION CONFERENCE IN AUSTRALIA.

World Council of Credit Unions

CONTENTS

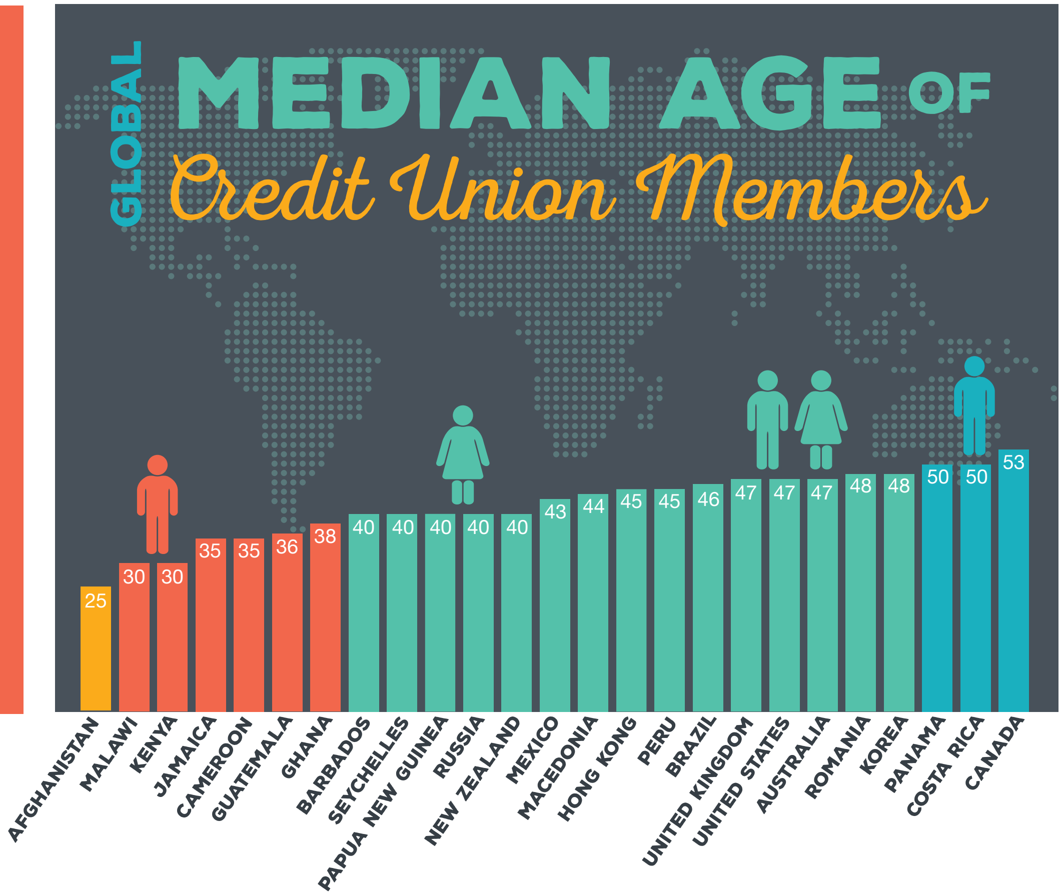
OUR GLOBAL CHALLENGE:
YOUNG ADULT MEMBERSHIP GROWTH

Young adult membership growth is a top priority for credit unions everywhere. As current membership ages, success in attracting this 18–35 age group will be crucial to the movement's future.

The average age of credit union members in most countries is mid-to-late 40s: in Canada the median age is 53, in Costa Rica it is 50, in Australia, the UK and U.S. it is 47. As these members approach retirement and deserve maintained loyalty and service, credit unions must expand their market to younger generations.

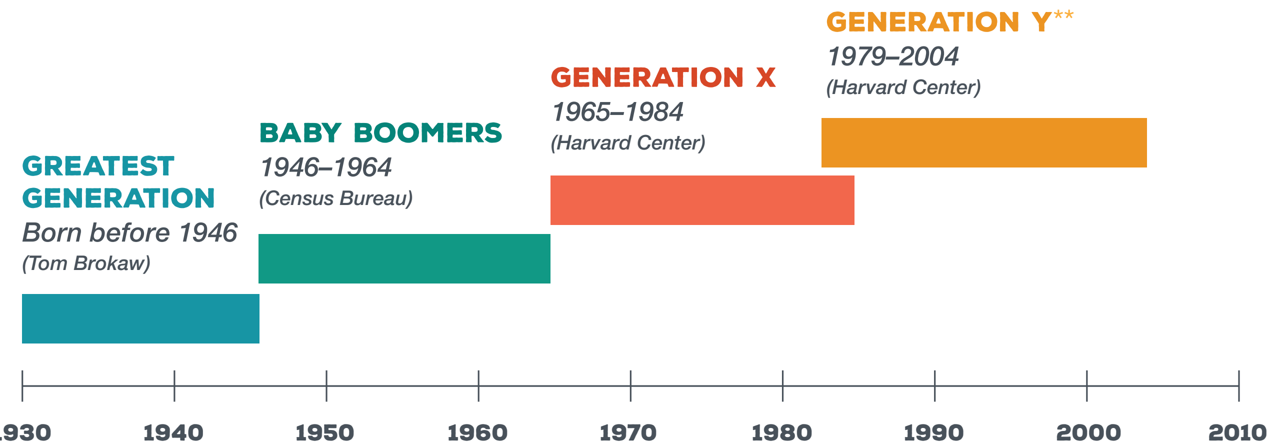
Generation Y, while being the largest generation in history, is also facing one of the biggest challenges posed by the recent global economic recession. Factors like unemployment, home prices, alarming levels of student debt and the rising cost of living make Gen Y anxious about their future. Credit unions are once again well positioned to be there when members need them most. Serving the Gen Y market while maintaining a solid bottom line is only part of the challenge. Credit unions should reassess their products, channels and messages to determine how they will respond best to the needs and preferences of the young adults. Another part of the response is determining ways to integrate access to payments, finance and commerce while providing crucial financial education.

Today the credit union community stands at 208 million members worldwide. **World Council challenges the global movement to add 50 million new members by the year 2020.** This goal reflects the industry's ability to respond to consumer demands and collaborate to overcome common challenges. To achieve this goal, we will continue sharing the world's best practices to address Generation Y.



Source: 2014 World Council Survey

GENERATIONS BY BIRTH YEAR



* Generational birth year differences may vary depending on the source.
** Strauss and Howe define Millennials' birth dates as 1982–2004.

SOCIOLOGY RESEARCHERS NEIL HOWE AND WILLIAM STRAUSS CALLED THOSE BORN IN 1982 AND APPROXIMATELY THE 20 YEARS THEREAFTER "THE NEXT GREAT GENERATION."[1]

ALTHOUGH THE EXACT YEAR RANGE IS CONTESTED AND CAN VARY, FOR THE PURPOSE OF THIS PUBLICATION WE WILL CALL GEN Y THOSE WHO ARE BETWEEN THE AGES OF 18–35 YEARS OLD.

GEN Y INCLUDES ABOUT 2.5 BILLION PEOPLE WORLDWIDE WITH 80 MILLION OF THEM LIVING IN NORTH AMERICA.

[1] Neil Howe, William Strauss. *Millennials Rising The Next Great Generation*, 2014

THE GENERATION Y SNAPSHOT

A BIGGER COHORT THAN THEIR PREDECESSORS (GEN X)

KNOWN AS THE POWERHOUSE OF THE GLOBAL ECONOMY

GEN Y WORKERS MAKE UP ROUGHLY 25% OF THE WORLD POPULATION

MOST LIKELY DEMOGRAPHIC TO OWN A SMARTPHONE AND TO USE APPS

SHAPED BY TECHNOLOGY

THEY'LL HAVE AN ENORMOUS INFLUENCE ON SOCIETY, POLITICS AND BUSINESS IN THE NEXT FEW DECADES

ONLINE SURFING IS THE #1 ACTIVITY DURING LEISURE TIME

MANY DISTRUST COMPANIES, MEDIA AND BANKS

THE ECONOMIC CRISIS WORRIES GEN Y; IN NORTH AMERICA, THEY MAY BE THE FIRST GENERATION WORSE OFF THAN THEIR PARENTS

LOOK FOR BRANDS THAT ARE CURRENT, STYLISH, UNIQUE AND AUTHENTIC

VIEWED AS ENTREPRENEURIAL & INVENTIVE, BUT ALSO IMPATIENT AND LESS RELIABLE THAN OTHER GENERATIONS

TEND TO BE SOCIALLY CONSCIOUS AND KNOWN AS THE "GREEN GENERATION" THAT CONSIDERS ECOLOGICAL BEHAVIOR ONE OF THE WORLD'S TOP 5 MAJOR PROBLEMS

WHAT HAVE *successful* CREDIT UNIONS LEARNED ABOUT SERVING GEN Y?

THE FOLLOWING 12 STRATEGIES PROVIDE INSIGHTS INTO A VARIETY OF APPROACHES THAT WORK FOR CREDIT UNIONS IN DIFFERENT COUNTRIES.

STRATEGY #1

Provide Core Services Online and via Mobile

Convenience and ease of use primarily drive success in attracting young adults. They will use all channels for delivery of service: mobile, online, ATM and branch, with frequency of use in that order. To consider using credit union financial services, young adults expect to use online and mobile technology to manage their finances, just as they use these channels for information, entertainment, social and payment services. Many credit unions already offer all of their core services via online and mobile platforms, including the ability to apply for accounts and loans, deposit checks, transfer funds, pay bills and receive alerts. Requiring members to visit a branch or make a phone call to complete the process can dissuade them from using the credit union services. Their goal is for each service to be easy, take only a few minutes and it meets regulatory requirements.

To afford the convenience of many points of service and to offer online and mobile platforms, credit unions in Poland, Brazil, Mexico and the U.K. pool their information technology investments to build shared payment platforms for ATMs, shared branching, online and mobile channels. Many credit unions in the U.S. and Canada belong to nationwide ATM networks where members can access their funds surcharge-free. U.S. credit unions that are part of the CO-OP Network offer mobile apps to locate surcharge-free ATMs and branches.

Young adults expect to use online and mobile technology to manage their finances.

Rachel Botsman, co-author of *What's Mine is Yours: The Rise of Collaborative Consumption*, named by *TIME* magazine as one of the '10 Ideas That Will Change The World,' encourages credit unions to, "Think of technology not as an 'added' complex layer, but as a simplifier." Botsman advises to lean into disruption, rather than ignore or fight against it, because the window of opportunity to reinvent oneself and stay relevant is shrinking. Fear is the main culprit holding organizations back from taking risks. However, credit unions have tremendous opportunities to employ technology that empowers people in ways that have never been seen before. Botsman concluded, "We are at the start of one of the most profound reconfigurations of banking—and the ways in which we think about banking—that we have seen in centuries."

POLISH CREDIT UNIONS FIND COLLABORATIVE SOLUTIONS TO TECHNOLOGY INVESTMENTS

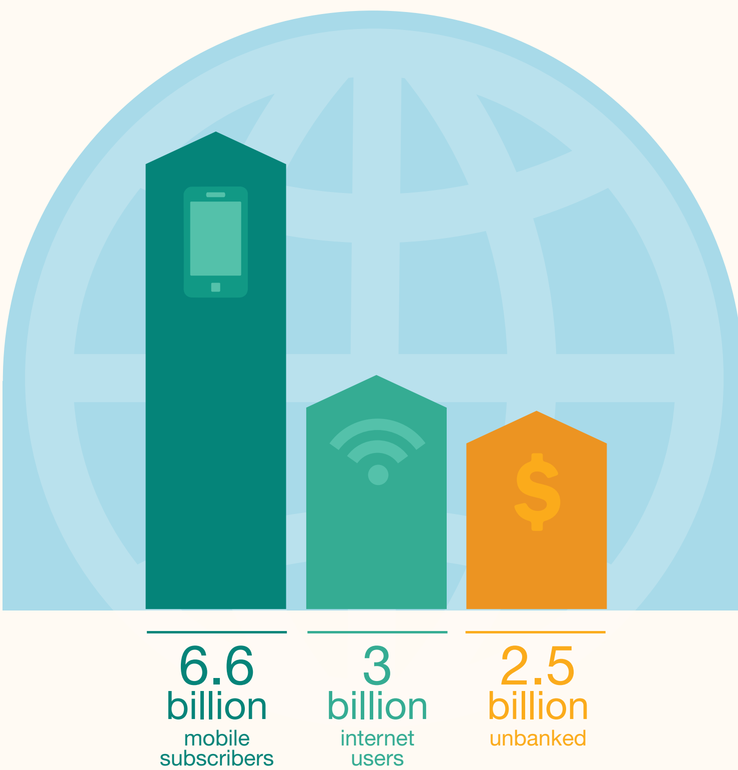
Polish credit unions, called SKOK, collectively own several companies that provide expanded services and cost efficiencies to allow small credit unions to implement programs that they could not otherwise.

One of these companies is the SKOK network electronic payments system (HSO) with 848 ATMs, including two mobile ATMs and 1,100 POS devices. HSO provides credit union software, telecommunications card services and electronic settlement and payment services. HSO allows credit unions of all sizes to offer call center services, internet banking and a credit scoring system.

CREDIT UNIONS IN MEXICO USE TECHNOLOGY TO REACH YOUTH IN REMOTE COMMUNITIES

World Council's rural outreach program in Mexico uses technology to reach remote communities via **field agent banking**. Caja Yanga Credit Union is part of the program and engages a field officer who travels by motorbike to hard-to-reach villages to bring financial services using smartphones and portable printers. The field officers form small groups and regularly meet with community members to collect deposits, small loan applications and payments, and sign up new members. This World Council model, coined ***Semilla Cooperativa*** [cooperative seed], brought financial services to more than 250,000 marginalized people in Mexico in three years. About 44% of these new members are between 18–35 years of age.

Our global population of **7.2 billion people** includes:



Using technology,

CREDIT UNIONS HAVE AN OPPORTUNITY TO INCREASE FINANCIAL INCLUSION WORLDWIDE.

Data from World Bank and ITU.

Country data for mobile subscribers can be found in the CIA World Factbook.

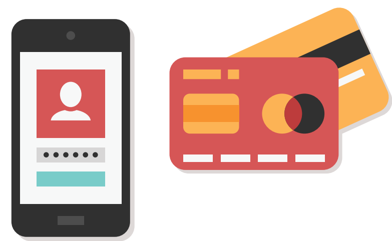
STRATEGY #2

Leverage Payment Services to Respond to Expectations for Convenience

Many young people across the globe are unbanked, but not unconnected. Young adults tend to have more experience making payments than engaging in financial services. They often use commerce or payments systems, such as PayPal or Google Wallet, that substitute for financial services. When credit unions start offering online and mobile bill payment services their relationship with members becomes stronger and allows credit unions to introduce other financial services.

For the 18–24 age group many of their bills are divided amongst themselves, so mobile peer-to-peer payment solutions, such as M-PESA, in Kenya are in demand. Africa is the world's fastest growing mobile subscriber market and 70% of its population is under 35 years of age. Similar to many young adults worldwide, they are tech-savvy consumers seeking digital, convenient financial services that bring value to their lives.

E-Kenya, a branchless credit union in Kenya, meets young adult demands by operating over a mobile platform that offers 24/7 accessibility. Based on a World Council developed network that connects credit unions to the Safaricom's M-PESA platform, members are not only able to use M-PESA's standard payment services, but to integrate their regular credit union accounts with the mobile interface. E-Kenya members can check account balances, access their direct deposit salary and repay loans using M-PESA. With over 3,000+ M-PESA agents throughout the country, withdrawing cash is more accessible and convenient for members living in rural areas. Through its partnership with Safaricom, which offers money transfers through Western Union, the credit union network can provide members lower-cost remittances through their own alliances with money transfer operators.



Young adults tend to have more experience making payments than engaging in financial services.

E-Kenya members use cellphones to make deposits, transfers and withdrawals from their accounts using M-PESA, a mobile money transfer service.

STRATEGY #3

Design Products for Life Transitions

Young adults undergo life transitions as they pursue their education, start careers, get married, buy a home or have children. These transitions pose opportunities to offer financial services that can support Gen Y through their life events and design products based on members' goals.

Consumers tend to make their first large financial commitments in their 20s, which is why young adults commonly seek an opportunity to establish solid credit. When credit unions offer tiered lines of credit that help build credit histories, it allows young adults to qualify for financing for larger purchases, such as homes and cars. A credit union starts a credit builder loan or card with a base amount immediately available that increases with successful repayment. For those with no credit history, some underwriters incorporate data from telephone, rent, cellphone or other payments to assess candidates' credit worthiness, instead of relying solely on credit scores when making credit decisions.

Young adults express gratitude toward credit unions for giving them their first loan. Today more loan options are available, although many at high cost. While they may be cheaper, credit unions often need to make borrowing easier and faster to be competitive.

While they may be cheaper, credit unions often need to make borrowing easier and faster to be competitive.

A commonly reported reason why younger households lack savings accounts is the perception of not having enough money for an account and a concern that fees would consume their balance. Many financial institutions require large deposit amounts for accounts and charge fees. Increasingly, young adults use non-interest bearing, small amount stored value accounts with payment services or cellphone company prepaid accounts. Many credit unions have responded with pre-paid reloadable debit cards and small balance accounts with low-cost online or mobile transactions.

MyCASH PRODUCTS FOR MEMBERS AGE 18–24

Educational Employees Credit Union (EECU) in California, USA, offers members age 18–24 the MyCash program, which includes free checking account and bill payment, no minimum balance, no monthly service fee and free use of ATMs. Their student VISA credit card helps young members build their credit history with this up to $2,500 credit limit and no annual fee product. Many students get their first loan at EECU by applying for a computer loan of $500–$1,000 and interest rates as low as 3%. Young members interested in the Student Auto Loans receive rate discounts based on their grade point average in school and automatic payment.

STRATEGY #4

Differentiate with Social Responsibility

Young adults prefer to belong to institutions with ethical reputations that pride themselves on 'doing good.'

While Gen Y tends to question, *what's in it for me?*, they also have a strong sense of community that aligns well with credit union values. Young adults prefer to belong to institutions with ethical reputations that pride themselves on 'doing good.'

In an effort to better connect with members and their community, Vancity—one of Canada's largest credit unions—set out a new vision of "Redefining Wealth." Vancity started by asking mission-critical questions, such as: *what are we here for?* and *what business are we really in?* The answers that emerged: *we are in the banking and "feel good" business*, and *we are in the member-prosperity and community-impact business*.

Linda Morris, SVP Business Development, Member and Community Engagement, says, "We think of ourselves as your neighbor. We just lend money instead of sugar." This attitude has helped clearly articulate the connection between *what's in it for the member* and *what's in it for the community*, building on the credit union's reach, history and strong brand.

Watch Vancity's "Good Money Mob" video.

To demonstrate their business model in action, Vancity has launched three cash mobs that support community businesses, at the same time targeting 25–34 year old prospects to become Vancity members. In order to engage a younger market, Vancity decided not to use any of the traditional media during the "mobs," only social

RESPONSIBLE BANKING

Australia's first customer-owned bank, bankmecu, prioritizes its "responsible banking" model by consistently highlighting that "every transaction, deposit and repayment you make helps the environment and community you live in." In addition to its socially responsible business model, bankmecu appeals to young adults through its eStatements, interactive mobile app, conversations on social media and its visual-centered, user-friendly branding. In the past 12 months, bankmecu's average age of new customers was 36 years, which is more than 10 years below Australia's national credit union member median age of 47.

media—Vancity Facebook page, Twitter and local bloggers. They created a video and got the word out, identified local business banking members, engaged local bloggers to visit and create support for these businesses and finally encouraged Facebook followers to vote on their favorite business to "mob." The cash mob increased brand awareness with Gen Y and helped boost small businesses.

With a focus on member and community long-term well-being and driving financial results by doing the right thing, Vancity's brand promise has become a game-changer. Since implementing the "We make you good money by putting money to good" campaign three years ago, the credit union attracted 70,000 new members with a 14% increase in deposits and lending. Plus, a recent staff survey reveals 76% of team members feel the credit union's brand contributes to a sense of pride.

WHAT'S THE DIFFERENCE?

Most young adults are not sure of the difference between credit unions and banks. In the U.S., 71% of non-members ages 18–24 are "not at all familiar" or "not very familiar" with credit unions.[2] How can we facilitate an understanding of the credit union difference?

In 2012, World Council conducted a research study, funded through a grant from Vancity, which found that traditional credit union messaging (i.e., not for profit, member owned) confuses young adults in Australia, Canada and the United States.[3] "When shopping for a financial institution, young adults are looking for the best service and convenience for the price. They are going to compare rates and fees and see if they can save money," says Brian Branch, World Council President & CEO. "Once the credit union meets these necessary conditions to get them in the door, we can win their loyalty through messaging that differentiates but also resonates."

Members take note when their financial institution does something unique for them, something that makes credit unions stand out when facing the commoditization of financial services. Here are three common themes:

- Credit union helped members improve their lives and the lives of their family members
- Credit union provided support when others would not
- Credit union offered the best option for the member versus the most profitable for the credit union

GELATIN OLYMPICS

American Heritage Federal Credit Union in Philadelphia, U.S., hosts community fund-raisers for philanthropic causes and consistently highlights its social responsibility on social media. At its Annual Gelatin Olympics, the $1.4 billion asset credit union raised more than $21,000 for The Kids-N-Hope Foundation.

In the U.S., 71% of non-members ages 18-24 are "not at all familiar" or "not very familiar" with credit unions.

[2] 2013-2014 CUNA Member & Non-member Survey Report, Credit Union National Association, 2013.

[3] World Council research results show a discrepancy between the messages that credit union "believers" thought would resonate with today's consumers and the messages that actually did. For example, people unfamiliar with credit unions found the message about credit unions being "a better deal" and being "there when I need you" most appealing.

STRATEGY #5

Shift to a Culture that "Wows" the Members

Young adults expect things fast and easy, and respond more to experience than product. San Francisco Fire Credit Union (SFFCU), with 51,600 members and $952 million assets, addresses young adult membership growth by putting superior service front and center of their business culture. While "71% of Millennials would rather go to the dentist than listen to what banks are saying,"[4] SFFCU decided to make the experience "painless" by replacing what is easiest for staff with what is easier for members. The credit union revisited every policy that made becoming a new member difficult, including the need to fill out endless forms, which are now completed by staff.

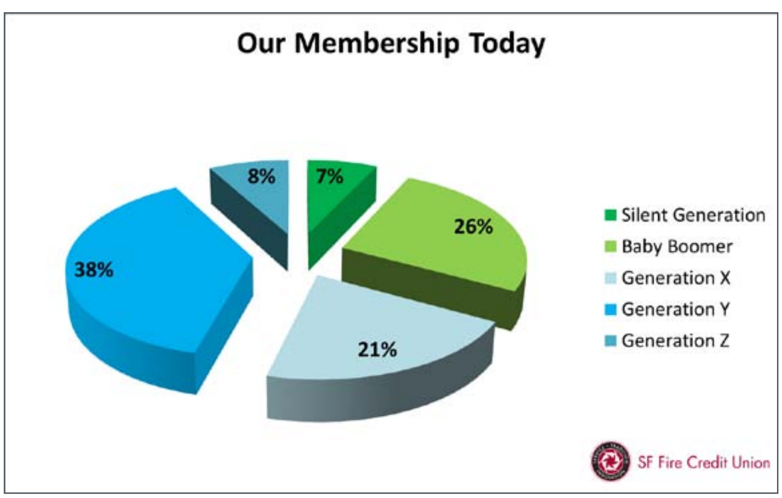
To make the culture shift for an enhanced member experience, SFFCU has followed these key principles:

- **Connection**: Be completely transparent and keep young adults engaged. To facilitate connection, hire staff based upon attitude and personality characteristics.
- **Convenience**: Let young adults do business the way they want: according to a 2012 Fiserv Inc. Consumer Trends Survey, Gen Y members do not limit themselves to mobile and online banking and they are likely to visit a branch, drive up to an ATM or phone a call center.
- **Listening and adapting**: Survey members and employees regularly, and listen to their feedback; then, make changes.

"71% of Millennials would rather go to the dentist than listen to what banks are saying"

By adopting Gen Y-focused changes, SFFCU has improved service for all members and increased membership within a group that is critical to its future. The result: Gen Y now accounts for 38% of total membership growth at SFFCU and represents the largest membership group.

To improve member experience, San Francisco Fire Credit Union adopted young adults-focused changes, which have resulted in Gen Y representing 38% of the credit union's total membership.



[4] *Morley Winograd, Michael Hais. How Millennials Could Upend Wall Street and Corporate America. Governance Studies at Brookings, 2014.*

STRATEGY #6
Turn Young Employees into Ambassadors

According to the Filene Research Institute, "Credit union employees exhibit a tremendous amount of consensus about the 'credit union idea,' but have a very difficult time explaining the idea to external parties."[5]

When young employees clearly understand the credit union difference, they can become ambassadors for your organization. Here is some advice from a young employee: "Develop an 'elevator speech' to ensure all your staff can articulate the credit union difference in 30 seconds or less," says Christopher Morris, Director of Communications at the National Credit Union Foundation in the U.S. Other strategies include writing and telling your credit union story, making the cooperative principles visible for all staff, incorporating the credit union difference into staff training, and taking field trips to other cooperatives.

Invest in your staff professional development by encouraging them to join young leaders' networks such as the World Council Young Credit Union People (WYCUP) program. In the past 10 years, WYCUP has built a grassroots network of hundreds of young people worldwide with opportunities for networking and education. WYCUP participants witness the phenomenal work done by their peers around the world. They become more inspired to make a positive change in their communities and more motivated to make a lifetime career in the credit union movement. Many WYCUP alumni have risen through the ranks to become credit union executives.

WYCUP participants have brought the idea of youth networking and professional development back home and created their own local groups. This is how the National Young Leaders Committee in Canada, the Emerging Leaders program in Australia, and the young leaders groups in Ireland and United Kingdom were started.

"Credit union employees exhibit a tremendous amount of consensus about the 'credit union idea,' but have a very difficult time explaining the idea to external parties."

Left: The WYCUP networking session in Australia offered young professionals a unique opportunity to learn about the phenomenal work done by their peers around the world. Right: The WYCUP Scholarship Awards were offered to five outstanding young professionals at the 2014 World Credit Union Conference in Gold Coast, Australia.

[5] *John B. Gatewood, John W. Lowe. Employee Perceptions of Credit Unions: Implications for Member Profitability. Filene Research Institute, 2008.*

Typically, U.S. credit union leagues have young professional committees that serve as a strategic leadership resource and advise on youth initiatives. Examples include CUNA's Young Professionals Committee, the Credit Union Young Professionals group for young employees in Texas, Arkansas and Oklahoma, Wisconsin Young Professionals Network, and New York's Young Professionals Commission. Young professionals are offered scholarships to attend national and international events, as well as access to a dialogue with other young professionals and mentoring opportunities with leading industry experts.

THE WYCUP ALUMNI NETWORK

Networking with their peers, being part of something bigger and bringing their insights and problem-solving to today's challenges makes youth themselves a key contributor to growth.

The WYCUP Alumni Network brings young credit union professionals from around the globe together into a tight network of past WYCUP participants. They engage in professional development through online and in-person educational and collaborative platforms, share ideas and leverage Gen Y creativity and energy to achieve the global goal of adding 50 million new credit union members by the year 2020.

The alumni are connected via WYCUP social media platforms, and have a chance to be involved as speakers, mentors, participate in volunteer field assignments and fundraising efforts. A group of alumni and supporters serve as the network's advisory group.

The WYCUP alumni will have a chance to develop a session on successful young adult member growth at the 2015 World Credit Union Conference in Denver, U.S.

2014 WYCUP participants from Australia, Brazil, Canada, United Kingdom and the U.S. brainstorm together in Gold Coast, Australia.

Connect with the WYCUP network on LinkedIn.

STRATEGY #7

Represent Youth in Governance

A 2014 World Council survey found that the median age of credit union board members varies between 40–60 years old. In the U.S., a 2005 study by the Filene Research Institute found that only 6% of credit union board members were under the age 40, while 42% were 60 and older. If credit unions are serious about serving young adults, are today's leaders and board members ready to listen to a younger voice, and are young adults represented in the boardroom?

Six years ago, Elevations Credit Union in Boulder, U.S., set out on the path to increase Gen Y membership by adding a young voice to their board of directors, among other growth strategies. Elevations interviewed a number of qualified individuals and selected Katie Larson to represent the Gen Y perspective on the board of directors. Katie has a degree in economics, a background in financial management, has been an Elevations member since 2002, and worked there as a teller after college.

Gerry Agnes, Elevations CEO remembers: "During her interview, Katie was asked what she wanted her credit union legacy to be. Her response was, 'I would like to position Elevations to better serve Gen Y.'" During her tenure

Increase Gen Y membership by adding a young voice to your board of directors.

Source: 2014 World Council Survey

A 2014 WORLD COUNCIL SURVEY FOUND THAT THE MEDIAN AGE OF CREDIT UNION BOARD MEMBERS VARIES BETWEEN 40–60 YEARS OLD. IN THE U.S., A 2005 STUDY BY THE FILENE RESEARCH INSTITUTE FOUND THAT ONLY 6% OF CREDIT UNION BOARD MEMBERS WERE UNDER THE AGE 40, WHILE 42% WERE 60 AND OLDER.

on the board, Katie inspired the creation of the Next Generation Council formed of volunteers, management and community members, which focuses on the financial needs of young adults. One example of the council's impact is Elevations' changed approach to how they welcome students on campus, which resulted in one-third of freshmen opening an account with the credit union. Elevations has also invested in an iPad application that allows students to sign up for credit union membership. Last year, at the age of 33, Katie was elected chair of Elevations.

Today the average age of Elevations' typical member is only 37 years old, a full 10 years younger than the national average. Additionally, an impressive one out of three households in the Boulder area contains Elevations members. The credit union attributes its success to the relationships it has forged with young members and community leaders, the alignment with the goals of its sponsor, the University of Colorado, and a strong brand recognition. In 2014, the U.S. Department of Commerce recognized Elevations with the prestigious Baldridge National Quality Award for performance excellence through motivation, improvement and visionary leadership.

Katie Larson, Chair of Elevations Credit Union in the U.S., shares her perspective as a Gen Y board member during the WYCUP session in Gold Coast.

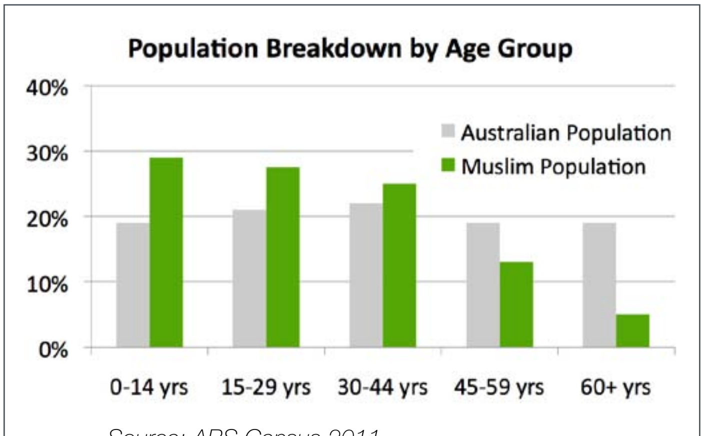
STRATEGY #8
Embrace Diversity

As stated by the U.S. Census Bureau, Generation Y is the most ethnically diverse generation in history. According to the United Nations, "more people than ever are living abroad: in 2013, 232 million people, or 3.2% of the world's population, were international migrants, compared with 175 million in 2000 and 154 million in 1990." Accordingly, product design and delivery must be tailored to a variety of different communities, as shown in the following examples from Australia and ethnic neighborhoods in New York:

Generation Y is the most ethnically diverse generation in history.

INCLUDING ISLAMIC FINANCE

Australian credit unions and mutuals have recognized an opportunity to serve the growing Muslim population under age 30. The Customer Owned Banking Association (COBA) advises its affiliated credit unions to consider applying the Islamic Finance principles and providing appropriate staff training to reach young Muslims. Islamic Finance principles do not approve of interest-based banking instead advocating their replacement with the profit-sharing concept of *Mudarabha*, a relationship in which the investor contributes capital and the other party contributes expertise to earn a profit. To COBA, "Islamic Finance makes business sense and is something that large banks already offer."



Source: ABS Census 2011

COBA's tips for successfully adopting Islamic Finance include:

- Ensure that products meet all laws and regulatory requirements.
- Obtain product endorsements from leaders in the Muslim community.
- Provide staff training and technology that support these precepts.

Download World Council's *Islamic Finance Manual: Operating Policies and Procedures for Credit Unions* at www.woccu.org/operations.

ADAPTING TO THE NEEDS OF IMMIGRANTS

Polish & Slavic Federal Credit Union (PSFCU) formed to serve New York City's Polish & Slavic immigrant communities, many of whom have limited experience with banks and encounter cultural and language barriers. Immigrants also tend to be younger than the native-born population.[6]

[6] *United Nations, Department of Economic and Social Affairs (2013).*

To serve immigrants, PSFCU offers low-cost international remittances, and its new products include accounts for undocumented immigrants and temporary residents. Bogdan Chmielewski, PSFCU President & CEO, believes that, “Credit unions are in a better position to serve immigrants. We’ve been doing it for 40 years and the key to our successful growth of 80,000 members is to constantly evolve, while staying true to our roots.”

The need for PSFCU to respond to change is as clear as ever. While Polish-speaking credit union staff was a major attraction in the 1970s—that is no longer the case. Polish-Americans are spreading out and moving to new geographic areas as they integrate into society. Young immigrants are more educated and technologically sophisticated than previous generations. Today, PSFCU continues to hire employees fluent in Polish, but it has adapted to changing market needs by introducing convenience through mobile banking, remote deposit capture, expanded ATM networks, extended branch hours, merchant services for businesses and student loans.

REACHING INDIGENOUS POPULATION

Indigenous Australians are much younger than the rest of the country’s population, with an estimated median age of 21 years.[7] Traditional Credit Union (TCU) made it their mission to offer basic financial services to the indigenous people. It is a challenging task, as it requires working in particularly remote communities with low literacy and numeracy skills and limited employment opportunities.

While banks have abandoned these disadvantaged areas, TCU opened 15 branches in the Australian northern territory. Their success lies in designing products specifically tailored to the indigenous culture, as well as in leveraging broad community, government and NGOs support. TCU focuses on the well-being of the community and financial counseling, which is a key component of their agenda to build their members’ financial independence. Because many members are low-income or on welfare, the credit union only offers small personal loans of up to $5,000, and works with government grants to fund staff salaries. TCU has also adjusted their recruitment and staff training practices to match the needs of their employees who are 85% indigenous. A voluntary board of directors governs TCU and consists of five indigenous and five non-indigenous members.

Traditional Credit Union serves Australia’s indigenous population by offering products that are mindful of the indigenous culture and community needs.

[7] *“The health and welfare of Australia’s Aboriginal and Torres Strait Islander people.” Australian Institute of Health and Welfare, 2011*

STRATEGY #9

Motivate Peer Recommendations

In Brazil, 100 credit unions operate under a single brand name, *Sicredi*. Sicredi credit unions have nearly 1,300 branches and $16 billion in assets, making it the second largest credit union system in Latin America.

Sicredi credit unions pursue an aggressive target of adding a total of 25,000 new members each month since 2008. Over the past five years, the Sicredi group has nearly doubled its membership, now serving 2.7 million members. What's the secret behind their growth?

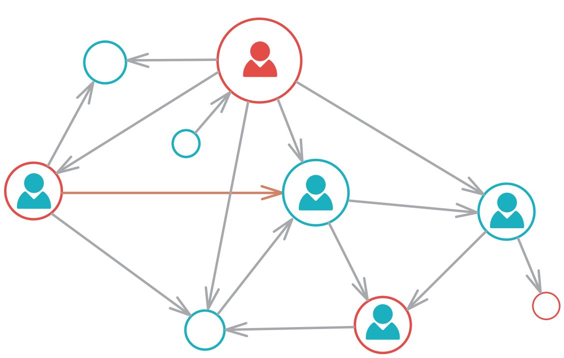
Felipe Azevedo, Manager of Investment Products, explains, "The first step in our strategy was to launch a campaign to acquire new members followed by another one to build member loyalty with a breadth of products and channels." Sicredi soon discovered that 74% of new members were motivated by recommendations, which quickly became the new focus of their growth strategy.

Sicredi targets 18–25 year-olds, who have a broad network of friends and are not yet attached to a financial institution, with an attractive package called *SicrediTouch*.

An advertisement for the SicrediTouch debit and credit card for young adults offered by Sicredi credit unions in Brazil.

Designed to meet young adults' needs, *SicrediTouch* features a combined debit and credit card, mobile app and access to a wide network of branches and ATMs. Young Brazilians enjoy the unique layout of the Touch card, which can be customized with the member's photo. Like the rewards program for redeeming miles or merchandise, it also offers protection against loss and theft, accident insurance and an emergency travel service. If the young user runs out of funds, *SicrediTouch* provides access to an emergency loan. In addition, through the mobile applications for tablets and smartphones, members can check their balances, view statements, learn about new products, pay bills and make transfers securely and quickly.

Sicredi has opened the gates to growth by using a marketing and service strategy that rewards young adult members and by enlisting their natural tendency to connect and bring in new members through peer recommendations.



Use a marketing and service strategy that rewards young adult members by enlisting their natural tendency to connect and bring in new members through peer recommendations.

STRATEGY #10

Initiate Incentive Programs

Oswego County Federal Credit Union ($57 million in assets) in the U.S. has focused its efforts on building incentive programs for young members. In addition to a digital product brochure and a mobile app, the credit union introduced a “Kids Club,” where students receive $1.50 for every grade they earn that’s higher than 90%. As a result the credit union grew members in the 0-to-17 age group by 70% and members in the 18-to-30 age group by 90% in the past decade.

Young adults are entering their major borrowing years and incentives need to respond to the needs of first-time borrowers as they get on their feet. Loans can be a negative experience for young adults due to lack of savings, access or not fully understanding the process due to lack of experience.

Due to their frequent social connectedness, young adults tend to rely more on references from one another than on institutional reputations. By creating incentives that not only provide lower rates but also improve the entire borrowing experience, young adults are more likely to be long-term loyal members and spread the word about the service.

To help initiate young adult members, SkyOne Federal Credit Union launched their “First Timer” program, which allows young first-time buyers with little to no credit history to get a loan or credit card by meeting only a few requirements. In addition, their “Financial Fitness” program provides online educational materials on big purchase best practices that young adults may have no experience with. Their “BALANCE™ Financial Counseling” program is a complimentary financial counseling service that is free for members and includes an online live chat service for convenient advice.

Lastly, how credit unions communicate their incentive programs is equally as important as the incentive itself. Communicate the incentives where young adults already frequent: leverage social media platforms that express the program’s value in a way that is meaningful to them. For example, share a positive testimonial from a young adult who used the program.

Due to their frequent social connectedness, young adults tend to rely more on references from one another than on institutional reputations.

STRATEGY #11

Engage on Social Media, Don't Just Post

As the high tide of digital communications around the world continually turns, young adults have the ability to make connections that previous generations could only dream of. As a result, credit unions have a distinct opportunity to be a part of young adults' connections through social media.

Credit unions around the world communicate with their members through multiple social media platforms. However, no matter the platform, just communicating is not enough—building a community of engaged, loyal members who will share their experience with others is key. As shared by credit unions during World Council's *Build the Brand* webinar, Reaching Gen Y through Social Media, credit unions may consider the following tips for targeting young adults through social media:

1. Understand Gen Y. Their generation is larger than the baby-boomers'. They have adapted to and developed with all forms of digital communication, including social media and mobile technologies. They have a hard time picturing a time when there wasn't Google or Amazon. They are accustomed to instant results at their fingertips. They are curious about the world around them and are cause-oriented—they do not just want to be seen; they want to be heard and be part of something bigger.

2. Integrate Gen Y spokespersons within your social strategy. Seek ways to directly engage young adults, from enlisting young guest bloggers or on-camera spokespersons, to encouraging participation in online discussions or in-person events. Integrate the credit union's values and corporate social responsibility efforts into the marketing plan. The notion of belonging to a movement helps drive young adult membership growth.

3. Bring your brand "to life" with visuals. Leverage your credit union's community involvement through multimedia, and let the visuals do the talking, keeping text-heavy posts to a minimum. Consistently use videos, photos or interactive blog posts to document events and engage your audience.

4. Build trust. Are you "speaking" your audience's language, or are you speaking like an advertisement? Members are less likely to engage with ad-like posts, so make sure your messaging is sincere, brief and informative. Provide members with valuable information that directly benefits them and drives them to continue following your social media presence.

5. Pay attention to analytics. Define what a successful strategy means for your unique institution and what type of analytics you will use to measure success. Base your measurable objectives and key performance indicators on the credit union's other campaigns and programs. Track performance over time and adjust your strategy as needed to fit your credit union's goals.

No matter the platform, just communicating is not enough—building a community of engaged, loyal members who will share their experience with others is key.

More so than ever before, social media provides credit unions with a unique opportunity to assist with costly life decisions facing young adults worldwide: attending college; paying back student loans; purchasing a first car or home; starting a family. By positioning themselves on social media as online life supporters, credit unions build emotional capital and trust with their members in an effort to improve lives in their communities. Instilling trust at this age helps secure lifetime loyalty and opens the doors to other products and services that will be useful in the future.

Servus Credit Union in Canada engages young members via Jill Blaney, a dedicated, talented and local young adult voice. Its "Young & Free Alberta" program—which utilizes Blaney as a young adult spokester—provides financial advice, engaging videos, e-books, and consistent outreach to young adults through social media and mobile channels. The results were so positive that the "Young & Free" program spread to other credit unions in Canada and the U.S.

weCU2

For the past three years, credit union executives and industry experts worldwide have collaboratively strengthened the global credit union brand through the World Council program, *Build the Brand*, sponsored by Vancity. The *weCU2* initiative is part of the *Build the Brand* program's third phase and is the digital hub for credit unions and Generation Y to connect, listen and engage with one another. By re-introducing two like-minded, value-aligned groups through seamless digital experiences, the initiative provides credit unions with Gen Y's "digital DNA" and gives Gen Y a taste of credit unions' unique benefits.

Co-op Money NZ in New Zealand shows enthusiasm for the new weCU2 program.

Stay connected throughout the program on: *Twitter*: ***@_weCU2 using #weCU2*** | *Blog*: ***www.weCU2.org***

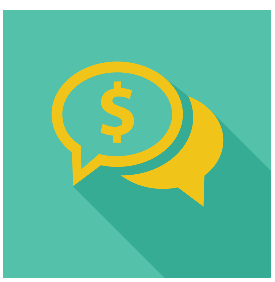
STRATEGY #12

Offer Financial Management and Literacy Tools Outside the Classroom

According to the Filene Research Institute, young adults' financial literacy knowledge is typically low—even amongst those with high levels of education and income. Although they might not admit it, they could use assistance with debt management.[8] With relatively little financial service experience, most young adults could also benefit from advice on how to establish credit, compare loan offers and save for their goals. However, cost and time to learn are major constraints to reaching high attendance at credit unions' financial literacy classes.

Lee Wetherington, keynote speaker at the 2014 World Credit Union Conference, explained credit unions could give their members the financial decision-making tools they need, based on the data they already have.

The response is to bring financial education and advice to where young adults are—on social media, online and mobile devices. Social media offers virtual consulting and financial advice. In online forums, young adults post questions about financial matters. On mobile devices, credit unions provide personal financial management (PFM) tools for members to see and manage all their financial accounts and transactions in one place. This online/mobile software details how members spend, save and manage debts, which helps credit unions advise in members' best interests.



Bring financial education and advice to where young adults are —on social media, online and mobile devices.

Lee Wetherington, strategist in technology, banking and payments, encourages credit unions to tap into their members' data on spending, savings, etc.—which no other institution has access to—to give the members peace of mind when they check their finances before making a purchase. By understanding their data, credit unions can help members decide in real time via PFM tools whether, when and where to spend.

As online shopping increases, so does demand for mobile PFM tools that help consumers decide when not to buy, especially the Generation Y. "Mobile PFM is the segue from mobile banking to mobile finance and loans...and mobile shopping. What everyone wants in mobile PFM is privacy, ease and simplicity," says Wetherington.

The branchless bank Tangerine in Canada encourages its customers saving habits via a mobile banking app called Small Sacrifices. The app graphically shows consumers the short-term and long-term financial gains they can make by forgoing daily, weekly and monthly spending on nonessential items and depositing that money into a savings account. The app creates bar charts that display how the money saved would grow over the next 5–25 years. Unitus Community Credit Union in Portland, Ore., has reported members who use online PFM are among the most profitable and most engaged members.[9]

[8] *Carlo de Bassa Scheresberg, Annamaria Lusardi. Gen Y Personal Finances: A Crisis of Confidence and Capability. Filene Research Institute, 2014.*

[9] *The Future of PFM and Mobile Strategies, Credit Union Times, 2013.*

REFERENCES & RECOMMENDED RESOURCES

- 2013–2014 Member & Non-member Survey Report. Credit Union National Association, 2013.
- Carlo de Bassa Scheresberg, Annamaria Lusardi. Gen Y Personal Finances: A Crisis of Confidence and Capability. Filene Research Institute, 2014.
- Greg Constantine. Tapping Into Generation Y: Nine Ways Community Financial Institutions Can Use Technology to Capture Young Customers. First Data, 2010.
- John B. Gatewood, John W. Lowe. Employee Perceptions of Credit Unions: Implications for Member Profitability. Filene Research Institute, 2008.
- Kelley Parks, Lisa Taylor Phelps. Retail Strategies to Attract Youth. CUNA Operations, Sales & Service Council, 2013.
- Mandy Putnam. Attracting and Retaining Gen Y and Gen X. FIS Global, 2012.
- Morley Winograd, Michael Hais. How Millennials Could Upend Wall Street and Corporate America. Governance Studies at Brookings, 2014.
- Neil Howe, William Strauss. Millennials Rising The Next Generation, 2014
- Rob Rubin. Big, Small, or Online? Young Adults' Evolving Financial Preferences. Filene Research Institute, 2010.

THANK YOU!

The authors would like to thank the many people who made this guide possible. The basis of the publication were the lessons learned in serving young adults shared by the following individuals during the 2014 World Credit Union Conference in Gold Coast, Australia:

Bogdan Chmielewski, PSFCU President & CEO, Polish & Slavic Federal Credit Union, USA
Christopher Morris, Director of Communications, National Credit Union Foundation, USA
Darren Herrmann, President & CEO, San Francisco Fire Credit Union, USA
Damien Walsh, Managing Director, bankmecu, Australia
Felipe Azevedo, Manager of Investment Products, SICREDI, Brazil
Katie Larson, Chair, Elevations Credit Union, USA
Lee Wetherington, Director of Strategic Insight for ProfitStars®, USA
Linda Morris, SVP Business Development, Member and Community Engagement, Vancity, Canada
Mahir Mommand, Project Manager, Customer Owned Banking Association, Australia
Michelle Belland, Acting Chief Brand & Corporate Social Responsibility Officer, Servus Credit Union, Canada
Rachel Botsman, Co-author of What's Mine is Yours: The Rise of Collaborative Consumption, Australia
Sally Morris, HR & Training Manager, Traditional Credit Union, Australia
William Carhart, CEO, Oswego County Credit Union, USA

ABOUT WORLD COUNCIL OF CREDIT UNIONS

World Council of Credit Unions is the global trade association and development agency for credit unions. World Council promotes the sustainable development of credit unions and other financial cooperatives around the world to empower people through access to high-quality and affordable financial services. Worldwide, 57,000 credit unions provide services to 208 million credit union members in 103 countries. They have mobilized US$1.4 trillion in savings and shares to finance a loan portfolio of US$1.1 trillion.

World Council introduces new tools and technologies to strengthen credit unions' financial performance, governance, outreach, product quality and product diversity. It also advocates on behalf of the global credit union system before international organizations and works with national governments to improve legislation, regulation and supervision.

LEARN MORE ABOUT WORLD COUNCIL'S IMPACT AROUND THE WORLD AT WWW.WOCCU.ORG.

Madison Office

5710 Mineral Point Road
Madison, WI 53705 USA
Phone: +1-608-395-2000

Washington Office

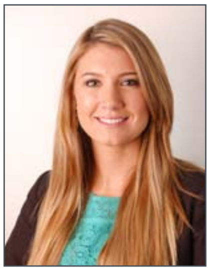
601 Pennsylvania Ave, NW
South Bldg., Ste. 600
Washington, DC 20004 USA
Phone: +1-202-638-0205

Download World Council's publications at www.woccu.org/publications.

Learn about World Council's efforts to increase young adult membership at www.weCU2.org and www.woccu.org/WYCUP.

AUTHORS:

Lili Tangwall
Member Services Manager
ltangwall@woccu.org



Sarah Timmins
Social Media Manager
stimmins@woccu.org

Rebecca Carpenter
Marketing and Communications Specialist
rcarpenter@woccu.org

Brian Branch
President and CEO
mail@woccu.org

PHOTOS: Sjodin Photography, E-Kenya SACCO

DESIGN: Erin Rufledt