

# Always a Member

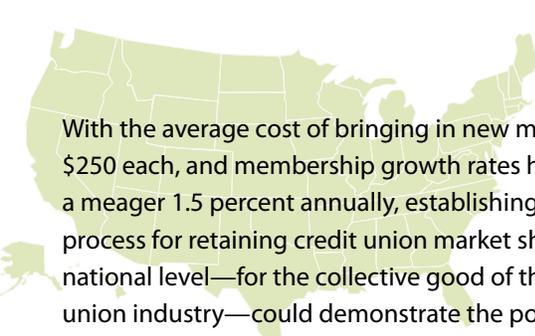
For Members on the Move

## The Opportunity

From reserving the U-Haul and packing odd-shaped and heavy belongings to lining the kitchen cabinets and discovering there is not nearly enough storage space, moving from one residence to another is an event that most Americans dread. The U.S. Census Bureau reports that five percent of Americans loaded up the moving van and headed off to a different county, state, or region of the country in 2004. What's more, the headaches and fatigue related to moving don't end once we reach our destination...we then embark upon the tedious process of establishing our existence in the new community.

For years, financial institutions have been searching for and working toward the ultimate "sticky" financial service—the one that will secure a customer's business and loyalty over the long haul. The idea is to make the consumer's recurring financial transactions (bill payments, funds transfers, etc.) so extremely convenient and automated that he/she will never want to unbundle the services and start over from scratch at another financial institution. To a great extent, financial institutions have succeeded in meeting this objective. Indeed, it's now more difficult than ever to identify, disassemble, reauthorize, and re-establish our numerous electronic financial transactions when moving from one community to another. I bet you're thinking that your members don't need to leave your credit union, right? While that's generally true, research conducted by the i<sup>3</sup> group reveals that between 30 percent and 35 percent of members still decide to close their accounts when they move in favor of opening an account closer to their new home or workplace. Logical? No, but consumers are often far from logical.





With the average cost of bringing in new members at \$250 each, and membership growth rates hovering at a meager 1.5 percent annually, establishing a tool and process for retaining credit union market share at the national level—for the collective good of the credit union industry—could demonstrate the power of cooperatives.

To determine interest in a national credit union referral service, the i<sup>3</sup> group conducted a survey of credit union executives and managers via *Credit Union Times*. Interestingly, the vast majority of survey respondents (95 percent) provided a favorable rating of the credit-union-to-credit-union referral program concept. In addition, 79 percent of respondents indicated that their credit union would be interested in participating in such a program.

## The Solution

*Always a Member* is a Web-based, online referral database available at the fingertips of frontline staff. The database is used to identify credit union branches in close proximity to a member's new geographic location. Furthermore, it is used to match and screen for member eligibility. The purpose of the program is to effortlessly facilitate the transfer of membership from one credit union to another, saving the member time, effort, and the hassle of moving funds. This one-stop referral system could also help thread credit unions together as a powerful national network of cooperatives.

Ultimately, i<sup>3</sup> members decided to utilize the "CU Match Up" site ([www.joinacu.com](http://www.joinacu.com)) powered by the California Credit Union League, in conjunction with a locator service for the 21 states not currently covered by "CU Match Up" as the foundation for the *Always a Member* Web site ([www.alwaysamember.org](http://www.alwaysamember.org)). Launched in August of 2006, the *Always a Member* Web site walks the employee and the member who is relocating through a series of simple questions designed to arrive at a short list of full-service, conveniently located credit unions that the member is eligible to join. A printable, paper referral form is available to provide the member with an introduction to the new credit union(s). In the future, this database would also include information on shared branch availability and locations.

The pro forma analysis shows that *Always a Member* can be fully self-sustaining and even profitable under various structures with a low participation fee and conservative participation levels. The probability for success is highest for the National Network model, where an investment is made in the technology tools that provide for the automated transfer of accounts. Participating credit unions would pay a nominal annual membership fee, as well as a small finders fee for each new member they obtain through the referral network.

## THE BRITISH COLUMBIA MEMBER REFERRAL PROGRAM

The idea for the *Always a Member* project grew out of its i<sup>3</sup> founders' desire to address the problem of slow growth in the industry.

The Credit Union Central of British Columbia's Member Referral Program was launched in 1996 to retain members within the credit union system. The primary purpose is to seamlessly transfer a relocating member's finances from one credit union to another in hopes of retaining their business, albeit at a different credit union. An incentive program is used to encourage credit union staff to retain members at the national level. Referring employees receive a \$15 cash incentive per successful referral, payable after a three-month period.

Since its inception, the British Columbia member referral program has helped the industry to retain 3,502 members and \$106 million in deposits. The program refers members across Canada, although each Credit Union Central operates its own program with some variations.

## Getting Started

In the first phase, *Always a Member* can be implemented using pen, paper, and the current Web site ([www.alwaysamember.org](http://www.alwaysamember.org)). A second phase would benefit from technology sophisticated enough to transfer accounts automatically, making it more attractive to members and to participating credit unions. Consider taking the following steps to determine the extent to which your credit union members could benefit from this national member referral service:

- 1 Calculate the number and percentage, for the last three years, of closed accounts that have occurred in conjunction with members relocating to a different community.
- 2 Visit [www.alwaysamember.org](http://www.alwaysamember.org) to review and test the first phase of the concept.
- 3 Consider joining the *Always a Member* cooperative network.

Remember, in addition to providing valuable assistance to members on the move, *Always a Member* provides a mechanism by which credit unions can step forward and exercise our cooperative muscle to promote the concept of "once a member, always a member" at the national level.

Fast Start with Business Plans  
and Marketing Materials

Visit [www.fileone.org/home/i3](http://www.fileone.org/home/i3)  
and [www.alwaysamember.org](http://www.alwaysamember.org)