

GALLUP®



Driving Market Differentiation Through Member Engagement

Gallup Financial Services Study – Credit Union Findings and Insights



= data specific to the Credit
Union Consortium



Debunking Three Common Premises

1

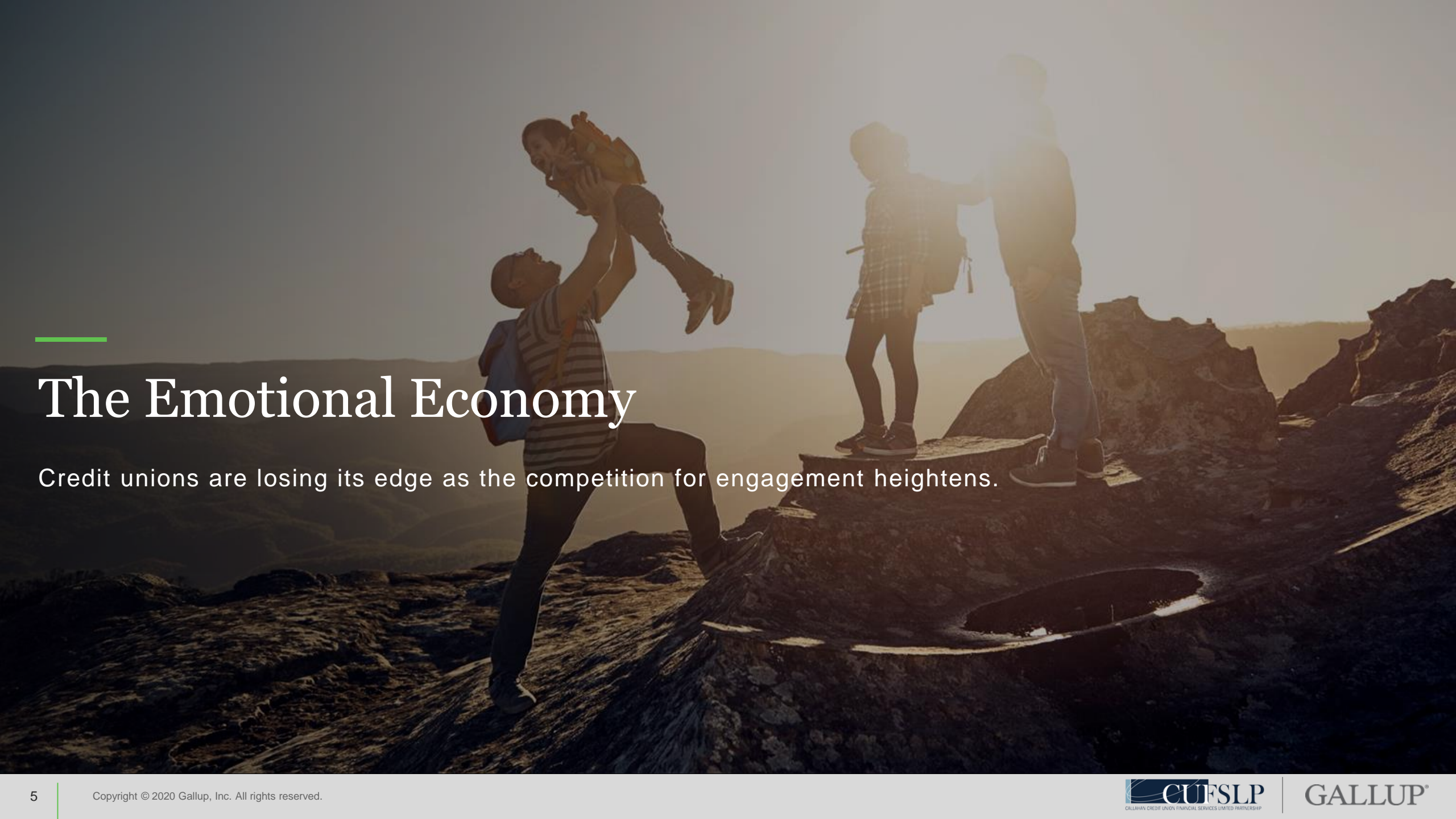
In the current banking climate, credit unions are **well positioned to win.**

2

Human touch grows increasingly less important in a **digital-forward environment.**

3

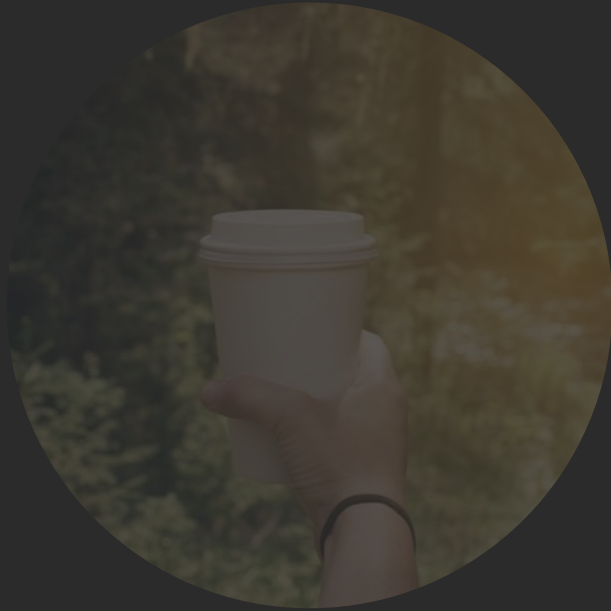
Members expect **great service.**



The Emotional Economy

Credit unions are losing its edge as the competition for engagement heightens.

The Coffee War



← VS. →



- Price
- Taste
- Convenience

- Price
- Taste
- Convenience

Feelings Are Facts



Products

Rates

Technology

SATISFACTION

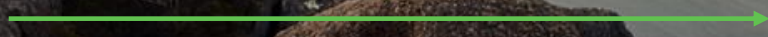


Why You Sell It

Advice

Brand

ENGAGEMENT





FULLY ENGAGED

Emotionally attached and rationally loyal — a credit union's most valuable member.

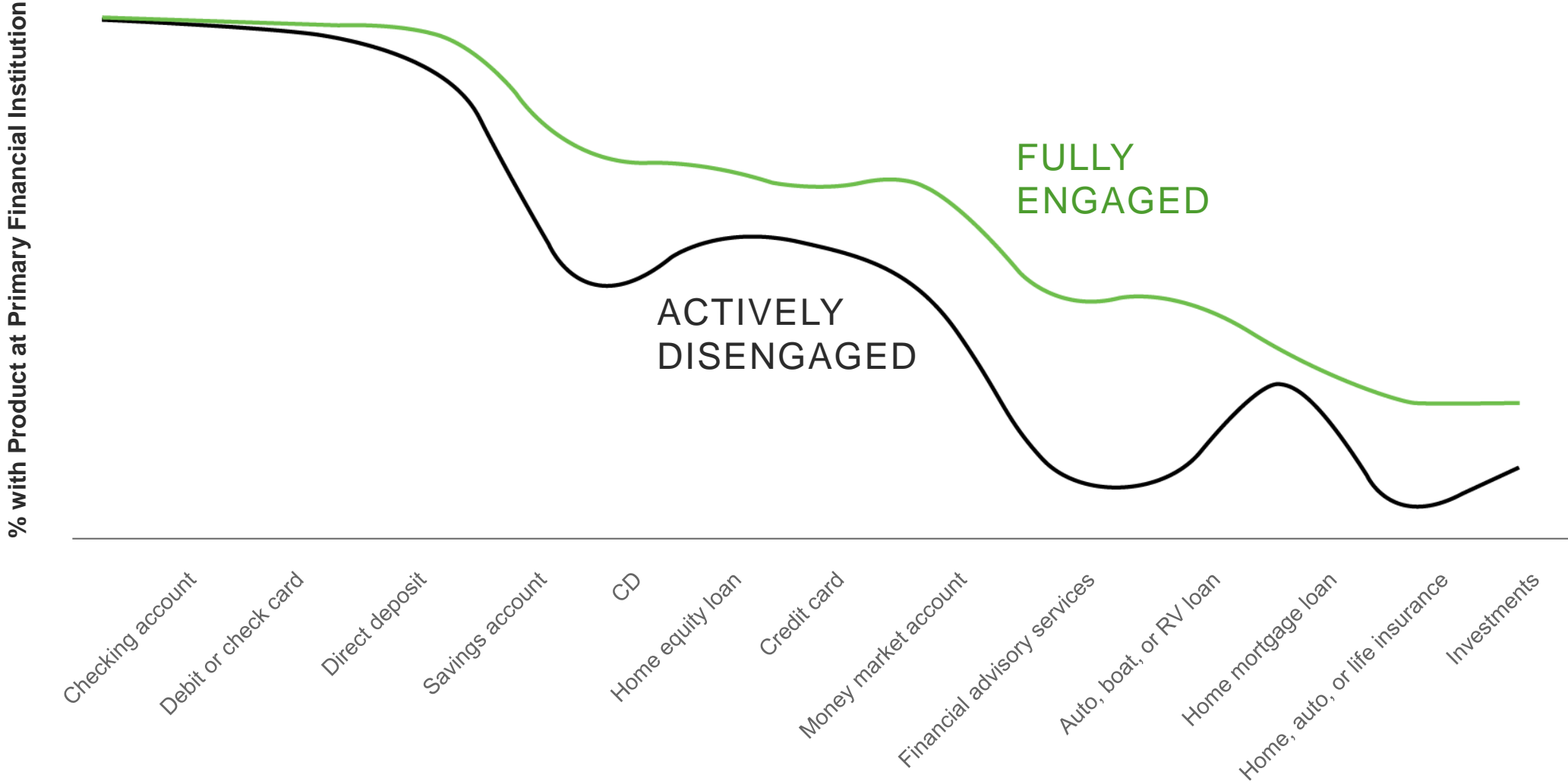
INDIFFERENT

Emotionally and rationally neutral — a take-it-or-leave-it attitude towards a credit union.

ACTIVELY DISENGAGED

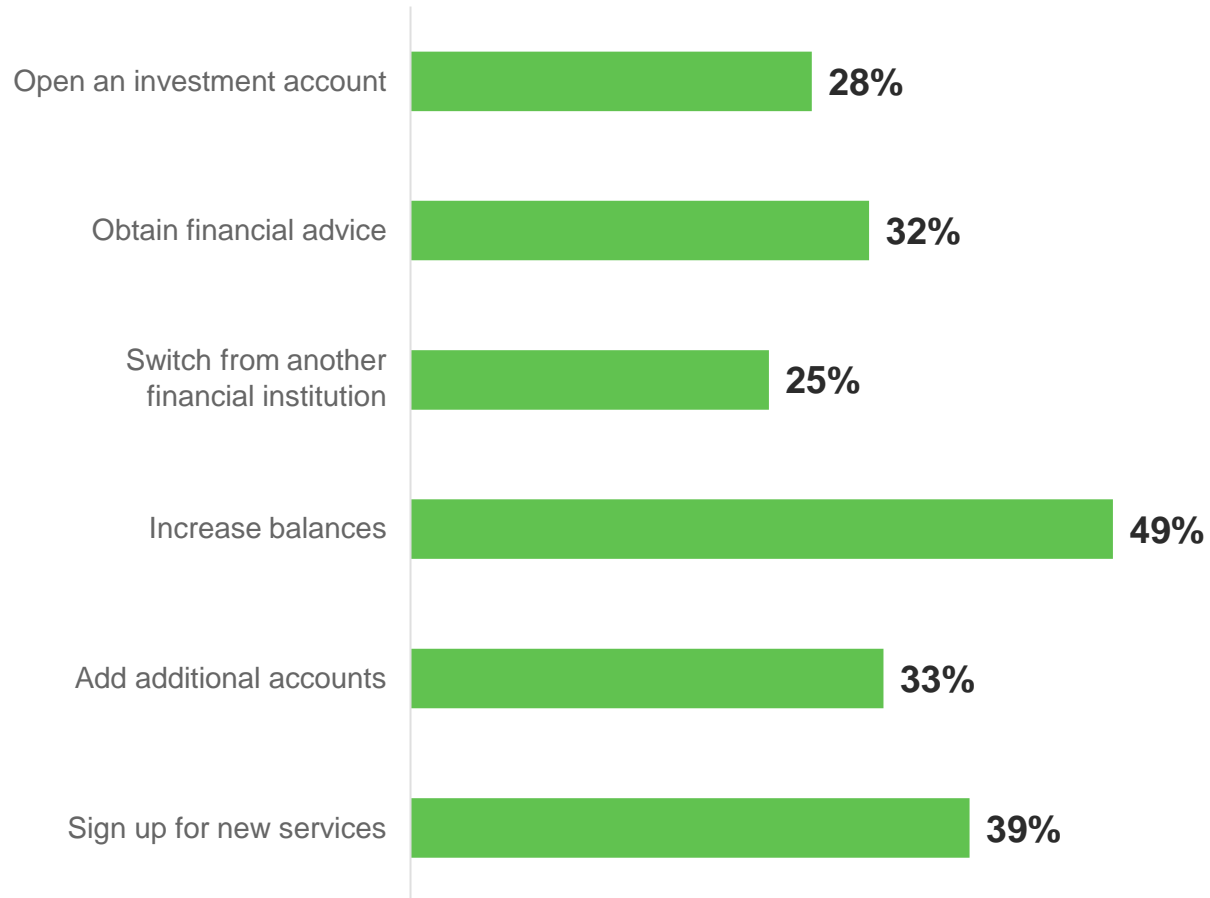
Emotionally detached—antagonistic toward the credit union.

Engaged Members Have Deeper Relationships...



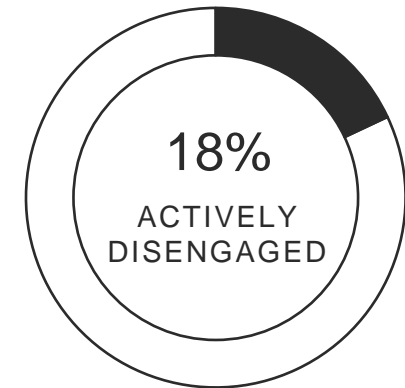
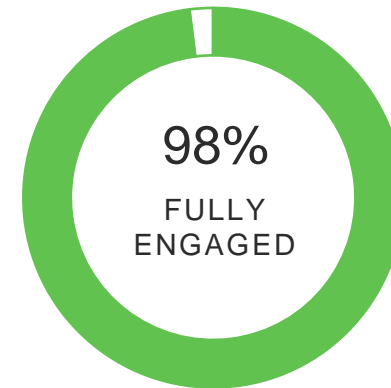
And They Plan to Go Deeper

PERCENT MORE LIKELY IN THE NEXT 12 MONTHS

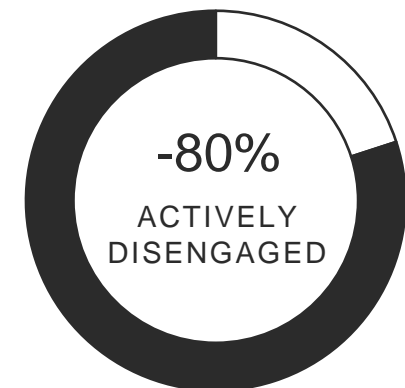
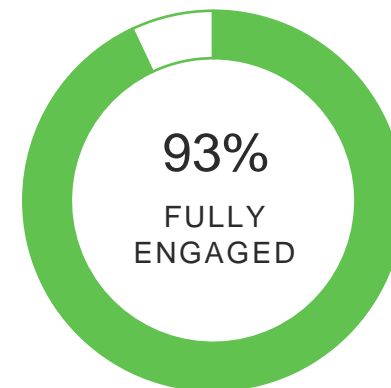


LIKELIHOOD TO CONTINUE AND RECOMMEND

Extremely likely to continue using this financial institution



Net Promoter Score



% FULLY ENGAGED CUSTOMER/MEMBER VERSUS INDUSTRY

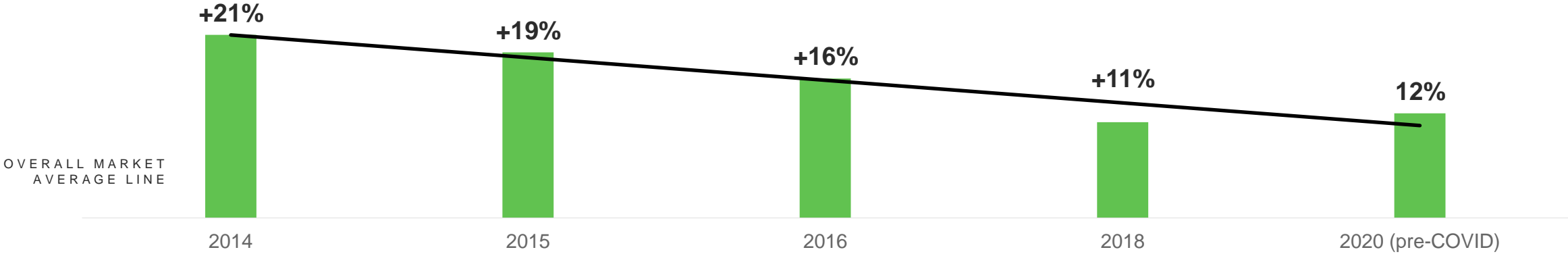


Engagement at Credit Unions is **highest** amongst all financial services categories.

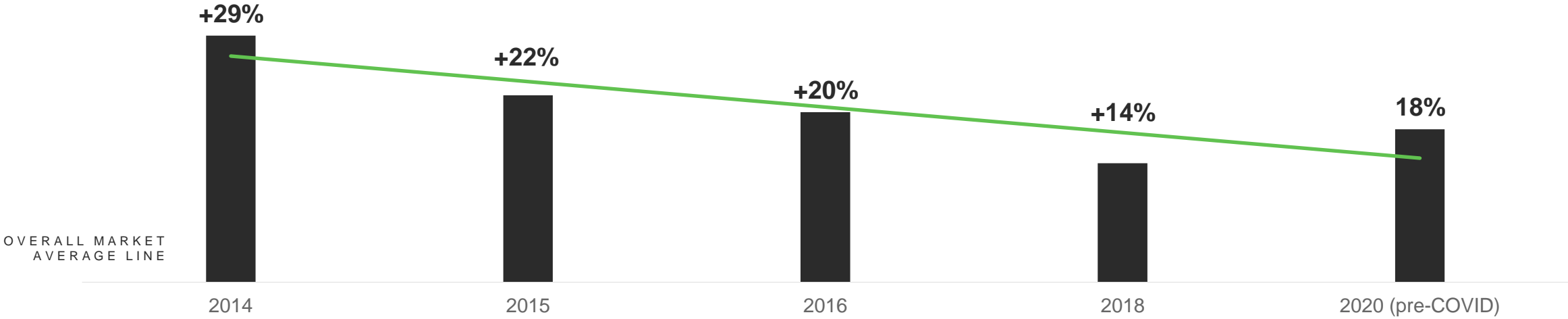
Credit Unions outperform the market by **+12%**.

Credit Unions Continue to Lose Ground

DIFFERENCE IN % FULLY ENGAGED (MEMBER ENGAGEMENT SCORE)



DIFFERENCE IN % PROMOTERS (NET PROMOTER SCORE)

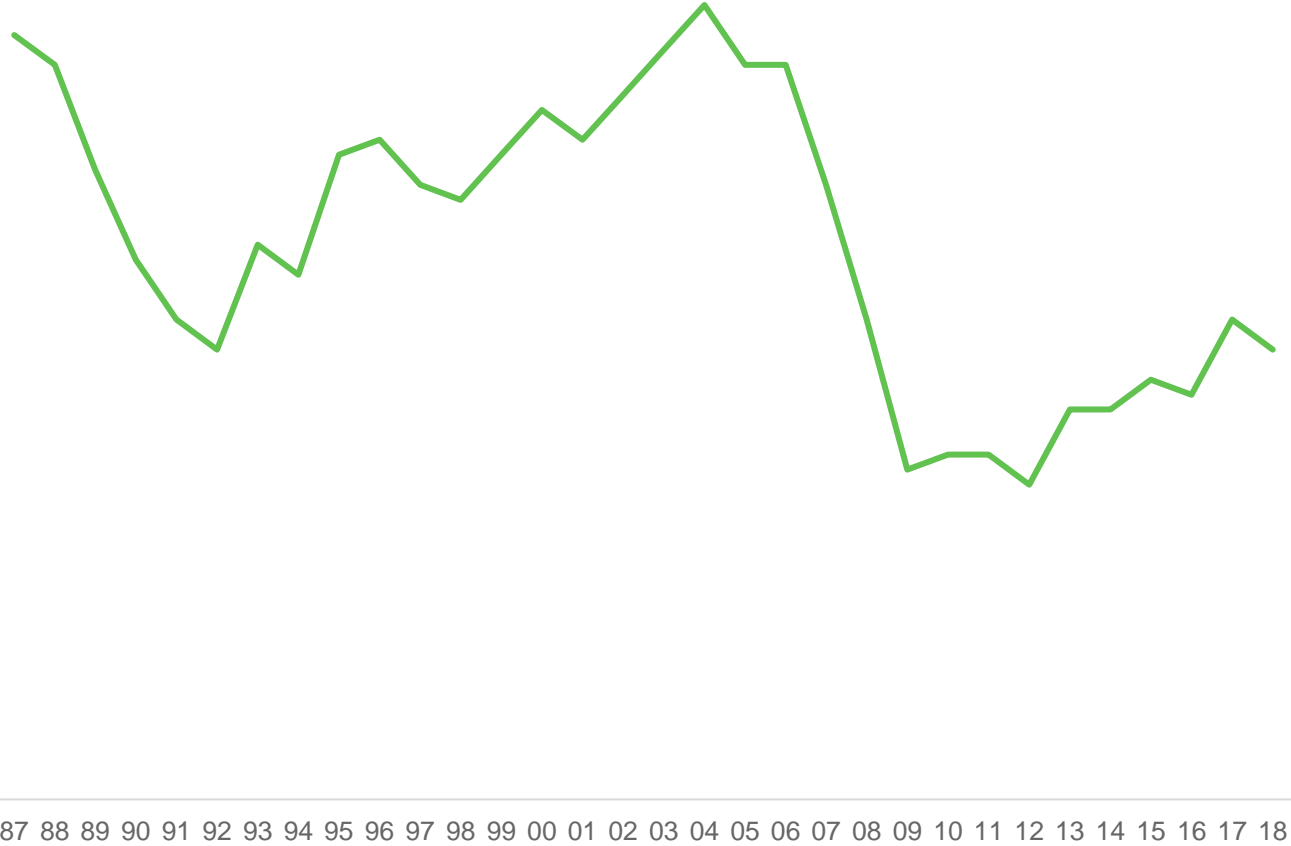


How Can This Be?

AMERICANS' CONFIDENCE IN U.S. INSTITUTIONS, 2018

	Great deal/ Quite a lot %	Some %	Very little/ None (vol.)
The military	74	20	5
Small business	67	26	6
The police	54	31	15
The church or organized religion	38	33	27
The presidency	37	18	44
The U.S. Supreme Court	37	42	18
The medical system	36	37	26
Banks	30	46	22
The public schools	29	44	27
Organized labor	26	45	25
Big business	25	43	30
Newspapers	23	35	40
The criminal justice system	22	41	36
Television news	20	34	45
Congress	11	39	48

GALLUP POLL CONFIDENCE IN BANKS: TREND

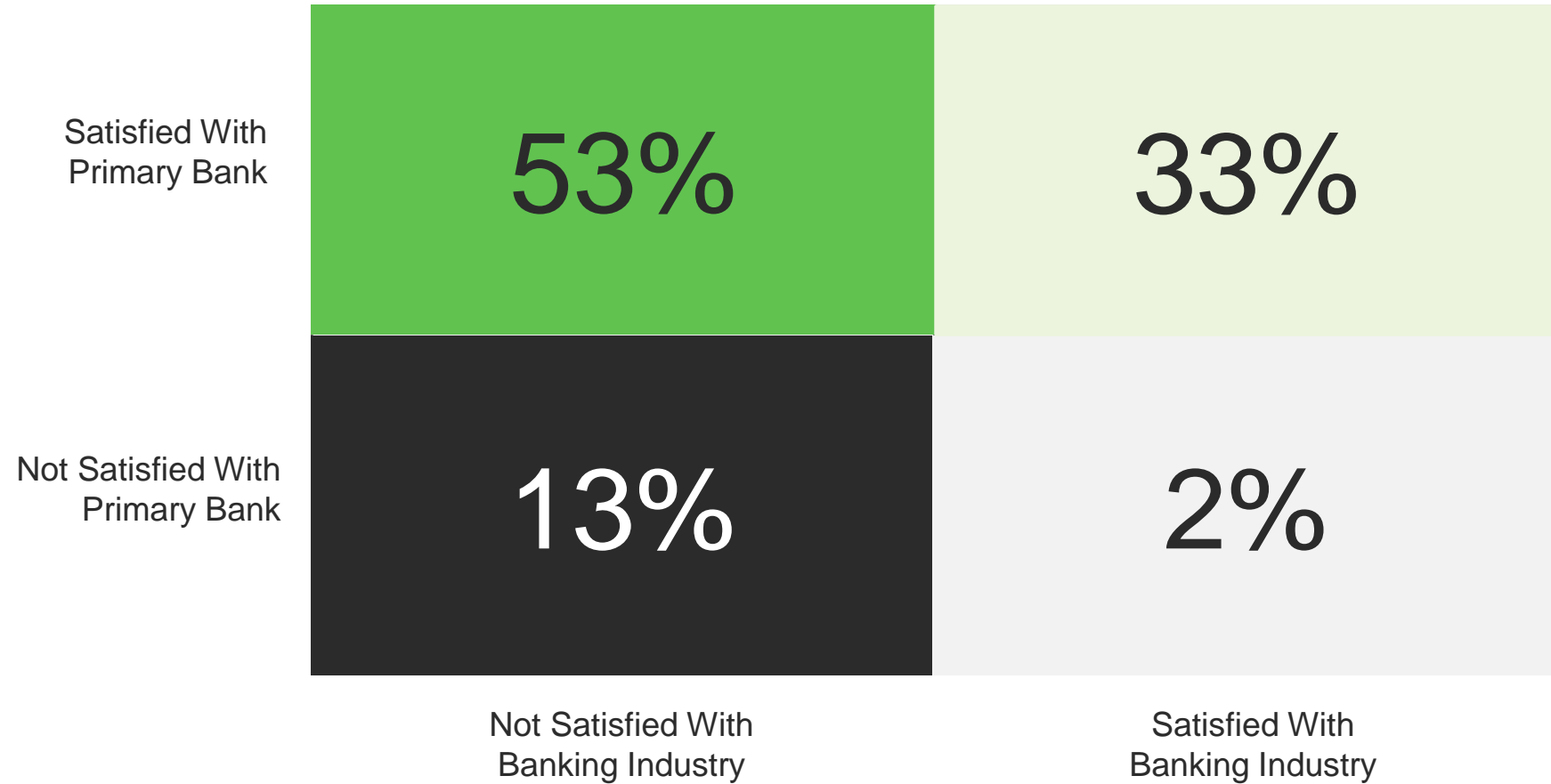


(vol.) = volunteered response; ^ Net positive = "Great deal"/"Quite a lot" minus "Only a little"/"None" (vol.)
 Source: 2018 Gallup Poll

A False Sense of Security

National Perspectives Are Not Local Perspectives

“TRUST” CAN BE BUILT



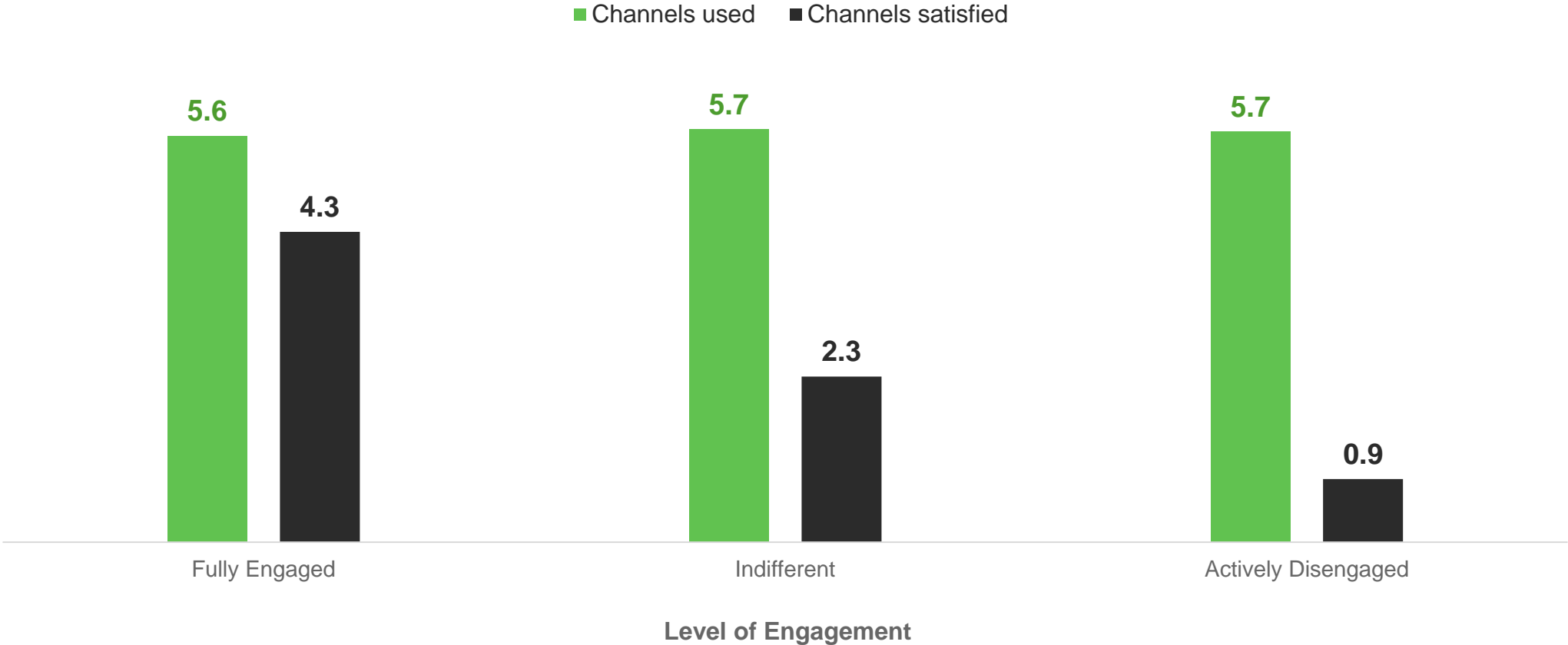


People Helping People

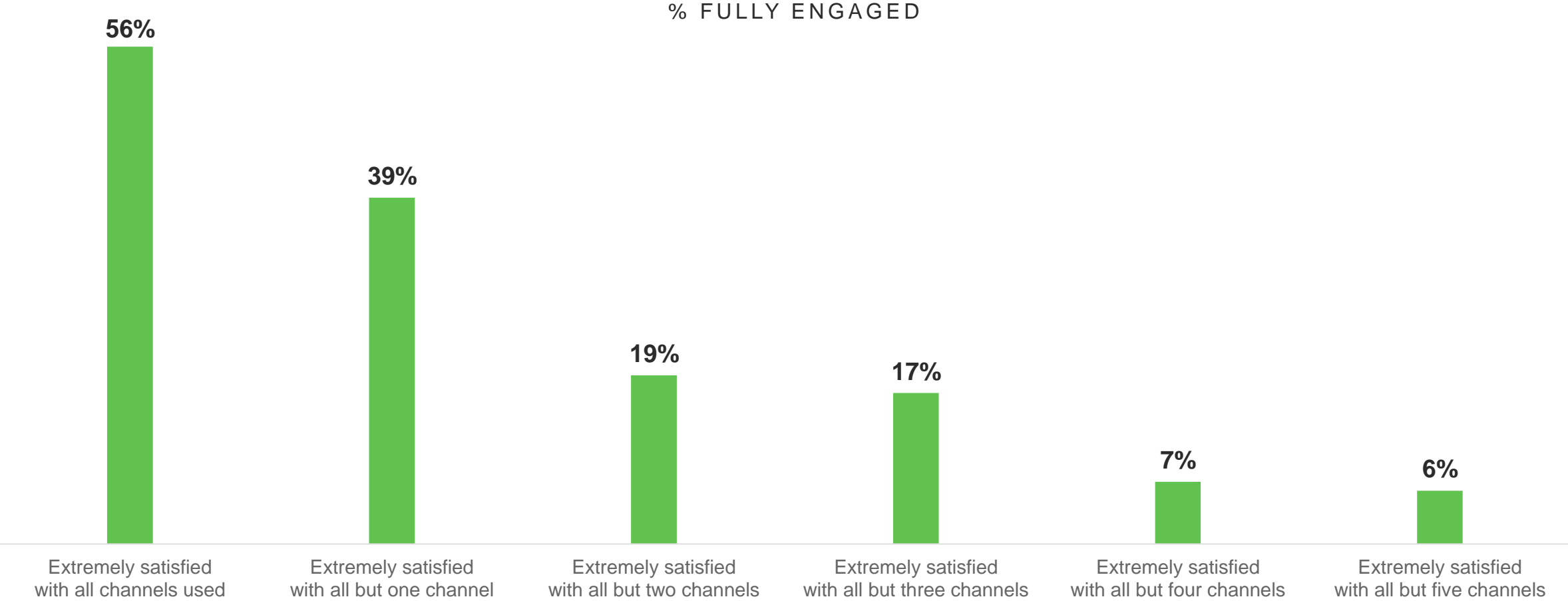
Human connection matters more than ever.

Channel Experience, Not Number of Channels

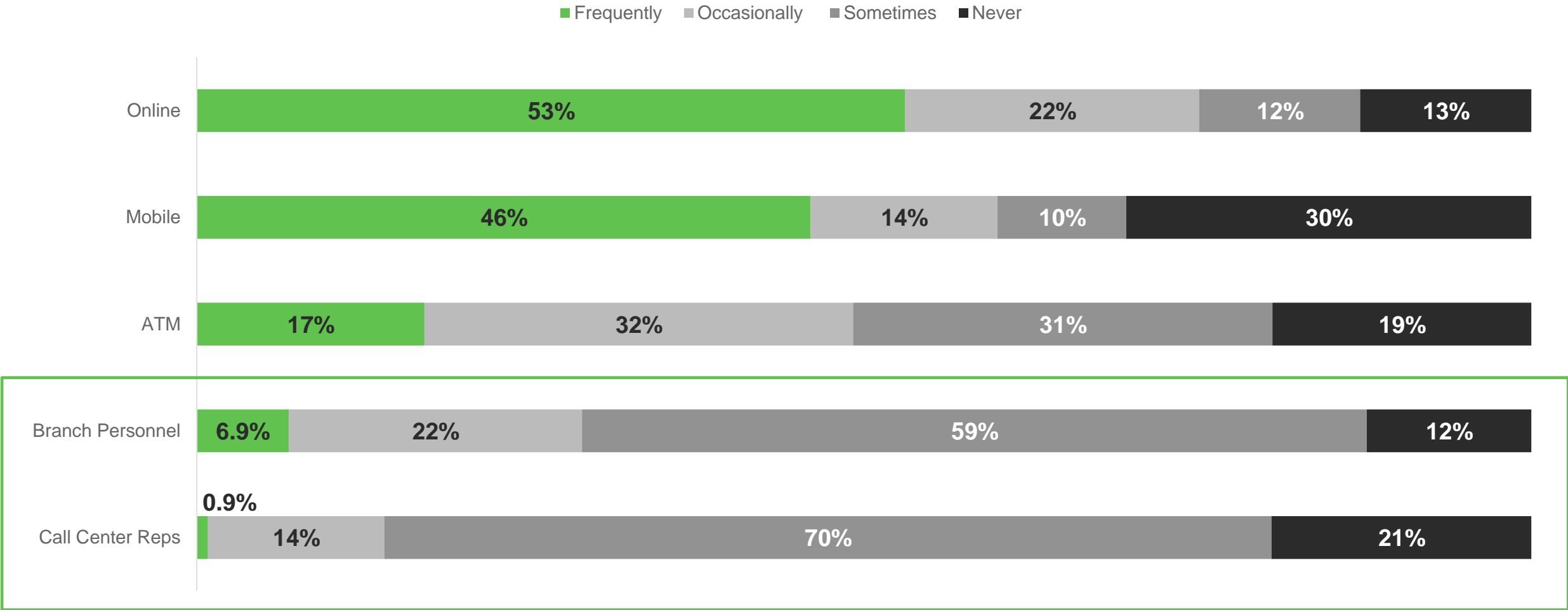
AVERAGE NUMBER OF CHANNELS USED COMPARED TO THE AVERAGE NUMBER OF MEMBER-SATISFYING CHANNELS



Members Experience the Entire Organization Locally



Digital Channels Are Indeed Being Used With Higher Frequency

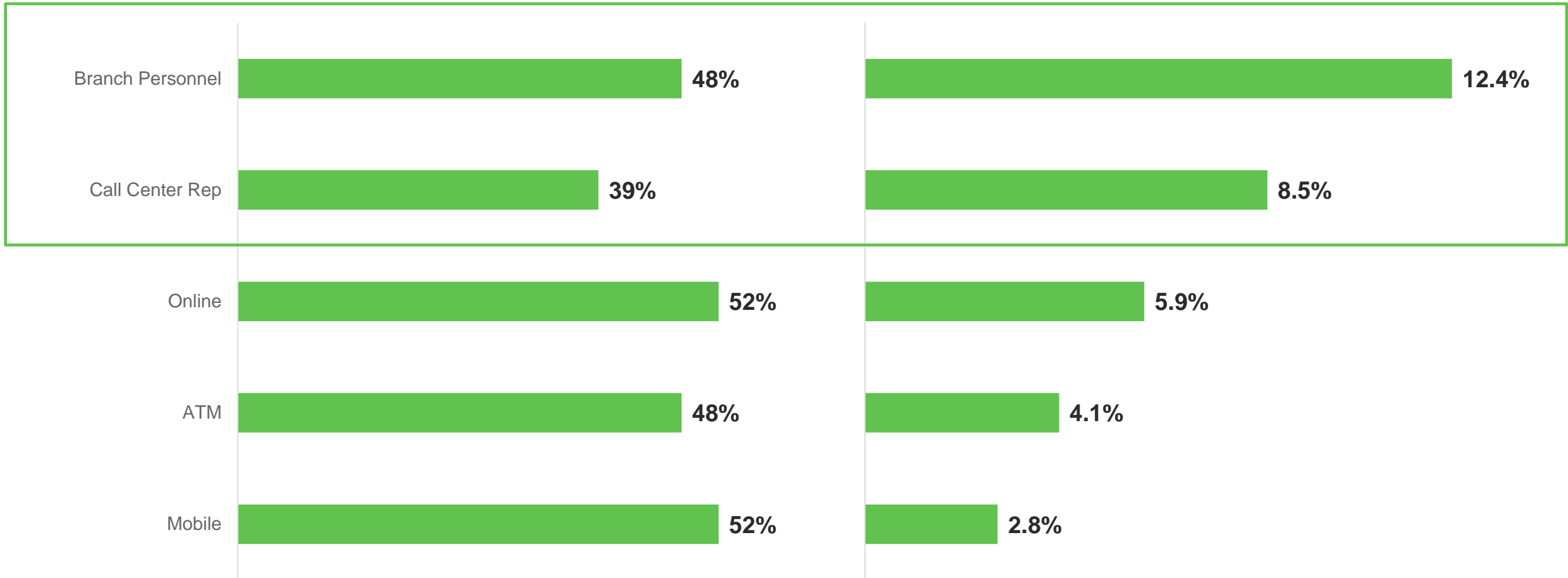


Frequently = at least once per week; Occasionally = every two weeks or month; Sometimes = less than once per month
 Due to rounding, percentages may sum to 100% +/-1%; numerical values shown when 5% or higher.

Not All Channels Are Created Equal

EXTREMELY SATISFIED

IMPACT* ON ENGAGEMENT



*Percentages represent relative importance in driving engagement.

High Stake Interactions

		Top 1	Top 2	Top 3
OPEN/CLOSE ACCOUNTS	Opening a new account	Person in branch (75%)	Website (10%)	
	Applying for a loan	Person in branch (53%)	Website (19%)	Call center person (7%)
	Closing an account	Person in branch (61%)	Call center person (15%)	Website (10%)
SEEK ADVICE	Researching important financial issues	Person in branch (33%)	Website (31%)	
	Learning about new products and services	Website (32%)	Person in branch (31%)	Email (12%)
RESOLVE A PROBLEM	Resolving a problem with your account	Call center person (46%)	Person in branch (45%)	
	Reporting or inquiring about fraudulent activity	Call center person (57%)	Person in branch (30%)	
	Making a deposit	Person in branch (44%)	Mobile app (29%)	ATM (13%)
	Making a cash withdrawal	ATM (60%)	Person in branch (24%)	Kiosk at branch (7%)
	Making a payment	Website (42%)	Mobile app (31%)	Person in branch (13%)
	Making a balance transfer	Website (39%)	Mobile app (36%)	Person in branch (13%)
	Checking your account balance	Mobile app (41%)	Website (39%)	Person in branch (9%)



Shifting Expected Future Use Patterns

COVID-19 has forced rapid migration to contact center communication while creating unanticipated borrowing needs for many members, along with forced rapid migration to digital channels.

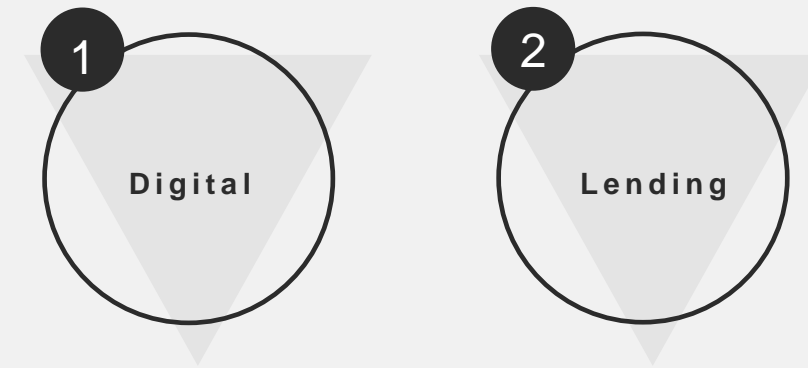
Success here leads to member engagement...

Greatest Up-Side Still Involve **High Stakes Interactions** Through Human Connection

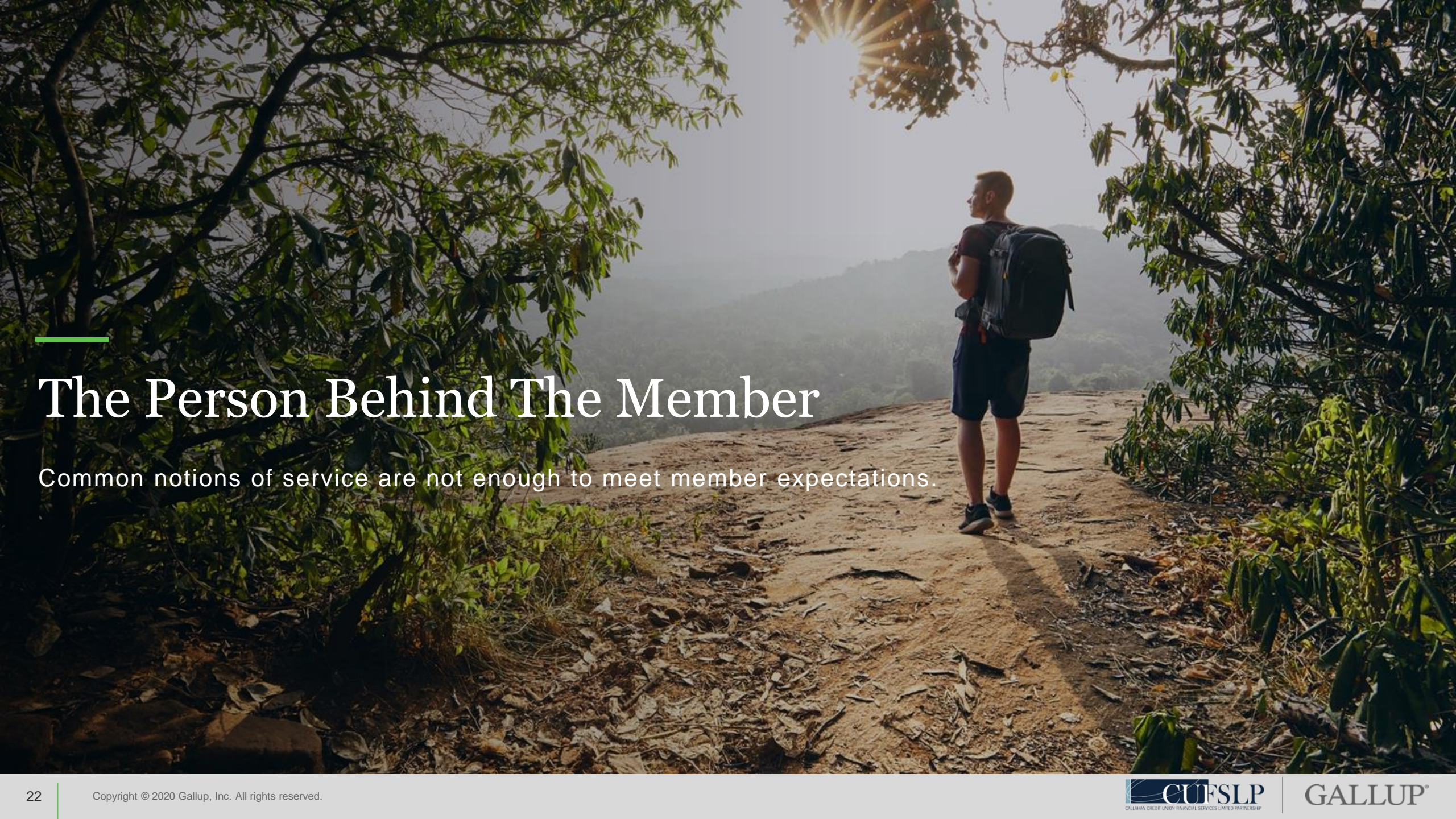


Failure here leads to active disengagement...

Greatest Down-Side Involve **Reducing Unnecessary Stress**



Comparison of relative influence each channel has on variation in member engagement.



The Person Behind The Member

Common notions of service are not enough to meet member expectations.

What are you looking for in a financial institution?

29%

PROVIDE
EXCEPTIONAL
SERVICE

21%

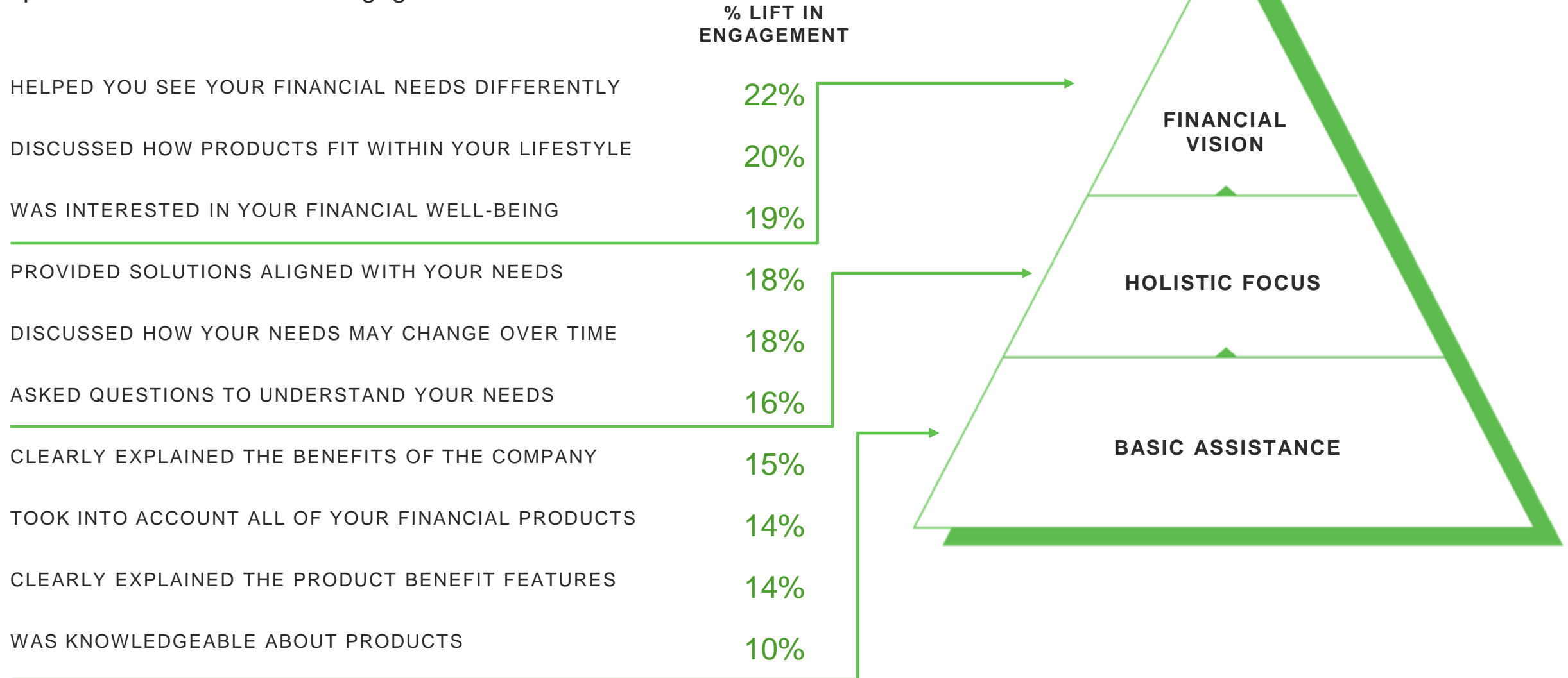
REWARDS ME FOR
THE BUSINESS I
DO WITH THEM

14%

IS A STRONG,
STABLE FINANCIAL
INSTITUTION

A New Age of Service

Top 10 behaviors that drive engagement

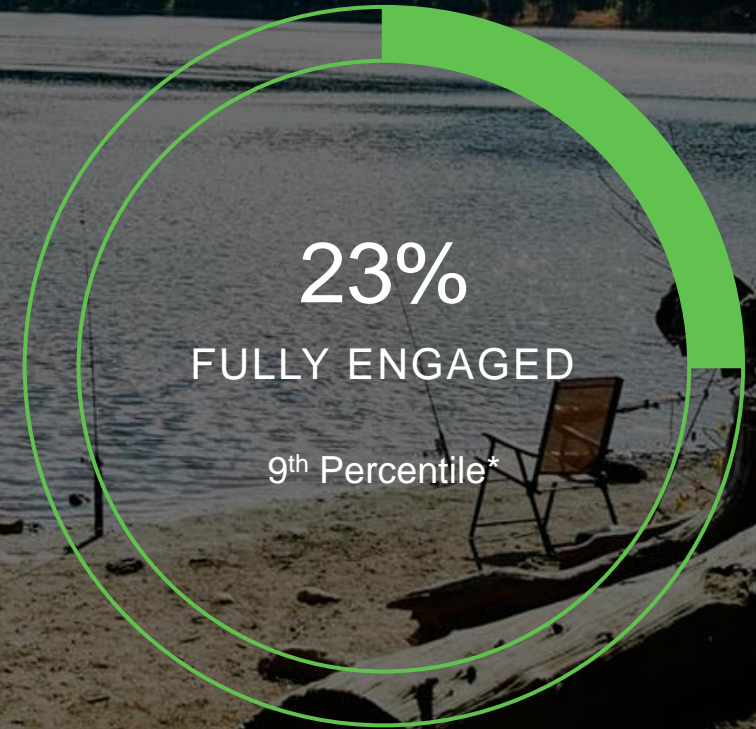


In Fact, Nothing Predicts Member Engagement Better Than *Looking Out For Their Financial Well-Being*

WHEN MEMBERS STRONGLY AGREE THAT
THEIR CREDIT UNION LOOKS OUT FOR
THEIR FINANCIAL WELLBEING



IF MEMBERS DO NOT
STRONGLY AGREE



Words or Deeds

A Few Slogans...

“Belong to something better”

“Your best interest”

“We put you first”

“Banking, For those wired differently.”

“To be our members’ most trusted and valued financial resource”

“We share a common thread”

“Your Goals. Our Passion. Live Happy!”

“Moved by good”

“A Higher Degree of Banking”

“A brighter financial future”

“Moving you forward, faster”

“We Partner for Life”

“Improving Lives. It’s What We Do.”

“Live Life Fully”

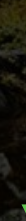
Performance on Financial Well-Being is Deteriorating

MY CREDIT UNION LOOKS OUT FOR
MY FINANCIAL WELL-BEING



2016 ADVANTAGE COMPARED
TO OVERALL MARKET

+16%



2020 ADVANTAGE COMPARED
TO OVERALL MARKET

+8%

FINANCIAL HEALTH

state of a person's financial situation (**facts**)



FINANCIAL WELL-BEING

a person's emotional relationship with money (**feelings**)

Who has higher financial wellbeing?

PERSON A

\$120,000

ANNUAL INCOME

30%

DEBT-TO-INCOME RATIO

45%

RESIDENTIAL LTV

720

FICO SCORE

PERSON B

\$75,000

ANNUAL INCOME

43%

DEBT-TO-INCOME RATIO

70%

RESIDENTIAL LTV

680

FICO SCORE

Who has higher financial wellbeing?

PERSON A

\$120,000

ANNUAL INCOME

30%

DEBT-TO-INCOME RATIO

45%

RESIDENTIAL LTV

720

FICO SCORE

▶ FORSEES NO CAREER CHANGES

▶ PEOPLE AROUND HIM/HER EARN \$200,000 A YEAR

▶ SAVING THAT MONEY FOR A NEW LUXURY CAR

PERSON B

\$75,000

ANNUAL INCOME

43%

DEBT-TO-INCOME RATIO

70%

RESIDENTIAL LTV

680

FICO SCORE

▶ FORSEES CAREER ADVANCEMENT

▶ PEOPLE AROUND HIM/HER EARN \$50,000 A YEAR

▶ SAVING THAT MONEY FOR A NICE FAMILY DINNER

The World Has Changed in Five Months

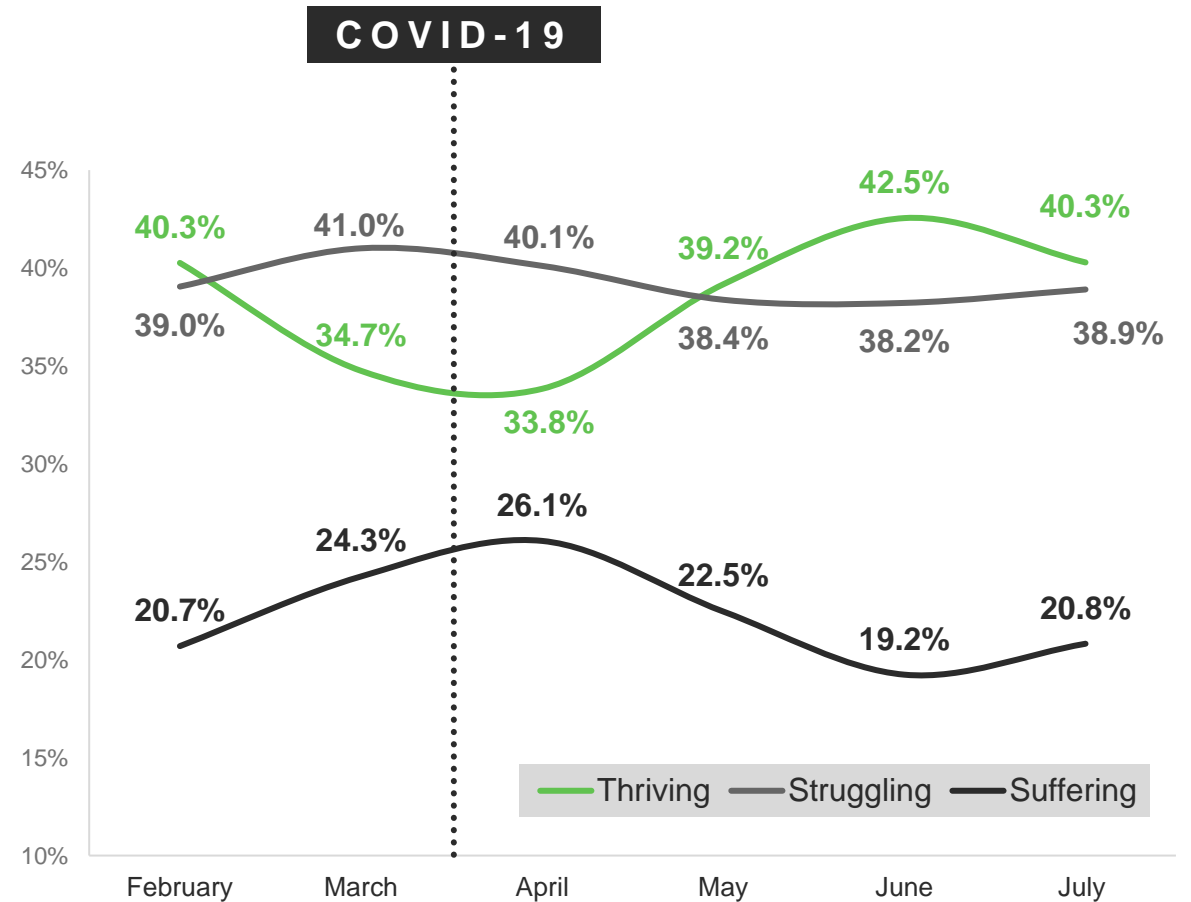


In a matter of weeks, the U.S. population entered a stark reality as daily significant stress and worry spiked to an unprecedented magnitude and wellbeing crashed to Great Recession levels.

Today ...

- A record-high 44% of U.S. adults now say it is getting a lot worse, up seven percentage points in one week, and 24% say it is getting a little worse.
- A record high expect the current level of disruption to last at least through the end of this year before improving.
- Half of U.S. adults say they are worried they will experience severe financial hardship
- One in five are holding out for a vaccine.

MEMBER FINANCIAL WELLBEING – CREDIT UNION CONSORTIUM



Three States of Mind



Thriving



We make more than we spend and have saved/invested a lot. We're more than OK and very secure. I'm answering this survey on a train in Ireland while vacationing with my whole family, including the two adult children who we've paid all their college. Life's cool.

Fully Engaged

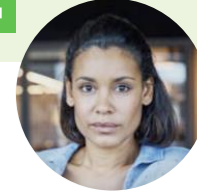
Struggling



We are expecting another child in late December. Our home is in need of some big repairs as well as a new furnace and air conditioner. It would be a huge peace-of-mind knowing that we could provide a good environment for our growing family.

Fully Engaged

Suffering



My credit is terrible, and I feel like there's no way out. If I could improve my credit, it would help tremendously! I feel like having bad credit is paralyzing. I also want my teenage son to know how to get and keep great credit.

Fully Engaged

Reaching Beyond Financial Health

Financial well-being is not about a number- it's about your emotional relationship with money.

FINANCIAL HEALTH

Discretionary Income

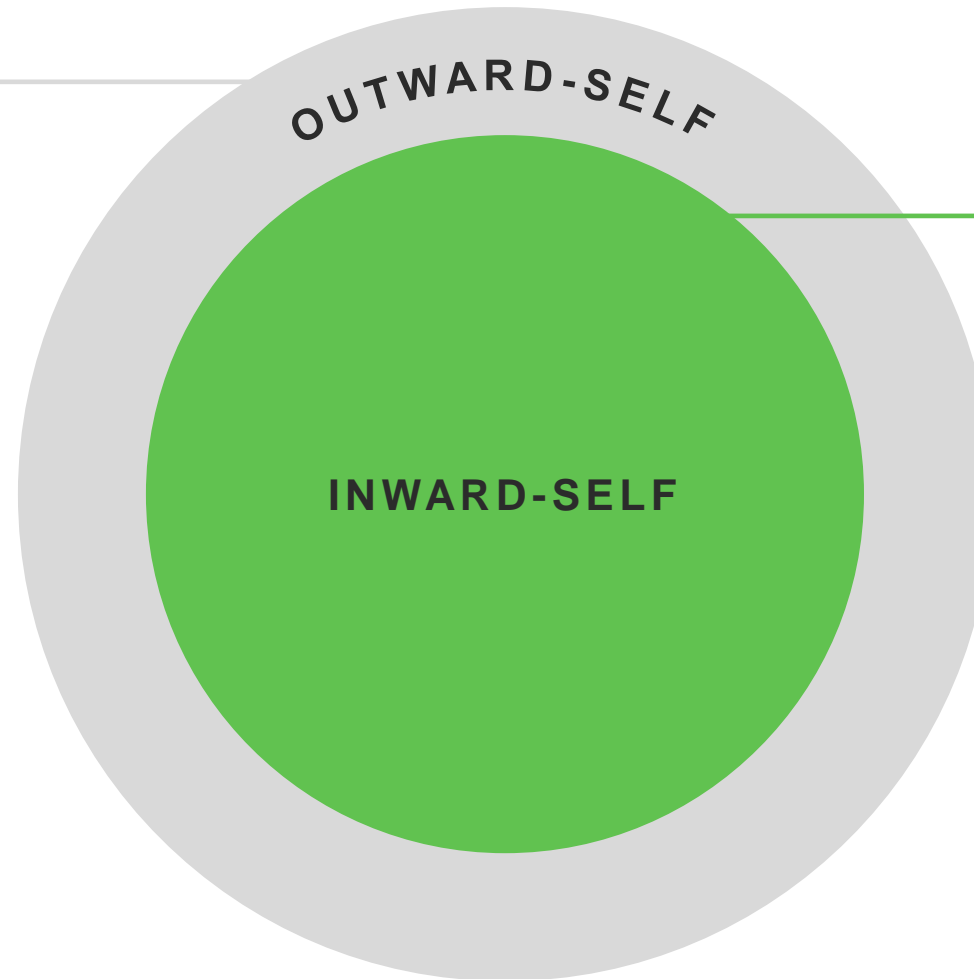
Budget for nonessentials

Financial planning

Retirement, investments, etc.

Standard of Living

Income, debt, savings, etc.



FINANCIAL WELLBEING

Enjoyment

Am I free to spend money on experiences?

Confidence

Am I saving for significant life milestones?

Worry

Do I have enough money for daily life?

The Financial Wellbeing Support Path



THE CREDIT UNION

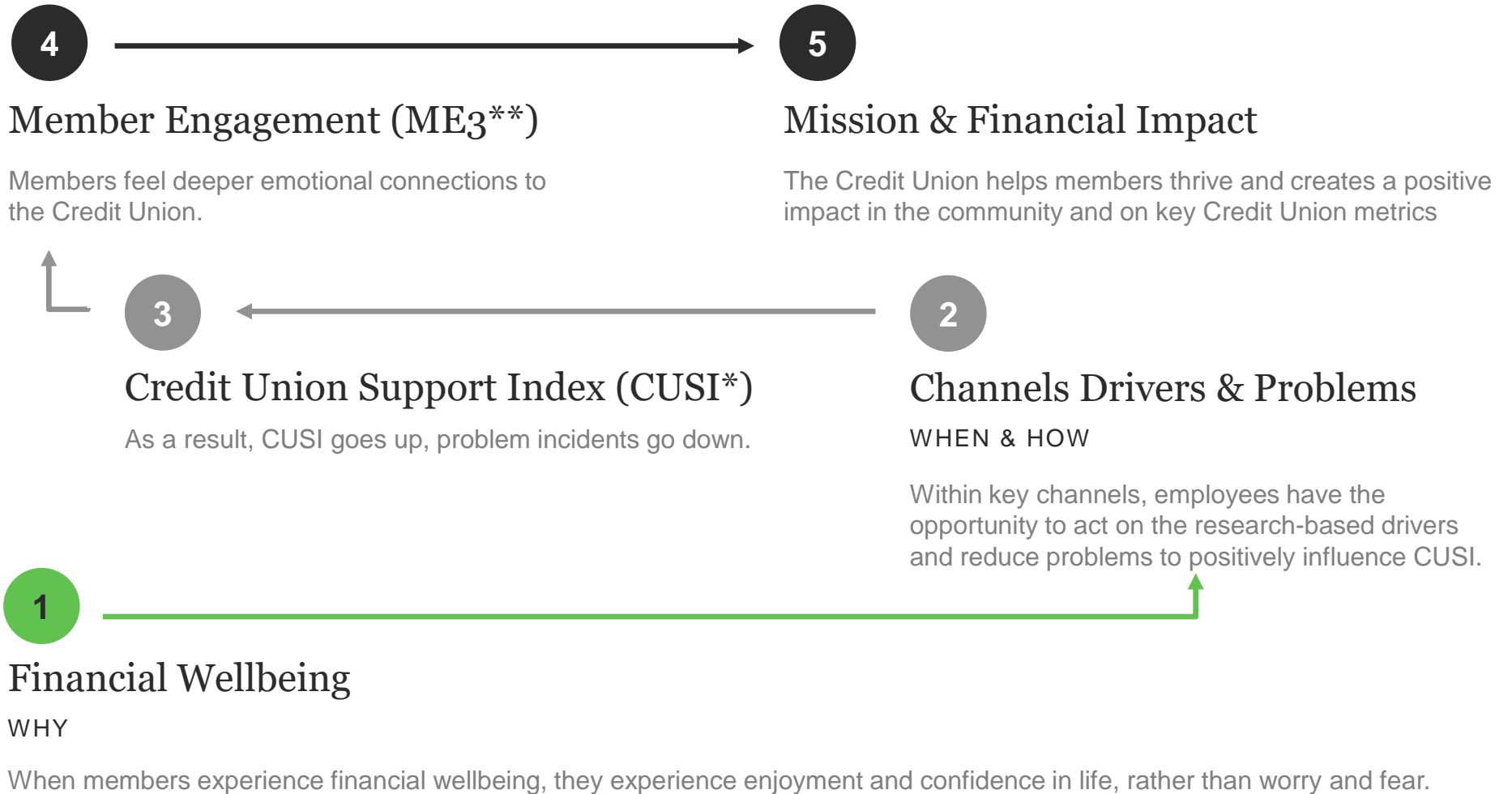
... which makes my emotional attachment to the CU stronger, and thereby, I'll give you more opportunities to help me thrive.

THE MEMBER

... but my credit union can look out for my financial wellbeing by doing certain things that matter most to me ...

THE PERSON

My emotional relationship with money is personal and ever-changing ...



*CUSI is an index of two questions: (1) looks out for my financial wellbeing and (2) helps me to feel comfortable approaching credit union team members to discuss my financial wellbeing.

**ME3 is an index of three questions: (1) (Credit Union) always delivers on what they promise, (2) I feel proud to be a (Credit Union) member and (3) (Credit Union) is the perfect credit union for members like me.

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