

Lesson Learned: Membership Growth Isn't Always Good

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Looking for membership growth? Most credit unions will answer absolutely, but I want to challenge you to reframe your response. I believe you're looking for *profitable* membership growth; to attract the right members to join your credit union – members who can't resist the stickiness of your service offerings from the moment they open their account. Consider the lesson learned from Indirect Lending – many credit unions experienced exponential growth only to be forced to deal with dormant accounts in the long run. Growth in membership numbers alone doesn't guarantee success but growth with immediate multiple levels of relationship is the ultimate win-win. But how?

One method that's taking solid root is online account opening and membership application that's more than just attaching a pdf membership form or new account form to your website. It involves a strategic decision to fully tap into the online delivery channel and make it front and center for your members and staff.

CUNA's 2007-2008 Credit Union Environmental Scan sited that according to the Aite Group 60% of the top 20 credit unions (based on assets) offer online account opening and only 42% of them also offer online funding. This compares to 80% of the top 20 banks that offer online account opening with 87% of them also offering online funding. Could this disparity, projected on a national basis, possibly be a key contributing factor in 2007's credit union membership growth rate of 1.3%?

Online account opening is a natural fit for members of Gen X and Gen Y; in fact, some of these young people will not use paper checks let alone the services of a branch; preferring to do their financial transactions online, at the ATM or with debit cards. But, what about the folks on the other side of the "digital divide"? A recent AARP Bulletin cited the findings of the Pew Internet & American Life Project: 92% of Americans ages 18 to 29 use the Internet; 85% of those 30 to 49; 72% of those 50 to 64 and 37% of those 65-plus. Financial services was the third highest ranking of the types of websites used by the 55-plus group as determined by Hitwise USA, an Experian company that monitors the use of more than a million websites and the millions of people that visit them.

We urge you to do your own research; the time to act is now.

A growth strategy that encompasses online account opening and funding allows you to consider offering online-only high dividend savings products, enabling you to compete with the likes of ING Direct. The cost to open an account online is approximately \$15 compared to approximately \$65 to open an account with a teller as cited in CUNA's 2007-2008 Credit Union Environmental Scan. So once you have your strategy in place, which technology solution will enable that strategy?

EPL, Inc. offers a number of technology solutions, tailored to your exact needs; several of which are core independent. To learn more, contact us at 800-243-4375 or at www.eplinc.com and get started on the path to growing profitable members today.

About EPL, Inc.

EPL, Inc. is owned by credit unions and has been serving the core processing needs of credit unions exclusively for over thirty years. We are committed to a set of core values that ensure a client-centric business focus. We strive to align with our owner and client credit unions for a common purpose, that is: To provide technology solutions credit unions need to differentiate in an increasingly competitive financial services market. Beyond core processing, EPL's totally open strategy includes technology tools that address credit union needs in the areas of lending, shared branching, collections, online applications, and more.