



New Rules of Engagement – Attracting Younger Audiences to Your Credit Union

By: David Smith, Director, Statement Services, OSG Billing Services
August 6, 2013



The past five years has not been an easy time to be a young adult. Even now, with the recession over, many recent high school and college graduates are struggling to get that long-awaited first job. Young people categorized as Generation Y (Gen Y), or Millennials, who are between the ages of 18 and 24, came-of-age during an unsettled economy with worries about the job market and an ever-increasing cost of living.

The “Unbanked” and “Underbanked”

Many in this age group fall into the “unbanked and underbanked” category where they skip the bank or credit union altogether and use alternate financial services like grocery stores and convenience stores to cash checks. According to the 2011 FDIC National Survey of Unbanked and Underbanked Households published in September 2012, the most common reason why younger households report they do not have bank accounts are that they feel they do not have enough money for an account. Households with occupants under the age of 24 shows a rate of 17.4 percent unbanked and 31.0 percent underbanked. The skepticism of financial institutions that is exhibited by this age group is understandable when you think about the economic crash that occurred when this group

reached adulthood. Plus, with some of the big banks requiring large deposit amounts for checking and savings accounts and charging fees for every transaction, no one can blame them for wanting to keep their meager paychecks for themselves.

Advantages of the Credit Union

The good news is that the study also shows that one-third of the households report that they are “very likely” or “somewhat likely” to open an account in the future. Here is where the advantages of credit unions can make their biggest impact. Credit unions have a lot to offer this age group with lower APRs on most loan types, better rates of return on savings accounts and CDs, low or no-fee checking and low-or no minimum balances on accounts. The dilemma is how to engage Gen Y members and communicate with them in a manner in which they prefer. What can your credit union do to foster and grow that relationship? Here are some ideas to attract and keep younger audiences to your credit union. Consider this the new rules of engagement for young people ages 18 to 24.

Offer Mobile Apps and eStatements

Growing up with the internet, mobile phones and social media, naturally, this is a tech-savvy bunch. And unlike

some older consumers, younger people are not as skeptical about banking online. In fact, they prefer it. A recent study by Market Rates Insight found that just 24 percent of Gen Yers like to do their banking at a branch. Offering eStatements and mobile apps is the best way to engage this generation.

But Gen Yers demand more than just mobile apps and eStatements. They want tools to help them manage those accounts. According to that same study, 73% of Gen Y bank customers agree that it is their bank’s responsibility to alert them to low balances or insufficient funds. Offering account alerts and notifications, either through a text message or email, will be necessary to keep that younger generation as credit union members.

Provide Personal Financial Management Tools

Now is an excellent time to introduce the concept of budgeting and saving through your member statement. This group of individuals has a strong need for financial advice. Offering integrated personal financial management (PFM) tools on your statement helps them to effectively plan for the present and set goals for their future. PFM lets your members manage all of their financial relationships in one place and offers a full color, graphical snapshot of their finances every month.

A Partnership That Delivers



Get Familiar with Online Communities and Social Media

More and more, credit unions are becoming community-based organizations. But younger people have a different sense of community—they prefer online communities. Studies show that Gen Yers are four times more likely than older generations to post a question about a financial matter on an online forum. Reach out to this audience through social media like Facebook, Twitter, videos, blogs and online forums. Relating to them on their own terms is the best way to inform, educate and engage. From here you can tout the benefits and features of your mobile app, explain how they can save money with your lower interest rates and fees and even offer fun giveaways like gift cards and concert tickets. Meeting them at their point of reference goes a long way in establishing your credit union as an institution that meets their specific needs.

Maximize your Messaging

Once you have attracted a Gen Y member to your credit union, you then have to engage them to keep them as a member. Since the eStatement and Mobile app is the method of choice of this age group, take advantage of the powerful communication capabilities the messaging on your statement

provides, whether printed or electronic. Full color messaging is effective and impactful and gets attention, improves readability and comprehension and encourages action. With targeted, one-to-one messaging, you can segment your member base and offer products and services that specifically speak to that age group. Use messaging to offer suggestions and give advice about how they can better save and grow their accounts. Through full color messaging you can showcase your lower APRs and better rates-of-return in comparison to banks and offer promotions that keep Gen Y members interested in your financial products.

If the past few years have been financially tough for this age group, your credit union can offer them an optimistic future. Don't let them fall into the "unbanked" category by engaging young people at their preferred point of reference. Foster and build those relationships through your electronic and printed statements. Take advantage of full color messaging to inform and educate and drive traffic to other channels such as mobile, web and online forums. Promote financial products that appeal to this age group and offer personal financial management tools to help them get their money management off on the right track. Keeping a finger on the pulse of Generation Y through

social media and online communities will help your credit union continue to engage and communicate with this tech-savvy generation.

Sources:

1. *2011 FDIC National Survey of Unbanked and Underbanked Households, September 2012.*
2. *National Banking Survey: Mobile Apps Fall Short of Consumer Expectations, Varolii Corporation, February 5, 2013.*
3. *Market Rates Insight Study on Millennials.*