

Building the membership of the future: Shifting the credit union experience to digital

Blend engaged [Nazare Advisors](#) to provide industry insights for this ebook. Nazare Advisors provides strategic advice for financial services and technology companies to meet the demands of 21st-century consumers and businesses. They provide valuable insights that support underserved markets with technological discontinuity and help build new capabilities to address real market challenges.

For years, credit unions have excelled by building personal relationships and creating a sense of community for their members. Primary financial institution relationships have been important to credit unions, but as digital banking services become table stakes, these relationships are at risk.

There is an opportunity to cement primary relationships, but it requires adapting to member needs. We believe that by translating the elements that underpin the personal interactions credit unions are known for into the digital realm, credit unions can replicate the unique experience they're known for and ensure long-term success in the digital era.

We've outlined a three-pronged strategy to cultivate and secure lasting relationships with the consumers of today. Dive in to understand the three crucial pillars and how Blend's platform can enable you to succeed in this approach.

Table of contents

01

**Threats to current — and future —
primary relationships**

3

02

**Bridging the gap: A three-pronged
approach to cementing your digital strategy**

8

03

**Enabling the digital transition of the
credit union member experience**

9

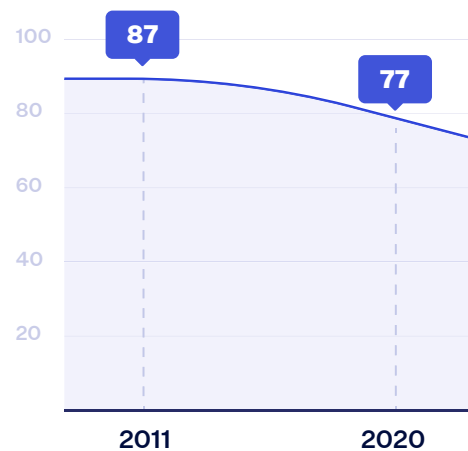
Section
01

Threats to current — and future — primary relationships

Historically, credit unions have thrived in terms of member loyalty, thanks to their devotion to their members and familiar interactions. They tend to be more hands-on, treat their customers like members instead of numbers, and typically offer lower rates and fees. But with the overwhelming shift to digital experiences, the environment in which credit unions have typically flourished is being threatened.

Detecting the triggers of defection

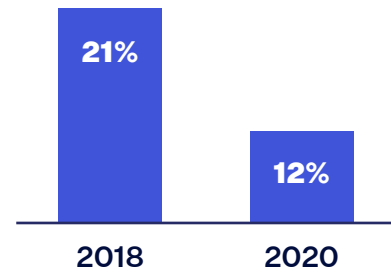
Credit union member satisfaction — and loyalty — is declining.



Credit Unions' American Customer Satisfaction Index peaked in 2011 at 87, but since 2017, it's been trending downward, and in 2020, landed at 77.¹

Source: American Customer Satisfaction Index LLC. 2020

Additionally, credit unions are losing out on precious primary relationships. As of 2018, they enjoyed a 21% share of primary financial relationships, but by 2020, this number fell to just 12%.²



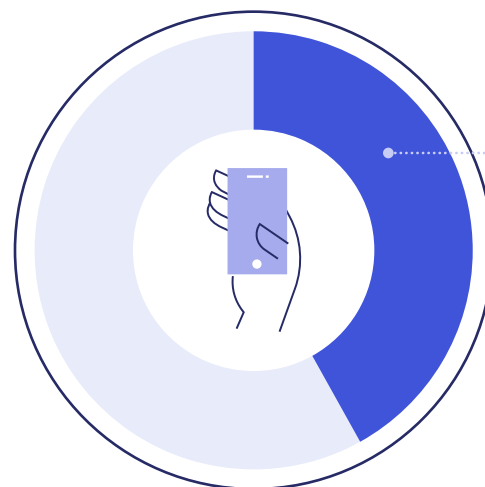
Credit unions' share of primary relationships

In some cases, members fully abandon their primary institution. In other cases, they abandon the traditional idea of a primary relationship, keeping core deposit accounts at their primary financial institution but opting to move deposit balances and use products and services at competitors.³ This hidden defection, in which a customer holds products with multiple institutions, weakens the relationship and makes a once-primary relationship less valuable.

To examine what's causing these significant shifts, it's important to understand why customers are dissatisfied, and what they're prioritizing when they change their dependence on providers.

Digital options driving decreased loyalty

In a 2021 survey, 40% of respondents said they are likely to leave their primary financial institution for digital banking that compares to an online shopping experience.⁴ With a rise in the number of financial institutions offering great digital solutions, as well as the availability of online shopping for financial products, it's easier than ever for customers to act on this desire.



40%

of respondents are likely to leave their primary financial institution for digital banking that compares to an online shopping experience.

² Raddon 2020

³ Bain 2021

⁴ Finalytics.ai 2021

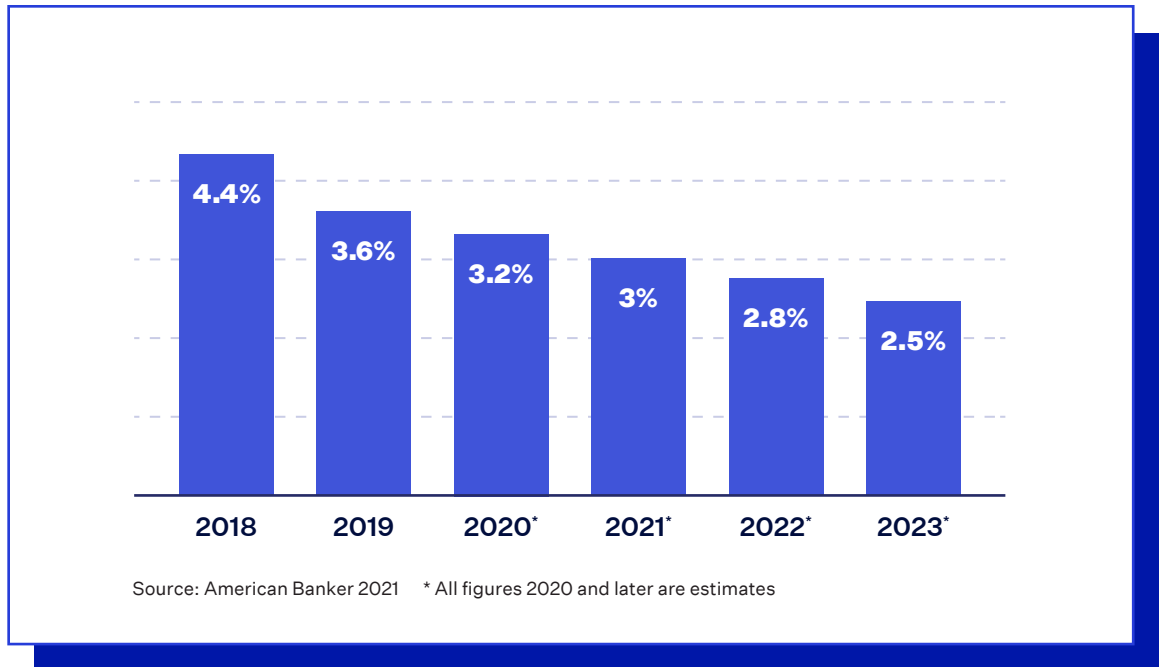
Digitally-advanced incumbent banks and challenger banks are leveraging customer insights and cutting-edge technologies to deliver seamless experiences, posing threats to credit unions that haven't upped the digital ante. Neobanks have grown market share, with 11% of Americans considering a digital bank their primary financial institution.⁵

And when on the hunt for financial products, consumers are armed with a wealth of information, like rate and product comparisons laid out in easy-to-understand charts on aggregator platforms. Readily available and transparent options are making it easy for them to make a switch.

Appealing to the next generation of members

Digital experiences have proven invaluable when cementing existing primary relationships — but they're also key to developing new ones. With their average member aged 47, and slow membership growth, this is top of mind for credit unions.⁶ A large cohort of their memberships is past prime borrowing years, with less of a need for lending products. In order to build a sustainable future, identifying — and reaching — the next generation of members is crucial.

Credit union membership growth slowing



47

Average member age for credit unions.

⁵ Forbes 2021

⁶ American Banker 2021

Many credit unions have the unique advantage of affinity groups, which gives them access to the families and communities of their current members. But these younger consumers won't join just because their parents did, and more adult children of credit union members aren't choosing their parents' credit union — yet.⁸ They've grown up with digital services — from streaming music and movies to purchasing on Amazon — and their financial institution shouldn't be an outlier.

Appealing to this new, digitally-native demographic group adds to the importance of developing digital capabilities that are on par with the experiences offered by other financial service providers.

How credit unions can update their view and treatment of primary relationships

As primary relationships become less secure — and more sought after — it's important to first re-examine how you evaluate them. Once completed, you can adapt your strategy for cultivating relationships for the long-haul.

Instead of simply measuring the strength of a relationship by the number of products a member holds, credit unions should also consider engagement as an important metric of primacy.



Understanding every touchpoint your members have with your credit union across all channels can provide a wide-angle lens of the quality of the relationship.

This understanding can also help you formulate the end-to-end digital journeys that will help you attract, and more importantly, maintain, primary customers. Instead of simply evaluating transactions and delivering one-size-fits-all offerings, you can focus on curating meaningful customer interactions to develop lasting relationships. Shifting from traditional cross-selling and product bundling to more personalized offerings can help nurture these relationships.

This understanding can also help you formulate the end-to-end digital journeys that will help you attract a new generation of members and grow relationships with existing members. By observing all interactions, you can focus on curating meaningful member interactions that deliver on your credit union's mission to serve its members.



By expanding upon traditional methods of measuring primacy, credit unions can gain a more holistic view of their relationships with members. This evolution helps credit unions meet the needs of today's members and grow membership.

The challenge of leveling up

But developing these capabilities, and keeping up, can be a particular challenge for credit unions without the technology expertise and wealth of resources available to for-profit financial institutions.



How do you know where to start when you aim to compete with banks and fintechs that count digital as a core competency?

Section
02

Bridging the gap: A three-pronged approach to cementing your digital strategy

We understand that redefining primary relationships with a focus on digital experiences is easier said than done. While the move to digital is necessary, it doesn't mean credit unions need to leave their unique identities behind. You can still deliver digital experiences in a way that doesn't feel foreign to your members and aligns with your mission.

Bring your individual core competencies into the digital realm and get on the same footing as banks and fintechs. We understand that's easier said than done, so we've developed a three-pronged approach for cementing primary relationships with existing members and securing these relationships with a new generation of prospects.



Develop a long-term vision with the right partner

With the help of a supportive partner, create a strategic plan that incorporates market responsiveness so you can compete with banks and fintechs now and for the long haul.



Maintain the credit union feel through member-centric experiences

Extend your familiar brand to digital while delivering consistent, personalized service to meet the needs of your members.



Digitize operations in a way that lowers your cost to serve

Power next-level efficiency with automation to subsidize great rates and low fees.

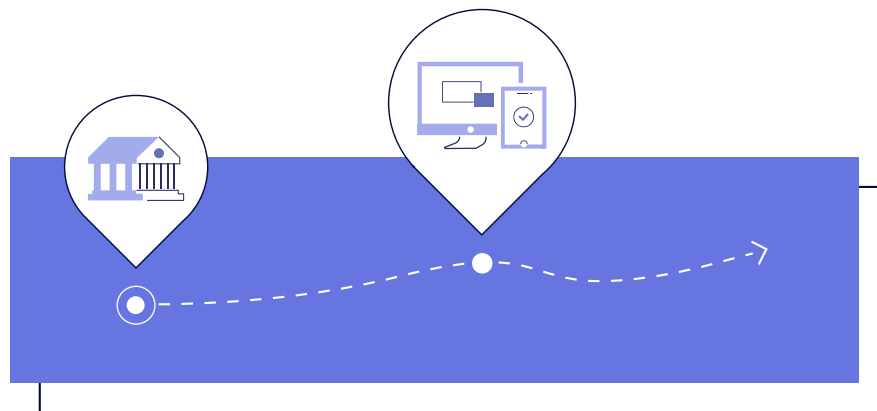
Section
03

Enabling the digital transition of the credit union member experience

With Blend, you can...

Let's dive into how Blend's unified platform can help you create and implement a strategic vision that ensures your success for years to come, deliver experiences with the credit union feel, and power lower costs for members through automation and efficiency.

...develop a long-term vision with the right partner

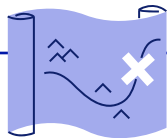


We know it can be overwhelming to try to compete with banks and fintechs who live and breathe tech — and have invested huge amounts of capital into it. But Blend doesn't just sell you “off the shelf” software and send you on your way. Instead, we provide enterprise-level support and guidance to help you digitize operations and deliver excellent customer experiences in a way that makes sense for your unique business model.

We have a depth of experience working with credit unions, and we come to the table with a secure understanding of your challenges, pain points, and strengths as non-profit, member-focused institutions. Our solutions scale to the size of each credit union we partner with, and we'll create a plan that fits your goals and budget.

Blend can power substantial returns across products, enabling you to take a step-by-step approach to digitization. A return on your investment in one product can power your investment in another. For example, according to a Blend-commissioned MarketWise survey of Blend customers, the total potential ROI for a Blend Mortgage customer is \$827 per loan. But add Blend Close and the total potential ROI jumps to \$962.

Your vision for digital shouldn't just work for the short term. Customer demands change, and so do market conditions. And without a deep internal IT bench or huge investments of funds and time, meeting market demands isn't always easy, and it's not always clear where to start.



Utilize our agile technology and enterprise-level of support to implement new advancements and products that make sense for your strategy and how you tackle the challenges of today — and tomorrow.

Become the “neobank” of your affinity group by leveraging our modular technology components to configure new products, test, iterate, and bring them to market in a timely manner.

Legal Disclaimer

All data, reports and analytics are provided for informational purposes only. Individual results will vary. Both MarketWise Advisors, LLC and Blend Labs disclaim any liability and provide no warranty or representations as to performance or accuracy of the data.

...maintain the credit union feel through member-centric experiences



Consistency is key. As you move your members to a digital-first model, bring the dependability and “credit union feel” with you by extending your brand and member-first experience in a way that feels familiar. With Blend’s white-label, customizable technology, you can keep your brand look and feel.

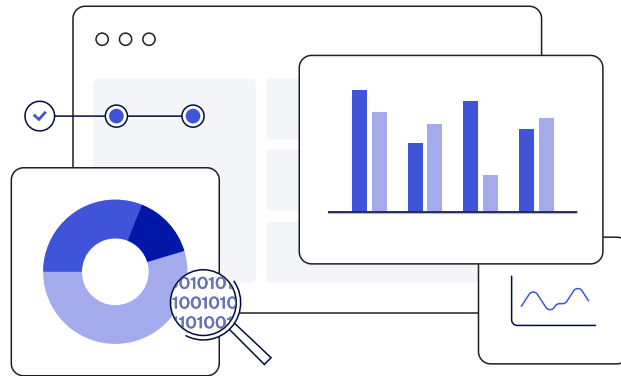
By providing low-friction journeys across products with consistent application experiences for any product, you can breed trust with new and existing members. No matter what device is used, members can expect an intuitive interface, contextual help, real-time assistance, and click-to-call buttons in case they want to talk through questions over the phone.

Additionally, elevate the personal experiences you’re known for. Be there for every financial milestone in your customers’ lives, supporting them with unique offerings designed to meet their financial needs. Kick off or cement a relationship with a proactive approach to delivering relevant offers in a way that can help increase their financial wellness.

Instead of a one-size-fits-all approach, Blend provides insights that can help inform meaningful recommendations. Dynamically present offers within the application experience based on application information and other third-party data.

These capabilities can help you meet the needs of younger consumers, form lasting relationships, and build the membership base of the future.

...digitize operations in a way that lowers your cost to serve



Maximize operational efficiency and minimize manual work to improve your expense ratio so you can fund better rates and reduce fees. Blend replaces documents with data, using automation to reduce delays, shorten loan cycles, and reduce workload.

By digitizing and streamlining information capture, data validation, decisioning, and processing, Blend helps you minimize manual work for your teams. These capabilities, along with united workflows and communication in one platform, span products so your teams can focus on high-value tasks.

Respondents to the MarketWise survey reported:



Blend's Mortgage features shaved an average of 11.9 hours of work from each loan



Shortened the loan cycle by 7.3 days

Blend reduces manual work for members, too, resulting in time saved later in the process. Applicants can complete a deposit account application in as little as three minutes and a home equity application in as little as seven minutes. With fast and complete digital onboarding, you can avoid extra follow-up steps, saving member services teams — whether in-branch or at call centers — precious hours.

Not only do your valued members enjoy better experiences, but all of these benefits enable you to pass on savings to your members in the form of more competitive rates and lower fees.

Cementing your digital engagement strategy

Digital engagement is the foundation of current and future primary relationships. This understanding, bolstered by a seamless transition of the credit union experience into digital channels, digitized operations that fuel better value for members, and a partnership that fuels a long-term vision, can help you keep up with today — and tomorrow's — demanding and smart customer. Blend supports each element of this strategy, offering:



Consistent, low-friction digital experiences across products



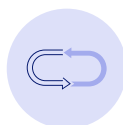
Cross-sell capabilities informed by meaningful insights



Workflow automation for teams and customers



Enterprise-level support to craft a unique strategy suited to your goals



Agile technology to respond to market conditions in a timely manner

Want to learn more?

Schedule a demo to understand how these capabilities work in action.

[Mortgage Suite](#)

[Close](#)

[LO Toolkit](#)

[Consumer Banking Suite](#)

[Platform](#)

[Income Verification](#)



Powered by Blend

Blend helps lenders maximize their digital agility. We streamline the journey from application to close for any banking product across every channel. Our Digital Lending Platform is used by Wells Fargo, U.S. Bank, and over 285 other leading financial institutions to acquire more customers, increase productivity, and deepen customer relationships.

© 2021 Blend Labs, Inc. All Rights Reserved.