



REPORT | 2017

# CREDIT UNION SATISFACTION INDEX 2017

**CFI** Group  
CLAES FORNELL INTERNATIONAL

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# INTRODUCTION

Credit unions are experiencing steady growth. Since 2013, credit unions overall saw 5-year CAGR in total assets (+6.2%), total loans (+9.1%), and number of members (+2.7%).<sup>1</sup>

Yet, the number of credit unions continues to decline, down from 6,680 in 2013 to 5,812 midway through 2017. To remain competitive in today's market, credit unions must remain focused on member-centric strategies to compete and grow.

To help credit unions assess member trends and design customer-centric approaches to growth, CFI Group conducts our annual Credit Union Satisfaction Index (CUSI) survey of current credit union members.

We identify two key trends that should influence how credit unions engage their members:

1 THE TRADITIONAL VALUE PROPOSITION AROUND RATES IS CHANGING

2 PRODUCT AND SERVICE INNOVATION IS DRIVING CREDIT UNION SATISFACTION

These results have two implications for credit unions:

**Reboot the Branch Experience** to strengthen member relationships. As members increasingly reserve branch visits for the most complex transactions, the role of the branch increases as an important member experience touchpoint.

**Pursue Product and Service Innovation** that connects to the broad array of digital financial services available to consumers, and use the credit union's position of trust to remain the primary point of money management for members.

## CFI GROUP SOLUTIONS FOR CREDIT UNIONS



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1 - <https://www.cuna.org/Research-And-Strategy/Downloads/NationalProfile/>



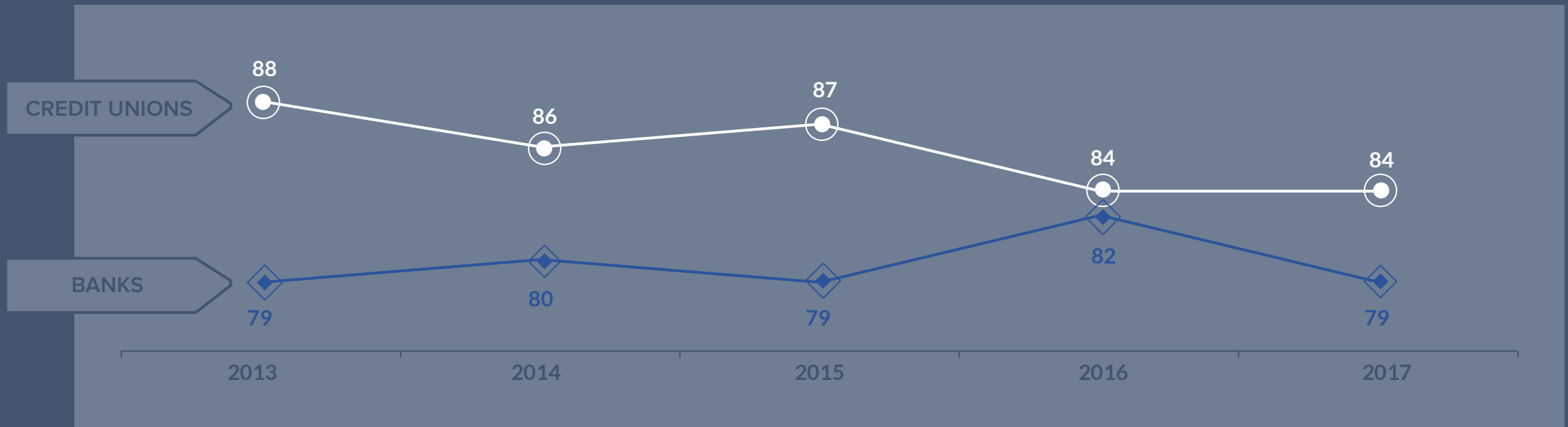


# CREDIT UNION SATISFACTION INDEX

# CREDIT UNION SATISFACTION REMAINS STEADY

The 2017 Credit Union Satisfaction Index (CUSI) is 84, as measured on a 0-100 scale. CUSI is calculated based on feedback from a panel of 487 respondents who have a current financial relationship with a credit union.

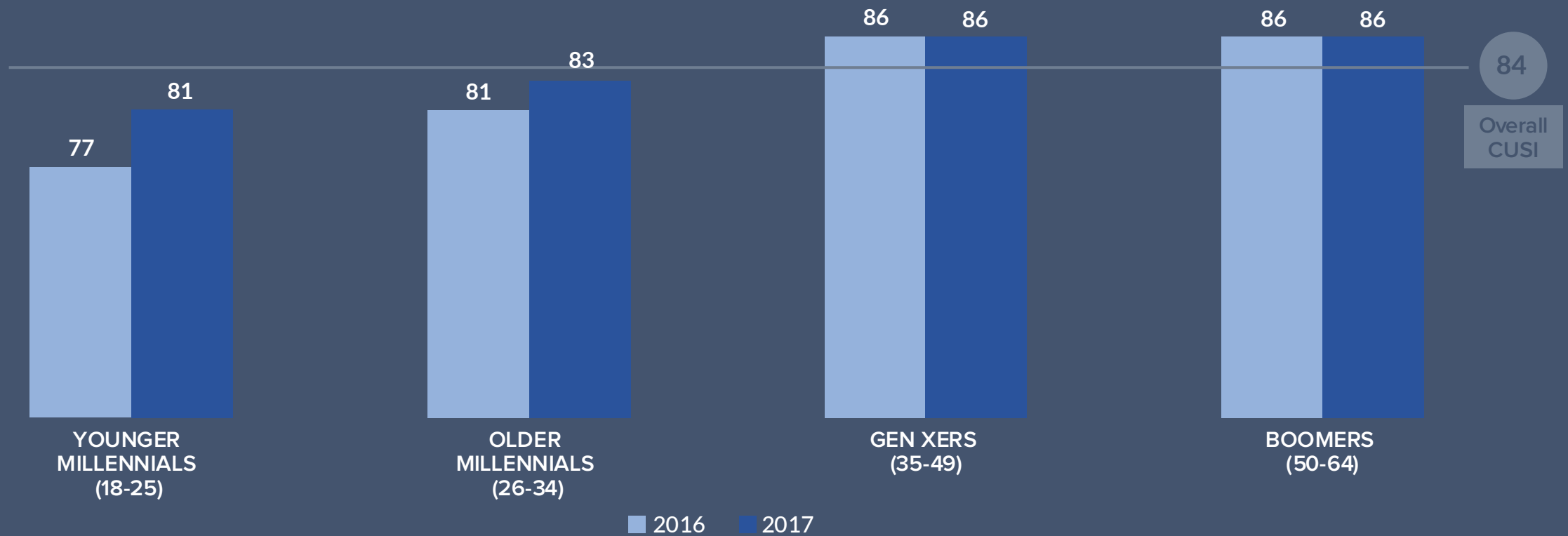
Credit union satisfaction historically has run several points higher than the bank satisfaction barometer (BSB).<sup>2</sup> While banks closed the gap to 2 points in 2016, the gap widens again to 5 points in 2017.



2 - <https://cfigroup.com/resource-item/bank-satisfaction-2017/>

# SATISFACTION IS UP FOR MILLENNIALS

Older members have slightly higher satisfaction with their credit unions than younger members. However, satisfaction is up from last year among Younger Millennials (+4) and Older Millennials (+2).



# MOST DRIVERS OF THE MEMBER EXPERIENCE DECREASE FROM 2016

CFI Group models the credit union member experience using our patented cause & effect methodology. Applying this modeling approach, we identify seven drivers that make up the member experience.

Driver scores across the experience either remained the same or dipped from 2016 to 2017. Rates and fees, the lowest-scoring driver at 79 in 2017, dropped 2 points.

More notable are the changes in branch convenience and branch staff, down 3 points and 2 points, respectively.

YEAR-OVER-YEAR CHANGES				
		2016	Δ	2017
CREDIT UNION SATISFACTION INDEX		84	-	84
DRIVERS	BRANCH CONVENIENCE	84	-3	81
	BRANCH STAFF	91	-2	89
	RATES AND FEES	81	-2	79
	INFORMATION/COMMUNICATIONS	86	-1	85
	PRODUCTS AND SERVICES	85	-	85
	MOBILE APPLICATIONS	89	-	89
	ONLINE BANKING	89	-	89





**10%** HAVE A  
CERTIFICATE  
OF DEPOSIT  
*Down from 14%*

**1** THE TRADITIONAL VALUE PROPOSITION AROUND  
RATES IS CHANGING



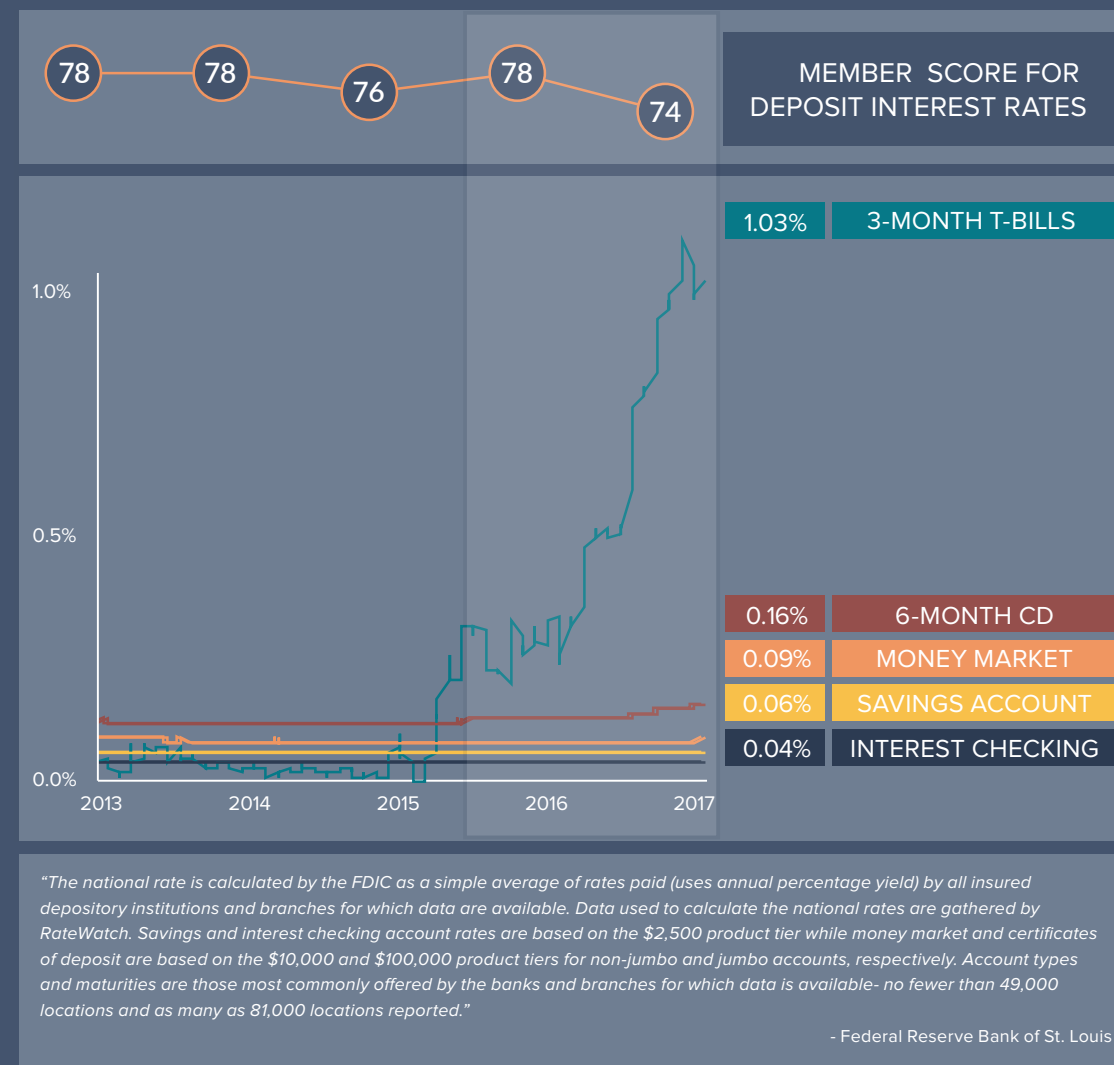
# COMPETING ON DEPOSIT ACCOUNT INTEREST RATES IS CHALLENGING

There are four general types of deposit accounts: checking, savings, money markets, and CDs. Rates for these deposit accounts have remained relatively low since the federal funds rate dropped precipitously in 2008. Other instruments, such as 3-month T-bills, move with the federal funds rate and remained low as well.

With the four 25-basis-point increases in the federal funds rate since 2008 (Dec. '15, Dec. '16, Mar. '17, and Jun. '17), 3-month T-bills increased sharply. Members naturally expected deposit account rates to follow.

However, at the end of Q3 2017, rates for 6-month CDs, money market accounts, and savings accounts all still remain virtually unchanged, despite bumps in the federal funds rate.

It is no surprise, then, that the member score for deposit interest rates dropped 4 points, from 78 in 2016 to 74 in 2017. Members are frustrated that the increased fed rate has not translated into better rates for these deposit accounts.



Source: Federal Reserve Bank of St. Louis, retrieved from FRED, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/categories/22>

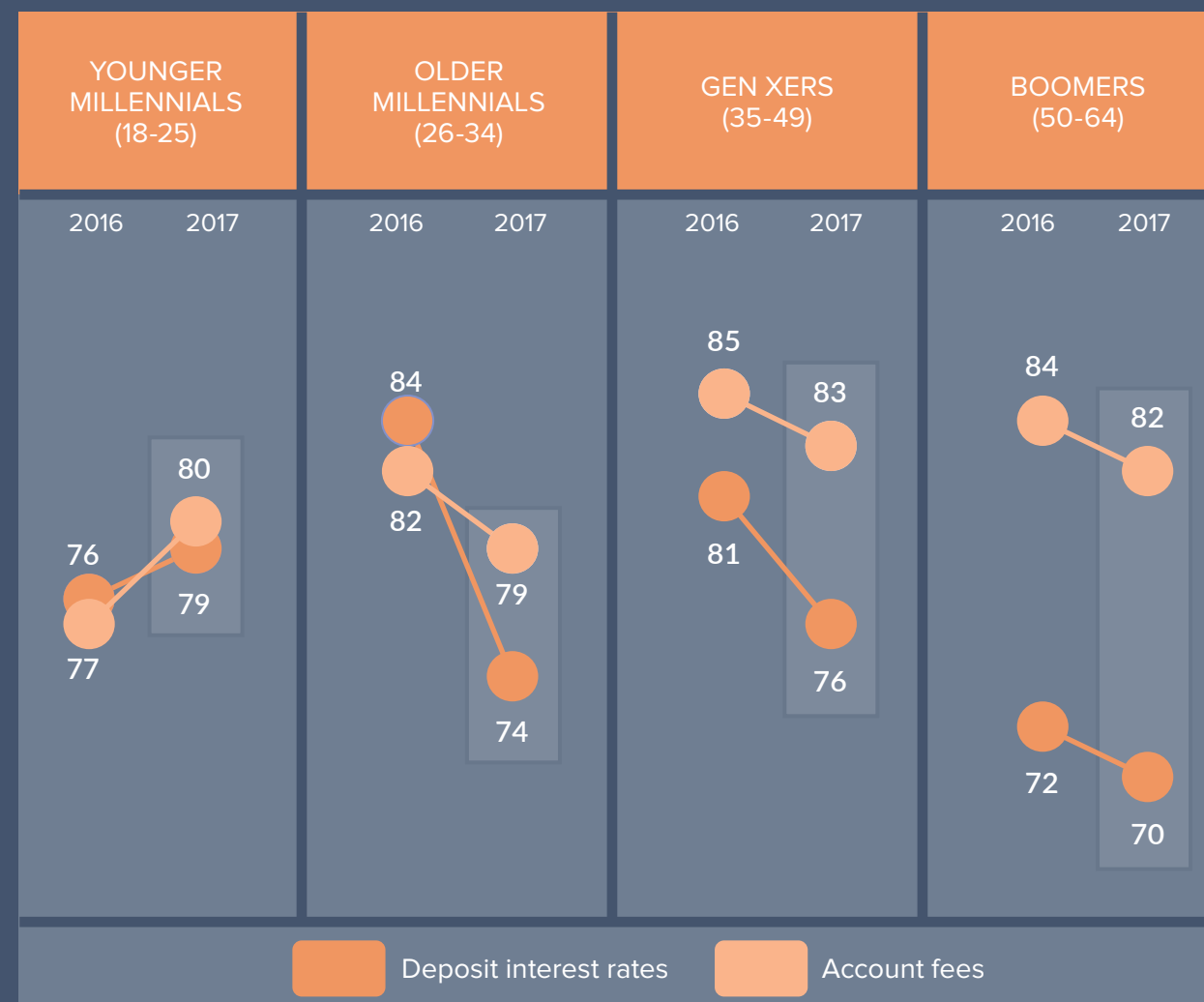
# DEPOSIT ACCOUNT INTEREST RATES VIEWED NEGATIVELY BY MOST AGE GROUPS

**YOUNGER MILLENNIALS** view deposit interest rates and account fees similarly. This group is interested in no-fee accounts that may have less-than-competitive interest rates. Younger Millennials have come of age in an era of virtually 0% rates on deposits, so expectations for these rates are naturally mild. They are also in a stage of life where they are unlikely to have large balances from which they can earn interest, so interest volatility is of minimal concern.

**OLDER MILLENNIALS** and **GEN XERS** show sizable drops in their ratings for deposit interest rates, and more mild dips in ratings for account fees.

**BOOMERS** have a much different perspective than other groups. Boomers are clearly disappointed with current deposit interest rates. However, they are relatively happy with account fees, in large part because they manage their money so that they seldom incur these charges.

Credit unions can design products for Younger Millennials with less competitive rates as long as fees are kept to a minimum. Conversely, Boomers should be offered products with competitive rates and higher fees, since this group is generally willing to absorb the occasional fee.

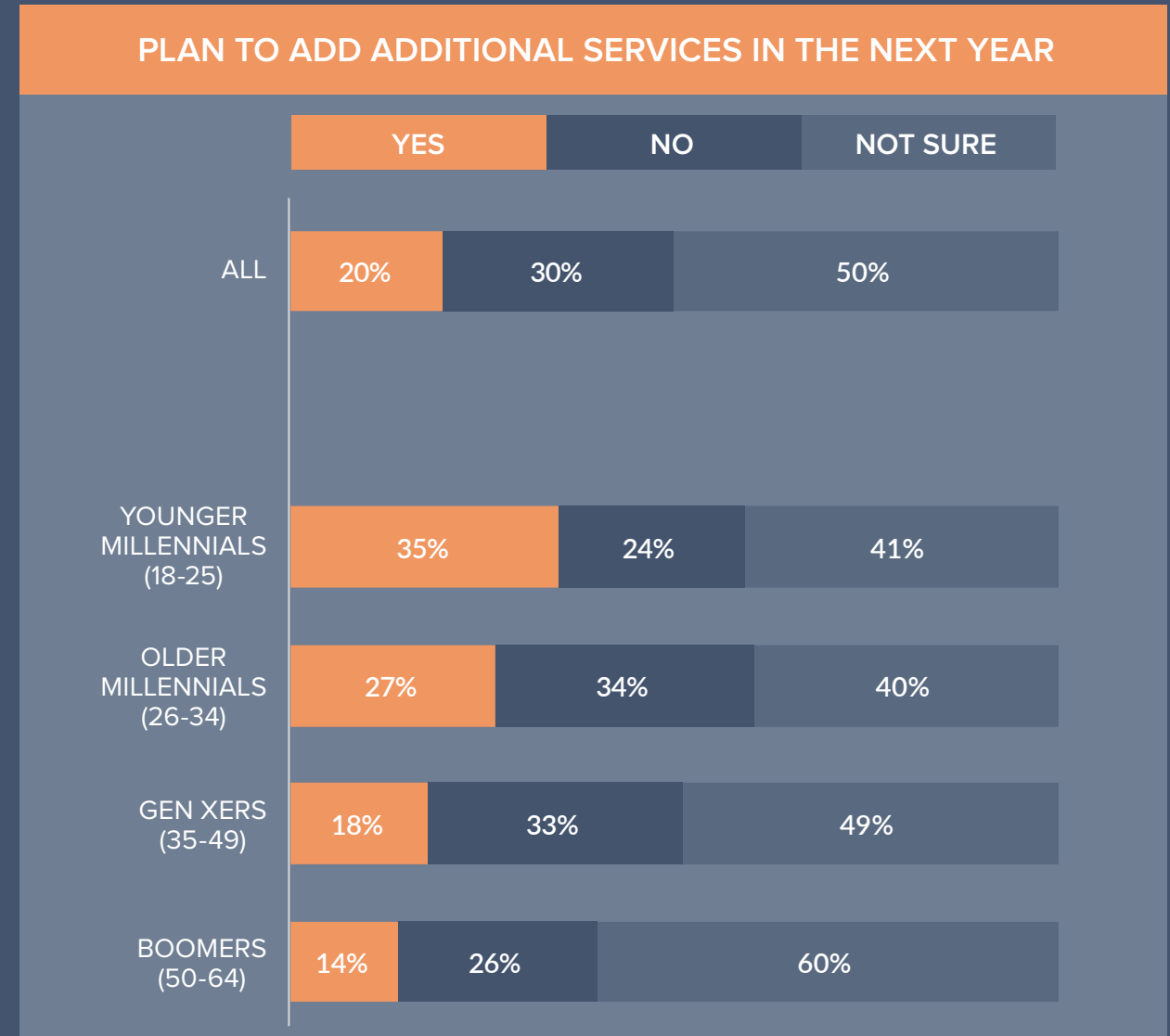


# MOST MEMBERS ARE NOT PLANNING TO ADD SERVICES IN THE COMING YEAR

On the whole, members are not going to be signing up for new services next year. Only 20% say they are planning on adding services, while 30% say they are not planning on it. A full 50% say that they are not sure if they will add services next year.

Plans differ between generational groups. About one-third of Younger Millennials expect to add a service in the next year, well above the 27% for Older Millennials. Meanwhile, only a few Gen Xers (18%) and Boomers (14%) are planning on adding new products in the coming year.

The ray of hope for credit unions to sell new products to members lies foremost in Younger Millennials, but also in the relatively large “Not Sure” areas for the other age groups. For Older Millennials, Gen Xers, and Boomers, that gray area is a large 40%-60%.







**28%** HAVE USED A  
SMARTPHONE-BASED  
PAYMENT SERVICE

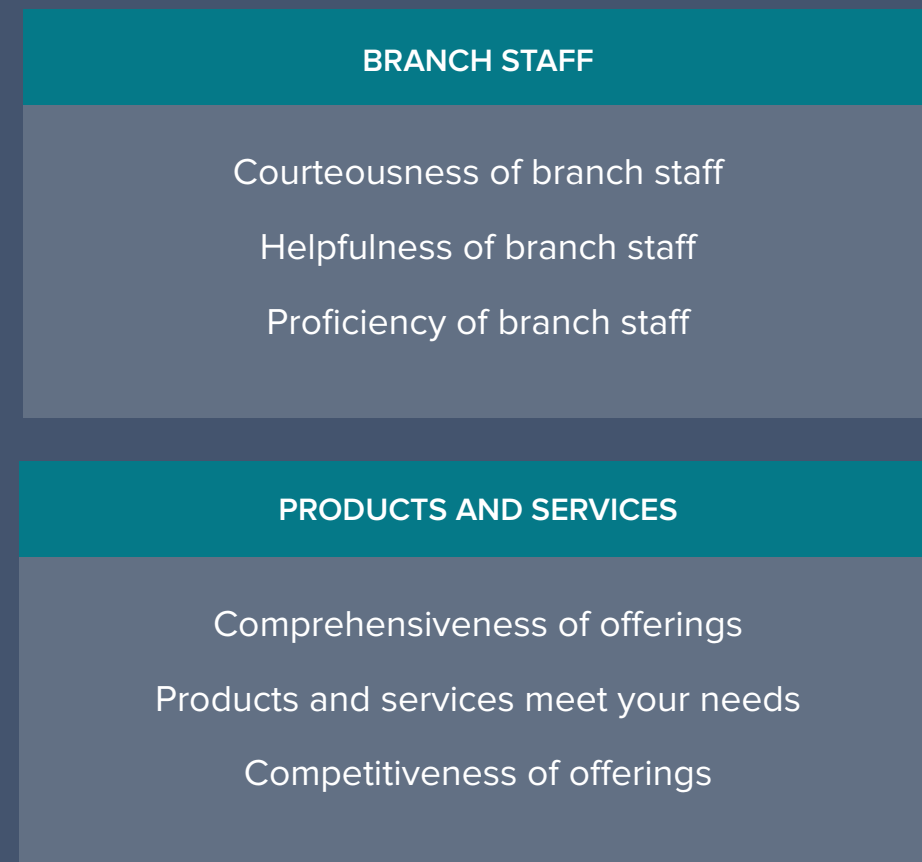
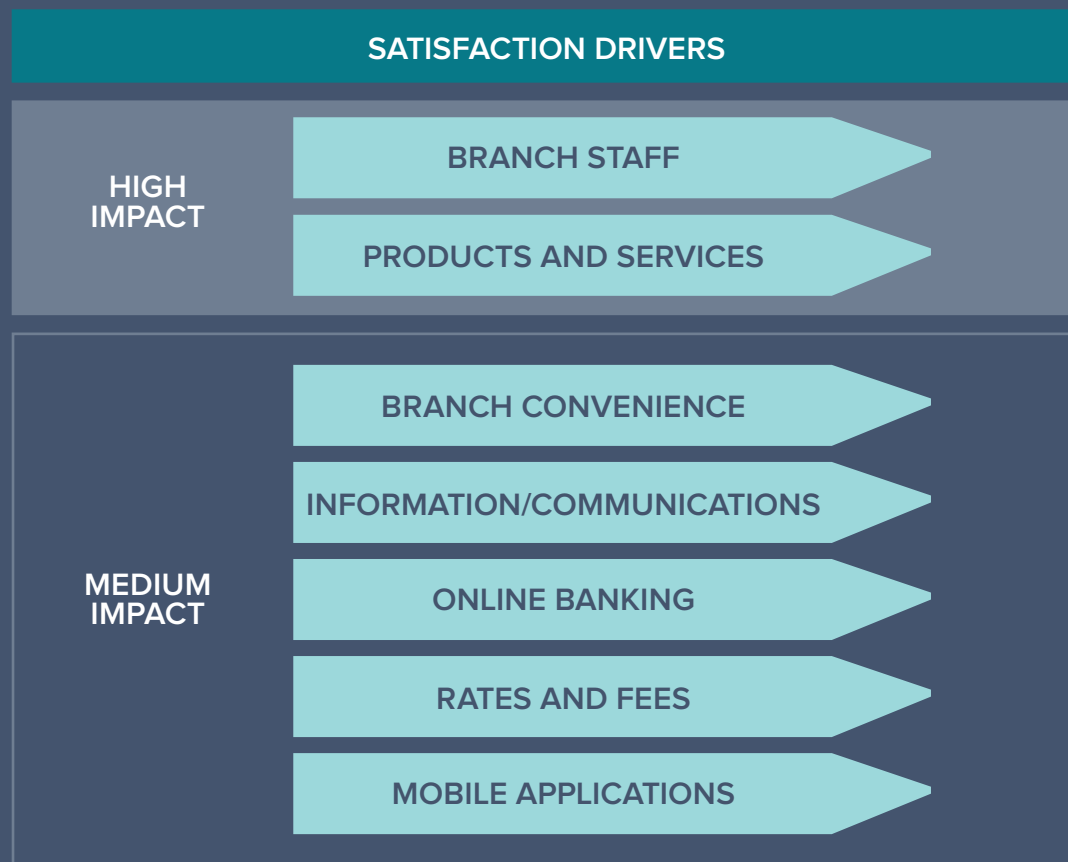
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**PRODUCT AND SERVICE INNOVATION  
IS DRIVING CREDIT UNION SATISFACTION**

# PRODUCTS AND SERVICES HAVE A HIGH IMPACT ON MEMBER SATISFACTION

CFI Group's ACSI-powered technology calculates the relative impacts of the drivers on satisfaction. These impacts show how much influence a driver has on the level of overall member satisfaction.

Our modeling shows that both the personal service delivered by branch staff and the breadth and competitiveness of the products and services offered have a high impact on credit union satisfaction. In an increasingly competitive market, credit unions must offer an exceptional member experience to retain members.



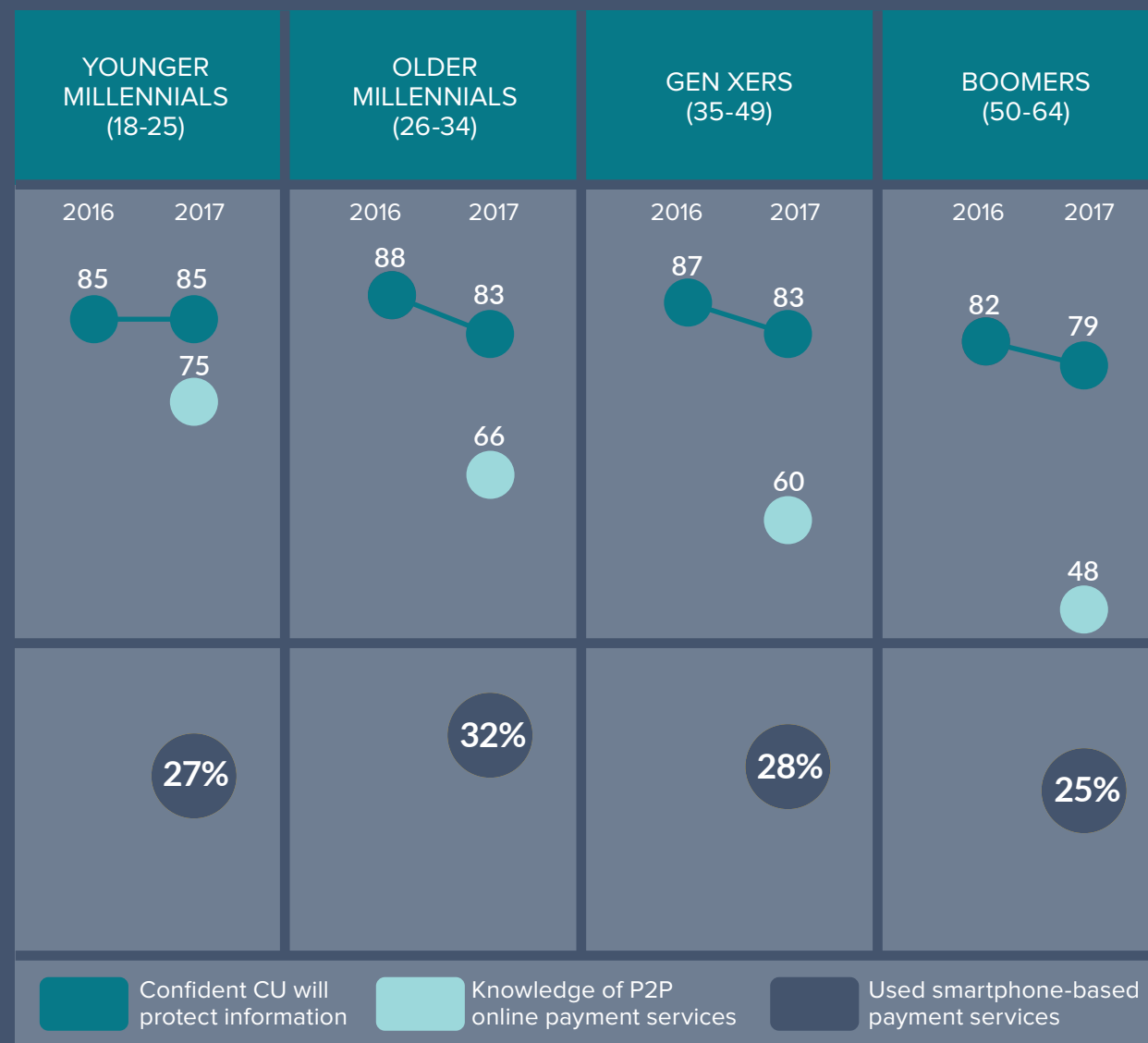
# MEMBERS ARE BECOMING COMFORTABLE WITH FINANCIAL TECHNOLOGY

Members are growing more familiar with new financial services. All members are confident that their credit union will protect their information, but Millennials, in particular, are aware of new technologies that would help them use and manage their money.

Use of peer-to-peer payments (P2P), for example, is growing, and there are a number of solutions available that enable general consumers to easily make payments to others. P2P solutions allow people to easily send payments to others using a smart phone.



Millennials are most knowledgeable about P2P among the generational groups. And because they are also the most confident with their bank being able to protect their information, more Millennials are using P2P and other smartphone-based payment services than are Gen Xers or Boomers.



Source: <http://www.toptenreviews.com/business/payment-processing/best-p2p-payments/>





# CREDIT UNION

WHAT ARE THE IMPLICATIONS FOR CREDIT UNIONS?

# CREDIT UNIONS MUST PURSUE PRODUCT AND SERVICE INNOVATION

As financial products and services available to the average consumer grow at a rapid rate, credit unions are at risk of simply providing the account piping needed for members to connect to new, innovative financial tools. To counter this trend, a credit union must connect to an ecosystem of financial tools while remaining the primary point of financial management.

## INNOVATION TO CONNECT EXTERNALLY

Members are increasingly using mobile devices to use and manage money. Consequently, there are a myriad of new apps designed to make money management easier.

Credit unions should not only ensure that members can easily connect their accounts to these new services, but also actively engage with external ecosystems.

National Association of Federally-Insured Credit Unions (NAFCU), for example, became the first U.S. financial trade association to join the Hyperledger project, an open-source system designed to promote cross-industry blockchain technologies. According to NAFCU President and CEO Dan Berger, “Hyperledger will serve as an invaluable partner during a time when NAFCU’s members are innovating to meet the industry’s needs.”

## INNOVATION TO REMAIN PRIMARY

As members proceed to connect to a web of financial tools and touchpoints, they increasingly need a central point of administration to actively manage these financial connections. And as reports of data breaches continue, members need to be convinced that their information is secure and protected as they use these new tools.


Members generally feel their information is safe with credit unions, creating a position of trust that credit unions can leverage. Credit unions must continue to innovate on simple account management tools that allow members to manage their network of financial connections easily and securely.

One Tennessee-based credit union, for example, launched a service that enables members to use Amazon Alexa to check balances, transfer money, make loan payments, text or email balances, and more. Alexa offers flexibility in account management along with some degree of assurance in account information security.

## ABOUT THE APPROACH

This study is the fifth edition of the CFI Group Credit Union Satisfaction Index survey designed to determine how well credit unions are faring in the current retail banking environment.

The results show an environment that has remained steady since 2016. The overall Credit Union Satisfaction Index 2017 (CUSI) score of 84 (on a 0-100 scale) is even with 84 in 2016 and is at the lowest score since the start of this program in 2013. The unchanged score points to questions about credit union performance in a changing banking environment.



CFI Group asked 487 credit union members across the U.S. to rate their member experience with their primary financial institution (i.e., the institution where they conduct at least the majority of their banking). The Credit Union Satisfaction Index not only looks at overall satisfaction, but also examines the key drivers of satisfaction and important business outcomes affected by member satisfaction.

**Contact us** to find out more about CFI Group resources and expertise available to help you measure and manage the customer experience and grow your business.

## ABOUT US

Since 1988, CFI Group has delivered customer experience measurement and business insights from its Ann Arbor, Michigan headquarters and a network of global offices. As founding partner of the American Customer Satisfaction Index (ACSI), CFI Group is the only company within the United States licensed to apply customized ACSI methodology in both the private and public sectors. Using this patented technology and top research experts, CFI Group uncovers the business drivers and financial impact of customer experience. For more information, visit [www.cfigroup.com](http://www.cfigroup.com).