

# Credit Union Times

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## CUs Breaking New Ground for Member Attraction, Retention

Michigan, Alabama and Connecticut CUs have launched new projects in 2019 to attract and retain new members.

By Peter Strozniak | December 13, 2019



**North Haven Nutmeg State Financial CU DMV Express. (Source: North Haven Nutmeg State FCU)**

Credit unions are breaking ground for new initiatives that may help them attract new members and hold on to the ones they serve.

The \$211 million Michigan Legacy Credit Union in Pontiac, Mich., is taking a completely different approach in delivering branch services to members and potential members, while the \$5.3 billion Redstone Credit Union in Huntsville, Ala., partnered with a national retailer to attract new rural members and the \$446 million Nutmeg State Financial Credit Union in Rocky Hill, Conn., worked with the state DMV to reach a new pool of members.

Sharp declines in branch visitations led Carma Peters, president/CEO of MLCU, and her leadership team to develop an idea that may help redefine banking convenience.



**Carma Peters**

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“We’re forcing members to conduct financial transactions the way we dictate, so we thought maybe we could do it a different way,” Peters explained. “Why don’t we deliver the services to the owners where they are? That was really the whole thought behind it, to try to find a new way to reach our existing and potential owners. That’s how we started the process last summer.”

After running a small pilot program that yielded four new accounts, four debit cards and two loans, MLCU decided to give the green light for a new program called Community Connect.

“While nearly 93% of all of our transactions and member interactions are done online, sometimes our members want to chat about a service or make a transaction while engaging with a MLCU representative face-to-face at a time and place most convenient for them,” she said. “With Community Connect, that can now be arranged with a quick text, phone call or email. We will respond with some meeting options within 24 hours.”

Examples of services available through Community Connect include assistance with mortgage, car loan and credit card applications, explanations of investment options such as a CD, and helping to educate members on how to use the credit union’s technology services such as remote deposits or its mobile app.

For employee safety, the service does not include cash transactions, and MLCU representatives will meet members or nonmembers only at registered businesses.

“Especially in the credit union environment, banking services today need to combine both technology and a personal touch in order to maintain strong relationships and continue to grow membership, and that’s our goal with this new service,” Peters said.

That personal touch with members was recently enhanced when the credit union also decided to make its six branches outside of Detroit pet-friendly. MLCU also recently received permission from its state regulator to expand its field of membership statewide. Previously, its FOM encompassed five counties.

A new FTC report released in November found that an increasing number of rural counties have become “banking deserts,” areas without sufficient access to bank branches and their respective products and services.

But Alabama’s largest credit union, Redstone Federal Credit Union, identified a ripe opportunity to gain new members in the rural areas.

Earlier this year, Redstone announced a new partnership with Rural King, a national farm and home retail chain that operates 116 large warehouse stores across 13 states for farmers, ranchers and other agricultural lifestyle customers.

Among Redstone's membership of 463,371, about 30% or nearly 140,000 members are of modest means who live in rural areas – one of the consumer groups that Rural King stores serve.

The partnership gives Redstone access to millions of Rural King customers who may want or need competitive financing options. The credit union offers Rural King customers power equipment loans and a Rural King-branded credit card that offers 5% cash back on every Rural King purchase, a 0% six-month financing option and 1.5% cash back on all other purchases.

From the end of August through mid-November, Redstone processed more than 74,000 credit card applications, and about 6,000 loans from May 15 to mid-November. By the end of the year, Redstone said it expects to have signed up about 25,000 to 26,000 Rural King store customers as new members. And by the end of 2020, it expects to open an additional 100,000 new member accounts.



**Terri Bentley**

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"We want to introduce them to what a cooperative is all about and the benefits of being a credit union member," Terri Bentley, Redstone's senior EVP and chief information officer, said. "That is what this is all about, bringing everything that Redstone Federal Credit Union offers to members in rural America. More than anything, we want to deepen those relationships and that's where Redstone and our marketing team kicks in. As soon as they get a loan or credit card, new members receive a welcome letter to bring those financial opportunities to them."

Rural King customers become members of the credit union through a complimentary membership to the Association of the United States Army, one of the organizations served by Redstone. Additionally, the credit union joined a shared

branching network that will allow new members to visit a branch for additional services when needed.

To manage and grow the partnership, Redstone hired an additional 30 employees and invested in other operational resources. Bentley said the credit union expects a ROI within three years.

“We were a little conservative in some of our projections and we’re hitting them,” she said. “It’s an experiment for Redstone, but we’re off to a great start.”

Last year, the \$446 million Nutmeg State Financial Credit Union in Rocky Hill, Conn., opened two branches that double as a state Department of Motor Vehicles center where citizens can renew their driver’s license. The credit union decided to partner with the state DMV to increase foot traffic to the branch and attract new members.

During its first three weeks of opening in June 2018, the Nutmeg/DMV Express services branch in Milford, Conn., processed \$1 million in loan applications, \$600,000 of which was funded. The branch draws about 200 people daily, resulting in nearly seven new credit union members each day. The credit union opened a second DMV Express branch in December 2018 in New Haven, Conn.

“Right now, those two branches bring in about 35% to 40% of our new member business,” Nutmeg President/CEO John Holt said. “We just do an amazing amount of business.”



**John Holt**

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Holt said the two Nutmeg/DMV Express branches have exceeded expectations and there are plans to open two or three new Nutmeg/DMV Express branches.

Several years ago, Nutmeg equipped its branches with interactive kiosks that feature customized technology developed by Nutmeg's CUSO, Daland Solutions.

Those kiosks double as drivers' license renewal stations; at the Nutmeg/DMV Express branch, the average license renewal wait time is just seven minutes, thanks to the credit union's technology. License renewal wait times were more than three hours at a Connecticut DMV center.

The DMV \$8 service fee is waived for members and refunded to non-members who join Nutmeg at the branch or decide to join later.

At the kiosk, non-members and members can also initiate an inquiry about loans. The information about that non-member or member is forwarded to an employee tablet, so they know who to approach. However, non-members – like members – also have the option to apply for a loan. What's more, the kiosk technology allows non-members to join the credit union, fund their account, complete the loan application and secure the loan check.

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