

Digital First Doesn't Mean Digital Only

Non-digital channels will continue to play a vital role in your members' financial wellbeing and credit union success

By: Jeff Dillon, Vice President, Digital, CUNA Mutual Group



The importance of credit unions' digital transformation has gotten a lot of press for years and garnered even more attention as the world navigated the realities of our COVID-centric times. But what those stories don't always capture is this: Your members aren't just looking for great digital, they're looking for seamless, channel-less, personalized experiences that put them in control. In short, members are searching for a just-right, digital-first mix of digital and non-digital solutions that make it easy for them to accomplish their goals.

Be the partner that can deliver that mix, and you'll put your members on track to control their financial future—and position yourself as their invaluable financial partner.



COVID sped up the push to digital—and uncovered shortcomings

The importance of digital transformation took on a new urgency in 2020 as branch lobbies closed and members followed shelter-at-home directives during pandemic surges. As credit unions move to a living-with-COVID normal, there's ample evidence to show members who tried digital are likely to keep using it.

For instance, a recent survey from Forrester¹ found that 59% of respondents said they'd keep using digital tools, even when stay-at-home restrictions were lifted. And additional Forrester research found COVID accelerated digital tools and capabilities by at least four years.²

But that uptick in the use of digital tools doesn't necessarily mean credit unions offer solutions that meet members' needs—and that could have serious consequences. According to research conducted by PMNTS.com³:

- 31% of bridge millennial credit union members would at least consider leaving their credit unions to bank with competitors that offered more innovative products and services.
- There are three times as many dissatisfied credit union members as there are dissatisfied bank or FinTech customers who say they are unhappy with their financial institution's innovation performance.

Plus, in the Forrester survey, online customer support had a net satisfaction level of just 29%.¹ Your members might put up with a less-than-optimal digital experience for now. But how long will they continue to settle? And is digital the right option for every need?



Why digital first

As important as digital is, there will continue to be times when your members want to connect with credit union staff, one-on-one. Yes, some of those interactions might happen through a computer screen or over the phone, but at least in the near term, it's unlikely your members will want to rely entirely on a digital experience. It's critical to focus on digital first, not digital only.



What will credit unions look like at their U.S. centennial?

A recent Filene report (*The Credit Union of the Twenty-First Century*)⁴ embraced the task of imagining the credit union of 2034, at the 100th anniversary of the Federal Credit Union Act. Read more at filene.org/459

The report's authors acknowledged that while many of the socioeconomic factors that originally drove the "why" of credit unions remain the same, innovations in technology mean the "how" has changed greatly.

Here are the six emerging technology trends and challenges Filene felt credit unions must address:



Payments. As more payment transactions happen electronically, rather than with cash, members need a resource through which they can send and receive payments—but that resource doesn't need to be a credit union, or any financial institution at all.



Mobile. The credit union experience will be rooted in mobile; branches will continue to decrease in importance.



Voice and video. These function as a bridge between in-person branch interactions and completely mobile experiences and combine the reliability/reassurance of credit union banking with the convenience of virtual.



Data. Credit unions must do a better job leveraging their "mountains of valuable member data."



Auto ownership. This will continue to evolve and could largely mean the disappearance of credit unions' "bread and butter" auto lending.



Lessons from technology adoption. Credit unions must do a better job separating the hype from the must haves, rolling out new technology, learning from rollouts and applying lessons learned—and do it while staying in compliance. A big ask!



The Filene report also recommended credit unions prepare for this near future by considering these four models of banking, most of which would rely on some level of digital transformation:

▪ **Relationship banking.**

Differentiated by credit unions' awareness and responsiveness to community and member needs. Creates something "...deeper than a deposit."

▪ **Ambient banking.**

Banking is seen only as a facilitator of a member's other activities. Relies on a mix of human hand-offs and chatbots driven by artificial intelligence.

▪ **Automated banking.**

Fueled by member data, credit union processes are largely automated, freeing up staff to focus on specific member needs and relationships.

▪ **Concierge banking.**

A combination of data-driven recommendations and human financial advisors will help overwhelmed members get the advice and help they need.

Start here: Understand the member journey

Before deciding how to build or enhance a digital-first strategy, it's vital to understand each of the following:

Which channels your members prefer. Do you know which channels members prefer for different tasks and interactions? For example, does your credit union typically send out marketing information in emails when a member might be more likely to open a text? Or have you surveyed members to determine whether they're open to conducting some deeper, one-on-one interactions via video chat instead of coming into the branch?

How members interact with your credit union. Create a list of member-related tasks and the options members currently have for completing them. Which can be done completely through digital channels; which remain largely face-to face? Which tend to be a hybrid—or could be with the right tools?

How easy—or difficult—it is to accomplish tasks. Analyze your existing digital and non-digital processes and the steps required to complete them. Are there tasks members literally can't do using your digital tools—for instance, even though your loan application is available online, do members have to print it out and mail it/bring it to the credit union? Or are your existing tools hard to use on the channel members prefer? For example, are you relying on PDFs that are difficult to fill out on a phone?

And what happens when members are frustrated? Do they switch channels or simply give up? Install tools to capture and analyze how members interact with your credit union's tools and tag multi-step processes to identify where members run into trouble.

How channels intersect. Is your current mix of digital and non-digital seamless? Can a member move from one channel to the next without having to re-answer questions they've already tackled?

Have you analyzed what comes before/after a certain step in the channel switching process? For instance, if a member investigates life insurance online because they got a direct mail piece, will they easily find the answers they need? And if that direct mail to online process leads the member to contact the call center, is your staff there familiar with both channels so they can answer member questions? Anecdotal evidence suggests having to share—and reshare—their story and personal information multiple times is a huge pain point and source of frustration for members.

The experts weigh in

Credit Union National Association (CUNA)

Here are highlights from a 2021 CUNA working group session⁵:

- **Members want insights, simplification and security.** Your members want to know how much they're spending, how they can save and how to make better purchasing decisions. They want simplified transactions. And they want to know their data and accounts are secure. How is your credit union using digital to deliver?
- **Employee empowerment is critical.** Credit unions must be willing to build on outside experiences and to collaborate and partner with technology organizations to support employees. A shared tech employee talent pool could help address tech talent shortages.
- **Collaboration should be a priority.** Credit unions face a host of challenges when it comes to digital. Leverage the resource-rich environment of the credit union system.

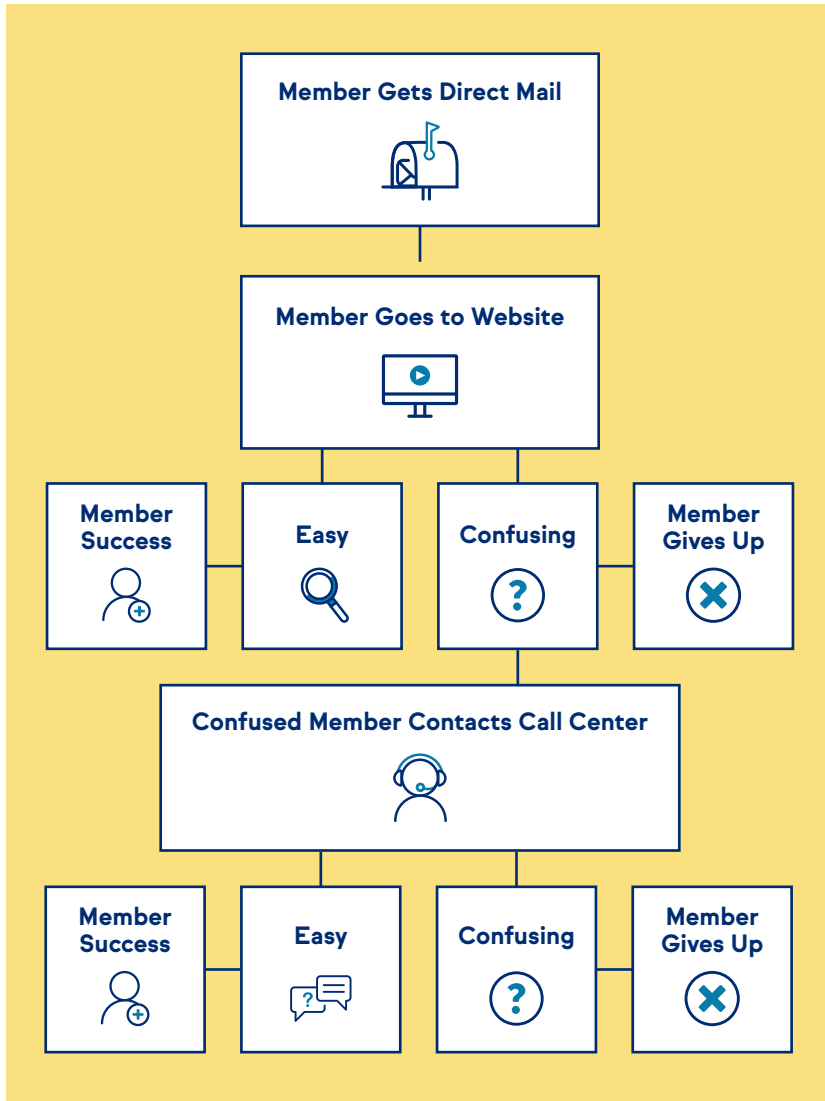
Filene Research Institute

Keep the focus on the member experience.

A recent report from Filene (The Future of Digital Transformation for Credit Unions),⁶ urged credit unions to view each digital connection as part of a holistic member experience. For instance, instead of only thinking of your tools as a way for members to complete a task (make a mobile check deposit), consider the deeper role they play in members' overall financial health (helping manage their monthly cashflow). Read more at filene.org/536

Next Step: Understand the member journey

Build out detailed experience maps to isolate the good/bad points in your member journey.



Pinpoint online behaviors that might indicate a member is ready to buy—and learn what it takes to keep them engaged through completion.

The best way to gather these insights: Data.

Your credit unions has access to data—and lots of it—but do you know how to use it? And is your data hard to access or only available to a small set of expert employees? Other credit unions, data experts and partners can all be helpful resources for data analysis.



Recognize a phone call isn't a failure

Digital tools are invaluable and you're right to prioritize them. But it's unrealistic to expect to answer every member need with a digital-only solution.

Consider these scenarios:

Member #1 needs life insurance. They're thrilled to find an online application, don't have any questions, and can complete the application on their own. Digital was a choice that let them handle a task quickly, easily, and on their schedule.

The end result: One more protected family.

Member #2 also needs life insurance. They start the online life insurance application but run into a question—or start to wonder if this is the right product for their needs. They contact the call center and have access to a knowledgeable employee who can answer their questions and help them sign up for a best-fit solution.

The end result: One more protected family.

In a *digital-only* world, the first scenario might look like a win while the second might look like a failure. But in a *digital-first* world, both scenarios are a win—because the member got the help required to ensure their family had the protection they needed, even if multiple channels were used to get it.

Your members should never have to switch from digital to live, because digital didn't deliver the functionality they needed. But when a member opts to tap into a live experience in conjunction with a digital one, as long as your credit union makes that process easy and member-friendly and your member finds the product or service they need, it's a win for all.



Use data and artificial intelligence to know members better—and to deliver the help they need

Credit unions have long been known for their highly personal member relationships, typically built on in-branch, face-to-face interactions. But what happens in an era when the average member never steps foot in your credit union? Fortunately, it's still possible for you to form an emotional connection with members and to show members you know and understand them—perhaps even better than before—with data and artificial intelligence (AI).

This might seem surprising: AI is often perceived as eliminating or minimizing opportunities for human interaction. The reality? It can actually help enable personalized service.

Automating tasks that don't require a personal touch—like providing an account balance or using a chatbot to answer basic questions—frees up your staff to tackle more important assignments that do. For instance, a loan officer who formerly spent a lot of time fielding basic lending questions that could be answered on a website, can now focus on helping a member with lower credit navigate getting to a future “yes” on a mortgage. AI can also play an invaluable role in delivering accurate, efficient fraud detection, member authentication, and underwriting.

Another way to think of automation: Every hour your teams no longer have to spend completing manual tasks is another hour available to spend on one-on-one member needs.

The powerhouse combo of data and AI will let you pinpoint member segments and deliver tailored messages to them. For instance, a targeted email could educate new parents about the difference between term and whole life insurance or show Boomers how life insurance could play a valuable role in their retirement planning.

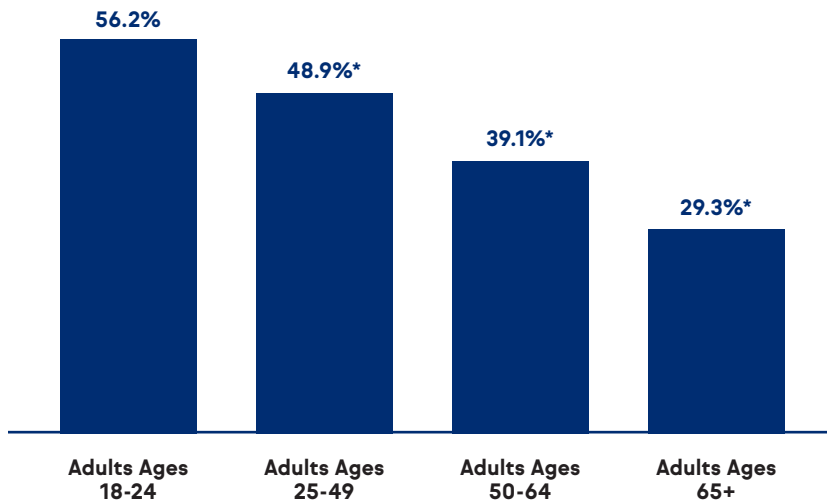
Data and AI can also ensure your credit union is providing the right digital tools to attract and retain critical Gen Z and Millennial members. Though be careful not to assume only younger members want and like digital tools: There's plenty of evidence to suggest Baby Boomers and seniors prioritize, trust, and use them too.



Consider members' state of mind

This past year and a half has been one of the strangest, most stressful years many members have ever faced. According to KFF, in January 2021, four in ten adults in the U.S. reported symptoms of anxiety or depressive disorder, up from one in ten adults who reported these symptoms from January to June 2019.⁷ And younger adults were the most likely to have anxiety and/or depressive disorder during COVID-19.

Share of Adults Reporting Symptoms of Anxiety and/or Depressive Disorder During the COVID-19 Pandemic, by Age



NOTES: *Indicates a statistically significant difference between adults ages 18-24. Data shown includes adults, ages 18+, with symptoms of anxiety and/or depressive disorder that generally occur more than half the days or nearly every day. Data shown is for December 9-21, 2020. SOURCE: U.S. Census Bureau Household Pulse Survey, 2020, data analysis by KFF.⁸

Providing access to helpful digital tools 24/7 will give members the answers they need—especially at 2:00 a.m. when their “what-ifs” make for another sleepless night. Blogs on financial topics could provide helpful insights; tools to walk members through an on-line loan or insurance application could provide peace of mind they’re protecting their family.

Not only will these tools provide your members with critical assistance and reassurance, but they can also improve members’ credit union relationship. Research from CUNA Mutual Group found the less stressed and worried members are, the more likely they’ll be to view interactions with their credit union as positive.⁹



Plan the path to digital first

Don't let "Digital First" become an empty slogan. To truly be digital first requires changes to how you think about member experience, how you develop your digital foundation, and how you build your internal digital teams.

Deliver an experience that keeps members at the center

Accomplish this by applying the lens of member financial wellness to every aspect of your digital plan and employing design discipline.

- **A focus on financial wellness.** This keeps your work grounded to your mission. Ensure your teams understand how the work ties back to the mission—and challenge them when it doesn't.
- **A disciplined design approach.** Using modern design methodology such as Design Thinking and Human-Centered Design creates repeatable processes that push member empathy to the front of the development effort.

Require your teams to define the problem by sharpening key questions before they move into the ideation phase. Then, backed by this knowledge, teams can move into ideation more prepared to answer three key questions that force project alignment:

- What they are trying to accomplish?
- How they will know if it's working?
- How they will know what to change?

And if your team can't answer all three questions, they're not ready to start.

Establish flexible digital foundations

The world's a dynamic place. Use the following to build flexibility into your digital approach and you'll be better prepared to adapt over time.

Allow teams to look beyond the first use case. While this may require you to invest slightly more time and cost into the initial version, future builds are likely to be faster and cheaper and leave you better prepared to pivot as priorities change.

Create flexibility with modular design. Rely on reusable elements and teams will get to focus their time on using existing components instead of *rebuilding* existing components. For example, by building a member testimonial module, your teams can simply pull that existing module into any web page where you want to show testimonials instead of having to build a whole new page. Build the right foundational modules and you create almost limitless ways that you can combine the modules for different purposes.



Build self-sufficient digital teams. This speeds the digital process, cuts the time to get your ideas in front of members, and delivers better end results. It also optimizes the flexibility you've worked so hard to build into your digital foundation.

To create success, modern digital teams should have skills in multiple areas. Pick team members who can do the following:

- **See.** Are they able to use existing data, voice of the member, and market trends to see the next opportunity to improve member experience?
- **Say.** Can they talk about this opportunity in non-technical terms to build momentum with their partner teams?
- **Do.** Can they put their hands on the keyboard to help take the idea live?

Digital excellence requires your digital teams to be very familiar with business goals—but they also need to be closely connected to other digital experts. This facilitates knowledge sharing and continuous development and avoids creating digital echo chambers.

Be aware of how you're distributing digital talent across your organization. Avoid putting staff on a technical "island." They need easy access to peers that can help improve their ideas, and digital leaders who can ensure their ongoing development.

Empower employees

Give employees at every level the resources and authority to move quickly and be self-sufficient. Build the system right and your staff won't create bottlenecks by having to take all their work back to IT or other shared services. Be transparent and work to ensure staff understand and support key goals. Set metrics and determine how value is being defined and measured. Be sure to share results with employees and keep them in the loop when there are changes in priorities or expectations.



Recognize the power of a multi-channel approach—and deliver it seamlessly

One of the key points made throughout this ebook is that no channel stands alone. Even members who substantially rely on digital will sometimes contact a call center or go into a branch; even a member who loves to catch up with their favorite teller will find value in checking their balance on their phone or reading a blog about mortgages on the credit union website.

Your members expect—and demand—to move from one channel to another, quickly and easily. And that requires credit unions to do the following:

- **Integrate digital channels.** Your members will be understandably frustrated if the changes they made in one channel don't transfer to the next—for instance if they start filling out a loan application on their phone while they're waiting for their oil change, they expect that data to be there when they go on their laptop later that day. Analyze and update your channels to deliver a seamless experience across them.
- **Strike a balance on security.** While it's critical to protect the data entrusted to you by members, do so in a way that doesn't compromise your ability to interact. Creating a secure environment is your challenge to solve; it can't be the members' problem every time they log in.

For instance, consider whether you can work with your security teams to evaluate whether enhanced identity verification needs to happen with every login. Can it be limited to higher risk transactions (like moving money out of an account)? Are you making it easy for multiple account holders to both have their own login-credentials—or forcing them to undertake riskier behavior like sharing one set of account credentials?

Leverage a digital + non-digital approach. As discussed throughout this piece, the best digital plan will also recognize the power and value of traditional media options. For instance, a call center is ideal for members who don't have the time to get to a branch but need one-on-one help and a great way to help a member who's started with the digital channel but has more specific questions to get the help they need. Face-to-face assistance is a great fit for members who prefer this option or to navigate complex or delicate interactions. Digital and direct mail are a powerhouse combo that drives interest and action.



Three key things to keep in mind

As your credit union works to optimize its digital-first approach, keep the following in mind.

Trust is critical. Members trust credit unions with extensive personal financial data, and credit unions have largely earned that trust. But because the market hasn't done a great job managing data security and privacy, that's put governing bodies in a position where they needed to act—for instance, the California Consumer Privacy Act and General Data Protection Regulation in the European Union. There is also additional tech-related privacy regulation in motion in many jurisdictions, and the industry is starting to regulate itself around things like eliminating third-party cookies and changes in data sharing.

Additional regulation will make it more difficult for you to deliver member-preferred channels and services while navigating a changing environment. And changing member expectations around data security will too.

To continue to earn your members' trust, build in safeguards for data integrity and compliance and make them visible to the member. And when members cross from one channel to another, look for ways to seamlessly share data in a way that protects and reassures them.

View every member connection as part of an experiential whole. As mentioned throughout, the goal of digital isn't to have a shiny new tool to offer members—it's to meet a need. Digital is just one part of a larger whole, which is to help your members improve their financial wellbeing.

Don't go it alone. Doing digital right is a big, important assignment. Yes, your credit union and members are unique, but it's likely that someone else has already encountered—and potentially solved—the digital challenges that you encounter.

Don't waste time and resources trying to refine efforts on your own or managing the fixed costs of running big data alone. Other credit unions, FinTech partners, CUSOs, CUNA Mutual Group, CUNA Tech Council, Filene Research Institute and more are all here to help.

¹Forrester. "Consumer Technographics COVID-19 Survey (Wave 2), 2020 (May 8-15).

²Forrester. Research analysis, September 2021.

³PYMNTS.com. "The Credit Union Innovation Study" February 2021.

⁴Filene Research Institute. "The Credit Union of the Twenty-First Century," 2019.

⁵Credit Union National Association. "Credit Union System Digitization Working Group" June 2021.

⁶Filene Research Institute. "The Future of Digital Transformation for Credit Unions" May 13, 2021.

⁷KFF. "The Implications of COVID-19 for Mental Health and Substance Use" Feb. 10, 2021.

⁸U.S. Census Bureau, Household Pulse Survey, Dec. 9-21, 2020, data analysis by KFF.

⁹CUNA Mutual Group. 2019 proprietary research.

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Jeff Dillon leads CUNA Mutual Group's Digital Consumer Experience department. This team identifies viable digital media tactics, creates content, and develops digital platforms to meet the sales, servicing, and analytical needs of the company's Direct-to-Consumer business.

Jeff joined CUNA Mutual Group in 2018 after spending 15 years with Capital One and HSBC. During his tenure, Jeff oversaw digital media, online experiences, and digital analytics for a wide range of financial products targeted to consumer and business customers across the income and asset spectrum.

Jeff earned his Bachelor's degree in decision science from Miami University in Oxford, Ohio, and his Juris Doctor from Loyola Chicago School of Law. He is a widely respected industry speaker on the topics of digital media, advertising, and user experience.

