



CASE STUDY

Credit Union ONE Restarts Its Card Program and Posts Industry-Leading Growth in Accounts and Balances

Executive Summary

Michigan-based Credit Union ONE turned to the Advisors Plus® credit card startup team in late 2017 to analyze whether and how to restart its in-house credit card program. Advisors Plus worked with Credit Union ONE's team to develop financial projections, design and launch an exciting new card offering and create a series of highly successful marketing campaigns that jumpstarted new account acquisition.

The result was “hockey stick” portfolio growth that led the credit union industry for 2018-2020: 99% compound annual growth rate (CAGR) in active accounts, 155% CAGR in balances and 52% CAGR in dollar volume.

This is the first of two case studies exploring how Advisors Plus has worked with Credit Union ONE since 2017 to create and sustain the chart-topping growth of Credit Union ONE's credit card portfolio. This case study

covers the period from 2017-2020, when Credit Union ONE restarted its in-house program and grew new accounts, balances and dollar volume to exceptional heights.

The second case study focuses on the period from 2020-2022 and details the innovative marketing strategies and tactics Credit Union ONE has used to sustain its explosive growth despite the challenges posed by COVID-19.

Client Profile

Credit Union ONE was founded in 1938 by 15 neighbors who gathered in a church basement in the Detroit suburb of Ferndale, Mich. to invest \$158 toward their goal of “people helping people.”

Today, Credit Union ONE has grown to \$1.82 billion in assets and over 130,000 members. Anyone who lives, works, worships or attends school in the state of Michigan is eligible to join.

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Following its acquisition of Ohio-based Hantz Bank in 2019, Credit Union ONE now serves its members through 17 branches in Michigan, 10 in Ohio and surcharge-free access to a national network of 30,000 ATMs.

The Opportunity

In 2017, Credit Union ONE reached out to the credit card experts at Advisors Plus for help analyzing the potential opportunities and risks of restarting its in-house credit card program.

The financial arguments for bringing Credit Union ONE's card portfolio back in-house were compelling. Owning its own portfolio would allow Credit Union ONE to earn interest, interchange and fee income, whereas the upside potential for those revenue streams was limited under Credit Union ONE's existing agency agreement.

There were also important marketing and member service reasons to relaunch an in-house card program. Credit Union ONE had traditionally grown by expanding its field of membership, but that strategy had started attracting more competition from other financial institutions. Creating its own top-of-wallet credit card program would give Credit Union ONE a flagship product to attract new members, build member loyalty and enhance its brand.

The Challenge

But a major challenge—even a possible dealbreaker—still loomed. Under the terms of Credit Union ONE's contract with its outside card program vendor, the vendor would retain all of Credit Union ONE's existing credit card accounts if the contract was terminated.

To succeed, Credit Union ONE would need to grow its potential in-house credit card program completely from scratch—and do it quickly—entirely by attracting new cardholders.

Could Credit Union ONE marshal the portfolio expertise and marketing resources to build a new cardholder base from zero? Or was it too risky to give up a low, but secure, return on its existing card program?



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The Analysis

Led by principal consultant Chris Joy, the Advisors Plus team stepped in. Joy began by working with Credit Union ONE to create a series of five-year volume and cash flow projections aimed at quantifying and modeling a broad range of possible revenue and profitability scenarios.

“When I look back on those early days, I’m proudest of the collaborative relationship we built with Credit Union ONE,” Joy recalls. “The team at Credit Union ONE knew from Day One that we were there to assist and educate them in making the right decision for their business and their members.”

“The synergy our working group achieved was also incredibly fun. Advisors Plus would create five-year pro forma scenarios, and Credit Union ONE would say, ‘What about this?’ or ‘Can we take a look at that?’ and we would go back and model their input. We had frequent joint meetings so that by the time Credit Union ONE had made the decision to restart its card program, everyone was on board and comfortable with the projections, and we all agreed we had found the best fit.”

The Solution

With the pro forma financials completed to everyone’s satisfaction, the next step was to develop and implement a competitive, engaging credit card program for Credit Union ONE.



The Advisors Plus team began with a competitive review of card issuer and marketplace trends, which led to tailored recommendations regarding:

- Product set design
- Rewards programs
- Credit tier methodology for risk-based decision-making
- Line assignments
- Pricing and terms, e.g., APRs, fees, triggers, promotions and incentives, bonus points, etc.
- CARD Act and other regulatory considerations
- Guidance regarding Product Control File settings
- Marketing strategy and suggested campaigns

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The Results

Guided by Advisors Plus strategic marketing consultant Michelle Hillenbrand, the Credit Union ONE team embraced new account acquisition with a passion. Hillenbrand developed campaigns targeted at cardholders searching for low-rate cards with lucrative rewards by focusing on digital-first promotions and branch sales.

The result was industry-leading growth in active accounts, balances and dollar volume. Between 2018 and 2020, Credit Union ONE posted compound annual growth rates (CAGRs) as follows:



Credit Union ONE Credit Card Portfolio Growth Trends (2018-2020)

Growth Metric	2018	2019	2020	CAGR
Credit Card Active Accounts	524	2,830	4,106	99%
Credit Card Balances	\$645	\$11,952	\$10,704	155%
\$ Volume	\$5,267	\$19,772	\$18,526	52%

The Future

Since launching the in-house credit card program in 2018, Advisors Plus and Credit Union ONE have expanded and deepened their close collaboration. The Advisors Plus credit card consulting team continues to provide P&L guidance, while Hillenbrand has built an ongoing marketing alliance with Chad Knott, Credit Union ONE's Vice President for Payments Strategy and Implementation, and its Chief Data Officer, Swami Seetharaman.

Both Joy and Hillenbrand agree that the “end-to-end” working partnership that Advisors Plus has built with Credit Union ONE has been the superpower behind the card program’s astronomical growth trends.

Credit Union ONE's Knott agrees. Perhaps he sums up the relationship with Advisors Plus best when he says, “Advisors Plus guides us, they educate us and they help us be there for our members. Whatever data and tools we need, Advisors Plus provides them. And then they say, ‘Here you go, now, together, let’s grow!’”

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Advisors Plus

Founded in 2004, PSCU's Advisors Plus offers consulting services for credit unions to help fuel growth and achieve financial and business goals. From project analysis to implementation and management, Advisors Plus offers an end-to-end portfolio of consulting services, including business strategy, business and affinity cards, credit and debit cards, risk and collections analysis, branch sales training, marketing services and B2C campaign execution. Whether your credit union is looking to expand its offerings, build a legacy of community involvement, create the strongest possible capital footing—or all of the above—Advisors Plus consultants bring the strategic vision, deep industry expertise and proprietary data analytics needed to help credit unions better serve their members and their communities. For more information, visit advisorsplus.com