



# Consulting Services

*Debit and Checking Consulting*



## Consumers Credit Union Achieves Growth in Debit and Checking Programs

### Overview

#### Client Profile

Headquartered in Lake County, Consumers Credit Union (CCU) is one of the largest credit unions in Illinois, with over 55,000 members and more than \$560 million in assets. Established in 1930, the credit union has a unique membership eligibility structure: regardless of where one lives or works, they can join.

#### Business Challenge

While Consumers Credit Union had experienced significant growth overall, the credit union realized that there was untapped potential to maximize its debit card and checking programs.

#### The Solution

Advisors **Plus**<sup>®</sup> conducted a thorough financial and statistical analysis of CCU's debit and checking programs and provided Consumers Credit Union with many opportunities to further grow this area of business.

#### The Results

Since Advisors **Plus** began working with CCU in 2009, it has achieved:

- A 10.5% increase in debit card penetration
- Annual growth in total debit point-of-sale (POS) transactions averaging 16.6%
- Annual growth in total debit POS spend averaging 15.6%
- An 11.4% increase in checking penetration
- A 14.6% increase in debit program revenue and 35.4% increase in debit program net income

### Continuing Partnership

In 2009, CCU engaged Advisors **Plus** to review its checking and debit programs and make recommendations for enhancement and growth. In 2011, Advisors **Plus** had the opportunity to perform a follow-up review of CCU's debit and checking programs to assess their current status and lay the groundwork for executing future goals and objectives.



As the checking and debit card business enters a period of game-changing legislative changes, CCU knows that it needs to consistently measure for success, identify and execute its plans for member growth, and continually evaluate its products and services.

Consumers Credit Union has communicated that they are interested in having Advisors **Plus** conduct reviews annually to help them continue growth, understand the financial and competitive landscape and, stay current on best practices.

### Impressive Results Continue

Advisors **Plus** worked with CCU to develop a comprehensive profit and loss (P&L) for the debit card program. In 2010, the year following our initial engagement, the debit card program contributed \$3 million in non-interest income (which is over one quarter of CCU's total non-interest income) and \$2 million in net income to the bottom line. Annual growth rates for these key figures were 14.6% and 35.4% respectively. Overall, debit card penetration increased 10.5% — from 50.4% in 2009 to 61.9% in fourth quarter 2011.

Additionally, CCU has experienced tremendous growth in debit card spend. In 2009, spend increased by a modest 2.9%. For 2010 and 2011 however, spend increased at an average rate of 25.7% annually, more than doubling the industry average.

Advisors **Plus** identified the following positive debit card penetration trends:

- During 2009, debit cards grew at a similar average quarterly rate as checking accounts (2.0% versus 1.3%, respectively).
- In 2010, debit card quarterly average growth accelerated to 3.9%, well ahead of checking at 2.2%.
- In 2011, debit card and checking average quarterly growth continued to blossom at rates of 6.6% and 3.5%.

Spend rate results for CCU debit cards were also favorable. The average monthly signature-based spend on a CCU debit card was \$390 in fourth quarter 2009; that amount increased to \$465 in fourth quarter 2011.

Financial results for the debit card program have been impressive as well. In 2010, CCU experienced a 14.6% increase in debit program revenue despite an 8.9% decrease in overdraft revenue due to a change to Regulation E governing overdraft courtesy pay programs. **CCU experienced a 35.4% increase in debit net income in 2010, relative to 2009.**

## Growing the Checking Business

A key piece of the Advisors **Plus** review entailed measuring the growth in membership checking accounts. In 2010, membership grew at an average quarterly rate of 1.0% while checking accounts grew 2.5%. In 2011, membership and checking again grew at average quarterly rates of 1.0% and 3.5%, respectively, driving a significant increase in checking account penetration.

Advisors **Plus** finds that if a member does not have a checking account with CCU, (s)he most likely considers another institution to be their primary financial services provider. The member may have concluded that CCU's checking products do not meet their needs but a more likely option is that they are simply not aware of CCU's checking benefits and services. The checking penetration results for fourth quarter 2011 show CCU's growth efforts paying off with CCU's penetration rate of 87.8% significantly ahead (32.3%) of CCU's peer average of 55.5%.

## The Bottom Line

From the time Advisors **Plus** first began working with CCU in 2009 through a follow-up review in 2011, Advisors **Plus** measured:

- A 10.5% increase in debit card penetration
- Annual growth in debit POS transactions averaging 16.6%; well above industry average
- Annual growth in debit POS spend averaging 15.6% — also well above industry average
- An 11.4% increase in checking penetration



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### **About Advisors Plus Consulting Services Debit and Checking Consulting**

Advisors **Plus** takes a comprehensive approach to reviewing debit and checking portfolios and making strategic recommendations. Our Consulting Services Debit and Checking Consulting is one-of-a-kind in the credit union industry, with no other competitor offering the type of insight and intellectual capital that Advisors **Plus** delivers. Our average Net Promoter Score in 2011 was 81 as measured by client surveys.

The Advisors **Plus** team partners with a credit union for an uncommonly thorough review process. Because we offer a complete analysis of debit P&L and the role that debit and checking play within the entire business model, the majority of Advisors **Plus** clients re-engage our Debit and Checking Consulting team annually to revisit the review and provide updated results and recommendations.

Join the many other credit unions that have derived value and measurable results from Advisors **Plus** Consulting Services Debit and Checking Consulting.

### **About Advisors Plus**

Advisors **Plus** was established in 2005 to provide consulting and marketing services to credit unions. Our range of services covers the key areas of strategy, credit cards, debit and checking, marketing, contact center, operations, and branch sales.

The experienced consultants at Advisors **Plus** work with the organization's staff through the entire process from project analysis to implementation and management. Our goal is to ensure that each financial institution achieves sustainable business growth, exceptional member experiences and operational efficiencies.

As of December 31, 2011, Advisors **Plus** has superior NPS Scores of: 74 – Credit; 81 – Debit and Checking; 91 – Contact Center. For more information, please visit [AdvisorsPlus.com](http://AdvisorsPlus.com).