



THE OFFICE OF
**SMALL CREDIT UNION
INITIATIVES**

Committed to small credit union success.

Growing Your Credit Union

March 28, 2013

What We'll Cover

Your Current Field of Membership

How Do You Determine Members' Needs?

Your Marketing Plan & Marketing Strategies

Field of Membership Expansion Opportunities

Who are You Chartered to Serve?

Do you know who qualifies for your field of membership?

Has your sponsor company been acquired?

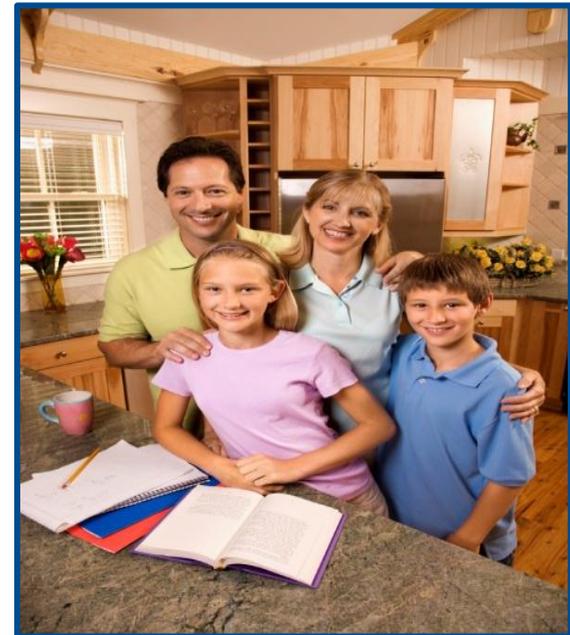
Has your sponsor company changed its name?

Obtain Section 5 of your credit union's charter

1. If FCU, email DCAMail@ncua.gov
2. If SCU, contact State Supervisory Authority (SSA)

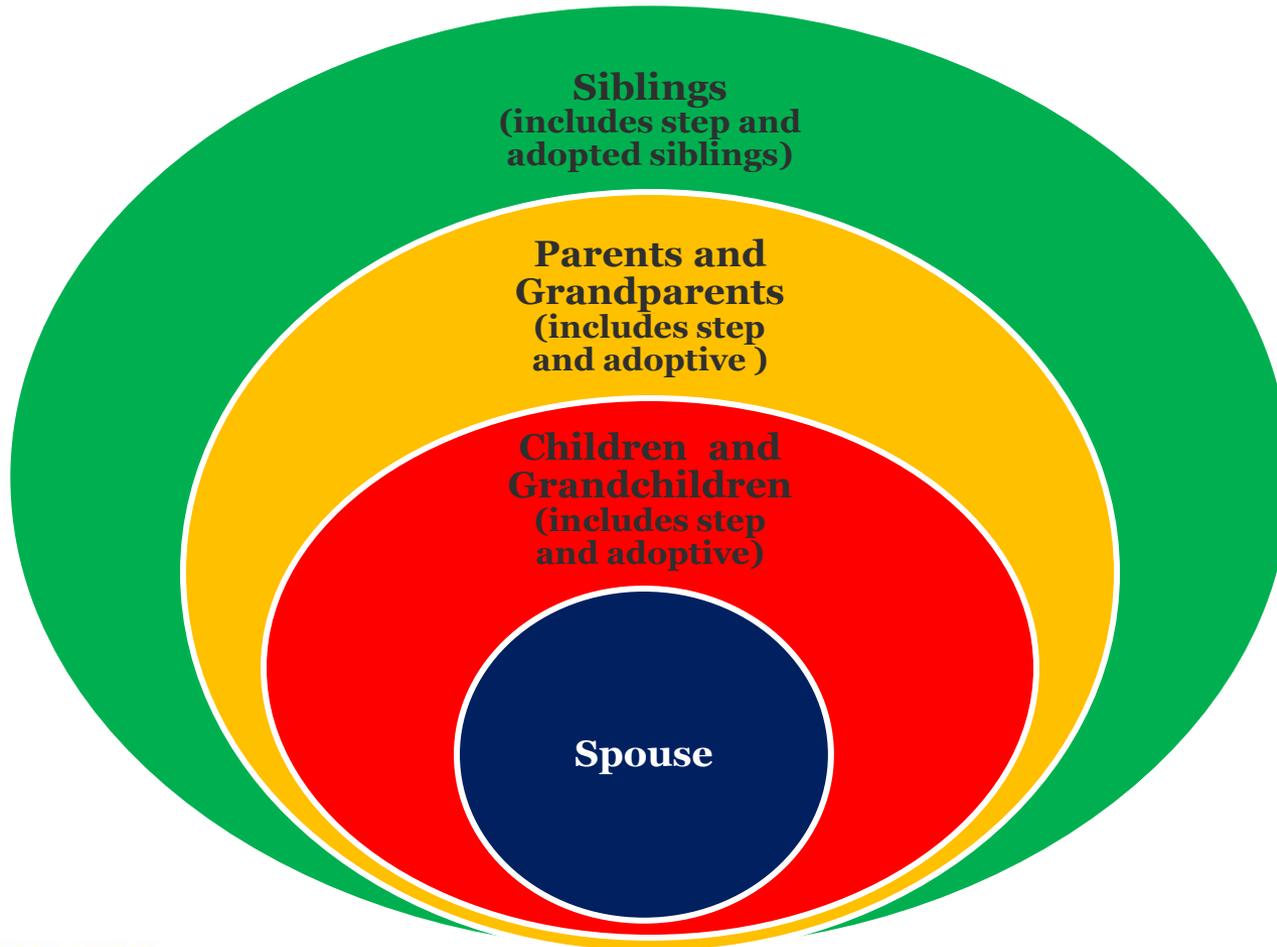
Things to Consider

Current Members ~ Family Members
Potential Members



Don't Forget Family Members ... Definition

Immediate Family Member Means



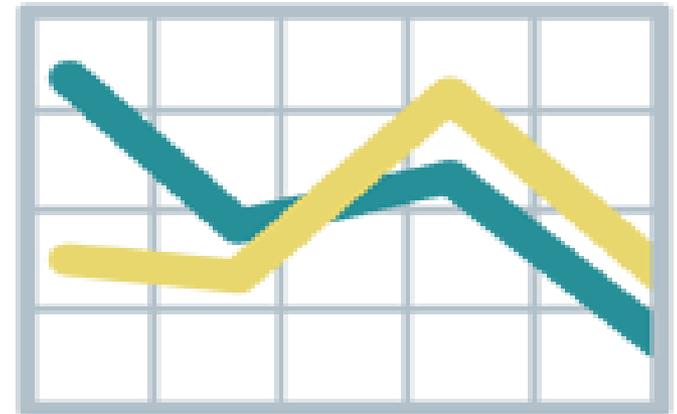
Study Member Growth Trends

Has your credit union experienced positive or negative growth trends?

Understand your target markets.

What target markets are growing?
(Why)

What target markets are shrinking?
(Why)

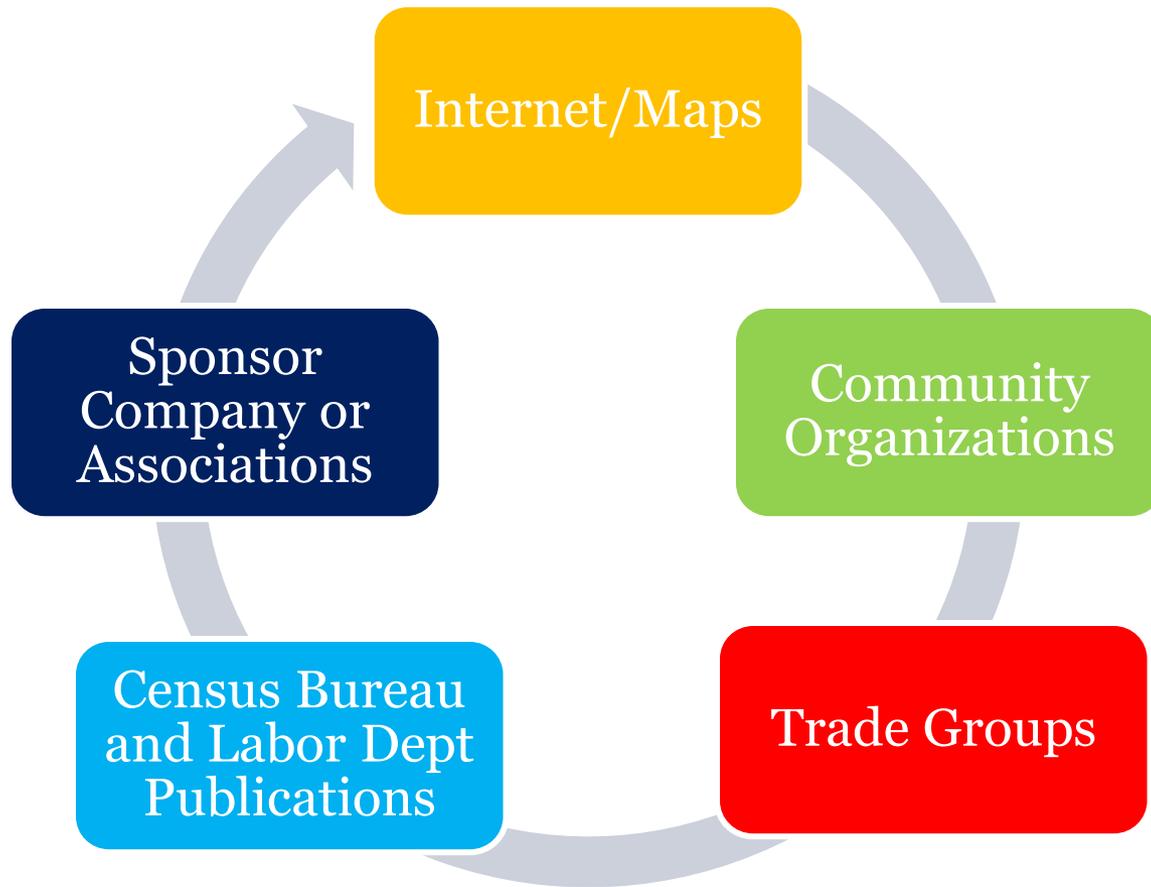


Review Internal Membership Data

Membership Data

- Identify demographic data for specific census tracts, a city, a county, etc. from Census Bureau at: <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>. Email DCAMail@ncua.gov if assistance is needed.
- Determine if software vendor can provide demographic data (there may be a fee).

Methods to Identify Eligible Members



How Do You Determine Need?

Develop a Member Survey and Ask the Following Questions:

Are you using the credit union?

Why?

Why not?

What products and services are you using?

Do your immediate family members belong?

Are the location and hours convenient?

What products and services would you like to use not currently offered?

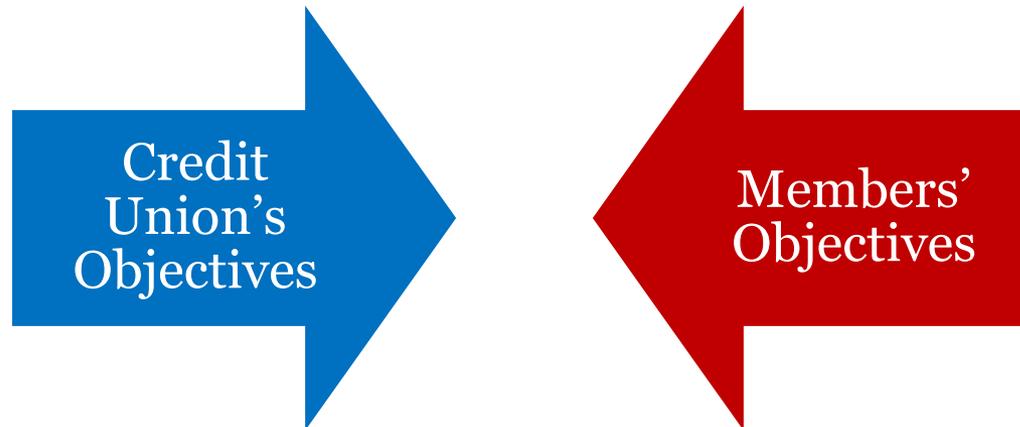
Is our staff professional and knowledgeable?

Do you consider this your primary financial institution?

What is Marketing?

Marketing is.....

Establishing, maintaining and enhancing long-term relationships with members so both the credit union's and members' objectives are met.



Reasons to Market

When you need to develop your credit union.

When you need to reinforce a positive image.

When you need to grow your membership base.

When there has been a change in your field of membership.

Develop a Marketing Plan to Reach Existing and/or Eligible Members



Step1. Select Your Target Market

- Determine the demographic(s) focus of your marketing effort.

Step 2. Set Marketing Goals

- 
- Determine the goals credit union management wants to achieve such as increasing members, better penetration of a product or service, loans and/or shares, .
 - Make the goals realistic, achievable, and measurable. Establish short and intermediate goals for each long term goal and any short/intermediate goal not achieved, determine cause and adjust accordingly.

Step 2. Set Marketing Goals



Step 3. Formulate Marketing Strategies

- Run newspaper and/or radio ads
- Promote staff to cross sell promotions and other potential services

- Develop and keep website updated – obtain feedback from members using site
- Distribute brochures and promotional events in lobbies at Select Employee Groups (SEG)s

- Develop a Financial Literacy Program

Step 3. Formulate Marketing Strategies

- Distribute new members' kits or direct mailing pieces
- Develop a newsletter or e-newsletter (need to obtain member's email)

- Use bulletin boards

- Email marketing promotional materials to existing members and/or contact person at SEGs
- Participate in sponsor activities
- Ask SEGs to distribute materials or include in their employee training

Step 3. Formulate Marketing Strategies

- Consider marketing efforts with an emphasis to the youth and young adults by using Twitter, Facebook, email or other popular media
- Recruit new businesses – personally visit them
- Establish a contact person at each SEG and promote membership as a benefit that they can added with little or no cost to the business

Step 3. Marketing Strategy Examples

- **Promote Family Membership** – Provide gift cards for each new family member joining the credit union or an opportunity to win a gift card
- **Attract Youth Accounts** – Coloring contests for kids or matching \$10 deposits for youth savings are some ideas

- **Financial Literacy** – Conduct a workshop or develop an informational pamphlet on how to improve your credit score, obtaining a mortgage loan, or balancing a checkbook for all ages

- **Attend Sponsor Activities** – Have a booth at a sponsor event and give incentives to join the credit union such as \$25 to open a new account, are approved for an auto loan, or if you bring an existing loan from another institution, etc.

Step 4. Establish a Marketing Calendar

Marketing Plan Calendar 2013- 2015													
Marketing Venues	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total
1 White State Independent						1200							1200
2 Holbrook Tribune								650					650
3 Silver Creek Herald										400			400
4 PHONE BOOK	600												600
5 Bulletin Boards	25			25			25			25			100
Donations/Sponsorship/Misc:													0
6 Bowl for Kids Sake - Big Bros & Big Sis			360										360
7 Golf for Special Olympics - Snf PD & Fire					50								50
8 4th of July Rodeo							160						160
9 CU Kids promotions & Christmas Party	50	50	50	50	50	50	50	50	50	50	50	840	1390
10 Direct Mail/Stmt Inserts/Newsletter	300			300			300			300			1200
11 Special Promotions			70							70			140
Total	975	50	480	375	100	1250	535	700	50	845	50	840	6250
Marketing Venues	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total
1 White Mountain Independent	1200												1200
2 Holbrook Tribune						650							650
3 Silver Creek Herald									400				400
4 PHONE BOOK	600												600
5 Bulletin Boards	25			25			25			25			100
Donations/Sponsorship/Misc:													0
6 Bowl for Kids Sake - Big Bros & Big Sis			360										360
7 Golf for Special Olympics - Snf PD & Fire					50								50
8 4th of July Rodeo							160						160
9 CU Kids promotions & Christmas Party	60	60	60	60	60	60	60	60	60	60	60	900	1560
10 Direct Mail/Stmt Inserts/Newsletter	425			300			300			300			1325
11 Special Promotions			100							100			200
Total	2310	60	520	385	110	710	545	60	460	485	60	900	6605

NOTE: The 2013 total column of \$6,250 should agree with Educational and Promotional Expense (a 5300 Call Report Operating Expense line item) reflected in the credit union's 2013 projections.

Step 4. Establish a Marketing Calendar

1	\$1200 (Business Special) for the White Mountain Independent will provide a 3X5 ad running in the Tues and Friday edition of the WMI and appearing once a week in the Wampum Saver and two other free papers that are printed once a week. The ads will run for 4 weeks.								
2	The Holbrook Tribune is a subscription paper that covers Navajo County, but primarily events in Holbrook. The cost for this 3X5 ad is \$650 for 4 weeks, this paper comes out once per week.								
3	The Silver Creek Herald is a free paper that is available at news racks, the cost for a 3X5 ad is \$400 for 4 weeks. This paper is printed once a week.								
4	The Phone Book comes out once a year. The cost is \$600, we are advertised in the bank section as well as the CU section. The ad is a 1 1/2 X3.								
5	The Credit Union has Bulletin Boards that are displayed at some of the employer groups - Advertisement for the new FOM will be placed on them								
6	Bowl for Kids Sake, Donation is \$360, This benefits Big Bros Big Sisters Org. CU sponsors a Bowling team for a tournament held once a year.								
7	Golf for Special Olympics - Snowflake PD and Fire - \$50/yr --- CU advertising at the Golf Tournament as a sponsor for the Kids Special Olympics - The \$ raised goes directly to Special Olympics								
8	Taylor 4th of July Rodeo \$160/yr donation - a sign is then placed on the fence of the Rodeo Arena advertising SMFCU								
9	CU Kids Promotions & Kids Christmas Party \$1230/yr --- CU has stickers, suckers, savings coloring books throughout the year for the kids, Christmas Party in Dec								
10	Newsletters are mailed Quarterly with statements, this cost is for printing newsletters, and providing educational inserts								
11	In addition to the above, we donate to the School Band on occasion, I work with the district boy scouts on Personal Management Merit Badges								
11	The Credit Union is involved with the Snowflake/Taylor Chamber of Commerce and pays \$150/yr in dues								
11	Some of our special promotions are: an IRA/Retirement Workshop held at the Credit Union								
No Cost	The Credit Union also sponsors "Children's Miracle Network" for Phoenix Children's Hospital - we collect donations and sell candy and other items to sponsor them.								
No Cost	The new FOM will be advertised on the CU Website and newsletters								
No Cost	The CU owns an A frame sign that will be used to advertise new FOM, this sign will be placed in the CU parking lot next to the road which is Main Street. It will be seen by travelers driving from Winslow and Holbrook to Show Low and vice versa.								

Step 5. Measure Performance

- How do your marketing efforts compare to industry average or from year to year?

- Do you know for certain your marketing efforts are effective or to what degree?

- Are your members satisfied?

Keep A Record

Repeat the Good Stuff!



Field of Membership (FOM) Expansion

Why FOM Expansion?

- Expansion provides a viable option for credit unions seeking growth opportunities

Field of Membership Expansion Benefits

FOM Expansion Benefits

- Diversifies your membership and risks
- Provides new markets and opportunities
- **May** mean survival of your credit union

Field of Membership Expansion Risks

FOM Expansion Risks

- Lack of familiarity with new members
- Can damage relationship with sponsors and/or members
- May create additional compliance risk

Common Bond Expansions

Single Common Bond Expansions

Single to Multiple Common Bond Conversion

Multiple Common Bond Expansions (includes underserved area additions)

Field of Membership Internet Application (FOMIA)

Single Common Bond (SCB) Expansions

Occupational or Associational Common Bond

- Add contract employees of an occupational common bond
- Add churches of the same denomination
- Add students to an educational group

SCB Expansion

SCB Expansion

- Cover letter to OCP Director
- Complete NCUA Form 4015 EZ

Multiple Common Bond (MCB) Conversion Requirements

SCB to MCB Conversion

- Cover letter to OCP Director requesting conversion to MCB
- Complete NCUA Form 4015 or 4015EZ as applicable
- Submit letter from the group and bylaws if associational group

Multiple Common Bond (MCB) Expansion Requirements

MCB Expansion

- Complete manual or Internet application (FOMIA).
- Complete NCUA Form 4015 or 4015EZ as applicable.
- Submit letter from the group and bylaws if associational group.
- Log onto www.ncua.gov for the Internet application.
- **ONLY MCBs CAN APPLY FOR UNDERSERVED AREA**

FOM Internet Application Criteria for Approval

Group Size - fewer than 3,000 potential members.

Adequately Capitalized - Net Worth 6% or greater.

Reasonable Proximity - Distance 25 miles or less.

Groups outside these general parameters, and requests from credit unions with weaker CAMEL ratings, require additional analysis.

Community Charter Conversion/Expansion

Chapter 2, Section V, of the Chartering Manual

Convert to or expand current community

Cannot have SEGs and a Community Charter

Cannot add Underserved Areas to Community Charter

1. Community Conversion/Expansion Background Information

Step 1.

- Federal Credit Union History
- Membership Penetration

Step 1.

- Reason for Conversion
- Area Requested

Step 1.

- Population
- Groups and Number of Members Outside Proposed Community

2. Identify Community Boundaries

Step 2.

- Well-Defined Local Community (WDLC) criteria is:

Step 2.

- Single Political Jurisdiction
- Previously Approved Community
- Core Based Statistical Area
- Rural District

3. Determine Proposed FOM Wording

Example

Step 3.

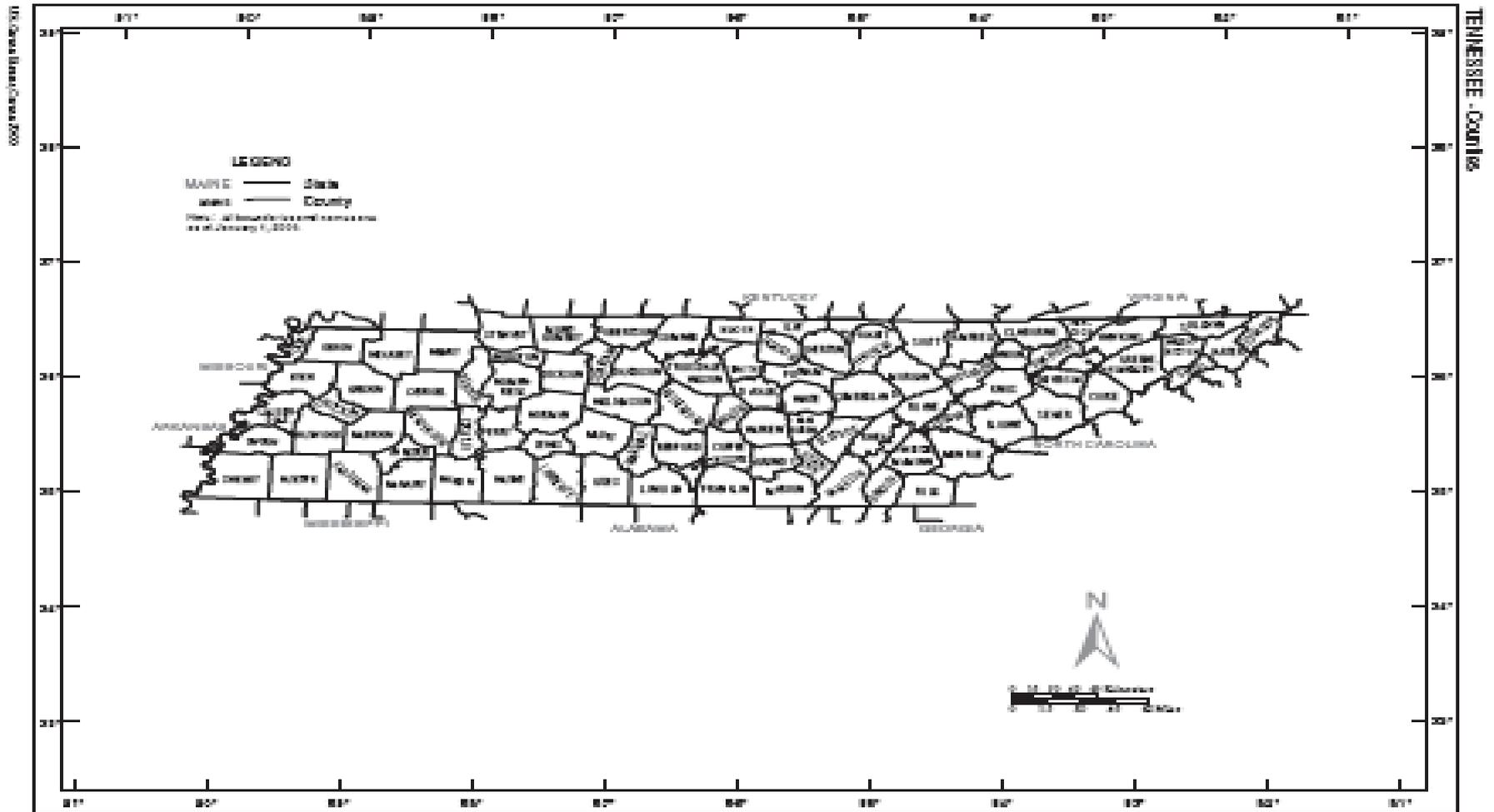
- Persons who live, work, worship or attend school in, and businesses and other legal entities located in geographic area

4. Community Charter Conversion/Expansion

Step 4.

- Include at least two maps of the community with at least one statewide map highlighting the requested area. Maps should include location of branches, shared branches, and ATMs.

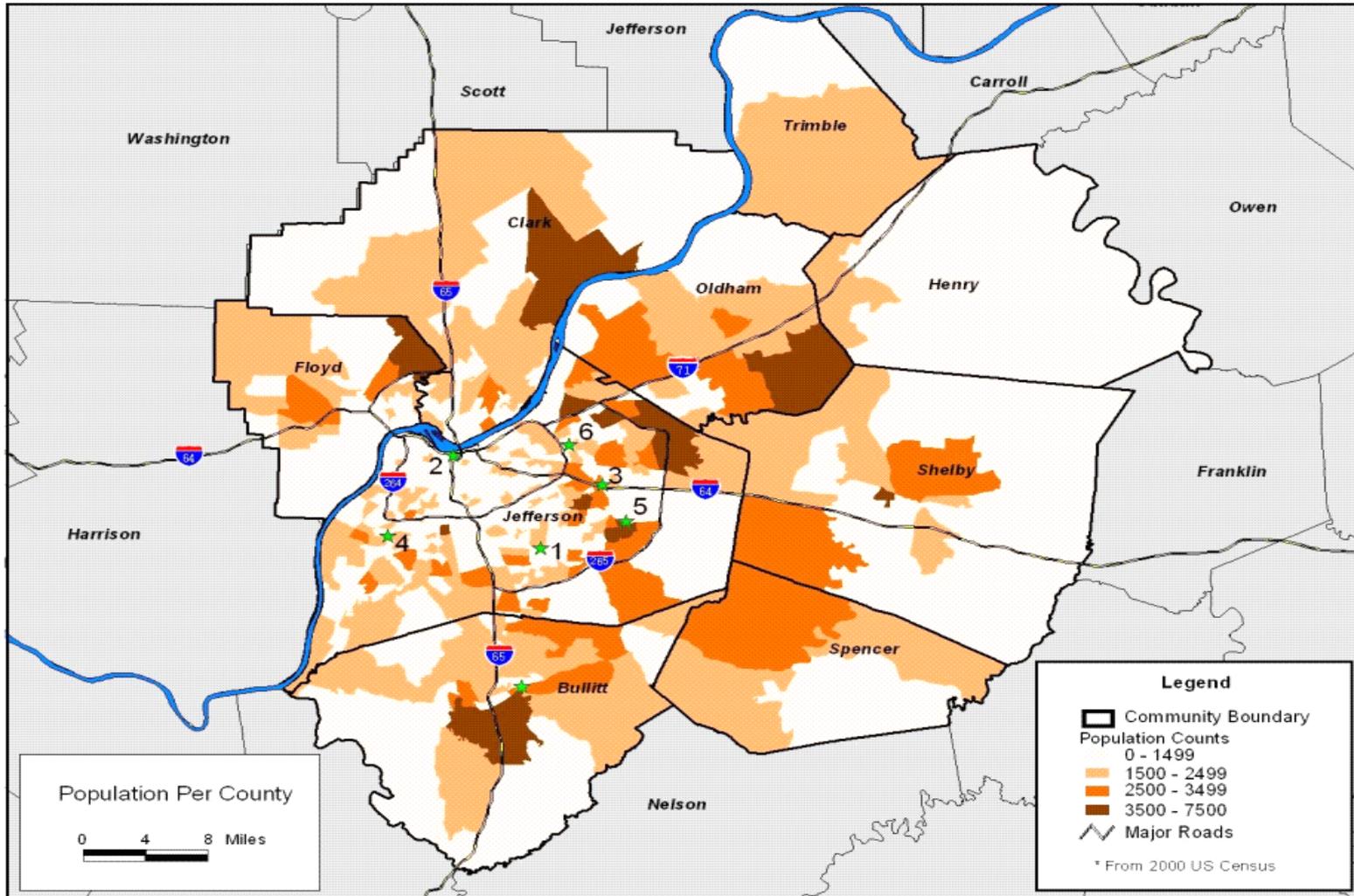
Map - Example 1 (Census)



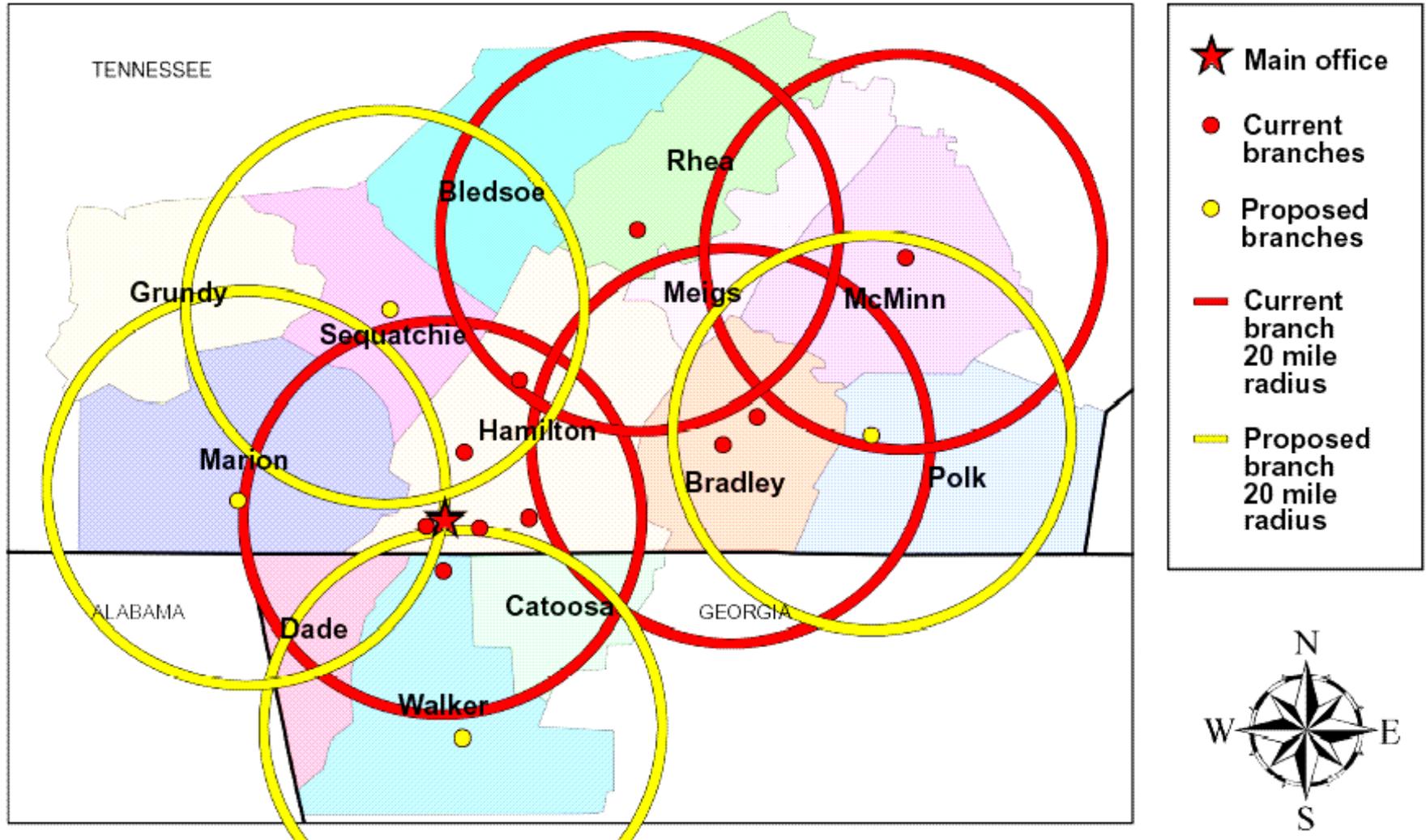
Map - Example 2



Map – Example 3



Map – Example 4



5. Community Charter Package Includes

Step 5.

- General Background
- Proposed Field of Membership Wording

Step 5.

- Maps (Local and Statewide)
- Marketing Calendar and Plan addressing how the community will be served.

Step 5.

- Business Plan addressing how conversion/expansion fits FCUs objectives and how management can support the plan. Services, products, fees, branch and technology structure, anticipated financial impact on the FCU, and portion of population with special needs (i.e. low income, underserved, bi-lingual, etc.) should be included.
- Pro forma Financial Statements for two years after conversion/expansion with assumptions.

Recommendation: Use the template provided as Enclosure to 11-FCU-03

Community Charter Considerations:

Understand your members and their financial needs.

Offer the best products that meet your members' needs.

Make it easy for members to understand and access your services and products.

Consider FOM expansion for growth opportunities.

References

Chartering and Field of Membership Manual

FOM Internet Application – User Instructions

FOM Internet Application – Frequently Asked Questions

FOM Internet Application - Letter to FCUs 03-FCU-05

Community/Underserved - Letter to FCUs 11-FCU-03