

Credit Union Growth Strategies



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Introduction

Nothing in business is quite as urgent as growth. It is the primary job of every successful organization to increase income, improve sales, and add customers, or in our case, members. Success in these three areas demonstrates how well organization is performing in the marketplace. It is an indicator of a company's overall economic health.

In this program we'll explore credit union performance over the last several years so you can see what's been happening to assets, memberships and loans. We'll examine ways any credit union, regardless of size, can improve performance in all three of these areas.

We'll try to explain how research can help you be more successful, why it's important to build community awareness, and ways to attract new members to your door. Along the way, you'll meet some remarkable credit unions that are achieving great success growing their assets, memberships and loans by 20% or more. We'll highlight five credit unions in each of the three areas of assets, membership, and loans. And we'll use a few of them as case studies about specific approaches that they are using to beat the national trends, with the hope that these examples will spark your own ideas about how to promote growth in your credit union.



Objectives

The objectives of today's program will be to:

- Discuss how the credit union industry is growing its assets;
- Examine what a few credit unions are doing to successfully grow assets;
- Explore measures taken by some credit unions to attract members;
- Review the growth trends in credit union lending; and
- Reveal the tools some very successful credit unions are using to grow their lending programs.



Growing Credit Union Assets

In recent years, the credit union industry has enjoyed a respectable growth in assets. Going back to 2005, 2006 and 2007, assets grew between 5% and 7% annually. It's anticipated that credit unions will do even better in 2008 and 2009. One reason is the shaky economy. When the economy sours, people tend to pull their money from more risky investments and put it in safer locations such as their credit union. The term we use for this is "flight to safety."

Another reason for the predicted asset growth is the rise in the number of community chartered credit unions. These credit unions are successfully reaching out to a wider segment of the overall population. And when new members join, they bring their assets with them.

Growth by Asset Size

While overall asset growth appears solid, a look at the industry by asset size tells another story. At the end of 2007, here's what the growth picture looked like by asset category. The nation's smallest credit unions were actually shrinking in assets. Mid-sized credit unions were experiencing modest growth at best. The only credit unions showing excellent growth were those organizations \$200 million in assets and larger.

In the near future, the nation's small and mid-sized credit unions will have to give asset growth some serious attention. Sustained, vigorous asset growth ensures long-term health and success for every credit union.

