

# **Local Involvement: Marketing Strategy and Community Benefit**



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## Introduction

Since their inception, credit unions have been dedicated to serving the needs of working people—working people who have recognized the benefits of belonging and responded. Local involvement is, on one hand, for the benefit of the community where the credit union is located. But credit union growth is a product of member trust in a financial cooperative operated by and for the membership, in a spirit of community.

As an expansion of their “people helping people” philosophy, credit unions support a variety of activities that benefit their communities.

While these activities demonstrate the credit union commitment to community, they also contribute to the growth and success of the movement. As fields of membership expand and consumers learn about the benefits of membership, credit unions grow in size and scope. Investments such as these contribute to local communities and are a great benefit in that respect alone, but beyond this, these efforts go a long way in spreading the word about the credit union.

We’ll look at how credit unions grew from small “mom and pop” operations staffed by part-time workers, to sophisticated financial institutions providing a full range of products and services to an ever-larger cross-section of members.

Then we’ll consider some case studies featuring credit unions that have used innovative techniques to reach out to prospective members and who have grown successfully as a result.



## Objectives

The objectives of this session are threefold:

- To explore the historical growth of credit unions;
- To consider the current state of the credit union industry and the opportunities that are available for local involvement;
- To examine real world examples of what credit unions have done to invest in their local communities that have yielded benefits to both the community and the credit union.

## History of Growth

Initially, credit unions operated with a handful of members meeting wherever they could find space: in a home, office, company meeting room or church basement. The organizers became board members, managers and staff. Early on, volunteers performed all three of those functions. Members shared a common bond: They worked for the same company, worshiped at the same church, or lived in the same community. Growth came through the efforts of volunteers, sponsoring companies, churches and community organizations. Marketing and advertising campaigns as we know them today were virtually nonexistent. Instead, word-of-mouth ruled: Volunteers talked to potential members about the benefits of membership. It was an early example of what today's professionals might call guerrilla, or viral, marketing.

As credit unions grew, volunteers hired professionals and handed over day-to-day operations to them. Managers became responsible for marketing and growth, and eventually added marketing and business development staff.

Over the years, legal and regulatory limitations evolved. New products and services were offered, and charters were expanded. Credit unions wanted, and needed, to grow. Single sponsor credit unions, in particular, faced continuing pressures to maintain and grow their membership.

Credit unions reached out to select employee groups within their market, expanded to serve family members, and sought creative ways in which to offer the benefits of membership to new groups.

## Community Charters and Growth

Community charters were one way in which to achieve growth goals. According to CUNA's Operating Ratios and Spreads reports, by the end of 2005, one out of five credit unions had a community charter, a jump of 80% from mid-2000, when one out of 10 credit unions had one.

Charter expansion has added millions of potential members, and some credit unions assumed that by building community branches they would be

