

CREDIT UNION SATISFACTION INDEX

YEAR-END REPORT | 2020

Through the Looking Glass Into a New Reality



Introduction

2020 was a unique year. Much like Lewis Carroll's *Alice's Adventures in Wonderland*, it was a year where we went "through the looking glass". Many of our assumptions about previously steady and consistent aspects of life turned into a new reality.

For example, real gross domestic product (GDP) fell 3.5% in 2020¹ –the greatest annual decline in over 75 years. At the start of 2020, unemployment was below four percent. By April it had jumped to 15%, but by year-end it had dropped back to six percent². Such rollercoaster statistics became the norm in the new pandemic world.

Credit unions also had to adjust to the new reality. Things that had previously seemed outdated had a resurgence. For example, curbside banking became popular, making many financial institutions look like a retro burger joint (minus the roller skates on the waitstaff). And perhaps most surprisingly, people were actually encouraged to mask their faces when entering a bank.

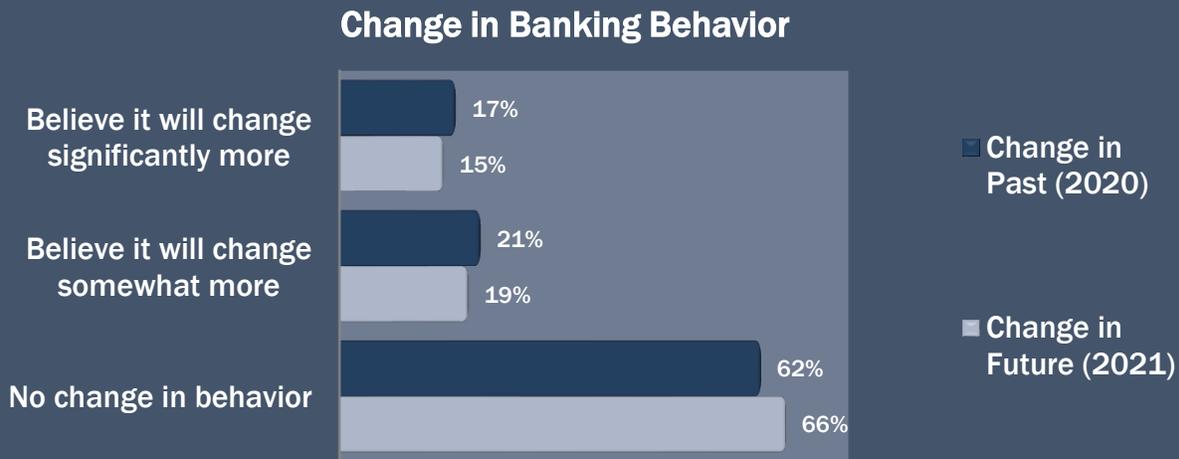
As 2020 wound down, it became clear that this new reality would lead to a new banking environment. Credit unions will still have to contend with the regular issues of customer experience - such as member engagement, community support, and problem resolution - but also must apply the lessons learned from 2020 to help shape this future.

¹ US Bureau of Economic Analysis- [https://www.bea.gov/news/2021/gross-domestic-product-4th-quarter-and-year-2020-advance-estimate#:~:text=Current%2Ddollar%20GDP%20decreased%202.3,\(tables%201%20and%203\).](https://www.bea.gov/news/2021/gross-domestic-product-4th-quarter-and-year-2020-advance-estimate#:~:text=Current%2Ddollar%20GDP%20decreased%202.3,(tables%201%20and%203).)

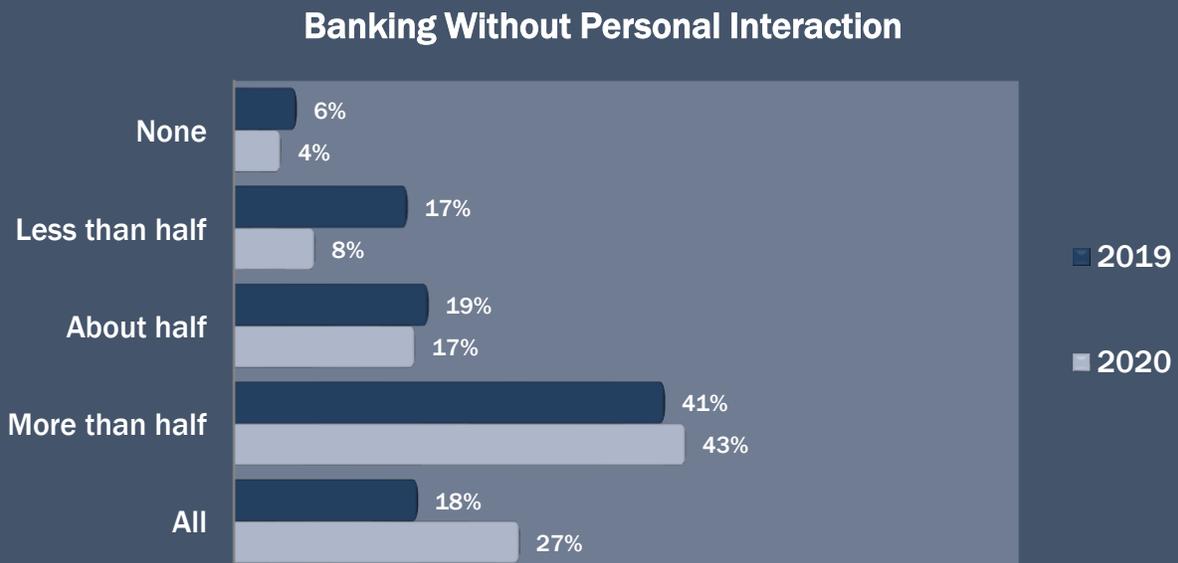
² US Department of Labor Statistics- <https://www.bls.gov/charts/employment-situation/civilian-unemployment-rate.htm>

Banking in the New Reality

While banking behavior certainly changed, it was not at the seismic proportions experienced by other industries. When asked how much their banking behavior changed in the last year, 38% of respondents indicated at least some change, while 17% indicated it changed “significantly”. There weren’t particularly strong feelings that this change would continue into the future as two-thirds felt that there would be no change in the near future.

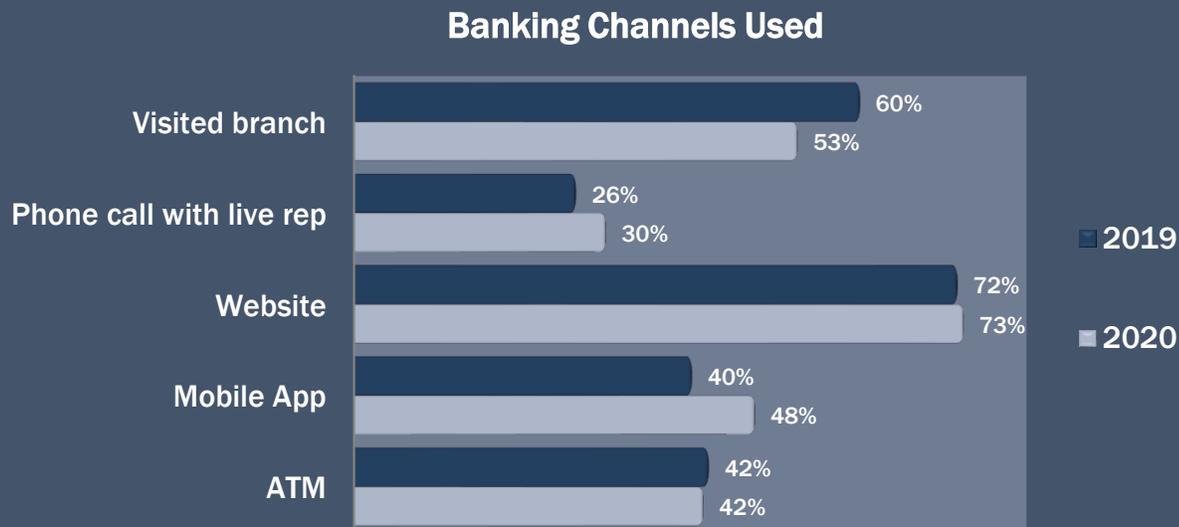


The changes in banking behavior that did occur centered on how banking tasks were conducted. Seventy percent of respondents did more than half of their banking without any personal interaction. This is an increase of eleven percentage points from last year.



Banking in the New Reality

Meanwhile, we also saw a seven-percentage point decrease in branch visitation within the last three months. Instead, people increasingly used the mobile banking app (48%, +8 points) and the telephone (30%, +4 points) to conduct their business.



Credit Union Satisfaction

Remaining Relatively Steady and Continuing to Outpace Banks

Credit union member satisfaction traditionally scores higher than bank satisfaction. In 2020, credit union satisfaction actually increased while bank satisfaction continued trending downward for the second consecutive year. Despite these fluctuations, credit union satisfaction remained relatively steady over the past six years with an average score of 85, which is also equal to the 2020 score.



Satisfaction Drivers

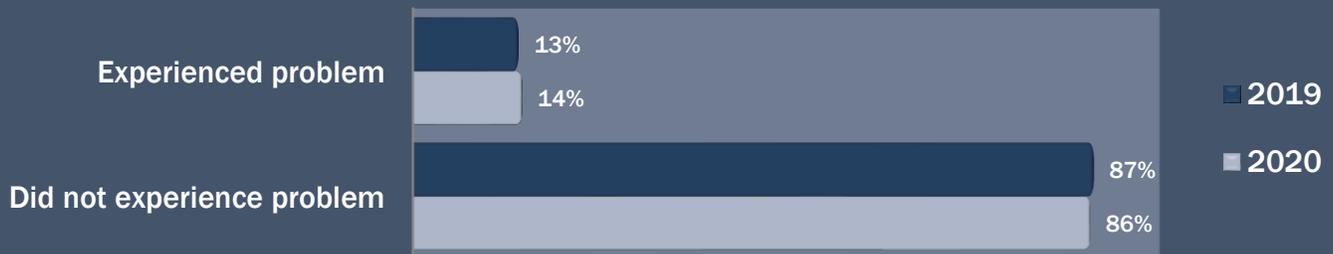
Seeing Small Increases in 2020... With One Major Exception

While most satisfaction drivers increased slightly, there was a large decline in Problem Resolution.

	2019	2020	Change
Customer Satisfaction Index	83	85	+2
Products and Services	83	84	+1
Online Banking	88	89	+1
Mobile Applications	87	88	+1
Information/Communications	83	85	+2
Branch Convenience	84	84	0
Rates and Fees	80	80	0
Branch Staff	90	89	-1
Call Center Representative	89	88	-1
Problem Resolution	78	69	-9
Confidence to Protect Information	81	84	+3

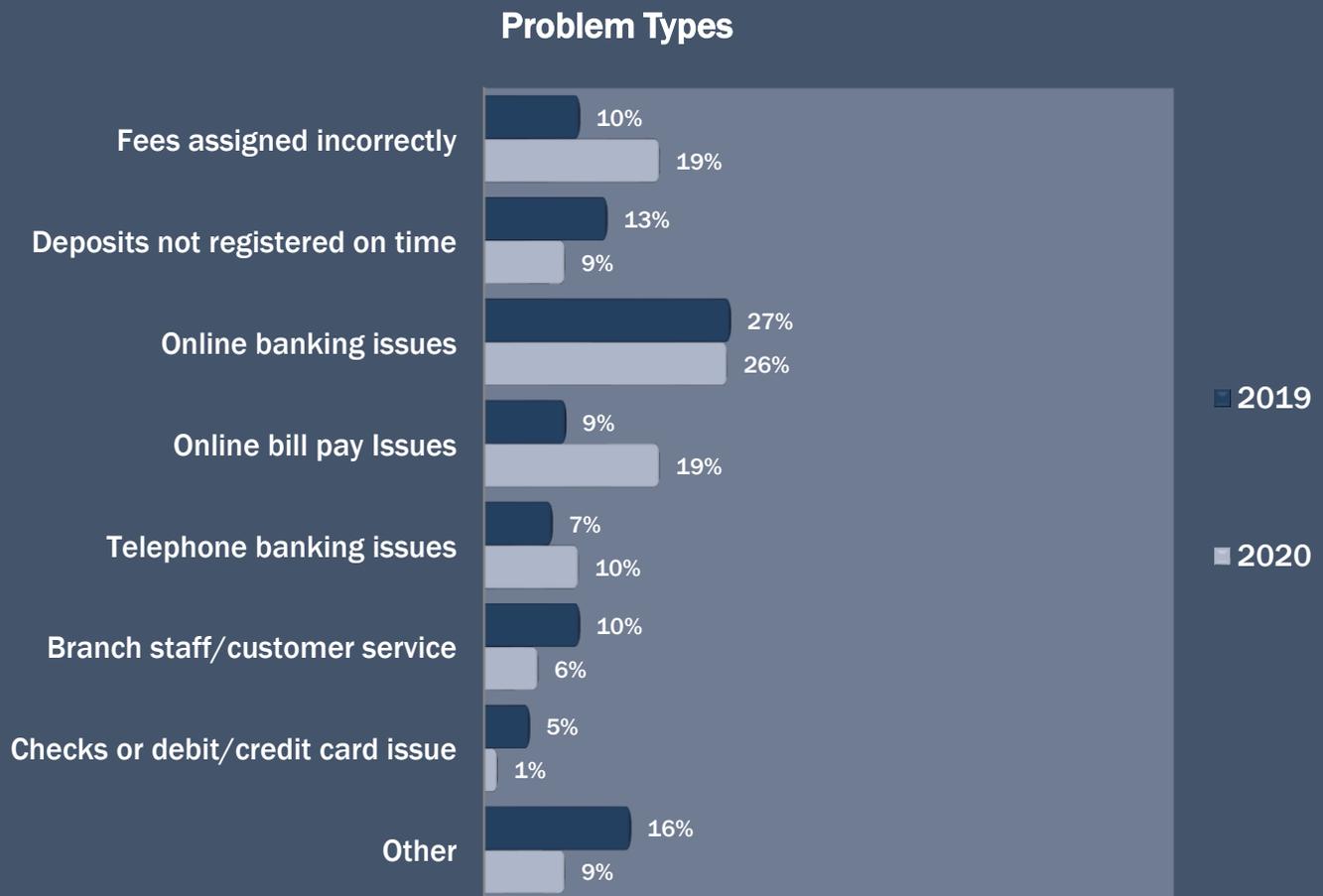
The large decline in Problem Resolution scores did not seem to impact Member Satisfaction because most members did not encounter a problem. There was only a marginal one percentage point increase in reported problems from last year. But the scores indicate that credit unions will need to address Problem Resolution in the post-COVID world.

Experienced a Problem



Satisfaction Drivers

While the frequency of problems did not change much from last year, the types of problems did. Respondents reported a large increase in 'Fees assigned incorrectly' and 'Online bill pay issues' over last year. These issues are generally not simple to solve, hence the lower overall Problem Resolution score for 2020.



Banking Channels in the New Reality

Website Banking

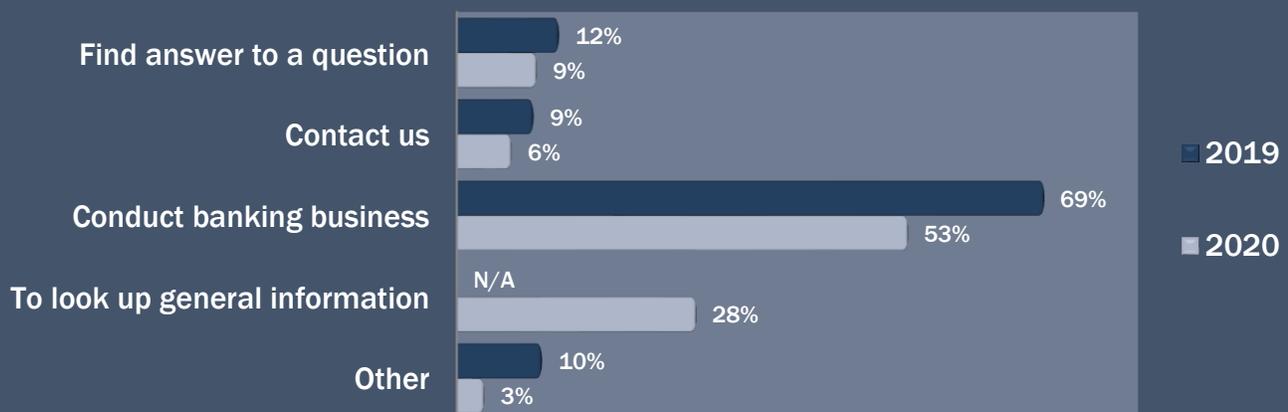
The virus did not lead a new wave of members to credit union websites in 2020. Website usage increased only slightly, as 83% (+2) of respondents indicated visiting their credit union site in the last 60 days.

Visited Website



Most members went to a credit union website either to conduct banking business or to look up general information. The 'Conducting banking business' responses dropped in 2020, but the new 'To look up general information' category likely drew some responses away from this option.

Primary Reasons for Website Visit

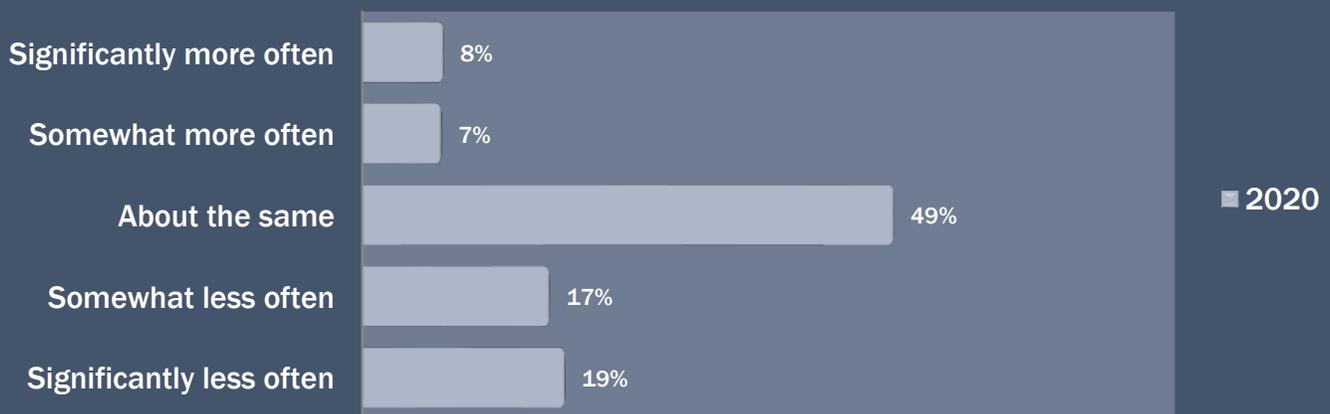


Banking Channels in the New Reality

Branch Banking

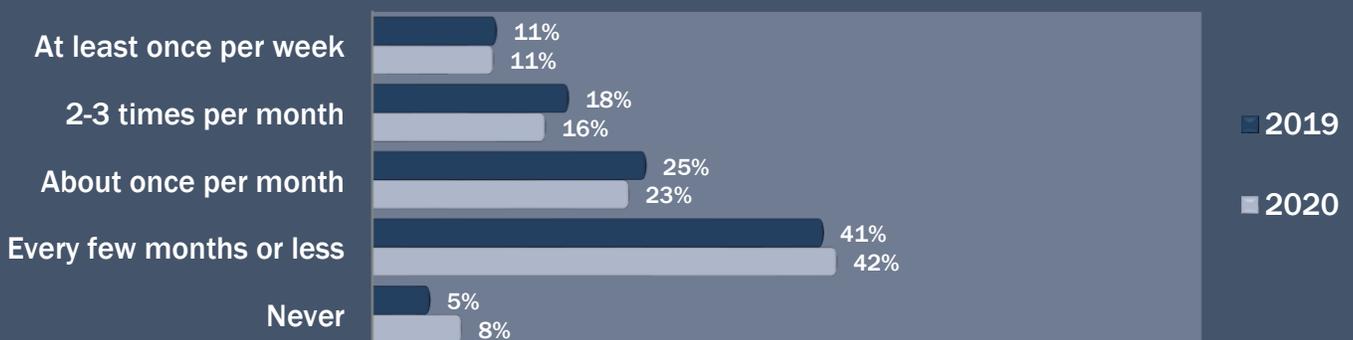
Branch visits lightly declined, but it was not the drastic drop-off expected. Just under half of respondents indicated that there was no difference in their branch banking behavior. In addition, there appears that a certain contingent of “branch loyalists” that actually visited the branch more often in 2020 than in pre-COVID times.

Branch Visits vs Last Year



These respondent sentiments are reinforced by actual visit behavior. The percentage of branch loyalists who visited a branch once a week remained unchanged from 2019. Elsewhere, branch activity only saw minor fluctuations from pre-COVID 2019 levels.

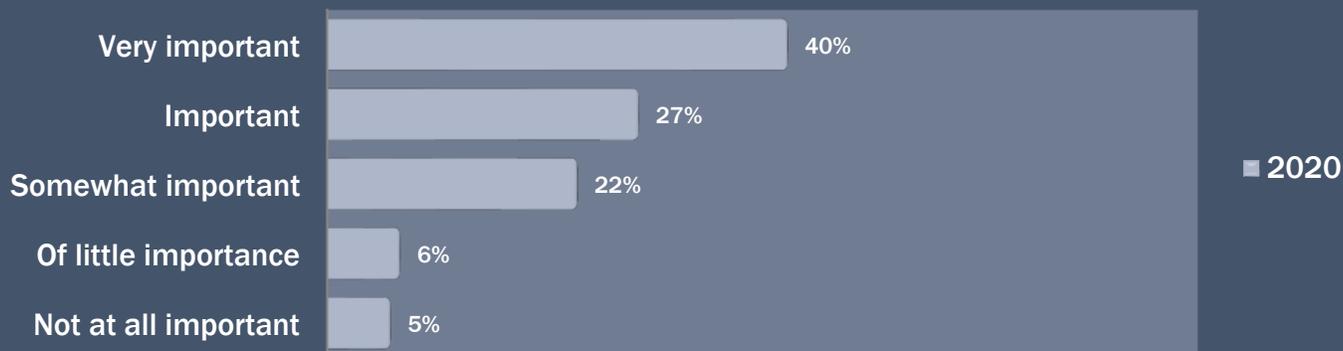
Branch Visit Frequency



Banking Channels in the New Reality

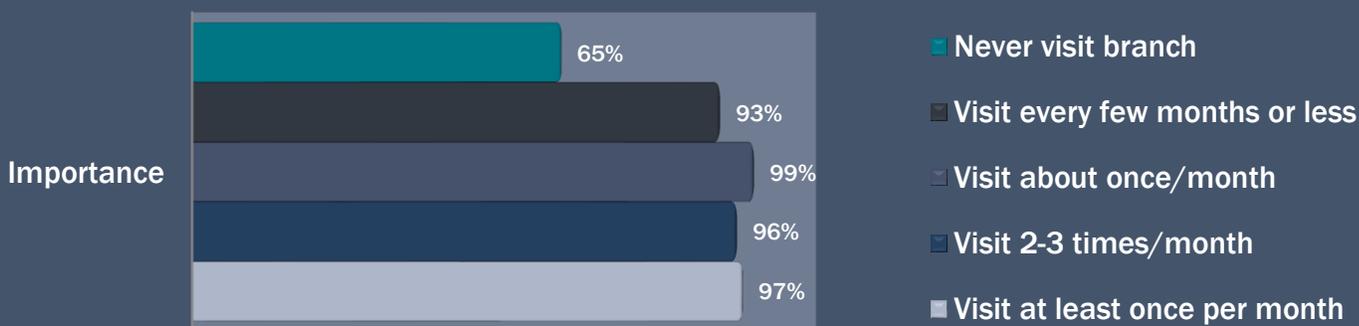
Respondents indicated that branch locations remained as important as ever. Sixty-seven percent of 2020 respondents said that a branch location was at least ‘important’ to them.

Branch Importance



Branch importance remained high and stable across most usage segments, as almost all respondents felt that a branch was necessary. Even among those respondents who claimed to never have visited a branch, just under two-thirds (65%) still felt that a branch was at least “somewhat important”.

Branch Importance % (Somewhat or Very Important) by User Segment



Regardless of their habits, most credit union members still feel branches are an important part of union membership. These existing branches should adapt COVID-19-related changes into their designs for new buildings and remodels on existing branch locations. The successful branch experience in the “new normal” will keep branches available for loyal visitors and other segments who still consider them important institutions.

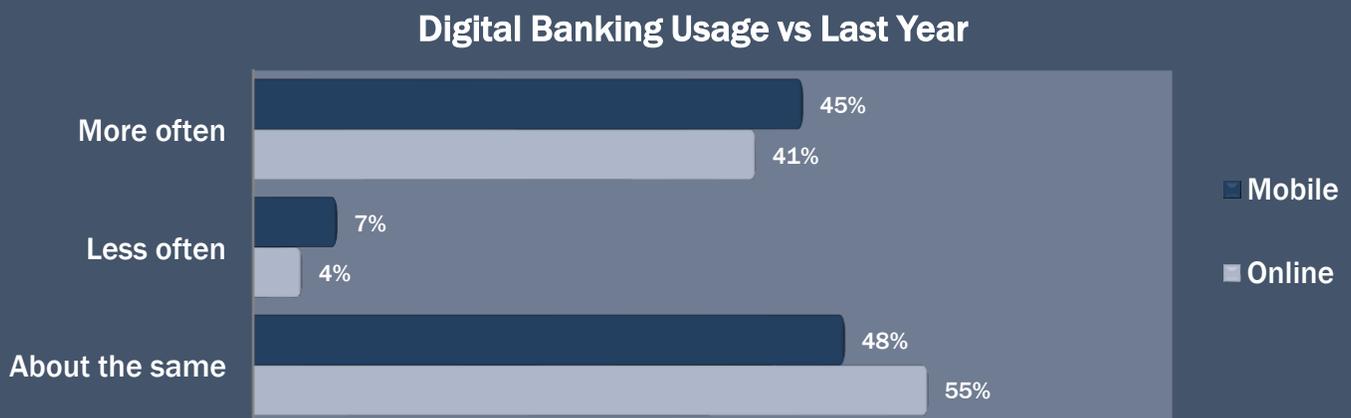
Banking Channels in the New Reality

Digital Banking

Much of the 2020 change in banking behavior centered around the use of non-personal digital channels. Eighty-three percent of respondents used either the website or a mobile app in 2020. A majority of respondents (73%) accessed the credit union website and just under half (48%) used the mobile app.



When asked about using these tools, almost half said they used online (41%) and mobile (45%) banking more often in 2020 than they had previously.

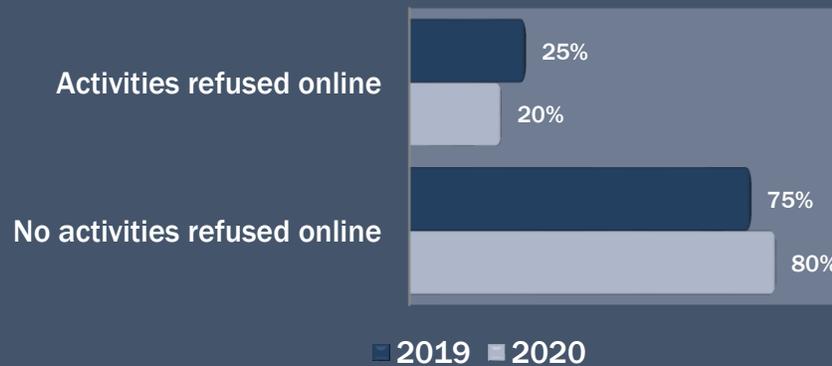


Digital Banking Resistance Fades

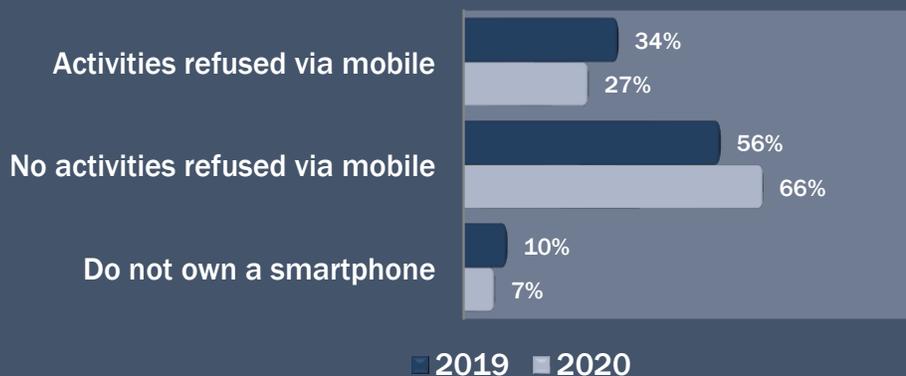
Concurrently, we saw a general decline in resistance to conducting banking digitally. The percentage of respondents who refused to do activities remotely declined for both online (20%, -5 points) and mobile (27%, -7 points) banking since 2019.

When broken down by task, banking through remote channels bumped upward in frequency. Typical activities included paying bills, transferring funds, account inquiries, and depositing checks. See the charts in Appendix A for further insights.

Activities Not Performed - Online



Activities Not Performed- Mobile



Future Behaviors

The Difference Between Intent and Action

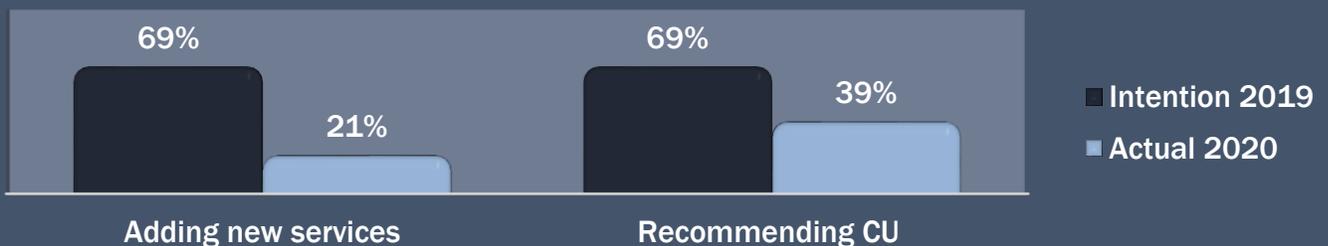
Although credit union member satisfaction went up in 2020, future behaviors appeared relatively stagnant but remained strong.



As the graph above indicates, the intent to use additional banking services and willingness to recommend the credit union to others held steady from last year. But intentions don't always translate to actual behavior.

The chart below contrasts “promoters” (score of 9 or 10 on a 10-point scale) for both willingness to recommend and likelihood to adopt new services with their actual behavior. The large discrepancy between intent and actually adding new services can be attributed to the fact banking customers don't always have a regular need for new products, and this has an effect on actual adoption. On the other hand, loyal members can always promote the credit union. Marketing efforts should focus on diminishing the gap between intention and actual recommendation behavior.

Difference between 2019 Intention and 2020 Actual Promotion



The New Normal

The data from 2020 suggest some directions that may positively steer the new normal for credit union banking in the near future.

While conventional wisdom suggested a large pandemic-related migration from in-person banking to digital banking, the actual change in behavior was less drastic. The minor gains digital banking saw in 2020 will most likely continue. The number of activities that people will feel comfortable conducting digitally will also continue to grow slowly.

While the pandemic may have slightly accelerated digital banking adoption, the branch remains important in the hearts and minds of the banking consumer. A notable membership segment will always go to a branch. As a result, it is important to continue digital banking expansion, but not to the detriment of the branch experience.

During the pandemic, many banking customers suffered some sort of financial hardship. Programs such as fee forgiveness and other attempts to help troubled members were very well-received. Showing an interest in the financial well-being of members positively affects member satisfaction.

Interest in Financial Well-Being and Satisfaction



The New Normal

This metric is especially important for credit unions as it appears to be a customer experience differentiator compared to banks. Credit unions were more often able to demonstrate a financial concern for their members (71%) compared to banks (59%). Going forward, a financial institution's interest in their members' financial well-being will continue to drive people's choice of financial institution and ongoing brand loyalty. All institutions should therefore track this metric closely.

Generally speaking, credit unions were better able to navigate a tumultuous year and delivered a more satisfying financial experience than banks. Flexible banking channels and interest in members' financial well-being gave comfort to credit union members throughout the pandemic. Inevitably some satisfaction may diminish as fee forgiveness and other suspended procedures are reinstated. The successful credit union will capitalize on that goodwill as we all transition to the post-pandemic new normal.

Methodology

About the Approach

This study is the eighth edition of the CFI Group Credit Union Satisfaction Index (CUSI) survey designed to determine how well credit unions are faring in the current retail banking environment.

CFI Group asked 500 credit union members and bank customers across the U.S. to rate their member/customer experience with their primary financial institution (i.e., the institution where they conduct at least the majority of their banking). The Credit Union Satisfaction Index looks not only at overall satisfaction for credit unions, but also examines the key drivers of satisfaction and important business outcomes affected by member satisfaction.

CFI Group

About CFI Group

Since 1988, CFI Group has delivered customer experience measurement and business insights from its Ann Arbor, Michigan headquarters and a network of global offices.

As founding partner of the American Customer Satisfaction Index (ACSI), CFI Group is the only company within the United States licensed to apply customized ACSI methodology in both the private and public sectors. Using this patented technology and top research experts, CFI Group uncovers the business drivers and financial impact of customer experience.

For more information, visit cfigroup.com or contact:

CFI GROUP SOLUTIONS FOR CREDIT UNIONS



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Appendix

Tasks Performed Remotely

Remote Account Inquiry



Remote Loan Payment



Remote Bill Pay



Remote Check Deposit



Remote Fund Transfer

