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How To Walk The Talk Over Opportunities In Cards

By Joyce Moed, Reporter

ST. PETERSBURG, Fla. — Many within credit unions have been insisting the current market presents a great opportunity for CUs to pick up credit card marketshare.

But if signs are pointing to the beginning of economic recovery, is this window of opportunity closing for credit unions? And if so, what should credit unions be doing to quickly make the most of the opportunity and prepare for more aggressive competition as other card-issuers get back into the game?

[Glen Schecter](#), director of card services for [PSCU Financial Services](#), believes that telling the credit union story is still the best way to gain market share.

"I think folks with the credit unions have started to see the light," he said. "We've used this time as an opportunity for growth. A concern of mine has been wondering how long the window will be. We really have said 2009 is a year of opportunity and don't squander it. We see that [credit unions] haven't."

That opportunity does not lie in consumers who can't obtain credit elsewhere. "That's a fallacy," he said. "We did a quarterly run for credit unions, and over 60% of these had FICOs of over 700. Credit unions are not lenders-of-last-resort."

[Schecter](#) further believes the window of opportunity will not be closing for credit unions any time soon.

"At [PSCU](#) we're developing a variety of tools that credit unions can use to make decisions and get cards into peoples' hands, and to manage the portfolios they already have," he said. "Let the world know. Stand on a mountain top. Aggressively let members know what they have to offer. It's not the time to stop now."

The Value of Sales

As for marketing, Schecter said that some credit unions do a better job than others.

"There are probably some that believe selling is not the right thing to do," he said. "Fortunately I do not see that among our credit unions. Credit unions should also train their people to say there's a value you get from being a member with us and getting products from us. Some banks deter you from making teller transactions. Credit unions want members to come in. They become friends and family. They have a level of trust."

Schecter added that credit unions should sell more, not just ask "do you need a credit card?" Instead, they should say, "I see you don't have a credit card with us. Do you mind telling us which one you are carrying?"

"Tell them what you will get if you get a card from us," Schecter advised. "Don't be afraid to get the word out. Don't be afraid to say 'We have the best in town.'"

Schechter stressed that it really comes down to marketing.

As for the new legislation, Schechter said, "it's a challenge. It's tiresome. But once you get over those hurdles and do what needs to be done, it forces the industry to look at all our processes and say how do we make our products the best they can be."

[Mark Fenner](#), SVP, national sales manager with TNB [Card Services](#) in Dallas, also sees a window for CUs.

"It's open," he said. "It's being opened by the [CARD](#) Act. It's really meant to purge a lot of perks other issuers had."

Fenner said that with the ability to raise fees at will being legislated away, issuers are now going to have to raise interest rates, or in some cases, cancel cards or lower credit limits.

'2010 to Be Even Better'

"At the same time, there's a tremendous amount of good press about credit unions coming out of national media," he noted. "Our credit unions are seeing a lot of interest from their members. 2009 has really been a great year, and our research expects 2010 to be even better. Where credit unions have a tremendous advantage is they have a close relationship with their members."

Fenner said the [CARD](#) Act is going to make it harder for big issuers to take a big risk.

"Our belief is this is a good opportunity," he said. "We're seeing a good response from programs that show a fair credit card product to their members. It's also really good for credit unions to educate their staff about how good their credit cards are."

Other things Fenner recommends include: making sure CUs get the right commitment from their executive staff, and having a lot of visibility about their card programs.

"Make sure you have that good product," he said. "Educate your staff. Basic blocking and tackling-have good and fair products, lots of visibility, make sure the staff is educated about the benefits and get the word out. They also need basic management. They need to manage their program. They need to have a good partner. Credit unions need to have a great branch network. They need to tell their members about their product. It's not rocket science. It's back to the fundamentals of credit unions."

[Bob Hackney](#), CEO for Card Services for Credit Unions (CSCU), and [Bill Lehman](#), AVP, portfolio consulting, CSCU, agree that what credit unions need to be doing right now is focusing on marketing.

Where the Stress Should Lie

"[Credit unions] should be stressing that they've always been fair and consistent to their cardholders. I'd be making that point," [Lehman](#) said. "And cross-sell your credit cards. Think of this optimistically that this [CARD](#) Act gives us an opportunity for sure."

"The reason for the [CARD](#) Act is really Congress punishing all card issuers for really the acts of a few," added [Hackney](#). "While Congress fixed those things, card issuers are rushing to raise fees and lower credit limits. Is the consumer really better off?"

Lehman said that by attracting new members from banks with other products, this can lead to new card customers.

"Credit unions can steal a checking account and grab a debit card."

But doing this still comes back to marketing, Hackney reminded.

"That's something we can all improve on," he said. "Those that are actively promoting-if they believe in their cards, then they can do a good job in [promoting]."
