

The Consumer Banking Preferences & Behavior Report

*Market Research Insights
For Credit Union Marketers & Executives*



Introduction

This report surveyed consumers about their banking preferences, behaviors, and value drivers. The questions were positioned to help credit unions better understand current members and potential new members.

Over two dozen charts within this report show responses broken out by age and primary financial institution usage. This segmentation was done to showcase key differences in consumer preferences and behaviors by different groups.

Who this report is for:

This report is for credit unions marketers, executives, and board members seeking to better understand their members and how they should think about attracting new members.

Why we created it:

This report was created to validate, challenge, and demystify consumer preferences for credit unions. The goal of gathering the information was to better align messaging and energy towards the things that matter most to consumers when shopping for loans and/or selecting a primary financial institution. It also seeks to understand emerging trends in fintech that may threaten a credit union's value proposition within the marketplace.

The information provides actionable insights around how consumers perceive their financial service options, what motivates them to change providers, and what they consider to be most important in a financial service provider.



Survey Methodology

To address the objectives at hand, an online survey was utilized. The survey took an average of 10 minutes to complete and included 34 questions. The survey received 1,000 responses. Fieldwork for the survey began on December 16, 2021 and lasted until January 4, 2022.

Who was surveyed

The target audience for the survey was an equal mix of credit union members (n500) and non-credit union members (n500). The sample was census representative by gender and U.S. region, but featured even representation from various age groups (18 to 24, 25 to 34, 35 to 44, 45 to 54, 55 to 64, 65 or older).

Respondents were also screened to ensure they were household decision-makers on banking, had familiarity with financial institutions available to them, and currently used a credit union or bank.

Confidence level / Margin of error

With a probabilistic sample, a total of 1,000 responses at the 95% confidence level offers a 3.1% margin of error. If the survey were conducted with another random pool of 1,000 respondents, the results would yield within +3.1% or -3.1% of the stated totals in the reports. The margin of error can be used as a guideline to understand the reliability of these results.



About WebStrategies

WebStrategies is an industry-leading digital marketing agency specializing in credit unions. WebStrategies focuses on driving new membership through online channels including SEO, PPC, display advertising, social advertising, HubSpot marketing automation, and website usability improvement.

WebStrategies is deeply invested in providing the data that credit unions need to make strategic marketing decisions, from conducting annual research surveys and benchmark reporting to pioneering innovative methods for automatically connecting digital marketing campaigns to funded loan data.

WebStrategies leadership has spoken at CUNA and MAC and hold regular online webinars designed specifically for helping credit union marketers. WebStrategies was founded in 2004, has 35 employees, and is based out of Richmond, Virginia.





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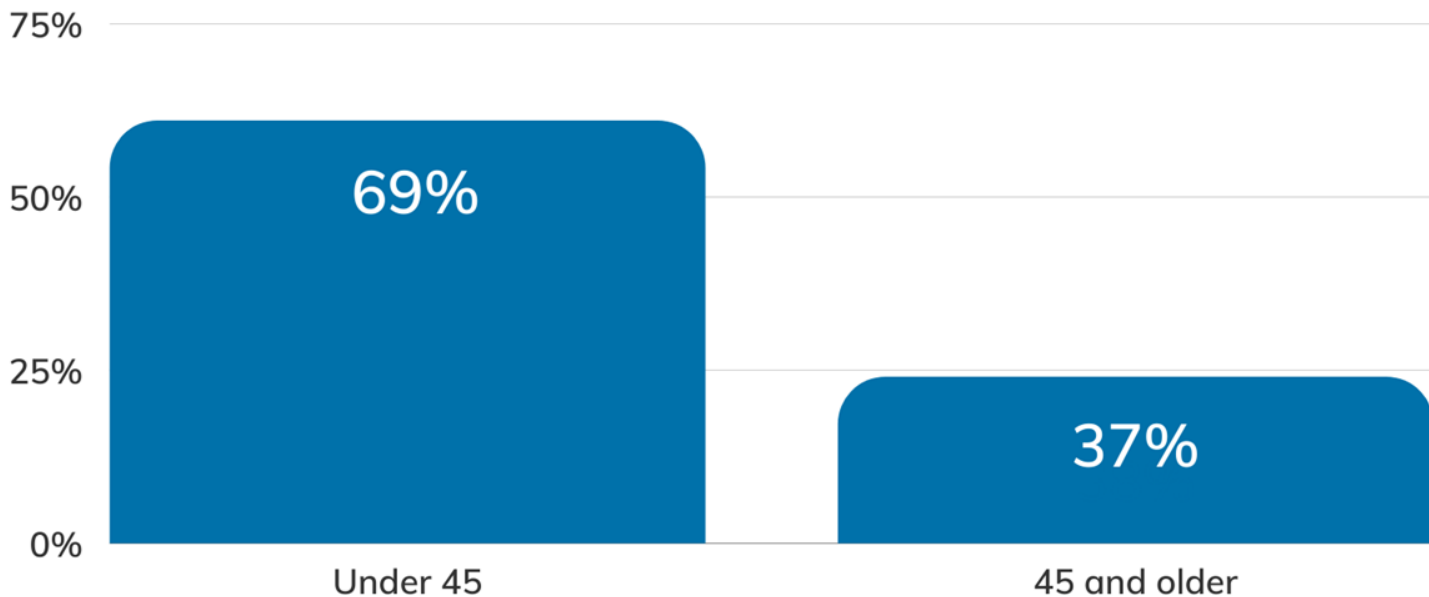


Section I

PFI + Fintechs

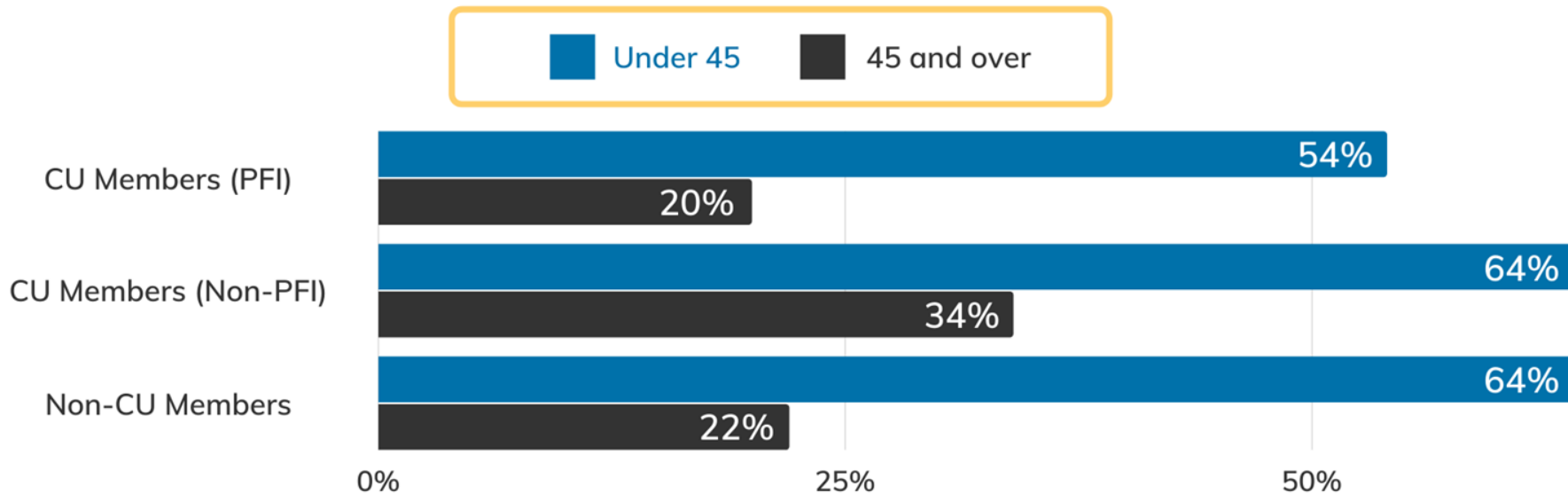
People under 45 are over 2X more likely to be members of online-only banks.

Nearly two thirds of those under 45 experience online-only banking in some capacity. These experiences will likely influence their expectations when engaging with a credit union. As credit unions target new, younger members, they should consider how the membership experience fits in the context of online-only banks.



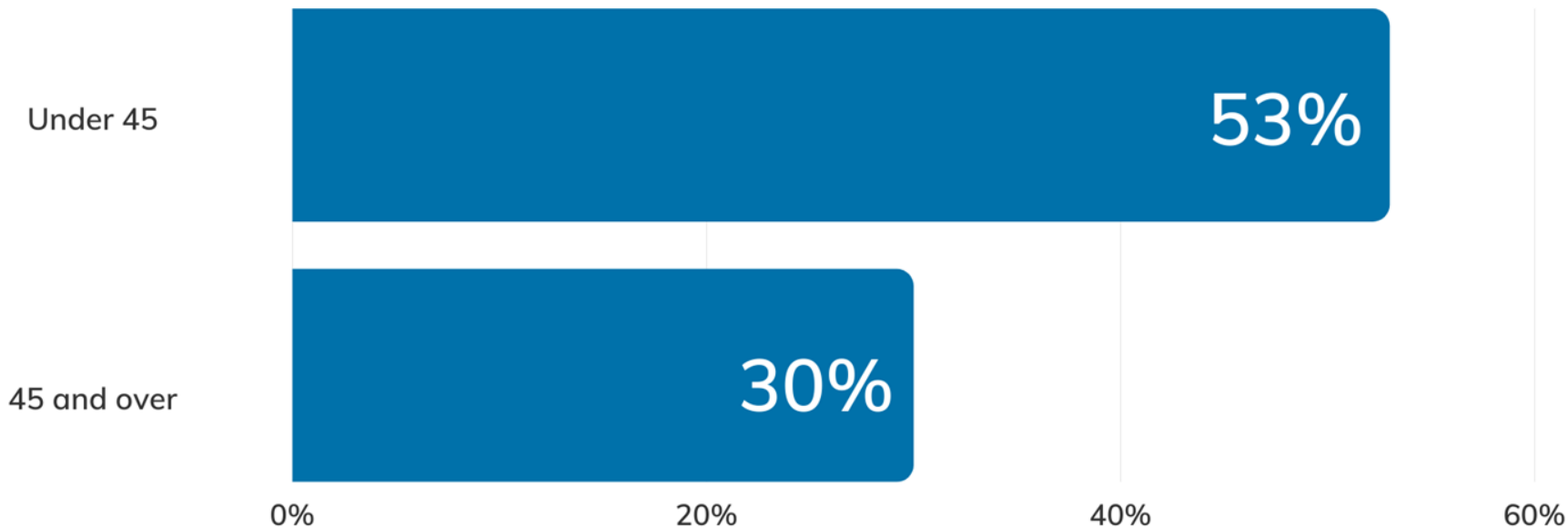
People under 45 are more likely to be members of online-only banks, regardless of their credit union relationship.

Over half of credit union members under 45 use online-only banks in some capacity, possibly influencing expectations and perception of their credit union experience in the future. If half of a credit union's members are actively experiencing an online-only bank, credit unions should consider which areas of the membership experience will look poor by comparison and could put future membership at risk.



People under 45 years use online investment platforms 1.8 X more than people 45 and over.

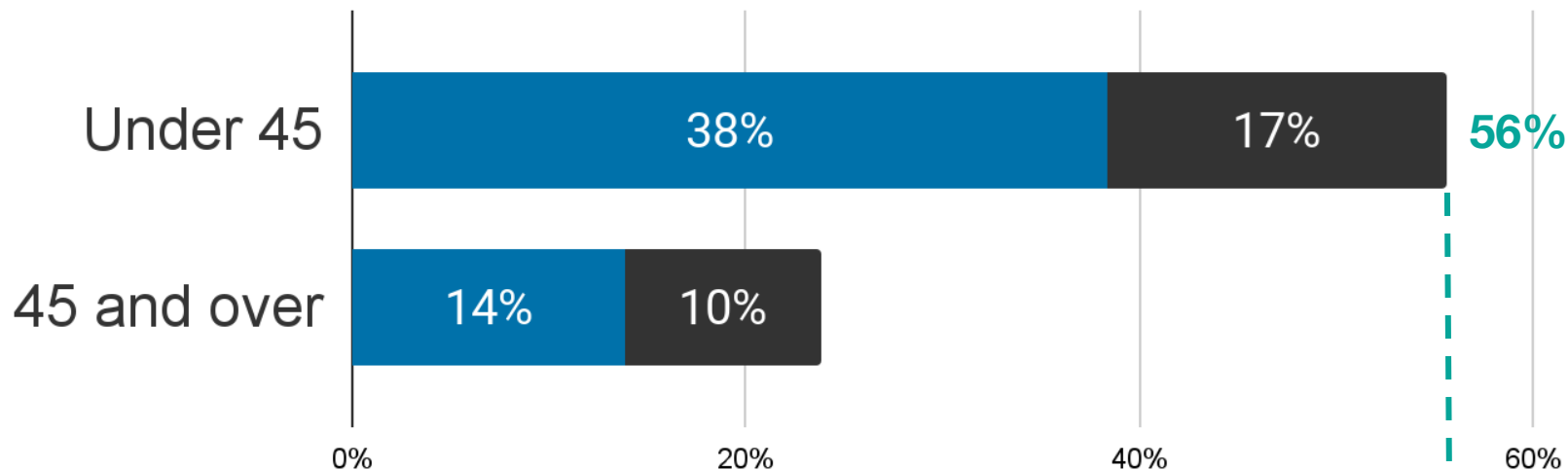
Adoption of online investment platforms is strong among those under 45. While not a direct competitor to credit unions, these sophisticated investment tools could act as a gateway for managing money and accounts exclusively with online-only providers.



56% of those under 45 currently hold or plan to hold cryptocurrency in the next year.

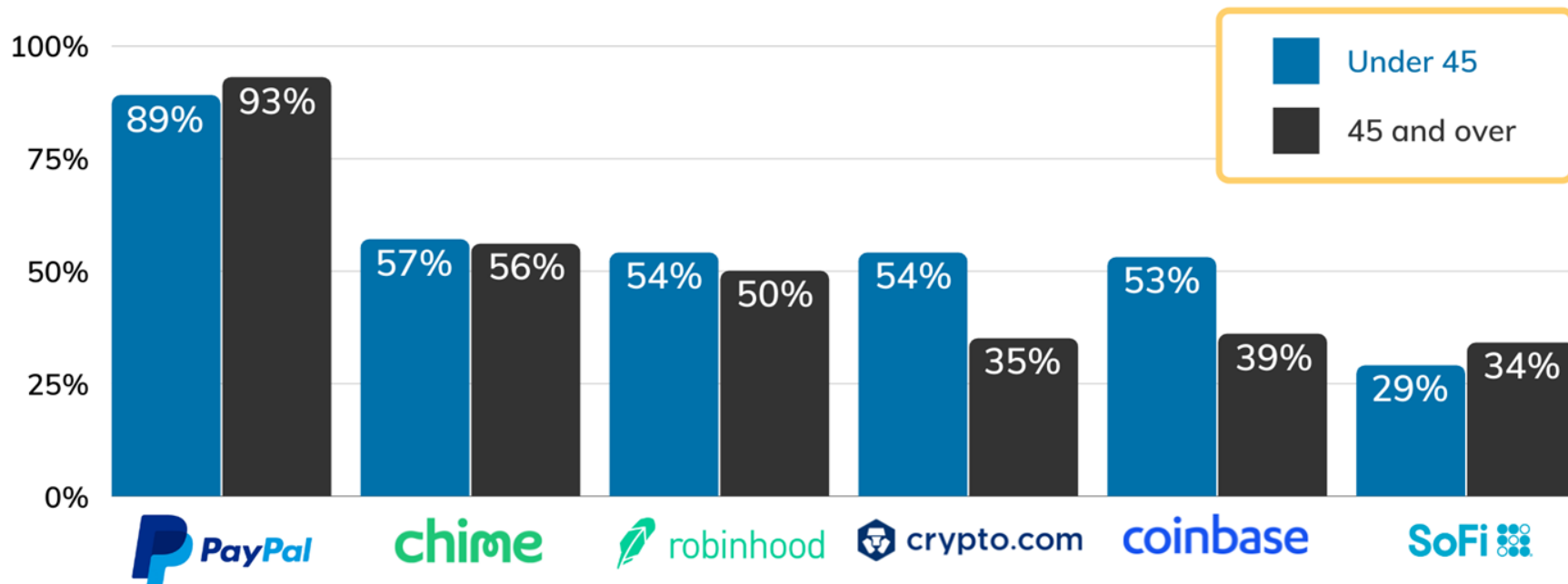
Crypto adoption is strong and growing. Progressive, forward-thinking credit unions are adding crypto custodial services to their suite of offerings, giving members the ability to participate in the decentralized currency movement with the security and peace of mind of a reputable financial institution.

■ I currently hold cryptocurrency ■ I don't currently hold cryptocurrency but plan to invest in it next year



Awareness of top financial technology companies

While adoption towards online-only banks skews younger, awareness of other fintech platforms is consistent across older and younger demographics.



Section II

Consumer Banking Value Drivers

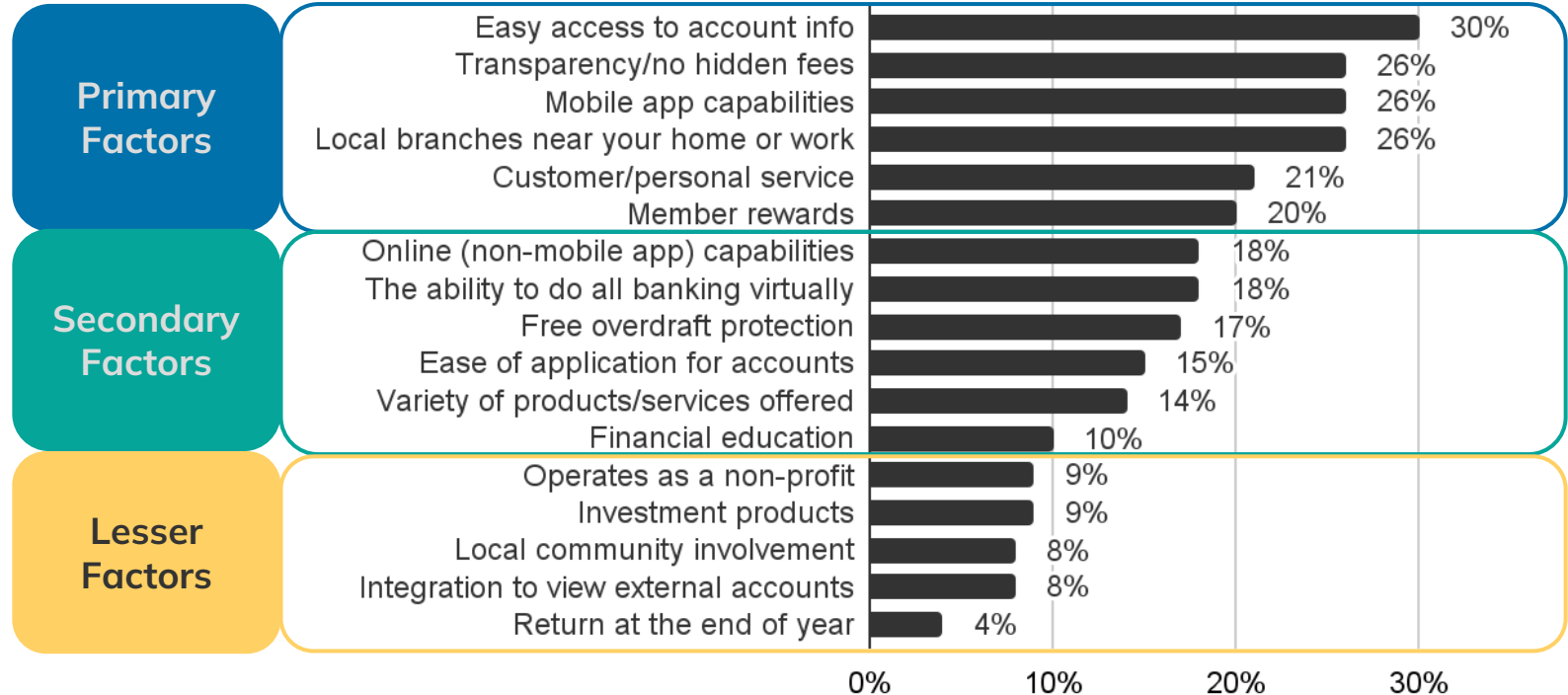
The first portion of this section examines the conventional wisdom on what the consumer cares most about when it comes to their financial institution. The goal is to understand which attributes of a financial institution matter most to consumers.

The second portion seeks to understand which financial institutions are perceived to do those things the best. Data is broken out by credit union members who use the credit union as their PFI, credit union members who don't use the credit union as their PFI, and non-credit union members. Separating responses by these segments helps highlight the differences in perception of which financial institution is best at the things that matter the most.

Given the strong emphasis on acquiring newer, younger members, the following charts focus on consumers under 45 years old. The raw data is also available [here](#) if you wish to analyze additional segments.

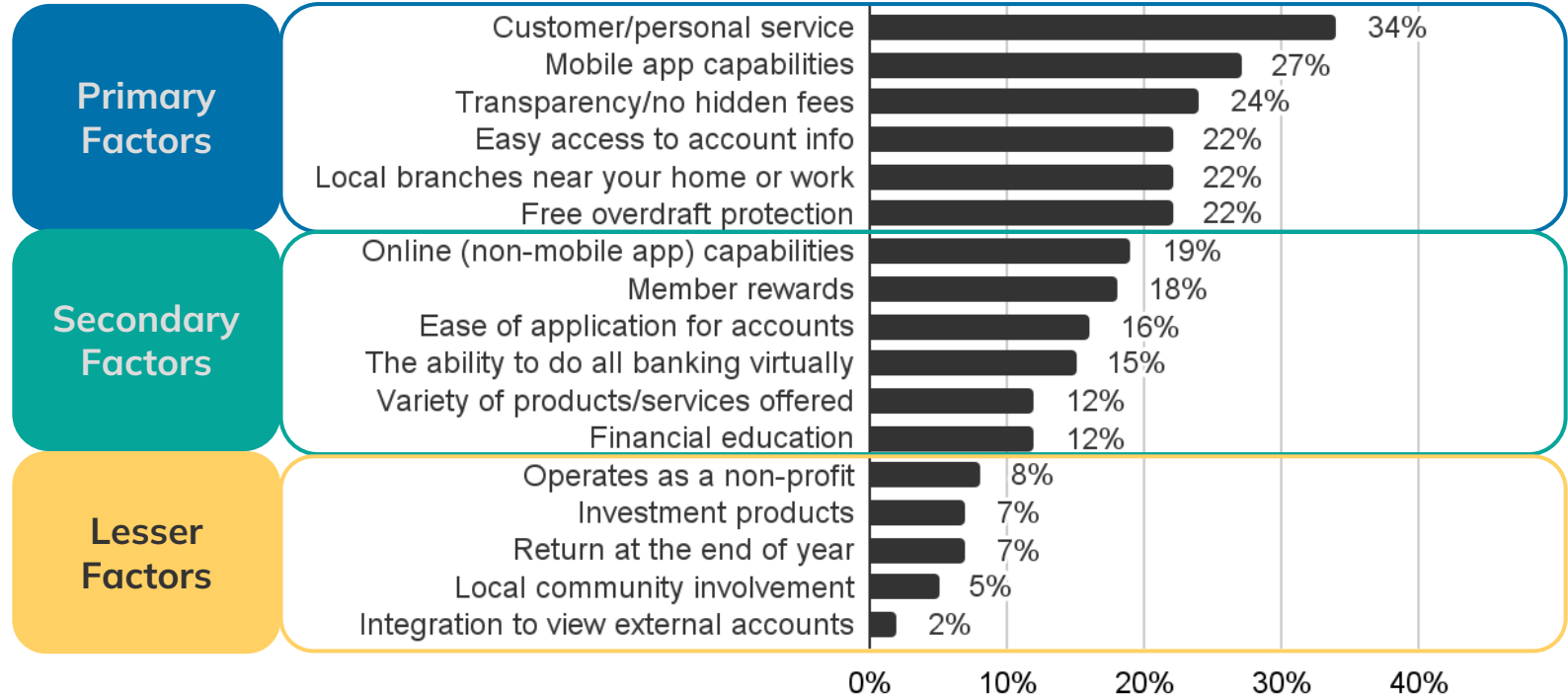
Besides favorable interest rates and low fees, which of the following factors do you value most in a financial institution?

CU Members (PFI), Under 45 Years Old



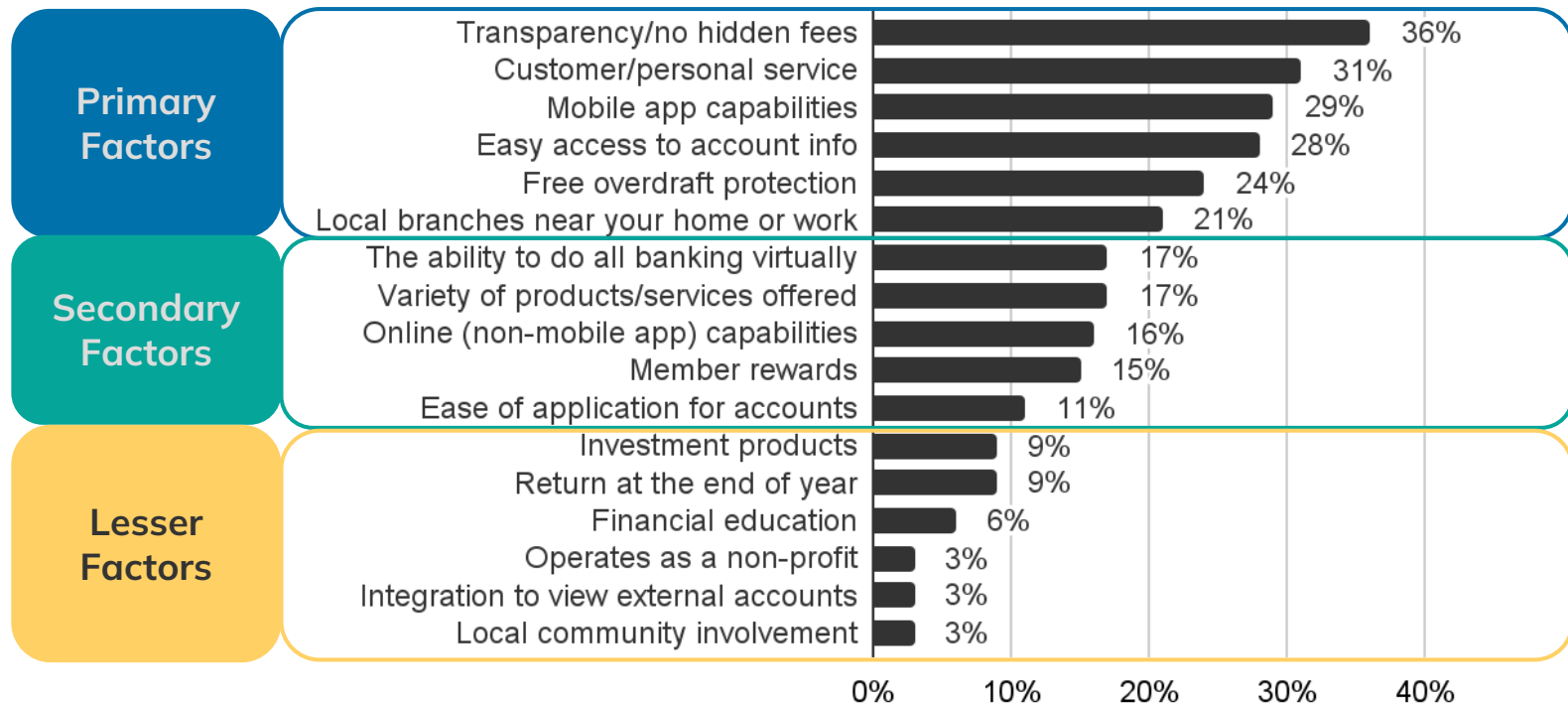
Besides favorable interest rates and low fees, which of the following factors do you value most in a financial institution?

CU Members (Non-PFI), Under 45 Years Old



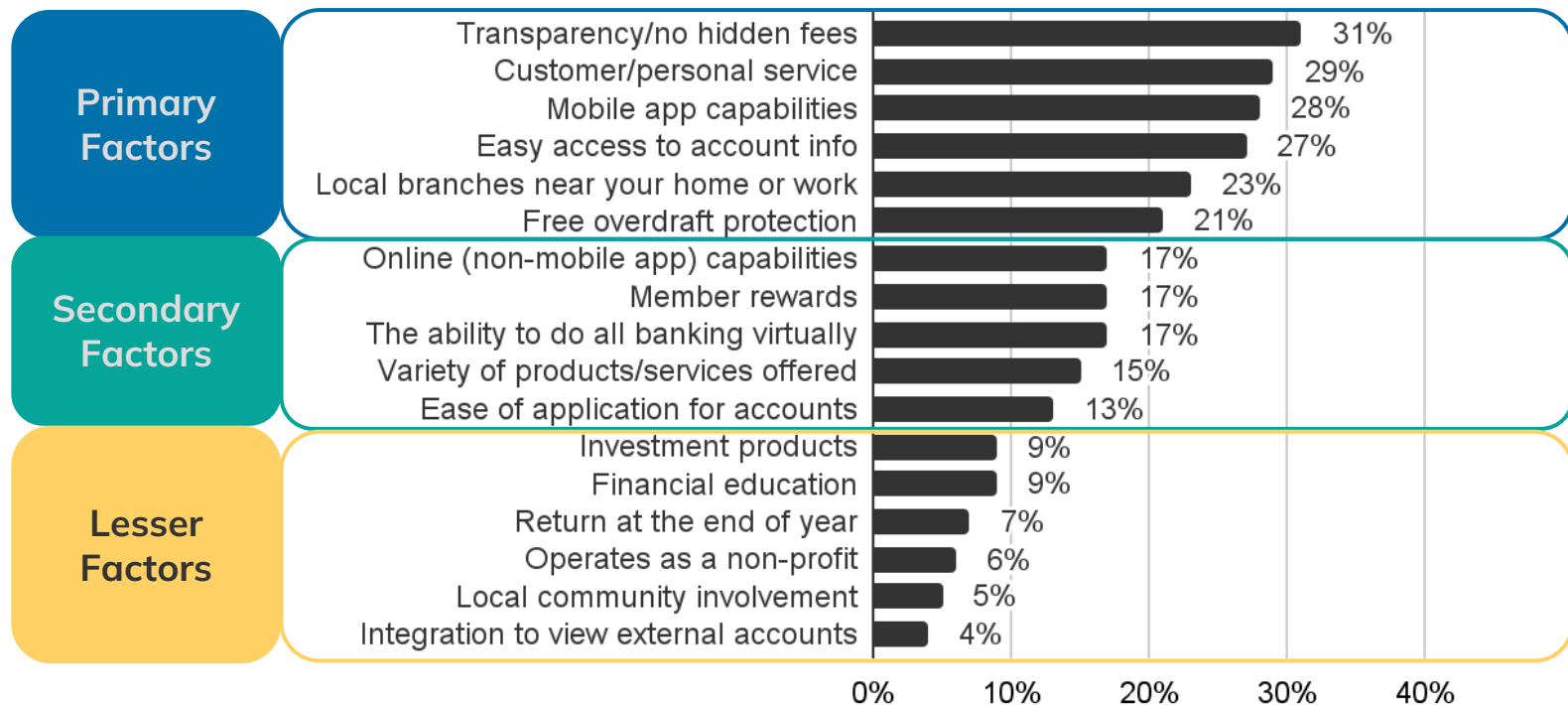
Besides favorable interest rates and low fees, which of the following factors do you value most in a financial institution?

Non-CU Members, Under 45 Years Old



Besides favorable interest rates and low fees, which of the following factors do you value most in a financial institution?

Total, Under 45 Years Old





















Which Financial Institution Is Best & Which Is Worst?

CU Members (PFI), Under 45 Years Old


Credit union members who use a credit union as their PFI consider credit unions the best at most value drivers. This makes existing credit union members powerful advocates.

Importance


Financial Institution Factors	Institution <u>Most</u> Often Rated As Best	Institution <u>Least</u> Often Rated As Best
Accessibility		
Local Branches		
Mobile App	 / 	
Customer Service		
Online Experience		
Variety of Offerings		
Financial Education		
Community Involvement		



Credit Unions



Traditional Banks























Online-Only Banks


Which Financial Institution Is Best & Which Is Worst?

CU Members (Non-PFI), Under 45 Years Old


Among the most important value drivers, credit union members who don't use the credit union as their PFI believe credit unions are only the best at customer service (tied with traditional banks). In their mind, the other top value drivers are done best by either online-only banks or traditional banks.

Importance


Financial Institution Factors	Institution <u>Most</u> Often Rated As Best	Institution <u>Least</u> Often Rated As Best
Customer Service	 / 	
Mobile App		
Accessibility		 / 
Local Branches		
Online Experience		
Variety of Offerings		
Financial Education		 / 
Community Involvement	 / 	



Credit Unions



Traditional Banks





















Online-Only Banks


Which Financial Institution Is Best & Which Is Worst?

Non-CU Members, Under 45 Years Old


Those who are not credit union members think credit unions are the worst at the things that matter the most. This slide shows a striking gap between what credit union members and non-credit union member think of a credit union. This data suggests that marketing to a non-member will require a much stronger message and value proposition to overcome the generally negative perception non-members have towards credit unions.

Importance


Financial Institution Factors	Institution <u>Most</u> Often Rated As Best	Institution <u>Least</u> Often Rated As Best
Customer Service		 / 
Mobile App		
Accessibility		
Local Branches		
Variety of Offerings		
Online Experience		
Financial Education	 /  / 	N/A
Community Involvement		



Credit Unions



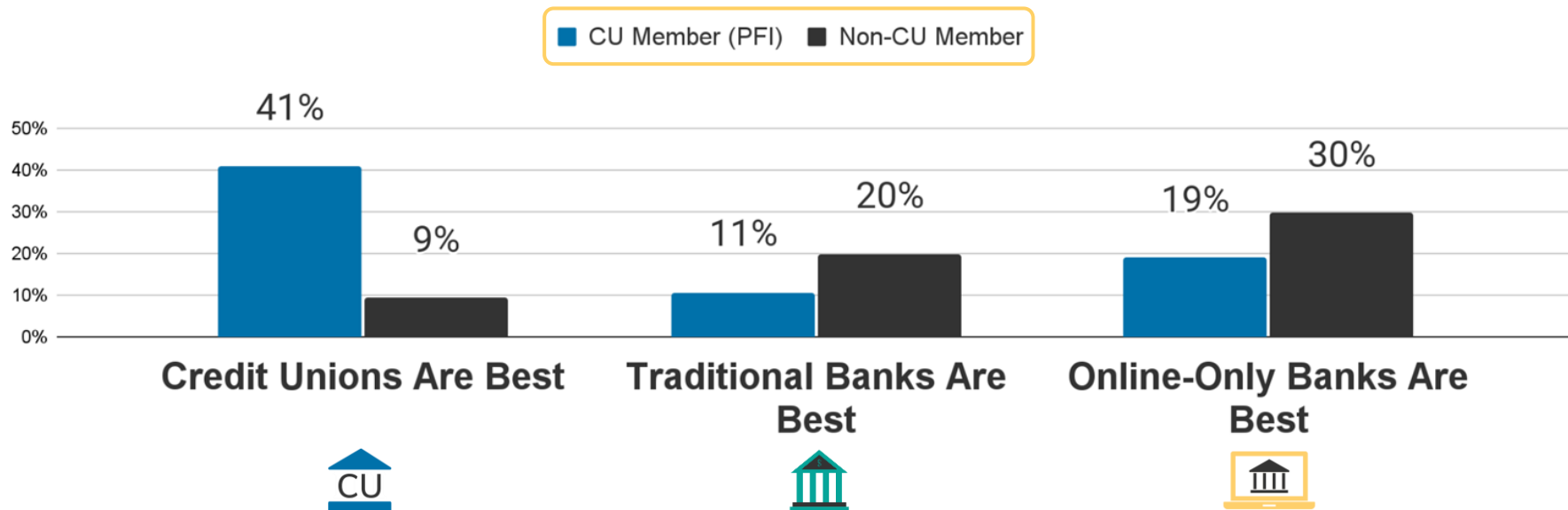
Traditional Banks



Online-Only Banks

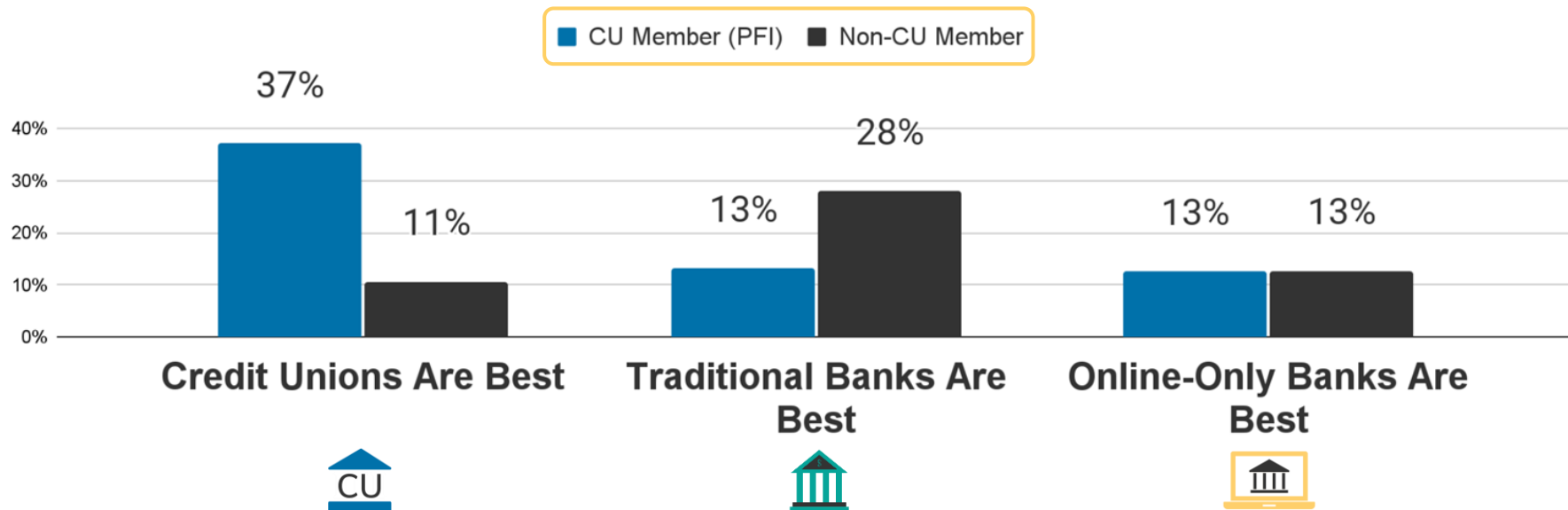
Which Institution Has The Most Favorable Fees?

High fees are considered a top reason someone will not turn to a credit union for their primary financial institution. And while existing credit union members believe credit unions have the best fees, non-credit union members believe credit unions have the worst fees. Credit unions with competitive fees should consider things like fee comparison charts in their marketing and messaging, especially when marketing to potential new members.



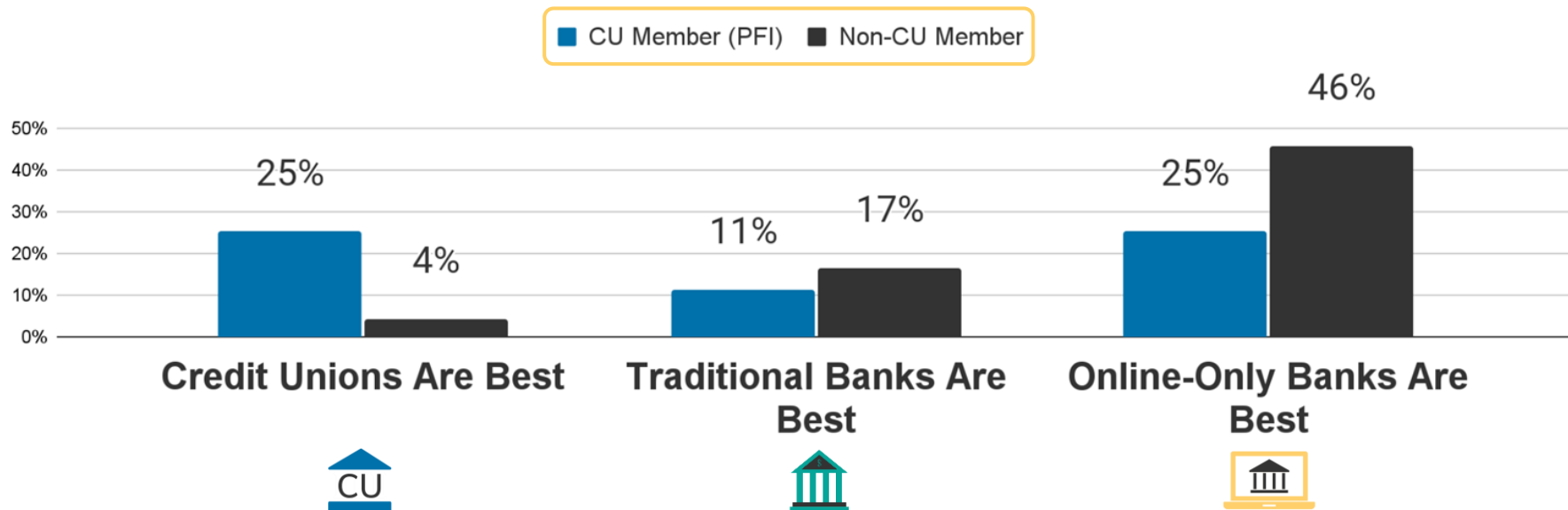
Which Institution Is Best At Customer Service?

Credit union members largely believe credit unions have the best customer service, while the perception among those who don't use a credit union is that credit unions are the worst at customer service. With customer service being a high value driver among non-credit union members, building reputation and awareness around customer service could be a worthwhile strategy.



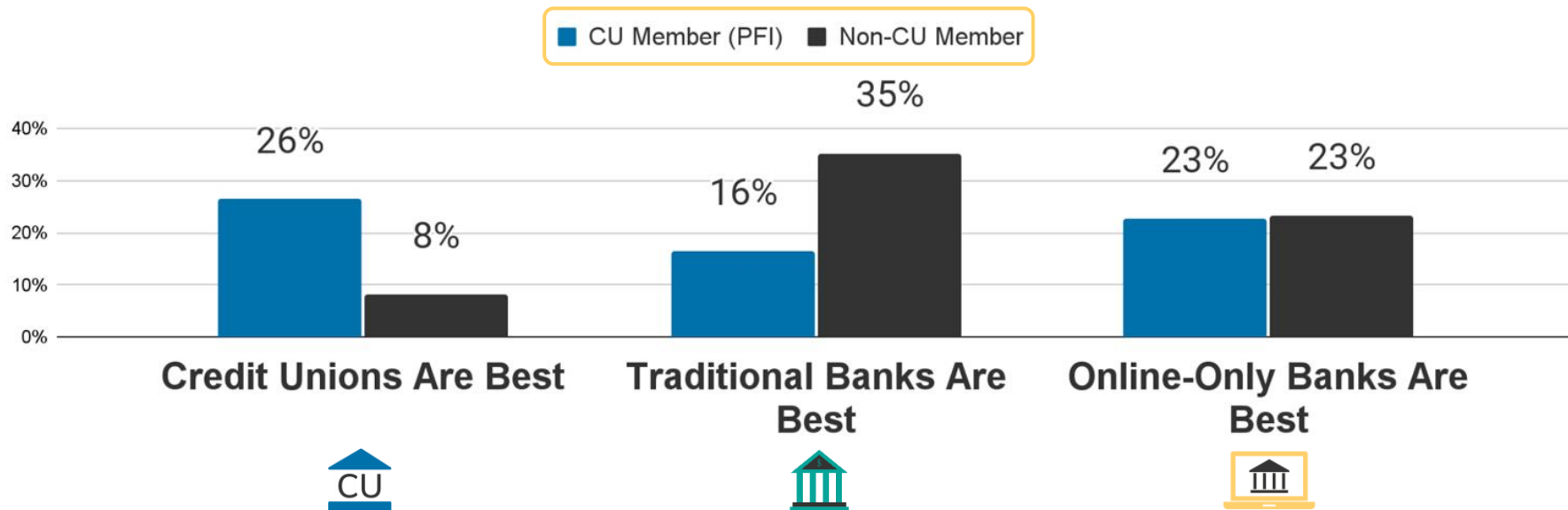
Which Institution Has The Best Mobile App Experience?

Perception of credit union mobile apps, a top value driver, is very low for non-credit union members. Online-only banks are understandably seen as the leader of the mobile app experience. Given the importance of mobile apps in choosing a financial institution and the perception of credit union app among non-members, this may be an area worthy of investment and promotion.



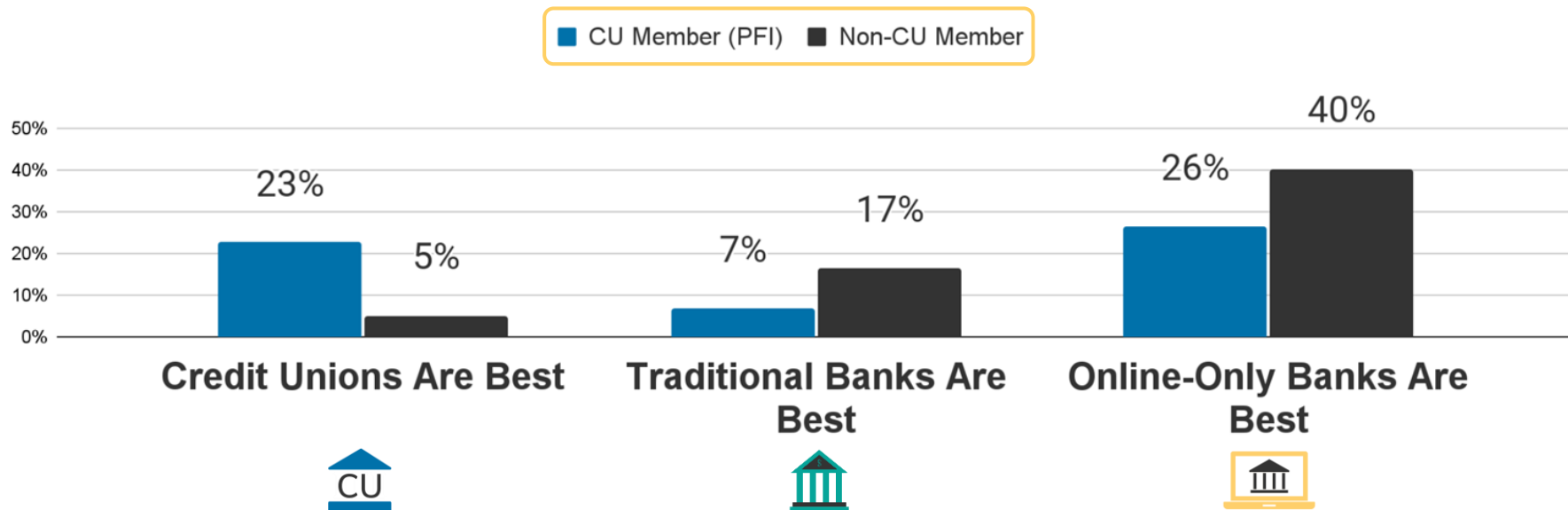
Which Institution Is Most Accessible (Online & In-Person)?

Credit unions are considered more accessible than any alternative by credit union members. But non-credit union members consider credit unions the least accessible (by a wide margin). Traditional banks are considered most accessible, which means being online-only doesn't equate to better accessibility in the eyes of the consumer.



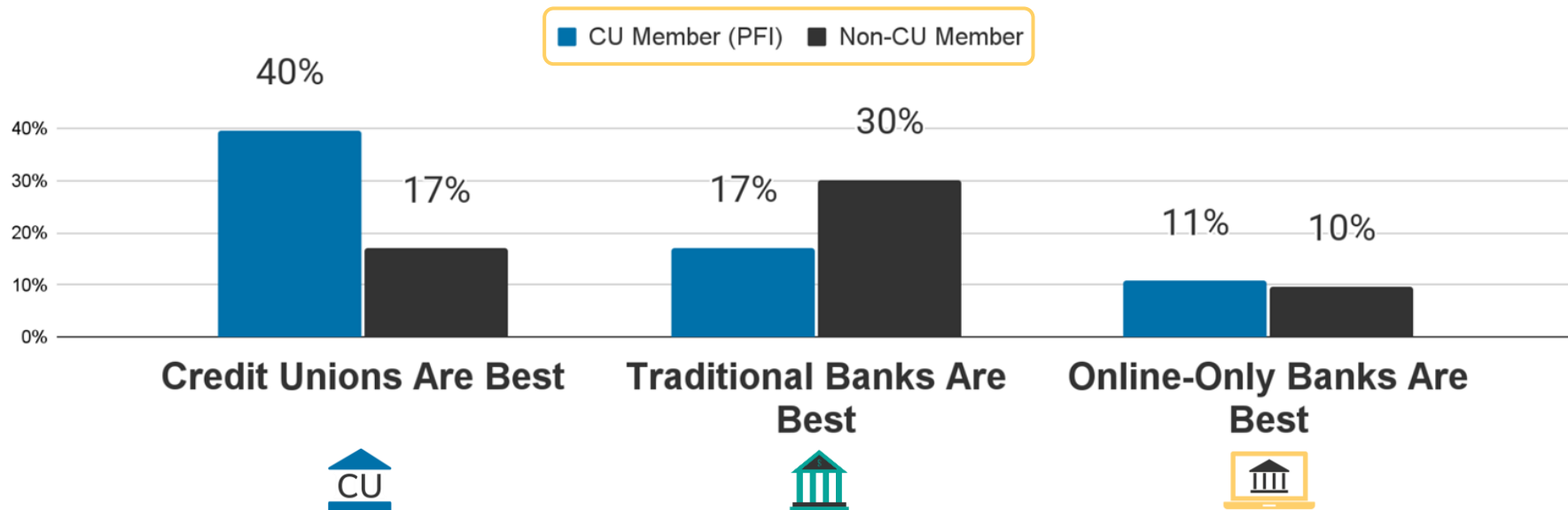
Which Institution Has The Best Online Experience (Website)?

Non-credit union members perceive credit unions as having a very poor online experience. To close this gap, credit unions need to not only consider more serious investments in their website, LOS, and online banking platform, but how they communicate these strengths to the marketplace.



Which Institution Is Best At Community Involvement?

While credit union members believe credit unions are best at community involvement, traditional banks are considered best by non-credit union members. This may come as a surprise to credit unions, who take community involvement very seriously. To improve this perception, credit unions should consider how they build awareness of their community involvement to non-members. That said, given community involvement is not considered a high value driver in choosing a financial institution, a credit union's time, attention, and investment may be better focused elsewhere as evidenced by earlier slides.



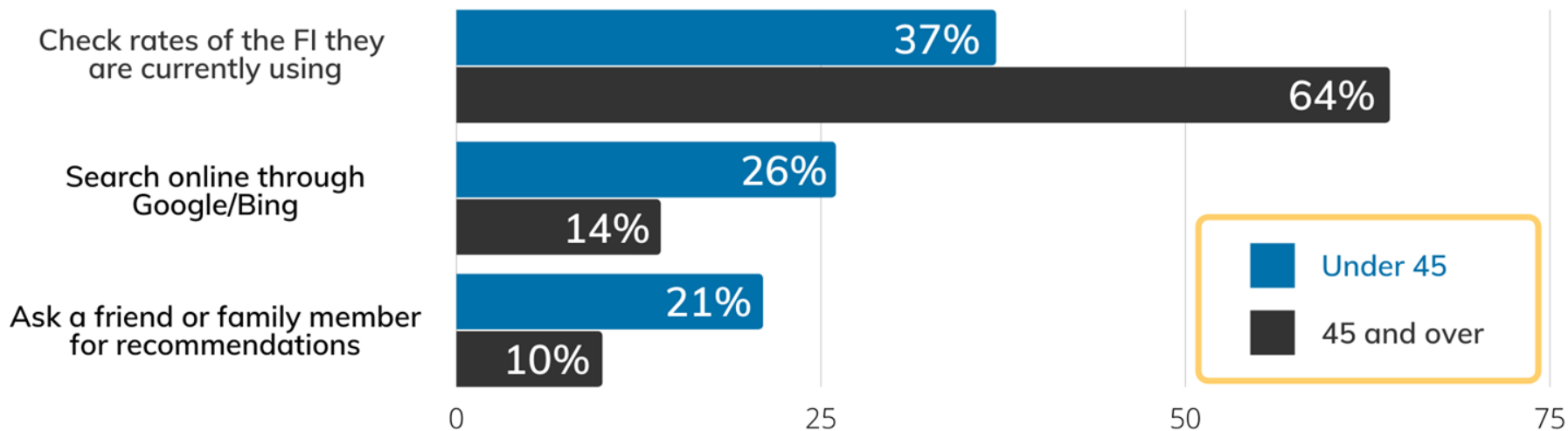
Section III

Consumer Banking Behaviors & Advertising Experiences

Those 45 and over are more likely to go to their existing bank/credit union when shopping for loans.

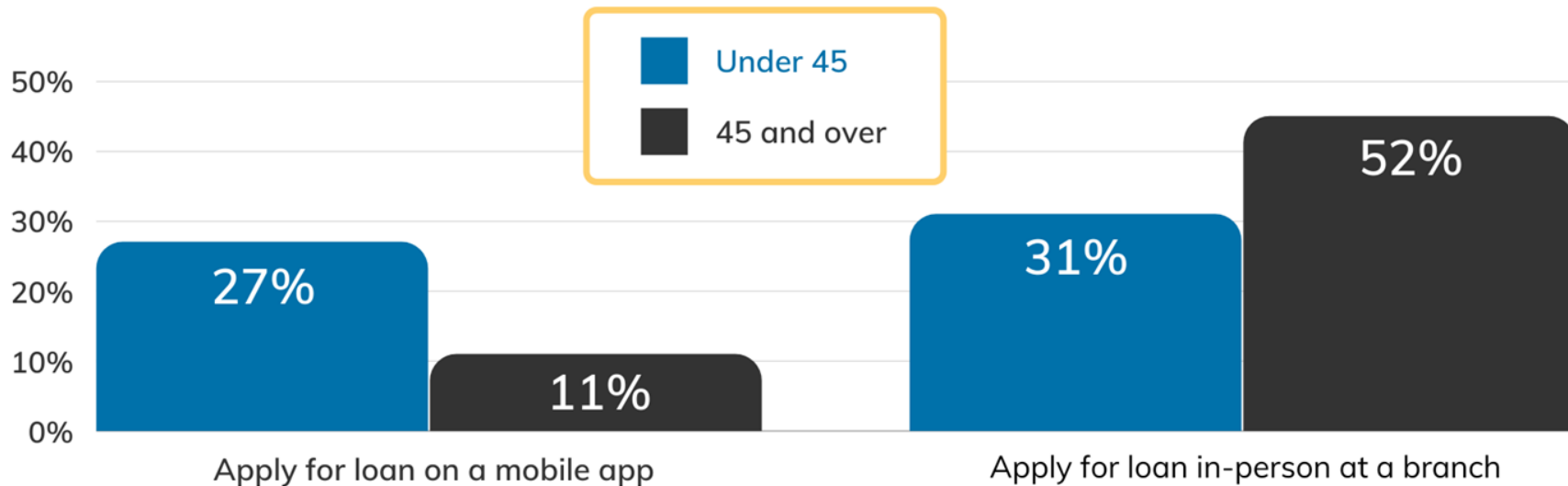
Age groups behave differently in how they begin their search for a new loan. Those 45 and older display much more loyal behavior in the loan shopping process compared to those under 45 years old.

As credit unions bring younger members onboard, they'll also need to adjust expectations around how likely those new members are to engage them for future loan needs. To counteract this less loyal behavior, credit unions should consider more visible, frequent, and personalized messaging to their younger members.



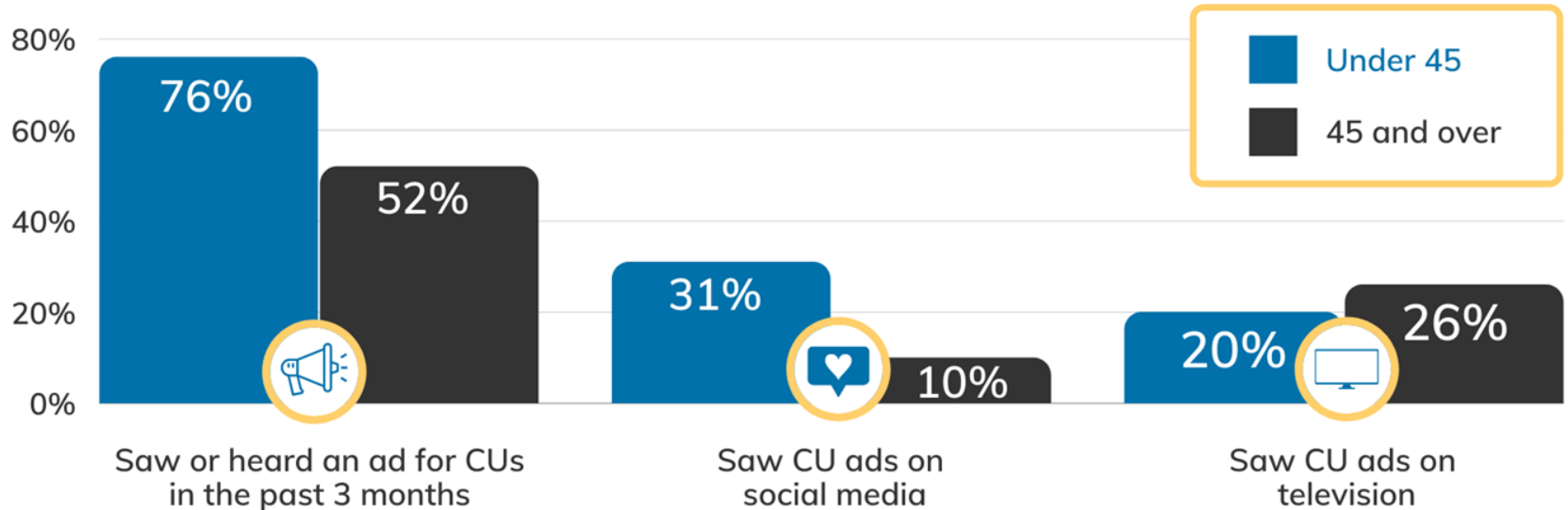
Those under 45 are more likely to apply for a loan on a mobile app than those 45 and over.

Mobile app capabilities is a top value driver for consumers under 45 when evaluating a financial institution. This chart shows that those under 45 are nearly as likely to use an app for a loan as they are a branch. This begs the question: are credit unions treating their mobile app experience as seriously as they treat their in branch experience? If not, a credit union could be missing out on many more loan opportunities among younger demographics.



Those under 45 were much more likely to have seen ads than those 45 and over.

The most common channel for someone under 45 to see a credit union ad was online (social media advertising, search advertising, display, or banner advertising) followed by streaming television. For those 45 and older, cable and broadcast television was the most common channel for seeing a credit union advertisement, with nearly half (48%) claiming they hadn't seen any credit union advertising in the last three months.

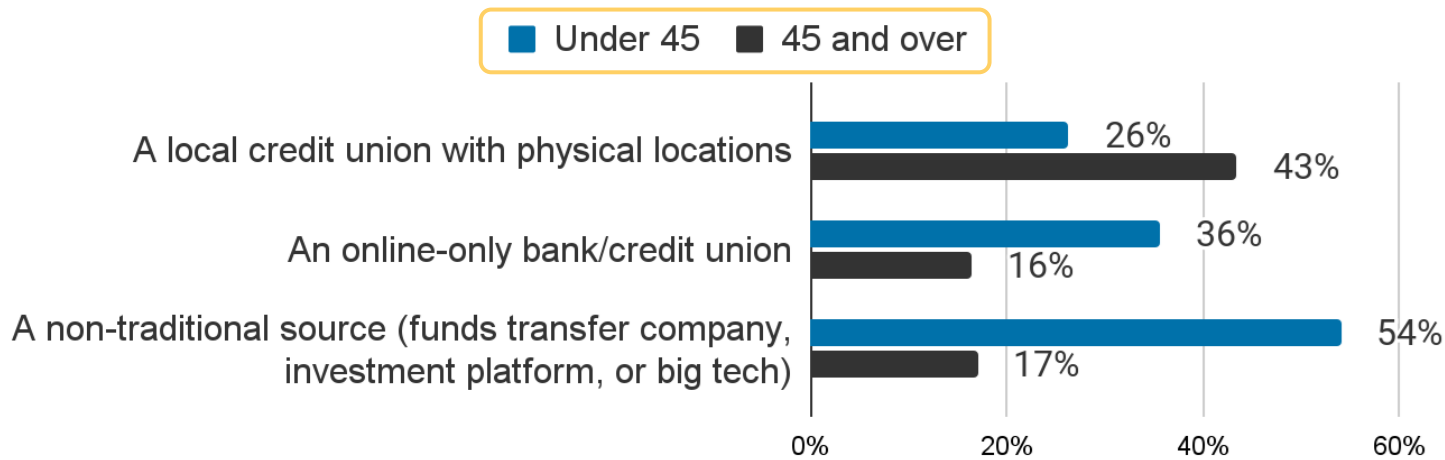


Section IV

Switching Primary Financial Institutions

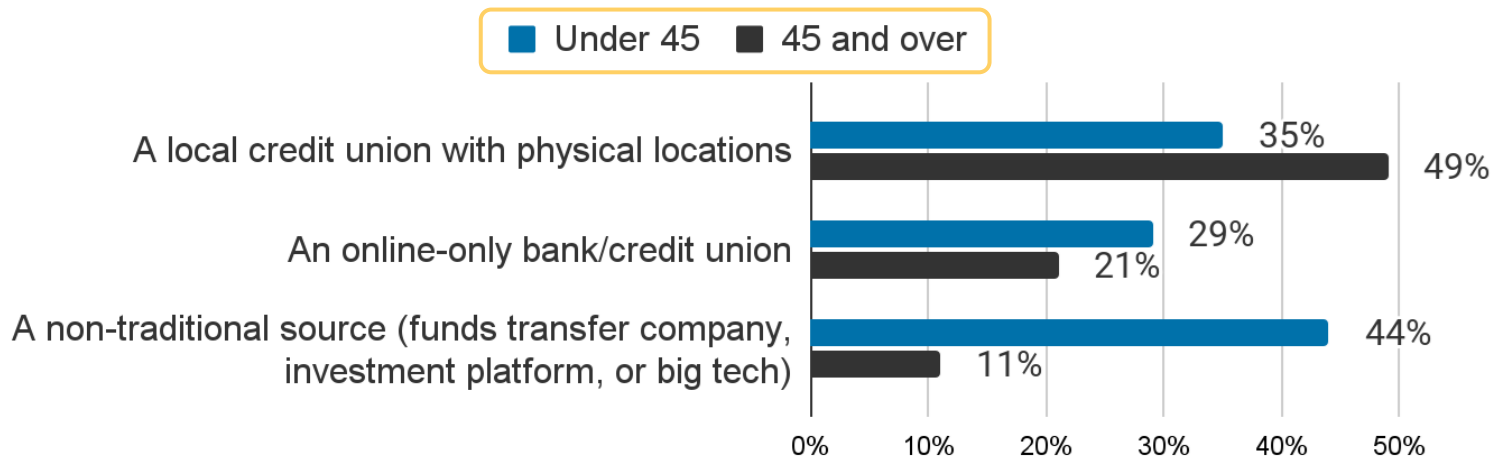
Which of the following sources would you be likely to consider for your primary checking/savings account if they offered this service?

A credit union is the least likely financial institution someone under 45 would consider for their checking or savings account while Fintechs are considered the most likely service someone would choose. By comparison, credit unions are considered the most likely choice for a primary checking/savings account for those 45 and older, while online-only solutions are considered far less desirable.



Which of the following sources would you be likely to consider for an auto loan if they offered this service?

44% of those under 45 are most likely to consider a non-traditional source for their next auto loan, more so than a credit union or online-only bank. As new, unconventional loan providers enter the space, the market share among younger consumers could be threatened. Consumers under 45 are also 35% more likely to consider a credit union for an auto loan than for their primary checking/savings account. This suggests marketing to brand new members for a checking and savings account is a steeper hill to climb than marketing auto loans.

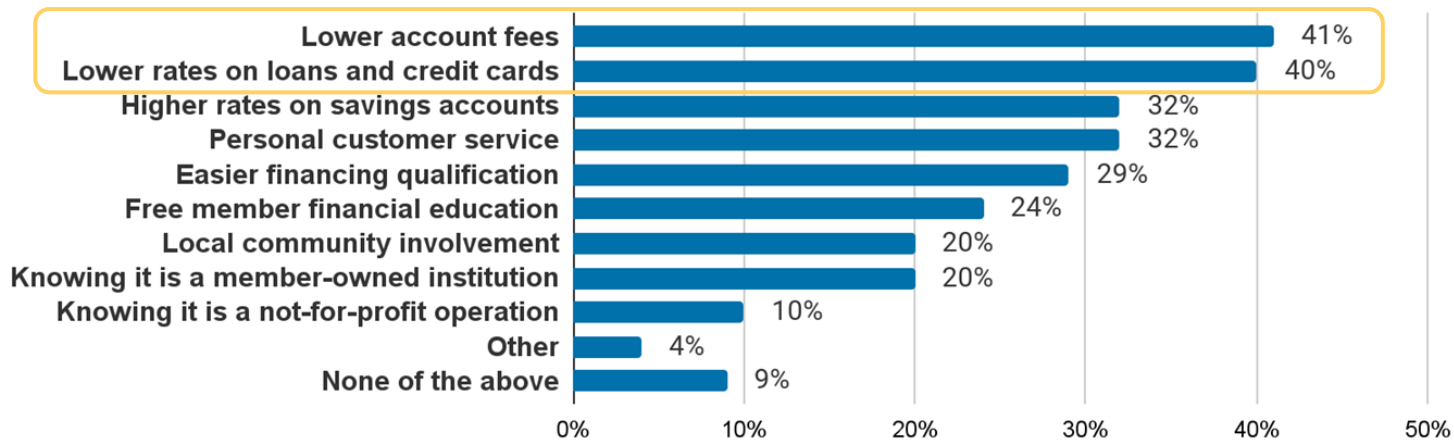


What would prompt a CU member to make the CU they use their primary financial institution?

Low fees and strong rates are the most likely factor for turning an existing member into a member who uses the credit union as their primary financial institution.

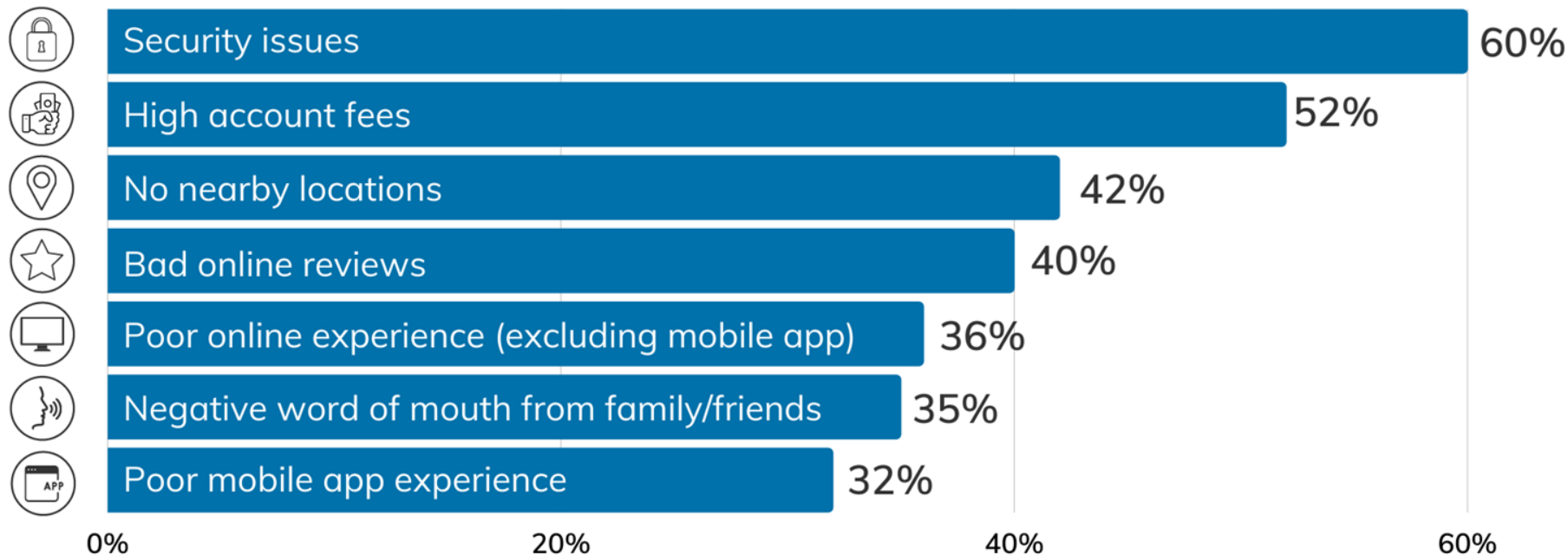
As the focus on growing share of wallet among existing members increases, credit unions could benefit by highlighting fees and rates in the marketing and messaging.

By comparison, financial education, community involvement, and not-for-profit status are far less persuasive in getting an existing member to change their primary financial institution.



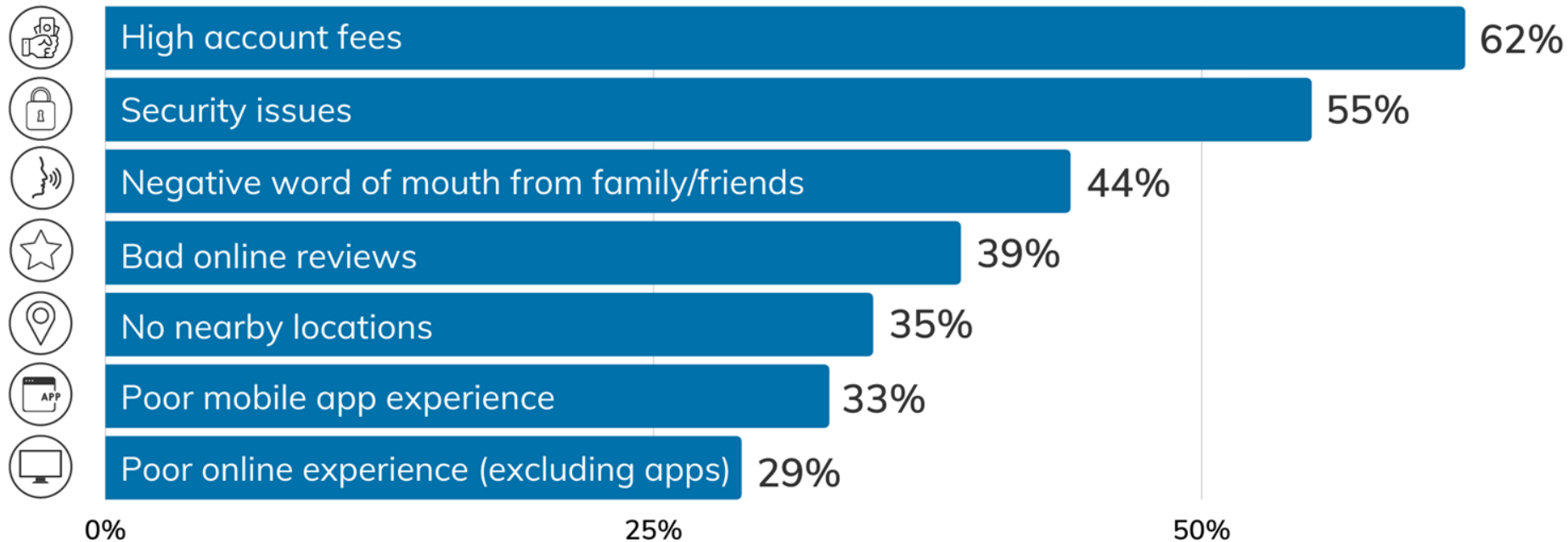
Regardless of good rates, non-credit union members under 45 won't use a financial institution with the following characteristics.

Security concerns and high account fees are big inhibitors to bringing brand new members into the credit union. When marketing to brand new members, consider ways to highlight security and favorable fees in your messaging or website copy.



Regardless of good rates, credit union members (non-PFI) who are under 45 won't use a financial institution with the following characteristics.

Credit unions with high account fees and security concerns will have trouble growing share of wallet among existing members who don't yet use the credit union as their primary financial institution.



Ready to refocus your marketing efforts with data-driven strategies and measurable results?

WebStrategies helps credit unions compete in an increasingly crowded space where consumers have more financial services options than ever before. We specialize in helping credit unions understand their audience better, reach them with the right messages at the right time and place, and accurately measure the results of their marketing initiatives. Our focus has enabled us to develop best-in-class marketing services that generate meaningful results for credit unions. We never stop looking for the best data and information that helps drive leads for our clients.

Additional Resources

- [2021 Credit Union Digital Benchmark Report](#)
- [2021 Credit Union Marketing Survey](#)
- [Credit Union Marketing Resources Library](#)

Contact Us

Do you have questions about the data in this report? Or are you ready to have a conversation about leveling up your marketing?

Reach out to contact@webstrategiesinc.com or [book a meeting](#).