



**Southwest Lending  
& Collections Conference**

# Reduce Member Anxiety, Build Loyalty

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Creating Emotional Engagement in  
Digital Channels

October 15, 2021



*“Emotion moves faster than logic, and that’s invaluable to brands who speak to the heart and character of the customer.”*

*- Melissa Bolton, Brand Therapist*

## Susan Hochsprung, VP Sales

Susan.hochsprung@cunamutual.com



@HochsprungSusan



in/SusanHochsprung



# Agenda

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**01 | Pandemic Drives Americans' Anxiety to New Levels**

**02 | What Impact does Member Anxiety Have on my Credit Union?**

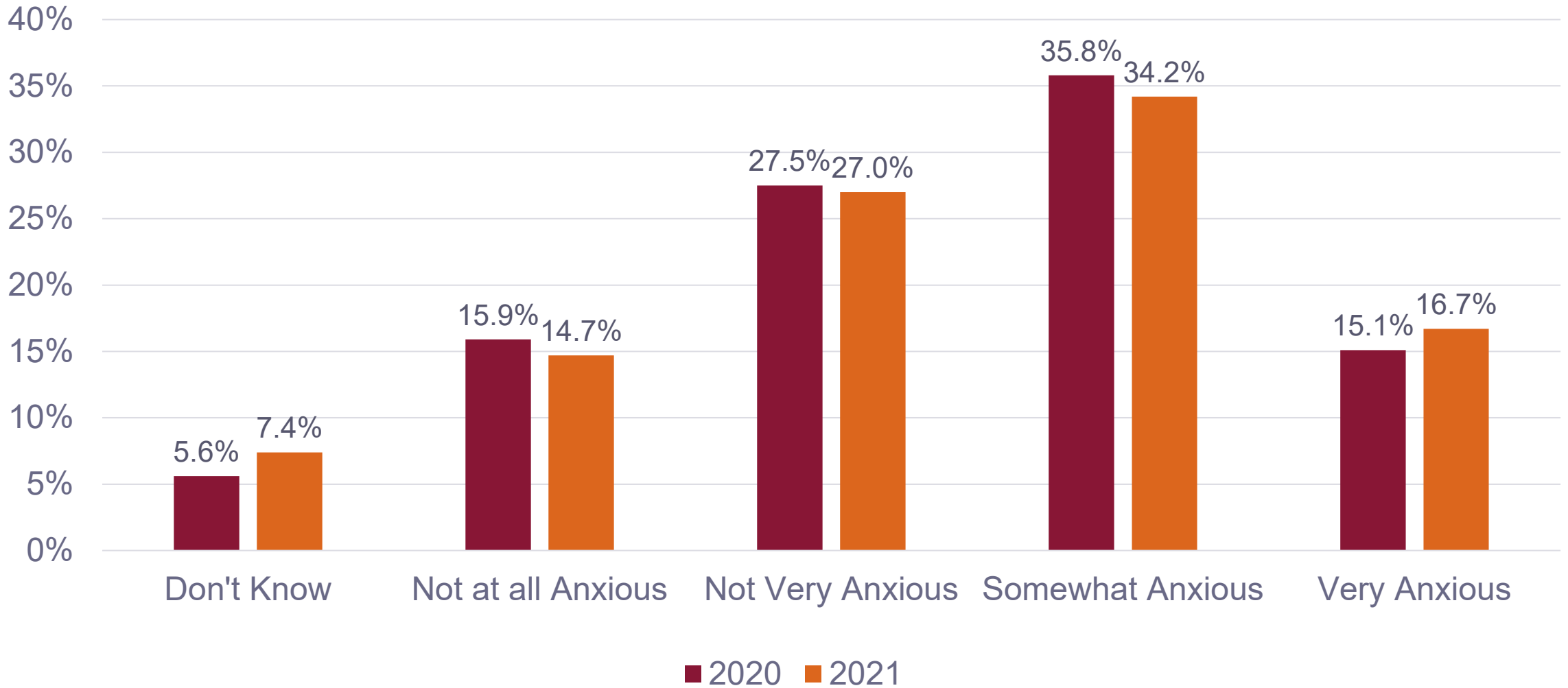
**03 | Keys to Boosting Member Loyalty**

**04 | Actions to Reduce Member Worries/Stress Digitally**

# Pandemic Drives Americans' Anxiety to New Levels

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# Most Consumers Remain Anxious About Their Money



Source: NextAdvisor in partnership with Time



## COVID-19 Even Created Anxieties About Basic Needs for Some Consumers



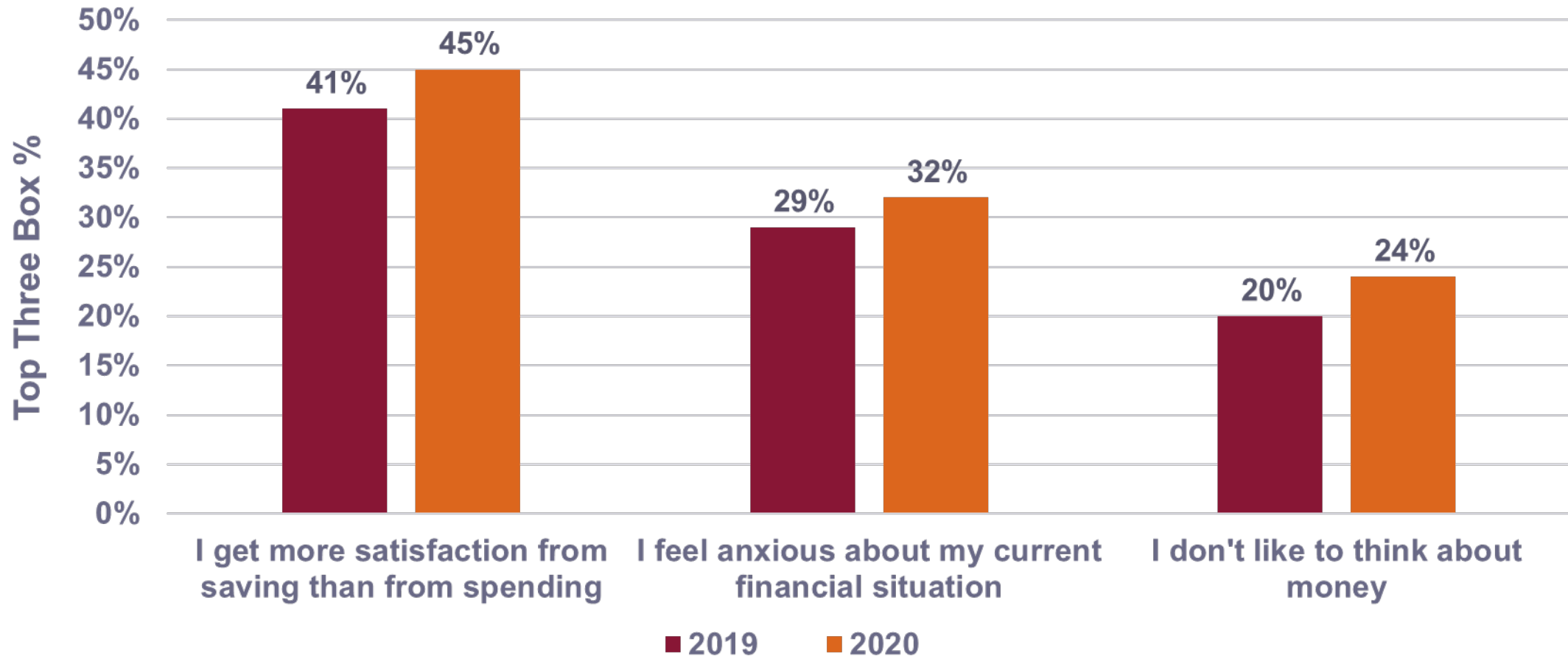
*“I got laid off from my job since I work in retail. I am really worried because I don’t make much, as it is, and now because of COVID, I’m out of a job. I started spending on only food and necessities - mostly buying the cheapest canned foods I can find so my savings could last longer.”*

*-Munira  
Age: 27  
Gender: Female  
Race / Ethnicity: Asian*

Source: CUNA Mutual proprietary consumer qualitative research conducted April 2020

# CUNA Mutual Research Also Picked Up Rise in Financial Worries

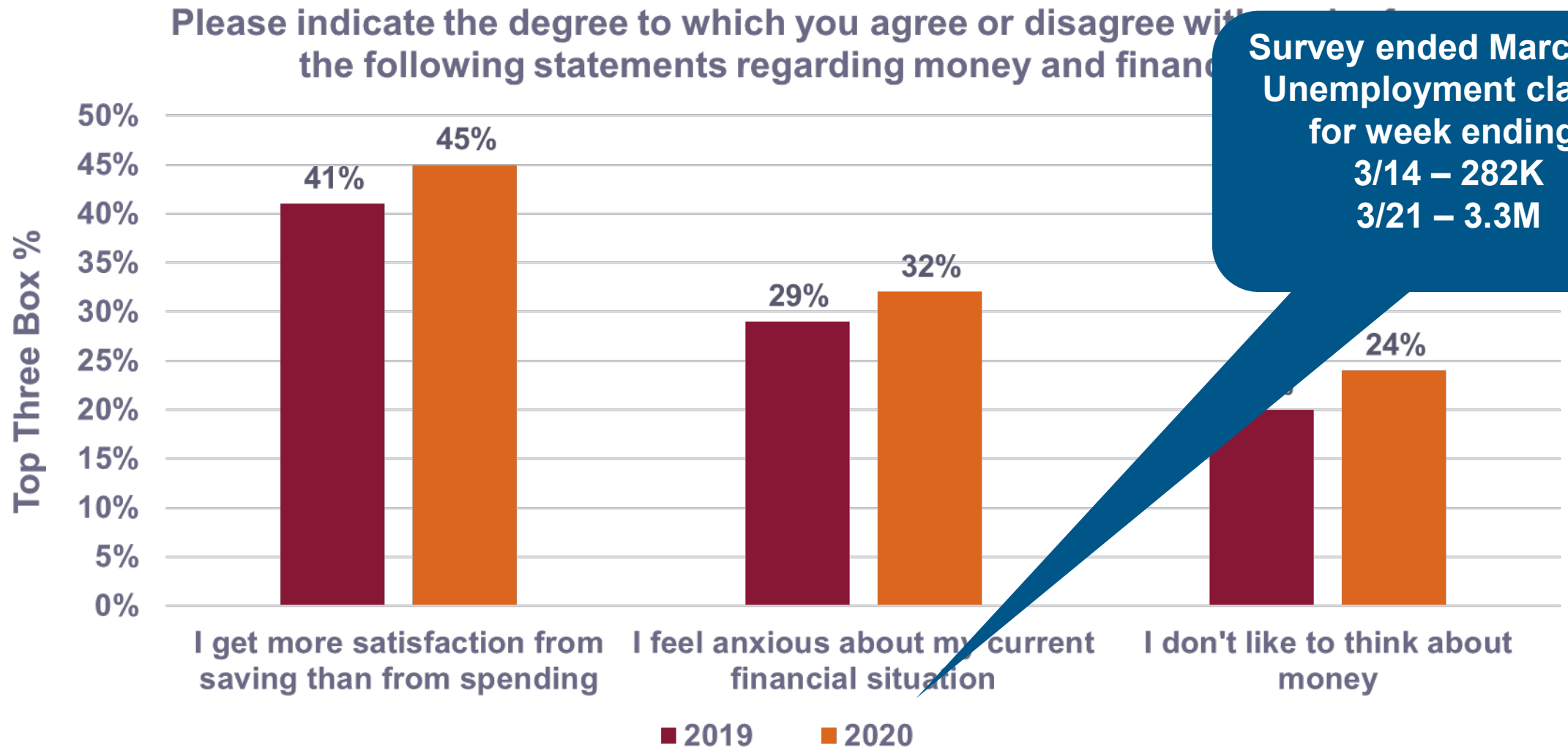
Please indicate the degree to which you agree or disagree with each of the following statements regarding money and finances



Source: CUNA Mutual proprietary consumer research conducted March 2019 and March 2020



# CUNA Mutual Research Also Picked Up Rise in Financial Worries



Source: CUNA Mutual proprietary consumer research conducted March 2019 and March 2020

# Many, But Not All, Consumers Reported Some Level of Financial Anxiety

Some were financially comfortable, but many experienced feelings of uncertainty as the economy took a sudden drastic turn.

High Degree of  
Financial Anxiety

Little or No  
Financial Anxiety

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*“Covid-19 has strained [the] household budget.. Since the 16th of March, I have only been eating 2 meals a day instead of 3. Started selling things on eBay to help out with money... I've always thought of insolvency, now it's become more urgent.”*

-John

Age: 44

Gender: Male

Race / Ethnicity: Native American

High Degree of  
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Little or No  
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-John  
Age: 44  
Gender: Male  
Race / Ethnicity: Native American

*“My husband and I have put our last student loan payments on hold due to COVID-19... We decided to do this so we can build up our emergency savings fund because of how uncertain things are right now...”*

-Angela  
Age: 29  
Gender: Female  
Race / Ethnicity: White

Little or No  
Financial Anxiety



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-Angela  
Age: 29  
Gender: Female  
Race / Ethnicity: White

*“When I think of my current financial state, I feel calm and comfortable. We have enough to pay our bills every month, splurge a little, and squirrel a little away each month.”*

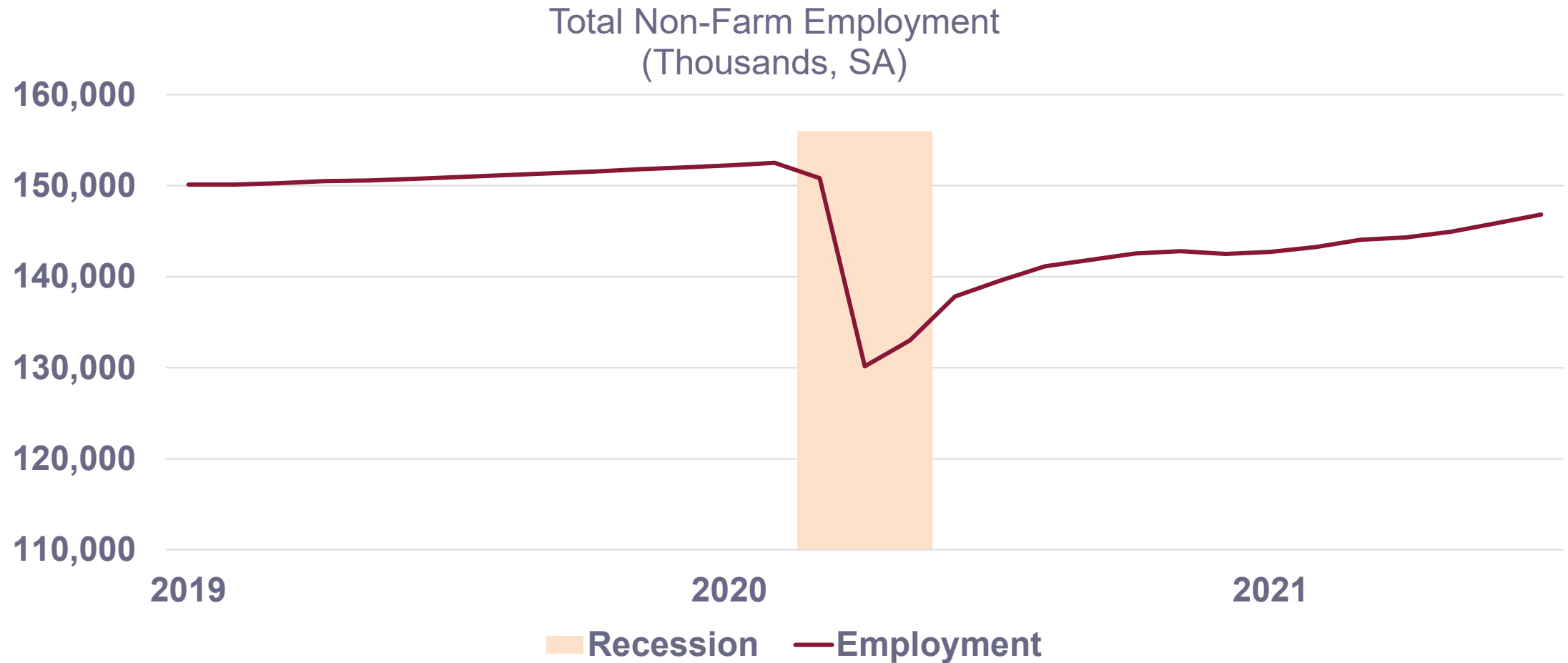
-Chelsea  
Age: 30  
Gender: Female  
Race / Ethnicity: White

Little or No  
Financial Anxiety



# Despite Growing Optimism, Employment Has Yet to Fully Recover

## 5.0 Million Fewer Americans Working Today Compared to June 2019



Source: Bureau of Labor Statistics

# What Impact Does Member Anxiety Have on My Credit Union?

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# Research From Bain Provides a Hint

## Top Five Customer Experience Elements Linked to Net Promoter Score in Banking



Quality – Does the FI have first-class products/services needed for financial success?

Source: "In Search Of Customers Who Love Their Bank", Bain & Co., 11/18/2018

# Research From Bain Provides a Hint

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**Heirloom** – Does the FI represent a good investment for future generations?

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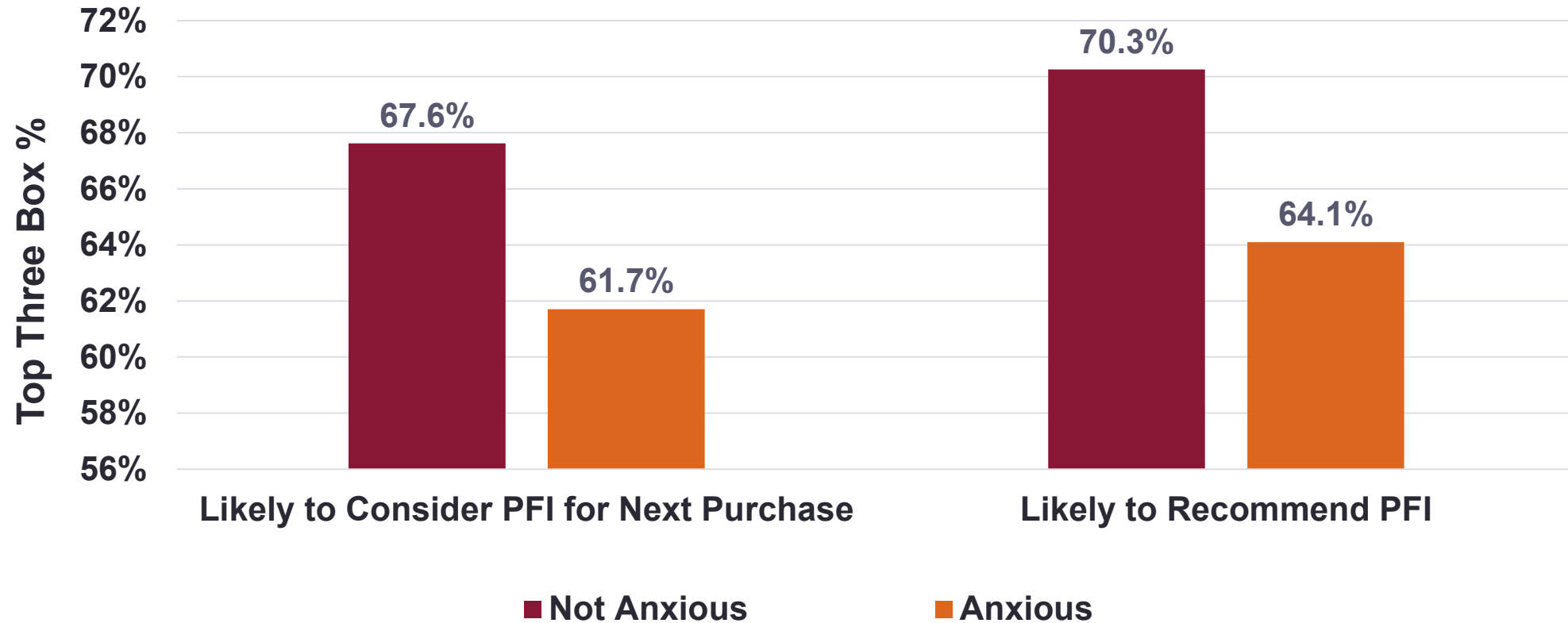


**Reduces Anxiety – Does the FI make me feel confident in managing my finances?**

Source: "In Search Of Customers Who Love Their Bank", Bain & Co., 11/18/2018

# Higher Financial Anxiety = Lower Loyalty Ratings

### Anxious Customers/Members “Ding” Their PFIs By Giving Lower Loyalty Ratings



N=1,367

M9: Please indicate the degree to which you agree or disagree with each of the following statements regarding money and finances: I feel anxious about my current financial situation

M8A. How likely would you be to consider this financial institution for your next product or service?

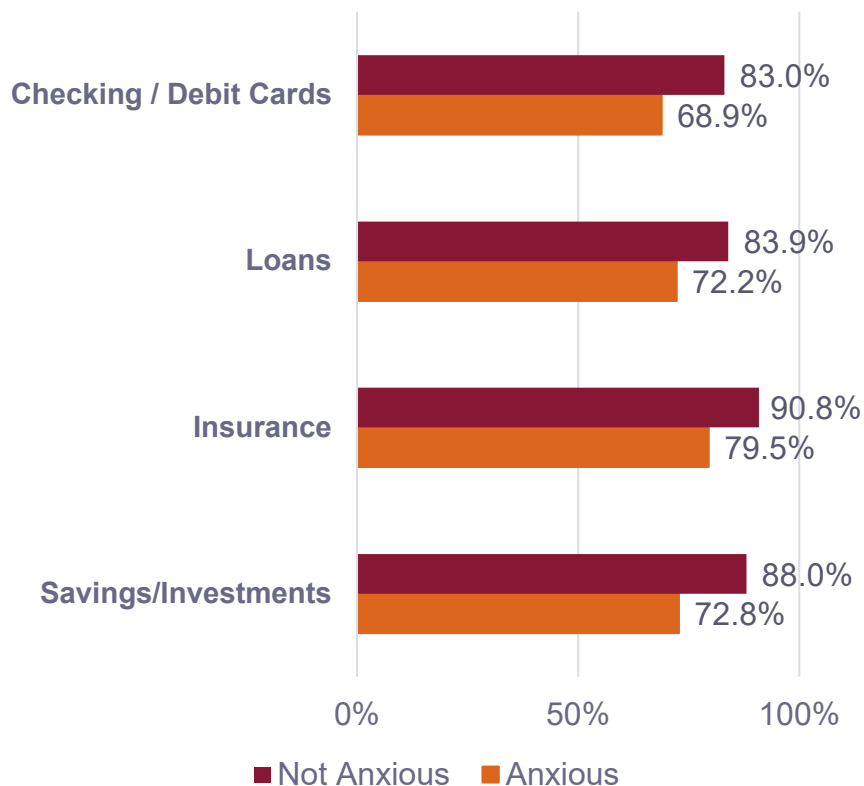
M8B. How likely would you be to recommend this institution to a friend or family member?

Source: CUNA Mutual proprietary consumer research conducted March 2020

# Higher Anxiety Also Leads to Lower CX Ratings for Individual Products

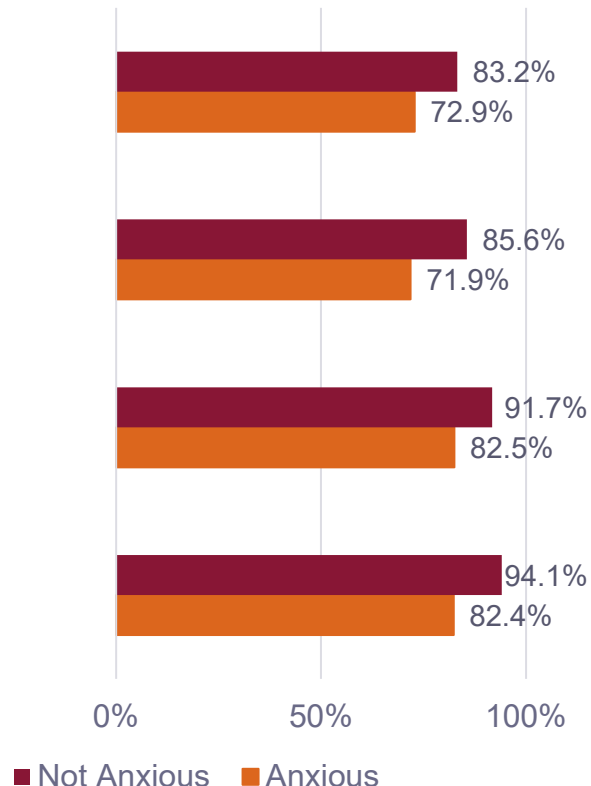
## CX Success

To what degree were you able to accomplish what you wanted to do during the interaction? (Top Three Box %)



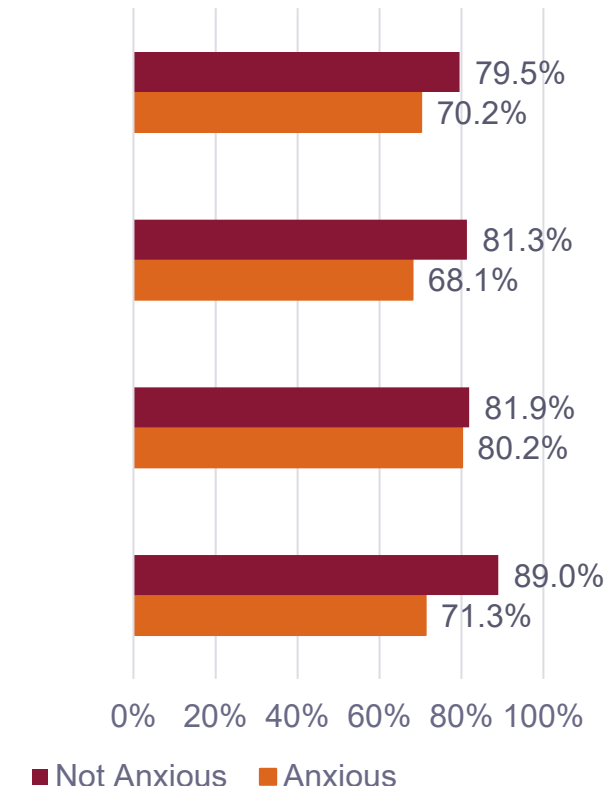
## CX Effort

How easy was it to interact with them? (Top Three Box %)



## CX Emotion

How did you feel about that interaction? (Top Three Box %)



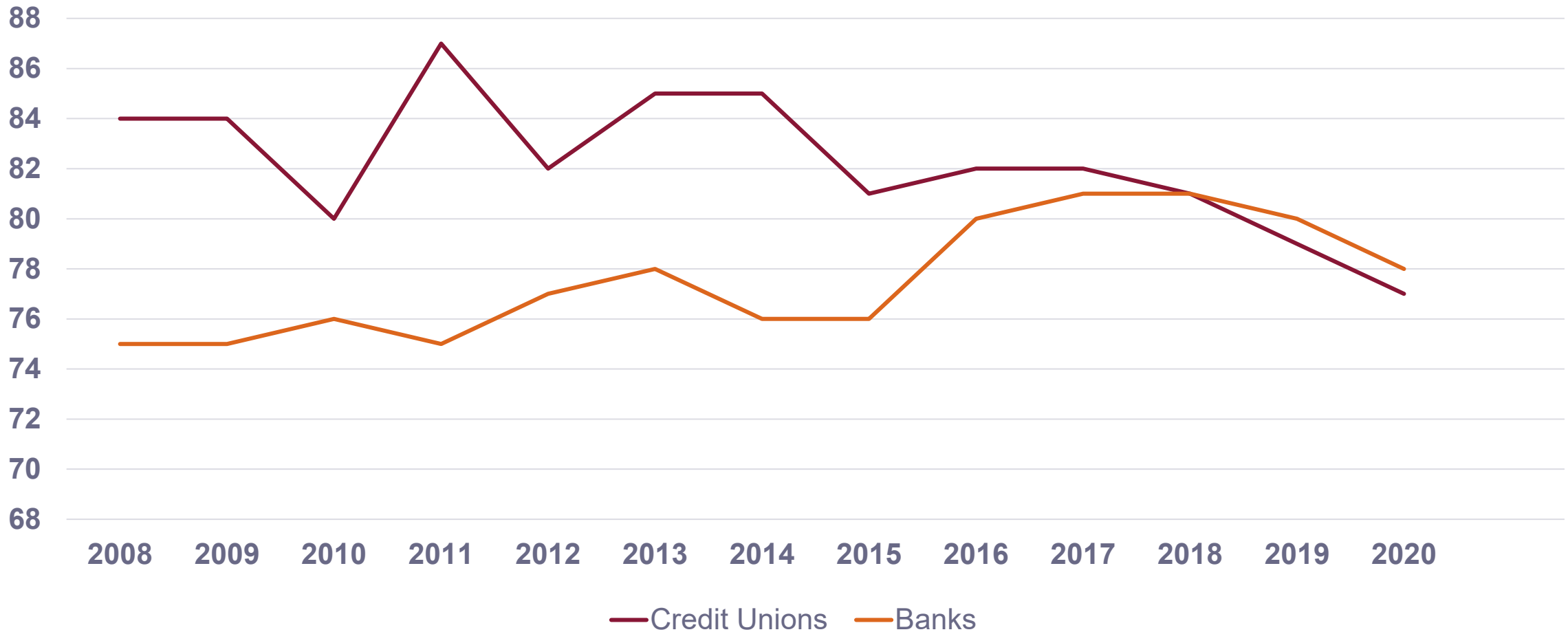
N= 478 – 958

M9: Please indicate the degree to which you agree or disagree with each of the following statements regarding money and finances: I feel anxious about my current financial situation

Source: CUNA Mutual proprietary consumer research conducted March 2020

# Addressing Member Anxiety Could Help Close the Gap with Banks

## American Customer Satisfaction Index



Source: ACSI LLC



## Credit Union Opportunity:

# Turning Anxiety-Provoking Situations into Positive Emotional Experiences

*“Our credit union deferred our car payments for 2 months interest free as a result of the hardships related to the covid-19 shutdown. This was not requested or prompted by us but instead initiated by the credit union. It was such a relief to know that there was one less payment we would have to make right now...”*

-Josh

Age: 34

Gender: Male

Race / Ethnicity: White



# Gallup: 3 Things Members Want From Their Credit Union

- **Increase my peace of mind.**

*“Provide me with the relief I need to get through this crisis”*

- **Build my hope.**

*“Continually be there for me through guidance and solutions”*

- **Reduce my unnecessary stress.**

*“Make it easy for me to access staff and tools when and how I need them”*

*Emotion moves faster than logic...*

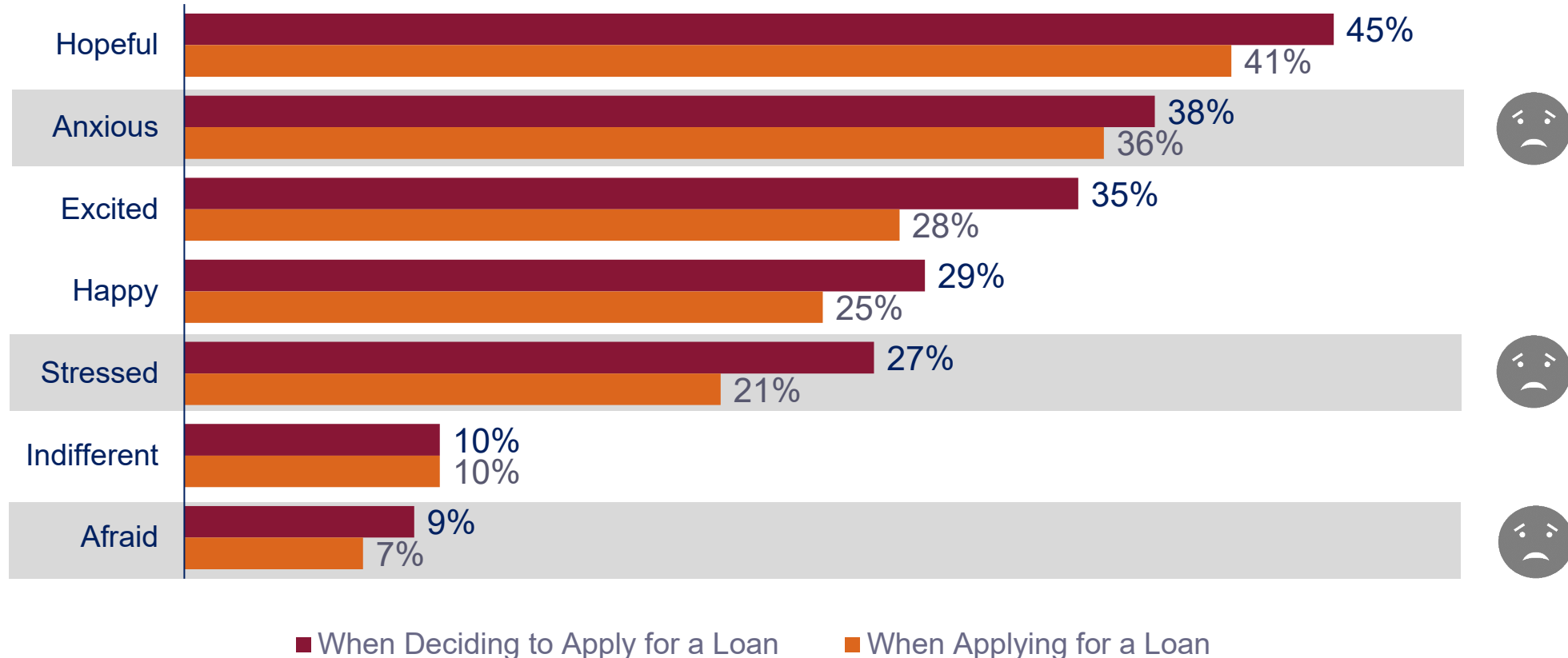
Source: Gallup Workplace Study “Credit Union Members Want 3 Things During COVID Crisis” April 20, 2020

# Keys to Boosting Member Loyalty

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# Leading Emotions Felt When Borrowing

*Hopefulness* was the most frequently cited emotion overall. However, many respondents felt either *anxious*, *stressed*, or *afraid* when deciding to apply or when applying for their loan.



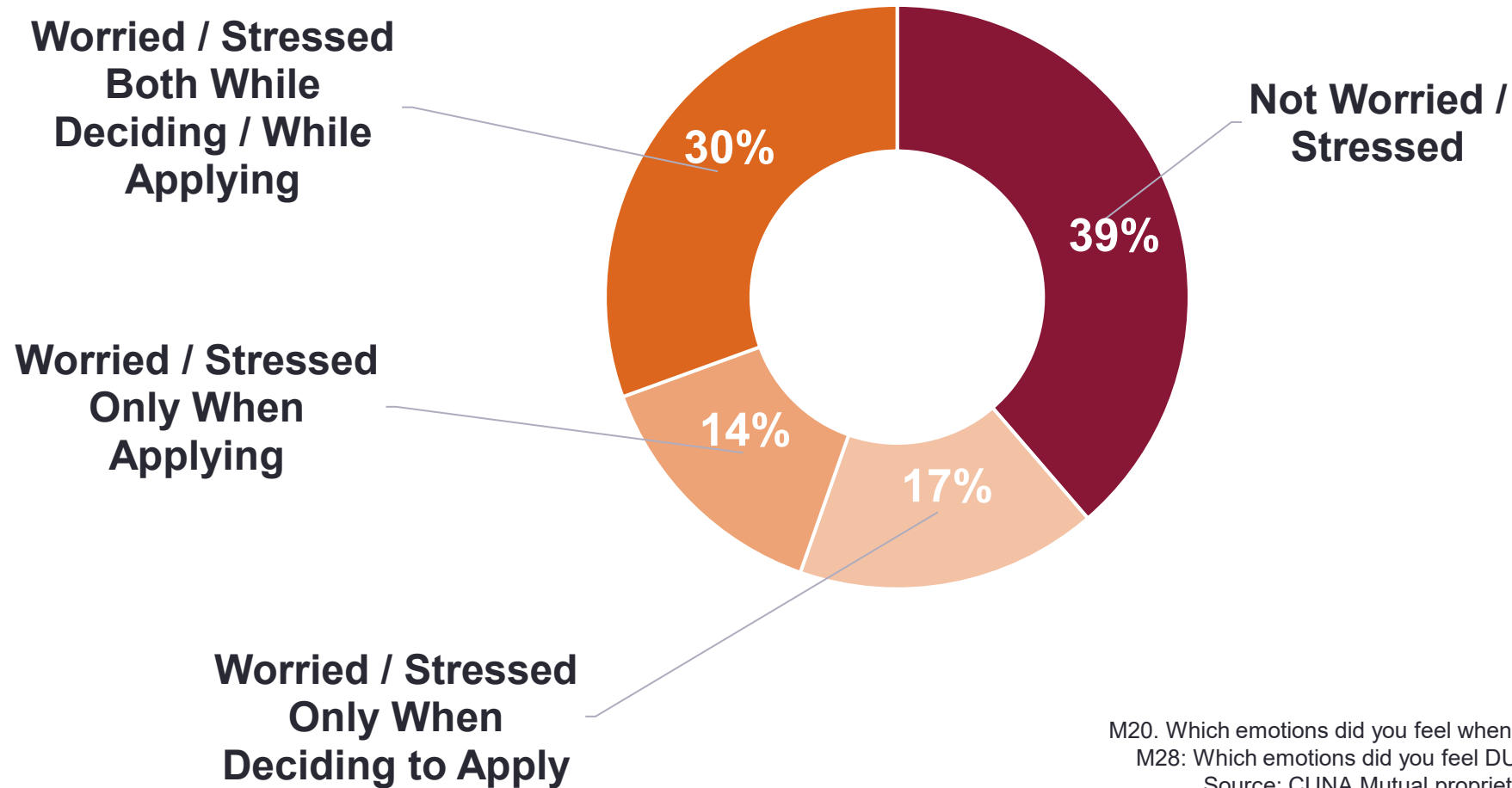
N=476

M20: Which emotions did you feel when you were DECIDING TO APPLY for this loan?

M28: Which emotions did you feel DURING THE LOAN APPLICATION PROCESS?

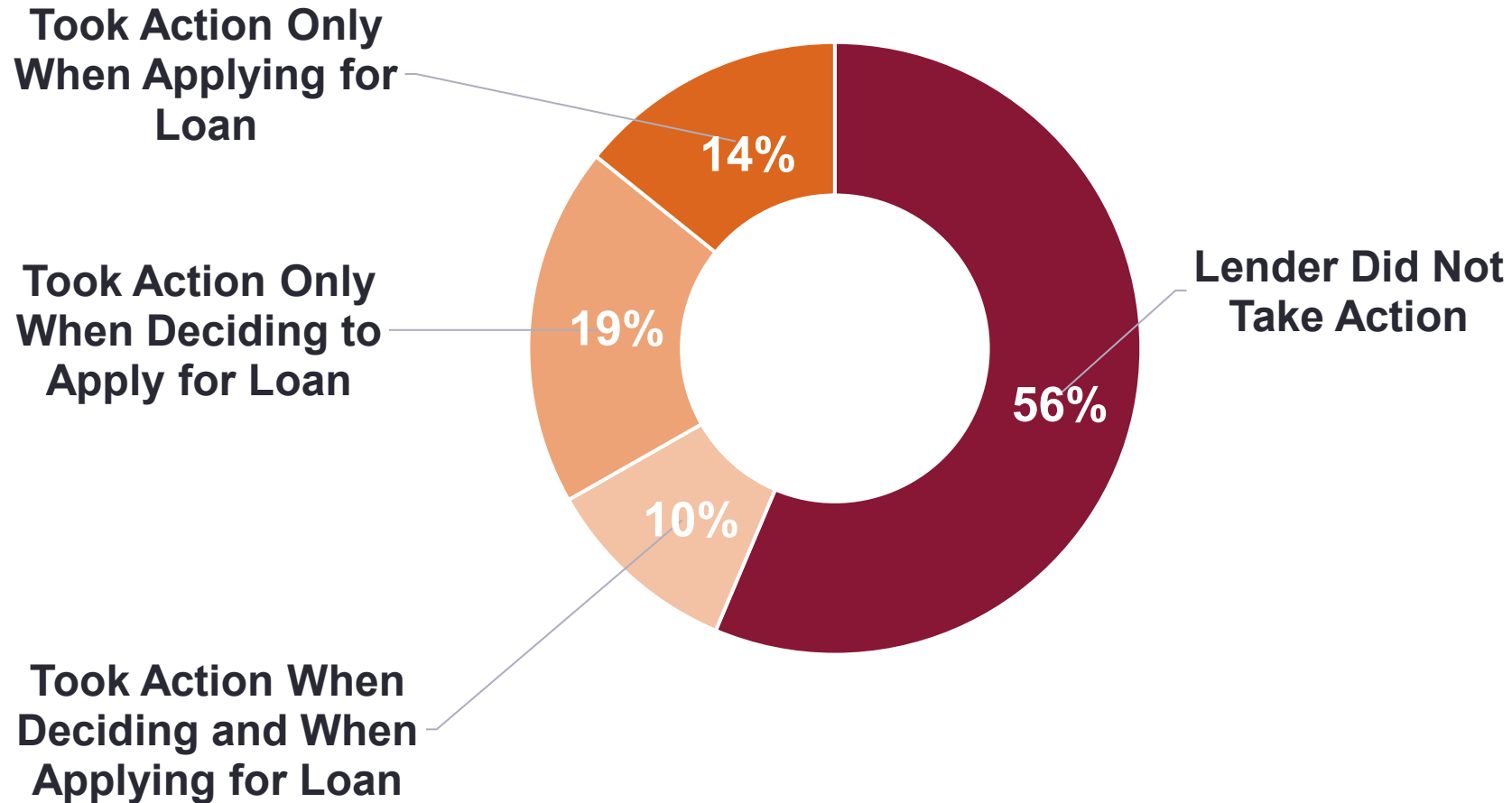
Source: CUNA Mutual proprietary consumer research conducted March 2019

# Most Consumers Are Worried/Stressed Out When Borrowing...



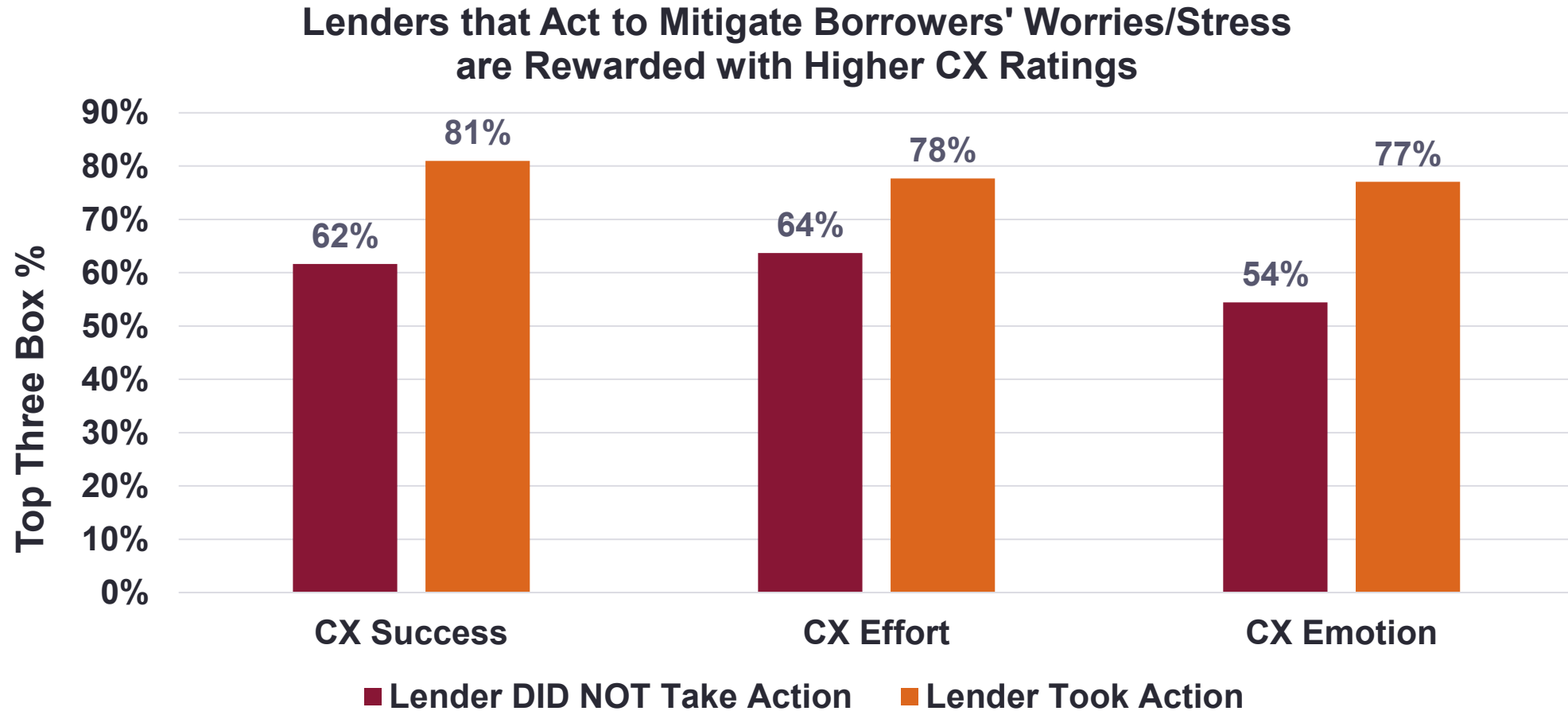
N=455.  
M20. Which emotions did you feel when you were DECIDING TO APPLY for this loan?  
M28: Which emotions did you feel DURING THE LOAN APPLICATION PROCESS?  
Source: CUNA Mutual proprietary consumer research conducted March 2019  
Note: Does not sum to 100% due to rounding.

# ...And Don't Experience Any Lender Actions to Reduce Worry/Stress



N= 279.  
M24: Did your lender take any actions to reduce your level of stress or anxiety WHEN YOU WERE DECIDING TO APPLY FOR THIS LOAN?  
M32: Did your lender do anything to reduce your level of anxiety DURING THE LOAN APPLICATION PROCESS?  
Note: Does not sum to 100% due to rounding

# Acting to Reduce Worries/Stress = Higher CX Ratings



N= 279.

M24: Did your lender take any actions to reduce your level of stress or anxiety WHEN YOU WERE DECIDING TO APPLY FOR THIS LOAN?

M32: Did your lender do anything to reduce your level of anxiety DURING THE LOAN APPLICATION PROCESS?

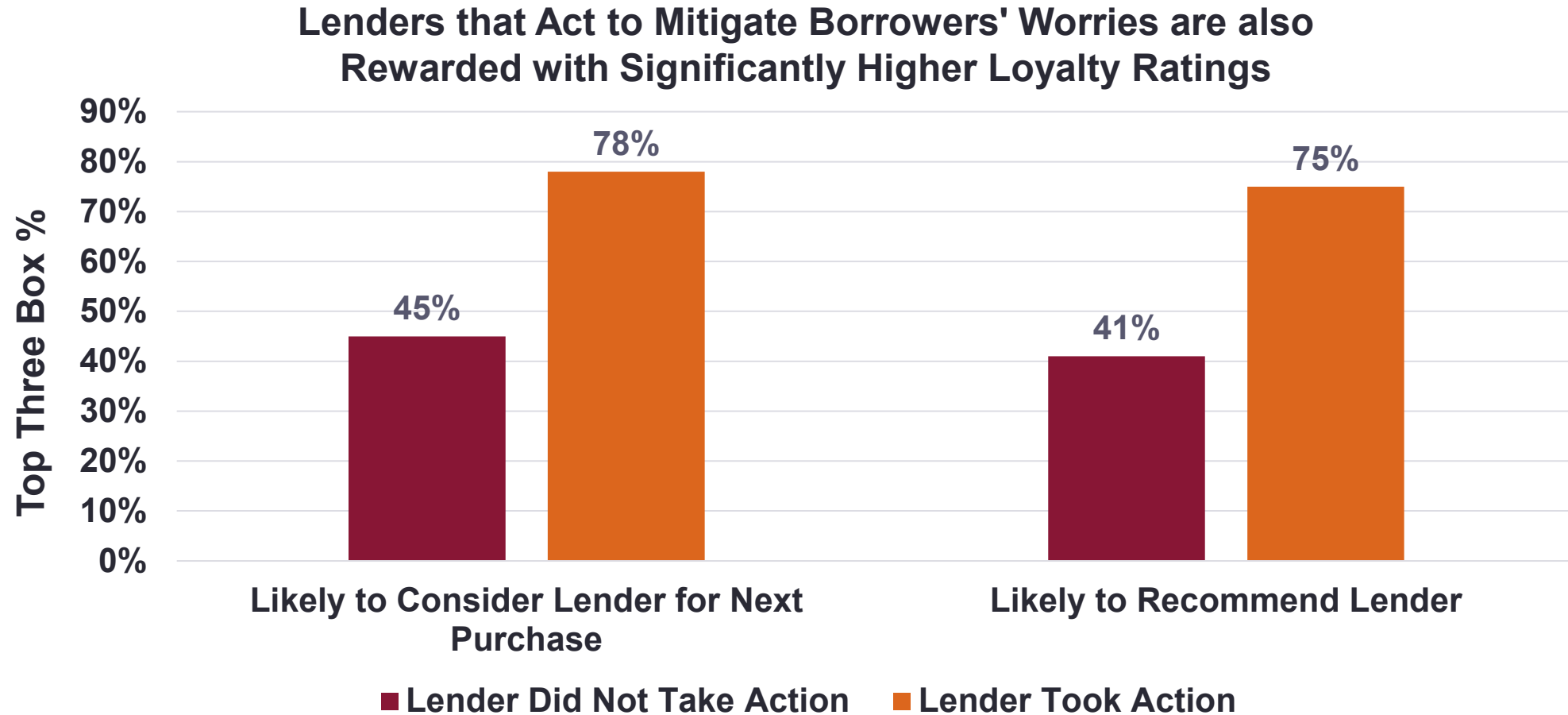
CX Success. Thinking of your most recent interactions with your primary financial institution, to what degree were you able to accomplish what you wanted to do? [Select one]

CX Effort. Thinking of your most recent interactions with your primary financial institution, how easy was it to interact with them? [Select one]

CX Emotion. Thinking of your most recent interactions with your primary financial institution, how did you feel about those interactions? [Select one]

Source: CUNA Mutual proprietary consumer research conducted March 2019

# Acting to Reduce Worries/Stress = Higher Loyalty Ratings

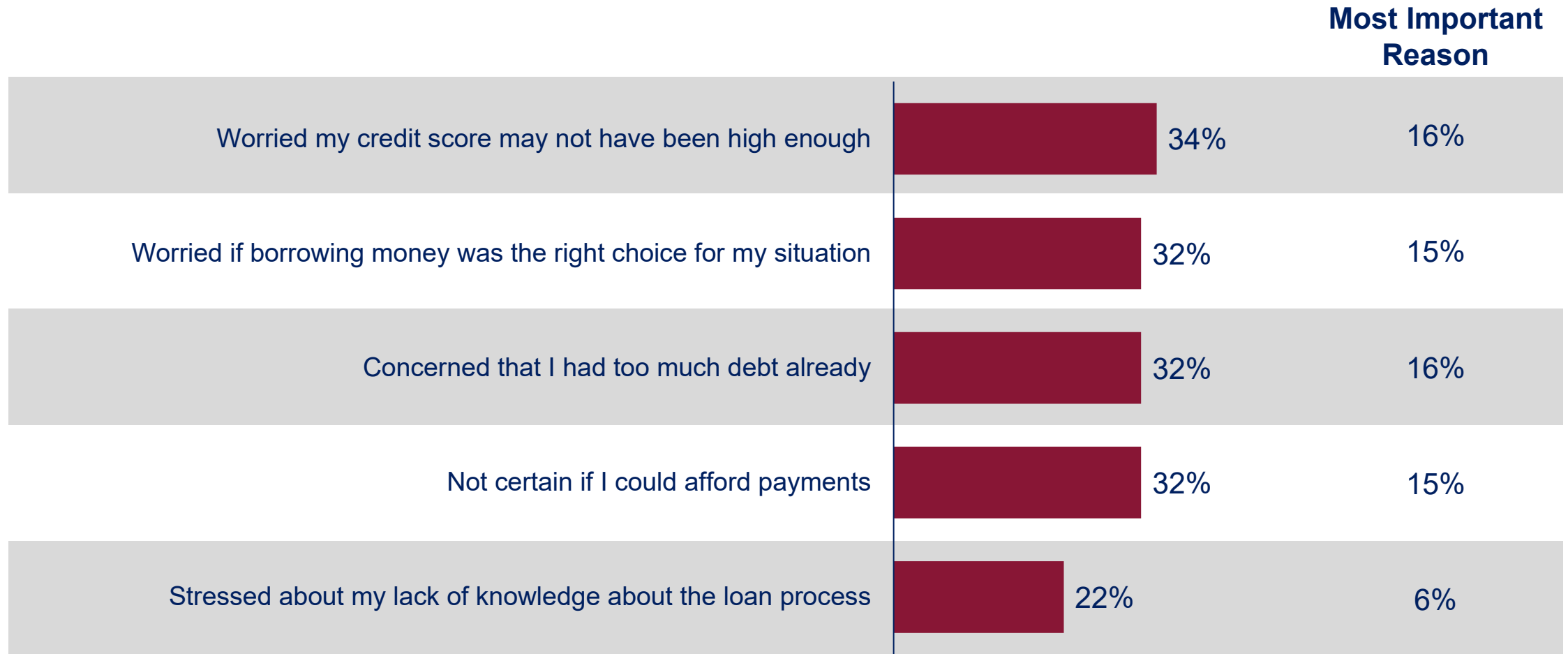


N=203.  
M24: Did your lender take any actions to reduce your level of stress or anxiety WHEN YOU WERE DECIDING TO APPLY FOR THIS LOAN?  
M32: Did your lender do anything to reduce your level of anxiety DURING THE LOAN APPLICATION PROCESS?  
M36: How likely would you be to consider this financial institution for your next product or service?  
M37: How likely would you be to recommend this institution to a friend or family member?  
Source: CUNA Mutual proprietary consumer research conducted March 2019



# What is Causing Anxiety When Deciding to Apply for a Loan?

## Sources of Anxiety When Deciding to Apply for a Loan



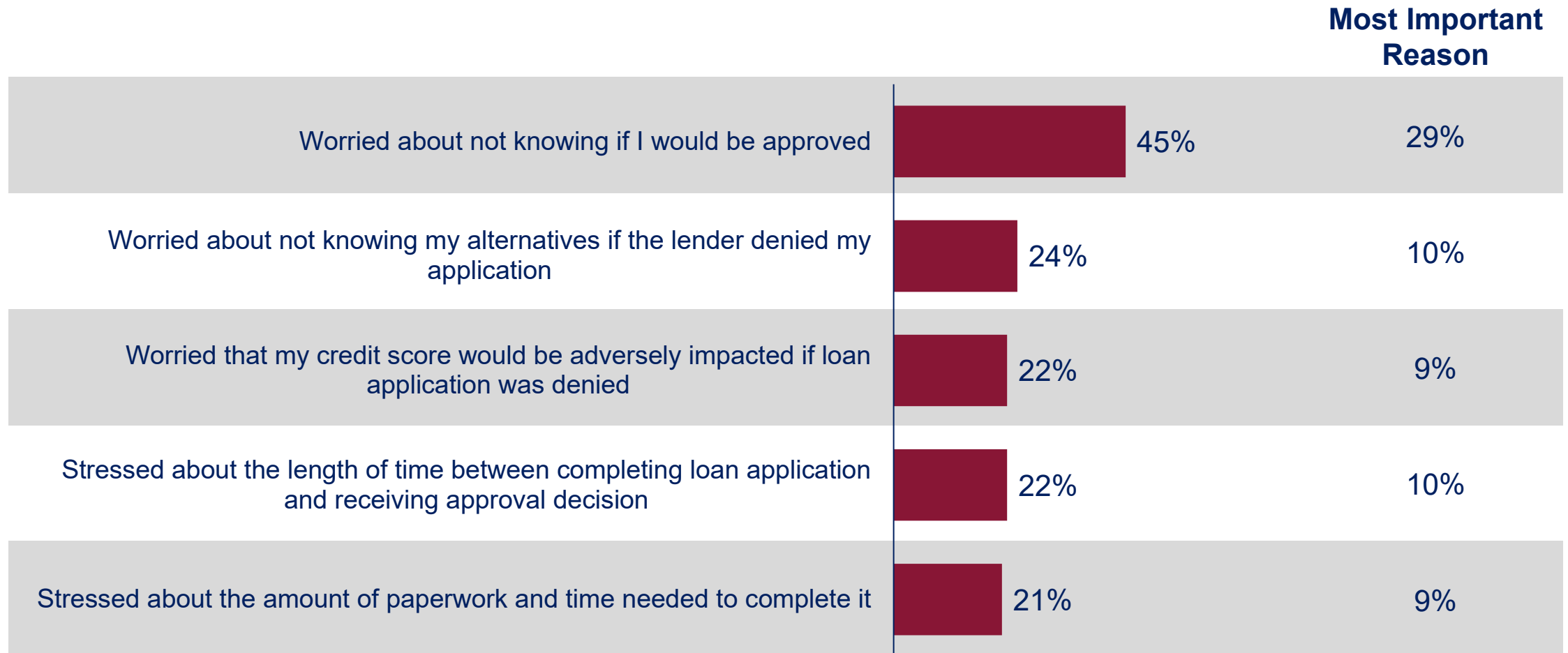
N=230

M21. What caused the stress or anxiety you felt when you were DECIDING TO APPLY for this loan? M22. What is the single most important reason you were stressed or anxious?

Source: CUNA Mutual proprietary consumer research conducted March 2019

# What is Causing Borrowers' Anxiety While Applying for a Loan?

## Sources of Anxiety During the Loan Application Process



N=215

M29. What caused the stress or anxiety you felt DURING THE LOAN APPLICATION process? M30. What is the single most important reason you were stressed or anxious?

Source: CUNA Mutual proprietary consumer research conducted March 2019

# Actions To Reduce Member Worry/Stress Digitally

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# Recommendations from Credit Union Executives

## Before applying for a loan:

- Offer financial literacy education programs and financial planning & budgeting assistance

Source: CUNA Mutual proprietary credit union research conducted April-May 2019

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## Before applying for a loan:

- Offer financial literacy education programs and financial planning & budgeting assistance

## When applying for a loan:

- Ensure understanding of whole financial picture
- Provide overview of the lending process / journey
- Specify upfront what information will be needed
- Make personalized recommendations
- Communicate clearly and consistently throughout the process

Source: CUNA Mutual proprietary credit union research conducted April-May 2019

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- Make personalized recommendations
- Communicate clearly and consistently throughout the process

## If loan is denied:

- Be transparent about reasons for denial
- Offer advice on improving financial situation
- Reassure member that a “no” now is not a “no” forever

Source: CUNA Mutual proprietary credit union research conducted April-May 2019

## Don't Forget: Loan Denials Also Increase Member Anxiety

*“We applied for an auto loan through our PFI, and they denied us with no reasoning given. It made me feel very stressed out and kind of confused and taken aback. We've been loyal customers for over a decade, why wouldn't they finance our family's vehicle?”*

- Chelsea

Age: 30

Gender: Female

Race / Ethnicity: White

Credit declined

Source: CUNA Mutual proprietary consumer qualitative research conducted April 2020

## Borrowers' Worries & Stress:

# “Worried My Credit Score May Not Be High Enough”

Some financial institutions now offer credit scores to their customers

The screenshot displays the UW Credit Union web branch dashboard for a Visa Credit Card. The dashboard is divided into several sections:

- Accounts:** A sidebar on the left lists various accounts: Checking (\$6450), Savings (\$800.00), Joint Savings (\$5,000.00), Mortgage (\$150,000.99, \$1,074.13 DUE JUN 1), Investment Services, and Visa Credit Card (\$500.00).
- Recent Activity:** A list of transactions including:
  - MON, MAY 20: -\$6.00 Zelle Test 800-533-6 (Checking \*\*\*0000 BAL: \$64.50)
  - MON, MAY 13: -\$3,871.47 ACH:TEST (Checking \*\*\*0000 BAL: \$70.50)
  - FRI, MAY 10: -\$113.00 ACH:Alliant - WPL -PAYMENT (Checking \*\*\*0000 BAL: \$3,941.97)
  - + \$7.33 ACH: -ZELLE (Checking \*\*\*0000 BAL: \$4,054.97)
  - + \$2,753.22 ACH:PAYROLL (Checking \*\*\*0000 BAL: \$4,047.64)
- Scheduled Activity:** A single transaction: SAT, MAY 25: \$1,000.13 Mortgage Payment FROM Checking \*\*\*0000.
- Credit Score:** A prominent section showing a credit score of **819**, last updated 4/2/2019. Below the score is a link to learn more about credit.
- Savings Goal:** A progress bar showing 47% completion towards a goal of \$30,000, with \$14,305 currently saved.
- Navigation:** A top right menu includes 'Test Member', 'Log Out', 'Help', 'Contact Us', and 'Locations'. A calendar for May 2019 is also visible.

A red callout box with a white border points to the credit score section, containing the text: **Credit score featured on web branch dashboard**.

Courtesy of UW Credit Union



## Borrowers' Worries & Stress:

# “Worried My Credit Score May Not Be High Enough”

**Score Simulator**

817 **Current Score** | --- **Simulated Score** | [Reset all parameters](#)

<b>Add a Credit Card</b>	<b>Raise the Balances on All Your Cards</b>
<input type="checkbox"/> ON <input checked="" type="checkbox"/> OFF   \$ 0	<input type="checkbox"/> ON <input checked="" type="checkbox"/> OFF   \$ 0
<b>Add a Loan</b>	<b>Lower the Balances on All Your Cards</b>
-   \$ 0	<input type="checkbox"/> ON <input checked="" type="checkbox"/> OFF   \$ 0
<b>Add Credit Inquiries</b>	<b>Maintain a History of On-Time Payments</b>
█   0	█   0 month(s)
<b>Raise the Credit Limit on a Card</b>	<b>Transfer Balances to a New Card</b>
<input type="checkbox"/> ON <input checked="" type="checkbox"/> OFF   \$ 0	<input type="checkbox"/> ON <input checked="" type="checkbox"/> OFF   \$ 0

<b>Allow One Monthly Account to Be Delinquent</b>	<b>Allow Every Monthly Account to Be Delinquent</b>
-   ▾	-   ▾
<b>Eliminate Your Card Balance on All Cards</b>	<b>Cancel Your Oldest Card</b>
<input type="checkbox"/> ON <input checked="" type="checkbox"/> OFF	<input type="checkbox"/> ON <input checked="" type="checkbox"/> OFF
<b>Add Public Record: Foreclosure</b>	<b>Add Public Record: Child Support</b>
<input type="checkbox"/> ON <input checked="" type="checkbox"/> OFF	<input type="checkbox"/> ON <input checked="" type="checkbox"/> OFF
<b>One Revolving Account Goes Into Collections</b>	<b>Add Public Record: Wage Garnishment</b>
<input type="checkbox"/> ON <input checked="" type="checkbox"/> OFF	<input type="checkbox"/> ON <input checked="" type="checkbox"/> OFF

817 **Current Score** | --- **Simulated Score** | [Reset all parameters](#)

**Simulate** Ⓞ

*“The member response has been off-the-charts positive!”*

- EVP / Chief Credit Officer  
UW Credit Union

A few even offer simulators to test impact of different scenarios on your credit scores

Courtesy of UW Credit Union

## Borrowers' Worries & Stress:

# "Not Certain if I Could Afford Payments"

Some lenders are offering loan affordability calculators

**Quicken Loans**

Español (800) 769-6133 Chat [Apply Now](#) Sign In

LEARNING CENTER REFINANCE BUY A HOUSE LOAN OPTIONS MORTGAGE RATES CALCULATORS ABOUT US

Calculate the maximum home price you can afford.

What is your annual income?

50,000

This is your income before taxes. Include income from any co-borrowers.

How much monthly debt do you have?

1,200

Include all required minimum monthly debt payments.

How much money do you have for your down payment and closing costs?

20,000

Include only the amount of cash you're willing to use.

What is the ZIP code of the home you want to buy?

53705

If you don't have a home picked out yet, your best guess is fine.

How would you rate your credit?

Good (680-719)

Calculate

You Can Afford

\$161,925

Mortgage Options

FHA 30 Year Fixed

Monthly Payment	\$829.24
Rate/APR	3.875% / 5.164%
Mortgage Term	30 Year

Legal Disclaimers

Apply Now

Car Loans

Auto Refinance

Loan Calculators

Dealer Locator

Shopping Tools

Affordability

Monthly Payment

Early Payoff

Refinance

Fuel Savings

How Much Car Can I Afford?

Great question. Fill in the boxes below to help with the answer and determine what price you can afford to pay for a car.

Your desired monthly payment  \$

Loan term  mo

APR\*  %

Down payment  \$

You may be able to afford a loan amount up to

\$600.00

Source: Roadloans.com

## Borrowers' Worries & Stress:

# “Worried About Not Knowing if I Would be Approved”

DISCOVER All Products - Help Search Log In

Secure

Check your pre-approved offers with no impact to your credit

It's fast and secure

Respond to a mail offer? [Click here.](#)

First Name

Middle Name (Optional)

Last Name

Street Address

Apt/Suite/Floor (Optional)

Total Annual Gross Income

Examples include current or reasonably expected salary, wages, bonus pay, tips, commissions, and income from interest, dividends, retirement benefits and rental property.

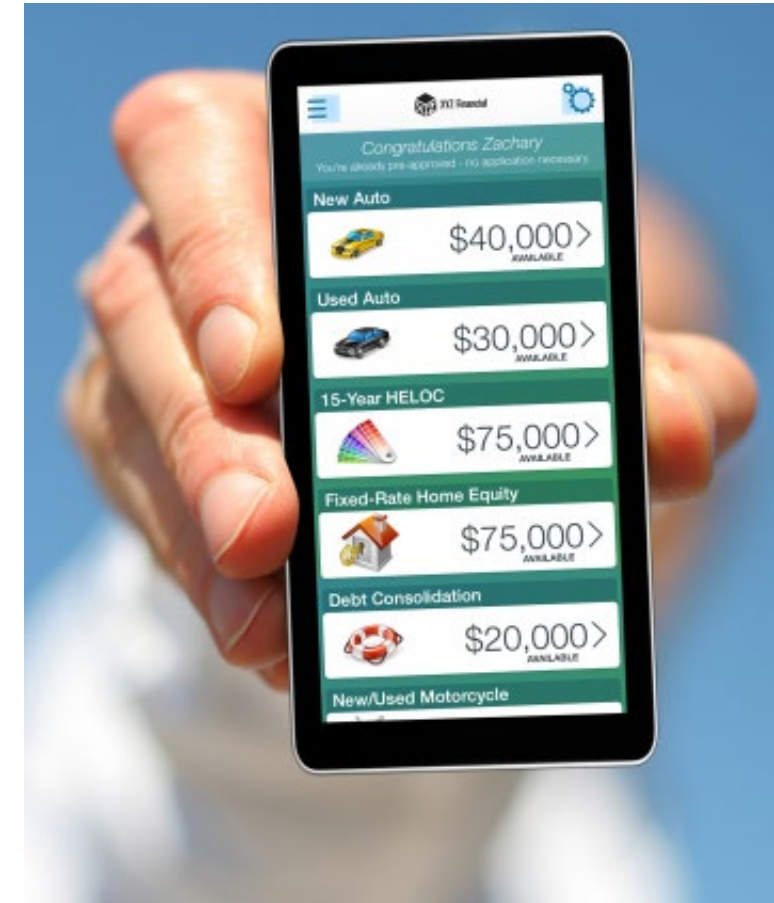
If you are 21 or over, you may include another person's income that is available to you. A spouse/domestic partner is an example.

You do not have to include alimony, child support, or separate maintenance income unless you want it considered as a basis for repayment.

Individuals who have insufficient income may not receive a pre-approved offer, but may be able to meet our requirements to open a credit card account if they own qualifying bank accounts, savings, or other assets. To bypass the pre-approval process and submit a credit card application and include assets, [click here](#)

Monthly Housing/Rent Payment

If you have no monthly housing payment, please enter "0".



Source: CUnexUS Solutions

Pre-approved and click-to-accept loan offers address this worry

# Mobile Video Banking Holds Much Promise

The screenshot shows the top navigation of the Pioneer Federal Credit Union website. At the top left is the Pioneer logo with the text 'Pioneer FEDERAL CREDIT UNION'. To the right are links for 'LOCATIONS', 'CONTACT US', 'RESOURCES', and 'ROUTING # 324173383'. Below these are two buttons: 'Become a Member' and 'myPioneer Login'. A blue navigation bar contains 'PERSONAL', 'BUSINESS', and 'CONNECT WITH US', along with a search bar labeled 'Ask Pioneer'. The main banner features a woman with curly hair smiling while using a smartphone. Below the image, the text reads 'myPioneer Personal Assistant' and 'Open 7 AM to 7 PM, To Better Serve You'. At the bottom right of the banner are social media icons for Twitter, Google+, Facebook, YouTube, and a plus sign.

*“There is a human element and an emotional impact that video brings that non-video communication doesn’t. ...Emotion is the most powerful driver of better customer experience.”*

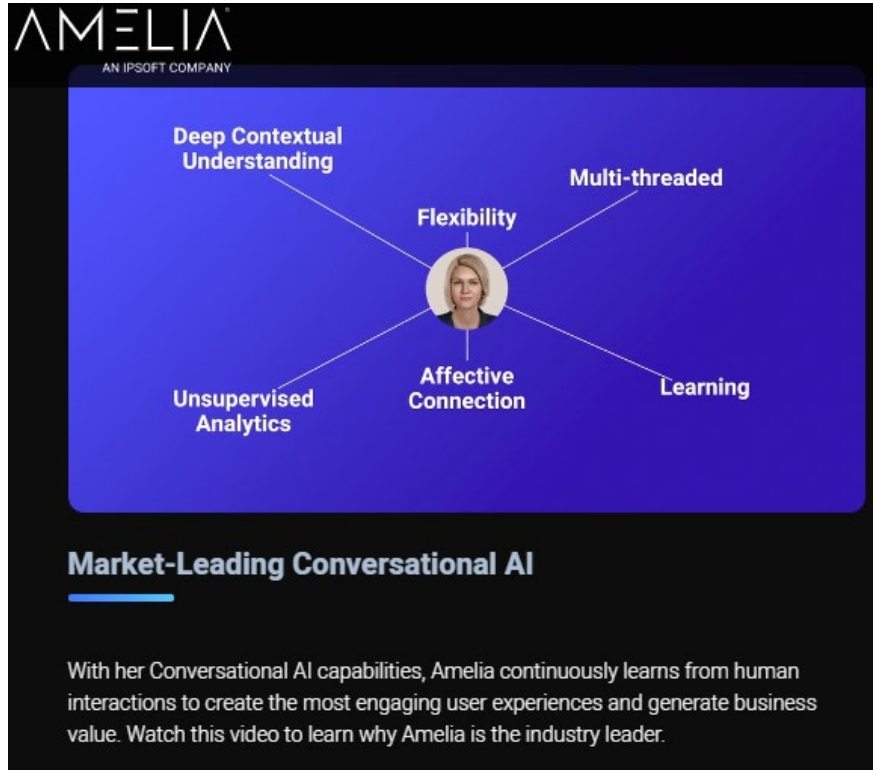
- Peter Wannemacher, Forrester Research

Sources: Pioneer Federal Credit Union; “Consumers Love Chatting With Two-Way Video Banking Tech”, thefinancialbrand.com, 4/24/2019



# The Future is Closer Than You Think

New artificial intelligence technologies are learning and recognizing human emotions and using that knowledge to make chatbots and apps seem more empathetic



**AMELIA**  
AN IPSOFT COMPANY

Deep Contextual Understanding

Flexibility

Multi-threaded

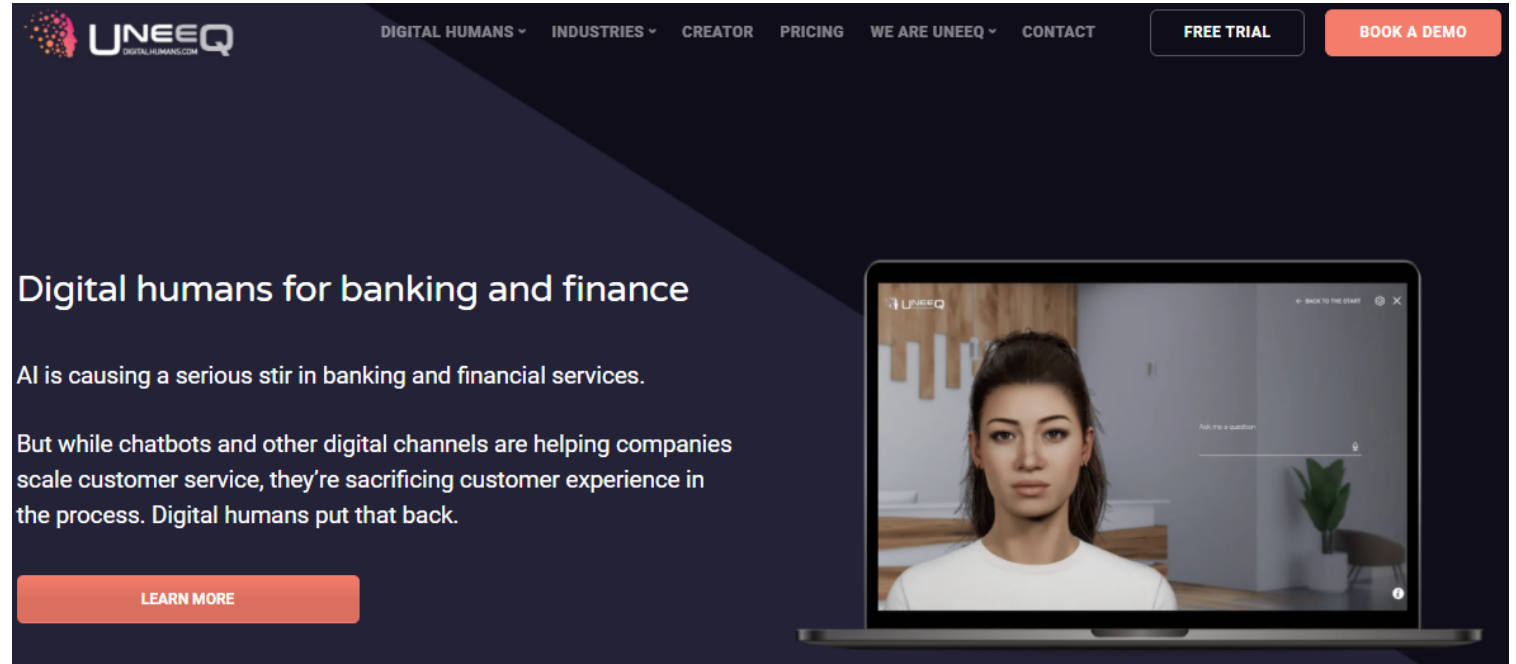
Unsupervised Analytics

Affective Connection

Learning

**Market-Leading Conversational AI**

With her Conversational AI capabilities, Amelia continuously learns from human interactions to create the most engaging user experiences and generate business value. Watch this video to learn why Amelia is the industry leader.



**UONEEQ**  
DIGITAL HUMANS.COM

DIGITAL HUMANS ▾ INDUSTRIES ▾ CREATOR PRICING WE ARE UONEEQ ▾ CONTACT

FREE TRIAL

BOOK A DEMO

## Digital humans for banking and finance

AI is causing a serious stir in banking and financial services.

But while chatbots and other digital channels are helping companies scale customer service, they're sacrificing customer experience in the process. Digital humans put that back.

LEARN MORE

Source: Structurally; "The power and potential of emotional chatbots", MarketingTech, 10/19/2018

# Wrap Up

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# Key Take-Aways

## Situation

A majority of  
your members  
are worried/  
stressed





# Key Take-Aways

## Situation

A majority of your members are worried / stressed

## Challenge

CUs excel at providing in-person counseling & advice, but will you “see” your members in the future

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## Challenge

CUs excel at providing in-person counseling & advice, but will you “see” your members in the future

## Action

Take steps today to address your members’ stress & worries digitally to drive member loyalty higher

# Key Take-Aways

## Situation

A majority of your members are worried / stressed

## Challenge

CUs excel at providing in-person counseling & advice, but will you “see” your members in the future

## Action

Take steps today to address your members’ stress & worries digitally to drive member loyalty higher

## Opportunity

Competing on the emotional element of Member Experience (MX) will be THE differentiator in the digital age

# Discussion

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## Susan Hochsprung, VP Sales

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