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# Credit Unions Talk About Social Media

*How Credit Unions are Successfully Using Social Media in their Marketing*

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## **Credit Unions on Social Media**

*CUcontent.com provides credit unions with content for their social media and other marketing purposes. In the fall of 2010, we interviewed ten credit unions who were active on social media to varying degrees. We asked them to share their experience, thoughts, and results. Here's what we learned.*

### **The Social Networks That Are Being Used**

For the most part, Facebook and Twitter were the most commonly used social networks among the credit unions we interviewed. Some used LinkedIn, YouTube, and MySpace, or had inactive accounts on those networks. Amy Shanks at Belvoir FCU in Virginia uses blogs as well, but not as much as Facebook and Twitter. Since members are already on Facebook and Twitter for personal use, that's what the credit union uses most often.

Because social media is about finding your members where they're already "hanging out", it makes sense to find out what networks your members are on before starting.

Tara Alfonsi of Members Cooperative Credit Union once considered Facebook something just for kids. Now, however, "everyone is in on it". People are using Facebook to connect with old friends, as well as to keep up with businesses. "Some companies have received *my* business because of social media," she says.

### **Time Spent on Social Media**

While most of the credit unions we spoke with spent one to two hours per day on social media, it's a full-time job for Wade Cothran at Alabama Telco Credit Union. Wade not only puts in 6-7 hours per day in social media at the \$500 million credit union, he also regularly checks in on weekends and evenings. Alabama Telco CU is on Facebook and Twitter, and Cothran spends time writing for the credit union's blog too. "We have more conversations on Facebook than on our blog, which is just three weeks old," Cothran says. "But we're trying to promote it and start conversations there."

Karen Taschler at Hancock FCU has an outside agency that does the actual Twitter feeds and Facebook postings. There is significant timesaving with that method, because she simply gathers the content and sends it to the agency to take care of the actual postings.

At Advantage Credit Union, Mike Farley posts new content about once a week, but checks it daily and responds to anything that comes up. Activity at his credit union is moderate to low.

“We’ll spend a few minutes updating Facebook daily, but a lot more time monitoring and seeing what others are doing,” says Tara Alfonsi at Members Cooperative Credit Union. Alfonsi also spends some social media time researching other financials and retail businesses to see what they’re doing. “Everyone has something we can learn from,” she says. About 3-5 hours a week are spent researching this way and working on a social media plan for the coming year. While Members Cooperative is currently on Facebook, it is not yet on Twitter, though they are researching how other credit unions and companies are using Twitter.

At Oklahoma Educators Credit Union, Theresa Asbury puts about 2-3 hours per week into social media. For Kevin Perry at Trust FCU, social media takes up about 30% of his workday.

### **The Costs of Social Media**

While most credit unions agreed that there are no hard dollar expenses involved with social media, the non-dollar costs are actually holding some credit unions back.

Jay Flanagan, President/CEO of Elizabeth NJ Firemen’s Credit Union says, “After attending a League training session on marketing, part of which was about “free” social media, I set up a Facebook page. What they don’t tell you to take into consideration is the time it costs to monitor the page and keep it active. In our size credit union, time is not a luxury or a free commodity.” This was a sentiment echoed by many of the smaller and mid-sized credit unions. Social media, it turns out, is not truly free.

Kevin Perry at Trust CU put an actual dollar amount to it. Social media cost his credit union \$2,890 this year. Credit unions using outside agencies had higher costs while those with dedicated employees considered that salary an expense of social media.

Other credit unions see the investment of time, and sometimes money, simply as an evolution in the marketing world. “Because it’s free,” says Tara Alfonsi at Members Cooperative CU, “we’ll do a little less with traditional media and go where the eyeballs are. That, today, is social media.” There’s no overhead to get started, so it’s really something any credit union can try without any upfront investment.

Additional costs of social media include giveaways, like iPods, iPads, and other popular promotions such as, “like us on Facebook and you can enter a raffle for a free iPad”. Read more on the compliance issues and benefits/risks of running such promotions below.

### **Who is Involved in Social Media?**

For Jim Dufford, VP of Marketing at the \$160 Million Tri-County Credit Union, only 2 people are involved - himself and the IT person. For many credit unions, there is just one person involved, and more often than not, it’s the marketing director or similar position. In smaller credit unions, it could be the CEO, Manger, or AVP of Operations.

At Hancock FCU, Karen Taschler encourages all employees of the credit union to come up with content that can be used for social media. She often reminds them to send things her way, especially if the frontline staff hears members talking about something.

Some credit unions use an outside firm, with one person at the credit union being responsible for telling the agency what information to post. At Members Cooperative CU, three people handle their social media. Two people in the marketing department send content to the marketing director. At Alabama Telco, Wade Cothran is the only person generating content, but three other people in the credit union have access to the social media sites in case Cothran is not available to post or respond.

### **Cultivating a Social Media Following**

“We haven’t cultivated a following yet,” says Jim Dufford at Tri-County CU. “As primarily a teacher’s credit union that also serves a number of school-aged and college students, we don’t see it as a problem. We plan to begin with an email campaign and constantly promote the message of “becoming a friend of Tri-Co on Facebook.”

Mike Farley of the \$40 million Advantage Credit Union used word-of-mouth, local ads, and putting the Facebook logo on their ads and in-lobby information to generate awareness of their accessibility on social media. Kevin Perry at Trust CU kicked off social media with a “cause marketing campaign”. For every fan the credit union gets on Facebook, they’ll donate \$1 to a local charity, up to \$2,010. For some credit unions, following people became a way to get others to follow them. Some credit unions included a short article in their newsletter to let members know they are on Facebook or Twitter, and all credit unions include the network logo on their website, giving members an easy way to “like” or “follow” them.

Members Cooperative Credit Union has tried to run promotions to encourage members to follow them. The back-to-school promotion, posted on the walls of some of their members, generated about 40 new ‘likes’ for the credit union.

Electronic signatures and the mobile website let members know they can find Alabama Telco CU on Facebook. The credit union also dedicated a page to social media in a recent newsletter, printing testimonials from their Facebook fans.

Another simple way many credit unions are letting members know they can be found on Facebook or Twitter is by including the icon on print materials.

### **Compliance Issues and How Credit Unions are Addressing Them**

Posting rates, whether on purpose or in the process of having a conversation on a social network is by far the biggest compliance concern for credit unions. By simply avoiding any discussion about specific rates, that issue will not come up. However, for some credit unions, that raises the question: what CAN we talk about? “We have no plans to use Facebook as a sales tool,” says Dufford at Tri-County CU. “Our main focus is to build a following and to promote ourselves as a non-profit financial cooperative that is here to listen first.” Good idea.

For Steve Brown at Five Star Credit Union, the unknown compliance issues are one reason to delay getting involved in social media. “Social media is very time consuming, requiring from a few minutes to a few hours a day depending upon your involvement. We currently have no staff to do it and don’t think it’s wise to allow employees to have free reign to do it themselves without trained marketing supervision. There are too many compliance, privacy, policy and

strategic issues involved.” That may be why most credit unions limit social media posting to just a handful of people.

Mike Farley is concerned enough about social media to take it slow. “We don’t want members exposed or at risk through the credit union’s social media,” he says. “People expose too much of themselves on these sites, and there’s not a whole lot out there to give us guidance. We want to be careful.”

For compliance reasons, Hancock Credit Union stays away from giveaways altogether.

At Belvoir CU, Shanks is careful to avoid certain topics, and all information is general (no specific rates or anything like that) in order to avoid compliance issues.

Working closely with the compliance officer was mentioned often by credit unions. Since social media is so new, it’s still uncharted territory. Being very familiar with Reg. Z and Reg. E was cited as a way to comply with all disclosures and regulations. If it’s something you wouldn’t print or email without a disclosure, it has no place on your social network without a similar disclosure, which is often impossible.

### **Benefits of Social Media**

While specific ROI is hard to pin down, credit unions mentioned many less concrete benefits. “When we announced our intentions to go on Facebook, the groups we were addressing were excited about the prospects,” says Jim Dufford. “Tri-Co has a reputation for leading edge electronic delivery systems with free on-line banking and free bill payer, etc. so this is probably something that our membership expects.”

Because social media is so targeted, Tara Alfonsi of members Cooperative CU says, “you can sort members easily through it and market to specific groups.” Her credit union is looking into targeted paid ads and will evaluate how to proceed based upon results. “The Papa John’s Pizza chain and other retails have had great results, but we’re different, being a financial institution”. The credit union will experiment with targeted ads and time will tell.

“Education is the biggest win we had,” says Wade Cothran. Members would come into the credit union saying they didn’t know the credit union had a particular product or service. So educating

members on why they should bank with the credit union has worked well. “It’s not about gaining new accounts,” Cothran says, “but educating members on what we do, and potential members on why they should join.”

Other credit unions listed new business, new contacts, opening doors that would have been harder to open otherwise and, of course, building relationships as goals in using social media. Social media helps credit unions get the word out about community involvement, membership drives, and promotions.

Social media is also a great forum for feedback, an outlet for members to express themselves, and a good way to get more positive member feedback. As one credit union put it, “we have more than 200 members seeing our daily message and it doesn’t cost us anything”.

### **The Risks of Social Media**

Negative feedback was the most mentioned risk of social media. For Kevin Perry, the concern is no censorship if you have angry members. “However,” Perry reminds us, “that will cause an opportunity for immediate and public member service by fixing the problem (if any) right away. So this isn’t really a risk, but a reward.”

While some credit unions shared the concern that social media might be a passing fad, most felt it is here to stay.

For Members Cooperative, it’s all about controlling the message. “The biggest risk is that you have very little control over the message. A friend will post something on your page that you don’t want your vice-president to read. However, it’s balanced out by good posts, which are worth more than any paid ad or TV spot. Yet there’s always a risk when you don’t control the message.”

Another credit union mentioned the possibility of attracting followers that make the credit union look less professional. When business use gets mixed with personal use, that can happen.

For Amy Shanks at Belvoir FCU, the risk is getting complaints from members that the content has become stale. “In the online world, your content can be a week old and it’s considered stale.

If you are not touching your site, you lose people online, and it's very difficult to bring them back.”

As Tri-Co sees it, it's about unsolicited criticisms from disgruntled consumers. “We pride ourselves on member satisfaction,” says Dufford. “In fact, our membership was just surveyed by the Raddon Financial Group in its CEO Member Satisfaction Survey. Of all respondents, we learned that 97.4% members said that they were Very Satisfied or Satisfied with our service. That being said, if a member is turned down for a loan, they may make their feeling known on Facebook.”

It's also important to be careful about what you say, says Wade at Alabama Telco. “You CAN get in trouble, and what you say can be out in the public space instantly. You don't want to offend people and you also have to post relevant content. You want others to talk about you in a positive way.”

### **What are the risks of NOT being involved in social media?**

Most credit unions felt that not being involved in social media shows members that their credit union isn't adapting and keeping up with the times. Not having a social media presence, Karen Taschler at Hancock CU tells us, is becoming like not having a website. “Don't become a dinosaur,” says Kevin Perry.

For Wade at Alabama Telco, the concern is that members will engage with each other online, and you won't know about it. “Before we started using Facebook, we had several members who were disgruntled and were making comments online. No one was addressing them.” Engage that kind of negativity immediately and it won't get out of control.

However, Amy Shanks sees it as a credibility issue. “Online presence is becoming a must. This is a function of my job. It's one of the ways we highlight products and services to the public. That's why our credit union doesn't outsource or pay for social media.”

Jim Dufford at Tri-Co says that without social media, “younger members or younger would-be members would pass us by or never learn about us.”

### **Handling Negative Feedback**

All credit unions agreed that negative feedback should be handled immediately. “We will handle it like we handle any other member criticism,” says Jim Dufford at Tri-Co. “We will handle it immediately and solve the problem.”

At Belvoir Credit Union, when one member lost his checkbook, the credit union looked up his account, contacted the member immediately, and put it through to the fraud specialist. Within minutes, the member was on Facebook thanking the credit union. Another member was complaining about fees, so the credit union contacted the appropriate personnel and let him know that the COO would be contacting him. This member immediately posted “This is amazing! You guys are great!” Immediacy is important to people, and sometimes all they need is someone to hear them out.

Amy Shanks reminds us of the Jet Blue customer who tweeted about his negative experience flying the airline. A Jet Blue rep responded, asking what they could do to improve the situation. Sometime just the sense that someone is listening is enough to make a member feel heard, and conveys the message that the credit union cares. Shanks considers this a win-win because the member feels listened to, and the credit union can respond immediately.

### **Content for Social Media**

Jim Dufford at Tri-Co plans to focus social media content on member service, youth services, financial literacy and related topics. They also plan to use Facebook to grow a vocal following in the Morris, Sussex and Warren county areas. They will get a lot of it from CUcontent.com and will also create content in-house based on member feedback.

Most credit unions are using social media to let members know about events, such as member appreciation week, loan specials and other credit union news, branch holiday hours, and repossessed vehicles that are available through the credit union. Such content can come from internal sources, like the vice-president of marketing and branch managers. Re-tweeting inspirational thoughts is another. For Mike Farley, 60% of the messages that go out through social media are of a marketing nature, and the other 40% are public relations, such as letting people know about their charity work.

Tara at Members Cooperative posts financial literacy info for teenagers to Facebook. “It’s not often a hard sales message,” she says.

At Alabama Telco, content is helpful information on identity theft, financial tips, and even fun things from YouTube so it’s entertaining, not just the same thing every day. Incidentally, this is the type of content credit unions will find at CUcontent.com.

Amy at Belvoir posts promotions, events, tidbits, media information, mortgage facts, etc. “Some of the smaller credit unions think they have to post frequently,” she says. “But it’s not a good idea to have too much info being posted frequently just for the sake of posting. If you try to post everyday and it is not content people can use, they will opt-out. Frequency may be important, but quality is too. At Belvoir credit union, members communicate with the credit union on Facebook if they have an immediate need.

“I don’t brag and claim that our rates are the best in the area on Facebook,” she says.

### **Challenges That Credit Unions are Facing in Social Media Marketing**

For Karen Taschler at Hancock CU, coming up with content is a challenge. At Members Cooperative, the challenge is moving beyond using social media as an image tool and turning it into a tool that drives business. For Wade Cothran, promoting the sites is the biggest challenge. At Belvoir CU, the challenge is trying not to put back-to-back promotions, but rather keep a variety and strategically place a mix of content.

Gaining a following can be a challenge, as it is for Oklahoma Educators Credit Union. Another challenge for this credit union is updating social media constantly with new materials.

For Jim Dufford at Tri-Co, the challenge is staffing enough for quick and timely responses to feedback as well as getting the word out to the target audience.

### **Surprises, Surprises**

Tara Alfonsi expected things to catch on faster. “You hear about all these overnight sensations, but it’s really not that way at all. You really need to put in the time, baby-sit it, pay attention, and make sure you’re getting relevant content out there on a daily basis”. Credit unions shouldn’t

expect to build a page and have members come. It just doesn't work that way, and like everything else, building a social media following takes work.

Wade Cothran was surprised to find members engaging with each other on Facebook so quickly—without his involvement. “Two members start engaging with each other, a third jumps in, and real conversations start happening.”

Kevin Perry was surprised to learn that there's so much more to social media than Facebook, Twitter, and blogs. However, those do seem to be the most popular platforms.

### **Measuring Results**

While some credit unions have not yet begun to measure results, the question really is what they would measure.

Karen Taschler at Hancock credit union keeps an eye on the growth of the page and how many people communicate with the credit union through social media. She also tries to get tellers and those responsible for opening new accounts to ask members how new members heard about the credit union. When members come in for a loan special or another promotion, it's a good idea to find out if they heard about it through social media.

Tara Alfonsi plans to measure results using the analytics for paid ads once her credit union begins using paid ads. For now, they're looking at levels of engagement with members, through posts and new likes. It's also difficult to measure results of social media, Alfonsi explains, because it's one more component of the big picture. If someone is taking out a loan through the credit union, social media may be one factor among others that helped them reach that decision.

Most credit unions use Google analytics, or the Facebook tools for measuring click-throughs, and looking at growth in friends and followers. Mike Farley uses a survey for all new members, asking them what brought them in, so the credit union knows if social media has produced new members or not.

Wade Cothran uses the analytics built into Facebook. He also measures monthly and daily posts, weekly page views, and monitors feedback. His credit union counts posts from members, comments on the blog, and conversations on Twitter. A positive comment, or even a negative

comment (which can become positive when you help the member), is what the credit union looks for. “You can’t have a hard dollar ROI on social media,” he says.

### **The Board**

Most credit unions involved in social media have boards that are supportive of their social network involvement. At other credit unions, the board is not involved at all, and the CEO didn’t feel the need to get the board’s buy-in since social media, for these credit unions, is just another marketing tool.

At Alabama Telco, the board is excited about social media, and wants regular updates. Cothran provides his board and the credit union staff with a monthly spreadsheet detailing results.

### **What Scares Credit Unions about Social Media**

Credit unions were afraid of not being professional, attracting computer viruses, and trying to get the right information out to members without bombarding them with so much they lose interest. There was also a concern about compliance issues, since social media is developing and that could mean new compliance issues that haven’t hit the radar screen yet.

### **Advice to Credit Unions**

Most credit unions advise others to jump in and get started. “There really isn’t anything to lose,” says Theresa Asbury of Oklahoma Educators CU.

“There is nothing to be afraid of, and everything to gain,” says Kevin Perry of Trust FCU. “Start off slowly, using Facebook and Twitter. Link your Twitter to your Facebook so one update covers both.”

Bryan London of America’s Credit Union advises credit unions to embrace social media. “Even though I’m only on it a short time, there’s good feedback and good results. Go for it. Stay on top of it and make sure nothing is being said out there that you don’t know about.” It’s also a wonderful source of information, London says. You can learn about the world through social media. “When used in the right manner, it’s a very good thing”.

Jim Duffy advises credit unions to check out Facebook. “Are banks on it? Is your competition on it? If yes, then you have to be on it, too.”

Karen Taschler at Hancock CU encourages credit unions to do research, and figure out beforehand what you want to get out there. “I wish I had advertised it sooner, even before starting, to let members know it’s coming, and build their interest.” Some fears don’t materialize, she says. “Turn around the negative and look at it as a positive.”

“It’s better late than never,” says Mike Farley. “This is one of those things you need to do, and it’s a great way to connect. If you want to reach out and be relevant, you have to have a presence out there to some degree. That’s why we’re doing it.”

Tara Alfonsi suggests that credit unions check out what’s working for other companies, especially financial institutions, because social media is a new thing for financials to be involved in. She suggests that credit unions dive in, create a page, and look around, because “it’s not as scary as you may have thought it would be”. There are many blogs, such as CU Water Cooler, with lots of articles on how to use social media. “The most important thing,” she says, “is to stay on top of it. We’re all looking to attract a new generation of union members, and we need to be where they are. They’re communicating in a different way than their parents.”

Wade Cothran asks credit unions to monitor their reputation through Google alerts or other third party vendors. “Test, test, test, and test again. Do tons of research. Find out what people are saying about you.” Put your fears aside, Cothran says, and dive in. Not headfirst, he warns, because you’ll want to do some research first. “You’ll find people already talking about the credit union. You just need to get in on the conversation.”

Amy Shanks at Belvoir believes that frequency is one of the most important aspects of success in social media, in conjunction with quality and content. The more often you post relevant, quality content, the higher your credibility with members. “If used correctly, these are tools that can only benefit your organization. Make sure you invest time in to social media site, whether it is Facebook or Twitter, because it will be seen as an essential asset to your organization in the minds of your members.”

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