

Maximizing the Member Experience Through Payments



Indirect members represent a tremendous opportunity for credit unions, and their loan payment experience is often their first interaction. When that experience is efficient and convenient, that can lead to those members opening new accounts or loans as direct members. Dustin Kizer, Alabama Credit Union Digital Services Director, and Carl Robinson, Alacriti Payments SVP, discussed how to maximize the member experience through payments transformation on a webinar hosted by CUInsight.

Current Market Conditions

Overall, there is an expectation for instant gratification. Consumers are looking for immediate capabilities and immediate service on a 24x7x365 basis. Traditionally, credit unions have provided a good experience while also differentiating with a personal touch. However, there has been an ongoing decline in credit union member satisfaction—actually falling behind bank customers in the last two years. [ACSI's 2020](#) study reported credit union member satisfaction dropped 2.5% year-over-year for a score of 77 out of 100 compared to banks' score of 78—which is credit union's lowest score to date. This isn't just a one-off decline. There was a similar drop in 2019, which was the first time ever that banks scored higher in this category. In addition, 36% of credit union members say they have experienced difficulty servicing/receiving a loan online (ACSI study). Another interesting data point: a recent

American Banker report revealed that [21%](#) of consumers said they have abandoned a financial transaction or account opening because it took too long. “That’s a consistent stat, but it’s broken out by Gen Z, millennials, Gen X, and boomers, and overall boomers are less likely at 9%, but on the other end of the spectrum, the millennials are 27% more likely to drop an onboarding or drop an account opening. The moral to the story is creating that digital experience, whether it be on the UI or the payment itself, and completing the transaction with an acknowledgment is vital in that process. Creating alternatives or channels to meet the client where they want to be met is also critical,” Robinson explained.

Why Payments Transformation?

[Alabama Credit Union](#) is based in Tuscaloosa, Alabama. It spans the length of the state, as well as north Florida. They have a strong student base and a diverse membership base overall. Alabama Credit Union started its payments transformation project because it had a struggle with servicing loans. Kizer described the challenges, “We had a payment source that we thought was adequate, and it basically meant that you could schedule a payment if you remember your username and password, or you could call the call center and make a live payment over the phone. Well, as habits change and as more members started adopting that payment method, we saw an outstanding demand in our contact center of people lining up to make payments on paydays. On top of that, we started getting complaints from members that it was just hard to do business with us. So we really had to sit down and look at what are the ways that we can bring payments to our members. And that’s one of the things that attracted us to Alacriti is all the different channels that they offered to make sure that the payments were as easy as possible to make once you’re logged in and created.”

Improving the Member Experience

Once Alabama Credit Union had its [new payments solution](#) in place, they focused their initial launch on consumer loans. They brought the ‘make a loan payment’ function to online banking. When members log in online, they have a few options. They can make payments right from where they are, from a debit card, or use ACH.

In addition, they also used Alacriti to launch a portal for skip-a-pay, which was in high demand as members were out of work due to COVID-19. Members pay a servicing fee to skip their payment using a debit card. “And that has been wildly successful for our members. We’re anticipating a big wave of that around [Christmas](#) time this year,” said Kizer.

As for volume growth in the next three to five years, Alabama Credit Union sees an opportunity in the indirect channel. They’re seeing a lot of members joining from the dealership. Since the auto loan is the only relationship they have with Alabama Credit Union, the payment portal is the face of Alabama Credit Union. Not only has their indirect channel actually *outpaced* their branches, but they also anticipate that it will continue. “It wouldn’t shock me if in five years we’re seeing double-digits in outpacing the branches,” Kizer predicted.

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— AMERICAN BANKER
The Speed of Money: Why It Matters for Financial Services Professionals

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— DUSTIN KIZER
*Alabama Credit Union
Digital Services Director*

Alacriti

The question is, how much of what has gone virtual and digital will stay once things have settled down in the marketplace with COVID-19? Kizer believes that many changes will stick and that there is a great opportunity for credit unions like Alabama to project that growth and plan for it with modern platforms.

Lowering Servicing Costs

Robinson acknowledged the challenge that credit unions have with the need to lower servicing costs while improving technology. "Another question is around lowering servicing costs and how do you impact the member experience by offering additional channels and additional options, but maintain that cost at the same time?"

Reducing call volumes, manual intervention, and delinquent loans are all potential ways to lower servicing costs. Robinson shared that there are some live cases with Alacriti's credit union clients where they've seen a 15% decrease in call center payments and manual intervention in a very short window of time. Other success stories include having a lot of communication when launching the platform to increase digital loan payment adoption, resulting in an adoption rate north of 40% within the first 90 days. Alacriti's credit union clients have also seen an increase in recurring autopay when they set up the ability to activate recurring payments with convenient options such as weekly, monthly, bi-annually, etc.

Alabama Credit Union saw a massive decrease in lowering servicing costs as the adoption rate increased. The most positive feedback they got was the instant gratification of the payments. Members receive a payment confirmation email. In addition, Alabama Credit Union elected to post payments frequently throughout the day. So members can log in almost instantly on their phone and see that the payment has been made on their account. "So that really gives them peace of mind using this channel. And we've seen after a lot of people make that first payment— they really don't call us back," said Kizer.

Skip-a-pay was a major change for Alabama Credit Union to lower servicing costs because they no longer had to manually process requests for extensions. Driving payments to the website have also helped. They're seeing a higher adoption of just online banking with members that have a single service with them. This is a tremendous help. Before, they were spending 86 man-hours a week between their 50 agents *just taking payments*. The ability to self-service payments and have a guest website that members could use without having to log in has really given Alabama Credit Union a lift in their call center. It boosted morale because the representatives didn't have to keep servicing the same request.

Alabama Credit Union used to have a number of first payment delinquent loans simply because the member couldn't figure out how to make a payment. This was due to several reasons such as the dealership sending them an old address, not receiving their welcome packet, missing the welcome call, etc. With Alacriti they have links on their website to easily make payments. Alabama Credit Union is also doing a lot of campaigns to reach new members to welcome them, e.g., outbound call campaigns, welcome emails, and a couple of follow-ups with members. They also plan on exploring text messages, which is a feature that Alacriti already provides.

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Payments Transformation Strategy

If your credit union hasn't already, create a digital strategy and lay out a plan for the next three to five years, based on what you think your members are going to want to see. Whether it's in the digital banking platform, in the UI or user experience, or if it's being able to offer additional channels. Be able to adapt and plan for that in advance and then offer it when your member wants to see it, creating that digital strategy and view and vision, and then executing against it.

The bottom line of payments transformation is to go beyond enhancing the existing experience by:

- Offering new, frictionless channels of interaction
- Moving from products to platforms
- Using solutions that allow for rapid and agile deployment
- Embracing new technologies

Kizer feels that Alabama Credit Union has accomplished a lot in payments modernization and is looking forward to new enhancements with P2P. They plan on integrating into more smart technologies, such as Google Home and Alexa, so it's truly effortless to do business with them.

To learn more about maximizing the member experience through payment transformation, watch the full webinar, **Maximizing the Member Experience Through Payments**, featuring Alabama Credit Union and Alacriti.

A promotional graphic for a webinar. It features a light blue background. At the top left, the text 'WEBINAR PLAYBACK' is in a bold, dark blue font. Below it, the title 'Maximizing the Member Experience Through Payments' is in a larger, bold, dark blue font. To the right of the title is a row of five yellow stars, with the first star on the left being slightly faded. Below the stars is a large, dark blue circle containing a white play button icon. To the right of the circle is a woman with blonde hair and glasses, wearing a white long-sleeved shirt and blue jeans, sitting cross-legged on a small stool and holding a laptop. She is pointing her right index finger towards the stars. Below the play button icon is a yellow rectangular button with the text 'WATCH NOW' in black. At the bottom left, the 'Alacriti' logo is in a white, sans-serif font. To its right is the 'ALABAMA credit union' logo, which includes a small icon of a classical building and the text 'ALABAMA credit union' in a white, sans-serif font.

WEBINAR PLAYBACK

Maximizing the Member Experience Through Payments

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Today's legacy and siloed banking technology infrastructure limit financial institutions' ability to rapidly innovate. It's time to look at money movement in a new way. Alacriti's Orbipay Unified Money Movement Services does just that. Whether it's real-time payments, digital disbursements, or bill pay, our cloud-based platform enables banks and credit unions to quickly and seamlessly deliver modern digital payments and money movement experiences. To speak with an Alacriti real-time payments expert, please contact us at (908) 791-2916 or info@alacriti.com