

AN NCR DIGITAL BANKING CASE STUDY:

Best Practices To Boost Online Banking Adoption

20 years after online banking became mainstream and started its rapid ascent to becoming consumers' preferred method of interacting with their financial institution, Education Credit Union continues to find creative and effective ways to boost Online Banking adoption and drive higher profitability.



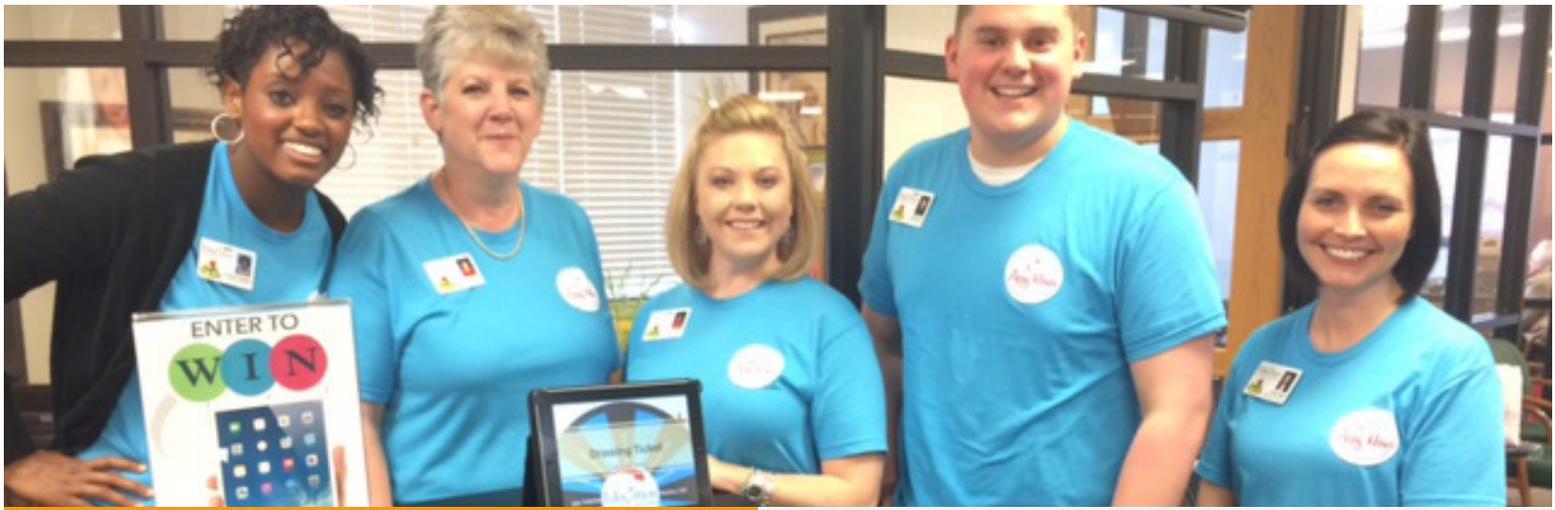
"We recognize that employee buy-in is crucial to the success of early consumer adoption of Online Banking. Though we had great success with our members adopting Online Banking prior to January 2016, we started an 'e-Everything Contest' that month with our front-line branch personnel. It really helped us accelerate Online Banking adoption in the early stages of new members' relationship with the credit union."

– **Claudia Burkett,**
EVP/COO, Education Credit Union

Education
credit union

For more information, visit ncr.com/financial-services or email ncr.financial@ncr.com or Jason.Weinick@ncr.com.





KEY HIGHLIGHTS

Company:

Education Credit Union

Industry:

Digital Retail Banking

Challenge:

To drive increased adoption of Online Banking in the early stages of consumers' membership at the credit union.

Solution:

- NCR's Digital Insight™ Online and Mobile Banking helps Education Credit Union achieve higher wallet-share, retention rates, engagement and overall profitability; key metrics recognized by ECU that led them to create an in-branch, front-line sales contest to accelerate online banking adoption.

Results:

- Grown expertise and empowerment of front-line branch personnel and deepened relationships with new members.
- Over 70% of members who joined Education Credit Union in January 2016 enrolled in Online Banking within 30 days of the member's initial checking account open date, representing a significant lift to Online Banking adoption.
- Via a combination of wallet-share and retention rates, ECU's Online Banking members are 17% more profitable annually than offline Members.

THE CUSTOMER

Education Credit Union is one of the more familiar names in banking within the Amarillo, Texas area. With \$250 million in assets, 24,700 members, over 125 employees at six full-service branches with loan offices in each location and a 12-hour per day member support center, it is a rapidly growing, community-focused credit union with a strong reputation for customer service.

ECU's commitment to its membership also includes offering affordable and competitive loan interest rates, and paying the highest dividends and interest on deposits without putting the organization into jeopardy. They are proud to pay some of the highest deposit rates in the area while also keeping their loan rates affordable and competitive.

THE CHALLENGE

In the ultra-competitive world of retail banking, becoming the consumer's primary financial institution (PFI) is of utmost importance to most financial institutions' bottom line. Many definitions of primary financial institution exist in the financial markets, but Education Credit Union recognizes that by attracting the consumer's core checking relationship, they open the doors into additional profitable deposit & loan account opportunities. Additionally, once that checking account relationship begins to take advantage of convenient services such as Online & Mobile Banking, efficiencies are gained from serving that consumer at a lower cost (than the branch), all the while keeping them satisfied and reducing member attrition.

ECU has found a way for the branch and digital channels to enjoy a happy marriage, in a sort of “you scratch my back, I’ll scratch your back” metaphor. The branch still dominates the channel that is used when members begin their relationship with the credit union because a visit to the branch is often necessary for future members to open their initial checking account. However, cost efficiencies and cross-sell opportunities are enhanced once the new members begin to utilize Digital Banking services.

ECU enjoyed stellar adoption rates of Online and Mobile Banking prior to January 2016, yet management felt that an incremental boost to Digital Banking adoption would generate higher member satisfaction and ultimately additional profits, and therefore stronger dividend payments back to Members.

THE SOLUTION

Education Credit Union decided that empowering and rewarding front-line branch personnel to improve the credit union’s already strong Online Banking adoption rates would deliver immediate impact. Their hypothesis was that if employees weren’t using Digital Banking, then they wouldn’t have the confidence to speak to members about it. Conversely, if an employee is familiar with the product or service, it’s easier to have that conversation with members.

Digital Insight solutions team

ECU worked with NCR’s Digital Insight solutions team for several years, measuring the profitability of their Digital Banking members and recognizing the sizeable variance in profitability of a Digital Banking member versus offline. Encouraged by the insights from this study, they created an “e-Everything Contest” in January 2016 at its branches to further boost its Digital Banking penetration among their checking account members.

Digital Insight Profitability Analysis scientifically analyzes a financial institution’s online and non-online users to calculate retention rates, account ownership, channel touch points, and other key metrics. Data experts present results and discuss strategic implications, so financial institutions can make decisions that are right for their business year after year.

Front-line employees at all branches were educated and trained to use Digital Banking services themselves (if they were not already using them). With a 95% employee participation rate, front-line personnel were prepared to engage their members with confidence on how to enroll in Online Banking, either on a computer or smartphone.

“Employee buy-in is crucial to early online banking adoption success”, says Claudia Burkett, EVP/COO of Education Credit Union. Employees had to use Online Banking to participate in the contest. Prizes and free vacation days were awarded to top employees who went online to perform money transfers, bill payments or use the Mobile Banking App to locate the nearest ATM. The persistent use of Digital Banking by employees translated over to success at the member level, where branch specialists could better have that conversation with a member around the enrollment process of Online Banking and how to use many of the Digital Banking services.

While the actual duration of the contest was for one month, there were lingering effects of the contest that lasted well beyond early 2016. “It was not only great to see that early spike in online banking adoption during the month of the contest, but we saw our branch personnel maintain the same level of enthusiasm post-contest, and we continue to experience strong adoption of Digital Banking enrollment during the early stages of when a member joins the credit union”, says Lindsey Murphy, VP of Marketing at Education Credit Union.

The employee contest was not only to engage new members who recently joined ECU, but also for existing checking members who, up to that point, had not enrolled in Online Banking.

When a member frequents the branch to perform a deposit, withdrawal or other type of transaction, front line employees are able to view the real-time Online Banking status of that member on the teller computer screen and, based on their queue of waiting members, must make a decision to spend extra time with that member or continue serving other members.

Branch specialists must learn that sweet spot of when to spend extra time with members and walk them through the Online Banking enrollment process. That’s the moment when the member-branch specialist conversation progresses towards incremental, engaging digital services such as Mobile Banking, bill payment or secure forms.

THE SOLUTION BENEFITS

There is no shortage of research performed on the value of digital banking users to a financial institution and Education Credit Union is keenly aware of the incremental cross-sell opportunities and efficiency gains that exist when compared to offline banking members.

Online Banking members at ECU have a 3% higher annual retention rate, own 14% more accounts and are two-thirds more likely to have a loan with ECU when compared to offline members. Not only was there a strong correlation to the value of Digital Banking members, but ECU also found out that once existing checking relationship members enroll in Online Banking, their deposit & loan account ownership and total balances grew at a faster clip when compared to members that remained offline.

Thanks to the e-Everything Contest, both newly-formed checking relationships and existing checking members enjoyed a sizeable lift to Online Banking adoption. Prior to January 2016, ECU experienced close to 70% overall Online Banking adoption against its checking members. The credit union now enjoys an almost 80% Online Banking adoption for those members who established their checking relationship in January 2016 and beyond, with the majority of the enrollments occurring within 30 days of when that member joins the credit union. ECU also noticed that member acceptance of Online Banking wasn't dominated by younger demographics, but that all age groups were very receptive to learn more about Digital Banking services.

WHY NCR?

NCR Corporation (NYSE: NCR) is the global leader in consumer transaction technologies, turning everyday interactions with businesses into exceptional experiences. With its software, hardware, and portfolio of services, NCR enables more than 550 million transactions daily across retail, financial, travel, hospitality, telecom and technology, and small business. NCR solutions run the everyday transactions that make your life easier.

Banks and credit unions turn to NCR's Digital Insight solutions for innovative digital banking that supercharges

NCR continually improves products as new technologies and components become available. NCR, therefore, reserves the right to change specifications without prior notice.

All features, functions and operations described herein may not be marketed by NCR in all parts of the world. Consult your NCR representative or NCR office for the latest information.

NCR is a registered trademark of NCR Corporation in the United States and/or other countries. All brand and product names appearing in this document are trademarks, registered trademarks or service marks of their respective holders.

© 2017 NCR Corporation Patents Pending

17FIN7431-0917

ncr.com

THE CUSTOMER VIEW

"Checking penetration and digital banking usage leads into additional services."

**– Claudia Burkett, EVP/COO,
Education Credit Union**

Employee feedback from the e-Everything Contest was overwhelmingly positive and thus a secondary benefit to the contest was happier, more engaged employees. "This contest was a great incentive for employees to get more familiar with our electronic services" and "I really liked being so hands on with all our e-services and being able to cross-service them a lot easier to our members" were just some of the feedback collected from employees that participated in the contest. Weekly cash prizes were awarded to the best performing branch specialists and all branch specialists were given t-shirts that highlighted the convenient services offered through Digital Banking.

In summary, digital banking has enjoyed tremendous, organic success becoming consumers' preferred channel. Still, financial institutions like Education Credit Union can significantly boost adoption and build stronger relationships with creative engagement programs, such as the e-Everything Contest.

their growth. For nearly 20 years, this leading solution has helped financial institutions engage more meaningfully and more profitably.

NCR is headquartered in Duluth, Georgia with over 30,000 employees and does business in 180 countries. NCR is a trademark of NCR Corporation in the United States and other countries. The company encourages investors to visit its web site which is updated regularly with financial and other important information about NCR.

