Solving the Millennial credit union conundrum

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It's quite the conundrum: credit union leaders know they can't afford to skip over lending to Millennials, but many haven't yet figured out how to successfully attract enough borrowers under age 35 to impact their average age of membership. There's so much talk about how to woo this 80-million consumer market – and so few bragging rights.

Why?

Frequently the problem is many of us pursue the Millennial market as though it was one homogeneous group. But it's very far from it. The Millennial generation is a diverse group of consumers made up of different ages, lifestyles, cultures, interests, and credit histories. I think this reality explains why technology and digital marketing alone haven't been enough to capture the results we desire.

Consider the following broad groups that comprise, in part, today's largest demographic:

- Young Millennials
- Single
- Married
- College-educated
- Hispanics
- Married with children
- Entrepreneurs
- Active military

But, of course defining this group runs deeper. Within these groups we find cause-and-community-driven, diverse income levels, credit challenges – you get the idea.

Which Millennial target(s) is right for your credit union?

Start with an internal perspective. Today, who are your most profitable Millennial members? Identify unique traits, product usage, credit score, or service behaviors that set this group apart. If you like what you find, judge whether your success has been by chance or part of a strategic focus. Can you find more opportunities to leverage what's working?

Next, look externally to your potential field of membership. Who are the Millennials living within your potential service area? Are there any dominant groups, such as active-duty military, students, or Hispanics? What is the local economic landscape like? Is your credit union located in a lower-income area with lower average credit scores? Or are your potential Millennials in the upper-age bracket in a booming suburban market? What types of financial products and services are your local, dominant Millennial groups using? If your local area is dotted with predatory Payday and "Buy Here, Pay Here" car lenders, you may want to consider second-chance and credit-builder products to develop and improve credit. If you have a growing Hispanic community (average age is 22), you may want to have bicultural staff and communication to reach this market. If the economy in your market is more robust, you may want to target Millennials interested in applying for their first mortgage loan. To be successful, you need to have more than convenient access and technology. You will need to align the right products and services with the right demographics. Do you offer the products they are using elsewhere? From their perspective, will they view your product type, terms, benefits, features, etc. as relevant?

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You don't have to solve the conundrum alone

If your credit union isn't succeeding, it's time to re-examine your tactics.

I've spent a majority of my professional credit union career responsible for successful marketing strategies, profitable membership and loan growth, sales, and community development. I learned there's no reason to go it alone, and you don't have to re-create the wheel – but you do need to act.

Leveraging high-quality analytical tools is a start. Companies like Experian can help you quickly identify your most profitable Millennial member with its credit and account review products, then overlay Millennial lifestyle information to help you identify the best Millennials to target for your credit unions' branches. Depending on your resources and budget considerations, you can gather this information by either working with Experian's credit union consulting team or through a set of self-service tools. Pre-qualification and prescreening tools can then help you make the right offer to the Millennials who best match your risk-based criteria, and serve up digital invitations and offers.

Why it matters

Success finding (and lending) to your Millennial market is going to require investment (time, money) and prioritization. Time and resources are limited. There are just so many tasks that can be done, and a limited amount of money to do them. But consider this: if your credit union isn't attracting and lending to the Millennial market it needs to survive, what else could be a higher priority?

No credit union can afford to skip over this generation during its prime borrowing years. Indeed, one might say the fate of the entire credit union system hinges on our collective ability to serve this generation.

If you're not yet engaged, now is the time to act