



Unlocking the Millennial Mystery

RESEARCH HIGHLIGHTS

MAY 2014



14





How can credit unions leverage their strengths to be relevant to today's Millennial consumers? CO-OP Financial Services recently conducted research with Millennial-aged customers who have recently switched or are open to switching financial institutions. What we found clearly illustrates that Millennials have a starkly different perspective from that of previous generations on the financial services options available to them. These findings really demand the credit union industry stand up and take notice of how they think and feel. Changing the way credit unions do business for the Millennial generation promises to build a strong foundation for future growth among customers of all ages.

The Millennials' World View

Immediate gratification and transparency rule.

Amazon, not Apple or Nordstrom, is the darling of the Millennial generation. Amazon is growing to meet the boundaries of what's possible (enabled by technology and human street smarts) when it comes to giving people what they want, when they want it, and putting the customer in the driver's seat. Amazon has set the bar for both getting what you need, as well as letting you know where your item is coming from, resolving customer service issues in multiple (all satisfying) ways and delivering on expectations.

Millennials value authenticity and have built-in radar for hype. This skepticism demands honesty and transparency.

The "normal" rules for life events don't apply. They have re-written the rules.

Millennials delay getting a "real" job (or that never happens).

Getting married is delayed.

Having kids isn't necessarily in the context of a traditional marriage.

Millennials are shattering old perceptions about financial institutions

Virtual banking is re-shaping the landscape for financial transactions. Among both credit union and bank customers surveyed, 70 percent believe they'll be doing all or the majority of their banking virtually within the next 3 years.

Millennials don't hate their banks. 88 percent say they are satisfied with their banks—and 96 percent report satisfaction with their credit unions.

Banks used to fail to develop personal relationships with their regular customers. For many customers, that's just not the case anymore. Banks seem to have read the book on how to make people feel welcome and "special," and now they are showing their "we're your neighbor" faces. Four in 10 consumers report they view both credit unions and banks positively.

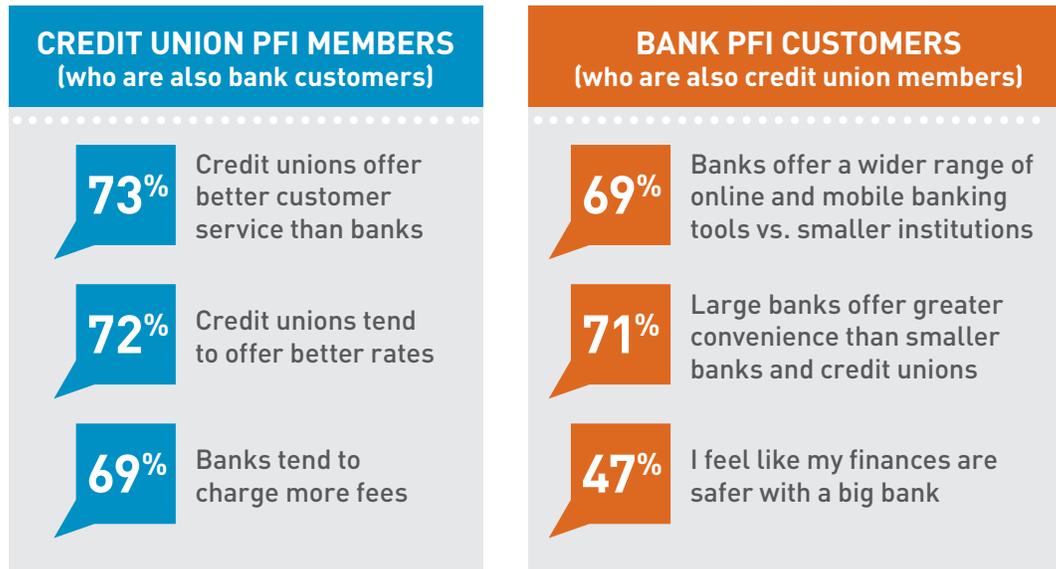




Millennials are comfortable with multiple financial service relationships. Primary financial institutions (PFIs) provide a functionally transactional relationship that serves a specific need. They choose a “partner” for a specific financial need and may or may not want to add depth to that relationship.

A large percentage of Millennials surveyed have a primary account with a credit union—60 percent of them in fact. Nearly half (45 percent) are satisfied with their credit union’s network of ATMs.

When we asked the respondents who had accounts at both a bank and a credit union about the strength of credit unions vs. banks, here’s what they said:



Strengthen Millennials’ grasp of the tools you provide

To Millennial switchers, financial institutions are “tools” to help accomplish their goals. Loyalty is low, even when satisfaction is high. That means that the “**tools**” credit unions offer should be:

- 1) **effectively rolled out** so your customers know you have them
- 2) **differentiated** (and promoted as different) so your offering is more compelling and user-centric
- 3) **easy to access** and manage from wherever and whenever

Purchase these complete research materials and enhance your knowledge

CO-OP’s *Unlocking the Millennial Mystery* Research Portfolio, available for \$299, is a comprehensive multimedia package that presents the full results from this study. It includes:

- Key Findings PowerPoint
- Extended Research Findings Video
- Comprehensive Research Report (also offered separately for \$199)

To order, visit co-opthink.org.





About this study:

CO-OP Financial Services conducted a 20-minute online survey among 495 Millennial consumers between 1/21/2014 and 2/2/2014. All were checking and savings account holders between the ages of 18-34, with a mix of employed and students in school. We surveyed equal numbers of men and women.

The study intentionally screened to include only those who indicated they were willing to switch, or recently had switched, primary financial institutions. We included 250 credit union members and 245 bank customers who had a checking or savings account at those respective institutions.

The sample included:

Switchers [199]—those who had switched primary financial institutions in the past year (64 of them who'd switched to a credit union).

Prospects [296]—those who indicated they'd be open to switching primary financial institutions within the next year. There was natural fallout of 123 survey participants who have accounts with both a credit union and a bank.

One-on-one, in-depth interviews were conducted with five Millennial switchers to hear more about how they think and feel about their relationships with brands, including financial service brands. Quotes from those interviews punctuate our online survey findings and are featured in the video documentary footage.

