



Credit Union Awareness Study

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**Oakbrook Plaza
7207 W. Oakland Park Blvd
Fort Lauderdale, FL, 33313
Phone: 954-741-2234
Fax: 954- 742-3733
info@crmfir.com
www.crmfirm.com**

Company profile: Clarocision Research & Marketing, formally Carolana Research & Marketing was established in 1993. We are a full service research and marketing company. We provide strategic and cultural direction for businesses in retail, financial services and other service industries, through accurate, thorough research and analysis, and an integrated consultation process. We offer a full range of marketing services including website development, branding and more . . .

Methodology

Credit Unions have existed in the United States for about one hundred years (100). Yet, in spite of their longevity the general population of the United States still is not fully aware of their existence and services. This study was conceived with the following objectives:

- To assess the general awareness of the population in Broward and Miami Dade counties regarding Credit Unions
- To assess the awareness of the population in Broward and Miami Dade counties regarding Credit Union services
- To assess the likelihood of people joining a credit union once they are made aware of Credit Unions and their services

Methodology: When conducting quantitative research a sample size is always necessary, because it is impractical and expensive to work with a full population. To generalize from the sample to the population, the sample has to be representative of the population. A procedure can also be used; to make sure that a proportional representation of population subgroups are selected (e.g., sexes, races, regions). This is usually done in the screening process. This study utilized a random sample and also a proportional representation process to ensure that a good representation of the diverse population of Broward and Miami Dade counties were represented. Confidence intervals were also used in sample size. In order to gain better precision in the sample size a confidence interval of 95% was used.

For this study, a sample size of 372 respondents was interviewed face to face. This gave us a 95% confidence with interval of +/-5%. This gives a good assurance that the results of the study can be generalized to the entire population within + or – 5% range of accuracy.

The following are some broad demographic characteristics of the study. The gender break down was 64% females and 36% Males. The age disparities are the following; 14.3% fell in the cohort 18-24 years old, 19% (25-35 years old), 25.2% (36-45 years old), 21% (46-54 years old), 20.2% (55 and above years old)

Sixty three point five percent (63.5%) of the sample size was from Broward county and 36.2% from Miami Dade. Sixty-three point nine percent (63.9%) of the population was employed fulltime.

The ethnic breakdown is the following; 46.9% of the sample size was Caucasian, 31.3% was black – including African Americans and Afro –Caribbean 15.9% was Hispanic. This is fairly representative of the demographic mix in Broward and Miami Dade counties.

One of the realities of the demographic mix in South Florida is that Hispanics can get counted twice, both as Caucasians and Hispanics. This can inflate the Caucasian numbers and suppress the Hispanic numbers. The same can be said of African Americans and Afro Caribbean. Sometimes all blacks are lumped in as African Americans. This inflates the African American numbers and suppresses blacks from other regions. For the purposes of this study such variations do not matter, since the study is focused on Credit Union awareness and use of products.

Executive Summary

The economic tsunami that has affect businesses over the last two years has created both opportunities and challenges for Credit Unions. On the one hand Credit Unions faired better than banks in terms of stability. Callahan reports that Credit Unions experienced “accelerated member growth and an increased presence in key business segments, with national market share in mortgage and auto lending reaching new highs in 2009.” In a 12-month report recorded on June 30, 2009, U.S. Credit Unions reported 8.4% growth in shares account balance. But on the other hand some glaring cracks have opened up. These cracks have revealed some incredible opportunities and challenges for Credit Unions.

In spite of the efforts of some Credit Unions to make the public aware that they are open to the community, still over 50% of the public are generally unaware (54.8%) that many Credit Unions are open to the public. The current level of awareness about Credit Unions could be considered as low; 16.9% of respondents were very aware of Credit Unions and their services, 43.1% were somewhat aware and 40% considered themselves unaware. This has significant implications for how Credit Unions market themselves. Credit Unions must carefully segment their market and utilize all the various forms of marketing to get their message out.

One might assume that a good way to attract new customers is to offer them great incentives. Interestingly, only 19.9% of respondents chose a primary financial institution based on the incentives offered. The top reason for choosing a Financial Institution was that the bank or Credit Union gives a sense of financial security. Credit Unions could benefit much from this sentiment since they are seen as more stable and secure. Unlike banks where close to one hundred failed in the last year, only very few Credit unions failed, over the same period. Since 2009 a total of 69 banks have failed and 8 credit unions, according to BankInfoSecurity.com.

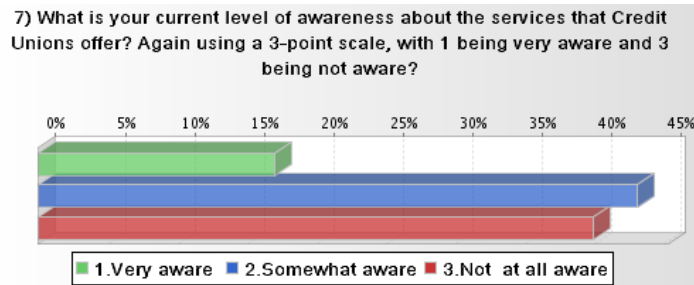
When respondents were asked their banking preference in the current economic climate 54 % of them said they would bank with a bank. That is down from a high of 90% of people who currently bank with banks. Credit unions moved marginally up, however, from 37.6% to 38.5%. The big winner seems to be “other options” up from about 3% to 23.8%. Sadly, many of those who were considering pulling their money spoke about keeping it under their mattresses or other such places. This means if Credit Unions are more forceful in promoting themselves as a more stable and secure way to bank they could benefit tremendously from this economic tsunami.

When respondents were asked why they considered a certain bank or Credit Union to be their Primary Financial Institution 85.7% said it was because they did most of their banking at that institution, 71.2% said it was close to where they lived, 53.9% made that decision based on the great services, 48% noted that the institution has a wide range of products that suited their needs and 21.9% gave other reasons.

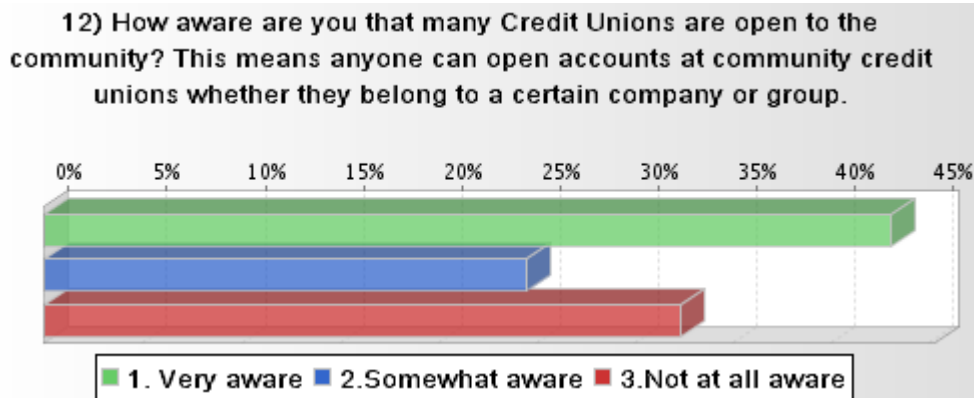
It is not surprising that those Credit Unions, which scored highly on the awareness scale, were ones that were involved in substantial media campaigns such as TV and Radio advertising. It is also interesting to note that awareness was somewhat regionalized. Dade County Federal Credit Union had a much higher level of awareness among the Miami Dade population when compared to the general population within both Broward & Miami Dade counties. Since Credit Unions are many times limited by geographic bounties it is necessary to employ a targeted approach in implementing marketing tactics. The opportunity now for Dade Federal Credit Union is to translate this awareness into new members.

Current Awareness Level of Credit Union Services

The current level of awareness about Credit Unions could be considered as low; 16.9% of respondents were very aware of Credit Unions and their services, 43.1% were somewhat aware and 40% considered themselves unaware. These numbers are striking. Forty percent of respondents were unaware of Credit Unions services. With some significant marketing awareness Credit Unions could capitalize on this market. Those who are somewhat aware could be targeted with specific products that would increase their awareness.

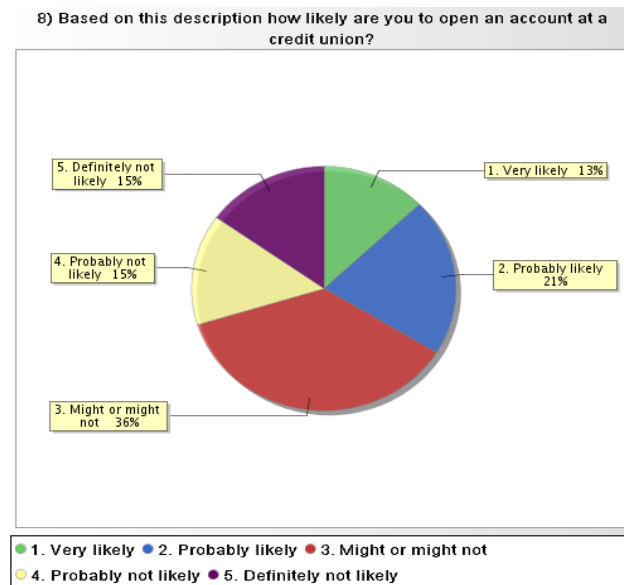


Over thirty percent of responders were not aware that CUs are open to the public (32.3%). Forty-three point one percent (43.1%) of respondents were aware. Twenty four point five percent were somewhat aware. If we focus only on the percentage of people who are unaware of CU's being open to the community, if CU's do a better job of educating it is likely that they could increase their membership significantly.



Total # of respondents 372: Statistics based on 371 respondents 0 filtered; 1 skipped

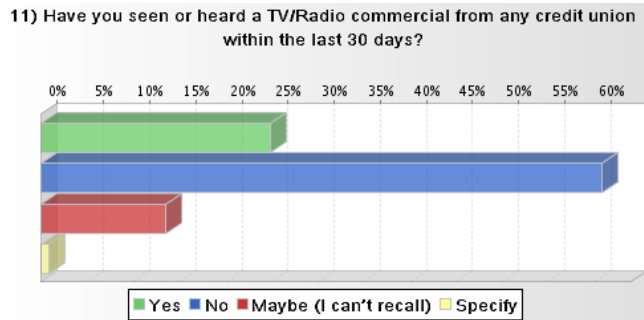
When respondents were briefed about the nature and services of a Credit Union their likelihood to open an account at a Credit Union rose significantly; 12.9% were very likely, 20.9% were probably likely, 36.4% might or might not, 14.7% probably likely and 15.1% were definitely not likely. Those who are very likely to open an account rose by 3.1%, those who are probably likely rose by 10.2%, those who may or may not decreased by 2.4%, those who probably would not decreased by 4.3% and those who were definitely not likely, decreased by 11.2%. All around with greater awareness Credit Unions are likely to benefit by increasing their new membership based by about 14.3%.



Total # of respondents 372. Statistics based on 225 respondents Skipped:147

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A revealing statistics that gets to the heart of awareness has to do with people who say they have heard a Credit Union advertisement in the last 30 days; 24.9% said they have heard a CU ad, while 60.8% of people did not. Some 13.5% could not recall. If we relate this question with the answer from question 9 on awareness in the current economic climate we see CUs as having a huge opportunity. Since over 60% of people have not heard a CU ad in the last 30 days, the fact that people have lost confidence in banks in the current economic climate could mean CUs could benefit by doing consumer awareness campaigns and member acquisition campaigns. Such awareness would educate and motivate the banks' disenchanted to join a CU.



Total # of respondents 372 Statistics based on 370 respondents 0 filtered; 2 Skipped

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