



E's of service

BY JOVEY STEWART

ELECTRONIC STATEMENTS HAVE MUCH TO OFFER ... IF YOU CAN CONVINCE MEMBERS TO SIGN UP.

The growing popularity of electronically delivered member statements mirrors the rise of online banking. Almost 70% of financial institutions responding to a 2003 Forrester Research study ranked “enhancing online customer service” as a high priority, and 63% said promoting e-statements was part of the strategy.

Consumers, however, have been slow to embrace them. But while only 8% of online consumers participate, Forrester says 38% are likely to use e-statements instead of paper if the service is free. The study further states financial institutions that offer incentives or bundle e-statements as part of their home banking product can boost participation even higher.

Credit unions are getting the message. More than 18,000 members of Northwest Federal Credit Union — about 29% — receive monthly financial statements electronically. The credit union bundles e-statements with its home-banking program.



Joan Stroud
Northwest Federal
Credit Union

“The two products work in tandem,” says Joan Stroud, marketing manager of the Herndon, Virginia, credit union. “Members signed up for home banking must opt out of e-statements if they don’t want them.” About 63% of NWFCU members enrolled in home banking have adopted e-statements since NWFCU (\$1.2 billion assets; 69,000 members) began bundling the two products in March 2003.

Even so, continued growth is not a given. “We’ve found that members need to be educated about the value of e-statements on a regular basis,” Stroud says. So NWFCU, which serves federal government employee groups and 270 other SEGs, heavily promotes e-statements throughout the year. The campaign includes Web site promotions, telephone hold messages, direct-mail postcards, statement inserts, member newsletter articles, e-mail notifications and banners, in-branch demos, and yearly drawings. In its most successful drawing to date, NWFCU enrolled 1,275 members during a digital camera giveaway promotion.

In the two years since US Airways FCU (\$612 million assets; 80,000 members) began offering free e-statements bundled with its home-banking services, nearly one in six of the 24,000 members have climbed aboard. “The more we offer online and the more members we can drive to this channel, the more we can save,” says US Airways FCU Vice President Kevin Dougherty.

The western Pennsylvania credit union also drives members to its online channel when they request an extra copy of their financial statement. (Online it’s free.) That’s not all. The credit union



Kevin Dougherty
US Airways FCU

target-markets members with e-mail addresses, using vendor software that flags members signed on to home banking, but not using e-statements. They also cross-sell when a member opens a new account.

The cost savings to credit unions can be significant. DigitalMailer, an e-statement and digital communications provider, estimates financial institutions spend between 75 cents and \$1.25 or more to generate and deliver a single traditional statement (paper, postage, and labor costs). According to DigitalMailer Vice President Greg Crandell, financial institutions can save a minimum of \$7,000 a year for every 10,000 customers (starting at roughly 50 cents per member per month), assuming a 12% yearly adoption rate.

Dougherty estimates US Airways FCU’s 2004 savings at \$20,000. At larger NWFCU, Stroud estimates \$200,000 annual savings on paper statement processing and postage costs. And Stroud points out that e-statements can also guard against identity theft since they don’t travel through the mail. It’s also quicker; members usually receive statements on the next business day following month’s end.



Greg Crandell
DigitalMailer

“Along with cost savings and service enhancements, e-statements provide terrific sales and promotional opportunities,” Crandell says. “When you couple it with a home-banking product, it can be an enticing tool to provide richer customer service.” •

Jovey Stewart, a Dimensions associate editor, wrote about shared branches in the Spring 2004 issue.