

## The ROI of PFM

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Credit unions weighing an investment in personal financial management tools should consider the value this online service offers members. Today's feature-rich PFM tools are a far cry from the account aggregation tools offered in the past; unfortunately, there is a lack of data on the long-term impact of PFM on member loyalty.

According to an [Aite Group study](#), financial institutions offer PFM to meet both retention and financial objectives. Sixty-five percent of institutions surveyed expect PFM to increase customer retention, while 53% say they expect it to improve their brand perception. Many expect PFM to increase products per consumer (50%) and increase account balances (38%). To understand the ROI of personal financial management, credit unions must understand the benefits it offers institutions and their members.

### PFM Tools Increase Member Involvement with the Credit Union

PFM helps members improve their finances. These tools provide a way to budget, track spending, and set goals. Aggregation tools automatically categorize spending, allowing members to easily see where their money is going. PFM is a "sticky" service, similar to bill pay. It requires a time investment for members to add account information and set goals. Members' improved financial status will help them qualify for more loans or other products from the credit union.

Account alerts related to budget and spending are an ongoing reminder of the member-credit union relationship and can include a short message. Group message boards for sharing money-saving ideas create community and increase involvement.

### PFM Can Benefit Credit Unions

PFM can help provide a competitive advantage to credit unions. As major banks increase consumer-focused advertising, they're hoping people will forget consumer-oriented changes are federally mandated. Anti-bank sentiment will take time to subside, so credit unions should market their ability to help members improve their financial health. Offering members an easier way to control spending is a message that resonates across all age groups.

Credit unions can use member spending data to target members for products and loans that will save them money. Many members already use "free" financial management services provided by non-financial institutions. Providers such as Mint finance free services through ad revenue and product placement; however, competitor products touted as a way to "save" money may not be beneficial for members. By keeping members on the credit union website and less exposed to competitor marketing, credit unions can continue to reinforce awareness of their own products and benefits.

### One Credit Union's Experience: Truliant Credit Union

Using PFM within online banking offers many advantages over other service providers, for both the credit union and members. Truliant Federal Credit Union (\$1.3B, NC) offers Digital Insight's to their members for a number of reasons. Chad Scribner, Truliant's Eservices Manager, explains, "Truliant is focused on helping members improve their financial lives. We consider PFM to be a sticky product, as members become more involved in tracking their spending and using our online tools to do so. It is a great tool for members to understand and improve their finances."

Truliant has an active base of approximately 58,000 online banking users, with about half using bill pay. We didn't want our members using Mint or Wesabe," Scribner says. "These PFM solutions don't have our members' interests at heart. We can provide a much stronger tool, and a good value-add for our members."

Since their June 2009 launch, Truliant has seen consistent growth of approximately 1,000 new enrollments in the program per month. Online marketing such as email marketing, website banners, and online banking banners has been effective. FinanceWorks is a tab within online banking, which also helps increase awareness. Branch training sessions for front-line staff are used to demonstrate the value for members and encourage usage.

Ryan Shell, Marketing Communications Supervisor, describes an additional benefit "It becomes another way we can reach out to members and help them change their behaviors to reach their financial goals. Email alerts for low balances can help members save more money, and we're getting in front of them with different type of message." He notes that he has also become a success story, changing his own spending and increasing his savings in response to the information provided in the program.

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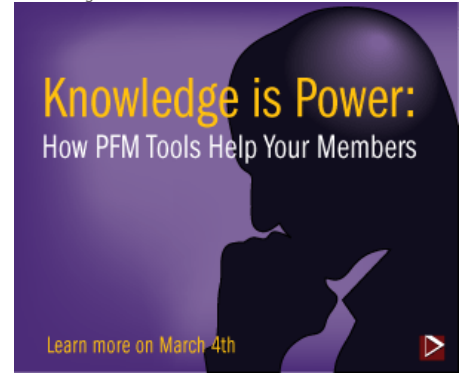
[Knowledge is Power - How PFM Tools Help Your Members](#) Financial institutions are looking for products to help them retain their best online customers and attract new Gen Y members. In this environment, Personal Financial Management (PFM) tools stand out as a way to increase the stickiness of online relationships.

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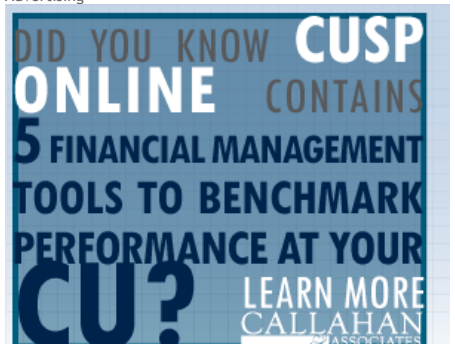
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