

Why It's Not Enough That Consumers Are Angry At Banks

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By Paul Lucas

The 1976 movie "Network" featured a television newsman having a breakdown on the air. The distraught anchorman had people across the country throwing open their windows to shout, "I'm mad as hell, and I'm not going to take it anymore!"

That just about sums up how people are feeling about their banks and bankers these days. And it's likely to get worse before it gets better. A Gallup Poll conducted last June revealed that only 22% of Americans have a "great deal" or "quite a lot" of confidence in banks. And they have even less faith in the people who run them.

In 2005, 41% of Americans gave bankers high ratings for honesty and ethics. By 2009 that number was down to a record low 19%. Less than one in five Americans now consider bankers trustworthy.

At a time when people are becoming downright cynical about banks, banks are facing the potential loss of billions of dollars a year in overdraft fees and credit card income. So just when banks need to win friends among consumers they will likely be forced to increase fees on checking accounts, credit cards and anything else they can think of to offset the losses. It's a perfect storm that could drive an even bigger wedge between banks and their customers.

What does that mean to us in the CU industry? It means its time for the credit union "brand" to come into its own. Since there is no national brand effort or reality it is up to the individual CU to develop its own brand awareness.

The fundamental differences between credit unions and banks have never been more relevant to consumers. New remote delivery capabilities and nationwide service networks make CUs a more convenient option than they were even a decade ago. Members no longer need a "bank" account to assure they can make transactions near where they live, work or travel.

Does this mean people are going to start flocking to credit unions in droves to escape the fees and other atrocities banks will inflict on customers to protect shareholders? No. Why not? Simple. Banks pour a lot of money and effort into attracting customers while most credit unions sit back and watch their "members" cherry pick their products while sending their direct deposit paychecks to the big banks of their choice.

In December 2009 [CBS](#) did a report on, "Credit Unions Better Than Banks For You?," in which it was noted that credit union membership grew 11% in the third quarter of 2009. I can guarantee you it's not because credit unions nationwide decided to significantly increase their marketing budgets. It's because consumers are looking for alternatives to banks and they're starting to pay more attention to the advantages offered by credit unions. When we see that type of self-propelled movement in the marketplace it screams of opportunity. But credit unions who want to benefit for the long term must be prepared to step up and aggressively position themselves as a viable bank alternative.

As individual credit unions it is time to start seriously going after increased market share. As an industry it's time to step up and educate a willing marketplace on all we have to offer. In my next column I'll discuss some specific tactics and strategies for credit unions anxious to benefit from the growing anti-bank sentiment.

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