



# **LAKOTA FEDERAL CREDIT UNION**

## **MEMBER SURVEY**

August 2015

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## INCREASED CUSTOMER ACCESS PARTNERSHIP PROGRAM

### **Background**

The Lakota Federal Credit Union Member Survey was developed, conducted, and analyzed by Lakota Funds as part of the Increased Customer Access Partnership Program, which was funded by the Citi Foundation. The Increased Customer Access Partnership Program is intended to leverage Lakota Funds' relationship with the Lakota Federal Credit Union to increase delivery of development services and tap into a market of potential loan clients through the credit union's membership base.

## SURVEY MONKEY: AN ONLINE SURVEY TOOL

### **Methodology**

The Lakota Federal Credit Union Member Survey was delivered using SurveyMonkey, an online survey tool. Lakota Federal Credit Union members were encouraged to take the online survey with a drawing. Members who completed the survey were entered into a drawing to win one of two \$50.00 gift certificates to local businesses. Survey respondents were informed that information they provided through the survey would be kept confidential, and that identifying information would only be used to contact them in the event that they won the drawing.

The survey was promoted through a number of methods, including:

- Posting a link on the Lakota Federal Credit Union's home page
- Making multiple posts on the Lakota Federal Credit Union's Facebook page
- Handing out flyers to members at the Lakota Federal Credit Union's branch
- Providing a laptop for Lakota Federal Credit Union members to take the survey in the branch

Survey responses were collected from Tuesday, June 9, 2015 through Monday, August 3, 2015.



## SURVEY DEVELOPMENT

The Lakota Federal Credit Union Member Survey was comprised of 15 questions – 13 of which were multiple choice. The survey addressed three main topic areas:

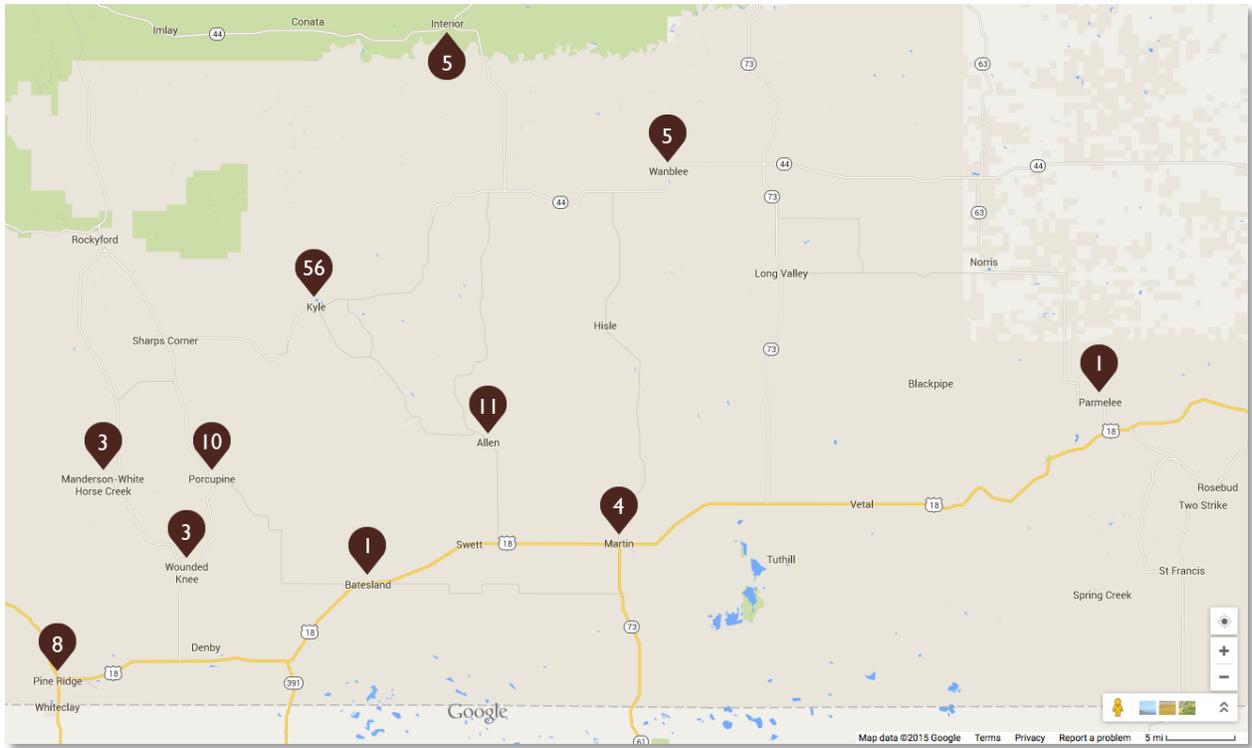
1. **Current Use of Financial Tools** – This section of the survey assessed how Lakota Federal Credit Union members are currently using financial products and services. It examines which products and services they use at the Lakota Federal Credit Union as well as surrounding financial institutions. It enables the Lakota Federal Credit Union to pinpoint their most popular products and services. This section also clearly identifies the credit union’s competitors and defines their position in the overall market.
2. **Financial Goals** – This section of the survey provided respondents with an outlet to establish what their financial goals are and how they believe they can achieve them. This information can inform the Lakota Federal Credit Union’s future product development efforts. The credit union can derive which products or services are most desired by their members. This information also tells the credit union what matters most to their members, which is critical information for formulating marketing messages and campaigns.
3. **Customer Experience** – This section of the survey gathered general information about the quality of the Lakota Federal Credit Union’s customer service. Survey respondents told how satisfied they were with the credit union’s service as well as their products and services. Survey respondents also had the opportunity to provide any additional information they desired through an open-ended question. In addition, this section examined how becoming a member of the Lakota Federal Credit Union has changed people’s lives.

## OVERVIEW OF SURVEY RESPONSES

One hundred and twelve Lakota Federal Credit Union members started the online survey, but of those 105 actually completed the survey. For purposes of this report the seven respondents who started but did not finish the survey will not be included in the data in the Key Findings section of this report. The members who completed the survey represent approximately 6% of the Lakota Federal Credit Union’s overall membership base.

Most of the of the members who completed the survey resided near the Lakota Federal Credit Union’s branch; half of the survey respondents were from Kyle. The following map charts number of respondents by location.





Not pictured in the map above are:

- One response from Rapid City, South Dakota
- Two responses from Gordon, Nebraska
- Two responses from other states

## CURRENT USE OF FINANCIAL TOOLS

### Length of Membership

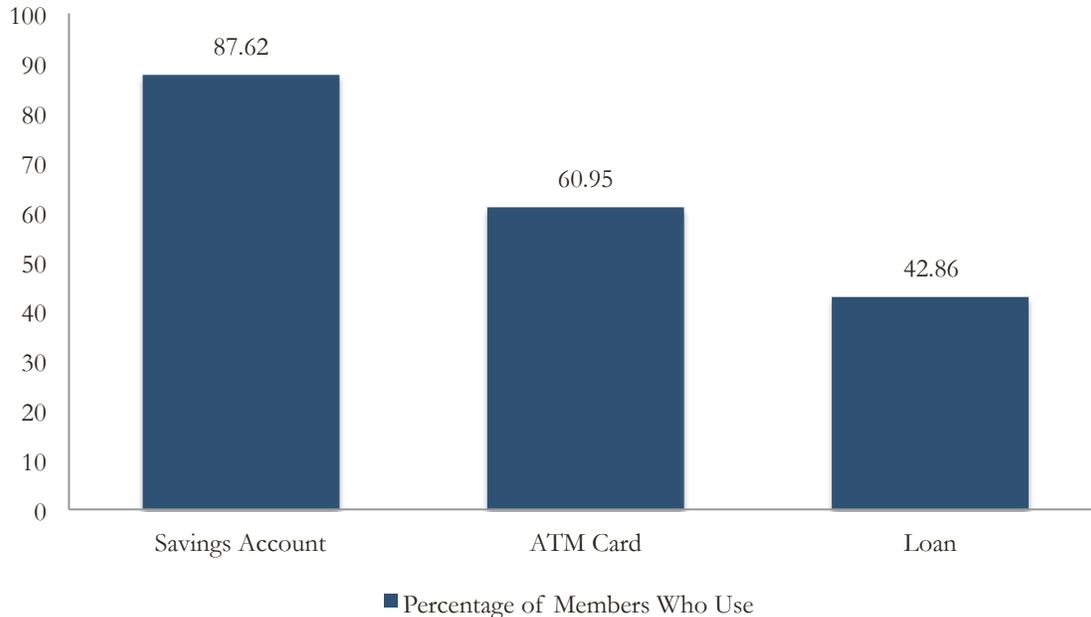
Of the 105 survey respondents, the majority (66.67%) had been members of the Lakota Federal Credit Union for over a year. Approximately one third (33.34%) of survey respondents had been a member of the credit union for one year or less.

### Financial Products

The most popular financial product among survey respondents was by far a savings account, with 87.62% of respondents indicating they had a savings account with the Lakota Federal Credit Union. The ATM Card was also popular with 60.95% of survey respondents indicating they regularly used this product at the Lakota Federal Credit Union.

Forty-five (42.86%) of the survey respondents had obtained some type of loan (auto loan or other loan) from the Lakota Federal Credit Union. Only a small number of survey respondents (7.62%) had gotten a Certificate of Deposit from the credit union.

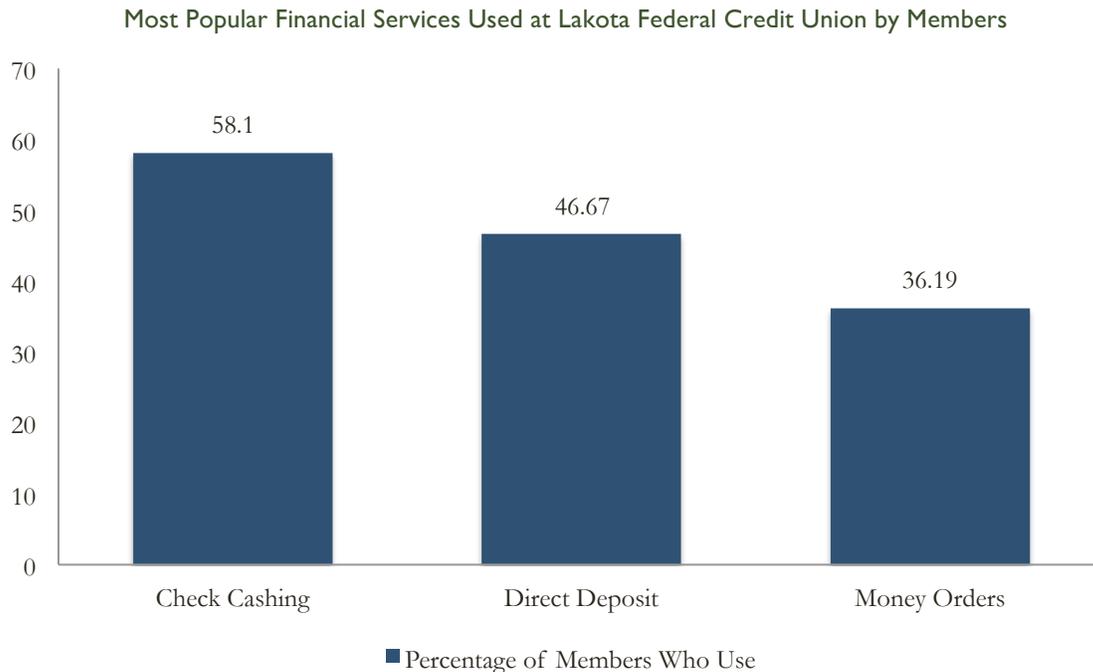
Most Popular Financial Products Used at Lakota Federal Credit Union by Members



### Financial Services

The majority of survey respondents (58.10%) regularly used the Lakota Federal Credit Union's check cashing service; this was the most widely used financial service offered by the credit union.

Direct deposit and money orders were also very popular, with 46.67% and 36.19% of survey respondents respectively using those financial services.

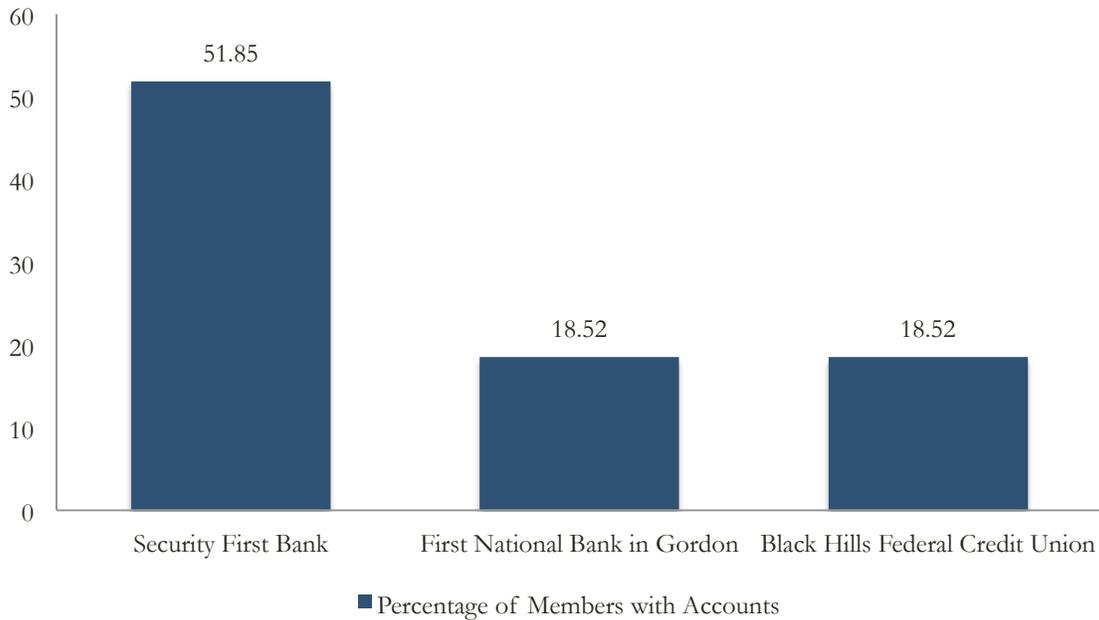


Only about a quarter (24.76%) of survey respondents regularly used the Lakota Federal Credit Union’s online banking service. Other financial services that were not widely used were cashiers checks (with 11.43% of respondents using them) and wire transfers (with 9.52% of respondents using them).

**Competitors**

Just under half (48.57%) of survey respondents had accounts with other financial institutions, while 51.43% did not have accounts with any other financial institutions. Of the members that indicated they did business with other financial institutions, most of them (51.85%) had accounts at Security First Bank. Other top competitors identified were First National Bank in Gordon (18.52% of survey respondents had accounts with them) and Black Hills Federal Credit Union (18.52% of survey respondents had accounts with them).

Lakota Federal Credit Union's Top Three Competitors



Other financial institutions that survey respondents held accounts with were US Bank, Great Western, Brunswick State Bank, Bank of America, US Federal Credit Union, Wells Fargo, Bank of America, Rushmore Federal Credit Union, and High Mark Federal Credit Union. Most of these institutions are located in Rapid City.

None of the survey respondents had accounts at Bank of the West, First Interstate Bank, First National Bank in Chadron, or First National Bank in Philip.

The majority of survey respondents used financial products and services at other financial institutions, while 39.05% said they did not. Nearly half (46.67%) of survey respondents indicated they had a checking account at another financial institution, and 27.62% indicated they had a savings account at another financial institution. About a quarter (24.76%) of survey respondents had loans that were held by other financial institutions.

Types of Loans Held by Other Financial Institutions

LOAN TYPE	# OF RESPONDENTS	% OF RESPONDENTS
Auto Loan	12	11.43%
Home Loan	3	2.86%
Business Loan	1	0.95%
Other Loan	10	9.52%

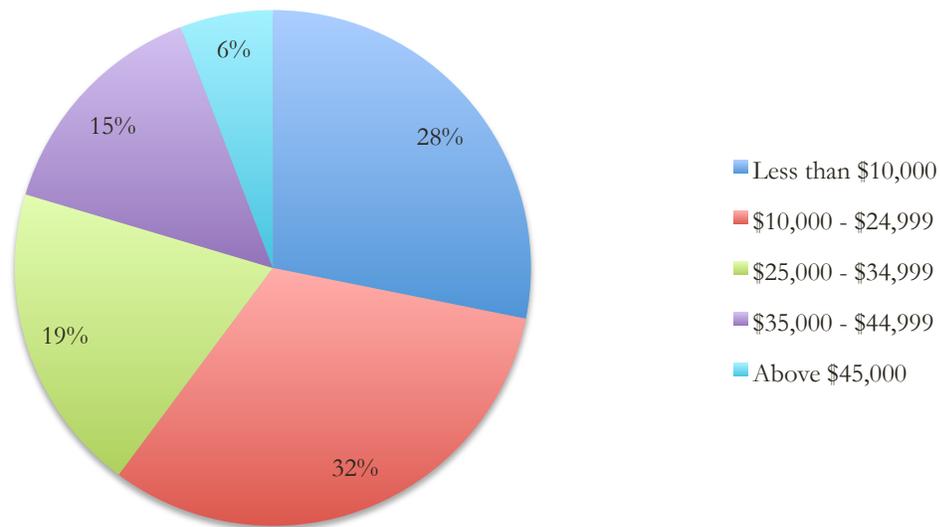
A small portion (7.62%) of survey respondents had certificates of deposit with other financial institutions, and only 3.81% of respondents had retirement accounts with other financial institutions. No survey respondents had money market accounts with other financial institutions.

## FINANCIAL GOALS

### Annual Income

The majority (60.2%) of survey respondents had an annual income below \$25,000; of all respondents 28.16% indicated their annual income was less than \$10,000. Twenty individuals (19.42% of respondents) said their annual income was between \$25,000 and \$34,999, and 14.56% of respondents said their annual income was between \$35,000 and \$44,999. Only a small percentage (5.83%) of survey respondents had an annual income over \$45,000.

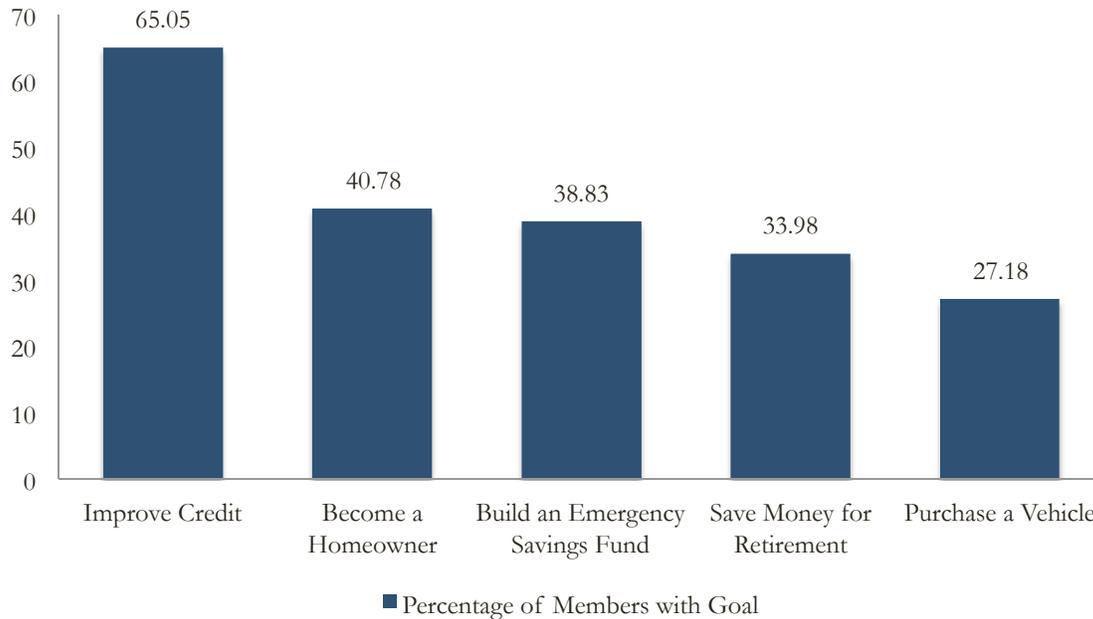
Income Level of Survey Respondents



### Financial Goals

Survey respondents indicated a number of financial goals, but the most popular was to improve credit. Well over half (65.05%) of respondents stated they wanted to improve their credit. Other top financial goals cited were becoming a homeowner (40.78%), building an emergency savings fund (38.83%), and saving money for retirement (33.98%). Purchasing a vehicle was also a common financial goal, with 27.18% of survey respondents indicating this was something they were aiming for.

Lakota Federal Credit Union Members' Top Five Financial Goals



Smaller numbers of survey respondents said that creating a household budget, paying for higher education, and starting or expanding a business were their financial goals; 19.42%, 15.53%, and 13.59% of survey respondents respectively indicated those goals. A small percentage (10.68%) of respondents said they did not have any financial goals.

### Improving Financial Skills

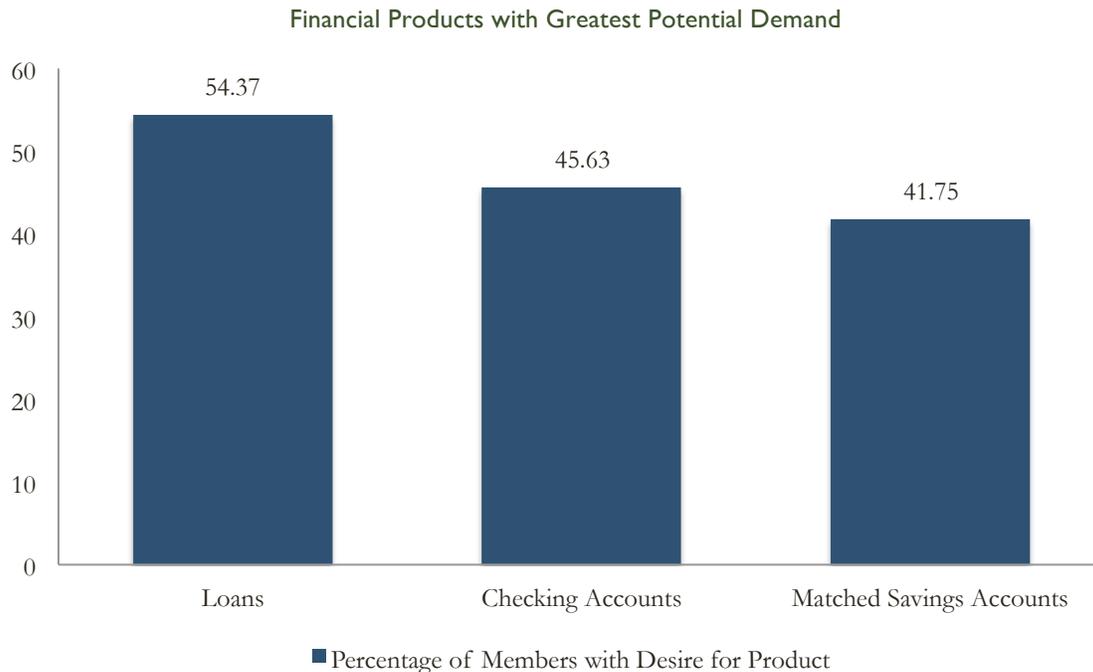
Lakota Federal Credit Union members indicated several areas where they wanted to improve their personal financial skills in order to achieve their financial goals. Nearly half (49.51%) of all survey respondents said they wanted to learn about managing money, and 43.69% wanted to learn about investing. Other common skill areas indicated were creating a budget and sticking to it, learning about the wise use of credit and loans, and learning about checking and savings accounts; 38.83%, 31.07%, and 18.45% of survey respondents respectively indicating they wanted to improve their personal financial skills in those areas.

### Desire For Financial Products

Survey respondents cited many financial products that could help them in achieving their financial goals. Of those, checking accounts were the most popular response with 45.63% of survey respondents desiring that financial product. A significant portion (41.75%) of survey respondents also indicated that matched savings accounts would help them achieve their financial goals.

Over half (54.37%) of respondents said that a loan would help them achieve their financial goals, with 28.16% indicating a loan of \$5,000 or less was desired. Only a small percentage (6.8%) of

survey respondents indicated a loan of \$50,000 or more would support them in reaching their financial goals.



Other common financial products indicated with potential for supporting goal achievement were investments and retirement accounts, with 29.13% and 28.16% of survey respondents respectively citing those products. The least commonly cited financial product cited in this question was the certificate of deposit, with only 11.65% of survey respondents noting it.

## THE CUSTOMER EXPERIENCE

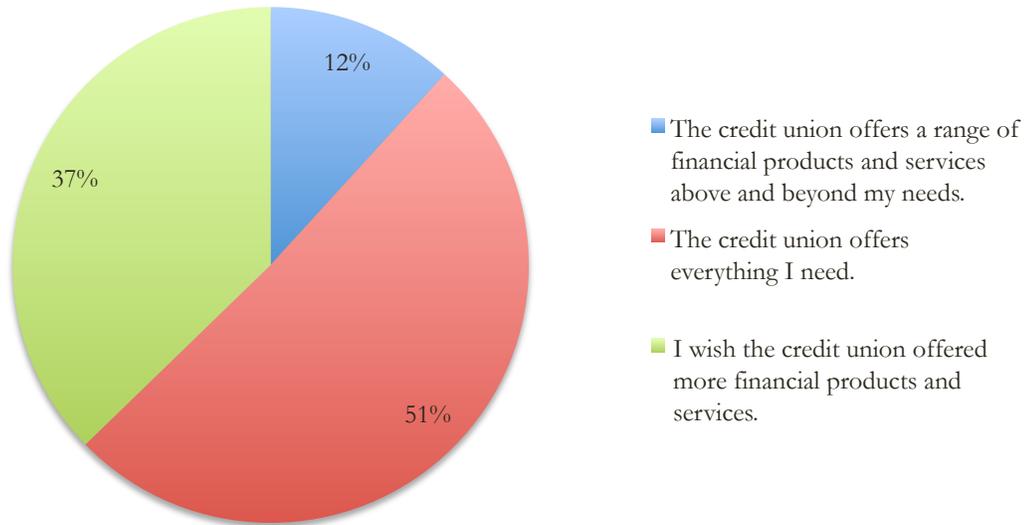
### Customer Satisfaction

Overall, Lakota Federal Credit Union members are happy with the level of customer service that the organization provides. The majority (56.86%) stated they were very satisfied and 32.35% stated they were satisfied with the customer service that they have received. A fairly small number (7.86%) were neutral on the subject, and an even smaller number (1.96%) were dissatisfied with the customer service provided by the Lakota Federal Credit Union. Only one survey respondent (0.98%) stated they were very dissatisfied.

In general, members felt the Lakota Federal Credit Union met their financial and banking needs. About half (50.98%) of survey respondents felt that the Lakota Federal Credit Union offered

everything they needed. A small group of survey respondents (11.76%) felt that the credit union offered a range of financial products and services above and beyond their needs, but a larger group (37.25%) of respondents wished the credit union offered more.

**Ability to Meet Member Needs**

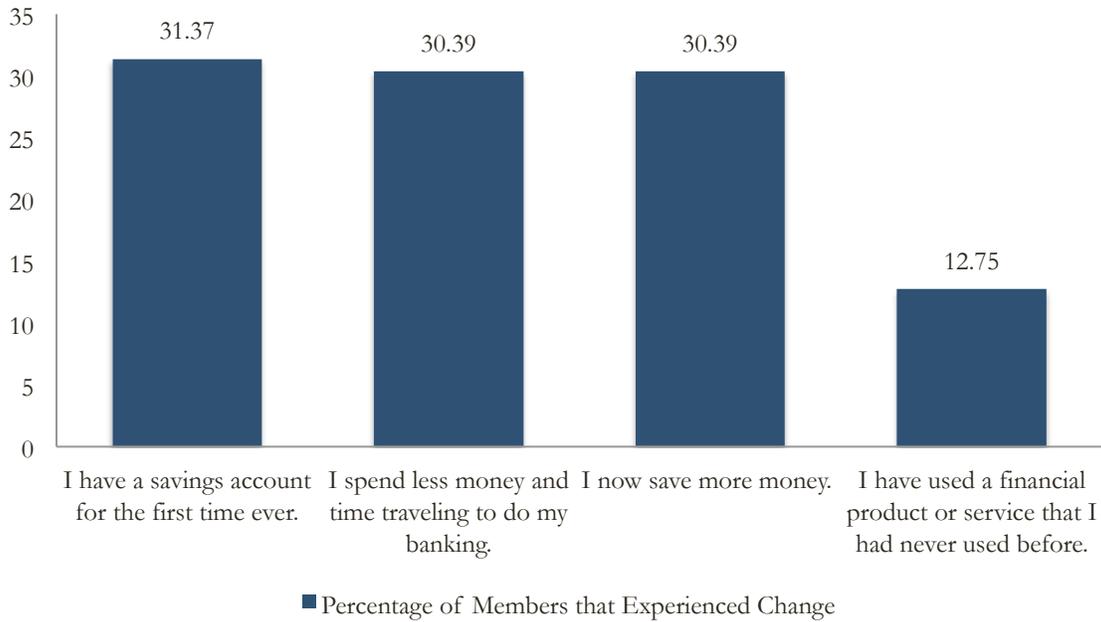


**Implicating Change**

Survey respondents cited a vast number of ways that becoming a member of the Lakota Federal Credit Union had changed their financial habits. Just under one third (31.37%) of survey respondents said they now have a savings account for the first time ever. A substantial portion (30.39%) stated they now save more money as a result of becoming a member of the Lakota Federal Credit Union. Thirteen (12.75%) members stated they have used a financial product or service (i.e. - direct deposit, online banking, certificate of deposit, loan) they had never used before. Another group (11.76%) stated they now do more banking; they use their credit union account more than they previously used their accounts at other financial institutions. And yet another handful of respondents (4.9%) stated they have more money to spend now that they are members of the credit union.

Becoming a member of the Lakota Federal Credit Union had also changed survey respondents' daily habits. A significant portion (30.39%) of survey respondents indicated they now spend less money and time traveling to do their banking. Another small but noteworthy group - 8.82% of survey respondents - indicated that they now do more shopping locally as a result of becoming a credit union member.

Most Common Changes Resulting from Credit Union Membership



Eighteen (17.65%) did not cite any ways that the credit union had changed their lives.

### Additional Feedback

Twenty-seven members provided additional feedback through an open-ended question. The majority (59.26%) of these respondents stated they would like the Lakota Federal Credit Union to offer more products and services. Eight (29.63%) of the respondents in this group specifically stated that they would like the credit union to offer checking accounts.

A significant portion (18.52%) of those that provided additional feedback indicated a level of dissatisfaction with the way the prepaid debit card works. They stated that it was inconvenient to have to call to get money loaded on the card and wanted 24-hour access to their money. Some suggestions were to create an online banking feature to transfer money to their card or link the card directly to their savings account so they wouldn't have to call in to access their money.

Other products that members would like the Lakota Federal Credit Union to offer are credit cards, home loans, credit builder loans, and student loans.

Six (22.22%) of the members that provided additional feedback stated they would like the Lakota Federal Credit Union to expand its operations, either by increasing the hours they were open or adding another branch.

## RECOMMENDATIONS FOR LAKOTA FEDERAL CREDIT UNION

Based on a thorough analysis of the survey results data, the following recommendations are being made for the Lakota Federal Credit Union:

### 1. Offer checking accounts.

Offering checking accounts would benefit the Lakota Federal Credit Union members by helping them to increase their financial capability and providing a better customer experience. In addition, adding checking accounts to its menu of products and services would enable the Lakota Federal Credit Union to gain a larger share of the market.

The survey data clearly reveals a demand for checking accounts. Of the survey respondents, 46.67% have a checking account at another financial institution. This demonstrates a significant portion of members have the desire and capability to utilize this product. Furthermore, 37.25% of the survey respondents stated that they want the credit union to offer more products and services to meet their needs.

Checking accounts would provide Lakota Federal Credit Union members with the opportunity to utilize more advanced financial products. Currently, 36.19% of members use money orders. Offering checking accounts would provide a more sophisticated method for members to manage their money, and possibly reduce the number of money orders being issued by credit union staff.

Checking accounts would also reduce the dissatisfaction that was repetitively expressed by survey respondents in regards to the prepaid debit card. Because checking accounts would have debit cards that were directly linked to members' accounts, it would provide 24-hour access to funds and eliminate having to call to load the card. It would also reduce the number of calls people are making to the branch, freeing up staff time to dedicate to revenue-generating activities.

Adding checking accounts to their menu of products and services would also likely reduce the number of members who hold accounts at other financial institutions. Currently, just under half (48.57%) of members have accounts with other financial institutions. This is probably due to the need for checking accounts.

### 2. Promote the Certificate of Deposit as a way for members to achieve their financial goals.

Of the survey respondents, 29.13% stated investments would help them achieve their financial goals. However, only 7.62% of members currently use Certificates of Deposit. In all reality, Certificates of Deposit are simple investments. Additional education on this product would help Lakota Federal Credit Union members realize how a Certificate of Deposit could help them in achieving their financial goals. In addition, because it is a simple (not complex) form of investing, it is a perfect way for members to build their financial capability. In essence, it can be viewed as a "gateway" investment.



**3. Educate members on the online banking service.**

Only about a quarter (24.76%) of members use the online banking service provided by the Lakota Federal Credit Union. This is a free service that has always been available to members, however it is not widely used. The online banking service can be an excellent way to reduce the high demand put on staff members. However, using online banking will most likely require a change in habits. And, changing habits are not always easy. Education and personal demonstrations will be required to encourage more members to start using the online banking service. Some potential strategies for achieving this goal would be:

- Including a message on the recording prompting members to use online banking.
- Hosting classes to teach members how to use online banking.
- Producing an instructional video that demonstrates how to use online banking.

OPPORTUNITY FOR PARTNERSHIPS

Upon analyzing the survey data, it is clear that the Lakota Federal Credit Union and Lakota Funds can benefit from developing a deeper partnership. There are synergies between the two organizations that can be mutually beneficial if capitalized upon. Based on the survey results, a significant portion (28.15%) of Lakota Federal Credit Union members have an annual income that is less than \$10,000. At this level they fit into the very low-income description, which is in alignment with Lakota Funds’ designated target market.

Furthermore, taking steps to expand their partnership would create added value for Lakota Federal Credit Union members and have an overall benefit for the Oglala Lakota Oyate. The following are recommendations on how the two organizations can work together:

**1. Directly market the Credit Builder Loan to credit union members.**

Well over half (65.05%) of Lakota Federal Credit Union members stated they wanted to improve their credit. While a low credit score may present a barrier in obtaining a loan at the credit union or another mainstream financial institution, Lakota Funds is able to offer more flexible terms to help Lakota Federal Credit Union members achieve this goal. Lakota Funds’ Credit Builder Loan is a solution for individuals seeking to improve their credit.

In addition, 28.16% of the survey respondents said a loan of \$5,000 or less would help them meet their financial goals. This fits in with the parameters of Lakota Funds’ Credit Builder Loan.

**2. Raise awareness of Lakota Funds’ development services to credit union members.**

As a certified Native community development financial institution, the Lakota Federal Credit Union is required to provide development services (i.e. – training and technical assistance) to its members. Credit union members have access to these services through partners such as Lakota Funds.

The following data points derived from the member survey demonstrate the demand for development services:



- 49.51% of members want to learn about managing money in order to achieve their financial goals.
- 43.69% of members want to learn about investing.
- 38.83% of members want to build an emergency savings fund.
- 38.83% of members want to learn about the wise use of credit and loans.

Lakota Funds’ in-person financial literacy class and online “Money in Motion” course would support credit union members in expanding their knowledge in these areas.

### 3. Market the Individual Development Account Program to credit union members.

Credit union members cited a number of financial goals through the survey:

- 40.78% want to become a homeowner.
- 15.53% want to pay for higher education.
- 13.59% want to start or expand a business.

Those goals directly align with the asset purchases that are supported through Lakota Funds’ Individual Development Account (IDA) Program. Furthermore, 41.75% of the survey respondents indicated a matched savings account would help them achieve their financial goals. Lakota Funds’ IDA program would meet this demand while supporting members’ specific financial goals.

### Suggestions for Cross-Marketing Programs and Services

Lakota Federal Credit Union members have a need and desire for some of Lakota Funds’ products and services. Because of this, it will be easy to position Lakota Funds’ products and services in a way that directly meets the needs and desires of Lakota Federal Credit Union members. Connecting credit union members to the organization’s broader network of partners brings additional value to members and helps the organization achieve its mission.

It is important for Lakota Funds and the Lakota Federal Credit Union to work together to determine interaction points where cross-marketing and promotion are most effective. There may be a myriad of opportunities here, but these are some simple suggestions to start with:

- If a credit union member is denied a loan on the basis of having a low credit score, immediately connect them with a Lakota Funds staff member. Because Lakota Funds and the Lakota Federal Credit Union are located within the same building, this can be done on the spot. The Lakota Federal Credit Union can offer their partner’s product (the Credit Builder Loan) as a way for them to become loan-ready. If a Lakota Funds staff member is not immediately available, the credit union employee could ask permission to refer them. At the very least, the credit union employee could give the credit union member a brochure to raise awareness of the Credit Builder Loan.
- Create small flyers (quarter sheet or envelope size) to promote upcoming financial literacy courses and give to credit union members with their transaction receipt. Member service representatives should tell members about the class when they hand them the flyer. A simple

sentence like, “Here’s some information about a class that will teach you about managing money, investing, and using credit,” will create a much larger impact.

- Create small flyers (slightly smaller than an envelope) to promote financial literacy classes, the credit builder loan, or the IDA program and insert them into mailings with member statements.
- Set up a table in the Lakota Federal Credit Union lobby with brochures, information, and give aways. Lakota Funds regularly exhibits at community events, and this would be a similar scenario. Except, the audience would be much more receptive because it has already been established that a large portion of them are interested in Lakota Funds’ products and services.

## CONCLUSION

The Lakota Federal Credit Union is building financial capability and supporting the local economy on the Pine Ridge Reservation. The fact that 31.37% of survey respondents have a savings account for the first time ever speaks volumes. Significant portions of credit union members are using financial products and services they have never used before and interacting with a financial institution more than they have in the past. The Oglala Lakota Oyate are gaining experience in dealing with financial institutions.

Having a financial institution close to home has also had a dramatic effect on the financial circumstances of individuals and families, as well as the overall economy. About a third of Lakota Federal Credit Union members are spending less money and time traveling to do their banking. That has resulted in members having more money to save and more money to spend. In addition, more people are now shopping more locally.

The credit union has experienced extremely high demand from they day they opened their doors. They have successfully built a membership and provided financial tools to help the people of the Pine Ridge Reservation build brighter financial futures. It is now time for the organization to examine ways to continue building the financial capability of its members – either through its own products or services or expanding partnerships.

