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LFCU MEMBER SURVEY

August 2019

PROVIDING TOOLS TO HELP YOU BUILD A BRIGHTER FINANCIAL FUTURE.



Table of Contents

Background & Methodology	2
Introduction	3
Key Findings	5
Current Use of Financial Tools	5
Financial Goals	7
The Customer Experience	9
Conclusion	12



Background & Methodology

INCREASED CUSTOMER ACCESS PARTNERSHIP PROGRAM

Background

The Lakota Federal Credit Union Member Survey was developed, conducted, and analyzed 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 by member service representatives when they came into the branch, through Facebook posts, and an announcement on the homepage. Survey respondents were informed that information they provided through the survey would be kept confidential.

Survey responses were collected from June 26, 2018 through September 24, 2018.



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 eleven Lakota Federal Credit Union members completed the online survey. The members who completed the survey represent approximately 1% 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, with most of the survey respondents (42%) being from Kyle. The following chart outlines number of respondents by location.

CITY/TOWN	# OF RESPONDENTS
Kyle	47
Porcupine	16
Pine Ridge	13
Allen	7
Martin	7
Manderson	6
Oglala	3
Wounded Knee	3
Interior	1



Introduction

Rosebud	1
Rapid City	1
Gillette, WY	1
Mission	1
Pierre	1
Wanblee	1
Kadoka	1

CURRENT USE OF FINANCIAL TOOLS

Length of Membership

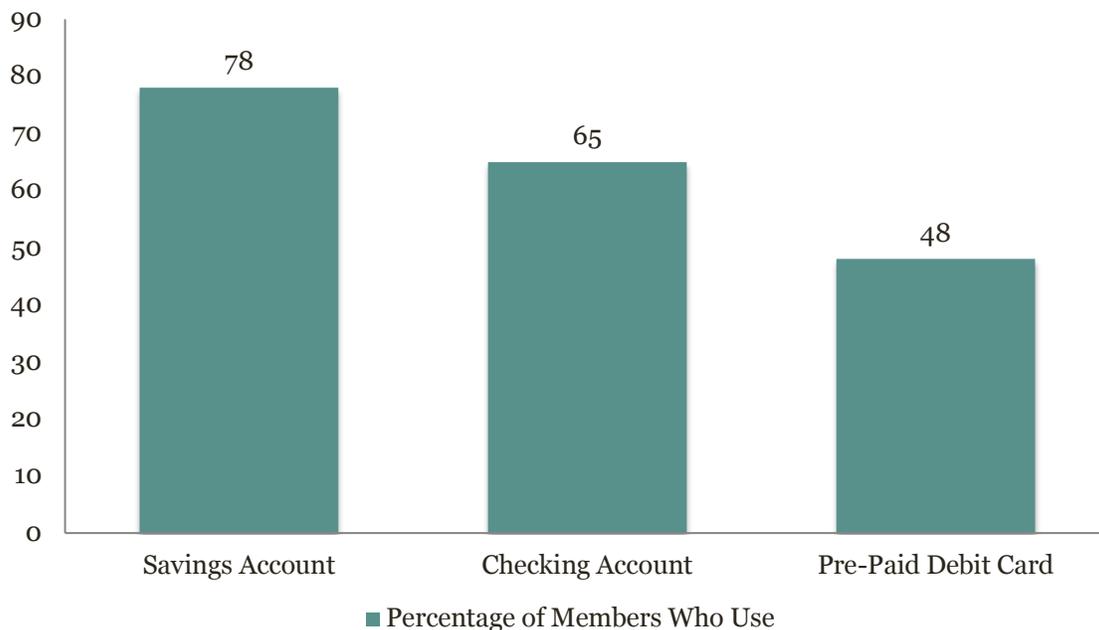
Of the 109 survey respondents, the majority (65%) had been members of the Lakota Federal Credit Union for over two years. A small but significant portion (12%) had been a member for less than six months.

Financial Products

The most popular financial product among survey respondents was by far a savings account, with 79% of respondents indicating they had a savings account with the Lakota Federal Credit Union. The Checking Account was also popular with 65% of survey respondents indicating they regularly used this product at the Lakota Federal Credit Union.

Forty-eight (44%) 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 (4%) had gotten a Certificate of Deposit from the credit union.

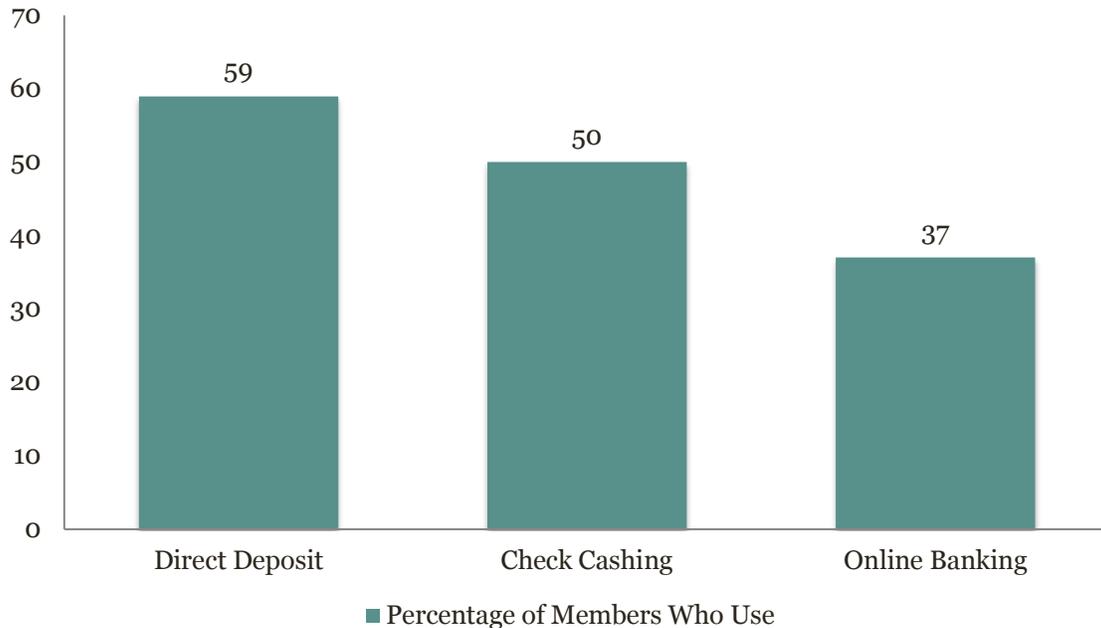
MOST POPULAR FINANCIAL PRODUCTS USED AT LAKOTA FEDERAL CREDIT UNION BY MEMBERS



Financial Services

The majority of survey respondents (58%) regularly used the Lakota Federal Credit Union's direct deposit service; this was the most widely used financial service offered by the credit union. Check cashing and online banking were also very popular, with 50% and 37% of survey respondents respectively using those financial services.

MOST POPULAR FINANCIAL SERVICES USED AT LAKOTA FEDERAL CREDIT UNION BY MEMBERS

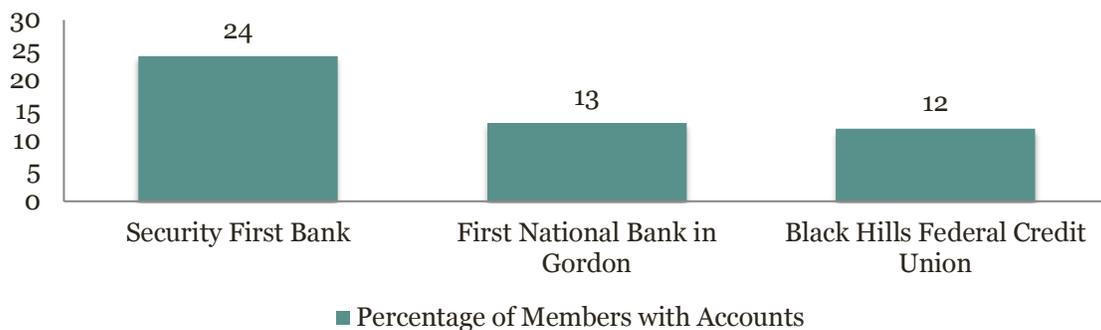


A little less than a quarter (21%) of survey respondents regularly used the Lakota Federal Credit Union’s money order service. Other financial services that were used less were the cashier’s checks (with 18% of respondents using them) and wire transfers (with 14% of respondents using them).

Competitors

Under half (41%) of survey respondents had accounts with other financial institutions, while the majority (59%) did not have accounts with any other financial institutions. Of the members that indicated they did business with other financial institutions, most of them (24%) had accounts at Security First Bank. Other top competitors identified were First National Bank in Gordon (13% of survey respondents had accounts with them) and Black Hills Federal Credit Union (12% of survey respondents had accounts with them).

LAKOTA FEDERAL CREDIT UNION'S TOP THREE COMPETITORS



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

The majority (53%) of survey respondents stated they do not use financial products and services at other financial institutions. Thirty-nine percent of survey respondents indicated they had a checking account at another financial institution, and 21% indicated they had a savings account at another financial institution. About a quarter (24%) of survey respondents had loans that were held by other financial institutions.

TYPES OF LOANS HELD BY OTHER FINANCIAL INSTITUTIONS

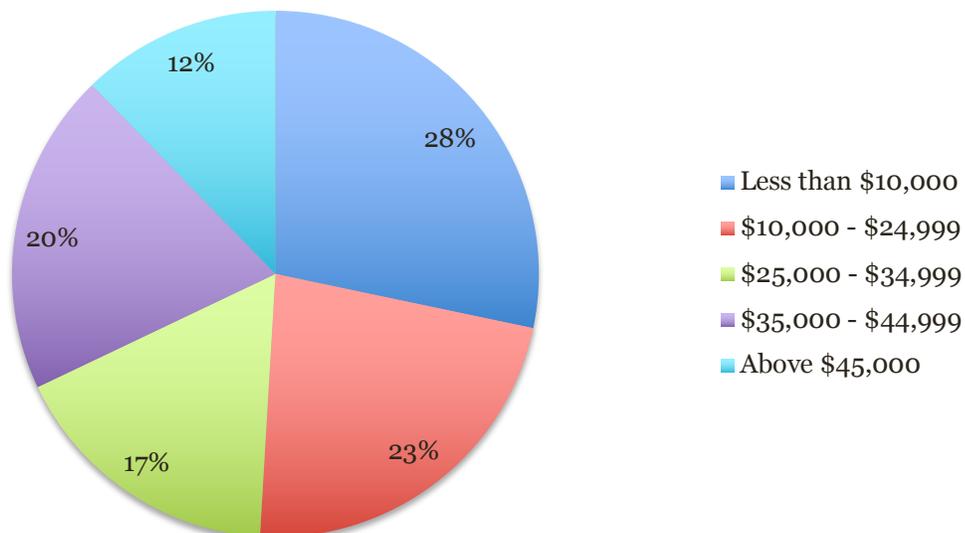
LOAN TYPE	# OF RESPONDENTS	% OF RESPONDENTS
Auto Loan	12	11%
Home Loan	2	2%
Business Loan	1	1%
Other Loan	11	10%

FINANCIAL GOALS

Annual Income

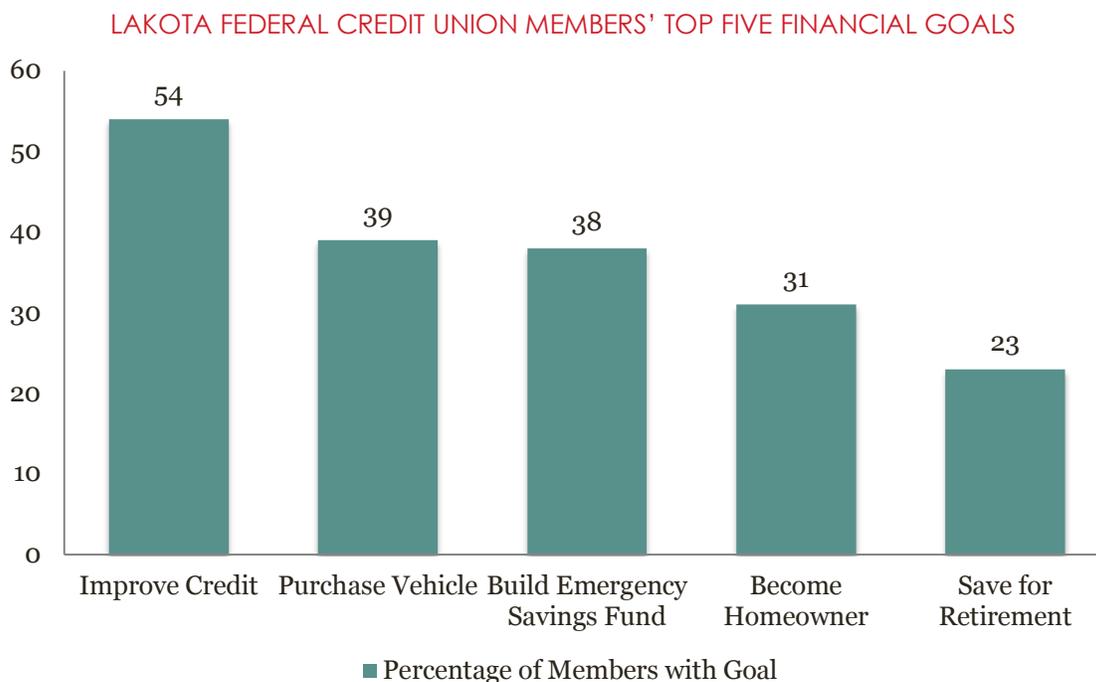
The majority (51%) of survey respondents had an annual income below \$25,000; of all respondents 28% indicated their annual income was less than \$10,000. Eighteen individuals (17% of respondents) said their annual income was between \$25,000 and \$34,999, and 21% of respondents said their annual income was between \$35,000 and \$44,999. Only a small percentage (12%) 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. Just over half (54%) of respondents stated they wanted to improve their credit. Other top financial goals cited were purchasing a vehicle (39%), building an emergency savings fund (38%), and becoming a homeowner (31%). Saving money for retirement was also a common financial goal, with 23% of survey respondents indicating this was something they were aiming for.



Smaller numbers of survey respondents said that creating a household budget, starting or expanding a business, and paying for higher education were their financial goals; 19%, 14%, and 9% of survey respondents respectively indicated those goals. A small percentage (8%) of respondents said they did not have any financial goals.

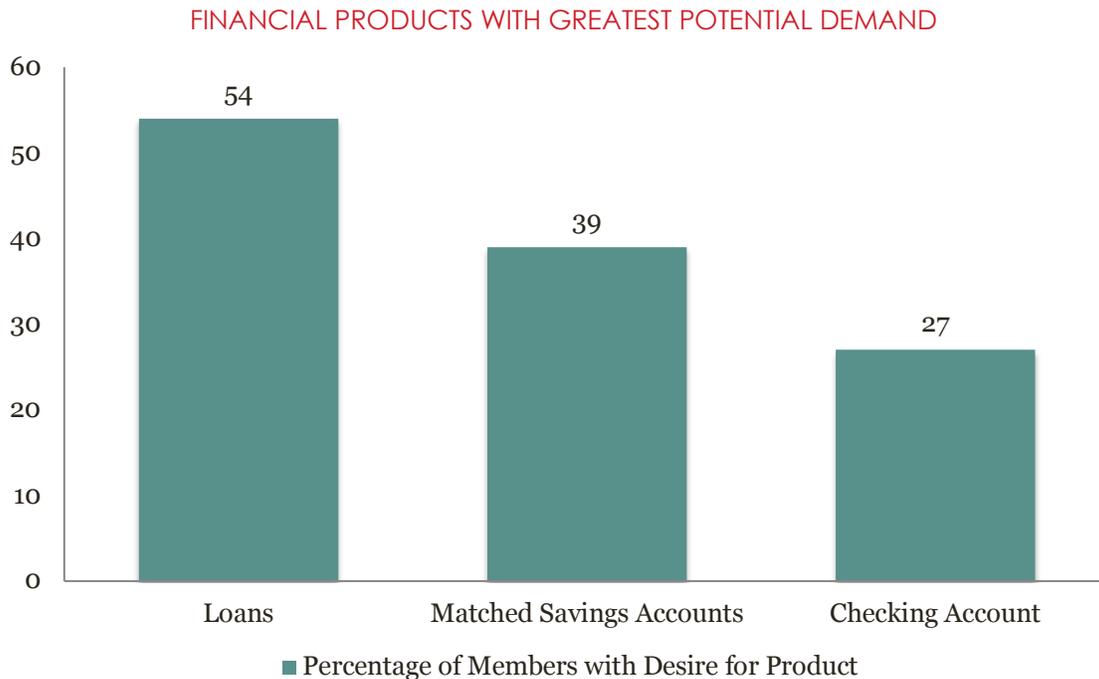
Improving Financial Skills

Lakota Federal Credit Union members indicated several areas where they wanted to improve their personal financial skills in order to achieve their financial goals. Under half (43%) of all survey respondents said they wanted to learn about investing, and 42% wanted to learn about the wise use of credit and loans. Other common skill areas indicated were creating a budget and sticking to it, learning about managing money, and learning about checking and savings accounts; 34%, 32%, and 17% 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, matched savings accounts were the most popular response with 39% of

survey respondents desiring that financial product. A significant portion (27%) of survey respondents also indicated that a loan of \$5,000 or less would help them achieve their financial goals. However, over half (54%) indicated a loan of any amount would help them achieve their financial goals. Just over a quarter (27%) of respondents said that a checking account would help them achieve their financial goals.



Other common financial products indicated with potential for supporting goal achievement were investments and retirement accounts, with 19% of survey respondents citing each of those products.

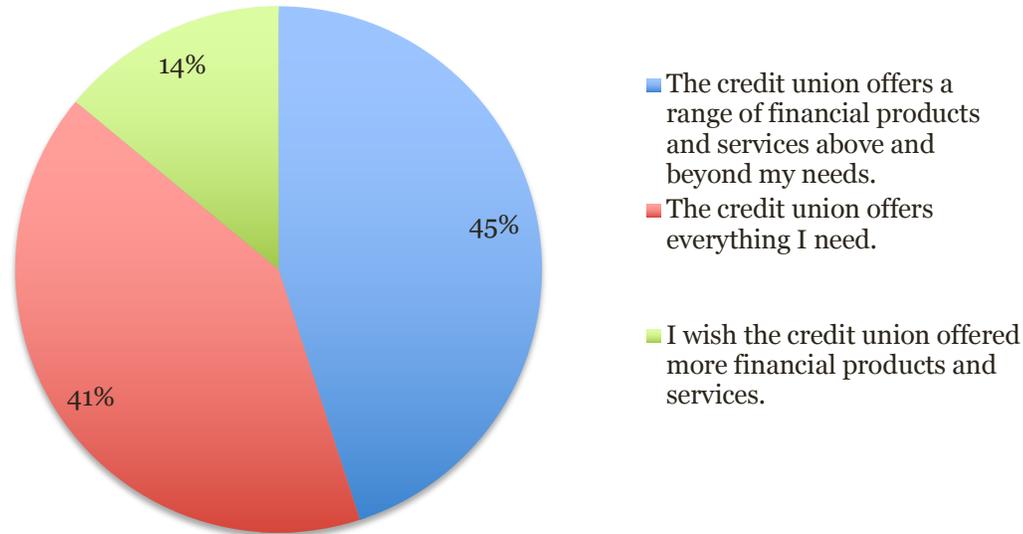
THE CUSTOMER EXPERIENCE

Customer Satisfaction

Overall, Lakota Federal Credit Union members are very happy with the level of customer service that the organization provides. The majority (76%) stated they were very satisfied and 16% stated they were satisfied with the customer service that they have received. A fairly small number (7%) were neutral on the subject, and an even smaller number (1%) were dissatisfied with the customer service provided by the Lakota Federal Credit Union. No survey respondents stated they were very dissatisfied.

In general, members felt the Lakota Federal Credit Union met their financial and banking needs. Forty-five percent of survey respondents felt that the credit union offered a range of financial products and services above and beyond their needs, and 41% felt that the Lakota Federal Credit Union offered everything they needed. A smaller, but substantial group (14%) of respondents wished the credit union offered more.

ABILITY TO MEET MEMBER NEEDS

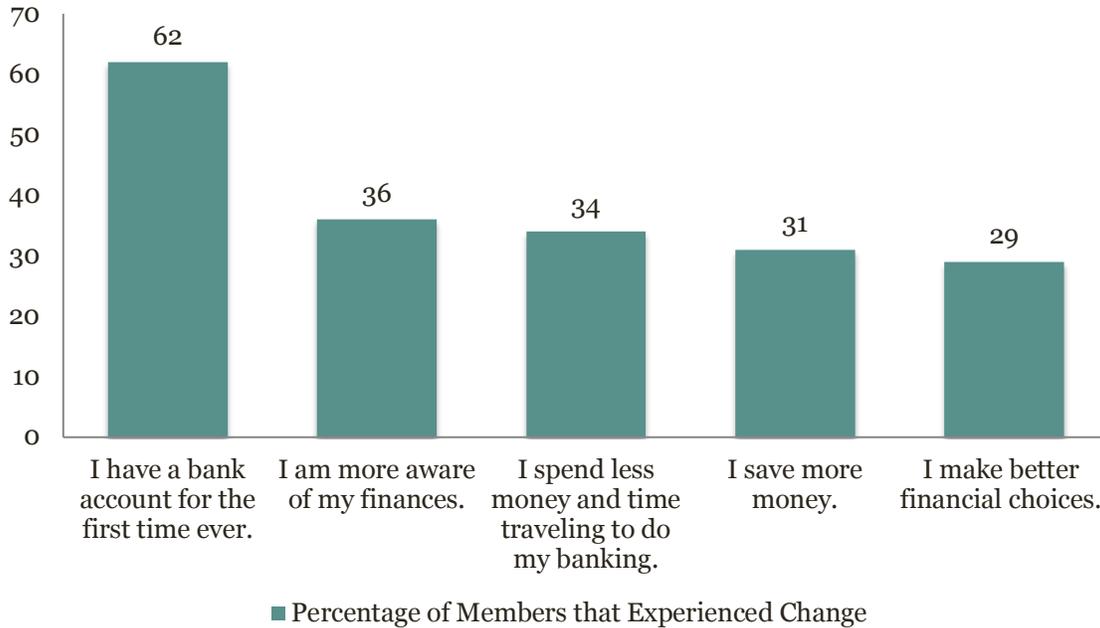


Implicating Change

Survey respondents cited a vast number of ways that becoming a member of the Lakota Federal Credit Union had changed their financial habits. Over half (62%) of survey respondents said they now have a savings or checking account for the first time ever. A substantial portion (36%) stated they are now more aware of their finances as a result of becoming a member of the Lakota Federal Credit Union. In addition, 34% now spend less money and time traveling to do their banking, and 31% save more money. Twenty-eight percent say they now make better financial choices.

Becoming a member of the Credit Union has had a ripple effect out into the community, as well as a multi-generational impact. Twenty-eight percent of survey respondents encourage others to achieve their financial goals, and 27% share financial knowledge with others. About a quarter (26%) of Credit Union members say their children and/or grandchildren are learning about banking and personal finances by watching them. Another small but noteworthy group - 13% of survey respondents - indicated that they now do more shopping locally as a result of becoming a credit union member. A small, but significant portion (14%) of members have acquired an asset (i.e. - car, education, home) that will support them in building a brighter financial future for themselves and future generations.

MOST COMMON CHANGES RESULTING FROM CREDIT UNION MEMBERSHIP



Fourteen percent did not cite any ways that the credit union had changed their lives.

Additional Feedback

Forty-six members provided additional feedback through an open-ended question. Five members stated they would like the Credit Union to offer more information on credit repair or credit builder loans, and two members said they would like the Credit Union to offer home mortgage loans.

Eight (17%) 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, adding another branch, or adding an ATM location. Pine Ridge was mentioned five times as a desired location.



Conclusion

In comparison to the 2015 Lakota Federal Credit Union Member Survey, this more recent survey reveals financial growth in members as well as increased market share by the Credit Union. According to the survey, income among members has increased. In 2015, 60% of survey respondents indicated they had an annual income of less than \$25,000, but that had dropped down to 50% in this most recent survey. In addition, survey respondents reporting an income above \$45,000 rose from 6% in 2015 to 12% in 2019.

Twelve percent more members are utilizing online banking, which demonstrates an increased ability to interact with modern financial technology and tools. The most common service being utilized among members is now direct deposit, whereas in 2015 it was check cashing. This reveals a shift in how members are managing their money, moving away from the cash-only habit.

Fewer members have accounts at other financial institutions, and more members are engaging exclusively with the Lakota Federal Credit Union as their sole financial institution. In 2015, about half (49%) of survey respondents had accounts with other financial institutions. By 2019, that number had dropped to 41%. Furthermore, this most recent survey revealed that the majority (58%) of survey respondents do not use financial products and services at other financial institutions – a 19% increase from 2015.

This year's survey also showed increased customer satisfaction levels. In 2015, 57% of survey respondents stated they were 'very satisfied' with the Lakota Federal Credit Union's customer services. By 2019, that number rose to 76% - a 19% increase. The number of members wishing the Credit Union offered more products and services decreased from 37% in 2015 to 14% in 2019, demonstrating that the Credit Union's expanded service offering is meeting the needs of its members.