

CREDIT UNION TIMES

Think Tank CEO Urges Credit Unions to Take On the Big Banks

Rich Weissman, president/CEO of DMA Institute Think Tank, suggested that credit unions and community banks have a leg up on big banks in a number of areas during a recent Webinar hosted by the group.

During “Community Banks vs. Credit Unions: What Each Can Learn From the Other,” Weissman commended community banks for recognizing the high profitability potential of high-touch small business markets ignored by big banks. He also praised credit unions for doing the same with retail markets. And, according to Weissman, credit unions and community banks both have a broader cross selling perspective and greater capacity to manage credit risk than do big banks.

The current economic climate of big-bank meltdowns has produced a flight to safety as consumers recoil from complex investment and lending structures, Weissman said. He added that they are now willing to make certain trade-offs—for example, sacrificing convenience for better pricing, speed for quality service and trendy products for group inclusion. Credit unions and community banks should focus on taking share from the big banks by positioning themselves as the “anti-banks” and the “good guys” of the financial services industry.

The big-bank model does not allow for much interaction between customers and management. Therefore, one of the primary strategies for gaining consumer confidence that Weissman recommended is to make the management team highly accessible by putting their photos and e-mail addresses on the Web site. He also emphasized the importance of community involvement, educational initiatives and generational marketing. Weissman urged credit unions and community banks to communicate to consumers their trustworthiness, honesty and loyalty.

At the close of the presentation, one attendee asked whether we should think about community banks and credit unions as being in financial arena. Weissman replied that, yes, community charters for credit unions have indeed put them in the same niche as community banks, but that ultimately, the real competitor of both is big banks. Another asked what would be the next challenge for big banks that would allow credit unions and community banks to compete with them. Weissman replied that consumer protection regulations will erase some income streams that big banks have been dependent on, but he cautioned that community banks and credit unions will face the same challenges and should be putting together a contingency plan now.

To register for the next complimentary DMA Webinars, “Capital Improvement in Today’s Economy: How Is That Possible?” on Sept. 23 and “Getting Results From MCIF/CRM/Database on a Tight Budget” on Oct. 13 and 23, go to www.dmacorporation.com.

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