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Where 1 CEO Sees Silver Lining in Pandemic

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By Ray Birch

SANTA ROSA, Calif.—Credit unions’ extra efforts to help consumers during the pandemic is not only deepening relationships, it’s bringing in new members, at least in one market.



That’s been the case in this market, according to Chris Call, CEO of North Bay CU, who told CUToday.info his credit union’s membership growth rate has increased by nearly 10 percentage points during the health crisis.

“We’re seeing a lot of new members, as are other credit unions in our market,” said Call. “I believe it has a great deal to do with how credit unions are treating their members during this difficult time and how banks have been treating their customers.”

Call said some of the unrest driving consumers to credit unions is related to reports of how some big banks have allegedly handed out Paycheck Protection Program loans to select account holders.

“There's been a lot of reports on some of the big banks abusing the Paycheck Protection Program, making loans to preferred customers and those kinds of things,” said Call. “The banks try to make noise about how many PPP loans they made, but when you dig down and do research they're making loans to their best customers, and the small business owners are the ones who are having a hard time getting the loan. Those kinds of stories trickle out into the community and people become a little bit disenchanted with the big banks and their response to this pandemic. I think that this increase in membership that we are seeing is coming a lot from those big banks.”

Consumers Are 'Fed Up'

Call further suggested the migration lets credit unions know consumers are “fed up” with big banks' generally “insensitive” relationship with their account-holders.

“I believe consumers, now more than ever, are looking for a local institution that's more focused on the community and the needs of the community, and takes an interest in what's going on here,” said Call.

Call acknowledged the current member migration reminds him, somewhat, of what happened with Bank Transfer Day.

Bank Transfer Day took place on Nov. 5, 2011, as the culmination of an angry Facebook post by Kristen Christian's over her treatment by a large bank in which she urged people to move their accounts to credit unions. It received significant national press coverage and helped kick off an unprecedented decade of CU membership growth.

“I think people, once again, are recognizing that big banks really don't have to have their best interests at heart and they're looking for something local that is really focused more on their personal needs,” said Call.

'Intensified' Need

Call asserted the pandemic has heightened the need in consumers' minds for a personal relationship with their primary financial institution.

“I think the COVID crisis has intensified this need,” he said. “And you don't really get a personal relationship with a big bank. You stand in line. You get treated like a number. Here, at our credit union, we talk to our members, we get to know their families and kids and even their pets. It's those kind of connections in times of stress that people are looking for. They are seeking comfort.”



Chris Call

According to Call, North Bay has been working hard to meet the needs of members who have been affected by the pandemic, either losing their jobs, having work hours cut back, or have been furloughed.

“We have been doing the typical things that all credit unions are doing—the forbearances, fee waivers, counseling members one-on-one and meeting their specific needs,” Call explained.

The CEO acknowledged he was somewhat surprised by the credit union’s strong membership growth, adding his organization is now pressing its advantage over banks.

“We’re doing all kinds of media advertising to get that message out that we’re a strong, local financial institution that’s focused on the needs of the community,” said Call. “We’re just going to continue on that path.”

Plans For Big Growth

As CUToday.info has reported <http://www.cutoday.info/Fresh-Today/Volume-of-Apps-From-Pot-Businesses-Forces-CU-To-Pause-New-Business>, North Bay has been driving growth, too, with its expansion into serving the legal cannabis market here.

The credit union, which late last year had \$58 million in assets, has grown to \$95 million today, largely due to its focus on pot banking. North Bay CU is projecting it will top more than \$500 million in assets in the next five to 10 years.

When credit unions saw the member growth seen during the Bank Transfer Day period, some analysts asserted many of them were unprofitable, often single-account members. Call said it is too early to tell if that is happening again.

“We're seeing a lot of deposits coming over as consumers establish these relationships with us,” he said. “We'll be looking for more loans from these members to generate more income.”