

RAISE Texas Summit 2018

Save To Win - Prize-linked Savings

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Your Business, Our Focus, Expert Solutions

Prize-linked savings - The idea

- A proven, innovative and engaging approach that gives savers chances to win prizes by making savings deposits.
- Opportunities exist for Prize-Linked Savings (PLS) to grow participation, drive business value for institutions, and help financially vulnerable people build savings, a critical step on the path to financial security.



Save to Win[®] – The Product

- Introduced in 2009 in Michigan by Commonwealth in conjunction with the Michigan Credit Union League.
- First large-scale pilot of PLS in the US.
- Pilot was a success, with \$8.5MM in savings the first year
- Gained insight into how to design better PLS products.



Save to Win – The Product

- Continues to grow, adding more participating states across the country as PLS-enabling legislation is passed.
- Now offered in 14 states; available in 22 states.
- Awarded more than \$2.8 million in prizes to credit union members while encouraging them to save \$180 million.



It's a Win\Win\Win

1. Offers members the chance to win cash for saving money.
2. Even those who don't win prizes, win by getting into the habit of saving.
3. Credit union wins by delivering a program that demonstrates they care about their members.



How do you motivate people to save?

- A genuine desire to help people build wealth and live better lives is the cornerstone of the credit union social mission.
- Most people could use help saving, this is especially true with millennials and low-to-moderate income consumers who have not traditionally saved.



How do you motivate people to save?

- While good savings habits are important, a large part of the population is unmotivated or undisciplined. Others may be stunted by a lack of financial education.
- PLS helps educate members while building brand loyalty and cross-promoting all the different products the credit union offers that can also help them save.



How do you motivate people to save?

- Members set up a special “Save to Win” share certificate
 - Each \$25 deposit automatically enters them into monthly and quarterly cash prize drawings.
- It’s a fun, easy and risk-free way to incentivize savings for members.



Member benefits

- Comes at no cost to members
- Motivates regular savings with automatic deposits
- Offers earning potential with monthly and quarterly prizes
- Brings the thrill of a lottery without the risk
- Provides one withdrawal per 12-month term for a flat \$25 fee
- Renews automatically at maturity, encouraging more savings
- A safe, secure and federally insured savings product



Credit union benefits

- Builds member loyalty by helping them be more financially savvy
- Expands business by providing cross-selling opportunities
- Easy to implement
 - turnkey marketing materials
 - training documents
 - technology support
 - product administration
- Credit union sets interest rate and dollar caps on the product



Credit Union Benefits

- Enables credit union to fund individual member prizes
- Invaluable media buzz in local and national publications
- Nearly 10% of participants report joining their credit union specifically to open a Save to Win account.
- Among millennial customers (particularly ages 18 to 34), participation in this program is rapidly rising and they now make more than 30 percent of program participants.



Prized-Linked Savings in Texas

- In June 2017, Governor Abbott signed HB 471 into law, giving banks and credit unions the ability to offer chances to win cash prizes for Texans making deposits into a savings account.
- However, HB 471 could not go into effect without the adoption of a constitutional amendment (Proposition 7).
- In Nov. 2017, Prop 7 passed, allowing these types of prizes.



Cornerstone Save to Win

Participating Credit Unions in TX & AR

- A+ FCU – Austin, TX
- Hurricane Creek FCU – Benton, AR
- InTouch CU – Plano, TX
- Resource One CU – Dallas, TX
- Southwest 66 CU – Odessa, TX
- Southwest Financial – Dallas, TX
- Transtar FCU – Houston, TX
- Peoples Trust – Houston, TX



Save To Win 2018 YTD Statistics

- \$49,987,738– Total amount on deposit
- 23,909 – Total accounts
- \$2,090 – Average amount saved per account
- Participating States – AR, CT, IL, IN, KS, MI, MO, NC, NE, OR, SC, TX, WA and WI
- 119 – Participating CUs
- 2,631,960 – Total cumulative member size of participating CUs



A look at the participants

- Survey data is from a Commonwealth survey administered to Save to Win account holders by their respective credit unions.
- Commonwealth aims to understand who holds Save to Win accounts, what types of savers they are, and how Save to Win affects their impressions of and relationships with credit unions.
- This report provides the findings from 944 individual survey responses from March 2016 to April 2018.



Survey – Key Findings

- 78% of respondents meet the basic definition of financial vulnerability.
 - Low-middle income
 - No regular savings or
 - Few liquid assets.
- 67% of respondents don't normally save regularly
- 66% don't have emergency savings for 3 months of expenses.



Survey – Key Findings

- Save to Win is attracting many CU members to their first ever highly committed savings product.
 - 81% do not currently have a share certificate or CD
 - 60% have never had one.
- 73% said they more excited about their credit union.
- 64% said building savings would make them more likely to use other financial products at their credit union.
- Nearly 10% joined the credit union for the Save to Win.



Survey Additional Findings – Financial Vulnerability

- Majority of participants are low to moderate income.
 - 39% have household incomes of \$60,000 or more. 21% fall within the \$40,000-\$59,000 bracket, and 40% are at less than \$40,000.
- Even many with higher earnings possess one or more characteristics of financial vulnerability, especially high debt levels.
- 88% meet expanded definition of financial vulnerability.
 - Consumers with one or more of the following: low-middle income, no regular savings, few liquid assets, high debt, and insufficient emergency savings



Survey Additional Findings – Financial Vulnerability

- 48% of respondents have high debt.
 - While a good portion have middle or high income, 48% have debt above \$10,000, and 40% have between \$1 and \$10,000 in debt.
 - Only 12% of respondents are currently debt-free.
- 53% reported having some income volatility, while 6% said they have very volatile income.



Survey – Consumer Relationship with Credit Union

- Save to Win is strengthening the relationship between credit unions and their current members who open accounts.
- Majority of respondents (82%) first heard about Save to Win from their credit unions.
- 81% were already members of their credit union before they opened a Save to Win account.



Survey – Demographics

- Age of survey respondents
 - 31% are 55 or older
 - 35% are 35 – 54
 - 34% are 18 – 34.
- Gender
 - 66% female
 - 34% male



Survey – Demographics

- Base ethnic demographics
 - 69% white
 - 20% African American
 - 7% Hispanic/Latino
 - 2% Asian
 - 2% respondents of other races and ethnicities.
- Most respondents have no dependent children (61%)
- 24% married or partnered with dependent children
- 16% single parents.



Survey – Methodology

- The analysis in this report comes from Save to Win survey responses that were collected from March 2016 to April 2018.
- Out of 1031 total responses (4.7% of Save to Win account holders), 944 responses (91.5%) were used in the analysis.
- Survey responses were omitted from our analysis if they provided insufficient information.

