

PORTFOLIO DEVELOPMENT: MOVING THE NEEDLE

Revenue



A well-rounded portfolio is known to generate ROA and the focus is often on selling new products to new members. The goal is to make the new credit union member happy and eager to participate in all of the programs you have to offer. Offering myriad programs and outstanding service is a great way to impress your new member and ultimately help your credit union grow.

Including credit cards program in your portfolio is a benefit to your members, ultimately helping your credit union. In order for both parties to benefit and move the needle for continued ROA there are two areas that need to be addressed and reevaluated over time.

First, tackle the inactive users – how can you encourage inactive members to continually use their credit card? Create reward programs to entice members to actively use the card and encourage smart payment plans to keep their balances at a comfortable level for their needs and your return.

Second, don't forget to focus on your existing members; they are often where the most impact can be made. Utilizing credit line management can increase your credit union's ROA, while helping your members feel confident in their spending. There is always a risk, but it is more likely you'll see significant growth in:

- Transaction frequency
- Transaction size
- Outstanding balances

Evaluating and increasing credit lines for existing card holders, by just 5-10%, has been shown to return a great reward.

At LSC, we have worked closely with select credit unions to nurture this concept and we've seen tremendous return. In fact, in June/July 2018 to June/July 2019 we have seen:

Volume Increase (including balance transfers)	35.63%
Monthly Cardholder Usage Increase	19.82%
Volume Per Active Increase	31.15%
Average Balance increase	3.79%

Giving your members this increase results in them feeling more comfortable maintaining balances within a specific range. When given a minimal credit line increase spending rose 12% – 13%. When the credit line goes up, the spending goes up, the fees credit unions collect increase, and the ROA follows.

At LSC we are seeing incredible success with credit line management. To learn more about how LSC can help your credit union please contact us today!

Ready to grow your CU's revenue?

Contact us today:

800.924.7124 or visit lsc.net/credit