

THE *BLUE PAPER*

◆ June 2009 ◆

The New Credit Card Law: How To Make It Work In Your Favor

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Five Simple Steps Can Turn This “Lemon” Into Credit Union “Lemonade”

Route to:

- EVP
- VP Operations
- VP Finance
- VP Marketing
- VP Lending
- Newsletter Editor
- E-Coordinator
- Marketing Manager



Your marketing department will have as much work as your operations department — turning this public relations nightmare into increased Member loyalty.

Neither your Credit Union nor the financial world can change these new rules — so take advantage of all the free publicity coming your way.

It's coming!

Not all the details have been resolved, and regs won't be solidified for a while — but the fact is that the new credit card bill is now law.

This will mean work for your operations division — adjusting to the new regulations.

But just as important will be the work for your marketing department — turning this public relations “lemon” into Credit Union “lemonade.”

And with five simple steps, you can do it.

STEP ONE: LOOK FOR THE OPPORTUNITIES — NOT THE THREATS

The worst thing a Credit Union can do is try to ignore such a high-profile issue as this. Your Members will be very conscious of the details of this bill since the media is portraying it as a major consumer safeguard. Consequently, your Credit Union cannot hide from these issues. This is going to get lots of “ink” in the press and a lot of time on TV and radio. So don't ignore it.

Instead, use this issue to shore up your Member loyalty factor. Credit Unions have a great advantage over banks in this matter since the media keeps using the word “bank” as the “culprit” in this topic.

STEP TWO: LOUDLY PROCLAIM ALL AREAS WHERE YOUR CREDIT UNION IS ALREADY ABIDING BY THE NEW BILL

Start by analyzing what parts of the new bill your Credit Union has been following in the past. Even the smallest or most esoterically technical item should be noted. Then it's time to announce to your Members that they have been enjoying “so many” of the features that banks and other financial institutions are now being required to uphold. (Since the press has made “bank” a four-letter word, the media is enhancing your Member loyalty without your doing anything.)

Don't be afraid to promote the advantages offered by this new bill. Neither your Credit Union nor the financial world can change these new rules, so you might as well take advantage of all the free publicity coming your way.

STEP THREE: ANALYZE WHAT CHANGES YOU *WILL* BE REQUIRED TO MAKE AND RELAY THAT AS “GOOD NEWS” TO MEMBERS

Some Credit Unions, of course, will have changes that will need to be made by their operations department.

These changes should be reported to Members as wonderful new advantages they will have in the future. You can present them with no mention that your CU is being required to do so and merely proclaim these changes as more of the optimal service that Members enjoy at XYZ Credit Union.

STEP FOUR: IT'S TIME TO *STOP* USING ASTERISKS, FOOTNOTES, AND SMALL PRINT

Your Members — like consumers nationwide — are very conscious that asterisks and small print indicate “negative things” that the institution is often trying to hide. It is the single most glaring impediment to trust and Member loyalty. This new legislation will act as a huge spotlight on any attempt to hide or de-emphasize details — making your Members very conscious of such activities.

Let's examine the use of asterisks, footnotes, and small print.

- ◆ Even if you have nothing to hide, the asterisk or small print gives the impression of deception. It instantly erodes trust and Member loyalty.
- ◆ The first thing a Member does when he or she sees these tactics is to drop to the bottom of the page to see what “sham” is being perpetuated. If you are trying to hide something, the Member will learn about it anyway — and if you are *not* trying to hide something, it is foolish to imply that you are.
- ◆ If you should be trying to “disguise” some less than advantageous fact, there will be resentment. It will destroy trust. (“They're just like the big banks — always trying to trick me.”)
- ◆ The argument that is frequently used is that the printed copy is more understandable without those pesky minor details. This simply is not true. You can always use parentheses to give exceptions or just simply state the exclusion in plain, concise language. Examples: “The deposit (*minimum \$10,000*) must be ...” Or “Your saving rate will increase by a half percent (*after the first 18 months*) that you have ...”

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Any changes you will be required to make should be trumpeted as better service to your Members.

Even if you have nothing to hide, asterisks and fine print give the impression of deception.

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◆ One of the nation's largest, leading Credit Unions had a policy for more than a decade that asterisks, footnotes, and small print were never allowed in its publications. During that period the CU saw its greatest growth percentage-wise. Unfortunately, things have changed. A recent offer for gift reward points had an asterisk after the phrase "Earn one point for every dollar you spend on your VISA card." The small print at the bottom of the page listed *seven* restrictions and exceptions.

◆ The AIL *Blue Paper* for July 2006, titled "THE THREE RULES FOR GETTING YOUR MEMBERS TO USE MORE SERVICES," goes into greater detail on the use of asterisks, footnotes, and small print. You can request a copy from your American Income Life representative by calling the AIL Credit Union Center at 800-278-6661 or by visiting the website at www.aillife.com.

POINT FIVE: THIS IS THE TIME TO MARKET YOUR CREDIT UNION DEBIT CARD

What a great opportunity for your Credit Union to market your debit card.

What a great opportunity this is to market your Credit Union debit card. Just as the media is giving consumers the list of all the problems connected with credit cards, you have the opportunity to position your debit card *as the perfect replacement for their bank credit card*.

Debit card use *does* strengthen Member loyalty, so this is the time to solidify that relationship.

CONCLUSION

The new credit card regulations are coming soon.

This gives you a great opportunity to make "Credit Union lemonade" out of what many banks are going to consider a real "lemon." ◆

The advice, suggestions, ideas, and information herein are offered strictly for educational purposes. **The Blue Paper** is not intended to provide legal counsel, nor is it a substitute for legal counsel. Consult an attorney if you require legal advice.