

Bridging the Gap- A Credit Union Approach to transition youth members to adult members

PROPOSAL PREPARED BY: THE MASTERMINDS

Contents

EXECUTIVE SUMMARY 2

Problem Statement..... 3

Objectives 3

Assumptions..... 4

Timelines 4

Human Resource requirement: 5

Role of the Masterminds 5

PROJECT DELIVERABLES 6

The opportunities for the pilot Credit Unions include:..... 6

Conclusion:..... 8

APPENDIX..... 9

EXECUTIVE SUMMARY

Membership growth is critical to credit union's success. People's decisions to join the credit union, use its products and services, and stay throughout their financial life are among the most important indicators of success in this regard. Over the past two (2) decades, credit unions have benefitted from having loyal members who recruit other family members to become a part of the credit union family; thus, creating a deeper sense of "family."

However, due to changes in social and other related factors coupled with the competition within the financial marketplace for the same customers; credit unions are experiencing a dwindling market share. In addition, the youth account holders are not transitioning into adult members thus resulting in a huge decline of younger members and more of an ageing membership across the movement in Jamaica and the Caribbean.

This reality gave birth to a possible solution put forward by the Masterminds (class of 2021-CaribDE38) in "bridging the gap" between our youth and adult membership. This group comprises of: Katrina Grant-D'Aguilar, Kimberly Lindo, Antonette Chambers-Henry, Lornette Queeley, Samuel Blake, Navijendra Persaud and Nicole Haughton- Johnson. The solution in the form of an ongoing project driven by technology will include and sustainable plan to fill that "gap."

Our inclusive DE Project involves creating a web-based domain using a credit union's website as a hub to engage youth savers online who have reached the age of 18 years to convert their account to an ordinary credit union member account. This will provide a welcome solution for all the credit unions to carry out conversions of these inactive accounts driven by technology. This project will strengthen the marketing and advocacy efforts of the National League as well as other existing efforts of the pilot credit unions; the second component would involve a marketing campaign by the pilot credit unions focusing on the youth cohort.

The project will be led and supported by the Master Minds with the support of the Board of Directors and the management and staff of the pilot credit unions.

Problem Statement

The business continuity and prolonged advancement of the credit union movement are being threatened due to an aging membership with the average member being over 50 years old. Increasing the youth demographic within credit unions is critical to the sustainability and survival of the movement.

According to the UN, the global [population](#) of young people is the largest in history – there are about 1.8 billion youth aged 10 to 24, with almost 9 out of 10 living in less developed or developing countries. According to Index Mundi, data presented as at the end of July 2021, the youth population of Jamaica stood at 33.15% of the total population. This represents a significant untapped potential for the social and economic development of future generations.

Purpose of the project

The purpose of this project is to assist credit unions to increase their youth membership through the conversion of youth savers accounts to adult member accounts. This will be done through a conversion plan that includes the use of appropriate technology. The increase in youth membership will positively impact the savings and loans portfolio thus resulting in an increase in market share.

Objectives

- I. To have an approximate 30% conversion/retention rate per credit union in Jamaica per financial year.
- II. To retain the Youth Savers who have attained age 18 years old

- III. To provide a space where credit unions can collect data and information on existing and potential members who visit the web domain

Assumptions

In scoping this proposal, a number of assumptions were made as follows:

- I. Board and management support for resourcing the Project from the pilot credit unions
- II. The majority of the participating credit unions' youth savers will subscribe to this online portal via the credit union's website either immediately or within one year of its implementation
- III. At least 30% of those members approaching 18 years old or those already 18 or over are expected to embrace the opportunity to use the web-based portal in the conversion process during the pilot phase.
- IV. The cost to undertake the project will be borne by the participating credit unions
- V. Most credit union already have a well-maintained website that can facilitate the "add-ons."

Timelines

The project is scheduled to commence in April, 2022 with two (2) credit unions during the pilot phase. The participating credit unions are:

- Gateway Co-operative Credit Union (2017) Ltd.
- Portland Co-operative Credit Union Ltd.

The project will consist of three phases:

Phase 1: Selling the project idea, expected benefits, work plan and budget to the Board of Directors and management of the pilot credit unions. This phase should be completed by May 20, 2022.

Phase 2: Collection of credit union data. This phase should be completed by June 10, 2022.

Phase 3: Development of a conversion plan. This phase should be completed by June 17, 2022.

This pilot project can be successfully completed over a period six months based on the objectives stated. The conversion process can also be easily be replicated across the region and the worldwide movement. The format and structure of the plan can be used as a general template for credit unions.

Human Resource requirement:

- Assigned credit union project officers- Temporary team members /contract workers
- Assistance from credit union's operations, IT and marketing managers

Tangible Impact

During the execution phase of the project credit unions will also be providing temporary employment for young professionals who are also members of the credit union. They will be responsible for making calls to the members and also assisting the management of member queries. The sales and member services officers will also experience an increase in overall product sales, especially in savings and loans. An increase in the youth membership coupled with a strategic marketing plan will ultimately result in an increase in market share. As part of the marketing and communication plan, the credit unions will create digital content on financial literacy for all media platforms.

Role of the Masterminds

- Lead meetings with the board and management of the credit unions.
- Develop conversion plan with the assistance of the marketing, operations and IT managers within the pilot credit unions
- Facilitate sensitization and awareness sessions with the staff members
- Manage project timelines and track rate of conversion
- Assist with the policy development and review.

PROJECT DELIVERABLES

The creation of the web-based link will be filling the gap for all credit unions that have the serious issue of not being able to carry out the conversions of these dormant accounts. The platform will also serve as a means to easily onboard the existing Youth Savers as soon as they have obtained the age of 18 years. It will also provide a tool for Marketing & Member Care Managers to track the stage when the Youth Saver is ready to be converted to an adult account. This is inspired by what is currently being practised at the First Federal Co-operative Credit Union in Nevis where as soon as the Youth Saver becomes an adult, a letter of communication is issued to those savers on the next steps to becoming an official member.

The Youth Savers will visit the link to enter their information which includes names, addresses, TRNs and the upload of a government-issued ID. This is in keeping with the new Simplified Due Diligence procedures to assist financial institutions in the redesign of their respective policies and procedures to align with the new provisions in the law and the new normal in the financial sector.

The opportunities for the pilot Credit Unions include:

- I. Increase in youth membership by 30% of the dormant youth account portfolio
- II. The customization of products and services according to the life stage of these members and their specific needs such as, College Fund Savings Account, Insurance Savings, Housing Deposit Savings.
- III. The website will provide information on the credit union ambassadorial programme which will give youth savers the option to serve their respective credit unions as brand ambassador.
- IV. The credit unions will benefit through retention of members, collection of critical data; and ultimately the member will benefit by enabling continued access the exceptional products and services offered by their credit union.

Conclusion:

This project will enable potentially dormant members of the two (2) participating Credit Unions in Jamaica to enjoy uninterrupted access to their funds by transitioning seamlessly from youth to adult accounts.

A number of variables are at stake when there is nothing in place for the continuation of youth savings. There is always the risk of declining membership continuity. Added to that, there is the potential loss of membership growth; and loss of financial investment. However, credit unions will definitely benefit from the ease of doing business.

The creation of a framework of this nature, therefore, through which youth savers can easily transition to an adult account would further both the developmental and financial inclusion objectives of youth savings efforts and protect the interest of financial institutions, more specifically credit unions. With the strategies to be employed in this initiative, the idea of bridging the gap is the ideal tool for stimulating interest in financial matters and the Credit Union Advantage among our youthful population; and help them to experience a sense of belonging as members of their various credit unions.

APPENDIX

Table 1- Project Timelines

Phase / Activity	Estimated Duration
Policy and Procedures Formulation	
Develop Policy and Procedures	3 weeks
Sub Total	3 weeks
Project Pitch	
Meet with General Manager, BOD and key senior management personnel	2 weeks
IT Department	
Data retrieving and analysis - Filter Youth Savers accounts whose age is 18 yrs. and older	3 weeks
Website page development - Page link to collect information according to Simplified Due Diligence procedures	3 weeks
Operations Department	
Assess existing resources for project - Hire if necessary	2 weeks
Retrieve physical Youth Savers files and documentation - Sort by age expiration	2 weeks
Compile ALL contact information on files	2 weeks
Marketing & Promotions	
Marketing campaign to target new and existing Youth Savers accounts	8 weeks
Sub Total	22 Weeks
Prepare Report and Recommendations	
Write draft report	2 days
Write final report	2 day
Sub Total	4 days
Total	25 Weeks & 4 Days

BRIDGING THE GAP
March 31, 2022
BUDGET JMD

<i>Tasks</i>	April	May	June	July	August	September	Total
INCOME							
Formulating Policies & Procedures							\$ -
							\$ -
Total Income	<hr/>						
EXPENDITURE							
Kick-off/Planning meetings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IT Web Integration	\$	\$ 150,000.00					\$150,000.00
Engagement communications/Text blast	\$	\$	\$	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$90,000.00
Temporary Operations Officer /optional	\$	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$300,000.00
Web Banner design		\$100,000.00					\$ 100,000.00
Total Expenses	\$60000.00	\$ 310,000.00	\$ 60,000.00	\$ 90,000.00	\$ 90,000.00	\$ 90,000.00	\$ 640,000.00