

[www.Buylocalspendlocal.com/pscu](http://www.Buylocalspendlocal.com/pscu)

2022

# BUY LOCAL SPEND *Local*

Drive  
membership

# INCREASE INCOME

 **PUBLIC SERVICE**  
CREDIT UNION

 **BUYLOCAL**  
**SPENDLOCAL™**



Public Service Credit Union (\$75m, 4,500 members) is the oldest credit union in Fort Wayne, Indiana. Like many credit unions, PSCU was experiencing a decline in membership and increased pressure on its income statement. CEO Carolyn Mikesell knew the credit union needed a new way to attract new members while deepening relationships with current members. She and her team launched several new community giveback programs.

Inspired in part by a strategic partner, PSCU launched a social media campaign in Spring 2020, just as the lockdowns from the COVID-19 pandemic were severely disrupting life in Allen County. The promotion, featured exclusively on Facebook, rewarded members who shopped at local businesses by randomly reimbursing them for their transactions. The promotion was an immediate success.

After the campaign's conclusion, and with the blessing of PSCU, the strategic partner (Canidae Consulting) reclaimed the concept. Buy Local Spend Local was updated, improved, expanded, and re-launched to PSCU members. The program is now managed and promoted by Canidae. PSCU became the program's first client.



The program connects the credit union and its members with locally owned businesses. The credit union randomly selects and reimburses 15 transactions each month, up to \$35 per transaction. Participation in the program is complimentary to any locally owned business. Central to raising awareness of the credit union and the program is the deployment of 5" by 5" window clings that are mounted on the doors and windows of participating businesses.

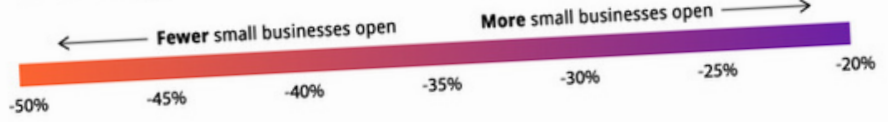
Since the re-launch of the program, PSCU has seen a 42% increase in transaction volume from participating members. The program was featured on local television and radio stations and has significantly increased brand awareness in the community. Quarterly membership growth rates, which averaged negative 1.09% for the two years before the program is now a favorable 0.16%. This is not only an increase of more than 1% in membership growth, but also the first time the credit union has seen growth for four straight quarters in more than a decade.



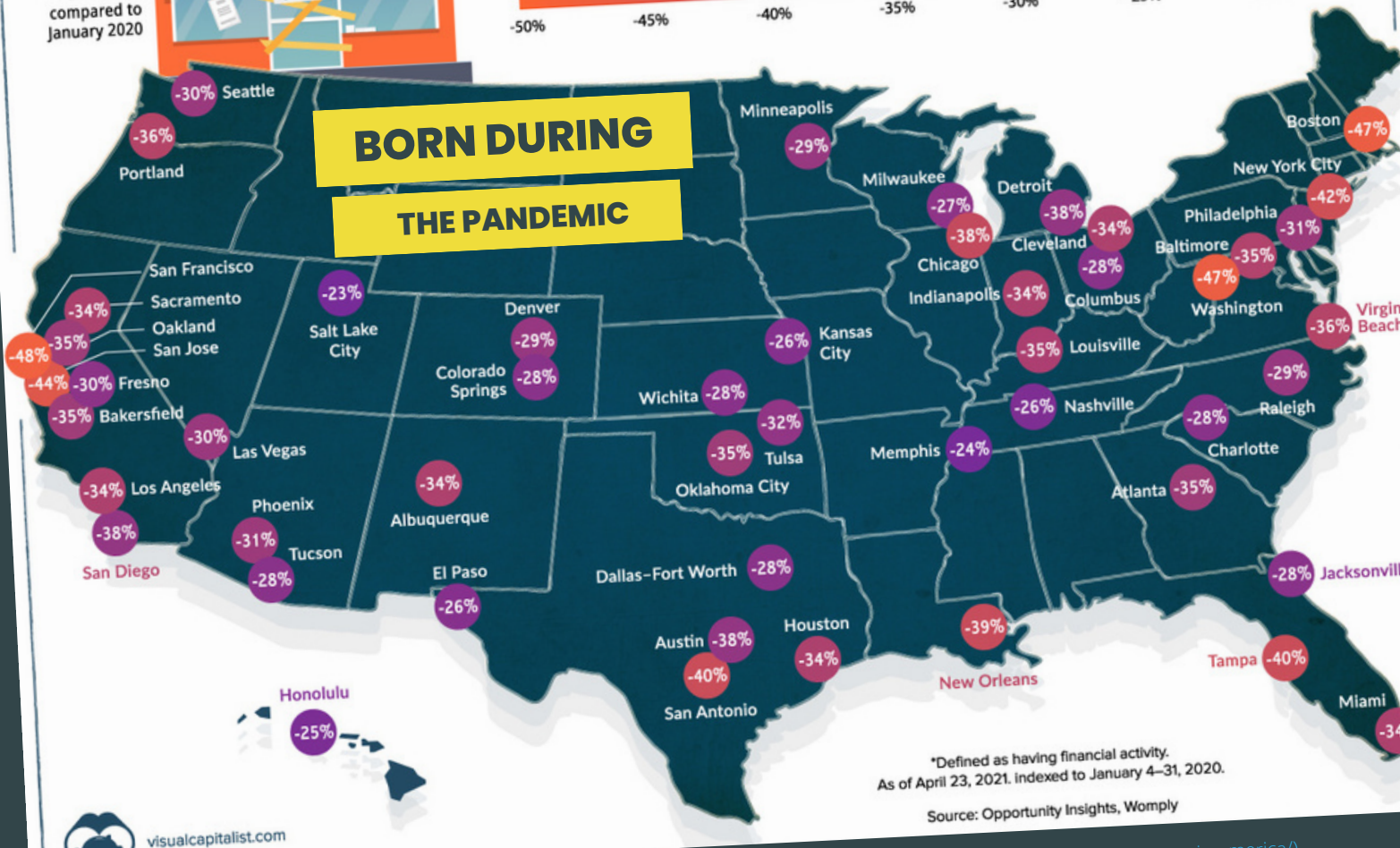
Nationally, 34% of small businesses are closed compared to January 2020



## % Change in Number of Small Businesses Open\*



## BORN DURING THE PANDEMIC



### For Local

Supporting local businesses has become fashionable among the world's largest brands, including national banks like Chase and American Express. However, credit unions have long been the champions of local businesses in their communities. After all, credit unions are the financial industry's best version of a locally owned business.

The irony of American Express's Shop Local campaign is that, often, using one's American Express card is the most expensive way to pay a local business for your purchase. Revenue for the business is diminished because the interchange rate charged by AMEX is among the highest in the world. Still, AMEX has worked hard in promoting the concept of shopping locally, even providing point-of-sale display items to stores and restaurants, encouraging shoppers to pay for their purchase with their American Express card.

When economies were locked down in response to the COVID-19 pandemic, small businesses were particularly susceptible to closure. "Temporary" closures due to lockdowns too often became "permanent" closures. In fact, according to Opportunity Insights, 34% of small businesses were closed after January 2020.

(Chart source: <https://www.visualcapitalist.com/mapped-the-state-of-small-business-recovery-in-america/>)



Even those small businesses that survived the pandemic now face a litany of new challenges. Large retailers such as Amazon, Walmart, and Target were much less affected by lockdowns showing strong sales and profits throughout the pandemic. In addition to stronger competition, local businesses are faced with a volatile market of rising wages, making it more difficult to hire and retain employees.

One example of how the pandemic affected sales at small businesses is particularly telling: According to Fundera, 108 million shoppers spent about \$12.9 billion on 2020's Small Business Saturday, compared to \$20 billion in 2019. That's a 35.5% decrease.

Still, Americans express continued concern over the fate of their local businesses. According to an Intuit-MintLife survey, 82% of consumers say they'd spend more to support local businesses after the pandemic. The survey also showed 57% of consumers shop local to keep money close to home, and 38% support local businesses to feel connected with their community.

The Buy Local Spend Local program is built to directly address the desire of consumers to connect with their community and keep the money close to home. Local businesses pay nothing to participate in the program, and they are given affordable marketing opportunities to expand their reach among the credit union members.



Photo by Arthur Franklin on Unsplash

Photo by Tim Mossholder on Unsplash

## Connecting to the community and keeping the money close to home.

Credit union members are encouraged to support local businesses with the hopes of having their purchases reimbursed. When members shop at local businesses with their local credit union debit or credit card, the money stays in the community.

Additionally, the program promotes membership to consumers who have not yet joined a credit union. As more people join credit unions, the institutions extend more loans in the community, further boosting the local economy. It's truly a virtuous cycle.

A background image of a financial chart with multiple colored lines (yellow, green, red, blue, magenta) and candlestick patterns on a black grid.

# CREDIT UNION CHALLENGES

Credit unions face their own operating challenges, particularly after the pandemic. Increased competition from existing and new players, heightened consumer expectations, the volatile economy, similar labor challenges to those faced by other businesses, and anticipated heightened regulatory scrutiny are all affecting the viability of credit unions. According to NCUA data, the total number of credit unions in the country has decreased by more than half in the last two decades.

***Smaller credit unions are especially susceptible to these challenges, which exacerbates mergers and the further consolidation of the industry.***

## **Two challenges are prominent:**

- How can the credit union entice new and younger members to join the credit union in order to improve the long-term prospects for prosperity.
- How should the credit union address the realities of new pressures to the income statement, especially considering the eventual and inevitable disappearance of fee income.

# Increasing membership Increasing income

BLSL PSCU

QR Code Window Cling

The Buy Local Spend Local program drives membership growth by significantly increasing brand awareness for the credit union.

Much of this awareness is achieved with the branded window clings participating businesses display. Not only are existing credit union members reminded to pay for their purchase with their credit union debit or credit card, but also non-members now see the credit union name and logo on dozens of storefronts all over the community.

**"There is only one boss. The customer. And they can fire everybody in the company from the chairman on down, simply by spending their money somewhere else."**

**-Sam Walton**



[BuyLocalSpendLocal.com/PSCU](http://BuyLocalSpendLocal.com/PSCU)

***The window clings also feature a QR code that immediately directs the user to a mobile page presenting three opportunities:***

- **Learn more about Buy Local Spend Local**
- **Join the credit union now**
- **List your small business now**

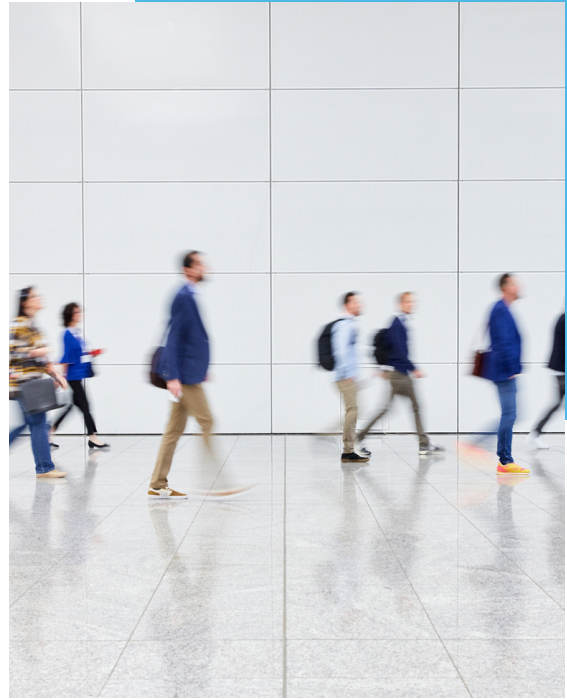
Membership is further promoted through social media posts about the program, many of which are "liked" and "shared" by current members, making these posts visible to those connected to the members through the social media platform.

***If one does not know to which port one is sailing, no wind is favorable.***

- Lucius Annaeus Seneca

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# ***Promoting the program***



Public Service Credit Union used their Facebook account to promote the initial campaign. The program's focus on the local economy proved to be especially appealing. Since its relaunch, a press release generated interest from local media, including television and radio stations.

There are also abundant opportunities to promote the program through the credit union's relationships with local chambers of commerce and other business associations.

Like many credit unions, PSCU had experienced regular decreases in total membership. In fact, prior to launching Buy Local Spend Local, with the exception a year involving a merger that brought more than 1,000 members into the credit union, the credit union averaged annual membership growth of negative 3.62%. Since launching Buy Local Spend Local the credit union's annual membership growth has exceeded 1%.

## ***The impact on membership growth***

### LOCAL NEWS

#### **Area credit union announces 'Buy Local Spend Local' project with random reimbursements**

by: Corinne Moore  
Posted: Mar 1, 2021 / 08:18 PM EST  
Updated: Mar 1, 2021 / 08:18 PM EST

SHARE    ...

Fort Wayne, Ind. (WANE) – On Monday, Public Service Credit Union (PSCU) announced the launch of the Buy Local Spend Local campaign, a community investment project that encourages its 4,600 members to shop at locally owned businesses.

The credit union said it will randomly reimburse 15 transactions per month of up to \$35 each when a member uses the credit union's debit or credit card to complete their purchase.

# Membership

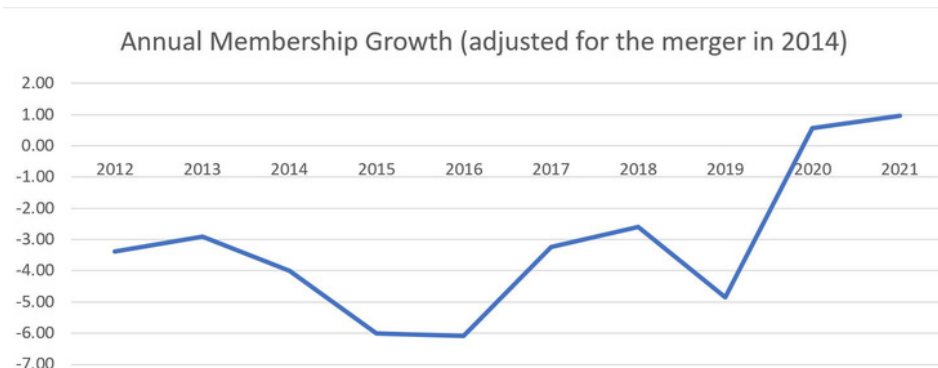
# growth



According to CEO Carolyn Mikesell, the exposure in the community from the Buy Local Spend Local was a central factor in turning these numbers around.

"It's obvious our membership growth turned the corner with the launch of our community outreach programs and Buy Local Spend Local is a huge part of that effort," Mikesell said. "We've been able to partner with local media and some very popular local businesses. Local residents are noticing and joining the credit union."

Indeed, over the past ten years the credit union has experienced negative annual membership growth. (The chart nearby has been adjusted to account for the acquisition of a smaller credit union in 2014.) Since the launch of Buy Local Spend Local, membership growth is positive.





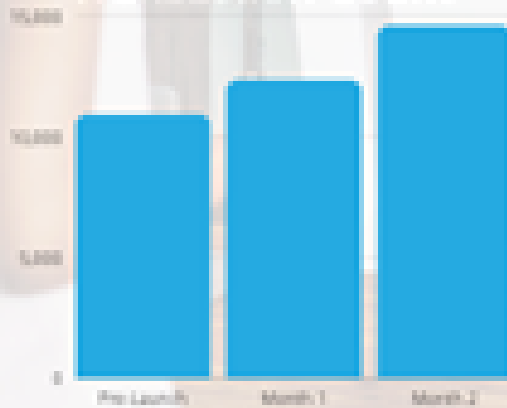
BUYLOCAL  
SPENDLOCAL™

# IMPACT ON INCOME

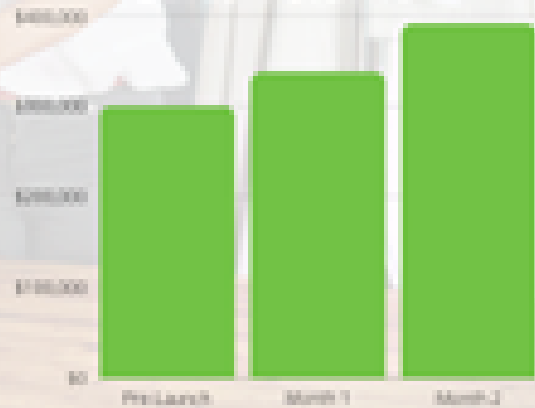
34%

Increase in  
Purchases

Transaction Count



Sales Volume



Similarly, the impact to non-interest income has been favorable. The credit union closely monitors transaction volumes at participating businesses, and the increase in transaction volume is notable. After the first two months of the program's launch, volumes were up 34%. Since that time, transaction and sales volume has continued to increase, with some businesses growing more than 140% year over year.

**“Part of what we were trying to accomplish was to generate additional interchange income,”**



**Todd Mason**

**VP Business Development  
and Lending**