

# How One Bank Beat The Recession By Focusing On Their Customer



A BELDING GROUP CASE STUDY

Solutions for **Standing Out**



by creating world-class customer experiences

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Produced by: The Belding Group of Companies Inc.

## About This Case Study

In 2008, the global banking industry was crippled by recession, marked by the failure of over 100 financial institutions. This Case Study examines how a Credit Union used Customer Experience to not just survive, but flourish, during that time.

## Overview



The Canadian banking industry is dominated by five 'schedule 1' banks, Royal Bank of Canada, Toronto Dominion Bank, Bank of Montreal, Bank of Nova Scotia and Canadian Imperial Bank of Commerce.

Credit unions, although smaller in size than the "Big Five" play a significant role in Canadian personal banking. Over one-third of Canada's population currently deals with a credit union. As of December 31, 2008, there were 440 credit unions affiliated with Credit Union Central of Canada, combining to total more than five million members and assets of \$113.9 billion.

DUCA Financial Services Credit Union was founded in 1954 by a group of Dutch Canadian immigrants who saw the need for an alternative to the big banks, which at the time were largely inaccessible to the general public. With the simple philosophy of people helping people, DUCA opened its doors in Toronto and has since grown to be one of the most stable financial institutions in the province of Ontario, with assets approaching one billion dollars. Over the years DUCA had grown to provide full financial services to close to 35,000 members with 12 branches.



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### DUCA's Philosophy

During his tenure as DUCA's President and CEO, Jack Vanderkooy had made member-focus a priority for the organization. From a financial management perspective, DUCA's history of prudent lending, conservative investing and controlled expenses has ensured continued success and stability for members' assets.

Internally, member-focused processes have been put in place. And at branch level, DUCA has made a point to hire individuals who have strong customer service skills, and train them to deliver consistent world-class experiences.



### Global Banking In Turmoil

Just past the mid-point of 2008, market uncertainty began to impact the banking sector world-wide. Six U.S. banks had already failed that year, and it was widely predicted that this was just a fraction of things to come. The predictions came true as, in the U.S. alone, 25 financial institutions failed, including the mammoth Washington Mutual Bank. DUCA was not immune to the global financial problems. The market uncertainty caused a significant drop in the company's deposits beginning in August.



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### DUCA Fights Back

To counter the downward trend, DUCA began making concerted efforts to increase communications with members. The message was simple: DUCA was solid, profitable and well capitalized. The company had always been there for its members, and would continue to be. Duca invested heavily in ensuring that the customer service provided to their members was consistently outstanding. Every employee was acutely aware of the role they played in the company's success.

*By December 2008, they had effectively halted the downward trend*

DUCA continued its efforts into 2009 with profound results. The company paid a 4% dividend to its members on existing shares, and added 10% in new patronage shares in January. This, with the ongoing efforts to ensure competitive products quickly restored confidence. Against the backdrop of one of the worst economic period in many people's lifetimes, DUCA actually grew.

Performance, as of August 2009 looked like this:

	YTD Growth (8 mths)	12 month growth
Assets	8.23%	7.76%
Loans	4.65%	7.11%
Deposits	8.43%	7.58%

*This was in stark contrast to the industry. During this same time period, over 100 financial institutions in the U.S. had failed.*





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### DUCA's Ongoing Recipe For Success

There were five core reasons for DUCA's remarkable success when so many had failed :

#### 1. In-Touch Leadership

Beginning in early 2009, Jack Vanderkooy created a CEO Advisory Council, a small group of individuals representing a cross-section of DUCA's employees. This group serves as a sounding board for ongoing initiatives and current business practices. It enables the CEO to stay in touch with all aspects of the business, and ensure that DUCA continues to resonate positively with both employees and members.



In addition to member surveys, DUCA also retained RetailTrack to implement two internal surveys. The first was a Work Environment Study, targeted to identify employee satisfaction levels and potential areas where the organization could be improved. The second, a Service Value Study, was implemented 6 months later to follow up on the benchmark results of the first.

#### 2. Ongoing Customer Service Training & Development

Belding Training was retained to design and deliver a highly customized customer service training program with impacted both member and employee satisfaction. It was followed with an internal customer service training initiative, to address the potential internal customer service issues that can come with growth.



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### DUCA's Ongoing Recipe For Success (Cont'd)

#### 3. Continuous Improvement

DUCA has always focused on continuous improvement. But despite its indisputable success, DUCA continues to seek ways to improve the experience for its members and its staff. Using feedback from the CEO Advisory Council, the internal surveys, member surveys, the training sessions and a number of other sources, DUCA continues to hone and refine its processes and practices.

#### 4. Fiscal responsibility

DUCA's commitment to providing excellent value for its members also drives the profitability focus. DUCA keeps operating expenses significantly lower than that of other credit unions – 1.62% of average assets as compared to the Credit Union average of 2.87%. Not only does this increase their profitability, but also allows the company to keep service charges low.

#### 5. Rewarding Loyal Members

One of the unique member benefits offered by DUCA is its Class A bonus share program.

DUCA's Class "A" Bonus Share program is based on the concept of sharing profits with its members. Since 1998, DUCA has paid most of its profits back to its members in the form of Bonus Shares. Members receive shares based on the interest they pay into the credit union or receive during the previous calendar year.



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### DUCA's Ongoing Recipe For Success (Cont'd)

#### 5. Rewarding Loyal Members (Cont'd)

The result of the Bonus Share program is that members see a tangible value to banking with DUCA, with a net impact of less interest being paid and more interest being earned.

### The Result of DUCA's Focus on Member Experience?

65 years old, DUCA now has over \$2 billion in assets – double where they were just five years ago – with a remarkable reputation for stability and unparalleled member satisfaction.



## About The Belding Group of Companies Inc.

The Belding Group has been helping companies stand out with customer experience for 23 years. It has two divisions that provide consulting, training and measurement in customer service, workplace performance and leadership. It has two divisions:



**Belding Training** designs, develops and delivers customer service training, leadership training and workplace performance. Belding Training has earned accolades globally, and has won international awards for the innovation, effectiveness and results of its programs.



**RetailTrack** conducts mystery shopping and customer and employee satisfaction surveys throughout North America. RetailTrack's unique approach provides critical insights that help companies identify opportunities for Standing Out in Customer Experience.



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