

# Research Brief

## Category

Financial Well-being for All

## Credit Union

Pelican State

## Asset size

\$530 million

## Members

65,000

## Location

Baton Rouge, Louisiana

## The Problem

An analysis of member accounts uncovered something startling: Members were relying on payday loans and other expensive alternative financial services for their lending needs. As a certified Community Development Financial Institution (CDFI), Pelican had established its commitment to provide affordable financial services to low-income communities and people who lacked access to financing. The credit union's mission statement also put its pledge to member financial well-being front and center: "To improve the lives of members through safe, competitive products and educational services."



People were taking advantage of our members. We wanted to give them something no one else would: Help.

— Jessica Sharon, AVP, Financial Outreach

## The Solution

A redesign of their lending program. Pelican knew affordable loans were important, but that helping members achieve true financial well-being would require something more. With that in mind, Pelican created a financial wellness program that changed the collections process and made counseling and member commitments part of the loan experience.

Recognizing not every member would be ready to completely change how they managed their finances, Pelican also offered a number of à la carte options for a member to explore.



We're giving members a better way.

— Jeff Conrad, President and CEO

## The Process

Pelican offered members two ways to improve their financial well-being:

1. By committing to a comprehensive program (Pelican's Financial Wellness Program)
2. By investigating Pelican's financial well-being options on their own

### 1. Financial Wellness Program

Pelican positioned this comprehensive program as a resource for members who were serious about achieving their financial goals. The program was free, but to use it, members had to sign an agreement saying they would commit to regular meetings with their Nationally Certified Credit Counselor and do their best to follow the counselor's recommendations.

The counselor and member worked together to determine short- and long-term financial goals, and the member received the assistance they needed to achieve them. Member cooperation and commitment were critical to success. The requirement for program graduation: Achieving their chosen long-term financial goal.

#### *Pro-tip*

Don't split your resources. A successful program requires dedicated time, staff and resources. Task a loan officer with lending *and* credit counseling, and credit counseling won't get the attention it needs to be successful.

### 2. À la carte options

Members also had the option to investigate Pelican's full complement of financial tools at their own pace and when the time was right for them.

#### *Financial Wellness Workshops*

These workshops are available to both Pelican members and the community at large. Pelican's credit counselors hosted workshops in schools and throughout the community on behalf of their Select Employer Groups (SEGs). Plus, in recent years, Pelican has made a concerted effort to reach out to underserved community segments and bring these workshops to prison re-entry programs, homeless shelters, veterans, senior citizens, and at-risk youth. By broadening their reach, Pelican has been able to help even more Louisiana citizens become financially well, gain access to traditional financial services, and avoid predatory lenders.

## Online resources

In addition to in-person options, Pelican offers members content through a variety of online channels, including their website and social media. Online resources have included:

- Financial content on a variety of topics including identity theft, understanding credit, budgeting and home buying.
- Financial tips.
- An eBook, *40 Ways to Save When You're Terrible at Saving*, that was later turned into an animated video series.
- #AskPelican videos. These were first launched on YouTube and Facebook in 2017.

### *Pro-tip*

“Start where you are. Use what you have. Do what you can.” Pelican urged credit unions to follow this advice from tennis great, Arthur Ashe. No matter their size, every credit union can do something to improve member financial wellbeing—and even small steps can be meaningful.

## The Results

Pelican believes the credit union industry tends to be too modest about its successes and needs to do a better job chronicling its efforts—both to help build loyalty and trust among members and communities, and to maintain certain tax-exemptions.

To document the impact of their work and support other credit unions to implement similar financial well-being programs, Pelican committed to intensive tracking and record keeping.

### Financial Wellness Program

Around 1,000 members have joined the program to date, beginning their journey to improved financial well-being. More than 270 have graduated. The long-term goal for over 95% of graduates: first time home ownership.

### *Think about it*

Improving member financial well-being creates a virtuous circle. It empowers members to build a more stable and secure financial future, which builds a pool of qualified borrowers for the credit union, which improves member stability and leads to loyalty, trust and strong member/credit union relationships, which empowers members.

## Financial Wellness Workshops

Although disrupted during the pandemic, Pelican has successfully delivered Financial Wellness Workshops—both in-person and virtually—across much of the state of Louisiana, reaching thousands.

	2019	2020	2021
<b>Number of Financial Wellness Workshops</b>	190	69	113
<b>Number of attendees</b>	5,643	2,516	13,756

## Online Resources

Two of Pelican’s most popular online resources have been their financial tips—budgeting tips alone have generated more than 40,000 views—and their #AskPelican videos, which have had nearly half a million views.

In its committed effort to help members improve their financial well-being, Pelican is building member relationships that last—and seeing big jumps in membership. In the past, 300 new members a month was typical. Through the first three years of the program, the credit union saw an average of 1,000 new members per month.

## Insights

Pelican employees stressed the importance of making members feel comfortable with the fact that they needed help, to never assume any level of financial understanding, and not shy away from handholding.

That handholding pays off, for members and for the credit union too.

In 2020 and 2021, almost 800 loans were directly referred by members in the financial well-being program, totaling over \$5.3 million.

“When you look at our financial ratios compared to our peer group, our numbers are always a bit higher,” said Conrad. “Helping members improve their financial well-being is the secret to building stronger, better relationships, that are also more profitable for the credit union.”

This often comes as a surprise to credit union peers who assume members who need help with their financial well-being will be riskier to the credit union. Pelican reports the opposite to be true: These efforts increase credit scores, create qualified borrowers, decrease risk and build relationships that create loyalty, trust and members for life.

“ You can be that financial institution that says, “I don’t care where you come from or what you’ve been through. We can help you feel like somebody again.”

— Kimberly Gaines, Credit Counselor