

- Announcement: On the show today, we have the Patelco Credit Union's very own Melissa Morgan talking about their credit union, trying a gamification program to boost savings rates, giving away \$100,000 to help people save. So check it out.
- Speaker 2: We are talking to Melissa Morgan from Patelco Credit Union and you guys, well, before we get into it, how are you?
- Melissa Morgan: Just great. I'm really excited to talk to you about this program. It's probably one of the most fun things I've done in 30 years of banking and credit union life.
- Speaker 2: Oh wow. All right. Yeah. I saw this one run across my inbox in my email. I went, "Oh my gosh, I got to talk to you guys about this type of stuff." So without further ado, Patelco, you guys are trying a gamification program to boost savings rate, and at the same time, you're giving away \$100,000 to help people save. Okay, now I'm excited. And now I know why you're excited as well. So tell us about this program, Melissa, what's going on here?
- Melissa Morgan: I think you said it well, it really is a win-win for our members. You know from... One of the cornerstones for financial wellbeing is saving for your future. And it's also one of the hardest things to do. So how do you help members save for the future?
- Speaker 2: Yeah, yeah.
- Melissa Morgan: And one of the most important things is if it's automatic, much higher chances of actually saving for the future if it's automatic.
- Speaker 2: Mm-hmm (Affirmative).
- Melissa Morgan: So we studied this for quite some time and the regulations in California changed this year that allows us to go into the lottery and savings participation area.
- Speaker 2: Okay.
- Melissa Morgan: So we basically said, "We want to help our members save."
- Speaker 2: Mm-hmm (Affirmative).
- Melissa Morgan: And so when they, the way we structured it is every week that they transfer money from their checking to their savings account, they receive a digital scratch off and you can use your finger to scratch off. It's like a lottery ticket.
- Speaker 2: Oh, okay.

- Melissa Morgan: You can use your finger to scratch off, or you can use your mouse and it will tell you if you won or not. And so that's every week you can win, you know, between five and a hundred dollars.
- Speaker 2: Yeah?
- Melissa Morgan: And so, and we have grand prize every month for \$10,000.
- Speaker 2: What?! Wow!
- Melissa Morgan: The key is we keep it really simple.
- Speaker 2: Yeah.
- Melissa Morgan: Everybody that plays wins, whether they get money or not because they've been, they've got the savings habit, they begun the savings habit, they set it up automatically. And one of the real measures of a success with this will be how many people continue to save automatically after this campaign is long over.
- Speaker 2: Mm-hmm (Affirmative).
- Melissa Morgan: Because that's life changing.
- Speaker 2: Yeah, no doubt. And so is kind of like one of those set and forget it type of things? Where... is that something like that or am I thinking something else?
- Melissa Morgan: Our objective is that they will set it and increase over time, but as minimum, if they set it and forget it, the savings will grow-
- Speaker 2: Right.
- Melissa Morgan: And that's what our objective is.
- Speaker 2: Yeah.
- Melissa Morgan: One of our overall objectives is for our members to have a certain dollar amount of savings in their combined checking and savings.
- Speaker 2: Mm-hmm (Affirmative).
- Melissa Morgan: That's really important for their financial future.
- Speaker 2: Right.
- Melissa Morgan: So this is how we make it fun.

Speaker 2: Mm-hmm (Affirmative).

Melissa Morgan: And what's amazing is it doesn't matter if they win \$5 or 25 or a hundred, they're excited they won something.

Speaker 2: Yeah, no doubt.

Melissa Morgan: We're rewarding that behavior.

Speaker 2: Yeah. Oh my gosh. I mean this is such a great idea. It's almost like I could've had a V8 idea type of thing. You know, it's like, so I mean, so how did this idea come about? Obviously we want Americans to save more and so this is kind of a vehicle to get there what you guys are using. Right?

Melissa Morgan: Exactly. And so, you know, other credit unions in different places have tried something similar.

Speaker 2: Mm-Hmm (Affirmative).

Melissa Morgan: I think the key with ours, it's very, very simple.

Speaker 2: Yeah.

Melissa Morgan: And the minute you... that money goes into your account, you get a scratch off ticket the following week-

Speaker 2: So cool.

Melissa Morgan: That allows you to see if I'm there. So we keep as few rules, restrictions around it.

Speaker 2: Yeah.

Melissa Morgan: You save, you win, even if you need the money the next week, it doesn't matter. You've begun the behavior and you're setting up your automatic savings.

Speaker 2: Mm-hmm (Affirmative). Yeah. And it's kind of an immediate reward for doing something like that.

Melissa Morgan: Yeah.

Speaker 2: And boy, and that just kind of perpetuates, right?

Melissa Morgan: Yes. So we'll run this for a little over three months and hopefully by the time... We're getting more participants every week, which is great.

- Speaker 2: Mm-hmm (Affirmative). Yeah.
- Melissa Morgan: Our first month we had about 4,500 members that were saving, that weren't saving before.
- Speaker 2: Wow.
- Melissa Morgan: And the most powerful part that's exciting for us is those who play, whether they win or not, over 70% are sharing with their social networks.
- Speaker 2: Really?
- Melissa Morgan: So they're sharing, hey, I played, you know, Patelco's play, save and win. And they're just showing it. So with Twitter, Facebook and other different, you know, social media status.
- Speaker 2: Mm-hmm (Affirmative). And they can take pictures on Instagram, what they're doing with their save... With their winnings, that type of stuff.
- Melissa Morgan: Exactly.
- Speaker 2: Hey, I went and bought a new pair of shoes or something. I don't know. It's like-
- Melissa Morgan: And we try to have each savings account... we talk about goals.
- Speaker 2: Yeah.
- Melissa Morgan: So that's one of the important things when you set it up.
- Speaker 2: Yeah.
- Melissa Morgan: Let's talk about what you want this money to do for you.
- Speaker 2: Mm-hmm (Affirmative).
- Melissa Morgan: So you tie that emotional component in to the automatic savings. And it's even more powerful.
- Speaker 2: Yeah.
- Melissa Morgan: So it's got to mean something to you. So when we set it up with them, we really want them to identify and even name the account, like you know, my daughter's education fund-
- Speaker 2: Right. Mm-hmm (Affirmative).

Melissa Morgan: Or whatever is powerful to them and that will take it to the next step in terms of continuing to save.

Speaker 2: Yeah. And when you do these kind of automated programs, it's amazing how fast it accumulates. I mean you just... you don't-

Melissa Morgan: Of course.

Speaker 2: I think in this case you are paying attention to it because of the rewards. But in other cases where you just kind of... And then you know, after three months or six months, oh my gosh, I have \$5,000 saved up. Are you kidding me? What?! So, that's the cool thing about it.

Melissa Morgan: Exactly. And I think you're right. People are not aware of... And our first winner actually expressed that, first of all, he said it was life changing for him. Our first \$10,000 winner and he was actually trying to go to school at night working during the day. He said this 10,000 will make such a difference for him.

Speaker 2: Oh yeah.

Melissa Morgan: He goes, "I would tell others just start saving, start small." And you know, he was one of our big biggest advocates for saving.

Speaker 2: Mm-hmm (Affirmative). I can imagine.

Melissa Morgan: And so he's going to... He's definitely committed to it, you know, in the power of saving as well.

Speaker 2: Which leads me to word of mouth advertising for you guys. Because I was thinking, Gosh, okay, now how does this benefit the credit union? I mean this is it. You just said it. I mean the word of mouth with this one winner here, I'm like, can you imagine what he's telling his friends and family? It's like, Gosh!

Melissa Morgan: It is. And we do hope it will generate new members. One of the most important reasons for us to do this though is we, you know, a lot of places talk about financial health and financial wellbeing and it's more of a marketing campaign.

Speaker 2: Mm-hmm (Affirmative).

Melissa Morgan: We want to be able to talk about it with reality and say here's what we're doing about it.

Speaker 2: Right. Yeah.

Melissa Morgan: So for us in marketing terms, this gives us a real proof point.

- Speaker 2: Mm-hmm (Affirmative).
- Melissa Morgan: Other people say, "Yes, we're about financial health", and all the financial institutions are doing that. But when you dig deep, you don't see much that's different.
- Speaker 2: Yeah.
- Melissa Morgan: This is something that we believe is different, giving this money to our members, putting it right into their savings accounts-
- Speaker 2: Mm-hmm (Affirmative).
- Melissa Morgan: when they participate in the behavior that we believe will make a difference for their future.
- Speaker 2: Mm-hmm (Affirmative). Now, do you guys have goals in mind? I mean, do you have... I mean it's kind of hard to quantify how many members will participate and then how much they'll save, but do you guys have any types of goals in mind for this program?
- Melissa Morgan: You know, we have... I'd like to say we had specific goals, but this is complete test for us.
- Speaker 2: Yeah, exactly. That's what I was thinking.
- Melissa Morgan: So... and we didn't have anyone that had done something similar to get a pathway, but our goal will be that a majority of the members who start saving continue to save-
- Speaker 2: Yeah. Mm-hmm (Affirmative).
- Melissa Morgan: Six months later. So, I'll say majority, which is over 50% at least continue their savings habit.
- Speaker 2: Gosh I-
- Melissa Morgan: That'll be the key measure of success.
- Speaker 2: Yeah. If you can get one person to save more... I think it's one, you know, so-
- Melissa Morgan: It's nice to think that we're making... to this day that people had, from all of our records, weren't saving before. Now, they're actually saving automatically. That's pretty powerful.

- Speaker 2: Yeah. And you're creating a behavior that's going to last a lifetime. So I mean, this is what I like about credit unions that are just... they're just... oh, it's so giving in this area and it's just really kind of innovative as well. So, it's really fun to see.
- So I mean, so what advice do you have for other credit unions to do something like this? Because I think it's... This is something that can be mirrored throughout the nation at other credit unions. I mean, obviously folks are going to put their own spin on it and stuff like that-
- Melissa Morgan: Mm-hmm (Affirmative).
- Speaker 2: But I think this is something that could set a nice little template for other credit unions to do something similar.
- Melissa Morgan: So, I would say the best advice I would have would be to partner with some experts on their field. And there really are some.
- Speaker 2: Mm-hmm (Affirmative).
- Melissa Morgan: We partnered with EARN-
- Speaker 2: Oh?
- Melissa Morgan: And it's a not for profit here in San Francisco.
- Speaker 2: Okay.
- Melissa Morgan: And they helped us with the technology. We did not want to build our own scratcher lottery ticket technology. And so working with them made all the difference. They've been advising us-
- Speaker 2: Mm-hmm (Affirmative).
- Melissa Morgan: And we're doing a lot of test and learn with them. So I would definitely reach out to people like EARN-
- Speaker 2: Okay.
- Melissa Morgan: And others that have done this before, and we would of course be happy to help anyone because there's been a lot of lessons learned in terms of how to communicate it-
- Speaker 2: Mm-hmm (Affirmative).

Melissa Morgan: How to get it going. So we're still haven't launched broadly, we're just going small-

Speaker 2: Okay.

Melissa Morgan: At this point with some target members. So even that... even as a small launch has been pretty phenomenal in terms of how many people are saving that weren't before.

Speaker 2: Right. Are you planning on doing, making a repeated effort down the road somewhere after the kind of a test phase is done with or-?

Melissa Morgan: We hope so.

Speaker 2: Okay.

Melissa Morgan: We hope to do this again in 2020.

Speaker 2: Okay. Right on. All righty. Good stuff. And I also noticed that you guys have kind of your own, its own webpage, basically-

Melissa Morgan: Yeah.

Speaker 2: Its own domain so people can go right to it and check it out because it's really impressive too. It's really kind of festive and fun and all that type of stuff. You guys have done some good branding with it.

Melissa Morgan: You know, the fun part's important. How do you make it fun?

Speaker 2: Oh, yeah. Yeah.

Melissa Morgan: And so we knew this was going to be a winner when our team members all wanted to sign up. That was our first clue that this would well received by our members.

Speaker 2: No doubt. No doubt. That is always a success for sure. All right Melissa, well anything else to add here? This is such a great story. I'm so glad I got a chance to talk to you about it. Anything else to kind of wrap up here? This is great stuff for sure.

Melissa Morgan: No, I just think the unique part is it's very digitally driven-

Speaker 2: Mm-hmm (Affirmative).

Melissa Morgan: And that it's automated.

Speaker 2: Mm-hmm (Affirmative).

Melissa Morgan: The saving's automated, they are getting the scratchers is automated and hopefully the behavior that members change will be automated as well.

Speaker 2: Yeah. And well maybe we'll... let's circle back in a few months and see what the results were. I'd be anxious to hear and then what the next iteration of it will be. Because it sounds like this could be something that you guys can do year after year after year. So-

Melissa Morgan: I hope so. Thank you very much.

Speaker 2: You do. Oh, you're welcome. You're welcome, Melissa. That was fun. Good stuff. All right.