

### Ideal Credit Union “VIP” Member Loyalty Program Does Double Duty

#### Executive Summary:

Founded in 1926, Ideal Credit Union serves six counties in and around the Twin Cities metro area. Using integrated member data from its OnApproach M360™ data warehouse, Ideal developed a full-featured loyalty program to reward high-value members and drive increased usage of its products and services. In addition, Ideal has been able to use the data driving the VIP program for other marketing

*“VIP is one of the most popular member programs we’ve ever launched. Now, with the additional ability to drive other marketing programs with the VIP information, we are truly leveraging the value of our data.”*

Ideal CFO, Dennis Bauer

#### Deepening The Relationship

For the past three years, Ideal Credit Union has been reaping the benefits of its VIP member loyalty program. Since its debut in 2012, the program has seen an 8% increase in the number of members receiving awards. To Ideal, this means members have acquired more Ideal products and/or have increased their transaction volumes in existing accounts. According to Shari Riley, Manager of Financial Reporting and Risk Management, “From the program support perspective, we see members really starting to think about the program. Not only after they’ve received a payout or not received a payout, but they are thinking about it throughout the year and proactively trying to be sure they will meet the criteria for the upcoming year end.”

#### Data Integration Is The Key

The key to the program’s success is seamlessly integrating multiple sources of data within the credit union to provide a comprehensive picture of member holdings at any given time. Prior to 2012, Ideal was unable to successfully integrate the necessary data to run such a program. Then, Ideal partnered with OnApproach to integrate data from its core system with two other ancillary product databases using OnApproach M360™ software. This enabled Ideal to have a member-centric view of its data and thereby make VIP a reality.

#### Bringing It All Together

Ideal’s objective was to design a program encompassing a wide span of its product and service offerings. The abundance of member data allowed Ideal to design its loyalty program based on 64 different business rules applied to three separate data sources representing seven different product lines.

**VIP Patronage Dividend** — Based on making at least 144 withdrawal transactions (debit card, ACH, ATM, etc.) from a consumer Ideal Checking Account within the calendar year. (22 criteria)

**VIP Loan Rebate Dividend** — Meet VIP Patronage requirements and have 2 or more Ideal qualifying consumer loans that carried a balance in the calendar year. Dividend amount based on sum of the monthly interest paid. (26 criteria)

**VIP Deposit Bonus Dividend** — Meet VIP Patronage requirements and have one of three types of deposit accounts. Dividends are calculated by the average daily balance in qualifying accounts. (16 criteria)

The combination of 64 distinct rules applied to ever-changing data in the source systems makes this a complex undertaking. Accuracy of information is critical. Members expect to receive “correct-to-the-penny” dividend amounts earned.

Credit union management must be able to confidently use the ongoing information to evaluate the program to ensure the total payout falls within a budgeted amount.

Yet, with over 15,000 qualifying members, the Ideal VIP program is automatically updated every day and requires little ongoing maintenance.

#### Finding Other Opportunities

While the VIP program motivates members to deepen their relationship with Ideal, the credit union discovered another marketing benefit resulting from the program data. In summarizing the current product holdings of each member, the VIP data showed product gaps by member. Ideal has a “4 Cs” metric to evaluate member product penetration.

**Ideal has a 4 Cs metric to evaluate member product penetration:** Checking, Credit Card, Car Loan, and “Casa” (home loan). The VIP data is used to create targeted marketing programs for members who are missing one or more of the 4 Cs.

