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FEATURED STORY

U.N. Credit Union Cross-Sells for Fast Wealth-Unit Growth

■ By Matt Ackermann

A few months ago, Stephen J. Ryerson got an e-mail from a customer in Sarajevo looking for automobile insurance.

To most financial services companies this would seem odd, but when you work for a credit union that caters to employees of the United Nations and their immediate families, nothing is unusual.

“‘Flexible’ and ‘nimble’ are my middle initials these days,” said Ryerson, the president of United Nations Federal Credit Union’s wealth management arm, UNFCU Financial Advisors. “There is just nothing typical about what we do. We aren’t Bank of America or Merrill Lynch. We are meeting the needs of international customers our way.”

This mentality has helped beef up the credit union’s investment business, and it is a cross-selling example that even big companies could learn from.

A survey of 4,600 Americans by Forrester Research said that four in 10 are open to buying more products from a single financial services

company but, because of “a nearly industrywide failure to cross-sell,” most do not.

On average, consumers own nearly nine financial products — but just 2.5 of them with any single company.

Ryerson would have loved even that kind of production when he was hired in 2003. “We had an investment program, but it was not progressing the way management hoped,” he said. “I came in, and the first order of business was to examine what we were doing and change everything.”

The \$3 billion-asset credit union, which has about 85,000 members, had \$25 million of assets under management in its financial advisory unit and generated less than \$1 million in annual revenue, he said.

Thanks to a new brokerage partnership with Raymond James Financial Services and a marketing initiative with Truebridge Financial Marketing of Boston aimed at cross-selling, UNFCU increased

its assets under management nearly sevenfold in the past five years, to \$170 million, and added offices in Vienna and Geneva, Ryerson said.

“I think we have made progress, but really we have barely scratched the surface,” he said. “Currently, we are only penetrating 2% of our customers. A successful program has to be double-digits. If we can get to even like 6% or 7%, you are talking about more than \$500 million in assets within five years.”

UNFCU began working with Truebridge in June 2004 to educate the credit union’s platform representatives about the products the wealth unit offers. Ryerson said Truebridge has helped increase cross-selling significantly through both of the credit union’s branches in New York — one in the U.N. headquarters and another at a U.N. facility across the street.

Truebridge has increased the number of leads UNFCU has received from platform reps by 10% to 15% annually, Ryerson said. “This service really pays for itself,”

he said. "The cost of this service is pretty modest, and the return has just been exceptional."

The marketing firm offers materials to educate customers. Stewart Rose, the president of Truebridge, said it is offering its services through 24 banks and credit unions and has five or six more in the pipeline. Its service is offered on a subscription basis, he said.

Other credit unions and banks, including Sovereign Bancorp, are also using the service to increase referrals. Rose said Sovereign has increased referrals to its retail investment unit by 15% or more for three years straight since beginning to use Truebridge.

"If you look at cross-selling, it is really top of mind right now for bank executives," he said. "It is one of the top objectives for banks and credit unions. We want to help them develop revenue by helping them generate referrals."

Educating customers is vital to improving cross-selling, outsiders say.

"Product executives must understand that, to effectively cross-sell, their firm must be considered an advocate, have a strong relationship pricing strategy and develop an outreach program that lets potential one-stop shoppers understand the benefits of having a broader relationship with their firm in terms

they care about," said Brad Strothkamp, a Forrester analyst.

In addition to traditional investment products, such as mutual funds, stocks, bonds, and annuities, UNFCU has added home and automobile insurance in the past year to help customers like the one in Sarajevo. Ryerson said the unit is also beginning to market through embassies. "Because we are already serving the U.N., we can provide a lot of services to these folks as well," he said. "This is a natural market for us." ■