

# **Strategic Investment in Financial Wellness: Quantifiable ROI for Asset Growth**

Harnessing the drive for greater member credit health,  
meaningful asset growth, and strong financial performance.

In today's competitive financial services landscape, credit unions are being challenged to **deliver more than products** — they are expected to **improve their members' financial lives.**

# **Delivering Financial Health as a Growth Strategy**

# Improve Credit Health

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**Opportunity:** Utilize financial education/credit-health to improve member credit profiles, reduce risk, deepen engagement, and drive new loan origination.

**Why it matters: Two distinct value-drivers:**

- **Cohort A Risk Upgrades** (660-699 near prime move up to a FICO 740+) → improved Net Interest Margin (NIM) & reduced loss provision.
- **Cohort B Asset Growth** (630-650 mid subprime we're targeting a FICO ~660) → targeted loan origination expansion (e.g., \$100,000 of new loan origination value).

# The Landscape & Why Now

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Credit unions increasingly face competitive pressure, changing member expectations, digitization, younger cohorts, and rising delinquency risk.

Financial wellness and education are not just member services but strategic assets and risk management levers to growth.

Financial Wellness means tangible member behavior change, improved creditworthiness, and new asset-generation opportunities.

# What is Needed

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**Features:** Actionable guidance (how to pay down debt, how to raise FICO, how to prepare for auto / home / school /personal loans), engagement pathways, and an integration with a credit union's brand experience.

**Benefits:** Continuous member touch, proactive credit health improvement, enhanced cross-sell opportunities, loan readiness, and measurable outcomes (score improvement, product uptake, member loyalty).

**Why it fits:** Aligns with a credit union's strategy to deepen member relationships, reduce risk, increase quality assets, enhance personalization, and deploy digital service models.

# Getting Started: Deployment & Engagement

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## Step 1: Setup & Integration with Marketing Channels

- **Member onboarding:** Credit Union's marketing team identifies target cohorts to the content and education modules to build credit and loan readiness awareness.

## Step 2: Member Engagement & Behavior Change

- **Modules:** Interactive learning (videos/quizzes), scenario simulators (calculators “if I pay down \$X, my score could increase by up by Y”), blog articles to build and understand healthy credit strategies.
- The **Credit Unions Marketing team** can promote to members through current channels.

## Step 3: Monitoring & Analytics

- **Track engagement metrics:** logins, module completions, product adoptions by cohort groups. Quarterly review of metrics.
- **See how members are engaging** and work to optimize the educational experience.

# Educational Value to the Credit Union

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## Value Channel A: Improved Credit Health → Risk Upgrades

- **Cohort A Risk Upgrades (660-690 near prime who are targeting a FICO 740+):** Even incremental score uplift and credit health improvement mean fewer delinquencies, fewer defaults, lower loss provisioning, and improved NIM through lower cost of funds or pricing flexibility.

**According to industry commentary, financially literate members are less likely to default and more likely to use products responsibly.** cuinsight.com

# Educational Value to the Credit Union

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## Value Channel B: New Loan Origination/Lifetime Value (LTV) – Asset Growth

- **Cohort B Asset Growth (630-650 who we're trying to bump up to FICO ~660):** The platform helps boost credit readiness so these mid-subprime become eligible for new lending (auto, personal, credit card) that they may not otherwise qualify for, or they are eligible at better rates, improving their margin.

**As the TransUnion case study found, of members using credit education, ~10% opened new accounts with the credit union within 90 days.** transunion.com

**Combined with better retention (members feel supported, more loyal) and potentially lower acquisition/attrition cost.** californiascreditunions.org

# ROI Value Summary (Quantified)



Annual investment: \$50,000

Estimated value:

Cohort A – Risk Upgrades + incremental NIM = **\$30,000**

Cohort A – Member Lifetime Value (LTV) / Cross-Sell = **\$40,000**

Cohort B – Asset Growth incremental interest = **\$75,000**

Cohort B – Member Lifetime Value (LTV) / Cross-Sell = **\$25,000**

**Total incremental value = \$170,000 → 3.3× return on investment in 12 months (conservative)**

**Multi-year compounding:** As the program scales to include all members, member behavior improves, the platform becomes standard, and the incremental returns will grow.

**Non-financial benefits:** Enhanced member engagement, stronger brand positioning, goodwill (financial wellness as member service), deeper data/insights.

# Industry Case Studies

*“Among members who used the credit education dashboard...  
**30% improved their credit scores by +21 points or more**  
**within one year; +18% improved by more than 41 points**  
**compared to just 15% of non-users.”***

— TransUnion on “How a National CU Drives Member Engagement with Credit Edu”

# Industry Case Studies

*“Educated members tend to be more active and responsible. They are less likely to default on loans...”* — CUInsight on Measuring ROI of Financial Edu.

*“Well-informed members can make smarter decisions... Credit unions that go the extra mile benefit from increased loyalty, lower risk, and increased revenue.”* — Enrich article on CU Need to Focus on Edu Initiatives

**The studies show how financial education and credit-health wellness viability as risk mitigation and growth levers succeeds.**

# Proposed Timeline & Budget to Get Started

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**Month 1:** setup and integration with your member data

**Month 2:** Onboard members in target cohorts A & B, CU marketing campaign and member communications

**Month 2–12:** engagement drives credit health, monitor & optimize content experience

**Year-One (Budget \$50,000)**

# Key Metrics & Success Indicators

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## Data tracking the following KPIs:

- Engagement % of cohorts
- Content engagement: unique visitors/month, module completions, average time spent, device used, day of the week engagement, types of content consumed.

## Credit Union data tracking KPIs:

- Credit-health improvement: average FICO delta, % of members improving >20 points
- Delinquency/charge-off reduction for engaged members vs non-engaged
- New loan origination: # of members moving from FICO ~660 → approved for new loans, average loan size, total origination value
- Retention/attrition rate difference between engaged and non-engaged members
- Net interest margin improvement (for cohort moving to higher-credit risk band upgrade)
- ROI calculation:  $\text{Incremental interest income} + \text{provisioning savings} - \text{cost of program} = \text{net benefit/cost}$ .

# Key Takeaways

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Financial education is not just philanthropic but strategic.

Have a clear value-driver model: improved credit health yields better asset quality and NIM (Cohort A); increased loan origination and member LTV (Cohort B).

The industry case studies supports that credit-education can improve member credit scores, engagement, and product uptake.

With a small investment, you can expect as high as a 240% ROI in year one and compounding value thereafter.

**Thank you**

# Detailed ROI Calculation: Asset Growth and Risk Reduction

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## Cohort A: Increasing Profitability on Existing Loans (660 → 740)

**Focus:** Improve **100** near-prime members.

- **Impact:** A credit score jump to 740+ significantly reduces the **Probability of Default (PD)** and risk rating, making the portfolio more valuable.
- **Average Loan Balances:** 100 x members \$15,000 = **\$1,500,000 portfolio**
- **NIM Benefit (Repricing Future Loans):**  $\$1,500,000 \times 0.50\% = \mathbf{\$7,500}$
- **Loss Provision Savings (PD Reduction):** **\$22,500**
- **Cohort A: Annual Financial Benefit (NIM/Savings):** **\$30,000**

# Detailed ROI Calculation: Asset Growth VIA New Loan Origination

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## Cohort B: Generating New High-Quality Assets (640 → 660)

**Focus:** Push 100 mid-subprime members over the 660 qualifying threshold for near-prime loans.

- **Impact:** Unlocks the ability to originate a new portfolio of better-qualified loans.
- **New Loan Origination:** 100 members x \$25,000 avg. new loan = **\$2,500,000 new assets**
- **NIM Revenue (Annual Interest):** \$2,500,000 x 3.0% NIM = **\$75,000**
- **Cohort B: Annual Financial Benefit (NIM):** **\$75,000**

# Summary of Value Streams and Annual Financial Benefit to Reach 240% ROI

## Total Value Generation

The EDU Wellness Strategy ROI is powered by two distinct financial channels: direct NIM/Savings and enhanced Member Lifetime Value (LTV) through better engagement and cross-selling.

Value Stream	Cohort A Value	Cohort B Value	Total
Direct NIM / Loss Savings	\$30,000	\$75,000	\$105,000
Member Lifetime Value (LTV)/Cross-Sell	\$40,000	\$25,000	\$65,000
<b>Total Annual Financial Benefit</b>	<b>\$70,000</b>	<b>\$100,000</b>	<b>\$170,000</b>