CASE STUDY

DATA ▸ EXPERIENCE ▸ GROWTH

MX reveals customer financial strength scores for LGFCU

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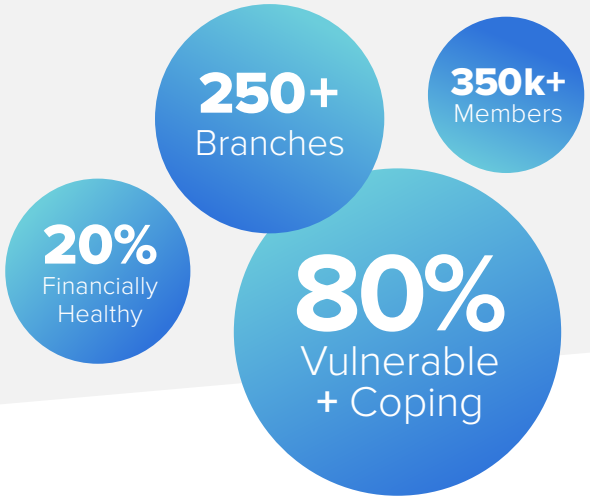

Challenge

Improving member financial health is the highest priority for LGFCU, but it needed better data to measure financial health and empower members to become financially strong.

Solution

With industry-leading data insights from MX, LGFCU was able to measure member financial health and identify members who were financially vulnerable, coping, and those thriving. With these new insights, LGFCU can now precisely assist members—no matter where they are on their journey to financial strength.

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Know **Your Members**

Local Government Federal Credit Union is a not-for-profit credit union based in North Carolina. Its mission is to support those who work for and in local communities—including local government employees, volunteers, fire, rescue EMS workers, and local families.

Before providing the tools for empowering financial health, LGFCU needed a system that could precisely identify the financial health score for each member.

> "We knew that taking on a task this big would require in-depth research. We'd have to get to know our members on a different level, and it would be difficult to quantify".
>
> **Sharon Krizic**
> Senior vice president, financial wellness

Data **Makes a Difference**

LGFCU turned to MX Catalyst – a specialized consulting team – to develop Financial Health scoring from member data.

MX provided two key diagnostic tools to assist LGFCU in understanding its members' financial health:

(1) A study and analysis of 86,000 members using a financial health survey*

(2) A data-driven analysis of its 22,500 members using LGFCU's personal financial management tool, Compass (MX's MoneyMap)

*The survey was based on research from the Financial Health Network and provided an overall health score to each LGFCU member who completed it.

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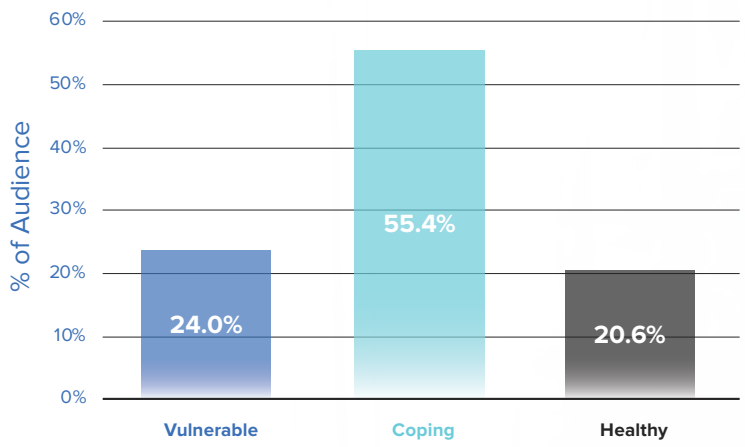
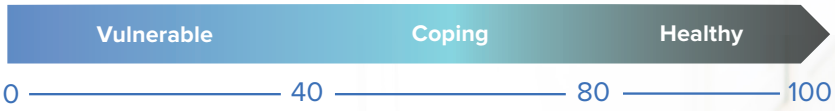
Insights **for Change**

The study was derived from over 86,000 LGFCU members and gave the necessary insight into how LGFCU could positively affect the financial wellness of its members. From the results, LGFCU was able to score its members into three separate categories:

Survey Method - **Distribution of Health Scores**





21,000
Members

Financial health scores between 0-39 are considered ***Financially Vulnerable.*** These members are struggling with all, or nearly all, aspects of their financial lives.

48,000
Members

Financial health scores between 40-79 are considered ***Financially Coping.*** These members are struggling some, but not necessarily all, aspects of their financial lives.

17,000
Members

Financial health scores between 80-100 are considered ***Financially Healthy.*** These members are spending, saving, borrowing, and planning in a way that will allow them to be resilient and pursue opportunities over time.

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MX was able to identify 80% of members as financially unhealthy – a startling result, but one that surprisingly aligns with the national average. With this insight, LGFCU now has what is needed to transform member financial health.

MX was also able to identify metrics for spending behaviors, borrowing profiles, income versus savings, and insurance coverage planning. Interestingly, the study found no correlation between age or income and the composite financial health score of the member. Even when members were older or made more money, they were still at risk to have poor financial health.

While many institutions tend to categorize members using these two factors, the data shows that they aren't strong indicators for an individual's real financial health.

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Using MX cleansed data provided through key behavioral measures and financial transactions, LGFCU is now able to develop a strategy for effectively reaching the 24% of financially vulnerable members. LGFCU can also create personalized messages and offers to the 55% of its 'coping' members at risk of slipping into vulnerability.

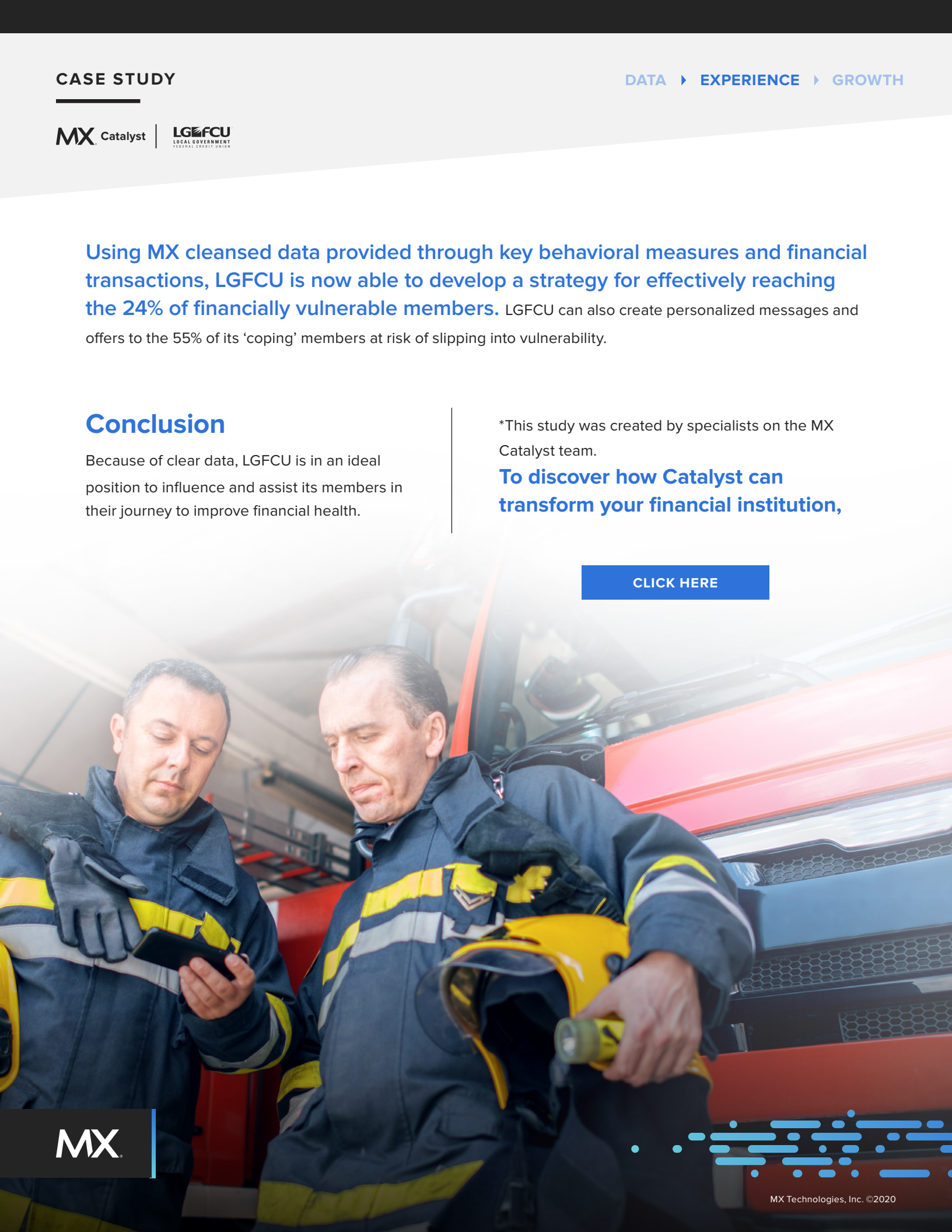
Conclusion

Because of clear data, LGFCU is in an ideal position to influence and assist its members in their journey to improve financial health.

*This study was created by specialists on the MX Catalyst team.

To discover how Catalyst can transform your financial institution,

CLICK HERE



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