



Referrals: Powering Customer-Led Growth for Credit Unions

A Best Practices Guide

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Our best practices outline the following core principles of customer-led growth:

Focus on Delivering Unique Credit Union Referral Experiences

Target High-Quality Referrals with Rich Rewards

Different Customer Segments, Different Approach

Drive Engagement Through Data & Personalization

Leverage Every Innovation

Marketing Post-Conversion is Key





Referral Marketing: Driving Value to Credit Unions

Best Practices for Credit Union-Focused Refer-a-Friend & Advocacy Programs

The credit union market is flourishing. Credit union membership has grown from **126.6 million** members in 2020 to **140 million** as of 2025. Still, credit unions hold a minority slice of the financial services market at **7.5%**, with larger banks accounting for over **92%**. The pressure to keep winning new customers is very real.

Historically, credit unions have relied on the in-person branch—but since the pandemic, branch traffic has reduced dramatically.

How can credit unions build communities without branch traffic? How can credit unions keep driving new memberships? A key part of their digital strategy should be to leverage positive word of mouth via a digital referrals platform.



Why referrals? First, because an estimated **92%** of customers trust referrals from individuals they know. Second, referral marketing works. As many as **30%** of banks and other financial institutions in North America use referral programs to acquire and retain clients, while also enhancing their banking experience.

The key for credit unions is to create and implement referral marketing strategies tailored to the needs of their customers. When you turn your most valuable clients into your greatest ambassadors, their recommendations can drive their friends to choose your product over the competition, drive more value to your organization, and unlock a new stream of high-value customers—but only if you're smart about it.

There couldn't be a better time for your CU to offer a new or improved refer-a-friend program. With a growing emphasis on better customer experience, today's credit unions and their clients will benefit immensely from RAF programs that reward members. Furthermore, as you optimize your mobile banking experience, you won't need to worry about referrals—they are designed to work effortlessly on mobile devices. Finally, referral can help you maximize your customer quality—new members acquired through referral tend to be the highest quality members you can reach.

In addition to gaining new members, credit unions can derive insights from all the referral activities to further maximize the positive impact on their bottom line.





The Pressure to Meet Younger Demographics

A crucial factor in why credit unions tend to lag behind big national banks is that they have failed to increase their visibility among younger generations of banking customers. In the US, the median age of a credit union member is 47.

A recent survey has found that people aged 45- 54 and 55-64 represent credit unions' most loyal customers. In contrast, the same survey reports that only 26% of people aged 18-24, and 14% of people aged 25-34 are credit union members.

Credit unions must go after these demographics if they want to grow their consumer base. Credit unions will always be outspent by traditional banks that can afford to pay higher customer acquisition costs, so they need a smarter strategy to attract these key age groups. Referral has long been a go-to strategy for many credit unions looking to attract new members, but the manual referral programs that worked so well for older generations of consumers aren't going to cut it for Gen Z and Millennials.

It's high time for credit unions to go digital. Though traditional referral efforts were largely successful through word-of-mouth, there is now a need to scale this strategy across digital platforms to reach potential members where they are--online.

Credit unions need to find ways to recreate the traditional in-branch experience through their digital channels to remain competitive. Referral marketing through digital channels provides credit unions with the opportunity to tap into their most loyal customers and target younger consumers.



Referral Programs: A Cost-Effective Source of Customer Growth

Every good referral program uses rewards. An “advocate” typically gets a reward when a customer they have referred performs a desired action; in this case, becoming a member of a credit union and avail of its products and services.

Best practices around rewards are constantly evolving, Coupon codes are still the dominant reward for most retailers, and loyalty points remain the most popular alternative. Account credits and gift cards also remain popular.

The nature of financial services processes, products, and requirements entail a unique referral marketing approach that is different from traditional models designed for retail or eCommerce. Financial decisions have a greater gravity for most people. Moreover, credit unions usually have to deal with more compliance, regulatory, and privacy concerns than other organizations in less regulated industries.

Extole recognizes this, and we opt to follow a different baseline flow for financial services companies. We identify your target customers and provide referral programs that focus distinctly on that customer profile.





36 Best Practices for Credit Unions

Focus on Delivering Unique Credit Union Referral Experiences

1. Go digital, but remain human.

Credit unions are known for their in-branch, personal service. Their referral programs must also reflect this on the digital front, where their target consumers now reside. It is crucial for credit unions to go digital, while still keeping a human element alive and accessible in all transactions.





2. Offer a consistent digital experience across platforms.

Today's customers expect every marketing initiative from credit unions to be digitally accessible, seamless, and consistent—**76%** demand connected journeys. Thus, your referral marketing program must be accessible and consistent across all digital channels and devices.

3. Referral experiences must be on-brand.

Your messaging material must reflect the look and feel of your institution. The color, transparency, and opaqueness of your buttons and CTAs should reflect your brand. Doing so can improve your brand recognition by as much as **80%**, and conveys consistency.

4. Enable one-click connections between advocates and friends.

68% of Americans say they are more likely to open an email if it's from someone they know. Provide advocates with native sharing tools that enable them to rapidly connect with referral candidates. Utilize one-click chat buttons to encourage meaningful communication between the referrer and the referred.

5. Connect with Your Community.

Credit union members aren't the only source of high-value referrals. Partner with other businesses to connect their customers to your CU. Use local charity donations for your rewards. You can also refer your clients to local partners' services by offering unique perks, discounts, and other benefits.

6. Make it easy for recipients to share branded messages and promos.

Make it easy for referral recipients to share the message. Even if they don't convert, they can pass the promos on to others who might. 92% of consumers say they trust referrals from people they know, and they are 4x more likely to purchase when referred by a family or friend.

7. Make sure your advocate has a great experience.

You can start by collecting feedback from your advocates on what constitutes a great experience. You can also leverage data from your previous campaigns to see what works for your advocates and what doesn't. The insights you glean will help you create and deliver experiences that are advocate-centered.

8. Accelerate your processes.

A recent study has found that customer abandonment shoots up by **60%** when they can't open a new account in five minutes or less. When referrals decide to open new accounts, ensure the process is fast and friction-free.





9. Enable your advocates to personalize their referral messages.

Friends tend to respond positively to branded messages delivered in a familiar voice or tone. The more personalization, the more impact. The data shows that personalizing your promotional emails can improve unique open rates by **29%**, and unique click-through rates by **41%**.

10. Recognize that referred members are different from other members.

The path to membership for referred customers should have a different starting point, different touchpoints, and different motivations and rewards than that of a standard customer. Showcase the positive experience of current members of your organization to referred friends and suggest that they can enjoy the same when they sign up. Avoid dropping referrals onto a standard landing page, confusing them with other offers, or neglecting to leverage the social proof associated with the advocate's recommendation. Design their journey accordingly to give them the best experience.

11. Be transparent about consumer data rights and usage.

86% of consumers have concerns about data privacy. The good news is that **90%** of them also express a willingness to share their data if they have a positive experience with a brand. One surefire way for brands to deliver a positive customer experience is by securing their information and being transparent about its use.



12. Credit union referrals are not always primed for conversion.

Don't view referred friends as automatically ready for a conversion, such as performing a desired action or opening an account. Instead, enhance their experience by helping them learn more. Their first landing page experience should be all about knowing the value you offer.

13. Use social proof.

Testimonials and reviews from real people give your referral campaign more weight and credibility. Customers trust positive statements from people they know. Showcase your positive reviews from real people wherever possible.

Target High-Quality Referrals with Rich Rewards

14. Leverage burst rewards.

Garner more attention and create a big, lasting impact with “burst campaigns.” Burst campaigns usually offer high-value rewards within a short time frame, like earning a \$50 credit when referrals sign up for a new account within a week. When expertly timed and executed right, credit unions can attract new users with high-value potential.



15. Reward your advocates and referrals fast.

The faster people get their rewards, the more engaged they are by your program. Clients want to enjoy their rewards immediately. When they have done their part, reward them.

16. Reward your advocates aggressively.

Even if referred users don't perform your desired actions, it is still beneficial to reward advocates to encourage them to keep participating and sharing. This also helps avoid WISMR ("where is my reward?") inquiries.

17. Cross-sell to drive more value.

Cross-selling is a great referral approach for credit unions. Leveraging data analytics, you can offer both advocates and newly referred customers other relevant products and services in exchange for their participation, such as opening a second account, or car financing. Cross-selling drives customer LTV because it locks in members for an extended period.



18. More calls means something's wrong!

Call centers in the financial services industry should have a way to issue a reward manually to an advocate when they call in about a missing reward. If call center inquiries grow to more than 1% of the total number of advocates, something is amiss and you should troubleshoot your program setup.

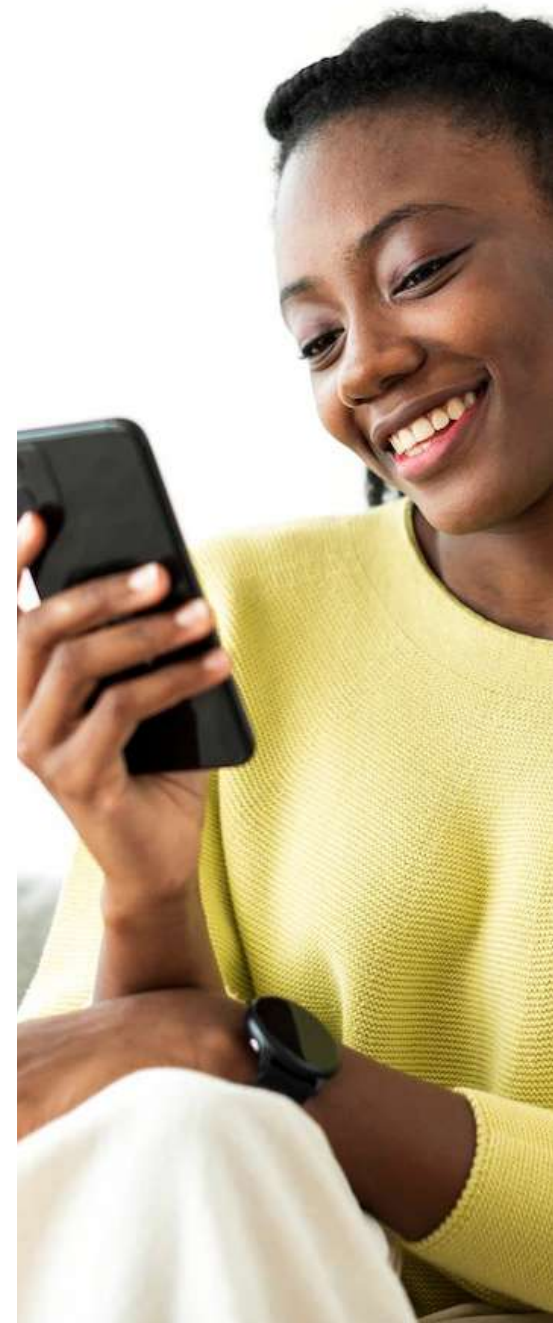
Different Customer Segments, Different Approach

19. Highlight the benefits.

Credit union clients don't think or see content the way retail clients do. They are more systematic, and eager to know more about the technical details of your offerings. Speak in financial terms, and speak to what matters to people when they're managing their money.

20. Leverage language localization.

Engaging referred visitors in their own language drives growth. **84%** of B2B marketers say that localization positively impacted their revenue, and over **72%** of customers say they are more likely to buy a product when it is presented in their own language. Ultimately, localization is about more than just translation—it is also a vital step in connecting with potential customers by respecting their customs, traditions, and idioms.





21. Design referral programs based on member types.

Referral journeys for credit union members are unique from journeys for retail—don't shoehorn a credit union member into a customer journey designed for a retail company. By making referral journeys more specific to your business segment, you can place touchpoints at the optimal stages, further optimizing interactions and creating more customer-effective and efficient processes.

22. Define qualification criteria for referrals and communicate them clearly to advocates.

Designing a referral program includes being explicit about the eligibility requirements for referrals. Your advocates need to know who can send and receive referrals, or they could be deterred from submitting them.

23. Map out the referral journey.

Make it easy for your advocates to see what steps they need to take to get their reward. Track and capture all the events in each journey so that you can reward for key events, change the reward triggers easily, and measure customer quality (and drop-off). Optimized referral journeys deliver a better customer experience (CX), and an estimated 86% of consumers say they're willing to pay more for better CX.





24. Personalize your landing page.

Too often, we see businesses direct referred visitors to a standard landing page, failing to leverage the powerful impact the advocate recommendation can have on the visitor's experience. It is great to give "first time" offers to anonymous prospects who visit your site, but referred visitors should have a landing page experience that reinforces their friend's recommendation.

Drive Engagement Through Data & Personalization

25. Leverage data for powerful customization.

Customization is essential to the success of any form of marketing, referral included. Customized copies and CTAs are shown to have **42% higher** conversion rates than programs with generic messaging. Derive insights from customers' data, preferences, and history to supercharge customizations and increase the odds of engagement and conversions.

26. Capitalize on high-value customer segments revealed by your referral program.

Your referral programs are brimming with customer information that you can use to create exclusive customer segments. Identify your most loyal advocates and successful referrals, group them together, and create exclusive offers for them.



27. Discover untapped customer segments based on the credit union's existing information.

Credit unions have a treasure trove of customer information hidden in their CRMs, ERPs, and other sources. Be sure to uncover this and leverage it to drive your conversion efforts.

28. Include the offer in your calls-to-action.

In a test where a marketer placed a descriptive copy of a promo first and put the CTA at the bottom, the placement resulted in a **304%** conversion lift. Receivers prefer to know more about an offer before clicking the CTA button, so make sure to give users a glimpse of your programs to make your CTAs more encouraging.

29. Make sure your landing page is more than a sign-up page.

State what makes your offerings unique and what a referred friend will need to complete in order to get rewarded. Joining a bank is a big decision, so it is crucial that your landing page contains all the information your customers need to make a decision.



30. Make A/B testing a habit.

It is critical that you conduct A/B testing on every aspect of your referral program. This will not only provide you with a clearer picture of your campaign, it will also enable you to further optimize your performance and deliver great results.

Leverage Every Innovation

31. Streamline the referral journey with QR codes and deep links.

QR codes, mobile share sheets, SMS notifications, and deep links help enrich marketing campaigns by linking campaigns directly to media-rich content such as images, videos, events, and landing pages. This eliminates signposting and path guessing. Referred parties can then quickly locate the item or information, significantly reducing frustration and empowering them to continue their referral journey.

32 Strategically place QR codes.

Make it easy for your users to locate and scan your QR codes. Place them where they have direct access, such as on a desktop to share from their phones easily, in customer dashboards, in-store, in-branch, and in printed material. Doing this encourages sharing.





33. Reward advocates based on other factors that contribute to customer growth.

Most referral programs are designed to reward advocates once they have referred a friend. Credit unions can benefit if they provide rewards for other actions that may not necessarily lead to a direct purchase, but will impact their bottom line in the long run, e.g. number of leads submitted, customer quality, and journey progress.

Marketing Post-Conversion is Key

34. Capitalize on moments of delight

Happy clients are empowered advocates. Turn moments of delight into valuable connections by integrating CTAs into triggered emails and thank you pages to promote your programs and get more referrals.

35. Send new advocates a 'thank you' email after completing their first share.

Thank you messages are a great way to show how much you value your customers, further strengthening their relationship with your brand. The numbers don't lie: **60%** of consumers said appreciation should be delivered directly to both the referrer and the referred, and **44%** agreed that thank you messages should be personalized to make them more genuine.

36. Review your strategy and modify accordingly if you're not hitting desired thresholds.

Every referral marketing strategy has its own unique set of KPIs to gauge the program's success. If you're not hitting your desired thresholds, review your strategy closely, identify the pain points, and make the necessary adjustments.





Best Practices in Action

Taking the next steps towards implementing your referral program

Getting implementation-ready may seem daunting, but Extole has all the tools you need to launch efficient and effective referral programs that check off every box on this list, from customization to sophisticated audience segmentation to data protection and detailed reporting. Our platform can adapt to meet your business needs, as well as the unique steps in your customer journey.

Make customer-led growth a reality.

Credit unions just like yours are driving 10%, 20%, and even 30+% of new member acquisitions through referrals. Maximize your growth potential with a winning referral marketing strategy, and see the powerful impact that customer-led growth can have.

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