

# Financial Institution Relies on Industry Experts to find Seven-Digit Savings

After having worked with us to implement JMFA OVERDRAFT PRIVILEGE® a few years ago to great results, a Virginia financial institution with more than \$250 million in assets decided to test JMFA's expertise in contract negotiations. What began as a request to renegotiate one contract turned into a three-contract project that resulted in seven-digit savings over 10 years, tremendously exceeding the institution's expectations.

## A SURPRISING DISCOVERY

In 2017, the financial institution's CFO reviewed income and expenses from 2014-16 from the its debit card processing invoices. He hit an unexpected wall.

A lot of the line items on the 10- to 12-page invoices were foreign to him and his colleagues.

He even had an IT consultant take a look at the bills. After evaluating the pass-through fees from the card brand vendor and other expenses from the card processing vendor, the consultant delivered some astonishing news: for every dollar of additional revenue the institution generated through its card program, it was only receiving \$0.48.

"We were opening tons of accounts, doing all this work — and well over half of it was going to our card processor and card brand vendor!" the CFO explained. "The deal we had was clearly not a very good deal for us."

*Over the life of the contracts, more than \$1.5 million in benefits were discovered for the financial institution by JMFA.*

## OLD FRIENDS REUNITE

In 2013, the financial institution had worked with JMFA to implement JMFA OVERDRAFT PRIVILEGE®. During that process, JMFA Regional Sales Director Michelle Fox had mentioned the JMFA Contract Optimizer service. The institution's representatives had spoken with JMFA's Kelly Flynn in 2014 but did not proceed at the time as they had just signed a contract with a credit card processor. But after the initial review of recent invoices, they started to reconsider. And having maximized

their overdraft income through JMFA, they were curious about the company's expertise in contract negotiations.

"After we talked with Kelly and [JMFA project manager] JT Cullen, we said, 'Look, these guys are doing it all the time. They're seeing all the major vendors every month, they're dealing with contracts ... let's give them a try,'" the CFO said.

## JMFA GETS TO WORK

Cullen told our client that they could certainly renegotiate the debit card processor contract. But he also suggested switching from one EFT network to another, saying the institution could make more on its interchange.

"We wouldn't have even thought of that," the CFO said. "We were thinking small; we were thinking, 'OK, we'll negotiate with our card processor and get a better deal on that.' But JT had all this experience and knowledge and knew that we could work the network contract as well as 'level up' with our card brand vendor to move up to a preferred customer status."

Indeed, that's how it played out. Cullen asked our client to send over its 5-10-year debit card volume projections. Cullen shared these projections with the card brand vendor and asked them to provide their best offer or he might start submitting requests for proposals (RFPs) to other vendors. The card brand vendor came back offering the financial institution a preferred vendor status and a number of incentives, including a \$90,000 signing bonus. Over the 10-year contract, our client will save \$682,000.

On top of that, the card processing renegotiation will save them \$426,100 over seven-years — a savings of 17%. The institution will also save \$401,100 over seven years with the new EFT network contract.



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**CARD PROCESSING SAVINGS:**  
**\$426,100**

AND



**EFT CONTRACT SAVINGS:**  
**\$401,100**

Our client plans to use these additional funds for mobile and online banking upgrades to provide better customer-facing technology for its account holders.

“Tapping into the knowledge of the JMFA team took our contract negotiations to a level that we just couldn’t have taken it to,” said the CFO. “And even after paying JMFA for their services, we’re still saving much more in hard dollars than if we had done it ourselves.”

#### **TIME IS EVERYTHING**

In addition to the monetary savings and other incentives received, our client noted that the time savings achieved by using JMFA was incredible.

“JT provided detail work that would have taken us hours and hours,” the CFO said of the three contract negotiations. “It was an efficient use of our time.” Having an experienced and knowledgeable team working on their behalf let them focus on their larger projects and goals without having to switch gears and dig into the minutia of the contracts.

JMFA also provided an unmatched level of service. Though our client had used a contract negotiator in the past for its core processor negotiations, they found JMFA to be more thorough and detailed.

One example of this occurred after our client received the first vendor bills under the new contract terms. Cullen evaluated each bill against the new agreement to make sure everything lined up correctly, and he took the time to explain the intricacies of the contracts to the financial institution’s CFO. Cullen will also keep track of when contracts are set to expire so he can start the negotiations well ahead of time and secure the best deals for our client. In the past, those critical dates had sometimes slipped by our client; but now, they’ll have time on their side.

#### **NOTHING TO LOSE, SO MUCH TO GAIN**

With this successful experience in the books, our client plans to contact Flynn and Cullen for another upcoming contract negotiation and recommends JMFA without hesitation.

The financial institution’s CFO urges any bank or credit union considering JMFA for contract negotiations to give them a try. With contingency-based fees, it’s basically risk-free — if JMFA can’t find additional savings, there’s no cost involved.

JMFA is proud to be a trusted ally for this institution in its contract optimization — and overdraft program — needs.

To learn more about getting the most out of your vendor contracts, contact Kelly Flynn or call us at 800-809-2307.

#### **About John M. Floyd & Associates**

*For more than 38 years JMFA has been considered one of the most trusted names in the industry—helping community banks and credit unions improve their performance and profitability. Whether it’s recovering lost revenue, uncovering savings opportunities, serving account holders better, finding the perfect personnel fit or delivering a 100% compliant courtesy pay program, JMFA has the right solutions to help you not only meet, but exceed, your goals.*