

Credit Union Overcomes Low Interest Rates and Limited Resources to Bolster Revenue by 84 Percent

OVERDRAFT EXPERTISE AND IMPROVED TECHNOLOGY STRENGTHEN BOTTOM LINE AND SERVICE QUALITY

When a low interest rate environment negatively impacts the spread between interest income and interest expense, profitability suffers no matter an institution's size. Couple that with fewer dependable sources of revenue, and the ability to cover operational costs can be extremely difficult for community banks and credit unions without substantially raising existing fees.



For River Valley Credit Union of Ada, Michigan, overdraft income became a dependable source of revenue after the institution signed a contract to implement JMFA OVERDRAFT PRIVILEGE®. Over subsequent years, the credit union relied on JMFA's resources and expertise to keep the program running smoothly in spite of ongoing regulatory changes and extended periods of low interest rates.

At one point, with the program up and running successfully, credit union leadership decided they could maintain it internally. But they weren't as happy with the software furnished by their core provider. So, they arranged to undergo a program review by JMFA and have maintained a relationship with the company ever since.

According to River Valley CU CEO Janelle Franke, it's reassuring to have professional advice when it comes to maintaining such an important revenue source. "Without JMFA's guidance, our program could easily become neglected and not perform as well as it should," she said. "Plus, their focus on monitoring important performance trends allows me to address overall

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With JMFA's resources and ongoing support, the program has exceeded initial performance expectations in a number of ways, including:

- total income earned from the program, to-date, has surpassed initial estimates by 11 percent;
- average income improvement over base for the last 12 months alone is 78 percent;
- program penetration has increased from 80 percent at renewal baseline to 92 percent; and
- opt ins for coverage on debit card transactions have increased from 67 percent at baseline to over 80 percent.



STREAMLINING PROGRAM MANAGEMENT IS A PLUS

Additionally, JMFA's Privilege Manager CRM® software has provided River Valley CU with a much more comprehensive, user-friendly tool for managing the program than its core provider offered—along with more professionally designed communications materials for staying in touch with program users.

"When we were completing our due diligence and considering a new program management agreement with JMFA, our core provider asked us why we were contracting with a third party since they had the tools we needed to manage the program ourselves," Franke explained. "But we didn't feel the end product was as intuitive or as high quality. With the growing importance of technology management, JMFA Privilege Manager CRM® is a more efficient tool for keeping track of the daily activity."

Plus, with access to more comprehensive program data, JMFA's support experts have been able to clean up some old baseline information, remove non-performing accounts and provide Franke and her staff with a more complete picture of how the program is performing.

UTILIZING ENHANCED TECHNOLOGY YIELDS UNEXPECTED BENEFITS

Another upgrade included in Privilege Manager CRM® was the option to utilize cloud technology—something Franke hadn't previously considered. When JMFA first approached her about the cloud option, she was a little uncertain. "With other changes that were taking place in the credit union at the time, I was hesitant to take on a new initiative," she said. "Besides, our current set up was working fine."

But once she saw how simple it would be to make the upgrade and realized the benefits of going to the cloud, she had a change of heart. In addition to providing greater access to the program's results and ensuring that data was safe from a possible on-site computer glitch, the credit union was able to open up a workstation that had been restricted as the location for a standard PC that ran the program software.

"Gaining the additional office space was a tremendous plus for us, along with the reassurance that we don't have to worry about software licensing or making sure software updates are made appropriately," Franke explained. "Now everyone is on the same software version and we know everything is being backed up regularly. Without a doubt, utilizing JMFA's cloud technology has been a huge positive. I definitely think the cloud is the way to go."

COMMITMENT TO KEEPING THE INFORMATION TOP OF MIND

Over the course of the credit union's continued use of JMFA OVERDRAFT PRIVILEGE®, employees have come to recognize and appreciate the program's benefits for members. "The comprehensive training materials JMFA provides have helped our staff understand how the program works and how to best explain it to our members," said Franke. "Plus, on a regular basis our relationship manager completes a program audit and spends a day or so in the credit union. He is always readily available to answers any questions we have and makes recommendations to keep us on our toes."

According to Franke, thanks to these resources, the staff realizes that the program is a better option for members than going to a cash advance store and they appreciate the basic intent of JMFA OVERDRAFT PRIVILEGE® is not to help perpetuate living paycheck to paycheck. This helps members to see the program as a safety net or last line of defense

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when other options have been exhausted. "It definitely fulfills a need for members to be able to pay for an item and not have it returned," she said.

In addition to regular program audits, Franke welcomes the focus JMFA places on compliance. "JMFA reviews the program to make sure our practices remain in line with compliance regulations and legal expectations. If we were doing this on our own, we could slip out of compliance and not know it. I am confident that JMFA will keep us current on all overdraft regulatory and potential legal issues."

IT'S JUST BETTER WHEN YOU'RE NOT GOING IT ALONE

Franke appreciates the big-picture benefits of having an expert evaluate her credit union's overdraft program to ensure it is achieving the desired results. "We tried to manage the program on our own for a while—without JMFA's support and software, while juggling many other credit union management responsibilities—and our results declined," she said.

"JMFA's ongoing recommendations on when and where to make improvements have greatly impacted our revenue and member service quality," she added. "They just know how to maintain an overdraft privilege program better. And in the end, you get what they have promised."

What Franke didn't expect in the relationship with JMFA was the additional efforts the company's consultants have made to point out other areas where the credit union could grow its business. "JMFA has gone above and beyond to bring other ideas besides overdraft privilege to the table—such as lending programs and loan recapture strategies—to help us succeed," she said. "I know that working with JMFA will give us better results than we could ever get on our own—whatever the interest rate environment."

About JMFA

JMFA is one of the most trusted names in the industry. Whether it's recovering lost revenue, creating more value, or serving your account holders better by delivering a 100% compliant overdraft service—we can help you deliver measurable results with proven solutions. To learn more, please contact your local representative or call (800) 809-2307.