

Credit Union Renews Commitment to Overdraft Program

SECOND GO-ROUND LEADS TO EVEN GREATER RESULTS



Initially, after implementing JMFA's fully disclosed overdraft solution and experiencing positive results, Dane County Credit Union decided they could manage the program on their own. However, after a while they realized that their performance wasn't what it could be. "After the program was fully implemented, we got used to running it and thought we knew how to be successful on our own," said Shay Santos, the credit union's president and chief executive officer. "But the truth is we were really stuck on our manual processes and I think that turned out to be a hindrance to our success."

CONSISTENCY IS KEY TO A SUCCESSFUL OVERDRAFT SOLUTION

Based on the challenges they had faced when maintaining the overdraft program on their own, it was very important to their leadership team to have a sustainable solution going forward. After renewing with JMFA, the credit union and its members experienced positive results from JMFA OVERDRAFT PRIVILEGE® in several areas, including:

- **More efficient program management**

Before re-signing with JMFA, multiple credit union staff members managed the overdraft program. Based on the additional resources and effective management tools provided by JMFA, the credit union has experienced an overall reduction in the time spent maintaining the program and an increase in efficiency.

- **It's all about the numbers**

According to Santos, the in-depth reporting provided by JMFA's PRIVILEGE MANAGER CRM® software has helped them stay on top of their game. "The reports are easy to access and provide a great deal of information each month that helps us to stay on track with our program results, just like we do with other key performance ratios," he said. "What's more, our JMFA representatives monitor our results and if there is ever an area that needs improving, they will call and say, 'hey we need to talk about this and see why it is happening.'"

- **An abundance of staff training options**

Two challenges that can have a major impact on an institution's ability to effectively communicate with its account holders are regulatory uncertainty and personnel changes. That's why JMFA OVERDRAFT PRIVILEGE® places a great deal of importance on staff training.

For Dane County CU, these training opportunities have been embraced by the entire organization. "The extensive training resources JMFA offers—for new employees as well as refresher sessions—provide the information our staff members need to stay current with program details and effectively explain the service to our members," said Santos. "In addition to the scheduled on-site training, our JMFA contacts check in with us regularly and we know we can call on them if we ever have questions."

- **Effective, compliant member communications**

"People are often shocked when their account is overdrawn, so providing consistent communication is very important both for maintaining compliance and providing better service," Santos said. "When members learn of their account condition, they call to ask what has happened. It is very reassuring when they understand what the overdraft program can do for them, as well as how important it is to be aware of their account situation."

To ensure this is handled effectively, the credit union relied on JMFA's expertise when it developed its member communications. "When we tailored our member letters, printed materials, scripts and website content, JMFA's consultants reviewed the wording to make sure that our messaging was compliant," he explained.

"From the beginning, JMFA didn't just tell us what to do. They presented the steps we needed to take to maintain a successful, compliant program and explained why the changes were necessary. This greatly increased everyone's understanding of the program and our staff buy-in improved as a result."

• **Unparalleled compliance expertise**

Beyond compliant messaging, their leadership also appreciates the ongoing compliance guidance they have received from JMFA since day one. “The company’s staff is well-versed in industry regulations and the compliance update bulletins they provide alert us to any changes announced by the regulatory agencies. This enables our operations staff and internal compliance folks to make sure we are doing things right the first time,” said Santos.

• **Improved service and performance results**

When Regulation E was first implemented, the number of members opting in to overdraft coverage on ATM and debit card transactions was low because it was seen as something negative. “People didn’t understand the value of this type of coverage and I don’t believe we fully explained the benefits of opting in,” Santos continued. Since re-engaging with JMFA, the credit union’s staff has gained a much greater understanding of how the program works and sees the value it offers members.



As a result, they have experienced a significant bump in non-interest income. Shortly after implementing JMFA OVERDRAFT PRIVILEGE®, Santos noticed an annualized increase of \$180,000 in revenue from the program. “Continuing revenue growth has helped to offset a decrease in interchange income and has given the credit union more flexibility to provide a wider spectrum of products and services to our members. This has contributed to significant growth in asset size and staffing,” he said. “Without this increase, we would have had to reduce expenses or make up the revenue in other ways, such as charging higher interest rates on loans.”

Santos believes that the second go-round with JMFA has led to much better results because everyone is on board and following the consultants’ recommendations. “From the beginning, JMFA didn’t just tell us what to do, they presented the steps we needed to take to maintain a successful, compliant program and explained why the changes were necessary. This greatly increased everyone’s understanding of the program and our staff buy-in improved as a result,” he said.

“And while increasing non-interest income is a key element of the program’s strategy, there is a deeper vision for helping us to provide a fair solution to meet our members’ needs. This aspect of JMFA’s solution has been very important for us,” Santos continued. “We are now able to do a better job of explaining the overdraft program to our members—which I think is probably a big reason why the kick-off went so well—and why we are continuing to see great results. I don’t know that we would change anything about the experience.”

NO RESERVATIONS

For Santos, JMFA OVERDRAFT PRIVILEGE® has been a good solution for Dane County CU because it has allowed them to make improvements in the way they do business without having to change their business philosophy. “The program has enabled us to improve the quality and efficiency with which we process overdrafts from a staff and member standpoint, and ensures that we are in full compliance with current regulations,” he explained. “The quality of doing things right the first time through JMFA has really helped to bring a lot of value to our members. All things being equal, if we weren’t on the program and I knew this is what it would do for the credit union, we would absolutely do it.”

When Santos hears industry colleagues express reservations about implementing an overdraft privilege program, he wonders if the approach is what they don’t understand. “They are probably already charging fees on overdrafts, so why not do it right? I would tell them to ‘let the experts at JMFA show you how it’s done.’”

About JMFA

Whether it’s recovering lost revenue, uncovering new savings with vendor contract negotiations, creating more value, serving members better or delivering a 100% compliant overdraft service—JMFA can help you deliver measurable results with proven solutions.