

## Tiered Courtesy Pay Nets 13% Increase for USA One Credit Union



### Overview:

USA One Credit Union (USAOneCU), located in Matteson, IL, was established in April 1986. They are a member owned, not-for-profit institution that has grown to service 400 Select Employer Groups with more than 9,000 members and assets in excess of 40 million dollars. The credit union provides competitive financial services for the economic benefit of its members while conducting business in an ethical, responsive, and long-term financially stable manner.

### The Problem:

USAOneCU previously used a flat rate courtesy pay fee structure for their members. The purpose of this fee structure was to offset the risk the credit union faced when allowing their members to overdraw on their accounts. Unfortunately, this fee structure did not work for USAOneCU. It resulted in reversed fees for members who occasionally overdrew on their account, which ultimately led to reduced revenue.

Additionally, USAOneCU wanted a risk-based fee structure. They believed that members who frequently overdrew on their account posed a higher risk to the credit union. For this reason, they believed these members should pay a higher fee than those members who occasionally overdrew on their accounts.

### The Solution:

USAOneCU implemented the Sharetec system, a far-reaching core solution that includes integrated functionality that other systems accomplish only through static interfaces to third party products. Sharetec's approach has been to deliver simple to use products that flow seamlessly for the user, thus eliminating frustration commonly experienced with systems that are not tightly integrated.

### Overview

#### Company:

- Ø USA One Credit Union (USAOneCU)

#### Company Profile:

- Ø USAOneCU is a member-owned and operated financial institution, located in Matteson, IL.

#### Business Problem

- Ø USAOneCU wanted to offset the risk they faced when allowing members to overdraw their account. The flat fee structure they had in place did not adequately accomplish this goal.
- Ø USAOneCU often reversed fees for members who occasionally overdrew their account, which led to reduced revenue.

#### Solution

- Ø USAOneCU implemented the Sharetec Tiered Courtesy Pay feature that provides the credit union with a risk-based fee structure.

#### Benefits

- Ø Ability to offset the cost of processing and monitoring overdrafts and provide a cushion (revenue stream) that is used to offset potential and actual losses.

#### Results

- Ø Increased revenue by 13% as compared to the flat rate solution.
- Ø Decreased fees to 29% of its members.

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## *The Solution (continued):*

Sharetec helps USAOneCU:

- Reduce Fee Reversals
- Improve Member Relations
- Reduce Expenses

The Sharetec solution has provided USAOneCU with a much needed Tiered Courtesy Pay feature. This feature provides them with the ability to create a fee structure that is fair to both the credit union and the member. Most importantly, the feature has eliminated the need for reversing assessed fees. USAOneCU wanted to charge lower fees to less risky members who occasionally overdrew their account (due to recordkeeping errors or emergencies). In addition, they wanted to charge higher fees to those members who utilized overdraft protection as though it were a line of credit. These accounts are deemed riskier due to a higher probability of a future loss to the credit union. The Tiered Courtesy Pay feature enabled USAOneCU to accomplish this goal.

## *The Results:*

USAOneCU is now able to offer their best members enhanced pricing through the Tiered Courtesy Pay feature. In addition, this feature has helped members who were middle of the road (not the best money managers, but not quite abusive, perhaps careless) with their financial management. USAOneCU was able to demonstrate to these members how they could avoid higher fees by improving their money management skills.

USAOneCU has realized the following benefits by utilizing the Sharetec tiered solution:

- Increased revenue by 13% as compared to the flat rate solution.
- Decreased fees to 29% of its members. These members also viewed the new fee structure as being more reasonable and forgiving than the previous flat fee structure.

Karen Gilliam-Brown, Vice President/Chief Financial Officer of USAOneCU stated “The relationship between our organization and the member is built around an open line of communication and attentiveness to their needs. We have come to understand our members’ expectations regarding service, and our credit union has been committed to not only meeting, but exceeding those expectations.”

According to USAOneCU, they value the Sharetec solution and have received excellent service and support since installing the software. In addition to the Tiered Courtesy Pay feature, they also utilize Sharetec’s Core Processing Solution for front-line and back-office operations, as well as the Sharetec Mobile and Home Banking solutions.

