

## Desert Schools Federal Credit Union

### A history of building valuable member relationships

What began more than 70 years ago as a collective vision of 15 teachers – who each invested \$5 and a 25 cent membership fee – to serve the financial needs of school employees in Maricopa County, Arizona, has grown into the \$2.5 billion strong Desert Schools Federal Credit Union. Today, Desert Schools FCU serves more than 350,000 members.

### Addressing challenges with an eye on improving service

While Desert Schools has gone through tremendous change and growth since its initial charter as AEA #1 Federal Credit Union in 1939, it has maintained its commitment to providing value to its member owners. So when credit union leadership realized that their existing overdraft program wasn't the most effective solution for members facing a situation where they needed additional funds to cover an expense or emergency, they began looking for an alternative.

### Solving the problem

After researching a variety of overdraft products, two providers were selected for consideration. Armed with the information they received from both presentations, along with a list of references, they selected JMFA OVERDRAFT PRIVILEGE®.

"In addition to JMFA's reputation for providing successful results, we received favorable recommendations from current product users and strong credit union industry endorsements," said Desert Schools FCU Chief Financial Officer Mark J. Wiete. "Plus, we were impressed by how they reinforced their focus on compliance with a level of support and resources that we determined would make the program valuable for our members and our institution."

In today's economic and regulatory environment, financial institutions are faced with the challenge of providing products that their account holders value, while maintaining awareness of compliance requirements. For Desert Schools, the solution was framed by education and communication.

Wiete explained that to implement JMFA OVERDRAFT PRIVILEGE®, Desert Schools created an operations team to oversee the program. This included a manager and a team lead. This group worked very closely with JMFA's implementation team to ensure a successful transition.

"Thanks to JMFA's software program, Privilege Manager, our operations team has been able to stay in touch with credit union members who utilize the overdraft program and encourage them to "cure" their accounts in a timely manner," Wiete said.

According to Wiete, this interaction has been greatly supported by JMFA's employee training and communication resources. "The training component of JMFA's program began by helping our employees to see why overdraft options are important for consumers, including our members," he explained. "Each employee has gained a different perspective on how programs like ours are valuable for individuals and families when they need additional funds. In turn, they are better prepared to help our members manage their accounts and correct negative balances in less than 30 days." He added that the notification process is simplified even more by the notifications and literature that explain the credit union's overdraft program to members.

### Looking back on a successful solution

After less than a year of implementation, Wiete sees multiple benefits of the credit union's decision to install JMFA OVERDRAFT PRIVILEGE®. "The program has given some of our members the ability to make a purchase that they may not have been able to make otherwise. Plus, as a fully disclosed program, it gives members the power to determine if and how they want to use it – they have a say in how they manage their finances," he said.

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From the credit union's perspective, Wiete is also very pleased with the working relationship his institution has had with JMFA. "They have provided valuable input into how our overdraft program should operate in order to be the most effective for our membership. They are very responsive to our needs and continue to work closely with us as we grow the program."

JMFA OVERDRAFT PRIVILEGE® has provided a significant increase in non-interest income for Desert Schools, according to Wiete. "Overdraft income represents 35 percent of our non-interest income. Since implementing JMFA's program we have experienced a 33 percent increase in overdraft privilege service fees, which contributed to a 10 percent increase in overall non-interest income," he explained. Looking ahead to 2012, Wiete anticipates another 18 percent increase in this category of fees.

### Relying on JMFA

When asked about the challenges of going forward in the current regulatory environment, Wiete shared his concern that regulations are often put into place to solve a problem without a full understanding of the downstream effects they will have on consumers. However, he is confident in JMFA's ability to help keep Desert Schools' overdraft program in line with whatever regulatory changes are on the horizon. "We have full belief that JMFA will keep their program, and in turn "our" program, in compliance with any regulatory changes in the future. In fact, we expect it as part of their 100 percent compliance guarantee!