

Tiered Courtesy Pay Increases Credit Union Income 11%



Overview

As examiners focus on income, mergers will continue to be a commonplace. As a result, more credit unions are focusing on non-interest income to make up for lack of loan income. Members "First" Community Credit Union uses a number of key products to generate incredible income and decrease their expenses. This effort has catapulted them into the **top 1% ROA of all credit unions in the country.**

Members "First" Community Credit Union used a flat rate courtesy pay fee structure for their members for many years with success, however, Teri McEwen, CEO of Members "First" Community Credit Union wanted to do more for the credit union and it's members.

Sharetec's Tiered Courtesy Pay feature gives credit unions more flexibility in helping their members when it comes to overdrafts while allowing them to setup granular risk-based fee structures. Members who frequently overdraw their accounts pose a higher risk to the credit union, and thus should pay a higher fee than those members who occasionally overdraw their accounts.

Teri McEwen remarks, "We have offered traditional courtesy pay for awhile, but when we switched to Sharetec's Tiered Courtesy Pay, **our income increased by 11%** and members love the flexibility of the program." With Tiered Courtesy Pay, members receive free or discounted overdrafts at first, then the fee gradually increases the more the member uses the service. The end result of implementing a Tiered Courtesy Pay feature is a fee structure that is fair to both the credit union and the member.

About

Located in Quincy, IL, Members "First" Community Credit Union is a non-for-profit member-owned financial cooperative. Since 1985, when Teri McEwen, CEO, joined the credit union, it has grown from \$1 million in assets to \$39 million in assets.

Problem

Members "First" Community Credit Union wanted to increase their non-interest income while improving member relations.

Solution

Members "First" Community Credit Union implements the Sharetec Tiered Courtesy Pay feature that provides the credit union with a risk-based fee structure.

Benefit

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

Results

- Increased revenue 11%
- Reduced fee reversals
- Improved member relations
- Reduced expenses