

# 5 Reasons Why Hiring an Expert Beats Do-It-Yourself

## OVERDRAFT PROGRAM KNOW-HOW AND EXPERIENCE PROVIDE THE FRAMEWORK FOR SUPERIOR RESULTS AND COMPLIANCE PEACE OF MIND

In the age of DIY, we are all faced with the choice of whether to take on a project ourselves or seek outside help. Sometimes it just seems quicker and less expensive to tackle the task at-hand instead of working with a third-party expert—especially if you have some knowledge and experience in the subject matter. But when it comes to something that can impact your bottom line, service quality and ability to remain within the lines of current compliance expectations, can you be certain that you have the tools and expertise you need to achieve your desired results?

Case in point: Many credit unions implement an overdraft program to help members who occasionally experience a financial emergency or an unexpected balance shortfall. When these programs are maintained solely with in-house tools and know-how, a good deal of time and effort are focused on setting up procedures and communicating with members to let them know about the service.

But over time—other responsibilities and time restraints may increase, regulations and compliance expectations may change, and/or employee turnover may cause gaps in program knowledge. When any of these situations occur, the overall level of satisfaction with program results and compliance certainty can decline. At that point, the decisions made regarding what to do next can have major implications on whether or not the program succeeds.

Check out the following DIY approaches to implementing components of an overdraft solution. Then, compare these approaches to your current overdraft philosophy. Are your efforts to maintain a fully compliant program leading to the same level of results that are possible if you partner with an expert?

### 1. **You rely on a daily manual review of each account overdraft to determine which items to pay and which to return, based on your institution's own criteria.**

Not only does this create a time-consuming process, it can lead to confusion and frustration for staff—not to mention potential compliance concerns. This is especially true if all transactions aren't considered equally, due to long-term relationships with a few individuals—or unintended biases—that lead to unfair treatment of members and inconsistent decision making.

On the other hand, having a comprehensive solution that takes the guesswork out of the pay/return decision for staff members and streamlines the decision process, leaves more time for serving other member needs. And, a fully transparent program gives staff more confidence by making it easier to describe how the program works, unlike algorithm-based solutions with inconsistent limits and fees that make it difficult for staff to explain and for members to understand.

## TRENDS IN OUTSOURCING

**52%**

**OF SMALL BUSINESSES**  
will outsource business processes  
in 2019.

### TOP REASONS CITED FOR OUTSOURCING:

**24%**

Increase efficiency

**18%**

Increase available expertise

**16%**

Increase flexibility

**15%**

Free up employees' time  
for other tasks

**12%**

Increase available resources

**12%**

Reduce operating costs

## REFERENCES

Source: Clutch.co, "Small Business Outsourcing Statistics in 2019." June 19, 2019.

Within the first few weeks of implementing a fully transparent overdraft solution, one client began receiving positive feedback from informed members who appreciated having a safety net to rely on in the event they overdrew their account. Plus, staff confidence increased, thanks to more standardized procedures and a more consistent message. The credit union continues to achieve consistent results that have exceeded performance and member service expectations.

## 2. Internal staff are tasked with managing on-going training.

Fully trained employees are key to successful overdraft program results—both for your institution and your members. If anyone who interacts with a member doesn't understand how your overdraft program works, is confused about who is eligible to use the program, or lacks the confidence to explain important program aspects—like fees and user responsibilities—your service quality and program overall will suffer.

If your internal trainers don't have access to the latest regulatory updates or details about alternative services that are available to help members maintain financial stability, compliance and potential legal scrutiny could result. And what do you do when the person tasked with leading your training efforts leaves the organization?

For one client, it was important to change the mindset regarding how they handled overdrawn accounts after implementing a new fully disclosed overdraft strategy. Previously, when members overdrew their account, the items were returned and accounts with excessive overdrafts were closed.

So, educating employees about how an overdraft program would provide options for an individual or family when they were facing a financial emergency became an important training goal. Once they had structured training on key aspects, they experienced an institution-wide shift in philosophy regarding overdrafts. Plus, after completing role-play exercises, staff members showed improved proficiency in explaining how the program worked. Most importantly, employees no longer viewed account holders who occasionally bounced a check as "bad people."

Since then, as new employees have been hired, training on the benefits of overdraft services has become an integral part of the on-boarding process. As a result, members have a better understanding of the importance of using the privilege wisely to maintain it.

## 3. You rely on tracking data from multiple reports and source data to analyze program results.

Tracking daily account activity and keeping up-to-date reports are critical to maintaining a high-performing overdraft program. But this can be a time-intensive and frustrating task, if pertinent information is located in multiple reports or hidden in confusing formats.

### REAL-WORLD RESULTS

Region: Northeast  
Assets: \$80 million  
Branches: 6



**60%** OF MEMBERS  
with checking accounts use the program when they experience rough financial situations.

### REAL-WORLD RESULTS

Region: Midwest  
Assets: \$131 million  
Branches: 3



in non-interest income over base. Even with fees that are lower than those of its peer group, the credit union is earning substantially more revenue.

A next generation overdraft solution provides measurable data in easily accessible, consolidated reports to help you keep track of account status and program usage. This makes it much easier to stay on top of how the program is working month-to-month, identify activity inconsistencies, and uncover possible weaknesses or opportunities for improvement.

For another client, the ability to see trends in member activity was helpful for business planning purposes, such as staffing and training needs.

Additionally, the reports and on-going analysis have helped the credit union to quickly identify issues that impact overall program results—such as missing income tied to pre-authorized debit card transactions—and has helped them to make more informed decisions about member service priorities and strategies.

#### **4. You spend valuable time keeping up with changing technology and regulatory expectations.**

Securing long-term success in our industry can be challenging. It takes a lot of attention to details, like effective technology utilization that supports growth and service trends to keep you competitive. Additionally, knowledge of regulatory changes that can impact whether or not a program or service meets compliance standards. The thing is, when you're trying to do all of this—and provide effective service and deal with unexpected operational or economic challenges—things can fall between the cracks.

An expert overdraft partner provides resources to help you identify the technology and regulatory issues you may be missing on your own. Your provider will recommend strategies to help you clarify messaging to ensure member understanding of how your program works and make program management recommendations that can dramatically change the trajectory of your program results. Plus, whenever you have questions, need additional training or employee coaching, or want advice on ways to improve your service delivery or results, you can easily get assistance.

Feedback from one client that had implemented four or five recommended modifications revealed that their program results had turned around. They were able to provide members with more complete information about their overdraft service options, as well as alternative services the credit union offered. Plus, they were able to monitor key performance data points they couldn't access with their previous program. At the same time, the credit union experienced a significant increase in non-interest income, year-over-year—compared to its previous program results.

#### **5. You hope that your efforts result in a fully compliant program.**

As the DIY saying goes, measure twice, cut once to avoid costly mistakes and do-overs. When dealing with an issue as important as maintaining regulatory compliance, it's best not to leave anything to chance.

##### **KEY TAKEAWAY**

*Having access to important program information in consolidated reports — instead of scattered across numerous reporting tools has been a boost for more effective program management.*

##### **KEY TAKEAWAY**

*From a financial standpoint, no upfront licensing fees; no ongoing maintenance costs; a substantial increase in income and very few charge offs highlight the success of implementing a more effective overdraft solution.*

A responsible overdraft solution—that is based on sound best practices and provides on-going consulting support from compliance professionals—can help your institution stay on top of regulatory expectations by:

- establishing up-front, fully communicated policies to avoid member confusion and increased examiner scrutiny;
- providing on-going advice on compliant member communications strategies, along with templates to facilitate accurate disclosure of program details; and
- extending a 100 percent written compliance guarantee for total regulatory peace of mind.

The importance of these features came to light for another client when the leadership team was concerned that their program outreach strategy might be lacking some consistencies. After managing their overdraft program in-house for several years, they were also uncertain about whether their processes and procedures were meeting all regulatory expectations.

The credit union was able to get an extensive disclosure review to make sure they weren't violating any consumer protection regulations. Plus, after having the right communications resources in place, the credit union is much more confident in their program's compliance.

Likewise, their members are now more certain about what the service offers. As a result, they are more inclined to consider the program as an option to support their financial security.

### THERE'S NO NEED TO GO IT ALONE

Doing something yourself is great when you have the certainty that you can make it work for the long-term. But when you come up against something you don't understand—or worse, a problem that you can't fix—where do you turn?

An overdraft program expert can take the guesswork out of maintaining a fully compliant program for your organization by providing the right combination of overdraft knowledge, compliance expertise and program management consulting. And just think of what your staff can accomplish with better information, increased confidence and more time to spend providing great service to your members.

### KEY TAKEAWAY

*Having an expert review member disclosures has given everyone much more confidence when it comes to avoiding any type of scrutiny.*

### CHOOSING AN OVERDRAFT PROGRAM EXPERT

**An overdraft program expert should:**

- ★ Give you the confidence that you're running a 100% compliant overdraft program.
- ★ Communicate with you frequently.
- ★ Provide ongoing program recommendations.
- ★ Train your staff to communicate confidently with members about the program.
- ★ Offer a performance-based fee structure.
- ★ Help you achieve steady revenue from the program.
- ★ Provide a fully transparent program that offers your members an added value.

### ABOUT JOHN M. FLOYD & ASSOCIATES (JMFA)

JMFA is one of the most trusted names in the industry. 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. To learn more, please contact [your local representative](#) or call us at (800) 809-2307.