

## **Grove City Area Federal Credit Union**

### **About**

The Grove City Area Federal Credit Union has been a community credit union since the mid-1970s, serving about 8,000 members in the southeast corner of Mercer County, PA, as well as a small part of neighboring Butler and Venango Counties. With one location, Grove City Area FCU has assets of \$52.5 million (as of November 2010).

### **Challenge**

The decision to implement an overdraft program was not made lightly by credit union management. "There was some apprehension on our part due to concerns that such a program would take advantage of our members, which went against our credit union philosophy," said Grove City Area FCU CEO Tom Jack. "However, our state association had identified JMFA as a preferred vendor and we could tell by our conversations with their representatives that the company had done its due diligence to produce a fully-disclosed, compliant product."

### **Solution**

The credit union selected JMFA to implement an overdraft program after deliberating the many vendors and programs available in the market. After some challenging delays, caused by problems with the credit union's processing system, they were able to get their program up and running in 2008. "Thanks to the diligence of JMFA's implementation team, we were able to get the program set up to our satisfaction," said Jack. "Shortly after that, we implemented a new data processing system."

The credit union has taken a conservative approach to its program limits – \$300 per account with an overdraft fee of \$25. Members have 30 days to bring their account balance to the positive. This approach has not only helped to cover member overdrafts, it has also taken the place of more costly pay day loans, according to Jack.

"JMFA OVERDRAFT PRIVILEGE® gives our members a safety net to cover expenses when they need it or if they make an error on their share draft accounts," he said. "It saves them the embarrassment of having an NSF check, plus all the fees charged on the merchant end, or having a debit card transaction denied."

### **The Results**

According to Jack, JMFA OVERDRAFT PRIVILEGE® has been a huge success for the credit union. "Not everyone wants or needs the coverage; but the members who use it love it."

Additionally, the credit union has benefited from the increase in fee income. "In these challenging economic times, JMFA OVERDRAFT PRIVILEGE® has enabled us to increase our fee income by 37.4 percent," he said. The loss caused by charge offs is about two percent – about half of which is collected through a collection agency, Jack explained.

### **Lessons Learned**

"Implementing JMFA OVERDRAFT PRIVILEGE® has given us another tool that allows us to maintain focus on the credit union mission of People Helping People," Jack continued. "JMFA has helped us in every aspect of the program; from setting it up in the beginning to helping us to implement Reg E requirements and provide a valuable service to our members. Plus, with the ever-changing regulations they have kept us compliant and they continue to look out for our best interests."

He concluded "If we have any questions or concerns about the program, our relationship manager is there with the answers. We have enjoyed a very good and successful relationship with JMFA."