Overview

This case study will evaluate the ATM Foreign Transaction Fee campaign benefiting Credit Unions for Kids/Children’s Miracle Network Hospitals currently being conducted by Focus Federal Credit Union headquartered in Oklahoma City and Desert Financial Credit Union (DFCU) in Phoenix.

In an effort to substantially increase their annual contribution to CMN Hospitals, Focus FCU broke new ground in 2014 with the introduction of a new concept supported by their network of 10 ATMs. To drive fundraising, the credit union increased its foreign transaction fee by $0.25 ($2.50 to $2.75) which was donated to the Children’s Hospital Foundation, the local CMN Hospital in Oklahoma City.

According to Lisa Coen Adamiak, CPA and Vice President/CFO at Focus, the modification at the terminal was a one-time programming change that was made by their processor, TransFund. All ATMs include signs that inform the consumer that a portion of the proceeds will benefit CMN Hospitals. In 2015, Focus donated $5,500 to the Children’s Hospital Foundation, a nearly 300% increase over the annual donation the previous year. And Focus has been able to keep that donation amount steady without any distribution to their organizational resources.

“It was a priority for all of us at Focus to do something to help kids in our community, but at the same time we wanted to set up a program that was as turnkey as possible. The ATM Foreign Transaction Fee campaign was simple to implement, does not use staff resources, doesn’t impact our members, and best of all raises a lot of money for families in need,” says Adamiak.

Desert Financial introduced their ATM campaign in July of last year at terminals they operate throughout the greater metro Phoenix area. After a review of what other financial institutions were charging for their respective foreign transaction fee, DFCU settled on a dollar increase, bumping their surcharge from $3 to $4. The full dollar is being split 50/50 between Phoenix Children’s Hospital and another local charity.

The modifications at the terminal required a change in the parameter setting that was executed internally with no processor involvement. Like Focus, DFCU receives a monthly report at which time the funds are transferred to a general ledger until disbursed to the hospital on an annual basis. The consumer is alerted to the fee on the terminal screen and is informed that a portion of the fee will be donated to the hospital/other charity.

In 2017, DFCU raised over $140,000, donating $70K+ each to the two benefitting charities. As was the case with Focus, the program’s turnkey nature eliminated any disruption to the staff’s daily activities. Regarding the impact on the number of foreign transactions since the inception of the program, Focus reported no decline while DFCU experienced an 8% decrease in non-member ATM traffic in 2017. So far in 2018, there has been no additional declines over last year. According to Ron Amstutz, Executive Vice President at DFCU, the new, incremental dollars raised by the campaign far outweigh the decreases that were a result of the fee increase.

| Desert Financial Federal Credit Union       | Focus Federal Credit Union                        |
| Phoenix, AZ                                | Oklahoma City, Ok                                |
| Assets: $4.3 billion                       | Assets: over $100 million                        |
| Members: 300,000                           | Members: 11,000 members                          |
| CEO: Jeff Meshey                           | CEO: Kyle Roush                                  |
| Charter: Community                         | Charter: Community                               |
ATM Foreign Transaction Fee Case Study

Analysis

In the early stages of this campaign, the desired results have been realized which was a substantial increase in funding for CMN Hospitals through the CU4Kids program. In addition, non-members were exposed to the good works being performed by credit unions in their local community.

Furthermore, the resources and time required to successfully conduct the program were relatively minimal. For the most part, both Focus and DFCU were able to bring this campaign to market by simply executing a one-time programming/parameter change; development of signage for terminals or creation of on-screen page informing consumers of the surcharge increase and accompanying donation; general ledger to collect funds and disbursement to their local CMN Hospital.

The opportunity to present a check to the hospital provided another touch point for the credit union and their employees thereby deepening the partnership. In addition, the CUs were able to demonstrate their commitment to the local community and CMN Hospitals by sharing the news on social media channels and through traditional media outlets.

Regarding potential risks, there is some chance credit unions may see a downturn in the number of foreign transactions. To measure the impact, CUs should closely monitor their monthly reports to determine if the financial hit outweighs the benefits of the program. CUs should also consider the positive impact that non-member traffic will have on member wait times at terminals.

Conclusion

If a credit union is looking for an efficient and effective way to substantially increase funding for their local CMN Hospital, the ATM Foreign Transaction Fee campaign might be a viable solution. Key components of a successful program are evident, including:

- Can generate a large donation annually and is sustainable
- Relatively easy to implement and requires limited staff time once the program is up and running
- Earns recognition for the credit union as a good corporate citizen
- Directly impacts kids throughout the community especially those of employees and members
- Provides another touch point with the local children’s hospital thereby supporting the movement’s people helping people philosophy

Thank you for your continued support.

www.CU4Kids.org