



Shared Branching and Disaster Recovery

No one knows when and where disaster will strike. Whether a natural disaster, a security breach, an accident, or terrorism occurs, it is important for your credit union to be prepared in case of an emergency to continue to serve your membership. Consider making shared branching one of the assets of your disaster recovery plan. During a crisis, shared branching is a lifeline connecting credit union members to their money. The following case studies illustrate how shared branching has played a significant role in helping credit unions serve their members in a time of need.

Tornadoes

On Sept. 20, 2002 after tornadoes closed roads and knocked out electricity, phone service and data lines that kept KEMBA CU connected to its members, the credit union community came to the rescue. The following is taken from a letter of appreciation from the CEO of KEMBA CU:

“In particular I would like to extend my sincerest thanks to the management and employees of the Indiana Shared Branch Service Centers. There were so many individual instances of personal assistance at every level that I cannot possibly list them all in this letter. Suffice it to say that everyone from the teller level on up became invaluable to KEMBA and its members. We placed two employees at each service center location to help our members access information that they normally received from our voice response system and our staff. It gave us a link to our members at a time when many needed their credit union more than ever—several suffered damage to their homes and property.

I now think of service centers in a whole different light. Yes, they are an alternative delivery system for members, especially after hours. During this crisis, they were our hot site and backup plan. With their help we were able to talk to and serve many members who would have had to wait almost a week before getting what they wanted.

The service centers are like a business line of credit that you know is there, but don't really appreciate until you are caught short by the unexpected. From here forward, when I talk to other credit unions about shared branches, I will remind them of our fateful Friday and how for a full week the service centers became our lifeline to our members.”

Computer Hacking

Family First of NY FCU located in Rochester, NY, had all of their members ATM, debit and credit card information compromised when hackers stole the information from a national retail company. As a result, the credit union had to cancel all ATM, debit and credit cards for every member, leaving their members without any means of processing



electronic transactions. If it was not for shared branching, members would not have had any access to their accounts for up to as many as five days, particularly those who lived outside of the Rochester area. As both local and non-local members called the credit union's call center, staff directed them to nearby CU Service Centers where they could conduct their business.

Flooding

More than 7 inches of rain fell in Indianapolis on Sept. 1, 2003. This rainfall broke a record that was set in 1895, and it wreaked havoc at the corporate office of Link FCU. "The entire building was completely surrounded by water and the drainage sewers were not sufficient to handle the run off," according to President Bill Kirby. Eight inches of water stood inside the building and got into the power supplies, ruining the credit union's PCs and network server. The carpet—new in March—was damaged and the bottom drawers of loan files were soaked. After spending a month drying out and repairing damage, the office reopened on Oct. 1. During the time the credit union was closed, members were directed to transact business at the credit union's Avon office or at a nearby shared branch.

Hurricanes

Jefferson Parish Employees FCU is located in one of the hardest-hit areas of New Orleans from Hurricane Katrina and was expected to remain closed for several weeks. Members couldn't wait that long for their money, so Jefferson Parish Employees FCU sought access to shared branching through CUSC. CUSC received the credit union's request to join the shared branch network August 31 and began offering service to members September 1. Several other credit unions in Louisiana and Mississippi also joined shared branching networks. "What we've learned from this experience is that shared branching needs to be part of everyone's disaster plan," says Alicia Blanda, Director of Communications for the Louisiana Credit Union League. "Many people who didn't know before the hurricane that their credit union was a member of the shared branching network were able to cash checks, get small loans, and make deposits. Shared branching has been a lifesaver."

Terrorism

CUSC had XCEL FCU set up and running member transactions within a week of its headquarters being destroyed on September 11. SCC also came to the aid of Washington Postal Federal Credit Union, which was forced to vacate its office in Washington, D.C. due to the anthrax scare during the fall of 2001.