

Cathie Rowand/The Journal Gazette

Customers make transactions last week at the Three Rivers Federal Credit Union branch at the Georgetown Scott's Foods.

Share and share alike

By Sherry Slater
The Journal Gazette

Credit unions benefit from network deal

When Indiana's 2 million credit union members want to make a deposit or withdraw some money, there's a decent chance they'll go to a building that doesn't bear their credit union's name.

In June, Indiana posted 537,144 shared network transactions, the most of any state in Credit Union Service Corp., one of three national credit union networks.

Shared networks allow members of participating credit unions to do their banking at network outlets located in branches operated by rival credit unions or in independent branches owned by a cooperative of credit unions for the benefit of all their members.

Shared service centers allow credit union members to perform transactions including cashing checks, making deposits, withdrawing cash, paying loans, checking balances, transferring money between accounts and buying money orders and traveler's checks.

Richard Jentgen, a retired Raytheon Co. engineer, used the shared network earlier this year when he and his wife spent a few months in Arizona.

"I work with them just like I work with the folks here in Fort Wayne," he said. "I never had a speck of trouble with them. The first time I went in, I was gritting my teeth, but the guy didn't blink. He just looked at my (identification)

card and waited on me."

Customers don't pay for the services; their credit unions pay a fee that ranges from \$1.60 to \$2 per transaction.

Credit unions cover the expense with money from their general revenue streams, including interest charged on loans and other fees, said Chuck Barr, senior division officer for shared branching for the Indianapolis-based Indiana Credit Union League.

Snowbirds and college students would be more likely to open accounts with another financial institution near their part-time residences if the network didn't exist, said Jeff Meyer, executive vice president of Three Rivers Federal Credit Union in Fort Wayne.

Customers have given such feedback to the credit union.

"They say they like to continue to do business with us," Meyer said. "We know as Three Rivers we can't provide physically 800 locations across the country, but through the network we can."

There are 831 branches across the country in the Credit Union Service Center Shared Branch

Network and 778 participating credit unions.

Indiana routinely reports the highest number of transactions among the 20 states in the Credit Union Service Corp.'s shared network, accounting for about 17 percent of its total volume, Barr said.

About one-third of Indiana's 6 million residents are credit union members.

Financial Service Centers Cooperative Inc., a rival shared network, reported 858,442 - or about twice as many - transactions in California during June. California's population of about 34.5 million is almost six times that of Indiana.

Fort Wayne has embraced the outlet model, in which a credit union outfits some or all of its branches with the compatible software necessary to process transactions as part of the shared network.

Of the 13 outlets in the state, 10 are in the Fort Wayne area, operated by Three Rivers, General Credit Union and Dana Federal Credit Union. There are 12 shared branches statewide.

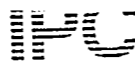
Three Rivers was the first to establish a shared branch outlet operation in Indiana, inside Scott's Foods at the Village at Coventry in November 2000.

Cooperatively run shared branches have been operating in Indiana for 10 years.

The only shared branch operating in the Fort Wayne area - at 6401 W.

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Jefferson Blvd. — was bought by General in July 2001 and converted into a General Credit Union shared-branch outlet.

So many General members were using the independent branch that it became more cost-effective for the credit union to buy and operate the branch than to keep paying network fees, said Kathy Knight, business development manager for General Credit Union.

Barr, of the Indiana Credit Union League, the group that oversees operations of independent branches,

said the West Jefferson branch is the only one in the state to be acquired by a credit union.

Knight said the outlet now serves an even split of General Credit Union and other credit union members.

While credit unions have to pay a surcharge per member to join the shared network, signing up can have bottom-line advantages, Three Rivers' Meyer said.

When a credit union can process more transactions than required by its members, servicing members of other credit unions can bring in added revenue from the fees credit unions pay each time a member uses another network credit union, he said.

And when a credit union is trying to decide whether to expand into a new area, it can justify the expense of building if it plans to serve customers of other credit unions as well as its own.

"It allows you to get into new markets and offset some of those costs," Meyer said.

Credit unions that want to attract new members can use their membership in the network as a selling point, claiming multiple locations without paying for the bricks and mortar, he said.

Local credit union officials cite strong membership and marketing practices for propelling Indiana to the upper echelon.

Don Simpson, president and

chief executive of the Indiana Postal and Federal Employees Credit Union, said his credit union encourages tellers to mention the shared network system to members.

"That's where a lot of it gets communicated," he said.

Indiana Postal and Federal also includes information about the shared network in its newsletter.

The Indiana Credit Union League provides statement stuffers with information about the shared network to the 50 statewide credit unions in the shared network.

Kay Neidlinger, the league's public relations director, said the marketing push relieves credit unions of designing and printing their own information packets.