

AppleTree Credit Union

Electronic Loan Payments:
How One Wave Rippled Throughout Our Organization

May 19, 2011



Why Change?

- Our Economy in 1999
- Competition from Banks and Credit Unions
- Our Organization as a Whole
- The Electronic Payment Process as a Whole

Our One Wave-- Automatic Loan Payments

- How It's Processed
- Requirement of New Loans
- Incent Existing Loan Members
- Loan Coupon Choice

Implementation

- Resistance from Staff and Board of Directors
- Resistance from Members
- How We Addressed It

Operational Efficiency

- Less Staff Needed to Process Payments
- Increased Payment Processing Accuracy

Delinquency and Collections

- Autopilot Feature
- Early Warning Indicator
- Collecting in Unlikely Situations

Fraud Prevention

- Checks and Balances
- Lending Department
- Accounting Department

Other Benefits to the Credit Union

- Automatic Savings Deposits with Loan Payments
- Automatic Savings Deposits Once Loan is Paid
- Less Expensive Method of Payment Processing

Benefits to the Member

- No Late Payments
- Better Credit Score
- Automatic—Sign Up and Forget About It
- Numerous Payment Options
- Easy Budgeting Tool
- Monthly Statements

In Hindsight

- Members and Employees Find Loopholes
- Ensure Staff Buy-In
- Quarterly to Monthly Statements

Our Credit Union Today

Assets

- 1999: \$48 Million
- 2010: \$113 Million

Outstanding Loans

- 1999: \$31.5 Million
- 2010: \$100.7 Million

Loan-to-Share Ratio

- 1999: 74%
- 2010: 108%

2010 Peer: 70%

Number of Delinquent Loans

- 1999: 208 Loans, 0.94% delinquency
- 2010: 12 Loans, 0.18% delinquency

2010 Peer: 1.62%

Our Credit Union Today

Salary and Related Expenses

- 1999: \$877,000
- 2010: \$896,000

2010 Peer: \$4,062,000

Non-Interest Expense

- 1999: 3.97%
- 2010: 1.63%

2010 Peer: 3.85%

Net Worth to Assets

- 1999: 12.20%
- 2010: 17.21%

2010 Peer: 10.28%

Return on Average Assets

- 1999: 1.28%
- 2010: 1.78%

2010 Peer: 0.32%

Credit Unions In the United States

- In 1999, there were 10,858 Credit Unions
- In 2010, there were 7,776 Credit Unions
- A Decrease of 28%

Credit Unions in the Milwaukee-Area

- In 2010, there were 65 Milwaukee-Area Credit Unions
- In 2010, there were 30 Milwaukee-Area Credit Unions
- A Decrease of 54%

Thank You

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