



# Case Study: A Tale of Two Credit Unions – Prepaid Cards Make Great Relationship Builders

Consumers are well acquainted with the utility and value of prepaid cards. They have adopted them widely as the “go to” gift during peak shopping opportunities such as holidays, birthdays and graduations. But the versatility of gift cards and their reloadable prepaid cousins in other payment situations makes them a valuable staple on many credit unions’ menu of financial services. The popular cards are great relationship builders and help credit unions engage members who are not eligible for a more traditional credit union account. They also make great performance recognition rewards for credit union employees.

PSCU Owner credit unions, Vantage Credit Union (Bridgeton, MO, \$785M) and Y-12 Federal Credit Union (Oak Ridge, TN, \$1.03 Billion) both offer PSCU’s prepaid gift and reloadable cards to their members. The credit unions have seen first-hand the value

that prepaid cards can deliver when it comes to building relationships and serving their members’ needs.

## A Member-First Approach to Service

Vantage Credit Union and Y-12 Federal Credit Union are both long-time Owners of PSCU since 1994 and 1997, respectively.

“We have a great relationship with PSCU for our credit and debit programs and decided it was logical to move our prepaid card processing to them as well,” said Mary Dickens, Manager of Deposit and Electronic Services for Y-12 Federal Credit Union. The credit union initially offered PSCU’s prepaid gift and general, travel and student reloadable programs to members. They added their prepaid reloadable EMV program in 2013 to meet the needs of members traveling outside the U.S. The prepaid cards have also satisfied a need for

# Case Study: A Tale of Two Credit Unions – Prepaid Cards Make Great Relationship Builders

some of the credit union's members who are concerned about potential fraud when making purchases online. In this situation, the prepaid reloadable cards have served as an alternate and lower risk payment method. The average dollar amount loaded by Y-12's members on both the credit union's gift and reloadable prepaid cards is well above PSCU's averages for other prepaid card issuers. Some of the credit union's reloadable cards have had as much as \$50,000 loaded onto them over time.



---

## **Y-12 Federal Credit Union (Oak Ridge, TN, \$1.03 Billion)**

**Prepaid Program Started:** 2009

**Prepaid Products:** Gift Cards, Reloadable Cards, Reloadable EMV Cards

**Avg. Annual Gift Card Sales Volume:** 1,800-2,000

**Avg. Annual Reloadable Card Sales Volume:** 560

## **Vantage Credit Union (Bridgeton, MO, \$785M)**

**Prepaid Program Started:** 2011

**Prepaid Products:** Gift Cards, Reloadable EMV Cards

**Avg. Annual Gift Card Sales Volume:** 700

---

Additionally, Y-12 wanted to serve a segment of their membership that did not qualify for the credit union's checking account product. "The prepaid reloadable program works nicely for those members and enables them to better manage their balances and gives them the convenience of a payment method that is accepted

# Case Study: A Tale of Two Credit Unions – Prepaid Cards Make Great Relationship Builders

virtually everywhere,” noted Dickens. Sales of reloadable prepaid cards have more than doubled for Y-12 since 2009.

Vantage Credit Union’s initial approach to serving the under banked segment of their membership centered on a “fresh start” checking account for members that had faced challenges with keeping their previous checking accounts in good standing. “We try to serve everyone and want to be a one-stop shop for meeting our members’ needs,” said Katie Bendyk, Card Services for Vantage Credit Union. “When we made the decision to end that program, our reloadable EMV prepaid card served as a natural replacement payment service for those members, especially when they set up direct payroll deposit as the source for the funds loaded on the account.”

## Hard Work Deserves a (Prepaid) Reward

Both Y-12 and Vantage integrate their prepaid cards into their employee recognition programs. Y-12 uses some of its reloadable prepaid cards to deliver spot awards to recognize employees for outstanding performance. “Who doesn’t love a prepaid card?” said Dickens. “In a recognition situation, it enables the credit union to express its gratitude for a job well done and gives the employee a reward they can use immediately almost anywhere.”

Similarly, Vantage Credit Union uses its gift cards in its employee rewards program, which includes a gift card reward for its “Collector of the Month.”

## Spreading the Word about Prepaid

Y-12 Federal Credit Union and Vantage Credit Union cited member demand as a driver for offering their prepaid programs. The credit unions created awareness among their members about the programs through a combination of digital signage on their websites, content in their newsletters, and in-branch posters, table tents and plasma TV screen displays. “We’ve found that in-branch advertising, email and word-of-mouth are our most effective marketing channels,” said Bendyk. “The majority of our prepaid and reloadable card sales result from inquiries by members in our branches.”

Gift card sales for the credit unions are generally steady throughout the year, but spike noticeably during the holiday and graduation seasons. Y-12 features its gift cards as ornaments on the Christmas trees it decorates in its branches. “The tree makes an excellent display rack and certainly gets a lot of attention from members who visit our branches,” said Dickens.

# Case Study: A Tale of Two Credit Unions – Prepaid Cards Make Great Relationship Builders

## Training and Program Support Keep Staff Informed, Members Happy

Both credit unions took advantage of the in person and online training PSCU offers for its prepaid gift and reloadable programs.

The training was helpful for ensuring credit union branch staff was knowledgeable in how to load funds onto the cards and teach members how to use and navigate the prepaid self-service website. About 75% of loads on reloadable cards occur in-branch for Y-12 and the other 25% are managed by their members on the MyAccount website. “Our staff in every branch is trained and empowered to load funds on members’ cards, regardless of the branch they happen to visit,” said Dickens.

Vantage uses a train-the-trainer approach to staff education and conducts periodic webinars with their employees to keep them current with how the cards work and any new features. “PSCU’s Momentum training site was a great resource for us to get up to speed on the prepaid program tools,” said Bendyk.

When the credit unions have questions or issues with any elements of the prepaid programs, PSCU’s debit services account representatives serve as their primary point of contact for assistance. “We’ve experienced great responsiveness and support from the debit services staff at PSCU whenever we’ve had questions,”

said Bendyk. “PSCU’s debit services team is always available when we need help with an issue or a request for an enhancement,” echoed Dickens. “And we make use of their online service request channel as well to get issues resolved or questions answered.”

## The Best Deal in Town for Prepaid Cards

Y-12 and Vantage both allow their members to reload their prepaid cards at lower fees or no fees, in some cases lower than most prepaid card issuers. “We were not necessarily looking for these cards to represent a profit center for the credit union,” noted Dickens. “We look at our prepaid card programs as value-added services and relationship builders that meet a real need for some of our members.”

And because of the credit unions’ member-first approach to pricing their prepaid cards, the credit unions’ members who live in the communities they serve have access to prepaid cards at lower prices and fees than the community’s big box retailers and national chains.

Bendyk added, “We track the income from card sales versus the expense associated with offering and supporting the program. As long as we’re at or above a breakeven point on this product line, we’re happy to provide a service that our members truly value and that allows us to be competitive in our market.”