

The PINNACLE Brief

The business for better banking | Fall 2021

Overdraft Privilege Regulatory Update



In the financial services industry, when you work with other people's money, regulatory requirements and compliance processes are a way of life.

Following procedure and staying within regulations is critical to your financial institution's reputation and success. Therefore, as your trusted partner, we're committed to keeping you up to speed with the latest industry regulatory information. One of the hottest topics in the banking world today continues to be overdraft privilege programs (ODP programs).

*Until **new overdraft legislation** is passed, we recommend staying the course with transparency, fairness, and, above all, compliance.*

Scrutiny has only sharpened for this fee-based service. With the recent reintroduction of the Overdraft Protection Act in Congress, new rules and regulations are now being considered that may have an impact on overdraft programs.

For example, the proposed new bill requires fees to be "reasonable and proportional" as determined by the cost of processing the transaction and the amount of overdrawn funds. Another stipulation would require consumers to opt in to an overdraft program. And perhaps the most stringent part of the bill seeks to limit the number of overdraft fees charged.

Overdraft privilege can be over-used by consumers and over-relied upon by financial institutions.

What this bill, along with those introduced in prior years, doesn't do, however, is propose a replacement program – one that would benefit individuals who rely on ODP to keep from bouncing checks or the many for whom ODP provides an alternative to payday loan services.

Yes, overdraft privilege can be over-used by consumers and over-relied upon by financial institutions. However, there's no denying ODP provides a valuable "safety net" for consumers who need just a little more funds and a little more time to ensure critical payments are made.

So, what does all of this mean for you? Just that ODP is definitely on Congress' radar and for your financial institution to not only be vigilant, but also diligent in adhering to current regulations and procedures. At Pinnacle, we maintain that an overdraft program that benefits the consumer will benefit your financial institution, and it's up to you to determine how best to serve your members.

Until new overdraft legislation is passed and as always, we recommend staying the course with transparency, fairness, and, above all, compliance. For details, or if you have any questions regarding overdraft privilege or would like assistance with refresher training for your employees, contact your Pinnacle Client Services Manager today, or email ClientCare@Pinnstrat.com.

Mystery Shopping + Frontline Sales Training = Optimal Success

In the world of credit unions, nothing affects the bottom line quite like member service. When it is good, life is good. Excellent service not only contributes to member retention, but it also helps attract new ones and is integral to consistent growth and increased profits. Bad member service? Well, that's just bad all the way around.

It's only common sense that members who've had a bad experience may take their business elsewhere. Unsurprisingly then, a 2018 NewVoiceMedia (now Vonage) report found businesses lose over \$75 billion annually due to poor customer service. Add to that the fact that it costs 25 times more to sell to new customers than it does existing ones, and the effects of disappointing your member base can be devastating.

A lot of companies offer some form of mystery shopping program, but what sets Pinnacle apart is our comprehensive, holistic approach, of which mystery shopping is only the beginning. In addition to experiencing and assessing a credit union's member service performance in branch, online, and over the phone, our program includes a robust reporting tool that identifies strengths and weaknesses and forms the basis for a customized training program designed to address specific needs and goals.

Training is comprised of interactive online sessions as well as onsite training to help instill skills for building member rapport, streamlining transactions, and ensuring the right service is matched with the right



member. After training, we shop again to assess progress and fine tune processes and procedures. **Coaching** workshops teach leaders how to coach employees for extra support and reinforcement.

Best of all, mystery shopping and sales and service training are definitely worth it. Studies show companies that are focused on delivering an excellent customer experience are 60% more profitable than those that do not. And those that utilize insights garnered from mystery shopping can increase annual average growth by more than 10%.

As a Pinnacle partner, we're here to help you succeed. Mystery Shopping and Frontline Sales Training are a great way to do just that. By optimizing member interaction, building greater loyalty, and increasing efficiency, we can help ensure your service is as effective as possible.

We'd love to hear from you. For more information on mystery shopping or sales and service training, email us at training@pinnstrat.com

"I think the combined approach (Mystery Shopping, Training, and Coaching) has driven our success. Dianne and I have both been through countless strategies over the years to lift and improve service. We always seem to slide back into old habits after the initial lift. Combining the program brought the level of accountability we needed to achieve the consistent level of improved service we desired, so kudos to you and your team!"

Sandy Smith | VP, Branch Administration | Chesapeake Bank

Announcing Zelus Automation Platform

While we have long been known as a leading provider of overdraft privilege solutions, rewards checking programs, mystery shopping services, and sales and service training, we are proud to announce the formation of a new company focused on powerful automation solutions that streamline and simplify complex business processes.

J Gillen & Associates, the company that founded Pinnacle in 1997, has now formed Zelus Automation Platform, LLC, to ensure a dedicated focus on software development, implementation, and client support.

Today, that focus is more important than ever as we begin a major rollout of our Simple New Account Platform (SNAP) and Simple Online Account Opening solution (SOAO) for community banks across the nation. Our plan is to make this solution available to credit unions in the future.



Julie Dunn Story tapped as President

To lead the charge, Pinnacle's founder, Joe Gillen, tapped Julie Dunn Story as President of Zelus. Story has been instrumental in product development and testing for SNAP and SOAO. Prior to her new role, Story served as Executive Vice President of Pinnacle for 12 years, responsible for client support, product implementation, training, and product sales/delivery support. Her background also includes 28 years in leadership positions with regional and community-based banks in Florida.

Story is joined by a team of seasoned banking and software professionals with a proven track record of delivering quality software systems backed by strong banking experience and a passion for simplification.

Zelus' SNAP solution has been heralded as the best account opening platform on the market, giving bankers the ability to open an account in less than 10 minutes.

Driven by an app and delivered through an iPad, tablet or even a desktop computer, SNAP enables banks to open business and consumer accounts safely and securely from anywhere inside or outside the bank.

With SNAP and SOAO, banks can leverage the power of technology to expedite the account opening process and simplify maintenance or customer service support while reducing costs and eliminating paperwork.

Banks already using SNAP are realizing significant efficiencies that are making a big difference for both the bank and the customers they serve.

To learn more about Zelus Automated Platform and SNAP, email sales@pinnstrat.com.

Simple New Account Platform (SNAP)

Recall or create new customer records, open accounts, and handle customer or account maintenance and document generation.

The account opening process occurs real time and is complete as soon as the bank employee taps "Upload." No additional steps are needed to add a new account.

- Open more accounts with fewer workstations
- Reduce account opening time to less than 10 minutes
- Double or triple your capacity



Simple Online Account Opening (SOAO)

Leveraging the SNAP server technology to power online account opening, SOAO allows customers to open new accounts from anywhere, anytime, using any device, directly from your bank's website.

Good News for our Overdraft Privilege Clients



The COVID-19 pandemic has not only had a negative impact on most credit unions, but also greatly impacted their members. Now more than ever, we can see how Overdraft Privilege (ODP) programs continue to provide value for credit unions while providing a valuable safety net for members who are struggling to make ends meet.

During the last few years, several of our clients have engaged with Pinnacle's team to revitalize their current ODP programs for optimal success. Since our Intelligent Pay solutions reside within the Episys Core, it has been extremely beneficial to credit unions whose programs may be underperforming, need increased automation to ensure consistent

*"Because of the automation and Episys integration, our operational efficiencies **dramatically increased** since we implemented Pinnacle's ODP program with Intelligent Pay."*

Brett Moore | Director of Electronic Payments
Commonwealth Credit Union

delivery of services, or need expert guidance to ensure compliance in an ever-changing regulatory environment.

For these credit unions, we have been able to help protect needed revenue while reducing back-office processes by up to 90%.

To optimize the success of your overdraft privilege program, it's important to make sure your program is operating successfully while maintaining important checks to ensure compliance with all regulatory requirements.

Already have an Overdraft Privilege program?

Our clients, as well as those with ODP programs not originally implemented by Pinnacle, have relied on us to revitalize their existing programs by improving compliance, repairing revenue damaged by the pandemic, and retraining their teams to ensure they have a full understanding of best practices.

The best overdraft privilege programs are those that provide transparency, fairness, and value for credit unions and members alike.

If you would like to know more about our Intelligent Pay solution, please email us at sales@pinnstrat.com.

At Pinnacle Financial Strategies, our overdraft privilege programs, mystery shopping and frontline sales training, cash-back rewards programs, and streamlined account opening solutions are designed to help financial institutions gain a competitive edge, attract and retain accountholders, and improve profitability.