



Card Services

EMPOWERING YOUR MISSION

TNB's Debit Card Processing Delivers Higher Revenue for Smart Financial CU

Since 2005, Smart Financial Credit Union of Texas has been successfully building a high-value payments program. To achieve that goal, the \$431 million credit union revamped its payments strategy, starting with its credit card portfolio. Working closely with its credit card processing partner, TNB Card Services, the credit union grew its portfolio from \$10 million in outstanding balances to \$14.6 million within three and a half years.

Once the credit card portfolio was fully restructured and growing, the credit union turned its attention to its debit card products. Like many credit unions, Smart Financial offered a PIN and signature debit card, which were being managed by two separate processors. Signature debit was being processed by TNB Card Services, along with the credit union's credit cards, while PIN debit transactions were being handled by a second processor.



As debit transactions grew to 600,000 per month, it became increasingly more difficult and expensive for Smart Financial to manage its debit card program.

“Having two processors to manage basically the same card account was very inefficient,” said Corbin Wilson, vice president of electronic service delivery for Smart Financial Credit Union. “Because the networks didn’t talk to each other, we were duplicating work, which was completely unproductive. We saw that consolidating the processing under one roof could eliminate dual entry of card data and simplify the entire process.”

Using the STAR network and TNB’s card processing capabilities, Smart Financial was able to streamline its debit card processing onto a single network, not only gaining efficiency but also increasing its revenue. The first month following the conversion in April 2009, Smart Financial generated a 10 percent increase in revenue by processing the signature and PIN debit transactions through TNB.

“Since we moved our debit processing to TNB we’ve seen an eight percent increase each month in PIN point-of-sale interchange revenue,” said Wilson. “We anticipated a small uptick in revenue from the consolidation, but what we are generating is significantly greater.”

Wilson added, "In addition to increased revenue and improved processing efficiencies, by consolidating our debit processing with TNB we were able to increase card security for PIN-based transactions by adding card verification value codes and fraud detection. These are features we didn't have with our former PIN debit processor."

TNB has also given Smart Financial the ability to see transaction data in real time, eliminating the need to preauthorize transactions. This helps cardholders better manage their accounts by letting them view pending transactions through their online account access. Prior to the conversion, there was a lag time between postings, which kept members from being able to effectively manage their accounts.

For Smart Financial, another benefit of the consolidated debit processing is the ability to add debit cards at the branch level. Applications are entered into the system from an employee's PC, expediting processing and putting a debit card into a member's hands more quickly. Smart Financial's next step will be instant issuing, eliminating any delay and enabling a new cardholder to walk out of a branch with a fully activated, ready-to-use debit card. TNB's integrated card processing capabilities make that advancement possible.

"Overall, TNB has removed the headache of managing our debit card program, and increased our revenue. We can't ask for more than that," said Wilson.

For more information contact TNB Card Services at 800-422-0733.

###