

Case Study:

UMassFive College Credit Union

Rewarding profitable behavior and community spirit.



For retail financial institutions, non-interest income is the main route to boosting revenues without necessarily growing the depositor base. That's what the UMassFive College Federal Credit Union (UMassFive) was seeking when it opted for a third-party debit-card loyalty rewards program.

Debit card transactions generate fee income from merchants, not credit union members—an important objective for UMassFive. And although the institution's existing in-house program, Co-op Points, was reasonably successful, it wasn't generating enough additional card swipes. "It just didn't have the oomph we needed to move people," says Jon Reske, UMassFive's vice president of marketing.

The Credit Union looked around at several third-party offerings, but found Buzz Points most intriguing, he says. Unlike competitors, Buzz Points charges a flat monthly fee per participant rather than for points redemption, which requires a large "liability bucket" of reserve accruals and is generally quite expensive. "This is a simpler, more straightforward approach," says Reske. But most important was the Buzz Points focus on local small business, which fit well with the UMassFive ethos and mission.

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UMassFive members earn half a point per dollar spent on any debit card transaction, but earn a point per dollar for shopping at a local merchant. Rewards include gift cards and coupons for “preferred” local businesses or for a few selected national vendors (at a considerably lower rate); members can also elect to donate points to local charities as cash.



“We liked the idea that our members would be rewarded for shopping and doing business locally, not just with us,” Reske says. It was also a way for UMassFive to support local business without instituting an elaborate additional program. “Buzz Points rolls all that into one—really a win-win-win.”

The Credit Union has been working with Buzz Points since September 2014 and has been happy with the results. Buzz Points takes care of all administration and marketing. "The delivery is very consistent with our brand and they've done a fantastic job reaching our members," Reske says.

Buzz Points offers a yearly calendar of promotions that the institution can opt to run. For UMassFive, Buzz Points runs a promotion each month, which can include things like points for switching to electronic statements, or semi-annual transactional competitions that employ "gamification" techniques to spur members to make more debit card transactions. The following month it might offer discounts for using up accumulated points with participating local merchants.

Promotions like "Pot-O-Points" have encouraged those who actively participate to boost their average debit transactions by a significant margin. In March 2016, for example, members who met the threshold to "win" averaged some 55 swipes, up from a previous average of about 34 per month. "That's some serious interchange income," says Reske.



In all, UMassFive's non-interest income has increased substantially since the Buzz Points program began. In September 2014, the credit union netted \$79,410 in monthly interchange income; the equivalent figure for May 2016 was \$98,333, an increase of almost \$19,000. For 2015, annual interchange income was \$1,059,019, up from \$986,485 the previous year.



Reske says that the program has met its expectations and passed the break-even point a few months ahead of schedule. Buzz Points enrollees average about five more debit card swipes per month than non-enrollees do.

Reske is very pleased with the Buzz Points partnership. "Many credit unions are looking for something that's just set-and-forget, which is why many of their programs fail," he adds. UMassFive meets with a Buzz Points analyst every two weeks and monitors the program closely. "They are very open to our suggestions and really go the extra mile," he says.



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