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CASE STUDY

# Installment Payments

Flexible Payment Options Deepen Relationship with CU and Improve Financial Wellness for Members



# Firelands Federal Credit Union

## The rundown

To remain competitive and address the changing spending habits of their members, Firelands Federal Credit Union decided to offer Buy Now, Pay Later (BNPL) services through Flex Payments. Firelands FCU was looking to provide competitive payment options, while still maintaining the value and personalized service for which their credit union is known. *Flex Spend*, Firelands FCU's installment payments solution, has allowed them to help members budget for large purchases and make smart financial choices while continuing to support their financial goals.

Firelands FCU began in 1955 as a financial savings club for seven Nickel Plate Road employees. It was officially chartered as a credit union serving railroad employees in 1957 and expanded its membership in 1970 to include anyone living or working in Erie, Huron and Crawford counties in Ohio.

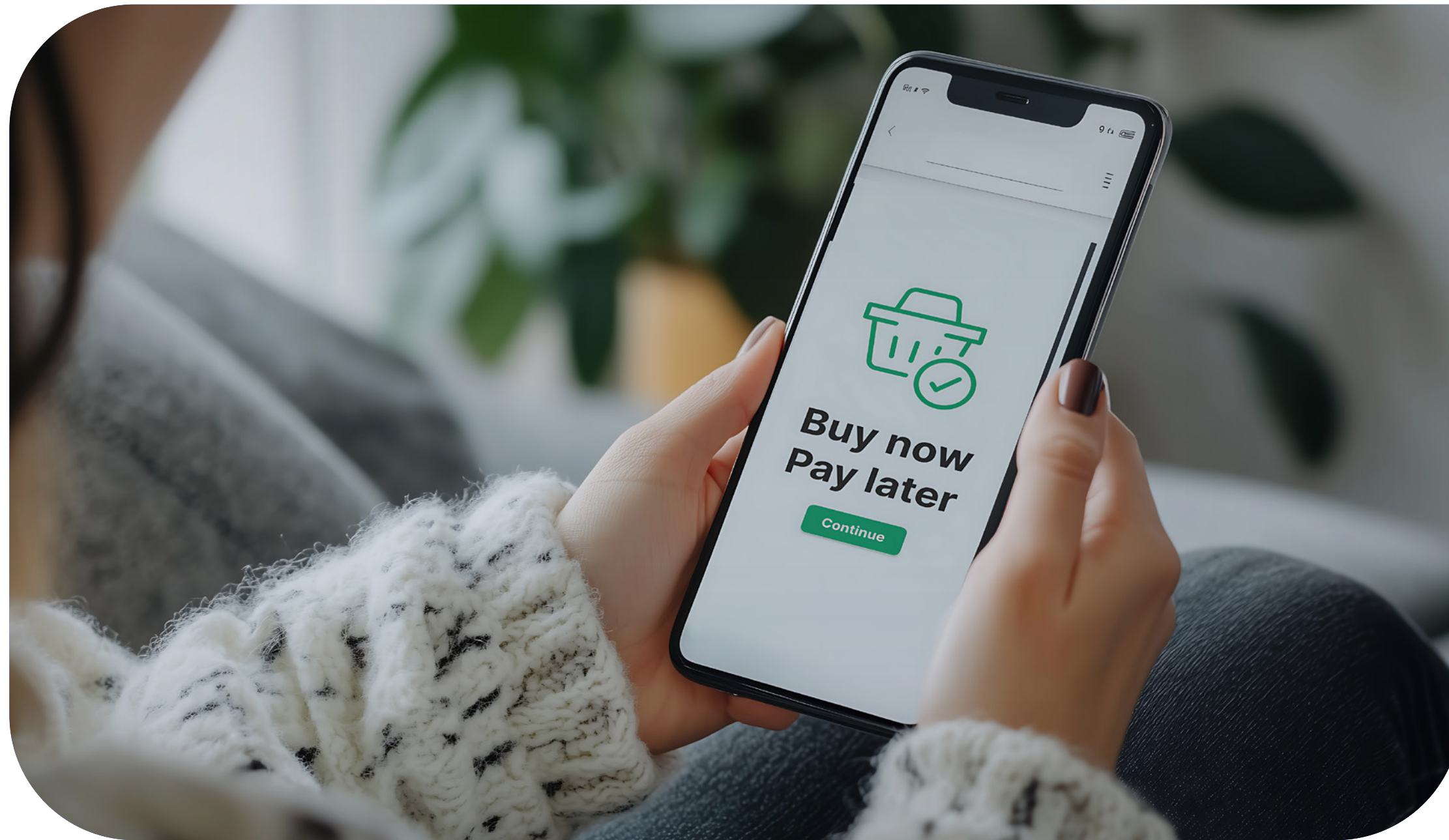
Firelands FCU first partnered with Velera for credit card processing in January 2016 and followed with debit card processing about a year later. Today, Firelands FCU has over \$430 million in assets, with six branches serving 34,000 members.

## The Challenge

The volatility of the economy and rising interest rates have strained credit union members across the country, impacting the way they spend. With fewer funds available for discretionary spending, more consumers are turning to the flexible payment options of BNPL services to bridge the gap.

In order to stay competitive in this market and ensure they stay top of mind for their members' credit card needs, Firelands FCU needed to change how they look at lending.





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— Tracie Dahlke, AVP, Loan Operations at Firelands FCU

## THE OPPORTUNITY

As a financial cooperative, Firelands FCU knew it was in their members’ best interest to work with their trusted credit union over a competitor that didn’t have their best interests in mind.

Firelands FCU realized they couldn’t offer the same old credit card features from 50 years ago – they wanted their card programs to compete with the big banks in service and features, while still being able to provide the member value that only a credit union can. Since their members were already turning to competitors for BNPL offerings, it was a natural fit for Firelands FCU to offer more flexible payment options to their membership – in the form of installment payments.

Firelands FCU loves being able to help their members with credit terms that fit their lives, especially during tough economic times.

### The Strategy

Firelands FCU strives to meet members exactly where they are – and some of their members are extremely busy. While they still wanted to maintain their local and friendly service, they knew that they needed to expand their service model to offer new options for members to meet their evolving preferences.

Firelands FCU needed to simplify the lending process. With a traditional lending model, when members are ready to make a large purchase, the process – applying for a loan, waiting for approval, and determining the best way to apply the funds to the purchase – is lengthy. Members want to make the purchase on their timeline and pay in a way that works for them.

“Installment payments is a great way for our membership to be able to thoughtfully plan a larger purchase, but with maximum convenience,” says Tracie Dahlke, AVP, Loan Operations at Firelands FCU. “When members make a large purchase on their Firelands FCU credit card, we want them to decide how long they want to carry the balance and what rate and terms will work for their budget.” All the while, members can utilize the credit already available to them.

### The Implementation

Prior to implementing installment payments at Firelands FCU, the team met regularly with the Firelands FCU team for guidance and training for all staff. “They were very organized, with regular project calls to keep the project on track,” said Dahlke. Managing the implementation of a new project can be overwhelming, but it didn’t feel unmanageable for the Firelands FCU staff. The project tasks were broken into bite-sized pieces that kept the project easy to handle while fulfilling typical day-to-day responsibilities.

Early in the project, the Velera team frontloaded their own set-up testing before the Firelands FCU staff was even involved, so project issues were minimal. Any issues that did pop up were promptly worked on by the Velera team to quickly identify and troubleshoot the cause of the problem. When it came time to launch, the Firelands FCU staff was so thoroughly trained that when they went live to members, they had no back-office processing concerns.

## THE RESULTS

In a short time since Firelands FCU launched its installment payment solution, *Flex Spend*, the feedback has been overwhelmingly positive. *Flex Spend* allows members to plan large purchases on terms that work for them. They can decide how long they want to carry that balance and see simple, clear interest and payment terms to determine what works best for their individual budgets.

*Flex Spend* makes it easy for members to make a purchase and set up installment payments. In fact, the user interface is so intuitive that before Firelands FCU even started any marketing efforts to promote *Flex Spend* to their membership, 28 members initiated installment payments on their own, carrying a total balance of \$5,710.81 – proof that this solution is a valuable tool for members looking to budget and manage their finances.

The terms are very clear, and disclosures are presented as needed to ensure members are well aware that they are setting a purchase to installment

payments. Additionally, there are easy-to-access frequently asked questions (FAQs) on several screens to help members self-service simple questions.

With installment payments, Firelands FCU can continue helping its members make smart financial choices while ensuring they are ready to finance all their wants and needs along life's journey.

### The Future

A thriving card product can be instrumental to a credit union's success – providing excellent opportunities for interest and interchange income. Firelands FCU hopes to continue seeing members use their card over a high-rate competitor every time. For Firelands FCU, installment payments is another tool to make their card the best one their members can find. For members, it serves as another example of how Firelands FCU can fulfill all their financial needs.



“We understand that in today’s digital age, providing members with convenient and accessible financial solutions is key. Combining our desire to provide a strong digital strategy with our commitment to responsible lending practices made partnering with Velera on *Flex Spend* the perfect match. We are proud to offer low-stress options for our members’ financial journeys and happy to have a partner like Velera to enable our digital growth.”

— Brett Montague, Firelands FCU President



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