RFCU Significantly Reduces Operational Costs by Automating Deposit Verifications

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FEDERAL CREDIT UNION®

Environment

Credit union with 400,000+ members, over thirty branch offices and $5 Billion in assets.

Challenge

Deposit Verification requests from SSA and Medicaid are growing at 30% per year, to more than 200 request per month in Q1 2019. Labor costs were growing proportionally, to over $50,000 per year.

Solution

A system that automatically receives all SSA and Medicaid VOD requests and fulfills over 97% of them without human involvement.

The Client

Redstone Federal Credit Union is the largest credit union in Alabama and one of the largest in the country, with more than 400,000 members throughout north Alabama and south-central Tennessee. Like all credit unions, RFCU is responsible for fulfilling government requests to verify member bank balances. RFCU receives nearly 6 Verification of Deposit (VOD) requests per thousand members annually from the Social Security Administration and from State Medicaid offices combined. In 2019, the forecast is for over 2,500 requests that have to be processed quickly in order to comply with regulatory requirements.

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The Problem

Verification of Deposit (VOD) requests from SSA and Medicaid are growing at 30% per year. In 2017, RFCU received nearly 1,700 VOD requests from the SSA alone. Responding to these requests requires a full time, dedicated person.

A 1st attempt to reduce the cost of VOD request processing was moderately successful. It allows assembling onto one screen in DNA® the monthly amounts for a single account. It is limited, however, to the 1 year of data RFCU holds in DNA®. SSA asks for 2 years, and Medicaid requests 5.

A 2nd try involved using an online portal to enter the VOD results. The portal removed the need to xerox and mail VOD information, saving labor on a per request basis. The portal, however, also significantly increased the number of requests received, offsetting its benefits.

The Solution

Ultimately Redstone developed a system to fully automate VOD processing. One component of the system processes reporting statements from DNA® to create a 5-year history for each account over time. The history is stored into DNA.

A second component talks to VOD portals for SSA and Medicaid via web services. It receives and processes VOD requests automatically. The component validates the request, verifies that a person has active account(s), then assembles and sends the requested information.

Results

In the first quarter of 2019, RFCU received over 200 VOD requests per month (~2,500 per year). After having built up a 5-year history for most accounts, the automation is able to fully respond to both SSA and Medicaid requests.

97% of the VOD requests are now automatically processed. The remaining 3% often contain data errors that makes determining if a person has an active account a manual process.

The automation has reduced the VOD workload for the operations team from a full-time person to approximately one week a year of manually processing of requests with data errors. This has reduced the spending on VOD request processing by over $50,000 per year.

In addition to the significant reduction in cost, turnaround times on VOD requests processed automatically have been reduced from days to minutes, ensuring RFCU meets government response speed requirements.

"Before we began to automate VOD request processing, fulfilling the requests was a manual process that took a full-time person. Now that the automated solution is up and running, we rarely process a request manually. Our time is now focused on handling exceptions, not the routine requests, and exceptions are about 3% of the overall number of requests. Now my team spends a few minutes a week, or about one week a year, on VOD. This has freed almost a full-time person to focus on other needs within my department.

- *Sarah Becker, AVP/Indirect Member Services*

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