FMSI VantagePoint
Second Quarter 2010

FMSI Financial Management Solutions, Inc.

Welcome to the official FMSI newsletter filled with decision-support ideas on enhancing branch staff performance.

Greatest Thing Since Sliced Bread

The Continental Baking Company altered the course of bread forever in 1930 when it introduced sliced Wonder Bread. Shortly after this historic innovation, the term, "The greatest thing since sliced bread," was born. Just as the bread slicer did wonders for the millions of bread consumers, The Lobby Tracking System™ (TMS) from Financial Management Solutions (FMSI) has significantly improved Star One Credit

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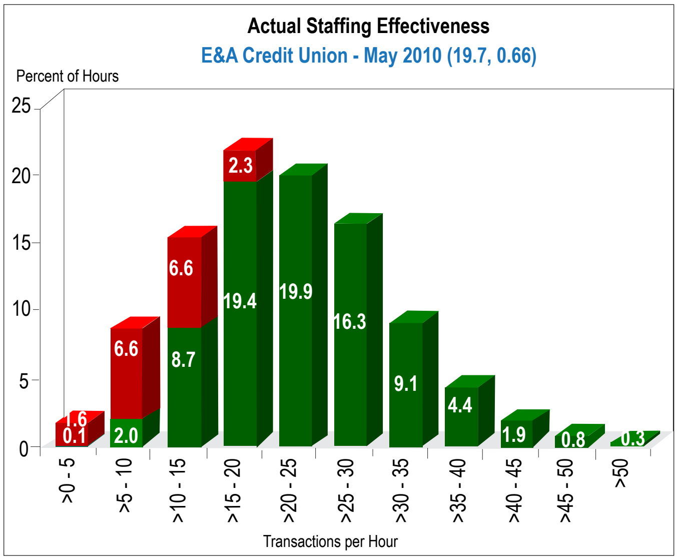
Included In This Issue

Chart of The Month



Congratulations to E&A Credit Union for having this month's FMSI Chart of the Month. (continued on Page 2)

FMSI - Did You Know?

FMSI now has a Contact Center solution, which automatically schedules agents based on forecasted call volumes from historic data, resulting in significant labor cost savings. Learn more at www.fmsi.com.

Greatest Thing Since Sliced Bread (continued from Page 1)

Union's (SOCU) professionalism in their lobby, by providing SOCU with the monitoring and reporting solution required to enhance their overall lobby experience. Sandra Moix, VP Branch Services of Star One Credit Union, which is the largest credit union in Northern California, recently touted LTS by stating, "LTS' eClipboard improved our service level almost immediately and our management team thinks the LTS management reports are the greatest thing since sliced bread."

Improving Service Levels and the Overall Lobby Experience

With such high industry standards put on service levels, SOCU realized that having a lobby they could be proud of and most importantly their members would be impressed with should be a priority. When SOCU implemented The Lobby Tracking System™ it would allow them to accomplish this initiative by having the tool to analyze — with great detail — their wait times, assist times and individual staff performances.

So how does LTS work for SOCU? Essentially, when a member arrives in the lobby they enter their information into a Kiosk or a greeter types in their information into a computer. Immediately, all MSRs and management can see the member's name along with their pertinent visiting information through the LTS queue management tool. Having this seamless electronic process maximizes the member experience.

An example of this is when a member waits for longer than a specified period of time an alert box will pop up on each MSR's and manager's screen, immediately notifying them of the situation. Sandy was especially impressed with the LTS alert feature and described this experience by stating, "A manager receives an alert informing them of a wait time issue, which at this point the procedure is for them to go out and interact with the member to help appease the experience. We have received favorable feedback from members who have really appreciated the extra attention."

Optimization of Staffing Levels

Along with utilizing the LTS as a tool to improve their member lobby experience, SOCU has also used the LTS management reporting feature. Specifically, the LTS management report that indicates which of their branches is the busiest was of great value to them. The report instantly proved that the perceived busiest branch was actually not. As a result, they were able to reallocate staffing based on the LTS analysis to the appropriate branch — significantly improving the performance optimization in both branches.

When analyzing staffing levels, Sandy and the rest of SOCU's Branch Services management team specifically focus on the following four LTS reports: (a) Left Without Assistance, (b) Detail User & Branch Overview, (c) Detail by User & Branch, and (d) Total Assist-Times Per Service.

Best Practices and Tips from the VP of Branch Services at Star One Credit Union

- Hold monthly meetings with your managers. At this meeting review LTS reports and discuss service and sales trends.
- Provide the LTS data to your CEO. It is something our CEO is interested in. He likes the LTS reports and graphs.
- Train MSRs to correct input errors in the system. Hold them accountable.
- We have established average service times with LTS per product or service, which has allowed us to identify coaching opportunities when specific service times exceed the averages. MSRs must enter comments explaining the details of any item where service/assist times take 45 minutes or more.

The phrase "the greatest thing since sliced bread" represents the ultimate depiction of innovative achievement and American know-how. These difficult and competitive economic times have challenged us all to always pursue innovative solutions that can better our businesses. Star One Credit Union recognized the importance of leveraging technology to significantly improve their service levels and labor cost allocation, which ultimately led to extremely impressed account holders and an improvement in their workforce optimization.

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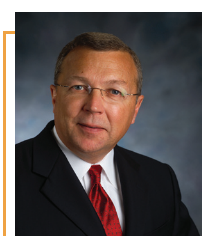
Chart of the Month

(continued from Page 1)

E&A Credit Union had a dramatic improvement in their Actual Staffing Effectiveness Chart from 2009.

The Actual Staffing Effectiveness Chart displays how often tellers are processing transactions (shown as a % of total processing hours) within specified productivity ranges. It provides a quick snapshot view of how effectively teller lines are being scheduled overall throughout the organization. When you are staffed for high performance, the first four bars (green portion of bar) of the Staffing Effectiveness Chart should equal the acceptable waiting for work (WFW) time percentage. Anything over these ranges (shown in red on the chart on Page 1) represents excessive waiting for work time. E&A Credit Union was able to reduce the red portion of their chart from 2009 by over a half compared to 2010.

For Senior Management, From Senior Management



Recruiting and retaining part-time employees is an art. We hear from many of our clients they either have a difficult time or they are excelling with the topic. At our recent User's Group Meeting in San Antonio, Texas the following were suggested by FMSI clients as great places to recruit talented part-time staff: day care (Moms and Dads looking for part-time work), local colleges and retirement homes. One proven approach for retaining part-time employees is to implement an FMSI teller incentive program. This will help attract and retain quality part-timers.

How Branch Personnel and Cash Operations Make A Difference In Their Credit Union's Profitability

A story of Arkansas Federal Credit Union Improving Branch Cash Management Operations and Liquidity

Arkansas Federal Credit Union (AFCU) originated as Little Rock Air Force Base Federal Credit Union in 1956. Their humble beginnings from a room in the airman's barracks have expanded to thirteen branch locations, which serve their over 83,000 membership. Over the last year and a half, Arkansas Federal Credit Union's branch network has experienced notable improvements in branch cash operations and a significant reduction in cash on hand. Their branch leadership has achieved these goals by utilizing the Ceto Cash Calculator (C3) tool. C3 has empowered the branch leadership to impact Arkansas Federal Credit Union's bottom line by increasing its liquidity and operational effectiveness.

Before C3

Prior to implementing C3, Arkansas Federal Credit Union's branch leadership made branch cash decisions using a combination of personal experience, on the job training, historical usage and cash limits. Branch leadership also struggled without an exact measurement of how much members demanded from their branch and what denominations the members would request. A cash cushion was used to provide branch personnel comfort in their cash levels. The result of these practices was that branches kept cash in excess of their member demand and management lacked the means to track and forecast actual cash needs.

Ceto and Associates consultants approached AFCU's executive and branch operation management with a possible solution to help the branch team — Ceto Cash Calculator (C3).

Getting Set Up

After reviewing a demonstration of C3, Arkansas Federal decided to implement C3 at all their thirteen branches.

To simplify the cash data gathering done at each branch, Ceto and Associates suggested the use of their cash data upload application. This application quickly imports cash information into C3. AFCU branch leadership found the data upload easy to use. Once AFCU's branch leadership familiarized themselves with C3, the follow-up training

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How Branch Personnel & Cash Operations Make A Difference (continued from Page 3)

enhanced the teams operation of C3. New functionality, available after an update to C3, continued to improve the C3 cash order and deposit recommendations they received.

After C3

Arkansas Federal Credit Union's branch leadership achieved a reduction of 12.42% in cash on hand within six months by using C3.

Branch leadership can now observe how their branch uses cash and how their cash needs change. Executive management can review cash usage and trends, branch by branch, or at a credit union-wide level. This visibility was missing prior to C3.

Arkansas Federal Credit Union's branch leadership uses C3 to calculate the precise amount of cash they need to service their members successfully. C3 gives the cash team a true account of the branch's use of cash. The visibility into their cash inventory gives the branch leadership confidence in the amount of cash they are carrying and will order to meet their needs.

Their branch operations have instituted standards for how to order cash, with the help of C3. C3 provides each branch with a cash order and deposit recommendation that is based on their branch's cash usage, denomination needs and delivery schedule. The C3 recommendations are populated by denomination, which the branch leadership can review and submit to their cash supplier. The C3 recommendations are used by all branch leadership to quickly decide how much cash to order based on their branch's specific influences. Each branch no longer uses different methods to decide how much cash to order. Removing the guess-work from cash management has helped their team make more precise cash orders and deposits decisions. The recommendations of C3 guide their branch leadership to the accurate cash levels and denomination mix for their members' needs.

What is C3?

C3 is a web-based tool for branch personnel and ATM managers to control branch, ATM and vault cash. As a result of C3, branches can quickly make educated cash decisions that optimize cash levels to better service their member or customer cash needs. The C3 tool empowers branch personnel and executive management to improve their cash practices and communication about cash.

C3 supports cash operations by gathering cash data in a centralized and easy to reach location. The cash data is used to calculate cash usage; which is a branch's member or customer cash demand, commonly overlooked in cash decisions. In addition to usage, C3 aligns other competing branch specific cash needs, such as, denomination mixes, carry cost and delivery expenses. The calculation of all these cash influences provides branch personnel and ATM mangers with cash order and shipment recommendations. The institution's cash management team is then supplied with a quantitative method to decide how much cash is needed to service its membership or customer base.

In addition to providing an institution's team with new cash practices, C3 provides a quick and easy interpretation of current and historical cash trends. Branch personnel and management gain a better understanding of specific branch cash activity. Also, C3 supplies charts and reports for market analysis and cash management performance review.

About Ceto and Associates

The Ceto Cash Calculator (C3) solution is provided by Ceto and Associates, a consulting firm that has served the financial industry for over 16 years and earned the trust over 1,500 financial institutions in all 50 states and Canada.

Quote of the Month

"The only thing even in this world are the number of hours in a day. The difference in winning or losing is what you do with those hours." — Woody Hayes

FMSI VantagePoint

This quarterly publication is made possible by an on-going commitment from FMSI to provide productivity analysis, reporting, forecasting, and scheduling to community banks and credit unions across the nation.

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