



# CREDIT UNION SHARED BRANCHING: THE SKY IS STILL THE LIMIT

## Now Third Largest Among All Financial Branch Networks

Like a tiny acorn growing into a mighty oak tree, some business ideas can start very small and grow as large as an entire industry. The credit union industry's shared branch network, now the third largest branch network among all financial institutions, is one such example.

Today, CO-OP Shared Branch, managed by CO-OP Financial Services of Rancho Cucamonga, Calif. (CO-OPfs.org), connects more than 5,400 credit union branches and hundreds of self-service kiosks in all 50 states. It is a key element in the credit union industry's initiative to extend convenient services to members wherever they may travel. In many ways, it is powering the growth of the credit union movement—its purest expression of coast-to-coast collaboration.

Shared branching grew out of necessity and its enduring value to the industry is underscored by its longevity—and continued growth. The seed was planted in the late 1960s when a handful of credit unions in the Detroit area banded together to establish the first shared branch network.

The concept was to allow a member of one independent credit union to transact business in another independent credit union as if they were in their home branch. That is still the idea—but the concept is also now at the forefront of the industry's need to transform branches. And, originally, the goal was to create a credit union network to help compete against big banks. Now, it is that, but shared branching is also helping the movement meet the challenge of the vast array of alternative payment offerings from providers well beyond traditional bank competitors.

"For all the advantages enjoyed by banks, shared branching is the one channel no bank will ever have," said Sarah Canepa Bang, Executive Vice President of Industry Relations. "It is the tangible demonstration of Credit Unions' willingness to work together on behalf of all members."

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Sarah Canepa Bang  
Executive Vice President of  
Industry Relations



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## The Network Grows

As the popularity of the concept grew so did the network... or networks. In Michigan, shared branching credit unions incorporated in 1974 under Service Centers Corporation (SCC).

In 1990, Financial Service Centers Corporation (FSCC), Ontario, Calif., organized another shared branching network, growing into a western state network.



And, in 1992 in the Southeast, eight credit union leagues established Credit Union Service Corporation (CUSC).

While these entities served their regional purpose, the three networks realized

there was a need for common branding, additional outlets and a national presence. In 1994, FSCC and CUSC founded "Credit Union Service Centers," with SCC joining in 1999. The CU Service Centers "swirl" logo became the recognized symbol of shared branching to members for the next 15 years.

## CO-OP Enters the Picture

With its own exclusive-to-credit unions, surcharge-free ATM network growing rapidly, CO-OP Financial Services saw the increasing importance of shared branching. CO-OP made its move into this arena when it acquired SCC in June 2002.

Taking another step, CO-OP and CUSC signed a letter of intent in January 2007 to combine operations. In July of that year they formed a new entity, CO-OP Shared Branch.

The three major shared branching entities finally came under unified management when CO-OP and FSCC officially merged on December 31, 2011.

"The combination of CO-OP and FSCC blended the strengths and value of both companies, creating a more tightly integrated shared branching network," said Canepa Bang.

"The merger not only provided a platform for future growth, but also greater efficiencies in branding, technology and administrative costs."

Indeed, growth has continued apace.

In March 2013, the number of credit union "live teller" branch locations available through the nationwide, shared branching network reached 5,000, just over three years after reaching 4,000 in early 2010. In January 2015, CO-OP announced that it established a new annual record in 2014 by processing more than 3.0 billion electronic funds transfer and shared branch transactions by credit union members, an increase of 9 percent compared to 2013.

## A Significant Milestone

And, at last, in June 2015 CO-OP reported that its shared branching network surpassed Bank of America in number of branch offices. It is now the nation's third largest network of financial institution branches, according to data drawn from the FDIC.



September 2016 comparison based on claims located at [fdic.gov](http://fdic.gov)  
 \*In addition, hundreds of CO-OP Shared Branch express self-service locations are available.



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"We have achieved a significant milestone by reaching more than 5,400 branches and hundreds of kiosks, but the sky is still the limit for our industry's unique shared branching concept," said Craig Beach, President and Chief Operating Officer, CUSC. "There are over 1,800 credit unions participating in shared branching, offering convenient branch access to more than 45 million members wherever they may travel in the United States. If all of the nearly 7,000 credit unions in the U.S. were part of shared branching, our locations could number about 21,000."

The credit union industry's shared branch network is also gaining fast on the two remaining national banks with more branches. Chase has 5,637 branches and Wells Fargo has 6,267 according to the same FDIC source.

With the growth has come the need to revisit the concept's branding. In April 2013, CO-OP unveiled its plans to replace CU Service Center signage with CO-OP Shared Branch—underscoring the twin sources of credit union convenience to members: the 30,000-strong CO-OP ATM network as well as the shared branching network.



## Looking Into the Future

The shared branching concept is not only on a course for future growth, but Canepa Bang and Beach see it as ideally suited to help credit unions meet many of today's business challenges.

"The branch isn't entering an end cycle; rather it is evolving with more of a concentration on sales than service," said Canepa Bang. "As technologies such as mobile and mobile remote deposit capture contribute to the decline of basic branch transactions, the value of the branch channel remains significant. In fact, shared branching is becoming more important than ever. As the number of individual credit union branches decrease, the nationwide network of shared branch locations will enable credit unions to maintain their community presence.

"Sharing a branch will bring in more transactions—transactions that bring in revenue," said Canepa Bang. "For credit unions reticent to close branches, opening their existing branches to shared branching is a way to bring in income and transactions.

"And, for credit unions considering closing branches—who are rightly worried about how that will play for members who like branch service—their solution is to join shared branching," said Canepa Bang. "The concept, in fact, provides a smooth transitional glide path for lowering branch count. No matter what your branch strategy is—add branches, transform them, close them—your members are still going to 'need' locations everywhere, and shared branching is the solution."

Beach adds, "With shared branching, credit unions also have access to the new world of mobile banking and P2P payment technology through, in the case of CO-OP Shared Branch, the same network that enables account transactions across branches. All would be integrated to make your work simpler, easier and more powerful."

And, the fact is branches continue to be attractive to a new generation of members.

"In spite of their virtual-world reputations, Gen Yers like the touch and feel of the real world and the proof is in their preference for branch services," said Beach. "Gen Yers prefer to conduct transactions in person at branches at a rate 2.5 times greater than consumers over the age of 65. Credit unions looking for deeper market penetration are going to need to provide multichannel access to meet members' expectations and branches will continue to be one of those channels."

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Craig Beach  
President and Chief Operating Officer, CUSC

**For more information on CO-OP Shared Branching, call 800.782.9042, ext. 6102 or send an email to [sales@CO-OPfs.org](mailto:sales@CO-OPfs.org).**

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