

# How Q2 Helped Enable Amplify Credit Union's Vision to Go Fee-Free

## Key Challenges

For Amplify Credit Union ("Amplify"), it started with a simple question: which of their members were hurt the most by overdraft fees? Chief Experience Officer Stacy Armijo says, "We did a deep dive and saw that close to 85% of our membership never used overdraft at all. Another 12% or so used it as intended—a couple of times per year. But a very small percentage of our membership was paying the lion's share of overdraft fees."

Armijo says this sparked a series of deep discussions at Amplify. "As a credit union, we're a mission-driven organization. We decided that we didn't want to make somebody's financial situation harder at exactly the moment they were most vulnerable.

"Charging fees—for insufficient funds or any banking service on an account we call "free"—was not the way we wanted to make money anymore. We took the risk of doing something that no traditional financial institution has ever done by removing all bank fees, across the board."

How could Amplify maintain a sustainable business and keep branches open while simultaneously eliminating a significant source of income? A key driver was the efficiencies Amplify gained through its digital banking and partnership with Q2. "The only way we exist without fee income is with a superior digital strategy," she says. "There's no way we could drive members into expensive physical branches without taking money out of those same members' pockets. It's only through a strong and effective digital presence that this is possible, and Q2 has been the cornerstone of that for more than two decades."



## About Amplify Credit Union

**Headquarters:** Austin, Texas

**Founded:** 1967

**Current market:** Fee-free banking for more than 50,000 members throughout Texas

**Assets:** \$3 billion

**Q2 Partner Since:** 2017

**“The only way we exist without fee income is with a superior digital strategy.”**

**Stacy Armijo**

Chief Experience Officer

**Q2**

# Results

After eliminating all bank fees, Amplify grew checking accounts **5% faster** and savings accounts **9% faster** than the prior two years.

The average balances for members who joined Amplify after it eliminated bank fees were **43% higher** than the deposit portfolio at large.

Eliminating bank fees allows Amplify to entirely avoid increasing reputation and regulatory risks unpopular bank fees entail.

Amplify is now “fee-for-service, not fee-for-failure,” earning income only in value-driven ways, such as interchange (paid by merchants, not members) and loan sales (paid by investors earning returns).

## Solutions

When Amplify originally teamed up with Q2, no one knew their partnership would someday lead to a revolutionary new business model. But the combination of Amplify’s innovation and Q2’s ongoing support created a very real impact on the financial standing of Amplify’s members. *“It was hard to take such a big risk,”* Armijo says. *“It’s doing something very different, and we asked if we should really do it. But, looking at the data helped us realize who we were really going to help. That’s what kept us committed.”*

*“Amplify has something we call a belief statement, and it aligns well with Q2. Q2 was built on the premise that community financial institutions are vital, and we believe the same thing. We think having too many assets tied up in the hands of just a few large institutions is not good for stability, nor is it good for the customer. Having community financial institutions gives strength in numbers and builds strong communities.”*

After a phase-down period of removing fees, Amplify officially dropped all fees in February 2022. *“Today, it’s impossible for any of our depositors to incur any kind of fee from us, regardless of their balance level or banking behavior. There are no bank fees whatsoever,”* Armijo says. Examples of Amplify’s no-fee services include the following:

- Account Maintenance Fee, \$0
- Cashier’s Checks / Official Checks, \$0
- Insufficient Funds Fee (NSF), \$0
- Overdraft Fee, \$0
- Wire Transfer Fee (Domestic), \$0
- Wire Transfer Fee (International), \$0

- ATM Fees (In-Network), \$0
- ATM Fees (Out-of-Network), \$0
- Check Order Fee, \$0
- Check Return Fee, \$0
- Debit Card Replacement Fee, \$0
- Notary Public Service Fee, \$0
- Stop Payment Fee, \$0

After nearly 18 months, Armijo confirms, *“The headline is that it’s working. Close to half of our new members say, ‘we heard you guys were that fee-free credit union.’ Word is getting out and people are motivated by it.”*

*“Members have been surprised and delighted to learn they’re keeping more money in their accounts than they expected. A number of them have deposited more funds, as we hoped they would. Those that have gone into overdraft have recovered more quickly and successfully.”*

Turns out, doing what’s right for the community helps the membership as well as Amplify’s bottom line. *“What we’ve learned is that high-balance accounts bring affordable funds and that’s part of the strategy. But, low-balance accounts bring a lot more interchange income. So, there’s a win, regardless of the member we’re attracting. It supports our ability to earn money in a value-driven way as opposed to earning money as a fee for failure for something the industry calls ‘services’ but consumers really feel as penalties.”*

**For more information go to [Q2.com](https://Q2.com) or call (833) 444-3469.**