

How CapEd Credit Union Streamlined Deposit Insurance and Strengthened Member Relationships through ModernFi CUSO

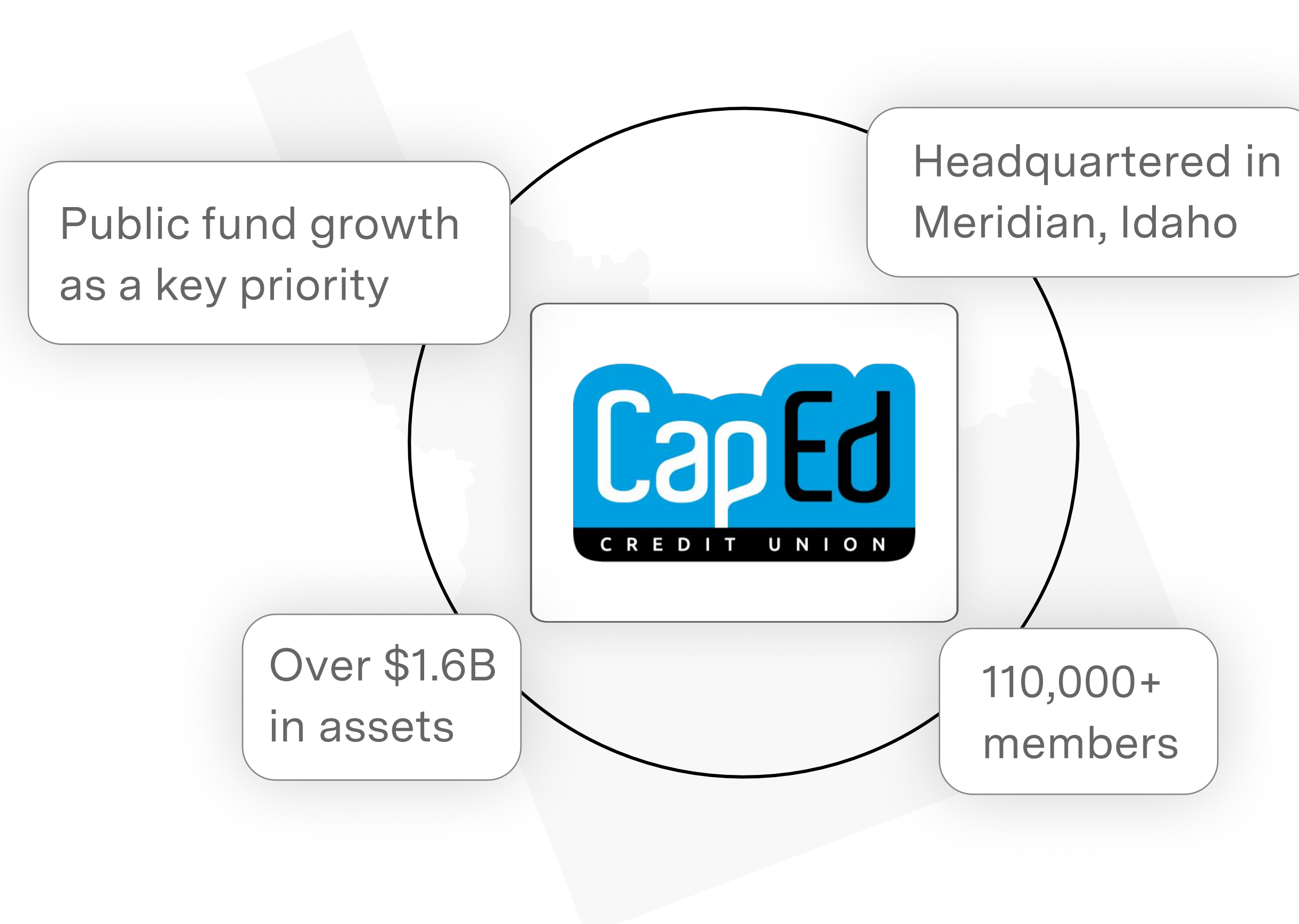
\$6M+ deposits retained

Streamlined 3 deposit insurance solutions to just 1

8x insurance limits from previous capabilities

About CapEd Credit Union

CapEd Credit Union, rooted in Idaho's education community since 1936, has always prioritized both community impact and operational excellence. As CapEd's membership and deposit base grew, especially among nonprofits with significant cash balances, the credit union faced a new challenge: how to fully protect large deposits while managing the inefficiencies and costs of legacy insurance solutions.



The Challenge: Navigating a Patchwork of Legacy Insurance Solutions

For years, CapEd relied on a combination of three separate tools to insure its largest deposits: legacy deposit network with \$2M per-member limit, private insurance with \$250K per-account limit, plus a costly letter of credit.

This patchwork approach was complex, costly and restrictive. As Mendi Hawkins, Treasury Management Operations Manager, explained, “We had to juggle multiple vendors, each with their own limitations. The standby letter of credit, in particular, tied up our balance sheet and added annual expenses.”

The limitations became especially apparent when serving large public fund depositors like school districts and housing authorities, who required all their funds and projected dividends to be fully insured. As the costly letters of credit used to service these members were coming to term and as these members' deposits grew beyond what could be insured by the patchwork solution, CapEd needed a streamlined and robust alternative to retain large public fund accounts.

The Solution: ModernFi as a Single, Scalable Platform

CapEd turned to ModernFi CUSO to consolidate and modernize its approach to deposit insurance. ModernFi's platform allowed CapEd to:

- Transition two large public fund members from three-pronged solutions to a single account with up to \$15M in insurance,¹ fully reciprocated within the credit union network
- This increased lending power for local impact and generated over \$200,000¹ in potential net income
- Eliminate the need for a costly standby letter of credit, freeing up balance sheet capacity
- Simplify onboarding and ongoing management with robust resources and a user-friendly portal



Mendi Hawkins

Treasury Management
Operations Manager

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ModernFi came in to fill a gap. Our previous reciprocal deposit partner had limitations, but ModernFi allowed us to insure more per member, tap into a larger network, and offered a much more user-friendly, collaborative experience. The onboarding process was night and day compared to legacy providers—everything was ready to go, and the team was always available for a call.

The Impact: Member Growth, Financial Efficiency, and Expanded Capabilities

Member Retention and Relationship Growth

CapEd views ModernFi not just as a cost saver, but as a powerful retention and growth tool. “It’s a retention tool to keep those members here and have those funds and build that relationship with them. The return is that they’re going to bring us more funds and tell others to come to CapEd,” Mendi said.

Financial Efficiency

By consolidating deposit insurance onto ModernFi’s platform, CapEd retired the costly standby letter of credit and no longer had to manage multiple vendors. “We’re not having to spend on the standby letter of credit anymore, so we no longer have that expense. Year after year, that’s going to be beneficial for the credit union,” Mendi noted.

Expanded Capabilities

With ModernFi, CapEd can now serve a broader range of members, including public depositors, commercial accounts, and organizations with complex needs by offering peace of mind that all funds are federally insured.² “It’s a great tool to expand relationships and bring in bigger depositors that we normally wouldn’t be able to efficiently serve,” Mendi advised peers.

Looking Ahead: A Platform for Growth

For CapEd, partnering with ModernFi was a strategic shift. By replacing a fragmented, costly insurance approach with a collaborative, scalable solution, CapEd strengthened its relationships, improved operational efficiency, and positioned itself to serve the next generation of Idaho’s community leaders.

¹ Estimates based on CapEd NIM and LTS from 2024Q3 Call Report data

² Insurance provided through program credit unions (subject to certain conditions)