

# Stanford Federal Credit Union Pioneers Online Financial Services.

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STANFORD, Calif.--(BUSINESS WIRE)--June 21, 1995--As major financial institutions throughout the country race to develop online, interactive banking systems, a small credit union that serves the Stanford University community is quietly leading the charge.

Last year, the Stanford Federal Credit Union (SFCU) became the first financial institution in the United States to perform transactions on the Internet. Today, while other banks offer customers access to information through the Internet, SFCU remains the only institution that offers its members the ability to withdraw or transfer funds, pay loans, check up to a year's worth of transaction history, and conduct other day-to-day business online.

A recent issue of Bank Technology News, in fact, proclaimed that "Stanford Federal...very well may exemplify the shape of things to come for financial institutions and their relationship to cyberspace."

Warren Marshall, the credit union's CEO, believes that "The time is coming upon us very quickly when financial services will not be differentiated by the product, but by how the product is delivered.

"We found that 85% of our transactions were being conducted electronically," Marshall said. "Yet 65% of our resources were being used to serve the other 15% of our membership through three brick and mortar branches. Based on these findings, it was a pretty easy decision to implement online service last year."

After a successful trial with 100 members in April of '94, the credit union made Internet access available to its entire membership of 30,000 last October. Aside from using the Internet to check their account histories and transfer money from one account to another, members also make loan payments and download account histories to their own computers' hard drives.

Members may also dial the credit union's CU Online system via modem; however, three-quarters of the members currently choose to log on via the Internet.

SFCU's home page on the World Wide Web allows members even more high tech convenience. They may complete loan applications, check interest rates, and obtain information about certificates, home loans, and other credit union services.

For many potential online banking customers, an important concern is the security of their

account information. With this in mind, SFCU has adopted a number of security measures, according to Sam Tuohey, the institution's vice-president for marketing.

"Members must enter a password of up to 14 characters. My password, for example, includes both alpha and numeric characters and a few symbols. This type of password is very secure," said Tuohey. "From a security standpoint, it's no more dangerous for a member to perform an online transaction than it would be to use a VISA card or write a check."

Online banking was a natural progression for SFCU, which has been using E-mail for over 10 years.

"Stanford University was one of the Internet's pioneers and one of the first users of E-mail for interoffice communications," Marshall said. "If we were going to communicate like our members, it was evident we had to use E-mail.

"As a natural extension of our E-mail program, we asked the University if they would allow access from their system to a credit union remote transaction program if we provided one. They agreed, provided that the server was reachable through the Internet, because this would require little programming on their part. Last year the University requested that we install a World Wide Web server so we could maintain and update all of our own information."

In addition to the benefits of providing members with the convenience of remote access, CU Online has proven far more economical for the credit union than the traditional brick-and-mortar approach, Marshall said.

SFCU serves 30,000 members of the Stanford community, including students, faculty, staff, alumni, employees of companies located on University lands, and members of the Palo Alto Chamber of Commerce. The credit union operates three branches and nine Automated Teller Machines on Stanford lands.

To access SFCU's World Wide Web page: URL: <http://www.sfcu.org>. To reach the credit union by E-mail, send to: [service@SFCU.ORG](mailto:service@SFCU.ORG).

CONTACT: Stanford Federal Credit Union

Sam Tuohey, [415/723-8920](tel:4157238920)

or

Cavalli & Cribbs

Gary Cavalli, [415/856-3200](tel:4158563200)

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