

# First in Hawai'i: Lōkahi Federal Credit Union Turns Deposit Insurance Into a Competitive Advantage

First ModernFi partner in Hawai'i

Competing in market with 60 financial institutions

Serving the Community for 90 years

## About Lōkahi Federal Credit Union

Lōkahi Federal Credit Union, headquartered in Pearl City, Hawai'i, has served its community since 1936. Originally chartered as Hawaiian Air Depot Federal Credit Union, in 1950 the credit union changed its name to Hickam Federal Credit Union to continue serving the military members on base. In an effort to serve a broader membership base, the entire community of O'ahu, the credit union rebranded in March 2025 to Lōkahi Federal Credit Union.

With a competitive market of 60 financial institutions in Hawai'i and 40 on O'ahu alone, Lōkahi prioritizes relationship-first banking and member retention strategies.



## The Challenge: Retaining and Winning New Large Depositors in a Competitive Market

Operating in Hawai'i's saturated financial services landscape where major national banks and regional competitors vie for a limited pool of customers, Lōkahi faced pressure from multiple directions.

*"After COVID, we saw deposits run off due to inflation and competitive rates," explained Scott Kaulukukui, President and Chief Executive Officer. This outflow impacted the credit union's ability to fund loans and serve the community.*

The credit union also faced a separate challenge: members with balances exceeding \$250,000 had legitimate insurance concerns, and Lōkahi had no solution to offer. While front-line staff could advise members on structuring multiple accounts to maximize coverage, this was cumbersome and didn't address the core issue: large uninsured deposits carried greater flight risk, especially during economic stress.

## The Solution: A New Tool in the Toolbox

The ModernFi team flew out to Honolulu in July, 2025 to meet the team in person and discuss how ModernFi's technology could help solve some of the problems they were facing. After board education and strategic planning together, Lōkahi partnered with ModernFi to offer Extended Insurance Accounts<sup>1</sup> with coverage up to \$15 million per account.

*"It's another tool in our toolbox," Scott explained. "We use that a lot. It provides options for our staff to have easier conversations and options for our members as they go along their life journey."*

ModernFi's platform allowed Lōkahi to:



### Extend NCUA Insurance:

*Provide federally insured deposits in excess of \$250,000 through a single account*



### Simplify Member Experience:

*Offer members convenience without requiring them to spread funds across multiple institutions*



### Offer Competitive Returns:

*Deliver competitive, predictable returns for risk-averse members*



### Differentiate in the Market:

*Differentiate in a market where 40 financial institutions compete on O'ahu alone*

## Competing and Winning Through Relationship-First Banking

Within months of launch, Lōkahi began opening Extended Insurance Accounts for members who previously would have left.

*"For those who don't want the risk of investing, we provide a competitive dividend with predictable returns. Lower stress, easier to deal with, and you know what you're going to get.", said Kyle Harada, Director of Marketing.*

In the first three months with ModernFi, Lōkahi was able to open several net new accounts with \$500k+ in deposits because of the ModernFi value proposition, providing members with the security and convenience they needed to keep their funds at the credit union.



**Lance Soma**  
Chief Financial Officer



What is our competitive advantage? What's our niche? How do we differentiate ourselves from others? We feel that ModernFi is one way to do that in order to optimize and deepen our member relationships while reducing cost of funds.



## Looking Ahead: Building for the Next 90 Years

For Lōkahi, partnering with ModernFi was about more than adding a product, it was about ensuring the 90-year-old credit union can compete and thrive for decades to come. By giving staff the tools to have confident conversations about large deposits and providing members with the security and convenience they need, Lōkahi positioned itself to win in one of the nation's most competitive markets while staying true to its relationship-first values.

Learn more about how ModernFi CUSO can support you and your members

[modernfi.com/cuso](https://modernfi.com/cuso)