

Using Core Systems to Increase Loans and Deposits

Finding the balance between driving new loans and gaining new deposits is arguably the one item that is top-of-mind for credit unions nationwide. Consumers have more options on where to put their money - ranging from 401Ks and equity markets to self-serve investment brokers. The costs of funds are increasing while net interest margins are decreasing. In fact, if you look at the Fed's flow of funds analysis, just less than 10 percent of consumer assets reside in traditional deposit or share accounts.

So, what steps can a proactive credit union take to strike this delicate balance and succeed? The first step is to look beyond the traditional target market. Many credit unions maintain a mature market member base, comprised of people aged 50 and above. Although this group is loyal and appreciates the intimate service a credit union provides, for the most part, this demographic doesn't represent large depositors or borrowers. By developing programs geared toward younger members - in the 20-to-40-year-old range - credit unions can benefit from increasing earning power and provide the car loans, mortgages and other lending services that this thriving population needs. This group wants to apply for these loans and open these accounts online, and get a fast - if not instant - response. For them, self-service is everything.

Credit unions can also expand into commercial lending - targeting small to mid-sized businesses who are often ignored by larger institutions. They then have the opportunity to build on this relationship by offering fee-based products like remote deposit capture to retailers; and indirect lending services to auto dealerships, and other appropriate companies.

To generate new members, credit unions can offer some attractive "Teaser Rates" on CDs and loans. For example, they can offer 5.3% for a 15-month CD with a minimum deposit of \$10,000, or loans that begin at Prime minus 2% for year one, ending at Prime plus 2% at year five. The key is focusing on building a relationship with these new members, gaining their deposit business and continuing to cross-sell them the products that they need.

Harland Financial Solutions' UltraData® Enterprise is designed to help credit unions achieve these goals. By combining best-in-class applications, it enables credit unions to deliver a broader array of products and services to members - and get these to market faster. This open solution supports a complete array of both consumer and business lending services, electronic banking and a full range of member service options. Comprehensive Customer Relationship Management (CRM) tools provide a single control point for all member contacts and sales campaigns, enabling credit unions to focus efforts on both service and sales. UltraData's Business Analytics and Intelligence tools enable credit unions to quickly and easily analyze member demographics, product profiles as well as loan risk - for more accurately targeted campaigns and greater returns on marketing investments.

Harland Financial Solutions also offers a wide range of Member Business Services that can attract the smaller commercial member, his or her business checking account and eventually, the personal account as well. Online cash management tools enable businesses to manage their accounts, understand their cash position and make payments to their vendors. Currently, it's the only cash management solution customized to a credit union's back office operations and members. Sweep processing lets clients transfer excess funds between accounts, based on specific dates and dollar levels. Both are outstanding ways to gain the business member's loyalty and deposit account.

To remain competitive, and achieve that all-important balance between driving new loans and garnering new deposits, credit unions must explore new markets, products and member opportunities. Harland Financial Solution's UltraData Enterprise and integrated applications, along with key marketing services designed for the specific needs of credit unions, can help make that delicate balance - and financial success - a reality.



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David J. McConney is Executive Vice President/General Manager, Credit Union Core Systems for Harland Financial Solutions. He oversees daily operations for the Credit Union Core Systems business unit of Harland Financial Solutions. With more than 25 years experience in the financial services industry, he has spent the past 12 years in various parts of the Caribbean with the remainder in Canada and the U.S. During his career, David has led the launch and implementation of new core systems and emerging technology solutions. He has held chief executive and board of director positions in the financial services industry, most recently with a technology consulting services and support organization. Harland Financial Solutions supplies software and services to thousands of financial institutions of all sizes, offering its solutions in both an in-house and service bureau environment. The company is a leader in core systems, item processing, enterprise content management, branch automation, customer relationship management, business intelligence, origination and document solutions, risk management, compliance training, financial accounting, open documents, mortgage solutions, card programs, electronic funds transfer (EFT), fraud prevention, self service solutions and performance advisory services.



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