

Using Core Systems to Increase Loans and Deposits

The right enabling technology can help credit unions reverse the slow growth trends of the past few years, by generating new loans and deposits from prospective and current members. On the lending side, the Internet continues to be a critical channel, with an estimated one-quarter of all loans originated online in 2005, according to the recent CUNA e-Scan. Yet the same report notes that 67% of consumers surveyed have never applied for a loan online. The right technology is critical to reaching this untapped market; surprisingly, it's estimated that less than 60% of the largest credit unions (\$1 billion+) use online applications with automated approval.

A number of USERS solutions can help credit unions secure their share of new loans. Our Non-Member Loan Applications makes it easy to reach out to prospects with a process that speeds approval and facilitates joining once approved. For current members, our WebLoan allows immediate decisioning, approval and funding through multiple sources – just what members expect. When offering loans online, be sure to include products most conducive to online origination – including loans on which members expect a very fast answer (auto) and those for which some prefer not to do business face-to-face (debt consolidation).

Your back-end loan processing needs to be just as easy and efficient as the application process or it will bottleneck an otherwise-smooth system. USERS' End-to-End Lending fully automates lending right through funds disbursement, rendering a decision based on the credit union's particular rules. It's not just a matter of efficiency; a streamlined process can boost your closing ratio by keeping members from abandoning ship midstream – something that happens often. In one Callahan & Associates survey, more than one-fifth of members who tried applying online didn't complete the process.

For both loan and deposit growth, technologies that support cross-selling and up-selling are critical; and according to a Tower Group report, they're high priorities for most financial institutions. With annual membership growth stalled near 2% since 2000, improving product penetration among current members is one of the best ways to grow. Yet, how often does a credit union attract a new member with one product, and then fail to develop a broader relationship? USERS' Cross-Selling Manager helps eliminate that problem, by supporting cross-selling across multiple channels, based on real-time data about individual member needs. Credit unions using this solution are seeing an increase in the number of services per household and average balances per household.

Two additional USERS technologies that can build deposits include Relationship Pricing (which automates a rewards-based program that offer incentives to members who bring more business to the credit union) and e-Deposits (a new service that offers members the convenience of making deposits electronically).

Whatever technologies you choose, avoid the common pitfall of implementing them in a vacuum. Technology is most effective when supported by a well thought-out program that includes the right policies, procedures and processes.



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Eric Panepinto brings 25 years experience in financial services technology to his role as Chief Technology Officer of USERS. He most recently served as Executive VP and COO of Epitome Systems, a leading provider of system integration, business process management, and related solutions. He also served as President and COO of Sanchez Data Systems, which provides financial institutions with Data Center and back-office services for use in outsourced banking operations. Eric's career has included positions with Citigroup, Citicorp Investment Services, and Citibank Global Consumer Bank.

