

Amplifying Lending - One Channel at a Time for Consistency, Scalability and Competitive Differentiation



The past several years have marked a period of tremendous shifts and advancements in technology for the credit union industry. Whether it's the Internet or lending networks like RouteOne and DealerTrack, technology has redefined the ways credit unions acquire and serve members.

Amplify Federal Credit Union, a fast growing credit union in Texas, is a shining example of how a credit union can seize on the business opportunities such changes bring by making technology and automation the cornerstone of its business strategy. Change, however, is not always easy.

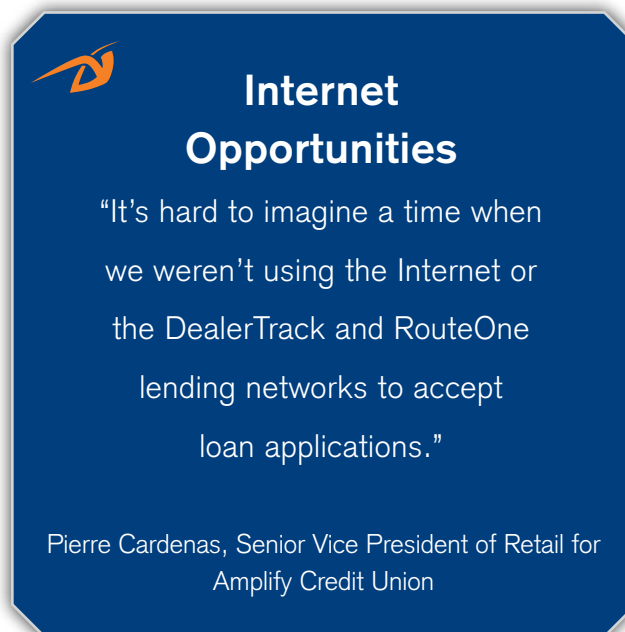
"It's hard to imagine a time when we weren't using the Internet or the DealerTrack and RouteOne lending networks to accept loan applications," said Pierre Cardenas, senior vice president of retail for Amplify Credit Union. "Some of the best things about the Internet and the lending networks were they brought us a lot more customers. But with more customers comes a new set of challenges."

One of the biggest challenges Amplify faced was how to handle loan applications coming through a variety of online and offline channels, especially when each was disjointed and decentralized.

"A few years ago, our loan origination system was incorporated in the host and a bit antiquated to say the least," said Mr. Cardenas. "It did not have a robust automatic decisioning capability and could not support an indirect lending program."

In addition, Amplify was at a 64 percent loan-to-share ratio at the time and had a modest loan application volume coming from the branches, call center & Internet. Underwriters were making individual decisions which were inconsistent across the board. A member could walk into one branch and get approved yet go into another branch and be denied. A serious change was long overdue. However, it would require a global solution that would combine the direct, indirect, Internet and call center channels together as one with automatic decisioning capabilities consistent through each channel.

Mr. Cardenas knew this first step would help the CU overcome this problem so that all loan applications could be centrally tracked and reviewed by a single underwriting department. It sounded like a simple task but to Mr. Cardenas' surprise, not many technology vendors offered a simple solution flexible enough to meet his needs. Amplify found its partner in Teres Solutions, a top provider of direct and indirect lending software and technology solutions to credit unions and financial institutions across the country.



Internet Opportunities

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The Teres Solutions' SAIL® (Software Application for Integrated Lending) platform allowed Amplify to create one database for all its lending channels, including indirect, direct, call center, and the Internet. By integrating with the core system and each lending channel, all loan requests pass through the SAIL system. One of the benefits is consistency in underwriting.

"Teres Solutions quickly linked with our existing channels and departments and allowed us to create the single database of members we needed to handle a multi-channel loan

environment.” said Mr. Cardenas. “This means we now have one system making the decisions with over 35 percent being done automatically - the critical first step we needed to bring our automation to the next level.”

The SAIL platform’s flexible architecture and ability to accommodate new systems and link with existing ones also had other benefits for Amplify.

“A key consideration when choosing new technology is whether or not it will be able to adapt to your needs five years down the road,” said Mr. Cardenas. “Competition is fiercer than ever before because in addition to other credit unions, regional and community banks are now fighting for your customers. Your technology has to be open and agile enough to allow you to integrate with the latest and greatest applications in order to compete.”

Amplify took advantage of the SAIL platform’s open architecture to seamlessly integrate with the DealerTrack and RouteOne networks so it could begin automatically processing the loan applications they deliver.

“Not many people know this but more organizations use Teres Solution’s SAIL software to originate loans for the DealerTrack and RouteOne lending networks than any other loan origination system in the industry,” said Mr. Cardenas. “This is a testament to how well the product works with key technology systems from other vendors. After all, both the DealerTrack and RouteOne lending networks have built credit unions into financial powerhouses.”

The SAIL platform has also given Amplify a competitive advantage when it comes to securing loans from the Internet and from the DealerTrack and RouteOne networks. As more and more credit unions do business with these online channels, the competition is as fierce as it is in the offline world.

“The difference between success and failure on the Internet or with RouteOne and DealerTrack has to do with the speed at which you can process loan applications and weed out the good ones from the bad,” added Mr. Cardenas. “Without a sophisticated lending automation system like the SAIL platform, it would not be possible.”

Amplify is now able to automatically process and approve or decline a large majority of the loans it generates online and through the RouteOne and DealerTrack networks. Mr. Cardenas estimates Amplify approves 35 to 50 percent of the loan applications it receives each month without ever running them by a person. This is a major milestone for any financial institution but Mr. Cardenas feels he’s just getting started.

“With the automation capabilities provided by the SAIL platform and the hard work we did to centralize our loan application database, we booked as much as \$25 million in loans in one month,” explained Mr. Cardenas. “We are averaging between \$15 and \$20 million in loans funded with only two buyers for both indirect and direct areas. It’s also only a fraction of what we plan to do in the coming years, especially as the volume of loan applications increases as the credit market tightens.”

In the future, Amplify plans to take the automation capabilities of the SAIL platform into new areas – especially as different channels are adopted by members and consumers.

“We know it’s only a matter of time before mobile banking becomes commonplace,” said Mr. Cardenas. “Major technology inflection points like the ATM and the Internet have taught us that. With the SAIL platform, we’ll be ready and open for business when the time comes to serve the next generation of members.”



Discover How Teres Can Help Your Institution
Expand Lending Success

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