

Texas Dow Employee Credit Union Looks to Consumer Retail Market Lending for Growth



Texans are the first to tell you that things are bigger and better in the Lone Star state. Texas Dow Employees Credit Union (TDECU) is no exception. With \$1.3 billion in assets and 114,000 members served by 13 branches, the credit union has a 50-year track record for spotting big opportunities in new territories. Lance Wortham, TDECU's vice president of business services, thinks he's found another – the lucrative market for retail and point-of-sale lending on goods and services that consumers need everyday.

"We're always looking for new ways to grow our business," said Lance Wortham. "One of the biggest opportunities we see is entering the consumer retail lending market, especially at a time when retailers are looking for new finance partners for their customers' purchases. We believe in a year's time it could grow into a multimillion dollar business for us."

Mr. Wortham first noticed the potential opportunities the retail lending market might offer when he spotted a trend among TDECU members. Many were coming to the credit union in-person for loans on tractors and lawn mowers they wanted to buy from a local John Deere dealership.

"We already had connections to car dealerships in our area, which made it simple for our members to get approved on the spot for auto loans. We thought: how hard could it be to do the same for other local merchants who served members that needed help financing other items?"

Not only did the idea make sense from a customer service point of view but also for the credit union's business. Retail loans generally produce higher margins than even auto loans.

In order to help the retail lending side of the business take off, Mr. Wortham needed a way to make it easy for consumers to apply for loans and for retailers to process the applications. And it had to be done in a manner that aligned with the credit union's existing lending policies and procedures.

TDECU turned to Teres Solutions for help. They were already using the Teres Solutions SAIL® lending management platform to handle direct consumer loan applications in their branches. TDECU found out that Teres Solutions was testing a new module for the SAIL platform called Sail Merchant Lending. The solution was specifically designed to allow credit unions and financial institutions to help customers apply for retail loans over the web from any merchant location.

"One of the reasons I chose the SAIL Merchant Lending module is it is a powerful and easy-to-use platform that allows merchants to submit applications for customers via the web," said Mr. Wortham. "It's also a very flexible system that was customizable to meet the needs of our unique set of lending criteria. We were able to get the exact features and functions we wanted so that loan applications followed the standards we already had in place."

Turning to Teres for the merchant lending automation needs couldn't have come at a better time for some of the local merchants in TDECU's community.



Efficiency & Growth

"Teres has helped us get a foot in the door to show local businesses that TDECU is a great partner for their deposit and lending needs as well. It's a win-win for members and businesses in our community."

Lance Wortham, VP of Business Services
Texas Dow Employees Credit Union

“Many businesses are getting out of the credit market altogether and this is putting a lot of pressure on their retailers’ bottom lines,” said Mr. Wortham. “The well-known parent company of a local motorcycle dealer has backed out of the financing business altogether because of the credit crunch. We’re filling in the financing gap so that the dealer’s customers still have great financing options for their purchases.”

Mr. Wortham is happy with how easy the loan application process is for all parties involved.

“If one of our members goes to the local John Deere dealership to buy a tractor for \$2,000, the dealer enters the member’s information on a secure web site. Most loan decisions take about five seconds to approve. The dealer then prints and has the member sign the loan documents and hands them the keys to the tractor. As soon as we get the paperwork we deposit the funds into the dealer’s account and everyone is happy.”

TDECU’s move into the retail lending market has also proven lucrative in ways Mr. Wortham did not expect. In addition to securing new loans for member retail purchases, it has also helped the credit union tap into new business lending and deposit relationships as well.

“Lending to a merchant’s customers has also allowed us to capture the merchant’s business. Our team has already brought on two commercial accounts that have refinanced their business property mortgages with our credit union.”

The sky seems to be the limit for TDECU when it comes to the retail lending market.

“The retail lending offerings we now provide with the help of Teres Solutions allow us to deepen our existing relationships with members by serving them in the retail channel,” said Mr. Wortham. “It has also given us a foot in the door to show local businesses that TDECU is a great partner for their deposit and lending needs as well. It’s a win-win for members and businesses in our community.”



Discover How Teres Can Help Your Institution
Expand Lending Success

Teres Solutions, Inc.
**Software Application for Integrated
Lending**

866-518-4200 x1

12365-B Riata Trace Parkway, Suite 250
Austin, TX 78727

www.TeresSolutions.com

info@TeresSolutions.com