

100 Year-Old Community Bank Looks to Automation to Expand Lending Success



For more than 100 years, Union Bank & Trust has served the Central Virginia area through prosperous times and difficult ones, including two world wars and the Great Depression. The \$1.5 billion bank's key to success has been its unique ability to adapt to change through hard work and innovation.

The same holds true for how the local community bank has been able to succeed despite the relatively recent deregulation of the banking industry, which brought greater competition from national and international banks with deep pockets and seemingly unending resources.

Carolyn Rawlings, Assistant Vice President of Union Bank & Trust, knows first-hand the impact the deregulation has brought. Being with the institution for 23 years, she has seen the competitive landscape change overnight.

"As a small community bank, we face similar challenges as other small financial institutions," said Carolyn Rawlings. "Larger national banks are encroaching on our territory and going after our customers and our loans."

Several years ago, Union Bank & Trust realized it needed to expand the footprint of its traditional lending territory to include a larger area. But the decision to expand also meant a shift in how it runs its lending business.

"When a smaller bank decides to expand its lending territory it doesn't do so lightly," said Rawlings. "We don't have the unlimited resources of a larger bank so we need to be smart in how we use our resources to achieve success."

In Union Bank & Trust's case, it knew it could not afford to add a lot of new employees, which is normally needed to effectively service a broader lending territory. But it figured out it could achieve its goals by tapping into the DealerTrack and RouteOne lending networks for indirect loans. These electronic lending networks connect banks, credit unions and other lenders directly with auto dealers within and beyond the institutions' traditional lending territory.

"Tapping into RouteOne and DealerTrack gave us immediate access to loans outside our traditional geographic area," said Rawlings. "But it also meant we needed a way to handle the flurry of possible loans we were getting from the networks."

That's when Union Bank & Trust began a search for a lending automation software solution it could use to automate many of the decisions involved with vetting loan applications originating from the DealerTrack and RouteOne networks. After examining the offerings from several leading

software vendors, Union Bank & Trust selected SAIL® Software for Indirect Lending from Teres Solutions, Inc., one of the top providers of lending automation software in the industry.

"We looked at a couple of systems, including SAIL. The ease of use of SAIL and its ability to quickly and easily adapt to changes, made it ideal for us because we knew it would meet our needs today and down the road," said Rawlings.

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Automating Growth

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“By automating our lending decision process with SAIL, we’ve been able to add paper to our loan portfolio which would have been rejected or missed before because we lacked the ability to quickly and easily process the loan application based on a broader and more complete set of criteria,” said Rawlings. “That has not only increased the loans we can secure but has also opened doors to higher quality paper as well.”

With the SAIL system in place, Union Bank & Trust has also increased the speed with which it makes lending application decisions, while also ensuring the Bank’s lending criteria are met. This is often a critical factor in securing indirect loans from auto dealers who make or break sales based on the time they take to secure a loan for a potential customer from a lender. The faster the response, the greater the chance the institution will secure the loan.

“It usually takes about 30 seconds for us to make the automated approval,” said Rawlings. “Thanks to this and other changes brought by the SAIL software, we have nearly doubled the number of dealers we now serve.”

Rawlings is also impressed with the reporting capabilities the SAIL software provides systems. “The reports are very helpful. They give us a better picture of where we are overall and a good pulse on where we stand with each auto dealer. This is critical information to have at your fingertips when deciding which areas need help and which we should invest in next,” added Rawlings.

Finally, the automation provided by SAIL has also reduced the number of errors involved with the manual processing of loan applications and funding.

“Because we can see the actual application online and don’t have to re-key it into another system, we avoid discrepancies involved with doing applications over the phone. And this too has secured us more business,” said Rawlings

As a small community bank, Union Bank & Trust has shown that hard work, the right people and openness to new technology can not only help a community bank survive through changing times but thrive. And that may be the reason the bank is around another 100 years.



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