Members Walk In With A Deposit, Out With A Loan

By Kevin Jepson, Technology Correspondent

MANHATTAN BEACH, Calif.—When members walk in with a deposit at Western FCU here, they may walk out with a funded loan.

That's because front-line employees can click an alert link in the member's account on the core system to instantly prescreen current credit information, qualifying the member for secured and unsecured loans.

The on-the-fly up-sell platform, launched in July, has already resulted in a 10% acceptance rate for preapproved offers, said Lisa Otomo, VP-marketing at the \$1.6-billion Western FCU.

"That 10% funding ratio is much higher than for our direct mail preapprovals for loans, which come with expensive batch-decisioning and mailing costs," Otomo said.

The prescreen process takes seconds and delivers the approved secured, unsecured and credit card amount on-screen to the teller or member representative. Better yet, when members accept an offer, they can skip the application process, Otomo said. The tools automatically fill new account fields in the core system, and the loan is funded in just minutes.

Western uses Instant Prescreen, a hosted solution that is part of the Experian Decisioning as a Service platform. Otomo said she is not aware of other platforms that do what Instant Prescreen does: accesses

real-time credit information for new or existing members when they walk into a branch, leaving their credit score

A loan application is processed by an employee of Western FCU.

intact; delivers a decision; and eliminates any subsequent application process.

The instant, face-to-face approvals in the branch help Western win loans in a way that bulk mailings can't, Otomo suggested. "Instant preapproval puts more cross-sale opportunities in the hands of our team when members

are standing in front of them. It's more personal than a direct mailing."

Furthermore, "the instant prescreen approach delivers 'fresh' data that can help credit unions make more informed lending decisions in real-time, based on the

most current available data," explained Nichole Larmore, account executive, Experian.

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—Lisa Otomo

A Handle On Risk

That real-time inquiry into the member's credit information gives Western good control over risk, more so than if the CU relied only on internal data, according to Jonathan Oliver, VP-branches and lending at the 33-branch CU. To further reduce risk, Experian considers an estimate of the member's total income.

"We do a three-part scrub before we make the final offer," Oliver explained. First, the tool screens out members who aren't eligible for the offers, based on broader criteria such as bankruptcy, foreclosure and age range. Then, Western creates a link in the member's account that can signal Experian to instantly prescreen any eligible member who walks into a branch. Finally, to grant higher credit card limits, Western can choose to verify the member's income with a paystub.

Western is working towards a 25% funding ratio for

Instant Prescreen offers, said Oliver. To that end, the CU is training staff how to smoothly convert referrals to sales. And instant Prescreen fundings are built into the staff's sales goals. A forthcoming pop-up screen in the core system will help staff offer an additional incentive to members: any member who hasn't accepted an offer within 30 days will receive \$100 to take the loan.

"There's a lot of complex integration of Experian with the core system on the back-end," from screening existing or new members, to automatically pre-filling account fields for funding, to updating the status of the offer, added Otomo. "It took about eight months to make sure the core system operated properly for the compliance, front-line and lending areas."

In 2012, Western will extend Instant Prescreen to the credit union's call center, Oliver said. On-the-fly online and mortgage loans are also on the roster.