

CRIF SELECT HELPS SMW FEDERAL CREDIT UNION TURN AROUND A DIMINISHING INDIRECT LENDING PORTFOLIO

Established in 1953 to meet the financial needs of a local union's members, SMW Federal Credit Union is now a \$58 million dollar institution that has expanded its community reach to include all of Anoka County, Minnesota, just outside of Minneapolis.

CHALLENGE

At the beginning of 2012, Jim Damato, Indirect Lending Manager at SMW Federal Credit Union, looked at his indirect lending portfolio and didn't like what he saw. In 2011, SMW's average funded amount for indirect loans was over \$250,000 per month. Yet in January 2012, that monthly funded amount dropped to \$96,000, and by February, it was down to \$85,000.

"We had selected a new indirect lending platform that was accompanied by dealer representation in the marketplace, but our dealer rep soon left our provider and his position went unfilled," said Damato. "When we lost that representative, we started losing loan volume and our relationships with dealers."

Located in Lino Lakes, which is only a 30-minute drive from Minneapolis, there are a number of large, high-quality dealerships in close proximity to SMW from which the credit union could gain loans and new member relationships. However, there are also a number of national banks with local branches ready to capture those same loans and customers.

SMW faced stiff competition from these banks, many of which had opened up on their terms, dealer reserves and rates in a move to earn more local business and market share. In addition, both the local and national banks were beating SMW in terms of the technology being utilized. And because the indirect lending platform they were using didn't offer connectivity to DealerTrack or RouteOne, SMW knew that if they didn't take action and make a change, the value of their indirect lending portfolio would only continue to plummet.

SOLUTION

Focused on turning around SMW's poorly performing indirect lending portfolio, SMW's IT Director, Dan Piilola, took to the Internet. When his research uncovered CRIF Lending Solutions' CRIF Select division, and their suite of indirect lending services and technology, he knew that he had found the provider that was right for his credit union.

Implement a convenient and easy-to-use loan origination system and after-hours underwriting services from CRIF Select.

SelectConnect is a convenient and easy-to-use web-based loan origination system built on the robust technology of the SAIL platform, which was originally created by Teres Solutions and is now operated and supported by CRIF Lending Solutions. With its connectivity to DealerTrack and RouteOne, paired with its ability to increase loan volumes by automating loan approvals and boosting service levels to dealers and applicants alike, implementing SelectConnect became an easy decision for SMW.

But the technology wasn't the only selling point for SMW when it came to partnering with CRIF Select. After-hours underwriting through Select's Credit Desk Support would help SMW be more competitive by allowing the credit union's loans to be decided at night and on weekends, when dealerships do the bulk of their business.

Impressed with Select's expertise in building relationships between credit unions and dealers, SMW also hired the Select team to examine their overall market. "We felt that in order to truly make our program a success that it was critical to invest in consulting from people who understand the challenges of indirect lending and who have helped other credit unions overcome these challenges," stated Damato.

- Rebuild a depleted indirect lending portfolio
- Re-engage local dealers
- Remain competitive in the marketplace

RESULTS

As part of their consulting services, the CRIF Select team reviewed SMW's overall market, met with local dealers to go over rate sheets and provided a detailed report on best practices and how SMW could re-engage with their dealer base. That report and insight became the cornerstone of the solution for SMW's indirect lending portfolio problem and helped the credit union set a specific monthly goal for boosting their funded loan amounts.

The month following their implementation of CRIF Select's technology and underwriting services, SMW not only met those goals, they exceeded them. For the first six months of 2012, SMW funded the following indirect loan amounts:



By utilizing Credit Desk Support to its fullest, SMW was now able to deliver loan decisions to their dealers at night, on weekends and even on holidays. This not only dramatically improved SMW's relationships with dealers, their competitiveness in the local marketplace and their loan volume, it also helped the credit union realize substantial new member growth and has put their indirect lending program back on the right track.

"CRIF Select's dedication, hard work and insight along with an effective, time-tested business model has given SMW the opportunity to continue our path to a successful and profitable indirect lending program," said Damato.

CRIF Select's suite of indirect lending solutions breaks down the barriers of managing lending programs, giving lenders:

- Easy entry into lending markets
- Faster, more accurate and virtually paperless loan approvals
- Lower costs
- Improved service for customers or members