

## CASE STUDY

### YAKIMA VALLEY CREDIT UNION USES DECISIONLENDER TO BOOST SPEED, QUALITY AND CONTROL OF INDIRECT AUTO LENDING

*Automated Reports Make the Difference in Improving Dealer Relations*

#### The Challenge

Before trying to expand their indirect auto lending business, managers at the 31,000-member Yakima Valley Credit Union wanted to tighten up internal practices, as well as improve relationships with currently served car dealers. Previously, those dealers faxed most loan applications to an outside YVCU contracted underwriter who screened them and routed those that passed muster to the credit union's lending team for funding. Not only did this system result in delays, it made the credit union vulnerable to a Pandora's Box of potential problems that are standard throughout the industry:

**Inconsistency** The decisioning process wasn't always uniform from one app to another because it was difficult to ensure that lending guidelines were applied consistently.

**Manipulating Info** When apps were declined, some dealers resubmitted their paper with altered data of unknown accuracy, or they sent in loan documentation with stipulations missing.

**App vs. Offer** Too often, back-and-forth rehashing of loan details led to dealer-lender disagreements about what was changed and what was accepted.

**Reports** Organizing data into useful reports was slow and error-prone, so YVCU managers often lacked reliable data to use in dealer performance reviews and employee evaluations.

For months, the YVCU management team had been considering adding automated systems in other areas. Alicia Stromme, their newly arrived director of lending operations, took on the task of finding an automated loan decisioning system to upgrade their lending program.

"I googled software vendors, talked with other credit unions, and called other industry sources for recommendations," Ms. Stromme said. "When I sent out the RFPs, it came down to two: TCI's DecisionLender – an affordable Web-based system – and a vendor that wanted to sell us a big, expensive, on-site-installed software package. After I got the proposals, the right choice was pretty clear."

#### The Solution

TCI's DecisionLender gave YVCU all the automated functions they needed at a cost they could afford – modest up-front expenses combined with low per-click charges for online processing of applications. TCI programmers worked closely with USERS, a Fiserv company, to make sure DecisionLender integrated seamlessly with Yakima's core processing system, so the new lending platform was up and running quickly. DecisionLender also runs smoothly with DealerTrack, YVCU's main auto portal.

Today, DecisionLender is helping YVCU improve virtually every aspect of their indirect auto lending operation.

"The lending business is all about service, service, service," said Ms. Stromme. "And DecisionLender let us deliver

service to dealers that was much faster and less prone to obstacles like missing documentation or misunderstandings in counter offers.”

Christine Moore, the finance director at Canopy Country, a busy auto-RV dealer with showrooms in Yakima and nearby Ellensburg, saw the difference DecisionLender made in their dealings with YVCU.

“Back in the fax-age, it could take days before they could get back to us,” she said. “Now it’s down to just minutes or maybe an hour. That means the buyer is usually still here and we can close the deal. Funding is faster, too. With all the stipulations spelled out, we know the document package is complete when we send it over. No surprises, no hold-ups.”

With DecisionLender, rules and rates are uniformly applied so all underwriters use the same decisioning criteria. Dealers can still ask for special considerations, but they can’t ‘game’ the system by resubmitting declined applications with changed data. Whenever an app is resubmitted, DecisionLender alerts the underwriter so stipulations can be added requiring documentation. And everything is spelled out clearly, eliminating questions about what was or wasn’t agreed upon.

DecisionLender’s real-time reports proved to be exactly what YVCU needed. With the Dealer Funded Loan report, for example, they can show any auto dealer well-organized data detailing the number of apps processed, dollar amounts, paper grade and other summaries. These specifics give a much better basis for negotiating an improved relationship with the car dealer.

The same holds true for internal evaluations. Since DecisionLender captures all applications, checking any loan officer’s productivity is a snap. With a few mouse clicks, managers can check things like real-time trends in paper grade, loan volume or dollar amounts.

The credit union found another big internal benefit from the fact that DecisionLender is browser-based rather than a system requiring in-house support and maintenance. That meant YVCU needed no additional servers or IT manpower. TCI takes care of everything from maintenance at the serverfarm to software upgrades and troubleshooting. All for an affordable, pay-per-use cost.

“One of the best things about DecisionLender is TCI’s people,” said Ms. Stromme. “They worked very closely with us through start-up and training, and they’re always readily available by phone and email whenever we need something.”

## The Results

Although boosting auto loan volume wasn’t an initial goal of YVCU’s automation effort, after a few months utilizing DecisionLender and DealerTrack, the credit union is doing about 30 percent more indirect lending volume. Dealers are shifting business to YVCU’s underwriters because the credit union is suddenly so much faster and simpler to work with.

And what about control? With the facts in hand, Ms. Stromme knows exactly which dealers are routing them the best paper grade and which are sending too many unacceptable apps. She also knows what each of her underwriters is doing. Lending guidelines are consistently applied, and with so much of the clerical work completed automatically by DecisionLender, she’s seeing big improvements in productivity.

“It’s a great system from a dependable company, and I’ve already recommended both of them to credit union people who are following the steps I took,” said Ms. Stromme.



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