



Case Study: Aberdeen Proving Ground Federal Credit Union Approves More Loans Faster with Equifax LoanCenter Consumer

Client Profile

Aberdeen Proving Ground FCU
Maryland's fourth-largest federally chartered credit union
76,238 members
\$583 million in assets

Challenge

Lack of automation and slow response times were impeding membership growth. APGFCU needed a more sophisticated loan processing system that would enable real-time decisions and improved customer service.

Solution

Equifax LoanCenter Consumer provides end-to-end loan processing including real-time decisions based on customer-defined rules.

Results

- Grew auto-decisioning rate from 13% to 30%
- Increased booking rate for dealer-initiated auto loans
- Improved member satisfaction
- Enhanced ability to accommodate growth

Challenge

When Aberdeen Proving Ground Federal Credit Union looked at its credit approval processes, it saw a glass half full: strong interest in loan products from its growing membership base, but poor ability to rapidly convert opportunities into booked loans.

With more than 76,000 members and \$583 million in assets, Aberdeen Proving Ground Federal Credit Union (APGFCU) is Maryland's fourth-largest federally chartered credit union. It offers members first and second home mortgage loans, personal credit, and vehicle loans.

APGFCU was experiencing strong growth in its membership base, but lacked the automation required to maintain its level of growth. Because of slow decisioning of the legacy lending system, credit union members often looked at — and opted for — competitor's loan products. Moreover, APGFCU's lending system did not offer the flexibility the credit union desired to help broaden its membership base.

In early 2002, the provider of the credit union's legacy lending system decided to discontinue support. This led APGFCU's executive and information technology (IT) teams to begin looking for a new, more sophisticated lending system.

Solution

After an extensive evaluation period, the credit union selected Equifax's LoanCenter™ Consumer, an automated loan processing system that is licensed on site.

"One of the most important factors in our decision was who could best help us keep our members off the streets, looking for another place to get a loan," said Margaret Combs, IT project manager. "The ability to quickly turn around a decision was crucial. We decided on LoanCenter Consumer because it gave us the ability to receive prompt decisions based on our own rules and to communicate each decision through the channel from which it came."

With LoanCenter Consumer, the credit union speedily processes credit requests from branches, from the call center, and also from car dealers via the Internet. Because there is no outside decision engine, decisions are made immediately, regardless of channel.

Another key purchase factor was LoanCenter Consumer's ease of customization. The system's extensive library of pre-coded

continued

rules (500+) enables APGFCU to tailor decisioning to its lending and pricing strategies.

"We were very pleased with the depth of LoanCenter Consumer's auto-decisioning engine," said Combs. "We're not constrained by some software developer's idea of how to approve a loan."

On August 4, 2003, APGFCU went live with Equifax's LoanCenter Consumer. "We haven't looked back since," Combs said. "LoanCenter Consumer has dramatically changed the way we do business."

Results

LoanCenter Consumer has made a high impact on the lending operations at APGFCU. Today, 100 of the credit union's 250 employees are either occasional or full-time users of LoanCenter Consumer.

The credit union is using LoanCenter Consumer for all consumer credit products. Loan officers can now focus their time on loans that fall outside of the credit union's auto-decisioning rules.

Automatic decisioning has been vastly improved. The previous system considered only the credit score in the decisioning process, and could automate only approvals, not declines. Since implementation, APGFCU has doubled its auto-decisioning rates, from 13-14% to 30%.

For more information, visit www.enable.equifax.com or call 1-800-722-6119.

Previously, when a member entered a branch to apply for a consumer loan, APGFCU's response took anywhere from several hours to more than a day. LoanCenter Consumer cuts the decisioning time to one or two minutes.

"From our members' point of view, the process of obtaining a loan product from APGFCU is much easier," Combs said. "Before, members had to wait through the underwriting and decisioning process. Now, our members are receiving real-time decisions right at the point of application. That means higher member satisfaction."

Rapid decisioning also means higher loan booking rates. For auto loans especially, speed is crucial to APGFCU. Dealers often make simultaneous loan requests to several financial institutions. Previously, it took about an hour for the credit union's dealer car loan team to respond back to the dealer by fax. Meanwhile, some dealers would secure financing from a competitor.

With LoanCenter Consumer's automatic interface to DealerTrack, APGFCU can respond within a few minutes.

In summary, LoanCenter Consumer has allowed APGFCU to approve more loans in real-time across multiple channels, which translates into much higher booking rates and greater member satisfaction.