

Case Study: Horizon Bank

Horizon Bank is a conservative, growing bank targeting prime to super-prime borrowers and offering products across a diverse platform. Noe Najera, vice president, senior consumer loan manager, joined the team in 2016, bringing with him close to 20 years of banking experience. At his last institution, Najera started an indirect lending program and built it up to a half-billion-dollar portfolio. To do the same at Horizon, Najera needed to make some significant changes—fast.

The Problems: Slow decisions, wrong tier structure and software limitations

When Noe Najera joined the team at Horizon Bank, he was ready to help the bank increase its indirect business, but the bank couldn't handle or generate increased volume with the loan origination software it was using. "At that time, we were performing at a very low benchmark," said Najera. The problems: being slow to market with decisions; not having the right indirect lending tier structure; and paying for loans they were going to get anyway. "Part of the issue was pricing, part of it was the system and part of it was understanding the indirect system software as a whole," said Najera.

Najera knew that the right software would be crucial to solving these issues, but he wasn't ready to settle on software he'd used in the past. He was on the hunt for something new and revolutionary. "When I started researching new loan origination software, I was looking for the latest, greatest technology," said Najera. Instead of bringing in the old, complex, hard-to-use program he'd used at a previous bank, Najera searched for a configurable, cloud-based system that could handle automated decision-making and would limit keystrokes.

That's when he heard about TCI Loan Origination Solutions and their responsive, cloud-based software, DecisionLender 4 (DL4). "It fit the criteria," said Najera. "For us, the ideal software would take the guesswork out of underwriting, be configured to analyze various data, and auto-calculate data sets as needed. It would eliminate the need to manually calculate ratios all while creating consistency in compliance."

Problems Solved: DecisionLender 4

Najera knew that DL4 could accomplish what he needed, but he still had to get buy-in from decision-makers in operations, the current president and others. To convince them, Najera arranged a series of demos to introduce DL4 to the team. "We showed them the demo and talked about the ease of use and how we can manage the system internally," said Najera. Further helping his cause was the laundry list of potential benefits DL4 could bring to the consumer lending team. Najera showed them how DL4 could be used to engage customers and

act as a single source to deliver the same level of service across all platforms. “I really got buy-in from the retail team on the direct side, which has over 60 locations, because of ease of use. They were losing opportunities, spending so much time navigating their old system.”

Implementation: Less than 100 days to launch

Once Najera settled on DL4, he didn’t want to waste any time getting started. Luckily, TCI was ready to give him the fast launch he expected. “We didn’t sign the contract with TCI until the third week of January 2018, and we went live May 1,” said Najera. “We had the entire platform up and running, staff trained, and had the indirect team all prepped and ready in less than 100 days.”

TCI was there to help Najera train too. The company arranged WebEx sessions and had personnel available to answer calls every day. Through all of this, Najera learned some important lessons about the easiest way to integrate DL4 into a bank’s operations. “You build up the first phase just to mimic what you’re currently doing with your policies, procedures and processes. In phase two, you build out and identify additional opportunities to become more efficient.” In all, Najera estimates his 12-person team spent a total of eight hours training, an amount he considers nominal.

Results: Short timeline, huge difference

Just three short months later, Najera says his employees love the system and continue to be excited about how it’s changing their processes and their results. And employees aren’t the only ones singing the praises of DL4. “Our 180+ dealers absolutely love it. Our communication is a lot more streamlined and we sped up our decision time. Before DL4, our goal was to decision in 20 minutes; now we’re doing it in less than 10,” said Najera.

The positive feedback is great, but looking at Najera’s measured results is even more impressive. Since implementing DL4 three months ago, Horizon Bank has increased their application volume by an average of 29 percent from year-end, without increasing staff. They’ve increased their closed applications by 23 percent and their autodecisioning rate has more than doubled—rising from 4 percent to 10 percent. “All of these results occurred after we made very minimal changes with DL4,” said Najera. Najera also notes that their error rates have gone down and that they now have time to focus on building relationships. Best of all, these results have come with a turn-time reduction of more than 50 percent.

The amount of applications handled per full-time employee has increased substantially as well. This puts Horizon Bank in the 75th percentile, according to the Cornerstone Performance Report for Banks, with their underwriters easily able to handle 980 applications per month. “Our dealers are submitting more loans, we’re approving more loans and we’re booking more loans, all with the same staff,” said Najera.