

Case Study: Numerica Credit Union

Since its beginnings in 1937 as the Spokane Railway Credit Union, Numerica Credit Union has merged with several other institutions and grown to serve more than 140,000 members throughout Idaho and Eastern Washington. In 2016 dealer services manager Jeremy Wheeler began looking for a new loan origination software that could give the CU's indirect lending program the responsiveness and flexibility it needed, which is how he found DecisionLender 4.

The Problem: Accommodating dynamic business demands

Banks, finance companies and credit unions routinely need to balance strategies for growth and retention while adhering to a budget. They need to keep one eye on trends and the other eye on projections, all while staying within regulatory confines. Sometimes, a bank's or credit union's strategies are focused on growth. Other times, the institution has to pull the reins in and slow down lending.

This is the situation Numerica's dealer services manager, Jeremy Wheeler, found himself in back in 2016. "We were growing like crazy, and then we were told to slow it down," said Wheeler. "If you're given a production budget of, say, \$300 million and you're on pace for \$400 million, you need to slow down really quickly."

One thing that a lender needs in order to be responsive to these dynamic demands is customizable loan origination software. As Wheeler notes, the ability to change focus at a moment's notice—rather than waiting a month for a software update—is extremely valuable. This need for flexibility is exactly why Numerica chose DecisionLender 4 (DL4) from TCI.

The Solution: Responsive loan origination software

"In any business, you're going to have trends. At various times throughout the year, you may need to increase or decrease production or focus on certain products," said Wheeler. To gain the agility necessary to respond to these needs quickly, many lenders must look for a new software solution, since their current software lacks the customizability required.

Not only does this software need to be flexible but it also needs to be implemented quickly, something Wheeler says Numerica got with DL4. Wheeler estimates Numerica began using the software just a few months after watching its first DL4 demo. Thankfully, even the training time was quick. "Training for the team took about two weeks," said Wheeler. "Our team played with it a few times, then we did enhancements. The team tested it again, and we did more enhancements. Then the team tried out the final version." Even with their final version in place, Numerica can still make major changes and test them through the TCI demo site, all without interrupting use of the current version.

One of the most important differences DL4 has made for Numerica is giving them greater control over customizing rules for auto-approvals. "With DL4, we can be more cautious and are

able to be better underwriters because the auto-approval system catches things that we might not.” Another feature Wheeler says they love is the ability to add automatic stipulations. “We can tell the system to put in requirements for us so we don’t have to do them manually. This saves us a lot of clicks, and that’s huge for us,” said Wheeler. All in all, it’s not just about the automation but the fact that the automation acts as a backup, helping Numerica make better lending decisions and, thus, reduce losses.

Of course, the primary benefit for Numerica comes from DL4’s responsiveness. “We can push business during RV season, then dial it down in the winter. Or, if we see trends we want to avoid, we can adjust. So we’re always changing it,” said Wheeler. “Having the flexibility to do that at a moment’s notice is very, very helpful.”

The Results: Fewer errors, increased auto-approvals, increased yield

A year after integrating DL4, Numerica has really felt the shift. They’ve increased their auto-approvals by more than 50 percent and reduced turnaround time by more than a minute, which makes a significant difference for a credit union that processes 100 applications per underwriter on the weekdays and 300 to 500 on a busy Saturday.

And the increase in turnaround time and auto-approvals has not come at the expense of accuracy. “I’d estimate our errors are down 20 to 30 percent,” said Wheeler. One reason for the error reduction is that DL4 auto-populates rates for changing loan terms. “With DL4, if I went from an 84-month term down to 60 months, the system will change the rate for me. The old system did not, so we’d have numerous rate errors,” said Wheeler. “It also gives the ability to price differently for different vehicles and model years, which has also helped us increase yield.”

Wheeler may not know where the future of lending will take Numerica Credit Union, but he does know that with DL4, he and his team will be able to quickly and easily adjust. “Life is in constant motion, so you need to be nimble and flexible with your services. One year you may need production and the next year you may need yield. The year after that, maybe you need both,” said Wheeler. “The fact that we can respond to these needs immediately is huge.”