



Case Study: Jonestown Bank & Trust

Community banks fill an important role, acting as support systems for the counties and towns they serve. Jonestown Bank and Trust (JBT) has been doing just that for Lebanon Valley, PA, since 1873, helping sustain the community's needs through both the Great Depression and the Great Recession. When Kody Sitch joined as Dealer Sales Manager in 2016, he knew that if JBT wanted to deepen its service to the community, they needed to invest in loan origination software.

The Problem: A longstanding community bank lacking the right tech

If there's one thing Kody Sitch knows a lot about, it's dealerships and indirect lending. Having worked on the dealer side for six years, he brings a unique point of view to the table, something the executives at Jonestown Bank & Trust recognized immediately. "One of the reasons I was hired was because of my knowledge of the day-to-day operations of dealerships and what they're looking for," said Sitch.

Coming into JBT, Sitch immediately saw what their biggest problem was: a super slow application turnaround time. JBT's tech—or lack thereof—was to blame. "When I first came, JBT's application turnaround time was 15 minutes. We were pulling reports separately, using a fax machine and doing everything by hand," said Sitch.

Because dealerships don't want to make their prime and superprime borrowers wait, JBT started seeing mostly lower Tier 2 and Tier 3 borrowers. Sitch says he understands why. "The quicker you can get a Tier 1 borrower in and out, the better it is for the dealership. Bringing in a superprime borrower and telling them it's a 15- or 20-minute wait slows down the dealer's flow and control."

You might think that having worked on the dealer side, Sitch had special insight into what loan origination software JBT should be using, but the truth is, he didn't even know about this

component of the lending process. “On the dealer side, you never talk about the loan origination system. You don’t know what that platform is,” he said.

Sitch had promised to bring the indirect lending division of the bank to the next level in a very short time and to do this, he needed technology that would integrate with F&I software. That’s when he started looking at TCI. “TCI had all the answers and all the technology. Other companies I talked to sounded small scale or lacking in knowledge. Hands down, TCI and DecisionLender 4 (DL4) were the best.”

The Solution: Quickly integrating faster software

After being with JBT just two weeks, Sitch sat in the boardroom with the executive team and gave them a demo of DL4. He then reached out to TCI and asked them to do a demo with the team.

Before implementation, Sitch had one minor hurdle to clear. Since JBT was used to running an indirect lending program via fax machine, it wasn’t used to paying for loan acquisition. “JBT had done it for 17 years without ever spending a dollar.” But, as Sitch pointed out to executives, if JBT wanted to increase their indirect lending and start snagging prime and superprime borrowers, the fax machine simply wasn’t going to cut it. And that’s why he explained to the board, “[I]t was going to cost money to make money.”

A few months later, Sitch had DL4 up and running. After adding a handful of dealers to test the new system, business suddenly took off, all on its own. “News in this industry spreads like wildfire. We ran five to six dealerships on DL4 for the first month, and it just grew,” said Sitch. In fact, it grew so much that the bank stopped him from bringing on any new dealers. “I’m just now getting to call dealership leads from a year ago.”

The Results: Better borrowers and tremendous growth

In JBT’s 2016 annual report, they note that even though the official rollout of DL4 wouldn’t be until 2017, indirect lending balances had already grown by 16 percent in the last quarter—just two months after they began using DL4. Further, they’d noticed a marked increase in the number of loans with higher credit-rated borrowers.

In the 2017 annual report, indirect auto financing was referred to as “a big success story,” having grown by 70 percent throughout that year. At \$44 million, JBT noted that indirect lending now made up 21.5 percent of the bank’s total loan portfolio.

One of the reasons for this tremendous growth is the advantage that speed has given them. “Before, our application turnaround time averaged 15 minutes. Now, our average turnaround on referral deals is about one minute, 20 seconds,” said Sitch. “Our autodecisioning is so fast, it can get an answer back within one second.”

Sitch credits autodecisioning as the feature that’s having one of the most significant impacts on quality of borrowers, and he knows why. “When I worked for dealerships, nine out of ten times my first choice was to go with a lender who gave an autodecision to keep that sale moving. In the auto world, you need speed, and autodecisioning gives us that.”

While he and his team are enjoying the success of JBT’s rejuvenated indirect lending program, Sitch’s sights are set on the future. Critical to that future is the range of options and customizability DL4 offers. “It’s been exciting to learn how custom DL4 can be ... to know that if we eventually wanted to do bridge-to-core and e-contracting as we grow, TCI can help us with these processes.”