



Case Study: St. Paul Federal CU Pilots Lending 360

More Lending Business and Greater Efficiencies Come Included

Overview

St. Paul Federal Credit Union (SPFCU), headquartered in St. Paul, MN, is a smaller financial institution with an outstanding reputation. For the past three years, SPFCU has made DepositAccounts.com's list of 200 Healthiest Credit Unions, ranked at No. 12 in 2018. Additionally, SPFCU has been recognized by Best Companies Group and Credit Union Journal as one of the best credit unions in the country to work for. SPFCU was chartered in 1953 by a group of St. Paul electricians to serve members of the International Brotherhood of Electrical Workers, Local 110. The credit union opened its doors to the entire St. Paul community in 2005. Today, the institution has nearly 12,000 members who are well served by about 24 employees. SPFCU holds assets of approximately \$172 million.

The Challenge

St. Paul Federal Credit Union may be a smaller financial institution but that doesn't stop its leadership from thinking big. They want their members to enjoy conveniences that are on par with the largest banks and credit unions. In order to accomplish this goal with a small staff, SPFCU relies on technology. Unfortunately, when it came to handling loan applications, the technology at SPFCU wasn't getting the job done.

"The product we were using was completely lacking in features, the ability to do anything, and it didn't have a mobile friendly design," recalls Chris Petersen, EVP/CFO/CIO at SPFCU. He knew that more robust online loan origination systems were already on the market. Even worse, there was a chance that SPFCU members would have known that as well. Credit union management was anxious to find something much better.

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Along with matching the competition, a major objective for the upgrade was to avoid building more physical branch locations. “We were really trying to shift the focus of members and give them an opportunity to get a real-time decision online,” Petersen explains. “We wanted to let them know they were pre-approved without having to pick up a phone and call us or come into an office. And we wouldn’t have to have employees sitting, just waiting for them to come in.”

SPFCU had come onboard as a PSCU Owner in 2008, primarily for Total Member Care (TMC) call center support. As a complement to that service, the credit union wanted to stay with PSCU for its loan origination upgrade. When PSCU partnered with CU Direct in October of 2017 to offer the Lending 360 solution, SPFCU was eager to begin implementation as a pilot credit union.

Solution

Lending 360 is an origination platform built specifically for credit unions that support consumer lending, indirect lending, and online loan applications. The product offers streamlined origination, underwriting processing and disbursement, enabling credit unions to increase productivity and efficiency. Additionally, just as SPFCU had anticipated, Lending 360 is designed to work in conjunction with TMC.

Petersen described the implementation process as “pretty much starting from scratch.” As part of the implementation project, weekly working calls were set up, work sheets were completed (loan type details, rates/terms, integration settings, etc...), and the different loan products to be offered along with how they would be configured with the credit union’s core system were established. A matrix was built for the solution’s “decision manager” to match SPFCU’s internal policies. The credit union also worked with PSCU to have scripting in place for TMC call agents.

As one of the first credit unions to adopt Lending 360 with PSCU, Petersen says the implementation took a little longer than expected but has been well worth the wait. “It’s certainly a million times better than the product we were using,” he declares.

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To enable members to finalize their paperwork through the new loan origination system, SPFCU contracted with DocuSign which integrates well with Lending 360. Petersen likes DocuSign because so many people are already familiar with it, and he is very comfortable with the product's ID verification process.

Once Lending 360 was in place, SPFCU employees still had to become acquainted with the solution. Today, a few months from when the project was greenlit, Petersen observes that using the system is starting to become like "second nature" to the credit union's staff.

Results

Just as had been hoped, SPFCU members have readily embraced the new loan origination system. "Members like the fact that they don't have to come in," Petersen says, "They put the application in, we do the work, and they can sign. We're really taking a load of work off the members. Whether you're in Minnesota or sitting in Florida, it's convenient for both parties."

Petersen describes the loan application process through Lending 360 as cleaner with less information being needed of the loan seeker. As a result, fewer members who start an application bail out before they finish.

SPFCU is also seeing a significant uptick in lending as well, thanks to the new system. "You'll come in a Monday morning and notice a dozen applications from the weekend—applications that I'm sure we were losing," Petersen notes. The best part is that having more business is not adding to workloads, thanks to efficiency gains that Lending 360 provides.

A key to increased efficiency is how well the various components integrate. Application input, credit reports, decisioning, and document signing are all managed by a single application. "Before, we were jumping between systems—pulling credit reports from one system, generating a document out of another, and then uploading something to a third system for keeping records," Petersen remembers. "To bring all of that into the Lending 360 platform certainly helps keep staff far more efficient."

"We had set forth looking at ways that we could use technology and electronic services," Petersen states. "Lending 360 is doing everything we were expecting it to do."

He concludes, "Lending 360 is a robust online and branch loan origination system that allows us to improve our processes and efficiency and provide a better member experience."