



CREDIT UNION
TECHNOLOGY



DIGITAL LENDING

The Global Digital Lending Platform Market size is expected to reach \$11.6 billion by 2025, and CUs would be remiss if they passed on the chance to grab a piece of that.

Why Choose Us?

FLEX has disrupted the credit union core system marketplace by enabling efficient solutions for digital transformation and sustainable growth. FLEX will allow credit unions to launch a full-service digital banking suite with innovative member facing technologies and automated services. Credit unions will buy back lost time by remapping the digital journey and increasing member loyalty.



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DESKTOP, MOBILE, & THE CROSS-CHANNEL JOURNEY

There is little doubt that borrower expectations have increased over the years. Members looking for a loan still consider the standard details such as interest rate, term, payment amount etc., however, the simplicity, convenience and speed of their digital experience have become key factors of who they ultimately borrow from.



A recent PwC report found that three of the four demographic groups polled in their study would rather be online for each phase of the borrowing process as opposed to more traditional channels, i.e. in-branch or over the phone.

With years of pent-up demand for online and self-service features, digital banking is now commonplace and has become somewhat mainstream. A survey of 706 financial institutions conducted by the Federal Reserve Bank of Boston found that 89% of banks and credit unions now offer mobile banking services. With so many FIs going digital, simply offering online banking to members is no longer good enough.

Knowing that most members prefer an online lending process and most financial institutions offer digital banking features means credit unions have to differentiate themselves in order to stand out. One way to accomplish this is through offering a unified cross-channel experience. The overall look and feel of digital services should be consistent. Members expect to be able to pick up a loan application in-branch where they left off on their mobile device. FLEX brings this level of cross-channel experience by offering a digital lending solution that is tightly integrated with the core loan origination system.



MAPPING THE MEMBER JOURNEY

Journey mapping, according to the [CUNA Technology Council](#), “is an engaging, collaborative process used to map out a particular experience from the member’s point of view. It involves identifying pain points and designing new processes to create a seamless member experience.” Oftentimes we become so entrenched in the details of technology deployment that we lose sight of how the member, new or existing, experiences our products and services.

Digital services are typically the most frequent way members engage with credit unions so it's crucial to ensure their experience is frictionless.



The Members Point of View

The traditional in-branch lending process is oftentimes less than desirable, in terms of the member experience. Some of the biggest frustrations encountered during an application process is the paperwork, the lack of transparency and the time it takes to approve and fund the loan. The entire process can be overwhelming, painful and slow.



Approaching digital services with a member-first point of view will allow a credit union to better understand what members expect and experience throughout the lending process. Go through your credit union's application process and you might be surprised to find pain points you didn't know existed. However, member expectations are no secret. They want simplicity, efficiency and transparency. Online lending with FLEX delivers a member-centric lending experience through minimal data entry, quick decisioning and signing documents electronically.

Member vs. Non-Member

For potential members, digital platforms are often their first experience with the credit union so it's crucial to make a good impression. Allowing non-members to digitally submit a loan application without visiting a branch or creating an account is a step in the right direction for boosting membership and loan growth.

Some credit unions only allow current members to apply for a loan and strictly offer the application behind the member account login. This is a deterrent for non-members. They want to know if they qualify for a loan with your credit union before they ever consider opening an account. Additionally, many competitors in the consumer lending market offer non-member loan applications; which means, if your credit union doesn't, you'll quickly be skipped as they look for a more convenient process.

FLEX has designed the non-member application to be frictionless. Credit unions can customize the fields that are required and are allowed flexibility in creating the application workflow. Give non-members the quality experience that you provide current members and you might see the growth your credit union has been looking for.



Application Abandonment

Want members and potential members to hit that 'submit' button at the end of their loan application? Signicat, an identity assurance provider, commissioned a study of 2,000 consumers examining their experiences when applying for a financial product. The study revealed that 40% of the respondents have abandoned applications. More than 1 in 3 (39%) abandonments were due to the length of time taken to complete the application.



Reduce data entry by only asking for critical information, nothing more. Require as few keystrokes as possible and make forms easy to navigate. Scrolling and keystrokes take more time and effort, especially on mobile devices.

Implementing these practices will likely decrease the number of abandoned applications a credit union experiences and increase overall convenience for the member.

APPLICATION APPROVAL

The member's online loan experience is not over once they tap "Submit". In fact, one could argue that this is when the most important phase of the process begins. This is where decisioning, counteroffers, communication, signatures and funding all take place. This is when you make or break the member's experience.

Remote Funding vs. Branch Funding

While the PwC report found that 75% of the demographic groups polled in their study would rather be online for each phase of the borrowing process, the data also reveals a correlation between age and the desire to perform actions digitally. It may not be shocking that as the age of a member increases their preference to digitally research, apply and sign for a loan decreases; but you might be surprised to know that the "Silent Generation", ages 73 to 83, is the only demographic where less than 50% prefer to review and sign loan documents digitally. How much of your post-application lending process can be performed digitally or remotely?

Whether a member is 37 or 73, it's important to offer multiple channels to close a loan and the experience should be seamless, especially when transitioning from one channel to another. If a member begins a loan application in-branch, they should still have the ability to sign and close digitally. Also, if they begin the process digitally, they should be able to switch channels and close the loan by visiting a branch without any friction. FLEX is designed to allow seamless transitions between in-branch and digital lending channels.

Decisioning

What is the member's expectation when they tap "Submit" on their loan application? Are they expecting to wait a few days and receive a phone call? Are they expecting an in-line text box to pop up with an approval message and interest rate offer? Member expectations can vary depending on the credit union's field of membership but are today's consumers comfortable with waiting very long for an answer to any inquiry?

If your online application process is simple and fast, but the time required to receive a decision is longer than expected, the member's overall experience will suffer. While not every credit union can justify a full-blown decision engine, it is vital to speed up the process. If you process applications manually, be sure your staff is equipped for the volume coming in and responds quickly to new applications. If you have a loan decision engine such as the Hart Integration with FLEX, members will enjoy a quick response based on the approval matrix configured and defined by the credit union.

The Connecticut-based, \$22 Million in assets, Tri-Town Teachers Federal Credit Union leverages the FLEX Hart decision integration. Director of Marketing and Member Development, John Coniglio said, "We are dedicated to providing our members with the latest and greatest technology. We are using the HART Software integration with FLEX, our core provider, which enables automatic decisioning on loans and gives our members an immediate answer to loan requests."

Whether you work online applications on a case by case basis or use a decision engine, enhance the process to be fast so you can provide the member with a decision quickly.

eSignatures

Roughly 50% of Baby Boomers, ages 55 to 72, and nearly 75% of Millennials, ages 20 to 36, prefer to eSign documents remotely. Signing forms and disclosures to close a loan can be a detrimental point of friction. If a credit union's entire application and decision process is done digitally and remotely only to culminate in asking the member to drive to the branch to sign a form, it may cause enough inconvenience for the member to go elsewhere.

FLEX offers integration with multiple eSignature providers to ensure a seamless experience for the member as well as credit union staff. Many financial institutions leverage stand-alone eSignature services that exist outside the core system or simply send documents from the core yet returning items have to be imported manually.



eSignatures

FLEX allows for sending, receiving and archiving of eSignature forms and documents without ever leaving the core. Once documents are signed or viewed by the applicant, an instant notification is delivered to a credit union staff member. Accompanying electronically signed forms is a legally-binding, court-admissible audit trail.

FLEX supports “Certified Delivery” functionality. This gives the credit union the ability to send documents that don’t require signatures or initials but allows the credit union to track whether or not a member has viewed the documents.

Credit union staff have the ability to secure emailed documents with a password. When the member receives the email they are prompted to enter the same password that was initially entered by the credit union. This password is stored in FLEX.



SECURITY

Be Transparent

Using digital channels for lending requires added diligence regarding security and privacy. Provide callouts to what user information is being collected and display or link to your privacy policy whenever requesting personal data.

Mobile App

FLEX builds native apps and does not use non-SSL links. We validate the authenticity of all SSL certificates and do not require web views from third-party URL's. Additionally, FLEX is absent of build and configuration setting weaknesses. FLEX believes that security measures should not be an afterthought and are key to a successful mobile banking platform. With the industry struggling to find a balance between security and usability, FLEX provides the perfect equilibrium.

Applicant Validation

Oftentimes, information provided by an applicant needs to be reviewed or verified. This ranges from income to identity of the applicant. For non-member applicants, identity check verification measures can occur prior to processing the loan using built-in integrations with ChexSystems, Deluxe Detect or Verafin.

ANALYTICS

Google Analytics

Google Analytics is a free web analytics service that can be incorporated within your credit union's website, internet banking and mobile applications. Powerful analytics can show a credit union how members and non-members interact with your digital platforms and features. Learning how to read key metrics such as Conversion Rate, Bounce Rate, Top Pages and Customer (member) Lifetime Value can provide value and insight into how well your digital services are performing.

Relevant Data Points

It is vital to track member activity during the application process. Identify each step uniquely and ensure that all entry and exit paths for each step are captured and reviewed on a regular basis. Collect and review error information so corrective actions can be taken.

Identify all the conversion events that contribute to a completed application, not just the loan submission itself. For example:

- What drove a visitor there - the campaign ID associated with the ad or email, for instance.
- Number and type of products or services viewed prior to converting.
 - Interaction with content at each stage of the process.

Traffic Sources

Not all traffic sources are created equal in driving conversions, so develop an understanding of where applicant traffic is coming from and its overall quality. Some channels may be better for the non-member's journey (direct traffic and social media for example), while others may be important to entice the completion of the loan application (personalized offer in email).

A/B Testing

Measure and test entry points that are driving the best results. Regular A/B or multivariate testing can help paint a picture of what may be deterring or enticing members to abandon or complete an application. Determine which variables are the most appropriate to test at each stage of the research and application process.

It's important to test only one variable at a time in order to attribute the result to a single factor. Additionally, consider testing the amount of member information required during the application. For example, exclude input fields not necessarily needed at the time of application, such as marital status, repayment method, multiple phone numbers, debts and obligations, previous addresses and more.

MARKETING YOUR LOANS

Borrower Personas

The concepts of persona marketing can be applied across many aspects of a credit union business. A persona is a semi-fictional representation of a member based on market research such as demographics, behavior patterns, motivations, income, credit score, etc. Personas are used to create a precise image of an ideal member to market. The purpose of persona marketing is to be able to make an offer to a unique individual with unique interests, wants, needs, habits, and behavior. Gone are the days where success can be experienced by offering the same product to everyone in hopes that it is universally appealing.

Nobody knows your membership like you do. Use this knowledge coupled with data analysis to research and create several different member personas. Doing this will provide a clear idea of who the target audience is for each specific loan type the credit union offers.

Going through this exercise might also reveal that the loan types currently being offered should be adjusted to better match the needs of your membership.

Application Funnel

With so much competition in the consumer lending market, simply having digital loan applications doesn't mean members will borrow from you or even know they can apply online.

It's important to take the time to define a marketing funnel in regards to digital lending. The marketing funnel is a tool that helps you visualize the member journey and the path they take to become familiar with your credit union, from awareness to closing.

Your marketing funnel should include the following four key stages: awareness, application, decision, signing/closing.

Awareness:

The goal of awareness is to show members the value of borrowing from your credit union over the competition. Be helpful and educate during this stage. Avoid coming across as overly salesy but give specific details about your loan offering and why it's advantageous. Awareness channels might include social media, billboards, signage inside and outside the credit union, word of mouth, community events, emails, in-app notifications, etc. Marketing and awareness for your loan products should drive members towards the loan application.

Application Funnel *Continued*

- Quick Awareness Tips:
 - Embed an “Apply for a Loan” Call To Action (CTA) on the homepage of your website. The home page of a website typically experiences the most traffic and search engines, such as Google, commonly direct traffic to the home page when relevant keywords are used in a search. FLEX offers eReceipts to be sent to members when performing in-branch transactions. The eReceipt is a great opportunity to include information on your latest loan rates with a CTA linking to your application page.
- **Application:** The loan application is a funnel in itself. Not everyone who begins an application will finish it, however, the goal is to make the process so short, convenient, and frictionless that the drop-off or abandonment rate is minimal. Show the member’s progress throughout the entire application. This creates transparency and manages the member’s expectations of the time it will take to complete the application.
- **Decision:** As applicants flow toward the bottom of the funnel, it’s natural that some will be filtered out. Ideally, the credit union is doing the filtering out, not the member. As the applicant approaches the bottom of the funnel, the decision process needs to be quick enough that the member doesn’t become impatient and start looking elsewhere for their loan.
- **Signing/Closing:** Applicants who have made it to the bottom of the funnel are qualified and ready to close. If done correctly, signing documents electronically and closing the loan might be an overlooked experience by the member. However, if closing takes longer than expected or becomes a hassle, the entire experience can become sour. FLEX offers integration with multiple eSignature providers, including DocuSign and eDoc, to make signing and closing a simple step for the member.

Meet Your Members Where They Are

Credit unions already have a captive audience in their membership who use online and mobile banking. Leverage this as an opportunity to educate members about your latest rates and loan promotions. FLEX provides screen real estate for advertisements. The ads shown can be customized by the credit union and hyperlinked to any of their web pages, including their loan application page.

How to Reach the Non-Member

Non-members might not know what promotions you offer or that your credit union even exists. Come up with strategies for digital consumers to find your credit union online. This might include creating an “inbound” marketing strategy with consistent and value-adding content ie. podcast, blog, website, social media, etc. Search Engine Optimization (SEO) should also be a major focus. SEO is the practice of increasing the quantity and quality of traffic to your website through organic search engines like Google or Bing. There are plenty of strategies and techniques which can be implemented to increase your rank with search engines. The overarching aim is to be number one on Google’s search results page when a member or non-member in your field of membership searches, “credit union loans near me”, “credit union loans in XYZ city”, etc. Don’t lose out on loans simply because non-members cannot find you online.