

Customer

Local 804
Federal Credit Union

CEO

Ysemny Abood

Location

Long Island City, NY

Assets

\$16.7M

Members

2,689

Branches

1

FLEX Integrations

Online Banking
Mobile Banking App
Digital Lending
Remote Deposit Capture
Bill Pay
eAlerts
Digital Member Applications
eStatements
Digital Check Images
Loan Modification
Card Issuance
Shared Branching
Relationship Pricing
Automated EOP
Disaster Recovery

Case Study | Digital Lending

A New York credit union sparks loan growth through digital lending

The Challenge

As with many other credit unions, times were tough for the Long Island City-based Local 804 Federal Credit Union in 2008 and 2009. However, unlike the majority of financial institutions, they continued to struggle from a lending perspective in the following years. In 2016, Local 804 found its loan portfolio at an all-time low (\$5.7 million). Total assets were increasing and their Net Worth Ratio was a healthy 23.12, but without the necessary interest income, Local 804 could find themselves facing financial difficulty before long.

The Solution

As the curtains closed on 2016, Local 804 knew they needed to offer their members a more convenient way to apply for loans. By the first quarter of 2017 new digital loan applications were natively integrated to the credit unions website and mobile banking application.

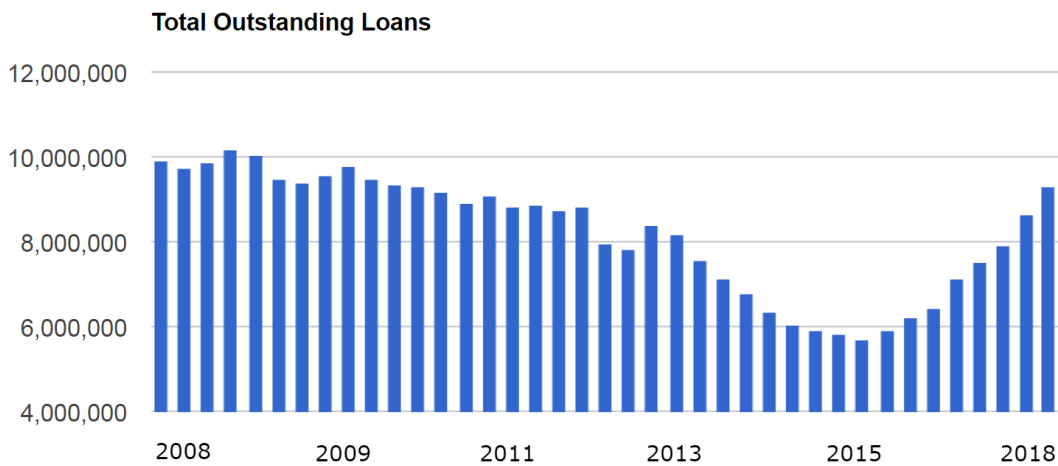
When asked about the impact of offering digital lending solutions to their members, Local 804 CEO Ysemny Abood said, "The minor adjustment of taking our loan applications digital has made a major impact on our bottom line". The credit union now manages a loan portfolio of \$9.3 million, a 61% increase from their low in 2016.



FLEX

Since implementing digital lending in 2017, Local 804 Federal Credit Union has grown their loan portfolio to \$9.3 million.

Local 804 Federal Credit Union was experiencing a steady increase to their total loans and leases up until 2008. "We saw some hard times in 2008 and 2009 but so did all of the other credit unions around us", said Abood. "But our lending numbers never rebounded like many other credit unions in our peer group. We were on a steady decline until we hit what felt like rock bottom, in 2016".



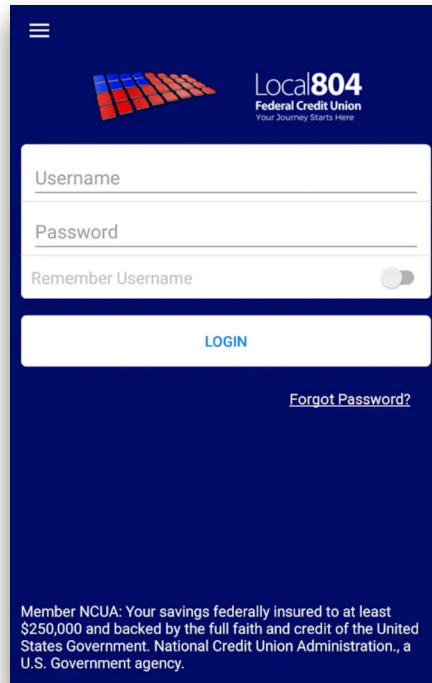
During this eye-opening experience, Local 804 decided to re-evaluate their member experience as it related to lending. They found that their current lending process was too cumbersome and required members to apply in-branch. They also discovered that most of their local competition was offering digital loan applications. "We realized that we needed to meet our members when and where they need us, not the other way around", Abood explained. "This meant taking our lending offers digital. We were expecting to see an up-tick in new loans but we didn't expect it to happen as quickly or at the scale which it did".



Ysemny Abood, CEO

Local 804 Federal Credit Union's Loan-to-Share Ratio went from 50%, prior to implementing digital lending, to 78% after.

Local 804's Loan-to-Share Ratio directly reflects the success they are experiencing through their digital lending efforts. When asked about the excitement this has generated for the credit union, Abood shared, "We couldn't be happier about the success we've seen through offering our members more convenient ways to apply for loans. Many of our members have our mobile banking app and can apply through a channel they are already in."



Local804 Federal Credit Union
Your Journey Starts Here

Username

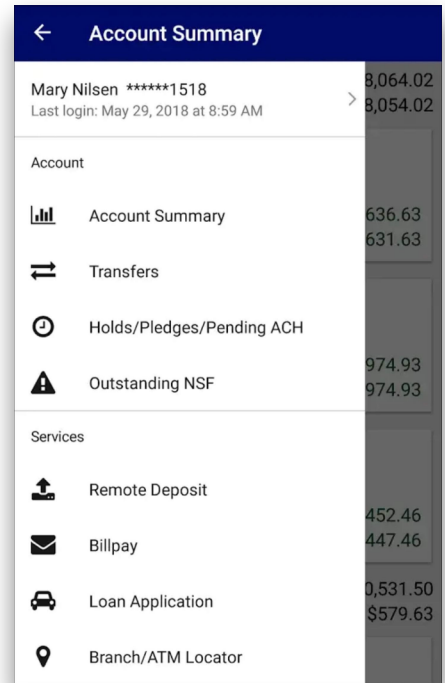
Password

Remember Username ☐

[LOGIN](#)

[Forgot Password?](#)

Member NCUA: Your savings federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government. National Credit Union Administration, a U.S. Government agency.



Account Summary	
Mary Nilsen *****1518	8,064.02
Last login: May 29, 2018 at 8:59 AM	8,054.02
Account	
Account Summary	636.63
Transfers	631.63
Holds/Pledges/Pending ACH	
Outstanding NSF	974.93
	974.93
Services	
Remote Deposit	452.46
Billpay	447.46
Loan Application	0,531.50
Branch/ATM Locator	\$579.63

The credit union offers both Android and Apple versions of their mobile banking app and both carry a similar user experience and functionality. "We found that offering loan applications in the main navigation menu of our app has generated good awareness of our loan suite. In a sense, it acts as a form of marketing to our existing membership which has played extremely well with our initiative of meeting our members where they are", Abood confided.



In 2016 Local 804 funded \$227,000 in loan originations per employee. By Q3 of 2018, they were at \$442,000 per employee.

When asked about the increased efficiency by implementing digital lending, Abood explained, "Clearly our numbers show that we have been able to do more with less. To me, that's what technology is all about. We want to grow our credit union and we know that efficient technology coupled with capable employees will achieve this aim."

As a small credit union in a competitive market, Local 804 continues to add value to their membership by leveraging modern digital technologies.

The screenshot shows the Local 804 Federal Credit Union website. The header includes the logo with '40 years 1978-2018' and navigation links: JOIN, CHECKING, SAVINGS, LOANS, ONLINE SERVICES, SERVICES, INSURANCE, and a LOGIN button. The main content area has tabs for 'Auto Loans', 'Recreational Vehicle Loans', and 'Related Products/Services'. The 'Auto Loans' tab is active, displaying a car icon and the text: 'With an Auto Loan from Local 804 FCU you can finance your new or used car purchase or refinance an existing higher-interest vehicle loan to lower your monthly payments. Apply for your loan before you go shopping for your new vehicle and make your best deal with cash in hand.' Below this, it states 'Choose from flexible terms ranging from 60 to 84 months to finance:' and lists two options: 'New vehicles (up to 2 years old) - up to 100% of the purchase price' and 'Used vehicles (2-7 years old) - full Kelly Blue Book Value.' On the right side of the page, there is a sidebar with a blue header 'Auto Loans' and a list of features: 'Easy & Affordable', 'Flexible Terms', 'View Current Rates', 'Loan Calculator', and 'Loan Application PDF'. At the bottom of the sidebar is a red 'Apply' button.

About FLEX

FLEX was founded in 1978. Since then, the company has grown to more than 120 employees with a management team that represents some of the most experienced professionals in the industry, having a combined 110 years of experience and service. FLEX serves over 250 credit unions in locations across the country including Alaska, Hawaii, and the Eastern Caribbean. The company enjoys established relationships with all regulatory agencies, corporate credit unions and major industry partners. In recent years, credit union industry personnel ranked FLEX first among competing vendors for customer satisfaction.

