



# Addressing Competing Priorities of Lenders and Members with Human-Centered Design



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Today, credit union mortgage lenders are facing a dilemma. It's not a unique one, but it represents a sizable risk to growth and, especially, innovation.

The issue is competing priorities. On the one hand, member-centric credit unions want to provide a digitally transformed experience for borrowers. On the other, they want to achieve operational efficiency to improve overall member satisfaction.

Credit union lenders must choose between solutions that benefit through-put and those that enhance member experience. It's very difficult for them to choose the former over the latter, or vice versa. This is understandable given the various current market conditions and challenges the movement's lenders are facing.

Addressing conflicting requirements starts by deconstructing what both sides of a modern home loan transaction are looking to achieve. What are the true pains, gains, needs and jobs to be done underpinning “digital experience” and “operational efficiency”?

## MEMBERS WANT SPEED; THEY PRIORITIZE KNOWLEDGE

As for members, we hear a lot about the mounting demand for speed and self-service, a long simmering trend now boiling over thanks to Covid-19. However, research conducted by CUNA Mutual Group's H2 Innovation Center, both before and during the pandemic,

revealed consumers prioritize a different pair of experiences.

Learning and empowerment scored much higher than speed and self-service.

Homebuyers and refinancers absolutely appreciate speed, yet they prioritize a firm grasp of the various nuances that exist in today's complex mortgage process. They appreciate micro-moments of discovery that create a sense of control and enable savvy financial decision-making.

A new study of consumer attitudes backs this up. In a consumer survey by marketing research firm Meyocks, 88% of consumers said brands should provide valued-added information to their customers.

### LENDERS WANT EFFICIENCY FOR MORE TIME WITH MEMBERS

Digging into the lender desire for operational efficiency, CUNA Mutual Group researchers made similar discoveries about root causes. Whereas the industry talks about things like automation of manual tasks and better connections between systems as means to larger volumes, there is another, more coveted, outcome for credit union lenders.

The research, which included qualitative one-on-one sessions with lenders from credit unions of varying sizes, showed that efficiency really meant reaching a state where staff could slow down, answer questions and build lasting, impactful relationships with members.

It's not uncommon for a credit union lending officer to express a desire to "get our originators off the phone." But that's not because they don't value the human-to-human aspects of their vocation. In fact, it's the exact opposite.

What CUNA Mutual research showed is that lending supervisors are happy to have staff on the phone—if they are counseling a member on the size of a down-payment or breaking down a loan estimate; not so much if they're populating redundant member data into an outdated LOS.

### HUMAN-CENTERED DESIGN UNCOVERS THE ROOT NEEDS

CUNA Mutual Group's research was conducted as part of a human-centered design approach to digital lending innovation. Human-centered design is an iterative process during which design thinkers focus on user needs in every single phase of design. In our team's case, that user was both the credit union member borrower and the credit union lender.

The idea is to gain empathy with users across their entire experience by having a strong grip on context. One of the valuable outputs of this exercise is the identification of behavioral archetypes. This helps design thinkers define groups of users and better understand the various constraints and comfort levels each group is operating under.

Against the backdrop of this research, the conflicting requirements of lending innovation start to look a lot less conflicting.

Members want to gain knowledge and empowerment; lenders want to give it. As lenders evaluate new people, processes and technologies to drive growth and innovation, they'll need to look for solutions that make these two ambitions a reality.

These solutions should be geared toward transforming what may appear at first blush to be competing priorities into one symbiotic experience, dropping the wall between member and lender. After all, that's the new expectation.

### AT THE CONFLUENCE OF HUMAN EXPERTISE AND MACHINE CAPABILITIES

The pandemic catapulted innovations that drive efficiency through machines and generate learning through humanity to entirely new levels of success.

Telehealth platforms helped doctors see more patients without sacrificing personal engagement. Digital white boarding solutions mirrored in-person brainstorming without the time, expense and physical risks of getting everyone in a single room. At the height of local shutdowns, fitness centers shipped latent equipment to clients' homes and

conducted personal training sessions via IoT technology. ("The Internet of Things," or, IoT, is the network of physical objects that are embedded with sensors, software, and other technologies for the purpose of connecting and exchanging data with other devices and systems over the Internet.)

Providers have proved they can deliver the best of both worlds. Consumers have seen the possibilities. Through the confluence of human expertise and machine capabilities, they are solving their medical issues, achieving their professional to-dos and beating their fitness goals.

The same expectation is coming for the lending industry—if it isn't here already.

For both lending technology developers and buyers, the key will be laser-focus on the user's actual pains, gains, needs and jobs to be done, not just the ones that get the lip service. The principles of human-centered design have never been more critical to ensure innovation adequately addresses needs, whether those needs are actually competing or not.



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