



Tuning Credit Union Automation for Efficiency



By Jeff Williams
FICS

Credit unions set themselves apart from other financial institutions by providing exceptional customer service. Experts in delivering a satisfying member experience, credit unions are often leaders in their markets.

But what satisfied mortgage borrowers in the past may not be the key to the same high scores in the future.

This is especially true in mortgage lending, one of the most complex products the credit union offers to members.

This past year, servicers had to quickly implement forbearance programs with varied requirements based on the different agencies and loan types. Now, servicers are navigating the end of Covid-related forbearance for many

borrowers.

Credit unions that are well versed in technology and experienced in servicing have navigated the forbearance process successfully, keeping their members happy.

Leading credit unions have been using technology effectively for years, but during that time new tools and processes have been layered across the enterprise such that few are enjoying the efficiencies that modern loan origi-

nation and servicing software were designed to provide.

Now is the time to take a closer look at automation in your credit union. Auditing the tech stack, drilling down to required capabilities and ensuring the right functionality is both available and turned on in your institution. By doing this work now, your credit union will be prepared to shine, whatever industry changes are on the horizon.

AUDITING THE TECH STACK

The first step in determining how well your credit union's existing tech stack is meeting its needs and the changing needs of its members is to slow down—as crazy as that may sound in a real estate market that won't slow down.

Performing a thorough audit of the processes and technologies your credit union currently uses doesn't take long. The benefits make it time well spent.

Many credit unions have built up various processes over many years, decades in some cases. If they don't take time periodically to slow down and evaluate those processes from a high level, they run the risk of falling into a trap.

We've all heard the phrase, "That's just the way we've always done it." It's never good to hear that.

Legacy processes are not necessarily bad ones. Some are still vitally important. They are the result of everyone in the institution doing their part to better serve the credit union's members. But when these processes work they are rarely questioned afterward. New processes are just layered over them.

After a while, the basic workflows required to meet member needs get buried under a lot of work that may no longer be necessary, especially when the credit union has good automation to fall back on.

TOP-DOWN APPROACH TO EFFICIENCY

While credit unions suffer from the classic problem of

siloesd operational departments far less than other institutions—perhaps because of their enterprise-wide view of the member experience—auditing existing technology requires a broad view.

Some credit unions delegate the audit process to loan production executives; others enlist servicing executives or IT professionals. But an audit should really take a view into all three of these areas. This work may also benefit from experience in other parts of the credit union business.

When a project manager with broad experience handles your automation audit, you are more likely to get a complete view of (a) the processes currently in use in your institution and why/how they benefit members, (b) the software systems in use across the enterprise and (c) the overall goals of your credit union.

In addition, a good project manager expedites the audit process to find, connect and manage the resources necessary to improve processes.

The project manager takes ownership of the "target" set by management—the end state that will result in higher overall efficiencies and better member satisfaction. As the audit progresses, the project manager will be looking for:

- Outdated processes that no longer serve credit union staff and/or members.
- Manual processes that can be handled more efficiently by existing software.
- Slow connections to third parties that create friction during origination or servicing.

Project managers then work with various resources to discontinue processes that are no longer required. They also work to automate other processes and build stronger connections to third parties, work that is largely done today through APIs.

INCREASING AUTOMATION

APIs (Application Program-

ming Interfaces) are software-to-software interfaces that enable applications to easily communicate back and forth without the need for direct user intervention. APIs enable secure connections between loan origination and servicing software, core systems, credit bureaus and government sponsored enterprises, eliminating the need for manually inputting data into each system.

APIs allow mortgage professionals to order fulfillment services from MISMO-compliant service providers or share data across platforms, allowing users to remain in one system to provide support to their customers. Work that previously required phone calls, data uploads and report processing is now completed with a single click.

Without an automation audit, credit union software users may not be aware of new APIs that have been built into their existing systems. They may well be performing work manually that could more easily and quickly be performed by automation they already own.

Second, APIs can do more than just connect systems and share data. They can also automate complex procedures. This can be a great benefit to mortgage servicers. Using an API, you can schedule work that was previously done by staff to be automatically completed after hours or on weekends.

Knowing how best to apply these powerful tools requires the credit union (a) to know what processes are required today to best meet member needs, (b) to know what APIs are built into the platforms in use in the institution and (c) to test new automation to ensure performance matches expectations.



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THREE KEYS TO AUTOMATION

Here are three steps that credit union managers, both in the loan origination and servicing departments, can take to achieve effective automation.

1. Identify and document your current processes.

Start by answering these questions:

- What systems and software do you currently use?
- What steps do personnel using these systems take?
- Who is responsible for each step?
- What repetitive tasks do your staff handle every day (e.g., end-of-day reports)?
- Does the software utilize APIs that allow users to automate these tasks?
- What steps, if any, are required to connect your systems?
- What data is transferred between systems?

In most cases, the answers to these questions allow management to find opportunities to streamline processes, eliminate unnecessary or redundant technology, and fully utilize built-in APIs to automate tasks, especially those that connect systems.

2. Set up a test environment to make it easier to deter-

mine which tasks can be effectively automated and to prevent disruption.

A good test environment:

- Protects your live data while letting you test on actual data.
- Allows you to run tests multiple times by restoring from database backups.
- Makes it easy to compare results to production by taking nightly database backups and testing in parallel.



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You should always test new automation on real data, but never put your actual data at risk. Regular backups can be an excellent pairing for your test database, allowing the project manager to ensure that expectations are met before new automation is put into production.

3. Assign a project manager to investigate how to increase automation and improve processes across the enterprise.

A project manager who can take a top-down view is essential in working toward automation. Choose someone who:

- Is familiar with the software and systems in use in the credit union.

- Has a top-down view to spot bottlenecks and inefficient processes.
- Is capable of finding and connecting the required resources.



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- Knows how to set goals and timelines to expedite the automation project.

Credit unions have access to very powerful tools, for both the mortgage loan origination and mortgage servicing departments. Getting the most efficiency out of these tools requires an automation audit.

The results—increased speed of loan origination, more efficient loan servicing and reduced overall costs—are well worth the time invested in a thorough examination of your credit union's automation capabilities.



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Jeff Williams is the API Team Lead for FICS (Financial Industry Computer Systems, Inc.), a mortgage software company specializing in cost-effective, in-house mortgage loan origination, residential mortgage-servicing and commercial mortgage-servicing software for mortgage lenders, banks and credit unions. FICS also provides document management and Web-based capabilities in its full suite of products. You can reach Williams at JeffWilliams@FICS.com.



Jeff Williams