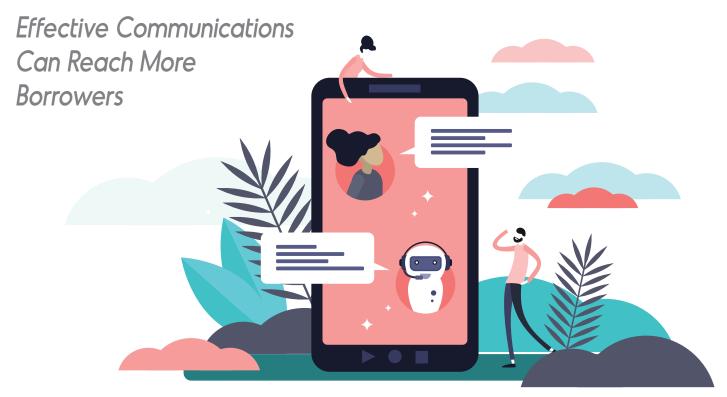
Meeting Borrowers Where They Are



By Amanda Richardson Enact

Then trying to reach new and different borrowers, some credit unions may find it challenging. However, understanding the segments you're trying to reach will help you meet them where they are, by communicating effectively and offering the products and services they need and expect.

COMMUNICATION ON THEIR TERMS

When you're looking to acquire new or potential borrowers, it's important to interact with them in the way they want to be communicated with. That could mean ditching the phone calls and in-person branch visits, and opting for less tradi-

tional communication methods, especially for younger borrowers.

Here's an example of how communication methods have changed over time:

Historically at Enact, calls to our ActionCenter made up 68% of volume and emails accounted for 32%. As of the first quarter of this year, the breakdown be-

tween calls and emails has shifted with calls at 42% and emails at 56%.

When working with new or even existing borrowers, allow them to decide how they want to be communicated with. Some younger generations may prefer text messages or emails over phone calls and in-person meetings. You'd be surprised at how much people value being asked their communication preferences, versus the choice being made on their behalf without their input.

Other customer service technologies also can be invaluable when communicating with borrowers. For example, chatbot technology continues to increase in popularity in the industry, but it's important to understand the right way to use it. Chatbots work best for very specific issues or situations—they are not a one-size-fits-all solution. With chatbots, or any customer service technology, make sure you properly understand how to use it to increase effectiveness.

A great example of a useful chatbot is Fannie Mae's "Ask Poli" ¹ that can answer guideline questions for lenders. Instead of taking a broad approach to a chatbot, Fannie Mae focused in on guidelines and optimized this chatbot for that purpose. Taking a

narrow focus instead of a broad approach can often help your chatbot serve as a more useful tool for end users.

A good customer relationship management (CRM) solution also can help reach borrowers in many different ways. CRMs provide turnkey marketing materials like emails, video, mailers and more. CRMs like Unify are even specific to the mortgage industry. Using a CRM solution is much easier than building all of the necessary marketing materials in-house, which can be especially useful for smaller credit unions that may not have the resources to do it all on their own.

Another simple and costeffective way to communicate with borrowers in different spaces is through social media. While it was intended for entertainment, TikTok has become a great educational tool across all industries. In just a few seconds, users can learn a new fact in a fun and engaging way—and they don't even have to seek out resources; they appear right before them as they scroll.

For example, younger generations often choose the financial institution their parents use, according to Oracle's digital banking



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survey ², and more than half of them see no reason to switch to another institution.

TikTok and other social channels can help create awareness of credit unions and provide another point of contact that helps attract new or younger borrowers. Getting involved in social media encourages you to be creative and step outside of your comfort zone. Sharing educational information can be fun.

Take a look at other industries or players that are finding success with their communication or customer service efforts, and draw inspiration from them.

PRODUCTS AND POLICIES MAKE A DIFFERENCE

Another important element of meeting borrowers where they are is rethinking the lending products and services that have been around for a while. As times change, policies also may need some improvement and updating to keep up.

For example, with the increase of gig economy workers in today's marketplace, the traditional way the industry has assessed income does not necessarily serve them well. Many groups have been disproportionately affected by the way the industry looks at income. Having more flexibility with guidelines

gives credit unions—or any lender—the ability to serve more borrowers.

Alternative credit scoring models are another way to help minority or first-time homebuyers prove they have the ability to repay their mortgage. There's been quite a bit of chatter about factoring utility or rent payments into a borrower's ability to repay, which, again, would open up new opportunities for lenders to serve more borrowers.

Some groups of potential homebuyers may not have bank statements or traditional savings accounts. How should credit unions evaluate that? Sometimes it'll just take a bit of collaboration and creativity within the industry and other community support services to create products that serve everyone well.

For example, Fannie Mae³ and Freddie Mac both have new low-income refi products to help get more borrowers into homes. Some credit unions may want to follow suit and build their own product, but may not necessarily have the team or resources to create it. Collaborating across the industry is one way to simplify this process and make the goal of building a low-income product more attainable.

Credit unions can often work directly with their mortgage insurance provider to help create an affordable product that serves more borrowers.

Growing and expanding the borrowers a credit union serves can seem like a huge task and it will take creative, borrower-focused thinking. However, with the right products and the right mindset, success is well within reach.

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to-day management of the company's existing offerings and collaborating cross-functionally to deliver new product updates to mortgage lenders. The statements in this article are solely the opinions of Amanda Richardson and do not necessarily reflect the views of Enact or its management.

Footnotes

- ¹ https://askpoli.fanniemae.com/
- https://www.bankingdive.com/spons/ research-shows-that-over-half-ofgen-z-and-millennials-bankingrelationshi/593405/#:~:text=Savings%20 accounts%20are%20still%20the,at%20 their%20parents'%20preferred%20 institution.
- ³ https://singlefamily.fanniemae.com/ media/25696/display



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