

Data Intelligence

Putting Credit Unions Toe-to-Toe with Big Lenders to Deliver the Best Loans to Members

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Last year, the National Credit Union Administration analyzed Home Mortgage Disclosure Act data and found that, on average, mortgage loans originated by credit unions carry lower interest rates than those originated by other types of lenders.

That finding held true across both urban and rural areas, and did not appear to be associated with credit risk factors such as credit scores, debt-to-income ratios or loan-to-value ratios.¹

In short, for the average consumer, there's no better place to get a mortgage than with a credit union.

So why is it that fewer than one in 10 U.S. mortgages originate at a credit union? ² To convert more members into mortgage holders, credit unions need a proactive strategy for bringing relevant loan options to

members' attention at the most opportune time. Otherwise, they'll lose those opportunities to massive mortgage lending companies with poorer loan offerings but vastly larger marketing budgets.

Mortgage lenders collectively spend billions of dollars a year on marketing and advertising. Quicken Loans, the nation's largest lender, has been known to spend as much as \$902 million on marketing in a single year.³



This kind of mass marketing works because, in today's era of online shopping, consumers don't need as much hand-holding and are generally more willing to consider a lender with whom they have no prior relationship. More importantly, consumers are prone to take the path of least resistance.

Studies show that 77% move forward with the first originator they speak to at the time they need a loan⁴—whether that's someone their real estate agent recommended, someone they found online or just a company that opportunistically approached them at the right moment.

WORKING SMARTER

Credit unions will never be able to compete dollar for dollar with marketing behemoths of Quicken's ilk, so to ensure members get the best rates possible, they must work smarter.

A smart mortgage strategy begins with data intelligence. Just as big-name mortgage lending companies have entire teams dedicated to harvesting data on all of your members, you need to know your own membership inside and out.

You'd be surprised how many loan opportunities can be found by scouring your own database. By combining that information with additional third-party data—including credit history, property listings, consumer debt load, loan payment history, accumulated home equity and major life events—credit unions can pinpoint exactly when a member is ready for their next loan.

For example, by monitoring members' credit activity, you can know within 24 hours when they are shopping for a loan with another lender. Or you can be the one to share the good news

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gotten married, gone through a divorce, had a child or sent their kids off to college, you can facilitate a discussion around financing a new home that better matches their family's evolving needs.

LEVERAGE YOUR DATA

If you aren't leveraging this kind of intelligence, rest assured someone else is. By the time your member is ready for their next loan, big mortgage lenders have already enrolled them in multi-channel marketing campaigns full of flash-in-the-pan promotions that mask the true higher cost of their loans.

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when a member's FICO score improves enough to qualify for your lowest loan rates.

By keeping an eye on members' accumulated home equity, you can let them know when they qualify to reduce their monthly payment by removing mortgage insurance, or you can point out opportunities to use that equity for a cash-out refi, to consolidate debt or to upsize to a bigger home with a new purchase loan.

If you know that a member has listed their home for sale, you can pre-qualify them for their next home. And if you know a member has recently

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the life of their loans.

ment a loan opportunity is identified. The most robust systems even generate and send a Firm Offer of Credit (FOC) on your credit union's behalf to ensure a documented compliance trail for audit purposes.

Credit unions that are content to sit back and let members be bamboozled by higher-cost lenders are doing their No.1 stakeholders a disservice. With the right data strategy, credit unions can help more members become mortgage holders and enjoy significant savings over

Alex Kutsishin is founder and CEO of ACUMA affiliate member Sales Boomerang,⁵ whose first-of-its-kind borrower intelligence software has helped more than 125 lenders including credit unions, banks and independent mortgage lenders turn overlooked opportunities into additional loans.



Alex Kutsishin

Footnotes

¹ National Credit Union Administration, 2020: <https://www.ncua.gov/newsroom/press-release/2020/mortgage-study-shows-credit-union-members-pay-lower-interest-rates>

² Credit Union Times, 2020: <https://www.cutimes.com/2020/06/05/credit-union-mortgage-lending-surges-despite-pandemic/>

³ Inside Mortgage Finance, 2020: <https://www.insidemortgagefinance.com/articles/218640-quicken-spends-big-on-marketing-and-generates-strong-returns?v=preview>

⁴ Consumer Financial Protection Bureau, 2015: https://files.consumerfinance.gov/f/201501_cfpb_consumers-mortgage-shopping-experience.pdf

⁵ <https://www.salesboomerang.com/>