2021

Mastering the Lending Maze

Maneuvering the maze

When it comes to loan management, there's a lot of room for error. At every stage in the process, the list of potential pitfalls is extensive (and scary), be it including things you shouldn't or overlooking things you should have included. The disconnect between branches and loan operations — not to mention the back and forth with the member — is a tricky maze to master. Let's consider the following (all too common) scenario.

The disconnect between branches and loan operations — not to mention the back and forth with the member — is a tricky maze to master.

In the dark

Jenny, a 19-year-old with a decent salary and very little debt, walks into a branch to apply for an auto loan. She fills out the application, which is either snail-mailed or uploaded to a file and placed into someone's inbox or a distribution list, and then the process (and wait) really begins.

First: The quality analyst checks to see if they have all the information they need. If Jenny happened to leave off the car's VIN number, they can't complete the evaluation to see if the amount she's requesting is worth the collateral she's offering.

It's sent right back to the branch, where they'll have to get the missing information from Jenny, RE-review, and start all over again.

Round 2: The quality analyst now has the correct info and can hand it off for underwriting. The process begins by reviewing Jenny's credit report and credit score, calculating her debt-to-income ratio, and then assigning her a credit risk score (her likelihood to repay).

On top of that, they'll do a loan-to-value calculation. The more depreciable the collateral, the less they're going to loan her. They'll then either approve, deny, or conditionally approve.

Since Jenny still lives with her parents and has no credit, they're going to require that she get a co-borrower on this particular loan, which will then help her start building it.

But here's the kicker: all of this goes on in complete darkness — completely untracked.

The branch has no visibility into the loan status. They don't know who's working on it. They also don't know if it's in underwriting, or if it's still under quality. Jenny is pressing them because she's about to lose the car to another buyer. And...it's a mess.

Shed some light

Loan management can be so much simpler with CRMNEXT.

CRMNEXT lets you deliver the good news faster — and provides updates on the application status along the way.

Our workflow management system helps with the heavy lifting from the very first step in the application process. And information is prepopulated, thus avoiding human error.

All data can then be connected to the case, including the uploaded application, and sent off to quality. With built-in guardrails for required fields, you're assured no data is missing.

Automation is a good credit union loan management system's primary muscle — especially when it comes to accelerating the underwriting process. CRMNEXT's interface can pull a credit report and auto-calculate debt-to-income, as well as loan-to-value. If a credit union provides their credit risk calculations, our software can calculate that too and assist the underwriting team.

In addition, for less complex loans (like a credit card, for example), CRMNEXT can pre-approve offers. No human touch — beyond the initial data input — is needed at all.

Finally, when it comes to eliminating "black holes" between loan operations and front-line staff, with auto-populated fields and automated underwriting for simple loans — the whole process can be accelerated, so members can put their money to work for them sooner.

So, do you want to master the lending maze? With CRMNEXT, the technology to chart a simpler course is waiting for you. Care to find it?

LENDING

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