

Building the Factory

FOLLOW UP ON MEMBER LOAN PAYOFFS

Find out how to

**ANALYZE
EARLY PAYOFFS!**

**DON'T HAVE THE TIME
OR MANPOWER?**

Xtend can do it
for you!

*Simple DIY
Instructions
Inside!*

Building the Factory

Vol. 19: Analyze Early Payoffs

This document and the following volumes are intended to give a credit union a complete road map to execute a marketing campaign. This road map will take the user from the very beginning point all the way through to the end of the process and the evaluation of the campaign. This design will contain all the steps necessary to create the campaign, the steps to follow through to the end using the referenced CU*BASE options to mine the data and track the sales success.

What is the Campaign?

Identifying which members are paying their loans off early is essential for two reasons. One, it is necessary to maintaining a successful portfolio. Two, it will aid in understanding if your competition has targeted your credit union with a marketing campaign with lower interest rates. This campaign uses existing tools within the database to help you identify early payoffs and create a subset of members who hold very valuable information for both your portfolio managers and ALM committee as well.

Questions that could be answered or assumptions that could be validated would include:

- Is our loan pricing competitive with the market?
- Have we been targeted by a marketing campaign from a competitor?
- Is there a segment of our membership who recently been paid bonuses and could use additional investment advice?

The following process is designed to present your credit union with population of opportunity to gain insightful knowledge of your lending competition. Let's get started.

1. You can take it upon yourself and follow the step by step instructions in the subsequent pages.
- OR-
2. You can contact Xtend at 800-327-3478 or info@xtendcu.com and they will handle everything for you.

How Do I Find the Target Group?

1. Begin by accessing the "Know Your Member" Analysis Tools (MNMGMA) menu.
2. Select the **Money Movement Analysis**.

Entering the Selection Criteria

See the screen below relative to the important criteria you need to input. This menu option allows you to evaluate money movement not only in specific loan categories but also movement in savings and CD products. What you are specifically looking for are loans which have been paid down to a zero balance from a previous month's larger balances. You are not looking for loans that paid off normally or had less than a few months of regular payments left and based upon your selection criteria can avoid those cases. The screen below describes the appropriate settings.

Session 1 CU*BASE GOLD Edition - FRANKENMUTH CREDIT UNION

File Edit Tools Help

Money Movement Analysis

Amount Comparison month [MMYY]

Select From the Following

Div appl 0 and CD appl type 0 and Loan category 0

Account #	Name	Status	Appl Type	Div Appl	CD Type	Loan Category	End of Month Balance	Current Balance	All Movement																																																																																				
<div> <div>Session 1 CU*BASE GOLD - Loan Category Selection</div> <div> Jump to description starting with <input type="text"/> Search for description containing <input type="text"/> </div> <table border="1"> <thead> <tr> <th>Code</th> <th>Description</th> <th>Business Unit</th> <th>Code</th> <th>Description</th> <th>Business Unit</th> </tr> </thead> <tbody> <tr><td>E1</td><td>FIRST MORTGAGE EVERHOME 15 YR</td><td></td><td>11</td><td>GOLD LOC PRIN & INT</td><td>06</td></tr> <tr><td>E2</td><td>FIRST MORTGAGE EVERHOME 20 YR</td><td></td><td>12</td><td>OVERDRAFT PROTECTION</td><td>06</td></tr> <tr><td>E3</td><td>FIRST MORTGAGE EVERHOME 30 YR</td><td></td><td>14</td><td>NEW VEHICLES</td><td>04</td></tr> <tr><td>PD</td><td>GOOD MONEY LOAN</td><td></td><td>15</td><td>USED VEHICLES</td><td>04</td></tr> <tr><td>RC</td><td>REVOLVING CREDIT - BETHEL</td><td></td><td>16</td><td>RECREATIONAL VEHICLES</td><td>05</td></tr> <tr><td>01</td><td>SECURED CLOSED END</td><td>07</td><td>17</td><td>BUSINESS ADJ RATE MORTGAGE</td><td>02</td></tr> <tr><td>03</td><td>SHARE PLEDGE LOAN</td><td>07</td><td>19</td><td>BUSINESS GOLD LOC P&I</td><td>02</td></tr> <tr><td>04</td><td>SIGNATURE LOAN</td><td>06</td><td>21</td><td>BUSINESS R/E FIXED RATE</td><td>02</td></tr> <tr><td>05</td><td>SBA REAL ESTATE LOAN</td><td>08</td><td>22</td><td>BUSINESS LOAN FIXED RATE</td><td>02</td></tr> <tr><td>07</td><td>ADJUSTABLE RATE MORTGAGE</td><td>01</td><td>23</td><td>BUSINESS LOAN ADJ RATE</td><td>02</td></tr> <tr><td>08</td><td>FIXED RATE MORTGAGE</td><td>01</td><td>24</td><td>BUSINESS CONSTRUCTION MORTGAGE</td><td>02</td></tr> <tr><td>09</td><td>CLOSED END HOME EQUITY</td><td>01</td><td>25</td><td>CONSTRUCTION LOAN</td><td>01</td></tr> <tr><td>10</td><td>CLASSIC LOC</td><td>06</td><td>26</td><td>BUSINESS LOC INTEREST ONLY</td><td>02</td></tr> </tbody> </table> <div> <input type="button" value="Select"/> <input type="button" value="Unselect"/> </div> <div> <input type="button" value="Select All"/> <input type="button" value="Unselect All"/> </div> <div> <input type="button" value="←"/> <input type="button" value="→"/> <input type="button" value="↑"/> <input type="button" value="↓"/> <input type="button" value="⏮"/> <input type="button" value="⏭"/> <input type="button" value="⏪"/> <input type="button" value="⏩"/> <input type="button" value="⏴"/> <input type="button" value="⏵"/> <input type="button" value="⏶"/> <input type="button" value="⏷"/> <input type="button" value="⏸"/> <input type="button" value="⏹"/> <input type="button" value="⏺"/> <input type="button" value="⏻"/> <input type="button" value="⏼"/> <input type="button" value="⏽"/> <input type="button" value="⏾"/> <input type="button" value="⏿"/> </div> <div>FR (4132)</div> </div>										Code	Description	Business Unit	Code	Description	Business Unit	E1	FIRST MORTGAGE EVERHOME 15 YR		11	GOLD LOC PRIN & INT	06	E2	FIRST MORTGAGE EVERHOME 20 YR		12	OVERDRAFT PROTECTION	06	E3	FIRST MORTGAGE EVERHOME 30 YR		14	NEW VEHICLES	04	PD	GOOD MONEY LOAN		15	USED VEHICLES	04	RC	REVOLVING CREDIT - BETHEL		16	RECREATIONAL VEHICLES	05	01	SECURED CLOSED END	07	17	BUSINESS ADJ RATE MORTGAGE	02	03	SHARE PLEDGE LOAN	07	19	BUSINESS GOLD LOC P&I	02	04	SIGNATURE LOAN	06	21	BUSINESS R/E FIXED RATE	02	05	SBA REAL ESTATE LOAN	08	22	BUSINESS LOAN FIXED RATE	02	07	ADJUSTABLE RATE MORTGAGE	01	23	BUSINESS LOAN ADJ RATE	02	08	FIXED RATE MORTGAGE	01	24	BUSINESS CONSTRUCTION MORTGAGE	02	09	CLOSED END HOME EQUITY	01	25	CONSTRUCTION LOAN	01	10	CLASSIC LOC	06	26	BUSINESS LOC INTEREST ONLY	02
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Amount: A value of \$1,500 is a good place to start as the majority of the time that will exceed most natural person member's monthly payment on a consumer loan.

Comparison month: The first month you run the report you may want to go back as far as two to three months to get a larger population of members. Once this is done the first time you would then consistently use the prior month to obtain your segment for further analysis

Select from the following: Hit the selection for Loan Category. Once the selection is taken the menu inside the menu will list all available categories. Depending on who is running the analysis the criteria can vary. If it is the head of the real estate lending department only choose those categories that you are responsible for.

Navigating the Screen: The screen will populate with members who have both paid loans off or received new loans. Click the “ShowAll/In/Out button twice and it will show just those members who have moved their loans off or made significant pay downs equal to or larger than the amount you selected for total change. The screen would then appear as follows.

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Money Movement Analysis Sorted by Movement

Amount Comparison month [MMYY]

Select From the Following

Div appl 0 and CD appl type 0 and Loan category 2 selected

Account #	Name	Status	Appl Type	Div Apl	CD Type	Loan Category	End of Month Balance	Current Balance	Out Movement
610 A		A	LN			15	23,311	19,936	3,375-
605 G		C	LN			14	2,871		2,871-
613 W		A	LN			15	34,936	32,110	2,826-
610 R		C	LN			15	2,700		2,700-
610 J		A	LN			15	28,318	25,686	2,631-
611 H		C	LN			15	2,488		2,488-
610 E		A	LN			15	16,050	13,684	2,366-
610 Z		C	LN			15	2,229		2,229-
610 L		A	LN			15	12,467	10,325	2,142-
610 V		A	LN			15	25,354	23,398	1,956-
610 B		C	LN			15	1,932		1,932-
610 J		C	LN			15	1,673		1,673-
Totals							564,431	176,858	387,572-

■ Inquiry ■ Detail

Sort Name Export Member Connect **Show All/In/Out** Refresh Filters

FR (4505) 10/24/14

Other Considerations

At this point you now have a population of member loans which have paid down their loans from largest to smallest. What the user is looking for is large amounts which have brought the loan balance to zero. The list can be used in a number of ways. First from a data analytics perspective to drill down and actually evaluate the source of funds of the payoff from an inquiry selection and second to understand trends which may be developing in a specific segment of the portfolio.

The list contains members who have both increased and decreased their loan balances by the set amount entered in the “amount” field. Because of this fact someone in your organization will need to evaluate each member individually there will be no automated communications used in this campaign outside of generating a contact list for the loan officer or member service staff to work.

What Can I do With the Results

Generally the population of members who have pre-paid their loans off have done so based upon four distinct happenings including:

- Sale of Collateral
- Windfall income
- Refinance to another institution
- Refinance internally

Each of the four specific happenings will determine your next chain of events and structure of reports and results appropriately. It is therefore necessary to individually review the transaction history of all accounts which have been paid to zero to determine which of the four happenings have taken place. Below is a recommended course of action for each:

- Sale of collateral – Determine if it was a dealer check and call the member to recapture the new loan. If it was a shear sale of the collateral with no replacement take no action.
- Windfall income – Turn this account over to your investment CUSO for follow-up on products it offers.
- Refinance to another institution – Call the member and survey the member on the reasons for the refinance. Report your findings to your ALCO and marketing teams.
- Internal refinance – Monitor this activity to determine if you are cannibalizing your existing portfolio.

What Do I Do with the List?

Ultimately the information you have gathered should be compiled and given to the appropriate department as listed above. If completed on a monthly basis a trending of the data should be completed as well for the four individual categories. Generally the two main categories to track would be those regarding refinancing to another financial and sale of collateral. An increase in either one of these could dictate market pressure regarding your pricing of loans, relationship with local dealers, or a potential the credit union members are being target in a direct marketing campaign.

Campaign Form



Don't have time to complete this or another campaign yourself? Let Xtend do the work for you. Assuring we meet and exceed your expectations is very important to us. The information below will be utilized for quality assurance purposes. This form serves as your formal written consent for Xtend to deliver messages using the CU*BASE Member Connect Program on your behalf. Once completed please return to the Business Support Representative Team via email to info@xtendcu.com

☐ I agree to all of the terms & conditions of this Member Connect message request, as specified above.

Credit Union Name		Date Submitted	
CU #		Employee Name	
CU ID		Email Address	

Campaign Topic	_____ (Example: Auto Loans)
Campaign Date (Preferred Option week - 1)	Week of _____
Campaign Date (Preferred Option week - 2)	Week of _____

Form of Outbound Communication

Outbound Calls	<input type="checkbox"/> Yes <input type="checkbox"/> No	It's Me 247 Online Banking Secure Message	<input type="checkbox"/> Yes <input type="checkbox"/> No
Email Message	<input type="checkbox"/> Yes <input type="checkbox"/> No	Lobby Banners	<input type="checkbox"/> Yes <input type="checkbox"/> No
OBC Post (only available for Member Reach clients)	<input type="checkbox"/> Yes <input type="checkbox"/> No	Mailer	<input type="checkbox"/> Yes <input type="checkbox"/> No

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