

Building the Factory

I WANT TO WORK WITH MEMBERS WHOSE SCORES ARE IMPROVING OR DROPPING

Find out how to
**MONITOR MEMBERS WITH
DROP BY X PERCENT IN
CREDIT SCORE!**

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

Xtend can do it
for you!

*Simple DIY
Instructions
Inside!*

Building the Factory

Vol. 8: Mitigating Losses on Loans and LOCs

This document and the following volumes are intended to give a credit union a complete road map to execute a risk management process revolving around the use of soft pull credit scores. 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 results of the analysis. This design will contain all the steps necessary to create the process, the steps to follow through to the end using the referenced CU*BASE options to mine the data, and track the potential losses the credit union may have incurred.

What is the Campaign?

This volume is not necessarily a campaign but a description of how to use a dashboard to identify accounts that could potentially cause the credit union a future loss. Credit risk can be proactively mitigated by evaluating the change in members' credit scores over time. In the industry this is referred to as score migration.

What if you found that of the population of credit card holders whose score had fallen by over 5% they would now be considered D or E paper by virtue of your risk based pricing model? These accounts can be proactively reviewed for credit worthiness and potentially be put on a list of members that should be called and either counseled on the drop in their credit score or based upon a full credit report pull be shut down altogether.

This is data mining, but don't worry, it's easy! We'll show you how.

How Do I Find the Target Group?

To mine the data to get a good population of members we will use the Management Processing / Active Beta Tests (MNMGMT) menu and select **Credit Score History Dshbrd**.

Entering the Selection Criteria

See the screen below relative to the important criteria you need to input. This menu option allows you to evaluate multiple credit scores across a specific period of time and then display those members that meet the criteria you choose.

Session 0 CU*BASE GOLD - ABC CREDIT UNION

File Edit Tools Help

Credit Score History Analysis Converted

Date range: From To [MMDDYYYY]

Credit score: From To Change of +/- %

Pull method Grade/level Bureau

SSN/TIN	Name	Requested	Loan Date	# Rpts	Score	% Change	# Mths	Level	Method	Bureau
		Apr 26, 2014	May 06, 2014	6	727	6-	4	3	FULL PULL	Experian
		Dec 19, 2012	Dec 19, 2012	9	648	6-	4	X	FULL PULL	Experian
		Nov 21, 2012	Aug 17, 2012	12	684	7-	3	X	FULL PULL	Experian
		Sep 06, 2013	Sep 11, 2013	4	621	9-	63	X	FULL PULL	Experian
		Jun 10, 2014	Jun 11, 2014	7	654	5-	7	X	FULL PULL	Experian
		Aug 18, 2014	Sep 17, 2014	2	725	5-	43	X	FULL PULL	Experian
		Jun 30, 2014	Apr 16, 2012	3	658	7-	6	X	MANUAL	None
		Dec 17, 2013	Dec 17, 2013	4	678	7-	11	4	FULL PULL	Experian
		Oct 26, 2012	Nov 02, 2012	5	719	6-	2	4	FULL PULL	Experian
		Oct 29, 2012	Oct 30, 2012	7	625	10-	7	X	FULL PULL	Experian
		Sep 05, 2014	Sep 05, 2014	5	646	6-	25	X	FULL PULL	Experian
		Feb 14, 2014	Feb 14, 2014	5	638	5-	0	X	MANUAL	None
		Jul 17, 2014	Jul 18, 2014	10	657	5-	3	X	FULL PULL	Experian
		Mar 11, 2014	Mar 12, 2014	3	722	9-	9	3	FULL PULL	Experian
		Oct 03, 2013	Oct 04, 2013	9	672	6-	5	X	FULL PULL	Experian
		Jun 04, 2014	Aug 11, 2014	7	654	6-	4	5	FULL PULL	Experian
		Jan 03, 2014	Jan 03, 2014	2	673	6-	0	X	MANUAL	None
		Jun 16, 2014	Jun 27, 2014	5	731	5-	10	X	FULL PULL	Experian
		Jul 09, 2013	Sep 12, 2013	5	655	5-	11	X	FULL PULL	Experian

■ Inquiry ■ Outstanding Loan Recap ■ Credit History ■ Graph

i Non-members are marked with an asterisk (*). Highlighted rows show credit scores that were converted to loans.

Show % Chg Or # Chg Show Cnvt/Non-Cnvt/All Include Zero Scores Export Member Connect Analysis

FR (5444) 10/10/14

Date range from/to: Most if not all open lines of credit are evaluated on a 2 year basis but in this case does not play a role in your selections. The number of times you pull a credit score now becomes the most important criteria. Most credit unions have gone to at least an annual update of credit scores so the first time you pull this report it is recommended you go back at least a two year period of time. The subsequent campaigns should then follow the frequency on which you pull scores.

Include credit scores from/to: This is dependent upon your risk based pricing model and the percent change. The choice of 620 to 999 was chosen in unison with a 5% point decrease in scores. 5% in this case represents where a hypothetical paper grade would tip the member from a C or B paper to a D or E paper grade. In this case if the member had a 620 at the time of origination the new score would be 580 or worse. Do not get bogged down in the minutia of how to create your population and make it as easy as possible by simply following existing pricing models in the credit union.

Change of: See the comment on credit score ranges above. The percentage chosen should be one were an underwriter would not approve a loan based upon the score itself. Generally it would be tied to the credit unions risk based pricing model.

Pull Method: Use all as that will incorporate loans which had a full credit pull (generally at the time of underwriting) and then compare that to the latest soft pull.

Change of: See the comment on credit score ranges above. The percentage chosen should be one were an underwriter would feel comfortable in increasing the members line of credit. Generally it would be tied to the credit unions risk based pricing model.

Pull Method: Use “all” as that will incorporate loans which had a full credit pull (generally at the time of underwriting) and then compare that to the latest soft pull.

Grade Level: Leave blank as this is generally used for the rating of commercial loans.

Bureau: Use “all.”

Bottom Navigation: Click *Show Cnvt/Non-Cnvt/All* to display only records that were converted to loans. The screen should be completely yellow.

Generating the List for Member Connect

Once you’ve narrowed down your list of records to only those you want to contact, select the **Export** button. Select to export the selection of accounts for Member Connect. Enter a file name; this will create a database file in your QUERYxx library.

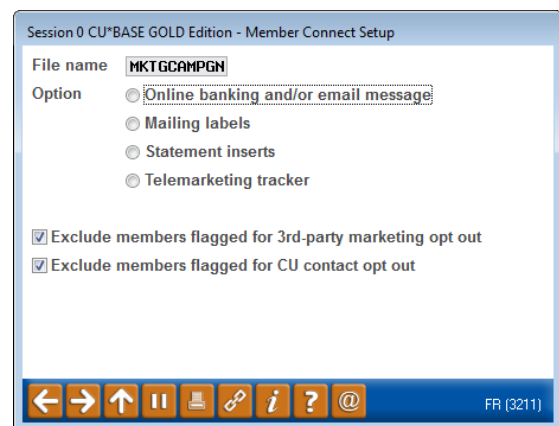
Note: Selecting to Export the record for Query will create a database file with the information seen on the screen and all records will be included. Selecting to Export to Member Connect will create a file that includes only Account Base and will eliminate any duplicate records (preventing you from calling the same member twice for a single campaign).

What Do I Do with the List?

Once you’ve created your database file, select the **Member Connect** button on the screen. From here, you will have a variety of options depending on the resources available to you, and the method you choose to use to market to these individuals. Start by entering your newly created file in the *File name* field.

Creating a Collection Tracker

To document your review it is recommended that you set up a tracker record that will attached to the members account.



Configuring Cross Sales

In order to place the tracker record on the members account you must first complete the following steps:

1. Create a memo type of CR for credit review if available under the Collection Tracker type of XX

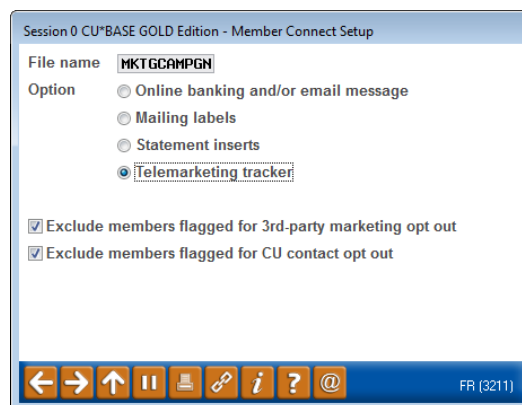
Use the [Cross-Selling Credit Union Services & Next Suggested Product](#) booklet for more information.

Using Member Connect to Create a Tracker Record

Once the memo type has been set up, you can use Member Connect to create a credit review tracker for the purposes of recording your review.

You can get to the Member Connect tools via the Member Communication (MNPRTC) menu as well as through the Credit Report Data Mining tool.

Enter the file name created, select *Telemarketing tracker* and press Enter to continue.



This will bring you to the “Generate Trackers from Database File” screen. From this screen, you’ll be able to set the details for the sales tracker that will be created on the member record.

Create as tracker type: XX – Collection Tracker

Create as memo type: CR – Credit Review

Tracker key word: “Collections”

Warning! If you enter a Tracker Key word that is different from an existing Tracker Type, you will create a new Tracker. This will not, for example, be appended to the member’s Collections Tracker. It is recommended that you enter Collections here.

Tracker follow-up date: Enter the date by which you will have completed reviewing all accounts

Tracker text: Consult with member regarding their decreasing credit score.

Tip: Cross sales tasks can be configured with tips, which could include the call script.

Assign telemarketer ID: Enter the ID of the individual who will be doing the review

Tip: Too many records for one person? Assign the follow-ups to a generic employee ID that multiple people can work off.

Assign cross sales need group: N/A

Assign cross sales task #: N/A

Once the information has been entered on this screen, you will go to a final confirmation screen that will also print a report of the members for which a new tracker was created. They are now ready to be worked!

Working the Accounts and Completing the Call if Necessary

This review would generally be done by either a loan officer or seasoned collector. Make sure the individual that will be working these accounts has the authority to get to the menu described above. It is recommended that they work the accounts directly from the dashboard by using the selection criteria you desire and then simply going into inquiry and evaluating the account status as well as underwriting comments, collateral, transaction history, NSF activity, and credit reporting history.

Update the underwriting as well.

How Do I Follow Up and See My Results?

This report is best utilized in combination with a credit score soft pull update on your loan portfolio. To have the most up to date information, this would be done on a quarterly basis. Once your new credit scores are uploaded into CU*BASE you can run the initial report again. The goal is to spot potential problems and stop them before they start! You can also judge the success of this by reviewing overall delinquency and looking for declines.

Another way to track results it is by running a tracker report from Member Tracker Tools (MNTRAK) menu and select **Print Member Tracker**. Select both the tracker and memo type configured in the prior section. This report will list in detail each account reviewed after this soft pull credit score upload.

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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CU*Answers Management Services

6000 28th Street SE
Grand Rapids, MI 49546
(800) 327-3478
www.cuanswers.com



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