

CUNA Mutual Group's Auto Loan Recapture[®] Campaign



“This campaign has really helped us build our auto loan portfolio. —it’s been a great resource in today’s low-interest rate environment.”

As margins remain stubbornly low, credit unions are on the hunt for lending tools that grow their portfolios without sacrificing their income stream. Cascade Community Federal Credit Union discovered a tool that does both: CUNA Mutual Group’s Auto Loan Recapture (ALR) campaign.

Part of CUNA Mutual Group’s Loan Generation Marketing program, the ALR campaign uses targeted direct mail to reach out to members who have auto loans at other financial institutions and would benefit from a switch to the credit union (with lower interest rates, lower payments, etc.). It’s a tool that can be used to recapture existing loans and acquire new ones, with the focus on sending the right message to the right member at the right time.

“With ALR we see exactly what we’re dealing with before we solicit for the loan,” said Sharon Stephens, lending vice president at Cascade Community Federal Credit Union. “We know the rate we’re competing with, the score of the borrower and the term and dollar amount of the loan. In most cases we have what we need to assess the loan before making the call.”

Cascade launched their ALR program in March 2012 and has seen great results: To date the credit union has recaptured nearly \$6 million in auto loans and has also seen “halo effect” loans and growth in its non-interest income. “We definitely receive other business from this program,” Stephens said. “Our loan officers are very good at soliciting for all other debt when they’re handling the auto recapture loan. The most common ones are additional auto loans and debt consolidations with personal lines of credit and home equity lines of credit. We’ve also had corresponding growth in non-interest income through Guaranteed Asset Protection (GAP) sales.”

Although the program itself is entirely turnkey—mailings are managed by CUNA Mutual Group’s partner, Ser Technology—Cascade believes it’s strengthened its results by making outbound calls following each mailing. “We wait about a week and then our loan officers follow up,” Stephens said. “We get some inquiries directly from the letter, but the majority of loans result from those follow-up calls.”

Cascade has a tracking system within its core processor of all previous calls to the member—unless they’ve specifically told the credit union not to call, the lending team follows up on each mailing. “We’ve found it typically pays to contact every person, every time,” Stephens said. “They might say ‘no’ one time, but the next call gets their business.”

Cascade’s lending team switches up the lists so the same loan officer isn’t making repeat calls to the same member. It also calls on 0% loans to see if the member has any other loans that could benefit from refinancing through the credit union. “Occasionally we’re able to pick up other business, using ALR as our entry point,” Stephens said.

Although Cascade has made an extensive staff commitment to support the mailings, Stephens knows the program wouldn’t happen without CUNA Mutual Group. “I don’t have the staff to manage an in-house program. ALR makes it possible.”

**Sharon Stephens, Lending Vice President
Cascade Community Federal Credit Union
Roseburg, Oregon
\$167 million assets; 12,924 members**