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WHITE PAPER

AUTO LENDING: ALREADY HOT IN 2015 HEATING UP WITH SUMMER

With vehicle sales on track to hit record levels this year, many credit unions are scrambling to keep up with skyrocketing demand for their low-interest auto loans. And, according to auto industry experts, that demand may continue unabated at least through the rest of this year.

After climbing more than 4 percent through July to 8.5 million, annual vehicle sales could approach the previous annual record of 17.4 million. The robust market is fueled by the desire of drivers to replace aging cars, apply for auto loans with historic low interest rates, and take advantage of great vehicle prices and terms being offered by almost all dealers.

John Caddell, Lending Manager at CO-OP Member Center, is on the front lines of this activity as his team of Credit Analysts handles growing volumes of auto lending...day and night. CMC offers credit union member lending service via telephone and Internet decision support, and through CO-OP's proprietary ExpressLink indirect lending. With auto lending busy and getting busier during the summer months, Caddell's group handles underwriting for 120 credit union clients nationally, writing up applications for RVs, motorcycles, boats, ATVs and scooters.

ExpressLink: Fast and Accurate

"ExpressLink is a dedicated indirect lending channel that provides underwriting service for auto and other loans during off-hours for a credit union," said Caddell. "The largest volume of auto purchasing takes place during those off-hours, such as after hours during the work week and on Saturday and Sunday, when buyers have more time to shop. ExpressLink enables the lending team to underwrite applications quickly and accurately so the dealer gets a rapid response."

After hours Monday-Friday is the prime shopping time for credit union members, especially when buying a car. They and most other consumers generally apply for a loan through a dealer sometime around 7 p.m. on a weeknight. In fact, the auto purchasing expert at USAA's Auto Circle recommends that late in the day is a better time to buy a car because the sales person may be more amenable to negotiate as the minutes tick down to closing time and he or she wants to meet quota.

Whatever the loan or time, indirect lending via ExpressLink has nearly doubled in the past 10 years from 45,459 applications in 2005 to 84,444 in 2014 and already at 43,125 through July. CMC recently signed a contract to provide ExpressLink to Tustin, Calif.-based Schools First Federal Credit Union—with 600,000 members, one of the nation's largest.

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Capturing Loan Business 24/7

At the end of the day (or evening), with a call center connection, a credit union can capture that loan opportunity on a 24/7 basis. Without a call center, it will probably lose the loan and any associated insurance and affiliated fees, and as importantly, the opportunity to gain a new member or increase their relationship with a current one.

"Being available and offering quick turnaround is especially important when working with auto or other dealers," said Caddell. "When a dealer calls, he or she most likely has a hot prospect and they are not going to lose a sale because their local favorite credit union is closed or unable to immediately handle the call."

Whether using ExpressLink or CMC's phone and Internet support channels, CO-OP Member Center provides critical coverage to credit unions during off-hours or as back-up support when loan activity surpasses their ability to handle the volumes in-house. In fact, CMC can work with a member as if the agent is right there in the credit union, person to person.

Whether during hours or after hours, CMC's expertise and knowledge help credit unions capture lending business they might otherwise lose to a bank or other lender.

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John Caddell
Lending Manager, CO-OP Member Center

Discover what 24/7 responsiveness to member inquiries can do for your credit union. For more information, call 800.782.9042, x7140 or email sales@co-opmc.org

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