

# How Union Square Credit Union Increased its Auto Loan Portfolio 21%



Union Square Credit Union has a significant pocket of members and potential members with less-than-perfect credit scores. Assistant Vice President of Dealer Finance, Adam Case, explained that the credit union wanted to do more to serve these members, while also safely boosting the credit union's auto loan margins. Enter Open Lending's Lenders Protection™.

## Introduction

Buying a car has become a lot more difficult for many people, especially after the coronavirus pandemic brought on greater financial strain in addition to the obvious health risks. Community banks and credit unions are working to get loans out the door, but they worry about the risk involved due to the current economic uncertainty.



ADAM CASE  
UNION SQUARE CU  
AVP, DEALER FINANCE

Adam Case, assistant vice president of dealer finance at Union Square Credit Union, explained that the credit union looked to Open Lending because it wanted to reach out to consumers the credit union wouldn't have had the opportunity to serve based on its standard underwriting guidelines. The Wichita Falls, Texas-based credit union partnered with Open Lending's Lenders Protection™ program at the start of 2020 with amazing results.

The \$478.5 million credit union wanted to reach out to potential members with less-than-perfect credit and serve them safely, but the credit union didn't have the data analytics or the appetite for the additional risk. By partnering with Open Lending, Union Square has been empowered to serve near-prime borrowers, earn greater margins on its auto loans, and position itself as a full-spectrum lender to its dealership partners.

## Onboarding

Case complimented the great care Open Lending takes to ensure a frictionless onboarding process and the dedicated employees who are there every step of the way to help the financial institution. Union Square Credit Union worked in partnership with Open Lending to set clear steps and goals, guiding the way to its program and launch date.

Union Square didn't have to change its loan processes for the near-prime borrowers, making it seamless for the borrower with imperfect credit to get an auto loan with dignity. When Union Square receives an application from one of its dealerships that does not meet its standard borrower qualifications, the loan officers submit these applications through Open Lending to get a second-chance approval in 7 seconds or less.

## Results

Union Square's results speak for themselves. Since signing up, Union Square's auto loan portfolio increased by 21%. The partnership has increased the credit union's auto lending portfolio by \$18.3 million in 2020 – a difficult year for any lender. The credit union's margins on auto loans also increased by 150 bps! Additionally, delinquencies have been kept to a low 0.68%, compared to its prime auto loan portfolio, which stands at 0.40% delinquencies. Union Square has been very pleased with the results, as have the many dealerships with which it partners. Through Open Lending, Union Square has been averaging an additional 60-70 auto loans per month. Of course, Union Square Credit Union's members have felt the positive impact of the program too!

### PORTFOLIO RESULTS



<b>23%</b>	increase in auto loans
<b>\$18.3 M</b>	increase in auto loans
<b>150 bp</b>	increase in auto loan margin
<b>65</b>	average new loans per month
<b>0.68%</b>	delinquency rate

## Financial Inclusion

The benefits to the credit union and its community would be beneficial during normal times, but as the world continues to recover from the global pandemic, the impact has been especially welcomed. Case said that Union Square has, “found a level of security” with its Open Lending auto loan portfolio. During these financially trying times, having default insurance backing for these auto loans to fall back on has made it easier and worthwhile to take on non-prime auto loans.

Members, existing and new, that Union Square is now able to serve have experienced the benefits Lenders Protection™ provides, too. “When our local community can go to a local dealership and know that they’ve gotten a loan through Union Square, that provides peace of mind for the car buyer,” Case said. “And we’re happy to serve them in that way.”

Lenders Protection™ has allowed Union Square to expand its financial inclusion. In addition to approving car loans that the credit union wouldn’t be able to otherwise, it also offers them at better interest rates than near-prime borrowers could qualify for at other financial institutions or predatory buy-here, pay-here dealerships. Union Square is proud to distinguish itself in this way from the local competition.

## Conclusion

Union Square Credit Union has experienced increased profitability and approval volume using its existing application flow. Now the credit union can just approve more of the loans with Open Lending’s Lenders Protection™.

“While we had reservations at first, we saw that the process was transparent, accessible, and worked as advertised if not better!” Case said.

## About Open Lending

Open Lending helps community banks and credit unions to say ‘yes’ to more auto loans. Lenders Protection™ incorporates proprietary data and advanced decisioning analytics to gather a more comprehensive picture of auto loan applicants with 99.1% accuracy in predicting default. We back that with default insurance from our top-rated, expert partners. The Lenders Protection™ program from Open Lending was built for times like these to help financial institutions and near-prime car loan borrowers. We are proud to help auto lenders build profitable and safe auto loan portfolios to better serve the American consumer when they need it most.