Household Brands Are a Model for Credit Unions Seeking Growth

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The world's best-known retail brands are leveraging data and technology to lead the way in customer satisfaction and growth, and so can credit union lenders.

What lessons can CUs learn from innovation leaders in the retail space, and how do mobile app strategies, process optimization and business intelligence (BI) apply to mortgage operations? Read on to find out.

Mobile banking has become so ubiquitous that it now ranks right behind checking the weather and social media among activities most frequently performed by smartphone users.

In fact, in a recent study that scored 110 bank and credit union apps based on the weighted average of their Apple App Store and Google Play ratings, nine of the 10 highest-ranked apps belonged to credit unions.

Why, then, has progress been so slow when it comes to bringing the mortgage experience to the small screen?

An end-to-end mortgage experience tailored for mobile phone users is still the exception rather than the rule. Most credit unions offer little more than an online Form 1003 loan application and, perhaps, a secure portal for uploading documents.

As credit unions seek to improve how members experience the mortgage process—and, in so doing, grow their mortgage lines of business—there is much they can learn from marquee brands outside of financial services.

STARBUCKS MOBILE APP

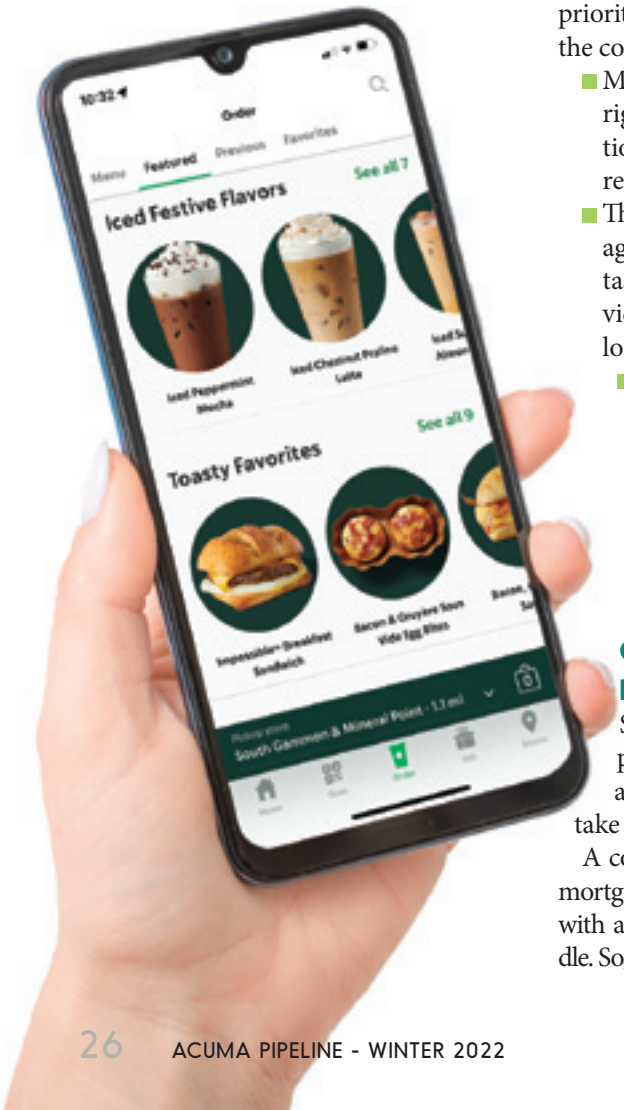
Take Starbucks, the coffee giant credited with pioneering mobile ordering and payments in 2015. Today more than a quarter of Starbucks' earnings come from mobile transactions, and an astounding 80% of Starbucks customers regularly place and pay for "grab and go" orders via their mobile device.

What has made the Starbucks app so wildly successful? For one thing, the app doesn't offer just "any" mobile experience; its best-in-class design features intuitive menus and simple options that perform well in user testing.

Next, the app learns about consumers over time, storing that data and using it to offer a personalized experience and unique product recommendations.

Finally, and perhaps most importantly, Starbucks has recalibrated its broader business model to treat mobile users not as edge cases, but as the critical customer segment that they are.

For instance, when the mobile order and pay feature created crowding problems in stores, the chain became one of the first to install dedicated stations for serving mobile app customers in stores. More recently, the brand introduced Starbucks Pickup locations that are specifically designed to serve mobile pre-orders and nothing else.



Lesson: As credit unions contemplate adopting mobile mortgage solutions, those that want to mimic Starbucks' growth trajectory should prioritize the same factors that make the coffee chain's app so successful:

- Mortgage apps should strike the right balance of design sophistication and simplicity as verified by real-life member reviews.
- They should be capable of leveraging member data to automate tasks, reduce data entry and provide members with more relevant loan options.
- And, just as Starbucks adjusted its brick-and-mortar stores to better suit the needs of mobile users, credit unions should be prepared to tweak their internal processes to accommodate mobile loan applications as needed.

CHICK-FIL-A DRIVE-THROUGH

Speaking of internal processes, process optimization is another area where credit unions could take a cue from top global brands.

A common complaint we hear is that mortgage teams are already swamped with as much business as they can handle. So, if a credit union wants to effectively grow its mortgage operation, it must first iron out the kinks in its processes.

But how? If the story of one global fast-food chain is any indication, the answers lie in a credit union's own data.

Regardless of where you stand on Chick-fil-A's food or politics, if you've ever driven by one of its locations around lunchtime, you'll have seen first-hand evidence of the brand's success.

While most folks would think twice if they saw a double lane of cars wrapped around their favorite burger joint, millions of consumers willingly line up for Chick-fil-A every year. Despite how busy the restaurants are, more than half of customers rate the Chick-fil-A drive-through experience as "fast."

Moreover, Chick-fil-A is rated No.1 in the fast-food segment for both order accuracy and customer service—all while leapfrogging over much older chains with more locations to become the No.3 fast-food chain in the nation for overall revenue and the No.1 chain for per-location sales.

These kinds of results are no accident. For more than 15 years, Chick-fil-A executives have been collecting, parsing and analyzing performance data to inform business decisions.

In the early days, the process was highly manual, relying on reports created in Microsoft Excel and Access. But as the chain grew, executives recognized the need for more expansive and relevant data generated in real-time, so they graduated to interactive data visualization and BI (business intelligence) tools.

With data in hand, the company ze-

roed in on drive-thru pain points and tested possible solutions at its Atlanta-based innovation center.

First, they divided drive-thru traffic into multiple lanes, making it possible to take on more capacity even during busy times. To keep the lanes moving and deliver personalized customer service, they posted team members outside to collect customers' orders and payments before they even reach the menu board. Orders are then digitally transmitted directly to the kitchen to expedite the preparation.

Where the lanes merge, employees direct traffic to prevent bottlenecks. Inside the restaurant, orders are assembled and sorted so that when customers roll up to the drive-thru window, all they have to do is hold out a hand, grab their order and drive off.

Lesson: Most credit unions don't have several full-time data analysts on hand to scrutinize production and pipeline data 24/7, but then again, they don't have to.

Today's mortgage-specific BI software makes it possible for credit unions to track the progress of loans throughout the entire origination process, identify pipeline bottlenecks and measure individual and branch performance.

Nor do credit unions need a physical innovation center like Chick-fil-A's to test adjustments to their mortgage workflows; with near-instantaneous data insights, mortgage BI software enables credit unions to tweak processes on the fly and measure the results in real time.

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AMAZON CHECKOUT

The last decade has seen significant advancements in mortgage point-of-sale technology with the arrival of fully digitized Form 1003 loan applications, digital verification of assets, income and employment, and digital disclosures.

Once these front-end capabilities become widely available to credit union members on their mobile devices, the next hurdle will be for credit unions to apply the same level of sophistication to the mortgage closing on the back end of the transaction.

Digitizing the "last mile" of a transaction is a challenge that spans industries.

Four years ago, Amazon ushered in a concept known as "just walk out" shopping with the public launch of its first Amazon Go store in Seattle. Using a combination of technologies including computer vision, weight sensors and geo-fencing, Amazon Go allows consumers to load their shopping carts and leave the store without ever standing in line for a cashier or self-checkout.

Instead, selections are automatically tracked in the Amazon Go app and charged to the consumer's Amazon account. The tech is fast gaining popularity, and already retailers like Target and Aldi are responding by developing their own cashier-less tech.

Collectively, these technologies aim to eliminate the checkout lines that Amazon CEO Jeff Bezos calls "the worst thing about physical retail."

Lesson: In the mortgage industry, digitizing the last mile of the transaction—the closing ceremony—is a feat that only recently became possible. With the advent of technologies like eNotes, eVault storage, and remote online notarization (RON), for the first time in history, today's credit unions can offer members a fully paperless mortgage transaction.

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In the last issue of Pipeline magazine, my colleague Jay Arneja outlined some particularly potent advantages full eClosings offer over traditional closings, from better protecting members' financial data to making life easier for members deployed overseas.

While her examples were both accurate and compelling, there is a sharper point to be made: like cashier-less checkout, eClosings are here to stay.

One day soon, members will have come to expect the ease of a paperless mortgage transaction, and it will be the Starbucks' and Amazons of the credit union world—the early adopters who not only embraced eClosings but also invested in data-driven process optimization and mobile app strategies along the way—that will be in a position to serve them.


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