

Major Inefficiencies of not going paperless.

Inefficiency: Workflow involved with completing a loan

The issue

Lending is the most paper intensive part of most credit union operations. The originating process can be divided into three primary components: application, underwriting and closing.

In a branch environment this is almost always a paper document. In addition, a loan interviewer will require proof of income (a pay stub) and documentary details about the collateral to be used if a secured loan is being requested.

An underwriter will use data from these documents to determine whether credit should be extended. This underwriting stage can be performed in a branch but many credit unions have centralized the underwriting process in a lending group that will require access to the documents or a transcription of the data found on the documents.

When a decision has been made, the loan can be closed and funded which can take place at the branch or in the central department. Closing requires that all signatures be obtained on loan documents and the loan funded.

Ask yourself these questions:

- Where are loan files maintained?
- Are loan files microfilmed or scanned?
- Do you have a designated custodian of loan files?
- How many square feet of office space are occupied by loan files and staff charged with loan file maintenance?
- How much do you spend on folders, labels and other related storage expenses?
- Can all member loan files be retrieved in one place?
- Do you use LoanLiner™ or other open end lending system?
- How are loans processed?
- Is underwriting centralized?
- Do you use a credit scoring system?
- How are applications transported to underwriting?
- Are a member's previous loan files pulled and reviewed when considering a new loan?
- Where are loan docs prepared?
- If funded at a branch how are loan documents sent to branch?
- Where are loans funded?
- If loans are funded at the branch, where are loan documents sent after funding?

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Inefficiency: Workflow involved with completing a loan...cont.

Ask yourself these questions cont...

- Are all loan documents kept together during process or are they assembled at the end of the process?
- Do underwriters ever have difficulty finding documents?
- Where are pending loan files maintained overnight?
- How many loans do you process each month?
- What is your average time from application to approval?
- Approval to funding?
- How many times each week does a member call for information on a pending loan and the loan file is not immediately available to service employee?
- On average, how much time is spent looking for loan files each day.
- How many loan cancellations do you receive in a month?
- What percentage of cancellations is caused by losing a loan to a competitor?
- How long do you retain loan files after a loan is paid off?
- Are files retained on-site or off?
- If off, how much do you pay for off-site storage?
- How much time does it take to pull and re file loan files during an average regulatory examination?
- How do you segregate loans that have been participated out to other institutions?

What is the solution?

Loan documents can easily be filed and retrieved without indexing. Valuable real estate footage can be used for retail space instead of file rooms.