

Team 4

MyDime

Money on Your Terms



TEAM MEMBERS

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THE OPPORTUNITY

Too often in today's world, lending institutions test the ill-advised notion of forcing "a square peg into a round hole" with their online applications. The idea of offering consumer choice is limited to a few options typically centered on a loan's term, which usually occurs in multiples of six or twelve months. What if we changed this dynamic and allowed the consumer to help construct their loan on their own terms? What if we provided this service on a remote device that is accessible wherever cell phone service is available? What would credit unions stand to gain from this strategy?

- Member loyalty
- New markets
- Increased loan volume
- A more informed member
- Better payment performance due to members taking more of an active role in their debt
- Better product placement/penetration

As you can see, if the credit union movement supports a more dynamic interaction for lending with members, the potential is unlimited. MyDime provides a portal to these opportunities.

THE SOLUTION

MyDime, Money on Your Own Terms! MyDime gives members the power to structure a loan that fits their budget. In five easy steps, the power to better manage the impact of a new loan on their credit score – before they close the deal. MyDime allows the member to play an active role in customizing their loan details. The member can adjust the length of their loan term or pinpoint an exact monthly payment and see how these parameters could affect their credit. Once the member has created a solution that works for them, they can easily apply this information to a request for a Premium Pre-Qualification—for the very loan they have structured. MyDime is easy to use, creating an intuitive workflow for the member to follow; from structuring the loan, to prequalification, and ultimately to funding and e-signing the documents. All of this through the convenience of an app, right on your tablet device.

TARGET MARKET

MyDime will be issued first as a tablet application. The target market for tablet technology has historically been in the 18 – 34 age demographic, fitting nicely with the peak demand group in consumer lending. Recent trends show a significant increase in adoption of tablet usage among other age demographics which means our application could have a broader appeal.

CONSUMER BENEFITS

- Control
- Ease of Use
- Flexibility
- Convenience
- Awareness builder; education
- Choices and Options
- Tablet Compatible
- Instant Gratification
- Instant messaging

CREDIT UNION BENEFITS

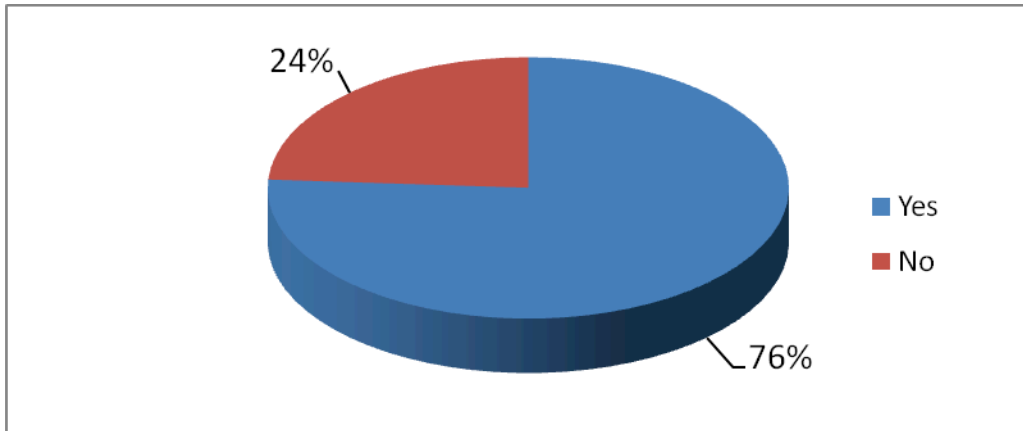
- Increased Loan Volume
- Increased Wallet Share
- Increased Market Share
- Cost effective method for loan application
- Member Advocacy/Financial Education
- Better closing percentages due to member interaction
- Cross-sell opportunities
- Remote touch point
- Two-way member communication

PILOT RESULTS

To determine the need and expectations of an application such as MyDime, we conducted a survey of 200 of our respective members. The results of the survey are as follows:

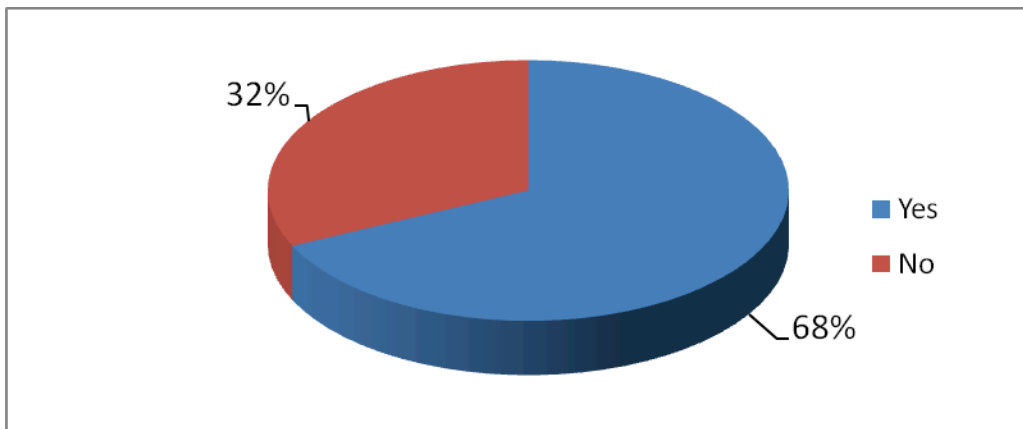
Are you comfortable applying for a loan online?

Overwhelming results stating that the members are comfortable using a tablet application for applying for credit. Of the negative responses, the primary concern was related to security or identity theft.



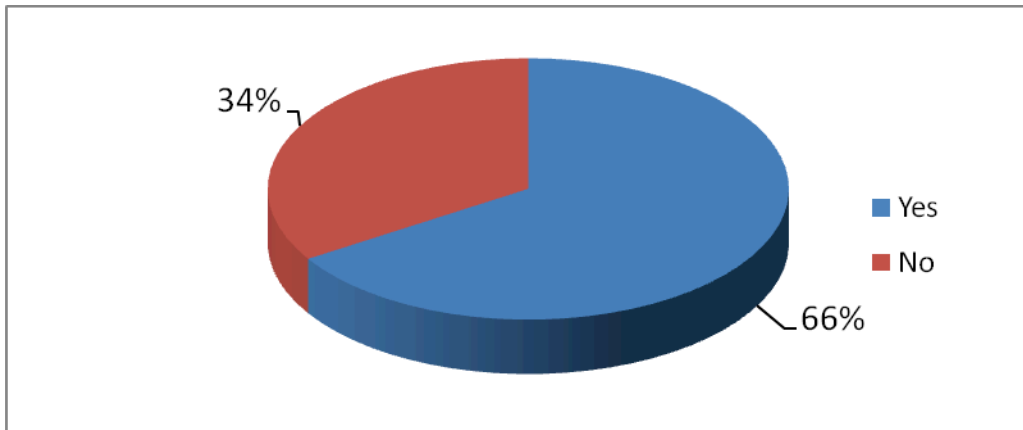
Would the ability to sign your loan documents electronically on your tablet and finalize the transaction remotely, increase your likelihood to conduct business in this method?

The results showed that having the ability to fund and close the loan using electronic signatures on the tablet is highly favorable.



Is this an app that you would use? If so, which features did you like most within the app?

Again, the results indicate the MyDime application was received in a favorable manner. Features that were mentioned the most were ease of use, the sliders for changing calculations, credit score and credit score impact, choosing custom terms, convenience, instant response and ability to make adjustments to the output.

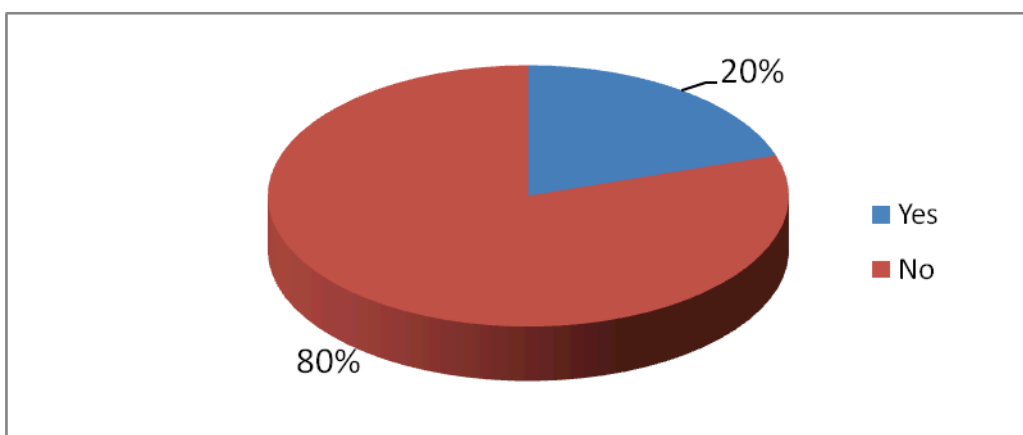


Are there any features missing that you would like to see in the app?

Responses included comment area (chat available), save and come back feature, authentication features, Skype capability, option for co-signer, amortization table

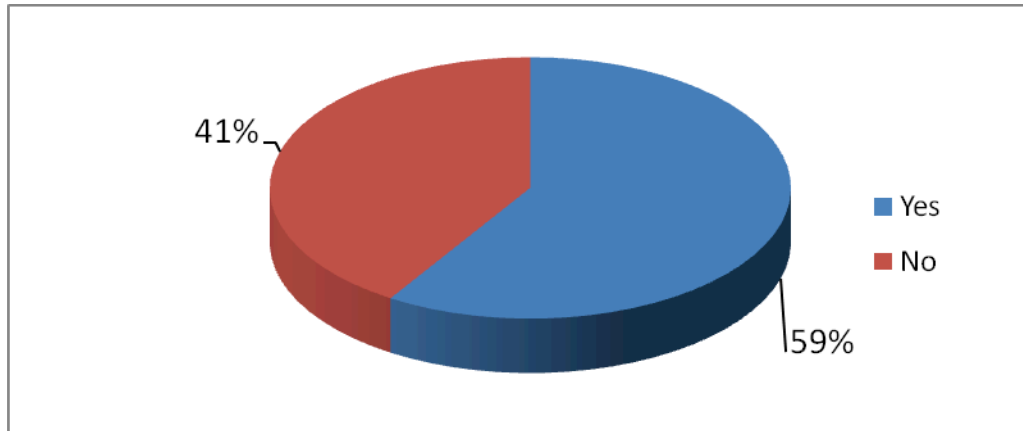
Have you seen a similar application available elsewhere?

The respondents indicated that the MyDime app is unique with its sliders for customizing the terms of the loan request and the credit score indicator.



Did this tool help you feel more in control of your lending needs than you were previously?

Again, the results for this question were favorable.



OPERATIONAL AND OTHER CONSIDERATIONS

Key to the success of MyDime is the ability to show the effect of the requested new loan on the applicant's credit standing. We have contacted Experian credit bureau and they have given us the details on how this can be accomplished. There are compliance related items that must also be addressed as to how this information is presented. Although we were unable to fully address all of these related items in the development stage, we have determined that the desired functionality can readily be performed from both a technological and a regulatory viewpoint.

Another item for consideration is the need to interface the data from the MyDime application into a loan origination (LO) platform. The loan application data required by MyDime is basic identification information and employment/income data that should easily transfer to any LO system for auto approval purposes. The most significant programming challenge will be developing the communication from the LO system to return the decision to MyDime; again, this can be performed and has not been determined to be a significant hurdle.

MyDime is designed for the application to be a branded, customizable application. Each institution has varying levels of comfort and expertise with auto-decisioning in regard to credit applications, so the link to their specific LO platform will allow the credit union to manage the decisioning aspect of the application to their current standards. Also, as MyDime can be branded, the credit union can easily manage the color scheme, logos, etc.

FINANCIAL PRO-FORMA/ROI

Development of the MyDime application has been estimated at approximately \$30,000. Additional expenses for an LO interface will depend on the partner technology firm and will be paid by each individual institution. The MyDime app will be licensed with anticipated revenues from fees required for branding and customization. These fees will be used to offset the original investment in development.

		Scenario 1		Scenario 2		Scenario 3	
Loan Applications per Month		Solution Impact	New Loan Application	Solution Impact	New Loan Application	Solution Impact	New Loan Application
	1000	25%	1250	35%	\$ 1,350	50%	\$ 1,500
	Look To Book	Look To Book		Look To Book		Look To Book	
Ratio	60%	60%		60%		60%	
Funded Loans	600	750		810		900	
	Loan Volume	New Loan Volume		New Loan Volume		New Loan Volume	
Average Loan Size	\$17,000	@ 17000		@ 17000		@ 17000	
	\$10,200,000	\$ 12,750,000		\$ 13,770,000		\$ 15,300,000	
Model Assumptions							
Rate	3.50%	3.50%		3.50%		3.50%	
COF	0.0023	0.0023		0.0023		0.0023	
Loss Ratio	0.008	0.008		0.008		0.008	
Net Rate	2.47%	2.47%		2.47%		2.47%	
Term	60	60		60		60	
Net Interest Income	\$ 483,897		\$ 604,871		\$ 653,260		\$ 725,845

RESOURCES

Savvymoney – JB Orecchia
Experian Credit Bureau

GETTING STARTED

1. Identify application development firm
2. Finalize objectives/goals for increased business development
3. Identify LO system to begin development/testing of interface
4. Identify final compliance related issues that must be addressed
5. Identify e-signature partner to partner for document presentation and signature collection
6. Contact us if interested at innovation@filene.org