

Hannah Johnson:

Hi. I'm Hannah with Origence Lending Services here today with Bob from Origence to discuss business process outsourcing for credit unions.

So, Bob, can you please describe for us what we mean when we say business process outsourcing for credit unions?

Bob Nealon:

Sure, Hannah. Thanks.

So for context, we're talking about lending BPO or business process outsourcing. We're talking about partnering with a third party provider, outsourcing some or all of our operational processes to gain efficiencies and to optimize our productivity and service levels.

So Hannah, why should a credit union consider using a BPO service provider?

Hannah:

There are multiple reasons, Bob. The first would be, expertise and experience. Absolutely. They bring that specialization to the table. Secondly, scaling, ability to leverage the scale and size of a BPO for your needs.

I would also say that derisking future endeavors can be a very important part. You know, it can be the opportunity to simply take an existing product into a new market, or it could be something more complex, such as a new service that you're bringing to the credit union.

And beyond that, there's the service level agreements. They're important to every partner in the transactions for a lending operation.

And, typically, business process outsourcing, given that size and scale, can accomplish those service level agreements much more efficiently.

Bob:

In addition to that, Hannah, I think it's important to think about staffing.

With a BPO, you can optimize staffing levels. We've all experienced times when business activity has grown or business activity has shrunk and we know what that does to our staffing situation.

Nobody likes to be overstaffed or understaffed.

Considering a BPO can really help optimize those staffing situations.

Hannah:

Correct. And BPOs are ready for those ebbs and flows in volume. They can structure those resources where a credit union has to make more permanent commitments.

Bob:

So, Hannah, what are the most common lending BPO services that credit unions normally choose?

Hannah:

Well, a critical service offering is underwriting, placing lending decisions on a loan. That expectation is much more seven days a week these days. And so to offer the continuity via a BPO for those expanded hours can be incredibly impactful or potentially full service. Moving into other services such as processing and funding of loans, letter generation, maybe adverse action, welcome letters for your members, or document stacking. Those are all viable options. The best part about being established with the right BPO provider is the opportunity for new service offerings and the ability to expand and diversify.

Building upon those things that can be offered from a BPO, what would you say is the right time to establish a relationship with a provider?

Bob:

That's a great question. Really, the time is now. It's all about preparedness. Being prepared, partnering with a BPO provider now, gets things in place so that you have those capabilities when you need them. By being prepared, you'll ensure optimization at all times.

Hannah:

Given the clarity of benefits and opportunity by working with a BPO provider, what would you say Credit Union should look for when choosing that partner? So experience and track record are key.

In lending, we're all about risk. So we wanna make sure that the right BPO partner has the experience and the referrals necessary.

Scale. We want to make sure that, that a partner has the necessary scale to meet our needs.

We also want to evaluate things like technology, tools, and methods. We want to look at things like loan origination systems, integration capabilities, the use of AI, and the ability to work inside of other credit union systems.

And lastly, it's really important to evaluate a third party provider's knowledge and investment in the credit union industry. So it's ideal to start by looking at multi credit union owned CUSOs.

Being credit union owned, a CUSO really does have a unique insight into Credit Union needs and challenges.