Growing SMB Membership by Transforming the Lending Process

The Client: Vancity

With $27.4 billion in assets plus assets under administration, Vancity is Canada's largest community credit union. Vancity uses its assets to improve the financial well-being of its members, while helping develop healthy communities that are socially, economically and environmentally sustainable.

Vancity's key strategic priority is to focus on the member. The objective is to retain and grow the small business membership by better meeting their needs, including day-to-day banking, access to credit, and health benefits.

The Challenge: Evolving the SMB Lending Process

Prior to collaborating with JUDI.AI, Vancity's small business (SMB) lending system relied on credit bureau reporting and manual financial spreading. The former process hadn't evolved in years and was time-consuming. For the customer, applying for a loan required the small business owner to take valuable time out of running their business to manually track down financial statements and other documentation.

And, after spending *more* time preparing the application and consulting with a Vancity team member in-branch, it could still take days or weeks to manually process the underwriting decision.

Underwriting SMB loan applications manually was a slog for both lender and borrower.

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CASE STUDY: **VANCITY**

PAGE **01**

The Goal: Better Supporting the SMB community

As part of their member-focused initiatives, Vancity wanted to invest in tools that created efficiencies and freed up more time for their employees to provide support for business members. They needed a technology partner to help transform the lending process for smaller commercial loans.

Though the primary goal was to improve the SMB loan experience, it was equally important to streamline the internal workflow and grow SMB loan revenue.

Building Requirements

Vancity was looking for an automated underwriting platform with Canadian-specific analytics, that could:

- Automate most of the manual loan decisioning workflows.

- Quickly analyze recent transactional history.

- Provide transparent decision-making attributes.

Vancity's vision focuses on meeting the long-term needs of their members and strengthening the local economy. It was critical that they work with a technology partner whose values were aligned.

JUDI.AI and Vancity both believe that to ensure the success of small business members, it's important to provide the loan they need at the rate that ensures they can continue to successfully run their business while they pay back the debt.

> "One of the biggest benefits we didn't see coming is how JUDI.AI enables us to provide more financial literacy to our members. Our former credit decisioning system functioned as a 'black-box'. But with JUDI.AI's automated underwriting platform, now we can access a real-time snapshot of how the business is performing, see any anomalies in cashflow and pull current analytics."

- Ken Lim, Process Enhancement Manager, Vancity

The Solution: Piloting Automated Underwriting

After evaluating several other options, the Vancity team chose to work with JUDI.AI.

The JUDI.AI team sat down with Vancity to understand their objectives and determine how to best configure the automated underwriting platform to its credit models, risk policies and best practices.

Together, they decided to run a six-month pilot project to test the impact of automated underwriting on credit decisioning accuracy, staff workflow and member experience.

In order to minimize the time and cost, this included a standalone platform with no integrations. To measure the success of the JUDI.AI pilot project, Vancity needed to answer three key questions:

1. *Does our credit department agree with every credit decision made with JUDI.AI's automated underwriting platform?*

   Success measure: Vancity performed 100% credit audit on every credit decision made for the first 6 months.

2. *Has the member SMB loan experience improved with JUDI.AI's automated underwriting platform?*

   Success measure: Vancity conducted 25 independent surveys of members who had gone through the loan process to collect feedback.

3. *How effectively are our staff interacting with this platform? Has it improved their workflow?*

   Success measure: Vancity sought staff feedback and measured application workflow throughput.

> "JUDI is a great tool to have. Having all that data available to have conversations (with small business members) allows us to address the specific pain-points of their business."
>
> **- Vancity SBA**

The Results: A 330% Increase in Loans Funded

Vancity is thrilled with following results:

87	**12-16x**	**526%**	**330%**
full-time work weeks (based on 40 hour work week) saved to-date	decrease in average loan application time (from 4 hrs to 5 minutes)	increase in annualized gross margin and fees from LOCs and term loans under 150K*	increase in loans funded

Since running the pilot with successful early results, Vancity has continued a phased roll-out of JUDI. AI's automated underwriting platform. The credit department is comfortable with the accuracy of credit decisions. **Average SMB loan application time has decreased from up to 4 hours to approximately 5 minutes**, which to-date, has resulted in **87 full-time workweeks of time saved.**

Because of the simplified process, **the number of loans funded has increased by 330%**. More importantly, the efficiency has also provided front-line staff more time to provide member support and be trusted advisors. When surveyed about their experience, small business members consistently provide a positive feedback about the convenience and transparency.

> *"This was the least painful loan application process I've ever gone through. The loan process was fast and crazy easy. We did it together and within a few minutes, it was approved. Much of the preparation was handled by email. I liked the digital signature. This was the least painful loan application process I've ever gone through."*
>
> **-Vancity SMB Loan Customer**

It's hard to compare getting a loan decision in minutes rather than days!

Even members who were not approved for a loan have reported an improvement in member experience. Whether approved or not, the timeliness of the decision, transparent financial insights on why they did/did not qualify and the quality of advice provided by Vancity's account managers have helped truly transform the SMB loan experience.

In 2019, Central1 recognized the innovative partnership between Vancity and JUDI, and awarded JUDI the inaugural Ignite Business Banking Award for its work in "igniting" Vancity's full potential through the JUDI credit decisioning platform.

*(comparing pre-JUDI.AI Jan-Jun 2016 vs post-JUDI.AI Jan-June 2019)