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TECHNOLOGY IN BRIEF

CU Touts Outsourced Loan Calls

First Financial Credit Union in West Covina, Calif., said outsourcing the work of calling borrowers to remind them to pay their bills has reduced its loan delinquencies and improved its sales for other accounts.

The \$637 million-asset credit union began using **SoundBite Communications Inc.**, a Burlington, Mass., automated dialing service provider, in 2004 to deliver the messages.

G. Donald Gross, the vice president in charge of information technology, collections, and lending audits at First Financial, said in an interview last week that delinquencies have dropped nearly 80%, to \$3 million in the first quarter, since it started using **SoundBite**.

“The sooner you call the people, the more likely you are to get them on the right path,” Mr. Gross said. “They understand they are not going to be allowed to let their payments go past due.”

The credit union has also pulled back from the troublesome business of indirect auto lending to subprime borrowers, and it wrote off some bad loans, he said.

“Chargeoffs are high, because of the nature of the business,” Mr. Gross said, but they might be two or three times higher if First Financial were not using the service.

First Financial outsourced the work to **SoundBite** because the automated system is more efficient than hiring collections staff to make the calls, and buying and installing the equipment would have taken more time and money than handing off the work to the vendor, he said.

The credit union had \$14 million of loans more than 60 days past due when he joined it in June 2004 from a credit union in Florida, he said. “We had a lot of ground to cover in a relatively short time.”

First Financial also uses the service for sales and special promotions, Mr. Gross said. For example, it plans to start a calling program in September to support its introduction of credit cards from **Visa U.S.A. Inc.** “We’ll use **SoundBite** to call those member and let them know they are preapproved.”

– **Steve Bills**



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