



Case Study:

Heritage Federal Credit Union

Heritage Federal Credit Union was founded in 1965, and later became a community-chartered credit union in 1983. Since then, the credit union has grown to serve more than 50,000 members.

With a mission to meet the changing financial needs of its field of membership, Heritage Federal Credit Union prides itself on providing quality products and services in an efficient, cost-effective manner by knowledgeable, enthusiastic, and caring employees.

THINKING BEYOND THE INDUSTRY STANDARD

With a competitive auto lending environment and a focus on doing the right thing for members, more and more lenders are seeking unique ways to accomplish these goals. In February 2016, SWBC client Heritage Federal Credit Union transitioned from offering standard Guaranteed Asset Protection (GAP) to GAP with PowerBuy™, a vehicle protection product offered exclusively by SWBC. Read on to learn how Heritage Federal Credit Union increased vehicle protection product sales by nearly 50% in the first six months of offering GAP with PowerBuy by thinking beyond the industry standard GAP product.

HERITAGE FEDERAL CREDIT UNION



52,271 members



8 branches



\$524.6 million in assets

SUCCESSES ACHIEVED



Increased vehicle protection sales by nearly 50%



Increased GAP production by more than 44%



Increased vehicle protection product penetration by 15%



Increased contribution margin by 76%

LOOKING OUT FOR THEIR MEMBERS' BEST INTERESTS

When it comes to GAP, most of our clients think, "if it isn't broke, don't fix it," but what Heritage Federal Credit Union, along with many of our other clients found, is that by upgrading to GAP with PowerBuy, they truly were looking out for all of their members' best interests.

"Since all members' vehicles depreciate over time, the benefit to the member is actually increasing over time. The PowerBuy benefit helps us protect more members—including the borrowers who put money down when they purchase their vehicle," said John Phipps, Chief Lending Officer for Heritage Federal Credit Union.

As John explained, while standard GAP wasn't necessarily inadequate, it did fail to provide full benefits to their entire membership base, including members who had good equity positions in the vehicles they were financing.

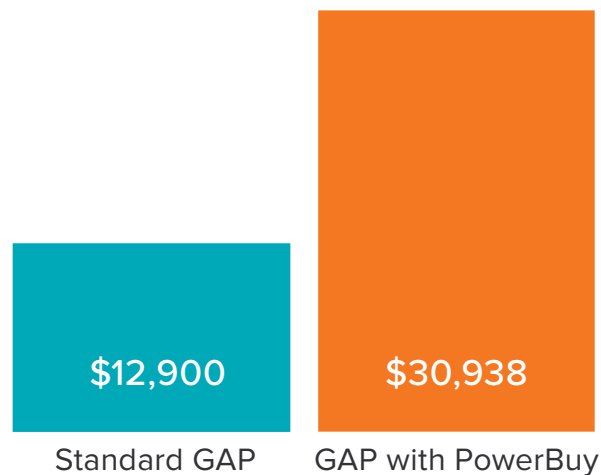


Unlike standard GAP, GAP with PowerBuy can pay up to the remaining balance of your borrower's auto loan after an insurance payout and provide additional funds to finance their replacement vehicle with you.

Upgrading from standard GAP to GAP with PowerBuy allowed Heritage Federal Credit Union to increase penetration from 31% to 46% year-over-year.

Average Monthly Revenue

■ Standard GAP
■ GAP with PowerBuy



John Phipps

Chief Lending Officer for
Heritage Federal Credit Union

A WIN-WIN

GAP with PowerBuy provides invaluable protection to borrowers' vehicle investments and down payments, when applicable, and it also helps lenders realize higher margins on sales as well as increased non-interest income revenue. "We were able to make a minor price adjustment with the addition of the PowerBuy benefit to our members. This price increase has improved our margin slightly, but the real benefit has been in the increase in the number of GAP and Major Mechanical Protection (MMP) sales our staff has been able to make. We have seen an increase in sales of nearly 50% in the first six months over the same period in 2015," said Phipps.

Heritage Federal Credit Union staff understands that GAP with PowerBuy is a product that benefits all members who finance a vehicle, they offer the product 100% of the time on every funded loan. This persistence and dedication led to a 44% production increase and an increase in GAP product penetration from 31% to 46% on their GAP offering.

When asked what tips and best practices he would offer to other lenders considering offering GAP with PowerBuy, Mr. Phipps responded, "Make sure that the front line staff that will be discussing the product with members is 100% behind the product. They need to believe in it and be able to explain the benefits to members."

A DEDICATED PARTNER

As a longtime partner, Heritage Federal Credit Union has always found the sales and support staff of SWBC to be very helpful. "As we launch new products, SWBC is actively engaged in the process and will check in to make sure that things are going the way we expected, and if not, identify what they need to do to help us improve the situation," said Phipps.

As part of SWBC's dedication to the success of our partners, we help lenders build a successful sales and service culture by deploying proper training and education in sales strategy to all financial institution sales staff. Each program is customized to the lender's unique goals and products, and combines on-site and computer-based training to help financial institution leaders, managers, and employees improve profitability through member-centric sales and referrals.

Prior to launching GAP with PowerBuy, Heritage Federal Credit Union staff received training on the enhancements to their existing GAP product. This in-person training allowed their sales staff to ask questions, engage with their trainer, and truly get an understanding of the product and its benefits to their members. "I feel this resulted in our team having confidence in the product from the beginning, which has resulted in great sales," said Phipps.

When asked how he would rate his overall experience with SWBC's GAP with PowerBuy program, Phipps responded, "Very positive. The transition has been smooth and because of the training which details the benefits to our members, we have seen increased penetration."

To learn more about SWBC's GAP with PowerBuy, contact us today at **866.316.1162** or by email at swbcinfo@swbc.com.



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