

A Remarketing Case Study

Credit Union At-A-Glance

GTE Federal Credit Union
Assets \$1,948,125,977
Members 204,518

Program At-A-Glance

- Professional Representation
- Preferred Lane Positioning
- Auction Fee Discounts
- Marketing & Promotional Campaigns to Attract Buyers
- Automation of the Liquidation Process, Including Electronic Tracking of CU Collateral
- A Strong, Nationally Recognized Label

Challenge

As the credit union lending landscape began to stall in 2007, coupled with a decline in captured market share, developing an effective strategy to remarket vehicles quickly and effectively became increasingly critical. GTE Federal Credit Union was looking to improve their financial performance of their remarketing process by recovering more of the outstanding loan balance – benefiting both GTE and its members. Additionally, GTE wanted to streamline their liquidation process by generating higher bids, reducing their auction expenses, and decreasing the number of days-to-sale.



Solution

“In conducting our due diligence, we had significant faith in GE’s unique understanding of the market and unequalled ability to develop strategies that excelled,” Recovery Manager Brenda Clarke said. “It was immediately clear that GE’s proven strategies would not only offer GTE quality alternatives to a cumbersome and antiquated process of asset recovery, but also provide us with established best practices in a turnkey package.”

Results

When looking at the performance of GE’s remarketing services for GTE, compared to other Florida-based credit unions not using a remarketing agent, the results were affirmative. According to a recent study conducted by Manheim Consulting, although GTE’s repossessions are in rougher condition with higher mileage than the credit union’s peer group, GTE’s units submitted through GE’s remarketing services are earning an average of 3% higher net sale price. Furthermore, GTE’s sales ratio is more than 8% higher than the peer group, meaning GTE is selling its units more quickly than its peers. While more difficult to measure, anecdotal evidence suggests the GTE team is also capturing internal time efficiencies as a result of using GE’s remarketing services.

By leveraging GE’s expertise and onsite representation, GTE is enjoying higher returns, faster sales cycles, and recovering a higher portion of its loan deficiency balances for its repossessions, and saving time during the process.

Keys to Making it Work

A credit union that can quickly adapt to the advances in automation presented by the program will see an immediate, meaningful improvement in efficiencies. Typically, credit unions manage their remarketing programs via spreadsheet or some form of in-house database. GE’s remarketing services utilizes a web-based software solution that completely automates the remarketing process.



Additionally, the relationship between GE’s remarketing field staff and credit union personnel is key. The credit union is paired with a GE remarketing professional who becomes an advocate for the credit union when dealing with issues in a wholesale environment. Improved communication channels and connections with industry professionals working on your behalf are also keys to making it work.

Lessons Learned

Throughout the entire implementation phase, GTE learned important lessons in reducing days-to-sale by centralizing the title process. Regardless of where a vehicle was being liquidated, all titles were sent to a single auction. This placed the title in the hands of a professional with experience in handling complex title issues. These professionals utilized the web-based software to determine when and where a title needed to be sent on behalf of the credit union. By centralizing the title process, the credit union reduced the amount of time required to research where a vehicle was going and eliminated the burden of locating someone to send titles to. This led to a measurable reduction in the number of days-to-sale for the liquidation of credit union-owned collateral.