



CASE STUDY

**\$2.5B Asset  
Credit Union**

**Background**

*This credit union (CU) is located in the Midwest and has an asset size of roughly \$2.5B with 175,000 plus members. The CU has a community charter footprint with a potential membership of over several million households. The CU rates for A, B, C, D, & E paper of 4.14%, 4.84%, 7.19%, 8.94% and 11.69% for 60-month loans respectively (with a 620-credit score floor).*

**Stellar's Auto Loan Proposal**

Our clients pay no out of pocket marketing costs. All incentives, credit bureau lists, mail, postage, telemarketing expenditures, website, etc. are paid by Stellar, thus taking all costly risks from our clients. We collect a tiered success fee

from the funded loans that match back to the marketed consumers. A small application fee is assessed on all applications, which is waived when the loan is funded.

**Implementation**

Using the CU's standard rates, the program targets non-member households that were eligible to become members. Potential mailed members are spread across all paper grades fairly evenly.

**Approach**

Stellar's unique auto loan recapture program uses data mining of credit bureau consumer information to find households that are paying a substantially higher interest rate on their auto loan than what our client would charge for the same credit score. Stellar then scrubs the potential list to remove those prospects that will not meet the CU's credit policies (i.e., late payments, bankruptcies, number of open loans, etc.). Prospects are ranked by best responders as well as profitability.

The prospect is mailed a prequalified offer letter, which shows the monthly savings for that consumer, if they were to refinance with the credit union. The direct mail

offer is supported by outbound calls, a custom microsite with application, reminder letters, digital marketing, and after hours inbound/outbound call service. Applications are completed and sent to the CU for approval and loan closure.

**RESULTS**

- 2020's mailings resulted in **\$31 million+** in new, booked loans
- Members saved an average of **\$110.25 per month** on their loans
- The average booked loan term was **60 months**
- **\$6,615** average savings per household over the remaining life of the loan
- An average blended interest rate for all funded loans was **6.55%**

**ROI**

- Estimated interest income for first 30 months: **\$5,085,669**
- Estimated DDA (Demand Deposit Account) income for 30 months: **\$121,500**
- Estimated 30-month non-interest income (GAP, MBI, etc.): **\$431,925**
- Total Estimated Income: **\$5,639,095**

**Total Estimated ROI: 304%**