

Auto Leasing Is The Right Addition To Complete Your Credit Union's Loan Portfolio

When Jeremy Pinard joined Alliant Credit Union in 2013, one of his first steps was to investigate whether auto leasing would be a good addition to their portfolio. Pinard said the key to creating an impactful auto leasing program is to take the time to fully appreciate the asset class. "It's essential that you do the research to understand it," said Pinard, who is responsible for all consumer loans at Alliant. "Once you understand the asset class, take the time and proper steps to really determine if that is a demographic you want to attract, and the type of program you want to build."

Pinard had worked with CULA for four years at his previous financial institution, and there were three factors that convinced him that adding auto leasing to Alliant's portfolio was the right move:

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Jeremy Pinard
Vice President of Consumer Lending
Alliant Credit Union

- Strong Demographics. Alliant's key membership demographic is prime members, which they call Plugged-In Maximizers (PIMs). In Pinard's experience, the PIM demographic is more likely to prefer leasing over an auto loan.
- A Prime Market. Leasing is a super prime demographic, which is the preferred customer on the direct and indirect auto loan side of Alliant's portfolio.
- Profitable Performance. Given Pinard's previous experience working with CULA, he had the experience and knowledge of how the program had profitably performed over a long period of time. That gave him confidence that history would repeat itself.

Leasing Requires an Experienced Partner

"Credit unions who want to add indirect or direct lending, or leasing need to understand what it takes for them to be a viable option in their market," said Pinard. "They need to have rates and terms that are competitive. From a regulatory and performance perspective, they will need to both monitor and manage it. This kind of indirect lending requires you to have a full understanding of the entire process."

With leasing, there are several nuances to understand, and in Pinard's opinion, an experienced leasing partner can make a huge difference. "As a partner, CULA really helps you understand the complexities of a lease. Specifically, important elements like residual risk, wear and tear, and how

that ties into the risks related to leasing,” said Pinard. “I think most people in the credit union world are comfortable with their risk and their performance and their historical performance on their retail auto loans. CULA has been doing it for a long, long time, and they have that historical data to answer any questions a credit union might have.”

Pinard thinks the biggest advantage of working with CULA is the ability to offer leasing and retail loans, which allows the credit union to create a deeper, full-spectrum relationship with each auto dealership. “Each dealership already offers a range of retail loans. They have a lot of financial partners, but not all of them do leasing. So, this is one way the credit union can strengthen that relationship and be able to build that relationship to drive profitability.”

Three Questions Credit Unions Should Ask Themselves

When asked what credit unions should consider regarding indirect leasing, Pinard said he strongly believes it is important to take the time to answer a few questions about this unique asset class:

1. Is this an asset class that you can be competitive and profitable in?
2. Does it fit the demographics of the type of consumers you are trying to attract at your credit union?
3. Does leasing fit the culture of your credit union?

Why CULA?

For Pinard, working closely with CULA to complete this asset class research gave him the information he needed to understand how Alliant could build a competitive leasing program and foresee what will be required by his institution. “CULA is the kind of partner that you can work with to create a program that fits your desires, goals and expectations of launching a leasing program. And what I like about CULA is that they're willing to listen, willing to adapt and change and adjust, based on my needs and even my wants, at times. Also, they want you to be profitable over the long term, and they truly want you to be successful.”

About Credit Union Leasing of America

Credit Union Leasing of America (CULA) enables credit unions to leverage the \$64.6 billion U.S. vehicle leasing market. Founded in 1988, CULA reduces the complexity and resource burden of vehicle leasing and helps credit unions increase yield, diversify their portfolios, capture additional business from current members and increase membership.