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## **First Command Bank Implements End-To-End Loan Processing**

By Phillip J. Britt

*First Command Bank (\$400 million), Fort Worth, TX, an affiliate of First Command Financial Planning, wasted a lot of time preparing loans in the 1990s. Bank officials foresaw a growing need for the financial institution's lead product – debt consolidation loans. But to fulfill the growing business, First Command officials also knew they needed a new, more efficient loan processing software solution.*

“We wanted to more efficiently process loans and decisions,” says Roger Smith, svp and lending manager. “We had been using a system that allowed us to pull a credit report, but we had to manually pass files from processor to manager to underwriter.”

The older system also required loan officers to manually calculate debt ratios, further slowing down the process.

### **End-To-End Automation**

The bank looked at several systems before choosing Mark IV from Cypress Software Systems. Installation and integration with the bank's Jack Henry central processing system was smooth, unlike the headaches with installing the previous system, according to Roger.

“Users could almost teach themselves the system,” Roger adds. “It was very easy for new users to pick up.” It was easy for them to use as well as to learn and helped the bank minimize the paper shuffling.

“Cypress Software Systems' Mark IV allows us to move these [loans] through the work process without having to ship a lot of papers,” Roger says.

### **Web Applications**

Because so many of First Command's customers apply for a loan via the bank's Web site, Roger says that Cypress wrote a software interface to the site that automatically populates Mark IV with all their loan applicant data.

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“There’s no need to re-key data, which is a major time-saver,” Roger says. “Another key was that, with the old system, we had to manually reconcile the credit information an applicant gave us with what we pulled from their credit reports. Mark IV automatically reconciles this for us.”

Each credit application that is entered is analyzed by automatically accessing third-party credit bureau reports; consulting the financial institution’s internal loan policies; and applying a customized loan scorecard and automated loan decision, where appropriate. Loan officers also have the option to track a loan’s progress and manually resolve individual loan issues or make loan decisions.

## Saved FTEs

With the more efficient loan processing, the bank has gone from 800 applications a month to 1,200 a month with little increase in staff. At current loan levels, Roger estimates the software saves the bank about five full-time equivalent employees.

The software also helps with customer service after the initial application, Roger adds. Every bank employee has access to the whole loan package at his or her computer. Everything a loan service rep did is right there to review if an applicant has any questions.

## About Cypress Mark IV

“I think we’re seeing an increased need in the market place,” says Steve Sargent, president and CEO of Cypress. “We’re seeing consumer banks moving from manual underwriting to automated underwriting for a number of different reasons.”

Primary among those reasons is better efficiency and better consistency for approvals. Consistency is important to relieve any hint of unfair or discriminatory lending practices, Steve says.

With the Mark IV loan processing software, lenders can take loan applications electronically while interviewing applicants, retrieve credit reports, review sources of repayment, and apply their bank loan policies in making credit decisions.

The efficiency provided by Mark IV enables financial institutions to grow their lending operations without adding as much staff as they would need to if they continued to manually underwrite the loans, according to Steve. The software lets lenders spend more time looking closely at questionable loans, and less time with very good ones and automatic rejections.

Mark IV supports various types of credit applications, including direct or indirect automobile; installment loans; home equity and home improvement; credit card; sales finance; and RV and marine products.

The client-server based tool resides in the credit origination area of a financial institution. It works throughout the loan process, beginning with application entry and ending by automatically handing off new account setup information to a loan document preparation or processing system.

Cypress has also developed several optional modules for Mark IV, including:

- Doc Prep Export Interfaces – Document preparation export interfaces that can be used to pass key setup data downstream into systems such as Bankers System Inc. (ARTA and Rembrandt); Harland

Financial Solutions (LaserPro); and GulfPak Financial Solutions’ GulfPak Loans.

- Cypress WebApp — An Internet-based credit application tool that fits into the bank’s Web site. The WebApp automatically transfers applicant-entered data securely into Mark IV. In a fully automated decision environment, this enables applicants to receive an approval decision via the Internet. Alternately, in a non-automated decision environment, Internet-sourced applications will append into Mark IV, and a credit report will be pulled, leaving the final decision to a bank representative.
- New Account Setup Module — An add-on that’s designed to eliminate loan setup. When used in conjunction with the Doc Prep Export Interface, the financial institution can capture all of its required setup information within Mark IV, and pass most of it along automatically into the internal document system.

Cypress clients include regional and community banks, finance companies and credit unions that typically have assets in the \$250 million to \$2 billion range. While the bulk of these customers are found in Texas and Oklahoma, additional clients are located in about 15 other states, including Florida, Georgia, California, Massachusetts, Iowa, and Indiana, among others.

These customers typically sign a three-year licensing agreement with Cypress. The licensing agreement is based primarily on an estimated number of processed loan applications.

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