



THE LAST WORD

Tracy Ashfield

To Increase Market Share, It'll Take a Village

By Tracy Ashfield
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Seeing market share take a little dip in the first quarter was difficult for credit union mortgage lenders. What might be a more interesting aspect of the story isn't the dip but where those loans went.

We all know that credit union market share started its upward trajectory when the credit crisis hit more than a decade ago. At the same time, the owners of mortgage market share were changing. The big banks were in rough shape and dealing with a lot of negative press. In 2008 Washington Mutual became the largest bank in U.S. history to fail. And mortgage brokers were closing up shop at unprecedented rates.

In 2004 a study by Wholesale Access showed mortgage brokers held more than 65% of the mortgage market share. Almost overnight it dropped to below 10%. Recent reports show their share is again on the rise, but slowly.

So where is the business going? Market share by Independent Mortgage Bankers (IMBs) is growing. Remember: These non-bank lenders have a singular focus in home financing. They aren't "distracted" with deposit products, credit cards or auto lending. Every minute of every day their business is mortgage-focused. Many are also hyper-focused on creating a high-tech, high-touch experience for borrowers.

IMBs are formidable com-

petitors, especially when they are effective marketers. The numbers bear that out.

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WHAT MUST CREDIT UNIONS DO?

So what does this mean for credit unions? The reality is that to gain mortgage market share, credit union leadership needs to stay focused. And I don't mean just the mortgage team. Winning the battle for market share means the focus must come from leadership in IT, Marketing, Human Resources, Finance and Retail Banking. Even the best and brightest from your Mortgage Team need help to grow.

Over the past two decades of consulting I have done dozens of strategic planning sessions with credit union leadership teams. Generally, I am invited to

facilitate these sessions because the CEO or the CLO has identified that mortgage is operating on an "island" and there is a sense that as a result, Mortgage is missing opportunities.

Almost without exception I find Mortgage to be a bit "misunderstood" by department heads, and frankly, the Mortgage Team often don't help themselves because they are rarely good at "telling the mortgage story" to their peers.

When gathered in one room for the better part of a day in a planning session, it's rewarding to see what happens when a CEO shares a vision for the role real estate needs to play in the credit union's overall strategy and watch leaders work together to advance the housing finance strategy.

IT WILL 'TAKE A VILLAGE'

So, back to those Independent Mortgage Bankers. In their organization, the individual Chiefs of Finance, HR, IT, etc., are all focused on one thing—housing finance. That's a lot of top minds focused on one line of business.

It's also why I often tell credit union CEOs that it will "take a village" to raise the market share for mortgage loans.

In summary, don't let the recent market share dip get you down. Early reports indicate the second quarter was much stronger for CUs than the first.

There will always be competitors vying for market share, but credit unions have many strengths and many talented leaders. Gather your key stakeholders in all of your key disciplines and take a few hours sometime this fall to map out your 2020 strategy. ▲

Tracy Ashfield is president of Ashfield & Associates, a consulting and training business that assists credit unions with mortgage lending. She also speaks at industry conferences and examiner seminars, and continues her work with ACUMA, where she is President-Elect.

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