

CASE STUDY

LAFCU's Zero-Delay Payment Revolution: Text to Collect

Los Angeles Federal Credit Union (LAFCU), serving the diverse community of Los Angeles since its founding in 1936 during the Great Depression, has long been committed to providing innovative financial solutions to its members. With a focus on member-centric service, LAFCU has continually sought ways to improve the banking experience for its community.

5,500

payments processed in just 5 months with Eltropy's frictionless Text payment system.

22%+

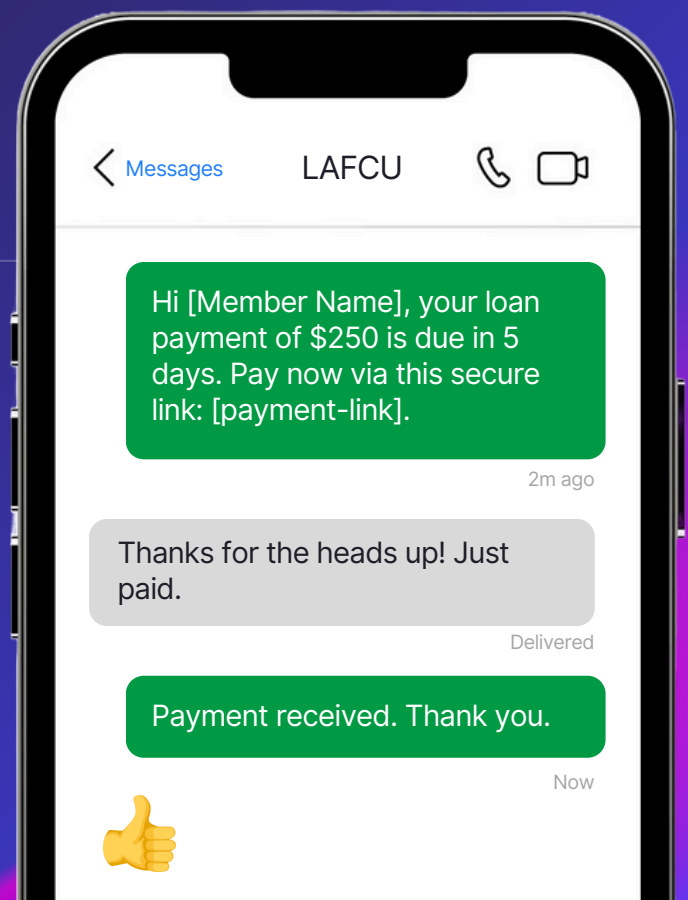
faster payments with 5-day advance Text reminders, reducing delays from 9-11 days to 0-3.

3.5x

surge in payment volume in 5 months driven by proactive Text alerts.

100%

increase in monthly payment volume, fueled by higher engagement through Texting.



Background

With the rise in macroeconomic issues nationwide, LAFCU recognized the urgent need to strengthen its early-stage collections program. The credit union's existing digital pay-by-phone system was outdated, requiring members to navigate through a cumbersome desktop experience that increasingly failed to meet modern banking needs. This led them to look for a partnership with Eltropy.

Challenges

Tedious and Outdated Payment System

LAFCU's payment system created significant friction for members, especially mobile users.

Art Sookazian, Vice President of Collections & Risk Management at LAFCU, described the core issue: "Before, our pay-by-phone systems were desktop optimized, as opposed to mobile optimized. The main difference with Eltropy is that now it aligns with our mobile-first strategy in real-time. And when you get an alert by text, you're not forced to log in – because that's the main disconnect."

Art elaborated, "How likely is it that a borrower is going to memorize their login information for something as boring as a pay-by-phone system, and specifically for just one creditor? With mobile, they're not likely to remember their login credentials. So oftentimes the person will 'x' out of the application when reacting to a reminder alert."

The LAFCU payment system was complicated and time-consuming and needed to simplify it for the members.



Solution

Seamless Payments with Eltropy Texting

Partnering with Eltropy transformed the payment experience, offering a seamless, mobile-first experience that resonated with members.

Art praised the implementation process: "We had a rock star as our implementation manager. It was very smooth with Eltropy and it was very well communicated. We had really great participation amongst our leadership at the credit union through the whole implementation."

The new system introduced several key features, including:

- ✓ Automated real-time payments posting to all systems, such as Symitar, FICS, and PSCU systems, for all loan products.
- ✓ Frictionless mobile experience for members.
- ✓ Personalized, actionable text messages.
- ✓ Payments via Text by responding "yes".
- ✓ Automated/future recurring and one-time payments initiated by the member.
- ✓ SMS program reminding members of upcoming and past due payments.

"When you send someone a message, you should know who they are, and they should trust that you know who they are. And that's what we got with Eltropy."

Art Sookazian

Vice President of Collections & Risk Management



Results

Timely Payments and Higher Member Engagement

The change was immediate and impactful.

"Overnight we changed our member behavior," said Art. "Once we started sending messaging five days before the due date, it was actually a little bit of a shock to the credit union. They could hardly believe what was happening."

"Now, people are paying earlier than ever before, in an easier, more frictionless way—oftentimes simply typing back "yes" to a text message. Earlier, it took an average of five attempts during early-stage efforts to get a member to pay. The difference in efficiency is staggering, as members are now paying after the first contact via SMS channels. The member experience has clearly improved, with members appreciating the ability to pay faster while maintaining full control of the situation," he continued.

The implementation has delivered several significant results:

Payment Volume Growth

Over 5,500 payments processed in just 5 months.

Enhanced Communication

Members and LAFCU exchanged over 298,000 text messages a year to date.

Digital Payment Adoption

With one-time & recurring payment options and fee-free self-service transactions, 1,585 payments were processed in the first 14 months of launch. Payment volume grew 3.5 times in just 5 months, driven by proactive texting in 5 days before due dates.

Consistent Monthly Volume

Monthly payment volume reached 2,000 payments in one month, a 100% increase compared to prior channels.

Improved Payment Timeliness

Initial peak average payment delays of 9-11 days were reduced to 0-3 days after implementing the 5-day advance text notification system, representing a 22%+ improvement.

Results

"People who never responded before are responding now. It's like we've suddenly started speaking their language, and they're actually listening. It's amazing."

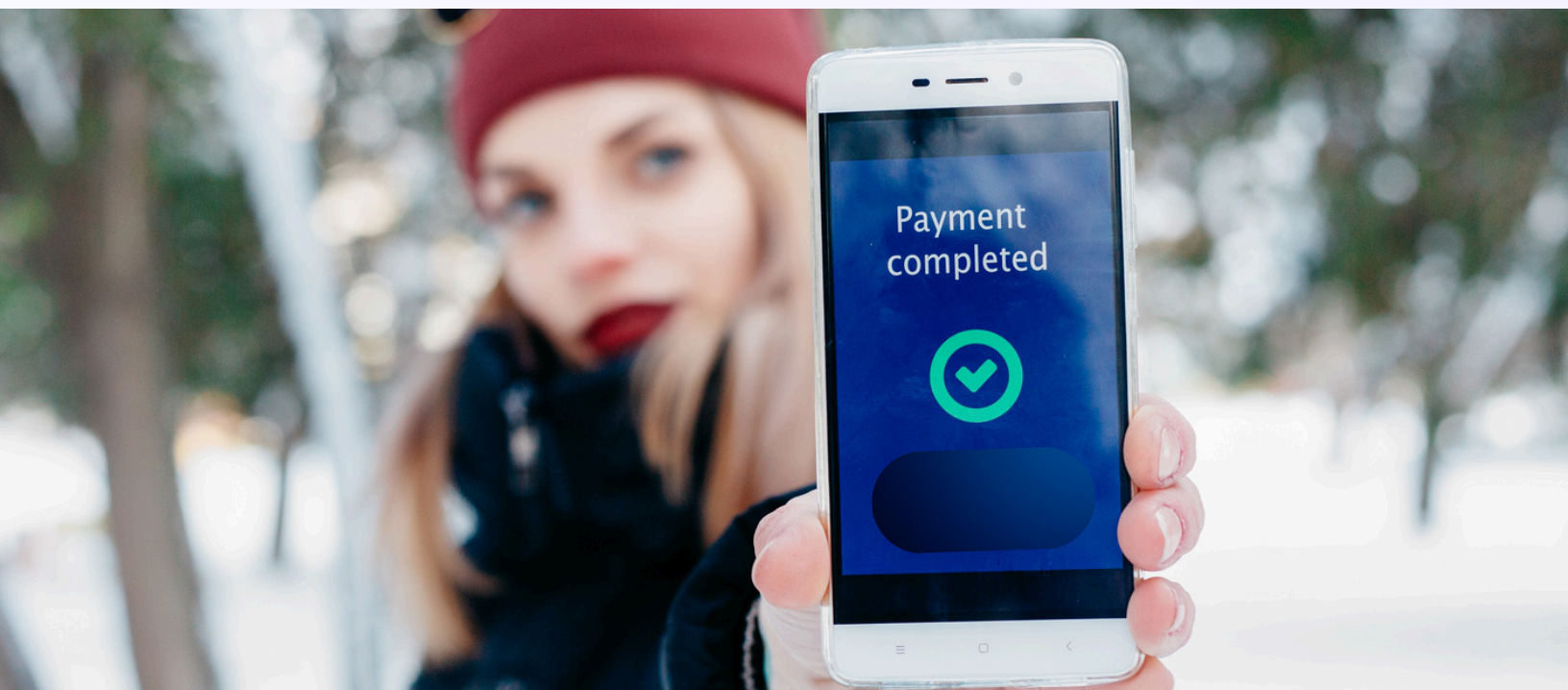
Art Sookazian

Vice President of Collections & Risk Management

Additionally, most members are taking advantage of the autopay option, which is presented immediately after each payment. The new system also improved operational efficiency.

Art explained, "Now, with basically the same staff and resources, we're closing loans faster, collecting payments quicker, solving issues on the fly, and just being more efficient overall. It's like we've unlocked a new level of productivity that also supports business continuity."

Perhaps most importantly, the solution enhanced the member experience. Art shared, "Our members were pleasantly surprised. The ease of use made it more popular than our traditional ACH channels. It's so smooth, it's almost invisible – and that's exactly what we wanted."



Looking Ahead

The success of the Eltropy implementation has opened new possibilities for LAFCU, including marketing applications and after-hours support. Art reflected on the changing landscape of member communication:

"People nowadays aren't reviewing emails as much because of information overload. But with texting, members aren't dodging their bills; they're avoiding the tedious task of paying them. Our goal with Eltropy was to make every message actionable, simplifying the payment process for our members."

In my 20 years in the credit union industry, this is the most game-changing innovation I've seen. It's got us wondering how we ever managed without it. It's not just a tool; it's become an essential part of how we serve our members.

Art Sookazian

Vice President of Collections & Risk Management

By embracing this innovative approach, LAFCU has significantly improved its member relationships and operational efficiency, setting a new standard for credit union services in the digital age. This experience demonstrates the power of combining timely, actionable messaging with frictionless payment options, paving the way for a more engaged financial services landscape.

Let's Talk

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