



HOW LOS ANGELES FEDERAL CREDIT UNION INCREASED LOAN PAYMENTS, REDUCED CALL CENTER STRESS, AND IMPROVED DELINQUENCIES WITH MESSAGEPAY

CASE STUDY



"If there's one trick up your sleeve, if there's one automation, one product, one vendor, one solution, or one strategy that will help your organization in collections and you don't know one to use, I'm going to give you a very powerful one: It's called MessagePay."

Art Sookazian,

Vice President of Special Services and Risk
Management at LAFCU

Customer

Los Angeles Federal Credit Union

Industry

Financial Services

Location

Glendale, California

Los Angeles Federal Credit Union is a full-service financial institution offering comprehensive products and services to its 70,000+ members. Founded in 1936, it has 180 employees, nine branches, and more than \$1.2 billion in assets.

Challenge

Finding a solution that would ease the load of assisted payments

Loans are an important part of the portfolio at Los Angeles Federal Credit Union (LAFUCU), which serves more than 75,000+ members in Southern California. While they were vital to the organization and the community, they were also labor-intensive to service.

LAFUCU Vice President of Special Services and Risk Management Art Sookazian estimates that about 80% of the loan payments in their prior system required assistance from an employee.

“Loan collection was a very time-intensive, mundane, manual process in which we were waiting for the member to want to pay. Often, an employee would assist a member and take the payment over the phone,” Sookazian explained.



RESULTS

733%

increase in loan payments annually

88%

of loan payments are self-served, up from 20%

89%

fewer late payments

Despite having significantly higher payment volumes now, LAFUCU has seen a decrease in payment related call volumes

SOLUTION

MessagePay Loan Repayment platform

- Personalized SMS payment reminders
- Frictionless, efficient, real-time transactions
- A compliant solution

Not only did this process burden the call centers, but requiring members to log into their accounts to make a payment created friction. Members would drop out of the process, choosing to defer payment until another time—or not at all. The team spent many hours on manual loan collections and following up with members, but loan payments still slipped through the cracks, and hiring and training teams to support these efforts was time-consuming and expensive.

While the process was cumbersome, the team didn't view it as broken—until they witnessed a new option that would revolutionize loan repayments.



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Solution

A compliant solution that facilitates SMS-based payments

When LAFCU partner Eltropy initially mentioned MessagePay, Sookazian was skeptical. But when he saw the demo, he was shocked.

MessagePay allows members to transact via SMS, removing the need for employee assistance and logging into an account. Members receive a personalized text message with a payment reminder and an individualized payment link. If their payment method is saved, they can simply respond with a “yes.” The payment immediately goes toward their account. The process is self-service and is free for members, with the option of easily setting up automatic payments.



“It hit the main points: it posts in real time, and members can text the payment. So they’re actually responding to a text message with one word, and boom, the payment hits their loan in real time. That kind of sophistication is huge,” Sookazian said.

Implementation was painless, too. “MessagePay has a great team. They were very slick, and the platform integrated nicely with all the different systems,” he added.

Adopting MessagePay has shifted LAFCU’s approach from being reactive to proactive about loan payments, which has positively impacted members.

“The member doesn’t need to reach out anymore to check on their due date and determine whether their payment is past due,” Sookazian said. “We send text messages starting as early as five days before a due date, and members love it. They don’t incur any late fees on their loan, and it doesn’t impact their credit. So we’re advocating for the members.”



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Results

Increased self-service leads to a 733% increase in loan payments

Implementing MessagePay has led to significant shifts in loan payments, delinquency rates, call center stress, and customer trust and loyalty at LAFCU.



LAFCU has seen a 733% increase in loan payments, from around 3,000 payments annually with their prior payment system to 25,000 payments a year since 2022. Self-service has also skyrocketed. Before, employees had to assist members with 80% of payments. That has dropped to about 12%, thanks to the introduction of self-serve and automated payments.

Making the loan repayment process easier has done more than boost the bottom line.

“We’ve gained a lot of loyalty and trust because [members] could sense that we’re doing the right thing. We’re not waiting until the late charge applies to their loan and then calling them. We’re able to reach out to many more members much more efficiently,” Sookazian said.

Because of that, LAFCU has seen a dramatic improvement in delinquent payments. They generally reach out to all members via MessagePay five days

before a loan due date, and the proactive outreach has shifted payments from an average of seven or eight days delinquent to about two days before the due date.

Now that more of these account issues self-cure, the team receives about 6,000 fewer calls to the call center, and the team has more time and resources for activities with more value.

“It’s opened up the lines and opportunity for other important things such as taking loan applications, working on a variety of account openings or membership questions—truly where the rubber meets the road.”

MessagePay keeps members in control of the entire payment process. It alleviates the stress of worrying about late loan repayments, and it empowers LAFCU employees to deliver another great service to members. There’s truly no better way to pay.



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MessagePay

More loan payments.
Less effort for everyone.

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