

LI credit unions look to drive up auto biz

by Laura Glasser

Published: February 6, 2009

Tags: [credit unions](#), [GrooveCar](#), [Kirk Kordeleski](#)



Local credit unions, including the two biggest on Long Island, are aiming to boost their auto loan portfolios through a national program built to resurrect broken-down U.S. auto manufacturers.

Through the program, Invest in America, credit union members can take \$500 to \$1,000 off the sticker price of Chrysler cars, while GM is offering members the supplier discount, which drops prices by about 5 percent.

Invest in America was piloted in 15 Midwestern states late last year and credit unions in the Northeast added the program in January. Those credit unions include Bethpage Federal and Teachers Federal.

Also involved is Hauppauge's GrooveCar, the loan processor that links credit unions with dealerships.

David Jacobson, the company's chief executive, said GrooveCar is hammering out a marketing agreement with CUcorp, the Michigan company that developed the program.

"We're going to be their connection to the Northeast," Jacobson said.

The chance to offer cars at a discount will give credit unions a way to win back market share after years of being undercut by automakers' financing arms, said Kirk Kordeleski, chief executive of Bethpage Federal Credit Union. Kordeleski said auto companies had pillaged business from credit unions by offering flashy rebates and zero percent interest rates.

"Over the last three years there was incredible competition for auto loans from the dealerships and a lot of folks that entered the indirect auto loan market, like Capital One," he said.

But as car manufacturers run into trouble, many have pulled back on generous incentives.

Local credit unions have already reported an increase. Auto loans increased 38 percent last year at Teachers, according to Rosemary Nicholls, the credit union's senior vice president of marketing.

Kordeleski said his auto loan portfolio is up about 10 percent over the last two months, a turnaround from the 18 months prior, when the loans decreased each month.

With Invest in America, local credit unions are predicting a smooth ride.

“Ideally members will come to us first, find out what they're pre-approved for and if the model they're looking for falls in this category, we'll help them find the discounts,” said Chelen Reyes, vice president of marketing at Suffolk Federal Credit Union, which is participating through Groovecar.

Jacobson said he also expects the new program to drive people into joining credit unions.

Through Groovecar, Islanders can join a credit union at any member dealership, which they'll need to do to get the manufacturers' price cuts.

“Credit unions' membership is going to go through the roof with this,” Jacobson said.

Jacobson added that Ford, which originally thought its financing arm was healthy enough to move forward alone, is now considering joining the network.

He also said he's working with CUcorp to develop a product that would give credit union members a discount on auto leases.

If that takes hold, the lease price cuts will be piloted on Long Island in the coming months.

“The automakers have already sold 10,000 cars through the Invest in America pilot,” Jacobson said. “They're looking to do some major volume with this.”