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## Sallie Mae-CU Link Helps Spur Lending Growth

### Smart Option Student Loan Program Proves Popular

BY [NATASHA CHILINGERIAN](#)

The popularity of Sallie Mae's Smart Option Student Loan referral program has increased significantly among credit unions since its inception. About 500 credit unions are now participating in the program, which allows them to refer members to student loans that are underwritten, funded and serviced by Sallie Mae and earn fee revenue in return.

Interest in the program exemplifies the ongoing partnership [Sallie Mae](#) has maintained with the credit union industry, Sallie Mae's senior vice president of financial institution sales Jerry Maher told Credit Union Times.

"Credit unions have been our biggest success story in terms of partners," Maher said. "We've had a long relationship of supporting credit unions, and [Smart Option Student Loan] was a natural outgrowth."

The program gives CUs the opportunity to offer a student loan product without assuming any credit risk. Participating CUs refer members to Smart Option Student Loan via a link on their websites, who can then submit a loan application online. In exchange for marketing the program, credit unions receive fee income for each loan that is disbursed.

Mike Mallowney Jr., managing partner for Newton, Mass.-based sales and marketing firm Silver Sword Capital Partners, said unlike with some programs offered by CU student loan vendors, there is no fee to launch Sallie Mae's Smart Option Student Loan. Silver Sword Capital Partners conducts all business development for Sallie Mae in the CU space, and Mallowney added his company has been signing up CUs for the program on a daily basis.

"Student loans are a complicated asset, and Sallie Mae has been doing it for a long time," Mallowney said. "This program fills a gap that credit unions are missing in their product suite."

Added Maher, "Credit unions are interested because it's a loan program that they're not offering themselves. They want to see themselves as full-service providers."

The \$4.9 billion, Columbus, Ohio-based Corporate One Federal Credit Union implemented the Smart Option Student Loan program in order to continue providing a student loan product after the federal government's elimination of the Federal Family Education Student Loan Program and earn additional revenue, said Vice President of Marketing and Communications Paul Hixon.

"It's a great way to provide a much needed service to our members and to attract younger members to the credit union," Hixon said of the program. "For members, it's an easy, convenient and secure way to apply for a loan with payment options that are flexible enough for easy repayment of the loan. And the rates are very competitive as well."

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