Large Credit Union Uses FRP To Increase Efficiencies, Reduce Underwriting Cost and Automate Ongoing Portfolio Monitoring

About the customer

A large credit union has a huge Commercial Real Estate portfolio. Their commercial loans range from $7MM to $35MM nationwide. With such large portfolios, it is vital for this Credit union to do their due diligence and have a 360 degree view of their applicant. The credit union not only wanted to make sure the applicant's financials were strong, but they also wanted to make sure there were no ethical or moral issues with the applicant, so they could establish, their "intent to pay" was not questionable.

Sector: Finance | Location: United States | People: 550

Automation of Credit Risk
Consistent with regulatory compliance

Porfoltio Lifecycle Monitor
Automated ongoing portfolio monitoring

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The Challenge

The commercial properties used as collateral for the loan could have up to as much as 30 tenants. Each of these tenants needs to be vetted to make sure they are credit worthy and their business is in good health. The credit union uses FRP to perform the due diligence for each of these tenants.

The credit union often searches for news reports in vicinity of the commercial property. FRP performs this news search using the address of the commercial property and reports any news (negative or positive) in vicinity of the address as it may relate to credit worthiness of the commercial building itself.

This credit union is very forward-thinking, tech savvy, who believes in branchless banking and gives their customers a seamless 24 X 7 service was early adopter of FRP. Their underwriters saved around 30% time on due diligence with FRP. This 30% time allowed them to do more loans in the same amount of time, helping them grow their topline.

After deploying FRP for enhancing productivity and automating due diligence process, this Credit Union went one step further and also implemented Portfolio Lifecycle Monitor (PLM) to automate their annual reviews and to monitor all loans through-out their lifecycle and alert of any changes/frauds that may affect the customer's ability to pay in a negative way.

Advanced AI/ML Tech Helps Address

Financial Risk Profiler (FRP): Financial Institutions make lending decisions based on applicant's financials. Financial information such as financial statements, bank statements, balance sheets, income statements are key to" credit- worthiness" but they are "LAGGING INDICATORS" of credit worthiness. If an event was to happen today to a business, it takes a few weeks for it to reflect on their financials, but the Internet is a "LEADING INDICATOR" of creditworthiness, information is available almost immediately, employees talk, post on web, social media. Internet has a treasure trove of data available about businesses past and present. Financial Risk Profiler powered by Amelia.ai (NLP) mines the web to extract intelligent insights, extracts relevant data, builds credit risk profile of a loan applicant. It goes one step further by combining it with financials to reduce defaults, by up to 10%.

Datanomers FinTech platforms, Financial Risk Profiler (FRP) provides alternate data which is leading indicators of credit/fraud risk about businesses. Coupled with Portfolio Lifecycle Monitor (PLM), this credit union is able to see ahead of any credit risk and better monitor their large portfolios throughout their lifecycle.