

Beyond the Bureaus

Modernizing underwriting for the Texas consumer finance market

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The same applicant. Two answers.

A creditworthy-looking borrower walks into a branch.

Two experienced managers, same file — and two different decisions.

Now multiply that across every branch, every day of the year.



Are we deciding consistently?

Same policy, same answer — branch to branch.



Are we seeing the whole borrower?

Or only the part the bureau happens to capture?



Can we change this without disruption?

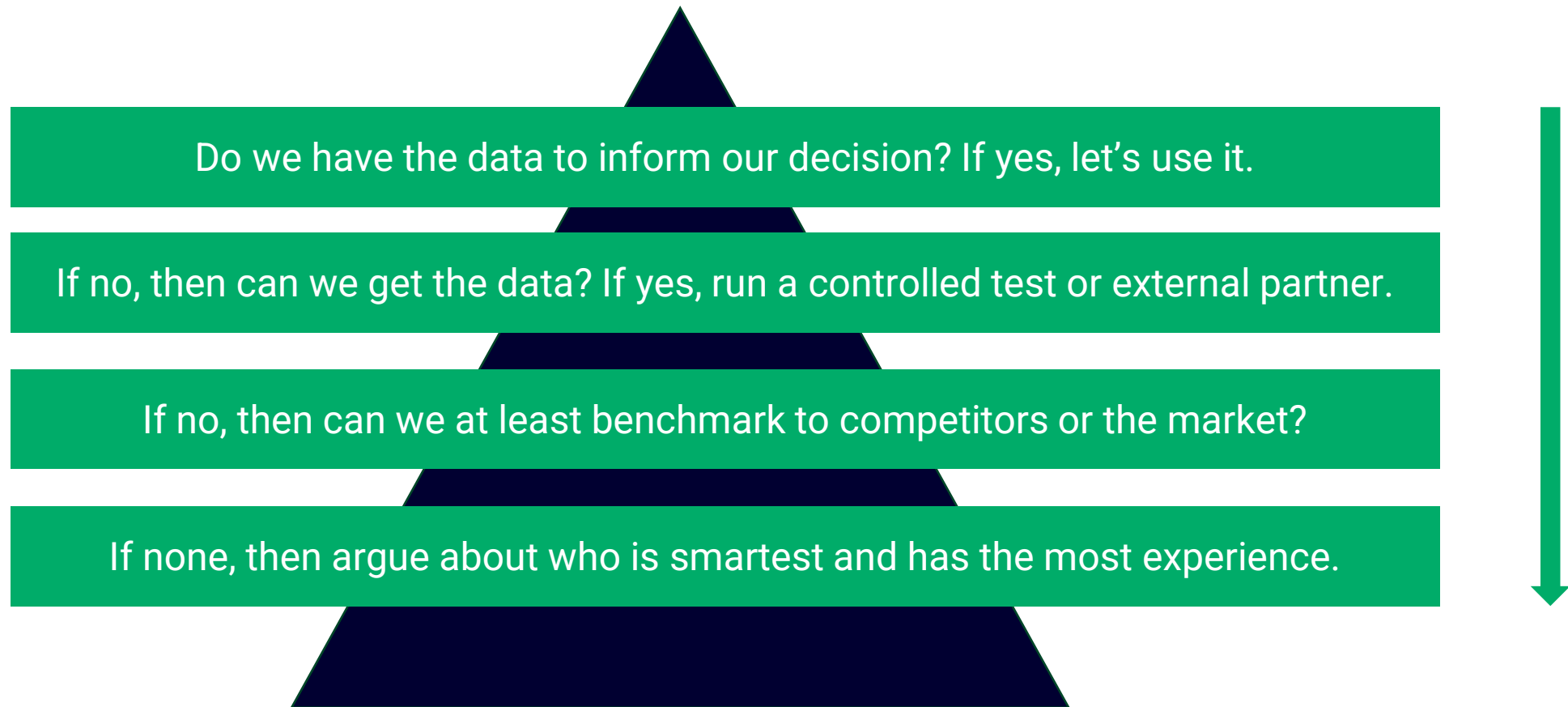
Without breaking the relationships that make branches work.

PART ONE

What is Data-Driven Decision-Making?

What does it mean to make decisions with data?

What is data-driven decision-making?



What most people tend to do:



Argue about who is smartest and has the most experience.
Let humans make arbitrary and undocumented underwriting decisions.

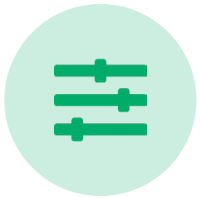
If that doesn't work, benchmark to competitors or the market?

If benchmarking says buy data, buy what everyone else does.

As a last resort, evaluate our own data and see where gaps exist.

Data-driven strategies don't take the decision away.

It gives you two things you don't have today: a lever to pull, and a lens to see through.



The lever

A dial you set deliberately. Tighten or loosen to hit a business objective — and measure the effect — instead of hoping the message reached every branch.



The lens

Visibility into where decisions and outcomes diverge. You can finally see branch-to-branch variance that is invisible until you measure it.

A living instrument — not a black box you install once



Speed to decision

Automated decisioning and online pre-qualification compress time-to-decision — so staff spend their time on the relationship, not the file.



Active management

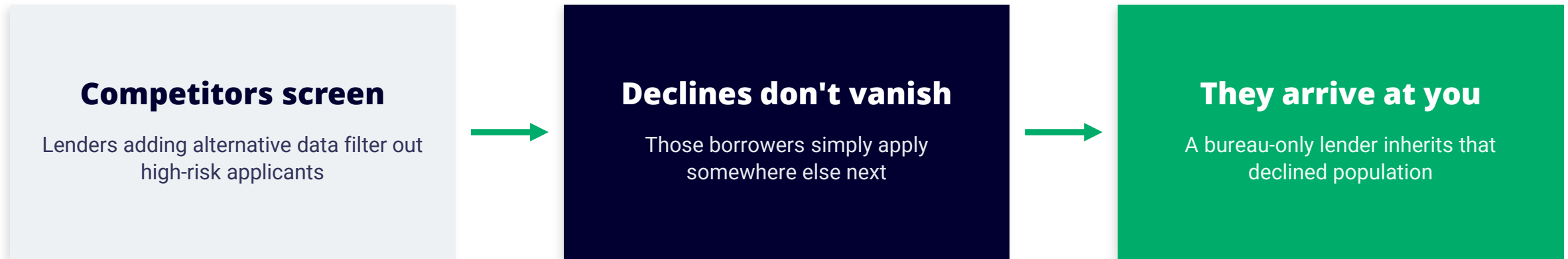
Monthly monitoring and periodic rescoring catch borrowers shifting within grades before delinquency shows up. Annual scorecard reviews can't keep that pace.



Defensible & consistent

A documented, data-driven standard is defensible to an examiner by design — and closes the gap between branch judgment and corporate credit policy.

A quiet shift in who ends up at your door.



PART TWO

Putting It Into Practice

How a lender actually implements this — without the disruption.

Step 1: Start with the data you already own.

The strategy is built on what your institution already does.



Portfolio financial performance

The loan-level outcomes your portfolio already records — who repaid, who didn't, and how each vintage performed.



Documented strategies

Your growth and risk playbooks, already written down.



Scores

The internal and bureau scores you already pull.



Data

The application and bureau data you capture at decision time.

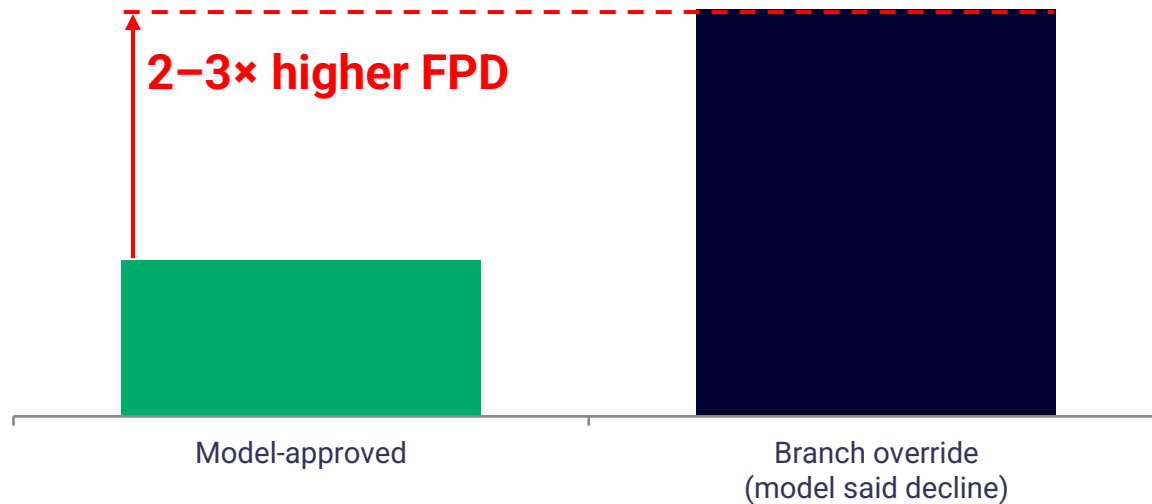


Underwriting rules

The cutoffs and policies your team applies today.

What happens when you don't listen to your data?

First-payment default rate by decision path



Going against the data is often costly.

In portfolios we've studied, loans a branch approved **against a model decline recommendation** defaulted at roughly **2-3× the rate** of model-approved loans.

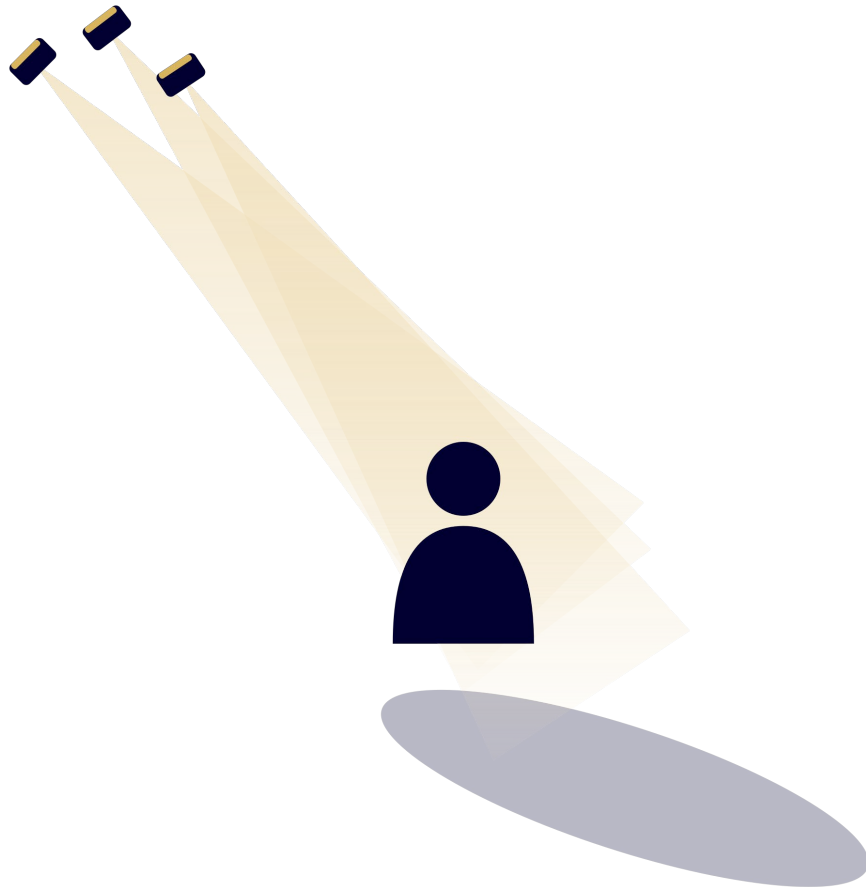
The point isn't that the strategy is always right. It's that **a data-driven system works**, and that it **reveals potential blind spots in your own judgement**.

Step 2: How do I separate good and bad borrowers? Get better data.

Using multiple, alternative data sources, you can reach creditworthy borrowers and avoid hidden risks your bureau-only competitors are missing across all channels.



Three references — all from the same angle



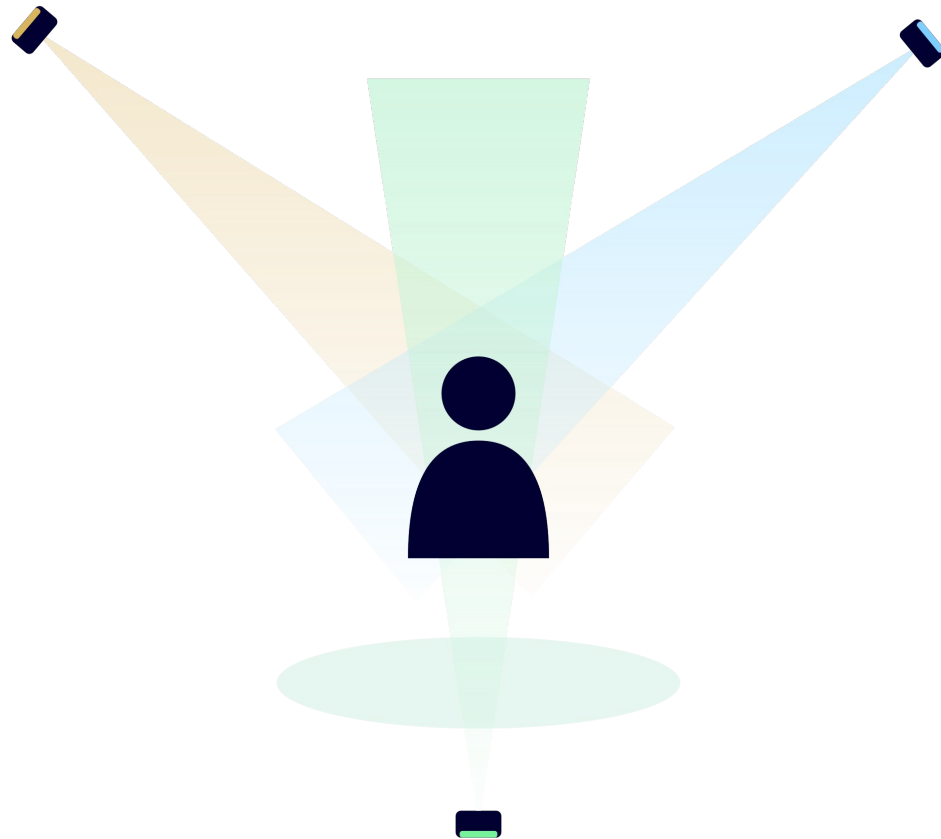
THE TRADITIONAL BUREAUS

Three lights, one direction

Point three spotlights at a borrower from the **same side** and the third one barely adds anything — you light the same face the first one already lit, and a whole side stays in shadow.

That's three credit bureaus: heavily overlapping, so the second and third tell you little the first didn't.

Now light the same borrower from every side



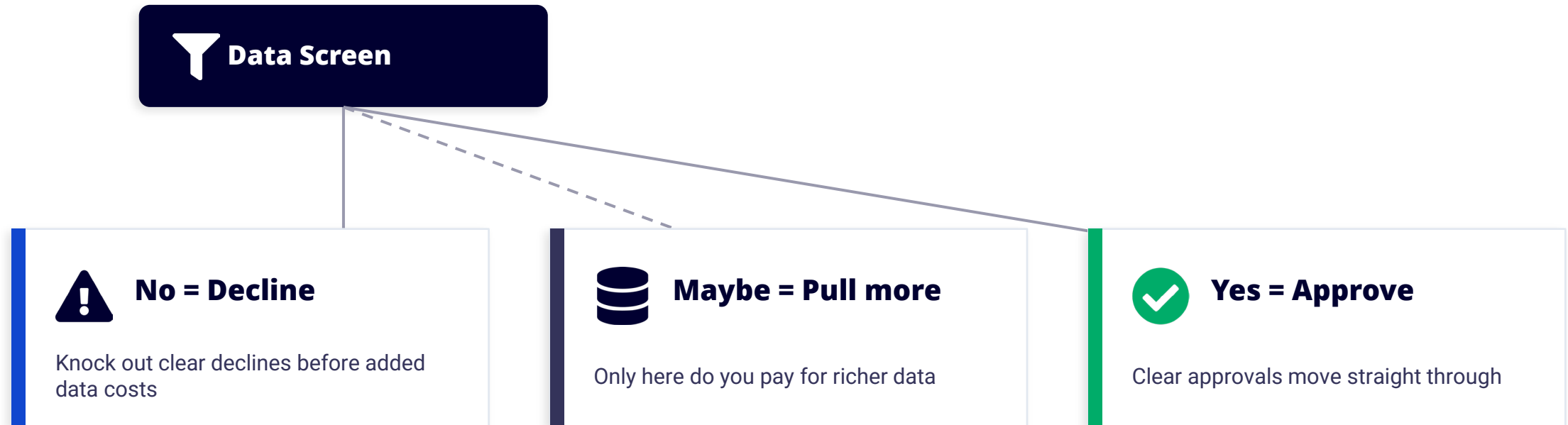
ALTERNATIVE DATA

Three angles, no blind spots

Move those lights to **three different vantage points** — and the borrower is fully lit. Each beam reveals something the others can't, and the shadow disappears.

Alternative data adds orthogonal references — cash flow, alternative-lending signals, identity — that see what a bureau structurally can't.

The data waterfall: optimizing data costs without losing efficacy.



Step 3: Test, benchmark, measure, improve.



STEP 1

Retrospective study

Run our score against your own historical decisions. See the lift before committing to anything.



STEP 2

Limited pilot

A live proof-of-concept on incoming applications. Branch managers ease into the change.



STEP 3

Broader rollout

Scale what works, measured against ROI metrics you define up front.



This protects the relationship-driven model. Branch staff focus on the human side; the system handles the complex underwriting. Credit-report reading is a dying skill — automation is continuity insurance against a long, costly training cycle.

Define your ROI metrics — and hold any vendor to them



Automation rate

Share of decisions made without manual review



Delinquency

Early-stage default and roll rates over time



Approval lift

Incremental good loans approved at equal risk

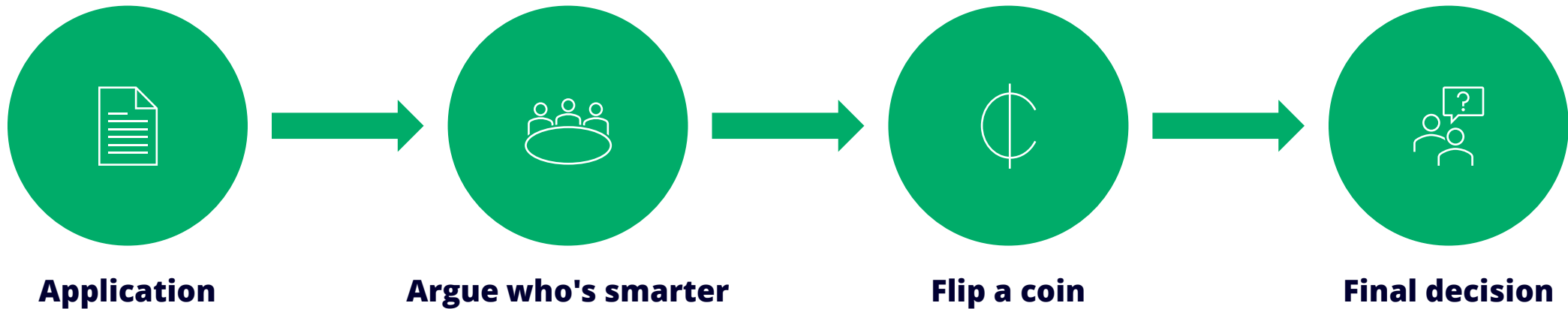


Conversion

Funded loans per application — and per mailer

Best of all worlds: Because alternative data uncovers both new, high-quality borrowers and existing high-risk borrowers, **you can achieve all the above at the same time.**

And if all else fails, there's always the old way.



Three questions — three answers

- ✓ *Are we deciding consistently?* → **A defensible, data-driven standard.**
- ✓ *Are we seeing the whole borrower?* → **Alternative data — the orthogonal references.**
- ✓ *Can we change without disruption?* → **A gradual, monitored rollout.**

The lowest-risk first step: Let the data speak. We'll show how these signals would have performed on your own past decisions.

From Lead to Loan™