



# The Value of an Objective Risk Model to Storefront Lenders

LendOptix offers opportunity with predictability and efficiency.

*Checklist lending* is a common practice used by storefront lenders to assess risk. Using *if-then* methods can be helpful in separating very low risk applicants from those considered high risk. But, the time consuming process allows for too many missed opportunities to write good loans, increase profits and grow. Statistical risk models offer a faster, more predictive way to assess risk.

One such risk model is called LendOptix™, a new product offered by CoreLogic® Teletrack®. Used to objectively consider the likelihood of early payment default on short-term loans, it delivers a score based on a standardized 200 to 800 scale, with 200 representing “highest risk” applicants and 800 representing “lowest risk” applicants. The scale is consistent so lenders can make quick, uniform decisions about whether or not to approve loans.

LendOptix has been designed to be predictive of loan performance. It analyzes past borrower behavior by accessing unique Teletrack consumer credit data in real time; then isolates and weights numerous variables predictive of future loan performance. That means one negative event in an applicant’s history doesn’t necessarily mean he or she would be considered a poor candidate for a loan. This makes it possible for lenders to confidently accept applicants they may have rejected in the past using manual decision methods. The weighted score also helps lenders make more informed decisions so they can:

- ▶ Write better loans
- ▶ Improve the quality of overall loan portfolios
- ▶ Attain a larger book of business
- ▶ Increase profitability

In addition to the more obvious ways in which LendOptix can affect net operating income, an increase in efficiency can also boost a lender’s bottom line.

- ▶ Once an application is submitted, results are often returned to the lender in less than a second. The three-digit score and up to five supporting reason codes are clearly noted on the credit report, making it unnecessary for lenders to spend time manually validating information or substantiating decisions.
- ▶ Training employees to recognize “good” applicants is easier, as pass-fail lending thresholds can be implemented according to the level of risk each lender is willing to accept. Plus, automated scoring helps lenders stay in compliance by eliminating human bias from the approval process.
- ▶ Because every applicant is risk-ranked, lenders have a consistent measure by which to judge success. Lenders can incorporate LendOptix scores into monthly reports to easily track big-picture performance by location or sales channel.
- ▶ Lenders can gain a better understanding of consumers’ loan lifecycles with the breadth of data LendOptix provides. Solid facts can be used to take immediate action, develop strategic risk forecasts, and update long-range business strategies.

To be competitive in today’s marketplace, storefront lenders need to maximize every transaction. LendOptix can help them uncover the opportunities in each deal that may have been overlooked in the past by using manual decision methods.

Test LendOptix today in either the CoreLogic Teletrack customer testing environment or with a historical retro-append analysis.

LEARN MORE ABOUT LENDOPTIX TODAY.

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