



PayNet

An Equifax Company

CASE STUDY

LAUNCHING A NEW LENDING PORTFOLIO WITH BETTER DECISIONING DATA

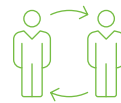
A business expansion into equipment finance lending required access to a powerful suite of credit decisioning tools and tactics.

The Brief

Seeking to accelerate its already-impressive growth rate, an alternative finance lender to small and mid-sized businesses turned its attention to the equipment financing market. Known for offering creative and user-friendly financing options, the company decided to diversify its lending portfolio. They knew exactly where to turn for insider insight, credit modeling expertise, and predictive data. Tapping into the power of **PayNet MasterScore® v2**, our client embarked upon a journey to provide holistic services to its existing client base while creating a new revenue stream.

TAKING A MARKET LAUNCH FROM VISION TO REALITY

It's always exciting when an engagement arises from an opportunity rather than a roadblock. That gives us the chance to flex our creativity and craft proactive, forward-thinking solutions. To get our client's new equipment financing service line up and running, we proposed a multiphase approach.



1. Retro swap analysis—A retroactive data analysis evaluates the predictive value of a given credit scoring model, in this case MasterScore® v2. We ran the numbers on recent credit decisions to examine the ratios of approvals, declines, bookings, and defaults. The swap element comes into play with an exploration of the ROI associated with “what if” decisions for various scoring levels.

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2. Application of proxy data sets – The next step involves making sure scores apply to the client’s specific book of business or, in this case, its proposed book of business. Here’s where our massive database pays off, as well as our open partnerships with other data providers. We built a proxy dataset (stripped of identifiers) that approximates their target borrowing market to estimate default risk. Then, we shared that analysis with other providers in the client’s credit ecosystem for them to append their own custom scoring variables and strengthen the analysis.



3. New equipment finance underwriting model validation – One consolidated file with real-time lending analytics from three data providers represents a powerful decisioning tool. We collaborated closely with our client on best practices and pooled shared data so they can build and validate strong credit decisioning models.

COLLABORATING FOR THE COMMON GOOD

With our deep understanding of the equipment financing market, the lender has relied on us as a sounding board during the analysis and launch of this new portfolio. We’ve been there every step of the way, helping them identify and target a sweet spot that balances their appetite for expansion and tolerance for risk.

From our scoring pros and analytics team to our QA experts, we’ve engaged the full power of our knowledge and experience, working alongside our client and other industry leaders. Our community-building philosophy promises to set our client up for considerable success in this new endeavor, all while getting more credit in the hands of Main Street America.

PRODUCT SPOTLIGHT

PayNet MasterScore® v2 allows lenders to automate and improve their credit decisions while providing superior predictive abilities. It’s a key component in our suite of **alternative lending tools and strategies**.

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