

CASE STUDY

BCU



Trended and Alternative Credit Data: How BCU Implemented a New Underwriting Model

“The predictive power of VantageScore and new insights from TruVision Blended will lead to more auto-approvals. This implementation allows us to make faster decisions, which is great for our members and BCU. As we worked on the integration, TransUnion provided guidance and helped us uncover new opportunities along the way.”

- David Brydun, SVP Lending

Even though credit unions and community banks have started adopting trended credit data in record numbers, they still lag behind FinTechs and larger banks — putting them at a competitive disadvantage. Trended credit data affords credit unions the opportunity to more effectively score millions of consumers and say ‘yes’ more frequently than with

traditional credit data and scores. Plus, opening access to credit to many more borrowers can significantly impact members and the communities they serve. When credit unions can engage more consumers with meaningful credit offers and fair prices without increasing their risk profile, everybody wins.

BCU'S APPROACH TO IMPLEMENTING TRENDED CREDIT DATA

BCU is always evaluating the newest scores and seeking opportunities to improve its underwriting and better serve members. With additional visibility into consumers' financial behaviors, BCU could score more members, but it also wanted to enrich the member experience by increasing the percentage of loans it automatically approved. Often, if members weren't automatically approved, BCU conducted additional manual reviews, which caused delayed decisions.

BCU conducted an analytic exercise to compare the predictive power of various risk models. Ultimately, the VantageScore® risk model outperformed all other scores, delivering more predictive power and scoring more BCU members. As an added benefit, BCU could now use consistent scores in both underwriting and the scores it provided to members as part of their financial well-being platform (Life. Money. You.® utilizing SavvyMoney), thus improving their member experience.

ADDING ALTERNATIVE CREDIT DATA TO BCU'S RISK STRATEGY

During the implementation of VantageScore, BCU and TransUnion uncovered a secondary opportunity to incorporate alternative credit data — property tax and deed records, checking and debit account history, payday lending, address stability and more — by adding TruVision™ Blended alongside VantageScore. This extra data allows lenders to accurately score more than 90% of applicants returned as no-hit or thin-file by traditional credit models. TruVision Blended is able to score 99% of BCU loan applicants, delivering enhanced results over other scores.

THE RESULTS: SIGNIFICANT LIFT AND BETTER OFFERS FOR MEMBERS

By combining VantageScore with TruVision Blended, BCU can better understand members' credit behaviors over time and move more applicants through. The use of trended credit and alternative data enables BCU to gauge the holistic risk associated with a member, helping them optimize their pricing and line management strategies. It also allows BCU to more confidently automate lending decisions, ultimately positioning it to compete more effectively in today's environment.

HOW YOUR CREDIT UNION CAN IMPLEMENT A SIMILAR APPROACH

Credit unions and community banks can see significant lift from trended credit and alternative data, and there are several ways to implement new scores. While BCU added two new scores, many community financial institutions can see great results and score more consumers at better prices from one trended credit data score. TransUnion helps credit unions uncover the best option for achieving their goals and serves as a trusted partner throughout the implementation.

Using the predictive power of TransUnion's trended and alternative data



Trended credit data affords credit unions the opportunity to more effectively score millions of consumers



Utilizing both TruVision Blended and VantageScore data allowed lenders to accurately score more than 90% of applicants returned as no-hit or thin-file by traditional credit models



TruVision Blended is able to score 99% of BCU loan applicants

Learn more at:

transunion.com/truvision

