

BUILT ANSWERS

How to utilize data analytics and reporting to make better lending decisions

For those in construction, this story may sound all too familiar: a chief lending officer or chief credit officer is tasked with reporting on the overall health of their construction loan portfolio — best producing team members and/or loans, under-performing elements, effectiveness of the draw process, or some other key performance metrics.

While they know these metrics are vital to managing and maintaining a profitable portfolio, gathering this data is often easier said than done. When reporting on construction loans that are managed via antiquated systems, the loan officer has to manually pull data from several spreadsheets, triple checking formulas to ensure all data is correct. This highly manual process results in data that is days old at best, offering a past snapshot of what's going on, even as their portfolio changes.

This time-consuming process is frustrating and ineffective for administrative teams and executives. They feel like these reports should be working for them, not the other way around. Reports should help them make better decisions for the future, instead of looking back at what just happened.

The financial industry is past the days of spreadsheets serving as the best option for real-time reporting and analytical decision making. Data must be utilized to make the decisions required to help businesses succeed — not only to correct mistakes but to do more of what's going right. But that data can't be old or static, and it most definitely can't be incorrect.

Unfortunately, traditional ways of loan performance reporting were all of those things. Built works with clients to reconcile their core system with any spreadsheets or other data when they are onboarded to the system.

This helps to ensure that what comes out is clean and accurate. One of the most significant takeaways we've found is that many lenders have difficulty reconciling their core with manual budgets during the course of construction, with some portfolios seeing 30-40% imbalance between the two.

This is a substantial risk issue, but things don't have to work that way.

Once a client is onboarded, regardless of integration to their core system, accurate reporting is shown in real-time.

Built Insights provides two dashboard views that can provide executives and administrative teams unprecedented portfolio analytics, offering a standardized and actionable report of the most important metrics on demand.

The Portfolio Overview

This offers a look into a lender's overall portfolio health. Visualizing things like types of loan projects across your entire portfolio so they can evaluate their overall risk and capacity, in aggregate and at a glance.

The Operational Dashboard

This dashboard breaks down the constituent elements that can have a massive impact on a construction portfolio's profitability and performance, allowing lenders to track project turn times to improve the draw process. Real-time analytics help lenders identify the employees, builders, products (perm-to-close vs. renovation loans), or vendors that create the most profit for their institution. Offering meaningful data to make the operational decisions needed to keep ahead.

Together, these dashboards give lenders the information needed to cut risk and improve profitability.



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