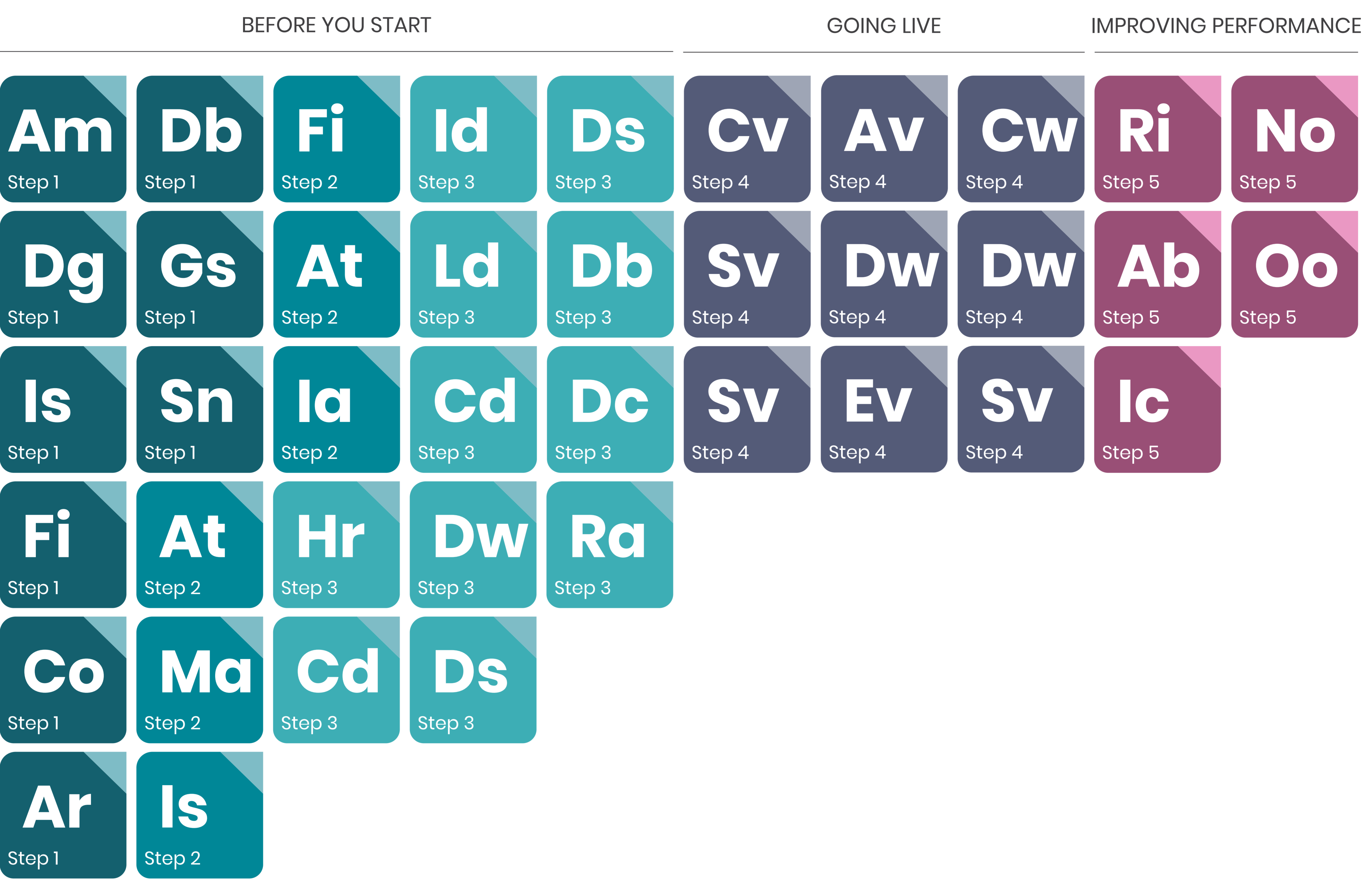


5 STEPS TO AUTOMATED LOAN UNDERWRITING

We've got you covered with everything you need to consider for automated loan underwriting in 5 steps.



**STEP 1
GETTING READY FOR AUTOMATED LOAN UNDERWRITING**

- Am** Assess the merits of machine learning for credit underwriting.
- Dg** Determine your goals for using machine learning in lending. E.g. what is the problem you want to address? Decrease defaults, offer risk-based pricing, increase originations, improve profitability, etc.
- Is** Identify stakeholders who will need to support the decision.
- Fi** Find influencers on your team willing to back the initiative.
- Co** Calculate the opportunity cost of using a loan data provider and loan prediction data.
- Ar** Assess risk to the organization in staying status quo vs working with a credit score prediction model.
- Db** Determine whether to build in-house vs work with a provider of credit decision tools.
- Gs** Get sign-off from required stakeholders.
- Sn** Secure the necessary budget for implementing machine learning.

**STEP 2
INTERNAL RESOURCES PREP'd**

- At** Assess your technology stack.
- Ma** Confirm you have the ability to build and maintain APIs to pull in vendor data.
- Is** Identify stakeholders who will need to support the decision.
- Fi** Find influencers on your team willing to back the initiative.
- At** Allocate time for implementation.
- Ia** Identify and assign responsibilities by role.

**STEP 3
GET VENDOR READY**

- Hr** Ensure you have a minimum of 10,000 historical records with a representative set of defaults.
- Cd** Confirm your data is in a readily accessible format.
- Id** Identify the data available at each decision point.
- Ld** List your data sources.
- Cd** Clean your data.
- Dd** Determine data dictionary and/or ability to communicate what the fields represent.
- Ds** Define specific attributes for the ideal customer profile (and why).
- Ds** Define specific attributes of the consumer profile that should be rejected (and why).
- Db** Document your baseline metrics.
- Dc** Document your credit decisioning process and its performance.
- Ra** Ensure you have ready access to the data to be shared with the vendor.

**STEP 4
SELECT YOUR VENDOR**

- Cv** Confirm vendor is able to assist in automated loan underwriting.
- Sv** Select vendor who is able to seamlessly integrate into your decisioning process.
- Sv** Source vendors who have their own data sources and can score thin or no files.
- Av** Assess vendors against their ability to build both custom models as well as provide standard models.
- Dw** Determine if vendor's solution can adjust models with new data from your business or their own sources.
- Ev** Ensure vendor has integrated or can quickly integrate with your LOS/LMS.
- Cw** Check whether vendor can provide an online platform that can support both your team and borrowers.
- Dw** Determine whether ongoing performance monitoring would be required.
- Sv** Select vendor with most flexibility per list above and ability to grow with your needs.

**STEP 5
ADJUST BUSINESS ON PERFORMANCE**

- Ri** Report loan performance (eg borrower paid or defaulted) on a regular cadence, as per loan type and cycles. This will enable models to evolve and scores to be fine-tuned.
- Ab** Augment business rules based on results.
- Ic** Iterate credit and lending decisions based on trends and changes in your business.
- No** Identify new opportunities to improve results.
- Oo** Optimize performance through adjusting models based on new results.

I'M READY TO GET STARTED!

Get Checklist