What can you learn from the behavior of loan shoppers?

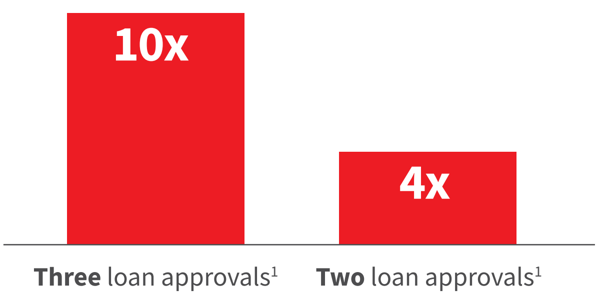
Gain visibility into loan stacking risk

High-velocity applicants are borrowers who rapidly apply for multiple loans from different lenders. Unfortunately, because common industry practice is to post soft inquiries for these applicants, it can be very difficult for lenders to spot high-velocity credit seeking with traditional data alone. To help mitigate increased default risk, lenders need nuanced insights into borrower behaviors.

How does risk increase with higher application velocity?

Savvy lenders are right to be concerned when they experience frequent credit applications from the same individual within a short period of time. That's because the possibility of credit risk can increase with each successive, simultaneous loan application.

Within a given 15-day period, the risk of fraud is larger with:



High-velocity applicants can be divided into three broad categories:

Shoppers
Savvy individuals applying for multiple loans to find the best rates. It is unlikely that they will take out every loan they apply for.

Overextended borrowers
Financially distressed customers applying for multiple loans with the intent to repay, but who likely will be unable to do so.

Stackers
First-party fraudsters rapidly applying for multiple loans with no intention of repaying.

To better distinguish between these three types of borrowers, lenders need insights into recent credit seeking behaviors. Improving visibility into credit activities can empower lenders to differentiate between savvy shoppers and bad actors, so they can better serve legitimate customers while limiting exposure to hidden credit risks.

Bridging visibility gaps in traditional credit data with real-time behavior insights

Because traditional consumer reporting agencies typically only update their data every 30-45 days, financial institutions can experience visibility gaps in identifying consumers with open loans at online lenders. When faced with high-velocity applicants, lenders need a way to fill in those gaps to determine how and why consumers are seeking credit in this manner.

Harness powerful insights to clarify your view of credit risk

Improving your understanding of credit-seeking behavior requires near real-time intelligence built on a rich foundation of transaction insights.

793+ million transactions per year:
Leverage powerful shopping insights to drive growth

Attributes include:

GLBA Fraud Insights
Get an early look at lending velocity by seeing the first customer-initiated lending event.

FCRA Credit Insights
Gain a more comprehensive view of a borrower's recent credit seeking behavior.

Triggering Events Insights
Detect activity during key events such as application, credit approval, acceptance and funding.

Can you tell the difference between loan stackers and legitimate shoppers?

LexisNexis® Loan Shopper Attributes can provide nuanced, granular insights into consumer and small business applicant behaviors, updated in near real-time. Differentiate bad actors from savvy shoppers, improve your fraud and credit risk decisions and mitigate loss.

LEARN MORE

risk.lexisnexis.com/products/loan-shopper-attributes

Sources
1. https://www.wsj.com/articles/borrower-or-fraudster-online-lenders-scramble-to-tell-the-difference-1477580637

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LexisNexis® Risk Solutions includes seven brands that span multiple industries and sectors. We harness the power of data, sophisticated analytics platforms and technology solutions to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of information-based analytics and decision tools for professional and business customers. For more information, please visit LexisNexis Risk Solutions and RELX.

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