LexisNexis® RISK SOLUTIONS

Clarify Your View of Risk to Unlock Growth

Streamline loan origination and increase lending confidence with predictive digital intelligence.

Driving Portfolio Growth While Managing Risk Can Be Difficult

Changing regulations, rising default rates and unscorable applicants can cloud a lender's view of risk, making it harder to say "yes" to good prospects while identifying and mitigating potential fraud and credit abuse.

To approve more applicants and make trusted origination decisions with confidence, lenders should consider looking beyond traditional credit data to advance customer acquisition strategies.

Close visibility gaps, approve more applicants and accelerate portfolio growth with sophisticated digital intelligence.

What Stands in the Way of Expanded Access to Credit?

Unlocking access to affordable credit can transform a consumer's quality of life. Access to everything from utility services to housing depends on it. While lenders want to say "yes" more often to more customers, several obstacles can prevent them from doing so.

To expand approval rates while managing default risk, lenders need to overcome the following challenges

1. Visibility Gaps in Traditional Risk Assessment

In many regions, traditional credit data may be inconsistent across data sets or limited to negative event-only reporting. Lenders who rely on traditional credit data alone might be overlooking critical indicators (such as digital device, identity and behavior insights) that could help them more accurately predict risk. That means missed opportunities and increased risk exposure, while the problem of limited access to credit remains.

This pattern persists across the globe, where approval rates remain low due to a lack of actionable data. In Latin America, for example, 55% of credit card or loan rejections were attributed to a lack of suitable information.[1] For customers in lower socioeconomic categories, information-related rejection rates are even higher.

These visibility gaps mean that otherwise creditworthy customers are left underserved, while lenders remain unnecessarily exposed to higher levels of risk.

By leveraging nontraditional data sources, lenders will be able to evaluate more applicants and enable credit access for those who have traditionally been unscorable.

[1] Mastercard and Americas Market Intelligence, The State of Financial Inclusion Post COVID-19 in Latin America and the Caribbean, 2023

2. Digitization of Origination Workflows

Assessing customers in an online environment brings its own set of challenges. Even financial institutions with effective onsite credit origination processes can struggle when they begin offering online applications.

Methodologies that were effective for in-person origination, such as traditional credit data, may not offer the appropriate predictive insights to effectively evaluate risk in digital origination workflows.

Furthermore, digital environments often present increased friction to the customer through extended application processes and complex security measures. These factors can result in more abandoned applications, ultimately leading to lower approval rates.

Lenders should also consider the increasing popularity of embedded credit in the buying journey, which presents an additional origination channel that many organizations may want to operationalize.

The adoption of alternative data intelligence could help reduce friction and enable lenders to approve more applicants and enhance risk assessments.

3. Rising Default Rates

Lenders are facing increasing rates of delinquency and default. In a recent global survey of more than 400 lending experts, 40% of respondents experienced an increase in delinquencies over the past 12 months, while 91% expect defaults and delinquencies to remain steady or increase in the next 12 months.[1]

To successfully navigate this increasingly volatile environment, financial institutions will need more predictive intelligence to clarify their view of applicant risk.

By incorporating these differentiated digital insights, lenders can improve assessment of applications at origination and fuel portfolio growth while refining new loan origination strategies and detecting fraud and credit abuse.

Improve your visibility into consumer creditworthiness, expand your addressable prospect base and increase approval rates.

[1] LexisNexis Risk Solutions, Global Consumer Lending Confidence Report, 2024

Alternative Data Can Help You Expand Lending with Confidence

LexisNexis® Decision Trust leverages differentiated digital intelligence to help lenders refine their risk strategies, prevent credit abuse and grow their pool of potential customers.

- Mitigate Fraud and Credit Abuse
- Evaluate More Applicants
- Refine Swap In/Swap Out Strategies
- Increase Profits by Fine-Tuning Risk-Based Pricing Models*

Mitigate Fraud and Credit Abuse

Outpace fraudsters with the help of LexisNexis Decision Trust, which incorporates global intelligence to predict the likelihood of credit abuse.

For example, it can identify email addresses flagged by other financial institutions as high risk, find mismatches between email addresses and devices, and alert you to suspicious geolocation activity.

The LexisNexis Decision Trust models evolve continuously to provide the enhanced risk recognition you need to stay ahead of first-party fraud, synthetic identity or other credit scams.

Evaluate More Applicants

Enabling greater access to credit requires you to sharpen your risk evaluation capabilities. LexisNexis Decision Trust can provide insights into credit invisible populations by incorporating factors beyond traditional credit scores.

Our solution integrates alternative data from a wide range of sources, including their digital footprint and transaction history from non-traditional credit providers to help you more confidently assess their creditworthiness, even if they have limited or no traditional credit history. This enables you to extend credit to customers that traditional credit scoring methods might have overlooked.

Refine Swap In/ Swap Out Strategies

Alternative data sources can give you a clearer view of an applicant's creditworthiness, helping you refine your understanding of risk and opportunity. That means you can shift resources away from applicants who pose a greater risk of default, and toward those who better align with your organization's risk appetite.

In the case of thin-file customers, LexisNexis Decision Trust can help you identify low-risk candidates, even though they lack a robust credit history.

Fine-Tune Risk-Based Pricing Models

Within conventional credit score bands, true creditworthiness may vary widely. LexisNexis Decision Trust empowers you to segment your target audience with greater precision. By aligning price more closely to an applicant's true credit risk, you can customize your interest rate and credit limit offerings to suit each applicant, increasing margins on low-risk loans while reducing losses by more accurately pricing high-risk loans.*

Make More Trusted Decisions with LexisNexis Decision Trust

If you don't fully understand your applicant, how can you assess the risks associated with lending to them? To clarify your view of potential customers, you should consider incorporating differentiated digital intelligence into your risk assessment models.

LexisNexis Decision Trust can help lenders close visibility gaps and approve more applicants, all while minimizing defaults.

By drawing from multiple dimensions of alternative data, our solution can enhance your understanding of a customer's stability, ability and willingness to pay.

Gaining a nuanced view of consumer risk across the credit spectrum improves your ability to spot high-risk applicants while uncovering opportunities among those who are not accurately represented by traditional credit data.

Global intelligence for personalized risk decisions

Visit **risk.lexisnexis.com/decision-trust** to learn more

*The use of LexisNexis Decision Trust for credit risk decisioning is only available in certain jurisdictions. Check with your LexisNexis Risk Solutions representative for details.

About LexisNexis Risk Solutions

LexisNexis® Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We provide data and technology solutions for a wide range of industries including insurance, financial services, healthcare and government. 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.