PROFILE:

MidAtlantic
FINANCE COMPANY

6 — MONTH TEST PERIOD

106 — FRAUD ALERTS RECEIVED

$874K — LOAN VALUES PROTECTED

Established in 1990, MidAtlantic Finance Company is one of the largest sub-prime lenders in the US, originating over one-half billion in sub-prime auto loans with local and regional "buy here, pay here" dealerships across the United States.

Growing Pains

As MidAtlantic Finance developed and improved their technology platform in order to strategically grow, Vice President of Lending Operations Michael Pereira determined that it was necessary to find a solution to reduce risk while growing their asset base significantly. This would work in conjunction with efforts to improve the Client Experience and allow MidAtlantic to focus on their growth initiative while improving their return and overall performance.

Scoring Impacts Multiple Business Gains

"In our retrospective testing with Point Predictive," Pereira said, "we saw significant lift to help us achieve multiple business gains. In the highest risk scores, we were able to identify loans that have a significantly higher risk of early payment default due to fraud or material misrepresentation. We can use those high scores to scrutinize those deals more carefully.

"In the low-risk scores, we found loans had significantly lower rates of risk and default. This will help us clear loan stipulations, route loans for faster funding and in general make the whole funding process easier for our dealers and customers.

Our plan is to integrate those scores into our existing processes and internal scores to achieve those benefits across all loans going forward."

Point Predictive's Consortium Model

Matthew Etzweiler, Senior Fraud Analyst at Point Predictive, stated, "Through their partnership with Point Predictive, MidAtlantic Finance is able to not only interact with the consortium model, but also directly engage with the fraud analysts."

COMPREHENSIVE SOLUTIONS

Point Predictive offers a complete toolkit of solutions. MidAtlantic Finance relies on three specific options for all of their loan risk assessments:

AutoFraud Manager — A predictive AI scoring solution that identifies applications most likely to result in default.

Dealer Trace — A comprehensive dealer risk scoring model.

Synthetic ID — Detects patterns consistent with synthetic identity fraud (a mix of fake and real data that is hard to detect).

"This is the best case scenario of leveraging the Point Predictive Ai+Ni approach. The model identifies fraud and the fraud analysts can confirm and contextualize the fraud, reassuring the MidAtlantic team of the strength and accuracy of the consortium model."

In analyzing fraud alerts they've received, the MidAtlantic Finance team sees that the solution is catching more issues than they would have on their own. "In the first six months," Pereira says, "106 alerts have been submitted on almost $874,000 in loan amounts."

"We love the Auto Fraud product and Matt has added significant value to our team!"