

A Year With Auto ONE™

How MidAtlantic Finance Company prevented almost \$5M in fraud losses.



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Predictable Success Stories

MidAtlantic Finance Company, established in 1990, has originated more than half a billion dollars in sub-prime auto loans with local and regional “buy here, pay here” dealerships across the United States.

Supporting Growth

As MidAtlantic Finance developed and improved its technology platform, their Vice President of Lending Operations, Michael Pereira, determined that he needed to find a solution to reduce risk while growing the organization’s asset base significantly. This solution would work in conjunction with efforts to improve the borrower experience and allow MidAtlantic to focus on its growth initiative while improving return and overall performance.

Point Predictive Helps MidAtlantic Catch More Fraud Prior to Funding

MidAtlantic selected Auto ONE, a suite of solutions designed to help automate the loan origination process and mitigate the risk of fraud and misrepresentation across a wide array of fraud types including income, employment, synthetic identity and straw borrower.

Between April 2022 and March 2023, 6% of MidAtlantic’s applications were identified as warranting evaluation for potential fraud or misrepresentation; these were investigated within the Case Manager solution. Fifty-five percent (55%) of those applications were found to contain fraud or misrepresentation, to a total value of \$4.88 million. This means that for every two applications reviewed, one was found to contain fraud or misrepresentation. This was a significant improvement over legacy fraud risk management solutions and made the fraud investigations process much more efficient and effective.

Sixty-four percent (64%) of the applications flagged for investigation were identified by nine active rules using Case Manager’s real-time rule engine. Twenty-eight percent (28%) were identified by enhanced alerts provided by the Point Predictive fraud analyst team. The remaining eight percent (8%) were cases that were manually created by MidAtlantic. Enhanced alerts are derived from cross-lender fraud trends present in the Point Predictive risk data repository and can include alerts for risky dealerships and synthetic identities seen in other lenders’ applications. The cases created by the enhanced alerts had a 68% fraud rate for a total loan value of \$1.42 million.

Auto ONE – A Comprehensive Solution

Auto ONE enables MidAtlantic Finance to take a holistic approach to fraud risk mitigation. It includes:

- **Auto Fraud Manager**
A predictive scoring solution that uses artificial intelligence (AI) and machine learning to identify applications most likely to result in early payment default due to fraud or material misrepresentation by the applicant.
- **IncomePass™**
An AI-powered alternative to paystub validation, IncomePass enables lenders to easily validate income for borrowers, reducing friction in the lending process.
- **EmployerCheck™**
A solution that predicts the legitimacy of an applicant’s employer and source of income, EmployerCheck generates a report that helps lenders determine whether to request additional verification materials from the applicant.
- **Case Manager**
A powerful tool for streamlining auto lending processes and preventing fraud, Case Manager provides lending teams with an intelligent layer of risk controls, automation logic, action guidance, and critical metrics across their origination process.

Scoring and Alerts Deliver Multiple Business Gains

“In our retrospective testing with Point Predictive, we saw a significant lift that has helped us achieve multiple business gains,” Pereira said.

“In the highest risk scores, we are able to identify loans that have a significantly higher risk of early payment default due to fraud or material misrepresentation. We scrutinize those deals more carefully using the Case Manager.”