'Getting to yes' with help from Point Predictive

Elite Acceptance Corporation, an auto loan financing company that operates in a high-risk market segment, provides credit to customers who may be turned away from other lenders.

By its nature, operating in the subprime lending market is a high-risk venture. Smaller firms, like California-based Elite Acceptance, face an additional challenge: offsetting lower volumes by accepting a higher proportion of riskier applications.

"At our size, we have to be willing to operate in a high-risk space to generate enough revenue," Elite Acceptance Chief Operating Officer Steve Christensen explained. "With some of our competitors seeing 10 or even 100 times the number of applications, we need to have a 'look-to-book' rate of about 15% to make the numbers work."

For a client base with poor or nonexistent credit histories, Auto Fraud Manager's capacity to consider employment, income, residency and other data has helped Christensen's team in that pursuit. Other scorecard models that Elite Acceptance had tried tended to take into account too few variables and ultimately led them to decline an overwhelming number of applications, according to Christensen. Auto Fraud Manager and Case Manager allow Elite to look beyond the usual indicators and evaluate an applicant holistically.

"We're not looking at the dozen reasons to say 'no,'" Christensen said. "We're looking for the two or three reasons to say 'yes.'"

For example, maintaining the same address for an extended period may signal that a prospective borrower is less risky than a credit score indicates. In Christensen's view, Point Predictive's ability to draw on such data remains unmatched in the industry.

"I've not found another resource that sheds that amount of light on the very risky credit space that we deal in," he said. "At the same time, we can use it to flag applicants who we really do want to avoid."

Protecting Dealer Partnerships

Although Elite Acceptance strives to "get to yes," like all indirect auto lenders, it relies on partnerships with dealers to sustain its business. Few things can be more damaging to those relationships than retracting a loan offer.

"We're more diligent because we have to be," Christensen said.

Auto Fraud Manager

Auto Fraud Manager is a predictive scoring solution built with Artificial Intelligence and Machine Learning, designed to identify auto loan applications most likely to result in default. The higher the Auto Fraud Manager score, the higher the risk of fraud or early payment default. In addition to a fraud score, Auto Fraud Manager provides reason codes to help fraud analysts streamline their investigative strategies as well as over 120 fraud alerts that can be used to enhance stipulation strategies. These output indicators are used to prioritize a deeper fraud review and understand the exact risks that are present on an application.

Case Manager

Case Manager provides lending teams with an intelligent layer of risk controls, automation logic, action guidance, and key metrics across their originations process. It is the first SaaS fraud and risk management solution specifically built for automotive lenders that tightly integrates Point Predictive's full complement of fraud risk scores, alerts, and data repository insights with existing loan origination systems to streamline operational risk workflows for analysts and underwriters.

Traditional solutions offered to the auto industry are generic workflow solutions that require expensive customization to meet the specific needs of the auto industry; Point Predictive's Case Manager is designed from the ground up as an "auto first" offering.

"Having to decide that we can't finance the deal – after the car is 100 miles down the road – can be catastrophic to our reputation."

With help from Auto Fraud Manager, Elite Acceptance boasts a return rate of less than 5% of approved loans, according to Christensen, even in the riskiest of markets.

In those cases where the loan is retracted, Elite Acceptance leans on Point Predictive's forensic analysis.

"We can point to the evidence and show the dealer that the employment history or salary history was fraudulent," Christensen said.