Automotive Lending Solutions

A highly competitive automotive lending market means that lenders need to book profitable loans while minimizing the cost of origination. With these goals in mind, Point Predictive created a unique automotive lending data consortium and powerful artificial intelligence (AI)-based technology solutions that:

1. Streamline and accelerate the loan origination process

2. Protect lenders against fraud and material representation

3. Lower the total cost of origination

Auto lenders set stipulations and other documentation requirements to prevent losses, but this slows the underwriting process, adds significantly to its cost, and low-risk borrowers often abandon the origination process rather than jump through these extra hoops. As the digitization of lending continues, abandonment by high-quality borrowers to competitors with simpler lending processes is a significant threat. In addition, stipulations are often set without a complete understanding of the true risk of loan default.

Most current application fraud scores and alerting tools target primarily identity fraud. Identity fraud is only a small part of total fraud risk. Lenders need to effectively identify all fraud types including employment fraud, income fraud, straw borrower fraud, and collateral fraud.

Point Predictive offers a comprehensive set of solutions to identify auto loan applicants with a high risk of fraud or material misrepresentation likely to result in default if funded. These solutions also accurately identify those low-risk applicants whose loans can be expedited without the need for costly and time-consuming stipulations.

The result is:
- Higher pull-through rates
- Decreased underwiring costs
- Significantly lower fraud losses

Collateral 10%
Income Fraud 30%
Identity 15%
Straw Borrower 15%
Employment Fraud 30%
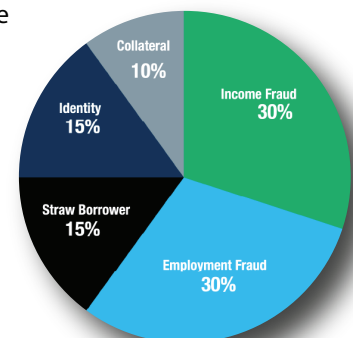
Auto Fraud Manager Protects Against Material Misrepresentation and Fraud Risk

Auto Fraud Manager enables automotive lenders to accurately assess the early payment default (EPD), material misrepresentation, and fraud risk of each application up-front in the underwriting process. This means that stipulations and additional review is only required for high-risk applicants, lowering underwriting costs while protecting against losses.

Auto Fraud Alert Report

- Typically, 10% or less of auto loan applications contain risk for EPD, material misrepresentation, or fraud and only those require stipulations or added scrutiny.
- Adding stipulations or review to only the applications that need it keeps underwriting costs low, prevents backlogs, and helps the organization become more effective at identifying and mitigating these risks.
- Auto Fraud Manager also identifies those dealers originating high-risk applications.
- False positives are reduced by up to 65% when compared against existing alerting tools.
- The result: underwriting cost reduction, reduced losses, and more profitable loans.
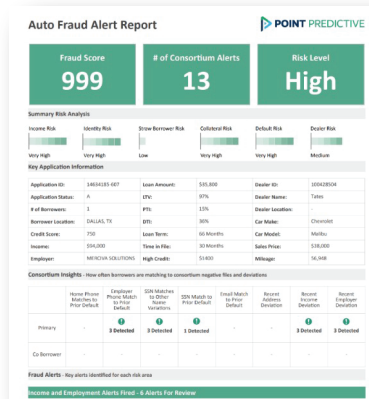
Verification Solutions

In addition to Auto Fraud Manager, Point Predictive provides auto lenders with several verification solutions to help identify suspicious applicant-reported data including income and employer.

- **IncomePass™** analyzes the income reported by applicants on their auto lending application against millions of historically reported salaries, IRS income data, and many other sources. It detects up to 85% of inflated incomes while eliminating the high cost of income verification for the vast majority of applicants.
- **EmployerCheck™** uses consortium data to identify employers that are likely to be fraudulent. Unfortunately, it is easy to set up fictitious businesses online. EmployerCheck quickly identifies suspicious employers so lenders can request additional verification only when warranted.
- **SyntheticID Alert™** uses AI to identify applications that exhibit patterns consistent with synthetic identity fraud so lenders can take additional verification steps to validate the identity when recommended.
- **DealerCheck™** provides auto lenders an easy way to search, monitor, and manage dealer relationships.
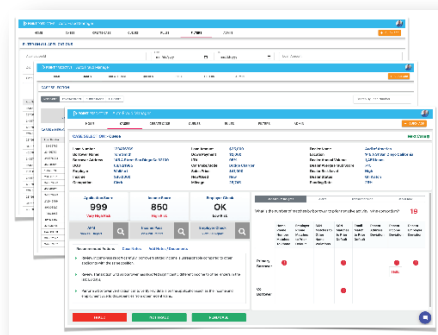
Case Manager

Case Manager provides the control and visibility auto lenders need to effectively and efficiently investigate and mitigate virtually all types of auto financing fraud risk. It is browser-based and unifies fraud scores and alerts, adds review queue automation, and provides a full range of operational performance metrics enabling lenders to reduce unnecessary friction for borrowers while protecting against a constantly growing and evolving set of fraud schemes.

Learn more about the advantages of Point Predictive solutions for Auto Lenders at pointpredictive.com.

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