

HOW ONE ONLINE LENDER AUTO-FUNDS LOANS WITH EKATA

By using Ekata to identify the best applicants at top of the funnel, one online lender automatically speeds their best customers through—achieving a lower cost per fund and stellar conversion rates.

For servicers of consumer loan portfolios, finding the balance between thoroughly vetting applications and providing an excellent customer experience is critical. In their quest to achieve this balance, one online lender has developed a unique auto-fund program designed to connect their best customers with loans even faster.

With their auto-fund program, the lender can originate a loan without having to physically speak with a consumer — or even review a bank statement. That’s because they’ve analyzed important data from Ekata, previously funded applications, and other third-party data in order to identify the lowest risk 10% of all applications they approve. These top 10% of applications, which have the highest confidence for both identity and the willingness and ability to pay, are then labeled for automatic funding.

Auto-funding loans may seem risky, but this online lender has found a way to do it quickly — and with as little risk as possible — by using Ekata at the top of the application approval funnel.

2.5x better conversion rates

The auto-fund program has a 50% conversion rate — a 2.5x improvement over the 20% conversion rate in the rest of the portfolio.

10% of applications become 20-25% of new loans

Even though the auto-fund population is only 10% of the total applications, they make up a significantly higher percentage of the actual loan portfolio: about 20-25%.

65% reduction in cost per fund

Because of the higher conversion rate and drop in manual review time, the CPF for the auto-fund portfolio is only 35% of the rest of the portfolio — a 65% reduction in cost.

The company’s Chief Risk Officer explains how Ekata allowed them to make this business move:

Ekata offers a lot more visibility with the variables they return than other solutions we tested—and they’re much more descriptive. With Ekata, we understand exactly what a variable means, which gives us even more understanding when doing manual fraud reviews, creating rules, or evaluating leads. It’s not just a generic score and a couple of flags. This lets us test deeper into our applicant pool to auto-fund even more applicants as our models get refined and improved.