DMS Spotlight: Leveraging a Multi-Bureau Approach

DMS DIGITAL MATRIX SYSTEMS

Exploring the Benefits of a Multi-Bureau Approach to Credit

While it may appear easier or more cost-effective to pull credit from just one of the three major credit bureaus, is that really the case? With a more complete picture of your customer you can achieve better predictive analytics to make fully informed decisions, helping better manage risk while increasing acceptance rates. Because the credit bureaus have similar data, the perception that pulling one report is adequate is misleading. Entities that report data to the bureaus may report to all three, or may elect to report to only one. This leads to an incomplete view of a consumer's credit commitments. The content of the reports will vary across the three bureaus, which in some cases can have a significant impact on lending and other risk-based decisions that leverage credit data.

No-Hits and No Scores

By leveraging a multi-bureau approach, no-hits can potentially be scored using a secondary credit bureau or alternative data. Turning no-hits into hits provides lift and results in more effective scoring. Insurers can potentially overprice good applicants and lose their business, or underprice policies that are higher risk.

Credit Bureau Outages

While outages are uncommon, for companies with a single bureau strategy it can be catastrophic. When access to the credit bureau is not available, having a bureau back-up in place allows you to continue to process applicants without issue. Companies that don't take advantage of a backup credit bureau often cite the increased cost and problems maintaining multiple bureau scorecards. This challenge is eliminated leveraging DMS' standardized credit bureau format, which enables clients to build one scorecard regardless of the credit bureaus accessed.

Geographic Region

Depending on the primary geographic region(s) where your customers are located, you may need a multi-bureau access approach to ensure that you obtain the best credit data possible.

Data Reporting and Management

Despite standard merchant reporting processes, differences in applicant data among the credit bureaus exist. One factor is that merchants do not necessarily report to all credit bureaus. Update processes, storage systems, database maintenance and replication methods and other factors vary from bureau to bureau.

Next-Level Multi-Bureau: Merge

Merge Benefit Analysis demonstrates that credit information merged from multiple credit bureaus is often more predictive than information from one source. This service ensures that gaps are filled, data is enhanced, and information is complete with proven merge capabilities. DMS has extensive expertise in the application of targeted merge technology that enables clients to test applicant viability just within the margins of their approval criteria.

Still not ready for a multi-bureau approach? Or are you using multiple bureaus but want to know which bureau should get top billing in your data access strategy?

A thorough Bureau Preference Analysis from Digital Matrix Systems will demonstrate which credit bureau has the most useful information for specific client applicant populations. This assessment enables clients to make the best economic and risk-based decisions, with the most complete applicant credit reports by product line or geographic area.