

Street UK appoints LendingMetrics for their automated decisioning launch



Since 2002 as an online and branch lender Street UK 'The Affordable Finance Company' has provided affordable finance for everyday living and pride themselves on being an ethical loans company.

At an APR of 201% (equivalent to 0.22% per day, FCA Price Cap is 0.8% per day) and with lower interest rates available for subsequent borrowing, their flexible short-term loans of £100 to £500 varying from 3 to 6 months are a cheaper alternative to people underserved by traditional lenders. As a Social Enterprise operating a not-for-dividend organisation, Street UK invests all its profit back into the business. They aim to provide an affordable range of financial products and services to individuals that have difficulty in obtaining these from mainstream institutions such as Banks and Building Societies. Their products are designed around the consumer to ensure they offer a competitive alternative to using HCSTC doorstep/online lenders, pawnbrokers and expensive alternatives. If they are unable to provide credit they will explain why and provide the consumer with budgeting advice and support.

Approach

LendingMetrics were appointed by Street UK to support the re-launch and growth of their online lending operation, offering affordable personal loans with a clear transparent model.

As part of their approach LendingMetrics provided credit risk advice to assist Street UK in producing their decision engine. In order to maximise the effectiveness of credit data it was combined with credit risk and analytical expertise. LendingMetrics assigned a dedicated team of experienced analysts, familiar with all aspects of automated decisioning

Origin of LendingMetrics

Since 2010 LendingMetrics a credit reference agency authorised by the FCA has been a leading provider of unique real-time data to alternative lenders to assist with the prevention of fraud and to enhance live credit risk decisions via their real-time data product TrueTime. In partnership with Equifax, LendingMetrics can also simultaneously deliver credit, bank, income verification and anti-money laundering checks. They also provide the ground-breaking, some say "game changing" product, Bank Vision, combining 90 days of real-time granular applicant bank account data with unrivaled industry knowledge and categorisation analysis to deliver the most powerful affordability and anti-fraud product available.

In 2016 following 3 years R&D the company introduced ADP (Auto Decisioning Platform) revolutionising the opportunity for the financial services sector to quickly deliver increased volume with reduced overhead using automated lending decisions. ADP utilises proprietary data solutions alongside integration with all major CRA's plus many other 3rd parties. ADP is a powerful decision engine builder that puts the lender in control of credit rule changes and allows operational/credit risk staff to control changes in real time through a simple user interface.

and versed in multi bureau data sources to assist Street UK in developing their credit risk model. When doing so all parties paid particular attention to the regulator's requirements that credit providers should constantly improve their assessment of the borrower's ability to repay debt and thereby prevent over indebtedness. LendingMetrics believes that positive engagement with such regulation aids better credit performance and thereby commercial success.

LendingMetrics designed a multi-functional decision engine to cover all areas of credit risk (fraud prevention, affordability and suitability). Proprietary scorecards were utilised alongside

“LendingMetrics have not only delivered a great tool but have also provided a valuable credit risk consultative service by sharing their extensive industry knowledge. ADP solves a multitude of problems and unlike competitor products does not have a high price tag. There was no capital investment required, just an affordable monthly support fee.”

Stephen Mazurek

Operations Manager at Street UK

an automated rule set over various data sources to build an affordability check and this was combined with a number of credit and anti-fraud / ID checks to mitigate the need for manual checks and excessive documentation, allowing customers a smoother journey.

The LendingMetrics implementation team then took the lead, headed by a client dedicated Project Manager. They held several scoping and requirements gathering calls to provide a full project plan with timelines. Once all requirements were gathered LendingMetrics took 4 weeks to complete the build of the decision engine and pass it to Street for UAT. During the implementation phase, regular calls took place with lead developers on both sides so that the integration into ADP was seamless and straightforward.

Results

Street UK successfully launched, and have since enjoyed solid performance and growth and most importantly their decisioning model is now highly scalable. The ADP solution was delivered within budget and on time. Both parties worked to achieve a seamless delivery and LendingMetrics enjoyed working with Street UK's knowledgeable team. Following ADP training the Street UK team are now using the ADP interface to autonomously manage their credit decisions in real time, champion/ challenge their rules and analyse results in order to inform future rule changes.

Summary

The combination of highly automated decisioning and long industry experience delivered a scalable solution. The client has successfully migrated to ADP with minimal business disruption and is enjoying the benefits of being in control of their credit risk decisions in real time.

Neil Williams, Managing Director of LendingMetrics, said: *“This appointment reflects our growing foothold within the non-banking finance sector and we are excited about the growing requirement for ADP within many spheres of lending.”*