Ascend Intelligence Services™ Foresight

LOAN LOSS ANALYSIS E-BOOK

Win more business and minimize risk with loan loss analysis

For lending institutions, implementing the right business intelligence strategy can be the difference between winning more business — while mitigating risk — and not.

A recent study reported that **48% of American loan applicants have been denied over the past 12 months,** and about 14% of applicants faced multiple rejections. In addition, 14% of rejected loan applicants reported **feeling pressure to pursue alternative financing like cash advances or payday loans.**[1]

These figures indicate that financial institutions need to take deliberate measures to provide attractive loan offerings to keep up with industry competition. An effective way to do that is by investing intelligently in technology solutions that can drive business growth without taking on additional risk.

[1] Bankrate, February 2025. Survey: Almost half of loan applicants have been denied over the past 12 months.

When consumers don't book with you

Despite lenders' efforts to optimize targeting and decisioning, sometimes an applicant will apply for a loan at one institution, but then book their loan at a different institution regardless of whether or not they were approved at the first one. When this happens, the first institution may not have any visibility into the details of where that applicant booked their loan or why.

Lenders can use these details to improve their lending criteria and enhance their offers, or simply validate that the policies they already have in place are justified. When you provide better loan offers to the right consumers, **you can increase your loan earning potential while decreasing the likelihood of those consumers defaulting on the loans,** effectively minimizing your portfolio risk.

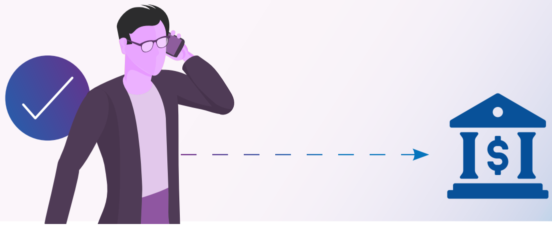
Loan loss analysis can convert valuable data into actionable insights to help **drive more profitable decisions** across the customer lifecycle.

Loan loss analysis provides deep consumer insights

Loan loss analysis is used by financial institutions to determine the status and details of loan applicants that may have booked loans elsewhere.

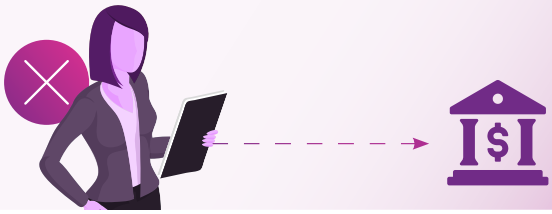
This process considers **four main potential outcomes of loan applications:**

THE APPLICANT WAS **APPROVED** BY YOUR INSTITUTION BUT **BOOKED THEIR LOAN ELSEWHERE.**



THE APPLICANT WAS **APPROVED** BY YOUR INSTITUTION BUT **DIDN'T BOOK THEIR LOAN AT ALL.**

THE APPLICANT WAS **DECLINED** BY YOUR INSTITUTION AND **BOOKED THEIR LOAN ELSEWHERE.**



THE APPLICANT WAS **DECLINED** BY YOUR INSTITUTION AND **DIDN'T BOOK THEIR LOAN AT ALL.**

Loan loss analysis provides deep consumer insights

In the cases when an applicant books their loan elsewhere, loan loss analysis can **provide visibility into:**

What type of financial institution did that applicant book with (e.g., bank, credit union, finance company)?

With this information, lenders can **identify which kind of institution seems more appealing to applicants and why.** If your approved applicants are booking their loans with a credit union, for example, they may be more inclined to conduct business locally or in person.

What was the average loan amount, and were others offering more or less?

By learning how much other institutions are offering, you can **adjust the amount your institution offers to make your loans more enticing,** which can increase the number of loans you successfully book.

What was the estimated interest rate, and how did it compare to yours?

If a competitor offers a loan with an interest rate lower than yours, you can **calibrate your loans' interest rates to compete and potentially win more business** without taking on more risk.

What was the loan term length?

Identifying the term length of your competitors' loan offers can **inform your organization's decisions on loan term length.** Your competitor may provide a longer loan term length, which may be more appealing to applicants.

What was the average risk score?

By determining the average risk score of loans that have been booked elsewhere, you can figure out the degree to which those loans are successfully being paid back, even for a higher loan amount or at a higher interest rate. As a result, you can **optimize your loan policies to maximize earning potential without increasing the risk of consumers defaulting on them.**

Leading loan loss analysis tools **enable financial institutions to:**

IMPROVE LEAD QUALITY

Understand the quality and behavior of your applicants to enhance acquisition strategies, find the most qualified leads for your business and boost your return on investment.

FIND OUT:

- Which applicants provide the greatest value?
- Are your product offers aligned with borrower needs?
- **Who's winning your lost business and why?**

TARGET THE RIGHT CONSUMERS

Optimize your prescreen strategies to determine if you're preapproving the appropriate consumers.

FIND OUT:

- Who's most likely to book a loan?
- Who will respond to your offer?
- **Who's going to perform best?**

ACQUIRE MORE HIGH-QUALITY LOANS

Discover who applicants are booking with, how they performed and whether you need to update your underwriting criteria to book more loans.

FIND OUT:

- Are you acquiring the right applicants?
- Who should you approve?
- **Who's going to accept your offer?**

INCREASE CROSS-SELL OPPORTUNITIES

See if consumers are applying for loans elsewhere for products similar to the ones you offer, identify how competitive your products are and improve customer lifetime value.

FIND OUT:

- Are customers booking with your competition?
- Are your product offers aligned with customer needs?
- **Which customers are providing the greatest value?**

Make more profitable decisions with business intelligence analysis

Experian's loan loss analysis solution, **Ascend Intelligence Services™ Foresight,** allows you to:

- **Optimize your marketing spend** by identifying the best consumers to target.
- **Enhance your acquisition strategies** by identifying consumers most likely to book with you.
- **Book more loans** by approving the right applicants.
- **Increase profitability** by acquiring the best-performing consumers and reducing portfolio risk.
- **Improve customer retention** by providing the right product at the right time.

Determining who applicants are ultimately booking with can help you uncover deep insights into your competitors' loan characteristics, which **enables you to make smarter, data-driven decisions for your business.**

Ascend Intelligence Services™ Foresight

http://

Visit our website to learn more about how loan loss analysis can help you gain visibility into competitor offerings, optimize your lending policies, **book more high-performing loans** and reduce risk in your portfolio.