

PCF Bank



In-depth business review helps deliver increase in automated acceptances by more than 33%, reduction in manual intervention by 75% and significant improvement in fraud analysis.

PCF Bank has helped serve over 100,000 consumers and businesses as a specialist hire purchase, finance lease and bridging loan provider. Its mission is to bring simplicity and customer focus into SME asset finance, property finance and motor finance. After authorisation in late 2016, PCF Bank started offering a range of savings products to customers following the same ethos – a simple and personal approach to finance.

Looking to capitalise on the benefits of obtaining a banking licence, PCF Bank is now actively growing its portfolio using the same qualities which have seen it successfully expand over the last 25 years. The company's competitive success is underpinned by its expert decision-making and ability to accurately apply predictive analytics alongside access to new and emerging data sets.

Following its foundation in 1994, PCF Bank has partnered with Experian, embedding the company's data into its innovative eQuote proposals system, and recently engaged to explore how Experian's expertise and know how could further enhance its risk analysis and credit decision processes to deliver its key business objectives.

The challenge

PCF Bank's principal objective is to grow its business, primarily through more effective servicing of existing markets. It uses a range of innovative processes and solutions to ensure the values of the business are upheld when acquiring new customers. But in order to achieve its growth ambitions, it was acknowledged that there were limitations with its existing processes. The challenge was set to assess out how best to scale current processes while remaining true to the underlying principles of simplicity and customer focus - employing the best people, to deliver the best service, for each customer on an individual basis.

The solution

As a first stage, Experian was commissioned to complete a Business Review of PCF Bank's onboarding business processes. Engaging with Experian Advisory Services, market subject matter experts offered PCF Bank a wealth of expertise to help understand the opportunities open to it.

The Business Review looked at current PCF Bank processes and benchmarked them against the rest of the market.

It also identified and proposed initiatives and aligned them to PCF Bank's core business objectives.

The initiatives were capability-focussed rather than product-specific and were presented back to PCF Bank in detail. They included highlighting estimated costs, timescales and the potential benefits to support a business case. It enabled PCF Bank to align each initiative with internal objectives before setting key priorities.

From the recommendations presented, PCF Bank prioritised three key initiatives to progress immediately.

1

New Business Scorecard redevelopment

To significantly improve auto-decisioning in key demographic segments of PCF Bank's existing applicant population, helping serve customers more effectively, while ensuring that key risk acquisition objectives were maintained. The initiative also evaluated the inclusion of new data points and their deployment within credit policy.

2

An evaluation of bureau-based affordability solutions

To better streamline the onboarding affordability assessments. As part of the onboarding journey, it is critical to have as seamless a customer experience as possible. Adoption of the very best datasets available allows organisations to make fast, smart, accurate and efficient assessments of a customer's ability to pay. Building on the company's existing and robust affordability assessment processes, which incorporated Experian's Income Verification and Estimated Disposable Income solutions, PCF Bank conducted an analytics-driven programme to assess how new data assets could be configured to enhance existing processes.

3

Fraud identification decision engine and underwriting workbench

Growth at scale can present several challenges for any organisation. At the forefront of those is increased exposure to fraudulent applications. While already undertaking effective fraud prevention processes, the deployment of a dedicated fraud decisioning system with a user workbench, enables PCF Bank to mitigate further risk while handling increased application volumes. It will also ensure consistent working practices can be applied to fraud underwriting process.

Results

The redevelopment of the new business scorecards, including the evaluation of new data assets into the process, has driven a **34% increase in automated acceptances**. This in turn allows PCF Bank's underwriters to focus on marginal applications where they can further apply the underlying principles of simplicity and customer focus to ensure individual-based lending decisions. Crucially, the robust development allows PCF Bank to further flex its lending criteria and expand successfully into other areas of business in a controlled and accurate way.

The objective of the affordability analysis helped ensure PCF Bank continues to apply as robust an assessment of affordability as possible, while still reflecting each

customer's individual circumstances. Overlaying this entire process was an additional requirement to ensure a seamless and minimal impact on the customer journey. Thanks to a detailed analytical exercise, Experian was able to propose further enhancements to the lender's existing processes.

As a result, PCF Bank was able to automatically assess individual applicant's affordability in a far more accurate and customer-specific manner than if it had been obliged to use generic national data sets. It **reduced the need for manual intervention by 75.5%**. In addition to a better customer journey, PCF Bank has clear, evidence-backed, fully documented and explainable process, supporting its obligations to treat customers fairly.

Hunter is currently in the process of being deployed to compliment PCF Bank's existing onboarding process and help the business further manage its fraud risk. As part of the evaluation process, Experian supported a proof of concept which demonstrated identification of **more than 60% known frauds** for a minimal referral rate. The inclusion of bureau data is now expected to improve the hit rate even further.

"We are delighted with the output from the Experian Business Review. Their industry expertise helped us identify areas of our business which we could develop to help achieve our business goals. We are now progressing a series of initiatives with Experian to deploy market leading solutions into our processes. Since the roll out of our new scorecards and enhanced affordability assessment process, we are seeing excellent results which will allow us to grow in a controlled way. In addition to this, deploying the market leading fraud identification tool Hunter will ensure that we balance the risks of fraudulent activity with our plans to expand our portfolio."

— **Peter Larcombe**, Head of New Business at PCF Bank
