



The Post-Vaccine World:

Preparing for Credit Growth using AI/ML

www.scienaptic.ai



Eric Steinhoff

EVP, Client Impact

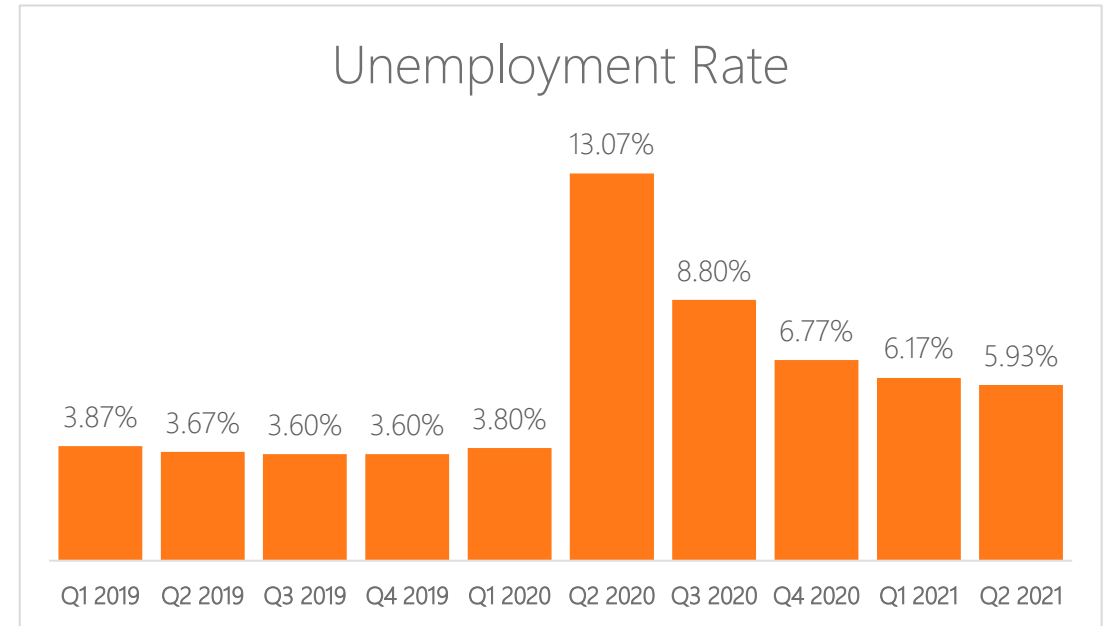
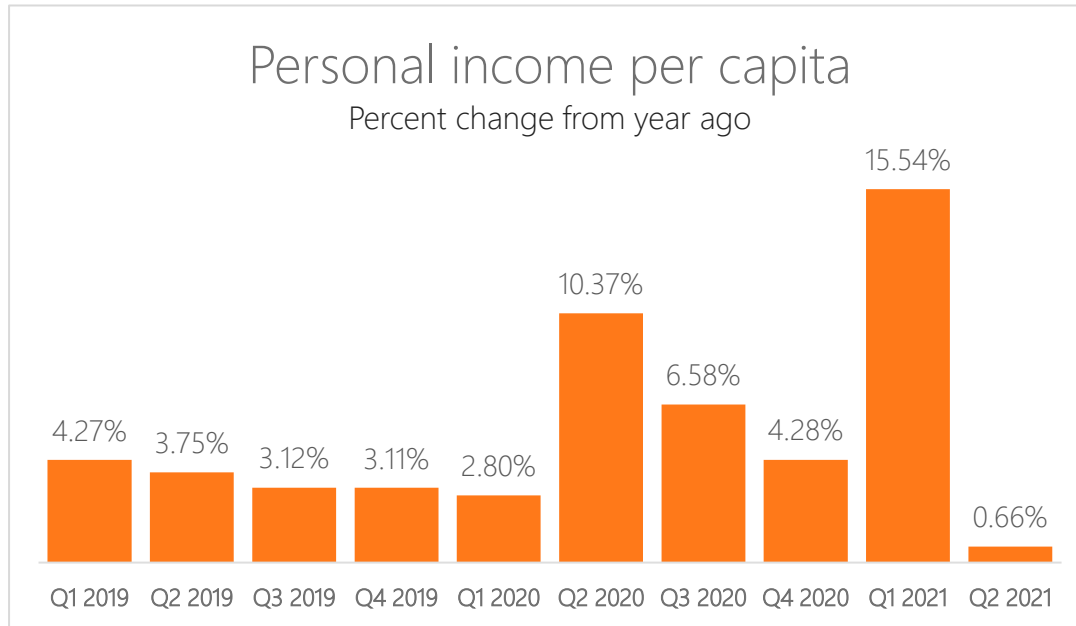
22 years of experience in credit risk analytics and lending strategies; led risk functions at ScaleFactor, ApplePie Capital, Capital One and Standard Bank

SCIENaPTIC

Headquartered: [New York City](#)

Product company that brings the power of AI to credit decisions

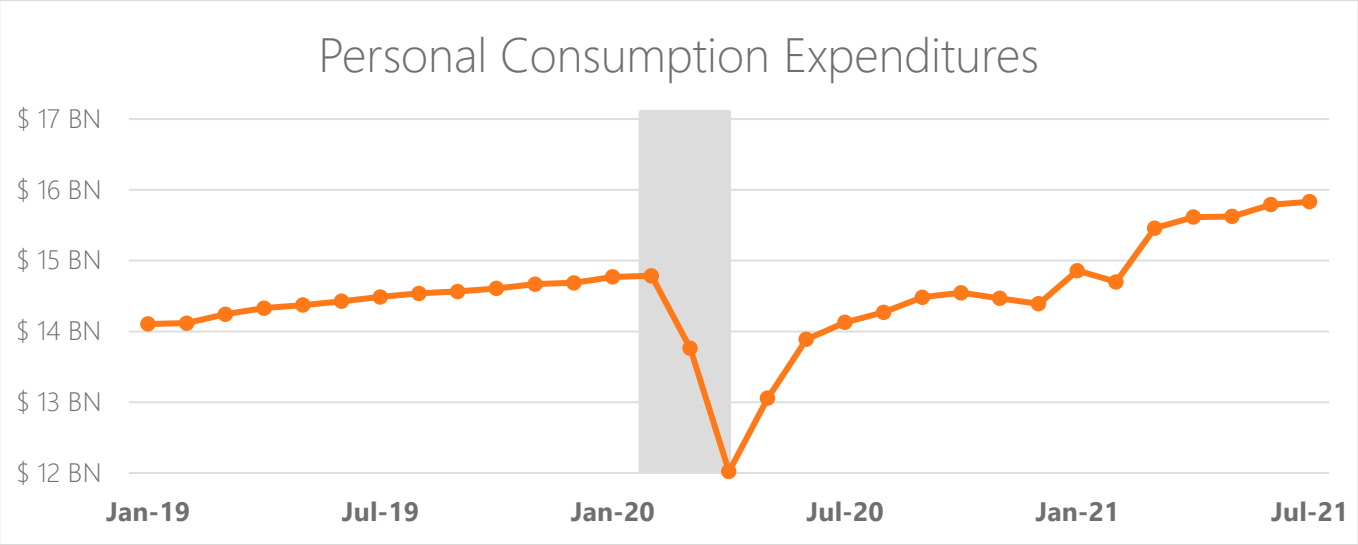
Income and employment in post vaccine world are much **better** than anticipated



↑ **7.8%** Rise compared to a year ago

↓ **28%** Drop compared to a year ago

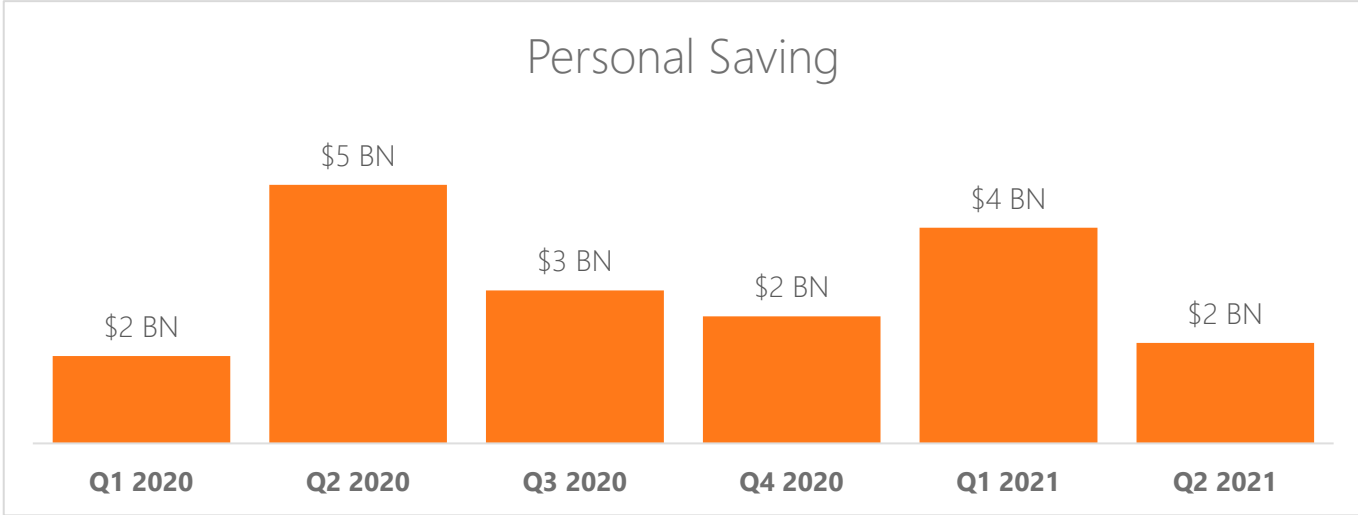
Consumers are getting back to their **spending** ways



Consumer spending has increased **20%** (Q2, 2021) YoY

Net Savings fell by **61%** (Q2, 2021) YoY

Pent up demand: Household checking accounts had \$1 TN in 2019; **currently at \$3.4 TN**



We are witnessing a post-Covid
'Lending wave'

16%

YoY increase in
origination volumes
for **auto loans**

78%

YoY (Q1,2021) increase
in origination for
mortgage loans

23%

YoY increase in **Bankcard**
credit originations to
subprime customers

Credit Unions of North and South Dakota have a massive **opportunity to lend more**

High growth, low unemployment, but **low loan-to-asset ratio**

	Delinquency Rate	Loan to Asset Ratio	GDP (Q1, 2021)	Unemployment
North Dakota	0.53%	50.1%	7.4%	3.6%
South Dakota	0.76%	55.2%	6.4%	2.9%
Overall CU industry	0.6%	65%	6.3%	5.2%

AI can help CUs transform **member experience in 2021 and beyond**

Customers expect

Opportunity

NETFLIX -like seamless streaming

Faster / Instant decisioning

amazon -like recommendations

Customized credit offers using 360° member view

Google™ -like continuous learning

Go beyond FICO – risk scores based on your members' actual past performance

Most important insights are invisible using traditional analytical methods

What you **see** today

What you **don't see** today

Utilizing 30% of available revolving credit

Balances are steadily increasing

Pays auto loan on time

Consistently pays 1.5X min due

Has a \$5000 credit card balance

Has revolved for 18 months at a high rate

Has a \$2000 open-to-buy

Annual card spend is \$14,000

“
Small Credit
Unions must
use AI to stay
relevant”

Floyd Rummel,
CEO, Northern Hills FCU

AI can enable CUs to adopt a comprehensive member **growth strategy**



Enhance members' financial well being

- Approve members overlooked by FICO scores
- Serve “next best” offers
- Eliminate personal bias from underwriting



Improve employee effectiveness

- Allow underwriters to focus on high value tasks
- Increase productivity



Enrich the member experience

- Provide instant decisions
- Reward and retain your best members
- Customize offers

How humans evaluate credit risk

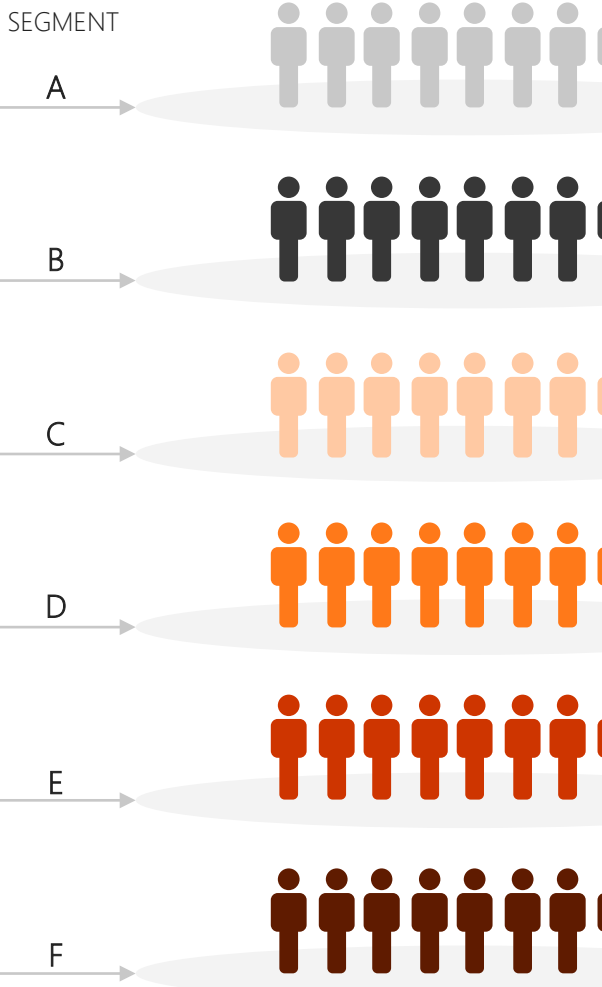


How AI credit scoring works

Large scale

Nano seconds

No human bias



Case Study

Automating Auto Lending

Goal

- Approve more loans, faster
- Increase approvals while reducing/maintaining credit losses
- Automation efficiency – 100% manual reviews

Implementation

- Application data, LN attributes, FICO scores
- Customized approve/decline strategy
- Zero disruption integration with existing LOS

Business **impact**

21%

More credit approvals

15%

Reduction in credit losses

63%

Auto-decisioning

Where to get started?



Q&A

We are here to help

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