

# Affordability Engine: Case Study

Increasing automated decisions and lending revenue using Infact's Affordability Engine.



RESULTS

**+21.5%**  
lending revenue

**+11.56%**  
automated decisions

**+18.56%**  
new lending

### Executive Summary

We worked with a non-prime lender to assess if incorporating Infact's Affordability Engine into new lending decisioning could increase automated decisioning and responsible lending increased while maintaining their default rate.

### 1 Setup & Execution

During the exercise, we used a sample of 200,000 consumers paired with lending decision and outcomes (auto-accept, decline, refer, arrears, defaults). In addition to this, we further calibrated the expenditure prediction with applicant-declared income which enhanced its predictive accuracy.

Our Affordability Engine delivered an individual-level expenditure prediction for each applicant which was used in conjunction with other credit risk and affordability solutions already used by lender.

### 2 Results

Our expenditure prediction calibrated with applicant-declared income as a replacement for the incumbent expenditure model delivered the following headline improvements in new lending performance.

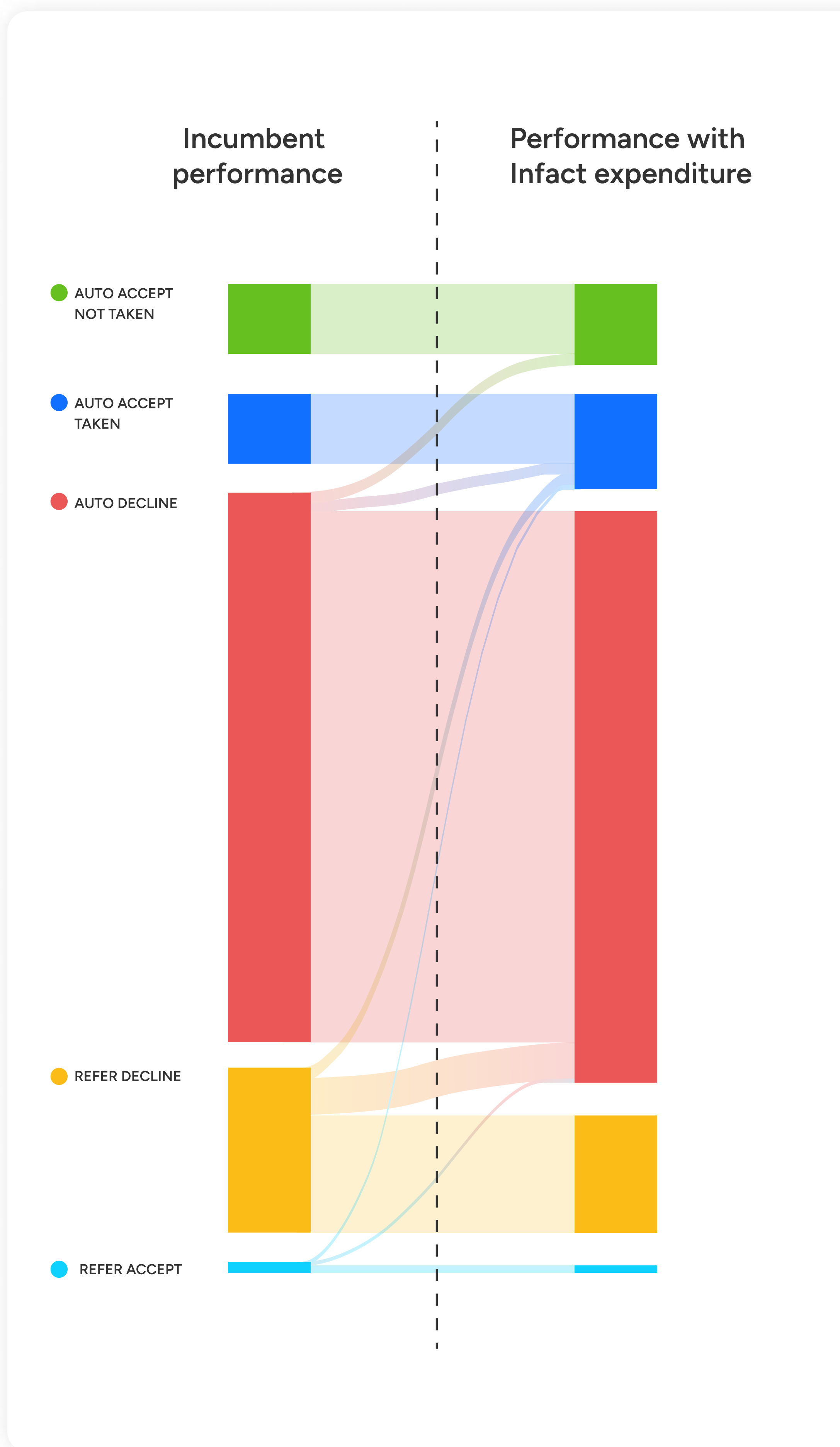
- Model returned prediction for 100% of sample
- 12% increase in automated decisions
- 19% increase in new lending
- Default rate was slightly lower (immaterial)

The Affordability Engine, combined with the clients internal decisioning, proved to successfully increase automated decisioning and lending with minimal effect on default rates.

### 3 Conclusion

For more interpretable validation, we also modelled how much can be earned from interest and carried balances offset against losses from defaulting customers which gave us a headline increase of 26.5% in interest revenue, or 13.1% after bad debt.

The lender is now integrating and is lending to individuals it previously rejected, helping provide lower-cost credit to individuals who may otherwise be pushed into products such as high-cost short term credit or loan sharking.



**Get in touch to book a demo**

[www.infactsystems.com](http://www.infactsystems.com)

[hello@infactsystems.com](mailto:hello@infactsystems.com)

**Request a demo**