Auto Risk Model from Experian is an industry-specific risk model designed to give auto lenders an edge over the competition. Developed with data from Experian’s comprehensive consumer database, Auto Risk Model will allow auto lenders to improve their credit decisions in this highly competitive market.

Enhanced risk prediction
Auto Risk Model is tailored for the auto lending industry. It will assess creditworthiness on both prime and nonprime consumers better than traditional generic risk models. The model is able to identify and approve more low-risk accounts, which reduces bad debt, thereby increasing overall portfolio profitability.

Auto Risk Model benefits:
• Approve more low-risk accounts
• Increase profits
• Reduce risk
• Ensure legal/regulatory compliance
• Provide increased accuracy for the auto lending industry

Predictive power to improve your decisions
Easily accessible, Auto Risk Model is a cost-effective tool that can give you greater confidence when making credit decisions. Use the model to:

• Target creditworthy consumers — Match offers to risk level and lower acquisition costs
• Evaluate new applicants — Use as a primary or secondary risk screen to increase loan volume without increasing losses
• Determine collection strategies — Prioritize collection efforts
• Evaluate your portfolio quality — Make projections on future bad rates

How Auto Risk Model predicts performance
Auto Risk Model analyzes a consumer’s credit profile and calculates a numerical score that identifies the likelihood of a consumer becoming seriously delinquent or derogatory on an auto loan or lease. The evaluation of performance on an auto loan or lease improves the predictive strength of this model over a traditional risk model, which predicts performance outcome on any type of tradeline.
Developed from a sample of approximately 8 million consumers with a newly opened auto loan or lease, the Auto Risk Model evaluates more than 600 credit-based variables, including many specific to the auto industry. It incorporates multiple scorecard technology, segmenting the population into groups with similar credit histories. This provides optimal risk assessment. The initial segmentation is based on prime or nonprime.

Auto Risk Model features:
- Predicts the likelihood of future serious delinquent or derogatory payment behavior on an auto loan or lease
- Incorporates multiple scorecard technology (nonprime and prime/total of seven scorecards)
- Twenty-four-month performance period
- Score range 1–999 (high score = low risk)
- Up to four score factor codes
- One score per Credit Profile Report

Gain the competitive edge
Using Auto Risk Model, you can improve your credit decisions in this highly aggressive market.

To find out more about Auto Risk Model, contact your local Experian sales representative or call 1 888 414 1120.