Powerlytics

Empowering CLOs with Data: Tackling Competition & Driving Growth in 2025

In an increasingly competitive financial landscape, credit union lenders face immense pressure to drive loan growth while delivering superior member experiences. As both traditional banks and fintech companies strive to remain relevant, how can credit union Chief Loan Officers (CLOs) be at the forefront of innovation while simultaneously balancing portfolio risk?

The answer is _data_.

The Role of Data in Lending

For CLOs, data isn't just numbers on a spreadsheet—it's a strategic asset. By leveraging data analytics, credit union lenders can make strategic decisions that not only enhance member experience, but also strengthen their credit union's competitive edge in several ways:

Acceleration and automation:

Meet members' increasing demand for speed and convenience when applying for loans.

Member insights to expand wallet share:

Analyze member profiles to identify needs and tailor products and marketing tactics accordingly.

Risk assessment and performance monitoring:

Use predictive analytics to track key metrics to make informed decisions about lending and collections prioritization.

Harnessing the power of data is no longer optional for credit unions. Statistics from TruStage show that credit unions have expanded their collective share of the consumer loan market, reaching a record 15.2% in early 2024. As credit unions deepen their strategic focus on data-driven strategies, a credit union lending team is better positioned to navigate emerging challenges and capitalize on opportunities as they arise.

Accelerate & Automate: The Need for Speed

Meeting member expectations for near-instant decisions isn't just about convenience, but a critical competitive differentiator that can also create operational efficiencies. Whether seeking auto financing or a personal loan, the speed of approval can significantly influence the choice of a financial institution.
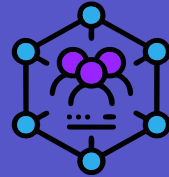
Member expectations:

Faster approvals improve satisfaction and prevent attrition to competitors.
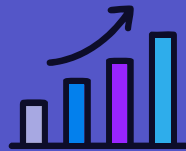
Conversion rates:

A quick loan approval process reduces the risk of application abandonment or seeking financing elsewhere.

Operational efficiency:

Streamlined processes and predictive analytics reduce the administrative burden on staff of manual review, allowing the focus to remain on member service.

As credit unions rely on data analytics to accelerate loan approvals, offerings can be fine-tuned to align with member needs in a timely manner, further enhancing the strategic approach to data-driven lending. The trend of modernization through data is supported through fintech credit union service organizations (CUSOs) that offer tailored solutions to address the unique needs of credit unions, enabling any cooperative institution to compete more effectively.

Data-powered loan approvals not only create internal efficiencies, but also allow for a streamlined member experience to align with the competitive fintech landscape. An example of this is the innovative use of third-party income sources, such as Powerlytics, to simplify the loan decisioning process. Evaluated and used in production by some of the largest financial institutions and reviewed by the Office of the Comptroller of the Currency (OCC), Powerlytics income data is underpinned by anonymized IRS tax returns and removes member friction by providing credit unions with an accurate income estimate and/or confidence score for close to 100% of U.S. households.

Expanding Wallet Share Through Proactive Data Strategies

In an environment where banks and fintechs actively compete with enticing offers, credit unions must maximize their share of wallet to sustain growth and drive long-term success. CLOs must find innovative ways to identify new lending opportunities to capitalize on cross-selling potential. Data analytics and innovative third-party data sources such as Powerlytics enable customized financial solutions and valuable cross-sell opportunities. Once a member is engaged with multiple products, they are even more likely to adopt additional services, leading to both enhanced member loyalty and boosted credit union revenue.

Drive wallet share with data-enabled proactive credit line increases:

These increases are an effective way to improve member satisfaction, signal trust, and reduce the need for alternatives. Products like credit cards, yielding interest, and interchange fees are particularly lucrative.
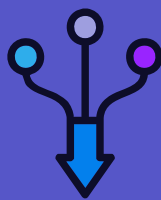
Leverage prequalification offers:

Powered by existing and permissionless data, credit unions can pre-approve members for loans before they apply.

Encourage responsible borrowing:

Data analytics can identify members who may qualify before they apply.

A 2024 TruStage Credit Union Trends report highlights the growing importance of data in increasing wallet share as a vital component to competitiveness and indicates how member credit utilization has risen despite slower overall loan growth. By tapping into data analytics, credit unions can identify and serve unmet credit needs that result in enhanced member satisfaction and loyalty.

Machine learning tools enable personalized recommendations that drive card utilization and balance growth, also improving member satisfaction. In the credit card market, Powerlytics income data is utilized by leading card issuers as a replacement for stated income when it is either unavailable or stale. By leveraging Powerlytics income data, a leading credit card issuer successfully drove 10M PCLI evaluations annually to drive an estimated additional $15 of annual financial impact per cardholder, totaling $15.5M each year.

Improving Risk Decisioning & Spotting Lending Trends

Effective risk management is critical for all credit unions who can benefit from partnering with trusted data CUSOs to empower data analysis that provides insight into emerging member needs and trends. By integrating predictive analytics, CLOs can unlock a deeper understanding of member behaviors to generate proactive strategies, such as identifying creditworthy members, optimizing loan pricing, and monitoring portfolio health to predict default risks. CLOs can harness the power of data analytics to maximize:

Market alignment and segment analytics:

External economic indicators paired with internal member data highlight growth opportunities in underserved areas, aligning back to the credit union philosophy.

Performance metrics:

Analyzing existing loan performance ensures timely adjustments and resource optimization. Per TruStage, credit unions who prioritize data utilization have better maintained low delinquency rates and optimized lending practices amidst economic fluctuations.

Enhanced risk decisioning through data:

The right data enables credit unions to balance member-friendly practices and financial sustainability with predictive modeling for default risk. Powerlytics models help credit unions further refine collections strategies by separating delinquent members into those with very high and very low likelihoods of charge-off. Without using any member data, Powerlytics data alone has powered machine learning models that identified a significant segment of delinquent members who were four times more likely to default than a randomly chosen member.

Whether expanding wallet share, speeding up loan approvals, or managing risk effectively, data-driven decisions empower credit unions to remain competitive and member-focused. As credit unions continue to navigate a complex competitive environment, CLOs have a unique opportunity to harness data as a transformative tool to leverage member insights. By aligning strategies with member needs and market trends, credit unions can be positioned for sustained success in 2025 and beyond. It's time for CLOs to lead the charge in transforming their credit unions into data-driven organizations by collaborating with fintech CUSOs. By investing in the right technology, CLOs can align their credit union for growth in an increasingly competitive marketplace.

Ready to take your lending strategy to the next level?

Partner with Powerlytics to unlock the full potential of your credit union's data.

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