



## CASE STUDY

Arivo Acceptance used CreditVision trended and alternative credit data to improve the dealer and consumer experience, resulting in a 40% increase in capture rate and 30% reduction in turn time from application to funding

### BACKGROUND:

Arivo Acceptance offers a lending solution to dealerships to bring better experience and prices to subprime consumers.

Through understanding dealership friction points and difficulties, Arivo helps streamline the process to improve the experience for the consumer, it's Subprime Simplified™.

### SCENARIO:

As a lender that primarily serves subprime consumers, Arivo Acceptance saw an opportunity to deliver the prime auto lending experience to subprime consumers with an efficient experience, better pricing and more competitive terms.

Arivo also wanted to help dealerships achieve easier sales and offer seamless lending to their customers of all credit tiers. Arivo knew they could accomplish these goals by using contemporary strategies and incorporating the most accurate data available. After working with TransUnion as their primary credit bureau, Arivo collaborated with TransUnion to expand their options.

### STRATEGY:

Through the underwriting process, some lenders will have stipulations on a deal to mitigate the risk. Stipulations on deals can create additional work and delays for dealers and consumers. As part of their commitment to delivering a better experience, Arivo and TransUnion wanted to use data to significantly reduce application stipulations.

Working with TransUnion to do a full analytic exercise leveraging archives of performance data, Arivo built two generations of machine learning models using the powerful combination of TransUnion's multi-source alternative credit data and trended credit data. In testing, TransUnion's data consistently outperformed other data providers across a multitude of data types. Following testing, Arivo successfully deployed their second-generation machine learning risk and pricing framework with a broad set of TransUnion data in early 2020.

Leveraging TransUnion data inputs, Arivo recently finalized the build of their Quantitative Income Projection capability, helping to even further reduce the number of stipulations needed for consumer income. This effort speeds up the process further, improving both the dealership as well as the consumer's experience in working with Arivo as a lender.

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"Every conversation with TransUnion brings with it the promise of further expanding and improving our business model. They frequently add new solutions to market and their focus on innovation is second to none. We are truly excited to continue to partner with TransUnion and explore the ways they can help us continue to grow our business."

- Landon Starr, Chief Risk Officer at Arivo Acceptance

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## RESULTS:

Since launch, Arivo has achieved a more than 30% reduction in turn time from point of application to funding. Arivo has increased its automatic decisioning by over 70%, and over 80% of all applications do not require any additional stipulations. Additionally, Arivo achieved a nearly 40% increase in capture rate while the average price offered remained unchanged, demonstrating the value of true intelligent optimization.

All of this has helped Arivo achieve industry-leading low levels of loan losses within its portfolio and decrease its probability of default by over 60%. In the subprime lending space, it's typical to see 15% to 25% cumulative loss rates, while Arivo is consistently demonstrating cumulative loss rates below 8%.

Most importantly, Arivo has dramatically improved customer experience for dealership partners and consumers. Without promoting the change in model to its partners, Arivo continued to serve their network with quick and strong approval, leading to an increase in overall application volume. As a result, Arivo has tripled the size of their portfolio in the last two years and continues to receive positive feedback from dealers on the ease of service and response time.

With the improved efficiencies, Arivo has evolved from a scrappy startup in the FinTech world to a consistently profitable organization. Arivo is exploring additional opportunities to incorporate CreditVision trended and alternative data into their portfolio management and collections strategies.

Since launching their new models with TransUnion, Arivo has seen:

40% increase in capture rate

30% reduction in turn time from the point of application to funding

70% increase in applications being automatically decided

OVER 80% of approvals processed without income stipulations

60% decrease in the probability of default

## LEARN MORE

To learn more about CreditVision and trended credit data, visit [transunion.com/creditvision](https://transunion.com/creditvision). For more information on Arivo, visit [arivo.com](https://arivo.com).