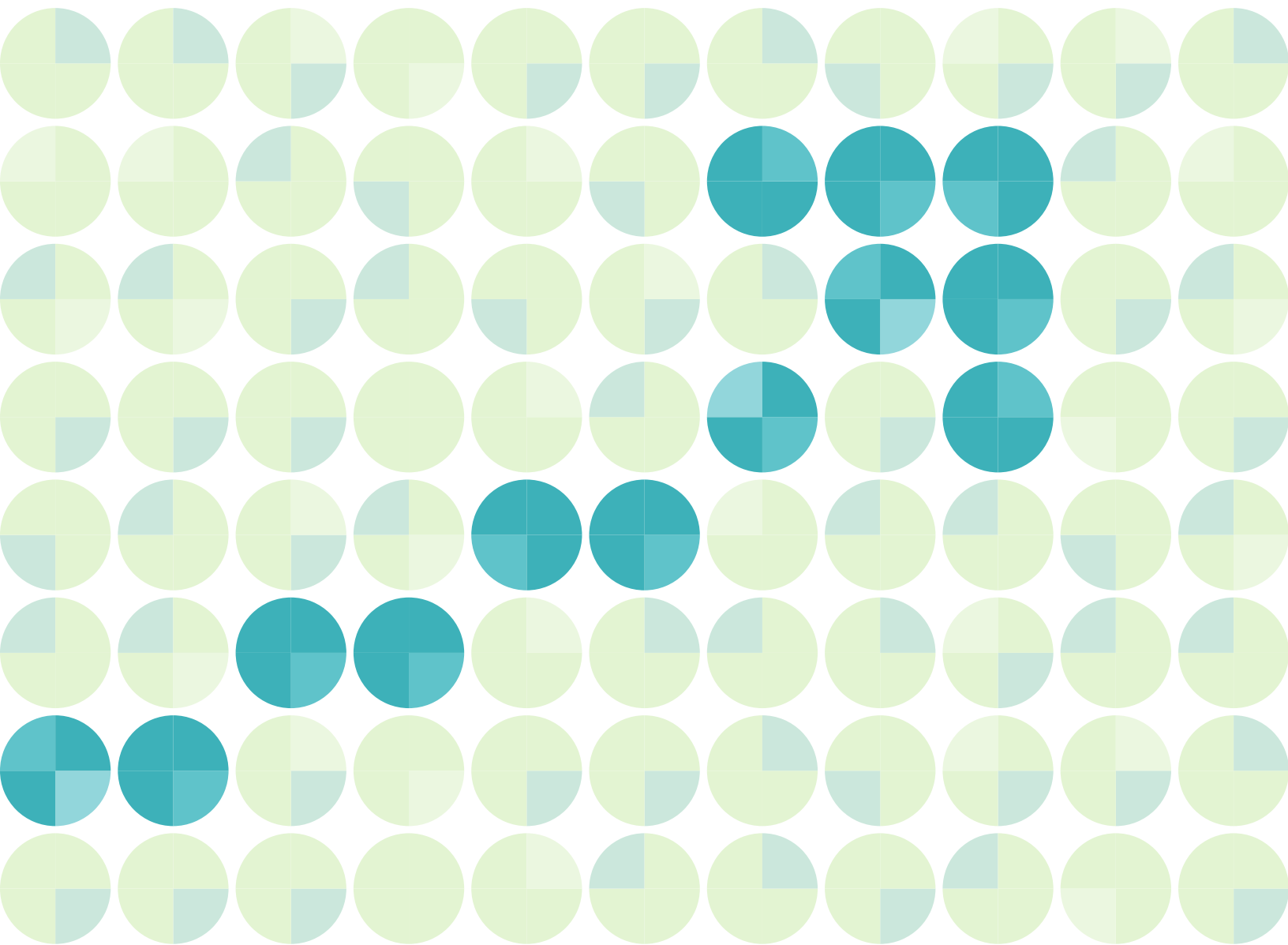


Case Study: Increase Credit Lines Safely

How a Top-10 SMB Lender Improved Risk Model Accuracy by 25%



THE CHALLENGE

Safely Increase Credit Lines

A top-10 small business lender wanted to grow revenue without increasing loss ratios. Safely increasing credit lines was a core part of this strategy. Throughout 2020, the risk team saw increased volatility in their small business portfolio. Without clear visibility into their portfolio's health, they were missing opportunities and taking on unnecessary risk.

The risk team assigns a risk score to every business in their portfolio and uses it to segment customers into three buckets: decrease, maintain, or increase credit lines.

Accuracy is vital with the risk score, which gets refreshed each month. The team's models previously relied upon internal data, as well as data from bureaus and the Small Business Financial Exchange.

The team sought more timely data with signals about a business's financial health to improve their models' accuracy and overall customer management.

THE PRIORITIES



Leading indicators of business decline and distress



Better coverage of the client's SMB portfolio



Richer data about business growth and revenues

THE SOLUTION

<^> Add Timely Data to Improve Customer Segmentation

The team introduced Enigma's Merchant Transaction data into their models and back tested against historical data. They found Enigma's data increased their models' accuracy by around 25% for about a third of their portfolio.

In particular, Enigma's data about presence of transactions, transaction stability, and three-month growth rates led to the strongest increase in predictive power of their model. More accurate models meant the team could improve customer segmentation, both reducing risk and uncovering new opportunities.

Aligned to strategy, credit line increases made up a large share of the team's new revenue generation. With these risk model data improvements, the team identified around 5% of their portfolio that was eligible for incremental credit line increases. During the first year of implementation, the team expects these adjustments will generate \$30,000,000 in incremental revenue.

EARLY IMPACT

25%

INCREASE IN RISK
MODEL ACCURACY

70,000+

NEW HIGH-VALUE
BUSINESSES IDENTIFIED

\$30M

EXPECTED INCREMENTAL
REVENUE

How it works

REAL-TIME DATA FOR BETTER RISK DECISIONS

Enigma's card transaction data, [Merchant Transaction Signals](#), helps risk teams get early visibility into whether a business is struggling or thriving. Get views into a business's average monthly revenue, transaction volumes, customer counts, growth trends, and more.

Merchant Transaction Signals are derived from a panel of more than 750 million anonymized credit and debit cards. Using proprietary entity resolution techniques, we aggregate and match the raw transactions to more than 10 million U.S. businesses, providing leading indicators of growth and risk.

How risk teams are using this data:

- Underwriting
- Setting initial loan amounts
- Credit limit adjustments
- Streamlining pre-approvals

SOUND LIKE CARD TRANSACTION DATA INSIGHTS COULD HELP YOUR TEAM?

Our dataset gives you insights built on transactions from more than 750 million cards —across types like general purpose credit cards, consumer and small business debit, small business credit, health savings and flexible spending accounts, gift cards, and more— giving you diverse coverage of U.S. card transactions. And it's getting better all the time.

Find more details about our data in the appendix. Want to see this data in action?
[Get in touch for a test drive.](#)



High Coverage
More than 10M businesses



Accurate
Derived from card transactions



Up-To-Date
Refreshed monthly

enigma

DATA	DESCRIPTION	KEY FIELDS
Card Revenues	Monthly revenue a business receives from credit and debit card transactions.	Card revenue (average monthly card revenue) for the previous month, the previous three months, and the previous twelve months.
Card Revenue Growth	How card revenue is trending at a business over time.	Card revenue growth rate for the last twelve months compared to the previous twelve months, card revenue growth rate for the previous three months (seasonally adjusted and nonseasonally adjusted).
Card Transactions	Monthly number of credit and debit card transactions at a business.	Number of days transactions were present, number of weeks transactions were present, number of months transactions were present. Available over one month, three month, and twelve month time periods.
Card Transactions Stability	Distribution of card transactions at a business over time. View how many days, weeks, or months saw purchases at a business within a given time period.	Number of days transactions were present, number of weeks transactions were present, number of months transactions were present. Available over one month, three month, and twelve month time periods.
Customer Counts	Average number of daily customers a business has, based on credit and debit card transactions. Customer counts are provided for 1 month, 3 month, and 12 month periods.	Average daily count (average number of daily card customers) for the previous month, the previous three months, and the previous twelve months.
Refunds	The refunds a business issued to credit or debit cards.	Total refunds issued and the ratio of refunds issued to total card revenues for the previous month, the previous three months, and the previous twelve months.

Want to see this data in action? [Get in touch for a test drive.](#)