

Case Study

Alternate Delivery Systems – Decision Support System Major Money Center Bank

The Challenge

The Dealer Finance Division of a major money center bank wanted to acquire a larger market share from the automobile dealers through which it brought in installment loans.

To support this growth, the bank was planning to make a substantial investment in infrastructure by installing its own proprietary PC's in these dealerships to funnel loans to the bank.

Key Management Issues

- What level of investment is appropriate in hardware and software to effectively capture a larger portion of the automobile loans?

The Action

An Align FSC consultant with considerable experience in developing financial services through alternative delivery channels, including credit scoring and decision modeling, was retained to evaluate the bank's strategy and to develop alternative solutions.

The Align FSC consultant was able to show the bank that installing its own proprietary PCs was not cost efficient. Equally important, it was also not desired by the automobile dealerships which maintained relationships with multiple financial institutions.

Requiring use of a proprietary system could potentially have a negative impact as it would be met with resistance from the dealerships.

Instead, the consultant designed a solution that would run on the PC's already present in the Finance & Insurance (F&I) offices at the dealerships and would communicate to bank's credit decision partner over a Virtual Private Network (VPN) for loan decisioning and support.

The Result

A new software system was designed and developed that required no new PC hardware to be installed, thus saving the bank hundreds of thousands of dollars in hardware costs.

The new software that was installed in the F&I offices at car dealerships enabled the bank to process consumer loan applications more efficiently and more timely.

In addition the software also included a fax server component that allowed the dealership to send these loan applications to other financial institutions in the instances where the bank declined the loan application based on its own underwriting standards.