

## Separating Shoppers vs. Stackers

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# Stacking: An Introduction



Emerging in 2015 as a significant loss driver,  
loan stacking has quickly become a major concern for online lenders

What is  
Loan Stacking?

## Loan Stacking:

Opening multiple online loans in a short period of time, before the consumer's credit file can update to reflect the increased debt load.

Why is it so painful?

- ✓ Large-dollar unsecured loans
- ✓ Meaningful and growing incident rates
- ✓ Low ability for newer lenders to absorb losses

Why is it so prevalent in  
online lending?

- ✓ Soft credit strategy creates temporary "blind spot"
- ✓ Ease of credit / experience
- ✓ Faceless environment emboldens fraudsters

# Stacking & Shopping in Online Lending

The signature behavior of stacking is high velocity loan-seeking  
*Unfortunately* – it's a trait shared by three very different types of consumers



**Fraud Stackers**  
First-Party Fraudsters

Applicants rapidly applying for online loans with no intention to repay



**Credit Stackers**  
Credit Bads

Applicants rapidly applying for online loans they intend to repay but won't be able to



**Shoppers**  
Normal Applicants

Applicants rapidly soliciting pricing at various online lenders to get the best rate

## Shoppers & Stackers – Many Similarities

From a Demographic and Fraud Risk Perspective,  
Shoppers and Stackers Look Very Similar

		SHOPPERS	STACKERS
Demographic Insights	Age	44 Years Old	44 Years Old
	Address	Single Fam. Home	Single Fam. Home
	SSN Type	0.2% Unissued	Good
Fraud Insights	Fraud Score	552	555
	High PII Risk	1.56%	1.64%
	SSN w/ Fraud	0.48%	0.47%

# OLN Attribute GLBA Analysis



## Shoppers & Stackers: Credit Data Highlights Differences

		SHOPPERS	STACKERS
Credit Insights	Credit Score	603	550
	Unique Addresses on Spec. Fin Apps: 3 Months	0.8%	2.7%
	Age of Newest Trade	161	146
	Total Number of Trades	16	14
	Amount Past Due	\$574	\$783

# Critical Elements Needed to Solve Stacking



## "We Have to Solve this Together"

Stacking is a problem that is far more likely to be solved by consensus participation & collaboration than technology innovation

**The technology already exists**

- ✓ The ability to provide lenders with insight into lending activities seconds after they occur

**Coverage through collaboration is the key**

- ✓ What doesn't exist today is a data repository with broad visibility into online lending behavior
- ✓ By collaborating as an industry, lenders can solve this issue

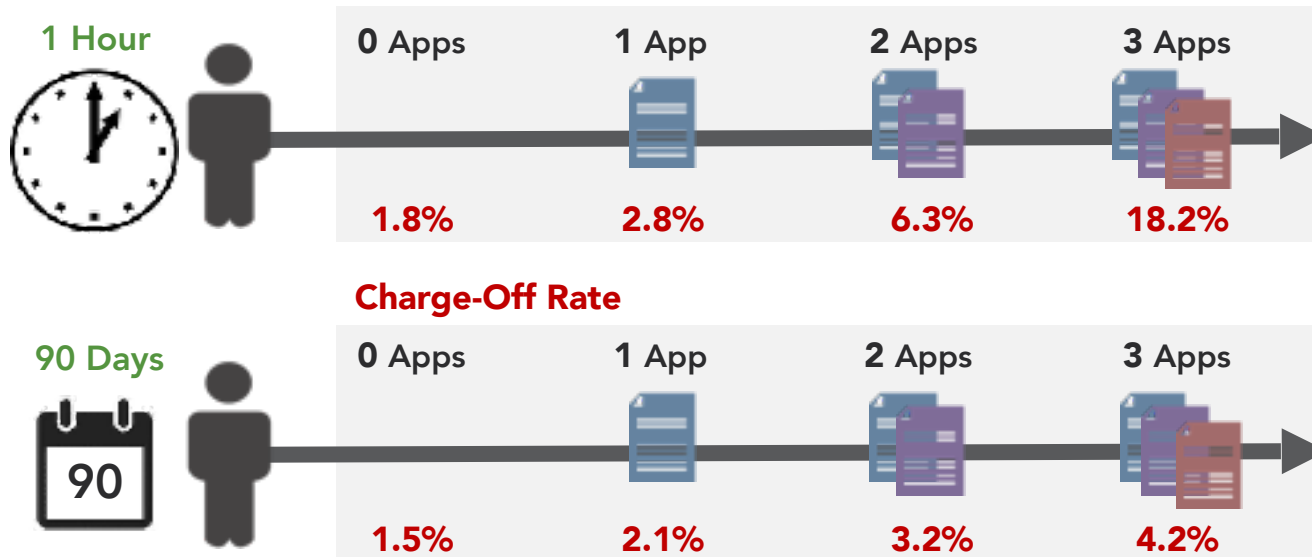
**Speed is also essential**

- ✓ Attributes 1.0 released <6 Months from OLN foundation
- ✓ Attributes 2.0, GLBA and FCRA, expected in early 2017

# Short Term Online Lending Velocity



Charge-off risk sharply increases based on both the volume and velocity of loan seeking



# Closing Thoughts



ID Analytics' approach to solving loan stacking, without hurting shoppers, is the Online Lending Network



Currently the "OLN" has large scale adoption and is releasing our latest stacking solution this week

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If you're not an OLN member yet and would like to learn more, visit us at booth #433



# Q&A



Thank you!

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