Industry Challenge

Lack of visibility into customer behavior and risk

Financial services organizations range in maturity level when it comes to maximizing data assets—especially customer data. Mortgage lenders traditionally focused on products, but are now shifting to a more customer-centric approach to investments and accounts.

Data analytics offers significant benefits to mortgage lenders in customer risk and life cycle management. Your ability to understand customer behavior will improve business efficiency and loan performance.

Data Analytics Application

Machine learning helps detect risks earlier

Default is typically defined as a window of 90 days or more—after which, debt collection agencies engage. Banks and financial institutions look at the likelihood of default to provide the appropriate customer intervention. But lenders lack important insights that can guide strategies that modify customer behavior and lower financial risk at the individual level. That’s where data analysis comes in.

Unisys applies advanced analytics to live customer mortgage data to anticipate default by predicting arrears—the ability of a customer to make a payment at each pay period. By segmenting the customer base, applying machine learning models and identifying risk behavior, Unisys predicts customer arrears for 30-, 60- and 90-day periods, customizing further based on your unique business requirements.

The analysis shows that loan-to-value at loan origination, current loan-to-value, tenure, length of mortgage loan, interest rate variations and other demographic information are the main drivers in late loan payments. When measuring predictions against actuals, Unisys achieves more than 90% accuracy.

Business Value

Better loan performance through smarter data analytics

Unisys helps mortgage companies make data-driven lending decisions to boost business. This insight helps you plan engagement, interaction and debt management strategies at scale, while reducing loss-given-defaults for customers. With Unisys data analytics, you can lower operational costs and risk, while improving customer relationships and experiences.
• **Reduce account management costs**, such as payment reminders and collection agency fees, with early identification of arrears to ensure customers remain in continuous payment

• **Build customer loyalty** by reducing late fees and encouraging better credit scores for future business

• **Decrease risk exposure** by guiding customers to lower-risk behavior, reducing monetary value at risk with a precise set of corrective actions

Here we have our analytics model applied to live customer mortgage data to anticipate default through predicting arrears. By segmenting the customer base, applying machine learning models and identifying risk behavior, Unisys predicts customer arrears for 30-, 60- and 90-day periods. The analysis shows machine learning risk scoring logic, allowing quick and precise decision making.

Contact [advancedanalytics@unisys.com](mailto:advancedanalytics@unisys.com) or visit [www.unisys.com/advanced-analytics](http://www.unisys.com/advanced-analytics) to learn more about this use case and how Unisys can help you benefit from using advanced analytics in your business.