

How Credit Unions of Any Size Can Grow their Lending Business with AI Underwriting





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Zest AI

How Credit Unions
Can Automate & Transform
Lending with AI



Show of hands...

**Are any of you using AI within
your Credit Union today?**



The Power of AI



What about industry?



Which of these industries was the first to leverage AI?

Technology



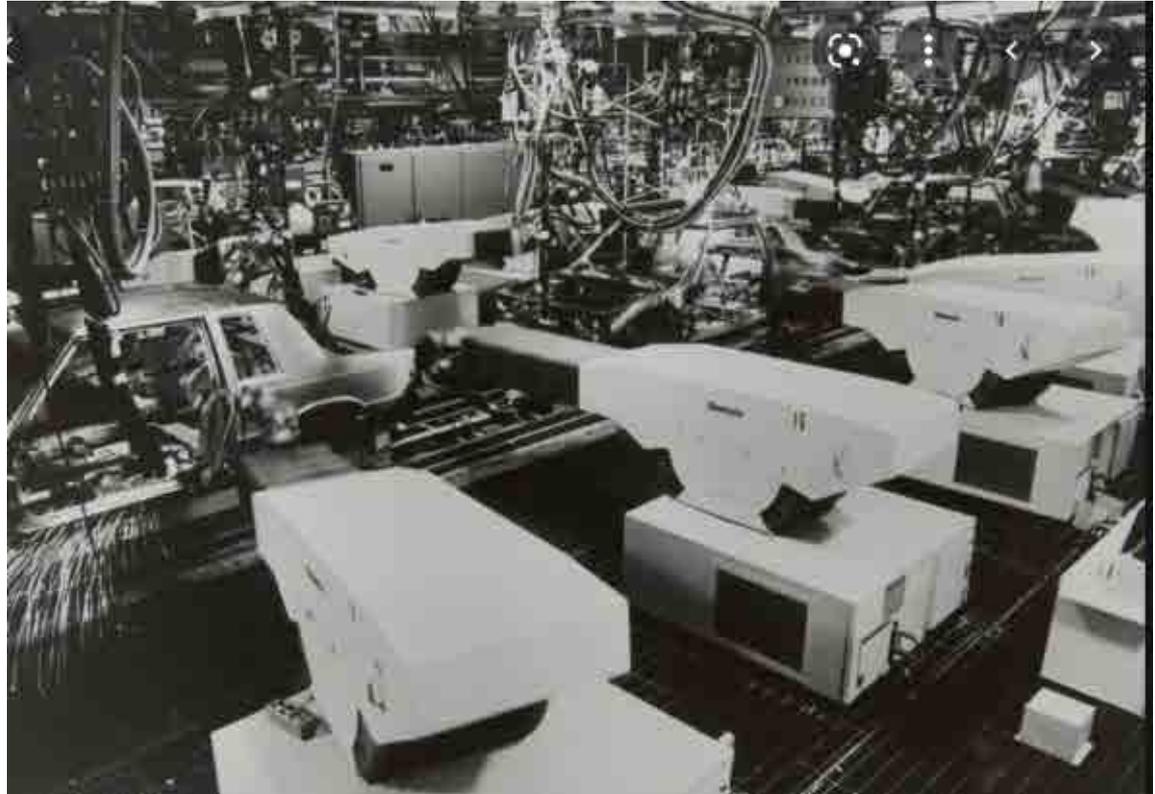
Aviation



Auto



In 1961 GM: “Unimate” on New Jersey assembly line



Financial services slower to adopt AI

Fraud



AI-based solutions identify irregularities in data and proactively protect against cybercriminals

Marketing



AI allows for personalized credit card offers that are relevant to each individual card holder

Chatbots



AI allows institutions to deliver faster service; improving efficiency and driving customer satisfaction

AI in lending...

Credit Union: Challenges / Goals



Loan Growth / Profitability

Increase lending volume and take rates



Safely Manage & Reduce Risk

Reduce loan losses and enable risk-based pricing



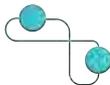
Fairer Lending / Bank the Underbanked

Improve fair lending outcomes and lend more inclusively



Improve Member Experience

Increase borrower satisfaction



Automation, Speed & Efficiency

Increase automated decisioning, new model or product time-to-market, streamline compliance



Stay Competitive

With Fintechs, big banks; innovate quickly, identify and respond to trends faster

AI in Lending - Real Stories

Credit Union: Automation & Growth Credit Cards



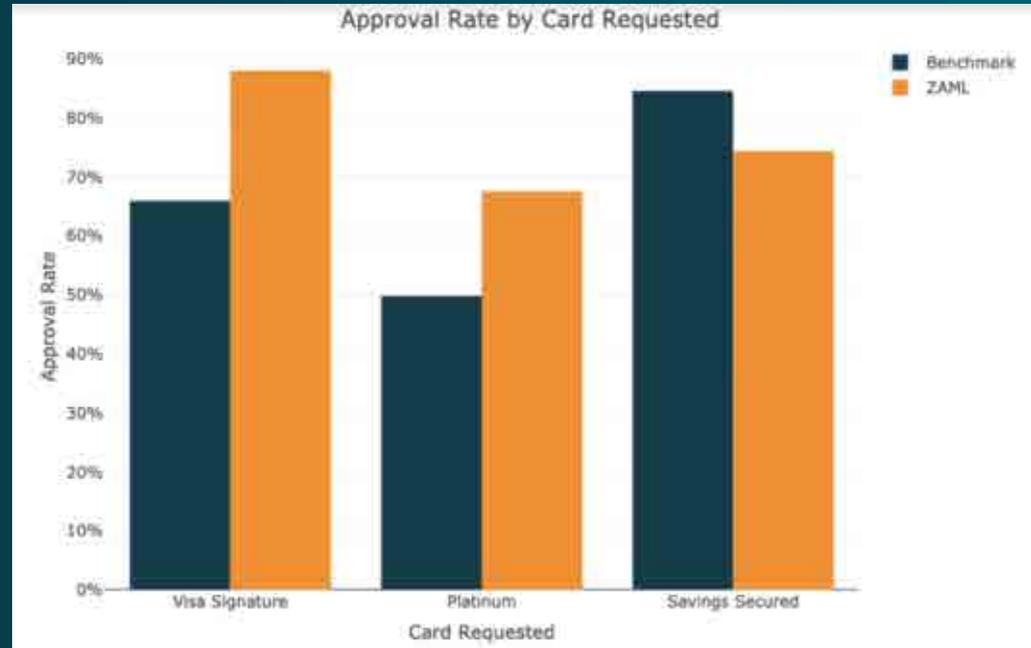
Results

22% increase
in approvals (no added risk)

70% increase
in auto-decisioning to 65%

“What really excites us is the opportunity to offer **instant decisions, better pricing**, and personalized service to our members through our **partnership with Zest**”

Jenny Vipperman, Chief Lending Officer
VyStar Credit Union



Credit Union: Automation & Growth in Auto



Results

15% increase
in approvals (no added risk)

5x increase
in auto-decisioning

Frankfort, KY - \$1.8 Billion in assets

Looking for: Safe Growth and Automation

Want to say “yes” to more members, especially ones overlooked by traditional credit scoring methods. Commonwealth’s underwriting team is very good but, like many other lenders, it has difficulty underwriting middle-of-the-road credit applicants using national, generic scores.

“Our current systems and processes couldn’t scale with our vision. We needed new technology so that we could boost approvals for more members with no added risk, and provide a superior digital experience with increased auto-decisioning.”

Alan Davis, Chief Lending Officer
Commonwealth Credit Union

Growth & Automation Credit Unions



Auto:

26% increase

in approvals (no added risk)

90% increase

in auto-decisioning

“Financial inclusion is a core principle for Coastal which is why we felt it was important to partner with **Zest AI**, whose industry leading fair lending tools help us create credit opportunities for more members”

David Jacobs, VP Credit Risk Management



Auto:

22% increase

in approvals (no added risk)

4x increase

in auto-decisioning

“Our vision is to help our members live their best lives. **Zest AI** help us to live up to our vision, allowing us to serve more members by **streamlining their experience in obtaining an auto loan.**”

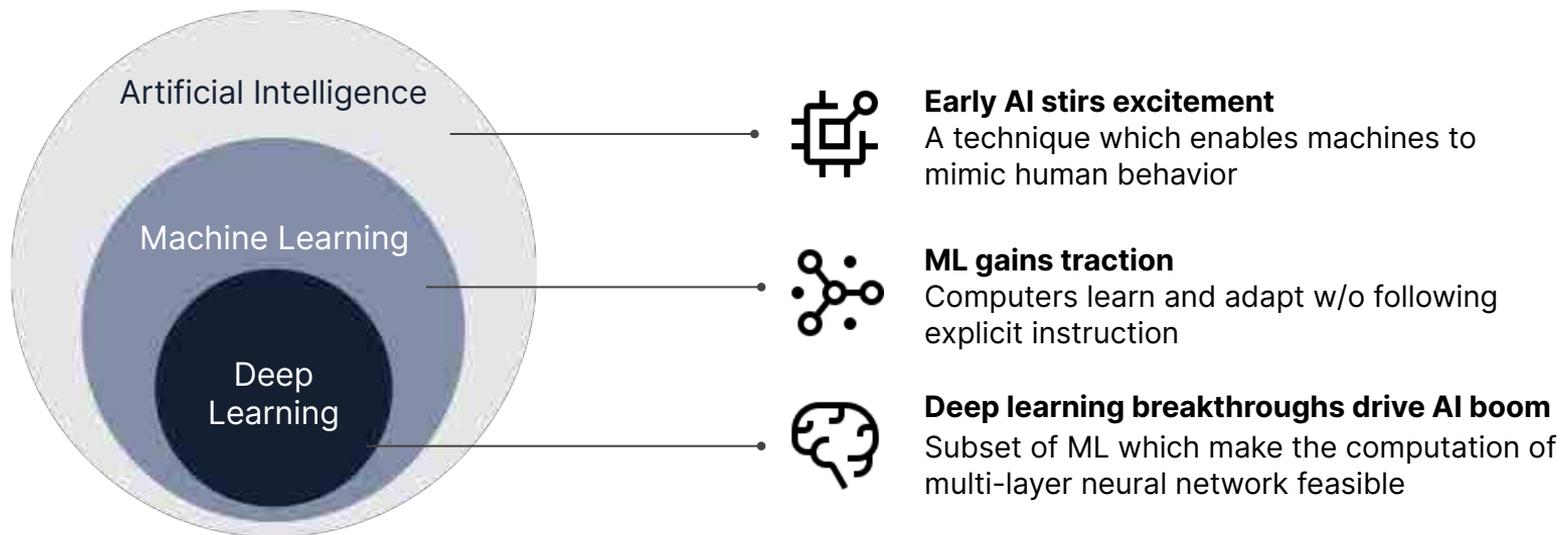
Mark Tierney, VP Consumer Lending

What is AI Underwriting?

AI and Machine Learning

AI is an umbrella term for computers mimicking tasks performed by the human brain

ML is a subset of AI in which computers learn and adapt without following explicit instructions (from humans)



Custom Credit Model, Powered by AI: **Better Predictions**



Current credit scores and processes

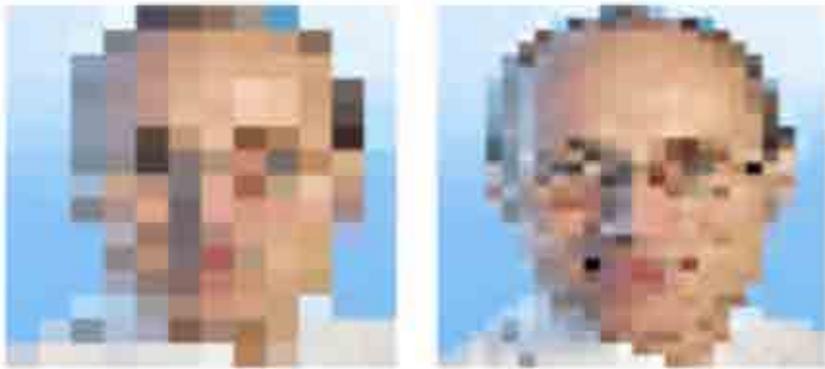
Borrower risk



(8 pixel image)

Current credit scores and processes

Borrower risk



Custom Credit Model, Powered by AI: Clearer picture of borrower risk



Custom Credit Model, Powered by AI: Clearer picture of borrower risk



(64 pixel image)

Who is Zest AI?

We Understand Lending & Credit Unions

Zest software and services enable lenders to build, adopt and operate **powerful, compliant** credit underwriting models **powered by AI, swiftly and easily**

Automate & Transform Your Lending Business with Explainable AI

DISCOVER
FINANCIAL SERVICES

citi

 **VyStar**
Credit Union

 **TRULIANT**
Federal Credit Union

 **Suncoast**
Credit Union

 **COASTAL**
CREDIT UNION

5Point
CREDIT UNION

Addition
FINANCIAL

All in
CREDIT UNION

MAX Credit Union

 **GreenState**
CREDIT UNION

APCU
Atlanta Postal Credit Union

A CUSO with over 50 credit union investors

Our Mission: To make fair and transparent credit available to all

Why isn't everyone using AI?

So why isn't everyone using AI? Explainability & Compliance

Regulators say Zest is the “Gold Standard” for ML Underwriting



- Zest has solved for the explainability issues with AI models (the 'black box') with patented technology
- Zest- the first company to [testify before the Congressional Artificial Intelligence Task Force](#)
- The Federal Reserve regularly [cites our work](#), refers to Zest as the “gold standard” in explainability, and hosted Zest on the Fed’s podcast
- The OCC adopted Zest talking points in its 2019 report on [risks in the banking system](#)
- NCUA direct guidance and via CFPB.
- Zest has trained top bank examiners at FDIC, OCC, Federal Reserve, CFPB, FHFA on how to [examine AI models](#)

Zest’s “Explainable” AI solves for the regulatory and compliance issues

How does it work?

Custom Credit Model, Powered by AI: Better Predictions



Build

Data, Modeling, & Explainability



Adopt

Documentation, Validation & Compliance



Operate

Scoring, Monitoring, & Analytics

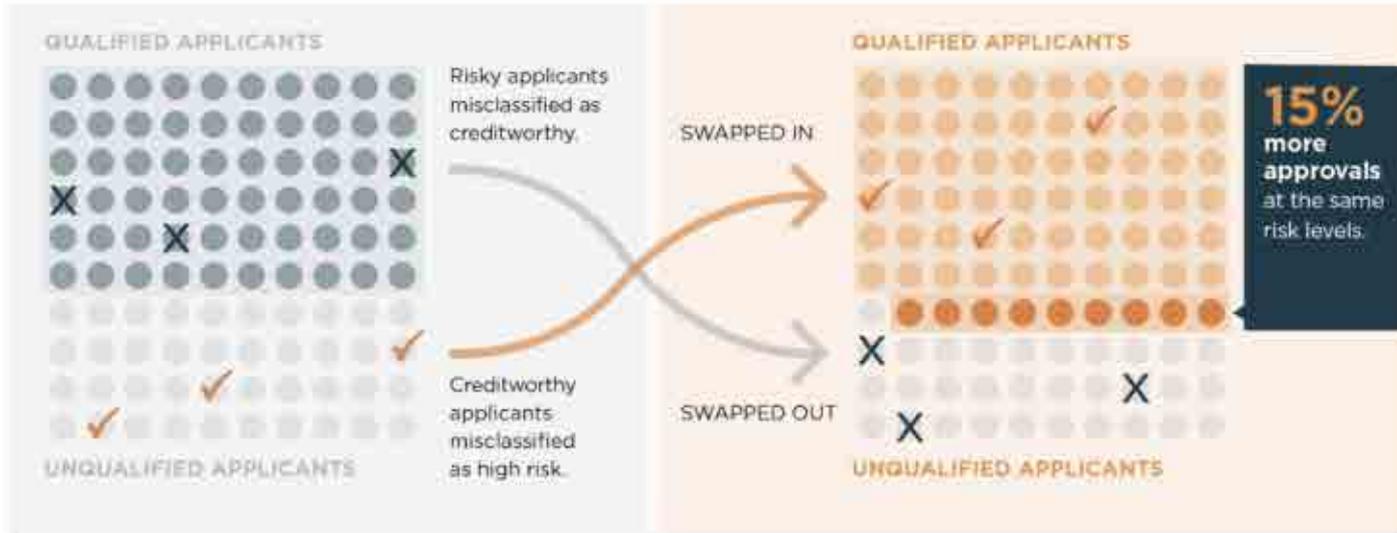


Safely expand your portfolio: by better rank ordering risk

Zest identifies better borrowers, safely increasing approval rates

Traditional models and scores can easily misclassify risk

Zest uses more data and better math to more accurately classify risk

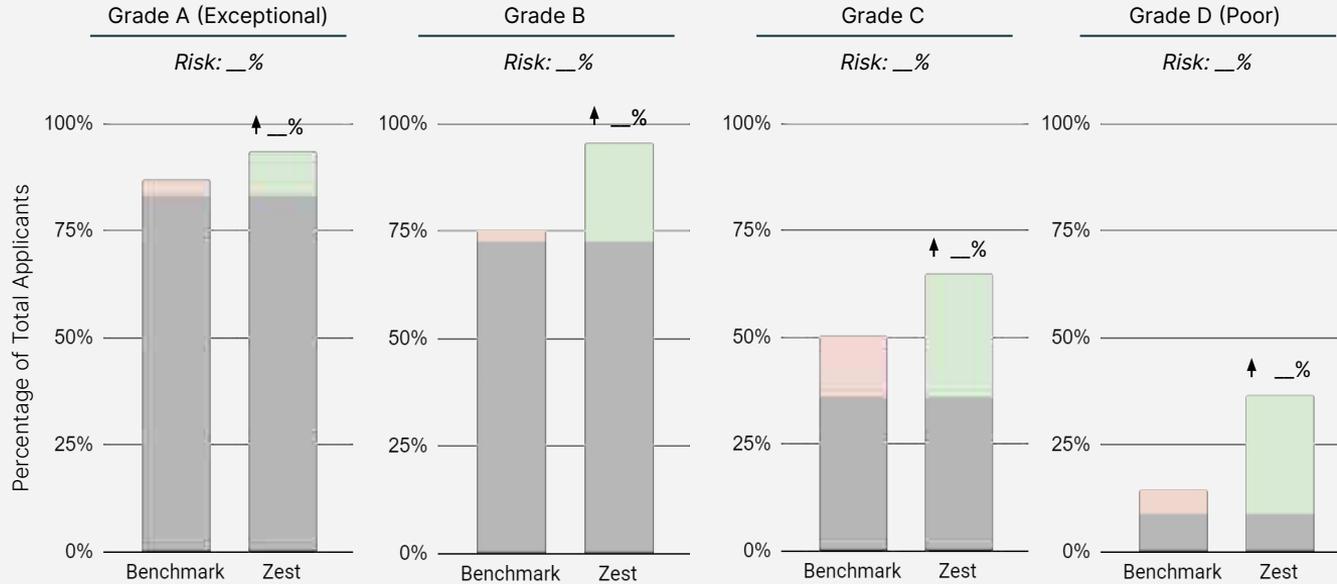


Increase approvals by XX%+

RESULTS BY CREDIT GRADE

Benchmark vs. Zest, holding risk constant

SAMPLE DATA



Increase Auto-Decisioning with Confidence

Partners have moved to 50%, even 80%+



Applicants don't want to wait

Other options are always available



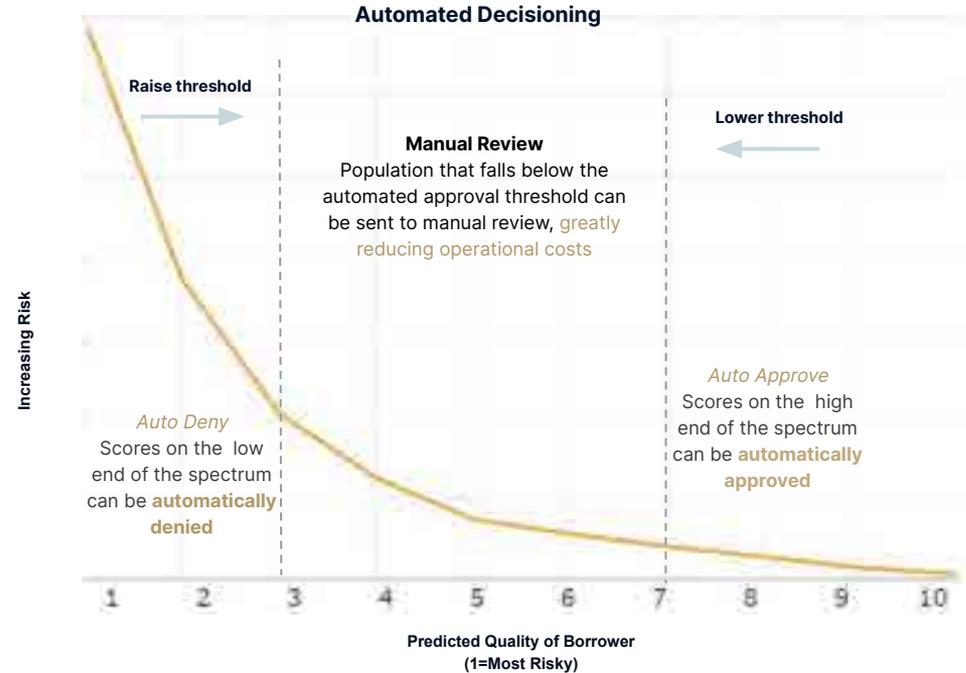
Underwriting wants the info they need

Time can be better spent than chasing data



Automated decisioning is a win-win

Save your entire organization time and resources



Time for questions...?



Thank you



**Automate & Transform Your Lending
with Explainable AI**

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