(Mr. Tenkey #536)

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Dear Management: Do you know what a pricing stack is? What it is for your company?  
  
And, do you know that you may get into trouble regulatory wise, if your compliance dept is not involved in the design of said stack?  
  
Well let's start with a definition:  
  
A pricing stack is the way in which pricing factors are added upon one another, to eventually result in the consumer's rate... hence the term "stack".  
  
You begin with a base market price and then add your company's "mark" plus adj's for region, branch, comp, fee, product characteristics, etc.  
  
And RIGHT THERE is where many companies unwillingly get into trouble... letting secondary run the pricing stack design show, and leaving compliance side-lined.  
  
As ANY of those added adjustments, can induce disparity from proper accordance with fair lending requirements.  
  
Quick example:  
  
What if the branch adj was 50 bps... and it's added to only one branch in your organization? And that one branch happens to be  
the only one in a highly minority populated zone?  
  
You WILL be asked at some point, why was the adjustment necessary?  
  
What will the regulator, or even worse the public... think of your answer?  
  
Hopefully you see my point...  
  
And have a call in to compliance.  
  
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