



Case Study: Incremental Credit Approvals with Cash Flow Data

Background

As the personal loan fintech landscape becomes increasingly competitive, lenders are under pressure to grow approvals without compromising risk tolerance or return thresholds. Traditional credit bureau data can be limited in evaluating “thin-file” or near-prime borrowers, especially in challenging economic environments.

Cash flow data, sourced from platforms like Plaid, has emerged as a powerful enhancement to traditional underwriting. These tools enable direct access to consumers’ bank transaction data (with permission), offering a real-time view of income, expenses, and financial behavior.

What Cash Flow Data Includes

- Verified income
- Spending patterns
- Recurring payments
- Account balances and trends
- NSF's and overdrafts
- Employment signals

Broader Use Cases for Cash Flow Data in Lending

- Enhanced underwriting for near-prime or no-file borrowers
- Fraud detection
- Line sizing and term optimization
- Real-time ability-to-pay assessments
- Collections segmentation and outreach timing

Objective

A personal loan fintech company sought to:

- Improve decision-making for higher-risk consumers
- Increase approvals among applicants with thin or subprime credit
- Reduce charge-off rates among marginal approvals
- Maintain minimum marginal ROI of 7%

Approach

The company engaged Credit Insight Partners to pilot an underwriting enhancement strategy using cash flow analytics, layered on top of existing credit rules.

Implementation Steps

- Integrated Plaid for bank cashflow data
- Built a cash flow scoring model
- Deployed a champion/challenger A/B test



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- Developed on-going monitoring dashboard

Results

Metric	Traditional Credit Only	Cash Flow Enhanced	Change
Approvals (out of 10,000)	2,500	2,700	+7%
Loss Rate	10%	8%	-200 bps
Minimum Marginal ROI	$\geq 7\%$	$\geq 7\%$	No change

Metric	Approvals	Loss Rate
Swap-In	400	15%
Swap-Out	200	50%
In-In	2,300	7%

- Swap-In are applications that would have been declined using traditional credit data only
- Swap-Out are borderline applications that were approved under the legacy policy using traditional credit data but have been declined with cash-flow data
- In-In are accounts approved under legacy policy and updated cashflow policy

Strategic Insight

This case highlights the power of augmented underwriting—blending credit bureau data with real-time cash flow intelligence to:

- Find “good risk” borrowers hiding in the decline pool
- Rescue marginal approvals with elevated default risk
- Tailor credit decisions with a deeper understanding of financial resilience

Want to Learn More?

Are you looking to unlock new approval growth while keeping risk in check?

Reach out to discuss how we can help:

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