# CredoLab's Digital Scorecards Based on Smartphone Device Data Led to +107% Approval Rates for an Indonesian Bank Tapping the New-To-Bank Customers

Indonesia has one of the largest pool of unbanked customers in the world. However, despite the banks and lenders' efforts to launch innovative ways to make the banking process smooth, easy, and hassle-free for the new-to-bank, they are still rejecting most of them.

One of the top 10 Indonesian banks serving over 2 million customers realized the opportunity that laid with this untouched pool of unbanked customers. The bank had a comprehensive array of products and services being delivered through physical branches, mobile and web banking. It now wanted to increase the number of loans it disbursed to the new-to-bank (NTB) customers by using an underwriting process that was fair to the applicants and yet highly predictable of their behaviour.
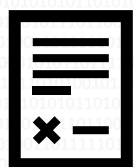
+107%

Approval Rate

61%

User Adoption

(% of customers who grant permissions)

<5s

Time to Yes

(time from scoring request to response)

Challenge

The biggest challenge the bank faced when assessing these new-to-bank customers was that over 85% of the applicants were being rejected. This was due to the narrow definition of creditworthiness set by the traditional underwriting process that was not suited to properly assess the new segment.

Solution

CredoLab helped the bank complement and augment their underwriting process by adding insights from the behavioural analysis of the metadata extracted from the applicant's smartphone. Within 2 weeks, by using CredoLab's white-label mobile app, CredoApp, the bank launched its new application process and improved the way they assessed the NTB's creditworthiness.

The credit scoring algorithm was customised to fit the market and the customers of the bank specifically. This ensured that the risk factor was kept under control for the increasing number of approved applicants. The sales team was motivated to educate and encourage applicants to use their smartphone to increase their approval rates – and the results were off the charts.

Results

After introducing the new application process, it was readily accepted and was used by over 61% of the applicants. The bank efficiently met its objective of increasing the number of loans being disbursed to the new-to-bank customers. The 107% increase in Approval Rate saw no change in the delinquency rate. The process that takes less than 30 secs and took more than 14% of credit decision automatically had both the bank and the customers reaping the benefits of alternative data-based credit scoring.