



Member Business Solutions' New Credit Scoring System

MBS recently improved speed, objectivity and consistency of underwriting by beginning to use the Fair Isaac Small Business Scoring Service (SBSS) Model Suite 5.0 on business applications under \$50,000.

How Does it Work?

You may be familiar with Fair Isaac, which has been developing credit scoring models for small business since the early 1990s. SBSS allows MBS staff to enter basic business loan application data into an Internet portal. Within seconds they receive a recommendation to either approve or decline the requested loan as presented or an indication that the application should be examined more closely. The SBSS decision is based primarily on the personal credit score of the principals of the member business. The decision model also looks at a business credit report and specific data provided on the loan application such as number of years in business, business share draft balance and the principal's income. The SBSS model was developed by reviewing data provided by 25 lenders from over 250,000 applications.

What Does this Mean for My Credit Union?

In addition to speeding up the decision process as facilitated by MBS staff currently, MBS has big plans for the Fair Isaac scoring model in the future. MBS is working on a portal that will allow credit union partners to handle some of their member business loan applications directly from their own branches. Member credit unions will be able to log in to the MBS partners-only portal to process their applications for member business loans under \$50,000. This convenient access to the model will allow credit unions to make a significant percentage of lending decisions quickly without an additional underwriting cost.

“MBS is extremely excited about the prospect of providing more consistent loan decisions with a quicker turn around time through the Fair Isaac small business scoring service,” said Jim Gallagher, President of MBS. “It’s just one more way MBS helps our member credit unions do business — by allowing them to focus on growing their business and working with their business members rather than back-office processes.”

To learn more about how MBS can assist your credit union with its business services needs, please call toll-free at (888) 627-7881 or visit their web site at www.mbsllc.org.

