



Expanding Credit Line Increases with True Income



Powerlytics Unleashes a Significant Revenue Stream for Credit Card Issuers

The Challenge

Proactive credit line increase (PCLI) programs had historically provided a significant profitable revenue stream for credit card issuers. The 2009 CARD Act required that credit card issuers must consider an individual's ability to pay before providing a proactive credit line increase.

Customers provide a stated income which can be used for 12 months to assess ability to pay and determine maximum credit line and corresponding line increases. After month 12, the card issuer is then required to get a revised stated income from the customer.

This is invasive and very difficult to achieve via customer communication channels. Powerlytics was challenged to find a way of expanding a Leading Credit Card company's line increase program by finding an alternative to stated income that would meet regulatory standards and the card issuer's own risk requirements without adding any customer friction.

The Solution

Powerlytics was able to leverage its proprietary database of tax returns of over 150M US households to provide highly accurate household income estimates and score a customer's stated income. Unlike other income sources, **Powerlytics True Income** solution includes all sources of income (W2, business, wealth, retirement, etc.)

To meet the large card issuer's needs, Powerlytics and their client pursued a multi-step process:

Step 1 – prior to engaging with the client, Powerlytics secured Office of the Comptroller of the Currency (OCC) review and guidance on use of **Powerlytics True Income** for proactive credit line increases along with other marketing and underwriting use cases.

Step 2 – Powerlytics and their client worked together to demonstrate the accuracy of the income estimates through a blind test against verified income.

The credit card issuer then conducted a retro-test on the model and found that Powerlytics True Income provided the ability to substantially increase their PCLI offers. They began using True Income in production for a portion of their PCLI efforts and found the credit quality either improved or stayed consistent while increasing the number of customers that could be offered line increases.

The Impact

The Credit Card issuer entered into a multi-year contract with Powerlytics to enable it to evaluate cardholders on a quarterly basis for Credit Line Increases.

In addition, lenders can utilize Powerlytics to streamline originations, improve default models and improve marketing models.



“We are very excited about this new opportunity to help clients achieve growth through Credit Line Increases that make sense.” (Kevin Sheetz, CEO, Powerlytics)