

DATA-INFORMED FORECAST FOR FINANCIAL SERVICES

**Global Financial Services
Commercial Lending Case Study**

Prevedere Inc. | An Intelligent Forecasting Company



Understanding Potential Loan Defaults by Industry

Prevedere partnered with a Global Financial Services Company to build forecast models for commercial loan slow payment risk by industry and state



THE PROBLEM

With the current economic volatility, the company needed to assess its loan portfolio risk using end-use industry and geography signals. The current process of quarterly outlook and national level analysis was not effective.

Without an accurate outlook, the risks were high, and billions in commercial lending were at stake.



THE CHALLENGE

Global Financial Services Challenge

1. Identify geographic and economic leading indicators for their potential loan defaults
 2. Work with the bank to produce the potential impact on their loan portfolio
 3. Create monthly forecasts to incorporate into the planning process and inform operations
- maximize visibility in future headwinds
 - reduce risk
 - plan for success





THE STRATEGY

Partner with Prevedere to build forecast

1. Prevedere's global data and AI/ML solution identified leading indicators in days by industry and state.
2. The company provided its historical payment data for 5 years by industry and loan type.
3. Prevedere built and tested forecast and econometric scenarios then provided executive insights to the commercial lending team.

THE PROCESS

**Billions of calculations, millions of potential signals,
and thousands of models built and tested**

Some highly predictive leading indicators were uncovered

- Consumer sentiment
- Disposable income
- Prevedere travel & leisure leading indicator
- Consumer mobility data
- Unemployment by industry and state
- Regular unleaded gas price
- Residential and commercial construction
- Prevedere state economic recovery index



THE RESULT

Accurate leading drivers were found by industry and state. Forecast models were built to predict the number of potential defaults.

Commerical Lending Saw:



96.1%

Average 12-month
forecast accuracy across
commercial loan portfolio



3X

More frequent analysis
with monthly (instead of
quarterly) alerts



\$Millions

Ability to identify future
headwinds and adjust
portfolio months in advance



CONCLUSION

A data-driven strategy allows for timely and highly valuable insight during unprecedented times

Business leaders now create more accurate forecasts for future results by leveraging Prevedere.

This company took the opportunity to partner with Prevedere to provide data-driven external insights into the planning process.

In just a few weeks, the leadership team was armed with forecasts that enabled them to increase revenue and decrease cost across their company.

A business meeting scene on a wooden table. A person's hands are visible, one holding a tablet and the other gesturing. In the foreground, a hand holds a pen over a document titled "Comparison of Competitors" which features line and bar charts. Several sticky notes are scattered on the table.

FOR MORE INFORMATION:

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