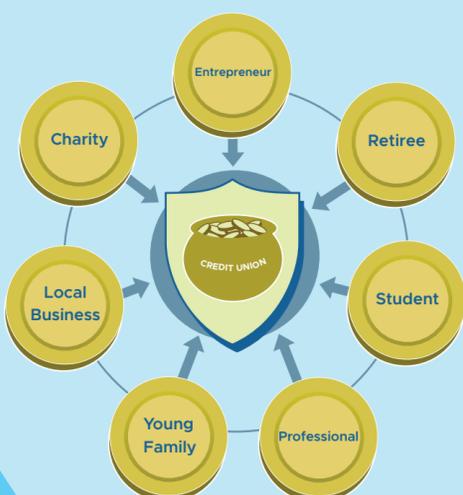


Lending better, together.

Credit unions are excellent examples of collaboration and innovation in financial services: members working together to provide lending solutions to each other, and make the most of their communal investment potential. **A recent report from the Finance Innovation Lab** demonstrated the important role credit unions have to play in widening access to credit and promoting financial inclusion.



Partnerships between open banking innovators and credit unions can lead to improved processes, more effective deployment of capital, and better outcomes for members.

The Central Liverpool Credit Union has partnered with NestEgg.ai and Truelayer to enhance its credit decisioning with real-time, accurate transaction data from applicants' open banking-enabled accounts. As a result, CLCU have deployed £700,000 of additional credit into the market, to applicants that meet their desired risk profile.

Before open banking:

- 1 Loan request arrives into credit union
- 2 Credit union requests credit score from bureau
- 3 Credit union score can be out of date and take days to arrive
- 4 Credit union makes lending decision based on insufficient data, only releasing 50% of total requested funds, five days after request

Lending better, together:

- 1 Loan request arrives into credit union
- 2 Credit union requests credit score from NestEgg.ai
- 3 Open banking participants combine to deliver accurate data in near-to-real-time

Benefits

- Credit Union makes accurate lending decision for the full amount, in a faster more efficient way
- 100% Full amount authorised
- Fast and efficient
- Accurate lending decision

The benefits of open banking and a digitally-driven decisioning process include being able to more easily demonstrate regulatory compliance – East Sussex Credit Union's partnership with consents.online is a great example of this.

Before open banking:

- 1 Loan request arrives into credit union
- 2 Credit union begins affordability checks via a manual, paper-based process
- 3 Compliance audit requires hard-copy documentation
- 4 Credit Union must allocate time, cost and resources to satisfying regulatory obligations in an inefficient way (3 days)

Lending better, together:

- 1 Loan request arrives into credit union
- 2 Credit union leverage consents.online's open banking-enabled workflow
- 3 Open banking participants combine to deliver accurate data in near-to-real-time (24hrs)

Benefits

- Underwriting takes 24 hours instead of three days, fewer customers drop out of the process, and the credit union can generate a compliance report digitally
- Reduced drop-outs
- 24-hour Process
- Digital reports

People in jobs that involve living in barracks, such as the police or military personnel, can end up with thin credit files. The Police Credit Union's partnership with Credit Kudos demonstrates how credit unions can leverage open banking to make accurate lending decisions while promoting financial inclusion.

Before open banking:

- 1 Loan request arrives into credit union
- 2 Credit union requests supporting documents to accurately assess applicant's financial situation
- 3 Manual interpretation required of files that are incomplete, or in varying formats
- 4 Credit union concludes that the applicant's paperwork is too incomplete to allow approval - decision takes days

Lending better, together:

- 1 Loan request arrives into credit union
- 2 Credit union enables applicant to sync bank accounts with Credit Kudos through open banking
- 3 Data to support credit decisioning is delivered to underwriters quickly, in a consistent, familiar format

Benefits

- Better data enables credit union to authorise first loan to member, based on identification of positive indicators and an accurate understanding of the applicant's risk profile
- Flagging of behaviours
- More accurate profile
- Authorising under-served members

Open banking in the UK provides new opportunities for credit unions, enabling them to continue supporting communities across the country by driving better outcomes for members, increased efficiency, digitally-driven compliance and improved accuracy of risk assessment.

[Download The Finance Innovation Lab's introductory report into open banking for credit unions - for further detail as well as key considerations for credit unions.](#)

*Workflows based on "Open Banking: An introductory guide for credit unions," published by The Finance Innovation Lab