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WELLS FARGO – SMB CREDIT INTELLIGENCE PILOT

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PILOT OBJECTIVE, STRATEGIC CONTEXT & RATIONALE

1. Pilot objective

The objective of this pilot is to evaluate the impact of a modern credit-intelligence layer on Wells Fargo's SMB portfolio performance. Specifically, the pilot aims to determine whether enhanced data enrichment, journey-based scoring, and predictive eligibility can:

- Improve approval accuracy and thin-file decisioning
- Reduce manual reviews and time-to-decision
- Drive incremental activation within the existing SMB deposit base
- Support a risk-aligned re-entry into SMB credit products

The pilot is designed to provide evidence-based insight into how a unified credit-intelligence capability can strengthen Wells Fargo's competitive position in SMB lending.

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2. Strategic context

Wells Fargo maintains a large SMB deposit footprint but lacks an integrated credit framework within its Business App. The absence of:

- Business credit visibility
- Soft-pull prequalification
- Predictive eligibility indicators
- Unified business + personal credit scoring
- Credit-journey progression signals

has created a structural disadvantage versus peers. Competitors (e.g., Chase, BofA, AmEx) leverage in-app intelligence to drive conversion and retention. Third-party platforms (e.g., Credit Karma) capture additional customer flow.

Our analysis indicates this gap results in **$480M–$1.2B in annual unrealized SMB credit revenue** across cards, lines of credit, and spend migration.

The proposed pilot provides a controlled environment to evaluate whether a credit-intelligence layer can mitigate these gaps in a risk-consistent manner.

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3. Proposed solution to be evaluated

The pilot examines a modular intelligence layer composed of:

Credit Journey Engine

- Multi-factor scoring across stability, capacity, velocity, utilization
- Business + personal credit integration (soft pull)
- Journey-stage modeling to inform eligibility and risk segmentation

Predictive Eligibility Engine

- Real-time prequalification
- Eligibility tiers aligned to Wells Fargo underwriting policy
- Offer recommendation triggers based on score movement

Underwriting Augmentation

- Thin-file enhancement
- Alternative data incorporation
- Cashflow pattern analysis
- Policy overlays and analyst-level interpretability

Operational Insights Dashboard

- Review rate trends
- Approval uplift
- Segment migration

- Pilot cohort performance

4. Pilot success metrics (KPIs)

Primary KPIs

- **+15–22% approval uplift**, maintaining existing risk appetite
- **25–40% reduction in manual reviews**
- **30–50% reduction in time-to-decision**
- **Improved thin-file classification accuracy**
- **Predictive eligibility accuracy (AUC ≥ 0.78–0.85)**

Secondary KPIs

- In-app engagement rates
- Offer acceptance rate
- Early delinquency trends
- False-negative reduction

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PAGE 2 — PILOT DESIGN, DATA REQUIREMENTS & TIMELINE

5. Pilot cohort design

To ensure statistically relevant insight, the pilot may utilize one of three cohort sizes, depending on Wells Fargo's preference:

- **Small (5,000 accounts)** – rapid validation
- **Medium (25,000–50,000)** – representative segmentation
- **Large (100,000–150,000)** – full-scale simulation

Cohorts will span a cross-section of industries, bureau depths (including thin-file), and cashflow profiles across the SMB population.

6. Data requirements (no external PII transfer)

The pilot operates within Wells Fargo's environment. Required data includes:

- **Business bureau data** (D&B, Experian Biz, Equifax Biz)
- **Personal bureau (soft pull)** where PG is relevant
- **Bank transaction data** (inflows, outflows, seasonality, volatility)
- **Public records** (UCC filings, SOS, NAICS)
- **Alternative SMB signals** (digital presence, invoice trends)

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Security posture

- AES-256 at rest
- TLS 1.2+ in transit
- Tokenized identifiers
- PII minimization
- All computation within Wells-controlled infrastructure

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7. Integration model

Three feasible integration pathways:

A. API-based scoring overlay (recommended)

- Real-time scoring and eligibility outputs
- Minimal disruption to existing systems

B. Batch-file scoring

- Nightly/weekly batch ingestion
- Suitable for initial underwriting evaluation

C. In-app experience simulation

- Non-production UI to visualize final end-state
- Useful for digital and product leadership

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8. Pilot timeline (12 weeks total)

Phase 0 — Alignment (Weeks 0–2)

- Data schema validation
- Controls and governance review
- Security assessment

Phase 1 — Model activation (Weeks 3–6)

- Data ingestion
- Credit Journey Engine activation
- Eligibility engine calibration
- Output validation

Phase 2 — Cohort scoring (Weeks 6–12)

- Full cohort scoring
- Portfolio segmentation
- Offer-path simulations
- KPI measurement

Phase 3 — Executive readout (Week 12)

- Performance results
- Business-case quantification
- Recommendation on scale-up

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9. Expected outcomes

The pilot is expected to deliver:

- Evidence of improved decision quality and risk segmentation
- Operational efficiency gains in underwriting
- Demonstrated potential for zero-CAC customer activation
- Clear view of credit-reentry feasibility
- Quantified financial upside at scale
- Recommendations for integration into Wells Fargo's digital ecosystem

10. Recommended next step

Proceed with a **30-minute technical alignment session** with stakeholders from:

- Small Business Lending
- Credit Strategy
- CSBB Digital
- Risk & Controls
- Model Governance

to confirm scope, data pathways, risk posture, and success criteria prior to initiating Phase 0.