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Comptroller of the Currency  
Administrator of National Banks

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US Department of the Treasury

# OCC Fair Lending Conference 2008

*Statistical Analysis and Modeling for Risk Assessment*

September 9, 2008

The opinions expressed in this paper reflect those of the author only and do not necessarily reflect those of the Office of the Comptroller of the Currency or the Treasury Department.

ENSURING A SAFE AND SOUND  
NATIONAL BANKING SYSTEM  
FOR ALL AMERICANS

Overview of the OCC Fair Lending Process  
Bank Economist and Consultant Perspective

Recent Trends Fair Lending Analysis:  
It's (Almost) All About The Data

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PCi Banking Analytics  
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- Data Issues
- Improved Credit Quality of Applicants
- Statistics – Everyone Uses Them, But Who Understands?
- Misc. Observations



- Data, Data, Data
- Greater Demands on Institutions
  - Regulation
  - Litigation
  - Consultation
- Disconnect Between FL Compliance & IT
- M&A
- Closed Lines Of Business & Downsizing



- Improved Credit Quality of Applicants
  - ↑ Mean FICO
  - ↓ Mean LTV, Mean DTI
- Why Is This Happening?
  - Self-Selection
  - Economic Slow Down
- Minority & Low Income Applicants More Likely To “Self-Select” out of the market



- **Increasing Use Of Analytical Models**
  - Old News
  - Technology/Software
  - New Areas
- **More Statistical Expertise Required**
  - Compliance Officers
  - Regulators



- Third Party Pricing Issues
- Redlining/Reverse Redlining
  - Mapping Technology
  - Foreclosures
- Other Than Mortgage
  - Auto (Dealer Markup)
  - Consumer Lending
- State Regulators



- **Closing Thoughts**