

Why automation is the key to accurate credit reporting



Customer data is central to our credit-based economy, and the accuracy of that data can have far-reaching implications. Information provided in credit reports is used by lenders to make risk-based decisions about customers' creditworthiness, and customers rely on accurate reports when financing purchases with optimal repayment terms.

That's why credit furnishers and consumer reporting companies (CRCs) have been focused on implementing policies, processes, and resolution steps to ensure consumer data is of the highest quality. As the regulation around customer information intensifies, many financial institutions have been automating their data quality processes to ensure only accurate data is provided to CRCs.

The benefits of reporting accurate information cannot be understated, and automation can help to ensure that you report with confidence. Here are five reasons why automation is the secret to accurate data reporting.

It helps you remain in compliance

Every line of consumer data that furnishers report to the CRCs needs to meet certain regulatory requirements, and automation can help to ease this burden. By creating data accuracy rules specific to those established by the Consumer Financial Protection Bureau (CFPB), you can ensure your data is compliant with applicable regulations.

A common error in consumer data reporting, for instance, is a missing field known as the Date of First Delinquency (DOFD). Because the CFPB states that certain negative information can only remain in a consumer report for a limited period of time, the DOFD is a critical piece of information for compliance. By automating your accuracy checks, you can easily identify instances in which the DOFD is missing or invalid, enabling you to resolve such issues before they are reported to the CRCs.

It goes beyond sample audits

With automated quality checks in place, you can identify errors and anomalies in vast amounts of data. Rather than relying on your employees to audit small batches of your data periodically, you can schedule data checks to run against full volumes of your customer data at regular intervals.

By checking all of your data for accuracy, you'll be able to identify patterns and trends as well as to ensure that mistakes are not overlooked. Further, by checking your data regularly, you can identify errors and resolve them more proactively. With better insight into the data you report to the CRCs, you'll have greater confidence in the accuracy of that information and be better prepared to handle disputes that may come your way.

It can monitor your customer data around the clock

Wouldn't it be nice to have a visual way to see the accuracy of your consumer data in real time? With automated data quality processes, that's easy to do. Once you've programmed data quality checks to run automatically, you can begin to build dashboards and reports that update using the latest data. This will give you a bird's eye view of the accuracy of your consumer data files.

Further, by setting data quality thresholds, you can ensure that the accuracy of your information remains at an acceptable level and get notified when too many errors are caught by the system. Day or night, automated data quality checks can give you better visibility into the accuracy of your credit files.

It can help boost employee productivity

With less time spent manually auditing consumer data, your employees will have more time to focus on resolving inaccurate information before it is sent to the CRCs. This type of proactive data management will help you to meet your regulatory obligations by providing accurate and

complete consumer records to CRCs. This data can be maintained in your systems to resolve consumer disputes should they arise in the future. By empowering your employees with complete records, they'll be able to work more efficiently and to provide better service to customers who have filed a dispute, leading to better customer outcomes and continued loyalty.

It can help reduce costs related to fines and inefficiencies

Nobody wants to be the recipient of a hefty fine for noncompliance, which is why automating the quality checks around your data is so important. By keeping a constant eye on the accuracy of your consumer information, you can steer clear of any penalties associated with the Fair Credit Reporting Act (FCRA) and other regulations.

Further, because many regulations require data furnishers to establish clearly defined policies and procedures around the consumer data they report to the CRCs, you can meet this obligation and avoid any related penalties by working to implement automated, documented processes.

Accurate credit reporting doesn't have to be challenging. Learn how you can automate your reporting in four easy steps.

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