

Gain a clear vision with scoring

Advanced scoring and analytical services



Analytical services

Data is at the heart of everything Experian does and, over the last 30 years, it has developed expertise in the interpretation and use of credit bureau and clients' customer data.

Analytics turns this data into information, which enables organisations to predict how applicants and customers will behave in the future. Experian builds market-leading credit bureau and custom scores to help clients make better, faster decisions and deliver their promise to their customers and their shareholders.

Decision Analytics scoring models

Experian builds generic and custom scoring models in markets all over the world.

Generic scoring models are built from Experian credit bureau data or are derived from knowledge of the credit industry tempered by the local market conditions. Generic scores can be quicker to implement and do not require an archive of historical data for development, which makes them very useful in start-up situations.

Experian has built credit bureau scores in many countries around the world, covering all stages of the customer lifecycle to predict a wide variety of outcomes.

Custom scoring models are built using historical data supplied by the client and are tuned to the client's customer profile. They are designed in consultation with the organisation to meet specific business objectives.

A new approach to model development

Many organisations lack the data, resources or knowledge to build and maintain effective models. Experian has developed a new approach to the delivery and monitoring of models using a combination of pooled data, analytical techniques, software and consulting support.

Data pooling brings together data from client organisations and credit bureaux, using proprietary algorithms to align the profile of the pool to a client's own data to produce a robust sample of data for development. The resulting model is more robust and predictive, enabling custom models to be implemented, especially for organisations with limited data.

Once scoring models are built, Experian undertakes detailed and regular monitoring to ensure that they continue to work optimally. Consulting support enables clients to accelerate the use of a range of different scoring objectives.

Experian delivers experience and expertise gained from developing more than 300 scorecards a year.

Origination

Application scoring in the origination process is used to predict how a potential customer will behave in the future.

With this information, decisions can be made about whether to accept or decline an applicant.

This view of each individual can help develop a picture of the potential value of an accepted applicant, to inform decisions about the product and terms offered.

As well as credit risk, origination scoring objectives include:

- **Indebtedness** – how will the applicant's level of indebtedness affect their ability to honour this credit commitment?
- **Bankruptcy** – will this applicant become bankrupt?
- **Attrition** – will this applicant stop using a credit facility in the future?
- **Propensity** – will this applicant take out more credit in the future?
- **Cross-sell/up-sell** – which applicants are the best candidates for offers of other products and services?

Analytics expertise

Experian has more than 30 years experience of using analytics and scoring technology to help organisations all over the world extract value from data and make better decisions.

This experience has been derived from helping clients to predict a wide variety of outcomes across all stages of their exposure to credit.

Combining new thinking with existing methodologies in areas such as constrained optimisation, loss forecasting with Markov chains and scorecard diagnostics, ensures the analytical techniques used continue to evolve to create effective solutions.

With over 30 years experience, Experian is at the forefront of the credit scoring industry

Customer Management

Behavioural scoring is used throughout the life of a customer relationship to inform management strategies for each customer, whether managing bad customers or extending the relationship with good customers.

For organisations that have many relationships with their customers, customer-level scoring brings together the different aspects of the relationship into one complete picture.

As well as credit risk, behavioural scoring objectives include:

- **Indebtedness** – how will the customer's level of indebtedness affect their ability to honour this credit commitment or cope with a limit increase?
- **Bankruptcy** – will this customer become bankrupt?
- **Customer value** – how valuable is this customer to the organisation now and in the future?
- **Propensity** – will this customer take up offers of further products?
- **Cross-sell/up-sell** – which customers are the best candidates for offers of other products and services?
- **Attrition** – will this customer stop using a credit facility in the future?

Debt Management

Behavioural scoring is also used to prioritise collections activities to maximise recoveries and reduce collections costs.

An understanding of the customer drives collections and debt recovery activity in terms of:

- **Risk and delinquency** – will this customer continue to be delinquent and how much is at risk?
- **Customer value** – how valuable is this customer to the organisation and what is the most appropriate action to maintain the relationship?
- **Potential recovery value** – how much could be recovered from the account and will it cover the costs of the collections activity?

Basel II

The new Basel Capital Accord (Basel II) requires Banks to estimate Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for groups of exposures.

They must do this to estimate the amount of capital needed to protect them against potential losses and also to use these estimates in managing their day-to-day activities.

Experian has helped many organisations around the world build estimates of PD, LGD and EAD and embed them in their business processes.

About Decision Analytics from Experian

Decision Analytics is the international division of Experian specialising in providing credit risk and fraud management consulting services and products.

With clients in more than 60 countries and offices in more than 30, it delivers Decision Analytics experience and expertise developed from working with national and international organisations around the world.

