Origination for unsecured lending

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An Experian Decision Analytics White Paper

Executive Summary

In today's unsecured lending marketplace customer expectations are increasingly high and competition is fierce. As competition increases customers have dozens or even hundreds of credit offers and lenders to choose from. This proliferation of offers can reduce brand loyalty and lenders will have to work much harder to attract, acquire and retain customers

As the origination process often handles the very first interaction with the applicant, it is critical for an applicant to have a positive 'buying experience', which essentially equates to a fast turnaround time for the decision to be made coupled with the offering of the appropriate products and services at the expected terms of business (e.g. interest rates, limits, facilities). A swift decision with the customer receiving their requested credit facility promptly is the first step in turning applications into loyal and profitable customers.

A variety of pressures (market, regulatory, competitive) will continue to force change in the unsecured lending arena. In response to these challenges the strategies being deployed by leading organisations are becoming increasingly sophisticated. Risk based pricing enables organisations to improve acceptance rates, write more business and satisfy customers' demands. Regulatory developments have seen the presence of models to calculate the required elements of Basel II now feature in origination systems.

This white paper discusses the requirements of an effective and efficient origination solution for unsecured lending covering the business model, application process and system set-up with the aim of enabling a rapid response to changing customer needs and market demands together with managing portfolio risk whilst delivering growth.

Contents

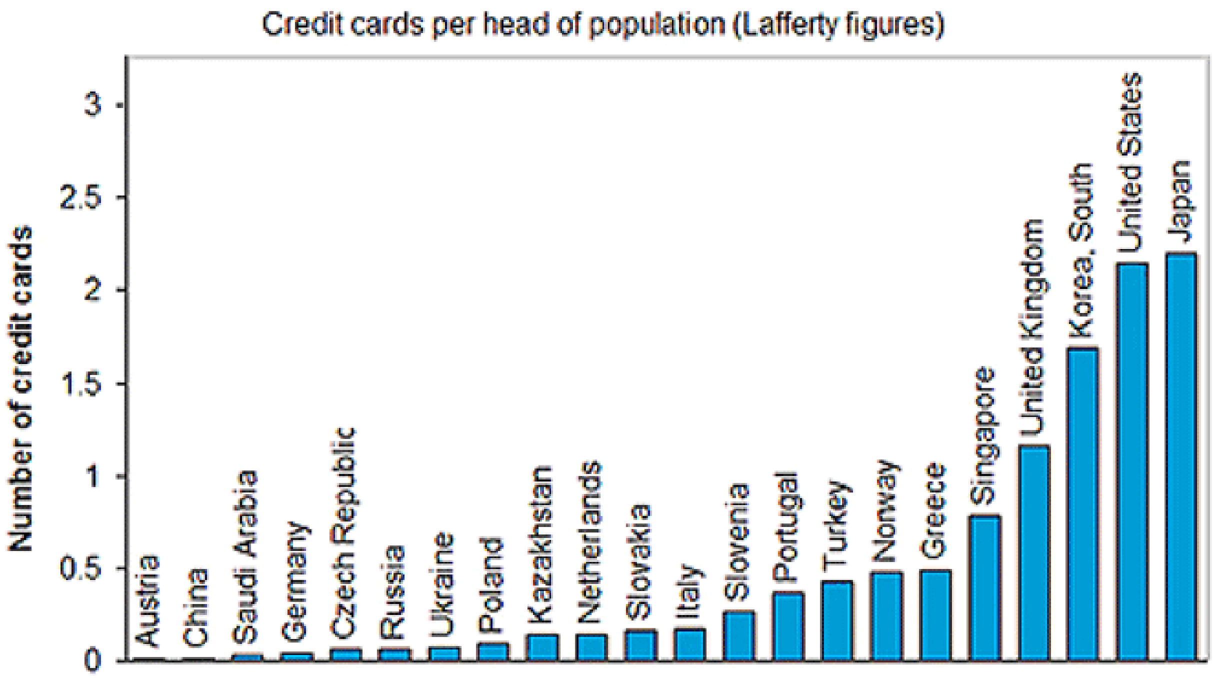
1. The unsecured lending industry

Unsecured lending is frequently highly competitive with participation from many lenders leading to what could be termed a commodity market.

1.1 Growth in availability of credit

With advances in technology and the development of new distribution channels unsecured lending is no longer restricted to traditional banking organisations.

As unsecured lending grows and the market approaches saturation lenders look beyond the initial customer profile they set out to acquire. Availability of credit then becomes available across the risk spectrum as organisations seek to identify new profit pools. For example, the sub-prime market offers higher risk but potentially higher returns with the right pricing and account management structure in place.



Number of credit cards per head of population for selected countries (source: Lafferty)

1.2 Competition and Customer Choice

There can be no doubt that competition has been good for the consumer but many organisations can expect to suffer lower margins and financial returns.

Customer expectations for service, response and offers are higher and more demanding often resulting in higher acquisition costs. Couple this with increasing regulatory pressure on strategies such as cross-subsidisation and punitive fees and many lenders will be experiencing margins significantly lower than those of previous years.

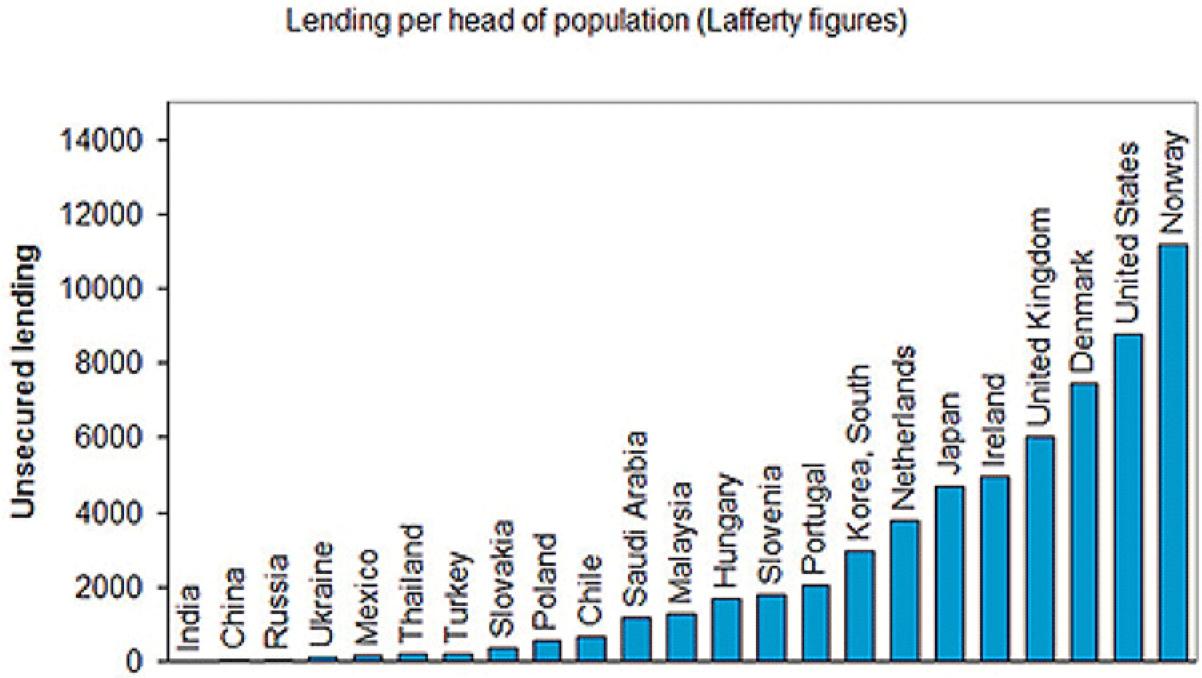
Competition and significant customer choice is being seen the world over:

- In Brazil, the elimination of certain restrictions in 1996 dramatically opened up the credit card market with the sector subsequently seeing rapid growth. Brazil now has around 80 million cards in circulation up from 35 million in 2001, with an estimated 600 million credit card transactions in Brazil between January and April 2007. Since 2005 the number of cards in the market has grown by around 15% per year.

- In the UK, the first credit card was issued in 1966, and by 2006 there were 66 credit card issuers (source: Moneyfacts). Include in this affinity cards, and the number of credit cards in the market rises significantly to many hundreds.

1.3 Overindebtedness & Social Attitudes

The increased availability of credit in many markets has led to consumers taking on more and more debt, resulting in levels of borrowings relative to income being at an all time high. Consumers are becoming more sophisticated in their uses of credit and have more knowledge about interest rates and other financial mechanisms.



A comparison of a number of different countries and their unsecured debt levels per head of population. (Source: Lafferty)

The growth in indebtedness has been partially fuelled by changing attitudes towards debt and personal bankruptcy with consumers happier to take on more debt.

In the UK for example the changes in bankruptcy regulations mean that consumers are now more able to, and are happier to 'walk away from their debt'. Personal bankruptcy is no longer the social stigma it perhaps once was and businesses have suffered from what in some markets, is becoming an increasingly laidback approach to debt from consumers. Research from Experian for the UK market estimates that if interest rates stay at their current rates, the unsecured debt write-off rate is predicted to grow from 3.1% in 2006 to 4.1% by 2009, which would be the highest rate since 1992.

1.3 Overindebtedness & Social Attitudes *continued*

Conversely in North America, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, increased the requirements of filing for bankruptcy, making it harder to discharge debts and more time-consuming and expensive to file.

In the year since the Act came into force, bankruptcy filings in US federal courts dropped 70%. Bankruptcies filed in the 12 months to 31 December 2006 totalled 617,660, the lowest figure since 1988. By comparison, in the previous 12 months before the Act, a total of 2,078,415 bankruptcies were filed which was the largest number of bankruptcy petitions ever filed in any 12-month period in the history of federal courts.

1.4 Speed of change

The highly competitive market means that it is of paramount importance to be able to assess the impact of market changes and react appropriately. Whether a company's strategy is to retain first mover advantage or to follow the market, opportunities exist for organisations that are quickly able to offer new products to consumers.

For a company pursuing first mover advantage a quick product launch can maximise the amount of time they may gain competitive advantage. For a company adopting a follower strategy quickly launching new products in response to moves in the market minimises the amount of time the organisation is competitively disadvantaged.

1.5 Influence of economic conditions

The unsecured lending market is one of the most dynamic and volatile in the financial services sector with lending volumes directly influenced by consumer confidence in the economy. Customer confidence is based on perceptions of economic growth, the national interest rates, employment figures and the mood set by press and the financial industry.

For example, in Thailand, competition is still growing despite the fairly saturated credit card market with new non-bank issuers continuing to enter the market. Figures from Visa International (Thailand) forecast that credit card spend will grow by 15% in 2007 but down from 20% in 2007. This lower growth is also attributable to strict regulation and current political uncertainty and economic slowdown.

In the UK, the unsecured lending market is only growing slowly at the moment, due to rising interest rates, messages from the press, industry and government about overindebtedness and a general pessimism about the economic outlook.

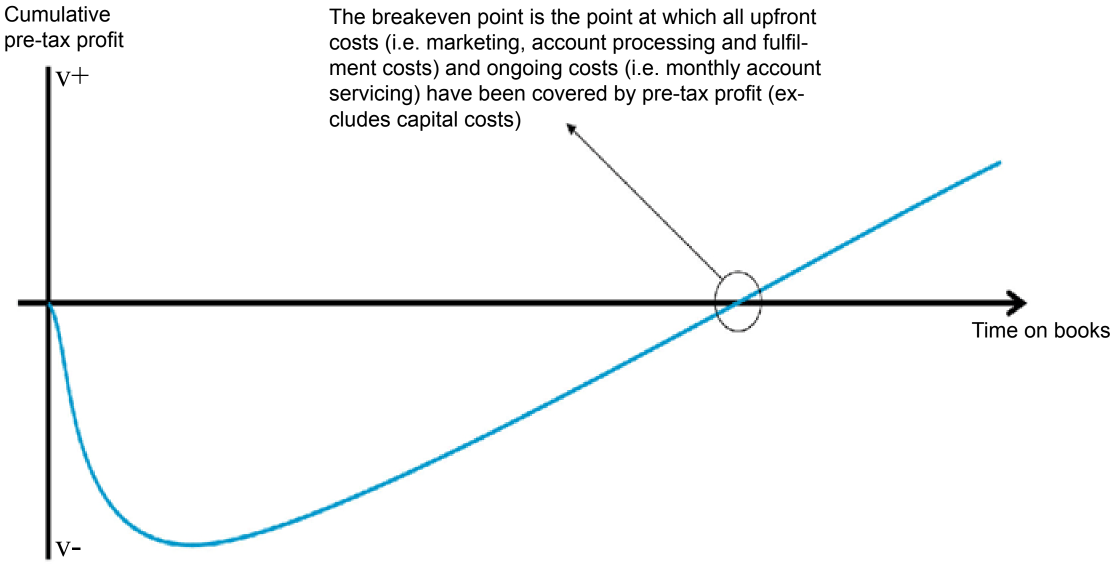
2. Key drivers of profitability for origination of unsecured lending

To ensure profitability an organisation must proactively manage, revenues, costs and losses. In order to achieve this organisations must fully understand all key value drivers and the sometimes delicate interactions between drivers.

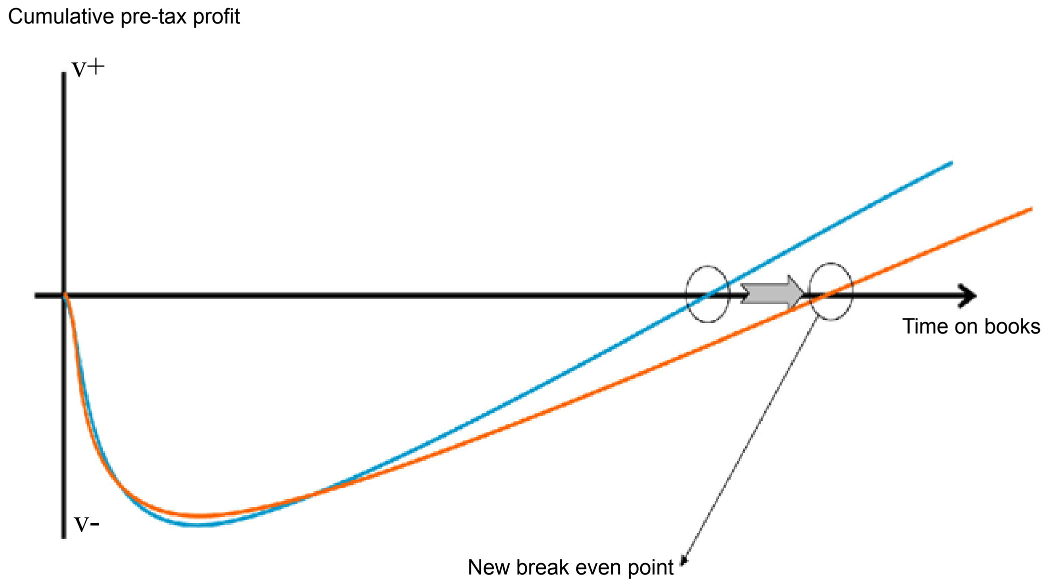
Some unsecured lending markets will generate quick financial returns but it is becoming increasingly common that the financial payback period for a new account is becoming extended.

Due to increasing marketing and customer acquisition costs, and competition forcing down interest rates charged, it may be that a new customer will not return a profit for an organisation within the first 12 months. In a mature credit card market the payback period for a new account can be further impacted by 0% promotional offers

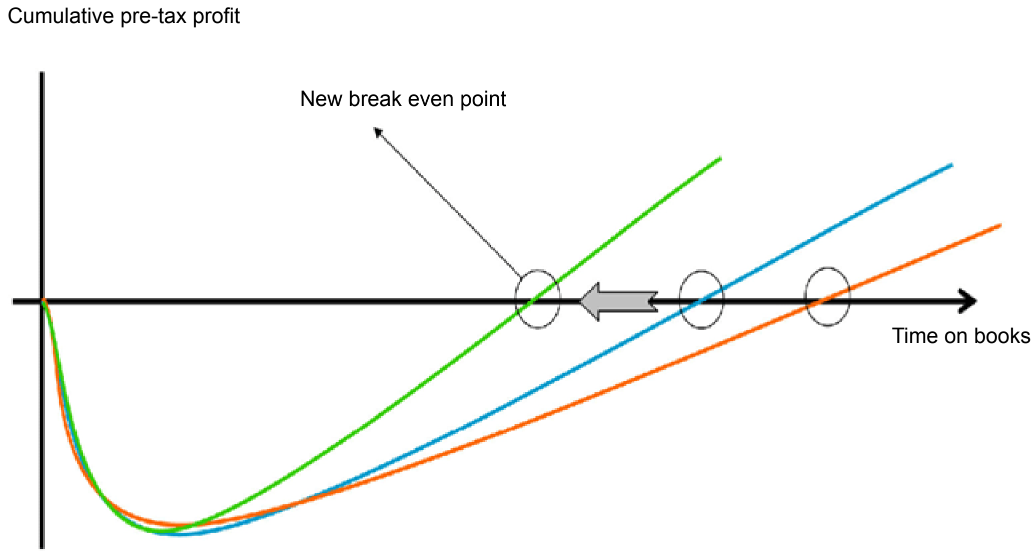
With the three high level areas of revenue, costs and losses, an organisation needs to consider how they can impact all of these through their origination system and processes to maximise profitability.



A traditional model of unsecured lending where initial acquisition costs make the account unprofitable with a breakeven point many months, or even more than a year after the customer is booked.



Increased competition, falling customer loyalty and increased regulatory pressure can all negatively impact margins and therefore financial payback periods as illustrated by the red line.



If the acquisition costs are fixed (e.g. a fixed cost per account deal with a financial intermediary) there remain many levers that can be pulled at acquisition to impact the payback period as illustrated by the green line. These can include risk based pricing to increase interest income, cross sell strategies to increase commission income, application of advanced scoring and limit strategies to reduce losses or offering accounts with lower servicing costs (e.g. internet)

2.1 Revenues

Maximising revenue requires a number of decisions to be made that will impact the various income lines of the P&L. Decisions taken at account opening can influence income from interest, fees, insurance and cross-sell. To maximise profit the interaction of the P&L drivers need to be closely monitored and strategies and product terms for new customers updated as soon as variance from forecasts are identified.

The implementation of risk based pricing and counter offer strategies enable an organisation to maximise its return on investment. This requires underwriting procedures and systems that provide the ability to vary and offer alternative product terms to the ones the customer applied for. This then enables organisations to approve more customers thus reducing the acquisition cost per customer and generating increased revenue through a larger portfolio size.

Given the ability to vary product terms an organisation needs to develop an in depth understanding of a portfolio's revenue drivers and the interactions and dynamics that exist. Champion challenger testing is a powerful tool to develop this knowledge.

A risk based or profitability based pricing strategy for an organisation's credit card portfolio may be to offer all applicants within a certain score range the advertised interest rate plus 400 basis points. This strategy would be expected to deliver incremental interest income to offset the higher losses. However, the organisation may experience lower card activation as a result of the higher interest rate being charged. For the same profile of customers it may have been that an increase over the advertised rate of 300 basis points would have delivered the best overall financial results. The incremental interest income per account would have been lower but there would have been more active accounts generating higher total interest income.

When implementing profitability based pricing strategies it is important to track and monitor the outcome with early performance reads and ongoing weekly or monthly updates to track variances. If the strategy is not delivering the results expected then these variances need to be understood and the strategies revised accordingly.

Counter offer strategies, which cover all remaining product terms, are another tool which when deployed can enhance revenues. An organisation may offer a customer an alternative product with an annual fee which in return offers the customer a range of value added services.

A recent development in mature credit card markets has seen the introduction of fees charged to customers for low usage. Fees may also be charged to customers who want express processing for their loan or credit card application. Whilst this can generate an additional income stream for an organisation it is often observed that there is a correlation with higher loss rates for customers willing to pay express processing fees.

It is important for the organisation to understand the market they are operating in, the customer segments they want to attract and construct product terms accordingly. External developments, for example regulations, need to be closely monitored too. For example if a portfolio is generating a large percentage of its income through punitive fees and these come under pressure from regulators, the lender will need to look at other drivers to maintain profit levels.

2.2 Losses

Unsecured lenders have a significant challenge in managing losses. Not only is there no security if customers default on an agreement but rising overindebtedness and changes to regulations can impact credit losses. Key to achieving credit loss targets is controlling the quality of new business booked, therefore managing overall credit risk exposure.

For customers who are accepted there are a number of ways to minimise credit losses. In the first instance Know Your Customer (KYC) checks should be undertaken to verify that the applicant is who they claim to be. KYC checks may be performed by validation of internal data, single or dual credit bureaux or asking for proof of address and identity.

Incorporated in the loan amount and credit limit decision should be an assessment of a customers' affordability. A customers' existing credit agreements can be captured on the application form or it can be inferred from credit bureaux information in markets where this exists. A simple example is that two customers may have the same risk score with one earning €40,000 and the other earning €150,000. The applicant earning €150,000 should not necessarily receive a higher credit limit without an assessment of existing credit commitments and therefore disposable income.

Offering lower personal loan amounts or lower credit limits for cards will minimise losses but will adversely impact product take up rates so this fine balance needs to be understood and closely monitored. The deployment of Champion Challenger strategies is an excellent way to develop this fact base.

Other product features can help minimise losses such as on a credit card setting a shorter re-issue period. This strategy will increase card re-issue costs but on higher risk segments the increased cost can be offset by lower losses. Another tactic for unsecured lenders may be to have products with compulsory direct debits as the primary payment mechanism.

2.3 Costs

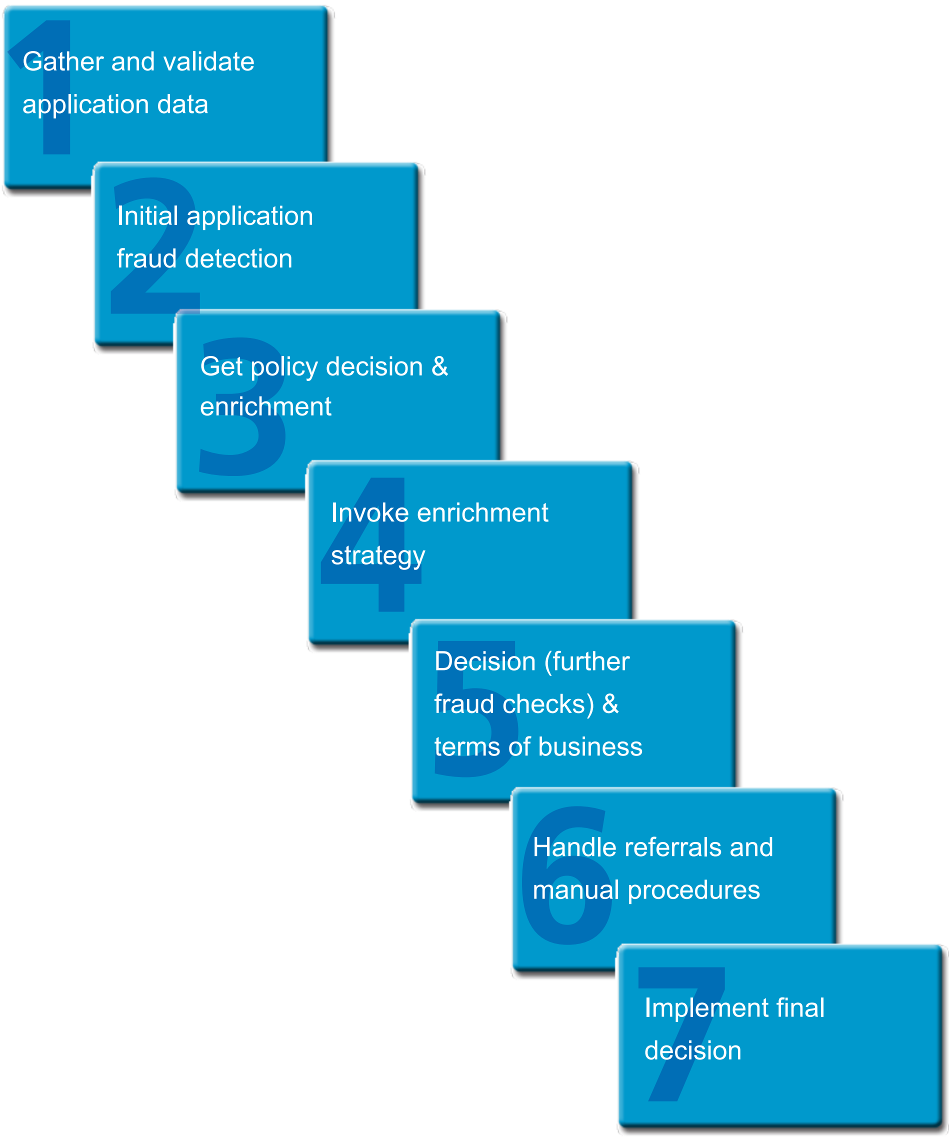
The increasingly competitive environment has meant that acquisition activity, including prospecting, marketing campaigns and sales activity is frequently generating a lower return on investment. With new customer acquisition costs rising organisations should be looking at their cost base to see where cost reductions can be made without impacting levels of customer service.

The main source of operational efficiency will come from the automation of the new business decisions. Electronic data capture and text scanning technology removes the need for manual data input and application handling. Automation of the origination process allows thousands of applications to be processing rapidly and without the need for expensive manual processing and underwriting resources. Removing the heavy burden of manually reviewing all applications allows specialist resource to focus efforts on the more difficult cases. This in turn leads to further operational efficiencies.

Other sources of operational efficiency include controlling data costs by implementing a data enrichment strategy that only retrieves external data when necessary and streamlining the manual referral process to reduce the time taken to process a referred application.

3 Overview of the process

The origination process is critical to achieving an organisation's aims and meeting customer expectations. Customers will want an immediate decision whilst the organisation will need to balance the speed of the decision provided against the need to capture sufficient information to accurately provide this decision.



3.1 Gather and validate application data

The first step in processing a customer's application is to gather, validate and store the available and relevant data for use in the full decision process.

For customers and staff entering applications data screens should closely resemble the layout of application forms to help minimise data entry errors, and utilise look-up tables and reference lists to assist in standardising the data entered. This also assists with the speed of data entry thus reducing operational costs.

Validation of input data should be performed and this may be through checks against internal conditions or using other data reference sources. Validation checks would typically include highlighting spelling errors and missing fields, basic data entry checks (for example if 'time at address' is longer than 'age'), checks against internal reference files such as postal address files and external files including bank sort code validation.

Application data should be fed into a single processing system from all channels and sources. These could include using character recognition software for scanning forms, batch and bulk data entry from electronic systems and real-time links from all channels.

At this stage previous applications from the same individual can be retrieved and used to pre-populate the application data to speed up data entry as well as identifying outstanding applications, multiple product applications or previous declines.

Performance on existing credit agreements, both positive and negative, should feature in the overall evaluation of applications. Sophisticated strategies can take into account the entire customer relationship rather than simply judging the application on its individual merits.

Marketing lists may include applicants who have been pre-decisioned or pre-approved as part of a specific marketing campaign and these customers will need to be treated accordingly.

3.2 Initial application fraud detection

The application fraud check highlights applications that contain suspect information or known fraudulent data. A large proportion of application fraud is perpetrated by individuals manipulating or falsifying information in order to improve their chances of being granted credit. Higher value fraud is typically committed by individuals and organised gangs using stolen or false identities to access funds.

Screening for application fraud can be undertaken in a number of ways:

1. Checking for inconsistencies in the data supplied, for example:
    a. Does the address match the telephone area code? If not this could be an indication of a false address or telephone number.
    b. Does the salary fall within an average band for the age of the applicant? An 18 year old earning €100,000 is unusual and could indicate the salary has been exaggerated.

2. Checking the application against previous applications made by the individual, to highlight inconsistencies for example:
    a. Have they made a recent application with a significantly lower salary or different time at their address? If the figures are very different this could suggest a repeated application with manipulated information.
    b. Have they made a previous application with different information, for example a previous address? If so, this could suggest that this address has been omitted deliberately to hide adverse information.

3. Checking the application against all the applications in the database, for example:
    a. Has the same telephone number been used on an unrelated application? This could suggest impersonation or a false identity.
    b. Are there multiple applications from the same address, this could suggest an organised criminal element targeting your organisation.

Applications determined to be fraudulent at this stage can be rejected up front saving an organisation the cost of retrieving bureau information.

3.3 Determine policy decision, set and invoke data enrichment strategy

Every lender will have policy rules, clear decisions that will cause an applicant to be declined or treated differently.

At this stage the initial policy rules are applied which are often based on legal and commercial factors. A very common policy rule, for legal reasons, is to decline any applicants aged less than 18. Often, lenders will also choose to automatically decline any applicants who are already in significant arrears on another existing account. These initial policy rules inform the pre-bureau decision and save an organisation the cost of retrieving bureau data for an applicant that will be rejected.

In certain instances it may be appropriate for an organisation to overturn a policy decline decision. This could be where the application is from a VIP, someone with a strong existing bank relationship or a member of staff.

For all applications passing the initial policy rules, a decision needs to be made as to the level of additional, external data to be collected if this is available in the market.

This data is typically held by one or more national credit bureaux. Depending on the maturity of the market the bureaux will contain both positive and negative information about consumers and their behaviour provided by the financial services sector. Organisations should determine and invoke a strategy for data enrichment which takes into account the level of data held and required for each customer. One or more bureaux may be called depending on the requirements and the particular strengths of each bureau. The strategy will be determined by the cost of retrieving the external data balanced against the value this data provides.

Gaining a complete picture of the customer's commitments also enables calculations of their current level of indebtedness. The individual may be currently managing their outgoings well, however an assessment should be made as to how close they are to becoming overindebted and whether this makes them more at risk of default.

3.4 Scoring and decisions

Having gathered all relevant and necessary internal and external data, a decision is made to accept, decline or refer the applicant. This decision is based on a combination of predictive scores and policy rules.

With the additional external data a further fraud check should be performed against any external fraud databases. Credit bureaux data can be used to authenticate an individual's identity. This cross-references the application data with data held on the bureaux to authenticate the identity of the individual and can provide an indication of the level of confidence to an organisation that the individual exists and is who they claim to be. This process can be valuable when applications are received through remote channels such as the Internet and can help protect against impersonation and identity theft.

Once an organisations' policy rules have been applied a decision will typically be made based on a credit risk assessment in the form of a score, predicting the likelihood of the applicant defaulting on payments. The credit risk score is calculated using all the available data with external data adding predictive power. Score cut-offs should be set to ensure that the organisations' financial objectives are met. With a full understanding of the revenue, loss and cost drivers cut-off strategies can be designed to maximise any required financial metric or ratio such as risk adjusted return on capital

Careful consideration must also be given to certain groups of customers before a decline decision is made. For example, if an organisation has a policy whereby they will not decline a staff application then it may be appropriate to offer specific product terms to minimise the potential risk (i.e. offer a lower credit limit, a lower personal loan amount or price the interest rate accordingly).

In addition to the calculation of a traditional risk score it is now common for organisations to calculate scores for additional objectives. These include income, profit, cross-sell propensity and bankruptcy. These scores will inform the terms and conditions that are offered, enabling product take up and usage to be maximised whilst minimising future impairment.

Furthermore, organisations should give consideration to how they can implement Probability of Default, Exposure at Default and Loss Given Default into their business strategies. Evidence of use of these models is required for an organisation to achieve Basell II Advanced IRB status.

3.5 Set terms of business

To maximise customer lifetime value it is essential to set appropriate product terms and developing ‘counter-offer’ strategies can enhance the financial returns for an organisation.

In essence counter-offer strategies are where an organisation has decided to offer alternative product terms to the one the customer applied for. Risk based pricing typically covers the price offered but counter-offer strategies should be considered to be broader in the product terms that can be varied.

The latest advances in setting terms of business use strategy optimisation techniques to determine the best customer credit action to assign to each customer. As part of the optimisation process, the effect of different actions on profit are evaluated. Optimisation then mathematically identifies the optimal mix of customer decisions and actions that maximises the profit for a customer subject to certain constraints. These constraints may include budget, operational resources or total credit exposure granted.

3.6 Implement final decision

Once all risk based pricing and counter offer strategies have been set the final decision needs to be communicated to the customer.

The form of this message needs to balance the cost of communication with the benefit that can be derived from strong and clear customer communication, such as increasing product usage or driving cross-sell of additional products.

For a credit card provider, it may be that the cost of an additional communication to higher risk customers may not be necessary to drive product usage. However, for low risk customers a communication prior to them receiving their card could help drive usage and loyalty. Once again this is an area where champion challenger strategies can play an important part in the understanding of customer behaviour and how this drives financial performance.

4. Implementation

There are a number of elements to a leading edge origination system, each with specific requirements, some of which are discussed here. The best approach for an organisation will be determined by their current capabilities, available resources and the aims and goals of the business.

4.1 Tools and systems

The key tool in origination is the application processing and decisioning system. The application processing tool must be able to process a large volume of applications rapidly and securely from all channels and sources. Application data entry screens should be flexible to allow customisation to match application forms with field level validations and rules that cross-validate multiple fields to ensure data quality.

Within the system, integrated workflow should provide the ability to manage ‘queueing’ and ‘parking’ of applications as it passes through each stage of the process. This is especially valuable when manual intervention is required for a fraud check. The system should be able to prioritise the applications to manage workloads, including techniques such as priority ageing to ensure all applications are dealt with in a timely fashion. Manual tasks such as standard letters and passing information to the account management system should be fully automated.

The decisioning tool needs to provide the ability to implement policies, scorecards and strategies consistently across the organisation. Today’s decision management tools offer the credit manager flexibility to control all the aspects of the lending strategy on the desktop and rapidly define, test and deploy new strategies and scorecards, without the need for IT involvement. Analytical tools such as strategy simulation give the ability to evaluate potential strategies, understand the impact of changes and implement new strategies with confidence using champion challenger strategy allocation for testing in the live environment.

4.2 Analytics

An organisation entering a new market or offering a new product may not have sufficient historical data for a full custom scorecard development. Two potential solutions are data pooling or the use of generic scorecards.

Data pooling utilises an industry level data pool to maximise scorecard efficiency. Proprietary algorithms infer missing data and match the pool profile to an organisation's data. This data and modelling approach can deliver predictive power when little data is available.

4.3 Data connectivity

Data connectivity is key to access all available sources of data, including existing customer databases, exception files and external credit bureaux. The ability to connect these data sources in real-time is critical for processing speeds and high quality decisions. Connections must be able to facilitate the standardisation of data in different formats and fields to allow for aggregation and comparisons of the data. Resilience should be incorporated by enabling data to be gathered from another source if the main source of data is unavailable.

4.4 Management information

An operation requires both operational and strategic reporting and monitoring in order to maintain a profitable and efficient business in the dynamic market of unsecured lending.

Throughout the decision making process for an application a number of scores will have been calculated and decisions made. It is vital that all data is stored for subsequent analysis of all decision and champion challenger strategies. It is a commitment to on-going review and refinement of business strategies that will drive an advantage in today's ever increasing competitive environment.

Monitoring should cover the quality of the new business taken on, the stability of the portfolio and the results of champion/challenger strategies in order to be able to identify trends and potential issues and resolve these before profitability is impacted.

The system should enable monitoring of factors such as the performance of the system and operators and key business and financial indicators to highlight where there is divergence from business targets.

Strategically the business must monitor the health of the scorecards and the portfolio, and use behavioural information from past applicants to continually evaluate and improve the strategy performance. All the information should be rapidly and easily available in order to manage the business effectively.

4.5 IT and integration

Once deployed the origination process becomes a mission critical business operation. Any system downtime or reduced capacity leads directly to customer dissatisfaction and lost customers. The tools and infrastructure have to be designed for resilience and reliability. Scalability of the technology is critical to facilitate business growth and cater for sudden increases in volume of applications without an impact on performance.

In the multi-channel market of unsecured lending the application processing tool should be able to integrate with all the sales channels for maximum operational effectiveness and a consistent customer experience.

It is critical to be able to interface the origination system to other data sources within the organisation, in particular previous applications and the account management system. It is essential to have real-time access in order to be fully informed of the status of any previous applications and determine whether the applicant is an existing customer and if so, their account status.

5. The benefits of an effective origination process

The benefits of adopting a sophisticated origination system together with the implementation of highly developed business strategies can be significant. At the outset of the project the organisation must decide what the key business challenges are so that any solution can be designed to address these business needs.

The benefits of implementing an automated origination system include:

- Increasing profit contribution per account by accurately balancing risk and return
- Reducing delinquency and credit losses by declining or making appropriate offers to higher risk applicants
- Reducing operational costs with automation reducing manual resource requirements
- Growing a healthy portfolio while satisfying cost, growth or market share targets
- Satisfy customers who are increasingly more demanding and discerning to engender loyalty
- Centralising credit risk decision making and fraud detection to achieve consistency and control

6. Case studies

Automating credit decisions across Europe

A leading consumer lender wanted to automate its application processing across the European operations to increase volumes, enable growth and achieve consistency and control in its lending decisions. The lender implemented a single application processing platform backed by a sophisticated strategy management tool which could be deployed across the enterprise.

The solution enabled up to 80% of decisions to be automated, with 90% of these decisions made in less than 30 seconds. The average cost of each transaction was reduced, higher acceptance rates were achieved by implementing risk based pricing and the lender achieved consistency and control in risk management and policy application.

A 25% increase in profit

A major European retail bank and a leader in personal loan lending partnered with Experian Decision Analytics to upgrade their acquisition capabilities. The project included the aim of maximising profitability through better pricing decisions during origination.

The resulting solution enabled a potential 42% increase in profit. Working within existing business constraints an increase in profit of 25% was achievable. Further project benefits included deepening the clients' understanding of trade offs and the cost of increasing profit.

7. The Experian Decision Analytics solution

Experian Decision Analytics has worked with unsecured lending organisations worldwide and use this experience to deliver a solution specifically designed to address your business challenges. Our proven solutions enable your business to automate and manage the application process from end to end, proactively managing risk, bad debt and maximising your customer relationships from the very first contact.

Experian Decision Analytics have a value-driven approach to delivering solutions, which ensures your organisation benefits from our global expertise and enables you to focus your efforts on what really adds value to your business.

Experian Decision Analytics has combined advanced analytics, extensive industry knowledge and sophisticated tools for workflow management and decision support to create a complete strategic origination package for unsecured lending. The solution enables organisations to improve efficiency and effectiveness, reducing both the costs associated with decisioning applications and the credit losses written off.

The solution combines:

• **Consulting**
Consulting is at the heart of every solution we deliver. We work with you at every stage of the project, firstly, to fully understand your business and strategic direction and then to help you design, implement and maintain a solution to deliver your objectives.

• **Application processing and decisioning technology**
The scalable and robust system receives, validates and processes applications from multiple sources with user controlled task orchestration and workflow driving your operational and business procedures for both automated and manual decisioning. Data captured accurately through tailored forms is enriched with data from relevant internal and external sources, before your business strategies and rules are consistently implemented to make appropriate lending decisions across the operational base.

The Experian Decision Analytics solution *continued*

- **Application fraud detection**

Using proven detection rules the fraud detection tool screens for, and highlights potentially fraudulent applications, enabling fraudsters to be stopped before your organisation suffers losses.

- **Predictive analytics**

Application scorecards to turn the data into customer intelligence and give insights into risk and future behaviour. Scorecards can also measure potential lifetime value, profitability and objectives such as propensity to drive cross-sell strategies.

- **Business information**

The integrated reporting tool enables operational reporting and strategic monitoring to support both day-to-day management control and longer-term business improvement.

- **Data connectivity**

Our proven solution offers links to credit and fraud bureaux throughout Europe. You use an established, ready-to-use and secure environment that retrieves, merges and standardises data from multiple sources for the deepest customer intelligence.

- **Modular technology with flexible delivery options**

The solution has been designed and built for rapid implementation, with all the elements required for effective application processing, but with the ability to customise elements to suit your individual business requirements. For many clients we integrate our solution within your own infrastructure. Alternatively as part of our flexible approach to delivery, we offer a hosted application service provider (ASP) option.

8. About the author

Daniel Tilley first joined Experian in 1994 and spent his first three and a half years in a variety of analysis and consultancy roles spanning the credit risk lifecycle.

He then left the UK to work for Experian in North America as a consultant focussing on account acquisition and customer management solutions. In his three years in North America Daniel worked with a number of key clients across a broad range of industries.

Daniel then left North America to join Ford Credit where he was responsible for risk management analysis covering their European operations. In 2002 he then joined Barclaycard where he covered a number of roles including portfolio monitoring, forecasting, financial modelling, campaign analysis and optimisation of the below the line marketing budget. Daniel was also responsible for entering into new customer segments and developing new customer acquisition channels.

In 2007 he returned to Experian Decision Analytics joining the Global Consulting Team. Daniel's breadth of credit risk lifecycle experience and P&L management enables an in-depth understanding of analytical solutions ensuring solutions and strategies deliver benefit to the bottom line.

9. About Experian Decision Analytics

Experian Decision Analytics' enterprise-wide solutions combine data intelligence, predictive analytics, decision-enabling technologies, strategy optimisation and consulting services to enrich client data and allow organisations to maximise profitability and performance from their customer relationships. Its fraud and identity solutions enable clients to prevent fraud at all stages of the customer lifecycle – from authentication and application fraud through to transactional and open account fraud.

Experian Decision Analytics works closely with clients in more than 60 countries across diverse industries, including financial services, telecommunications, retail, leasing, automotive, insurance, government agencies and utilities, enabling them to make billions of customer-focused decisions annually.

With over 20 years experience in fraud and identity solutions, the company has clients worldwide and collaborates with organisations, associations and trade bodies to further develop data sharing schemes and support new fraud prevention initiatives.

As part of the global Experian Group, Experian Decision Analytics has more than 30 years experience of managing bureau data, adding intelligence to that data and delivering analytical solutions. It maintains connectivity with more than 70 credit bureaus around the world and, with offices worldwide, is uniquely qualified to support local, national, regional and global businesses.

For more information, visit the company´s website on www.experian-da.com.

Experian Group Limited is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE 100 index. It has corporate headquarters in Dublin, Ireland, and operational headquarters in Costa Mesa, California and Nottingham, UK. Experian employs around 15,500 people in 36 countries worldwide, supporting clients in more than 65 countries. Annual sales are in excess of $3.8 billion (£1.9 billion/€2.8 billion).

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