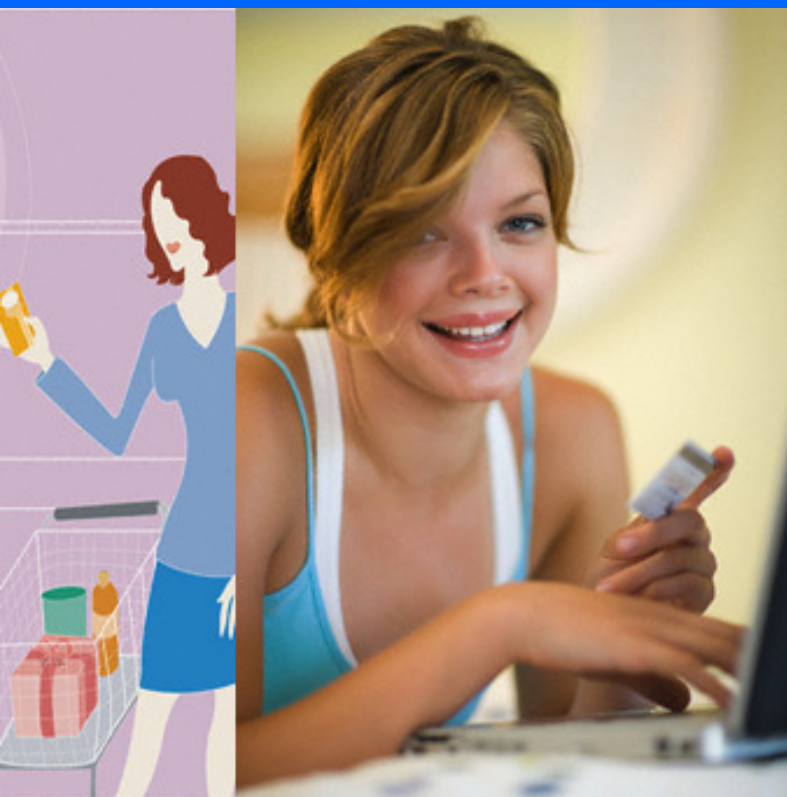




Creating Actionable Knowledge Via Analytics

Analytex improves risk prediction accuracy by 15% over existing scoring models.



Client

A top 5 credit card issuer

Problem/Challenge

One of the big challenges in an unsecured lending industry such as credit cards is the default rate. Risk has a significant impact to the bottom line of the portfolio.

Solution

Analytex compiled data from in-house sources as well as external sources. The focus was on customers that are likely to go 60+ days past due. Analytex developed a robust definition by weighing the customers differently in the predictive model depending upon their behavior post 60 days delinquency.

CREDIT RISK MODELING

Analytex improves risk prediction accuracy by 15% over existing scoring models.

Client:

A top 10 credit card issuer

Challenge:

One of the big challenges in an unsecured lending industry such as credit cards is the default rate. Risk has a significant impact to the bottom line of the portfolio. Several generic risk models are available in the industry that the issuers use to predict risk to manage their portfolios. When a customer is classified as high risk, the marketing promotions available to the customer are significantly reduced and risk based strategies are employed to improve the profitability of the customer. If an issuer is not able to predict risk to a very high level of confidence for a customer, the issuer is taking the wrong actions to that customer and in fact, reducing the customer's profitability.

Solution:

The issuer was utilizing the latest generic scores available at the bureau and a set of rules to identify high risk customers.

Analytex compiled data from in-house sources as well as external sources. The focus was on customers that are likely to go 60+ days past due. Analytex developed a robust definition by weighing the customers differently in the predictive model depending upon their behavior post 60 days delinquency. The customers who paid and became current were weighted lower versus the customers who did not pay off and eventually were charged-off resulting in a credit loss. The ideal combination of in-house and outside behavior resulted in a winning combination.

Analytex delivered a lift in 15% in the risk levels of the riskiest 5% of accounts allowing the issuer to more accurately target the right customer for the right action to improve profitability.

