
Multi-CRA Decisioning

Credit Scoring and Credit Control IX

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Multi-CRA Decisioning

- *Increased availability & importance of bureau data*
- *Emergence of Callcredit*
- *Multi-CRA decision systems*

- Improvements in decisions
- Competitive marketplace
- Complexity & costs

Credit Reference Data

Common

- Public data sources
- Closed User Group
- Bureau scores
- Indebtedness measures
- Fraud / ID verification

Differences

- Database structures
- Matching algorithms
- Historical legacies
- Data links
- Retrospectives
- Processing rules

Retrospective Services

- Generic Bureau Scores e.g. DNB, RN & Callscore
- Coded data e.g. Number of Defaults
- *Raw data e.g. CCJ dates and amounts*
- *Money Laundering Services*

Benefits

1. Scorecards
2. Credit Strategy
3. Credit Policy

Selective 2nd Search

- Considerable benefit from multi-CRA
- “Swap-set” identification
- “Swap-set” prediction

Scorecard “Swap-set”

- Applicant and single CRA score
- Applicant and dual CRA score
- Decision strategy
 - maximise accepts or
 - minimise bad debt

Cluster Solutions

- Applicant and CRA data
- Across all three CRA's
- Consistency / Accuracy of classification
- An example using six clusters

Decision Strategy

- Scorecard development approach
- Creation of AML / Derogatory policies
- Selection of 2nd (or 3rd) search candidates

Analytical Requirements

- Reject Inference
 - Incumbent CRA
 - Significant correlations across all criteria
 - Value from Generic bureau scores
- Primary Scorecard (& following on 'Dual Scorecards')
 - Consistency of decision
 - Maximise power versus minimising costs

Summary

- Benefits
 - Scorecards
 - Policy
 - Strategy
 - *(Contract negotiations)*
- Why these benefits?
- Analytical developments
- Implementation process

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