

CreditLab[®] Credit Card Management

Learning Objectives

- Specify how the credit card product is designed, and explain how product features support both customer value and long-term portfolio profitability.
- Devise methods of target marketing that are likely to reach the most profitable customers.
- Compare techniques used for screening credit card applicants, including verification, overrides, scores, and credit policy.
- Apply application and bureau score decisions in order to balance the risk reward trade-off; articulate which elements of portfolio tracking data provide guidance.
- Define the elements of portfolio profit and loss and the levers, with a focus on the impact of the main revenue streams of interest income, fee income and interchange income.
- Apply behaviour scores to account management and collection decisions, such as pricing, line management and collection severity.

Course Description

CreditLab[®]: Credit Card Management is a simulation-based training course designed to facilitate a deeper understanding of the credit life cycle for credit card business.

Covering the credit card product in both a mature market and an emerging market, Credit Card Management trains participants on all parts of the credit life cycle, addressing topics such as, product design, underwriting, account management, collections management and fraud.

This multi-day training course is run in a classroom setting and transforms the learner into a player. In order to win the simulation game, players must successfully operate the most profitable virtual bank with the most satisfied customers. Each team has to demonstrate expertise in risk strategy, pricing and attrition strategy and collections management.

Target Audience

Banks, Retail Lenders, Finance Companies:

- Credit Card Product Team
- Credit Card Risk Team
- Retail Credit Risk Managers
- Credit Card Underwriting Managers and Team Leaders
- Collections Managers and Team Leaders
- Retail Lending Analysts and Modelers

Retail Lending Vendors:

- Retail Bank Software and Analytics Providers
- Credit Bureau Staff

Regulators:

- Retail Lending Sector Examiners and Staff

Class size should range between 20-30 participants.

Course Agenda

Day One	Day Two	Day Three
Overview of Credit Card Business	Product Design	Attrition Strategy
Target Marketing	Account Management	Collections
Underwriting Principles	Pricing Strategies	Collections Activity
Underwriting Activity	Pricing Activity	Case Study
Simulation Game: Underwriting	Simulation Game: Account Management	Simulation Game: Collections

Testimonial:

“The combination of lectures, simulation gaming and sharing sessions enriched our learning experience” - Risk Manager, Jakarta, Indonesia

Simulation Game Structure

- During each module, the team will go through a two-year process of managing a portfolio. Players have three trials to practice managing their portfolio, prior to the final run.
- Each trial run provides the opportunity for players to hone their skills at balancing their competing objectives
- The winning team will have the highest Net Income on completion of the Final Round.

Simulation Game Learning Objectives

Underwriting Module	<ul style="list-style-type: none"> • Market understanding is important. We create an audience of interested credit applicants through marketing. Well-spent marketing
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	<p>dollars result in a good portfolio in terms of revenue and risk.</p> <ul style="list-style-type: none"> • Use of underwriting standards. Our underwriting decision is a combination of our use of credit policy, credit scores, underwriting standards, verification standards, etc. We must consider how to use all these tools together based on our envisioned strategy.
Collections Module	<ul style="list-style-type: none"> • Underwriting: We must integrate new information about market maturity such as the bureau score maturing. Learn how to use both an application score and bureau score together. • Exposure: Part of our underwriting decision is exposure. Larger exposure leads to higher interest revenue but may result in high losses. Strike the right balance.
Pricing Module	<ul style="list-style-type: none"> • Pricing. High pricing may cause attrition but has bigger margins. Low pricing may retain customers but will result in thin margins. Players must observe this tradeoff in the results and strike the right balance. • Collections strategies. Soft collections may result in increased delinquency, but too strong collections may be costly and ineffective. Strike the right balance.
Downturn Module	<ul style="list-style-type: none"> • Impact of macro-economy on delinquency. Players need to observe the impact of a downturn on the vintage delinquency curve. • Planning ahead becomes even more critical in an economic downturn. Players must anticipate increase in delinquency and prepare the appropriate number of collection staff.