

Behaviour ScoringLab[®] Product Overview

Behavior ScoringLab is a formalized training course designed to facilitate a deeper understanding of behavior scoring and account management concepts. This dynamic and interactive course will guide the users and developers of behavior scorecards through best practice methodologies to enhance the use of the models. Covering both scoring usage and strategy development, Behavior ScoringLab trains participants on all applications of the models as well as the main development steps required to build effective scorecards. The use of credit bureau scores within the account management arena is also covered.

The multi-day training course is run in a classroom setting and includes both theory and exercise sessions.

Target audience:

Risk managers, collections managers, product managers, as well as scorecard developers, analysts and monitoring teams. As a prerequisite, participants should be familiar with the main concepts in the credit industry. Class size should range between 15-20 participants.

Three Day Agenda

| Day One | Day Two | Day Three |
|---|--|-------------------------------|
| Credit Scoring Theory | Scorecard Distributions | Scorecard Tracking |
| Comparing Expert and Empirical Scorecards | A look into Profit | Strategy Monitoring |
| Data Requirements and Validations | Most common issues found in Behaviour Scorecards | Types of Behaviour Scorecards |
| Uses of Behavior Scorecards | Policies and Procedures | Customer Level Scoring |
| Scorecard Development Design | Using External Data | MIS Reporting |
| Scorecard Building | Managing Scorecards in a Dynamic Environment | Affordability Assessment |

Course Module Learning Objectives

| | |
|--|---|
| <p>Behaviour Scorecard Concepts</p> | <ul style="list-style-type: none"> • Describe the scorecard development process, its steps and concepts • Distinguish between the different types of models available and the strengths and weaknesses associated with each type • Provide the data requirements for each type of model • Recognize the role of data quality in creating effective models and how different parts of the business impact this • Define the data validations that should be examined during the development and implementation phases to enhance the use of scores in a portfolio • Provide an understanding of how scores will behave in changing environments • Explore the differences between account and customer level scores |
| <p>Account Management Principles and Processes</p> | <ul style="list-style-type: none"> • Analyze how the tools can be used in the most cost effective manner which supports building a healthy portfolio • Compare techniques available for account management • Assess how to adjust the different processes within the credit life cycle depending on the product or scenario • Provide an overview of the policy settings for each decision area |
| <p>Profitability</p> | <ul style="list-style-type: none"> • Define elements of Profit and Loss statements for financial products and recognize their drivers • Apply revenue dynamics to portfolio analysis • Investigate the components of expenses and their contribution to profitability • Discuss the feasibility of profit prediction • Determine ways in which profit can be used in the decision making process |
| <p>Exposure</p> | <ul style="list-style-type: none"> • Review the account management process and determine where affordability checks should be incorporated • Discuss the current challenges faced in accurately determining affordability • List the possible data sources to enhance the assessment of the accounts • Provide alternative solutions to facilitate the process |

| | |
|-----------------------------|--|
| <p>Scorecard Monitoring</p> | <ul style="list-style-type: none"> • Provide an overview of the monitoring process required when scorecards are utilized • Define the standard reports that should be implemented, as well as the frequency of the reviews required • Review examples of reports to determine the best course of action • Gain an understanding of when scorecards need to be redeveloped • Provide an overview of the behavior scorecard alignment process |
| <p>Use of External Data</p> | <ul style="list-style-type: none"> • Review the main data sources used in combination with internal databases • Provide an overview of credit bureau scores • Explore behaviour and credit bureau scores in order to determine score driven strategies as well as pricing and exposure |
| <p>MIS Reporting</p> | <ul style="list-style-type: none"> • Review the high level concepts associated with MIS reporting for a portfolio • Define the standard reports that should be implemented and run on a regular basis • Review examples of reports to determine the best course of action • Explain the concepts behind champion/challenger strategy comparisons and the associated reports |