Bureau Product Development Roadmap

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Credit Bureau Product RoadMap

Maturity

High

Sophistication

Internal capability

Volume of Data

				Credit Policy formulation
		Retailer/Telcos Credit Grantors	Diversified Products/ Industry Profiling	Lender/Loan Administration Services
		Custom Scores/ Consumers	Gen2 Credit Score/Custom Score	Marketing Consulting Services
Monitoring Products	POS & B Scores	Fraud Report	Collection / Recovery Outsourcing	
Credit Information Reports		Skip Tracing Service		

Low

| Year 1 | Year 2 | Year 3 | Year 5 | Year 6+ |

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Overview of Bureau Products

A) Core Services
- Credit Report

B) Consumer
- Consumer Access/Education
- Consumer Monitoring
- Fraud/ID Theft

C) Analytics
- Data Analytics
- Executive Summary
- Analytics Hub

Credit Bureau

B) Monitoring
- Portfolio Monitoring
- Litigation Monitoring

D) Public Information
- Litigation
- Bankruptcy orders

E) Consumer Score
- Generic Bureau Score
- Custom Score

F) Commercial Products
- Credit Report
- SME Blended Score
- SME Rating

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DATA ANALYSIS AND DASHBOARD REPORTS

Data Analysis

A significant Benefit to Credit Policy Makers

- Ability to monitor credit grantor portfolio's credit behaviour against industry.

- An earlier indicator of economic health or hardship.

- Provides empirical data for Policy Formulation.

- Can be used to track and assess whether the credit grantor's marketing or risk management strategies are successful.
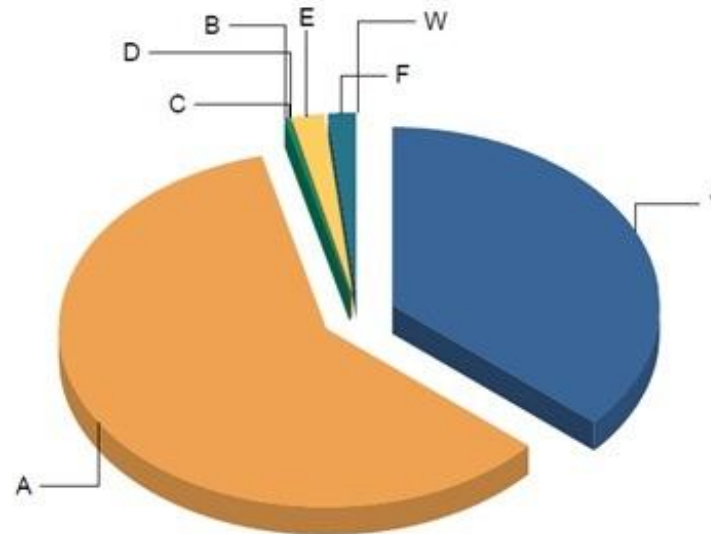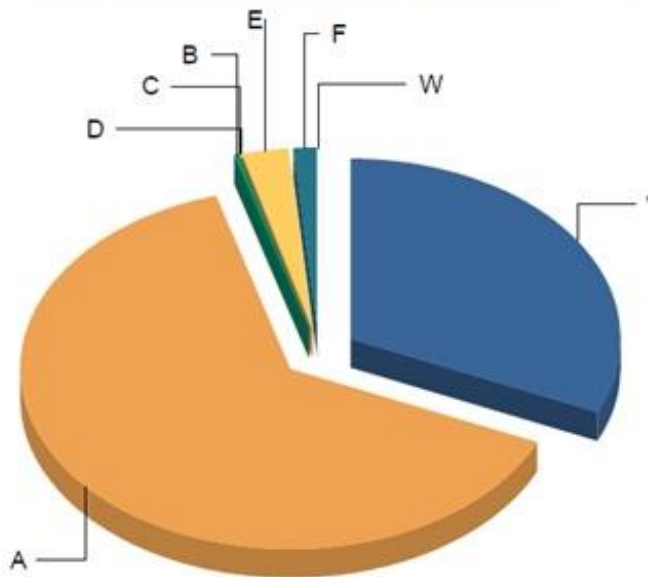
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Sample Data Analysis Report

Portfolio Analysis

1) Account Status Analysis

BANK ABC Credit Card Portfolio as at March 2013

Industry comparison March 2013 (NB: Industry includes ABC)

Note: 31.74% of ABC's Credit Card accounts are inactive

*		31.74%
A		63.81%
B		0.31%
C		0.06%
D		0.01%
E		2.59%
F		1.46%
W		0.02%
Total:		100.00%

Legend:

|		
*	-	Facility not used or zero balance
A	-	Payments were current to 29 days past due
B	-	30 to 59 days overdue
C	-	60 to 89 days overdue
D	-	90 days or more past due
E	-	Closed with no outstanding balance
F	-	Closed with outstanding balance
W	-	Coded as default record by Member

*		36.36%
A		59.62%
B		0.36%
C		0.07%
D		0.01%
E		1.79%
F		1.75%
W		0.04%
Total:		100.00%

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Sample Data Analysis Report

3) Credit Card: Full Payment Status = Yes

This indicates the percentage of accounts that were paid in full for the months of January 2013, February 2013 and March 2013.

For the purpose of this analysis, accounts that had no activity or are closed / cancelled i.e. account status of either *, E, F or W, are excluded.


Note: Industry average includes Bank ABC
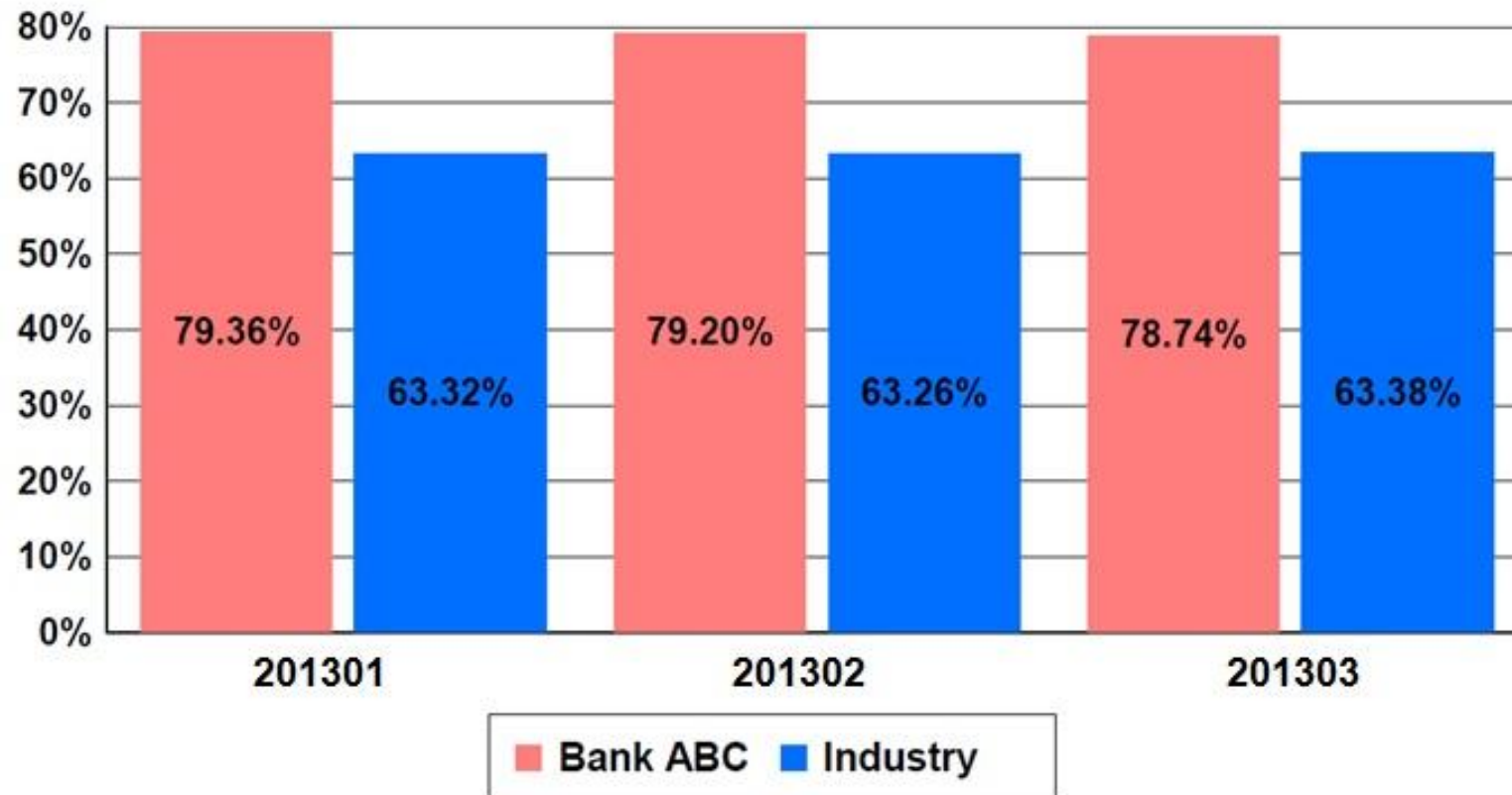
Sample Data Analysis Report

Market Share Analysis

1) Open Accounts

This illustrates Bank ABC's market share in the credit card industry in terms of its contribution to the total number of accounts and the total number of credit card customers loaded to CBS.

For the purpose of this analysis, open accounts are defined as those with account status of *, A, B, C and D and credit card customers are defined as those with the said account status.

Bank ABC market share – open credit card accounts
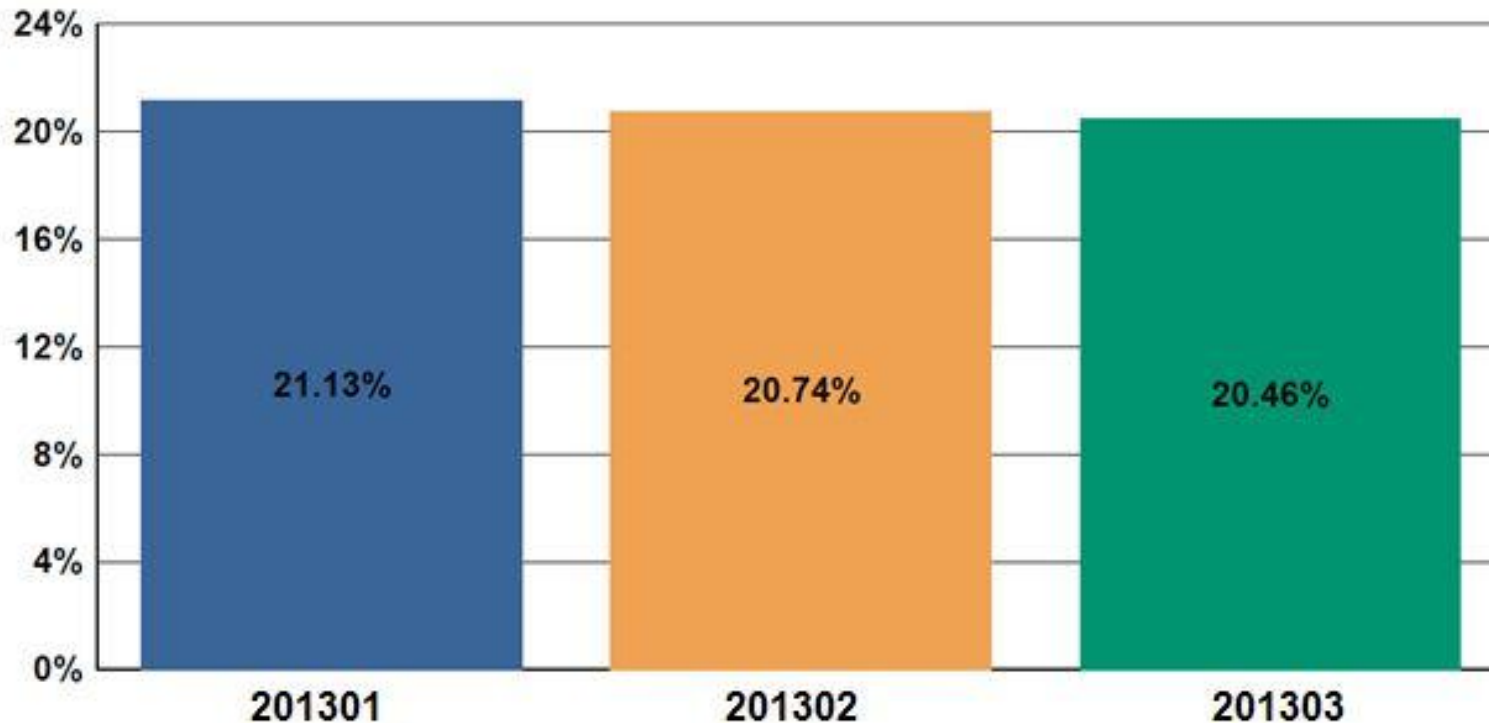
Dashboard Reporting

Executive Summary
Personal Loan March 2013

BUSINESS**TRUST**

Select View

- Market Ranking
- Trend
- [?] Information

NEW ACCOUNTS ACQUIRED

CURRENT MONTH: 383
12 MONTH AVERAGE: 334
12 MONTH HIGH : 428
12 MONTH LOW : 249

% TOTAL MARKET BALANCE

CURRENT MONTH: 4.98%
12 MONTH AVERAGE: 5.87%
12 MONTH HIGH : 6.30%
12 MONTH LOW : 4.98%

AVERAGE CUSTOMER BALANCE ($)

CURRENT MONTH: 5,716
12 MONTH AVERAGE: 6,035
12 MONTH HIGH : 6,602
12 MONTH LOW : 5,697

% CUSTOMER IN DELINQUENCY

CURRENT MONTH: 4.25%
12 MONTH AVERAGE: 3.41%
12 MONTH HIGH : 4.62%
12 MONTH LOW : 1.30%

NEW ACCOUNTS ACQUIRED

	BANK ABC	RANK	MARKET AVERAGE
Mar-13	383	2	324
Feb-13	282	2	219
Jan-13	340	2	177
Dec-12	357	2	252
Nov-12	333	2	201
Oct-12	249	2	190
Sep-12	428	2	222
Aug-12	331	2	222
Jul-12	306	2	238
Jun-12	291	2	273
May-12	322	2	265
Apr-12	387	2	345

% TOTAL MARKET BALANCE

	BANK ABC	RANK
Mar-13	4.98%	5
Feb-13	6.13%	4
Jan-13	6.30%	4
Dec-12	6.25%	3
Nov-12	6.17%	3
Oct-12	6.13%	3
Sep-12	5.93%	3
Aug-12	5.85%	3
Jul-12	5.80%	3
Jun-12	5.57%	3
May-12	5.64%	3
Apr-12	5.66%	3

AVERAGE CUSTOMER BALANCE ($)

	BANK ABC	RANK	MARKET AVERAGE
Mar-13	5,716	8	11,279
Feb-13	5,803	7	12,957
Jan-13	5,894	7	12,777
Dec-12	5,697	7	11,369
Nov-12	5,772	7	11,554
Oct-12	5,916	7	11,718
Sep-12	5,955	7	11,811
Aug-12	6,062	6	11,955
Jul-12	6,191	7	12,177
Jun-12	6,335	8	12,844
May-12	6,482	7	13,071
Apr-12	6,602	7	13,173

% CUSTOMER IN DELINQUENCY

	BANK ABC	RANK	IND PERCENTAGE
Mar-13	4.25%	4	5.06%
Feb-13	4.30%	5	5.10%
Jan-13	3.81%	5	4.77%
Dec-12	4.09%	4	4.91%
Nov-12	4.62%	5	4.40%
Oct-12	3.94%	2	5.25%
Sep-12	3.57%	3	4.95%
Aug-12	3.47%	3	4.64%
Jul-12	2.98%	3	4.32%
Jun-12	3.09%	3	3.96%
May-12	1.51%	1	3.65%
Apr-12	1.30%	1	3.15%

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CONSUMER SCORE

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What is a Credit Score?

- A credit score is a number that represents a consumer's risk level based on their credit history at a particular point in time.

- Credit scores use past credit information to predict future good and bad payment performance.

- The score represents an estimate of the odds or the probability that a particular event, such as a delinquency, will occur in the future

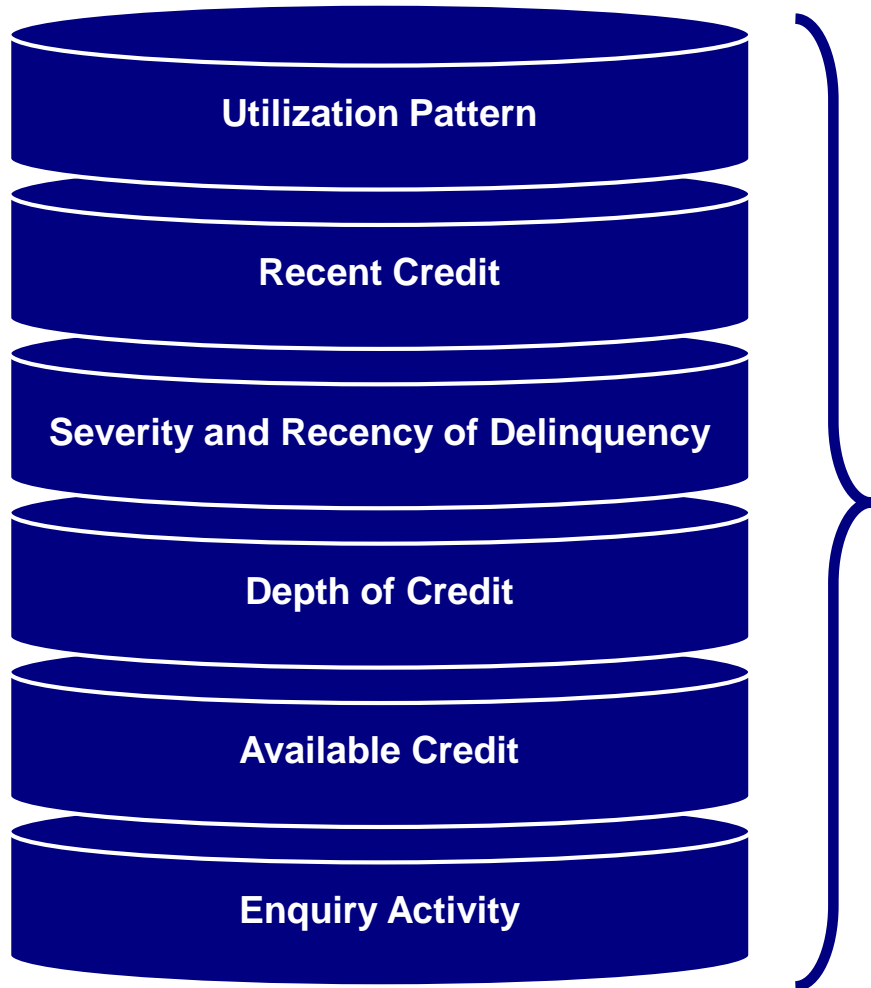**CBS**

Consumer Score

- **CBS Gen 1 Score:**
  - Application Score
  - Launched in 2005

- **CBS Gen 2 Score:**
  - Launched in 2009
  - More recent, granular data
  - Both an Application and Behavior Score

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Development Details

➢ CBS consumer risk score predicts the likelihood of 90+ days delinquency in the next twelve months following date of scoring, measured across existing and newly opened accounts (consistent with Probability of Default definition).

➢ The risk score was developed using 1.5 million consumer credit records from CBS.

➢ Bank members are users of CBS consumer score to complement their in-house score card to obtain a holistic assessment of a credit applicant.

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The Black Box

Utilization Pattern

Recent Credit

Severity and Recency of Delinquency

Depth of Credit

Available Credit

Enquiry Activity

What affects my credit score?

Credit Score

Other factors affecting credit score include:
- Credit hunger
- Bankruptcy/Litigation information
- Number of credit facilities

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Explanation of Key Contributing Factors

Key Contributing Factor	Description	Direction
Immature Credit History	Immature credit history will generally contribute to the credit risk uncertainty	Marginally Increases Risk
Credit Exposure	The level of credit exposure will generally contribute to higher credit risk	Moderately Increases Risk
Delinquency Presence	The presence of the delinquency is generally indicative of higher credit risk	Greatly Increases Risk
Not Enough Clean History	Lack of clean credit history will generally contribute to higher credit risk	Marginally Increases Risk
Adverse Credit History	Adverse credit history is generally indicative of the higher credit risk	Greatly Increases Risk
Too Many Inquiries	The frequency and recency of credit applications may impact the credit risk assessment	Marginally Increases Risk

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SME BLENDED SCORE
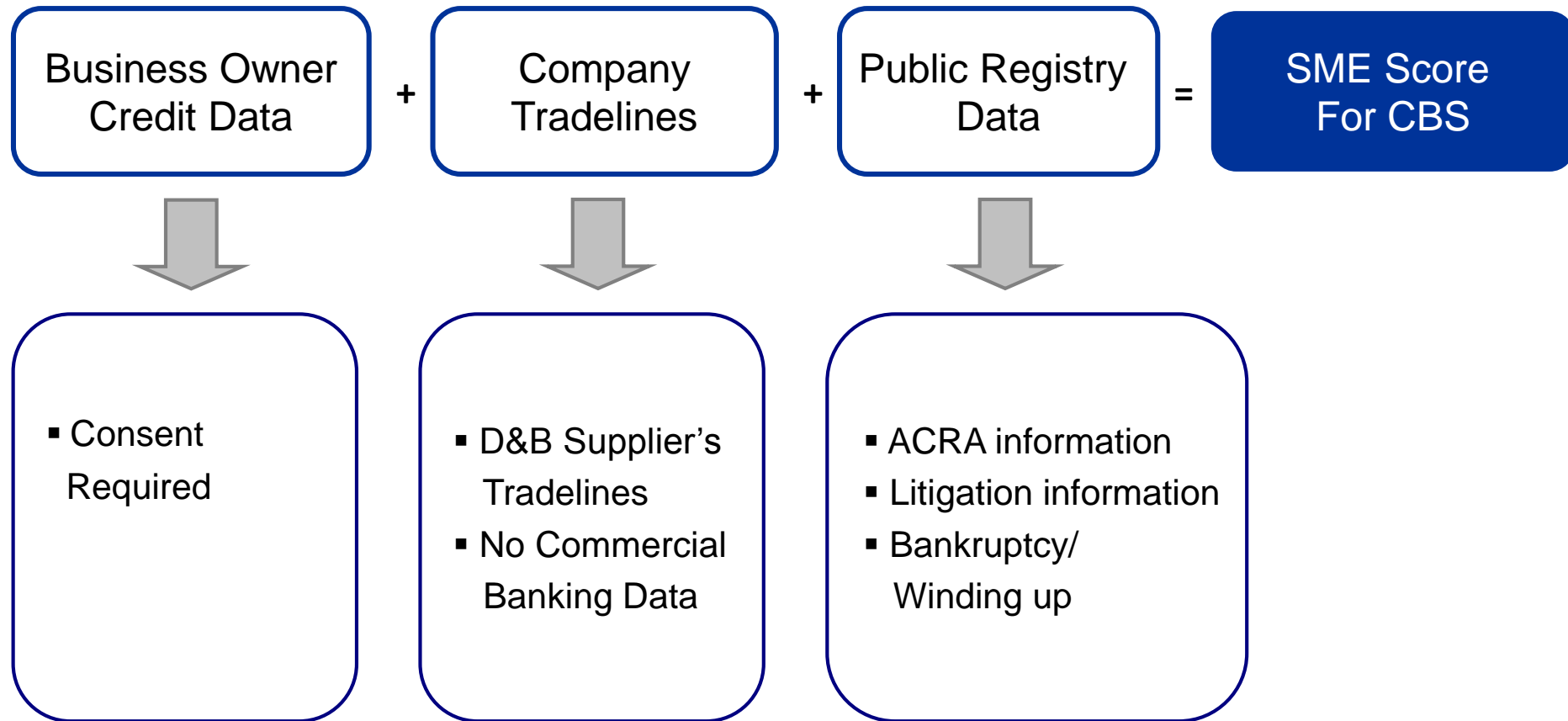
Background on SME Blended Score

- It has been shown that for smaller businesses, business credit performance is also driven by individual credit behavior of the principal.

- Such individual credit history is usually more reliable than financial data from smaller businesses.

- For sole proprietorships, partnerships and SMEs, business and individual credit performance can be indistinguishable.

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Why is the credit information of an SME important to you?

- The Business identity of the SME can change over time

- Difficult to Identify Clear Success Factors

- Owners Mingle Business and Personal Finances

- Independent Analysis (Ratings) Not Available

- High Cost of Traditional Risk Assessment Methods Make Lending to SMEs too Costly

- SMEs are More Vulnerable to Credit Losses

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F) SME Blended Score

Business Owner Credit Data	+	Company Tradelines	+	Public Registry Data	=	SME Score For CBS

• Consent Required	• D&B Supplier's Tradelines • No Commercial Banking Data	• ACRA information • Litigation information • Bankruptcy/ Winding up

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F) SME Blended Score for CBS

- Rank-orders SMEs by their risk of default.

- The higher the score the lower the risk.

- Provides credit grantors an effective tool to make consistent and objective assessment of the credit worthiness of SMEs to which they extend credit.

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F) CBS Blended Report with Score
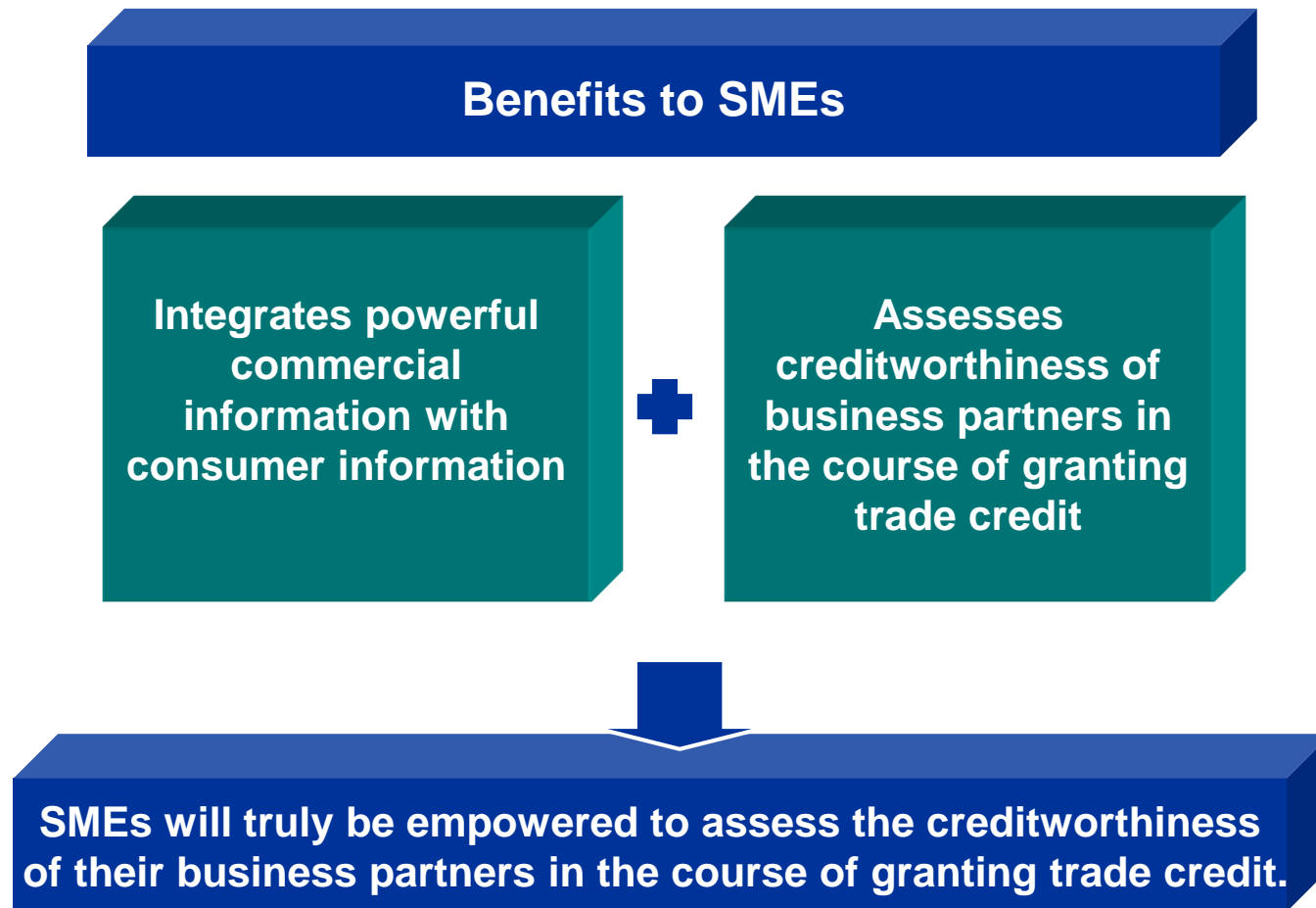
Benefits:

- Compact Report with all key data necessary for credit evaluation on small businesses.

- Real-time access.

- Objective and consistent credit evaluation.

- Streamline operations and shorten decision time.

- Start-ups, thin file SME applicants.

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Contributing factors of Blended Score

Business Owner Credit Data	Company Data	Public Registry Data
Data includes: ▪ Business owner's payment profile in both secured/ unsecured lending, account balances. ▪ Demographic information.	Data includes: ▪ Legal Activity ▪ Commercial Tradelines loaded by their suppliers ▪ Macro economic indicators (ie. Inherent risk associated with any given business sector) ▪ How long a company has been in business ▪ Trends in business performance	Data includes: ▪ ACRA information ▪ Litigation information ▪ Bankruptcy/ Winding up

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Benefits of Blended Score to SMEs

Benefits to SMEs

Integrates powerful commercial information with consumer information

+

Assesses creditworthiness of business partners in the course of granting trade credit

SMEs will truly be empowered to assess the creditworthiness of their business partners in the course of granting trade credit.

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PORTFOLIO MONITORING

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Portfolio Monitoring

Portfolio Monitoring:

- A powerful tool for tracking the performance and credit health of existing customers.

- Ensures member is constantly updated on the risk profile of its customers.

- Analyses critical credit behavior indicators on the Credit Bureau database.

- Perfect early warning device to alert a change of Customer's credit behavior with other credit providers.

Portfolio Monitoring

- Powerful tool for tracking the performance and credit health of existing customers.
- Employed on an on-going basis to ensure risk profile of customers are updated.
- Designed to act as an early warning device: alert you of changes to Customer's credit behavior (with other members).
- Pre-set triggers:

  1. Improving Account Status
  2. Deteriorating Account Status
  3. New Default Status
  4. Change in Default Status
  5. New Accounts
  6. Cash Advance Status
  7. Full Payment Status

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LITIGATION MONITORING

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Litigation/Bankruptcy Monitoring

- Critical for members to have timely receipt of adverse information.
- This could come in the form of bankruptcy petitions, bankruptcy orders and litigation writs.
- Members can take instant actions to prevent or reduce losses.
- Litigation information includes all new writ of summons and bankruptcy petitions filed on a member's customers in their entire uploaded customer base.
- Frequency and the format of report are flexible criteria to meet requirements of members.

ID Number	Name	Case	Case Number	Year	Date Writ Filed	Nature of Claims	Status	Currency	Claim Amount	Plaintiff Name

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Credit solutions and more.

Creating Value ...
Building Trust

Thank You

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