Overview

As any credit manager knows, controlling risk is a delicate business. Too much credit exposure can lead to high default rates and charge-offs; not enough often means lost business and revenue. Assigning scores to new credit applications as well as existing accounts helps to manage this balancing act, but there are serious limitations to many current credit scoring strategies.

Outsourced strategies often mean long development cycles or high annual expenditures. Makeshift in-house strategies often cannot access the data needed to enhance market segments or proliferate scorecard development, and credit managers don’t know how much potential income or loss rides on their decisions. In addition, once credit scores are obtained from a third party or legacy system, a lack of streamlined reporting can prevent managers from disseminating this vital information in a timely way, keeping staff from making timely decisions on their own.

SAS® Credit Scoring for Banking is the only end-to-end solution for bringing scoring model development, deployment and monitoring in-house. It’s the only complete solution that delivers integrated, in-house model development, population stability and portfolio performance reporting, market segmentation and regulatory documentation capabilities, thereby reducing your integration and implementation risk.

Challenges

- **Slow reaction to market changes and population instabilities.** It typically takes six to nine months to develop and implement scorecards in the account management and originations environments.

- **Lack of behavioral and demographic segmentation.** This lack of information causes inaccurate predictions of bad debt and bankruptcy.

- **High outsourcing fees.** Outsourcing strategies often prevent the development of distinct market segments and the number of custom scoring models required to make more accurate credit decisions.

- **Insufficient resources.** The underwriting and account management functions aren’t properly staffed to handle increasing volume and maintain approval rates.
Benefits

SAS Credit Scoring for Banking provides in-house capabilities for risk data collection, segmentation, credit scorecard development, deployment and reporting – all in a solution that is faster, cheaper and more flexible than a cost-prohibitive and often unresponsive outsourcing strategy. With the solution, you can:

- **Access, transform, standardize and cleanse all prerequisite data** – including third-party bureau, application, billing-payment and collections data – with comprehensive data management capabilities.

- **Assess and control risk** within existing consumer portfolios and improve acquisition strategies using advanced predictive analytics to gain a better understanding of the specific risk characteristics and subsequent attributes that lead to delinquency, default and bad debt.

- **Improve credit decisions** on both the origination and servicing sides of the business to reduce credit losses and boost performance by performing application and behavior scoring for virtually all consumer lending products – including cards, installment loans and mortgages.

Capabilities

SAS Credit Scoring for Banking combines award-winning data management, data mining and reporting capabilities in a low-risk, integrated solution for developing, validating and monitoring credit scorecards faster, cheaper and more flexibly than any outsourcing alternative.

Superior Risk Data Collection and Management

Easily access all prerequisite third-party bureau, application, billing-payment and collections data. In addition:

- Use a comprehensive banking data model to build an easy-to-access, consistent, robust data mart powered by integrated data extraction, householding/deduplication, mapping and loading capabilities.

- Benefit from hundreds of derived and pre-defined scorecard development variables created using easy-to-customize GUI-based ETL flows.

- Explore the data model, create scorecard development data sets with multiple pre-defined default definitions and create variables on demand with a user-friendly point-and-click interface.

Faster, Cheaper, More Flexible Scorecard Development

The solution enables rapid in-house development, validation and implementation of application and behavioral scorecards. In addition, you can:

- Build and benchmark scorecards and other models using powerful data mining tools and a variety of modeling techniques.

- Easily troubleshoot and perform audits with open and transparent modeling methodologies.

- Schedule regular scoring of accounts, assign risk-based pooling for regulatory needs (using PD, LGD and CCF) and map to existing master scales with an easy-to-use, point-and-click interface.

Unequaled Performance Reporting

With SAS Credit Scoring for Banking, you also receive a wide selection of Web-based model performance and model input validation reports, including those suggested by BCBS Working Paper 14. The solution also provides:

- A dashboard that gives you a high-level view of scorecard performance.

- The ability to produce reports for user-defined subsegments and drill down into reports for details.

- Fully customizable OLAP-based portfolio performance reports – including delinquency, roll rate, vintage, override and final score reports to facilitate decision making.

- The ability to compare champion vs. challenger scorecards, detect and preempt scorecard instability, and deliver performance information to executive management and regulators.

- A dynamic reporting engine that surfaces and routes all performance related information to the appropriate credit managers.