KIE Square Consulting

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We are an analytics advisory company helping clients leverage analytics for competitive differentiation! We provide advisory services focussed on managing multiple analytical programs as well as deploying predictive analytical solutions across four areas of analytical competence: Marketing Decisions, Customer Management, Risk Management and Pricing Optimization in six industries - Financial Services, Insurance, CPG & Retail, Telecom, Public Sector & Government.

KIE Square Risk Scorecard
Track 2, Round 5, Personal Loans, ANZ Region

I. Scorecard Summary

Category	Old Threshold	New Threshold	Population
X1	880-925	895-925	23,789
X2	820-875	850-890	1,57,890
X3	770-815	805-845	4,50,121
		Grand Total	6,31,800

Segment Selector

Risk Segment 1

Marketing Segment 4

CLTV segment 2

II. Detailed Scorecard

Risk Score @ Customer level

Rec. No	Customer Code	Parameter 1	Parameter 2	Parameter 3	Parameter 4	Parameter 5	Parameter 6	Parameter 7	Risk Score
1	6630691	90	11	-12	0.039	12	0.9	5.33	521
2	3215782	94	19	3	0.146	10	0.75	5.00	714
3	5649380	34	21	7	0.048	21	0.47	2.47	831
4	3148199	92	17	-1	0.116	5	0.32	6.67	488
5	4628559	125	14	-5	0.024	15	1.14	4.87	686
6	5097768	47	24	3	0.116	18	1.08	5.00	326
7	3669528	31	12	9	0.05	4	0.58	4.27	777
8	6543849	43	32	2	0.02	10	0.53	4.47	618
9	2912684	80	22	-13	0.17	6	1.2	5.33	855
10	2555830	173	41	2	0.159	13	1.01	4.33	722
11	2272277	143	30	11	0.011	14	1.07	2.33	340
12	3154351	176	16	-10	0.026	10	1.11	6.60	338
13	3885573	104	14	-2	0.099	1	0.37	2.20	241
14	3645677	52	10	11	0.084	17	0.99	1.53	578
15	2303723	52	22	12	0.007	21	0.77	2.13	380
16	3101481	111	40	5	0.131	1	0.93	1.47	611
17	3315634	158	42	12	0.099	22	1.03	2.33	662
18	6575422	114	25	15	0.053	8	1.11	6.53	797

Risk Scorecarding

Overview

Customers differ in their extent and propensity to inflict real or notional losses to its service providers. The objective of this solution is to determine the risk infliction potential of the customers and pre-empt suitable mitigation steps through marketing or enterprise CRM. It also translates into customer portfolio cleansing or augmenting actions at a strategic level.

KIE Square View

All risk scoring models produce a likelihood score, but very few of those have the capability of self learning and application across micro segments. In fact, averaging across segments results into mediocre shelf life models, which predict well at overall level but fail at segment level at which all marketing implementations take place. So, the level of risk determination is not synchronized with that of marketing action.

Key Considerations

- Eliminate Generic Risk scorecards

- Scrutinize Non-learning Models

- Scrutinize Standalone scorecards that do not integrate seamlessly with marketing/ CRM and pricing decisions

- Demand ROI on the model through trade-offs of facilitation risk and scrutiny cost

Benefits

- Reduction in transactional losses

- Optimization of resource allocations

- Better quality of Assets Portfolio

- Product/ Service pricing in line with risk

- Adjusted Life Time Value of Customer (Adj CLTV)

Application Domain

- Banking – Non Payment Risk on Assets

- Telecom – Non payment Risk on Postpaid Billing

- Insurance – Fraud risk on claims