Credit Risk Analytics

Faster Time to Better Risk-Reward Decisions
Helps Drive Quality Earnings Growth

Angoss
Predict. Act. Perform.™

Industry Challenges

Banks, card issuers and other consumer credit providers make thousands of credit lifecycle decisions every day – reviewing applications for credit, pricing and extending credit, monitoring credit exposures at account, customer and portfolio levels, applying account management managing and working with individual clients both before and after default to reduce outstanding amounts and credit defaults.

These decisions take place in a highly competitive environment where more and more financial services organizations are looking to maximize business opportunities across a broader set of customers, while continuing to effectively management associated credit risks – at the time of approval, and as their credit portfolios season.

And, while the provision of credit was formerly the domain of banks and a small group of consumer lenders, a much broader group of participants from retailers to consumer service providers to privately financed lenders has emerged.

In this environment, the lenders best able to combine growth in credit balances across their customer accounts and higher average net interest margin per dollar lent, with proactive analysis and management of credit risks, will achieve higher returns, higher market valuations, and lower cost of capital, creating a sustainable platform for long term growth.

Business Objective

Effective credit lifecycle management is central to achieving this objective. Angoss predictive analytics solutions help credit providers make “Better Business Decisions. Every Day.”™

Credit risk analysis is integral to every step in the credit lifecycle process, from prospect and customer segmentation, through origination scorecards, to the design and execution of account management and collection strategies, whether for mortgages, personal loans and lines of credit, credit cards, educational loans, auto loans, and other consumer finance vehicles. Current origination and account management applications supporting credit risk processes provide reliable engines for executing well defined strategies. However, as mainframe based systems, they are costly and time consuming to modify. These systems contain vast amount of information on borrowers. However, obtaining information from these systems to perform in depth analysis and assessment of portfolio, customer and product level patterns, trends and issues is equally difficult.

These systems also provide credit issuers with a limited range of tools and capabilities to define and implement segment, product and customer level business strategies to truly integrate, optimize and standardize risk- reward trade-offs for individual credit decisions.

For organizations without the extensive investments of traditional retail banks in credit lifecycle management applications, implementation and ongoing costs are huge for migrating from their current systems to the enterprise decision management platforms of major vendors. Provision by their party service providers and business process outsourcing organizations is equally costly and exposes these organizations to significantly higher level of operational and reputation risk.

> " Overall, the 18-month savings related to using KnowledgeSTUDIO® in the collections area is almost $8 Million."
>
> Global Financial Institution, Auto Financing

Leading financial services organizations understand that by being able to unlock actionable insight from their credit lifecycle data, they can drive continuous improvement in and optimization of their business processes at each stage of the credit lifecycle – driving accelerated account acquisitions, and continuous improvements in revenue growth and earnings, while monitoring, managing and mitigating the risks associated with their portfolios.

As a result, developing better customer level strategies to address account management and collections issues is a significant challenge.

Angoss Solution

Angoss predictive analytics solutions are specifically designed to help risk managers to discover the data driven patterns, relationships and rules that are at the core of their customer credit data, use these insights to predict the future profitability, value and risk of their credit risk management decisions, and act to make these insights an integral part of their credit lifecycle management processes. Our market proven Credit Risk Analytics™ solutions have been used by the world's largest credit issuers for a decade.

> " Predictive analytics really moves your organization forward. It allows you to move beyond analyzing the past, and allows you to predict the future…Angoss data mining and exploration capabilities streamline the overall discovery and predictive process, allowing you to quickly act on trends or events."

KnowledgeSEEKER® provides risk analysts with powerful, data processing, analysis and knowledge discovery capabilities to better segment and understand customer behaviors and leverage these insights at each phase of the credit lifecycle process – from optimizing pricing and up-sell opportunities at origination, through to maximizing revenue and lifetime value as an integral part of the account management process, to optimizing recoveries at lower effective cost through more targeted, predictive rules based collection strategies. Designed for analysts comfortable with Microsoft® Excel, and with a feature rich Microsoft® Office look and feel KnowledgeSEEKER provides powerful capabilities risk

analysts can use, every day.

KnowledgeSTUDIO® provides a comprehensive suite of knowledge discovery, data mining and predictive modeling tools that – simply put – is the best data mining workbench on the market. Offering the comprehensiveness of SAS®, interoperability with not only SAS but all major statistical tools, databases, applications and file sources, KnowledgeSTUDIO provides a comprehensive suite of data mining tools sophisticated enough for the most advanced data miners at the world's largest financial services organizations, but with ease of use and performance attributes that put it in a class of its own.

StrategyBUILDER™, a standard module included in KnowledgeSTUDIO and KnowledgeSEEKER, provides analysts and managers with the ability to combine predictive rules with user defined segment, customer and product level rules to model, assess, optimize and assess the value of different data driven strategies to be applied in origination, account management and collections systems. StrategyBUILDER uses a familiar tree structure to help define, develop, deploy and verify strategies. Using KnowledgeSTUDIO, all processes can be completed within one environment from data import, data preparation and profiling through to predictive modeling, strategy development and deployment.

Credit Risk Analytics™ solutions are available for both Windows and UNIX based platforms. Credit Risk Analytics's unique predictive capabilities reflect Angoss' decade long experience in delivering predictive analytics solutions to North America's and Europe's largest retail banking and financial services organizations, such as ABN Amro, Bank of America, Bank of Montreal, Bank of Nova Scotia, Barclays Bank, Citigroup, General Electric Consumer Finance, JP Morgan Chase, Royal Bank of Canada, Royal Bank of Scotland, Standard Chartered Bank, Wells Fargo & Company, and many others.

Implementation Methodology

Credit Risk Analytics solutions are licensed and deployed with a comprehensive, targeted and affordable suite of implementation services that achieve effective knowledge transfer and immediate return on investment.

The multi-phased implementation enables rapid launch, with fast set-up times (1 to 2 days), and complete knowledge transfer and training within 1 week. Our highly trained analysts perform knowledge discovery and data mining tasks within days. ROI is achieved rapidly, with total solution investment costs being recouped within the first few months of launch.

Some of the benefits of Credit Risk Analytics solutions include:

- Deployability
- Usability
- Flexibility
- Scalability
- Affordability

About Angoss Software

As a global leader in predictive analytics, Angoss helps businesses increase sales and profitability, and reduce risk. Angoss helps businesses discover valuable insight and intelligence from their data while providing clear and detailed recommendations on the best and most profitable opportunities to pursue to improve sales, marketing and risk performance.

Our suite of desktop, client-server and in-database software products and Software-as-a-Service solutions make predictive analytics accessible and easy to use for technical and business users. Many of the world's leading organizations use Angoss software products and solutions to grow revenue, increase sales productivity and improve marketing effectiveness while reducing risk and cost.

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