

Application Scorecard for Bank Loan



Objective

Application scorecard for Small and Medium Enterprises (SME) to

- Assess the likelihood of default.
- Expediate the application process resulting in expanded business in this sector.



Our Client

Client was the Indonesian subsidiary of an Australian multi national bank.
The SME business was new.



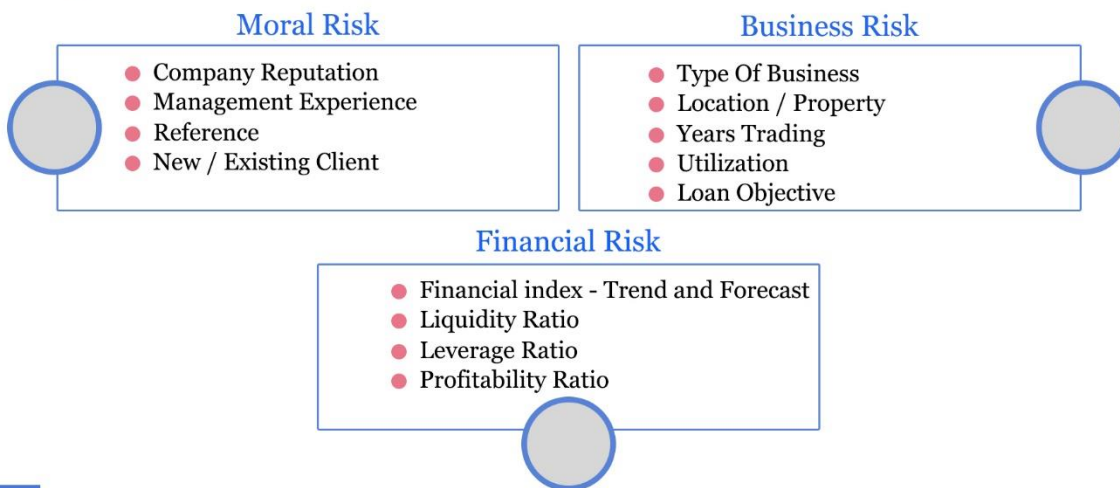
Challenges

- Not enough application data to develop model.
- Some important financial variables had high missing values.



Solution

- TTD population was used for model with reject inference.
- Classification of risk factors for better understanding the magnitude of risk.



Benefits

The initial model expediated the loan process resulting in an order of magnitude increase in business with excellent separation between good and bad classes.

After couple of years the model was recalibrated with financial variables – The result was outstanding with KS 58 and GINI 72 indicating a high performing model. Bank shifted to a scorecard generated loan application process.

