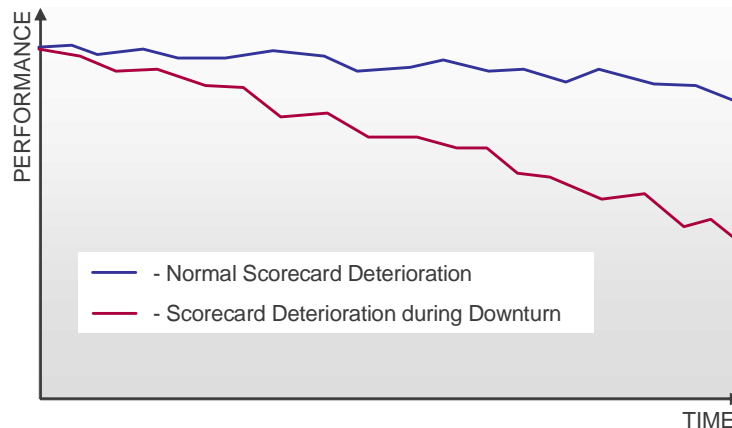


Now is the Time to Update Your Scoring Models

If any of the models used within your organisation have been in place for more than a year, then it is likely that they are leaking profit from your business.

The economic changes that have occurred within the credit industry in the past 12 months will have degraded the performance of most scorecards, but institutions are not acting to compensate for this. Statistical decisioning models which have shelf-lives of 3+ years under stable economic conditions will already be performing in a sub-optimal way. It is estimated that a single misaligned or under-performing underwriting scorecard could be **costing more than £1million in annual profit** on an average portfolio.

Statistical decision models are based on the implicit assumption of stability; changing conditions will undermine performance. Even in rare cases where the underlying model retains sufficient discrimination, the cut-off regions and pricing strategies overlaying it will have become misaligned. Deteriorating model quality and out-of-date strategies will lead to bad lending, poor customer management and an overall reduction in decisioning capability. This in turn will only exacerbate the tough situation that many lenders are finding themselves in at the moment.



The need to review and refresh the models in your business is undeniable, but the question remains as to how best to undertake this. Internal resource is always at a premium, possibly even more so in these difficult times, and scheduling the work in-house could take valuable time and further increase losses in the meantime. Another option is to use external contractors, but this requires an increased management overhead to oversee the work, and while the day-rates may be low, the delivery times tend to be long. In addition, many contractors have little or no practitioner experience and the models they build using historical extracts may suffer exactly the same flaws as those currently in place.



Euristix are a team of analytical experts who have a wealth of experience in producing powerful and reliable statistical models. We offer **rapid delivery** and a **very competitive fixed fee** with prices ranging **from £20k to £30k** depending on individual requirements. Coupled with this is an understanding that this is only part of the solution; these analytical tools need to be deployed in the optimal way to drive portfolio performance. Our background as risk practitioners makes us uniquely positioned to respond not only quickly but correctly, to help you re-strengthen your decision tools and accompanying strategies.

Our expertise covers a wide range of business areas, from under-writing, behavioural risk and collections, through to marketing and retention. We also have extensive experience of regulatory modelling such as **Basel II and provisioning**, and have detailed knowledge of designing robust and profit-maximising strategies. All of these areas of your business will have been impacted by recent events and economic shifts. If you want to plug the leaks in your company's profit then please give us a call on 0207 043 4700 or visit www.euristix.com