



Wednesday, December 12, 2012

TRANSUNION RISK SCORE

Make smarter, more strategic decisions

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# TransUnion Risk Score

Make smarter, more strategic decisions  
about applicants and customers



## Acquisitions

- Target more profitable customers
- Make the right offers to the right prospects
- Lower your cost of acquisition

## Customer Management

- Identify retention opportunities and build loyalty
- Increase revenue and reduce delinquencies and loss
- Develop more effective cross-sell and up-sell programs

## Collections

- Prioritize accounts for more effective results
- Better allocate your resources
- Increase recovery and reduce losses

## Benchmarking

- Fine-tune your portfolio strategies
- Better forecast portfolio performance
- Analyze how trends affect your portfolio



# Performance Definition

*90+ Days Past Due or Worse including Public Record Bankruptcy and Write-Off*

12mth Performance Window

## Observation

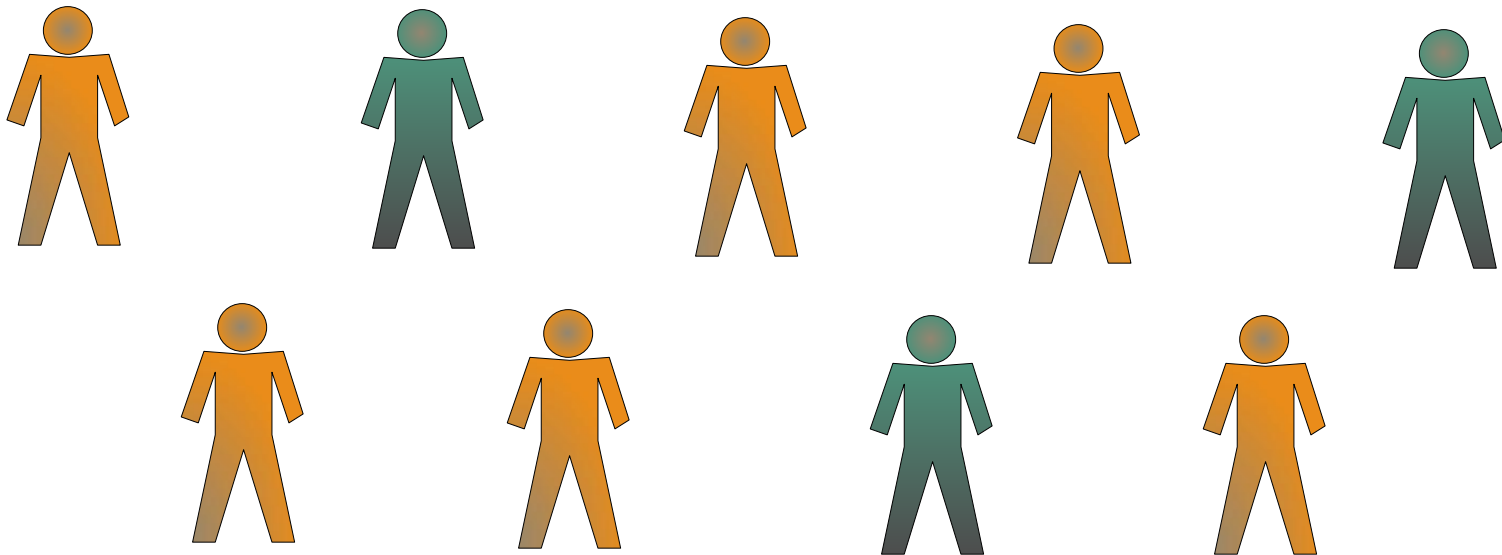
- June 1, 2005
- February 1, 2006
- 5% random sample
- TransUnion Credit Characteristics

## Performance

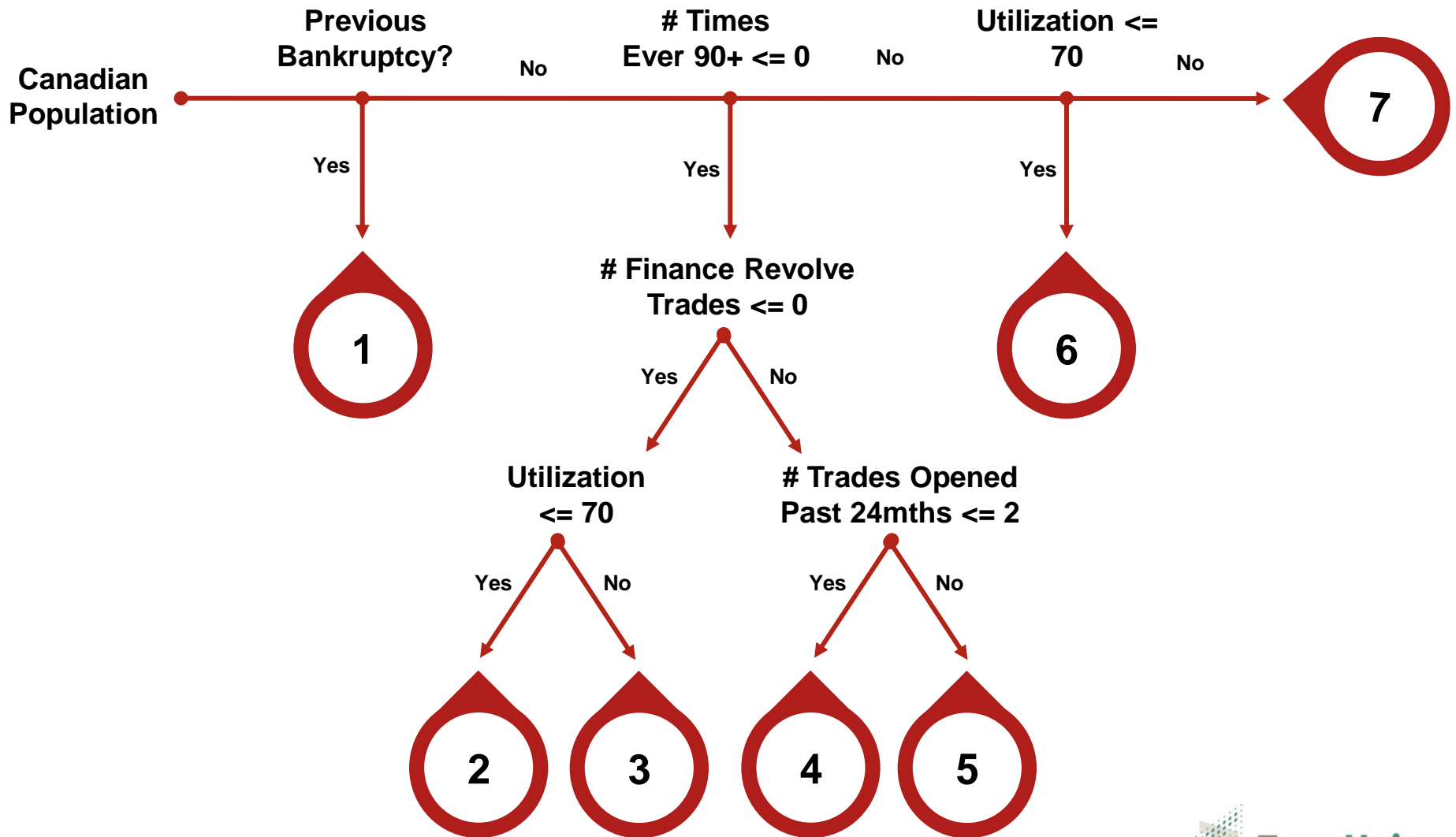
- June 1, 2005 thru May 31, 2006
- February 1, 2006 thru Jan 31, 2007

# Minimum Scoring Criteria

- At least one (1) trade on file
- Single trade files must not be a Deferred Student Loan
- Not Deceased

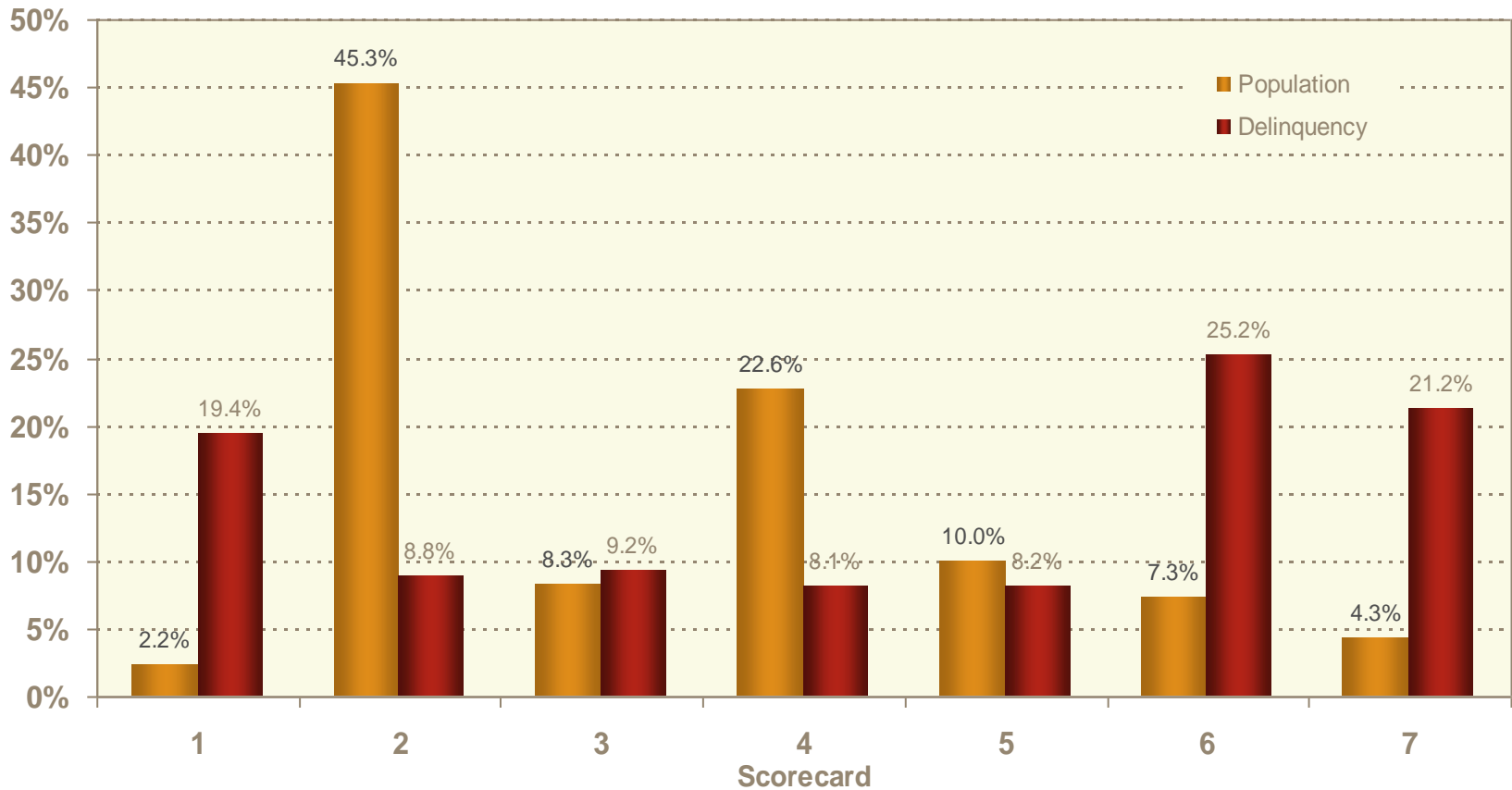


# Scorecard Segmentation



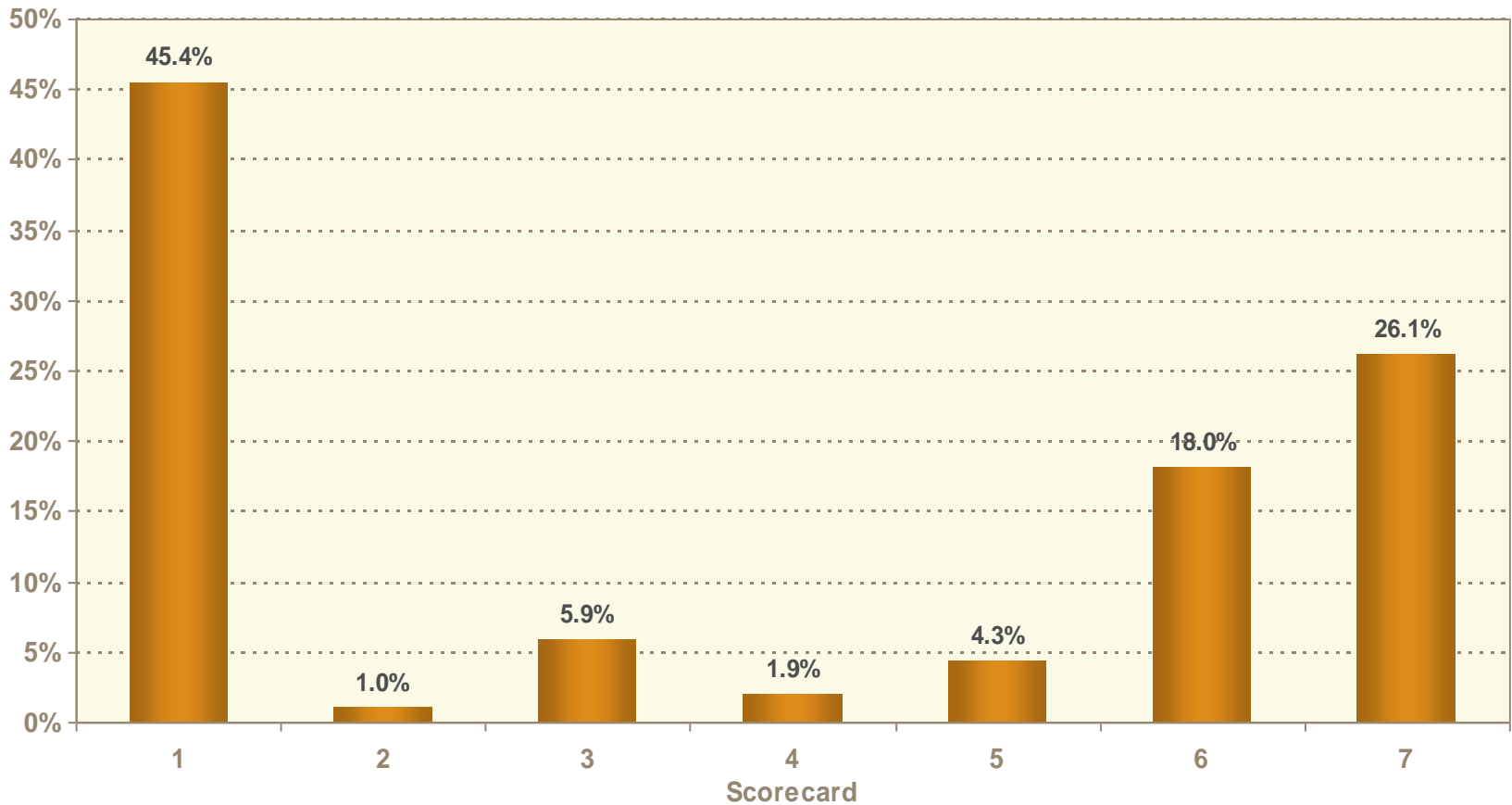
# Scorecard Segmentation

## Population and Delinquency Distributions



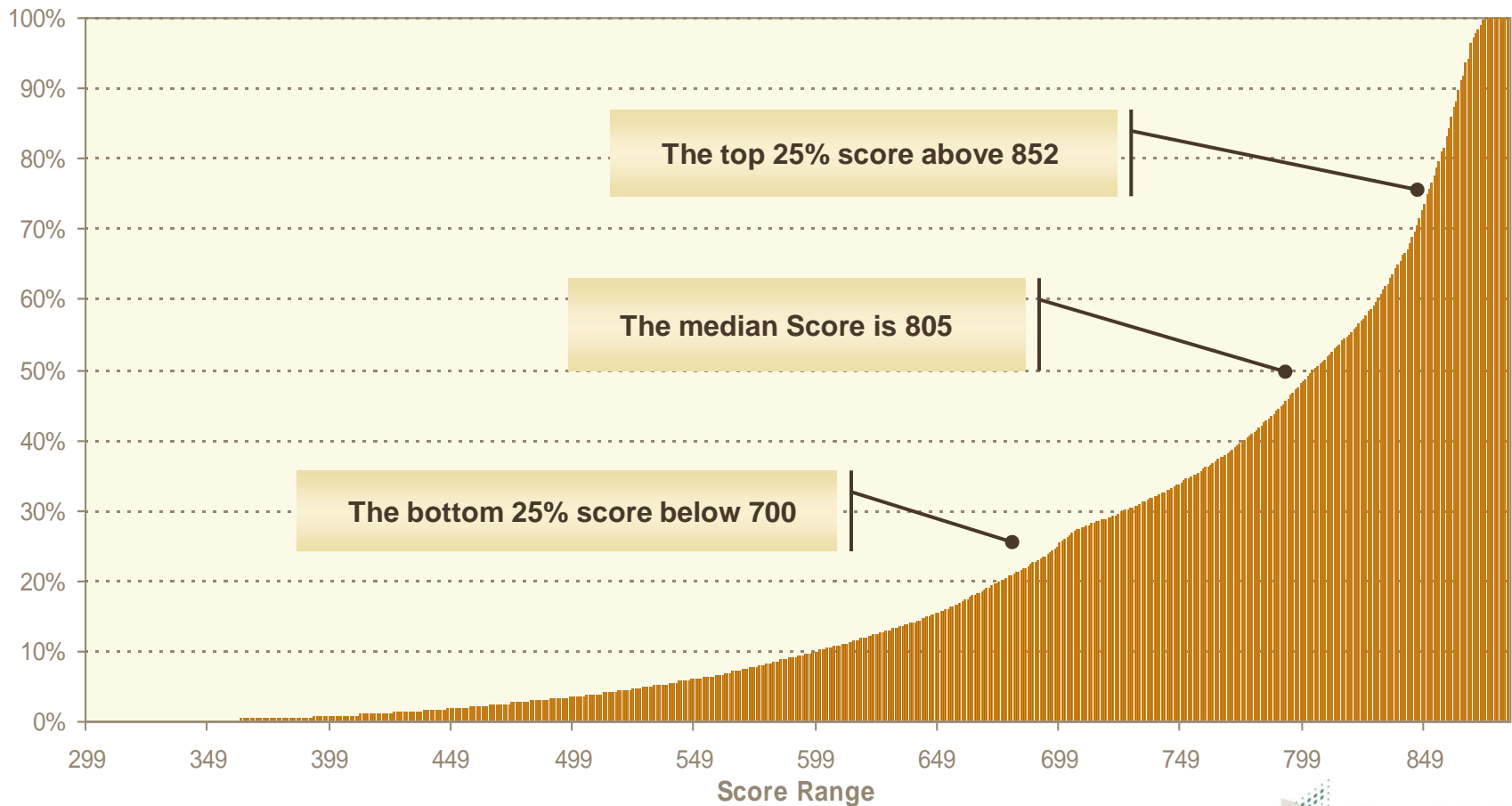
# Scorecard Segmentation

Delinquency Rate over 12 months = 5.25%



# Development Sample

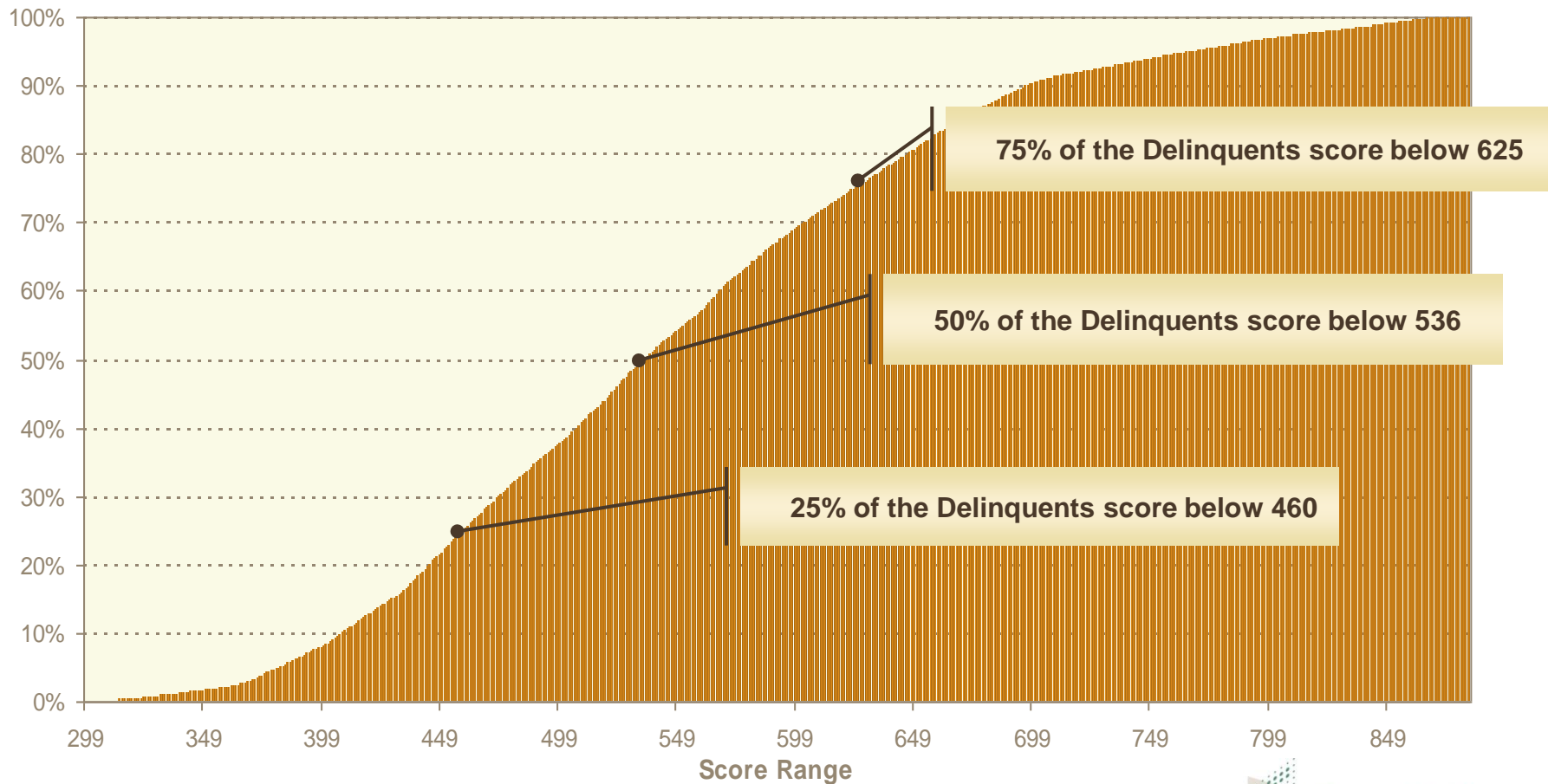
## Cumulative Population Distribution





# Development Sample

## Cumulative Delinquency Distribution



# Scoring Output

- Score range: 299 to 884
- TransUnion Risk Score delivers three (3) reason codes and a scorecard indicator with every score

| Output              | Code | Description   |
|---------------------|------|---|
| Reason Codes        | 05   | Number of Revolving Trades w/ Balance > 0                             |
|                     | 10   | Ratio of Total Balance to High Credit/<br>Credit Limit for All Trades |
|                     | 01   | Total Balance of All Personal Finance Trades                          |
| Scorecard Indicator | SC3  |   |



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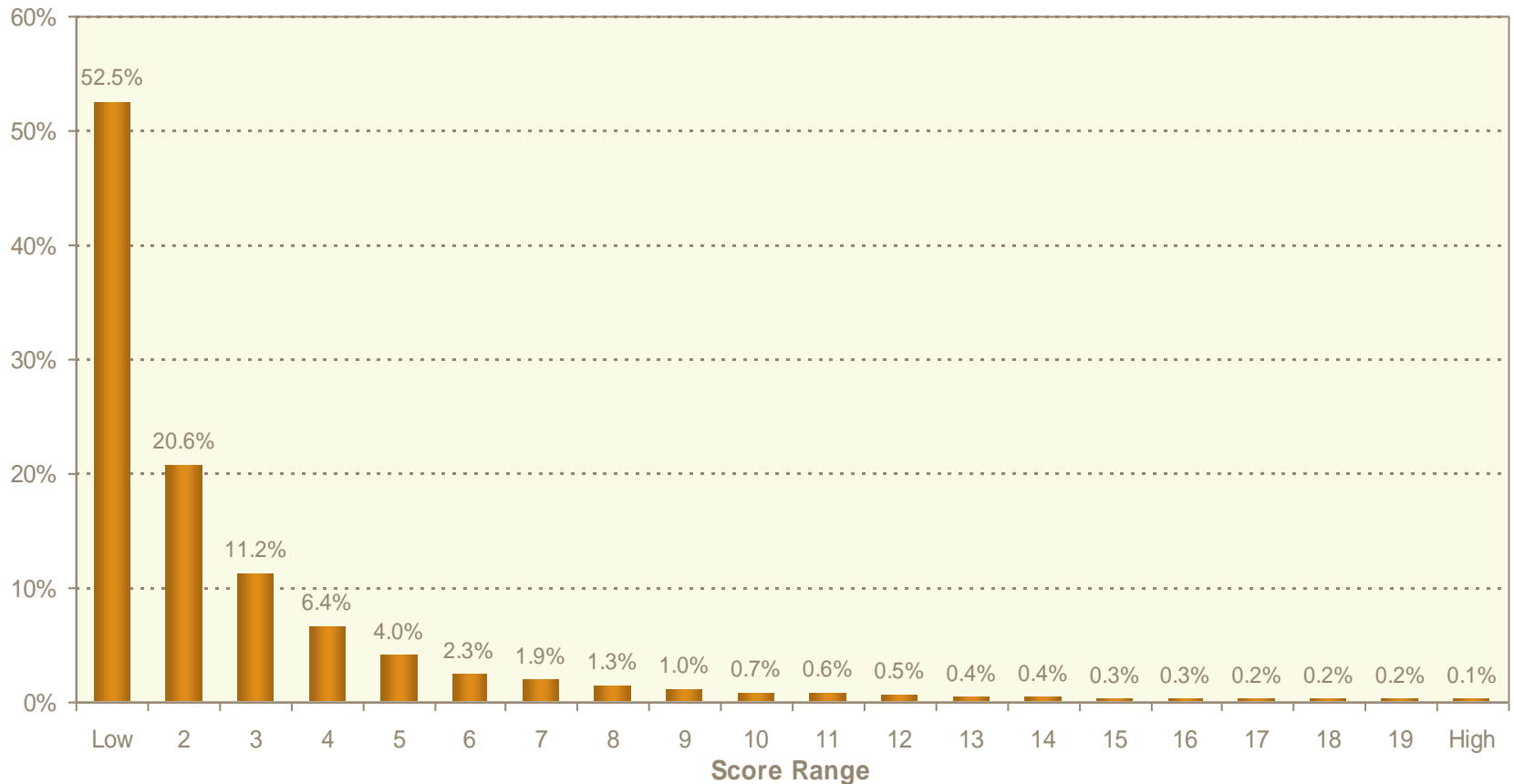
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Performance Statistics

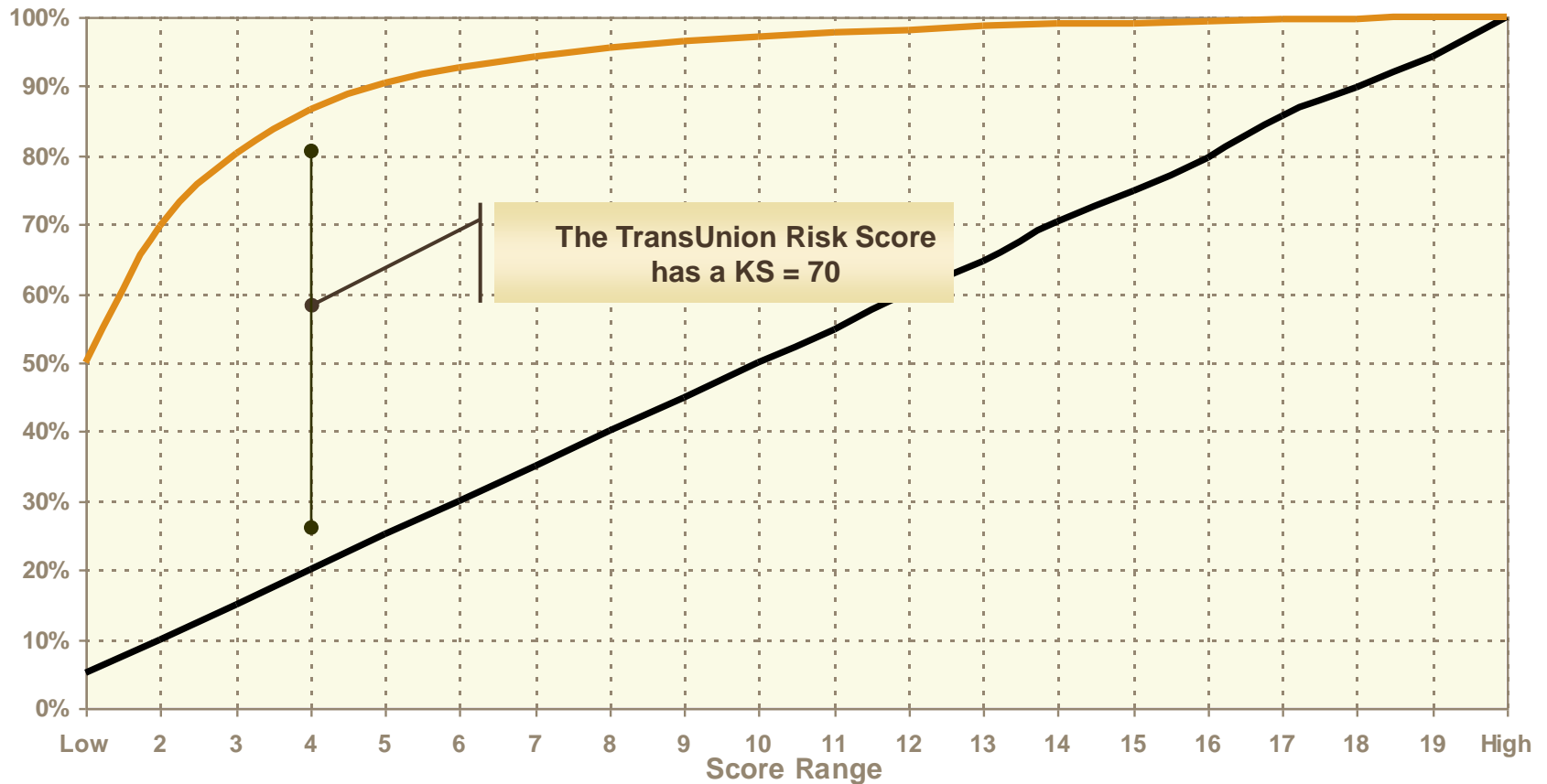
# Delinquency Rate

The overall delinquency rate is 5.25% over a 12 month period



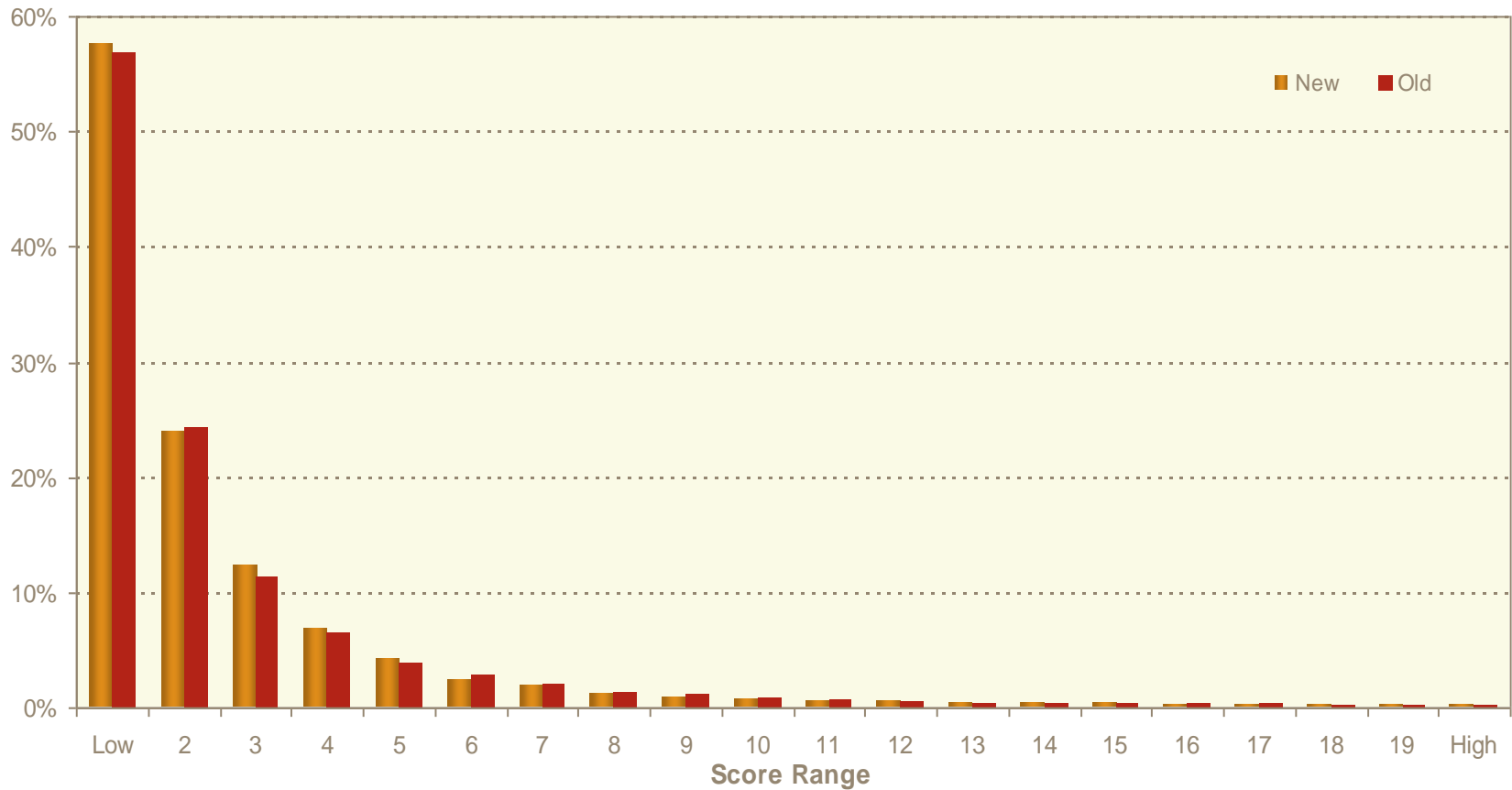
# Cumulative Delinquencies Captured

Over 86.5% of the delinquencies were scored in the bottom 20%



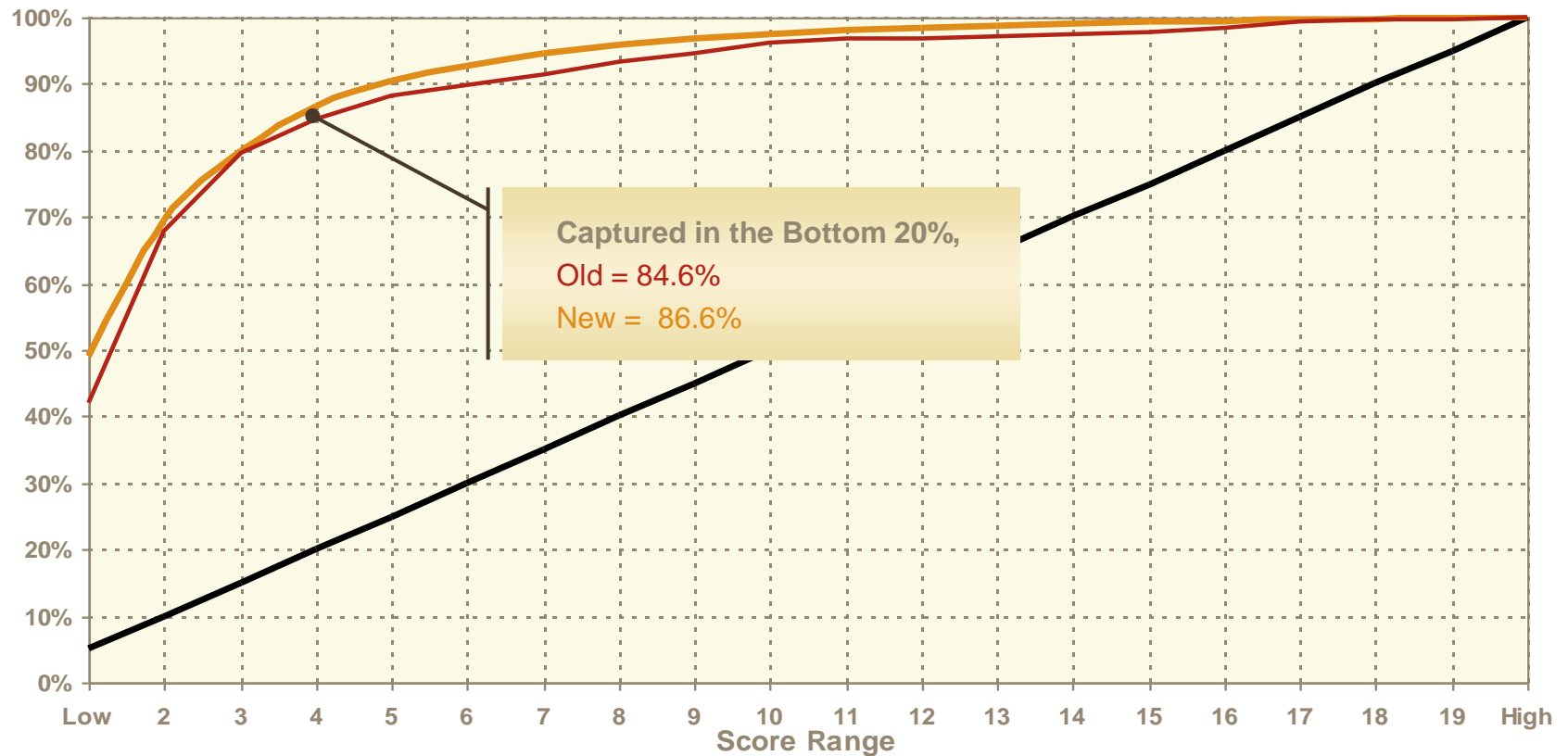
# Old vs. New

## Bad Rate %



# Old vs. New

## Cumulative Delinquencies Captured



# Old vs. New Migration

% Migration – Old Decile to New Decile

| Old | New    |        |        |        |        |        |        |        |        |        |               |
|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
|     | 1      | 2      | 3      | 4      | 5      | 6      | 7      | 8      | 9      | 10     | +/- 1 Decile  |
| 1   | 70.17% | 25.11% | 4.54%  | 0.16%  | 0.02%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | <b>95.28%</b> |
| 2   | 20.59% | 42.15% | 30.67% | 5.17%  | 0.90%  | 0.33%  | 0.12%  | 0.04%  | 0.03%  | 0.01%  | <b>93.41%</b> |
| 3   | 5.12%  | 22.74% | 38.99% | 21.59% | 6.67%  | 2.90%  | 1.18%  | 0.42%  | 0.28%  | 0.09%  | <b>83.33%</b> |
| 4   | 1.08%  | 8.28%  | 17.35% | 33.87% | 21.42% | 11.13% | 4.46%  | 1.45%  | 0.73%  | 0.24%  | <b>72.64%</b> |
| 5   | 0.20%  | 2.49%  | 8.11%  | 25.09% | 27.86% | 20.23% | 9.90%  | 3.66%  | 1.91%  | 0.56%  | <b>73.17%</b> |
| 6   | 0.04%  | 1.01%  | 2.75%  | 15.02% | 26.60% | 27.31% | 15.88% | 6.95%  | 3.55%  | 0.89%  | <b>69.79%</b> |
| 7   | 0.01%  | 0.14%  | 1.05%  | 7.05%  | 17.06% | 27.54% | 22.67% | 13.60% | 8.17%  | 2.73%  | <b>63.80%</b> |
| 8   | 0.00%  | 0.07%  | 0.47%  | 3.57%  | 8.97%  | 12.62% | 19.77% | 20.99% | 21.96% | 11.58% | <b>62.72%</b> |
| 9   | 0.01%  | 0.03%  | 0.24%  | 1.82%  | 5.50%  | 7.75%  | 12.93% | 19.00% | 28.62% | 24.11% | <b>71.72%</b> |
| 10  | 0.00%  | 0.01%  | 0.34%  | 0.25%  | 1.78%  | 4.06%  | 7.73%  | 8.38%  | 28.29% | 49.16% | <b>77.45%</b> |





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# Regional Statistics

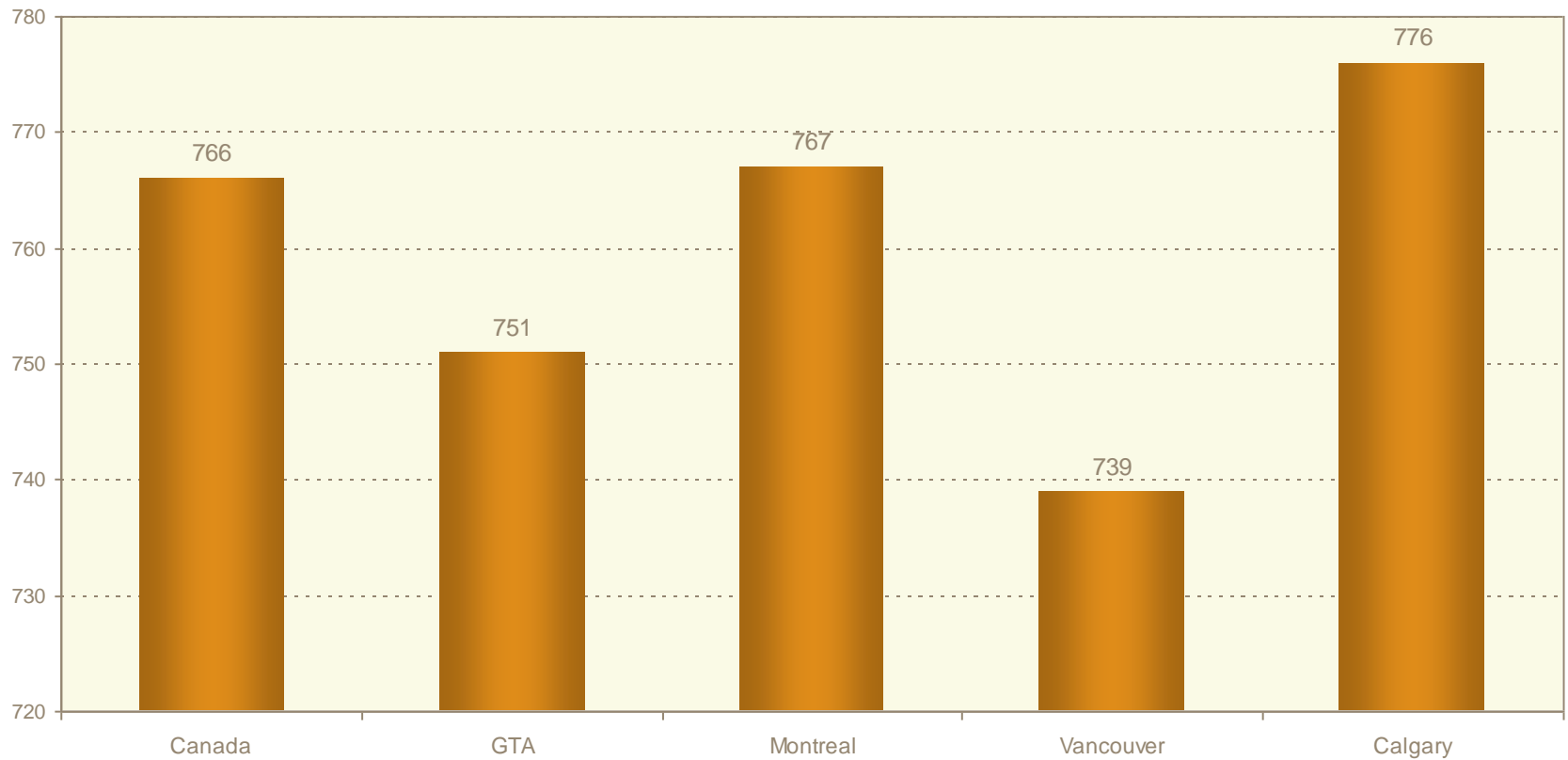
# Make smarter, more accurate decisions

- Credit behaviour is correlated with socio-economic factors, which differ regionally
- TransUnion Risk Score has been tuned to take advantage of these differences to improve risk predictions within four key markets



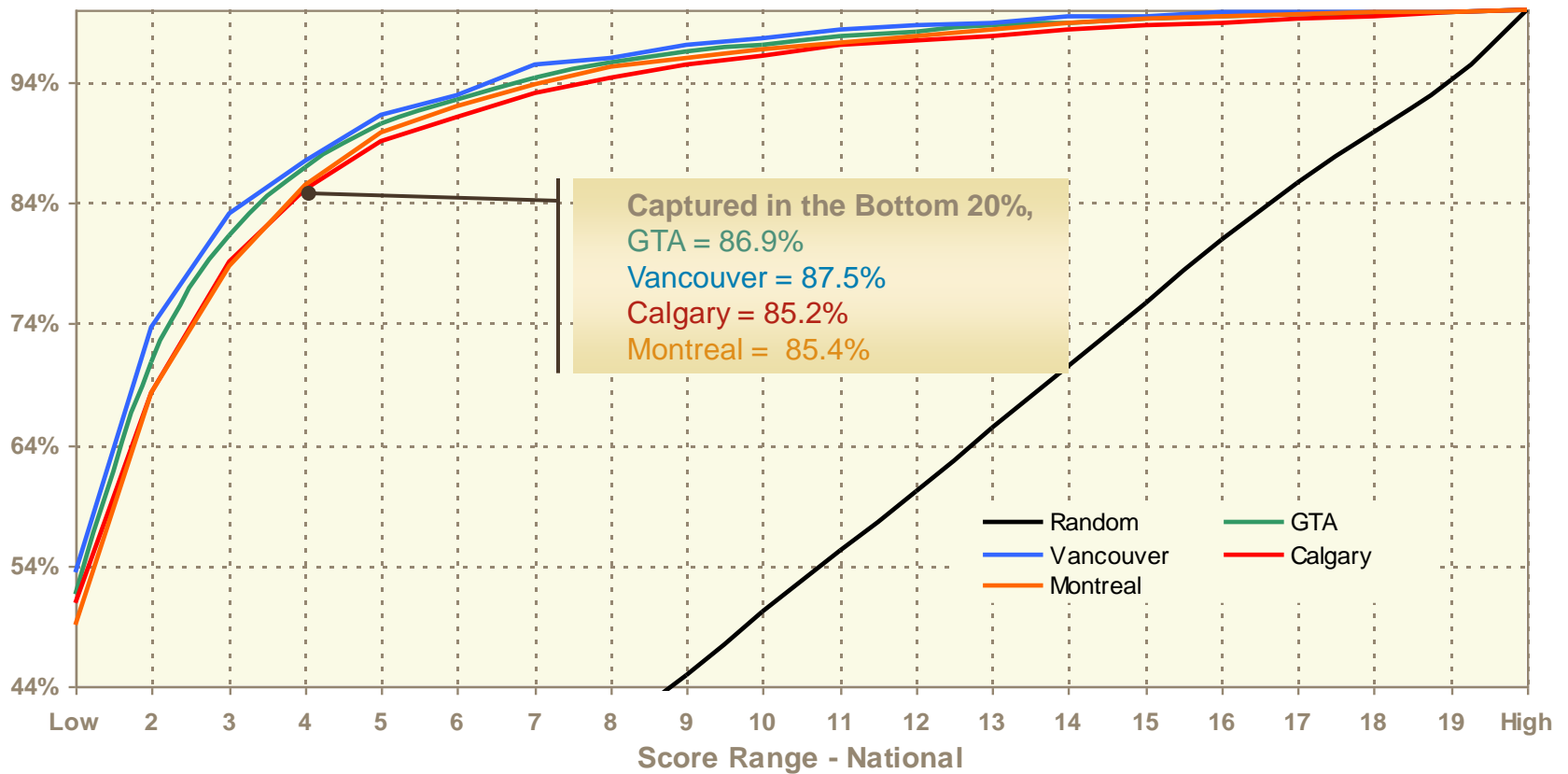
# Regional Scoring

## Average Risk Score



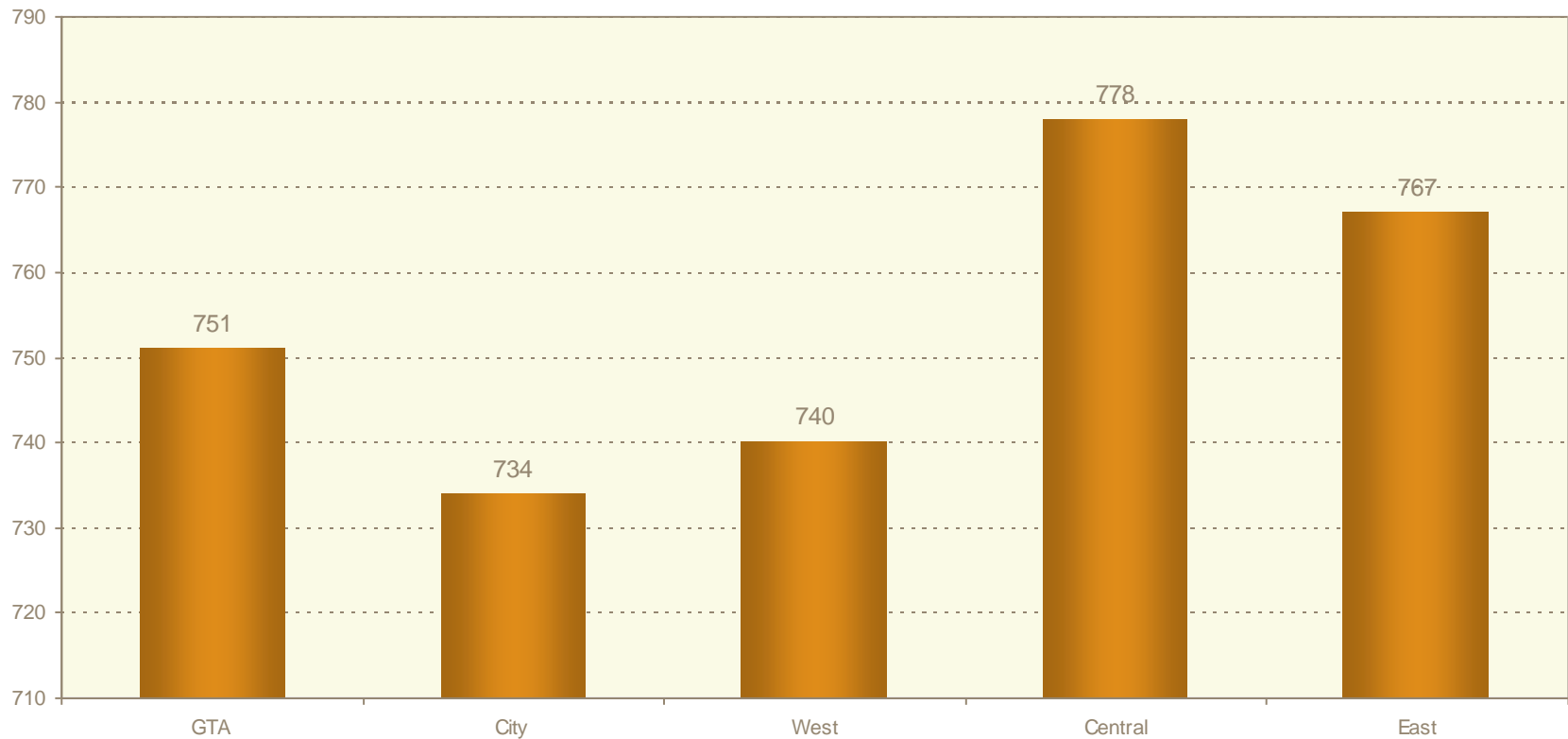
# Regional Scoring

## Cumulative Delinquencies Captured



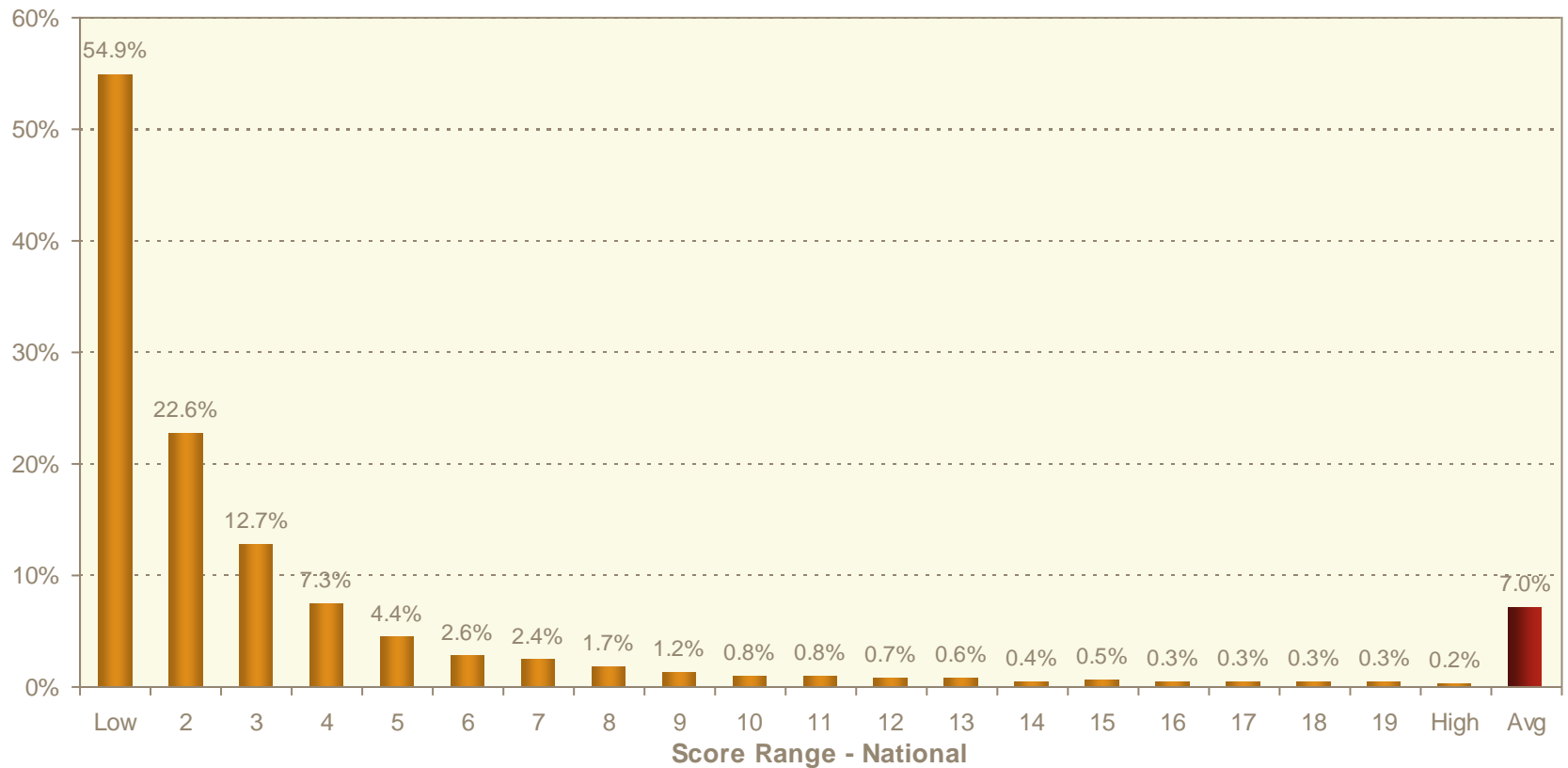
# Greater Toronto Area

## Average Risk Score



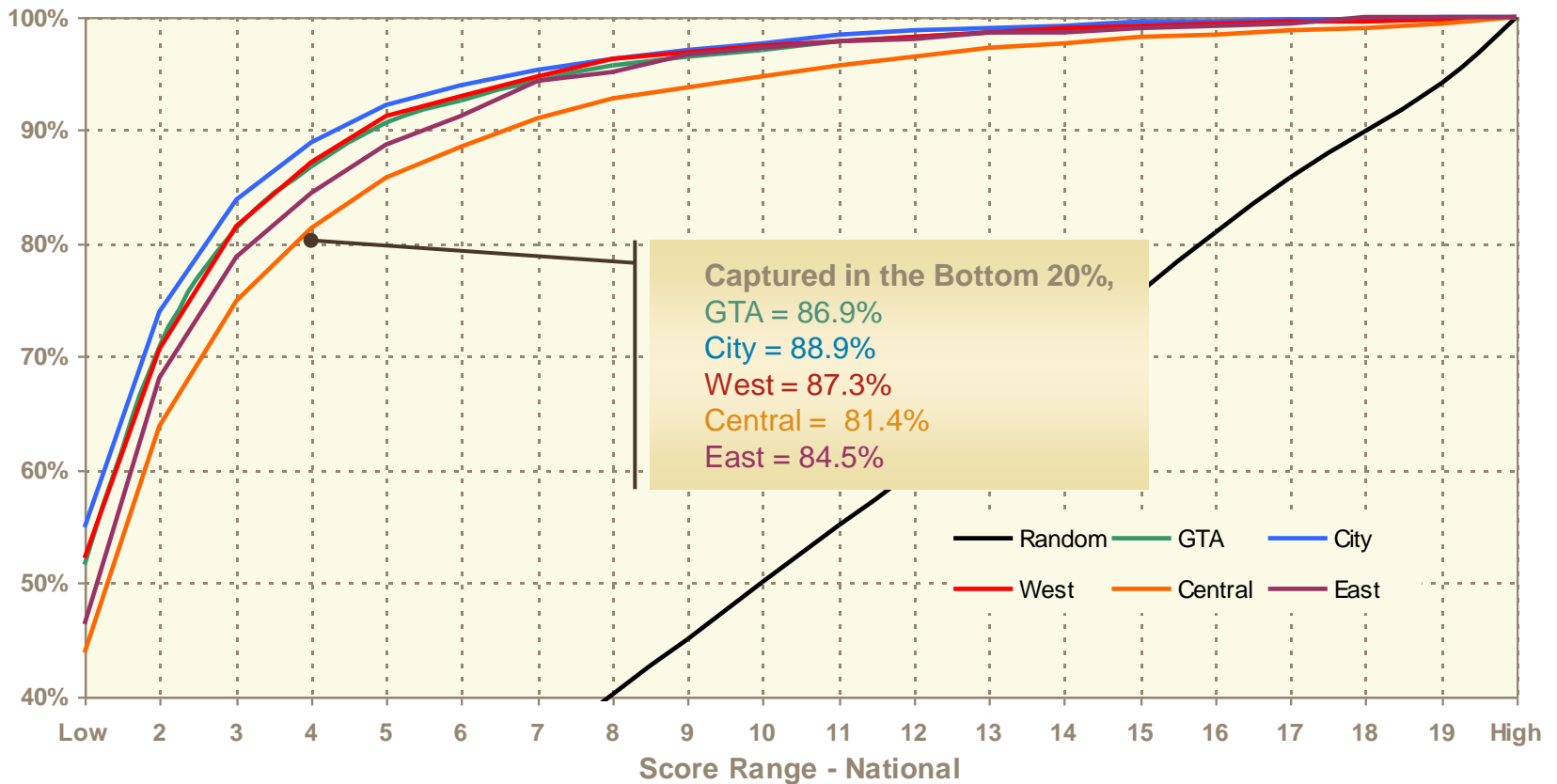
# Greater Toronto Area

## Bad Rate %



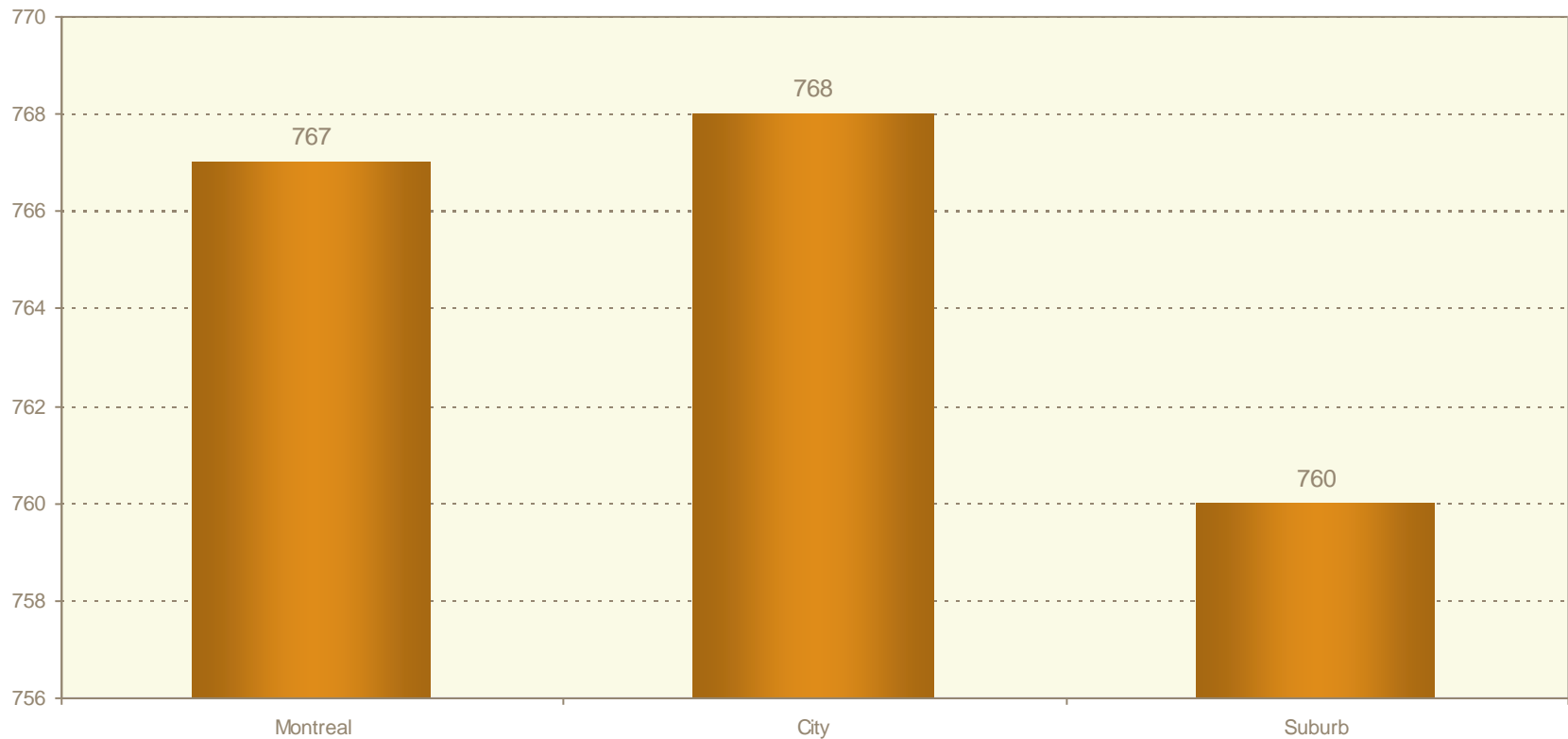
# Greater Toronto Area

## Cumulative Delinquencies Captured



# Greater Montreal Area

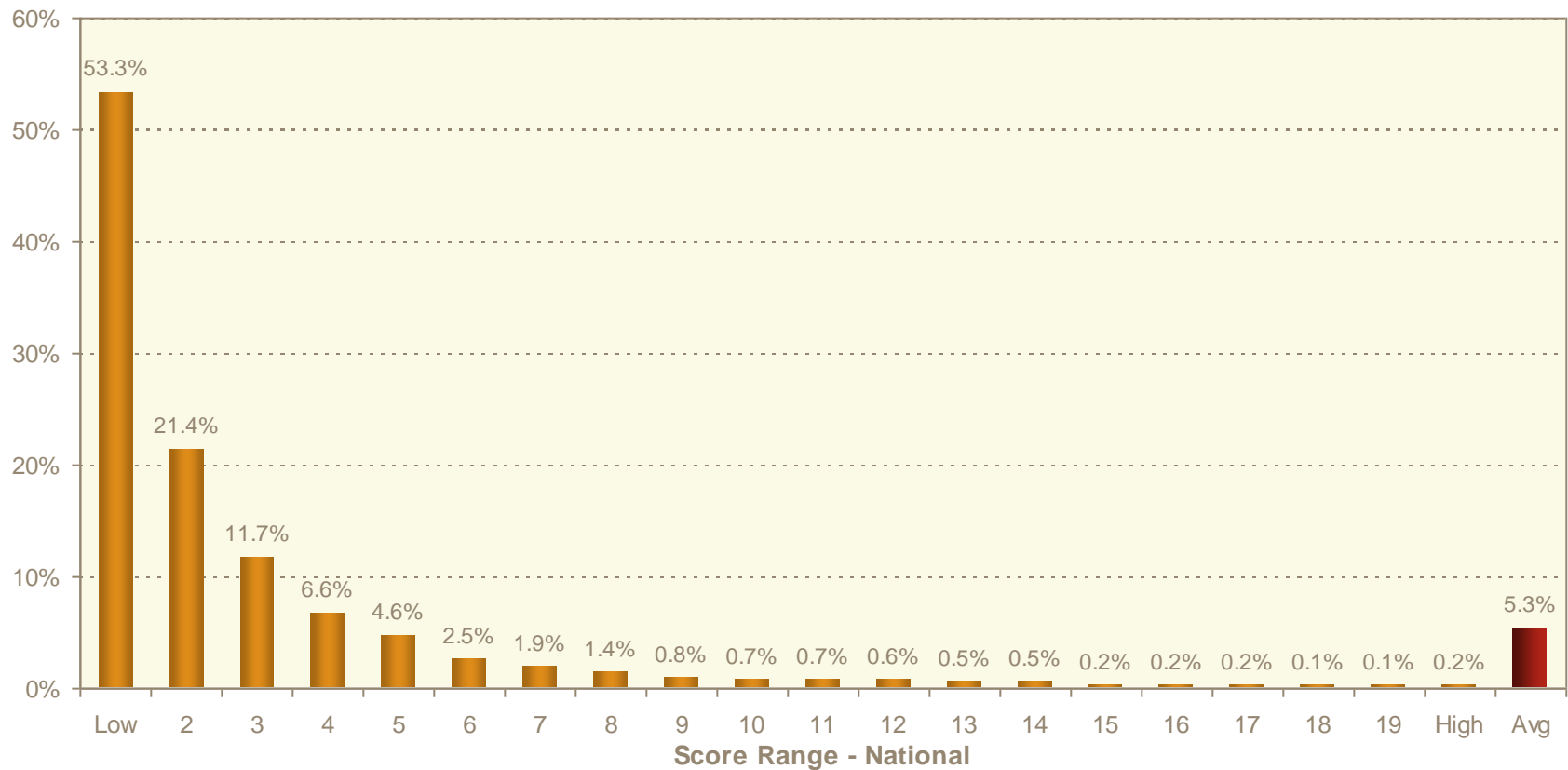
## Average Risk Score





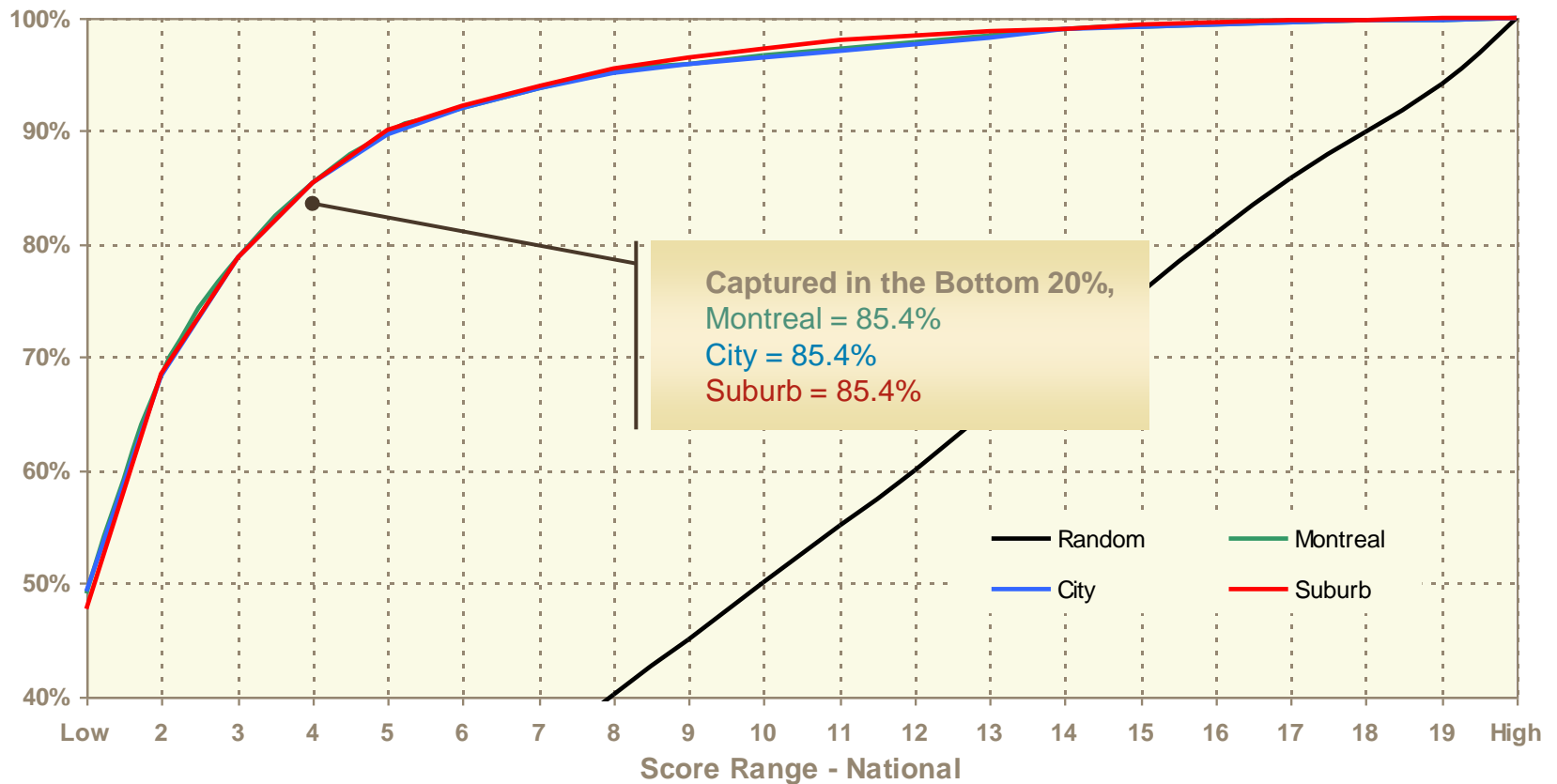
# Greater Montreal Area

## Bad Rate %



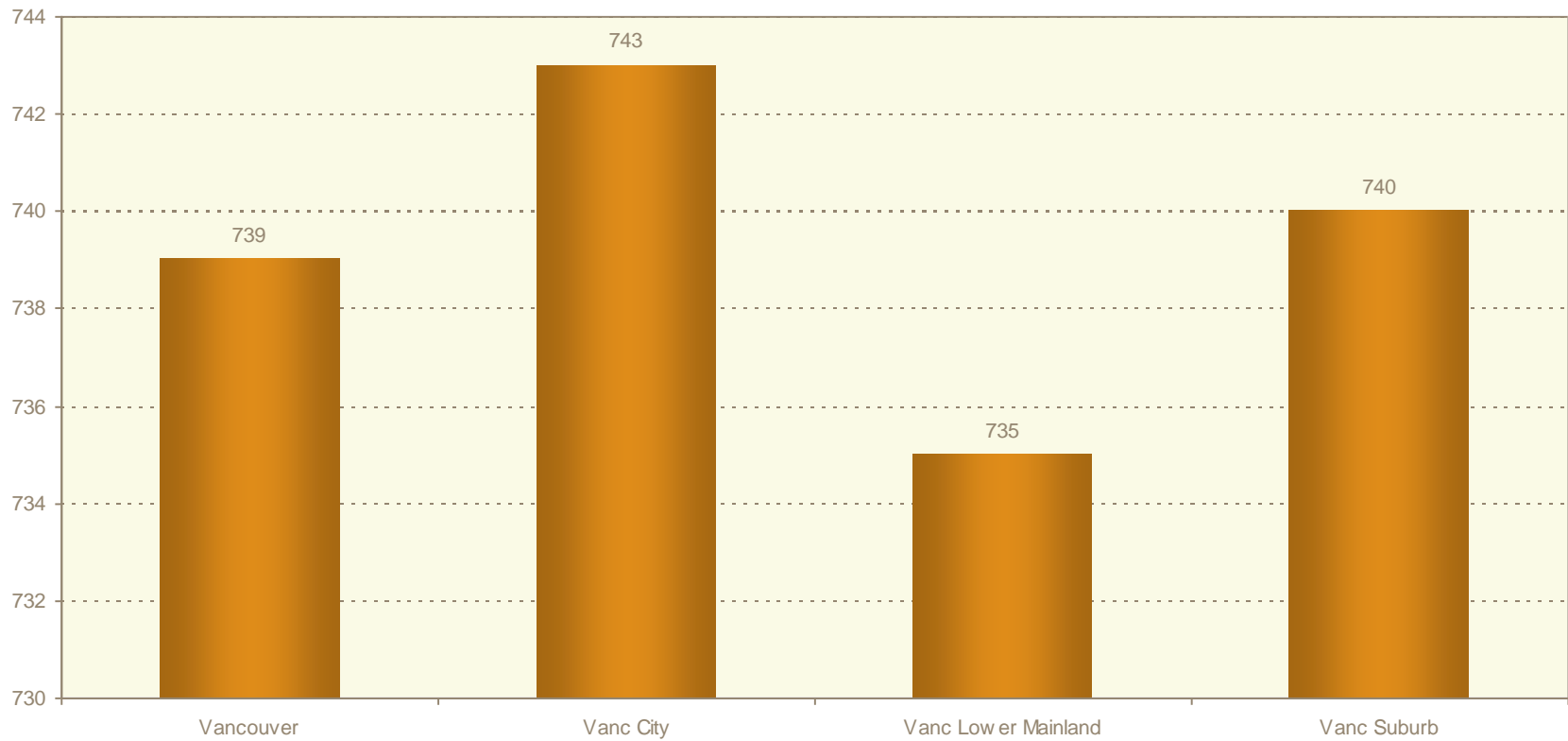
# Greater Montreal Area

## Cumulative Delinquencies Captured



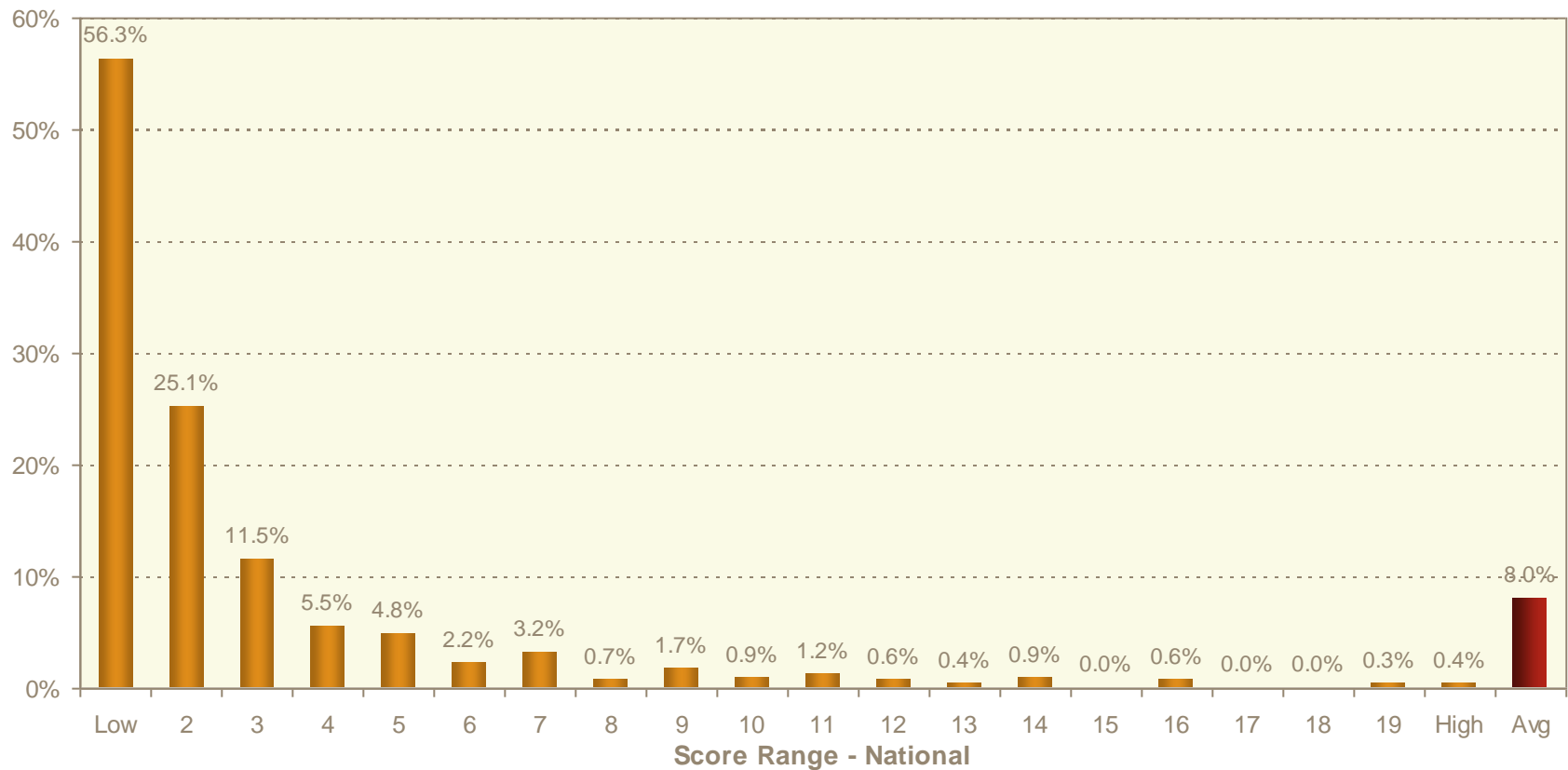
# Vancouver Area

## Average Risk Score



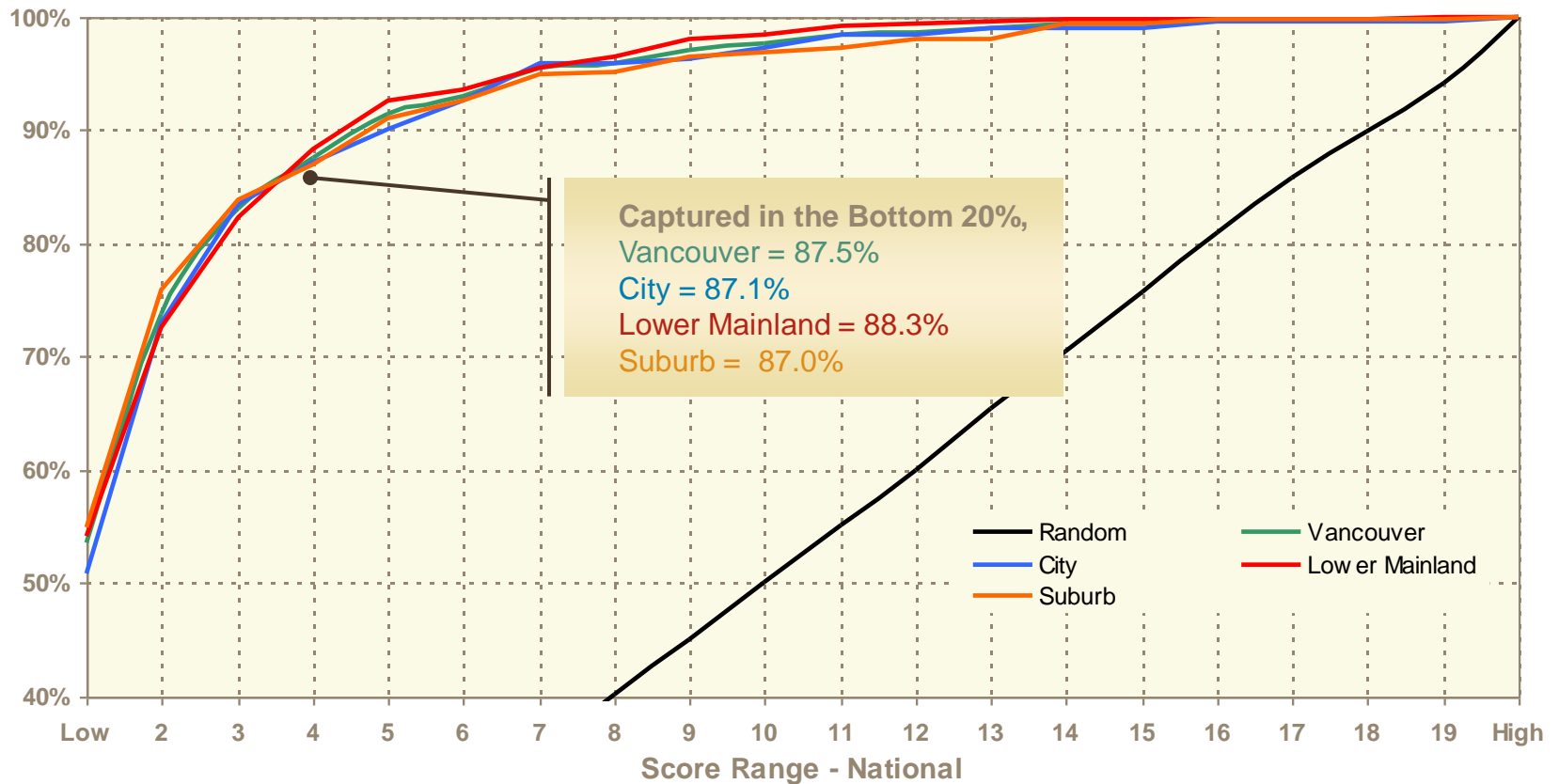
# Vancouver Area

## Bad Rate %



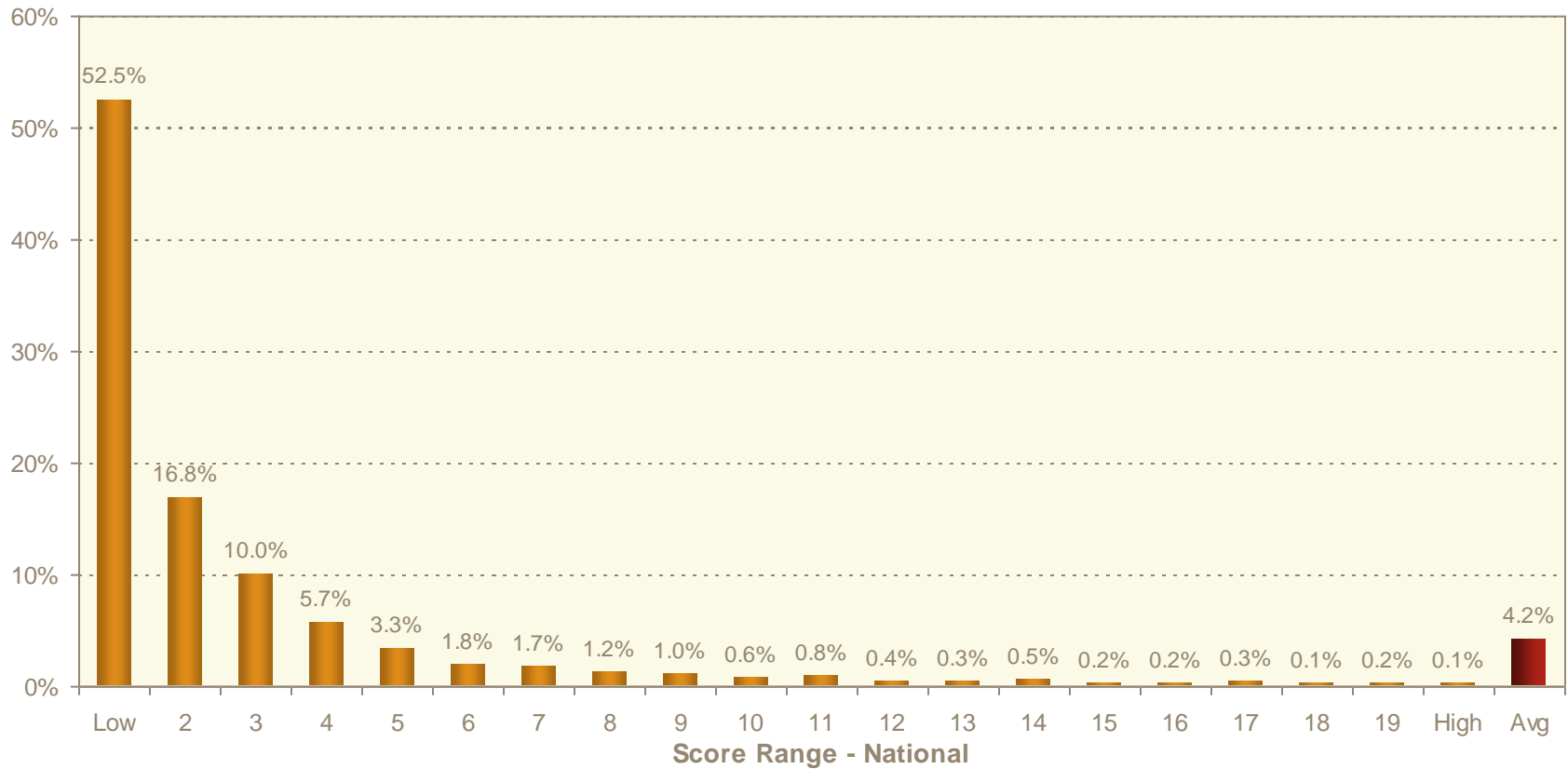
# Vancouver Area

## Cumulative Delinquencies Captured



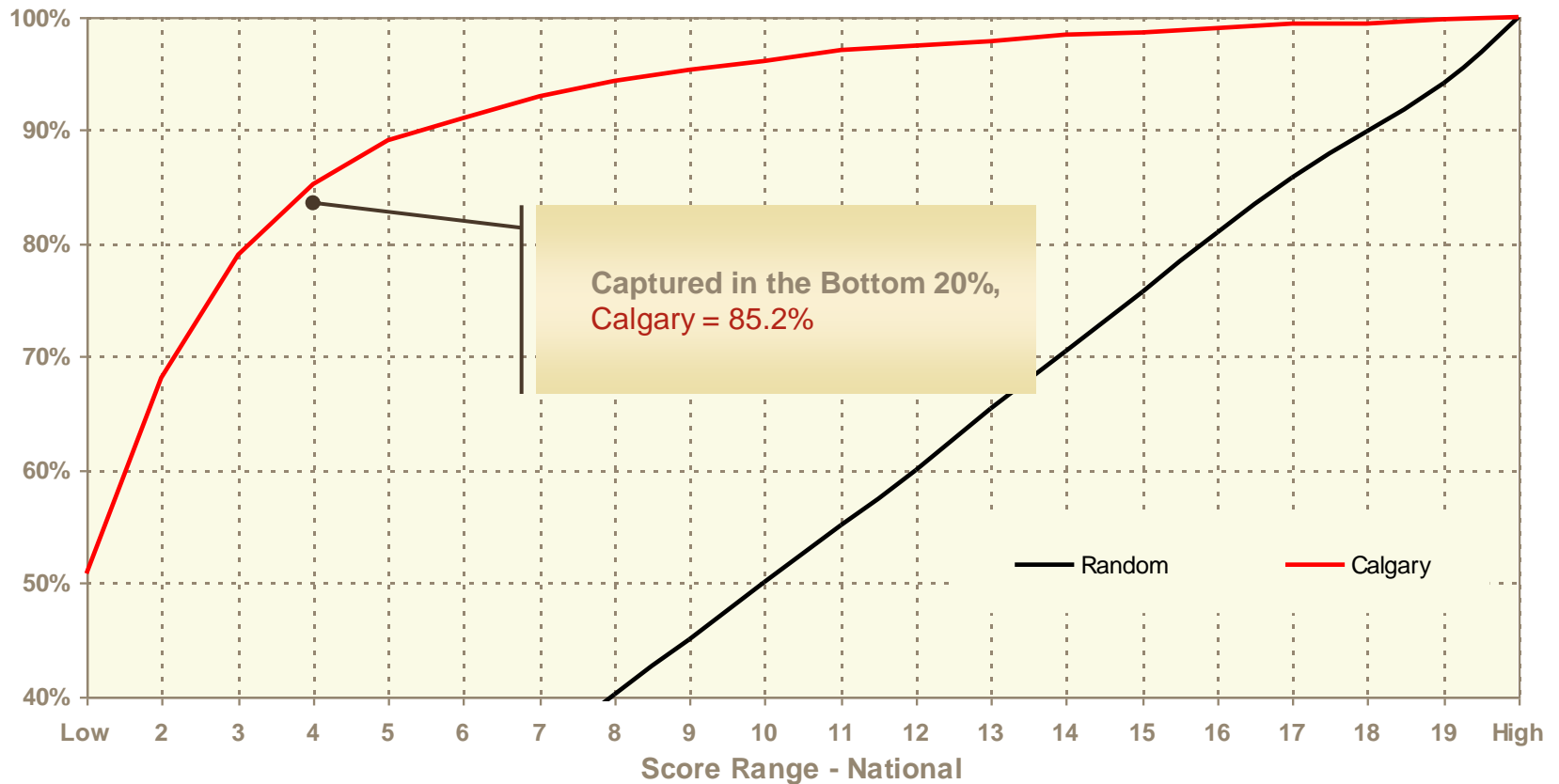
# Calgary

## Bad Rate %



# Calgary

## Cumulative Delinquencies Captured



# Questions?

