FICO

predictive analytics

FICO® Collection Scores

Quickly deploy analytics that boost collection performance by 15%–20%

Credit grantors in North America and the UK now have a quick, cost-effective way to leverage analytics in their collections efforts. FICO® Collection Scores are an ideal first step to introduce analytics into collection decisions, or move into markets with little historical data. Without the need to gather the historical data required for custom models, credit grantors can have the scores up-and-running within months. FICO clients typically see 15%–20% lift over judgmental segmentation of accounts by leveraging our decades of innovation in analytics.

FICO scores address top-of-mind collection questions

	Early-Stage Collections	Late-Stage Collections
Scores	Assess the likelihood of cycle 1 and 2 accounts rolling to cycle 3 (cards and loans)	Assess expected collection amount of cycle 3 accounts (cards only)
Address Key Questions	· When and how should I start working an account? · How do I maintain good service for profitable customers while minimizing charge-offs?	· Which accounts do I have the best chance to collect on? · How can I minimize losses?
Address Key Questions (both stages)	· How can I effectively utilize resources? · How can I gain an edge over competitors when collecting on the same delinquent accounts? · How can I quickly add analytics into my operations? · How do I get started with analytics without sufficient data—or incurring significant costs?	

Composed of a suite of early- and late-stage scores, FICO Collection Scores help lenders decide which accounts to work and how, increasing collections performance. Early-stage collection scores segment card and loan portfolios based on risk of rolling to later delinquency stages. The late-stage collection score ranks card accounts based on expected collection amount.

With consumer debt on the rise, North American and UK credit grantors are seeing a steady increase in delinquencies for both credit cards and loans.

In the US, the share of new loans entering foreclosure reached 0.6% in Q1 2007, the highest level since 1979; at the same time, the credit card default rate reached 3.9%, a jump from 3% one year prior. Similarly, UK charge-off rates have grown steadily since early 2005, reaching 7% per year in June 2006.

In this environment, analytics can make the difference between best-in-class and average collection performance. Collection Scores help North American and UK credit grantors increase collections, reduce roll rates and minimize charge-offs by assessing the accounts most at risk and accurately segmenting those accounts. FICO analytic clients typically see 15%–20% lift over judgmental segmentation of accounts.

In addition, the FICO scores improve customer service and resource utilization. By identifying likely self-cures, you can prevent potentially upsetting your best customers with collector calls. You can also direct collection resources to the accounts that are most likely to pay, instead of spending time on self-cures or accounts with low expected collection amounts.

Collection Scores are an ideal first step to get up-and-running quickly with collection analytics. Unlike with custom model developments, there are no data requirements, so the scores can be deployed within months.

» Tackle today's collection challenges

To meet collection challenges, lenders need analytics that answer the tough questions: Which are the right accounts to work to increase collection rates and lower losses? How do I minimize impact on good customers? And how can I gain an edge over competitors collecting on the same delinquent accounts?

Collection Scores address these questions through a suite of scores that target North America and the UK card and loan markets:

- **Cycle 1 Early-stage score—**rank-orders accounts based on their probability of rolling from cycle 1 to 3 (available for cards and loans)
- **Cycle 2 Early-stage score—**rank-orders accounts based on their probability of rolling from cycle 2 to 3 (available for cards and loans)
- **Cycle 3 Late-stage score—**rank-orders accounts based on their expected collection amount for cycle 3+ accounts (available for cards only)

The early-stage collection scores segment portfolios based on risk of rolling to later delinquency stages. The late-stage collection scores rank accounts based on expected collection amount. This helps you determine which accounts to work and how, increasing efficiencies and overall collections performance.

» Get started quickly—with no data requirements

While custom collection models provide the most potential to boost performance, it can take up to one to two years to collect the necessary data and complete model development. Credit grantors with smaller portfolios may be unable to gather sufficient data.

FICO® Collection Scores eliminate these time and data limitations, and are a cost-effective alternative to custom models. Since the FICO scores are pre-developed, there are no historical data requirements. Scores can be delivered and implemented within months, so you can begin realizing benefits quickly. If building custom models is in your future plans, Collection Scores are an ideal first step. Once implemented, the scores can boost your collection performance right away, as you collect data and build your custom models.

» Support from a collections innovator

Collection Scores leverage our extensive experience in analytics for credit and collections. Some 70% of after-charge-off US consumer debt is processed by FICO solutions. In addition, we're the experts behind the FICO® Debt Manager™ solution for collections, as well as the FICO® Score, the leading US credit risk score, and FICO® TRIAD® Customer Manager, which manages 65% of the world's credit cards. FICO offers support and services to make the most of your scores within your daily collection operations. We work with you to improve collection strategies, begin collecting data for future custom model development or build custom models.

» More information

Find out more about how your organization can benefit from collection analytics by emailing us *collectionsolutions@fico.com*.

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