



Is trended data predictive?



Introducing:

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Market perspective on trended data

An underutilized tool today due to technology barriers

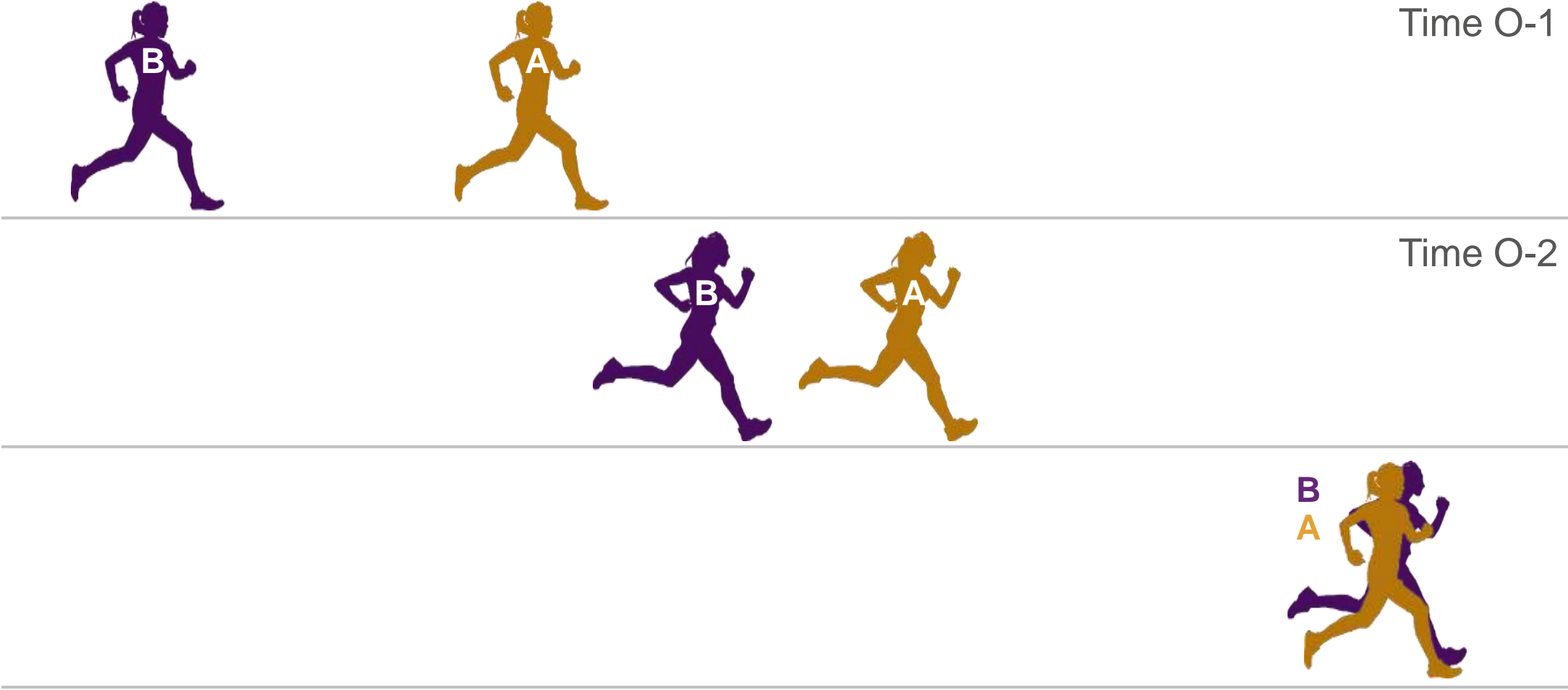
“Intuitively ‘trended data’ sounds like a no-brainer (with value seen across the credit chain of acquisitions, origination and account management) but the limitations of technology have historically prevented its widespread use. Change after all requires people, process and technology; and ‘trended data’ has historically been difficult to deploy with a lot of testing required – and ultimately needs the customers to adjust their decisioning, acquisition, offering and other strategies.”

— Barclays Research, October 6, 2016

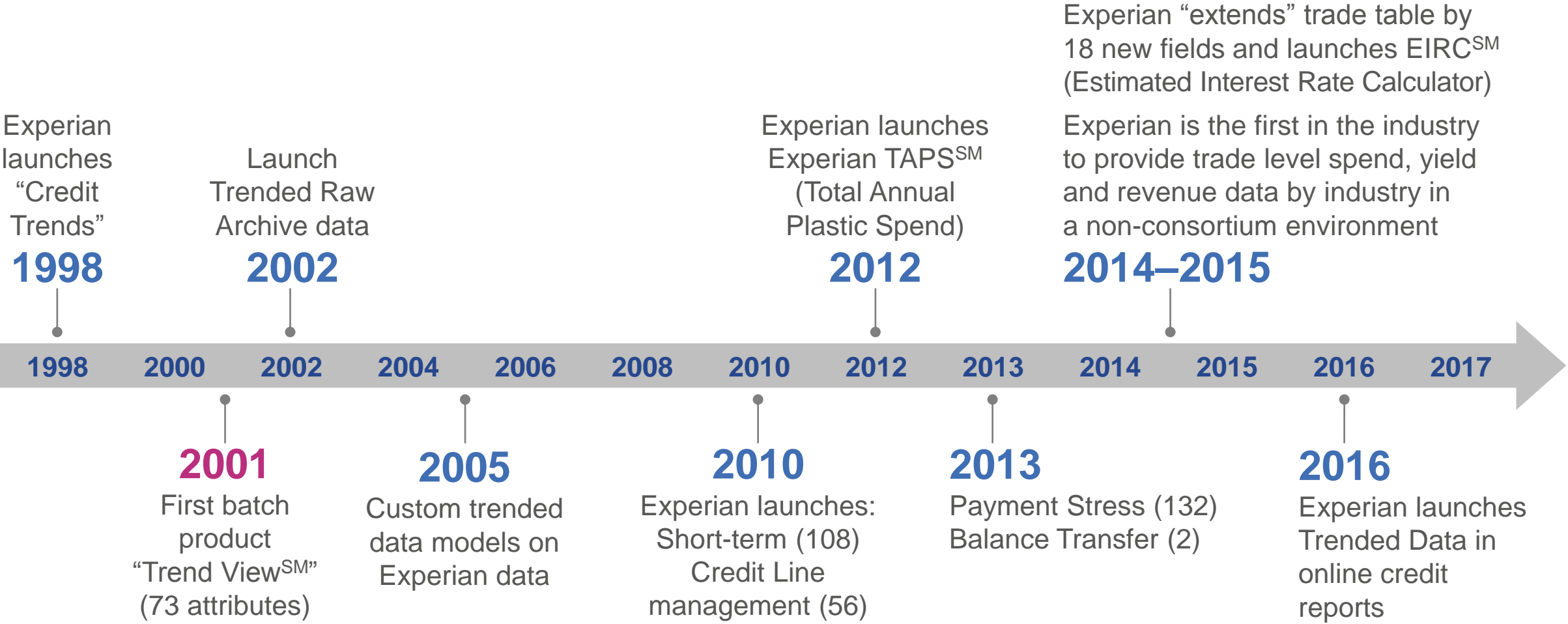
Winning

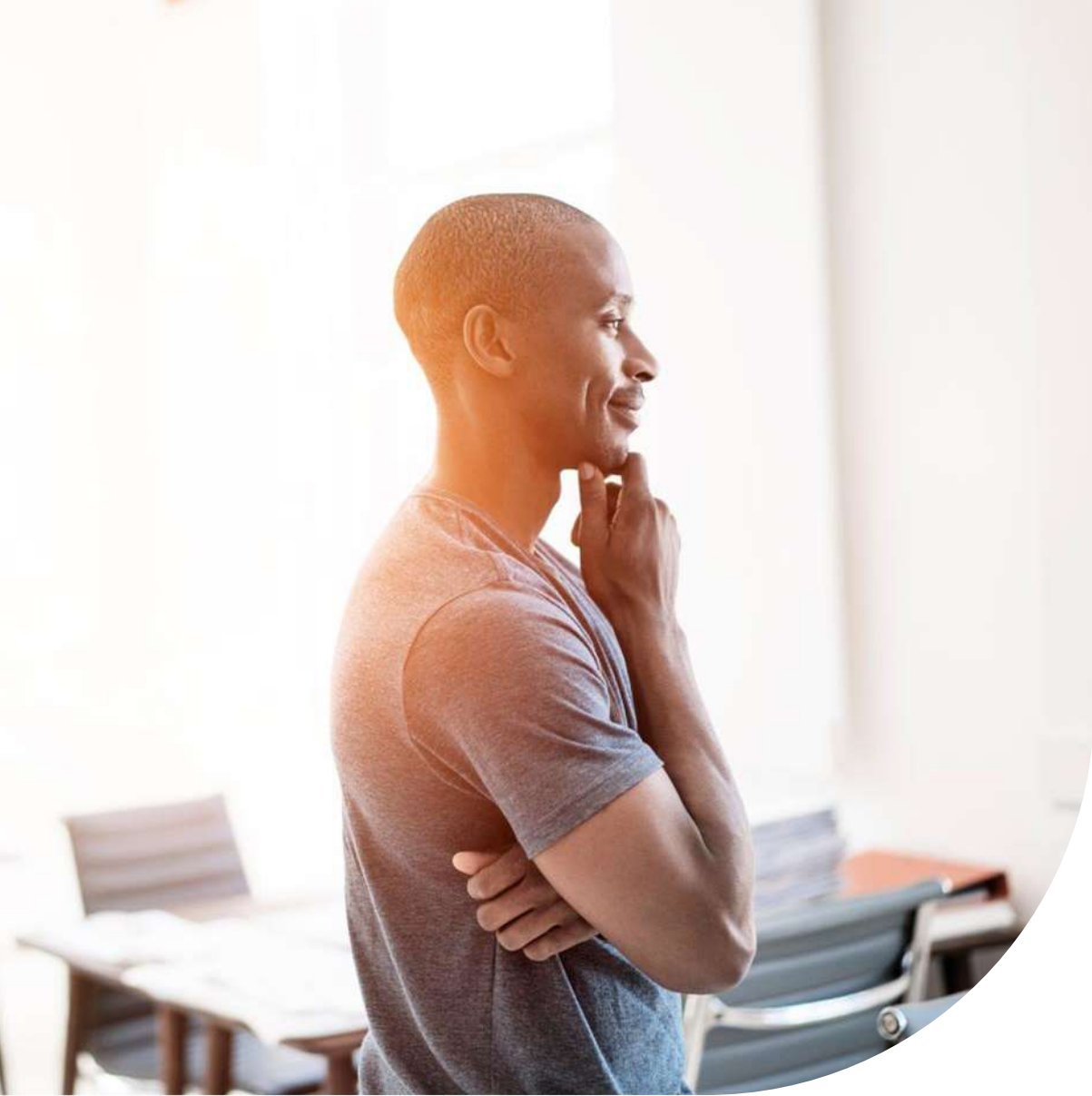


Winning trend



Trended data time line





Objective

- Understand **trended data** beyond the buzz word
- Learn what trended data can tell you across the customer life cycle to improve your business
- Most effective uses of trended data
- How to use trended data to solve your most pressing business challenges

Trended data

24 months of history on key data fields for every trade

Trade #1

Bank name	Account #	Open date	Credit limit	Balance	Actual payment	Loan type	Account condition	Account status	Special comment	Months reporting	Minimum payment due	Months since update	Date of payment
Visa	4812	3/9/1990	\$25,800	\$13,300	\$1,000	Credit card	OPEN	CURR ACCT	CH	231	\$275	1	Aug-13

↓

Trade #1	Balance	Credit limit	Minimum payment due	Account payment	Date of payment
Month 0	\$13,300	\$25,800	\$275	\$1,000	Aug
Month 1	\$14,680	\$25,800	\$280	\$1,000	July
Month 2	\$16,060	\$25,800	\$286	\$1,000	June
Month 3	\$17,440	\$25,800	\$297	\$1,000	May
Month 4	\$18,820	\$25,800	\$310	\$1,000	April
Month 5	\$20,200	\$25,800	\$330	\$1,000	March
Month 6	\$21,580	\$25,800	\$343	\$1,000	February
Month 7	\$22,960	\$25,800	\$350	\$1,000	January

A unique profile of a consumer

Consumer A

Trade data

February

VantageScore®	720
Balance	\$22,000
Status	Good standing

Trended data

Month	Balance	Min pay due	Actual pay
Jan	\$22,000	\$550	\$2,000
Dec	\$26,000	\$650	\$3,500
Nov	\$20,000	\$500	\$12,000
Oct	\$28,000	\$700	\$8,000
Sep	\$35,000	\$875	\$6,000
Aug	\$45,000	\$1,125	\$11,000
Jul	\$48,000	\$1,200	\$3,000

- ✓ Paying well over minimum payments
- ✓ Demonstrated ability to pay
- ✓ **No payment stress**

Consumer B

February

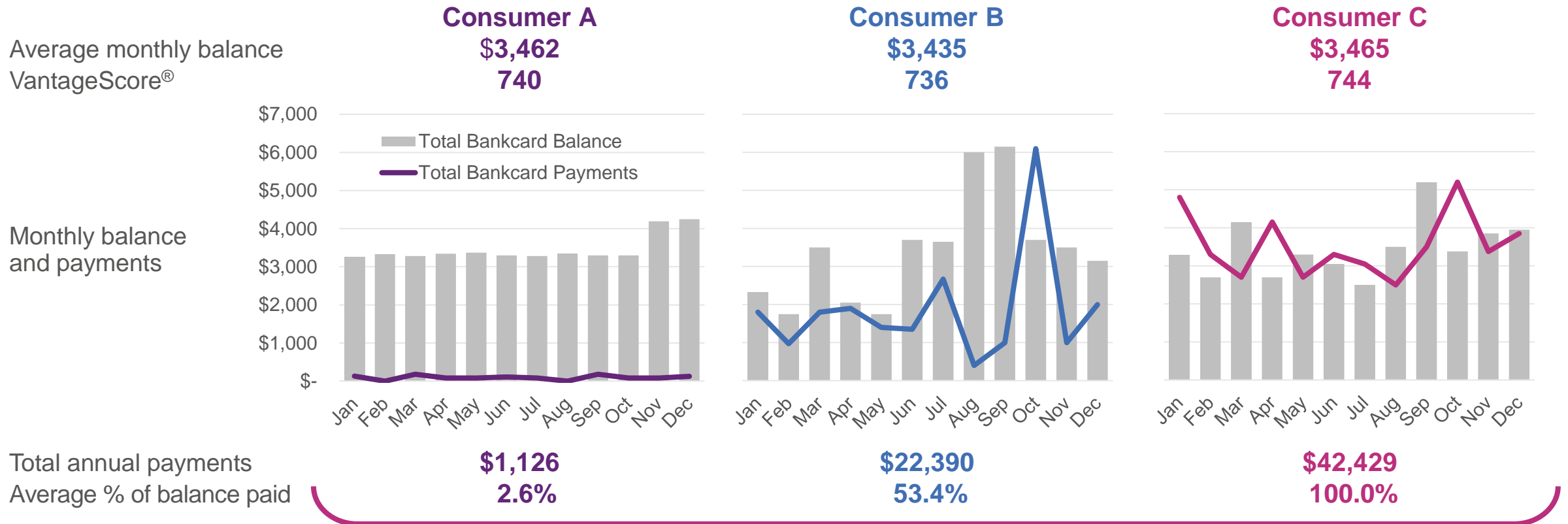
VantageScore®	720
Balance	\$22,000
Status	Good standing

Month	Balance	Min pay due	Actual pay
Jan	\$22,000	\$550	\$550
Dec	\$19,000	\$475	\$475
Nov	\$16,000	\$400	\$400
Oct	\$15,000	\$375	\$400
Sep	\$11,500	\$288	\$320
Aug	\$9,000	\$225	\$300
Jul	\$6,500	\$163	\$200

- X Making minimum payments for the last three months
- X Payment amounts vs. minimum due is decreasing over time
- X **Increasing payment stress**

Differentiating consumers through payment data

Historical payment data enables a much better understanding of how a consumer uses their bankcard accounts



Who is the best prospective customer?

How trended data helps lenders

Problem

Knowing a consumer's credit information at a single point in time only tells part of the story

Solution

To understand the whole story, lenders need the ability to assess a consumer's **credit behavior over time**

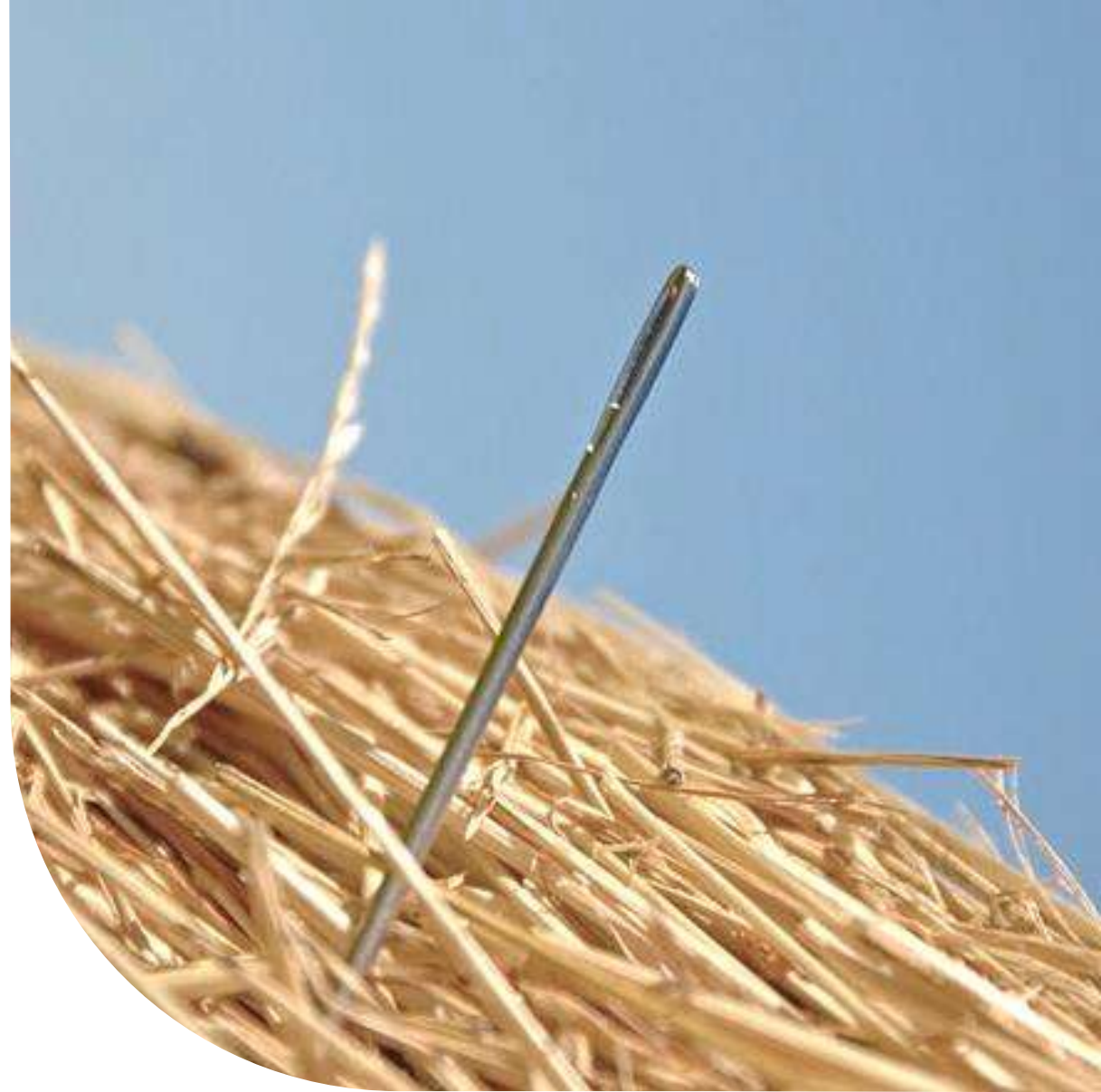
Benefit

Understanding how a consumer uses credit or pays back debt over time can help lenders:

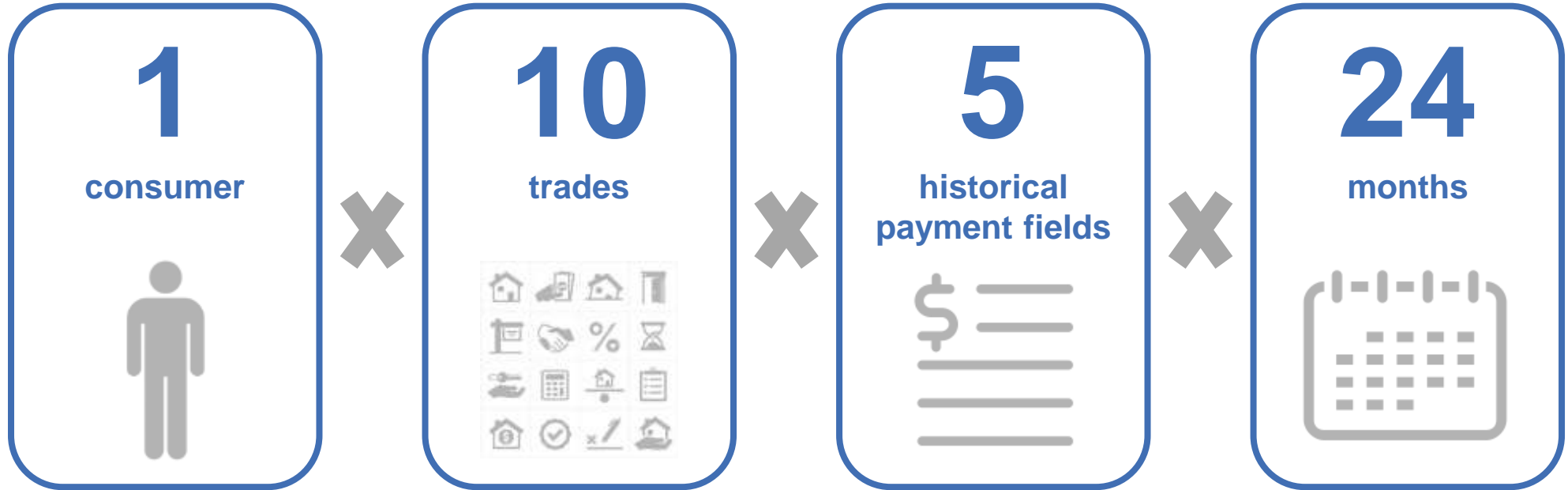
- Offer the right products and terms to increase response rates
- Determine up sell and cross sell opportunities
- Prevent attrition
- Identify profitable customers
- Avoid consumers with payment stress
- Limit loss exposure

The challenge with trended data...

How do you find the
payment pattern?



Data...



1,200
DATA POINTS

...and more data!



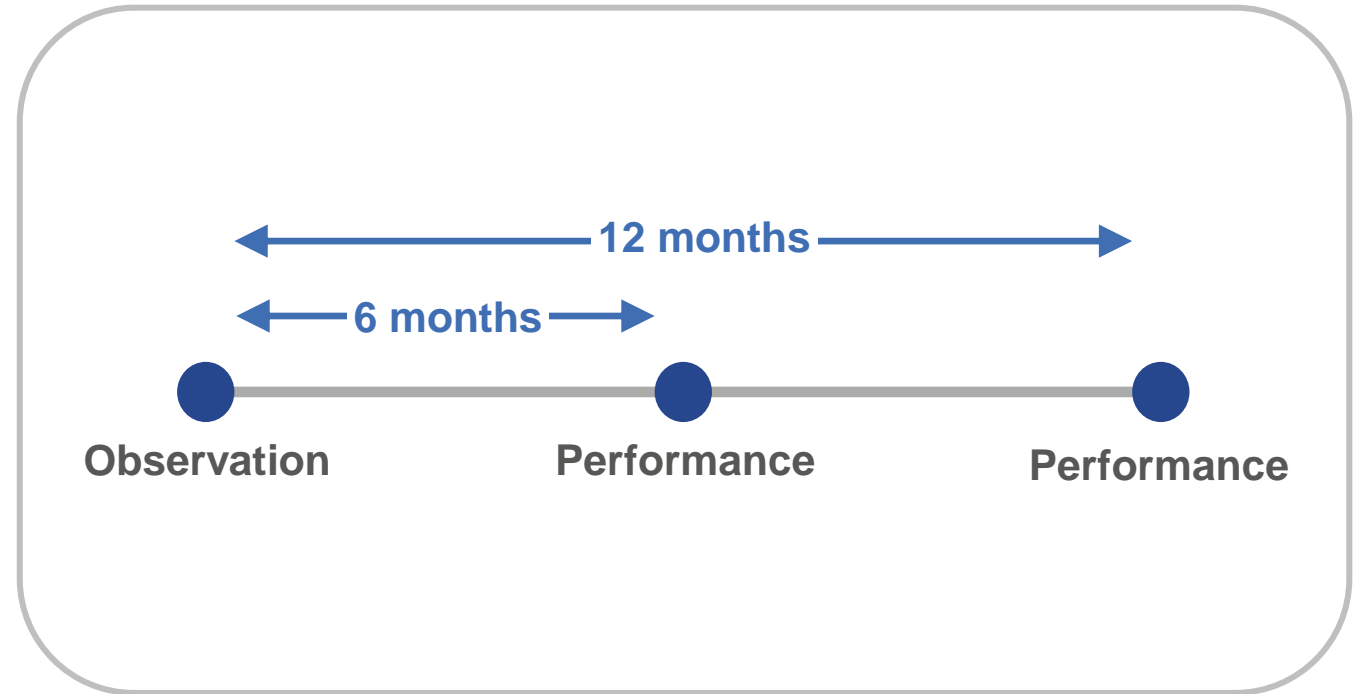
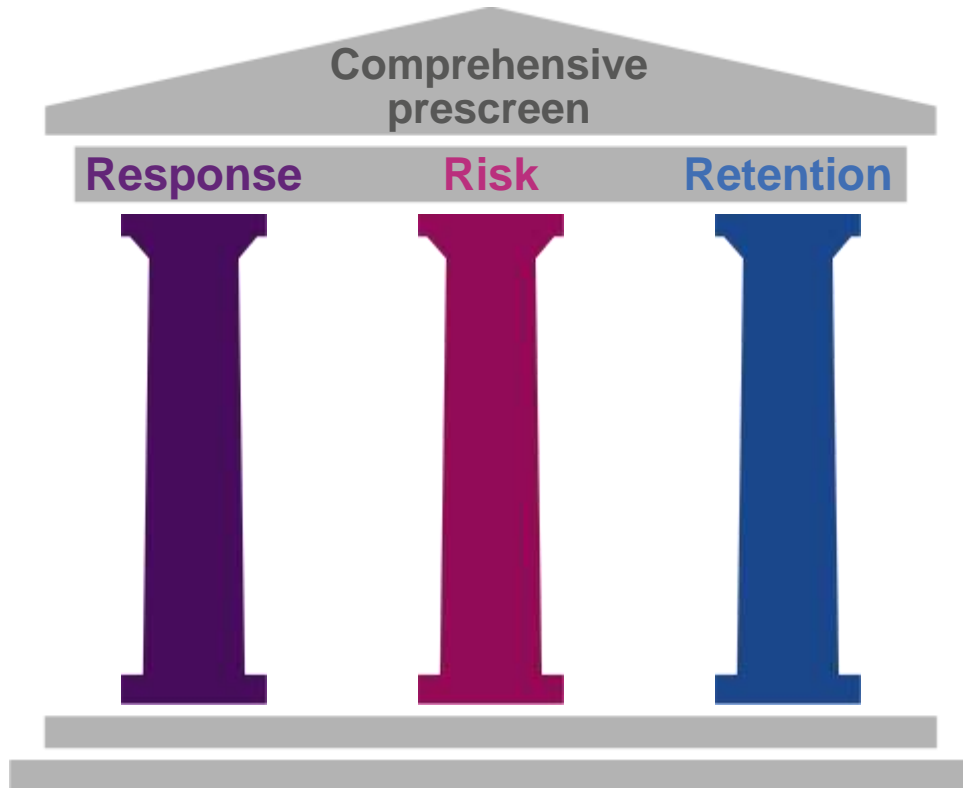
120,000,000
DATA POINTS

Three pillars of comprehensive prescreen

- Marketing strategy should be about more than just response rate
- A comprehensive approach can ensure quality originations and healthy portfolio growth
 - Response rate
 - Risk expansion
 - Long-term value

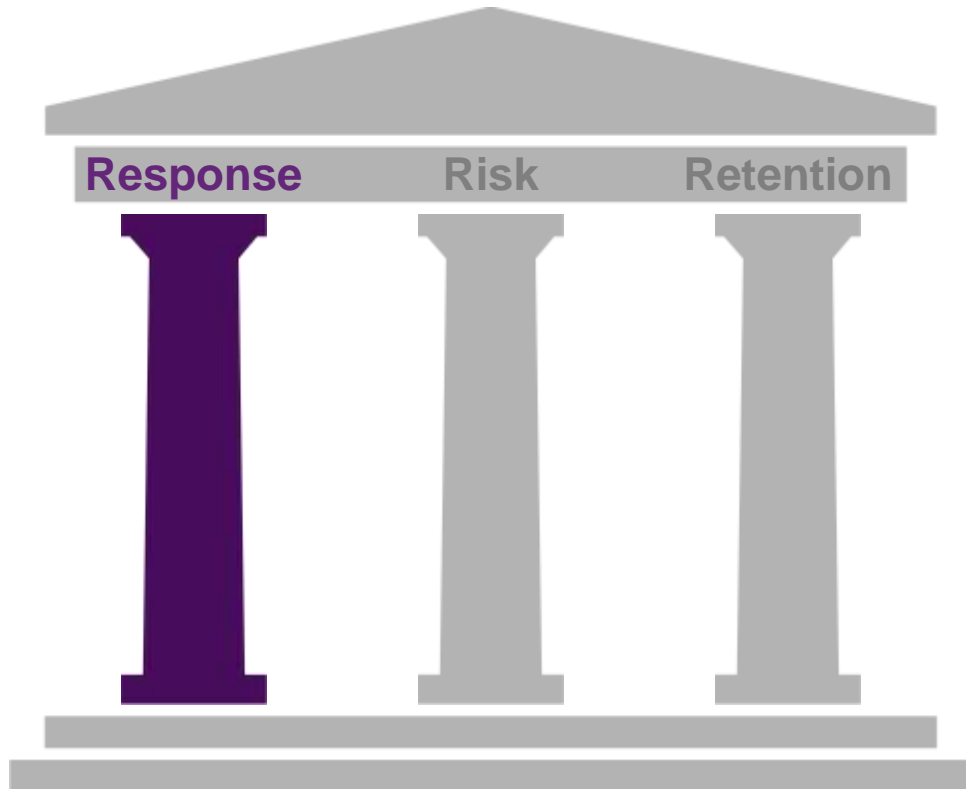


Analytical segmentation offers an opportunity to refine your approach



Response rate: Make an impact

Most people don't need your product; are you effectively finding those that do?



How do you reach receptive audiences to get the most out of your marketing campaigns?



Offer timing

In the market for personal finance

Credit attributes



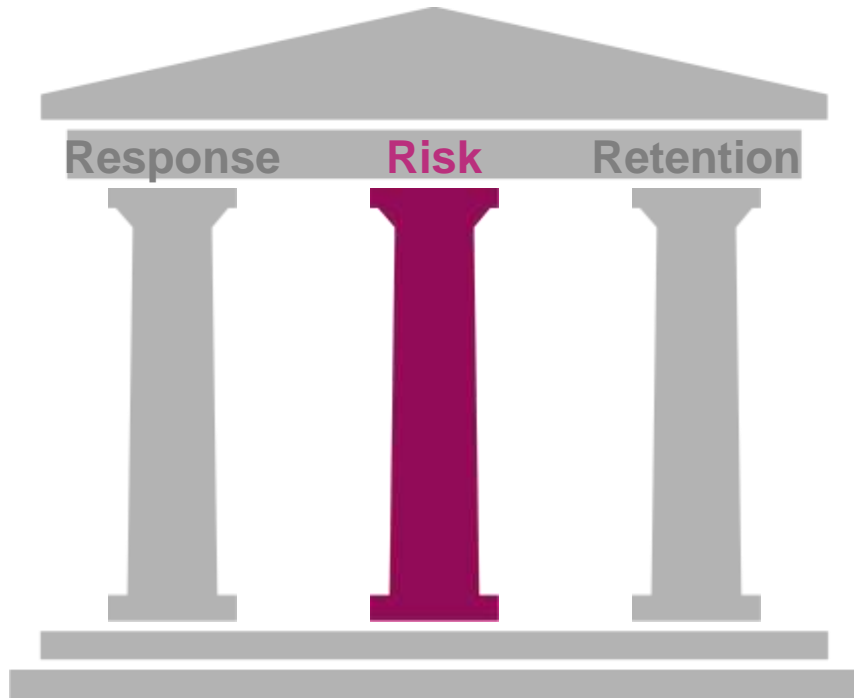
Offer relevance

Debt to income

Bankruptcy score

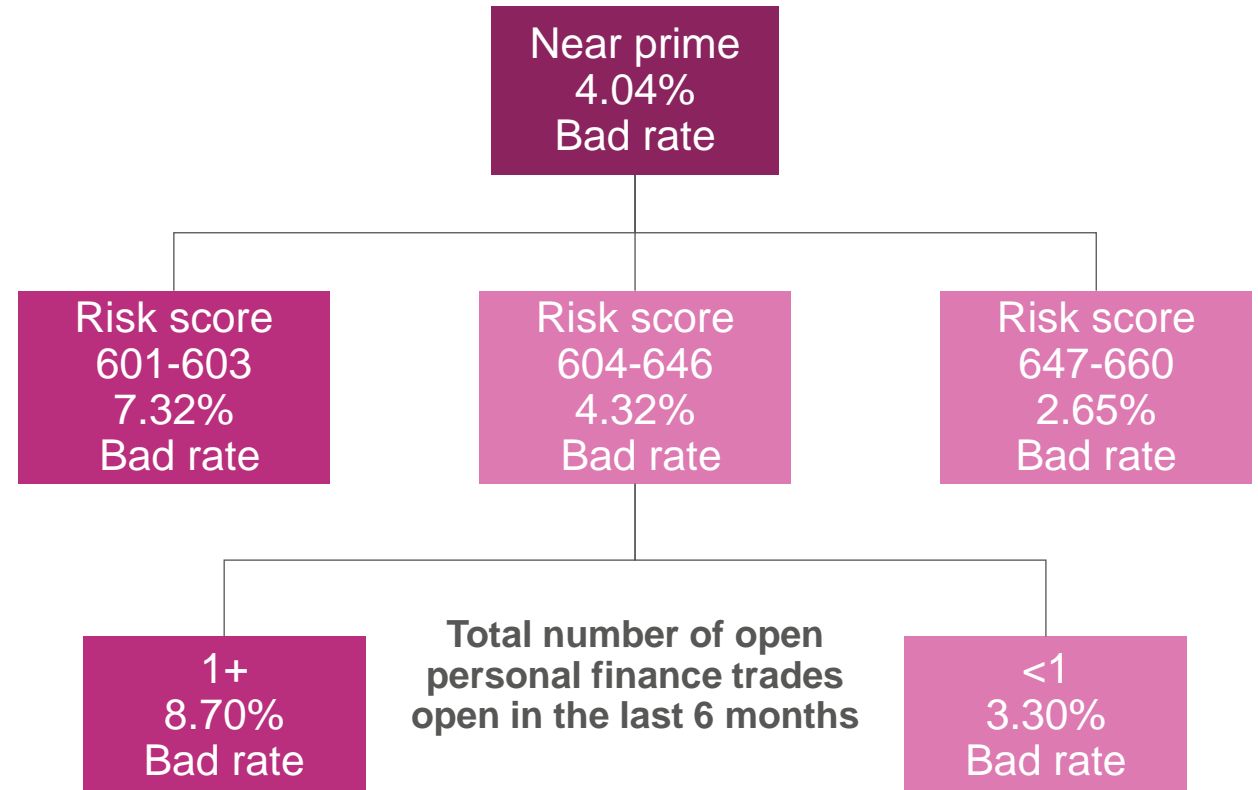
Combine propensity models and offer relevance to get the right consumers the ***right offer at the right time***

Risk segmentation



Predictive trended attributes

- Utilization change
- Lowest APR average daily balance > \$200



In the market for a HELOC

Short-term trended attributes

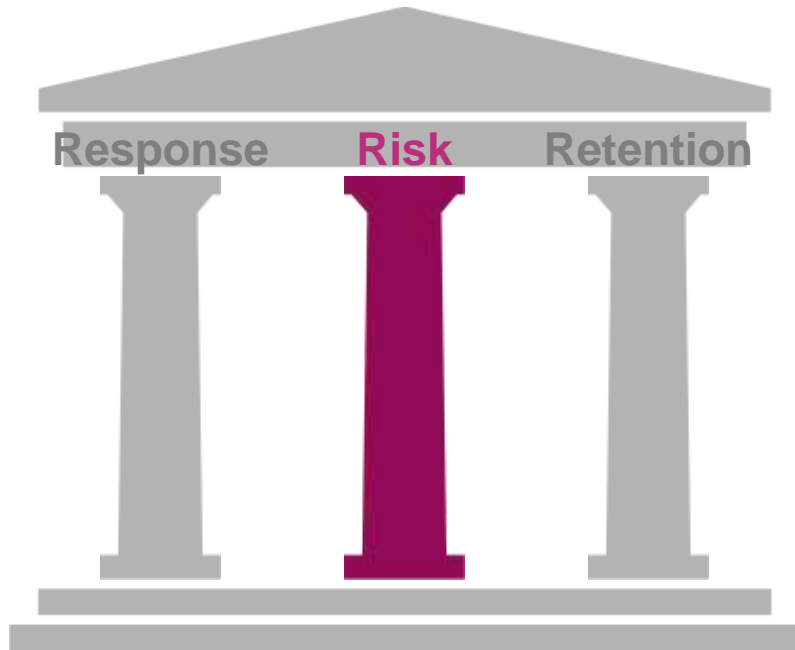
Credit attributes

Income

Bankruptcy score



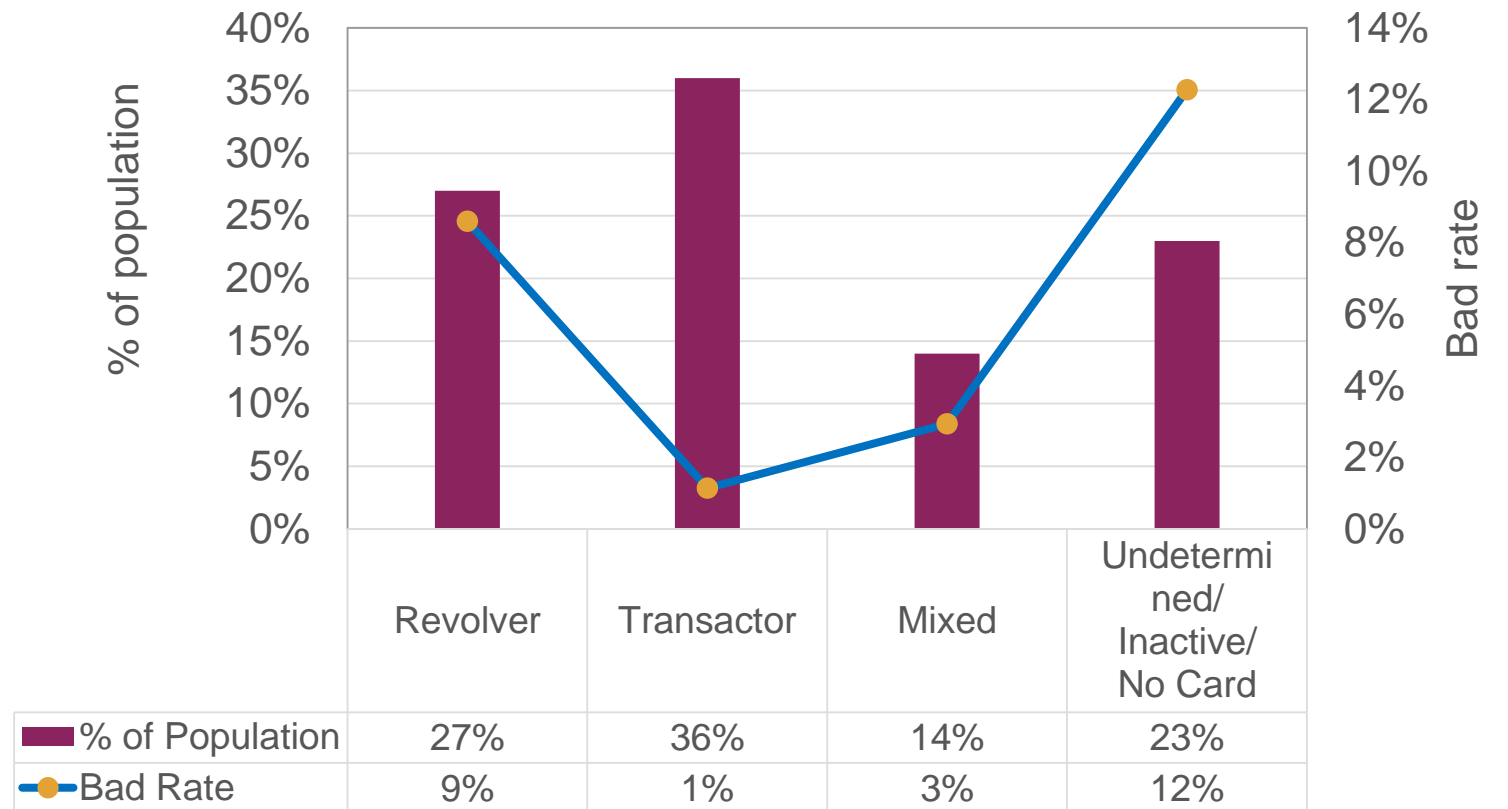
Risk segmentation



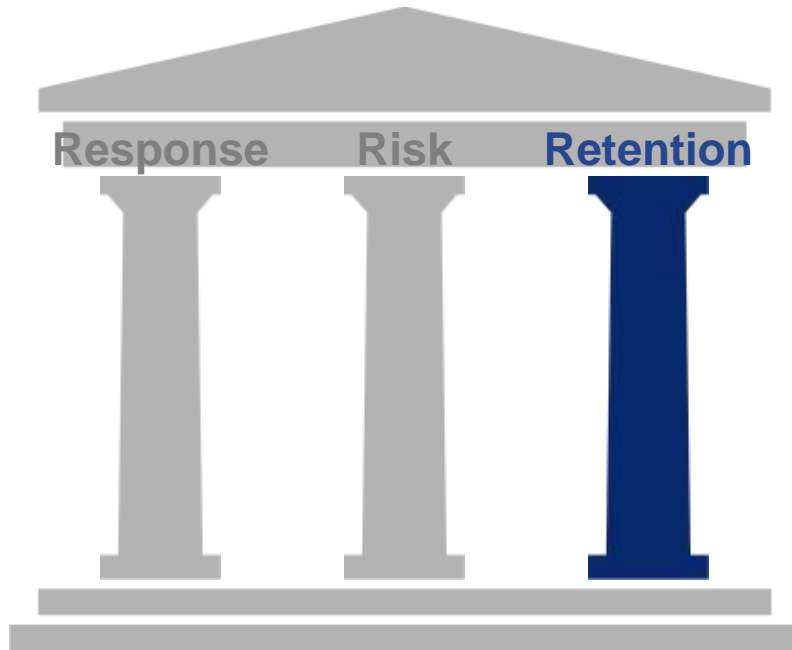
Predictive trended segments

- Revolver
- Transactor
- Consolidator

Mortgage risk prediction

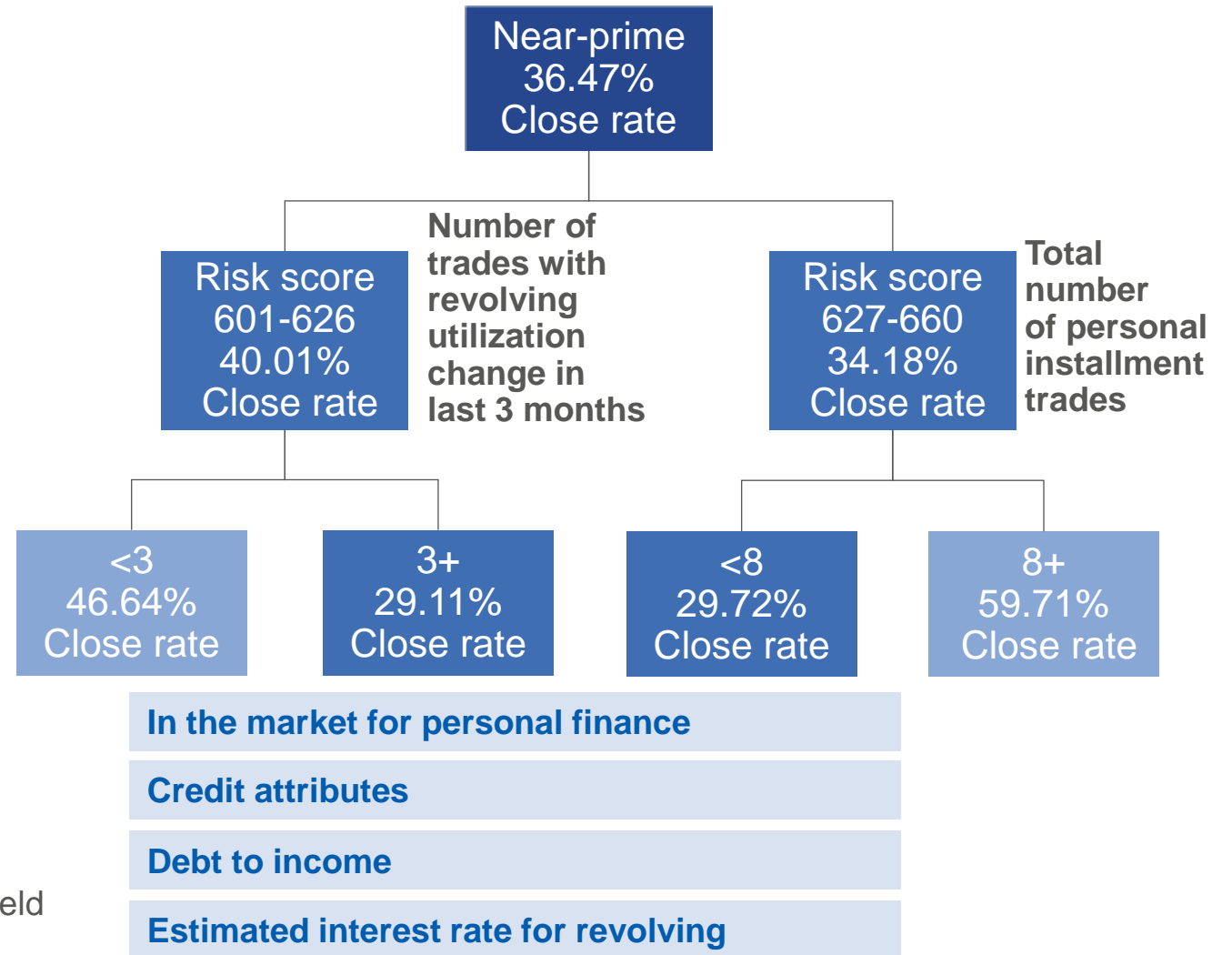


Retention segmentation



Predictive trended attributes

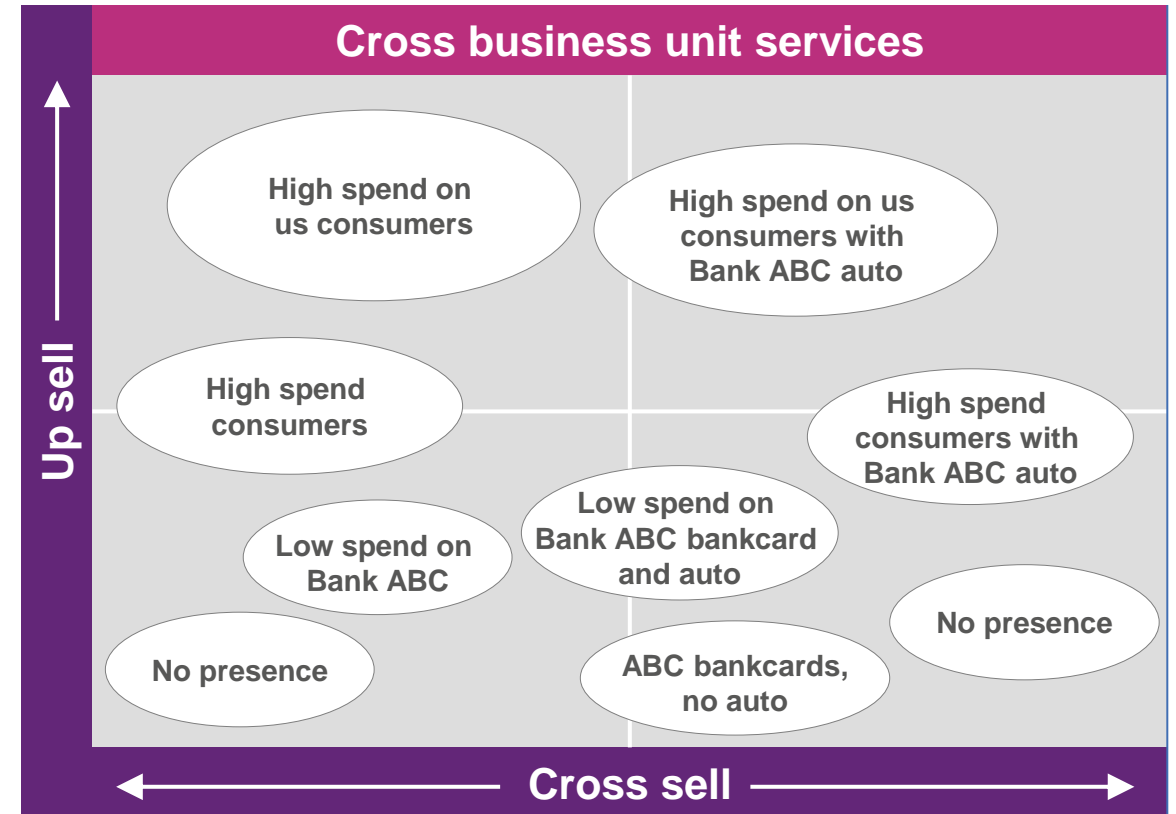
- In the market for HELOC
- High propensity to Balance Transfer
- Original amount personal installment loans with lowest yield reported in the last 6 months



Retention strategy in action

Are customers using your product as their first, second or third option?

Average VantageScore® 3.0	735	
All actives	ABC Bank	Off-us
Average number of open bankcards	1.3	2.8
Average bankcard balance	\$2,325	\$5,540
Average bankcard limit	\$11,400	\$31,431
Yield	6.07%	8.29%
Spend	\$4,256	\$11,228
Average number of open auto trades	0.6	1.01
Average loan amount	\$25,246	\$28,997



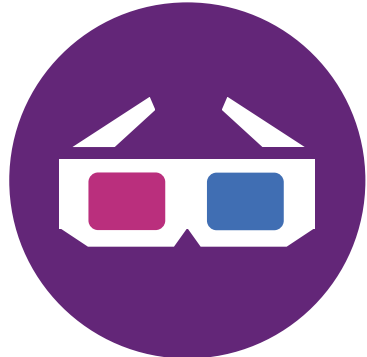
But there is a solution to help clients unlock the power of trended data.....



Credit Profile
Point-in-time
snapshot
of a consumer's
credit standing



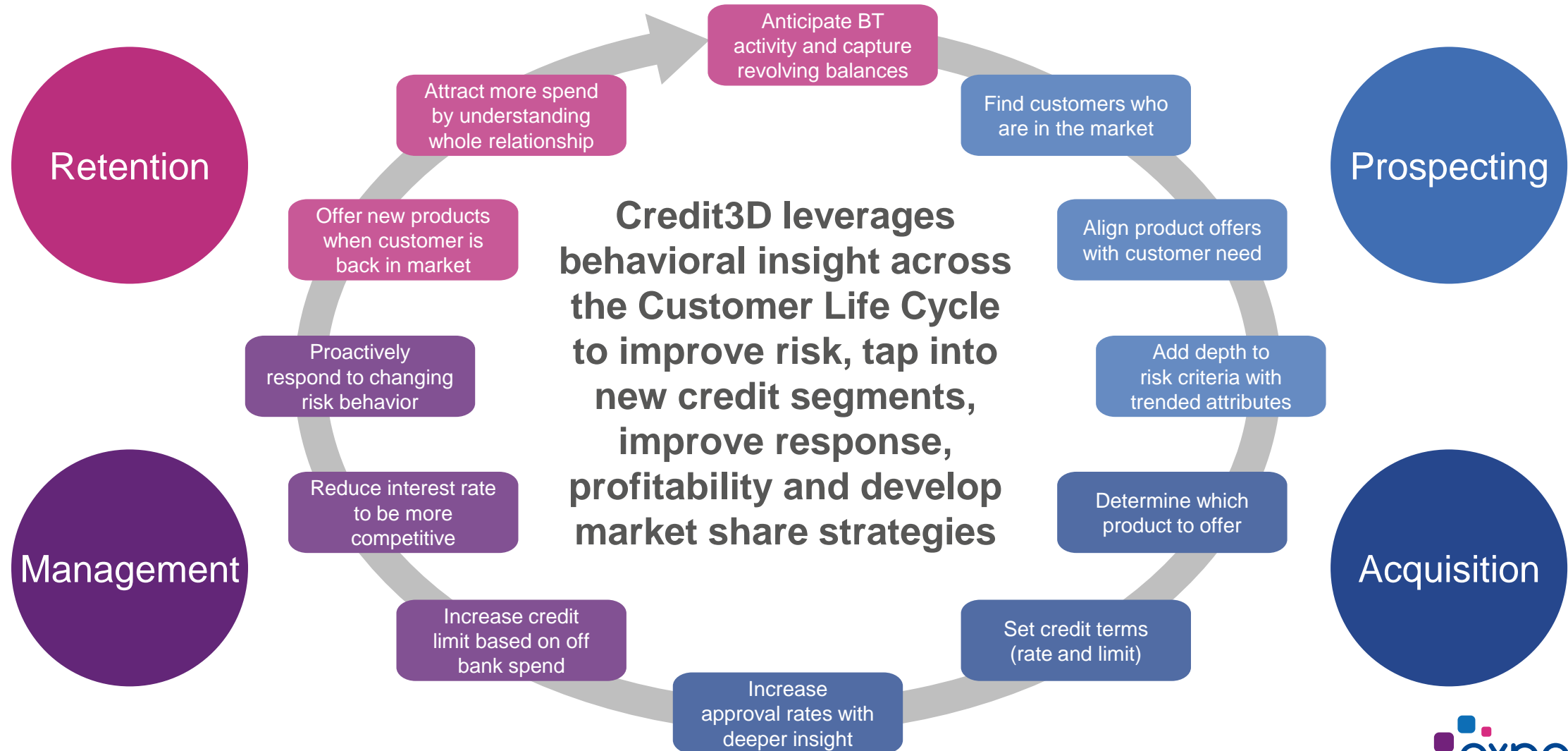
Trended Data
Dynamic
story
of how a consumer is
using credit over time



Credit3D™
Solutions that
unlock the power
of the credit profile
and trended data

Trended Data / Credit3D™

A comprehensive view of the consumer



Credit3D™ / Trended Data capabilities

Business challenge	Solution	What clients receive
<ul style="list-style-type: none"> Who is likely to respond to an offer? 	Balance Transfer Index SM In the Market Model SM	Likelihood to balance transfer in 6 months Likelihood to open a trade in next 90 days
<ul style="list-style-type: none"> How does a consumer use credit? How do I identify revolvers, transactors and consolidators? 	Trend View SM	Revolving / transacting trades / balance transfer activity / seasonality Trend View SM Segment ID
<ul style="list-style-type: none"> Is there a better way to understand risk or to conduct swap set analysis? 	Payment Stress Attributes SM Deleveraging Attributes SM Short-Term Attributes SM	Level of consumer payments against balances Change in total payment obligations over time Changes in revolving balance and utilization
<ul style="list-style-type: none"> How can I acquire profitable consumers? How do I increase wallet share and usage? 	EIRC for Revolving SM Experian TAPS SM	Yield in the last 6 months and effective APR Credit card spend in last 12 months



So, is trended data predictive?

- The combination of the Credit Profile and Trended Data provides significant insight in predicating consumer credit behavior
- Trended data provides additional insight and knowledge beyond the traditional credit report to drive additional understanding of credit behavior across the customer lifecycle
- All financial institutions can benefit from the value of trended data
 - **Trended Data arrays**
 - For financial institutions with significant analytic capabilities
 - **Credit3D™ prebuilt solutions**
 - For financial institutions who want proven solutions for immediate implementation

Questions and answers

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thank
you!

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How would you rate both the **Speaker and Content**?





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