Identifying and acting upon the changing risk profile of customers is critical in order to ensure that relationships are effectively managed. Delphi for Customer Management is an event monitoring service that identifies changes in the credit behaviour of existing customers, then, using a suite of highly predictive behavioural scorecards, provides an updated risk assessment.

Delphi for Customer Management is used by many of the UK’s leading financial institutions – with the system monitoring over 140 million active accounts each week. When an account is identified as having had a significant credit related event, a selection of scores are recalculated and the details are returned to the client. The power of Delphi for Customer Management’s scorecards capitalises on Experian’s:

- Vast experience in the build and delivery of behavioural scoring solutions – Experian has delivered behavioural scoring projects with many of the world’s major financial institutions in over 40 countries
- Consumer database – the UK’s largest, most dynamic and up-to-date consumer database
- Unique combination of statistical and segmentation techniques

The Delphi for Customer Management scoring models are designed to be used across a wide range of customer and account management activities. Examples include:

- Limit management
- Credit risk screening for cross-selling new products and services
- Collections / recoveries management
- Predicting propensity for additional borrowing
- Basel II reporting

For organisations with their own behavioural scoring system, Delphi for Customer Management can give an accurate risk assessment for credit activity outside their particular lending institution, thus providing a true ‘customer view’. For those without, Delphi for Customer Management provides a risk assessment measure that is predictive enough to be used as a standalone behavioural score in its own right.
Key features
• Simplifies the interpretation of complex credit bureau data by delivering a simple suite of predictive scores
• Powerful enough to be used as a standalone scorecard
• Returns the underlying events in the last period for each account so you may act on it as required
• Returns a full block of over 200 variables, summarising every aspect of credit information
• Significantly improves discrimination in custom bespoke scorecards
• Provides multiple scores to target each specific area of customer management
• Is regularly rebuilt to reflect the latest data and economic conditions
• Ensures compliant use of all elements of Experian’s consumer database

Key benefits
• Better decisions. Access to Experian’s vast array of data assets and analytics enables you to make the right account management decisions to grow your business, but at the same time, control bad debt, business risk and exposure.
• Cost effective. As a bureau based service, it frees up time and cost associated with the implementation and monitoring of custom bureau scorecards.
• Saves time. By identifying only those customers with a significant credit event for re-scoring.
• Tailored to business requirements. Where needed, additional characteristics can be added for specific organisations or market sectors to ensure the overall scoring solution meets every business requirement.
• Better information. Incorporates shared data from many other lending organisations into the score, giving a true ‘customer view.’

How it works
Experian is provided with the names and addresses of all the accounts / customers to be monitored. These can be supplied from data extracted for the regular monthly Credit Account Information Sharing (CAIS) update file, or from a bespoke input file.

These names and addresses are added to the Delphi for Customer Management system, along with updates to Experian’s consumer database – such as new CCJs, CAIS status changes, searches, aliases and linked addresses. Together, these updates are known as significant events. Examples include:

• Missed payments
• Registration of new judgments
• Individual Voluntary Arrangements
• Bankruptcies
• Sudden increases in credit activity
• Changes of address

Every week, Experian monitors the customer file for significant events. If one is detected, the customer is re-scored using the Delphi for Customer Management scorecards. A file is then passed back from Experian containing the events and the new scores on either a weekly or monthly basis.

The Delphi for Customer Management events and scores can then be incorporated into all the relevant management processes in your organisation.
Scores for credit risk, collections and marketing

With Delphi for Customer Management, Experian has developed a family of models for application in credit risk, collections and marketing. These are as follows:

- **Account & Arrears Management**
  The Account and Arrears Management (AAM) score remains the leading scorecard used on monitored customer accounts and its latest version, generation 8, has shown an excellent ten point improvement in the Gini coefficient. The AAM score predicts the likelihood of the customer going bad within the next 12 months, based on the combination of the existing relationship and the data shared concerning the customer’s other relationships.

- **Consumer Indebtedness**
  The Consumer Indebtedness Index (CII) provides an assessment of those customers that have high levels of indebtedness and may experience delinquency as a result. The CII is a score in the range of 1 to 99, where scores over 40 highlight customers that should be carefully managed. Customers with multiple credit and store cards with high revolving balances frequently achieve such scores and need additional management, no matter what their current repayment status.

- **Collections**
  The Collections score identifies the likelihood that a customer will make a payment on their delinquent account in the next three months. This score is key, especially early in the delinquency cycle, as it gives an indication of general repayment issues and helps to manage the initial strategies that the collections team adopt.

- **Credit Risk Screening**
  The Credit Risk Screening score is used to screen campaigns targeting existing customers and is aligned to Experian’s Delphi for New Business scorecard. Barring changes in the personal circumstances between mailing and application, it screens the targets to ensure that the results are consistent when the customer responds – saving money on targeting customers with inappropriate products.

Experian can also provide a Just In Time screening service should there be a delay in sending out marketing material to your customers, to ensure no significant changes have occurred in the intervening period.

- **Credit Propensity**
  The Credit Propensity model predicts the likelihood that a customer will take on new credit over the next six months. This will highlight customers that are credit hungry and you can either use this to minimise your exposure, or to up-sell in order to maintain loyalty.
Basel II
Experian has introduced three core Basel II scores into Delphi for Customer Management:
• Probability of default – this predicts the likelihood that an account will default over the coming twelve months. This score is more accurate than an internal assessment as it accounts for the customer’s external credit behaviour.
• Probability of default (mortgages) – this predicts the likelihood that a mortgage account will default over the coming twelve months.
• Exposure at default – this estimates the outstanding balance on an account when it goes into default.

Delivery options
The first stage of implementation is a retrospective attachment of the relevant Delphi for Customer Management scorecards on the target portfolios. This ensures that the combination of custom behavioural and bureau scores is optimal.

Implementation then consists of adding the customers / accounts to be monitored to the Delphi for Customer Management system. This process can be greatly simplified when the CAIS update file is used as the source of names and addresses. The scores are then recalculated when a significant event occurs.

Experian’s consultancy services are available to ensure that the most appropriate implementation option for your organisation is selected.

For further information please contact your account manager or email consumerinformation@uk.experian.com