Case Study: Leveraging Real Estate Data to Enhance Predictive Performance

We identified $145MM worth of loss reduction opportunity at a credit card issuer by seamlessly overlaying a proprietary Real Estate-based model over the existing underwriting model

BACKGROUND

- Mid-size credit card issuer
- Seeking to improve existing models' ability to predict customers who were likely to default on credit card payments

ACTION

- Leveraged advanced modeling techniques and non-traditional data sources to develop a proprietary Individual Real-Estate-Adjusted Credit Scoring, or "I-REACS"
- Model assessed the risk of each cardholder based on that individual's Real-Estate and mortgage data (C-LTV, ARM reset date, etc…), providing a much higher level of predictability and precision than FICO and internal underwriting scores alone

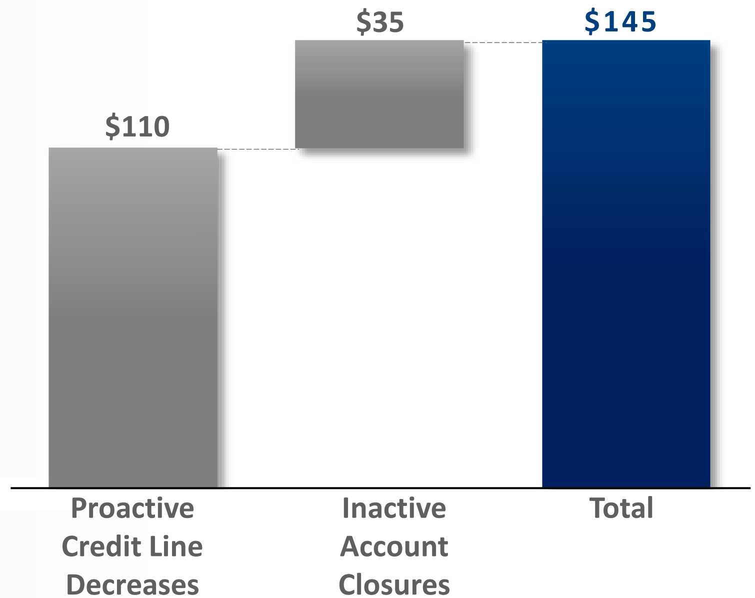
IMPACT

- Identified ~$145MM in annual loss reduction opportunity

RESULTS: DEVELOPING I-REACS SCORE

Annual Loss Reduction Opportunity

$MM, Annually

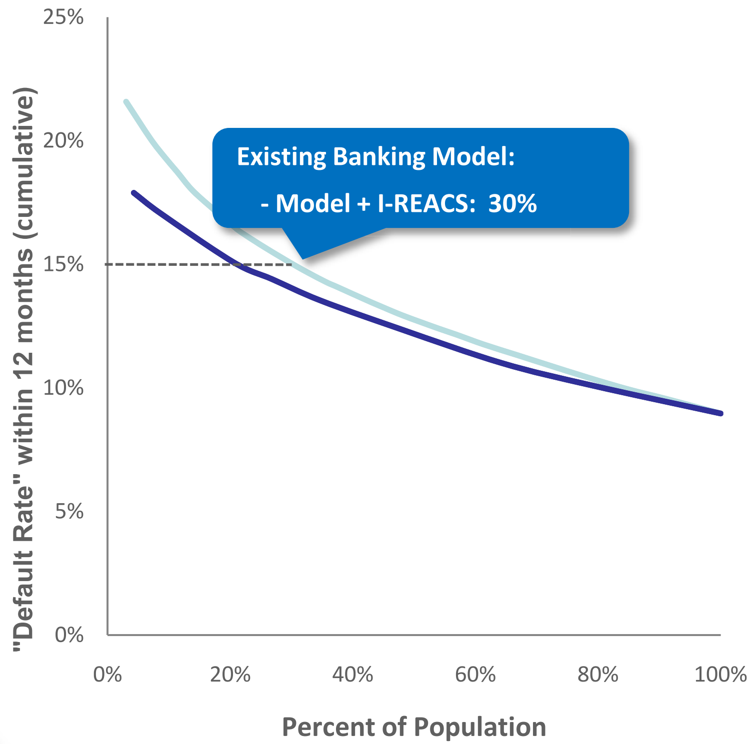


Case Study: Leveraging Real Estate Data to Enhance Predictive Performance (cont.)

By creating and applying the Real Estate overlay to existing models, we were able to significantly improve the client's ability to assess current customers' risk – allowing both decreases AND increases in credit lines

APPLYING I-REACS TO CREDIT ASSESSMENT

Credit Line Decreases: Identification of Risky Customers



Credit Line Increases: Identification of Good Customers