

Resetting the Data Standard: Changing the face of Credit Decisioning

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As the post credit crunch environment starts to stabilise, many creditors are looking to grow new business. As well as fierce industry competition to attract the lowest risk, most profitable applicants, it is clear that banks are facing increased regulatory pressures and their conduct is being closely scrutinised. This backdrop is leading creditors to look for a differentiating factor that can help set their decision making apart from their peer organisations. One such differentiator, whose complexity and ability to add significantly to profitability has substantially evolved over the last 2 years is by taking data from multiple credit bureaux (multi-bureau).

It is widely acknowledged in the UK credit risk industry that performing a search on an individual at the UK Credit bureaux would often result in different information being returned. For some individuals these differences can be material and affect a creditor's decision making. Multi-bureau has demonstrated significant benefits in terms of bad debt reduction, increasing acceptance rates, more automated decisions as well as delivering considerable secondary benefits in terms of resilience of supply and search cost reductions. However, due to the additional complexity introduced in using summary block data from multiple bureaux, or constraints of legacy systems, many multi-bureau solutions on the market were simply data connectors which facilitated the gathering of data from more than one bureau within the client organisational database. Gaining significant value from the data remained elusive and consequently this resulted in limited adoption of multi-bureau techniques.

In this paper DecisionMetrics presents a true **bureau independent** decisioning framework which enables maximum power to be derived by utilising all the **raw data** dispersed across the three bureaux and combining this data into a single definitive credit record which provide a more complete view of the consumer. This innovative approach provides a bureau independent approach to decisioning for the UK credit market and is revolutionising the way in which credit providers use shared data to enable smarter decisions.

Using data from UK creditors, this presentation will explore differences in data available at the bureaux and the impact on automated decisioning of the additional data. We also pay particular note to the multi-bureau view of consumer indebtedness which is becoming increasingly important to creditors in the current climate of responsible lending, unprecedented regulatory oversight from the Financial Conduct Authority.