

H.V. Seow and L.C. Thomas
School of Management, University of Southampton, UK.

H.V.SEOW@soton.ac.uk

Abstract

To ask or not to ask, that is the question

Applicants for credit have to provide information for the risk assessment process. In the current conditions of a saturated consumer lending market, and hence falling take rates, can such information be used to assess the probability of a customer accepting the offer? Lenders do not want to make the application process too complicated, and with the growth in adaptive marketing channels like the Internet and the telephone, they can make the questions they ask depend on the previous answers. We investigate how one could develop such “adaptive” application forms; which would assess acceptance probabilities as well as risk of default.