



USE SCORECARDS TO BETTER COMMUNICATE RISK AND REVENUE OPPORTUNITIES

Because financial institutions are in the business of providing credit, they need to manage the risk that comes with it. When risk isn't managed as effectively and efficiently as possible, loan loss provisions will be higher than expected, which will reduce net income and impair the lender's overall health.

Data Mining and Predictive Modeling to Manage Risk and Optimize Resources

Credit lenders use scorecards to determine the credit worthiness of borrowers, and by marketers to better understand consumer interest in product or service offerings.

Lenders commonly use scorecards to determine how likely and individual is to pay back lines of credit or unsecured personal loans, make regular mortgage payments, or to pay for monthly services and/or products.

To help make decisions about an applicant, lenders use data from third-party providers that includes delinquency scores, failure scores, payment ratings, demographic attributes, and the history of current account activity to create a model that predicts an applicant's loan default probability. Lenders can mitigate risk by avoiding applicants who are unlikely to pay back their loans, and they can increase revenue opportunities by offering new products and services to customers who are likely to pay back their loans.

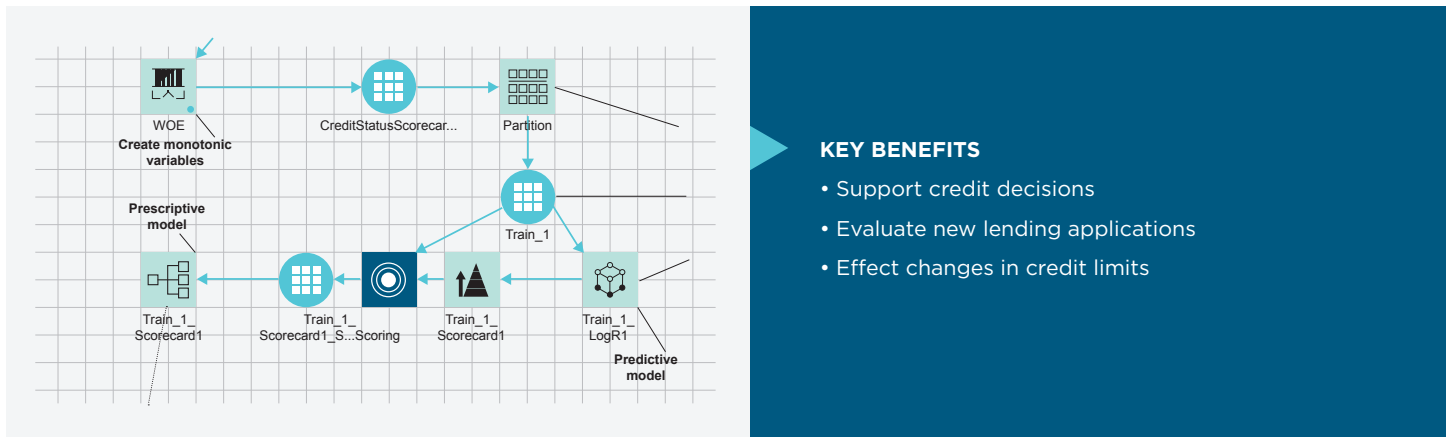
Each stage of the customer credit lifecycle can be assessed and optimized by directly incorporating analytics into lending strategies. Leveraging Altair RapidMiner, financial institutions can develop credit risk scorecards that mitigate their risk exposure, reduce loan loss provisions, and indirectly increase their net income.

Credit Scorecards – Application and Behavioral

Altair helps lenders build scorecards which involve building a statistical model and applying that model to score an individual's credit application (application scorecard) or score against an existing account (behavioral scorecard).

The Altair® RapidMiner® platform delivers explainable artificial intelligence (AI) and automates machine learning tasks that lets users make informed decisions based on massive amounts of data. The software displays the details of a model's configuration so users can easily understand how it generates predictions.

Learn More at:
altair.com/machine-learning



KEY BENEFITS

- Support credit decisions
- Evaluate new lending applications
- Effect changes in credit limits

An application scorecard is used to assess whether to accept or reject applicant's lines of credit (credit cards and mortgages, for example). Behavioral scorecards are useful predictive models in account management and collections because they can be combined with probability-based models.

Altair RapidMiner provides an intuitive, interactive visual canvas for building and displaying scorecard workflows, which reduces the creation efforts to minutes and eliminates the need to write code. With a click-and- drag workflow, process nodes can be dragged onto the canvas where they connect with other nodes to form a workflow. This provides an instant visual documentation of the analytical tasks required in the credit risk scorecard development process.

Altair RapidMiner Helps You:

- Increase efficiency using a powerful automated canvas for building, refreshing, and reusing scorecard development workflows;
- Select the best variables through an efficient analysis of thousands of candidate predictors for easy selection of the most predictive, influential variables;
- Optimize binning with an automated, flexible, and intelligent Weight of Evidence Optimizer (WOE) – reducing time spent on this by up to 50%;
- Minimize bias with multiple reject inference methods to improve the quality of application scorecards by correcting and minimizing the selection bias and preventing model overfit, and
- Develop, validate, deploy, and monitor customer strategies with strategy trees and other predictive analytical models.

To experience why the world's leading lending firms rely on Altair RapidMiner, visit altair.com/machine-learning and set up a demo with our team.

Altair RapidMiner is a market-leading predictive analytics and machine learning platform used across industries that gives business analysts and data scientists unmatched data insight.