Risk Scorecard

Score Card Improvisation

Objective

- To review scorecard for a car loan provider in UK
- The client had a scorecard developed by another vendor but was dissatisfied with the performance
- The client engaged us to review and update the scorecard with additional variables

Solution

- Bootstrapping was used to overcome the limitation of a small sample.
- Reject rates were taken as a surrogate for default rate.
- Model Gini = 66.74* & Model KS = 53.85** indicating high quality scorecard

Challenges

- Details on scorecard development methodology not available
- Important variables such as Job Type, Residence Type and Residence Years were not considered while building the model

Results

- Scores recalibrated with default data after sometime