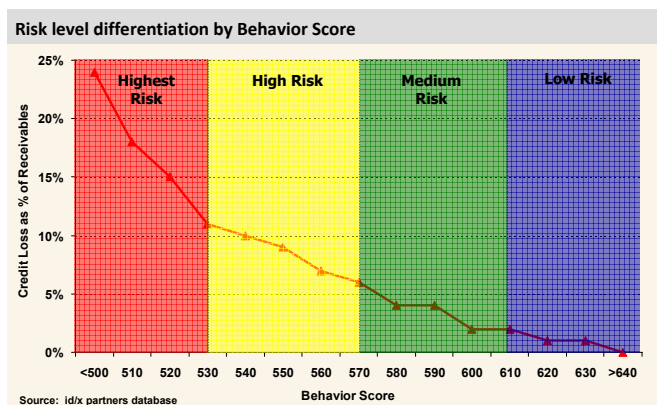


Dynamic card portfolio management with Behavior Scoring solution during economic changes

id/x partners has helped top financial institutions to optimally manage their loan portfolio with **Behavior Scoring solution**. Behavior scoring solution is a statistical-based tool which assesses individual cardholder credit risk in the portfolio. A typical behavior scoring risk ranking capability is graphically shown below:

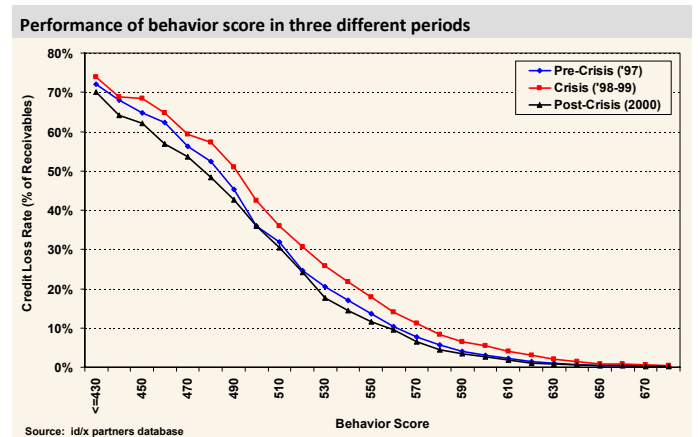


By knowing the future risk potential of each cardholder, the bank can devise appropriate portfolio management actions in multiple decision areas, such as:

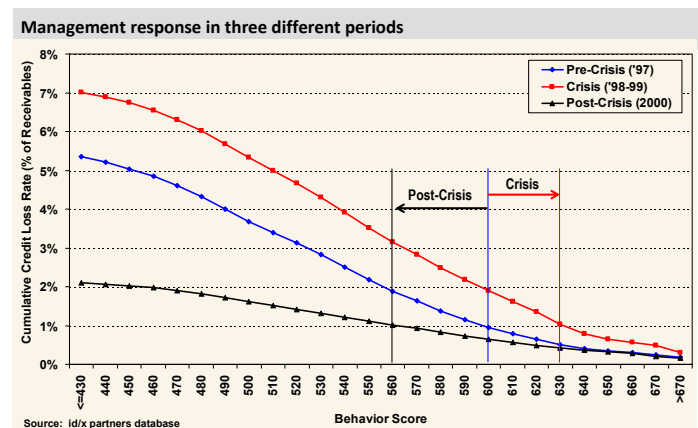
- **Collection management:** prioritization and strategy differentiated by risk level
- **Credit limit management:** limit increase or decrease depending on the risk level
- **Upgrade and cross-selling:** offering more credit exposure only to customers with acceptable risk
- **Pricing management:** higher interest and charges to risky customers
- **Overlimit management:** higher overlimit tolerance for good customers

In bad times, such as economic crisis, behavior scoring plays even a more important role, as it becomes a crucial management tool to scientifically set the portfolio management policy in response to anticipated economic downturn. The following illustrations highlight the case study for behavior scoring application during Indonesian economic crisis in 1998:

1. Before the crisis, behavior score had been proven to predict account risk levels, i.e. the higher the score, the better the risk; and during and after the crisis happened, the same behavior score still performed consistently. Thus, the risk ranking property still held true at different economic situations.



2. As the behavior score works well in good times and bad times, the management can confidently set portfolio management strategy accordingly in a proactive manner. In economic downturn, the management increases the cut-off point from 600 to 630 to maintain the risk exposure at the same level (1% loss rate in the illustration below). And post crisis, the cut-off score was reduced to 560.



For further information, please contact us at info@idxpartners.com or +62-21-5739546.