



Riyad Bank automates card application processing and account management

success story:
customer management



Client	Riyad Bank of Saudi Arabia
Challenge	Transform the bank's mostly manual credit decision and processing environment to an automated one.
Solution	Implement FICO's origination software in-house and FICO® TRIAD® Customer Manager at First Data Resources Ltd.
Results	Dramatic success of the testing and validation has motivated the bank to accelerate its rollout of the solution nationwide

RIYAD BANK



“Using TRIAD on the data lets us be far more refined than before when it comes to how we deal with our customers.”

—Andrew Goodrich,
Credit Manager
Riyad Bank

Consistent, unbiased processing links to account management systems

Riyad Bank of Saudi Arabia is breaking new ground in its effort to be the first Middle Eastern regional bank to implement risk-based decisioning and accommodate greater credit card demand and usage. That's why Riyad Bank has turned to FICO and its alliance partner First Data Resources Ltd (FDRL) for a combination of solutions that smooth account acquisition, application processing and customer relationship management.

According to Credit Manager Andrew Goodrich, the benefits of risk-based decisioning and automated processing at Riyad are now just beginning to come to light. For its classic portfolio, the bank has seen a 27% increase in total accounts and an increase by almost 15% in current balances. Net income for this portfolio increased by about 35% and the increase in debit active accounts has been upward of 20%.

Results for the bank's gold portfolio have been similar. Total accounts have increased by around 17% and balances have increased by 35%. The increase in debit active accounts is nearly 13% while the increase in net income has been 44%. The percentage of two-cycle balances has decreased by 9% while this percentage for three-cycle balances decreased by 58%. The percentage of four-cycle balances decreased by more than 37%.

Goodrich says that implementing FICO's origination software has also made it easier to ensure compliance with Riyad's credit policy, consistency in its decisions and the quality of its data. He has found that implementing the program increased both productivity and capacity while generating more and better management information.

» Improving card application decisions

Two and a half years ago, Andrew Goodrich came to Riyad Bank in Saudi Arabia from banking positions in South Africa. As Credit Manager, he brought with him experience using FICO's origination software.

According to Goodrich, prior to his arrival "card application decisioning was largely judgmental and ad hoc." To ensure consistent and culturally unbiased processing, he called on FICO's Birmingham (UK) office to develop a custom scoring model based on a small legacy database.

The custom scoring model FICO developed was then tested against a pool of charged-off accounts. When this test confirmed the efficacy of its performance, the model was plugged into origination software, and Riyad Bank went to work processing applications electronically. Once applications have been processed and

decided with the software, Goodrich uses it to pull a data file of "accepts." With a few quick data format enhancements that Goodrich programmed himself, the file is prepared for a daily electronic upload to FDRL.

FDRL's account management system uses the data to book accounts and generate the necessary correspondence and statements. These documents are then translated using electronic translation methods to convert correspondence to Arabic. A quick verification routine ensures the outgoing list of accepted accounts matches the incoming list. Letters and statements are then bulk-shipped back to Saudi Arabia where they enter the postal system for delivery to customers. Rejection letters are generated manually back at Riyadh using a list of rejections generated by the FICO software.

According to Goodrich, Riyadh Bank has benefited from this automation in a number of ways. "We have found that once a more automated environment was introduced, the necessary tools were in place to aid greater product development both in terms of risk management at an application level as well as having the MIS capabilities from an application/scorecard monitoring and tracking perspective."

» Refining customer management

While using FICO's origination software has stream-lined application processing and decisioning, the real payoff comes when Riyadh uses FICO® TRIAD® Customer Manager for account management at FDRL. The TRIAD system is licensed to FDRL, where it is used for behavior scoring of Riyadh's customer databases. The results then aid in the development of strategies that are appropriate for the customers of Riyadh Bank.

TRIAD Customer Manager is the backbone of FICO's alliance with FDRL. According to FICO's Barry Honeycombe, "TRIAD Customer Manager at FDRL provides a way for small and medium market credit card issuers to use behavior

scoring to manage accounts when they couldn't afford it otherwise."

Goodrich agrees: "Using TRIAD Customer Manager on the data lets us be far more refined than before when it comes to how we deal with our customers." Currently, the bank makes use of seven TRIAD decision areas, namely: Credit Limit, Authorizations, Delinquent Collections, Overlimit Collections, Re-Issue, Manual Authorizations and Communications.

While Islamic law in Saudi Arabia forbids the charging of interest, credit grantors may charge annual fees for the use of accounts. For Riyadh, TRIAD Customer Manager has been modified to use the riyal (Saudi currency) and it takes advantage of FICO's Middle Eastern behavior and attrition scoring models at FDRL. These models are largely based on the Riyadh Bank database. They enable Riyadh Bank to identify customers for whom a discounted annual fee might be an incentive to retain and/or use their card.

Using this combination of FICO and FDRL solutions allows a geographically remote, smaller market bank like Riyadh to rapidly process applications and use risk-based decisioning as a tool. Automated account management then facilitates sophisticated customer behavior analysis that enables the bank to reap better returns from pricing, collections, authorizations and account limits. Riyadh Bank is the only bank in the Middle East to have such tools at its disposal, giving it a competitive edge in such areas as risk management, marketing and customer servicing.

"This experience has been very enlightening for senior management," explains Goodrich. "We still tend to have a high override rate, about 15%. But we're coming to the conclusion of our first year of using the FICO origination software. I think that once we run an analysis of our results, we're likely to begin to have a greater reliance on the system."

Decision Yield

Agility

Automated systems enable Riyadh Bank to quickly activate policy changes regarding all areas of application processing and account management across both its classic and gold card portfolios.

Precision

Risk-based decisions rely on sophisticated customer behavior analysis to enable Riyadh Bank to be more refined in its customer treatment.

Consistency

Greater consistency and culturally unbiased processing is achieved with automated processing operations that rely on consistently applied rules rather than judgmental decision making.

Speed

Automation enables Riyadh Bank to respond to credit applications and implement credit limit, authorisations, collection and re-issue decisions quickly without manual intervention.



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