

FICO® Score Validation Services

Verify new score performance and impact to your business



Understand predictive strength of a more current FICO® Score



Quantify financial lift on a mix of your portfolios



Maximize value; minimize disruption with FICO expert guidance



Quickly realize the benefit of a new risk model for your business

FICO® Score Validation Services provide the expert analytic resources and proven framework needed to overcome the barriers to upgrading to a more current and powerful FICO® credit risk score. Whether challenging your in-house or legacy bureau scores or benchmarking a score to incorporate into your strategies, FICO can guide you to a sound decision to upgrade. While lenders acknowledge the significant benefits from adopting the latest analytic innovations, the process of adoption can be time-consuming and challenging.

For lenders who want to take advantage of expert guidance for the best validation design and execution, the FICO® Score Validation consulting service provides the resources to help assess the predictive lift provided by the new FICO® Score. When you choose to partner with FICO, a statement of work will help define the areas in which the organization needs the most assistance – going beyond score validation to financial impact and strategy design:

- **Validation:** Analyse the predictive lift provided by the new score on your portfolio(s)
- **Strategy Impact:** Quantify the incremental business impact of using the new score within the context of the lender’s existing strategies
- **Strategy Design:** Determine how a new FICO® Score should be integrated into the lender’s decisioning strategies

Each of these phases builds upon each other, therefore lenders signing up for the FICO® Strategy Impact or Design Services will get all the consulting services and benefits included in the FICO® Score Validation phase.

FICO® Score Validation Consulting Services

Before defining the tactical aspects of conducting a score validation, there needs to be a discussion and agreement on organizational objectives to ensure that you are evaluating what really counts for your business.

FICO® Score Validation Service Method



Typical validation phases, outcomes and expected time frames. A customised statement of work (SOW) will apply the framework to your organisational needs and structure.

*Identifying business as usual (BAU) strategy is defined as part of a Strategy Impact project.

Then, you are able to design a more effective FICO® Score validation and provide more meaningful results on the potential future impact on your portfolios. Your management goals will influence your validation design and create the strongest business case for change.

Through the FICO® Score Validation Service, expert FICO resources analyse the predictive lift provided by the new FICO® Score on your portfolio(s). Deliverables are defined to meet the key success criteria of your business goals. Reports and statistics are compiled and presented to demonstrate the challenging model’s predictive strength and provide a recommended course of action.

Sample validation reports include:

- Score and cross-matrix distribution report
- Odds chart
- Log-odds to score chart
- Trade-off curve

The end result is a clear picture of the predictive improvement you can gain by moving from a legacy score to a newer FICO® credit risk score.

Going Beyond Validation

After the validation work is completed and the predictive power confirmed, our experienced consultants will tailor your selected strategy or strategies to maximize the value derived from the new FICO model versus the legacy model. FICO® Score experts estimate the potential business improvement gained from using the new score and strategy, compared to business-as-usual (BAU) practices. The consultants review your existing strategy and design a new deployable strategy.

In addition to the validation documents from the initial phase, Strategy Design provides a defined and rich set of reports and statistics to demonstrate the predictive strength of the new FICO® Score and provide a recommended course of action. Deliverables include:

- Deployable, data-driven strategy, created using FICO® Model Builder software, that best leverages the new FICO® Score
- Projected financial impact of the improved strategy
- Detailed analysis at both the overall portfolio level and at the individual end-node level to study targeted consumers

Experienced FICO strategy consultants use their industry knowledge and the FICO Model Builder workbench to best determine how the new score should be integrated into the lender’s decisioning strategies that map the path to improving business performance.

FICO consultants use a data-driven approach to assess the changes required to score cutoffs or whether new segmentation splits should be introduced to existing lender strategies. A detailed analysis is conducted on an overall portfolio-level and individual end-node level to analyze the targeted consumer as well as expected financial impact.

Bottom-Line Conclusion

In the Strategy Impact phase, FICO experts assess the incremental financial impact you may achieve by adopting a newer score. Our score and credit experts weigh the predictive improvement of the new score and potential financial impact within the context of your existing scores and decision strategies

This is where you start to build the business case for adoption of the new analytics, quantifying the financial impact of both the new score and existing strategy.

Once the predictive improvement is established through the Validation process, the Strategy Impact work translates the analytical improvement to the financial benefit you may achieve – from the perspective of the existing decision strategies and operating points.

In addition to the validation documents, Strategy Impact deliverables include reports and statistics to demonstrate the new score’s predictive strength:

- Metrics that demonstrate the benefits gained by using the score in your existing strategy and a recommended course of action
- Projected financial impact of the new score, e.g., increased profit, reduced losses, increased approval rates
- Detailed strategic analysis conducted on both an overall portfolio and individual end-node level

Lenders often ask:

How do I accurately structure a validation? How do I interpret the results?

How can I manage a validation with my already resource-constrained analytic staff?

How can I judge whether the new score demonstrates bottom-line benefits for my business?

How do I best integrate the scores into my existing strategies?

What adjustments do I need to make to my strategies to best take advantage of the new score?

FICO will assess one business as usual (BAU) strategy at one historical point in time and compare the new FICO® Score versus existing score in the BAU strategy. FICO then analyzes the difference in strategy targeting on an individual end-node and overall portfolio level. Based on these targeting differences, FICO works with the client to determine the overall financial impact to the lender’s portfolio.

Have Time and Resources?

For those lenders choosing to conduct the evaluation themselves, FICO provides its clients with the FICO® Score Validation Guide. The guide lays out a best practice design framework to successfully assess the value of a newer FICO model. The FICO® Score Validation Guide leads you to:

- Define organizational objectives
- Turn objectives into a validation design
- Conduct and interpret validation results
- Assess the incremental financial impact

The guide starts out by providing lenders with key objectives you need to outline for your organization. It discusses how to turn those objectives into an appropriate validation design – to accurately assess the predictive improvement a newer FICO® credit score can bring to your portfolio. FICO provides step-by-step instructions on how to conduct the validation as well as how to interpret key reports.

Lastly, the guide provides lenders with guidance on how to translate the score’s predictive improvement to your bottom line, in the context of existing strategies and scores. A copy can be requested by emailing FICO at globalscoreservice@fico.com.



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