

# Introducing FICO® Scores for India

Expanding Financial Inclusion by Scoring Millions More Consumers

## A new dual-score service combines the FICO® Score with FICO® Score X Data India:



Leverage the greater predictive strength of the FICO® Score to make more accurate and less risky credit approval decisions.



Realize rapid portfolio growth — analysis shows 30% or more of consumers unscorable due to insufficient credit data can now be scored with FICO® Score X Data.



Utilize dual score strategies to increase approval rates while reducing portfolio risk for greater inclusion and increased profit.



Gain long-term customer loyalty by helping consumers establish credit and a path to enter mainstream credit.

Lenders have the opportunity to extend credit access to millions of Indian consumers who otherwise cannot be scored responsibly, due to insufficient data in traditional credit bureau files. A new dual score service from FICO, the leader in credit risk scoring and analytics, can bolster financial inclusion initiatives and help grow loan portfolios. The dual score service comprises the FICO® Score for India, based on credit data from any of the major credit bureaus in India, and FICO® Score X Data India — developed in partnership with Lenddo™. The FICO® Score X Data leverages alternative data sources to give lenders a second opportunity to assess otherwise unscorable consumers.

## Competitive advantages of a dual score strategy

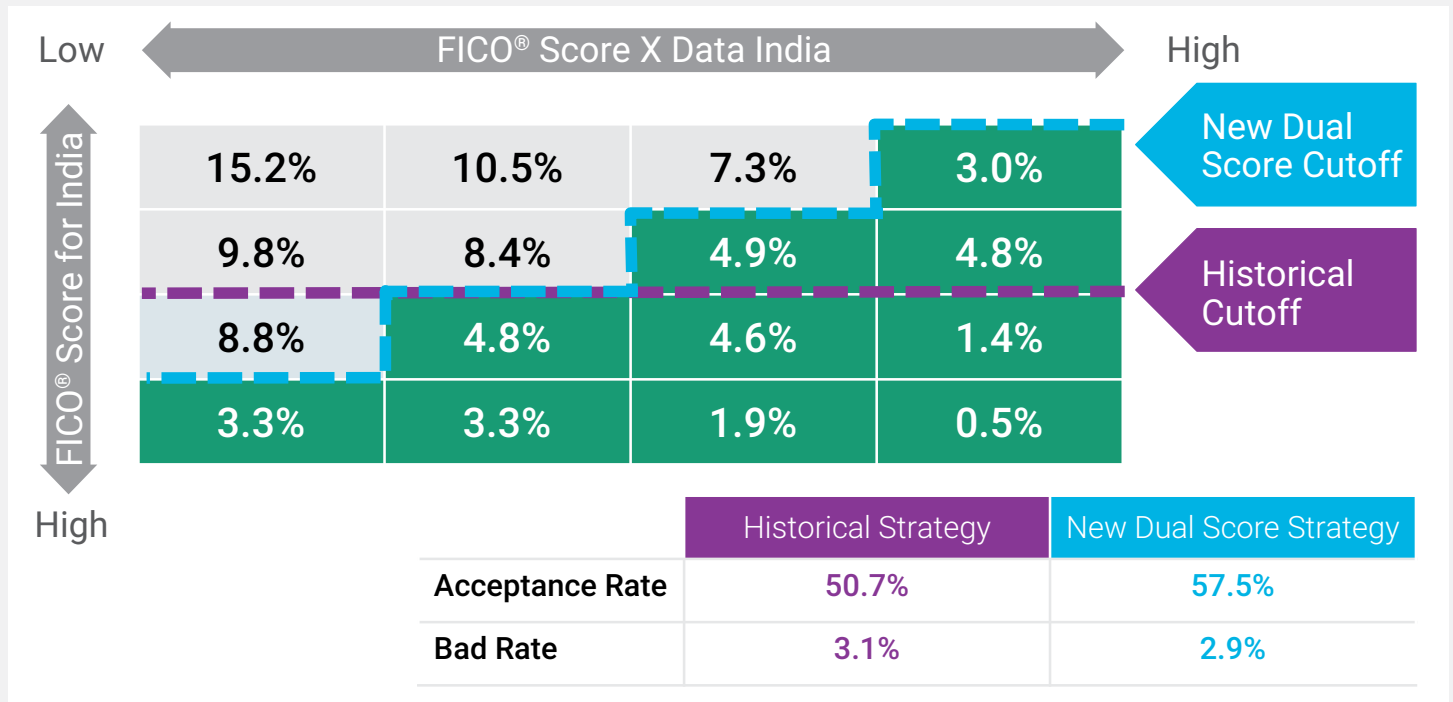
Dual score strategies enable lenders to increase approval rates and portfolio growth without increasing default risk through the insight gained from multiple risk measures. The FICO® Score for India provides a proven methodology for assessing risk. The inclusion of alternative data brings an additional facet to risk ranking by supplementing the traditional credit bureau score.

FICO's dual score service combines FICO® Score X Data with FICO® Score for India to provide superior risk assessment that can enable portfolio growth.

## The FICO® Score

The FICO® Score leverages FICO's deep domain expertise to provide lenders with the strongest possible consumer credit risk assessment based on credit files from any of the major credit bureaus in India. A comprehensive characteristic selection process was used to identify the most predictive data available in consumer credit files to develop a powerful risk model. The score has a range of 300–850, with higher scores indicating better (lower) credit risk, and can be used across credit products and lifecycle from acquisition to origination to account management.

Figure 1 Sample of Dual Score Strategy



**FICO® Score X Data**

**A FICO Financial Inclusion Initiative in Partnership with Lenddo**

The **FICO® Score X Data** in partnership with Lenddo delivers a consistent predictive risk score using alternative data obtained by Lenddo with the consumer’s authorization. The risk score is calculated using characteristics from consumers’ digital (web and mobile) footprints along with relevant information from the lender. This provides insight into additional dimensions of credit risk for use in lending decisions as an alternative or supplement to credit bureau data. The score has a range of 1–299, and like the bureau file-based FICO® Score, the FICO® Score X Data is scaled so that higher scores indicate better (lower) credit risk.

**Dual score strategy for decisions**

The FICO® Score for India and FICO® Score X Data provide additional operational efficiencies when used in

concert to develop dual score strategies. A matrix can be used to set cutoff scores that consider both measures of the applicant’s credit risk, as shown in the example above. The dual-scoring matrix provides the credit manager with a tool to increase approval rates and/or decrease bad rates by using the FICO® Score X Data to refine the decision recommended based upon the FICO® Score cutoff.

Applicants who fall short of the FICO® Score cutoff by a narrow margin can be approved if they have acceptable FICO® Score X Data. These applicants are “swapped in” to increase the approval rate.

Conversely, applicants who pass the bureau score cutoff, but are indicated high risk as assessed by the FICO® Score X Data, can be declined (or “swapped out”) to decrease portfolio bad rates.

The process of identifying the “swap

set” results in a stair-step cutoff that compensates for risk according to the combination of the FICO® Score X Data and FICO® Score for India.

The case study above reflects a loan origination portfolio. The FICO® Score was calculated retrospectively from the credit bureau reports as of the time of application. The historical strategy was to observe the marginal bad rate of 4.9% for this portfolio. Designing a dual score strategy that incorporated FICO® Score X Data to approve any cell where the bad rate was less than 4.9%, and would decline any cell where the bad rate was greater than 4.9%, would have resulted in a reduced overall bad rate of 2.9%, and an increased acceptance rate of 57.5%. Portfolio growth and reduced risk are simultaneously achieved.

FICO® Score Features	FICO® Score Benefits
On-demand score generation	Speed approve/decline decisions for applicants, allowing staff to handle higher application volumes onsite
Consistent objective scoring of applicant population	Enables objective risk ranking for fair and accurate decision-making
Consistently more predictive than other risk scores available	Reduce portfolio cost and risk through better approve/decline decisions when compared to competitor options
FICO® Score X Data Features	FICO® Score X Data Benefits
Insight into additional dimensions of consumer risk outside of traditional credit bureau files	Enables new portfolio growth into consumer population, population – that previously couldn't be scored – through the inclusion of the consumer's digital footprint such as web and mobile device data
Streamlined integration via Lenddo's cloud-based platform	Quick and easy implementation through Lenddo's cloud-based platform allows seamless integration and timely availability of scoring capabilities
Easily used in concert with the FICO® Score for dual score approval strategy	Dual score strategies enable increased approval rates without increasing portfolio risk
Identify good risks among previously unscorable consumers	Opportunity for long-term customer growth and loyalty through inclusion of new consumers

**About Lenddo**

Lenddo was founded in 2011 to improve financial inclusion for 1 billion people around the world, enabling financial service providers to access and serve new and underserved markets using its disruptive technology, and to leverage new sources of digital data such as mobile-social digital footprints. Lenddo's product suite, apart from credit scoring where it processes hundreds of thousands of applications each month globally, includes digital verification and marketing insights solutions.

**To learn more about the FICO Financial Inclusion Initiative and how FICO® Score X Data can help your institution, visit [www.fico.com/financialinclusion](http://www.fico.com/financialinclusion).**



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