








Are you thinking about switching to custom scorecards from the generic cards? This could be the missing ingredient that could take your operations to otherwise new levels of productivity and profitability. But before you take the plunge, there are a number of questions or issues that you must first consider. Below is a list of those factors that must be addressed before switching to custom scorecards.

	What are your competitors doing?	You should consider: More lenders are using custom scores than ever before. In such a competitive marketplace, it's always good to know what you're up against. Let's face it, a "keeping up with the Joneses" mentality can be healthy when it helps you evaluate if such a decision will either help you keep up or propel you ahead of the pack.
	Have I evaluated my current scorecards to substantiate a need for making the switch?	You should consider: Completing a Score Validation is one of the best ways to gauge where your current score stands because it goes back to the score at the time of application and measures the actual payment behavior of your customer.
	How often do I perform a validation on the scores that I currently use?	You should consider: Once each year is usually appropriate. If you don't validate them regularly, you might be increasing the likelihood that regulators will not be satisfied.
	Do I have enough data history?	You should consider: Depending on volumes, you should have at least two years of application data (including rejects) and account performance monthly snapshots of any accounts resulting from approvals.
	Do I have enough data volume?	You should consider: Unless you have a high delinquency rate, you should have approximately 2,000 monthly applications over the time frame listed above.
	Do I have enough bad performers accounted for within my data sample?	You should consider: If you have a bad rate (60+ or 90+ Days Past Due) of less than 1%, be prepared to need larger volumes than listed above.
	Do I have the budget?	You should consider: Custom score development can range from \$25,000 - \$45,000 depending on the solution.
	Will one model cover all of my segments?	You should consider: Needing more than one model will certainly increase the cost of switching to custom scorecards. Don't forget, segmentation can either be product-based or business-based.
	Do I have consistency within the membership samples that I am evaluating?	You should consider: If you have drastically changed product mix or member profile, you could risk building a solution that will not fit into your current environment.
	Do I have the right management environment?	You should consider: To make the best use of a solution like this, changes to the existing credit policy will likely be required. It is helpful to understand the reception your management team will have to policy changes and account for this in your buy-in plan.

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- Scalable to provide the analytics needed today and to lay the foundation for the analytics of tomorrow
- Expandable across the credit cycle and lending functions
- Agile for rapid return on decision making investments

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