



**Development of Credit Risk Scorecards for
Retail Lending portfolios for a large bank in
Middle East**

The Client

One of the biggest bank in Middle East comprising assets of more than 80Billion USD.

Scope and Approach

The Bank has global Retail Lending portfolio and was using a generic credit bureau score for its acquisition decisions. Major changes in acquisition policy had occurred in recent years. Also, economic slowdown had resulted in increased delinquencies. Customized Application Scorecards were therefore desired for the portfolio, to account for most recent performance and changed portfolio composition.

Aptivaa proposed development of new application scorecards taking into account the most recent portfolio composition and with enhanced Bureau and Application variables. Detailed Roll-Rate and Vintage Analysis was performed to optimize the performance definitions and length of performance windows. Aptivaa also used Rejected population for scorecard development and developed Known Good Bad model and All Good Bad model using Reject Inference techniques.

Aptivaa team brought expertise in dealing with Credit Bureau data and defined 20 additional variables for the Credit Bureau to create and deliver, in addition to the standard characteristics provided by bank. The team from Aptivaa also performed rigorous audits to ensure that Bureau variables provided consistent and intuitive results..

Results

New Applications scorecard provided significant improvement in performance statistics over the existing Bureau Score being used. This also led to reduced Bad Rates in approved applications population.

Deliverables

- Application Scorecards for Retail Portfolio including Personal Loan, Credit Card, Mortgage portfolio.
- Acquisition strategy for complete Retail Portfolio.



About Us

Aptivaa is a vertically focused risk and compliance professional services firm offering risk consulting, solutions and analytical services to banks, insurers, as well as asset management and other financial services companies across the globe.

We have developed world-class competencies in high-stakes financial risk and compliance areas such as Enterprise Risk Management, IFRS 9, Credit, Market & Operational Risk, Basel II, Basel III, ICAAP, Risk Based Pricing, Risk Systems implementations etc. We strive to enhance our offerings in line with the latest regulatory updates and ever evolving risk management methodologies and frameworks across the industry.



Abu Dhabi | Mumbai | London | New York

Contact: info@aptivaa.com | Website: www.aptivaa.com | [LinkedIn](https://www.linkedin.com/company/aptivaa) <https://www.linkedin.com/company/aptivaa>