

views from

THE INFORMATION POWER OF THE EURISC CREDIT REPORTING SYSTEM

and “impacts on the profit and loss account”:
innovative KPIs for the Origination phase

Findomestic requirements

As part of a corporate initiative involving the entire BNP Paribas Group, the need to reduce cost to income was identified. In light of this policy, Findomestic embarked on a path aimed at optimizing origination processes. In particular, the main objective was to identify areas for **improving efficiency in order to reduce operating costs without increasing credit risk**.

The project

Among the main objectives of the project, the **increase in the rate of automatically approved outcomes in production was identified as a priority**, at the same time ensuring **an adequate balance between the volumes disbursed and the risk of approved applications**.

With the consultancy support of CRIF Credit Solutions and the depth of CRIF Group information, the **CRIF Information Core**, Findomestic identified new opportunities to develop their decision support policies. The project was divided into two different stages:

> the first, focused on the personal loan segment, involved the development of the use of “basic information” from EURISC (CRIF Credit Reporting System) in the decision strategies;

> the second, relating to retail finance, is based on the introduction/refinement of the use of the CRIF Credit Bureau Score (PERFORM).

As part of the first project phase, first of all the action areas with the greatest potential were identified through an analysis of the production and reclassification of resubmitted applications (those for which an assessment was requested by credit analysts) in different aggregates comparable to each other according to specific characteristics.

Furthermore, for each cluster, the most appropriate action in terms of automatic approval or refusal was identified, to be carried out through the refinement of the contribution from EURISC data. To this end, a **custom score** was developed across the entire resubmitted population, based on the processing of CRIF credit information. The actions introduced for the retail finance segment, which is already significantly automated, were based on the enhancement of the Credit Bureau Score. Approaches were introduced or refined based on the use of PERFORM on specific sub-areas differentiated by the type of customer and requested amount.

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The consultants at CRIF Credit Solutions proposed an approach based on the concept of “**impacts on the profit and loss account**”. Achievable benefits were measured using an innovative indicator which is unique on the Italian market and which combines the calculation of profitability and FTE savings.

Key benefits

In relation to the specific objectives of the cost optimization project related to origination processes, actions were identified for the personal loan segment which enabled **potential quantifiable benefits** to be achieved as follows

- > 14.4% increase in the rate of automatically approved outcomes;
- > 27% reduction in the potential FTE figure dedicated to investigating this type of application;

> reduction in the annual cost of risk, estimated at 4.3%.

Moreover, the initiatives identified for the retail finance segment enabled the following, for the same cost of risk

- > 5.1% increase in the rate of automatically approved outcomes;
- > 41% reduction in the potential FTE figure dedicated to investigating this type of application.

“From this experience,” commented Angelo Piazza, Chief Risk Officer of Findomestic Banca, “it emerged that it was possible to achieve substantial and measurable benefits through the advanced and integrated use of EURISC data together with the know-how and innovative approaches of CRIF Credit Solutions consultants. This translated into a reduction in

the cost of risk to the benefit of the origination operating processes, and in the lowering of the costs of investigating applications, including those related to creditworthiness assessments by analysts. In particular, the actions aimed at optimizing decision strategies, defined as part of the collaboration between Findomestic and CRIF consultants, enabled an improvement in efficiency which can be translated into a potential annual saving of more than 1 million euros in operating costs.” concluded Mr. Piazza.

For more information, contact marketing@crif.com

CREDIT INSTITUTION

Findomestic Banca

SOLUTION

CRIF Information Core, PERFORM - the CRIF Credit Bureau Score - and consultancy during the review of the origination process.

NEEDS

reduction in cost to income and optimisation of origination processes, with a reduction in operating costs.

RESULTS

increase in the rate of automatically approved outcomes of applications, FTE savings, SLA improvements and a reduction in the overall cost of risk.

Findomestic Banca is 100% owned by BNP Paribas Personal Finance, a BNP Paribas Group company. BNP Paribas Group is a leader in France and Europe for consumer credit.

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SIMONE CAPECCHI
Executive Director at CRIF