

## Demonstration Case Study 1:

### **Application scoring for a financial institution (Deutsche Bank) in providing loans:**

#### **Sector: Banking & Financial Sector**

#### ***Global Perspective:***

Deutsche Bank is Germany's leading bank, with a strong position in Europe and a significant presence in the Americas and Asia Pacific. Deutsche Bank provides banking services to corporations, governments, institutional investors, small and medium-sized businesses, and private individuals.

#### ***Unparalleled financial services worldwide:***

2,656 branches in total, thereof 1,776 in Germany (Figures as of December 31, 2016). Against a backdrop of increasing globalization in the world economy, Deutsche Bank is very well-positioned, with a presence in over 70 countries, significant regional diversification and substantial revenue streams from all the major regions of the world. We have established strong bases in all major emerging markets, and therefore have good prospects for business growth in fast-growing economies, including the Asia Pacific region, Central and Eastern Europe, and Latin America. In Europe, we are well placed to benefit from the aforementioned resilient conditions in our home market, Germany, and from continued strong levels of corporate activity in the euro zone. **The company wants to have more focus on the Indian part which has huge potential of growth.**

#### ***Indian Focus and the Perspective:***

Deutsche Bank established its first branch in India in 1980. Currently, it has over 11,000 employees in the country, operating branches in 16 cities. Building on its dominant global markets and leading transaction banking franchises, and with over 500,000 individual customers, Deutsche Bank is a fully integrated financial services provider to Indian corporate, institutional and individual clients.

#### ***Problem in the Indian Market:***

***The organization wants to focus on the private lending to the loan sector with emphasis on the small loans. The organization wants to optimize between market share and profitability. Currently there is a huge proposition of NPA (Non-Performing Asset). Deutsche banks wants to have a credit scoring mechanism from the past data so that in future when a new application for loan comes into they can take a strategic decision based on the probability of default in terms of providing loans or not.***

#### ***Consulting & the Implementation Support Sought After:***

***The data provided should be used to create a modeling environment to ensure that the right balance between reaching the target market (focussed target segment of good customers) and the profitability (optimized revenue) is maintained.***

***Profit from a successful repayment of loan (Interest from the loan) = 100 dollars***

***Loss from a default (500 dollars).***

***One bad loan takes away the profit of 5 good loans***

**Deliverable Sought:**

- *A document having the detailed step of the activities / techniques/ steps and the output with the business takeaway*
- *Configuring the steps/ techniques in creating the application scoring mechanism*

*The business is agnostic to any tool and technology and if the business feels value in the consultancy service provided they would take the help of the consultant for floating a separate RFP to zero in on the right tool. At this moment any technology (SAS, R, Python, etc.) can be used.*