**Credit Check Specification**

**Constraints:**

Applicant must have at least one or more credit card/loan.

**Inputs:**

-ID Number

**Fixed Values:**

Payment History **(PH):** 35%

Total Amount Owed **(TAO):** 30%

Length of Credit History **(LCH):** 15%

New Credit **(NC):** 10%

Types of Credit Used **(TCU):** 10%

MaxScore: 999

**Outputs:**

String: Credit Rating Status

Num: Credit Rating Score

**Rules:**

Poor Credit Rating: 0-615

Fair Credit Rating: 615-729

Good Credit Rating: 730-821

Very Good Credit Rating: 822-917

Excellent Credit Rating: 918-999

**Payment History (PH)**

PH\_RATE = 35/100 \* MaxScore

Perfect Score = PH\_RATE;

Very Good Score = PH\_RATE \* 0.75;

Good Score = PH\_RATE \* 0.50;

Poor Score = PH\_RATE \* 0.25;

Bad Score = NC\_RATE \* 0;

**Types of Credit Used (TCU)**

TCU\_RATE = 10 /100\* MaxScore

Perfect Score = TCU \_RATE;

Very Good Score = TCU \_RATE \* 0.75;

Good Score = TCU \_RATE \* 0.50;

Poor Score = TCU \_RATE \* 0.25;

Bad Score = NC\_RATE \* 0;

**Length of Credit History (LCH)**

LCH\_RATE = 15/100 \* MaxScore

Perfect Score = LCH \_RATE;

Very Good Score = LCH \_RATE \* 0.75;

Good Score = LCH \_RATE \* 0.50;

Poor Score = LCH \_RATE \* 0.25;

Bad Score = NC\_RATE \* 0;

**Total Amount Owed (TAO)**

TAO\_RATE = 30/100 \* MaxScore

Perfect Score = TAO \_RATE;

Very Good Score = TAO \_RATE \* 0.75;

Good Score = TAO \_RATE \* 0.50;

Poor Score = TAO \_RATE \* 0.25;

Bad Score = NC\_RATE \* 0;

**New Credit (NC)**

NC\_RATE = 10/100 \* MaxScore

Perfect Score = NC\_RATE;

Very Good Score = NC\_RATE \* 0.75;

Good Score = NC\_RATE \* 0.50;

Poor Score = NC\_RATE \* 0.25;

Bad Score = NC\_RATE \* 0;

**If number of loan and credit cards = 0 then the applicant is deemed as being unable to apply a loan.**

|  |  |
| --- | --- |
| **number of loan and credit cards** | **Loan/CC Nr Score** |
| 0 | Bad Score |
| 1 | Very Good Score |
| 1 – 5 | Good Score |
| 9 – 10 | Poor Score |

|  |  |
| --- | --- |
| **First loan account duration** | **First Loan Acc Score** |
| Never had a loan | Bad Score |
| 1 – 2 years ago | Good Score |
| 3 – 5 years ago | Very Good Score |
| 6 – 10 years ago | Perfect Score |

|  |  |
| --- | --- |
| **Number of credit cards/loans applied in the past 12 months** | **Loan/CC Applied in 12mnths Score** |
| 0 | Perfect Score |
| 1 | Very Good Score |
| 2 – 5 | Good Score |
| 6 – 10 | Poor Score |

|  |  |
| --- | --- |
| **Recent loan/credit card account duration** | **Recent Acc Dur Score** |
| 3 months ago | Poor Score |
| 3 – 6 months ago | Good Score |
| 6 months – 1 years ago | Very Good Score |
| 6-10 years ago | Perfect Score |

|  |  |
| --- | --- |
| **Number of loans/credit cards currently have balance** | **Nr of Loans/CC Curr Bal Score** |
| 1 | Perfect Score |
| 1 – 5 | Very Good Score |
| 6 – 10 | Good Score |
| 10 – 15 | Poor Score |

|  |  |
| --- | --- |
| **Total balances of other loans and credit cards combined** | **Total Bal Score** |
| ≤ 5 000 | Perfect Score |
| 6 000 – 15 000 | Very Good Score |
| 15 000 – 35 000 | Good Score |
| 36 000 – 50 000 | Bad Score |

|  |  |
| --- | --- |
| **Duration of missed loan/credit card payment** | **Missed Payment Score** |
| Never missed a payment | Perfect Score |
| 3-6 months ago | Poor Score |
| 6 months – 1 year ago | Good Score |
| 1 – 2 years ago | Very Good Score |

|  |  |
| --- | --- |
| **Number of loans /credit cards past due** | **Past Due Score** |
| 0 | Perfect Score |
| 1-5 | Good Score |
| 6-10 | Poor Score |
| 11-15 | Bad Score |

Credit Rating Score = **Loan/CC Nr Score + First Loan Acc Score + Loan/CC Applied in 12mnths Score + Recent Acc Dur Score + Nr of Loans/CC Curr Bal Score + Total Bal Score + Missed Payment Score + Past Due Score.**

**TCU:** (Number of Credit cards + Number of loans /credit cards past due).

**LCH:** (First loan account duration + Recent loan/credit card account duration).

**TAO:** (Number of loans /credit cards currently have balance + total balances of other loans and credit cards combined ).

**PH:** (Duration of missed loan/credit card payment).

**NC:** (Number of credit cards or loans applied in the past 12 months).