**Lite Loan Scorecard**

**Purpose**

Scorecard development is essential in mitigating risks in financial Organizations. We are changing the way we do business through the implementation of a salary-service led scorecard; a business model which will better serve our clients while reducing costs and managing risks.

* Business Goal: Profitably and responsibly provides innovative financial services to low-income individuals. The main goal is to build a robust credit scoring model that aids automation and optimization of customer on-boarding process from an application point of through-the-cycle strategy
* Project Goal: The Lite loan credit risk scorecard would assist in evaluating probability of defaults and ensure Business goal is met

**Scope**

* Analyze and breakdown of Lite loan Portfolio to learn about trends
* Development of a Salary service led scorecard using historical data.
* This model will be used for New-to-Bank customers, therefore the model should be developed on New Customers’ data as at the time of first application. Repeat Customers should not be included in the development sample
* Product to be considered is Lite loan
* Data selection window is between February 2021 and November 2021

**Working Group**

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| s/n | **Decision Science** |
| 1 | Maryam Fajobi |
| 2 | Nikolay Nikolov |
| 3 | Adegboyega Adesanya |

**Plan**

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| S/N | **Action Items** | **Duration (days)** |
| 1 | **Understand Business Objectives** | 1 |
| 2 | **Data Collection and Cleaning** | 2 |
| 3 | **Initial Analysis:**   * Analyze take-up rate * Trend of Application Loan Ticket * Trend of Total Application population month-on-month (Accept and decline rates) * Trend of reasons for lite loan applications rejects * Trend of Disbursed Loan ticket size distribution month-on-month | 2 |
| 4 | **Behavioral Analysis:**   * Analysis of early settlement events across overall disbursed samples * Default rate Analysis * Cure rate analysis * Sample and Target definition | 2 |
| 5 | **Feature Engineering:**   * Derivation of new variables using different approaches | 3 |
| 6 | **Characteristics Analysis:**   * Fine Classing * Coarse Classing * Information Value * WoE transformations * Feature Selection | 5 |
| 7 | **Modelling:**   * Modelling Approach * Evaluation * Score validation * Population Stability Index * Score calibration | 5 |
| 8 | **Strategy:**   * Cut-off strategy * Impact assessment | 2 |
| 9 | **Deployment:**   * Deploy the model within the decision engine * Quality Assurance | 5 |

**Expected Deliverables**

* POC credit scoring model for Lite loans
* Post Implementation Support**:**Periodical Monitoring of the model and suggest adjustments / improvements

**Monitoring Results**

Key Performance Index (KPI) to track are:

* Model Impact on Acceptance Rate
* Impact on First Payment Defaults(FPD) for 14 and 30 days