DISCLAIMER

- All the figures and information related to business in presentation are simulated and fictional for the purpose of confidentiality and privacy.
- The purpose of this project is to present logical thinking from my idea of how to optimize credit score cut-off for credit approval with distinct life-time loss rate proven by net profit to the credit policy implementation on production.
- The presentation is simplified with the purpose of sharing and not related to any specific business.

CROSS-TAB OF 2 CREDIT SCORE

Based on external credit behavior of other credit institutions

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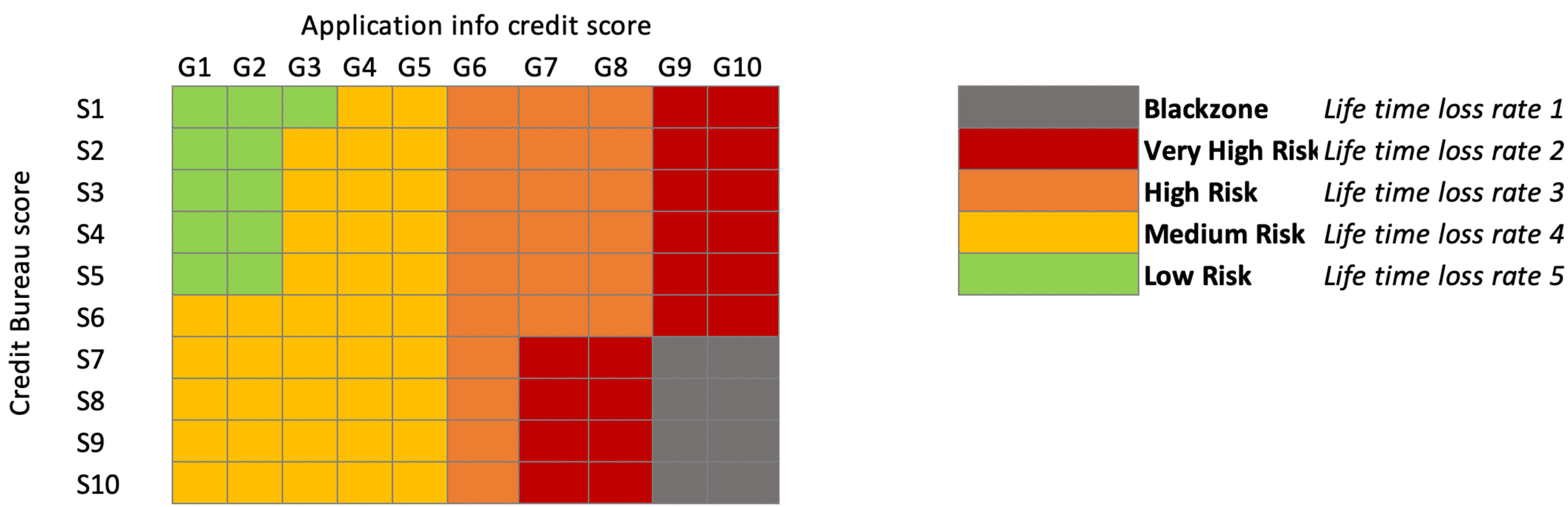
Based on customer demographic & facility request information in application

Enables improved Customer Risk Categorization with stable prediction power



SIMULATED NPM FOR NEW RISK SEGMENT

Cross-tab scoring proved the ability to clearly distinguish the segment that has significant reverse NPM in portfolio. Blackzone Risk segment is the only segment having negative NPM, which has 20% distribution in this simulation

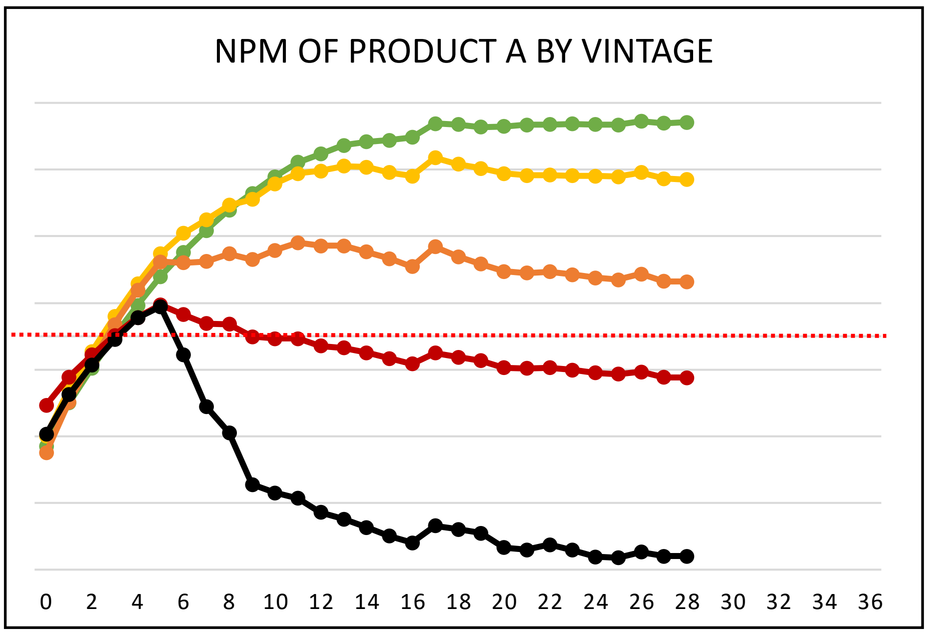
Navigate the credit strategy into 3 groups of NPM and apply the risk management policies accordingly especially regarding product features (loan amount, tenure, interested rate, etc.)

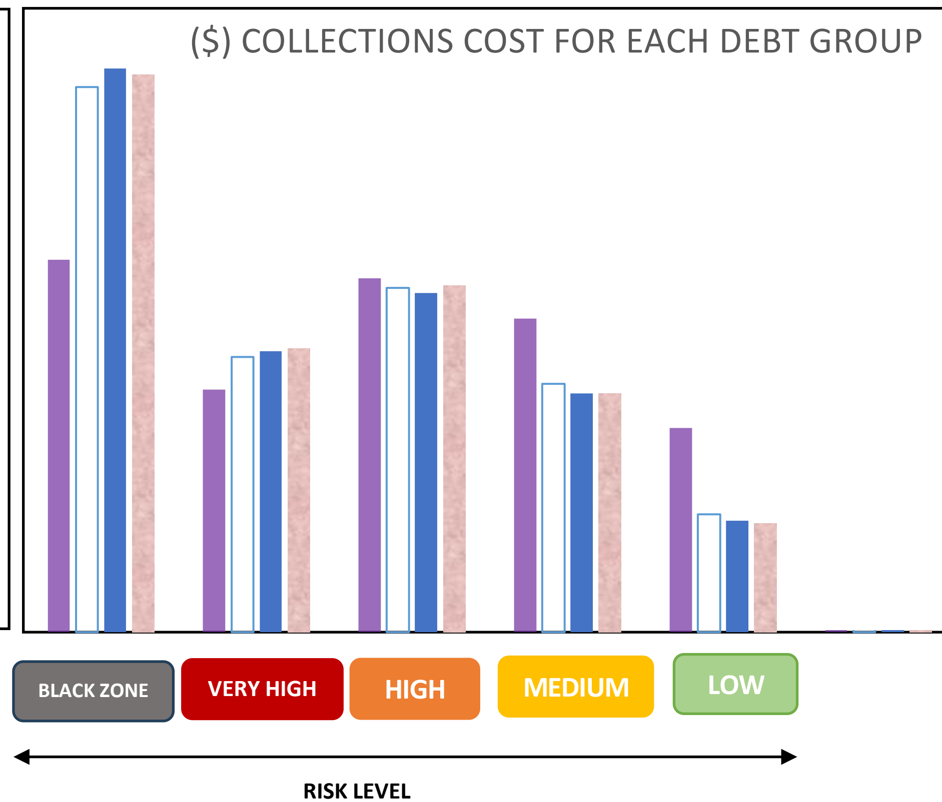
UOM: XX	CG1	CG2	CG3	CG4	CG5	CG6	CG7	CG8	CG9	CG10
Num of contracts #	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Loan amount	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**
Average Tenor Month	**21**	**22**	**23**	**23**	**22**	**22**	**23**	**23**	**23**	**22**
TOI	**880**	**880**	**880**	**880**	**400**	**400**	**200**	**150**	**-70**	**-120**
Total Revenues	1,000	1,000	1,000	1,000	700	700	500	450	350	300
Revenue 1	100	100	100	100	70	70	50	45	35	30
Revenue 2	200	200	200	200	140	140	100	90	70	60
Revenue 3	300	300	300	300	210	210	150	135	105	90
Revenue 4	400	400	400	400	280	280	200	180	140	120
Recovery amt	**75**	**71**	**68**	**43**	**37**	**38**	**36**	**28**	**27**	**26**
Activity cost	**120**	**120**	**120**	**120**	**300**	**300**	**300**	**300**	**420**	**420**
Cost 1	20	20	20	20	50	50	50	50	70	70
Cost 2	20	20	20	20	50	50	50	50	70	70
Cost 3	20	20	20	20	50	50	50	50	70	70
Cost 4	20	20	20	20	50	50	50	50	70	70
Cost 5	20	20	20	20	50	50	50	50	70	70
Cost 6	20	20	20	20	50	50	50	50	70	70
Losses amt	**15**	**20**	**25**	**25**	**27**	**27**	**30**	**30**	**35**	**45**
Chargeback amt	15	20	25	25	27	27	30	30	35	45
Deferment amt		0	0	0	0	0	0	0	0	0
NPM	**865**	**860**	**855**	**855**	**373**	**373**	**170**	**120**	-105	-165
%Loan amount	87%	86%	86%	86%	53%	53%	34%	27%	-30%	-55%

SIMULATED NPM & COLLECTIONS COST FOR NEW RISK SEGMENT

NPM of Blackzone and Very High-Risk segment quickly turned to negative after first 6 months while the other 3 segments maintain stable trend after 12 months.

Blackzone cost a lot of resources e.g. human cost and provision. Thus, removing blackzone from portfolio significantly blended business profit.





CREDIT RISK POLICIES IMPLEMENTATION

Credit decision is different for cash loan and BNPL (digital product). The final decision followed by sequence of reliable identity, credit record, income verification.

There are more implementation tailored for HIGH and VERY-HIGH risk segment based on diverse factors like debt burden ratio, maximum global debt group, type of employment, etc.

	CREDIT DECISION	IDENTITY	PRODUCT FEATURES
MEDIUM / LOW	Auto approve	Auto KYC process	Decrease interest rate Increase loan amount
HIGH	Selective approve	Auto KYC process	
VERY HIGH	Selective approve	Manual KYC process	- Limit loan amount - Tenure max: 6 months
BLACK ZONE	Auto rejection		

BUSINESS IMPACT

Products represent for personal lending product e.g cash loan, buy now pay later BNPL or credit card. We can also see the %distribution of (-) profit segment to prioritize for new credit risk strategy implementation.

		ANNUALIZED NPM		%IMPROVEMENT	%DIST OF NEGATIVE NPM
		AS IS	TO BE		
20XX	PRODUCT A	100	125	*25%*	*17%*
	PRODUCT B	100	135	*35%*	*22%*
	PRODUCT C	**100**	**145**	*45%*	*25%*