



Risk Profiling of Customers for Instalment Loans in a Lending Business

BizAcuity



About the Client

The client is Canada's largest and fast growing Short term unsecured loan Company operating hundreds of store across the country. It also provides wide range of other related financial services for customers.



Summary

Client needed to expand their loan book and increase bottom line, they decided to go ahead with the launch of new product which was installment loan. For an impactful bottom line performance client needed to predict defaulters and non-defaulters, predict insolvency in time and at the same time lower their NPA levels.

The Challenge

- ✓ Exploratory data analysis, Thin file analysis for new customers
- ✓ Identifying important variable from ocean of data available in hand from Credit unions, forms filled by customers, etc. to build a model.
- ✓ Building analysis data sets from various disparate systems including SQL server, XML files etc.

The Approach

- ✓ Machine Learning Algorithms to identify key variables from 500+ variables
- ✓ Building Machine Learning models to predict delinquency and insolvency
- ✓ Feature engineering mechanism and algorithms to select important variable based on weightage.
- ✓ Various Data Visualization techniques and reporting to see the trends in customer behavior, product performance, store performance and identify customer delinquency pattern.
- ✓ Delinquency trends by various location using Power BI, SQL server, MS-Excel
- ✓ Identified high loan balances of a certain customer, to identify fraud
- ✓ Reverse engineering of competitors data attained from Credit Bureaus
- ✓ Machine Learning algorithms for customer segmentation based on certain variables and come up with strategy for each customer segment
- ✓ Impact analysis of one product on another

The Outcome

- ✓ Saved cost for the client on additional data information from Credit Bureaus
- ✓ 47% increase in Loan book in a quarter, Improved approval rate
- ✓ Predict defaulter and non-defaulters, Lowering of NPA levels
- ✓ Identification of best and worst performing loan product
- ✓ Predict insolvency



Do you want to empower your decision makers?

Contact us at sales@bizacuity.com
US: + 1 704 302 1836 /
Tel: + 91 40 43111808