



APS

THE COMPLETE CREDIT SCORING SYSTEM

CREDIT APPLICATION PROCESSING SCORING ENGINE MODELS & STRATEGIES DESIGN TOOLS

Credit risk is directly connected with credit cost and therefore efficiency of client acquisition. A good scoring system provides for risk reduction and makes the bank's offer more attractive in an exceptionally demanding market of banking products. Flexible definition of new products in the scoring systems enables faster response to the market needs and allow to build a competitive advantage.

The Application Processing System (APS) is a complete scoring system that ensures an end-to-end credit application servicing in a financial institution. The solution seamless integrates with Bonair ScoreEngine or any other engine provided by other suppliers. System flexibility is guaranteed by the fact that users can define the credit application structure, decision strategies and handling procedures throughout the credit decision process. The solution is provided with a repository of models, strategies, procedures and applications database.

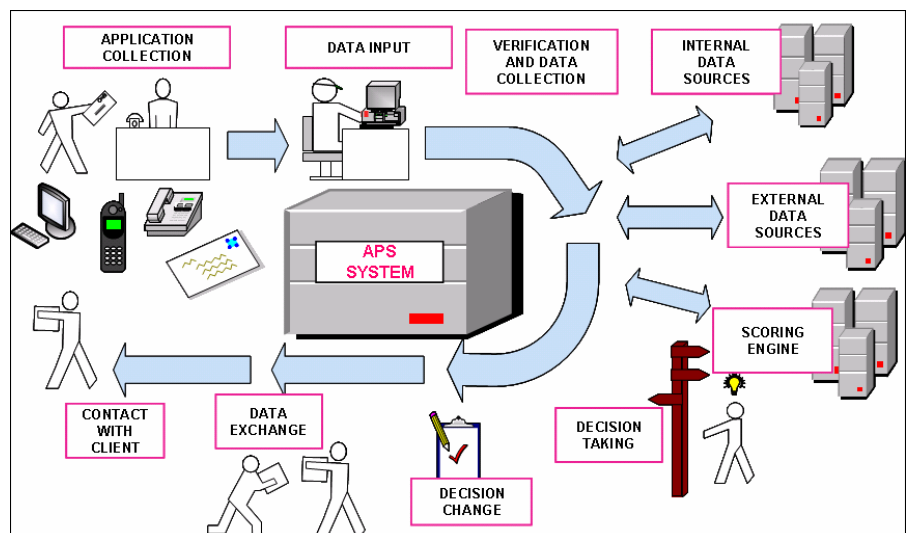
Components of the system:

- APS – in charge of the information flow within the system and the logic of credit application processing from the time of conversation with a client, through application collection, application verification, processing and evaluation, decision making and finally to agreement signing and funds disbursement.
- MSP (models, strategies and procedures) - a set of definition tools allowing to build models of system structures
- Scoring Engine - generates an automated credit recommendation to the application, based on the evaluation and decision-making strategy adopted in the MSP definition module.
- CBS (Customer Behavioural Scoring) – provides a behavioural scoring functionality.

CREDIT APPLICATION PROCESSING

The scheme presents an application processing flow within the system which reflects the actual route it follows at the bank:

- Credit Simulator enables preliminary product selection and estimation of client financial capacity, based on the elementary data, without having to register the complete credit application;
- credit application is entered into the system using defined screen forms or imported in electronic form from available distribution channels;
- the client's data listed in the application is completed by information collected from the bank's internal resources and external systems (e.g. Credit Bureau);
- the application is scored based on the scoring cards and strategy. An automated credit recommendation is determined and can be verified and modified by authorized employee;
- when the application is accepted, a credit agreement is generated and the information is automatically forwarded to target systems (e.g. funds disbursement, credit card preparation etc.).



The system database enables to monitor credit application handling process. It contains sets of synthetic indicators, describing the defined credit decision procedures. These indicators are used to recognise the significance and impact of definitions of individual features, formulas, decision procedures as well as parameters in respect of taken decisions, both automated and overruled one. At the same time, the permanent improvement of credit decision process is taking place.

PRODUCT AND STRATEGY MODELLING TOOLS

The set of MSP definition tools provides the unique flexibility of the APS system. Models and strategies definition are supported by registering entities models (retail, SME, corporate) and credit product models. Each credit product model is built considering the decision strategy, each entity model contains a vector of features crucial from the credit worthiness and credit risk estimation point of view.

FORMS MODELLING

The scope of credit application information for different products and the presentation structure is defined by system business users without the need of any programming. Based on the definitions the data input forms are automatically generated.

APPLICATION FLOW MODELLING

Credit application flow in the system is defined by user without any programming. In the modelling process the predefined application processing states and predefined operations are used. The other tools consists of predefined transitions between states, transition terms and conditions, operations available under given states as well as access rights and competences to perform an operation.

PRINTED DOCUMENTS MODELLING AND MANAGEMENT

Printed documents (e.g. a credit application, an agreement or a collateral form) are defined by user. A document template with text and special tags is created using a standard MS Word editor. Special tags incorporated into the document's text are automatically filled in with the data related to the given application during the printing. Each document template has an expiry date and a version number. Documents printed from the system are stored in the database so they can be browsed and printed again.

BEHAVIOURAL SCORING

CBS (Customer Behavioural Scoring) component provides a behavioural scoring functionality: imports data, carries out verification, defines aggregates based on the data from any number of accounts of a given type and communicates with the scoring engine in the batch mode. The behavioural scoring results are available for the purposes of the credit application scoring carried out by APS component.

INTEGRATION WITH THE ENVIRONMENT

The system is equipped with a set of standard interfaces providing data exchange with the scoring engine, Credit Bureau database, Stolen Identification Cards database and Unreliable Clients database. The solution is opened for integration with any dedicated data sources, using the XML technology (examples of implemented dedicated interfaces: core banking system, electronic banking, credit agent, black registers, a data warehouse).

SOLUTION BENEFITS

Flexibility:

- easy modelling of credit applications, workflow and printed documents by non – IT departments
- business rules - easy changing and management without programming by business authorized users
- any product and related business process can be accommodated
- retail and SME (scoring) and corporate (rating)
- application and behavioural scoring
- easy data exchange with internal and external data sources

Work automation:

- fewer human resources involved in the credit granting process
- simplified communication during application processing
- data exchange automation

Technical

- modern technology
- openness for development and integration

**APS – the most effective implementation of credit policy
in any IT environment**