



**471-P24-VE-1**



**Virtual**



**22 hours**



**EGP 5,510**

## Course Description:

This course is designed to provide Lending Managers, Heads of Departments and senior staff with the key skills that they require to implement or improve their credit scored based lending policies using the optimum combination – for them – of automation and hands on techniques. It also offers a refresher on lending in general to ensure mistakes or problems have not become “built in” to the system and can be avoided in future.

## Target Audience

- Heads or Managers in lending and in recoveries
- All senior and support staff involved in lending and recoveries
- Heads and Managers of consumer/personal finance
- Heads and Managers in risk and compliance
- All senior and support staff involved in consumer/personal finance
- Lending Managers/Managers
- Compliance & risk staff
- Inspection/Audit staff
- Anyone with an interest or responsibility for consumer/personal lending and recoveries.

## Course Objectives

- Explain the basic ideas: origins & principles
- Define Individual Customer Assessment
- Explain what is in a Credit Scoring? The policy framework
- Select Data and Databases
- Use application Scorecards
- Explain how good is the scorecard: analyzing performance
- Explain financial forecasting and Basel Rating Models
- Analyze the new Application of Credit Strategies
- Discuss the strategic use of scoring

## Course Outline

### Module one: Lending and Consumer Credit Environment

#### Session one: Lending and Consumer Credit Environment

- The consumer credit environment
- Business economic indicators
- Lending policies, lending strategies, lending systems
- Organizational functions and credit cycles
- Different types of customer and the risk-based approach
- Politically exposed and other high-risk customers



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- When would a model be appropriate and why?
- What would be the input data set?
- Assignment

## **Module Two: Individual Customer Assessment**

### **Session One: Individual Customer Assessment**

- Know your customer
- Customer identification
- Use of social media data
- What data can be confirmed?
- The risks that you are concerned with
- The essence of lending – sustainable free cash flow
- The role of collateral
- Willingness v ability
- Using historic data
- Terms, clauses and pricing
- Assignment

## **Module Three: Introduction to Credit Scoring**

### **Session one: Introduction to Credit Scoring**

- What credit scoring is
- Why credit scoring is used
- Business context
- Integration of credit scoring
- Limitation of credit scoring
- Relationship to risk appetite
- Manual interventions and the requirements
- Outputs v outcomes
- Assignment

## **Module Four: Data and Databases**

### **Session One: Data and Databases**

- The nature of data – quality and quantity
- Historic nature of data
- Generic data sources
- Application form data
- Record keeping and legal requirements
- Credit reference data
- Uses of financial data
- Databases: Customer; account; application; behavioural; etc databases
- Decision engines and ML requirements
- Keeping data up to date
- Assignment



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## **Module Five: Application Scorecards**

### **Session One: Application Scorecards**

- Principles of scoring
- Scorecard development
- Feasibility studies and sample definitions
- The principle sets – ‘goods and bads’
- Validation of data
- Data assembly
- Creating characteristics and attributes
- Analysis of data
- Scorecard modelling
- Scorecard validation and diagnostics
- Divergence – measuring the distance between goods and bads
- Assignment

## **Module Six: Behavioral Scorecards**

### **Session one: Behavioral Scorecards**

- Behavioral scoring
- Types of behavioral scorecards
- Developing account level behavioral scorecards
- Creating characteristics and attributes
- Developing an account management scorecard
- Developing a collections scorecard
- Recoveries scorecards
- Transaction fraud scorecards
- Customer scoring – what is it
- Scorecard development issues
- Assignment

## **Module Seven: Financial Forecasting and Basel Rating Models**

### **Session one: Financial Forecasting and Basel Rating Models**

- Forecasting bad debts
- Model applications and limitations
- Developing EAD, PD and LGD models
- Validation
- Assignment

## **Module Eight: New Application Credit Strategies**

### **Session one: New Application Credit Strategies**

- Strategy setting
- Accept-reject cut-off
- Setting product facilities/conditions



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- Policy rules, referrals and overrides
- Types of referral
- Scoring or manual decision making
- Population stability
- Cross selling
- Early redemption
- Cost of management
- Monitoring new applications
- Measuring the impact of overrides
- Assignment

#### **Module Nine: Model Validation**

##### **Session One: Model Validation**

- The obligations
- Sampling
- What works in practice?
- Changing the model
- Assignment

#### **Assessment Strategy**

- 50% Assignment
- 50% participation
- Cut off score is 60% of total grade which is "100"

#### **Upon Successful Completion of this Course, participants will obtain:**

2 CEUs

#### **Course Language:**

English