

Collection Scoring

Prioritizing collection decisions more effectively

PredictiveMetrics helps you reduce delinquencies and write-offs by developing custom Collection Scoring models to rank order collection activities. By identifying customers that have a high probability of payment, even though they may be past due, and focusing on accounts with mid to high probability of non-payment, maximizes collection effectiveness.

Return On Your Investment

- ◆ Reduce delinquencies and losses
- ◆ Proactive identification of problem accounts for prioritizing collection activities
- ◆ Leverage the predictive power of internal performance data
- ◆ Reduce costs by effectively utilizing resources and minimizing data acquisition
- ◆ Maintain customer satisfaction by **not** working accounts the will “self-cure”

Knowing the Score

Combining your business knowledge with your objectives, PredictiveMetrics develops custom Collection Scoring models to estimate the probability that a customer will go into a severe delinquency, sent to a collections agency, or go into loss.

Collection models provide a current assessment of the collection status of customers' in an ever-changing environment so financial based decisions can be made.

Collection Scoring models are statistical decision tools based on numerous variables that statistics chooses and optimally weights. These models utilize your historical credit and collection performance data to provide a true assessment of the entire portfolio and individual customer. Your data is the most predictive, and it's free. External data (i.e., bureau) can be added at additional cost.

The output of the model is a probability and is often converted into a score for ease of interpretation.

Using the Score

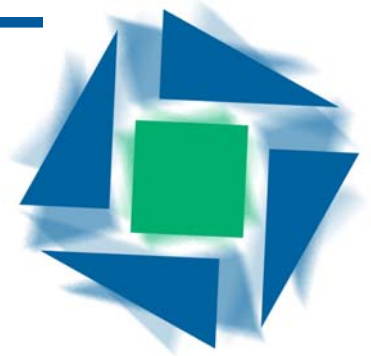
The collection score helps you determine which accounts to work, which accounts will self-cure, and which accounts to send to a collection agency.

You can develop an effective collection strategy using the score and outstanding balance to rank order collection activities.

Implementing the Score

You Implement: PredictiveMetrics provides technical specifications, which are detailed instructions used to program the model. PredictiveMetrics works closely with your IT to ensure the model is coded correctly. This process entails the model being coded internally and/or externally.

PredictiveMetrics Implements: The collection model is programmed on PredictiveMetrics' computer systems, which reduces IT implementation time, resources, and costs. File transfer occurs through encrypted FTP Internet exchange, which creates greater speed and efficiency as well as protecting data and customer security.

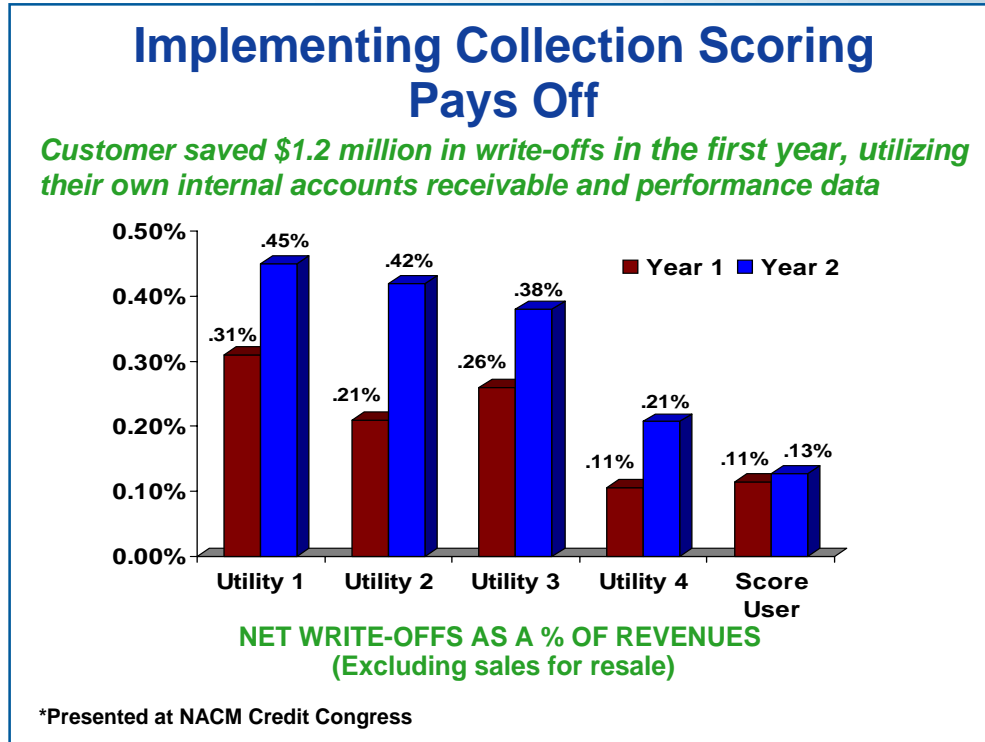


Turning
Probabilities
Into
Profits™

Proving the Score

The following Collection Scoring case study demonstrates the predictive power of applying internal accounts receivable and collection performance data with advanced statistical techniques to identify high and low risk accounts.

The company had PredictiveMetrics develop four Collection Scoring models: three for consumer and one for commercial collection decisions. Our client projected a reduction in write-offs by over \$1mm, improved customer satisfaction by accurately targeting accounts, and substantially reduced costs by optimizing treatments.



Our customer benchmarked their net write-offs as a percent of revenues compared to four other peer companies in the same industry with similar amount of customers, to obtain the best comparison. The graph shows only a small increase in losses for the custom score user who implemented scoring compared to its peers that had a much larger impact of increased losses.

Scoring with PredictiveMetrics

PredictiveMetrics turns probabilities into profits. Statistical modeling is our business and we make it yours by helping you understand risk on your portfolio. Our analytical team works with you to ensure that your company's resources are optimally utilized to make automated, knowledge-based decisions that are proven accurate through statistical validation. Your solutions are delivered on time, to specifications, with definitive results!

For more information about PredictiveMetrics' custom Collection Scoring models, call 732-530-9303 and ask to speak with a sales representative.



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