Financial Stability Risk Score^{SM} V2

Superior predictive performance

It is critical that you have predictive insights on the potential of a business going bankrupt or defaulting on its obligations.

Experian's breakthrough Financial Stability Risk Score V2 delivers with significant performance gains.

- 40% improvement in score performance
- 6% additional improvement in score for our Machine Learned model

Two new model options are built upon the robust knowledge gained through many years of supporting a wide range of clients across multiple industries. We offer a traditional logistic regression model as well as a new machine learned model path. The new Financial Stability Risk Score V2 provides the most effective score performance for mitigating small business credit risk.

Our new scores now range from 300-850, aligning with many consumer score scales. We changed our score range to allow for a wider score scale for more flexibility in setting cut-offs and developing risk strategy.

Common challenges

Reduce Risk — Superior predictive performance eliminating the riskiest accounts with a longer 24-month projection timeframe. Giving our clients the ability to focus on the grey area accounts.

Accelerate Decisions — Segment decision flow with auto approve or auto reject for instant decisions on almost all accounts. By setting policies with a wider score scale, you are able to widen decision thresholds.

Review Portfolios — Analyze your full portfolio and focus on sub-segment requiring a review, creating a highly efficient portfolio review with analytics.

Improve Collections — Expedite low score accounts earlier with Experian's drill-down capabilities. This helps our clients retain high score accounts and save on collection fees.

Identify Opportunities — Increase sales with little risk, sorting by good payers, good scores and good business profiles. We achieve this by profiles for internal pay history and score profiles.

Leverage the power of Experian

Experian is dedicated to helping their clients gain insights into their customer base. With our new Financial Stability Risk Score Models allowing for a significant gain in KS, GINI and bad captures over previous scores.

Financial Stability Risk Score V2:

- Significantly increases the ability to identify risk and establish appropriate risk policies and decisions — **40% improved** commercial Machined Learned model performance, **29% higher** performance in the 20th percentile bad capture.

- Helps make decisions over a **longer timeframe** with an increased model projection of **24 months** up from 12 months.

- Widens the score scale allowing for more flexibility in setting cut-offs and developing risk strategy. The new range is a **300-850** logarithmic scale.

- Has a significant performance boost, further reducing risk and expanding opportunities. Our Machine Learned option has a **6% gain in KS** vs Logistic Regression.

Chart values:

Measure	FSRV2ML	FSRV2LR	FSRV1
KS	56	53	40
GINI	74	70	48
BC (bot 20%)	74.8	71.1	57.9
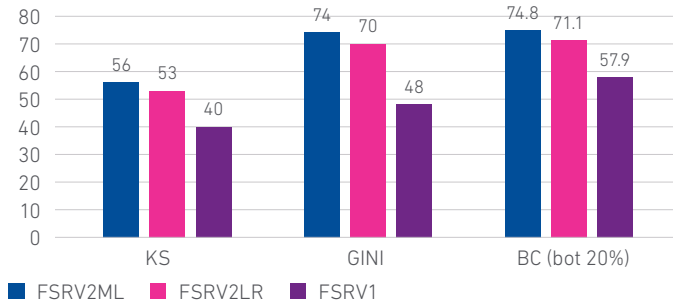
*KS and GINI are statistical measure of the performance of the score models. As the number for either of these measures increases, so does the model performance.

Tradition Logistic Regression Model — A statistical model used as an algorithm that distinguishes between two possible outcomes like pass/fail. In a credit model, typical outcomes are a current account vs. past due account. A complex version of a Logistic Regression-based model is used in generic Experian risk scores.

Machine Learned Model — Machine learned is the application of a machine learning technique with a static deployment. We know that models need to be stable and explainable. A model that employs machine learning uses advanced methodologies and tools to provide significant predictive lift. Once a model is trained and optimized, a static version is deployed.

Conclusion

40% improved score performance allows for more efficient risk decisions.

Experian offers our scores via flexible online delivery options including NetConnect (XML), API Hub, and CPU. Our new scores provide greater predictive power to assess analytical risk and are driven by premier attributes resulting in optimal performances.

Let Experian Help You on Your Analytics and Data Journey

If you would like to learn more about Experian's Financial Stability Risk Score V2, please contact an Experian representative at 877-565-8153 or visit www.experian.com/FSRV2