



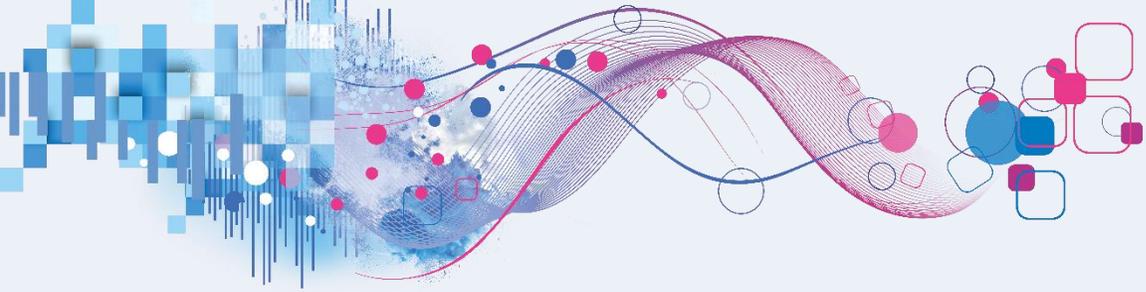
PowerCurve™ Strategy Management

Data Insight: Assisted Strategy Design

29 April 2020

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Agenda

1. **What is Assisted Strategy Design (ASD)**
2. When to use ASD
3. Demo
4. Tips and tricks
5. Questions

What is ASD?

PowerCurve™ Assisted Strategy Design

With the help of PowerCurve's

built in optimization

engine, we can

interactively

simulate & develop

new **automated**

decision strategies

across the entire customer life

cycle

Segmentation	Outcome	#Applications	# Non Payer	Non Payer Rate	Average Balance at 6M	Sum Profit 6M
PoB Risk Score <= 550		33,912	685	2.02 %	720.82	-1,343,682.43
TRUE	Decline S002	100	1	1.00 %	114.88	-2,859.83
FALSE		33,812	684	2.02 %	722.61	-1,340,822.60
PoB Risk Index 1 1		33,812	684	2.02 %	722.61	-1,340,822.60
1	Accept A001	0	0	N/A	N/A	0.00
2	Accept A002	874	20	2.29 %	200.09	-47,050.34
3	Accept A003	5,219	346	6.63 %	655.64	-927,713.43
4	Accept A004	7,378	234	3.17 %	722.32	-699,822.41
5	Accept A005	9,624	54	0.56 %	874.53	16,950.63
6	Accept A006	10,454	30	0.29 %	676.20	315,764.61

Hide Measures		Outcomes								
	Outcome Name	Colour	Active	Decision Se...	#Applications	# Non Payer	Non Payer Rate	Average Balance at 6M	Sum Profit 6M	
1	Decline S002		✓	Decline S002	100	1	1.00 %	114.88	-2,859.83	
2	Accept A001		✓	Accept A001	263	0	0.00 %	81.47	1,048.34	
3	Accept A002		✓	Accept A002	874	20	2.29 %	200.09	-47,050.34	
4	Accept A003		✓	Accept A003	5,219	346	6.63 %	655.64	-927,713.43	
5	Accept A004		✓	Accept A004	7,378	234	3.17 %	722.32	-699,822.41	
6	Accept A005		✓	Accept A005	9,624	54	0.56 %	874.53	16,950.63	
7	Accept A006		✓	Accept A006	10,454	30	0.29 %	676.20	315,764.61	

What is ASD?

PowerCurve™ Assisted Strategy Design

- Next Best Split
- Grow
- Propose Best Outcomes
- Export Scenario Test Results

Segmentation	Outcome	#Applications	# Non Payer	Non Payer Rate	Sum Profit 6M
PoB Risk Index 1 1		33,812	684	2.02 %	-1,340,822.60
1	Accept A001	0	0	N/A	0.00
2	Accept A002	874	20	2.29 %	-47,050.34
3		5,219	346	6.63 %	-927,713.43
A02Bur.BurScr		5,219	346	6.63 %	-927,713.43
LO-<590	Decline S002	680	278	40.88 %	-842,234.66
>=590-<685	Accept A001	473	68	14.38 %	-146,150.54
Others	Accept A003	4,066	0	0.00 %	60,671.77
4	Accept A004	7,378	234	3.17 %	-699,822.41

Tree Growing Profile: **Splits of up to 3-intervals**

Target Characteristic: **1 AD Originations General Performance.NONPAYER**

Name	# Non Payer	Non Payer Rate
A02Bur.BurScr	346	6.63 %
LO-<590	278	40.88 %
>=590-<685	68	14.38 %
Others	0	0.00 %

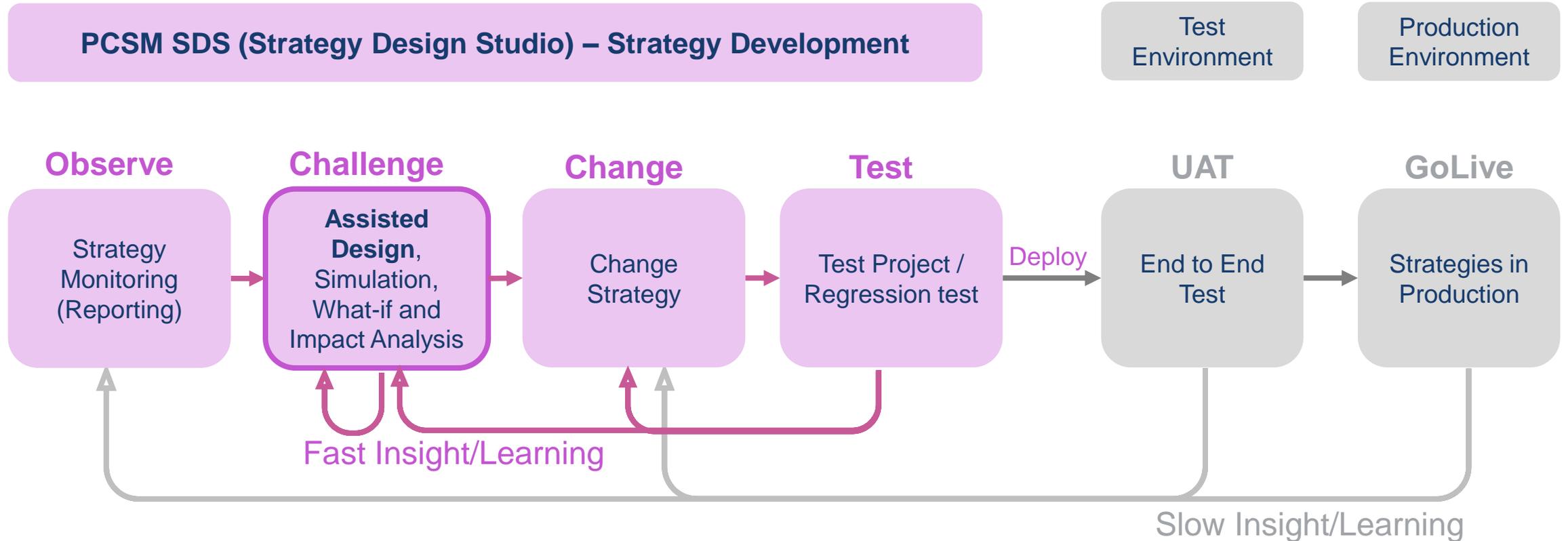
Outcome Name	Colour	Active	Decision Set...	#Applications	# Non Payer	Non Payer Rate	Sum Profit 6M
Decline S002	Red	✓	Decline S002	780	279	35.77 %	-845,094.49
Accept A001	Yellow	✓	Accept A001	736	68	9.24 %	-145,102.20
Accept A002	Light Green	✓	Accept A002	874	20	2.29 %	-47,050.34
Accept A003	Green	✓	Accept A003	4,066	0	0.00 %	60,671.77

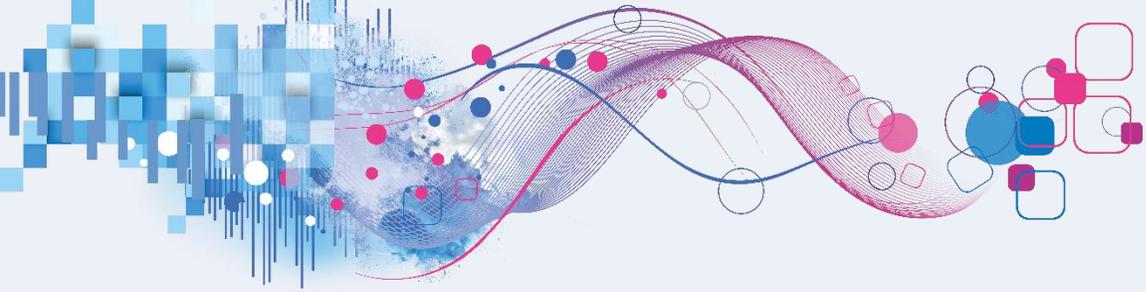
A01App.GAI		
LO-<24000		
>=24000-<31000		
Others		
A01App.AgeYYMM		

	Outcome Name	Colour	Active	Decision Se...	#Applications	# Non Payer	Non Payer Rate	Average Balance at 6M	Sum Profit 6M
1	Decline S002	Red	✓	Decline S002	100	1	1.00 %	114.88	-2,859.83
2	Accept A001	Yellow	✓	Accept A001	263	0	0.00 %	81.47	16,950.63
3	Accept A002	Light Green	✓	Accept A002	874	20	2.29 %	200.09	315,764.61
4	Accept A003	Green	✓	Accept A003	5,219	346	6.63 %	655.64	
5	Accept A004	Light Green	✓	Accept A004	7,378	234	3.17 %	722.32	
6	Accept A005	Green	✓	Accept A005	9,624	54	0.56 %	874.53	
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Compare results of strategy change

How does it integrate?





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Adapting customer experience in the time of coronavirus

Four actions can address immediate customer needs and prepare for the future.



Focus on care and concern

- Reach out, but with support, not marketing
- Make a priority of employees and community
- Stay true to company purpose and values



Meet your customers where they are

- Innovate digital models to help customers weather the crisis safely from home
- Expand home delivery options
- Consider contactless operations



Reimagine the post-COVID-19 world

- Economic hard times will force cost cuts
- Migrate customers to digital channels to save money and boost satisfaction
- Brick and mortar stores may look very different post-crisis



Build agile capabilities for fluid times

- Tap social media, not surveys, for quick customer readings
- Solicit employees for ear-to-the-ground insights
- Save time with “test and scale” labs
- Pay attention to “failure modes” indicating that you’ve missed customer signals

McKinsey
& Company

<https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/adapting-customer-experience-in-the-time-of-coronavirus>

Covid-19 Related Examples for ASD

Originations

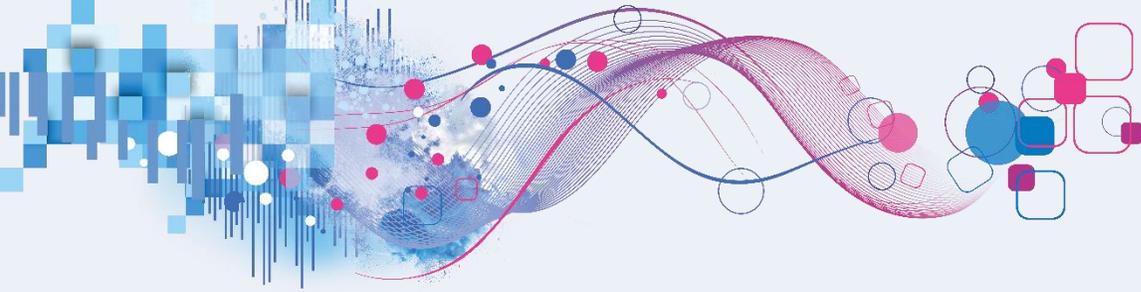
- Impact of shift in applicants profiles (population distribution)
- What-if analysis for reduced income due to part time work
- Model adaptations with next best split
- Impact on portfolio profitability (temporary interest rate caps, increased ECL)

Customer Management

- Impact on behaviour score distribution
- What-if analysis for limit management affected by reduced income (part time work)
- Apply next best split for improved limit allocation
- Simulation and impact analysis of new early warning indicators
- Payment Moratoriums

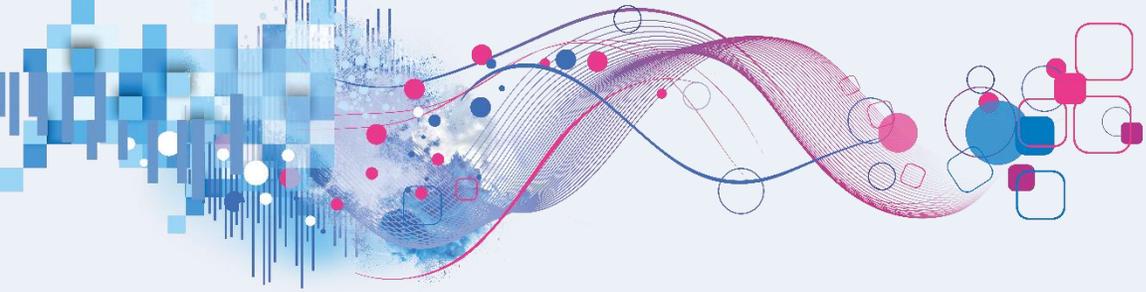
Collections

- Impact on manual and automated collections actions
- Next best split for quick fix of segmentation models with focus on automated routes
- What-if analysis to control manual collections workload



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ASD in practice

1

Sample preparation

Observation & Outcome/Target, Meta data, Nulls

2

System Setup

ASD Project, Measures, Logical Data Set/Data Model Project

3

Simulation

Test known segmentation, Use Tree growing options

4

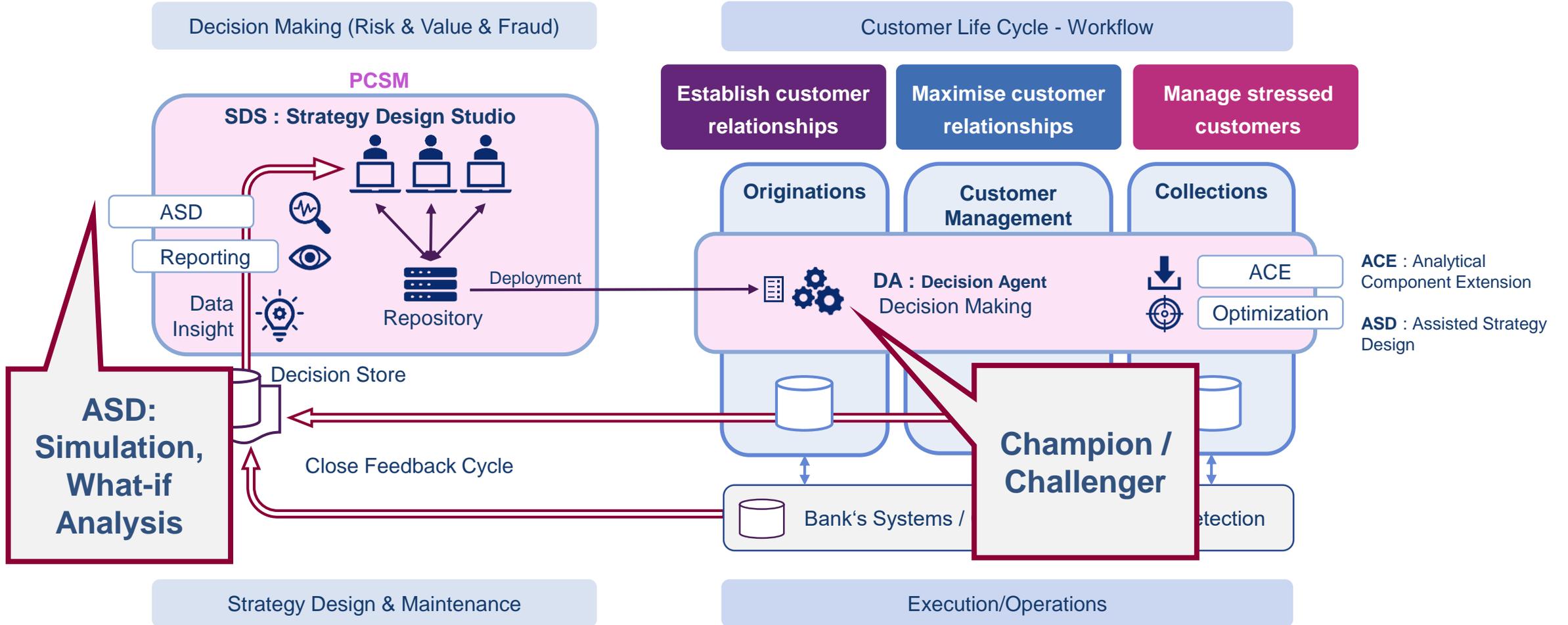
Test & Learn

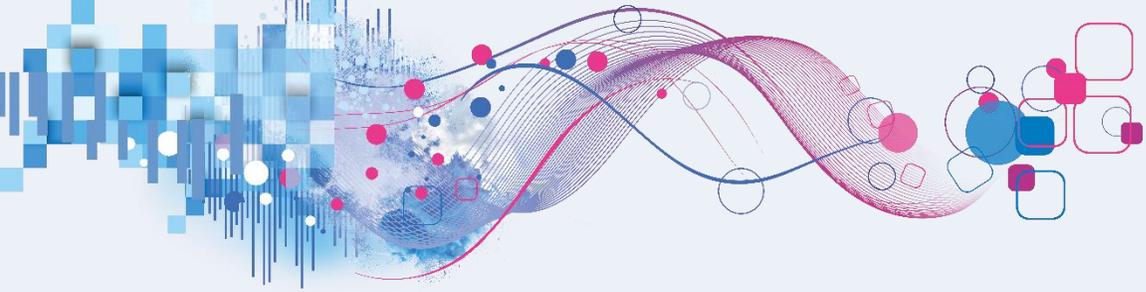
Champion challenger, monitoring, follow-up



PowerCurve Strategy Management - PCSM

Impact Analysis: Simulation vs. Champion/Challenger





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