

Strategy Design Consulting

Success stories

Canada: balance at risk collections (credit card)

Challenge

- Design a new early stage collections strategy to reduce the flow of accounts and balances into early stage delinquency
- Balance at risk was calculated using combined odds of the internal behaviour score and the credit bureau score.

Solution

- Design new segmentation strategy using balance at risk within the constraint of assigning the same volume of accounts to each of the previous nine treatments.

Results

- Decreased 60 day delinquent account and balance roll rates by 15%

Applying a balance at risk approach using both the behaviour score and the credit bureau score was more effective. Keeping the same actions and number of treatments within the trees but using balance at risk combined with a data driven approach allowed for a more effective redistribution of actions and resources, ultimately yielding a higher return.