

# Risk Triggers<sup>SM</sup>

Identify your high-risk customers — before it's too late

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When's the best time to manage portfolio risk? Before real trouble begins. That's why we developed Risk Triggers<sup>SM</sup>, a faster way to identify new derogatory information on your customers' credit reports. Take control of your portfolio and identify customers with emerging credit problems long before they affect your profit margin.

## Minimize risk

It's bad when your customers have credit problems and pose a threat to your profitability. What's worse is not knowing who these customers are until it's too late. Our Risk Triggers product quickly provides alerts on accounts with new derogatory information, such as a recent bankruptcy, judgment or lien; collections; late payments; charge-offs; or changes in public records.

This information allows you to respond immediately to your customers' changing creditworthiness with appropriate action, such as closing an account or setting up a payment plan.

Risk Triggers is part of our industry-leading Notification Services triggering service, which provides daily notifications of new trade, inquiry and public record information — helping you immediately identify new risk or determine when to offer your current customers additional services, based on specific credit behaviors.

## Daily notification

Experian® can provide the derogatory information you need to protect your profit margin, allowing you to take daily, proactive measures to minimize loss in the earliest stages.

## Swift action limits losses

Our clients using Risk Triggers as their early warning system are experiencing significant improvements:

- A midsize card issuer reduced net credit losses by 10 percent by acting on bankruptcy notifications in as little as three days after the filing date.
- Another client reviewed 168,000 charged-off accounts and determined that by using its existing credit policy rules, it would have saved \$2.1 million in only six months had it acted on the trigger immediately instead of waiting for the monthly account review data.

Risk Triggers can help you stay informed so you can reduce the risk of losses from accounts in peril:

- Credit card issuers: Manage credit lines and authorization parameters and control credit limits.
- Mortgage lenders: Monitor and manage high-risk accounts.
- Credit unions: Control risk and maximize profitability.

## Risk Triggers<sup>SM</sup>

### Tailor triggers to meet your needs

Risk Triggers can be easily aligned with your company's existing processes and credit policies:

- Monitor your entire portfolio or selected segments.
- Choose from more than 100 precisely defined triggers.
- Set hierarchies and cool-off thresholds to limit the number of triggers received daily and filter out unneeded information.
- Enhance your decisioning process by having scores and attributes appended to your triggers.
- Gain a better view of the customers you want to monitor. Either send an input list for monitoring or Experian can extract the list from our File One<sup>TM</sup> database.

### Optional value-added triggers

Credit Limit, Utilization, and Balance Triggers can be added on to a Risk Trigger program to provide additional insight into a consumer's credit behavior. These value-added triggers provide a more granular view of key contributors to a consumer's credit score and allow you to employ risk controls more effectively.

Our individual tradeline-level triggers provide the valuable data our clients need to make more profitable decisions:

- **Credit limit trigger** identifies directional changes to the credit limit
  - Understanding the amount and direction of a credit limit change is key to making healthy portfolio decisions.
- **Utilization trigger** identifies percentage point changes to utilization
  - If you're notified of a sudden and significant utilization increase from one reporting cycle to the next. You may want to reevaluate the open line of credit your customer has with you

- **Balance trigger** identifies changes to the balance.
  - Notification of a sudden balance increase from one reporting cycle to the next allows you to consider employing the appropriate risk controls.

To provide the highest degree of clarity, the Credit Limit, Utilization, and Balance Triggers calculations are broken into account types.

There are eight categories:

- Auto
- Bankcard
- First mortgage
- Second mortgage
- Home equity line of credit
- Retail
- Student loan
- Unsecured line of credit

Let us help you keep an eye on sudden changes in your customers' accounts.

### The most comprehensive set of triggers

In addition to a flexible set of choices based on traditional credit data, lenders can also opt to receive triggers based on Experian's Clarity data, our industry-leading extended FCRA-regulated alternative credit data source. Clarity includes records on 60+ million consumers and sheds light on nontraditional loans and lines such as online or storefront, single-payment micro loans, auto loans and rent-to-own installment loans.

To find out more about Risk Triggers, contact your local Experian account representative or call 1 855 339 3990.