

# TransUnion launches next-generation consumer credit profiling data tools

In tough times, credit lenders face increased risk, having a negative impact on profitability. To meet the market's need for improved risk management, TransUnion has bolstered its Bureau Credit Characteristics (BCC) suite with the introduction of BCC Format 700 variables. BCC Format 700 variables is the next generation of consumer credit profiling data tools that is highly granular, offering more than 3,400 variables across 19 refined industries to increase risk predictability.



TransUnion is a leading consumer and commercial credit bureau, managing the credit information of more than 19 million credit-active South Africans. TransUnion aggregates, segments and analyses this data, delivering information solutions to help businesses assess and manage risk, and facilitate commerce.

"Better insight into the risk profile of a potential client or segment of clients is invaluable, helping organisations improve marketing, risk management and collections decisions," said Denzel Landie, senior advisor of Analytics and Decisioning of TransUnion. "With recent amendments to the National Credit Act (NCA) to address reckless lending, banks and other credit providers are placing increasing emphasis on ensuring affordability and understanding client behaviour. BCC Format 700 variables meet that need."

## The new BCC suite

TransUnion's previous BCC suite provided a comprehensive view of the consumer, comprising an aggregated consumer profile, including payment profile details for a period of 24 months within a particular type of credit extension industry. However, the new BCC suite, built on Format 700 data, adds more granular, industry-level variables that take into consideration key factors that have an impact on risk in specific sectors, as well as the behaviour of customers in these sectors. The 19 sectors covered by the new BCCs include retail, banking and the unsecured loan sectors, among others.

These new BCCs have already proven their worth in a 'champion challenger' strategy for the personal loans division of one of the big four banks. By utilising the new BCC suite of variables TransUnion showcased up to 40% improvement in risk predictability in certain segments.

Landie noted that with more accurate scorecards, organisations can differentiate the good customers from the bad even further and make more profitable decisions, reducing credit losses and increasing revenue. Improved scorecards can also be used to drive strategies - intelligently and selectively grow market share; price products more granularly and employ appropriate strategies in high-risk areas of portfolios.

## Enhancements

The new BCC suite assists organisations with enhanced data analysis, customer profiling, marketing segmentation, model development, customer acquisition, account management and collection prioritisation.

Specific feature enhancements over the previous suite of variables include:

- Improved granular and segmented data types;
- Shorter time intervals - activity within the last 14 days or month;
- Amounts in arrears at different points in time;
- Aggregated views - average amounts or behaviour over a time period;
- Increased accuracy through removal of duplicated enquiries;
- Increased visibility - sole proprietors, joint accounts and deferred payments;
- Refined loan industries; and
- Enriched layout - currency values have increased to nine digits, assisting with more accurate affordability assessments.

"Typically, customers will develop a strategy based on their portfolio, how aggressively (or not) they want to grow, and whether they want to target existing or new customers, or both," said Landie. "With greater depth to the data, 3,400 more variables to help them segment customers, and insight into industry-specific behaviour and factors, organisations can build better scorecards and make improved and more profitable decisions."

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