

BUILDING BETTER SCORECARDS

- Concepts and Techniques of Scorecard Development -

DAY 1

Registration (Coffee)	08:45-09:00
1. Profit and Risk - Formulating the problem	09:00-10:45
? Define Profit Drivers: Role of Risk	
? Profitability modelling	
? Scores v. Decision Trees	
? What can we score?	
Coffee	
2. What is a score - Probabilities and Odds	11:00-12:05
? Linear models	
? Logit models	
? Probit models	
Lunch	
3. Populations and Population Flow	13:00-14:30
? Population structures	
? Exclusions	
? Performance definitions	
Tea	
4. Defining the Data - the Sample	14:45-15:45
? Sample selection	
? Lifecycle delinquency patterns	
? Roll Rates - sample dimensions	
Tea	
5. Acquiring the data: Sources and quality	16:00-17:30
? Data sources	
? Controlling data quality	

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DAY 2

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| 6. Measuring Scorecard Effectiveness | 09:00-10:15 |
| ? Loss functions | |
| ? Ordinal measures | |
| ? Cardinal measures | |
| Coffee | |
| 7. Basic algorithms for scorecard construction | 10:30-12:30 |
| ? Regression techniques | |
| ? Linear discriminant analysis | |
| ? Divergence maximisation | |
| ? Logistic regression | |
| ? Sufficiency, optimisation and alignment | |
| Lunch | |
| 8. Structuring the data: Classing and generations | 13:15-14:45 |
| ? Classing and grouping | |
| ? Characteristic generations and cross-characteristics | |
| Tea | |
| 9. Reject inference: the measure of our ignorance | 15:00-16:15 |
| ? Truncation and swap sets | |
| ? Limits on reject inference | |
| ? Augmentation | |
| ? Parcelling | |
| ? Extra information | |
| ? 3-way parcelling | |
| Tea | |
| 10. Multiple scorecards and splitting | 16:30-17:15 |
| ? Why split - the statistical structure | |
| ? Subpopulation χ^2 | |
| ? Building subpopulation scorecards | |
| ? Testing splits | |

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DAY 3

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| 11. Building the scorecard: the practice | 09:00-10:45 |
| ? Setting up project | |
| ? Steps in classing | |
| ? Initial scorecard building | |
| ? Reject inference | |
| ? Final scorecard construction | |
| Coffee | |
| 12. Small sample scorecards | 11:00-12:00 |
| ? What is a small sample? | |
| ? Weight of evidence and continuous scorecards | |
| ? Adjusting scorecards - use of marginal Chi^2 | |
| ? No evidence scorecards | |
| Lunch | |
| 13. Applications: The next step | 13:00-14:00 |
| ? Extensions to scorecard building | |
| Tea | |
| 14. Managing scorecard development | 14:15-15:00 |
| ? Scorecard development team | |
| ? Project plan | |
| ? Key decision check points | |
| ? Installation planning | |
| ? Project documentation | |
| 15. Alternatives to scorecards: Neural Nets | 15:00-16:00 |

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