

CREDIT RISK FUNDAMENTALS

- The concepts and techniques for managing risk and reward -

Day one: Using scores – the principles of measuring risk vs reward

Introductions and welcome	09:00-09:30
1. How do Banks make money? Influencing the bottom line	09:30-11:00
<ul style="list-style-type: none"> • Basics of lending • Components of profit • Role of Credit Risk • Exercises: measuring profitability 	
Coffee	
2. Credit Risk toolkit: scoring and the organisation	11:15-12:45
<ul style="list-style-type: none"> • What is 'creditworthiness'? • Why use scoring? • Basic principles of scoring • Exercises: application decision making 	
Lunch	
3. Acquisition strategies: balancing risk vs reward	13:45 -15:00
<ul style="list-style-type: none"> • Scorecard sign-off • Setting cut offs • Terms of business • Exercises: calculating trade off opportunities 	
Tea	
4. Acquisition strategies: scores vs policy	15:15 -16:00
<ul style="list-style-type: none"> • Policy framework • Reasons for referrals • Managing the process • Exercises: Identifying exclusions and referrals 	
Tea	
5. Refining acquisition strategies: early warning management	16:15 -17:00
<ul style="list-style-type: none"> • Why track...and what? • Acceptance and override rates • Population stability • Exercises: measuring actual vs expected 	
End of day 1	17:00

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Day two: Running a scored portfolio – strategic thinking for risk vs reward

5. Refining acquisition strategies: early warning management (cont) 09:00-09:30

- Why track...and what?
- Acceptance and override rates
- Population stability
- Exercises: measuring actual vs expected

6. Refining acquisition strategies: performance monitoring 09:30-10:30

- Expectations / assumptions
- Performance measures
- Interpretation and response
- Exercises: measuring actual vs expected

Coffee

7. Bad debt: measurement and management 10:45-12:15

- What is delinquency?
- Provision
- Regulatory capital
- Exercises: arrears 'counters'

Coffee

8. Account management: how to give money away 13:15-14:15

- Role of limits
- Credit limit strategies
- Exercises: developing a marketing programme

Lunch

9. Experimentation and evaluation 14:30-15:30

- Experimentation – why and how
- Early measures of success
- Longer term evaluation
- Exercises: analysis of credit limit programme

Tea

10. Portfolio management: keeping all the balls in the air 15:45 -17:00

- Dynamic delinquency matrices
- New account effects
- Portfolio effects
- Exercises: projections of future performance

End of day 2 17:00

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Day three: Delivering on risk vs reward for the business

11. Collections: keeping the customer on board 09:00-10:45

- Role of collections
- Segmentation driven activity
- Exercises:
- Measuring returns
- Exercises: developing collection plans; collections outcome reporting

Coffee

12. New product development: a case study 11:00-12:30

- Business goals
- Product validation
- Credit policies
- Exercises: simulation: trading off risk vs reward

Lunch

13. Product validation and revision 13:30 -14:30

- 'New product' results
- Policy revision
- Exercises: measuring profitability

Tea

14. The real world..... 14:45 -17:00

- Where have we come from?
- Where are we going?
- Plenary - key principles
- Exercises: portfolio analysis

End of day 3 17:00