Success stories in predictive analytics in Financial Services

Top 50 Best Companies to Work for in India 2016 – Silicon Review Magazine

Predictive Analytics Company of the Year 2014 – CIO Review Magazine

Top 20 Company in India - TiE Lumis Entrepreneurial Excellence Awards 2013

Top 50 Big Data Analytics Companies in India 2013 – CIO Review Magazine

Foreclosure prediction model helped reduce small and medium enterprises loan against property (LAP) foreclosures for a financial services firm

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Objectives

Client wanted to reduce LAP foreclosures it lent to SME sector through "Working Capital Loans" and "Loans Against Property"

Our Approach

Built a model using logistic regression to predict SMEs with high probability to foreclose LAPs i.e. predict loan attrition using variables such as:

SME's financial data
- Credit scores
- Multiple loans taken
- P&L and balance sheet info
- Collateral value

- Collection data
- Principal outstanding
- Late payment to EMI ratio
- Interest change in past 3 months
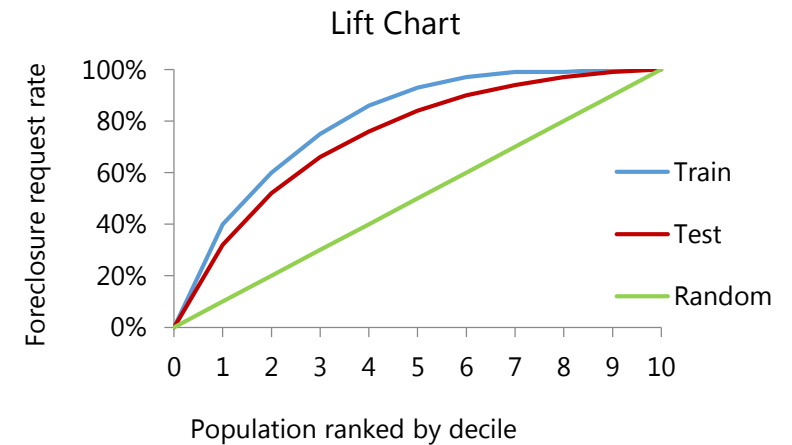- Number of late payments

Loan description
- Amount financed
- Loan to value ratio
- Collateral type
- Loan tenure
- Interest rate
- Fixed or adjustable interest rate

- CRM data
- Number of service requests
- Complaints to service requests ratio
- Average resolution time

- External data
- Bank & repo rate
- National Housing Board property price index data

Impact

- Identified SMEs at risk of foreclosures 1 month in advance to give client enough time to apply appropriate retention strategies
- Helped client reduce foreclosures

Lift Chart

By focusing on only top 20% of scored population, client can cover 52% of potential foreclosure requests'. Model scored on entire customer base to identify top 30% of SMEs to be targeted for retention

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