Profitable Growth
Credit Card Issuer Revenue Optimization

DATAWISEN transform data into real results

The Situation

Traditional risk models used in credit line assignments, indicate high line for low risk / low spend customers, and low lines to high risk / high spend customers. This is due to a high correlation between risk and balances in traditional risk models, and results in giving low credit lines to some low risk customers that would actually use them. Subsequently an issuer ends up with a sub-optimal portfolio composition and diminished.

The Need

By removing the correlation between risk and revenue in credit risk models an issuer would be able to give higher lines to people with higher usage (spend and balance), and lower lines to higher risk / lower spend populations.

This would drive down loss rates by increasing the denominator of the loss calculation and increased profitability by driving more revenue for the same amount of risk.

The Solution

Using Machine Learning techniques we developed a Dual Objective model with risk as primary objective and balances carries as secondary objective.

This model optimized customers' balances while keeping risk levels intact compared to the baseline risk model.

The Benefit

- ✓ $88M in incremental annual balances acquired
- ✓ This translated into incremental annual revenue of $15M per vintage.