

# EXPERIAN **learning**DAY<sub>2021</sub>

Customer centricity during challenging times



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## Building a Credit Score



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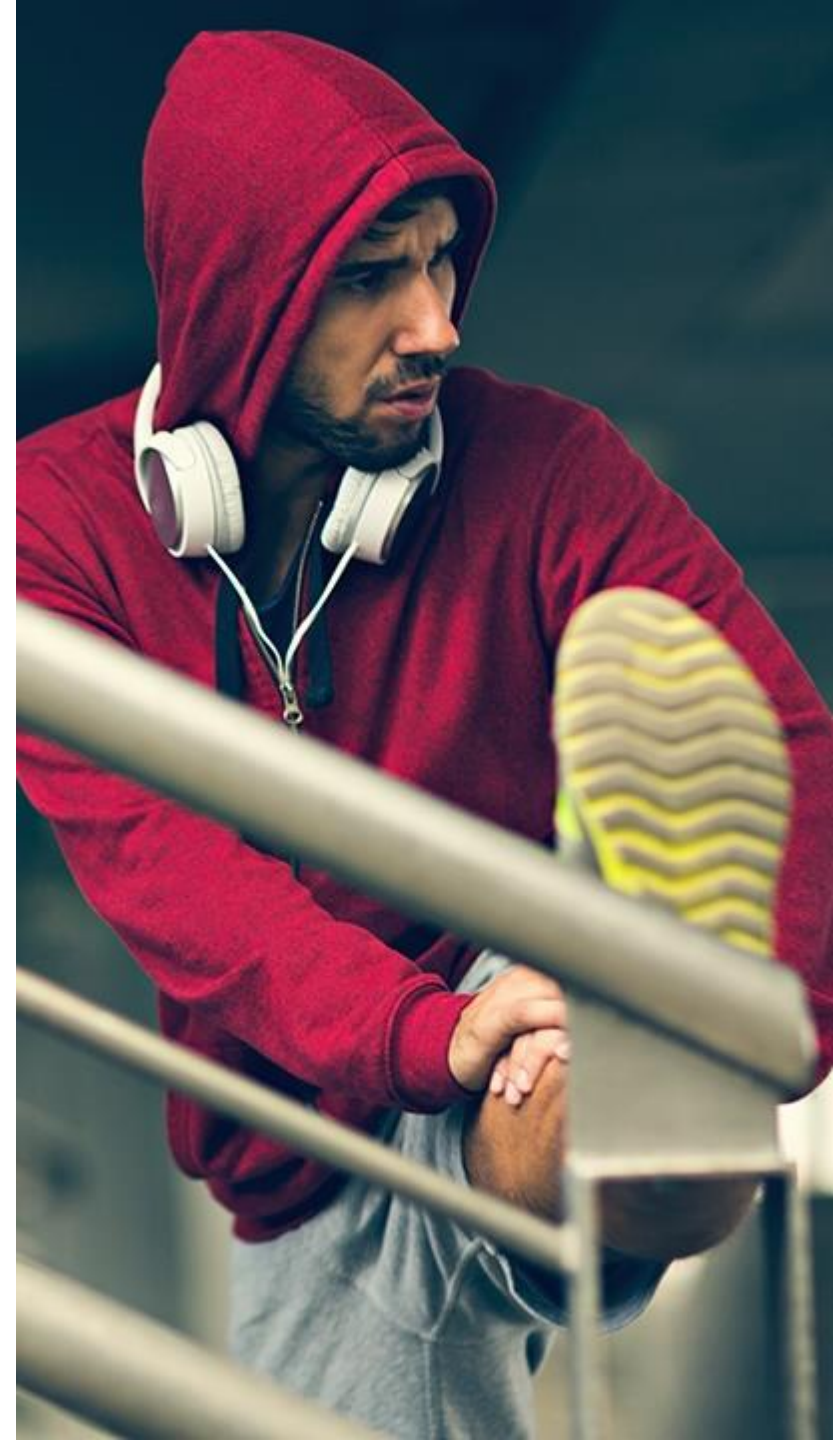


# What is a credit score?

A credit score, also known as a credit rating, is a number that reflects the likelihood of you paying credit back. Lenders like banks and credit card companies will look at your credit history when they calculate your credit score, which will show them the level of risk in lending to you. The higher your credit score, the better your chances of being accepted for credit, at the best rates.

Your credit score influences your chances of getting:

- Credit cards, loans and mortgages
- Insurance monthly payments



# Data Elements to monitor

If you could:  
Payment Remarks  
(creditor only)  
RKI % Postal Code

Find the most important elements and monitor carefully

Age of company	Annual Result	Number of Days between YE and Account Publish
Owns Property	Balance	Increase in Primary Result
Securities (Pant)	Public days	Months since last dismissal of Director
Payment Patterns	Equity	Number of dismissals from the board L3Y
Post code	Return on investment	All board members dismissed and none appointed
Industry Sector	Debt structure	Total Number of Active Directors
Number of Employees	Liquidity to short term debt	Age of last submitted accounts
Legal form	Fixed Assets	Number of months since last Director appointed
Company Capital	Return on Assets	Number of Directors dismissed L3Y
Account Remarks		

# Experian GAR Model

Green Amber Red

With the GAR Model, you will be able to build a score for all companies, which gives you the best basis for ensuring to find the the companies that are:

- facing bankruptcy
- forced dissolution
- suspension of payments
- are in potential debt collection or foreclosure

The Experian GAR Model was developed by Experian, which has many years of experience in analyzing data for use in decision-making systems - in particular building precise credit rating models.



# What does the Experian GAR Model consist of?

A Standardized and consistent model

With the Experian GAR Model you will be able to calculate a score that can predict whether a company is on a scale from “very high risk” to “very low risk” that the company will have payment problems within the next year.

- The GAR model consists of an advanced mathematical model and a large amount of data
- Advantages of the GAR Model
- Can score on both small and large companies
- Assess your customers future ability to pay
- A simple score that goes from "very high risk" to "very low risk"
- Minimizes your risk when choosing partners and customers
- And final provides valuable insight into major area of focus - Create customer insight that enables intelligent pricing and individual assessment of terms and conditions



**Experian is not allowed to disclose credit information and as this state will be a score provided by a credit reporting agency.**

**On the other hand, insurance companies are welcome to implement models themselves and calculate the score**

### **Needed Data**

**It is the legal experts assessment that the insurance companies can obtain the necessary data**

**Data needed to calculate an Experian GAR score is a standard package from Experian and can be provided with the score documentation itself.**

The Danish Data Protection Agency must emphasize in particular the following requirements: "Credit information from Experian may only be used to assess financial soundness and creditworthiness." In this connection, the Authority must emphasize that a consent from the customers does not in itself justify a notice in RKI. In any case, the information must be used to assess financial soundness and creditworthiness. Cf. pkt. 6.1. in Experian's general terms and conditions

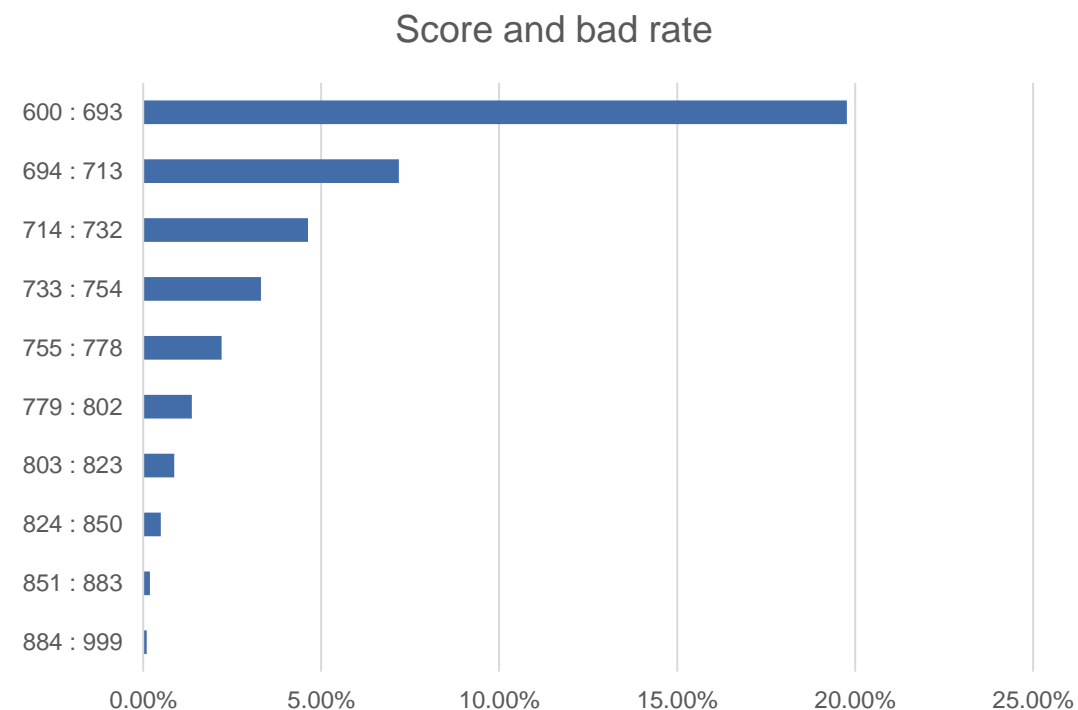
Danish Data Protection Agency



# Experian GAR Model

From a score to operational use

Score interval	Description	Categori	
0	Already bad	0	Red
600 – 639	Very high risk	1	
640 – 675	Very high risk	1	
676 – 705	High risk	2	
706 – 735	High risk	2	Amber
736 – 765	Normal risk	3	
766 – 795	Normal risk	3	
796 – 810	Low risk	4	Green
811 – 825	Low risk	4	
826 – 910	Very low risk	5	
911 - 999	Very low risk	5	





# Delivery Model

