



Credit Card Portfolio Review:

Establishing Standards and Analysis

Context

A top international bank had acquired new down-sell and store card portfolios and needed to develop analysis to determine performance and proper credit factors. Due to infrastructure changes they found themselves with no manpower to manage the task at hand. The company now has an automated way to review and analyze the portfolios and they were able to incorporate the work into the downsized workforce.

The Task at Hand

A large international bank credit card division had several new portfolios that needed reporting and analysis. Some had no metrics at all, others were time consuming and inadequate. They needed to streamline work and create standard reports and analysis for the portfolios. They also needed powerful tools to begin the review process for all new portfolios including credit lines, risk factors and qualification parameters.



Emerging Businesses

Mergers/
Acquisitions



Companies Making a Shift

Speaking/
Training



"Deborah stepped in and quickly learned what we do and what credit card risk is all about. She was invaluable." Client Director

APPROACH

Goals Were Determined

- Streamline existing reporting
- Create standard reporting for new portfolios
- Review and recommend changes to the new portfolios qualification matrix

Talked to the Stakeholders

Exhaustive interviews were performed with multiple levels of the organization to establish needs and cover all aspects required to make sound and profitable judgments regarding portfolio review. for performance review purposes.

RESULTS

Documentation

Extensive documentation was created for audit compliance and ease of transition due to major infrastructure changes.

Changes to Qualification Matrices

In depth analysis was performed on the new portfolios using existing like portfolios as a base measurement. A comprehensive tool was created to divide performance into the matrices used to determine credit lines and annual fees. Strategy recommendations were made to tighten rules and eliminate segments based on initial performance, loss rates and defaults.

Streamline and Standardize Reporting

Tools were created and fully automated to allow for quick turnaround of all reporting for the 6 portfolios covered in the project. Tools included the use of SAS, Excel and PowerPoint to create analytic models and executive summaries. All were documented in a format that made for ease of transition as well as meeting all internal and external audit requirements. Full training was completed in multiple locations.

CONCLUSION

The existing reporting was condensed from a 5 day full time process to a streamlined tool that took under one full day to complete. This allowed for speed to market reporting for executives and additional time to review and analyze the results and make recommendations.

The new portfolios now have standardized reporting that can be presented to executives side by side with like portfolios and they have powerful analysis tools that were previously non-existent.

All portfolios in the project have audit compliant documentation and process mapping to allow for an easy transition to any team member as changes in the organization occur. Training for the processes takes only a few days.

Strategy recommendations for the new portfolios included elimination of some segments and tightening of credit lines for others resulting in increased NPV of several points in the initial 6 months.