Case Study

TRANSORG ANALYTICS

Developed the collections strategy for different defaulting customers of a leading Indian bank

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About Client

Client is an Indian private sector bank headquartered in Mumbai and founded in 1943.It mainly served small and medium enterprises (SMEs) and business merchants in the Kolhapur-Sangli belt. As of December 2019, it has a network of 372 branches and 394 ATMs across 28 states and union territories and announced a raised INR 675 crore through preferential issue

Objectives:

- The bank wanted to create the collections strategy for different segment of customers who had failed to clear their payments

- Banks need to ensure that they effectively implement their debt-collection plans for each segment to boost recoveries.

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Approach

Created two models to identify customers who would flow to the next bucket (who fails to pay even in the next month) or remain stable / normalise (pay the pending amount or clear last months dues). For customers who flow to the next bucket:

The preliminary step was to calculate the risk score associated with each defaulting customer
Model was developed considering the following variables:
1. Transaction data of last 6 months
2. CIBIL score
3. Responses during past collection attempts
4. Daily credit card balance

Segmented the defaulting customers into 5 different bands (from very low risk to very high risk) based on the risk score from the model

Outcomes

The next step was to decide the collections strategy for different customer segments

- A crosstab was created that bucketed customers based on the risk score band (from the model) and the amount outstanding
- The collections strategy was chosen for different buckets
- Experiments are continuously conducted to refine the collections strategy for each bucket (whether to pursue the customers more aggressively or not

	<30k	30-70k	70-1.5L	1.5L+
VL	xxx	xxx	xxx	xxx
L	xxx	xxx	xxx	xxx
M	xxx	xxx	xxx	xxx
H	xxx	xxx	xxx	xxx
VH	xxx	xxx	xxx	xxx

Legend

Only calling
Calling till 15 days
Field
Focus field

THANK YOU FOR YOUR TIME

Would you like to connect with us to get advanced analytics solutions for your organization??

Contact Us:

shuchita.jain@transorg.com

gaurav.srivastava@transorg.com