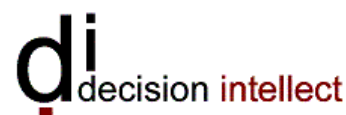


Intellect News



3rd Quarter 2006

October sees further development of the ongoing battle between Fair Isaac (FICO) and the major US credit reporting agencies, Equifax, Experian and TransUnion over their creation of VantageScore Solutions Inc which could significantly change the credit environment in the US. The dispute is now heading for the courts. [Read more.](#)

At home the credit reporting environment has lots happening also with Baycorp Advantage (soon to be Veda Advantage) now free of the collections business and re-signing Andrew Want as CEO through to 30th June 2007. Among the rumours is AMP who may be looking to realise a return on their investment in Dun and Bradstreet Australia.

This month also sees Decision Intellect head out of the office for our annual strategy conference. The team will be involved in a range of activities focusing on continuing our company development and future strategies. In addition, there will be team building activities and no doubt plenty of eating, drinking, and socialisation. In our absence, staff can be contacted by mobile phone, on the Decision Intellect support line (0400 204 469), or via email.

We would also like to welcome Brett Clarke to the Decision Intellect team as a scoring consultant. Brett has a strong statistics background and significant analytical experience. He has been involved in scorecard development across a range of disciplines including bureau scoring, application scoring and behavioural scoring since 1995. Brett has most recently had a credit responsibility within Telstra and adds to Decision Intellect's considerable knowledge within the telecommunications industry. Brett's skills, knowledge and experience compliment our existing analytical capability and further strengthen our consulting ability in this area. We welcome Brett to the team and look forward to his inclusion on client projects.

Are you using the correct consumer bureau services?

Credit bureaus have a range of different credit enquiry services. It is critical that the organization submitting the credit enquiry make every attempt to identify and select the correct enquiry service. Incorrect use of bureau services can result in organizations inadvertently breaching the Privacy Act and/or lodging the credit enquiry on the wrong part of the credit file, resulting in inaccurate credit file records. The accuracy of data contained on the credit files is critical to ensure that all users obtain the maximum value from the information and are able to accurately assess the true creditworthiness of the applicant.

The most common mistake occurs when organizations fail to identify when an Individual Commercial enquiry should be lodged. Credit provided to individuals can be either for Consumer or Commercial purposes.

Individual Consumer enquiry services should be utilized when the purpose of the credit is for personal/domestic/family use. This includes things such as:

- Credit Card for personal use
- Mobile phone for personal use
- Home Loan
- Motor Vehicle Loan for family car
- Personal Loan for holiday

Individual Commercial enquiry services should be utilized when the purpose of the credit is non-personal/investment/commercial. This includes things such as:

- Credit Card for plumbing business
- Investment Property Loan
- Motor Vehicle Loan for House Cleaning business
- Loan for purchase of equipment for IT consultant
- Investment - Share portfolio

Failure to identify the correct loan purpose will result in the credit enquiry being incorrectly lodged on the wrong part of the credit file. Aside from the legal implications, the impact on other lenders coming in to view the credit file and not getting an accurate picture of the customer's credit history is significant. The most common error is that Individual Commercial activity is lodged on the Consumer file. This means that organizations are not seeing that a customer has applied for credit of a non-personal nature.

If an organization is using the Baycorp Advantage bureau score as part of a decision making solution, customers need to be aware that a bureau score from the consumer bureau enquiry (Value Added RRI), cannot be directly compared with a bureau score from the Individual

Events

Sept 2006: Montmorency Magpies go down to Bundoora in a close fought Grand Final - Bad luck Adam.

25-31 Oct 2006: Decision Intellect Strategy Conference.

Nov 2006: Experian Asia Pacific Regional Conference - Kuala Lumpur. [more.](#)

Nov 2006: Spring racing fever hits Melbourne. Melbourne Cup Day, Tuesday 7th November - public holiday in Vic.

23 Nov 2006: Gabba. The Ashes series is coming down under and Australia is out for revenge after losing the 2005 Ashes Cricket Series to England.

News

May 2006: PIC solutions - Review of credit scoring. [more.](#)

Aug 2006: THE big banks have joined forces with National ICT Australia to develop a way to process home loans more efficiently. [more.](#)

Aug 2006: "With the demand for bureau data-based risk assessment increasing worldwide, the Global FICO® score is demonstrating strong performance across regions." [more.](#)

Aug 2006: "There are currently 5 million credit cards in the People's Republic of China, and 50 million people who, based upon Western credit scoring analysis, would be eligible for credit cards." [more.](#)

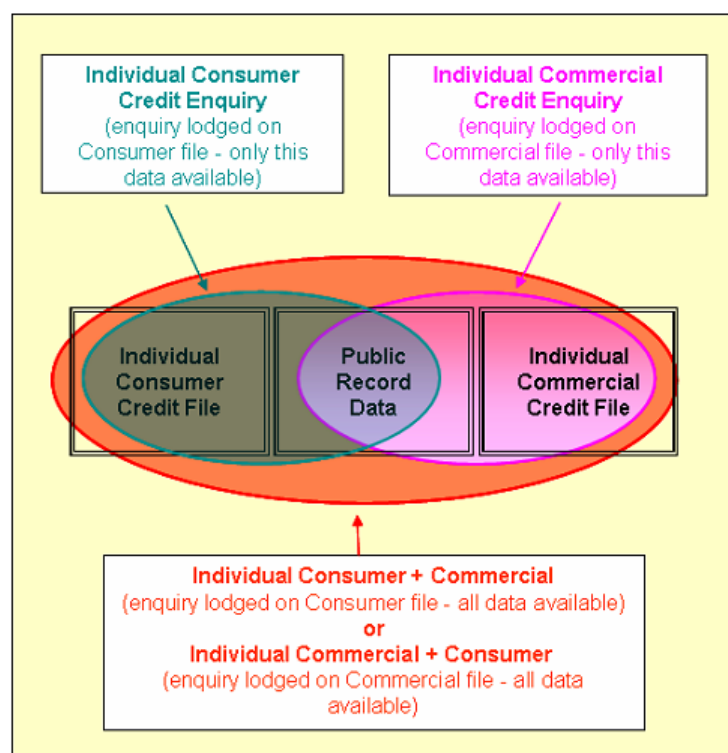
Aug 2006: CONSUMERS are driving financial institutions to lift their security game... At the forefront of this push is the National Australia Bank, which eight months ago, started offering SMS-based authentication for online payments. [more.](#)

Aug 2006: Baycorp expects reduced growth in credit demands - "Baycorp managing director

Commercial + Consumer bureau enquiry. One bureau score cannot be compared with another. In other words, Individual Commercial applicants will need to be identified and risk assessed separately from Consumer applicants. Each of the bureau scores has a different risk associated with a score, meaning that a Value Added RRI of '1.87 times better than average' does not mean the same thing as an Individual Commercial + Consumer RRI of '1.87 times better than average'. One cannot simply be substituted for the other.

Often, the failure to identify the correct enquiry type stems from the fact that some credit purposes are not traditionally seen by the assessing organization as credit of a commercial nature. The customer is processed using the same procedures as consumer applicants and the credit risk measurement tools are the same. A good example of this would be the treatment of a customer applying for a mobile phone for personal use and a customer applying for a mobile phone to assist them with their sole trader plumbing business. In the first instance this is Consumer credit and the latter is Commercial. This means with the latter, an Individual Commercial enquiry should be lodged with the credit bureau. This enquiry will sit in a different part of the credit bureau file and will only be viewable by customers accessing Commercial data or Consumer and Commercial data.

The following is a representation of the data viewable during the different enquiry access types. Note: Public Access data is viewable with all the enquiry type options.



If you are unsure which service you should be using, which part of the bureau file you should be accessing, or would like to discuss any aspect of this further, please contact Decision Intellect or one of the Credit Bureau's.

For further information please Contact the team at Decision Intellect by email at enquiries@decisionintellect.com.au or by phone on +61 3 9842 8866.

Andrew Want told AAP, the company expected the changing economic conditions in Australia and New Zealand to reduce the rate of growth in credit demand and new credit applications in 2006/07." [more.](#)

Aug 2006: PIC solutions - Credit Scoring myths dreams and realities. [more.](#)

Aug 2006: China's mobile subscribers reach 426 million by Q2 2006. [more.](#)

Aug 2006: "...Kenya's banking system lacks a credit reference system, and is characterised by poor internal controls and sub-standard risk management systems". [more.](#)

Sept 2006: Baycorp Advantage to become Veda Advantage. [more.](#)

Sept 2006: Colin Stevens, head of mortgage lending at Heritable Bank. "While larger lenders rush to maximise online resources, smaller players can afford to think out of the box and service those with more complex and unusual cases". [more.](#)

Sept 2006: As issuers look for opportunities to grow credit volume, they are increasingly interested in reaching untapped markets. [more.](#)

Sept 2006: FLATTERING junk mail from credit card companies lose their gloss when you discover that in signing up, you've dealt your credit rating a heavy blow. [more.](#)

Oct 2006: UK - A credit development academy has been set up to promote responsible lending and to assist those working in credit risk management. [more.](#)

Oct 2006: Capped mobile plans, a major driver of lower prices for customers. [more..](#)

Oct 2006: The average trade payment term blows out to 54 days according to D&B survey. [more.](#)

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