

Credit Capacity Index™

Powered by FICO™

KEY BENEFITS

- » Improves risk management decisions across the entire life cycle
- » Enables identification of more creditworthy prospects during prescreening
- » Enhances line management strategies and enables appropriate line assignments during origination
- » Refines risk-based pricing, product assignments and terms
- » Pinpoints at-risk consumers and structures loan modifications to match consumers' debt capacity

Measure Consumers' Ability to Take on Additional Debt for Enhanced Credit Decisioning

A consumer's credit score can tell you how well that consumer manages current financial obligations. However, if you are considering extending additional credit, you need to know whether that consumer can take on additional debt. The Credit Capacity Index (CCI), developed by FICO for Equifax, is a patent-pending innovation that offers lenders an effective means to measure consumers' ability to take on incremental debt.

CCI, designed and optimized for use with BEACON®, refines risk decisioning with an objective, accurate assessment of a consumer's capacity to take on additional debt. CCI rank-orders consumers, based on Equifax credit report information, and assigns a single-digit score that indicates the likelihood, within a given risk level, that a consumer can adequately take on future debt.

Control and Mitigate Exposure to Risk

In adjusting to today's market and macroeconomic conditions, lenders seek to control their exposure and mitigate risk, and it is critical for lenders to assess consumers' ability to handle incremental debt when extending new credit, managing existing credit lines and evaluating opportunities to modify existing loan terms.

While BEACON scores evaluate a consumer's likelihood of serious delinquency based on their current debt levels, consumers with the same score can vary in their capacity to handle additional debt. CCI can help to control and mitigate risk exposure by:

- **Enabling lenders to take differential action based on future capacity**

CCI with BEACON allows lenders to better assess projected risk variation to match product terms and line amounts based on consumer capacity, and adjust account life cycle decisions and the lender's overall loss mitigation and exposure change objectives.

- **Supporting compliance requirements and customer service needs**

CCI provides up to four two-digit reasons codes and accompanying explanations as to why the score was less than optimal. The system uses a combination of BEACON score reasons, plus reasons from other FICO credit scores (e.g., bankruptcy and revenue scores), and a limited number of new reason codes.

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		Low	Medium	High
BEACON Score + Other ▶ Decision Elements	Very Low	Decline or Accept Minimum Line		
	Low	Decrease Line from Standard Assignment	Standard Line Assignment	Increase Line from Standard Assignment
	Medium			
	High			
	Very High	Accept Maximum Line		

Using only the BEACON score, consumers in the same risk score range, but with widely differing capacity to take on additional credit, are generally awarded the same line. By using CCI in conjunction with BEACON and other decisioning criteria such as income measures, a lender can refine line assignments and terms so that they are better aligned with the consumer's capacity.

Ease of Implementation and Delivery

CCI is easy to access and implement into existing risk management strategies across the credit life cycle.

- **Simple scaling**

CCI assigns a single-digit score to a consumer file and is delivered as a 0-9 index ("9" indicating highest capacity). Scores are assigned based on 10% of the development sample population distribution.

- **Synching with BEACON minimum scoring requirements**

CCI uses the same minimum scoring criteria as BEACON scores, such that most¹ of the same consumers scored by BEACON risk scores will also be scored by CCI.

CCI is currently available from Equifax in batch mode for client validation, prescreening, and account management applications, and online availability is expected in Fall 2009. Please contact your Equifax representative at **1-800-879-1025** or log on to **www.equifax.com** for more information.

¹ Since BEACON includes consideration of authorized user accounts as the primary risk assessment, consumers with only authorized user accounts will not be scored by CCI.