

# **CREDIT SCORING AND CREDIT CONTROL X EDINBURGH 2007**

## **Global Commercial Risk Scores**

### **Abstract**

Increasingly, commercial lenders are looking to achieve economies of scale by expanding their operations outside their native national boundaries. Fund managers wish to be able to assess the risk of a portfolio of companies from many countries. Additionally, more and more trade credit exposures are with overseas obligors. For these reasons, centralised credit control functions of banks, asset financiers and trade creditors want to have a common method of assessing the credit risk of commercial entities regardless of the country that they trade out of.

This paper will discuss the different kinds of data assets that one can expect to find in different countries. It will highlight the difference in the quality of the models arising from the difference in the depth and quality of these underpinning data assets. Data availability impacts upon the outcome definition of models as well as the descriptive variables. The paper will cover the effects of different outcome definition in models within a market and across markets and will suggest techniques for aligning such models to a common scale.

The paper will also discuss how a lender can achieve the most consistent lending decisions in disparate markets where they may have limited lending experience of their own.

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