



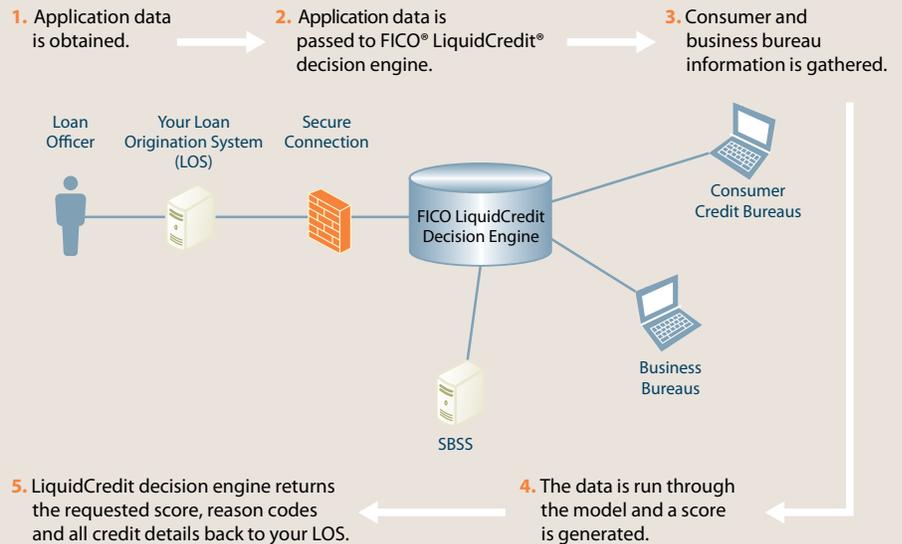
# FICO® Small Business Scoring Service<sup>SM</sup> (SBSS<sup>SM</sup>) solution

originations

**Significantly broaden the scope of applications you underwrite, and cut losses with even greater risk prediction**

The FICO® Small Business Scoring Service<sup>SM</sup> (SBSS<sup>SM</sup>) solution gives small business credit grantors an unprecedented ability to score virtually any type of credit obligation they want—and simultaneously increase their protection from risk and losses. SBSS solution is the culmination of cutting-edge analytics and the combined experience of FICO and leading small business credit grantors. Based on the analysis of millions of contributed small business applications, the SBSS solution allows lenders to confidently expand their underwriting across regions, SIC codes, exposure, product offerings and data combinations used in decisioning.

## Improve Small Business Lending Decisions



SBSS is available through the FICO® LiquidCredit® hosted service.

Launched in 1993, FICO® Small Business Scoring Service<sup>SM</sup> solution has long been recognized as the premier service for supporting small business credit risk assessment. It brings the speed of consumer decision making to your commercial decisions, so you can make decisions in hours, not days. As a result, SBSS helps you improve customer satisfaction and attract more small businesses.

SBSS also helps you build a more profitable portfolio by making decisions that balance portfolio growth with risk exposure, so you can make smarter pricing and other decisions.

### Market and data support

SBSS helps you make more targeted decisions with market-specific models for agricultural lending and leasing as well as models specifically for use in Canada. In keeping with FICO's efforts to allow our clients maximum flexibility, SBSS solutions also provide support

for the Small Business Risk Insight (SBRI), PayNet, and the Small Business Financial Exchange™ repositories.

### » More than just improved risk benefits

SBSS provides small business credit grantors the flexibility and confidence to apply risk-based services for different types of small business lending situations.

#### Evaluate large transaction sizes

SBSS models are validated for Term Loan, Line of Credit transactions and Commercial Card obligations up to \$1 million, giving small business credit grantors the ability to consistently and objectively evaluate the credit risk of large dollar loans.

#### Data flexibility

SBSS allows small business credit grantors to use different combinations of data to evaluate

### With the FICO® Small Business Scoring Service<sup>SM</sup> solution, you can:

- **Accelerate lending decisions**—making decisions in hours rather than days, improving customer experience.
- **Build a more profitable small business credit portfolio**—balancing portfolio growth and risk exposure for more profitable decisions.
- **Target your decisions to specific markets**—leveraging different models for different market segments to improved risk assessment for specific lending programs.

the credit risk of a small business—for example, the ability to use application data with principal owner data, and the choice to use or not use business bureau data from one of the business bureaus. The models support all combinations of data and can also generate a statistically valid small business score using only application and financial data.

## » Powerful credit risk models

### Leasing Models

Data for the SBSS leasing models were contributed by a broad range of small business lessors from all regions of the United States and represent a wide range of SIC codes—from agricultural to trucking to office and medical equipment. SBSS models are validated to score lease applications up to \$250,000.

### Agricultural Models

Agricultural loans can be categorized and treated the same as retail exposures. Accessing characteristics of the agricultural sector, loans and borrowers helps reduce risk in agricultural loan portfolios.

### Start-up Business Population Models

Accurately assessing a new business has traditionally been a risky, difficult, expensive and time-consuming process. As a result, many small business credit grantors tend to shy away from start-up businesses or use rigid, labor intensive processes to find “low-hanging fruit”. SBSS solution can help change this situation. It includes empirically derived models specifically designed for new businesses, making it easier for small business credit grantors to more confidently pursue this large pool of potential customers.

### Bankruptcy Scores

The bankruptcy score focuses on bankruptcy assessment to aid credit grantors in making decisions on small businesses. This increases the value derived when used in conjunction with SBSS risk scores.

## » Credit Offer Index— evaluating more than just propensity to repay

Measuring the capacity for a small business to take on debt has always been a challenge. Generally, it has been a function of financial

### FICO® LiquidCredit® decision engine—trust, speed and accuracy behind each decision

FICO LiquidCredit decision engine is a flexible, cost-efficient decision platform that helps you:

- **Reduce risk and provide personalized credit decisions** without the need for a connection with reporting agencies.
- **Significantly reduce IT infrastructure costs** with analytic models delivered completely coded and tested.
- **Achieve quicker time-to-market for products and services** with greatly reduced operating costs and underwriting requirements.

LiquidCredit is also available for multi-lender businesses and web sites or front-end credit application processing capabilities.

ratios derived from income statements, balance sheets or subjective measures. Often, these financial statements aren't audited, fully completed or readily available, thus creating roadblocks in quickly assessing the risk of many businesses.

To help overcome these challenges, FICO staff—leveraging years of work with clients to build capacity measures—created the SBSS Credit Offer Index using application, financial, consumer bureau and business bureau data.

The Credit Offer Index is a benchmark against what businesses of similar profiles have requested in the past. It returns the percentile ranking of the current request versus other small businesses of similar profiles, as well as the mean amount requested for those types of small businesses.

The index can be utilized whether financial data is supplied as part of the application process or not—which is particularly beneficial since many times financial data is not available or collected. Small business credit grantors can

### Better data, better decisions

Extend your lending flexibility and access multiple data sources and over 100 combinations of consumer and business models and alternative model suites at an affordable cost.

#### Consumer:

- Equifax (US and Canada)
- TransUnion (US and Canada)
- Experian

#### Business:

- D&B
- Experian Business
- PayNet
- Equifax Commercial (for SBFE data)

#### Alternative SBSS Suites:

- SBSS Canadian
- SBSS Agriculture
- SBSS PayNet Leasing (for PayNet data users)
- SBSS SBRI (for D&B SBRI data users)

use the index as an initial check to see if the request is in line with industry experiences for this type of small business.

### Meet regulatory compliance

Many financial institutions lack the necessary resources to meet requirements and maintain profitability. Effective scoring with proper validation and performance monitoring introduces consistency and standard communication methods so organizations can meet regulatory and growth requirements.

FICO solutions play an important role in supporting regulatory compliance efforts, including Basel compliance and capital allocation calculations, FCRA and the FACT Act Risk Based Pricing Rules, OFAC and the Patriot Act.



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