Welcome...

In this edition of F.Y.I. we look at the following issues:

- How can we prevent the UK becoming a nation of bad debtors
- The effect of increasing competition in the Utilities industry
- Essential tips provided by CIFAS to fight fraud

To celebrate the fact that it is F.Y.I.'s first birthday, we are offering one subscriber the chance to win a delegate place, worth over £1500, for “Winning Strategies for CRM in an e-Commerce Environment”.

F.Y.I. FRAUD FACTS
The CIFAS Fraud Discussion

The CIFAS Fraud Discussion Forum, on the 20th July in Bradford, provided industry professionals with invaluable information on current fraud levels and the techniques that can be employed to help prevent these increasing. In particular the following factors were strongly emphasised as being essential in the fight against fraud:

- The production and use of good quality application forms, which ask relevant questions
- The use of effective fraud management systems and non reliance on one system
- A commitment to investigate new technology and for companies to impartially reassess what systems they are currently using

People’s Bank Selects ‘Intelligent’ Credit Risk Assessment Software for Credit Card Applications

People’s Bank, the 17th largest issuer of Visa and MasterCard credit cards in the world, has purchased Neural Technologies’ Decider™ decision-support software. Decider™ will be implemented to develop traditional scorecards to help People’s Bank enhance its credit assessment procedures and help it to combat bad debt.

Neural Technologies will develop a suite of bespoke scorecards to assist People’s Bank establish an in-house credit card application process. Not only will Neural Technologies be developing these scorecards, but People’s Bank will also continue to use its expert consultancy services.

Paul Johnson, Risk Manager at People’s Bank, commented: “We are delighted that Neural Technologies has been brought on board to develop traditional scorecards, which in turn will enhance our credit assessment procedures. We are aiming to improve the efficiency of our professional services, whilst remaining focused on the customer. We believe that with the help of Decider™, we will soon achieve our aim.”

He concluded: “Our choice of Neural Technologies Decider™ decision-support software will help us cater for our current and future needs, as the company grows.”

F.Y.I. FACTS
False Details

The number of false details being given on application forms increased by 220 percent between 1998 and 1999, making false details the biggest application fraud problem for the financial industry.
Utilities companies need to be able to predict customer behaviour. With increased competition in the utilities market, it is now easier for ‘bad’ customers to move from one supplier to another without being identified.

Utilities companies must start implementing solutions to combat this problem, which will allow them to distinguish the “won’t” pays from the “can’t” pays. Traditional methods of tracking a customers’ past history include obtaining the Register of County Court Judgements and companies sharing information on customers who fail to pay their bills.

Some utilities companies are still forced to take on all core customers and to this extent need to address this issue by accurate profiling and ensuring that they are providing the correct payment package. With accurate profiling techniques, companies can improve their service and ultimately increase customer satisfaction by not incorrectly targeting those who cannot pay, whilst using this information to change the payment structure accordingly.

Whether you are in the utility industry or any industry, retaining profitable customers should be at least as important as safeguarding against bad ones. New advanced computing techniques are becoming increasingly popular and efficient and can give an early warning as to which customers are likely to defect or not pay their bills. Advanced modelling will aid companies to understand their customers, brand and product.

Mobile Operators and Financial Institutions Working Together

Major financial institutions, together with the leading mobile phone manufacturers, have created the Mobey Forum, which aims to encourage the use of mobile technology in financial services and to drive the adoption of open standards in this field. Information about the founding members and the group can be found on the website www.mobeyforum.org

F.Y.I. INDUSTRY FACTS

In the last financial year:
- BT disconnected more than one million residential telephones due to customers not paying their bills
- 22,000 householders had their gas supply cut off for not paying their bills

F.Y.I. FACTS

In 1999 Fraud cost the UK Telecom industry £550 million
(Source: CIFAS Forum July 2000)
Advanced Scoring Methods Will Help Ensure Our “Nation of Debtors” Don’t Go Bad

It is estimated that the nation’s population currently has £600bn outstanding debt, which has resulted in recent press articles claiming the UK is becoming a nation of bad debtors. Improved scoring methods through better technology will help to prevent this claim becoming a reality.

One of the main criticisms of lenders is that they are too willing to extend credit and make it too easy for people to sign-up for loans. As a result of this, bad debt could spiral out of control leading to house repossessions and much worse.

Technology has come a long way since the 1980s - when exactly this sort of thing happened. Lenders are now utilising improved scoring techniques, such as neural computing, to minimise bad debt whilst maintaining responsible lending practices to safeguard against people inadvertently over-extending themselves.

Through implementing advanced scoring methods, lenders enhance the quality of service offered, by enabling them to make quicker and fairer decisions for their customers in a cost-effective and, more importantly, objective manner. In addition, lenders are also realising that advanced solutions, such as Decider™, help them to discover more about their customers’ likes and dislikes which improves customer relationship management – a significant benefit in today’s competitive marketplace.

Credit Card Companies Confront Fraud Head On

From next April, all worldwide users of cards from Mastercard and UK users of Visa cards will be required to give a three digit identifier printed on the signature strip located on the back of the card whenever the customer is in a situation where they cannot sign a receipt.

Neural Technologies Business Solutions Manager, Wayne Pearce, stated: “This effort to crackdown on fraud is inevitable. With fraud figures rapidly on the increase, a tighter control system is much needed. As providers of advanced fraud management solutions, we have received additional interest from credit card providers and financial institutions on this matter. Our systems are extremely effective and provide a fundamental mechanism to predict fraud, however, it is also important for companies to adopt these suggested methods. This is a good demonstration of how people can effectively work in conjunction with new technologies to produce the best results.”

Mobile Phones are Increasing Productivity

Mobile phones have changed the world more profoundly than any other new technology according to the report “Life in the Real-Time City: Mobile Telephones and Urban Metabolism”. Written by Anthony Townsend, an associate research scientist at New York Taub Urban Research Centre, the report states that the productivity gains associated with the growth of mobile phones, if measurable, would surpass gains attributed to the personal computer or Internet.

Professor Janos Kovacs shares Towsends’ view, as he believes that the mobile phone is a major catalyst of the economic growth in the USA. The Financial Times has quoted Prof. Kovacs as stating “I believe the boom is being fuelled by new ways for sharing knowledge, but you cannot prove it with the classical economic methodologies which measure static processes.”
WIN A DELEGATE PLACE!

At IBC’s Leading Conference Winning Strategies for CRM in an e-Commerce Environment

Here is your chance to win a delegate place at IBC’s CRM conference “Winning Strategies for CRM in an e-Commerce Environment” which takes place on the 14th and 15th November at Le Meridien Waldorf, London.

The delegate place worth over £1500, will allow you to attend the pre-conference workshop hosted by Neural Technologies and attend the unique two-day conference organised by IBC. The conference will provide you with the opportunity to listen to recognised industry experts and discuss how you can get the most from your customer relationships, develop lasting customer loyalty and maximise customer lifetime value.

To win this delegate place, simply visit the events page at www.neuralt.com, answer the simple question and email your answer to ntl@neuralt.com. A winner will be picked and informed by Monday 16th October 2000.

Guide to Neural Computing Published

Following the success of the Guide to Credit Scoring, Neural Technologies has prepared a Guide to Neural Computing. Available in November the guide provides a straightforward and factual explanation of how neural computing works. In addition, it provides the reader with an insight into how neural computing can and is being used as an effective decision-support tool for credit risk, fraud and marketing managers in the real world business environment. To order your copy of the booklet, (£15) complete an application on our web site at www.neuralt.com or email ntl@neuralt.com stating “Neural Computing Early Booking”, with your name, title, company name and address.

Dates for your diary

27th October
Building your own Scorecards - A Workshop for the Financial Market
Neural Technologies, Petersfield, Hampshire

Neural Technologies are hosting a workshop tackling the issues and business benefits of building your own scorecards

13th November
How Advanced Scoring Can Assist in Developing a Winning Strategy for Customer Relationship Management
Le Meridien Waldorf, London

Neural Technologies are organising a pre-conference workshop, that will give delegates a clear and factual understanding of how neural technology works and how it can help develop strong customer relationships and risk management processes through effective CRM.

21st November
Credit Scoring - The Principles & Practicalities
Woodside Conference Centre, Kenilworth

Presentation - The Future of Scoring
Developing a rapid response to credit risk
Internet Banking and credit risk
Fraud and risk models for the future

Customer Loyalty Case Study

Customer attrition poses a significant threat not only to revenue but ultimately to the profitability and success of an organisation in today’s fiercely competitive market. Neural Technologies have published a new case study outlining recent activities with a leading UK mortgage provider to implement an early warning system to protect against attrition. If you would like to receive a copy of this case study or any of Neural Technologies case studies, order your copy on-line at www.neuralt.com or alternatively contact the Marketing Department at Neural Technologies on 01730 260256.

Do you know a colleague who would benefit from receiving F.Y.I.?
Please send your colleague’s name, position, company name and email address to ntl@neuralt.com

Next edition of FYI available in January 2001

Customer Loyalty
Case Study

Achieving Customer Loyalty in a Competitive Market

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