

CREDIT LIFE CYCLE

OVERVIEW

In the Credit Life Cycle Simulation, players assume the role of the head of a large consumer lending operation. Players manage four portfolios, balancing risk, reward and customer satisfaction. In the first phase, players will be tasked to launch four credit products, each with their own unique challenges. After the completion of credit approval and loan structuring, players manage re-pricing and loss mitigation strategies. *The objective of the simulation is to learn how to successfully operate the most profitable virtual bank with the most satisfied customers.*

The Credit Life Cycle Simulation simulates decisions across the full consumer credit life cycle:

- Prior to credit approval
 - Allocating limited marketing budget across products
- Credit Policy and Loan Structuring
 - Determining credit scoring and underwriting criteria
 - Adopting appropriate loan amounts
 - Adjusting the interest rate charged to the customer
 - Setting Verification Thresholds
 - Setting Override Authority Caps
- Portfolio Management
 - Re-pricing loans during an industry price war
- Collections and Recovery
 - Design collection severities policies
 - Forecast the volume of loans in collections based on delinquency flow rates

Players manage four credit products:

- Secured personal loans
- Unsecured personal loans
- Credit cards
- Mortgages

The course is configurable for diverse levels of experience:

- Fundamentals Course (< 3 years of experience); Certification (3 – 10 years); Mastery (> 10 years)

Example modules from the Fundamentals Course:

MODULES	LEARNING OUTCOMES
Risk Vs. Reward	<ul style="list-style-type: none"> • Recognize how the impact of marketing expenditure may vary across consumer lending products • Demonstrate the ability to balance the trade-off between risk and reward using application scores and bureau scores
Pricing & Exposure	<ul style="list-style-type: none"> • Identify the right loan pricing to charge given the market rates • Determine the optimal loan pricing while considering number of customers and margins • Determine the exposure while considering the risks of customer defaults
Re-pricing	<ul style="list-style-type: none"> • Determine pricing amidst competition to strike a balance between customers and margins
Collection Strategy	<ul style="list-style-type: none"> • Identify and adjust the collection severity strategy for different risk buckets • Practice determining collection severity in order to maximize delinquent collections and minimize customer attrition
Putting it All Together	<ul style="list-style-type: none"> • Decide the risk appetite, pricing and collection strategy • Apply skills to make the right product offer to attract the largest number of good customers and maximize net income

Want to find out more about the course? For more information on our courses or to organize a live demo, [contact us](#).