

# Consumer Information: Early Warning Categories (EWC)

Reduce your ongoing risk by identifying changes in consumers' payment behaviour.

Understanding consumer behaviour has changed significantly. Major economic disruptions affect consumers' priorities in paying back their loans. Compounding this issue, different consumer segments prioritise differently, with some prioritising long-term loans over short-term loans or vice versa.

The EWC was designed to measure the repayment behaviour of South African consumers with active credit products such as Home Loans, Personal Loans, Credit Cards, Vehicle Asset Finance, Telecoms (post-paid contacts) and Retail Loan Accounts.

EWC is a unique tool that segments your customers into four categories to identify those that indicate an early risk of defaulting.

These trigger categories depict early indications of various degrees of risk by calculating repayments in the last six months across accounts and incorporate the current month's repayment to define consumers as Good, Improving, Distressed or Bad payers.

	Missed Current Month	Paid Current Month
Missed in the last 6 Months	<b>BAD</b>	<b>IMPROVING</b>
Paid last 6 Months	<b>DISTRESSED</b>	<b>GOOD</b>

## Early Warning Categories (EWC)

These categories represent moving definitions which takes new data available into account every month. EWC triggers can be provided for several months and not just the latest months to produce a more comprehensive value analysis.

Run in batch, the triggers look at consumers' payment behaviour on individual accounts and at the consumer level through aggregating the triggers using a ranking tool across accounts. These risk definitions can be assigned at an account level and at a consumer level using an instalment-weighted approach. This gives you the ability to identify if consumers prioritise your product and their general recent payment behaviour.

### Benefits of EWC

- Provides you with a holistic view of your consumers' ability to repay on an individual level.
- You can segment between risk groups at application, on book consumers and within the collection strategy.
- Gain additional short-term measures and insights to identify risk groups across the credit life cycle:
  - o Enhance business decisions or lending criteria on application.
  - o Manage your booked customers and understand their changes in behaviour.
  - o Understand consumers who are within collections in order to inform and prioritise mediation strategies.

### How EWC Triggers can be used

- Detect consumers that are irregular payers in order to send out communications reminding that a payment is due.
- Inform in-house marketing campaigns to prevent advertising to consumers who are indicated as Bad or Distressed.
- Prioritise which consumers in the collections process should be contacted.



### Who should use EWC?

The EWC tool was developed around consumer credit behaviour; therefore, any credit provider offering products such as:



Personal loans



Retail credit



Vehicle and Asset Finance



Insurance



Credit Cards



Telecommunications



Home loans

## Early Warning Categories (EWC)

Enhance your business solutions through understanding and segmenting your consumers into different risk groups and receive early warnings to pro-actively manage consumers. A holistic view of your consumers at a business-specific level and at a level that considers all bureau information, can give you an advantage in times of change.

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Contact us to find out how our Early Warning Categories can help you make better business decisions.

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