Study: 27.78 Percent of NCTC Member Operator Credit Inquiries From 'Deep Subprime' Prospects

SubscriberWise reveals proprietary segmentation technology representative of the majority of 800+ independent cable/broadband operators across the nation

MASSILLON, OH- OHIO, UNITED STATES OF AMERICA, March 18, 2018 /EINPresswire.com/ -- SubscriberWise, the nation's largest issuing CRA for the

FICO SCORE (Bad)‡ 350 - 649	FICO SCORE (Fair)‡ 650 - 699	FICO SCORE (Good)‡ 700 - 749	FICO SCORE (Excellent)‡ 750 - 850

FICO Score Ratings by Rank Order

SubscriberWise®
Risk Management Solutions for the Communications Industry

communications industry and the leading protector of children victimized by identity fraud, announced today characteristic segmentation analysis among the hundreds of nationwide member operators served by the National Cable Television Cooperative.

> "
> Specifically, according to FICO, the percent of people who default on any credit account over a two-year period is 79% for scores between 300 to 499, and 63 percent for scores between 500 to 549"
> *David Howe, SubscriberWise*

The analysis involved SubscriberWise proprietary segmentation data from prospective subscribers in the majority of U.S. states with a focus on SubscriberWise's 'Level 7' and 'Level 8' consumers who originate in the bottom 12 percent of the adult credit consuming population as indicated by the Fair Isaac Corporation's nationwide distribution of FICO scores (http://www.scoreinfo.org and http://www.fico.com/en/blogs/tag/score-distributions/).

"This revelation is a tough pill to swallow," said David Howe, SubscriberWise founder and president. "It's especially tough for marketing managers who are tasked with increasing sales but often navigate with blinders while unintentionally increasing an operator's liabilities by selling non-pay disconnections because of a lack of access to this type of data. Worse, according to S&P, 'today's subprime customer appears to be a weaker cohort than that of several years ago' https://www.bloomberg.com/news/articles/2017-03-28/-deep-subprime-becomes-norm-in-car-loan-market-analysts-say).

"But what does it mean when, on average, 28 percent of NCTC-member-operator-prospects originate with a SubscriberWise 'Level 7' or 'Level 8' decision," continued Howe. "From a 'FICO Score 9' (http://www.fico.com/en/newsroom/fico-score-9-now-available-to-consumers-at-myficocom-03-08-2016) standpoint, it means that the prospective consumer has a scorable file with a FICO Score of 300 to 549.

"And according to scientific analysis of millions of consumer reports by the Fair Isaac Corporation, these score rankings reflect consumers who have high risk of failing to pay as agreed on any

obligation over a two-year period.

Related: Why 'deep subprime' auto loans are beginning to worry Wall Street: http://www.businessinsider.com/deep-subprime-auto-loan-rates-worrying-wall-street-2017-3

"Specifically, according to FICO, the percent of people who default on any credit account over a two-year period is 79% for scores between 300 to 499, and 63 percent for scores between 500 to 549," Howe stated.

"In other words, these are consumers who are in a financial crisis and -- despite the best intention to pay as agreed -- these individuals will disproportionately fail to meet their obligations as evidenced by the deep subprime scores calculated from extremely adverse credit reports that contain substantial and serious delinquency.

"From the standpoint of SubscriberWise's proprietary decision technology, it's also relevant to highlight that this extreme level of credit risk is reflective of Fair Isaac's latest scoring model, FICO Score 9, which treats unpaid medical collection accounts differently than other types of unpaid collection accounts, offering a better opportunity for many people to regain their credit standing," added Howe.

"But why should a communications operator care about this scientific analysis, including similar trends among other industry segments? Because from a risk and selling standpoint, the deep subprime consumer represents more than the hundreds of dollars of potential write-off from unpaid programming and unreturned equipment," continued Howe. "Unfortunately, it's also a data-driven fact that prospects who originate in the very bottom rungs of the adult credit consuming population, they correlate significantly with high negative churn, statistically higher rates of fraud and predatory behavior, increased burdens on the call center, and other high-risk scenarios that translate into disproportionate revenue losses and operational inefficiencies across the entire MSO."

Related: Cord Cutting Not the Only Issue Facing Industry Says 21-Year Cable Veteran: https://www.linkedin.com/pulse/cord-cutting-only-issue-facing-industry-says-21-year-cable-david-howe/

"To be crystal clear, however, the facts revealed today are not meant to be a personal indictment on any individual who is struggling with extreme credit delinquency and a demonstrated inability to manage finances at the moment she or he is scored," emphasized Howe. "Rather, the analysis is meant to inform operators about the mathematical and scientific probabilities of rank-order technology -- specifically the marked and demonstrated risk of non-payment -- at origination. It's meant to help operators navigate accordingly. It's proactive vs. reactive.

"The proven approach," concluded Howe. "Accept the hard data and approve with confidence every prospect – regardless of credit risk – by asking deep-subprime prospects to consume services responsibly for a short time prior to over-extending offerings that will almost certainly guarantee huge liabilities."

About SubscriberWise

By incorporating years of communications performance data and decision models, including FICO's latest analytic technology (FICO 9 Score), SubscriberWise® delivers unprecedented predictive power with a fully compliant, score driven decision management system. SubscriberWise is a risk management preferred-solutions provider for the National Cable Television Cooperative (www.nctconline.org). The NCTC helps nearly 1000 members nationwide.

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