

# SMB Credit Risk Infrastructure

A Small Business (SMB) lender in the US approached 2OS to aid in the creation and implementation of a custom credit risk model, valuations model, and a full credit policy. The new credit infrastructure supported future opportunities to increase origination volume of profitable, low-risk loans.

## *Credit Risk Model*

Previously, this SMB lender was using an unsophisticated credit risk scoring model. 2OS built a custom personal credit risk model, and included risk reduction overlays from a proprietary SMB data source.

Implementation of this model provided increased granularity of risk estimation for the client.

## *Valuations Model*

After building the custom risk model with small business data overlays, 2OS built a unit economic valuations model to guide the development of a full credit policy.

The policy included Approve/Decline decisioning logic, hard cuts, and recommended max credit line amounts.

