

creditsafe<sup>®</sup>

# Finance Performance Indicator





# FINANCE PERFORMANCE INDICATOR HISTORY

The CCDS scheme provides great insight into the payment performance of companies' business loans, credit cards and current accounts.

The Finance Performance Indicator can be used by all Creditsafe customers and is an excellent tool for trade credit providers who are not eligible to view the full CCDS report but are still interested in accessing the information provided through the CCDS scheme.

## **The key benefits of the Finance Performance Indicator are:**

-  All Creditsafe trade credit customers can access the indicator and the customer is not required to share any data back to us.
-  The indicator is updated monthly, and a full history is displayed via the website. This allows users to make an accurate up-to-date decision on the company's financial position.



# WHAT IS THE FINANCE PERFORMANCE INDICATOR?

The Finance Performance Indicator predicts the likelihood of a company defaulting on payments within the next 90 days. A default being defined as:



Accounts where payments have not been received for six months.



The agreement between parties has broken down, and the customer fails to meet contractual obligations and fails to satisfactorily respond to requests.



Exceptions may occasionally apply where credit is over a very short/long term or there is some element of fraud.

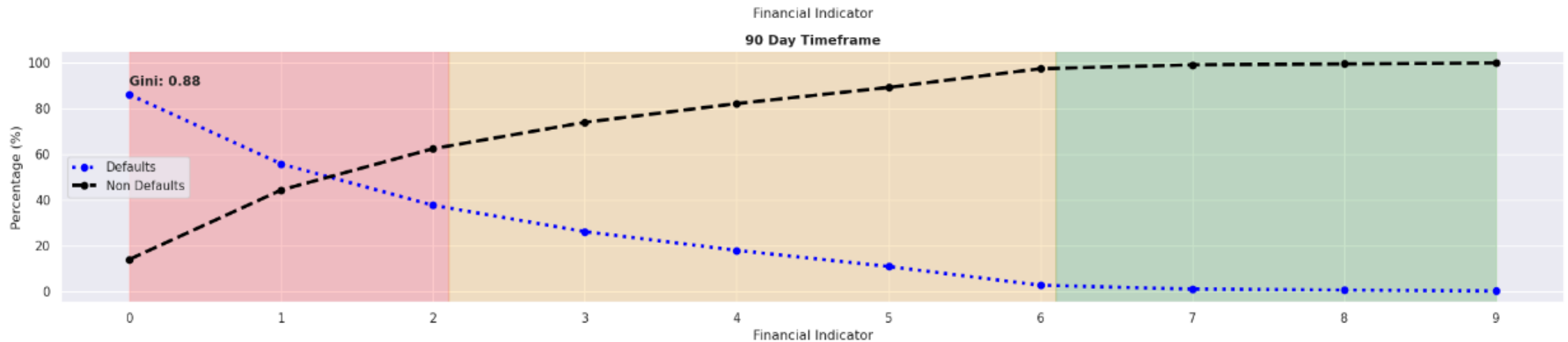
The Finance Performance Indicator ranges from 0 – 9, 0 being most likely to default, 9 being least likely. The Finance Performance Indicators are also linked to Red-Amber-Green (RAG) scores, as seen in the table to the right.

KEY	
Indicator Number	RAG Score
0, 1, 2	RED
3, 4, 5, 6	AMBER
7, 8, 9	GREEN

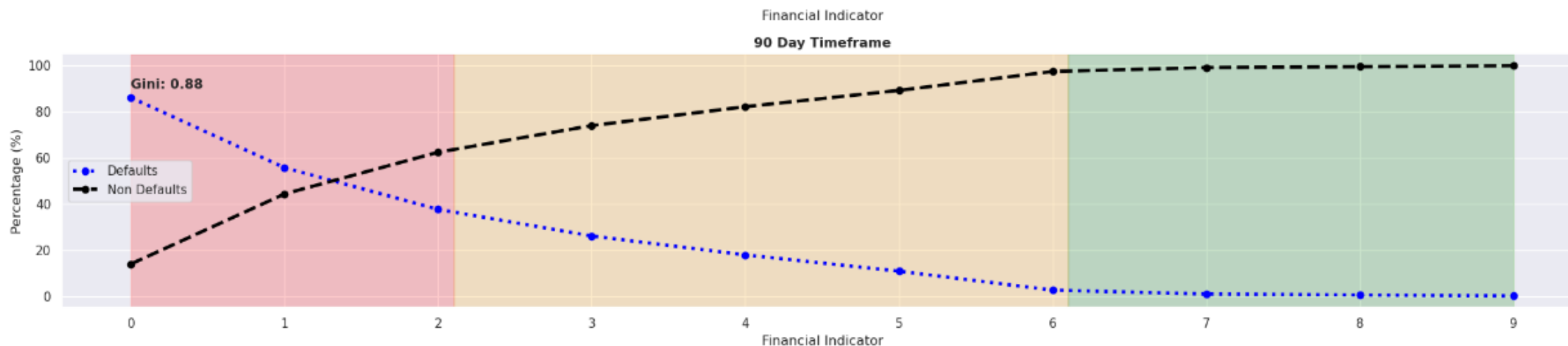


# FINANCE PERFORMANCE INDICATOR

The graph below shows the separation between defaulting and non-defaulting companies for the month of July for a 90-day timeframe. To form this graph, we have used historical data from previous months before July. We then look at which companies defaulted and find the percentages of defaults and non-defaults for each financial indicator.



# FINANCE PERFORMANCE INDICATOR



The data shows for this model, there is an 88% chance that a defaulting company is given a lower financial indicator than a non-defaulting company. We can see that in the green zone (indicators 7 – 9 ), the percentage of defaults is extremely low, less than 1%.

For the amber zone in all three timeframes, we can see that at indicator 6, the percentage of defaults is still low around (1%), but as we progress lower down the indicators to indicator 3, we can see that the percentage of defaults are around 20/30%.

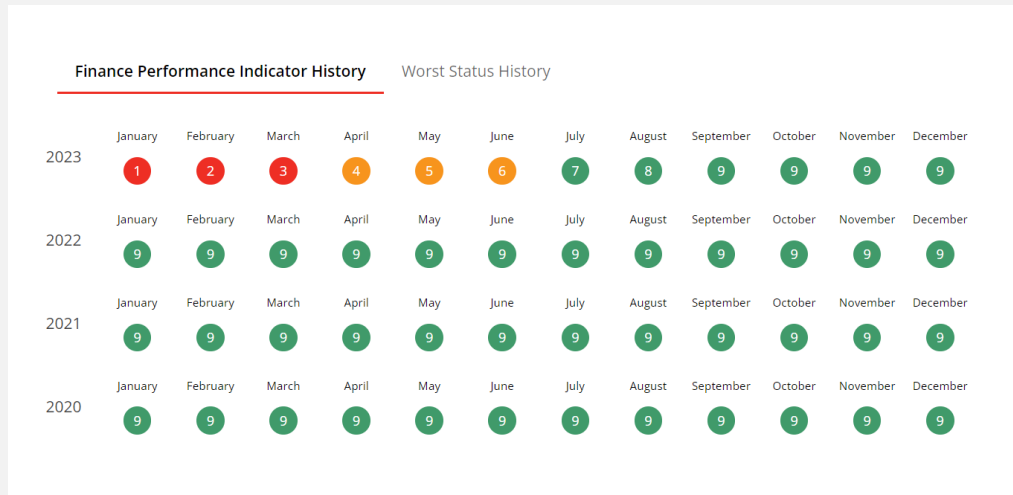
For the red indicators, we can see that the percentage of defaults is significantly higher, with financial indicator 0 consisting of around 85% defaults.



# HOW IS THE DATA DISPLAYED?

The Finance Performance Indicator is available via the website, bulk data or API.

When displayed on the website, the Finance Performance Indicator is available on the Finance Agreements tab in the Performance Overview section and allows the user to view a history each month as shown below:



When the Finance Performance Indicator is outputted in bulk, it will be shown in the format below:

Safe Number	Update Date	90 Day Indicator
X9999999	24/08/2023	8
X9999999	24/08/2023	0
X9999999	24/08/2023	9
X9999999	24/08/2023	7
X9999999	24/08/2023	9
X9999999	24/08/2023	9
X9999999	24/08/2023	8
X9999999	24/08/2023	8



# USE CASES



Onboarding Process



Scoring a Business



Client Management

The Finance Performance Indicator cannot be used for the following:

- Prospecting and Marketing
- Supplier Vetting
- Debt collection for non-members of the scheme
- Government and Public Sector Bodies (unless a financial provider within the scheme)

