creditsafe



A Credit Risk Assessment Case Study

How Creditsafe helps Master Electronics seamlessly protect against credit risk.

As a leading global authorized distributor of electronic components, Master Electronics has grown over the last half-century to serve hundreds of thousands of customers in partnership with hundreds of world-class suppliers.

Master Electronics puts a strong focus on personal bonds and integrity, empowering their customers to collaborate and create unique solutions to their purchasing, supply chain, and business challenges.

Time Using Creditsafe: 3 years

Products Used: Business Credit Reports, International Credit Reports, Check & Decide, Company Monitoring

Challenge

For Master Electronics, every new credit application requires the credit team to understand the potential customer's creditworthiness and determine an appropriate level of risk.

Before Creditsafe, the team's previous credit reporting provider didn't always provide enough information to make that decision without extra research. Trade references had to be checked to verify decisions every time, a process that quickly leads to bottlenecks.

"With our old credit reporting company, we would have to check references on every single one because we didn't get the information we needed," explains Stephanie Hillmeyer, Corporate Credit Processor at Master Electronics.

The challenge becomes even more complex when Master Electronics evaluates international customers. The company receives international credit applications from regions including South Korea, China, and the Middle East, where differences in currencies, laws, and business practices can make assessing risk and collecting unpaid debts much more difficult.

Because Master Electronics funds its credit program internally rather than using an outside company, getting those decisions right can make a significant difference to the business. They needed to be absolutely sure about the customers and suppliers they extend credit to, but when other credit reporting companies don't have much information available, things get murky very quickly.

Solution

Creditsafe has become part of Master Electronics' day-to-day credit decisioning process. When a new credit application comes in from sales, one of Stephanie's first steps is to pull the company's Creditsafe report. **"I use Creditsafe reports on a daily basis,"** says Stephanie. **"And then we make our determination based upon the information off of Creditsafe."**

The team typically uses Creditsafe's suggested credit limit as a guide when setting an initial credit line, using their ongoing relationships with customers alongside Creditsafe's best-in-class payment data to evaluate limits. Combining accurate, up-to-date data with the personal touch Master Electronics is known for gives the team a framework for evaluating new customers while still allowing them to account for their own experience with existing customers.

Check & Decide has also become a regular part of the credit process. Stephanie uses the tool on almost every credit report she pulls, sometimes running more than one decision on an application when evaluating different potential credit limits.

The tool helps her identify applications that require more investigation as well as those Master Electronics is unlikely to move forward with. If Check & Decide returns a negative result, Stephanie says that **"9 times out of 10"** she won't proceed unless the business is an existing customer with an established payment history.

Check & Decide also gives the team another way to identify information that may need further review. For example, Stephanie uses it when an international application returns a possible OFAC alert, at which point she asks the company's logistics team to conduct a deeper check. She also uses the information available through Creditsafe to compare how long a business has been operating against what has been stated on its credit application.

Staying One Step Ahead

Things change quickly. Sometimes a customer that's always been great can take a turn. Other times, subtle red flags that can lead to major headaches down the road go unnoticed. Master Electronics doesn't stop evaluating risk once a customer has been approved.

Stephanie also uses Creditsafe's monitoring alerts to keep an eye on changes within existing accounts.

She reviews alerts when they arrive and looks for significant movements in factors such as the suggested credit amount or Days Beyond Terms (DBT).

From there, she compares the change with Master Electronics' own experience of how the customer is paying and decides whether further action is necessary.

"It makes me look at something that's a change and see how it affects us," says Stephanie.

For the credit team, that provides an ongoing view of customer risk rather than relying solely on the information available when an account was first opened.



Any Report, Anywhere

International business is another area where Creditsafe supports Master Electronics' credit process.

When an international application comes in, the team uses the available credit report alongside trade references to build a clearer picture of the customer before deciding whether to extend terms.

"Definitely the report helps also, because then that gives us a little bit more of something to go by... from the beginning before we even check the references," Stephanie explains.

When information on an international customer hasn't been readily available, Master Electronics has also requested additional reporting to help fill the gap.

For Master Electronics, international customers can represent additional credit risk because collecting unpaid debt across different countries and legal systems can be more difficult. The team therefore tends to start international customers with smaller credit lines and adjust them over time based on payment history.

The Results

With Creditsafe embedded in its credit review process, Master Electronics has been able to rely more heavily on credit reports and reduce the need to manually check trade references on every domestic application.

The team can access reports immediately rather than waiting for information to come back.

"It doesn't take any time. I don't have to wait for a report. If it's there, it comes right up," says Stephanie.

Creditsafe has helped Master Electronics:

- Make Creditsafe reports part of its daily credit application process
- Reduce its reliance on checking trade references for every application
- Use Check & Decide to identify applications that require deeper investigation
- Set initial credit limits using Creditsafe recommendations alongside internal credit policies
- Monitor existing customers for meaningful changes in credit risk
- Assess international applications with additional credit information before checking references
- Support credit decisions for customers across multiple international markets

Why Master Electronics Chose Creditsafe

The information needed to make credit decisions.

When Master Electronics evaluated alternative credit reporting providers, the team selected Creditsafe based on the information it could access. Stephanie recalls that the information was more readily available and provided what the team was looking for.

Fast access to credit information.

Rather than waiting for reports, Stephanie can access the information she needs when a new credit application arrives. That speed is one of the reasons Master Electronics continues to use Creditsafe.

A practical tool for consistent decision-making.

Check & Decide is now used on almost every credit report Stephanie pulls. It helps the team assess applications against its credit criteria, identify potential red flags, and determine when a deeper investigation is necessary.

Ongoing visibility into customer risk.

Monitoring alerts give Stephanie a reason to revisit an account when something changes, helping the team compare new credit information against the customer's payment behavior with Master Electronics.

International credit intelligence.

As Master Electronics sees more international business, Creditsafe reports provide an additional source of information the team can use alongside trade references when evaluating customers in markets where credit decisions can be more complex.

