# Cutting-Edge Model Builds

A major international bank approached 2OS to redesign a model responsible for rank ordering risk of delinquent personal loan accounts. The goal was to take less time to build a model than is standard, along with having a faster deployment.

The model was built on H2O Driverless AI, an automated machine learning software that is becoming increasingly used in the industry. Several other tree-based models were built to test against the GLM model built on H2O. These models were evaluated on metrics such as gini score (for discrimination ability), delta score (for model alignment), and PSI (for score and feature stability). The recommended model (recommended for its performance, interpretability, and stability) was the first XGBoost model that the client had implemented.

RESULTS

Bad Rate (%)

Balance at Risk Bucket

Population Distribution (%)

Balance at Risk Bucket
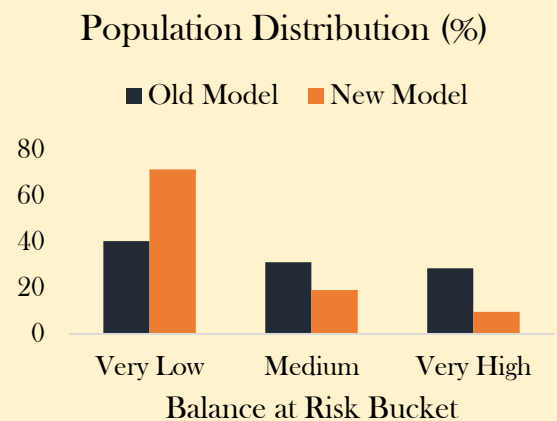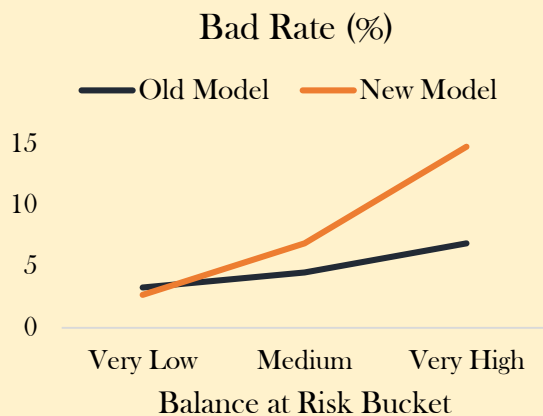
The 2OS model showed significantly better sloping in bad rates across the risk buckets

As there is a smaller percentage of 'very high' risk accounts, the client can better target these customers using fewer collections resources

2nd Order solutions