

FICO® Small Business Scoring ServiceSM (SBSSSM)

Frequently Asked Questions

SBSS Version 7.0



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Introduction

Launched in 1993, with version 7.0 available since 2012, FICO® Small Business Scoring ServiceSM (SBSSSM) has long been recognized as the premier service for supporting small business credit risk assessment. It brings the speed of consumer decision-making to your small business decisions, so you can make decisions in hours or minutes, not days. As a result, SBSS helps you improve customer satisfaction and attract more small businesses. SBSS also helps you build a more profitable portfolio by making decisions that balance portfolio growth with risk exposure, so you can make smarter pricing and other decisions.

This document answers frequently asked questions on SBSS and explains what is required to get started using it in your operations. We recommend reviewing this document before or at the start of your engagement with FICO to ensure that your project runs smoothly.

Overview

What is Small Business Scoring ServiceSM (SBSSSM)?

The FICO® Small Business Scoring ServiceSM (SBSSSM) solution gives small business credit grantors the ability to score applicants for commercial card, line of credit, term loan, lease and start-up credit products — while simultaneously increasing protection from risk and losses. SBSS is a pooled model based on the analysis of millions of contributed small business applications. This solution allows lenders to confidently expand their underwriting across regions, SIC codes, exposure, product offerings and data combinations used in decisioning.

Watch the SBSS Introduction Video



What is a pooled model?

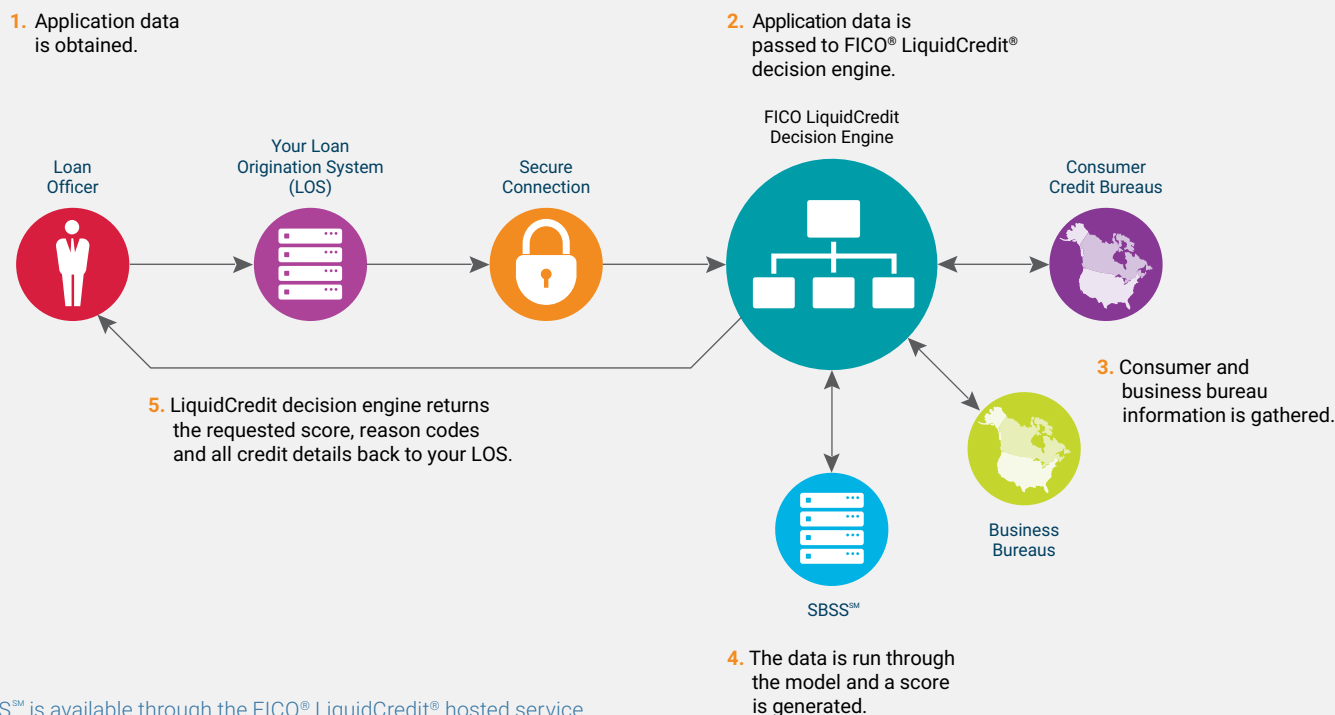
A pooled model is a scoring model built on “pools” of business profiles, business owner profiles, and performance data from several or more financial institutions serving small businesses. Pooled models can be licensed as “off-the-shelf” and quickly implemented, which makes them a sweet spot for lenders who do not have enough data to create custom models built on their own portfolios but want the flexibility to enter small business lending.

Technical requirements

What technology is needed to access SBSS™?

SBSS is available through the FICO® LiquidCredit® hosted service. The figure below shows how, when an application is submitted, the LiquidCredit service pulls data from credit reporting agencies (CRAs) and business bureaus as well as other commercial data sources. Then it produces a score, SBSS. Finally, it returns the score and any requested CRA and business bureau data back to your loan origination system with reason codes as to why the score wasn't higher.

Improve Small Business Lending Decisions



SBSS™ is available through the FICO® LiquidCredit® hosted service.

What technology is needed to make decisions using SBSS™?

Your loan origination system is the technology that accesses the LiquidCredit service, allowing you to put SBSS into action and assess risk faster for credit applicants. The origination system does this by following your policy rules to process applications and make an auto-approve, auto-decline or auto-send for review decision. Examining applicant data and scores, it takes actions you want it to take by setting criteria and score cut-offs. The system enables you to auto-decision small business applications to grow while providing your small business experts with the information they need to efficiently focus on applications requiring their attention.

Get started with small business lending quickly with FICO® Origination Manager Essentials

Which loan origination system can I use to access FICO® LiquidCredit® Service?

You can access SBSS™ if your organization uses FICO® Origination Manager, FICO® Origination Manager Essentials, one of our loan origination system partners or a reseller.

What does the SBSS™ data output look like?

The output of SBSS is a three-digit score ranging from 0 to 300, and depending on how your loan origination system is configured, you'll view certain reports and reason codes. This is an example output within FICO Origination Manager Essentials – Small Business.

Application Overview

Business Details

Decision Scores

Collateral Details

Business Financials

Details of MARY BERNARD

Credit Offer

Booking

Decision

[Edit Application](#)
[Copy Application](#)
[Application History](#)

Decision Scores

FICO SBSS Score

203

Recommended score decision

Decline

Scoring population

SBSS

Evaluation cutoff

210

Evaluation scorecard ID	711
No record bus. bureau indicator	No
COI decile	10
COI median offer amount	41000

COI factor codes	
term	
totnw	
sales	

Model Score Reasons

time as current owner - insufficient information available to calculate

principals combined net worth

current DDA balance - insufficient information available to calculate

months since most recent inquiry

Collateral Details

Business Financials

What credit bureau do I need to connect to?

Valid credit bureau credentials are required with Experian, Equifax or TransUnion for consumer data and D&B, Experian Business for commercial data. Third-party consumer bureau report aggregators or tri-merge reports cannot be used with FICO® LiquidCredit® Service

What are the data requirements for SBSSSM?

SBSS models generally use four data inputs. They are consumer bureau reports for the principals/guarantors, business bureau reports for the business, application data, and business financial data. The data elements in order of most predictive “lift” are consumer bureau data, business bureau data, financial data then application data.

Not all of these data inputs are required, but if you intend to use the specific input in question, here is the basic data you need to include in the XML packet. All data is sent and received in XML format.

Consumer bureau data:

- Enough data needs to be provided in order to obtain a principal’s/ guarantor’s consumer bureau report and FICO® Score:
- Full name and address
- SSN isn’t required, but it is a unique identifier and makes identification easier

Business bureau data:

- Enough data needs to be provided in order to return a high percentage match for the business bureau report: legal business name, legal business address, phone number and, if you know it, either the DUNS or Experian account number

Application characteristics — numeric format, no decimals:

- DDA checking balance years as current owner
- Principal’s combined net worth
- Principal’s combined income

Financial statement based characteristics:

- Cash-to-assets ratio
- Current ratio
- EBIT-to-interest ratio
- Quick ratio
- Business debt service ratio
- Annual interest expenses

Raw fields needed for financials — numeric format, no decimals:

- Cash
- Total assets
- Earnings before interest and taxes — calling systems can calculate this using net profit plus taxes plus annual interest expense, or gross profit minus (selling and general administration expenses; depreciation, depletion and amortization expenses; officers’, directors’ and owners’ compensation; and other operating expenses)
- Interest expenses
- Current assets
- Current liabilities

FICO® Small Business Scoring
Service™ 7.0 Model Suite

What models make up SBSS™?

The SBSS Model Suite 7.0 contains 52 Term Loans/Lines of Credit models, 10 Leasing models and 7 Commercial Credit Cards models. There are also seven models for start-up businesses and one model to predict small business bankruptcy. Within each product type, there are models tailored to specific data sources utilized. The selection logic in the FICO scoring software automatically chooses the appropriate model based on data submitted by the user that is available and usable at the time of application.

What characteristics are used in SBSS™ Version 7.0?

Below is a sampling of characteristics used in the SBSS 7.0 models.

Consumer Credit Bureau Characteristics

- FICO® Score
- Net fraction revolving burden
- Number of inquiries 0–5 months, excluding last 14 days
- Average months in file
- Net fraction mortgage burden
- Number of Trade Lines is Ever Over 30 and Derogatory Public Records

Equifax-SBFE Characteristics

- Percent total credit utilization on revolving accounts
- Months since credit granted on oldest account
- Total past due amount

Experian Business Characteristics

- Percent account balance current
- DBT — regularly updated trades
- Time in file
- Business report derogatory rating

D&B Characteristics

- Percent trade lines satisfactory
- Business report derogatory rating

D&B SBRI Characteristics

- Percent utilization total
- Worst account last 12 months
- Time since most recent account charge-off

Application Characteristics

- DDA (checking) balance
- Time as current owner
- Principal's combined net worth

Financial Statement Characteristics

- Cash-to-assets ratio
- Current ratio
- EBIT-to-interest ratio

Can I get access to SBSS™ odds charts to preview?

We do not make SBSS odds charts available to prospective customers; this information is post-contractual.

Training

What training is available to help me get started with SBSS™?

If you're unsure of how to get started with decision automation and scoring, we have a webinar-based training series led by Fair Isaac® Advisors to help you get started with decision automation, origination scores, scorecard management and SBSS 7. The series is three sessions, 90 minutes each, with time for Q&A for up to 20 attendees from your organization. For more information, review the information below or visit: <https://marketplace.ficoanalyticcloud.com/apps/184902#!overview>.

Webinar	Content	Benefits
Best Practices in Decision Automation	How to effectively and safely automate decisions within risk tolerances	• Improve decision speed • Grow application volume with fewer resources • Focus resources on large, important sales
Efficient and Effective Use of SBSS in Originations	How to utilize SBSS scores in originations and understand operational, risk and compliance implications	• Learn how to make compliant, consistent, efficient decisions • Learn how to manage, measure and use scores to approve the right applicants
Scorecard Migration	How to accurately migrate from SBSS 6.0 to 7.0	• Maintain or improve current approval rates with 7.0 • Migration sequence and associated tracking • How to map score cutoffs and use in strategy

Next steps to get started

with SBSS™

Review these frequently asked questions to make the conversations about implementation as smooth as possible once you engage with FICO.

How many small business applications do you process per month?

FICO needs to know how many applications you analyze and underwrite each month. There is a minimum commitment associated with the LiquidCredit SBSS solution.

Are you a Small Business Administration (SBA) lender?

The SBA uses SBSS in its 7(a) adjudication process. SBSS can also be used in your own operations in addition to the SBA's score as an extra step in risk prevention, ensuring that small businesses fit within your organization's risk appetite. You can think of it as a checkmark in your process of submitting a qualified loan and it sets a minimum threshold for SBA loan submissions.

Is this an active project or research project? Is there a time frame for this project?

Let FICO know what your timeline for implementing SBSS is to ensure that we are aware of your project requirements.

Prior to any contracts, agreements being sent, have you discussed what is required by your information security team?

Having this information readily available before meeting with the FICO team will make requirements gathering and implementation smoother.

What are the contract requirements for FICO® LiquidCredit® Service for SBSSSM?

The contract is a three-year commitment based on monthly minimum commitments. Monthly minimums are 50 applications or 75% of your monthly average application volume per month. LiquidCredit service is not a subscription-based contract; pricing is tiered by volume and you buy up to higher tiers as volume grows. The first price break occurs at the 86th application processed each month.

Where is LiquidCredit® Service available?

LiquidCredit and SBSS 7 scores are only available in the US. The software platform version 6.8.1 is available in the private FICO® Analytic Cloud. The Analytic Cloud holds PCI DSS and ISO 27001 certifications.

For more information on the FICO® Analytic Cloud benefits,

security and compliance, visit www.ficoanalyticcloud.com.

For more information, visit www.fico.com.