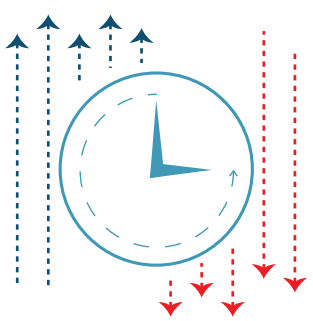# Financial Stress Score (FSS)

Predict future business failure with an enhanced BIR
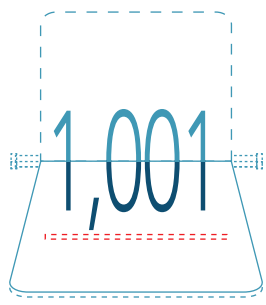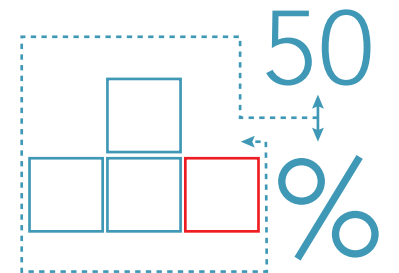
Introducing the new Financial Stress Score (FSS), the first predictive credit score in Singapore that will be included **(at no extra cost)** in our Business Information Report (BIR) from 1st December 2019 to enhance your credit assessment. In line with the D&B Global Score Standard, FSS, also known as a 'failure score', is an overall statistical assessment on the probability of an active business facing a situation of failure over the next 12 months. *But what does the FSS measure exactly and how does it help?*

FSS, in a nutshell.

Predicts the likelihood that a business will cease operations in the next 12 months

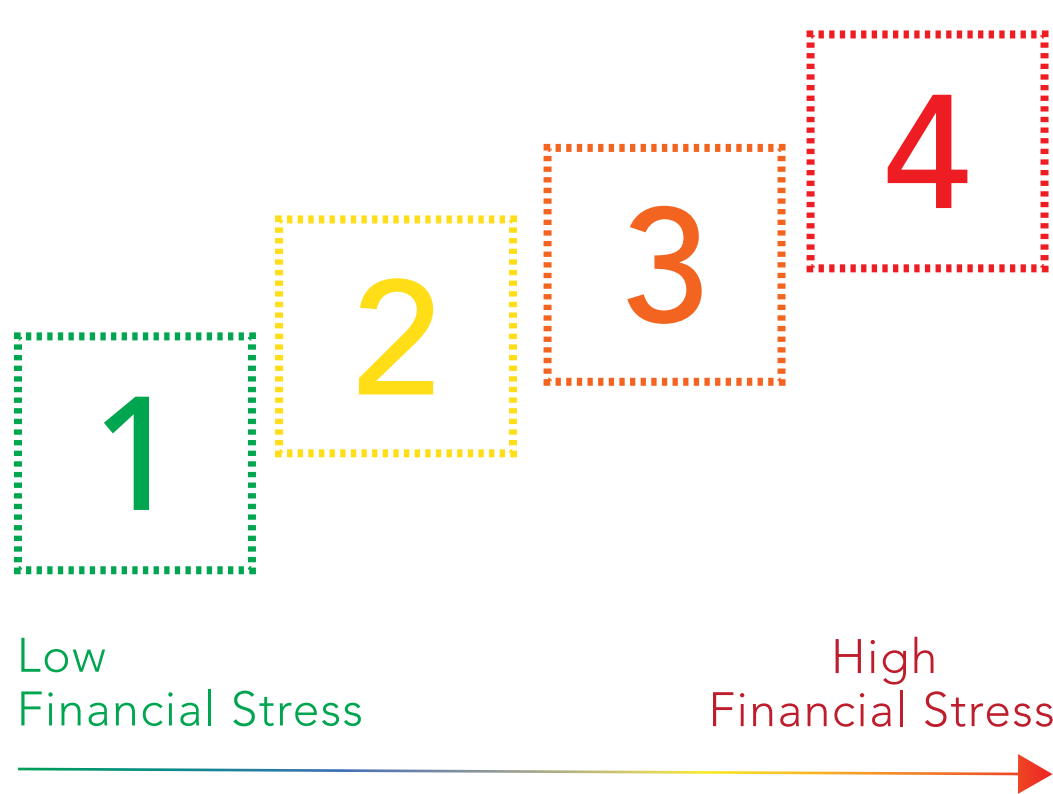Can be expressed in three formats - risk class, as a percentile or numeric score

50%

The score ranges from 1,001 to 1,999, with the lowest value representing the highest probability of financial stress.

1,001

Intepreting the FSS Percentile

1 — Higest Risk
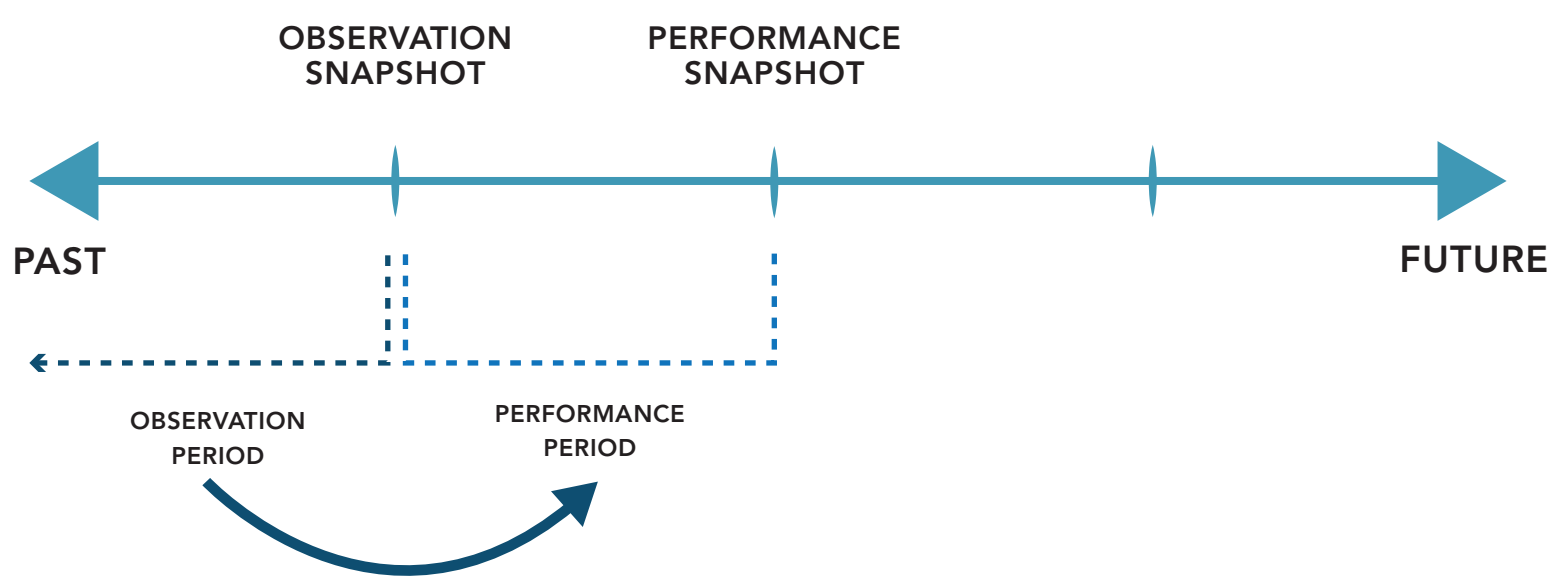
100 — Lowest Risk

The FSS percentile runs from 1 representing the highest risk of financial stress and a percentile of 100 would indicate the lowest probability of default or business failure.

Classifying the FSS Risk Class

1 **2** **3** **4**

Low Financial Stress → High Financial Stress

The four risk classes are intended to provide users an intuitive and inquisitive scoring system so that they may classify partners or customers according to their risk class.

The Making of FSS

OBSERVATION SNAPSHOT   PERFORMANCE SNAPSHOT

PAST   FUTURE

OBSERVATION PERIOD   PERFORMANCE PERIOD

FSS's predictive methodology relies on a strictly **data-driven approach** that utilised **key insights and data from our database to develop and validate the model** to detect the most effective predictors that **align with the D&B Global Standard**.

Visualising FSS

FINANCIAL STRESS SCORE

Financial Stress Score for this business.

99

Low Risk (100)   High Risk (1)

- The D&B Financial Stress Score: 1465
- Total asset amount is high
- Trading record is active
- Profitability is high

Relative Risk	Risk Class	Average Probability of Failure
Minimal Risk	**1** Highest Risk:4, Lowest Risk:1	**0.28%** Highest Risk:100%, Lowest Risk:0%

Interpreting the Financial Stress Score:

1. The D&B Financial Stress Score predicts the likelihood that a business will fail within the next 12 months.
2. The D&B Financial Stress Score is a relative measure of risk, where 1 represents businesses that have the highest probability of failure and 100 the lowest.

The FSS of a company will be included in its own segment that highlights the **stress score, risk class** and **risk percentile**.

The Financial Stress Score enhances your corporate assessment and decision-making by providing an additional metric for consideration. FSS can help your business in several ways - from quickly identifying partners/customers at risk (to prioritise your collections effort) to leveraging on your company's favourable FSS in negotiations.

Contact us to find out more on how FSS can help your business.
T: +65 6565 6161 | E: csc@dnb.com.sg