COMMENTS ON REVISION

The referee made the following remarks:

1) The statistical equations pertaining to a proper scorecard could have been elaborated on.

2) I would like to see the graphs to be more clear. The tables and captions goes over the graph often and it makes it difficult to read (Figure 5 & 6).

3) I think it is also important to clarify some of the concepts that is particularly known in the credit industry.

Our response is as follows:

1) We assume that the referee refers to the equations of the fitted logistic regression model. In the simulation study these equations are given, but Standard Bank considers the fitted logistic regression models on the empirical data to be confidential. We are therefore unable to provide the coefficients of the fitted logistic regression models on the empirical data.

2) We have checked the graphs and made the improvements requested by the referee.

3) We have included footnotes which elaborate on the terms 'behavioural scorecards', 'variance inflation factor' and 'weights of evidence'. All the other terms we use are standard statistical terminology. Since the referee was not specific on the terms that require elaboration, we have not included any more discussion. If he/she provides specific concepts that need elaboration, we will reconsider.