

# Validation Guide (Credit Checks of Personas Morales)

## WIKI OVERVIEW

- **Wiki Purpose:** Establish an efficient procedure for reviewing and validating Credit Checks, incorporating the utilization of the CIAL platform for report requests and updates, adherence to Underwriting Criteria, and inclusion of the Buró de Crédito Report for a comprehensive assessment, facilitating timely approval or rejection decisions.
  - **Wiki Owner:** Joseph Canaan
  - **Validity:** n/a
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## Approval Requirements for the Credit Check of Personas Morales

Follow the [Underwriting Criteria \(Mainstream Valid Rules\)](#)

## Process to review and approve/reject the Credit Check

1. Once the approval analyst requested the report in the CIAL platform, should reject the CC with the note: *MORAL. Reporte solicitado. Tiempo estimado de entrega de 7-10 días hábiles*
  2. When the report is updated by CIAL, verify the fields within the report and consider the following information in order to approve or reject the CC:
    - The CC can be approved if the fields following the [Underwriting Criteria \(Mainstream Valid Rules\)](#) criteria.
  3. Include the Buró de Crédito Report in "ops/d\_and\_b" attribute in order to have more information of the credit worthy profile of the customer.
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## Commercial Credit Checks

- This type of Credit check can only be done for a "Persona Moral" for commercial leads. In order to identify these kind of leads, you can check the lead's tag section and look for the "Commercial" tag.

## Required Documents

**We will require the most recent documents:**

Must have the following documents

1. Acta constitutiva
2. RFC empresa

These additional documents can speed up the process but could be optional. (D&B will request it for their report directly to the client, [Here](#) is the letter that D&B sends to the customer)

1. Balance financiero
2. Estado de cuenta

3. Estado financiero
4. Declaración anual

## Context on EMMA, Paydex and D&B Scores

- **Overviews**

- **EMMA Score** (specific to Mexico) - calculates how likely it is that the customer will pay you in the future based on historical behavior. EMMA's tailored approach to the Mexican market allows it to provide a more accurate and relevant assessment of credit risk for companies operating within Mexico (The specific weightings and criteria used by EMMA are tailored to the Mexican market):
  - Factors likely more important in the EMMA score:
    - The most important factor to get the EMMA score are payment references.
    - Local market conditions: EMMA is likely to place more emphasis on factors such as local economic conditions, regional trends, and industry-specific risks within the Mexican market
    - Regulatory environment: Mexico's legal and regulatory landscape could have a more significant impact on the EMMA score, as it is tailored to the Mexican market. Compliance with local laws and regulations and the company's history with local regulatory authorities may have more weight in the EMMA score.
    - Business culture: Cultural factors specific to Mexico, such as business practices, payment behavior, and attitudes toward credit, might play a more prominent role in the EMMA score than in the D&B score.
    - Currency risk: While D&B's international perspective may be more sensitive to currency fluctuations, EMMA's focus on the Mexican market might lead it to be less concerned with these factors. This could result in different weightings for currency risk between the two scoring systems.
    - Domestic credit history: EMMA might place more importance on a company's credit history within Mexico, as it is specifically designed to assess credit risk in the Mexican context. In contrast, D&B might give more weight to the company's international credit history.
  - It does also take financial performance, credit history, and market conditions.
  - Caveat - this focus on the Mexican context also means that it may not be as effective in evaluating the credit risk of companies with significant international exposure or those operating in a global context. It may be less effective in evaluating the credit risk of companies with significant international exposure.
- **Paydex** - Indicates whether they pay on time, in advance or with delay. Focused on commercial deals.
- **D&B** (international scoring system - score primarily based on ABILITY to pay) - analyzes risk based on capitalization, leverage, cashflows, etc
  - The main difference between the EMMA and D&B Score lies in their focus and the specific weightings they assign to various factors: EMMA is tailored to the Mexican market, while D&B has a more global perspective.

- **Considerations:**

- There are several reasons why certain factors may be more or less important in Mexico than internationally:
  - Currency risk: While D&B's international perspective may be more sensitive to currency fluctuations and their impact on a company's credit risk, EMMA's focus on the Mexican market may lead it to be less concerned with these factors. This could result in different weightings for currency risk between the two scoring systems.

- Industry-specific risks: Some industries may be more prominent or face unique challenges in Mexico compared to other countries. EMMA's tailored approach allows it to better evaluate these industry-specific risks when assessing credit risk.
- Business culture: Cultural differences can influence business practices, payment behavior, and the way companies approach credit management. EMMA's focus on the Mexican market allows it to take these cultural factors into consideration when evaluating credit risk.
- Regulatory environment: Mexico's legal and regulatory framework can differ from those in other countries, which can impact the way businesses operate and their associated credit risk. By focusing on the Mexican market, EMMA can better account for these differences when assessing credit risk.
- Economic conditions: Mexico's economy can be subject to different trends, fluctuations, and challenges compared to other economies. This means that the risk factors affecting Mexican companies might be unique or have a different impact on their credit risk. EMMA's tailored approach allows it to take these specific economic conditions into account.

## Process to order credit score report for Approval Analyst

To access the instructions for requesting a credit report for commercial customers, please access the [Credit Check Service Guide wiki \(Dun & Bradstreet\)](#).

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