

D&B China Failure Score

Frequently Asked Questions

1. What changes are being made to businesses based in China?

As part of our commitment to deepening predictive insights across the globe, Dun & Bradstreet is introducing the D&B Failure Score on businesses based in China.

The D&B Failure Score will be available transactionally on ~1.4M businesses that is of interest to Dun & Bradstreet customers. With the introduction of Failure Score,

- The Risk Indicator component of the D&B Rating will be derived from the Failure Score for businesses on which Failure Score is available
- The Emerging Market Mediation Alert (EMMA) will be retired

2. Why is Dun & Bradstreet building the D&B Failure Score in China?

The introduction of the Failure Score in China is in direct response to client requests to support expanded automation using analytics in their workflows.

D&B China has continued to strengthen the breadth and depth of businesses in the Dun & Bradstreet Data Cloud, with coverage on 99% of the registered entities, availability of high-quality identity and firmographic data, and full coverage of publicly filed financials. These factors along with other data advancements in the recent years have enabled the creation of Failure Score.

3. When are the changes being made?

The Failure Score will be implemented over the weekend of July 19, 2024, with the scores being available from July 22, 2024. The score will be available transactionally.

4. How does the Failure Score perform?

The Failure Score provides strong predictive performance. Based on validation results:

- In the riskiest 10% of the population, the score captures 29.06% of business failures
- In the riskiest 20% of the population, the score captures 49.62% of business failures

5. In what products will the D&B China Failure Score be available?

All products that currently deliver Failure Score will have the score available on a transactional basis.

This includes API like Toolkit, Direct 2.0 and D&B Direct+, Data Blocks as well as applications like D&B Finance Analytics and D&B Risk Analytics.

*D&B Connect will have the ability to process batch files of less than 100K records. Files in excess of 100K are not eligible of this append.

6. What does the D&B Failure Score predict?

The D&B China Failure Score predicts the likelihood that a company will be Revoked or Deregistered in the next 12 months based on information in the Dun & Bradstreet Data Cloud.

7. What are the availability rules for the Failure score in China?

The D&B China Failure Score is available on approximately 1.4M records active businesses as of the date of this report. This is known as the Scoreable Universe.

The following are not considered for scoring, and are outside of the Scoreable Universe:

- Business data was updated more than two years ago
- Subject is a branch
- Subject is non-enterprise entity, which is not registered in local Administration for Market Regulation or not an independent legal entity
- Subject is out of business
- Subject is classified as a sensitive entity
- Subject is not registered in mainland China

About Dun & Bradstreet

Dun & Bradstreet, a leading global provider of business decisioning data and analytics, enables companies around the world to improve their business performance. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk, and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity. Twitter: [@DunBradstreet](#)

Commercial in Confidence

8. What legal events constitute as Failure in China?

The legal events that constitute Failure in China include:

- **Revoked:** A revoked event is normally triggered by severe irregularities of a business entity. Under such circumstances the local Administration of Market Regulation will revoke the business license, and the company will no longer be able to trade
- **Deregistered:** A company that has been established in China might look for a deregistration for a number of reasons. One of the main reasons is when the shareholders decide to terminate the company either due to financial stress or if they are finding it difficult to run its daily business operations.

9. What are the minimum scoring requirements in China?

To help ensure that our scores are based on sufficient information, Dun & Bradstreet has put in place a set of minimum data requirements. Only records that satisfy these minimum requirements will be scored. To be assigned a score, a Chinese business must be active and must have:

- A valid business name
- A valid province name
- A registered capital amount
- A valid industry classification
- A valid type of business
- A valid start of business year

A company that doesn't meet the minimum data requirements will be assigned a Failure Raw Score of 1000 a 1-100 Failure Score of null (blank) and a Risk Indicator of dash (-).

10. What are some of the data elements used by the Failure Score?

The Failure Score utilizes a number of data elements based on basic information (age, line of business, enterprise type etc.), financial ratio (asset-liability ratio, turnover, profit margin etc.), payment information (PAYDEX, proportion of overdue amount etc.), and Negative information (administrative penalty, lawsuit etc.).

11. What changes are being made to the Risk Indicator component of the D&B Rating?

On businesses with Failure Score, the Risk Indicator component will be derived from the Failure Score. For rest of the universe, the Risk Indicator will continue to be based on expert rules.

12. How does the Failure Score differ from EMMA?

EMMA is a predictive score that was developed to identify businesses likely to encounter serious operating condition or are in an unstable or unreliable condition and is directional in nature.

Failure Score is a predictive score developed based on Dun & Bradstreet global standards for Failure Score and predicts the likelihood that a company will be Revoked or Deregistered.

The minimum data requirements, availability rules, dating inputs used and the scoring outputs vary between the two scores.

13. Is there a crosswalk between EMMA and Failure Score?

Since the Failure Score and EMMA predict different business outcomes, they do not lend themselves to direct comparison. Clients are encouraged to leverage the Failure Score Performance Table captured in the Understanding D&B China Failure Score document to interpret the risk levels associated with the Failure Score.

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14. Will the Supplier Evaluation Risk (SER) Rating, Maximum Credit Recommendation and Overall Business Risk be available with this release?

The Supplier Evaluation Risk Rating, the Maximum Credit recommendation and Overall Business Risk will not be available at this release.

15. Will there be an increase in price as a result of this change?

No, the change is part of our ongoing commitment to provide the most predictive risk scores. There will be no increase in price as a result of this change.

16. What additional resources are available?

An Understanding the China D&B Failure Score document that provides a deep dive into the model will become available. Contact your Dun & Bradstreet account team to obtain this document.

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