

PAYCE® Score

CreditRiskMonitor's proprietary PAYCE® Score is a predictive model that assesses bankruptcy risk for North American private companies that lack financial statements. It estimates the probability that a business will file for bankruptcy within the next twelve months.

This score enables credit, supply chain and risk professionals to make more informed decisions by quickly identifying financially distressed companies that warrant closer attention.

How It Works

The PAYCE® Score draws primarily from trade payment data, federal tax liens and firmographics, which are strong predictors of financial distress. Private company financial distress can be identified by this score, even when the company pays its bills on time.

The PAYCE® Score algorithm assigns a score ranging from 1 (highest risk) to 10 (lowest risk). Scores 1-5 are displayed in red, scores 6-8 in blue and scores 9-10 in green.

Prediction Accuracy

The PAYCE® Score captures 80% of bankruptcies within 12 months for companies with scores of 1-5.

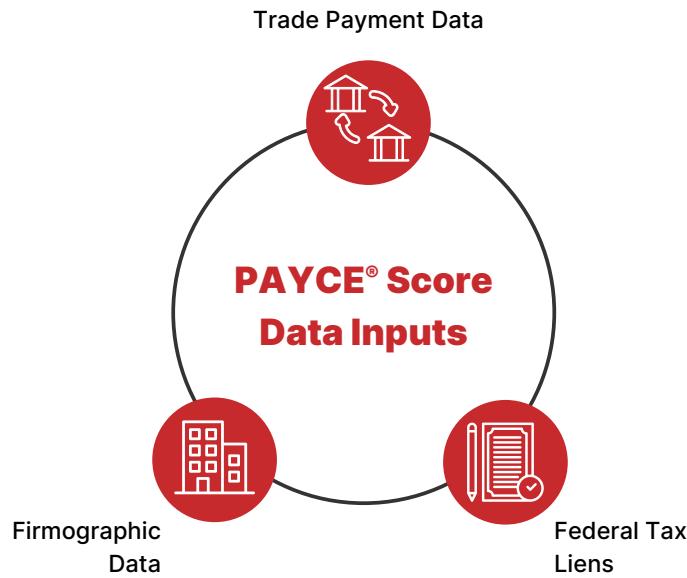
The highest-risk categories (1 and 2) identify approximately 50% of bankruptcies while representing only 2.5% of all scored companies. In contrast, the lowest risk categories (9 and 10) account for a large proportion of companies and represent a minimal number of bankruptcies each year.

Expanded Coverage

The PAYCE® Score covers over 330,000 private companies, capturing most U.S. private companies with \$5M+ in annual revenue. The model is updated daily.

PAYCE® Score	Probability of Bankruptcy within 12 Months	
	From	To
10	0.00%	0.38%
9	0.38%	0.55%
8	0.55%	0.80%
7	0.80%	1.22%
6	1.22%	1.69%
5	1.69%	2.59%
4	2.59%	3.73%
3	3.73%	6.34%
2	6.34%	10.02%
1	10.02%	50.00%

Model Inputs



Our proprietary PAYCE® Score's algorithm primarily uses the following data:

1. **Trade Payment Data:** Approximately \$3 trillion in trade payment data annually is sourced directly from our Trade Contributor Program. This data is internally controlled to prevent double-counting. As more companies enter the database of our Trade Contributor Program, the PAYCE® Score will become more accurate.
2. **U.S. Federal Tax Liens:** This data signals there is a serious issue with the company's ability to pay its taxes. The Internal Revenue Service (IRS) goes to great lengths to negotiate terms with companies that default on their tax debt. If a company is not paying the IRS, it is likely not paying vendors.
3. **Firmographic Data:** This data provides greater differentiation by integrating a variety of company characteristics with statistical relationships to bankruptcy, including the company's number of years in business.

“The PAYCE® Score harnesses artificial intelligence and machine learning to improve accuracy when predicting private company bankruptcy risk.”

