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# The Enhanced Due Diligence Index (DDI)

## Interfax now uses the DDI model reinforcement learning in an online mode

The DDI is a fraud index, created by the Interfax Group in 2011 and actively used to evaluate Russian counterparties by the Dun & Bradstreet WWN customers. In recent years the number of 'shell', untrustworthy companies in the Russian Federation decreased to **24%** of the commercial population due to initiatives by the Russian tax authorities and the impact of measures such as due diligence assessment via the Interfax DDI score.

The score is updated on a regular basis. The new model, appearing in the profiles of Russian companies this year, now includes **more factors (50 instead of 40), for example** where director name, company address and phone appear for large numbers of entities; availability of licenses; government contracts; subsidiaries; industry; region; size of authorized capital and more. The index takes into account not only presence of a fact, but also a frequency of value changes. How often a company changes management may be an example. Weights of the factors vary depending on a composition of original data available for each company.

### Accuracy of the DDI remains high at 97%

Interfax now uses principles of reinforcement learning that allow interacting with an external environment in an online mode instead of periodic calibrations of the index. The aim is to adjust the model to the continuous changes in the environment for the vast majority of cases. The implemented model results from a composition of two computational algorithms: logistic regression and a neuro network, based on fuzzy logics.

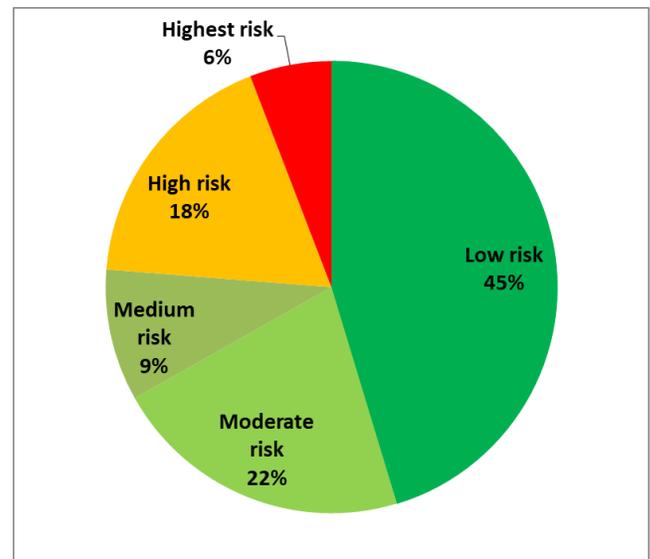
The analytical structure of the DDI is being constantly improved. As a consequence the score accuracy is constantly improving. This gives an opportunity to raise transparency of Russian business universe and identify risky companies more precisely. The accuracy of the current DDI remains high at 97%.

### AT A GLANCE - THE DUE DILIGENCE INDEX

The due diligence index is calculated for all companies in Russia and is a value from 1 to 99, where a higher value reflects a higher probability that the company is created not for statutory purposes and may be a "transactional unit", technical company that has no significant assets, or is an "abandoned" business.

DDI Value	Risk Assessment & Recommendation
0-29	Low risk – proceed with transaction
30-49	Moderate risk – proceed with transactions
50-69	Medium risk – proceed with transaction but monitor closely
70-89	High risk- take suitable assurance
90-99	Highest Risk – Caution

### Distribution of the DDI across Russian Business Universe



For more information on the Due Diligence Index, contact your Dun & Bradstreet representative.

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