

BIIA Newsletter

Market Intelligence - Industry Development & Trends - Information Technology - Regulatory Issues - User Community

BIIA NEWSLETTER ISSUE 07 I - 2018

JULY I – 2018 ISSUE

Pages 2 - 5

Late Breaking News:

- Fintech: The Beginning is Over – the Future is Before Us
- What a Difference a Year Makes - Market Cap/Revenue Multiples 2018 vs 2017
- Acxiom Sells its Core Business Marketing Solutions for US\$2.3 billion
- Advanced Analytics in High Demand

Pages 6 - 9

Member News:

- Credit Scoring in the Philippines: Getting Ahead of the Curve
- Experian Launches Experian Marketing Engine
- FICO Helps Malaysia's Credit Guarantee Corporation Accelerate and Automate Small Business Lending
- Tinubu Square Wins Eurocloud Award 2018 "Best Vertical SaaS Solution
- Creditinfo Shows How Fintech Can Lift People Out of Poverty
- TransUnion on the Acquisition Prowl

Page 10

Industry News:

- Identity Management: Infutor Launches 'ReachSmart' Targeting Tool
- Blockchain: Four Banks Go Live on we.trade Blockchain Platform

Pages 11 - 12

News from China:

- Alibaba's Ant Financial Launched a Blockchain-based Remittance Service
- Alibaba Seeks to Eliminate Middlemen in Blockchain Payment Patent
- China's Private Sector Credit Information Services: The Baihang Story
- People's Bank of China is Clearing Up China's Payments Race

Pages 13 - 16

Credit Bureau News:

- Experian Identity Theft Survey Results: Consumers Need more Education and Help
- Reserve Bank of India Publishes Report on the Proposed Public Credit Registry (PCR)
- Association of Credit Information Providers (ACIP) of Eurasia Launched
- TransUnion Opens First Global In-House Centre in Chennai
- Stung by Compliance Cost, Banks Urge Watchdogs to Approve more FinTechs
- Indian Committee on Data Protection to Submit Report on July 15 2018



We Welcome Rubix as a Member of BIIA

[Rubix](#) Data Sciences Pvt. Ltd., Mumbai, India manages a proprietary B2B database of ~ 10 million SMEs covering 1000+ data points relevant to the risk, compliance, supply chain and marketing functions.

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LATE BREAKING NEWS

Fintech: The Beginning is Over – the Future is Before Us

My former colleague and professional friend Ken Marlin of Marlin & Associates (m&a) made an interesting remark in his latest newsletter: He borrowed a passage of one of Winston Churchill's famous speeches (insert on the right).



“Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning”

Winston Churchill

Referring to the recent Capgemini / Efma second annual [World Fintech report](#), Ken Marlin stated “the authors may not have intended their report to call the “End of the Beginning” of consumer FinTech, but that is what they have done – and he agrees. The Beginning is over. The Future is before us”. In Ken’s recent newsletter there are a number of links to reports worth reading.

FinTech m&a report [can be found here](#). It highlights m&a trends and transactions in the seven segments of the FinTech world that we follow and sometimes lead. [Please click here for our July Fintech Market Update](#).

Consumer-oriented Fintech isn’t new. We started replacing human bank tellers with technology in the 1960s (ATMs); stock brokers in the 1980s (E*TRADE and other on-line brokers); PayPal was founded almost 20 years ago. Betterment and other robo-advisors began replacing wealth managers a decade ago; 15 years ago Prosper, Funding Circle and other Peer-to-Peer lenders did the same to bankers.

A few things are new:

1. The sheer number of consumer FinTech apps that have proliferated - combined with the speed of adoption, both of which surprised many in the industry.
2. Is the aggressive (if belated) response by many “traditional” firms? Suddenly, **the “hunted” are becoming the hunters**, as firms like American Express, Citi, Goldman Sachs, JP Morgan, MasterCard, Visa and others invest in technology, acquire, integrate and offer the sorts of “...quick, convenient, seamless ... efficient, portable, and delightful...” financial services that consumers – and businesses - have come to expect.
3. And to them we now add BigTech firms like Alibaba, Facebook, Google, Oracle, TenCent, and WeChat. As Capgemini noticed – and we talked about in [our October 2017 Report](#) - FinTech is increasingly BigTech.

All this has given new impetus to companies that sell “tools” to allow clients to compete in this brave new world.



The disrupters are far from dead and the incumbents are far from safe. There is plenty of room for both. And both are finding growth more expensive and profitability more challenging than they had assumed. (See for example CAN Capital, OnDeck and Lending Club – or, if you prefer, try to find Beepi, Dealstruck, or Pay By Touch.) The smart ones (old and new) have realized that success requires more than technology. It also requires knowledge of pain points, trust building, brand building, customer centricity, a sustainable organization – and a lot of money. This is certainly not the beginning of the end for the innovators in Consumer FinTech; but it’s clearly the End of the Beginning. **Source: Marlin & Associates (m&a)**

Source: Marlin & Associates (m&a)

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LATE BREAKING NEWS

What a Difference a Year Makes - Market Cap / Revenue Multiples 2018 vs 2017

S&P Global and Moody's are on top of the league as rating, analytics / AI technology leaders. Experian remained in fourth place, while Equifax moved from 5th to 7th place. TransUnion was listed for the first time and ranked 9th. FICO moved to 11th from 10th and Dun & Bradstreet moved from 11th to 13th place. Source: m&a July Report

Company (USD millions)	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		Revenue Growth		EBITDA Margin	
			CY2017A	CY2018E	CY2017A	CY2018E	CY2017A	CY2018E	CY2017A	CY2018E
S&P Global	51,870	55,095	9.1x	8.5x	18.8x	17.3x	7%	7%	48%	49%
Moody's	33,174	37,424	8.9x	8.0x	18.8x	16.6x	17%	12%	47%	48%
Thomson Reuters	28,707	35,893	6.9x	6.5x	14.2x	27.8x	2%	6%	48%	23%
Experian	22,766	26,123	5.7x	5.4x	17.5x	15.6x	na	7%	33%	35%
Verisk Analytics	18,190	20,819	9.7x	8.7x	21.1x	18.4x	8%	11%	46%	47%
MSCI	15,317	16,546	13.0x	11.5x	25.1x	21.0x	11%	13%	52%	55%
Equifax	15,176	17,617	5.2x	5.0x	15.8x	15.0x	7%	4%	33%	34%
CoStar Group	14,999	14,068	14.6x	11.9x	56.2x	36.4x	15%	23%	26%	33%
TransUnion	13,619	15,914	8.2x	7.2x	22.7x	18.6x	13%	14%	36%	39%
FactSet Research Systems	7,747	8,078	6.4x	5.9x	18.9x	17.4x	10%	9%	34%	34%
FICO	6,051	6,647	7.0x	6.3x	30.8x	25.1x	5%	11%	23%	25%
Morningstar	5,502	5,297	5.8x	5.9x	22.6x	20.4x	14%	(2%)	26%	29%
Dun & Bradstreet	4,575	5,734	3.3x	3.2x	12.5x	10.9x	2%	2%	26%	30%
CoreLogic	4,298	5,845	3.2x	3.1x	15.2x	11.9x	(5%)	1%	21%	26%
Trim Mean	15,485	17,559	7.4x	6.9x	20.1x	18.8x	9%	8%	36%	36%
Median	15,087	16,230	6.9x	6.4x	18.9x	17.9x	8%	8%	34%	34%

July 2018

Company (USD millions)	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		Revenue Growth		EBITDA Margin	
			CY2016A	CY2017E	CY2016A	CY2017E	CY2016A	CY2017E	CY2016A	CY2017E
S&P Global	38,074	40,363	7.1x	7.0x	16.3x	14.9x	7%	3%	44%	47%
Thomson Reuters	33,834	40,718	3.6x	3.6x	17.1x	12.1x	(1%)	2%	21%	30%
Moody's	23,642	25,572	7.1x	6.6x	15.6x	14.0x	3%	7%	46%	47%
Experian	19,352	22,532	4.8x	5.1x	14.2x	14.6x	(0%)	(6%)	34%	35%
Equifax	16,751	19,362	6.2x	5.7x	17.2x	15.5x	18%	8%	36%	37%
Verisk Analytics	14,356	16,485	8.3x	7.9x	17.6x	16.0x	13%	4%	47%	50%
MSCI	9,436	10,815	9.4x	8.7x	19.0x	17.0x	7%	8%	49%	51%
CoStar Group	8,584	8,315	9.9x	8.7x	38.7x	31.1x	18%	14%	26%	28%
FactSet Research Systems	6,557	6,938	6.1x	5.5x	17.2x	16.1x	11%	10%	35%	34%
FICO	4,497	5,007	5.6x	5.3x	24.2x	20.3x	6%	5%	23%	26%
Dun & Bradstreet	4,012	5,359	3.1x	3.0x	11.9x	10.7x	4%	4%	26%	28%
CoreLogic	3,745	5,190	2.7x	2.8x	12.4x	11.1x	28%	(5%)	21%	25%
Morningstar	3,384	3,302	4.1x	n/a	14.3x	n/a	1%	n/a	29%	n/a
Trim Mean	13,161	15,085	5.9x	5.8x	16.8x	15.2x	8%	5%	33%	36%
Median	9,436	10,815	6.1x	5.6x	17.1x	15.2x	7%	4%	34%	35%

July 2017

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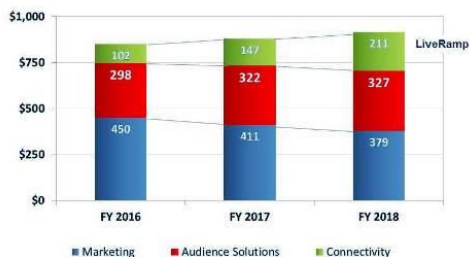
LATE BREAKING NEWS

Acxiom Sells Its Core Business Acxiom Marketing Solutions for \$2.3 Billion

Perhaps this will be the marketing services breakup of the year. Acxiom is selling its Marketing Solutions Business (AMS). The remaining business to be renamed LiveRamp which will eventually be sold. In essence the Acxiom Corporation is in the process of dissolving itself and to return the value to shareholders.

Acxiom® (Nasdaq: ACXM) announced that it has entered into a definitive agreement to sell its Acxiom Marketing Solutions business (AMS) to Interpublic Group (IPG), one of the world's leading organizations of advertising agencies and marketing services companies, for \$2.3 billion in cash. The transaction was unanimously approved by Acxiom's Board of Directors and is expected to close by the end of calendar 2018.

Acxiom Revenue Full Year 2018
(Fiscal Year Ends March 31st 2018)



Source: Acxiom (000,000)

acxiom

Acxiom Corp.'s total worldwide revenue for year ended March 2018, including the portions it is not selling to IPG, was \$917 million. IPG had \$7.9 billion in global revenue for 2017, putting it \$3 billion short of third-ranked Publicis Groupe, according to the Ad Age Datacenter.

IPG is buying the Acxiom Marketing Solutions business, which consists of Acxiom's Marketing Services operation and lines of business from Acxiom's Audience Solutions operation. Acxiom's Marketing Services and Audience Solutions segments had worldwide revenue of \$706 million in the year ended March 2018. Acxiom on Monday said LiveRamp had trailing 12-month revenue of \$220 million.

Upon closing, the Company expects to realize approximately \$1.7 billion in net cash proceeds, after taxes and fees. Consistent with its past capital allocation philosophy, Acxiom will continue its practice of executing a balanced approach to capital deployment. Specifically, the Company will continue to focus its capital on investing in growth opportunities and innovation, making strategic acquisitions and, at the same time, returning capital to shareholders.

Following the completion of the transaction, the Company intends to:

- Retire its existing \$230 million debt balance, resulting in a debt-free balance sheet; Initiate a \$500 million cash tender offer for its common stock; Increase its outstanding share repurchase authorization by up to \$500 million, and extend the duration of the program to December 31, 2020;
- Use the remainder of the proceeds to fund its growth initiatives, strategic acquisition opportunities and meet its ongoing cash needs;
- Transfer the Acxiom brand name and associated trademarks to IPG; and
- Rename the Company LiveRamp and, shortly thereafter, begin trading its common stock under the new ticker symbol "RAMP". CEO Scott Howe and CFO Warren Jenson will remain in their current roles at the Company, which will be headquartered in San Francisco, California.

About LiveRamp: LiveRamp offers brands and the companies they work with identity resolution that is integrated throughout the digital ecosystem, providing the foundation for true omnichannel marketing. Our services transform the technology platforms used by our clients into people-based marketing channels that improve the relevancy of marketing and ultimately allow consumers to better connect with the brands and products they love. LiveRamp is an Acxiom company located in the technology hub of San Francisco. **Source:** [Acxiom Press Release](#) and [Press Coverage](#)

LATE BREAKING NEWS

Advanced Analytics in High Demand



Four in Five Businesses Investing in Advanced Analytics. Experian has identified four key priorities for businesses in an evolving market place, all influenced by technology and consumer experience. Organisations are targeting investments in data technologies to boost growth. Experian's Business Review found companies are shaping their strategies around: data and analytics; customer insight and customer experience; fraud and risk reduction; and regulation and competition.

In response, four in five (78%) of organisations are making investments in advanced analytics to futureproof their businesses, while 76% are putting money in to big data technology. Fraud is also influencing businesses, with 71% admitting their current methods mean genuine customers are being turned away.

The four key priorities identified in Experian's Business Review are:

- **Data and analytics:** Four in 10 (40%) of businesses still rely on instinct and subjective opinion to make their decisions, while less than a third say they can effectively use analytics to extract insight from data. Businesses are responding by making the enhancement of their analytical capability a priority (71%) and increasing their budgets for analytics (78%). Investments in advanced analytics are being made by 78% of organisations, while 76% are putting money into big data technology.
- **Customer insight and customer experience:** Many companies struggle to tell one customer from another and offer the same experience to all, regardless of needs, desires or traits. Less than one in four (23%) personalise their marketing, even though 77% of businesses view better customer insight as a high or critical priority. Two in three (65%) of organisations acknowledge the need to improve their consumer insight and just 19% can currently harness all data to make the best customer experience. A further 63% lack a single customer view.
- **Fraud and risk reduction:** Fraud is an obstacle for growth-hungry businesses, and many legitimate customers who wish to use their products or services. More than half (57%) of business say fraud is the number one inhibitor to their success, while 39% say they have incurred increased costs due to fraud, particularly due to online threats.

Seven in 10 (71%) of organisations use security methods which err on the side of suspicion*, instead of trust, so decline more transactions than is probably necessary. Conscious they are turning away good customers, 75% are interested in more advanced security measures and authentication processes which have little or no impact on the customer experience*.

- **Regulation and competition:** The changing business environment is weighing heavily on businesses and how they make strategic decisions. Increasing competition was cited by 93% of organisations as a barrier to accomplishing their business priorities*. Often it is new entrants to the market which are creating headaches in the boardroom. One in three (33%) are experiencing non-traditional competitors entering their markets.

Source: [Experian Press Release](#)

MEMBER NEWS

Credit Scoring in the Philippines: Getting Ahead of the Curve

CIBI-FICO synergy to elevate credit scoring in the Philippines

CIBI Information, Inc.TM (CIBI), and Consumer CreditScore (Phils.) held recently an important event at the Makati Shangri-La Hotel with the title “Adding Value to Data”. The purpose of event was to engage key clients in a group discussion on about the role of data in the digital age and acknowledged its role as the “lifeblood” of many industries, especially financial credit and credit management. The group discussion was led by Dr. Andrew Jennings, Senior Vice President for Scores and Analytics of the Fair Isaac Corporation (FICOTM).



FICOTM Corporation SVP for Scores and Analytics Dr. Andrew Jennings meet with PH top banks representatives, top FinTechs, lending institutions and leasing companies for CIBI Information Inc.TM talk on “Adding Value to Data” on June 14, 2018.

At the center (L—R): Consumer CreditScore (Phils.) COO Klaas Van Wyk De Vries, FICOTM SVP Dr. Andrew Jennings, and CIBITM President and CEO Marlo R. Cruz.

Dr. Jennings firmly believes that FICOTM is in the best position to transfer its acquired knowledge and expertise to various countries, such as the Philippines. Moreover, his presence here in the country was marked as validator of the constantly evolving CIBI-FICO synergy through the credit bureau services.

“The Philippines is part of the FICO score family,” Jennings shared. “What we’ve done is take all our accumulated knowledge and apply it to the specifics of the data here in the Philippines, so in a way, you get the best of both worlds from what we bring.”

Introduction of the myScoreTM: The CIBI-FICO Score

Among the many innovations of the CIBI-FICO partnership is myScoreTM. The CIBI-FICO Score, a tool

designed to generate accurate data faster, allowing banks and other finance institutions to evaluate the credit score of their clients more efficiently. It combines the local and global expertise of both CIBITM and FICOTM to create a platform that enables effective decision-making for banks and other financiers all over the world. Using myScoreTM: The CIBI-FICO Score drives greater financial inclusion for clients, according to CIBI president and CEO **Marlo Cruz**. **Source: CIBI Philippines - to read the full report, please [click here!](#)**

Experian Launches Experian Marketing Engine



Experian has launched Experian Marketing Engine designed specifically for the automotive industry, Experian Marketing Engine aims to help marketers identify prospective car buyers more precisely and delivering content that resonates with them. It segments and identifies in-market car buyers, uncovers the most appropriate communications channels for each, delivers personalized messages that resonate, and then measures campaign effectiveness.

Experian Marketing Engine helps connect online and offline identities; identify highly specific, in-market automotive audiences; distribute omnichannel campaigns across numerous media destinations; and track campaign performance based on actual sales results. It leverages automotive-specific insights, including vehicle purchase behaviors, ownership data, and automotive equity, and combines them with marketing data like demographics, purchasing habits, and lifestyle interests. **Source: [Destination CRM](#)**

MEMBER NEWS

FICO Helps Malaysia's Credit Guarantee Corporation Accelerate and Automate Small Business Lending

Loans issued in days rather than weeks while bad debts reduced to 3 percent of loan book

Credit Guarantee Corporation Malaysia Berhad (CGC) has launched direct loans to micro, small and medium enterprises (MSMEs) using FICO's decision management and scorecard technologies. Using FICO® Blaze Advisor® for business rule automation, CGC is able to make consistent, accurate and reliable credit decisions. The non-performing loan rates are now just 3 percent of the loan book.

Malaysia's Credit Guarantee Corporation (CGC), a government and commercial enterprise joint venture, has used FICO's decision management technology to improve its ability to judge the creditworthiness of small businesses so it can provide them with loans.

This direct lending is an expansion of CGC's usual role of providing loan guarantees to businesses, many of which lack the collateral and track record to obtain regular financing. Since its deployment of FICO® Blaze Advisor® decision rules management system and custom analytic models in August 2016, CGC has **reduced non-performing loans** to just 3 percent of the loan book and has had only one default.

For its achievements, CGC has won the 2017 FICO Decisions Award for Decision Management Innovation.

The introduction of the decision management solution was necessary to ensure a more accurate prediction of customers risk and pricing, to improve the turnaround time and reduce defaults. Previously most of the business rules or loan eligibility criteria were checked manually by CGC for each of its micro, small and medium business applicants, which made for a slow and non-standardized process. However, with the launch of the new direct lending products these business rules and loans would grow in number and require rapid and reliable processing.

FICO developed multiple segmented analytic models which analyzed 1000's of variables specifically for CGC's portfolio to achieve a better way of assessing risk.

Integration was built between the CGC origination system, the credit bureau and an anti-money laundering solution to automate eligibility criteria as well as score the applicants' risk. In addition, CGC customers' behavior patterns were taken into account to judge and rate the existing customers. This formed the behavior models determined by the customer's track record, period of engagement with CGC and other criteria.

About Credit Guarantee Corporation

Credit Guarantee Corporation Malaysia Berhad (CGC) was incorporated on July 5, 1972. Its main objective is to play a developmental role in supporting the Malaysia's economic development agenda by assisting marginal but potentially viable small and medium scale enterprises (SMEs), particularly enterprises without collateral or with inadequate collateral and track record, to obtain financing from the financial institutions. CGC facilitates access to financing for SMEs through its guarantee schemes. CGC had also developed Malaysia's first SMEs loan / financing referral platform known as imSME.com.my. This channel was developed to drive financial inclusion and to ease the SMEs in sourcing for loans/financings.



Source: [FICO Press Release](#)

MEMBER NEWS

Tinubu Square Wins Eurocloud Award 2018 “Best Vertical SaaS Solution”



Tinubu Square, a leading provider of trade credit, bonding & surety and receivables finance solutions, has been awarded the 2018 “Trophées du Cloud” by Eurocloud as “Best Vertical SaaS solution”. The company has been rewarded for its ability to support the digital transformation of the credit insurance industry.

During the 12th edition of the EuroCloud France “Trophées du Cloud” Awards yesterday, Tinubu Square won the award for the best “Vertical Saas Solution”. This award ceremony, held during the Cloud Week Paris 2018, distinguished six companies amongst 52 applications. The aim was to highlight the success of the organizations in the cloud market.

The jury comprised 16 members, all experts and analysts in the cloud industry, and chose to reward Tinubu Square for its ability to rethink the management of commercial credit through a cloud-based platform which supports credit insurance companies during their digital transformation process.

“The cloud is in the DNA of our company. Our know-how is based on a cloud-based software platform in SaaS mode and also on risk underwriting services. These cloud-based solutions have been adopted by major international players and credit insurers all over the world. They have chosen our technology to overcome technical constraints & implementation time, and improve their competitiveness in the globalized market,” said Jérôme Pezé, Founder and CEO of Tinubu Square.

Olivier Placca, Founder and Deputy CEO of Tinubu Square said: “It is a great honor for us to be recognized by this award, which will expand our visibility and credibility in the European market”.

About Tinubu Square: Delivering Insurance Digital Transformation. Founded in 2000, Tinubu Square is a software vendor, enabler of the Trade Credit, Surety and Receivables Finance digital transformation. Tinubu Square enables organizations across the world to significantly reduce their exposure to risk and their financial, operational and technical costs with best-in-class technology solutions and services. For more information: www.tinubu.com

BIIA Editorial Comment: *Congratulation on this magnificent achievement*

Creditinfo Iceland Shows How Fintech Can Lift People Out of Poverty

Coremetrix shows how fintech can lift people out of poverty

CreditInfo spin-off Coremetrix is launching a new service that could lift many of the ‘unbanked’ of developing nations out of poverty through an alternative method of credit assessment.

The new system compliments or provides an alternative to traditional credit checking methods which too easily write certain people off as an ‘unacceptable risk’, due to the inflexibility of the assessment methods. Many banking ‘have-nots’ are not a bad credit risk at all but simply lack the opportunity to establish themselves.

The new alternative approach taken by Coremetrix uses psychometric scoring which is based on reactions to visual prompts. The system is now being used to establish creditworthiness in several countries including the UK, by Admiral, and South Africa, by Compuscan. **To read the full story click on the following link. Source: [CreditinfoChronicle / IBSintelligence.com](http://CreditinfoChronicle/IBSintelligence.com)**

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MEMBER NEWS

TransUnion on the Acquisition Prowl

TransUnion (NYSE: TRU) has announced that it has completed the acquisition of **Callcredit Information Group, Ltd.**, the second largest and fastest growing consumer credit bureau in the U.K., for approximately £1 billion, or approximately \$1.4 billion.



Founded in 2000, Callcredit is a U.K.-based information solutions company that, like TransUnion, provides data, analytics and technology solutions to help businesses and consumers make informed decisions. With a strong record of growth and innovation in both core credit and emerging solutions, Callcredit has achieved strong market success in the U.K.

With this acquisition [TransUnion](#) sets foot in Europe.



TransUnion (NYSE: TRU) has announced that it has completed the acquisition of **iovation**, one of the most advanced providers of device-based information in the world, strengthening its leadership position in fraud and identity management.

iovation pioneered the device intelligence industry and provides a highly advanced digital device reputation consortium, with insight into nearly 5 billion unique devices from more than 35,000 leading brands across more than 50 countries. With technologies that can dynamically identify new fraud patterns as they emerge, TransUnion and iovation's combined solutions will empower customers to quickly incorporate and adapt strategies to the fast-changing and evolving fraud landscape.

This acquisition is the most noteworthy this year inasmuch that our industry and clients is realizing the importance of managing digital identities.

In addition to the above **TransUnion (NYSE: TRU)** is boosting its healthcare solutions with the purchase of **Healthcare Payment Specialists (HPS)**, a leader in helping healthcare providers optimize Medicare reimbursement.



The acquisition of HPS will add innovative technology that helps healthcare providers identify and recover Medicare reimbursements that they otherwise would not have received. Medicare accounts for 20% of total healthcare expenditures in the U.S., and the market for Medicare reimbursement optimization solutions is growing rapidly.

The addition of HPS's solutions further positions TransUnion as a market leader in post-discharge revenue recovery. TransUnion Healthcare's Revenue Protection solutions help hospitals prevent revenue leakage by engaging patients early, ensuring that their earned revenue gets paid, and optimizing their collection strategies. The company works with more than 1500 hospitals and health systems and has protected over \$3 billion in net revenue and cash to date for its entire client base.

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INDUSTRY NEWS

Identity Management: Infutor Launches 'ReachSmart' Targeting Tool

The data-driven consumer identity management firm Infutor has launched a solution called ReachSmart Digital ID, to help marketers reach more of their precise target consumers.

Infutor's solutions help marketers to target consumers' before, during and in between engagements'. Last year, the firm launched a predictive consumer intelligence marketplace solution called [Auto In-Market](#), which uses consumer identities and predictive analytics to identify and target active automotive buyers.

The new ReachSmart Digital ID audience targeting tool adds up to ten e-mail addresses to each first party customer and prospect record in a marketer's CRM or CDP database. According to the firm, these 'digital identity markers' greatly increase match rates, and therefore the likelihood of reaching the consumers they most want to target. The solution adds to Infutor's existing suite of consumer identity solutions, which includes ID Max, ID Ver, TCPA Premium, and Identity Marketplaces.

President and CEO Gary Walter (pictured) comments: 'On average, today's consumers have three e-mail addresses they utilize for account registration and communicating online. With ReachSmart Digital ID, marketers can now use all of the e-mail identity markers linked to each customer or prospect to reach a 10-30+ percent larger digital audience. The tool empowers marketers to increase the reach-ability of specific customers and prospects with the greatest propensity to convert'. **Source:** [Mweb](#)

Blockchain: Four Banks Go Live on we.trade Blockchain Platform

The we.trade blockchain platform is now live across 11 European countries, with four banks closing seven trade transactions. The pilot transactions, which took place over the last five days, were carried out by 10 companies across five countries. The four banks involved were HSBC, KBC, Nordea and Rabobank.

Powered by Hyperledger Fabric, we.trade is a **solution for managing, tracking and protecting open account trade transactions between SMEs in Europe**. It connects parties involved in a trade deal in one place, helps SMEs initiate new trading relationships and provides them with easy access to a range of financing solutions.

we.trade has nine founding members, which also include Deutsche Bank, Natixis, Santander, Société Générale and UniCredit. The project's IT vendor is IBM. In April, the banks took a crucial step toward the commercialization of we.trade, creating a **legal entity to manage and distribute the platform**.

The other banks in the consortium are currently working to complete their first transactions over the coming few months. The next step will be for the banks to bring a commercial product to the market in the fourth quarter of 2018, which will include onboarding more banks and their customers in Europe. The intention is to expand globally in 2019, with Asia being the next target market.

At present, we.trade is operating across 11 European countries: Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Spain, Sweden and the UK. **Source:** [Global Trade Review](#)

Editorial Comment: As Aristotle (384 BCE – 322 BCE) said: "One swallow does not a summer make" it does not mean that one small trial will cause everyone to rush to we.trade. Nevertheless one needs to look at the case from an identity point of view and how our industry fits into this concept.

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BIIA NEWSLETTER ISSUE 07 I – 2018

NEWS FROM CHINA

Alibaba's Ant Financial Just Launched a Blockchain-based Remittance Service



Ant Financial launched a blockchain-based service that lets Hong Kong's large Filipino working population send funds to family back home quickly and securely. For now, the program is in a three-month trial period during which transaction fees will be waived. The blockchain-based service is being launched in tandem with Standard Chartered and GCash, Ant's partnership with Philippines' Global Telecom

Blockchain technology, a ledger of constantly updating transactions held by multiple parties, has become the buzzword among financial institutions in recent years. Its believers say that it has the potential to cheapen, speed

up, and increase the security of transactions. **Source:** [Fortune](#)

Alibaba Seeks to Eliminate Middlemen in Blockchain Payments Patent



Alibaba has been exploring the use of blockchain technology to speed up international payments, according to a new patent filing.

The patent application – "A System and Method That Adjusts Account Balance on a Blockchain" – was filed with the China State Intellectual Property Office in January of this year and was revealed on Friday. Aimed to tackle the broad concept of adjusting account balances over a blockchain, the company explained how the system could be used to facilitate **cross-border transactions** that specifically involve a third-party payment vendor.

For instance, the document said that third-party payment services and their banking partners in different regions will all function as nodes to form the envisioned blockchain. Subsequently each node will maintain a ledger of user balances, reflecting accounts in third-party payment vendors' mobile wallets.

When a transaction request is initiated, the nodes would verify the user's account balance, taking into account any legal compliance procedures that must be followed – a process enforced by triggering smart contracts encoded to the blockchain, the patent says.

The nodes would then update the balance of the users sending and receiving the transacted amount in a decentralized way, thus eliminating the need for an intermediary and avoiding the resultant delays in transaction time, according to the document. Although Alibaba didn't explain how or if it intends to apply the system commercially, the document was published just days after the company's payment affiliate Ant Financial announced the launch of a blockchain-based remittance service.

As reported by CoinDesk, Ant Financial said it is now using a blockchain-based system to allow Alipay users in Hong Kong to send money to residents in the Philippines via a third-party payment vendor, and with Standard Chartered as the banking partner. **Source:** [Coindesk](#)

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NEWS FROM CHINA

China's Private Sector Credit Information Services: The Baihang Story



Three years after eight commercial firms were granted permission by the People's Bank of China (PBOC) to start their pilot programmes in operating personal credit information systems in 2015; none of them have received a license.

Instead, they have now become shareholders and active contributors to a new unified platform that has access to an enormous number of personal credit data. At the so-called 'trust alliance' (信联) Baihang Credit (百行征信), state level and commercial organizations join forces in further developing China's credit systems.

Baihang received its license in February of this year. The firm officially opened for business on May 23rd of 2018. The formal launch of [Baihang Credit](#) (百行征信), the "first unified personal credit information firm" of China, has become big news in Chinese media, with some calling it a personal credit industry game changer. Baihang Credit is a joint venture of the National Internet Finance Association (NIFA) and eight companies: Sesame Credit (芝麻信用), Tencent Credit (腾讯征信), Kaola Credit (考拉征信) Pengyuan Credit (鹏元征信), Sinoway Credit (华道征信), Qianhai Credit Service (深圳前海征信), China Chengxin Credit (中诚信征信), Intellicredit (中智诚征信).

While the National Internet Finance Association (NIFA) reportedly holds 36% of the Baihang firm, the other eight shareholders each hold 8%. The eight companies are not just financial investors, but also active contributors and sharers of technology, resources, and data for Baihang.

The eight firms will also play an important role in Baihang's management. Sesame Credit, Tencent Credit, Qianhai Credit, Sinoway and Koala Credit have all entered the company's board of directors. The other three companies will join the board of supervisors (Sina Finance 2018). The 57-year-old Zhu Huanqi (朱焕启) will be Baihang's CEO and president; he previously worked at Huida Asset Management. The PBOC told Caixin Global that all parts of the eight companies that previously dealt with personal credit ratings will now be incorporated into Baihang. The other parts can continue to operate as data service providers. In the future, Sesame Credit, for example, will continue to research commercial credit services. **To read the full story click on the link below.** Source: [Whats on Weibo](#)

The National Internet Finance Association (NIFA) is a member of BIIA

People's Bank of China is Clearing Up China's Payments Race

Last year the People's Bank of China **announced** that all non-bank payment processors would be required to switch to central clearing by June this year. To support the switch to central clearing, the PBoC chartered a new, dedicated clearing house for third-party online payments called NetsUnion Clearing Corp.

The PBoC and an industry association it controls, the Payment & Clearing Association of China, together took a 37 per cent equity stake in NetsUnion. Alipay and Tencent each took 10 per cent, while 36 other payment processors held the remaining 53 per cent stake. **Source: Financial Times**

CREDIT BUREAU NEWS

Experian Identity Theft Survey Results: Consumers Need more Education and Help

Experian launches IdentityWorks(SM), a comprehensive product to detect, protect and resolve identity theft and fraud; survey underscores consumer need



News of data breaches and the risks of identity theft and fraud persist, but consumers' vigilance and awareness haven't kept pace. A national survey by Experian, the world's leading global information services company, revealed that not only is America's collective guard down, but people feel they are at a disadvantage when it comes to identity theft. The survey results coincide with Experian's national launch of IdentityWorks(SM), a comprehensive set of identity theft protection products offering consumers a powerful and user-friendly array of features, including Experian CreditLock and extensive dark web monitoring.

IdentityWorks helps consumers recognize potential identity fraud and respond to it, arming them with credit monitoring and alerts, and credit reports and scores — which are often the first indicators of identity theft and fraud. This new product extends well beyond credit information to include dark web monitoring and alerts, and noncredit transaction monitoring (bank account, Social Security number, change of address, etc.) to detect when a consumer's personal information is actively marketed on the web or abused in noncredit transactions. IdentityWorks also includes Experian CreditLock, giving consumers real-time access control to their Experian credit file. In addition to the expertise and assistance of fraud resolution specialists, the product also provides the peace of mind of up to \$1 million in identity theft insurance.

Concerned about the threat and the hassle

The survey makes clear that complexity, inconvenience and perceived odds of becoming an identity fraud victim have discouraged consumers from making identity protection best practices part of their daily lives.

While 84 percent of respondents acknowledge being concerned about the security of personal information online, nearly two-thirds (64 percent) agree it's "too much of a hassle to constantly worry about securing personal information online." The majority say staying on top of financial transactions is a challenge (53 percent), and nearly half (48 percent) don't even check their credit reports regularly for errors or suspicious activity.

Significant misconceptions about identity theft and fraud

"Consumers seem to be tuning out rather than tuning in," said Michael Bruemmer, vice president of identity protection at Experian. "Nothing replaces an individual's active role in identity protection, but there are products — like Experian's new IdentityWorks — that help consumers increase their awareness and provide tools enabling quick response to potential fraud. It becomes less of a burden when consumers set up alerts for their credit cards and bank accounts, as well as alerts to flag credit report changes."

In 2016, over 15 million Americans were victims of identity theft, up 16 percent from the previous year.

"Understanding the risks, being aware of the dark web, and researching what can help monitor and mitigate fraud aren't optional these days. Unfortunately, the survey suggests consumers don't consider these necessities a priority, which makes life easier for fraudsters," added Bruemmer.

To read about the key research findings please click on this link: [Experian Press Release](#)

CREDIT BUREAU NEWS

Reserve Bank of India Publishes Report on the Proposed Public Credit Registry (PCR)



As reported previous by [BIIA](#), the Reserve Bank of India (RBI) last year had formed a high-level task force on public credit registry (PCR) for India. On June 18th 2018 the Reserve Bank of India published the report of the task force. **To download the full text, please click [here](#).**

Notwithstanding the existence of four credit bureaus in India the task force concluded the proposed credit information reporting system is an institutional response to information asymmetry in the credit market. The two main types of credit reporting institutions are public credit registry and private credit bureau. By

addressing the issues of 'adverse selection' and 'moral hazard', the credit information reporting system aims to bring efficiency in the credit market and benefit to both borrowers and lenders.

The taskforce also concluded that the sharing of credit information by a credit institution to a central agency is in the public interest from financial stability, supervisory, financial inclusion and economic policy perspectives. That is why, in many countries, the task of organizing the collection and sharing of credit data through a PCR is entrusted to a public authority, mainly the Central Bank, by law. As reporting to the PCR is mandatory by law, high level of coverage of the credit market is ensured.

In India, there are multiple granular credit information repositories, with each having somewhat distinct objective and coverage. Within the RBI, **CRILC** is a borrower level supervisory dataset with a threshold in aggregate exposure of INR 50 million, whereas the BSR-1 is a loan level statistical dataset without any threshold in amount outstanding and focus on the distribution aspects of credit disbursement. Also there are four privately owned CICs operating in India. RBI has mandated all its regulated entity to submit credit information individually to all four CICs. CICs offer, based on this unique access to the credit data, value added services like credit scoring and analytics to the member credit institutions and to the borrowers, for commercial purposes.

The taskforce listed a number of envisaged benefits and stated that in view of these benefits the setting up of the PCR may be expedited.

Editorial opinion: What the RBI has in mind is to create one massive database covering borrowings from other sources, including external commercial borrowings and borrowing from market. Essentially to ascertain the availability of data on the total indebtedness of a legal or natural person. The concentration of such data may be of value in the absence of private sector credit bureaus, but in the case of India, it will be just one more database to be hacked. Given the large size of the business and consumer population, the sheer volume of data base makes it a tempting target for cyber criminals or just plain nuisance hackers.

Instead the RBI should consider the current setup as a network of independent credit bureaus feeding the RBI with data in real time for its oversight purposes.

Source: [Reserve Bank of India \(RBI\)](#)

CREDIT BUREAU NEWS

Association of Credit Information Providers (ACIP) of Eurasia Launched



"Credit reporting system is a crucial and undisputed element of financial infrastructure that ensures a fair extension of credit for individuals and MSMEs. It helps unlock a variety of financial products for savings, credit, and risk management, catalyzing private sector development."

Fabrizio Fraboni, IFC/FCI Global Expert on Credit Reporting

Over 100 delegates representing credit reporting industry and regulators from 8 countries (Azerbaijan, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Tajikistan, Ukraine and Uzbekistan) converged in Azerbaijan today for the official launch of the Association of Credit Information Providers (ACIP) of Eurasia.

This landmark gathering hosted by IFC's Finance, Competitiveness and Innovation (FCI) Global Practice with the donor support of SECO, marked the creation of a regional association, that strives to strengthen credit reporting practices and cross-border data sharing to facilitate credit infrastructure development and contribute to regional integration. Similar initiatives already exist in other regions (i.e. ACCIS, ALACRED, BIIA) where credit registries and bureaus from member countries promote the dissemination and adoption of new practices, technological solutions and global trends. Through collaborated efforts, the newly-founded ACIP seeks to achieve just that.

Recognizing the instrumental role of credit reporting systems, today's conference participants emphasized the growing significance of the industry for ensuring access to finance, enhancing financial stability

and supervisory response framework for the financial sector, bolstering risk management practices. Although different economies are maturing at a different pace, the need for an efficient, reliable and competitive credit reporting infrastructure is especially acute in developing countries. Unlike developed markets, where lending environments are relatively benign and credit reporting has a long tradition, developing countries lack institutional stability and are often burdened with information asymmetries, costly credit screening and evolving creditor rights.

To read the full story click on this link: [ACIP Photo report](#) Source: *International Finance Corporation*

TransUnion Opens First Global In-House Centre in Chennai

TransUnion launched its global in-house center in Chennai recently, the first off-shore technology hub, to drive growth outside its home market. The company, which already has its roots in India through CIBIL, said it plans to hire 500 employees for the center in Chennai in the financial year 2018-2019.

The in-house center in Chennai would allow the company to own the end-to-end development process of critical technology and thereby reduce its dependence on external sources, while also trimming the go-to-market time from the credit bureau, the company said in a statement.

TransUnion's GIC will focus on developing risk solutions, maintaining systems that protect consumer data, allowing the company to move nimbly in a fast-changing global financial environment, the company added.

Over the past decade, India has emerged as a top destination for innovative technology and R&D centers among global corporations. Source: [The New Indian Express](#)

CREDIT BUREAU NEWS

Stung by Compliance Costs, Banks Urge Watchdogs to Approve more FinTechs



Regulators need to do more to allow new technologies that could help in the fight against money laundering, as financial institutions are struggling with ever-growing compliance costs, an Asia finance industry group said recently.

Banks have been slapped with vast sums for not preventing money being laundered through their accounts, and the call for action comes after Commonwealth Bank of Australia last week was

fined a record \$530 million for breaching money laundering and terror financing laws.

The Asia Securities Industry and Financial Markets Association said it would like to see greater use of new technologies in "know your client" or KYC anti-money laundering checks, as they promise to drastically cut costs. "Fintech solutions, facial recognition for example, hold out great hope for the industry, but haven't been embraced as quickly as some might like by regulators around the world," said **Mark Austen**, chief executive of the association.

The Hong Kong Monetary Authority and the Monetary Authority of Singapore said last year they were exploring whether KYC utilities, central repositories of data that banks can tap to save duplication when adding new clients, should be set up.

Source: [CNBC](#)

Editorial Comment: Based on anecdotal and our own experience banks should be more worried about the negative impact on clients because of the use of largely manual compliance methods. The process is not only time consuming for banks and clients, but it is also disrupting banking relationships by banks enforcing compliance by freezing accounts.

Indian Committee on Data Protection to Submit Report on July 15 2018

The Justice BN Srikrishna-led committee on data protection created by the Centre will submit its report on July 15. The announcement was made by former Supreme Court judge Srikrishna on June 29.

The committee was formed in July 2017 by the government to deliberate on a data protection framework for the country. Secretary, Department of Telecom (DoT) Aruna Sundararajan, CEO of Unique Identification Authority of India (UIDAI) Ajay Bhushan, National Cyber Security Coordinator Gulshan Rai, and Research Director at Vidhi Centre for Legal Policy Arghya Sengupta are the other members of the committee, according to an Economic Times report. Source: [Money Control](#)

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