The changing dynamics of risk management information

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A quick introduction to Experian

Our Business

- Credit Services
- Decisioning & Analytics
- Consumer Services
- Data Quality
- Audience Targeting

11 Business Credit Bureaus Globally
18 Consumer Credit Bureaus Globally

Market leader with unparalleled reach globally

- $4.7bn
- $3.4bn
- $2.0bn
- $1.7bn

Powering opportunities globally

- 17,000 employees in 37 countries
- 12,000+ clients around the globe
- Diverse mix of expertise in 40+ countries

- One of Forbes’ “World’s Most Innovative Companies” 5th year
- More than 300+ issued and pending patents
- Data Labs dedicated scientists and machine-learning experts

- 7.8 million conversations with people, including education on how debt affects credit scores
- Supported 45,000 fraud victims in the past year
- Social innovation products have helped 2.7 million people access essential services

Argentina | Costa Rica | Italy | Philippines | Turkey
Australia | Denmark | Japan | Poland | UK
Austria | France | Malaysia | Russia | United States
Brazil | Germany | Mexico | Singapore | Venezuela
Bulgaria | Greece | Monaco | South Africa | Vietnam
Canada | Hong Kong | Netherlands | Spain |
Chile | India | New Zealand |
China | Indonesia | Norway | Taiwan |
Colombia | Ireland | Peru | Thailand |

10 Business Credit Bureaus Globally
18 Consumer Credit Bureaus Globally

5 YEARS RUNNING Experian named one of Forbes top 100 most innovative companies

Private & Confidential
Technology evolution is leading to a data explosion

“2.5 quintillion bytes of data created each day…” - IBM

Exponential growth of computing power

...and cloud processing capacity
...and regulatory changes around open data/open banking are supporting access to this data

Open Data... ...has the potential to profoundly impact our core markets

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Open Banking
Management Accounts
Health APIs
Social
Digital Footprint
Taxes
Location
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**Open Banking: A Wave Bigger Than The Internet And Mobile**

*Forbes*

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“Why the future of Data is Open’ ”
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**“An earthquake in European banking”**

*The Economist*

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‘Open banking a ‘revolution’ to challenge banks’ dominance’ ”
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**Within five years, £1 billion to £2 billion of Bank’s annual profits could be vulnerable to disintermediation**

**Has potential to create a revenue opportunity of at least £7.2bn by 2022 in the UK market**

**90% of global bankers believe Open Data will boost organic growth by up to 10%**

**Believe there is a $700m opportunity in the US market**

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Factors that make this even more relevant in APac...

- **Population**: 4.3 Bn. Population (~60% of the world population)
- **Financial Inclusion**: ~20% of the region is unbanked and 60% is credit unincluded
- **Mobile Penetration**: 4 Bn.+ mobile connections
- **Payments**: APac at ~30.9% growth

...Alternate data in Apac is actually data...
But not all data is born equal…!

Ease of Availability

- Psychometric (Questionnaire)
- Social Media Data (e.g. Facebook)
- E-Commerce (purchases, returns, reviews, payments)
- Mobile Device (Smart Digital Footprint)
- Telco (Prepaid & Postpaid)
- Utility (Electric, Gas, Water, Landline, Cable)
- House Rental (Payments)

Predictive Power:
- Low: Up to 20%
- Medium: 20% - 40%
- High: 40% +

Prioritise

Quick wins

Prioritise

Predictive Power

Low
Moderate
High

Strategic

Nice to have
Harnessing this data exhaust becoming key to managing risk

Developing markets—Scores to enable financial inclusion

Mature Markets – Augment our existing scores and value propositions
And using new (ML) techniques and tools in the process
Transformation of telco data to 1500+ feature space and application of ML to pick up micro patterns

Feature Engineering

Demographics
Calling Behavior
Data Usage
Geo Location
Social Network
Data Usage
SMS
Apps Usage
Top-Ups
VAS

Machine Learning Models

- Deep Learning
- Random Forests
- Neural Networks
- GBM

- Boost conversion with ML and pre-approved leads
- Optimized decision system
For consumers as well as for businesses
Network of the individual / SME can help segregate risk better

Social Network

- Independent Ecosystem
- Influencers
- Low Risk Ecosystem

Illustrative Image.
Source: Network World:

Change in Social Network

Overlap between social network in Month 1 as compared to Month 3
Change in size of social network

Month 1
Customer X

Month 3
Customer X

Time
Data, Analytics and Technology are key to managing the changing dynamics of risk management information.

**Digital Acquisition**

**Digital Engagement**
Maximise cross and up-sell, Manage exposure, drive usage and reduce churn.

**Digitally enabled Collections**
Rehabilitate potential defaulters. Prioritise and collect more.

**Digital Fraud Prevention**
Complex Device Recognition + Full Transaction Data + Powerful Risk Engine + Industry Data.