BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 06 I - 2022

June I - 2022

ADVANCE INTELLIGENCE GROUP

BIIA Welcomes
Advance Intelligence Group
as a new Member

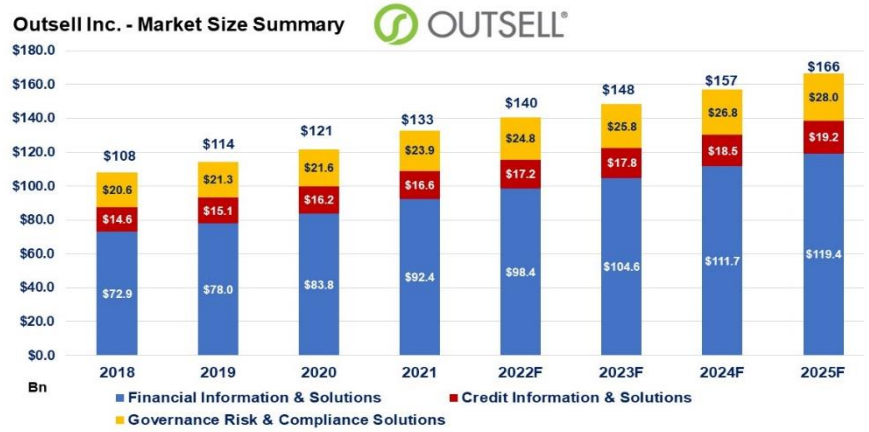
BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 06 I - 2022

LATE BREAKING NEWS

The Market Size of our Industry : "How Deep is the Ocean, how High is the Sky"



Financial Information & Solutions + Credit Information and Compliance Solutions - Outsell defines Financial Information and Solutions as financial news, financial data/information, regulatory filings, company filings, public records, trading solutions, business intelligence (BI) for financial services, crowdfunding solutions, interbank networks, payment networks, insurance data and information, chartered financial analyst (CFA) certification, continuing education, and credit/bond rating solutions.

Credit Information & Solutions - Outsell defines Credit Information and Solutions as consumer and commercial / trade credit information, scoring, and reports (sans bond ratings) as well as credit monitoring and credit repair solutions.

Governance Risk & Compliance Solutions - Outsell defines governance, risk, and compliance (GRC) solutions as those that aid in board governance; financial disclosure; audit management; internal controls management; policy management; screening of customers, employees, suppliers, and partners; regulatory intelligence and training; operational risk management; and financial compliance and risk management.

At the 'fringe' of the recent BIIA 2022 Biennial Conference we had fully intended to talk about the topic of the market size of our industry. Given the growing spectrum of information solutions there may even be the need to redefine our industry due to the blurring of industry boundaries.

Our co-founder Outsell Inc. has provided historical data and a forecast for key industry segments, to be shared with delegates and the membership. We thank Outsell for sharing this information.

Unfortunately we simply had run out of time at the conference. However we want to continue the dialogue on this subject and invite members to comment on Outsell's research in terms of market size estimates and industry definitions. We look forward to hearing from you.

Please note Outsell's industry definitions below the charts.

What has been evident for some time, Governance Risk & Compliance Solutions are outperforming Credit Information & Solutions in terms of growth and market size.

BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 06 I - 2022

LATE BREAKING NEWS

Experian Report: Consumers are Increasing their Digital Activity Despite Rising Fraud Concerns

Digital financial transactions have become commonplace in recent years, growing a number of savvy consumers with a heightened awareness of fraud and the role recognition and security tools play in protecting them.

Insights from Experian's annual Global Identity & Fraud Report found that more than half of consumers surveyed globally have been a victim of fraud or know someone who has – where identity theft has surpassed credit card theft as their biggest security worry. Despite these concerns, most consumer respondents say their online activity will increase in the next three months.

"Criminals persistently seek the path of least resistance and to combat that, organizations must be equally aggressive in leveraging data as a defense, prioritizing investments in fraud detection and prevention, and proving to customers that their security is paramount," said **Eric Haller**, EVP/GM Global Identity & Fraud at Experian.

Consumers globally value security in their online experience above other factors. Interviews conducted with participants revealed that for many people, balancing the need for security with the convenience of online transactions comes down to which companies they trust. Payment system providers, credit card companies, tech providers, and streaming services are the businesses most trusted by consumers to address online security issues.

Consumers also said that regardless of company size, if a brand consistently provides positive digital experiences, they will trust that the organization is protecting their data. Fifty-seven percent of consumers report that they are willing to share data if it ensures greater security or prevents fraud, with consumers expecting protection from companies in return.

Nearly 75 percent of consumers expect businesses to take the necessary security steps to protect them online. This isn't a surprise to businesses, a majority of which expect consumers to cite security as a top priority. Yet, regardless of business investment, 70 percent of businesses say preventing fraud is their top concern – the highest that figure has ever been.

The research indicates there is still a significant gap between consumer sentiment and business intentions related to identity recognition. Only one-third of consumers are confident businesses will recognize them repeatedly online, even though 84 percent say recognizing customers is very or extremely important. And there's no runaway leaders in terms of which recognition and security methods consumers prefer – physical biometrics and pin codes to device holding the top two spots.

The 6th annual Global Identity & Fraud Report can be downloaded here: https://bit.ly/GIDFR22

Source: Experian Press Release To read the full story click here

BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 06 I - 2022

MEMBER NEWS

TransUnion Enhances Decisioning Solutions through Partner Program Expansion

As the global economy shifts and consumer credit markets evolve, credit decisioning requirements have become even more complex and customized. To better address the rapidly evolving needs and priorities of financial institutions, TransUnion (NYSE: TRU) has announced an expansion of its go-to-market strategy for decisioning solutions by including leading decisioning platforms within its global Strategic Alliance Distribution Partner Program.

The expansion was driven by TransUnion's extensive research of how to best meet long-term decisioning needs within the financial services industry. The findings uncovered a growing need for more open and flexible platforms with self-service capabilities—both of which empower business users to change custom rules, add new data sources, and update custom risk models to adapt to the market in real-time. To deliver the best service possible, TransUnion's world-class data and analytics solutions are now also available via Strategic Alliance partners for credit decisioning.

The new partners expand on TransUnion's existing Strategic Alliance Distribution Partner Program, which includes leading providers within Digital Onboarding, Data Analytics, Core platforms, and more. The addition of decisioning providers will meet customers' rapidly evolving needs for increasingly complex and custom decisioning requirements across the customer lifecycle. Business users can greatly expedite the delivery of much-needed roadmap items and key functionality that can immediately solve for their requirements.

Customers who require an industry-standard solution to drive their prequal and prescreen strategies can rely on TransUnion for its decisioning solutions and ongoing support, keeping their data, attributes, and scores available in a flexible, scalable manner which fits their needs. ***Source: TransUnion HK***

Yapily Agrees to Acquire finAPI from Schufa

Yapily announces it has signed an agreement with SCHUFA to acquire finAPI, the leading provider of open banking solutions in Germany.

The deal is set to make Yapily the largest open banking payments platform in Europe; over the last 12 months, the fintechs have enabled customers to process a combined total of $39.5 billion in payment volumes and connect to more than 1 million monthly active data users. The acquisition will double Yapily's customer base, adding well-established finAPI customers to its roster, including over 50 large enterprise firms in the financial, insurance, and IT industries.

As a result of the acquisition, Yapily will have a clear leadership position in two of Europe's largest markets: the UK and Germany. In addition to its existing coverage of 16 European countries, Yapily will enter new territories including Czech Republic, Slovakia, and Hungary, broadening its geographic footprint and accelerating the roll-out of open banking to millions of people and businesses across Europe.

finAPI customers will benefit from new opportunities for business growth, gaining access to pan-European markets through greater coverage and resources. The combined offering will also bring a number of finAPI solutions to the table for new and existing Yapily customers, including Identity and Age Verification and legally compliant KYC checks, and Digital Account Checks that can be used for automated credit scoring.

SCHUFA, Germany's leading credit bureau, will continue to cooperate with finAPI, both in the use of products and services as well as further product development. ***Source: Yapily***

BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 06 I - 2022

MEMBER NEWS

Rubix Data Sciences Wins Certificate of Merit at IMC Digital Technology Awards

The IMC Chamber Of Commerce and Industry (IMC) has a rich legacy and has been a leading voice of the Indian business community for over a century.

Last year, Rubix Data Sciences Private Limited was awarded the Certificate of Recognition at the IMC Digital Technology Awards in the category: Most Promising Start-Up IT Company in Enabling Digital Transformation for its proprietary Rubix ARMS Risk Management Platform.

"I'm delighted to announce that, once again, this year Rubix has been awarded the Certificate of Merit at the IMC Digital Technology Awards in Smart Tech for Product Oriented Digital Companies," stated Kaushal Sampat, Founder of Rubix Data Sciences.

This award was for the Rubix Early Warning Signal (#EWS) Platform that provides Risk Monitoring and dynamic counterparty risk scores on a near-real time basis to our customers. This helps corporates, banks and credit insurance companies take swift action to mitigate B2B #CreditRisk, #SupplierRisk and #ComplianceRisk in today's volatile environment. The recognition conferred at the IMC Digital Technology Awards strengthens our resolve to developing and deepening our technology and analytics platforms to solve the problem of B2B counterparty #onboarding, #riskassessment and #riskmonitoring in India and overseas.

A big shout out to Co-Founder and CTO/CPO Dr. Vishnu Ramchandran and his incredibly talented team Ankita Drolia Akhil Laddha Ankit Sharma Sunny Tambi, Shashank Gupta Vikas Aldar Omkar More, Akshay Giri Deep Patel, Sanketh S Amit Kumar Yadav, Yash Sharma, Bijendra Singh Khangarot, Pravin Kumar, Vishwa Teja, Ayaskanta Mohapatra

I had the privilege of receiving the award on behalf of Team Rubix at the hands of IT industry stalwart Harish Mehta, Co-Founder of NASSCOM and Mr. Juzar Khorakiwala, IMC President, in the august presence of the legendary Mr. Vineet Nayyar, Mr. Anant Singhania, IMC Vice President and Mr. Hareesh Tibrewala, Chairman Digital Technology Committee of IMC, commented Kaushal Sampat, Founder of Rubix.

RUBIX

MEMBER NEWS

CRIF Invests in Certego with the Aim of Strengthening their Partnership in Cybersecurity and Online Fraud Protection Services

CRIF announces its entry into the share capital of Certego - a VEM Group company specialized in the development of cybersecurity platforms and services for the detection of and response to cyber-attacks.

Founded in Modena (Italy) in 2003, Certego is an innovative provider of **cybersecurity services**, characterized by a unique and exclusive business model and offering in the Italian market and by a team of analysts with many years of experience in cybersecurity.

Specifically, CRIF has acquired 10% of Certego's capital with the aim of strengthening the long-standing partnership between the two companies, but also to make a tangible contribution to the development of highly innovative and high-performance digital services in a sector set to take on increasing importance, in Italy as well as globally.

About: Certego is the company of the VEM Sistemi Group specialised in providing managed computer security services and to contrast Cyber Crime. Set up in May 2003, with registered office in Modena, Certego is an innovative provider of computer security services, represented by a model of business and an offer which is totally unique and exclusive in the Italian panorama and by a team of analysts with extensive experience in online fraud analysis. Certego has developed a Cloud-based platform to provide Computer Security Managed Services to detect the presence of new threats and to deliver the best response to reduce, remove and analyze the attack. The in-depth competences and extensive experience in Incident Response, Security Intelligence and Malware Analysis merge with the passion and desire of the security analysts to be constantly updated on what is happening in the world of computer threats. ***Source: CRIF Press Release***

Equifax Announces New Chief Data & Analytics Officer to Drive Global Data & Analytics Innovation

Equifax® (NYSE: EFX) has announced the appointment of Harald Schneider as Chief Data & Analytics Officer. In this role, Schneider will lead the company's global Data & Analytics team and champion global data innovation, maximizing the benefits of Equifax differentiated data assets, leading analytics capabilities and single data fabric within the Equifax Cloud™ to drive new products and growth. He will serve as an extended member of the Equifax Senior Leadership Team, reporting to Bryson Koehler, Equifax Chief Product, Data & Analytics and Technology Officer.

Schneider brings more than two decades of multinational experience to the role of Chief Data & Analytics Officer. He joins Equifax from Visa, where he served as Global Head of Data Products. Prior to that, Schneider held the position of Chief Analytics Officer at Tandem Bank in the U.K. He also held international data and business leadership roles at Capital One, Citigroup, and Pardus Capital.

Schneider holds a master's degree in finance from J.W.Goethe-Universität in Frankfurt and a Master of Business Administration from the University of Iowa Tippie College of Business. ***Source: Equifax Press Release***

MEMBER NEWS

Experian Full-year 2022 Revenue Up 17%

Brian Cassin, Chief Executive Officer, commented: "We had a very good year with total revenue growth of 17% at both actual and constant exchange rates, and organic revenue growth of 12%. Benchmark earnings per share also progressed strongly, up 21%. Cash performance was very strong, with Benchmark EBIT to operating cash flow conversion of 109%, and actual exchange rates growth of 22%. **We have made major steps forward in Consumer Services, which is transforming the shape of our business, and we also progressed materially a series of strategic initiatives in Business-to-Business.**

"Experian's mission to help people improve their financial health is more important now than ever, with many households facing the challenge of rising inflation. We take great pride in our ability to make a positive difference to people's lives by making it easier, cheaper and faster for people and organizations to access financial services, and I would like to thank my Experian colleagues for their hard work and dedication in delivering on this mission.

"For the year ahead, we expect organic revenue growth in the range of 7-9%, with modest margin improvement at constant exchange rates, supported by continuing investment behind the execution of our strategy. While we are closely monitoring the global macroeconomic trends, we are confident in our strong track record of robust and resilient performance."

Highlights

Considerable strategic progress and strong financial performance. Q4 organic revenue growth was 9%, to give 12% for the year, with selective acquisition in-fills taking total revenue growth to 17%.

Stepping up the pace in Consumer Services with broader and more comprehensive propositions, serving 134 million free members, up 24 million over the past twelve months. Organic revenue +22%.

B2B organic revenue growth of 9% supported by data investments, adoption of our innovation platforms, focused expansion in health and addressing new client segments.

Very strong organic revenue progress across North America, Latin America, and UK and Ireland, with selective acquisitions to broaden our opportunity.

Much improved margin trajectory in UK and Ireland, and EMEA/Asia Pacific. Now taking the next step in our plan to reposition EMEA/Asia Pacific for more sustainable long term operating performance.

Benchmark EBIT +19%. EBIT margin +60 basis points at constant exchange rates. Benchmark EPS +21%, at actual exchange rates.

Very strong cash performance; with cash conversion of 109% and Benchmark operating cash flow actual rate growth of 22%.

Second interim dividend up 10% to 35.75 US cents per ordinary share.

View the full year press release in PDF format

Source: Experian Earnings Release

MEMBER NEWS

GB Group Full Year 2022 Revenue Up 11.4

GBG announces record financial results, with significant strategic progress

- **The experts in digital location, identity verification and fraud delivered full year revenue growth of 11.4% to £242.5 million.**
- **Completed the acquisition of Acuant to create a leader in identity verification and identity fraud prevention**
- **Grew its team to over 1,250 people during the year, including team members joining via acquisition**
- **Launched its 'Work Where and When You Want' policy, empowering employees to flex timings and location of work**

GBG, the expert in digital location, identity verification and fraud, has announced record preliminary financial results for FY22, growing revenue by 11.4% to £242.5 million, which represented growth on an organic constant currency basis of 10.6%.

GBG's solutions are used millions of times each day to keep individuals and businesses safe, improving trust, increasing efficiency, and preventing bad actors from causing loss and distress. The business' purpose is to build trust in a digital world, and its vision is for everyone, everywhere to be able to transact online with confidence.

Embedding sustainability in its strategy is fundamental to the company's success and the organisation is committed to a holistic approach that takes account of all stakeholders when making decisions. GBG has also set new targets to reduce climate change impact including a target to be carbon neutral in its own operations by the end of FY23.

Adding expertise and continued growth

GBG has accelerated its strategic progress this year with the acquisition of Acuant, a leading US identity verification and identity fraud prevention business in November 2021. The acquisition strengthens GBG's competitive differentiation, increases its US presence and prepares the business for accelerated global expansion.

GBG's strong operating margins and cash generation has enabled geographic and sector expansion as well as continued product and technology development. In January 2022 it completed the bolt-on acquisition of Cloudcheck, a New Zealand-based identity verification and anti-money laundering provider. This demonstrates how GBG can combine its international data, solutions and expertise with local capabilities to expand at pace regionally.

Chris Clark, CEO of GBG, said: "I am proud of the team's performance this year, their focus on delivering critical digital identity solutions with a great customer experience underpins GBG's strong financial results. Our excellent customer advocacy and record team engagement scores highlight each team member's huge contribution towards achieving our success and delivering on the considerable potential in our markets. The acquisition of Acuant marks a powerful and complementary addition to GBG, accelerating our strategic progress and strengthening our leadership position in the identity verification and fraud markets." ***Source: GB Group Earnings Release***

INDUSTRY NEWS

German Publisher "Open Password" will be Closing its Doors on June 30, 2022

German Publisher "Open Password" closes its doors after 36 years of continuous reporting of news from the information services / publishing sector in the German speaking part of Europe. The owner and publisher Willi Bredemeier stated that he had exceeded the pension age 17 years ago and he felt it was time to retire. The archive "Open Password" will be transferred to the German publisher "infobroker.de" will be and available as "Open Password Archive Plus" as an open service.

BIIA and "Open Password" were partners since the foundation of BIIA and we regret the loss of an important source. We wish our friend and partner Dr. Bredemeier a well-deserved happy retirement.

Arcadia Acquires Urjanet One of the largest Supplier of Alternate Data to Credit Bureaus

The Arc Platform Becomes the World's Largest Utility Data Aggregator and Will Help Companies Manage Sustainability Goals with Accurate ESG Data. Urjanet is one of the largest supplier of alternative data to the credit information industry.

Arcadia, the technology company empowering energy innovators to fight the climate crisis, today announced the acquisition of Urjanet, the largest utility data provider in the world. Urjanet's global data access will integrate with Arcadia's industry-leading data and API platform, Arc, enabling Arc to become the universal software layer for the zero-carbon economy.

Urjanet significantly expands Arc's data coverage to more than 95% of residential and commercial accounts in the US and globally across more than 9,500 utilities, including electric, gas, water, and waste, in 52 countries. This access to global, high-fidelity energy data will allow businesses around the world to leverage its network effects and enable a wide range of use cases, including energy optimization, renewable energy, payments, and carbon accounting.

Today, only 9% of companies use software to accurately manage their environmental, social, and governance (ESG) reporting, instead relying on manual processes and estimates. The Arc platform solves this problem by providing companies with actual, building-level meter data through easy-to-use APIs. Ultimately, the expansion will empower any company, in any industry, with the on-demand data and tools needed to monitor, report, and act on their climate impact and build innovative energy products.

Today's announcement adds to Arcadia's significant recent momentum. The company delivered 155% YOY organic revenue growth in 2021, launched the Arc platform in November, and passed the 700MW managed milestone in April as the leading manager of community solar in the United States. Earlier this month, Arcadia announced a $200 million fundraising round led by J.P. Morgan Asset Management's Sustainable Growth Equity Team, and Arc was recognized as a Finalist in the Energy category of *Fast Company's* 2022 World Changing Ideas Awards. The company, now valued at $1.5 billion, has raised $380 million to date.

Read more about Urjanet joining Arcadia from Bhatraju on Arcadia's blog. To learn more about Arcadia and the Arc platform, please visit arcadia.com/arc.

Arcadia is a climate technology company enabling a zero-carbon economy. By unlocking high-fidelity, global energy data for the first time, the Arc platform combines easy-to-use data and APIs under one roof to allow any company to act on its environmental impact and build the next generation of energy products and climate tech solutions. ***Source:*** *Arcadia*

INDUSTRY NEWS

Dun & Bradstreet Q1 2022 Revenue Up 7.9%

- GAAP Revenue and Adjusted Revenue for the first quarter of 2022 were both $536.0 million. GAAP Revenue increased 6.2% and 7.9% on a constant currency basis compared to the first quarter of 2021. Adjusted Revenue increased 5.3% and 6.9% on a constant currency basis compared to the first quarter of 2021.
- Excluding the impact of acquisitions and divestitures, organic revenue, before the effect of foreign exchange, was $528.8 million, an increase of 4.5% compared to first quarter of 2021.
- Adjusted EBITDA for the first quarter of 2022 was $190.1 million, up 2.4% compared to the first quarter of 2021, and adjusted EBITDA margin was 35.5%.

"We are pleased with our solid start to the year, as we delivered organic growth of 4.5 percent during the first quarter with balanced performance across both our North America and International business segments," said **Anthony Jabbour**, Dun & Bradstreet Chief Executive Officer. "We are executing well, our investments are paying off and we remain confident in our ability to deliver on our full year 2022 goals, advance our long-term strategy, and deliver increased shareholder value."

Segment Results

North America: For the first quarter of 2022, North America revenue was $367.3 million, an increase of $27.9 million or 8.2% (both after and before the effect of foreign exchange) compared to the first quarter of 2021. Excluding the impact of acquisitions which contributed revenue of $12.8 million, North America organic revenue increased 4.4%.

- Finance and Risk revenue for the first quarter of 2022 was $202.2 million, an increase of $11.7 million or 6.2% (both after and before the effect of foreign exchange) compared to the first quarter of 2021.
- Sales and Marketing revenue for the first quarter of 2022 was $165.1 million, an increase of $16.2 million or 10.9% (both after and before the effect of foreign exchange) compared to the first quarter of 2021.

North America adjusted EBITDA for the first quarter of 2022 was $153.3 million, an increase of 1.5%, with adjusted EBITDA margin of 41.7%.

International: International revenue for the first quarter of 2022 was $168.7 million, a decrease of $1.2 million or 0.7%, and an increase of 4.2% on a constant currency basis, compared to the first quarter of 2021. Excluding the negative impact of foreign exchange of $8.3 million and the impact of divestitures, organic revenue on a constant currency basis increased 4.6%.

- Finance and Risk revenue for the first quarter of 2022 was $109.0 million, an increase of $1.6 million or 1.5% and 5.7% on a constant currency basis compared to the first quarter of 2021.
- Sales and Marketing revenue for the first quarter of 2022 was $59.7 million, a decrease of $2.8 million or 4.5% and an increase of 1.6% on a constant currency basis compared to the first quarter of 2021.

International adjusted EBITDA for the first quarter of 2022 was $55.1 million, an increase of 7.0%, with adjusted EBITDA margin of 32.6%. ***Source: D&B Earnings Release***

INDUSTRY NEWS

Dun & Bradstreet India Acquires Rights In The Credochain Credit Decisioning And Analytics Platform

Platform analyses data on MSME entities to help financial institutions and corporates take better credit decisions

Dun & Bradstreet India, a leading global provider of business decisioning data and analytics, has acquired the rights in the credit decisioning and analytics platform of Credochain Technologies Pvt. Ltd. ("Credochain"), a data driven and analytical platform that caters to the complex requirements of MSME lending.

The global pandemic has resulted in significant and frequent changes in the credit cycles of Micro, Small, and Medium Enterprises (MSMEs). Consequently, lenders, including banks and Non-Banking Financial Companies ("NBFCs"), are seeking real-time views of the credit worthiness of businesses to help manage their credit risk exposure. Corporates are also seeking information on their customers, vendors, and suppliers, to facilitate faster and better credit decision-making.

In response to this demand, Dun & Bradstreet enhanced Credochain's platform to automate the analysis of underlying business transactions and cash flows, using dynamic data from sources including GST filings, bank statements, credit bureau data and ITR filings, as well as integrating D-U-N-S numbers into the system.

This acquisition will strengthen Dun & Bradstreet India's financial database of more than 23 million records and will benefit its portfolio of more than 15,000 banking, financial services and insurance clients, as well as corporate clients which are looking to expand their business with MSMEs.

Avinash Gupta, Managing Director & CEO, Dun & Bradstreet India said, "Dun & Bradstreet helps banks, financial institutions and corporates in India to reduce credit assessment risk, through our technology-based finance, risk, compliance, data and marketing solutions. Our solutions create trust and stability between the banking, financial services and insurance industries, and the MSME community, which in turn is helping address the MSME credit gap in India. This acquisition is also significant in terms of our contribution to Atmanirbhar Bharat."

Vaibhav Anand, Co-Founder of Credochain, added: "We are excited to associate with Dun & Bradstreet India in our journey to introduce innovative and digital solutions for MSME sector. It's a testimony to how a young Indian fintech can successfully team up with a large, global corporate. We are happy to move into a new growth phase, as we scale-up our recently launched B2B focussed BNPL solution 'Pemant', along with launching many other digital lending products and solutions for Indian micro -enterprises."

Credochain has received support from the Financial Inclusion Lab, an accelerator programme at CIIE.CO's Bharat Inclusion Initiative, which is backed by the Bill & Melinda Gates Foundation, J. P. Morgan, the Michael & Susan Dell Foundation, the MetLife Foundation, and the Omidyar Network, and is run in collaboration with MSC Consulting. ***Source: APNnews.com***

BIIA Newsletter

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

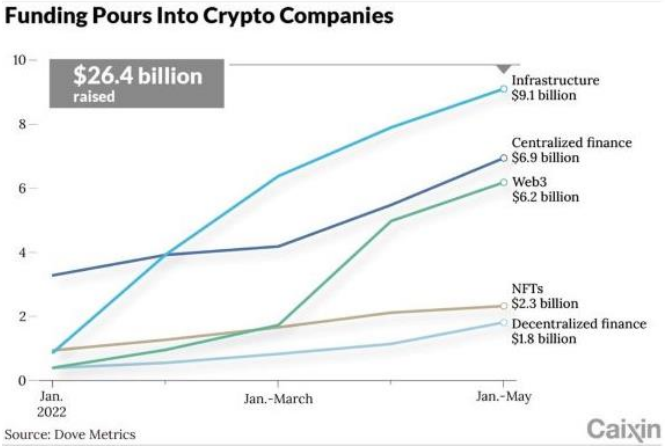
BIIA NEWSLETTER ISSUE 06 I - 2022

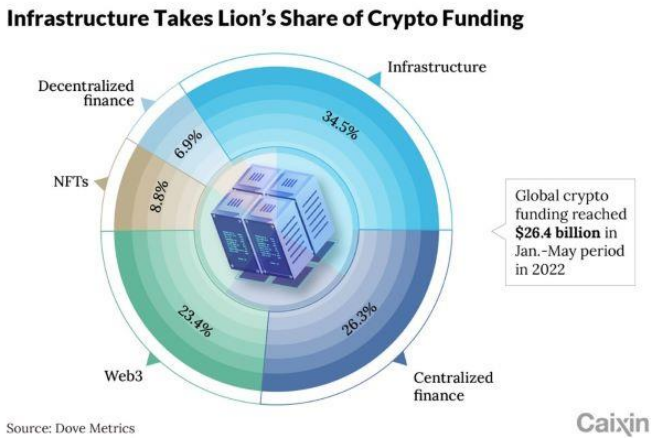
NEWS FROM CHINA

Will the Bear Market End the Blockchain Funding Frenzy? An Opinion

Investors have plowed cash into crypto and blockchain companies at an unprecedented pace in 2022, but some say this trend will slow as the bear market diminishes their appetite for risky speculative investments.

Crypto and blockchain companies raised at least around $26.4 billion across 992 deals in the first five months of the year, triple the $8.8 billion recorded in the same period last year, according to data from Dove Metrics, a crypto fundraising database.





Although nearly half of the deals were announced in April and May, some were actually completed earlier, experts said.

The largest portion of the deals — more than one-third — involved companies working on projects related to Web3. That's the controversial idea that the next generation of the internet will be largely based on blockchain technology.

Meanwhile, firms working on projects related to infrastructure — building blocks for blockchain ecosystems — hauled in the most funds with a 34.5% share, followed by centralized finance projects — such as those that allow users to trade or borrow cryptocurrencies via a central exchange.

Of the five crypto and blockchain categories tracked by Dove Metrics, the least funds were taken in by firms building projects for decentralized finance (DeFi) — financial instruments that use programs on a blockchain to facilitate transactions without intermediaries like a bank or brokerage — and those working on non-fungible tokens — unique entries in a blockchain that are used to indicate ownership of a digital asset.

Looking forward, observers expect funding to decline as economic conditions sour and crypto markets slump.

U.S. stocks entered a bear market earlier last week, with the S&P 500 Index declining more than 20% from its recent peak in January, as the U.S. Federal Reserve has been tightening monetary policy to tame raging inflation this year. Declines in the notoriously volatile global cryptocurrency market began earlier, with the overall market cap peaking at $3 trillion in November and dropping over two-thirds to about $900 billion this week, according to data provider CoinMarketCap. *To be continued on next page*

NEWS FROM CHINA

Will the Bear Market End the Blockchain Funding Frenzy? - Continued from the Previous Page

Bitcoin, the No. 1 cryptocurrency by market cap, has dropped by a similar percentage. The No. 2 token, Ether, has declined by about three quarters since early November.

"I wouldn't exactly call it a crypto winter, but investors won't be blindly putting their money everywhere," Faith Teo, co-founder and CEO of Apsara Protocol, a Singapore-based Web3 platform, told Caixin. There is still a lot of capital being injected into the space, but it's much smarter money, said Will Corkin, co-founder of Hong Kong-based DeFi platform Mantra DAO. "Due diligence is definitely becoming a big thing," he told Caixin.

"We believe venture capital funds will still make their bets, but likely at a lower frequency. At the same time, company valuations and the financing amount may be more conservative," said **Vincent Niu, a partner at Sky9 Capital**, a Shanghai-based venture capital firm focusing on emerging technologies. He expects valuation adjustments of early-stage companies amid the volatile market conditions.

Industry shake-out: Observers say a bearish market has its merits, as tougher conditions help separate the wheat from the chaff in an industry that has long been plagued with failed projects and scams.

"A large number of Web3 projects could collapse if they fail to deliver their promises of a product that people can actually use," Teo said. "A lot of products right now are actually at a very risky stage because there is no real utility value. Blockchain is a very good technology, but we're all still in the hype right now."

"When markets cut in half or by 80%, 90%, if you've not been doing proper treasury management or hedging in terms of what your balance sheet has, then obviously, you weren't really looking to continue building a long-term company," Corkin said, adding that current market conditions have expedited the elimination of unsustainable companies and projects.

The crypto industry has already witnessed several high-profile blow-ups since May. First, the Terra ecosystem collapsed when its algorithmic stablecoin TerraUSD crumbled from its dollar peg. Then about a month later, Celsius Network LLC — a widely used crypto lending platform that had offered depositors a sky-high 18.63% annual yield — froze customer withdrawals, swaps and transfers between accounts, citing "extreme market conditions."

Last week, rumors of cryptocurrency hedge fund Three Arrows Capital being on the brink of insolvency sent shockwaves through the crypto space, fueling fears of contagion. Hong Kong-based crypto lender Babel Finance, which froze withdrawals Friday citing "unusual liquidity pressures," said on Monday it had reached preliminary agreements on the repayment period of some debts.

Smart investors should buy the dip, Niu said, because the current bear market will "filter out the noise" and show who's genuinely trying to build a product that can solve problems and who's just trying to make easy money. But not every investment will be a winning bet.

"If 1% to 5% of companies can make it to the next bull-bear cycle, I think that will be good enough," Niu said.
Source: Caixin Global

BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 06 I - 2022

CREDIT BUREAU NEWS

Al Etihad Credit Bureau Introduces Expense-To-Salary Ratio In Credit Reports

Al Etihad Credit Bureau's credit reports will now include an expense-to-salary ratio (ESR) as it seeks to offer more insight into the creditworthiness of potential borrowers in the UAE by assessing their non-banking monthly payment obligations.

The ESR will be indicated as a percentage ranging from zero to 100 and represent a person's financial obligations as share of their salary, the regulator said on Friday.

It will take into account active loan instalments, credit card limits and monthly telecoms and utility bills, the AECB said.

"Credit reports are a direct reflection of an individual's appeal and payment behaviour to lenders like banks and financial institutions, but are also as important for other entities such as property managers and telecom service providers," said AECB chief executive **Marwan Lutfi.**

"The addition of the ESR to the AECB reports is a natural step in our ongoing path towards generating data-driven insight for lenders to assess the creditworthiness of individuals, while taking into consideration their regular non-banking monthly payment obligations, such as utility bills and telecommunication bills."

Set up in November 2014, the bureau brings transparency to the lending industry by assembling a credit record of the UAE's financially active residents. It collects data such as loan, mortgage, credit card and phone bill payments.

An individual's credit report documents their entire credit history in the UAE, showing the credit cards, loans or other finance products they have signed up for, along with their payment behaviour. Therefore, bounced cheques and any payment defaults will be recorded. The document also lists a person's full name and Emirates ID number.

A UAE resident's report is generated only when they have a credit card, loan, mortgage or a phone bill. The AECB collects data from banks, finance companies and telecom companies.

A credit score for individuals is a three-digit number between 300 and 900 that represents a borrower's creditworthiness and how likely they are to make credit card or loan payments on time. A low score indicates they are a higher risk for a lender while a higher score indicates a lower risk.

The new ratio will indicate a potential borrower's total obligations as a share of their reported monthly salary, the credit bureau said.

Banks provide an individual's salary details as part of regular data submissions to the AECB.

The feature will serve as an "additional parameter in assessing creditworthiness and affordability for individuals and banks alike", the credit bureau said.

Source: The National News

BIIA Newsletter

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

BIIA NEWSLETTER ISSUE 06 I - 2022

CREDIT BUREAU NEWS

Credit Unions Amass Largest Share of the Automotive Finance Market in Five Years

Through the first three months of 2022, there were some shifts in the automotive finance market, most notably, significant growth for credit unions. According to Experian's State of the Automotive Finance Market: Q1 2022 report, credit unions amassed 22.06% of the total automotive finance market, up from 18.55% a year prior.

The credit union growth is concurrent with a drop in market share for captives, which declined from 29.75% to 25.38% year-over-year. The data also showed more modest year-over-year growth for banks (up 2%) and finance companies (up 4%).

Used vehicle financing comprised 58.98% of all vehicle financing in Q1 2022, with new vehicle financing making up the other 41.02%, compared to 57.37% and 42.63%, respectively, in Q1 2021. Breaking down new vehicle financing further, leasing continued to decrease year-over-year, making up 21.31% of new vehicle financing in Q1 2022, compared to 28.31% this time last year. Average vehicle loan amounts and payments continue to rise Additional impacts of the ongoing inventory shortage include increases in average vehicle loan amounts and monthly payments, for both new and used vehicles. The average new vehicle loan amount went up nearly 12% year-over-year, increasing from $35,385 in Q1 2021 to $39,540 in Q1 2022, while the average used vehicle loan amount rose nearly 25% year-over-year, to reach $27,945, up from $22,378 in Q1 2021. Meanwhile, the average new vehicle monthly payment increased $71 year-over-year, reaching $648 in Q1 2022, while the average monthly payment for used vehicles reached $503, up $89 year-over-year.

Despite the average loan amounts and monthly payments rising, average interest rates and loan terms remained more level year-over-year, and even seeing some slight decreases. The average interest rate for a new vehicle decreased from 4.15% in Q1 2021 to 4.07% in Q1 2022, while the average interest rate for a used vehicle dipped from 8.82% to 8.62% during the same time frame. The average loan term for new vehicle saw a slight decrease, from 69.50 months in Q1 2021 to 69.48 months in Q1 2022. Used vehicles saw an uptick in average term, as it reached 67.65 months in Q1 2022, up from 65.73 month in Q1 2021.

"We're continuing to see the inventory shortage reflected in financing attributes, especially with used vehicle values continuing to rise so significantly due to demand," Zabritski continued. "Staying close to the data will be key for lenders and dealers to make informed decisions, and help consumers find the right vehicle for their needs and budget in the quarters to come."

Additional findings for Q1 2022:

Outstanding automotive loan balances grew to $1.37 trillion in Q1 2022, up from $1.28 trillion in Q1 2021. Prime financing saw the most growth in Q1 2022, increasing from 42.92% of total financing in Q1 2021 to 45.45% in Q1 2022. The average credit score for a new vehicle increased two points from Q1 2021 to Q1 2022, reaching 736, while the average used vehicle credit score increased six points in the same time frame to 669. SUVs and CUVs surpassed 60% of financing in Q1 2022, up from 58.95% in Q1 2021. The average payment difference between a new vehicle loan and lease was $126.

Learn more at www.experianplc.com or visit our global content hub at our global news blog for the latest news and insights from the Group. ***Source: Experian***

CREDIT BUREAU NEWS

Experian UK Expands Employment and Income Verification Service

Experian UK, has announced that it is expanding its automated employment and income verification services to broaden UK employees' access to better financial products and services.

The digital service will automate the time-consuming process of sharing payroll and employment information with lenders, provide an instant and secure alternative for verifying such information when applying for a range of financial services, including mortgages. Employees can now digitally share their payroll information directly from their employer to a trusted financial services provider of their choice.

The expanded coverage comes as a result of strategic partnerships with payroll providers IRIS, Sage and Zellis, plus employee benefits company Salary Finance. It follows the recent acquisition of Work Report, the UK's first digital employment and verification service, developed as a joint venture by Experian and Salary Finance Labs.

The current cost of living crisis has increased the need for lenders to accurately validate employment status, length of service, source of regular income, as well as the amount of gross and net income. With UK workers battling rising prices and product providers requiring deeper data in order to approve applications for loans and mortgages, this service helps consumers use their own payroll data to get access to the products they need, and to save themselves time and money.

Research conducted by Experian identified a healthy appetite to share payroll data, with 72% of consumers being happy to share data in a mortgage application, and over 40% in other types of loans. Three out of four consumers willingly share their data where the value exchange and incentive to share is clear. ***Source:*** *Credit-Connect*

Apple Pay Later to Use Apple IDs to Detect Fraud

Apple's 'Pay Later' service will reportedly use Apple IDs to help detect fraudulent transactions and minimize the chance of losses. According to AppleInsider, most financial firms that provide "buy now, pay later" services use third-party credit reports to judge whether they can afford to offer credit to new and existing customers.

With Apple's entry into the field, the iPhone maker will be going beyond the usual checks, the report said. For Apple Pay Later, a subsidiary has been created called Apple Financing LLC, giving Apple more direct control over the service. However, as a wholly-owned subsidiary, Apple is also able to provide information to the subsidiary that would not necessarily be provided to a third-party outfit, such as its existing relationship with Goldman Sachs for Apple Card.

Along with traditional credit checking systems, Apple Pay Later will also take advantage of Apple's own platform in several ways, people familiar with the plan told **The Wall Street Journal**.

Business Information Industry Association Asia Pacific – Middle East Ltd.
Suite 4114 Hong Kong Plaza, 188 Connoaught Road West, Hong Kong
Telephone: +852 2525 6120; Fax: +852 2525 6171; E-mail: biiainfoasia@gmail.com Home Page: www.biia.com
Certificate of Incorporation: 979425