

Smarter Lending

Smart data connectivity, advanced analytics and decision support solutions: key enablers for developing Credit Unions' lending proposition

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CRIF, THE END-TO-END KNOWLEDGE COMPANY



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Information

- Credit Bureau and Data Pool
- Business Information
- Big Data
- Identification and Anti-fraud Services
- Property Information
- Insurance Services
- Information Bureau Platforms

Solutions

- Advanced & Big Data Analytics
- Risk & Management Consulting
- End-to-End Credit Management Platform
- E-commerce Solutions

Outsourcing & Processing

- Business Process Optimization
- Credit Collection
- Non Performing Loans Servicing
- Real Estate Valuation

CRIF Ratings

- Regulatory Ratings
- Credit Assessment

Personal Solutions

Together to the next level

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The Credit Union sector: goals and challenges

Sustainable growth of the loan book is key for long-term viability

Overall the Credit Union sector shows **strong fundamentals...**



...but shrinking surpluses are putting **pressure on business model**



Source: Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach – Report on the Review of the Credit Union Sector (October 2017)

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CBI: Financial Conditions of Credit Unions: 2013-2018 (Aug '18) Together to the next level

Increased competition in the personal loan arena

High street banks, new entrants, digital lending,...





THE IRISH TIMES

Mon, Apr 30, 2018

Together to the next level

Personal loan Bank of Ireland () More flineeds; find the Varia Defer Bana

More flexible terms for personal loans at Bank needs; whether it's a holiday you're planning c- find the terms and payment options that are r		NEWS SPO	BUSINE	SS OPINION	LIFE & STYLE	CULTURE
		Companies > Financial Services Agribusiness & Food Energy & Resources Health & Ph				
Features	Benef					
 Variable rates from 6.8% APR⁻¹ 	 Borr 	Some 2	$\frac{1}{2}$ 000 r	eonle res	ort to regi	lated
 Defer loan repayments 	 Mor 	50mc 53	,000 p	eople reso + 7.7%		ilateu
 Repay your loan over 1–5 years 	 Quic 	moneyle	enders	+7.7%	on 201(5
		Sector faces tighter rules from Central Bank				
		⑦ Tue, Mar 27, 2018,	09:00 Updated: Tue	e, Mar 27, 2018, 21:23		

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Evolution in consumers' expectations

Ease of engagement, frictionless process, fast response (TTY / TTC)



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Toaether to the next level

How CRIF can help Irish Credit Unions

Key enablers for succeeding in today's competitive marketplace



- One-stop-shop data acquisition
- Rule-driven data acquisition workflow
- Data integration and blending
- Multiple data providers and data sources
 - Credit bureaus
 - Business Information Providers
 - Asset registers
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From data to information to insight

Sound data driven approach is key to avoid data overwhelm









Building the case for a multi-bureau solution 1) CCR will take time to match ICB credit history





Building the case for a multi-bureau solution

2) CCR will (initially) lack asset and car finance contracts



Source: CBI, Household Credit Market Report 2018





Building the case for a multi-bureau solution 2) CCR will take **even more** time to match ICB credit history for automotive lending





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Building the case for a multi-bureau solution 3) CCR does not provide a score, while ICB offers the ICB CRIF Score





Report de-duplication

Single customer view based on both credit reports

Illustrative

CCR Report CrifGateway de-duplicated report 2) De-duplication... PDF 1) Matching algorithm... 3) Custom calculations... Number of active accounts +1 **Total Unsecured Balance Total Secured Balance Current Worst Status** Worst Status Last 6 Months **Number of Enguiries Last 3 Months ICB** Report ICB CRIF Score risk class / area • SH CREDET BURE





Report de-duplication

Single customer view based on both credit reports





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How CRIF can help Irish Credit Unions

Key enablers for succeeding in today's competitive marketplace



- Bespoke application scorecard development
- Probability of default estimate
- Integration with the ICB CRIF Score for holistic risk assessment (joint-odds matrix)
- Validation on the specific Credit Union portfolio
- On-going monitoring and calibration



Key benefits from the usage of scoring

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Why lenders globally leverage scorecards to take credit decision





Key benefits from the usage of scoring

Illustrative²

Rank ordering and segmenting incoming applications by expected risk



¹ Bad Rate = [# of loans defaulting in the 12 months after granting / (# of loans defaulting + # of loans repaying regularly)]. ² Example (not based on actual data / scorecard)



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Key benefits from the usage of scoring

Illustrative²

Rank ordering and segmenting incoming applications by expected risk



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¹ Bad Rate = [# of loans defaulting in the 12 months after granting / (# of loans defaulting + # of loans repaying regularly)]. ² Example (not based on actual data / scorecard) ³ To be defined by the single lender based on risk appetite.



Decision support system: joint odds matrix

Combining bureau and application data for better prediction





Custom application scorecard development for CU

There's strength in numbers: pooled data approach





How CRIF can help Irish Credit Unions

Key enablers for succeeding in today's competitive marketplace







Together to the next level

Credit application decisioning

4 steps of analysis for a complete assessment of the credit request





How CRIF can help Irish Credit Unions

Key enablers for succeeding in today's competitive marketplace





CRIF Gateway, what's next: Xs2a and PSD2

Access to current account data for increased automation and enhanced risk profiling







Thank you for your kind attention!

