



2024 TRANSUNION FINTECH AND
DIGITAL BANKING BREAKFAST

HARNESSING THE POWER OF VARIABLE INSIGHTS IN FINTECH AND DIGITAL BANKING

15 MAY 2024





Market Overview

India

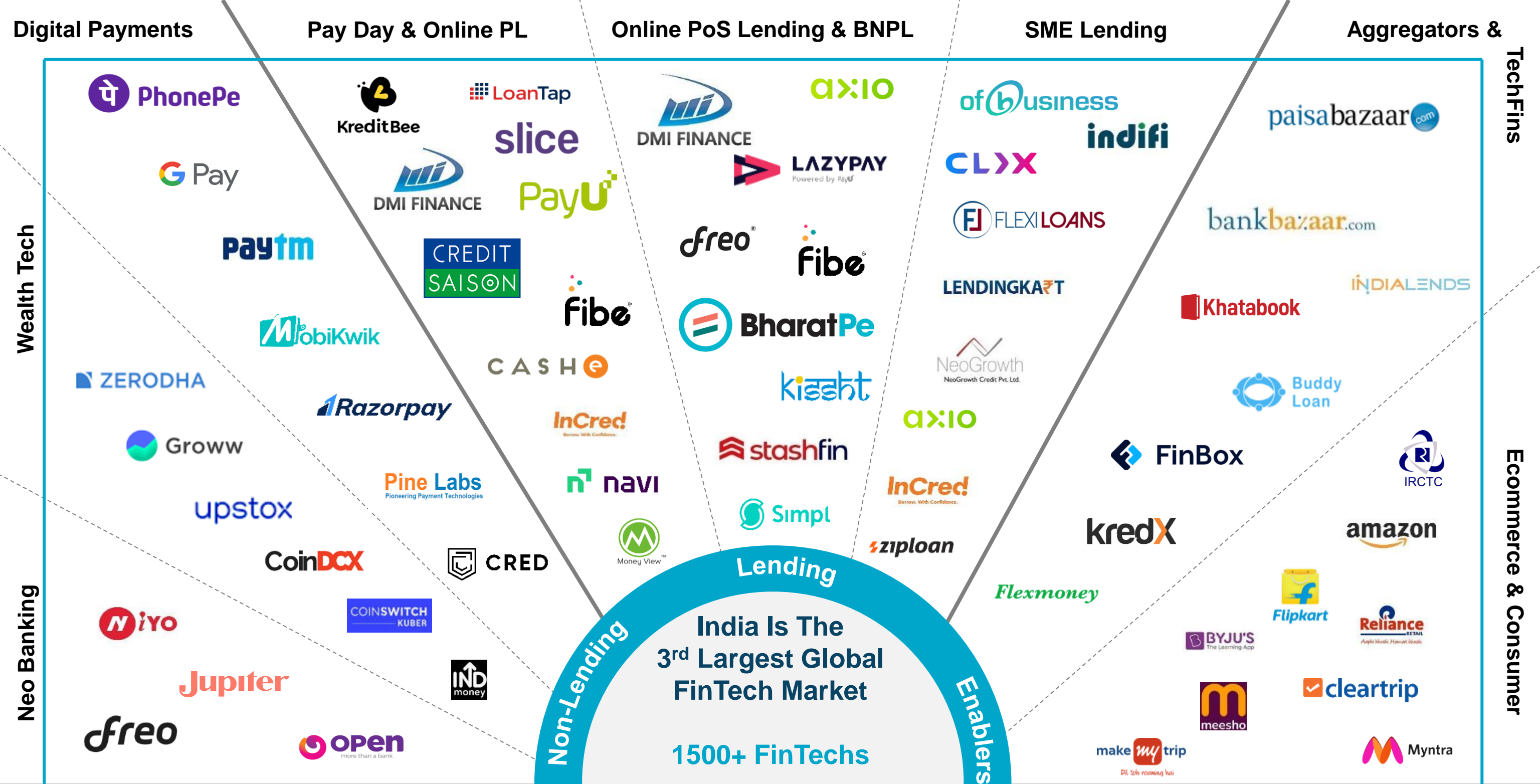
Raman Batra,

FinTech, Telecom & Specified Users

Transunion India

15 MAY 2024





EVOLVING REGULATIONS

1

Government thrust on digitization, financial inclusion, AA ecosystem & MSME push

- Key themes for TU to develop in market engagements – Thematic Selling focus
- Deeper solution play and GTM of TSO solutions, NTC Score, STPL Score & CCIR/CMR

2

RBI FLDG & Digital Lending Guidelines signal a huge shift for tighter ongoing regulations on lending

- More NBFC/RE acquisitions, SUs and direct B2B play for TU in the long tail – Long tail campaigns
- Rise of FLDG, co-lending and securitization expected as another TU play – Data tagging is a priority

3

RBI CIC Ombudsman directive, DEPA & Privacy Act

- Consent-led use-cases and solutions will gain traction for TU
- Disputes and data gaps will need higher focus for long term advantage for TU


4

Crackdown on illegal lending apps & unethical collections practices


- Volume consolidation & CIR-sharing will go away with higher compliance focus
- TSO for KYC compliance will be a key CBI
- Collection analytics will open newer plays for TU for driving digital interventions

Key Priorities for **FINTECHS**

 Shift focus from **more** customers to **right** customers

 Make marketing dollars as effective as possible – identify **high value prospects** & double down further once acquired

 Good customer is also a **low-risk customer** - Quickly identify both low & high-risk users

 Filter out fraudulent profiles at top of the funnel while providing **friction-right experience** to those remain

**Access to robust data (both internal & external)
is key to achieving that**



EFFICACY

Efficacy (& not just revenue growth) is a key differentiator for fintech profitability



Find Good, Fund Good

Case Study



Market Background



High acquisition cost, members constantly look to Cross Sell to make the customer profitable



No Credit Assessment, members would like to reduce the inherent credit, fraud risk



Low Response, members would like to target individuals who are most likely to respond

HOW **TU** ADDS VALUE



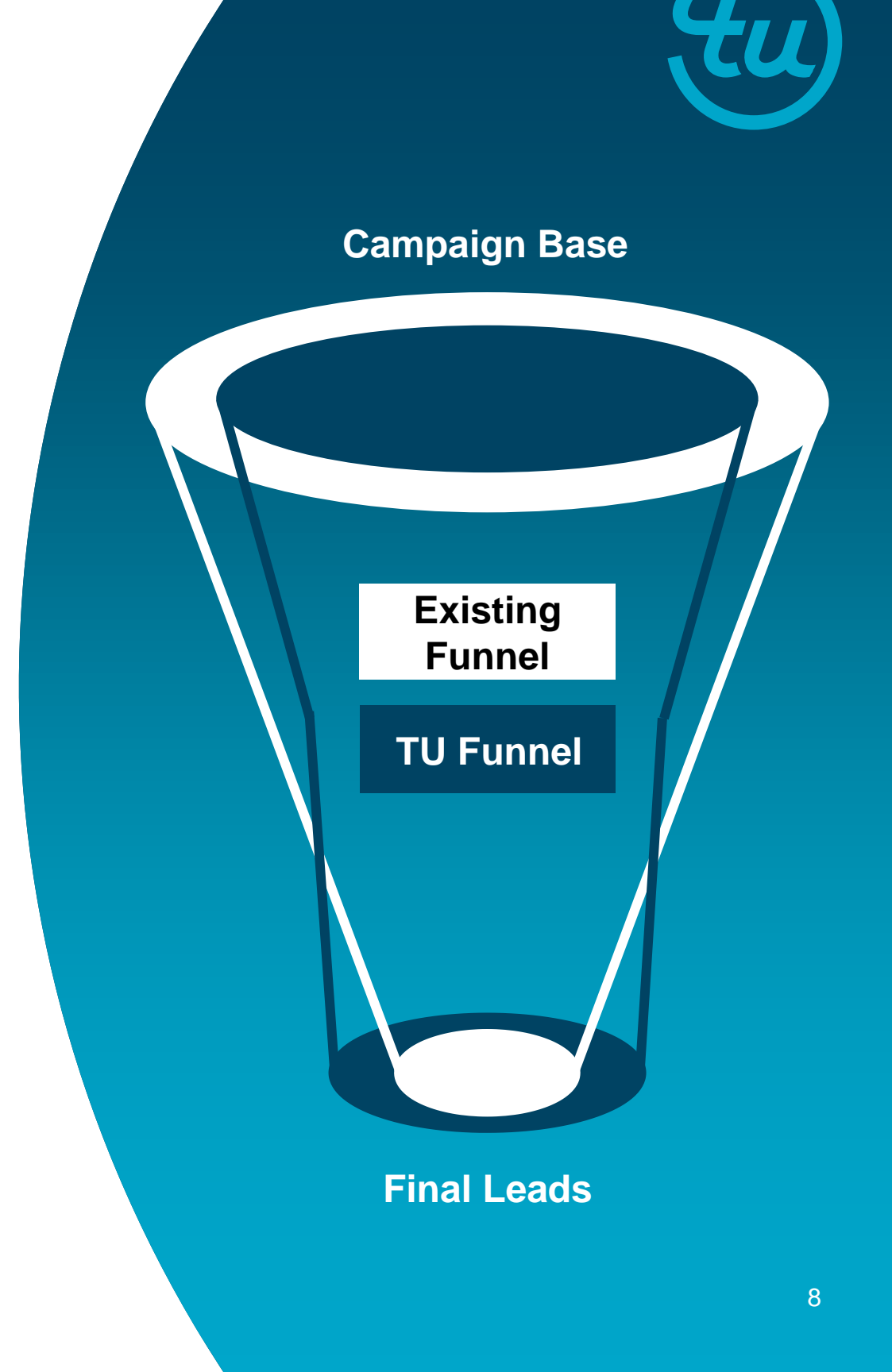
IDENTIFY
BEST in CLASS
CUSTOMERS for
CROSS SELL



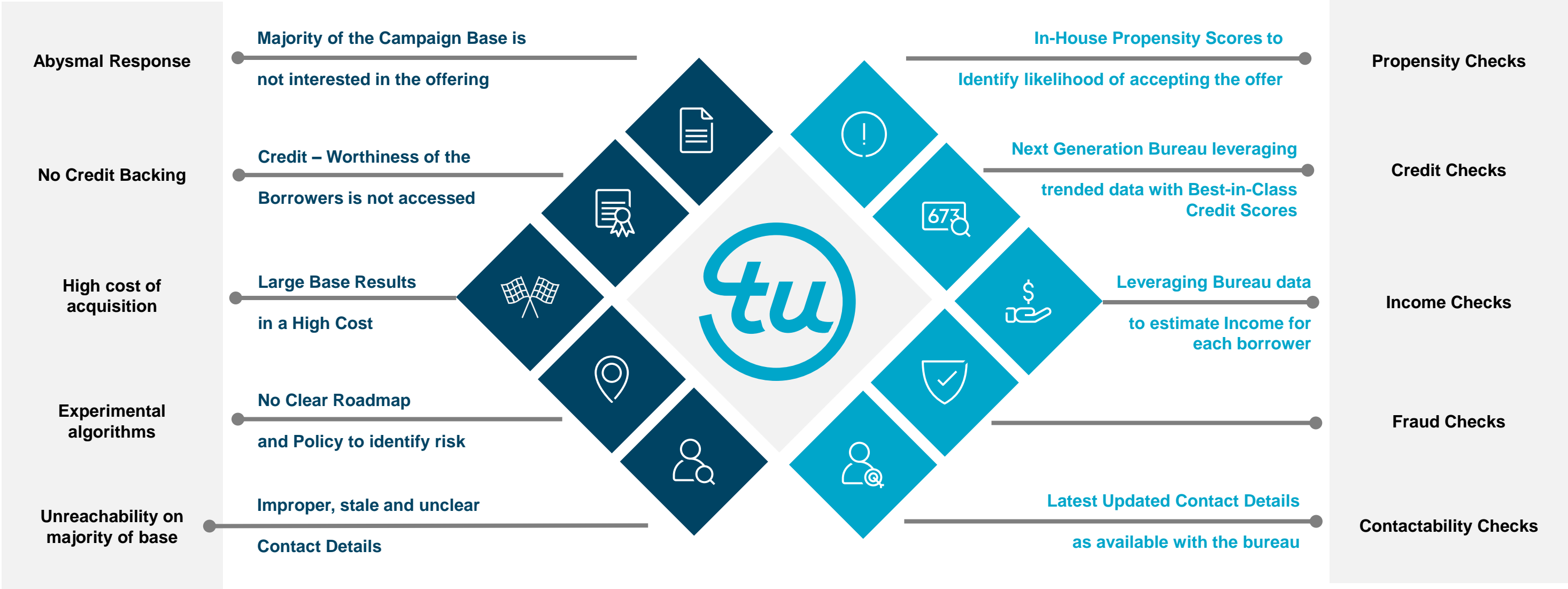
TARGET
PRECISELY &
TIMELY



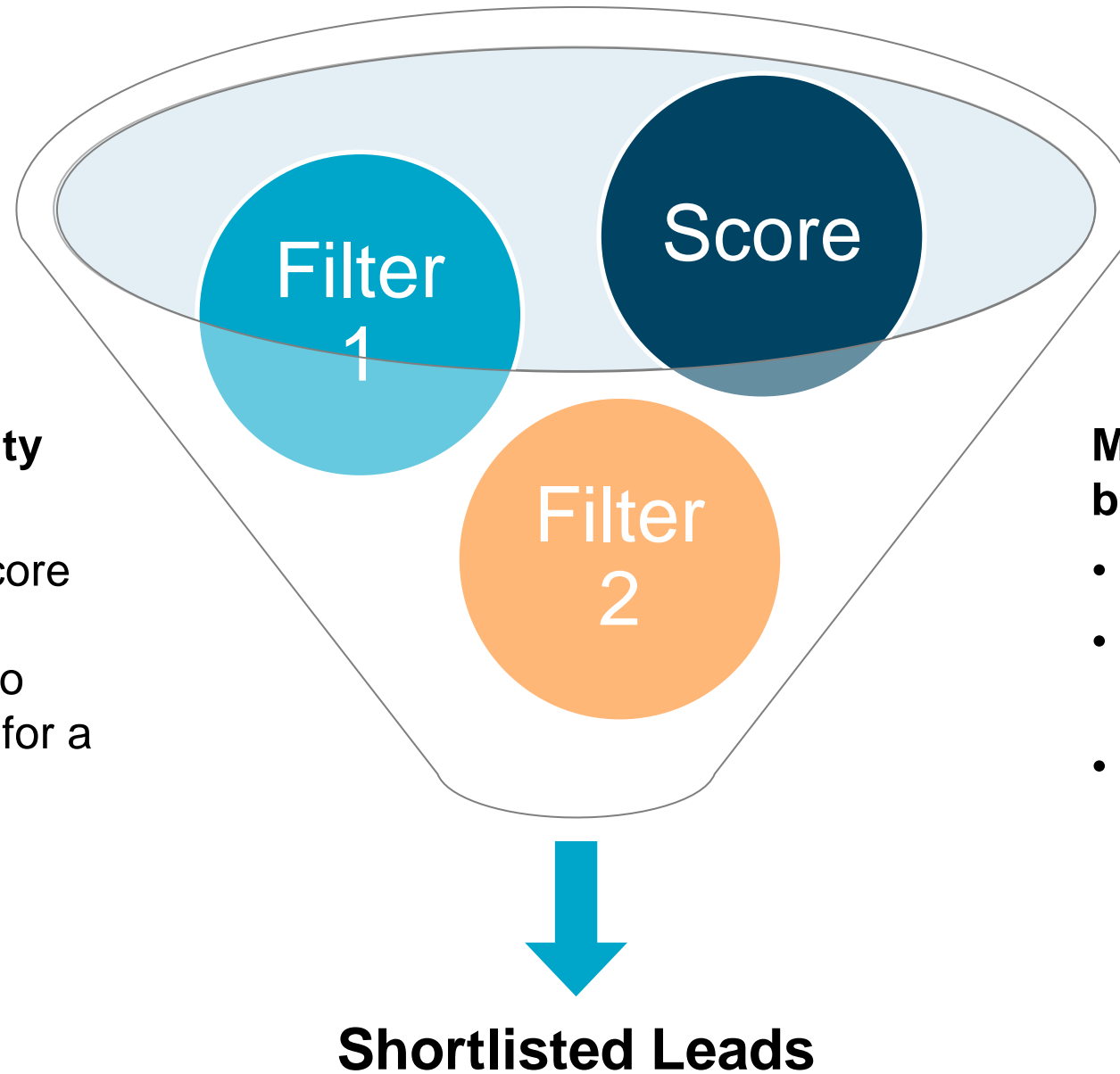
RETAIN &
GROW WITH
PROFITABLE
CUSTOMER



Industry Challenges



Lead Shortlisting Methodology



Micro-Service 1: Propensity Score

It is a statistically derived score developed to predict the likelihood of the consumer to initiate action (open/inquire for a trade) for personal loans

Micro-Service 2: CV Algorithms based response segmentation

- Days since most recent credit inquiry
- Total credit line of open personal loans
- Total past due amount of open personal loans



HOW TU ADDS VALUE



488,043
(100%)

Total Borrower Base

31%

Response Rate



462,052
(95%)

Population with
Performance

32%

Response Rate

18.4%

Bad Rate



242,690
(49%)

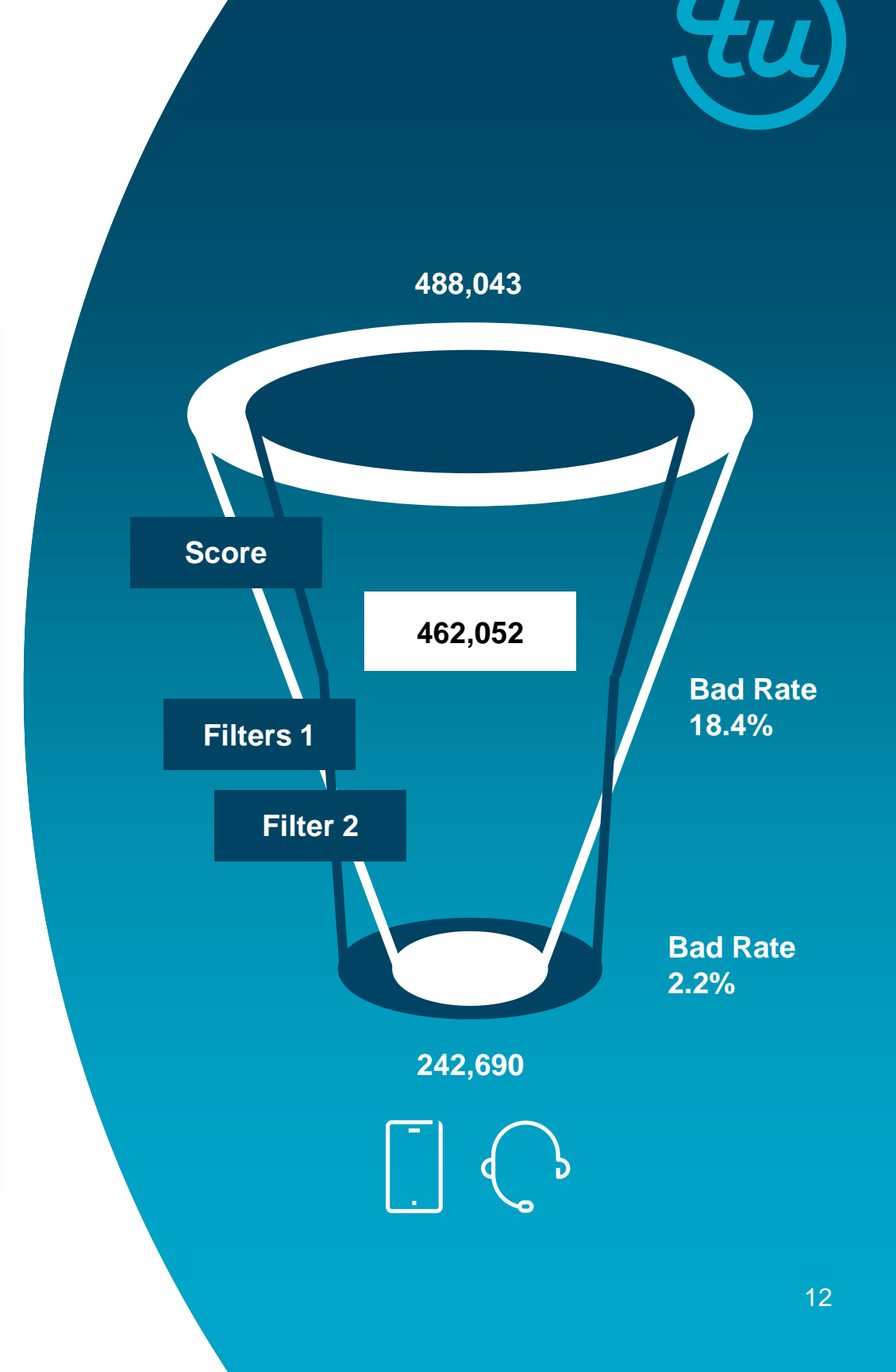
Target Base

39%

Response Rate

2.2%

Bad Rate

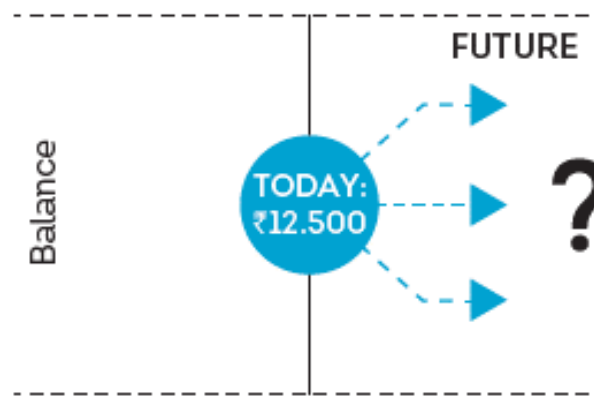


CreditVision Attributes: Make better decisions basis trended borrower data

TRADITIONAL BUREAU DATA

With standard credit information, see the consumer's balance at the point in time when the credit report was ordered.

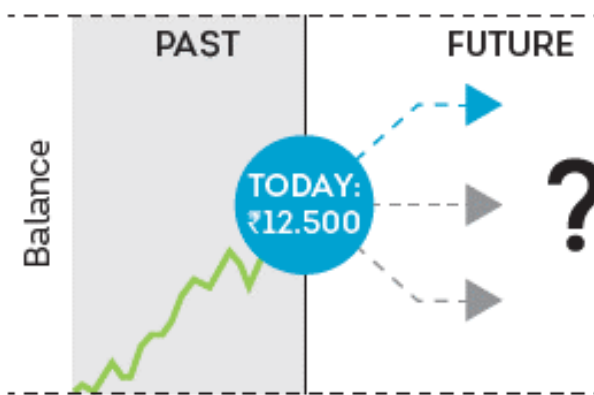
- What will the balance be in future months?
- How will this impact a credit decision?



TRANSUNION® CREDITVISION

Obtain a much more granular view of consumer behaviour.

- Now, what will the balance be in future months?
- Would the decision have changed?



- 1 **General** - Insights into consumer behavior for use across customer lifecycle
- 2 **Revolver** - Categorizes retail trades as revolving, transacting or inactive each month and related behaviors
- 3 **Payment** - Payment-based credit behaviors (payment ratios, excess payments, prepayment frequency and amount)
- 4 **Balance Magnitude** - Index of direction & recency of balance change over the past 24 months
- 5 **Wallet Share** - Captures balance shifts indicative of consumer loyalty to tradelines over time
- 6 **Spend** - Concentration, velocity, and seasonal measures of total consumer spend

CASE STUDY CROSS SELL

PROSPECTING THE RIGHT WAY

 = 10 Mn Customers

 Total Campaign Base [Marketing List]

 Customers Exposed to Marketing Offer

 Customers Taking up the Offer and Opening an Account

Traditional approach



Selective Approach

10 Mn Monthly Prospect List

4 Mn Qualified Prospects

1 Mn High Demand Customers

67% Conversion in 60 Days

Batch / Scrubs



Triggers

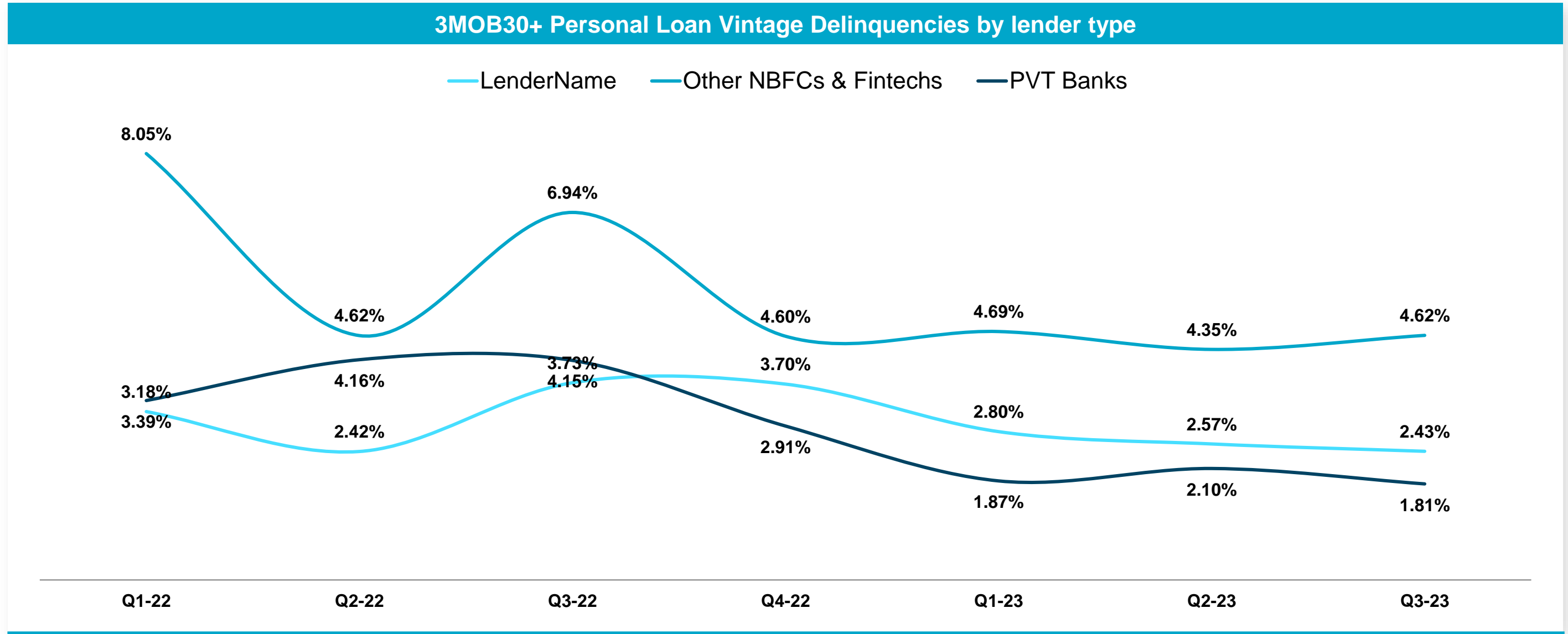


Optimizing Collections

Case Study

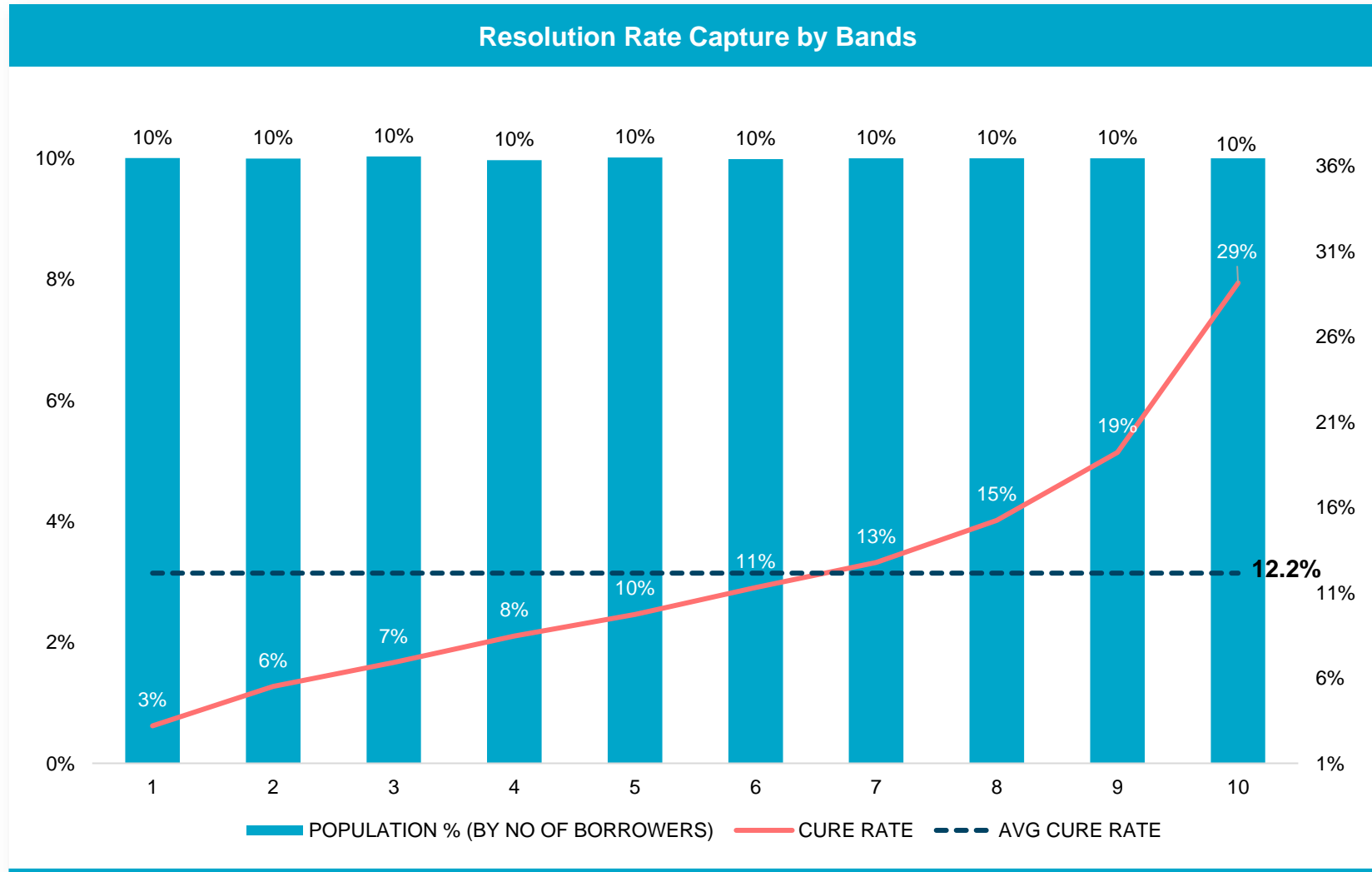


Delinquencies Lender VS. Industry



*3MOB30+ is defined as Ever 30+ DPD in 3MOB by count

CURE Rate with TU's CV Algos [1-29]

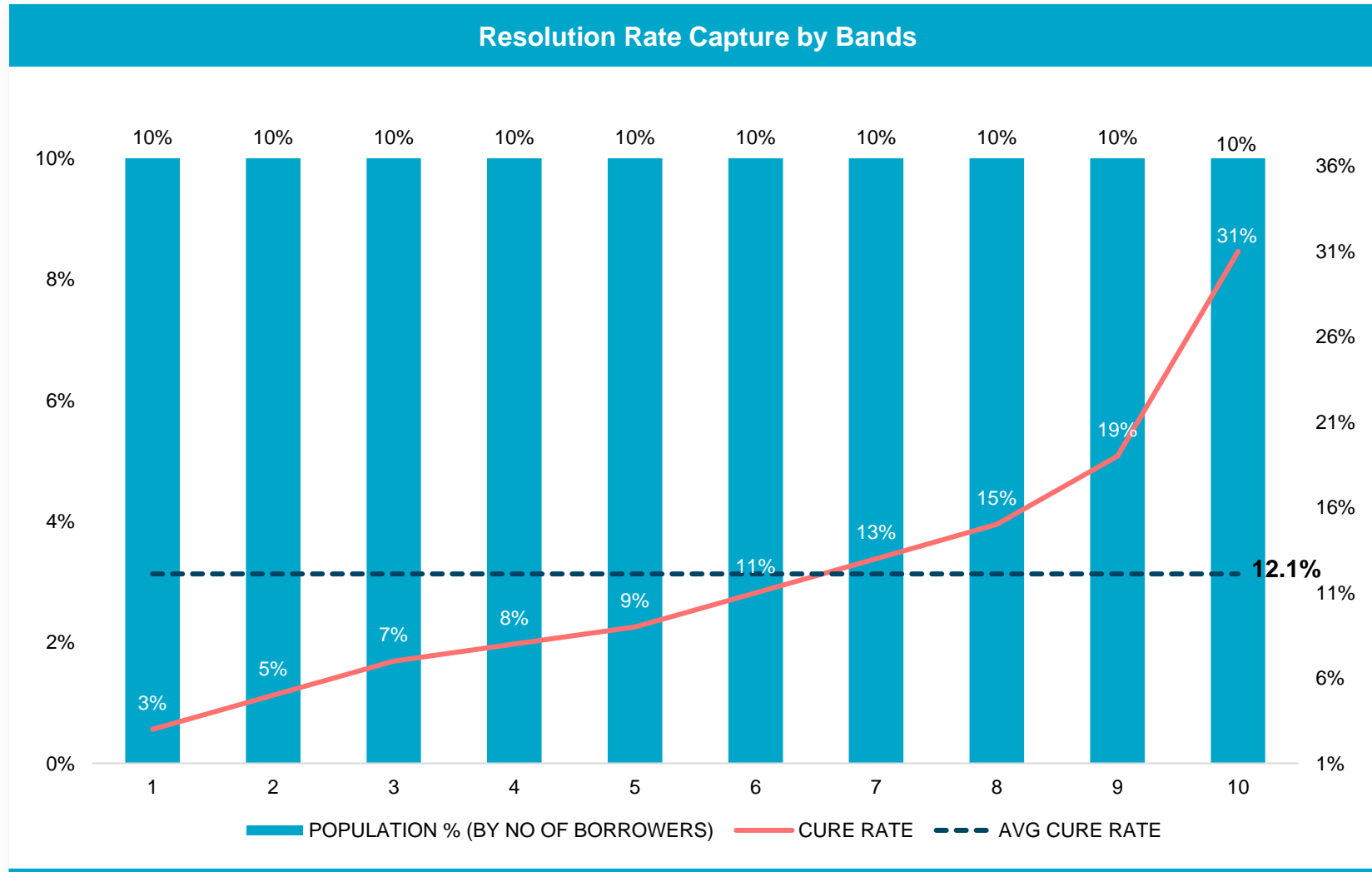


Band	% POPULATION	% RES RATE	CAPTURE RATE	CAPTURE RATE CUMMULATIVE
10	10%	29.2%	24.0%	24.0%
9	10%	19.2%	15.8%	39.8%
8	10%	15.2%	12.5%	52.4%
7	10%	12.8%	10.5%	62.9%
6	10%	11.3%	9.3%	72.2%
5	10%	9.7%	8.0%	80.2%
4	10%	8.5%	7.0%	87.1%
3	10%	6.9%	5.7%	92.8%
2	10%	5.5%	4.5%	97.4%
1	10%	3.2%	2.6%	100.0%
TOTAL	100%	12.2%	100.0%	

Using the Collections Score, prioritize the **top ~40% population** to capture **~62% accounts** that resolve in 1 month

Correlation to 1-29 DPD Resolution Rate [CURE]
On Lender –Portfolio [1-29 DPD] – JAN'23 to Sep'23 [TRAIN]

CURE Rate with TU's CV Algos

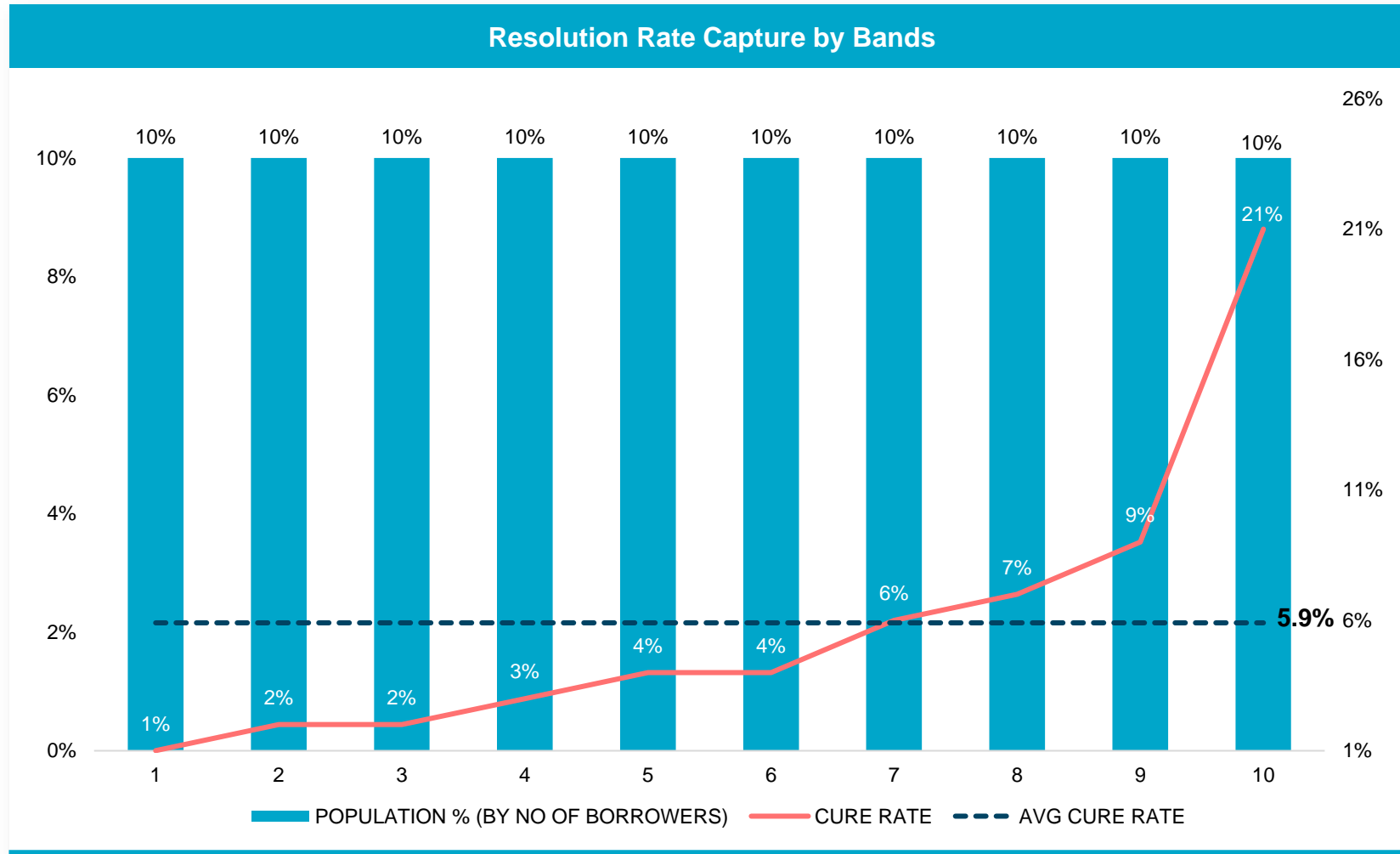


Band	% POPULATION	% RES RATE	CAPTURE RATE	CAPTURE RATE CUMMULATIVE
10	10%	31.3%	25.8%	25.8%
9	10%	18.7%	15.4%	41.3%
8	10%	15.3%	12.7%	53.9%
7	10%	12.6%	10.4%	64.3%
6	10%	10.9%	9.0%	73.3%
5	10%	9.2%	7.6%	80.9%
4	10%	7.7%	6.4%	87.3%
3	10%	6.9%	5.7%	92.9%
2	10%	5.2%	4.3%	97.2%
1	10%	3.4%	2.8%	100.0%
TOTAL	100%	12.1%	100.0%	

Using the Collections Score, prioritize the **top ~40% population** to capture **~62% accounts** that resolve in 1 month

Correlation to 1-29 DPD Resolution Rate [CURE]
On Lender –Portfolio [1-29 DPD] – JAN'23 to SEP'23 [OOS TESTING]

CURE Rate with TU's CV Algos [30-59]



CAPTURE RATE FOR JAN'23-SEP'23 – 30-59 DPD TRAIN DATA

Band	% POPULATION	% RES RATE	CAPTURE RATE	CAPTURE RATE CUMMULATIVE
10	10%	21.4%	36.5%	36.5%
9	10%	9.2%	15.7%	52.2%
8	10%	6.8%	11.6%	63.8%
7	10%	5.5%	9.5%	73.2%
6	10%	3.9%	6.6%	79.9%
5	10%	3.8%	6.4%	86.3%
4	10%	2.9%	4.9%	91.2%
3	10%	2.3%	3.9%	95.1%
2	10%	1.8%	3.1%	98.2%
1	10%	1.0%	1.8%	100.0%
TOTAL	100%	5.9%	100.0%	

KEY TAKEAWAYS:

Using the Collections Score, prioritize the **top ~40% population** to capture **~73% accounts** that resolve in 1 month

Correlation to 30-59 DPD Resolution Rate [CURE + RB]
On Lenders –Portfolio [30-59 DPD] – JAN'23 to SEP'23 [TRAIN]

Important Features

pl34s	Utilization for open personal loan trades verified in past 12 months
plri57s	Total past due amount of open personal & retail installment loan trades verified in past 12 months
pl30s	Percentage of open personal loan trades > 50% of credit line verified in past 12 months
plri35s	Average balance of open personal & retail installment loan trades verified in past 12 months
plri32s	Maximum balance owed on open personal & retail installment loan trades verified in past 12 months
g068s	Number of trades 90 or more days past due in past 6 months
cv12	Number of accounts 90 or more days past due ever
g219b	Number of trades verified in the past 12 months that are currently 60 days or more past due
cv13	Percentage of accounts ever delinquent
at24s	Number of currently open and satisfactory trades 6 months or older
pl01s	Number of personal loan trades
g311s	Worst rating on all trades
at103s	Percentage of satisfactory open trades to all open trades
fi36s	Months since most recent finance installment delinquency
aggs908	Age of top-of-wallet bankcard
bc109s	Number of credit card trades with past due amount > \$50 verified in last 12 months (TF0804)
rev203	Total payment ratio for revolving accounts over the past 6 months
paymnt63	Missed payments ratio last 12 months (lag required) for financial trades
g103s	Months since most recent credit inquiry
g330s	Worst rating on retail trades in past 12 months
paymnt55	Number of Missed payments in last month for financial trades
plri36s	Months since most recent personal & retail installment loan delinquency
g057s	Number of trades 30 or more days past due in past 3 months
g001s	Number of 30 days past due ratings in past 12 months
fi29s	Number of open finance installment trades with balance > \$0 verified in past 12 months
g222s	Number of trades prior 30 days past due, now current, verified in past 12 months (T0701B)
g058s	Number of trades 30 or more days past due in past 6 months
bc57s	Total past due amount of open credit card trades verified in past 12 months
pl02s	Number of open personal loan trades

plri29s	Number of open personal & retail installment loan trades with balance > \$0 verified in past 12 months
pl06s	Number of personal loan trades opened in past 6 months
all233	Aggregate excess payment for all accounts over the past 6 months
plri27s	Number of currently open and satisfactory personal & retail installment loan trades 24 months or older
g511s	Number of NON- Bank Personal inquiries
rev122	Number of months in the past 12 months where percentage of revolving accounts utilized less than 100% was more than 25%
dm214s	Number of addresses first reported in 24 months
pl24s	Number of currently open and satisfactory personal loan trades 6 months or older
fi57s	Total past due amount of open finance installment trades verified in past 12 months
fi24s	Number of currently open and satisfactory finance installment trades 6 months or older
cv17	Number of accounts prior 30 days past due, now current, verified in past 12 months
dm226s	Months since last update of email
g244b	Number of bank inquiries (includes duplicates) in the last 12 months
pl09s	Number of personal loan trades opened in past 24 months
bc97a	Total open to buy of open credit cards verified in past 3 months
plri101s	Total balance of all personal & retail installment loan trades verified in past 12 months
at21s	Months since most recent trade opened
balmag01	Non-mortgage balance magnitude
g230s	Number of 60 or more days past due trades (current MOP only) with balance > \$0 opened in past 24 months (TK1108)
plri34s	Utilization for open personal & retail installment loan trades verified in past 12 months
plri25s	Number of currently open and satisfactory personal & retail installment loan trades 12 months or older
plri21s	Months since most recent personal & retail installment loan trade opened
g512s	Days since most recent NON- Bank Personal Loan inquiry
at06s	Number of trades opened in past 6 months
g216s	Number of trades with a delinquency of 90 or more days past due since opening a new trade (within past 24 months) (CT18)
paymnt10	Number of payments in last 3 months
bc33s	Total balance of open credit card trades verified in past 12 months
plri06s	Number of personal & retail installment loan trades opened in past 6 months
g002s	Number of 60 days past due ratings in past 12 months

Segment based Collection strategies

You can set your collection strategies based on the segments

High

Allocate to Telecalling support with FOS

Allocate to field with High ACR

Support with Digital Payments channels

Allocate to field with High ACR

Support with Digital Payments channels

Mid

Allocate to Telecalling (High Experience) support with FOS

Allocate to Field with High Experienced Agent

Low

Allocate to Field (high Exp FOS)
Support with Dunning / Legal Letters
Differential Payout

Offer Settlement / Restructuring

Key Benefits from this segmentation

Debt Management Scores help Prioritize collection effort, define Personalized dunning action resulting in Differential Customer Experience leading to Higher NPA savings and Optimized Cost



Reduce Spends

- Use lowcost tools for High Cure Rate
- Pay less in lower buckets



Improve efficiencies by converting

- Roll Backs cases into Normalization
- Stabilized into Roll Backs



Save provisioning Costs





tu

Q&A

Thank You

Raman Batra

Joint Vice President, FinTech, Telecom & Specified Users
Transunion India

