GDS LINK

1st Edition 2016 Newsletter

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CREDIT RISK and ANALYTICS

President's Perspective

As we enter 2016, optimism remains very high in the financial services technology and consulting industry across the globe. Lending practices have become more sophisticated and lenders continue to adapt to market opportunities quicker than ever before.

With the kick-off of 2016, we celebrate the 10th anniversary of GDS Link and the 12th year of Business for GDS Modellica in Spain. Our main goal for 2016 is to incorporate our 100th client into the GDS family of customers which will be another major milestone in our company's history.

In the US we have introduced **GDS' Credit Risk and Analytics** practice. Our aim is to help existing and future clients take advantage of the new features we have introduced to our technology platform over the past few years. We want to help clients understand their portfolio performance, introduce champion/challenger strategies and learn how additional data from one of the 30+ data providers we are integrated with in the US, can help in their originations and portfolio management processes. We want to help clients with strategy simulation, use of the new assisted segmentation tree design and to start to think about machine learning technologies such as random forest model implementation, which we will be introducing later in 2016. As regulation and compliance continues to evolve, we want to help our clients stay current and ensure they are making the best decisions possible with each transaction, maximizing their profitability potential.

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GDS U.S. - Market Update

GDS Link has formed a new credit risk consulting and analytics group dedicated to helping risk managers navigate their risk management challenges. As a risk manager in financial services today you know that the challenges you face in managing your portfolio are increasingly complex and dynamic. This is true regardless of your area of focus within the credit lifecycle or your specific industry; be it cards, marketplace lending, alternative lending, consumer lending, business lending, or any other.

Most striking, and not always crystal clear, is the regulatory environment. This is increasingly impacting the way you prospect, underwrite, manage customers and collect on them. In addition to trying to keep up with regulations, and anticipating the impact to your portfolio, a risk manager now needs to be able to effectively

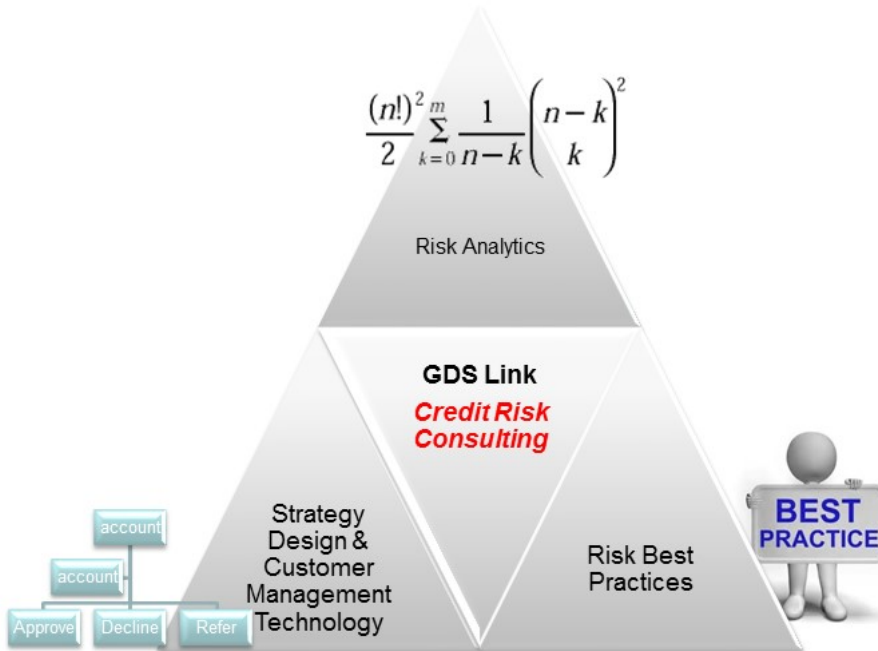translate regulatory insight into specific compliance portfolio strategies.

Another dynamic are new business lending models entering the marketplace. The very definition of a lender, as well as the financial services customer experience, are being redefined every day across the credit lifecycle. In order to succeed in this new environment, risk managers need, more than ever, to creatively blend new risk insights with tried-and-true risk management practices.

Customer needs, attitudes and behaviors are also changing; the millennial segment, even though not a homogeneous group, has completely different customer experience expectations than most other segments. Other, no-credit and thin-file populations, beyond the millennials, offer a unique set of challenges and opportunities.

An additional dynamic is the proliferation of alternative data sources beyond traditional credit data that can provide a risk manager with a greater opportunity to successfully target and manage new segments, and gain a competitive advantage. Of course, a risk manager needs to have good insight into the true value of the myriad of data options available, and how best to leverage them.

Increasing regulatory pressures, greater data availability, new business lending models, and new customer populations are putting greater pressure and scrutiny on risk managers. The clear upside is that with the right insight and support, your portfolio can thrive! GDS Link views risk management success as resting on three key pillars: Analytics, Technology and Best Practices. It is the consistent and balanced application of these three that leads to profitable portfolio results, no matter the challenges.

Approach to Risk Management

$$\frac{(n!)^2}{2} \sum_{k=0}^{m} \frac{1}{n-k} \left(\begin{array}{c} n-k \\ k \end{array} \right)^2$$

Risk Analytics

GDS Link
Credit Risk Consulting

Strategy Design & Customer Management Technology

Risk Best Practices

BEST PRACTICE

account
account
Approve Decline Refer

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Miguel Florez joined GDS Link from FICO where he served as Director, Scores and Analytics. Previous roles at FICO included Risk Strategy Consulting for clients in North America, LATAM and EMEA. Prior positions included Experian, First Data and First Annapolis Consulting, where he helped different types of lenders

improve portfolio performance through credit lifecycle strategy projects.

Miguel holds a Masters in Economics from the University of Colorado and an MBA from Thunderbird, Global School of International Management.
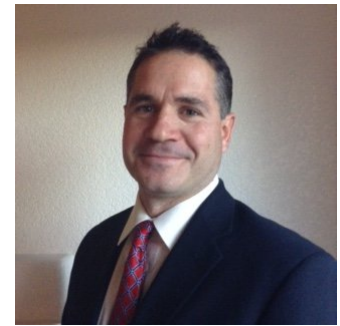
GDS Direct (Monaco) - Market Update

During 2015, GDS Direct has been involved in the development of a data management and credit decision system for **ALJISR** in Saudi Arabia that includes the implementation of an origination scorecard, and the DataView360 Data Engine and Decision Engine. Regarding this project, Mr Nazir Bashir, company Director at ALJISR, commented, "We wanted to implement a platform able to pull data from different sources including Credit Bureaus, AML and our internal databases to compile a unique customer view to be transformed into a merged credit report and ultimately to be turned into Credit Decisions and scores. Our requirements have been fully met by the technology and skills provided by GDS that has also the right motivation to assist us in our future development plan."

In July, 2015 GDS signed an agreement with **RenMoney Nigeria** for use of the Decision Engine module of DataView360. We have been able to replace the existing decisioning tool provided by a competitor, integrate with a brand new core-banking system and go live with the Decision Engine in a SaaS environment in just 6 weeks.

2015 has seen GDS progressing in the delivery of a Credit Bureau system for **CIBI** in the Philippines. The project has involved the integration of different data points coming from both CIBI's existing database and loan information provided by Filipino financial institutions. The credit bureau system is now able to process credit inquiries as well as ID and address verifications queries.

GDS Asia - Market Update

Philippine National Bank GDS Mobile Appraiser System Built on DataView360

GDS Asia was chosen by **Philippines National Bank** [PNB] to provide their next generation of credit investigation and appraisal platforms. The deal includes GDS' Mobile Appraiser, GDS' Mobile Field Investigator and GDS' Credit Investigator. All these tools will provide powerful Android apps linked to our signature software DataView360 to bring efficiency and accuracy to their collateral and customer valuation processes. PNB users appraising property for collateralized loans will now do all the field work directly on their own tablet or mobile device using the GDS Appraiser Android App to collect data, take photos, plot land and even map the most efficient route to several jobs in one day. As the Philippines 5th largest bank, PNB is in a position to change the way mortgages and collateralized lending is done in the market. GDS Asia will be their reliable partner in this multi-year mission.

Maybank Consumer Loan Originations on DataView360

GDS Asia is expanding its' relationship with **Maybank Philippines**. For the past 2 years, Maybank Philippines has used the DataView360 Decision Engine to produce scores for their critical automobile lending business. Starting in 2016, Maybank Philippines has licensed the entire DataView360 suite of software products to completely replace their current consumer loan origination platform. GDS Asia will provide the application system for Auto, Home, Credit Card, Personal, Salary and Small Business Loans. Maybank Philippines is part of the super-regional powerhouse Maybank Malaysia with over 2,400 branches in 20 countries. GDS Asia

considers the Philippines partnership a stepping stone to a larger relationship to develop over many years.

GDS Latin America - Market Update

Finning is the most important partner in the distribution of Equipment and Services of Caterpillar in the world. Finning Sudamericana manages Chile, Argentina and Bolivia; they have automated their credit process using the GDS Link Business Risk evaluation solution which was built using all three modules of the DataView360 suite including Data Engine, Decision Engine and Case Center. Decision Engine is also being used as a stand-alone for statement analysis and cash flow estimation.

Finning's solution focused on three main areas: financial data evaluation, behavioral data and credit bureau data. The analysts are provided with calculated scores and highlights from each of the process ratios. A Global Score is also provided to the analyst from a combination of the 3 different score builds offering a view of exposure, limits and conditions.

Most of GDS's Latin American clients are adding a full Web Channel to their operations which means the full process of credit solicitation is done on the web without the applicant visiting a branch. Consequently, the business needs to verify identity over the web since the credit applicant is not present.

GDS Link's Web Application Solution considers several points of control to reduce ID fraud for the LATAM market. The areas of focus for this market include the welcome validation with the email welcome follow through. This acts as a first line of validation and solidifies the IP address for the applicant. The system then adds a second layer by searching against the third party Fraud prevention products and incorporating the Decision Engine analytics to solidify any matches. Additional controls are used but these provide an initial line of verification since the applicant is applying using web based products.

As LATAM moves toward more web based applications, they are stepping up their use of the functionality found in their GDS suite of products and improving the overall process.

PARTNER SPOTLIGHT

Happy Borrowers and Smart Lending Decisions

DirectID is a smart, sophisticated customer onboarding and verification service from identity experts miiCard. Built for lenders who are striving to speed up the online application experience and make smarter, affordability-led, decisions, DirectID delights borrowers and gives deep insight into their real-time financial position.

DirectID does all this and more by analyzing live customer bank account information, providing insights that enable more accurate decisions, leading to improved conversions, lower defaults and fraud prevention
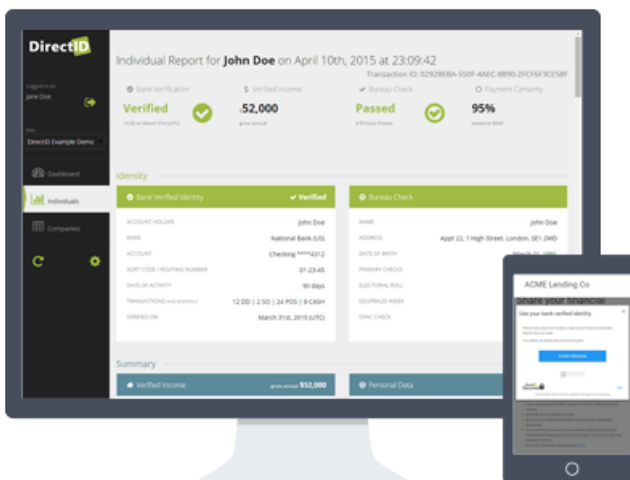
Actionable Data Insights

- Payment Certainty
- Best Time to Collect
- Verified Income
- Digital Bank Statements
- 365 days of Financial transaction history

> *"Our underwriting process requires loan applicants to provide bank statements. We use DirectID to replace physical bank statements, making it easier for our clients to apply for loans."*
>
> Guillaume Foucaud, Fair Finance

Friction Free Onboarding

In the time it takes to log in to a customer's bank account, we verify their identity and share their account data securely. By simplifying the online user experience, DirectID reduces dropout rates and improves customer satisfaction.

- Lightning fast verification
- Expert UX and design service
- Form embeds directly into your page or application
- Dedicated integration support
- Flexible reporting options

> *"Our clients are choosing to verify through DirectID for speed and efficiency, they are really embracing it because it lets them complete their entire application all online."*
>
> Lyndsay Wagster, eMoney Union

Compatible with over 15,000 types of bank accounts across 4,500 banks in 30+ countries, this global service reduces credit risk and fraud, and can verify identities and provide actionable insights to a potential global market of 500m online banking customers.

miiCard works closely with Deloitte, a recognized leader in analytic services, and directly with our lending customers to develop data driven solutions for the market.

Find out more at [Direct.ID](#) or contact us to set up a demo at [sales@directid.co](#).

Key Conference Attendance

January, 2016

[RICS - RISM Asia Valuation Conference 2016](#) - January 13 - 14, 2016 at Hotel Istana in Kuala Lumpur, Malaysia. The **Royal Institute of Chartered Surveyors** [RICS] presents the Asia Valuation Conference for 2016 offering this year's theme 'Valuers Being Ready for the Future'. Appropriate to this theme, the Managing Partner for GDS Asia, Brian Hachez, will be presenting 'The Future Appraiser – Big Data and Mobile Combined to improve Speed and Accuracy'. The GDS Mobile Appraiser System built on the DataView360 platform will be a featured part of the presentation.

[Online Marketplace Cloud Lending Summit](#) - January 19 - 20, 2016 in Las Vegas, NV

[AltLend: Consumer](#) - January 21 - 22, 2016 in San Francisco, CA

March, 2016

[CSFA 2016 Meeting and Conference](#) - March 7 - 10, 2016 in Atlantis, Paradise Island, Bahamas

April, 2016

[LendIt USA 2016](#) - April 11 - 12, 2016 in San Francisco CA at the Marriott Marquis

OLA 2016 Spring Summit **-** April 26 - 27, 2016 at the offices of Covington and Burling, LLP. Washington, DC. OLA continually delivers high-touch networking experiences and educational offerings to achieve the industry's mission.

October and November, 2015

Lend360 - October 15 - 17, 2015 in Atlanta, Georgia.

American Bankers Marketplace Lending and Investing - November 4 - 5, 2015 at the New York Hilton Midtown in New York City, New York.

GDS Link moderated a panel discussion entitled: *Alternative Data - Should Your Organization be Exploring the Use of Alternative Data in Its Credit Risk Processes*.

GDS Link has a global staff comprised of individuals with a wide range of credit experience, having worked for multiple financial institutions, software companies and data bureaus.

For more information, please call 770-855-4321 or visit us at: www.gdslink.com

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MEET THE TEAM
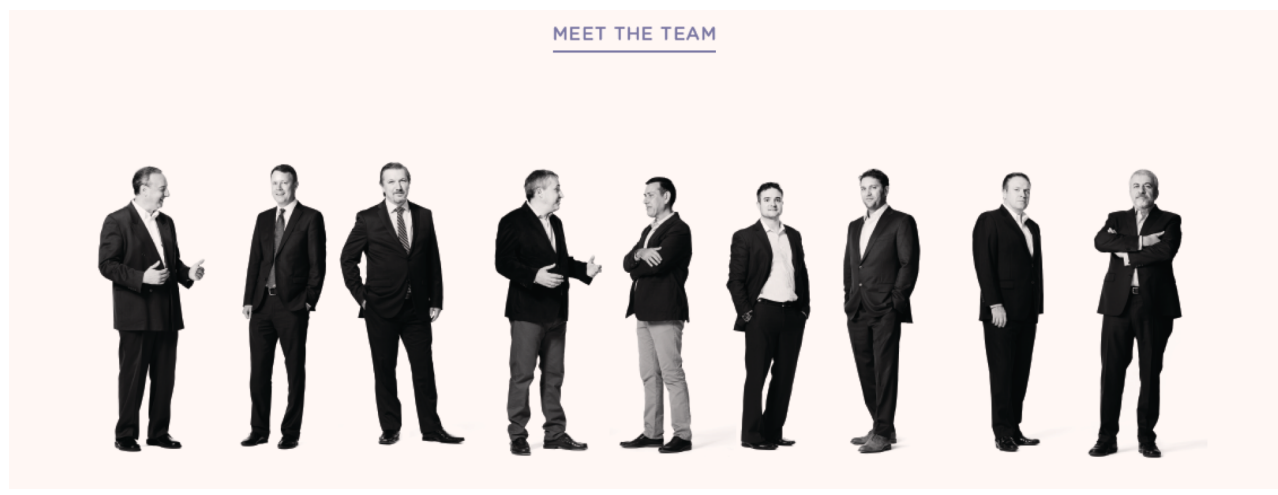
Our core offering, DataView360, as well as add-on solutions can be used for process automation, application processing, decisioning, portfolio review, optimization, scorecard model development, implementation, and monitoring.