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President's Perspective



Paul Greenwood

In the 4th Quarter newsletter I discussed the explosive growth we are seeing in the Marketplace lending area. Interest in this space was validated once again with record attendance at the Lendit Conference in NYC on April 14th and 15th.

Platform providers, lenders, banks, hedge fund companies, software vendors and data bureaus were all in attendance to evaluate the growth opportunities that lay ahead and to determine the efforts needed to grab or increase market share in their areas of focus.

As platform providers and lenders both look for ways to enhance their underwriting processes, there is no shortage of third party data bureaus for the market to evaluate to determine how the data they provide can be successfully leveraged to properly evaluate an applicant.

The process of successfully evaluating on line credit applications, whether for consumer or business lending, requires platform providers and lenders to implement solid processes that focus on both fraud and credit loss mitigation and management. At the highest level the on-boarding process can be categorized into two main areas; Underwriting and Verification.

The Underwriting process has its focus more on determining the credit quality of the applicant while the Verification process is focused on making sure the applicant is who they say they are and validating the information they have provided as part of the application process.

The verification process can include taking steps to validate the identity of the applicant, ensuring that the IP address and device from which they are applying for credit is not suspicious, and verifying information related to their employment and income and validating the bank account information.

With a focus on mitigating fraud, reducing losses and streamlining the application process, platform provider's and lenders today have a vast array of third party data providers to choose from. There are at least twenty-five companies in the US alone that we have identified as serving the online lending ecosystem today.

Of course, the sheer number of data providers represents its own challenge for platform providers and lenders. To determine which provider's solution delivers the best ROI requires extensive analytics and the ability to support on-going A/B Testing via the implementation of champion/challenger strategies as part of the automated application process.

Successful platform providers and lenders will be those that have the analytic capabilities and credit risk management decisioning platforms which combined, will allow them to consistently make the right decision at the right time in the most efficient manner.

GDS U.S. - Market Update

GDS U.S. secured five new decision services clients during the first 5 months of 2015; two lenders focused on small business lending and three lenders offering consumer loans both on-line and through storefront operations. The products and services offered by these new clients span short term single pay, installment, auto finance and SBA loans. Of the five new client deployments, three will be licensed solutions and two will be hosted through GDS. This new business represents an increase of 15% in annual global revenue, and 28.5% increase in annual domestic revenue.

Key Highlights:

GDS recently added four new data bureaus; Socure, miiCard, Threatmetrix® and BioCatch® to its already impressive list of over 80 data sources in its global Data Connector Library. In addition, GDS completed integration work on TransUnion's®, CreditVision® which provides a more comprehensive view of consumer performance. CreditVision® includes up to 30-months of account history associated with nine data fields such as balances and credit limits to help lenders make better decisions.

GDS actively participates in key industry and association activities, especially those surrounding the CFPB and Short Term Lending Rules. Rich Alterman, SVP, Business Development, recently attended the OLA Spring Summit in Washington D.C., where Rich and other industry members met with policymakers and legislators on Capitol Hill. Focus was on the regulatory process and informing lawmakers and their senior staff on how proposed guidelines impact consumers and the lending community that serves them.

GDS Direct - Market Update

"CIBI Information Inc. is a premier provider of business and personal information for the Philippines. Owned by Equicom group, it was formed in 1982 and jointly created by the Central Bank of the Philippines, Philippine Securities and Exchange Commission (SEC) and the Financial Executives Institute of the Philippines (FINEX). CIBI was later incorporated and transformed into a private entity in 1997.

Our traditional information solutions, involving both consumers and business entities, generally require a good understanding of the interrelationship of many data points and elements and to be able to map this data into business analytics. From a business standpoint, CIBI needed to interface with a company that was a market expert and possessed the required skill sets and business knowledge to help us cultivate dynamic solutions that served the constantly changing environment of our market.

More than being a market expert, our business partner had to be committed and observe high ethical standards in all of its business dealings. In our corporate principle, we have made a commitment to our stakeholders to protect and safeguard our raw material, that is, our database.

Putting all the pieces together, we found the right organization that would work hand in hand with CIBI in establishing the right products for Credit Bureau services. Ask who?", said Mr. Marlo Cruz, CEO of CIBI Philippines CEO, "It's GDS Link.... a true partner."

At the end of March 2015, the Pakistani National Assembly unanimously passed "The Credit Bureaus Bill, 2015" to regulate the business of private credit bureaus. This provided a legal and regulatory framework for incorporation, licensing and functioning of credit bureaus in the country. Through this new law, regulators are focused on creating rapid business benefits including an increased array of credit products, improved collection rates, reduced net bad debts and low operating costs. The usage of private credit bureaus would result in the healthy growth of credit, reduce risks of default and enable lending to new segments of borrowers. With the anticipated disengagement of State Bank of Pakistan from the Credit Bureau operation, the market will be left open to private Credit Bureaus who will compete on the basis of innovation, expertise and product range.

GDS has long lasting experience in Pakistan in the Credit Bureau business sector and in view of these changes will keep on pushing for provisions of its value added products for enhanced credit risk management and credit bureau development software.

Partner Spotlight



EXPAND YOUR LENDING INTELLIGENCE

Gain unparalleled insight into your customer to determine their ability to repay.

Simple risk analytics are no longer sufficient to ensure profitability in today's environment. To mitigate risk and optimize the underwriting process, businesses must identify which data sources provide deep insight into the behavioral patterns of their customers. This is where DataX can help, let us show you how.

Founded in 2004, DataX is one of the specialty finance sectors most comprehensive repositories of information on sub-prime borrowers in the United States. With more than ten years of experience in the sub-prime market, DataX provides intuitive consumer insight and credit risk analytics that promote profitable lending for specialty financial service providers.



As an FCRA governed credit reporting bureau, DataX delivers real-time data that utilizes crucial intelligence to identify both low and high risk consumers. By providing a multi-dimensional view of the consumer's stability, DataX's suite of services highlights a customer's willingness and ability to repay. This type of underwriting, known as 'Positive Decisioning' has proven to be a unique and highly predictive model that can identify and isolate segments of above-average performing customers.

DataX has been successful in helping companies boost profitability and reduce manual processes by providing the following services:

- Access to over 600 proprietary data attributes in real-time
- Custom model building based on DataX services that simultaneously reduced defaults and lifted conversions
- Identifying positive credit attributes allowing companies to offer higher opening credit lines
- Bank account verification to identify high risk accounts

- Device authentication to help identify and stop fraud rings
- Identity verification to ensure compliance with “know your customer” requirements

CONTACT US TODAY FOR MORE INFORMATION

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2015 GDS Conference Agenda

June 10th - EMERGE in Austin, TX

Oct 13th - OLA LEND360 in Atlanta, GA

Oct 25th - Money 20/20 in Las Vegas, NV

EMERGE: INSIGHT, INNOVATION, INCLUSION
June 10-12, 2015 Austin, TX

Presented by
AMERICAN BANKER
CFSI

LEND360

Money
20/20
OCTOBER 25-28, 2015
THE VENETIAN, LAS VEGAS



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.

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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