



## A MESSAGE FROM THE PRESIDENT

The fourth quarter was an extremely productive period with seven new clients moving into production. What is most exciting is the diversity of these solutions including support for lending in the areas of retail financing, auto lending, personal loans, employment screening and collections. In addition to bringing value to our clients this quarter through our software offerings, we also provided analytical services developing behavioral models for one of the largest debt buyers in Turkey.

2013 was a very positive year for GDS Link both domestically and on a global basis and we are looking forward to what 2014 will bring. We thank each of our clients for their continued patronage.

*-Paul Greenwood, GDS Link President & Co-founder*

## FOURTH QUARTER HIGHLIGHTS

### News From GDS Asia

#### DataView360 and Clear4Hire

Clear4Hire is a workflow system that automates pre-screening of job candidates during the hiring process. Steps include credit bureau checks, reference calls, education checks and residence verification. Candidates can be scored to predict successful fit and likelihood of early departure. CIBI Information Incorporated ordered this system for its outsourced service business. They perform the pre-employment screening for 25% of the Business Process Outsourcing companies in the Philippines. The system was built entirely on the DataView360 suite of products.

#### DataView360 and Equicom

Equicom Savings Bank has launched their Salary Loan program on the DataView360 consumer lending platform. Equicom continues to expand its lending portfolio using GDS Link software to help automate their credit originations process. In 2013, the bank increased its personal loan volume 10 times from the previous year. With Salary Loans, Equicom works with local businesses to offer employees low interest, high availability loans against future earnings with the company. Future products in the pipeline are credit cards and mortgage loans.

### News From GDS Eurasia

#### LBT Varlik Yonetim A.S.

GDS Link has developed three behavioral scorecards for [LBT Varlik Yonetim A.S.](#), one of

### News From GDS Europe

#### Vinaya

GDS Modellica has reached an agreement with Paris-based company Vinaya to introduce our credit risk management solutions in the French market.

Vinaya is a professional organization that connects innovative companies with large corporations, helping the former to integrate their products into new markets and supporting the latter in discovering new technologies that will create differentiating factors for them going forward.

Each of Vinaya's partners have extensive account management experience with global enterprises and are very familiar with the manners in which global corporations do business. Vinaya's President is Mme. Isabelle Estournet Djehizian and Mr. Carlos Gaviola manages the relationship with GDS Modellica.

### News From Latin America

GDS Argentina finished the year 2013 on a positive note. During the 4th quarter, we supported our partner, Soft Office, securing two contracts for collection solutions; one in Uruguay and the other in

the largest debt collection companies in Turkey. LBT is actively involved in purchasing non-performing loan portfolios from banks and other credit institutions and collects the purchased amounts through its dedicated collection teams.

The objective of LBT behavioral scorecards is to predict future payments for existing loan books. This information is then used to derive operational strategies, ultimately improving collection rates. With these scorecards in place, LBT has the tools to drive these strategies that will help maximize their return on purchased portfolios.

## UPCOMING EVENTS

### **February 25th - 28th**

GDS will be attending the [CFSA annual conference](#) in Orlando at the Bonnet Creek Resort. GDS is a bronze sponsor of the event.

### **February 27th - 28th**

Brian Hachez, Managing Partner - GDS Asia, will be attending the [Asian Financial Services Conference](#) in Singapore. Hachez will be an Independent Expert Judge for the IDC Financial: Financial Insights Innovation Awards (FIIA) 2014. More than twenty of the largest banks in Asia have submitted projects for evaluation.

### **March 19th**

GDS West Africa will host a seminar on Credit Origination in Accra, Ghana. Topics will include credit underwriting automation, application scoring and credit bureau data usage.

## EVENT HIGHLIGHTS

### **October 16th - 18th**

GDS attended the [OLA Leadership and Innovation Fall Conference](#) in San Diego, CA. Rich Alterman participated in a panel discussion on Portfolio Analytics.

### **October 30th**

GDS UK exhibited at the [British Cheque Cashers Association](#) (BCCA) conference at the Midland Hotel in Manchester.

### **November 5th - 7th**

GDS exhibited at the [BAI Retail Delivery](#) Conference in Denver, Colorado

Chile.

We also provided Credit Scoring training for one of the largest international banks in the world in their Brazil and Mexico locations.

GDS's focus in Argentina and Chile for 4th quarter was on application processing solutions for Business to Business markets, providing balance sheet analysis, paperless processing and special Credit Bureau attributes.

### **Banco Estado (Chile)**

Banco Estado is the largest state owned bank in Chile, offering a wide range of financial and credit products. In a joint effort with Soft Office, Banco Estado moved into production with GDS's Decision Studio product for both online and batch collection processes.

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For questions, suggestions, or any additional information, contact us via: [info@gdslink.com](mailto:info@gdslink.com).



## PARTNER SPOTLIGHT



[Clarity Services](#) is a leading provider of non-prime consumer risk management solutions for lenders, service providers, and collections companies. Clarity provides unique, comprehensive predictive data attributes and scores through its products such as Clear

Fraud™, Clear Bank™, Clear Tradeline™ and Clear Attributes™. Clarity differentiates itself from its competitors by providing:

- Robust predictive data on more than 32 million unique consumer identities,
- High-touch, personalized support that includes unparalleled analytical support,
- Flexible implementation options, and
- Consulting support based upon extensive knowledge of non-prime consumer behavior.

Clarity recently launched its new fraud product Clear Fraud™, the most comprehensive fraud product offered in the marketplace today. Clients utilizing Clarity's Clear Fraud™ product gain access to:

- Leading predictive fraud score developed using Clarity and Experian data (third generation fraud score offered by Clarity),
- More than two hundred individual data attributes that can be used for analysis and modeling building purposes, and
- Detection of known fraud rings through Fraud Signatures.

Clients across numerous verticals use Clarity data to accurately assess consumer risk, optimize their underwriting business rules, and build portfolios that meet target profitability metrics. Clients can implement their Clarity data-based customer acquisition strategies in numerous ways. For example, Clarity provides some GDS clients with real-time access to Clarity products (data attributes and/or predictive scores) that drive underwriting rules hosted by GDS. Other clients leverage control files at Clarity to house their underwriting rules, with actual real-time applicant decisions being returned.

Clarity has the experienced analytical resources to provide customized support for clients ranging from those just entering the marketplace with minimal knowledge of non-prime consumer behavior, to those more seasoned clients that employ sophisticated underwriting frameworks that include one or more custom scoring models. New lenders leverage Clarity Best Practices Underwriting Filters to provide baseline criteria that can be immediately implemented and revised over time to quickly achieve target portfolio metrics. Other lenders utilize the Clarity Analytics team to conduct decision tree analyses to improve their underwriting rules formulated using Clarity data attributes and scores and other third party data. Clarity can even develop custom models for clients with sufficient historical performance or work collaboratively with clients that build their own models to ensure optimal results.

Clarity Services' comprehensive database, innovative products, analytical support, and non-prime consumer behavioral insights enable Clarity to provide effective risk management solutions for diverse clients ranging from online lenders looking to migrate from single payment loans to products that more closely resemble traditional credit product offerings, to mainstream lenders and service providers looking to more effectively underwrite non-prime consumers typically classified as traditional bureau "no hits" and "thin files."

For more information, please contact [Salesdepartment@clarityservices.com](mailto:Salesdepartment@clarityservices.com) or call us at (727)489-

## GDS Industry News

According to [statistics](#) compiled by the Small Business Administration (SBA), 99.7 percent of the nation's businesses have fewer than 500 workers and 89.7 percent have fewer than 20. These firms are classified as "small." Yet, their impact on the economy is anything but, since they contribute 33 percent of exporting value and nearly two-thirds of net new private sector jobs.

However, despite their importance, small businesses face challenges that many of their larger competitors are able to avoid. Even those that have a great deal of potential - thanks to an attractive product or an experienced manager leading the way - may still struggle with acquiring the funding necessary to initiate operations and maintain growth.

### Credit Markets Tighten on Wake of Great Recession

This is especially true in the wake of the Great Recession, which caused the credit markets to tighten significantly. The Federal Reserve Bank of Cleveland has estimated that, when adjusted for inflation, the total value of all commercial and industrial loans of less than \$1 million fell by more than 20 percent between the second quarter of 2007 and the fourth quarter of 2012. Lending to small businesses may have rebounded since then-the Fed study contains the most current data-but it is clear that these organizations continue to face a difficult situation when seeking funding.

This void in the small businesses lending market originated from two separate sources. First, banks require excellent credit and detailed information about the business plan before they are willing to take a risk on a loan. These can be difficult standards for small businesses to meet, and it shows.

Surveys conducted by the National Federation of Independent Businesses (NFIB) in 2011 found that about 15 percent of small business owners have never bothered to apply for loans out of the belief that they would not be approved. These are known as "discouraged borrowers." More recent data shows that this attitude has persisted. In the second quarter of 2013, a Wells Fargo/Gallup Small Business Index survey found that 36 percent of small business owners thought it would be difficult to get credit in the next 12 months.

Then there's the federal government, which has historically been a major supporter of small businesses through the work of the SBA. Unfortunately, the application process for federal programs can be complicated and require long wait times, for which not all small business owners have the patience.

So what are small business owners to do? Increasingly, they have turned to alternative lenders. This does not simply appear to be a cyclical trend driven by a weak economy and tight credit conditions. Mounting evidence suggests that small businesses are choosing alternative lenders with their long-term prospects in mind.

### Alternative Lender Offerings

Sam Graziano, CEO of [Foundation, Inc.](#), sees this as an opportunity. His company is an alternative lender that seeks to provide small business loans of up to \$350,000 through a process that is much simpler than what is currently available to most borrowers.

"To date, commercial banks have not captured this opportunity because they do not have cost-effective means of doing so nor do they have the risk appetite for this lending market," Graziano wrote in a recent research paper on the subject.

He explained that banks need to collect large amounts of information on each potential borrower because they cannot tolerate high levels of risk. Labor intensive processes for assembling pertinent documentation make it costly to process applications and, given the relatively low potential revenue on loans to small businesses, the cost of underwriting can be prohibitively high.

It is also challenging to banks that the U.S. economy is increasingly focused on services -rather than the production of goods - which means that small businesses generally have less collateral than they used to. Add in the compliance costs associated with new federal regulations, and it

becomes plain to see why banks are unable to play a large role in small business lending.

Foundation seeks to fill this void by using modern technology to provide a more efficient underwriting process that is tailored to the needs of small businesses. This approach offers faster credit application processing, driven by robust risk assessment software that draws on multiple data sources. In addition, Graziano explained that the company is able to accept more risk than banks and offer a risk-based pricing model, which allows it to serve more borrowers and, ultimately, realize higher returns.

### **Simplicity and Flexibility Push Small Businesses**

It is clear that the desire for simplicity and flexibility is pushing more small businesses toward alternative lenders that are capable of meeting this demand. In the U.S., recognizable brands like PayPal have announced intentions to begin issuing loans to small business customers. Startups are also boosting their profile by bringing in talent from the conventional banking sector—such as Lending Club's hiring of Sid Jajodia, former senior vice president at Capital One Bank, to help develop its platform. Meanwhile, in the U.K., peer-to-peer lending platform Funding Circle has already acquired \$37 million in funding and has plans to cross the Atlantic to offer small business loans worth up to \$500,000.

As new players strive to offer accessible financing options, more small businesses should be able to access the credit they need to invest in growth.

### **Sources**

<http://www.foundation.com>

## **GDS CASECenter Management ENHANCEMENTS**

CASECenter 1.4.0 has been released. The most noteworthy changes include:

1. Added the ability to customize audit trails in queues. This provides the ability to set up audit trails to detect changes to application data after the initial input and process flow.
2. Added support for multi-factor authentication. Once a user has logged into the system, they will be prompted to enter a use code which is used for validation purposes for access through most mobile devices.
3. Added a web console for troubleshooting abilities for the root user.

Full release notes are available upon request.

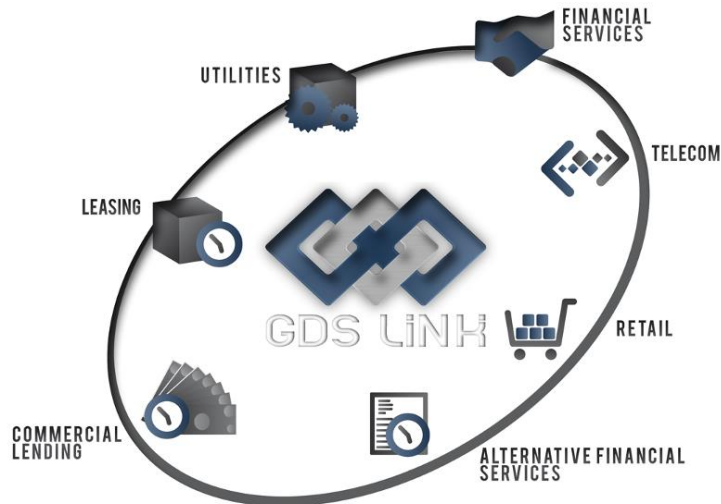
## **Credit Reference Bureau Software ENHANCEMENTS**

GDS Direct's Credit Reference Bureau Software is designed to be utilized for the rapid start-up of a Credit Reference Bureau and for the development and deployment of related value added products. GDS Direct has added several new features to the Credit Reference Bureau software. These include:

1. Implementation of support for Arabic language.
2. Implementation of the consumer self-reporting and notifications module. This enhancement gives the consumer the ability to obtain their credit information and to set up notifications with the bureaus to inform them when there is new activity on their file.
3. Added functionality for subscriber "triggers" and skip tracing. This feature offers additional notifications for changes to the credit profile of the subscriber. This feature focuses on the payment patterns and changes to the file that would indicate potential degradation or improvement of payment ability.
4. Added new warning tabs to flag and insert to the consumer comments portion of the credit report.

## **WHO WE ARE & WHAT WE DO**

GDS Link, LLC is a global provider of Risk Management Solutions and Consulting Services for multiple verticals within the financial services industry including: **credit card**, **auto**, **alternative financial services**, **commercial leasing**, and **specialty lending**.



Our offerings are also utilized in *the retail, utilities and the telecommunications sectors*. Our industry leading solutions can support financial institutions throughout an entire credit lifecycle, from their credit initiation services through collections and recovery.

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 visit us at: [www.gdslink.com](http://www.gdslink.com)

