SME FINANCE FORUM

Webinar - Credit Scorecards and Big Data

Presenters:

Cameron Evans, Global Lead for Risk Management, **IFC**

Paula Leynes Felipe, Senior Risk Management Specialist for East Asia and Pacific, **IFC**

Rajeev Chalisgaonkar, Head of Business Banking, **Standard Chartered Bank**

Sam Taussig, Head of Global Policy, **Kabbage**

Discussants:

Tony Hadley, Senior Vice President of Government Affairs and Public Policy, **Experian**

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# Kabbage Modeling Overview
U.S. and International SaaS

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Prepared Exclusively for the IFC
Sam Taussig – Head of Global Policy

Using persistently connected data, Kabbage streamlines the SME underwriting process

Traditional

The customer must gather documents from multiple sources for time-intensive manual review

Records   Third Parties   Other Institutions

Kabbage

The customer simply grants Kabbage access to business data to render an automated credit decision

Existing Business Data
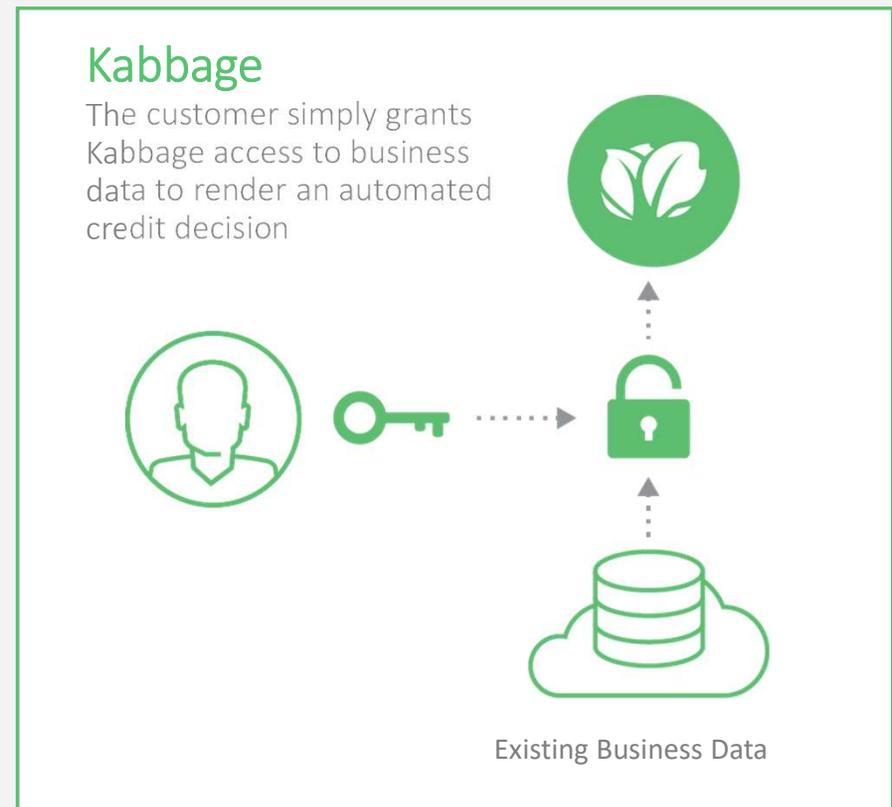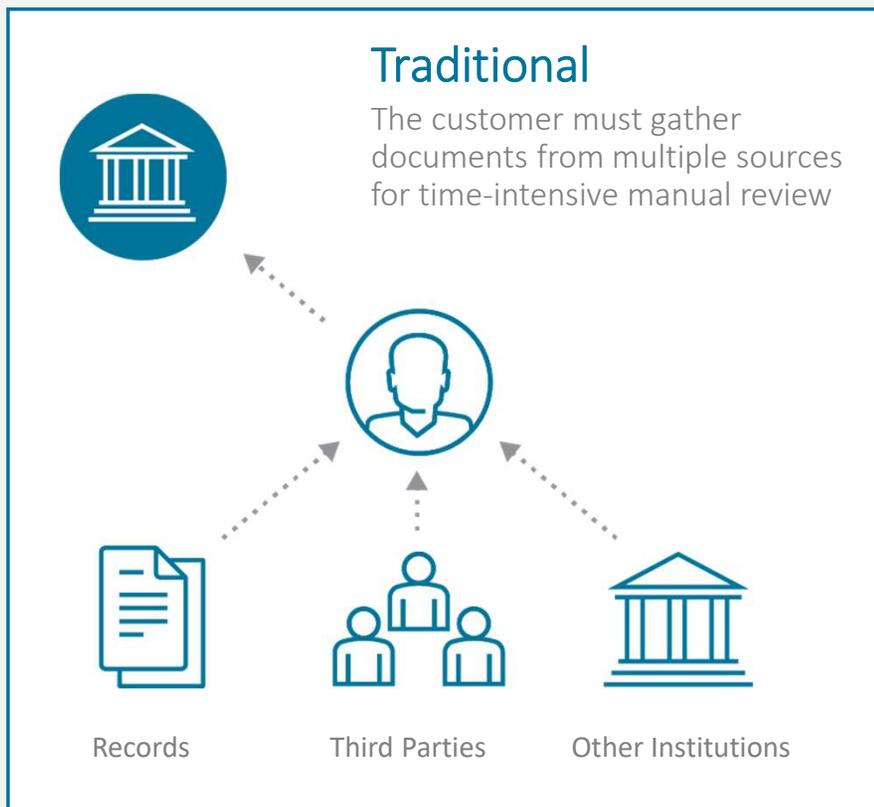
Kabbage Credit Customer Stages... in minutes

Line assignment and pricing

Re-underwriting and line management

Customer completes a simple 100% online application

Customer enables data gathering

Credit underwriting and *decisioning*

Customer executes loan agreement and borrows

Customer repays loans
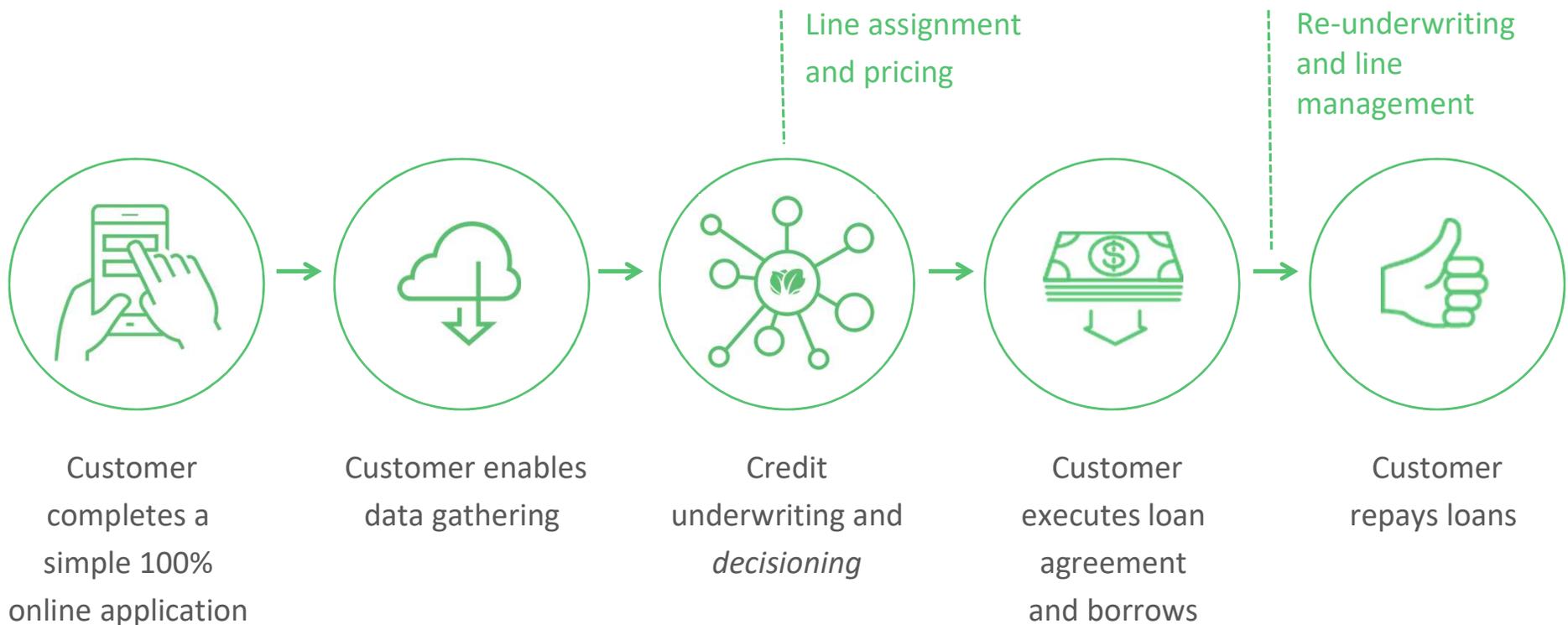
Persistent & granular data access is key to Kabbage

Identity

ThreatMetrix.
IDology
SOCURE

Rate Changes

Bank Accounts

Business Checking Data

Payments

Mitigate Risk

Data by Vertical
Examples

Online Retailer	Construction	Restaurants
ebay	zoho	tripadvisor
amazon	Invoice2go	OpenTable
YAHOO!	FRESHBOOKS	yelp
Etsy	buildertrend	

Collections

Business Management Tools

intuit quickbooks
xero Google Analytics UPS
Google AdWords

Credit Bureaus

experian.

Payment Processors

PayPal stripe
sage
Authorize.Net

Adjust Lines

Marketing

Kabbage's underwriting approach identifies the right target population more quickly than a bank's processes

Traditional banking model

› Slowly expanding credit box
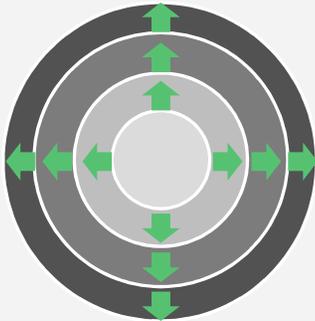
- ⊕ Slow expansion minimizes losses
- ⊖ Iterative expansion yields slower growth
- ⊖ Certain segments underserved
- ⊖ Less nuanced customer understanding

Kabbage model

› Start with very broad credit box and use machine learning refine the model and narrow it
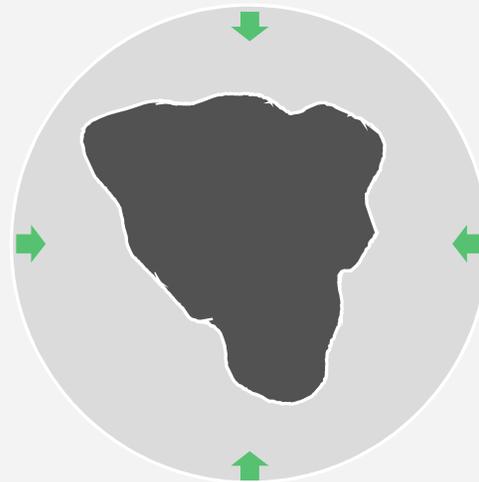
- ⊖ Learning stage requires upfront investment
- ⊕ Models calibrated more quickly
- ⊕ Maximum audience secured
- ⊕ More nuanced underwriting outputs

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The Kabbage Platform powers automated SME lending for global banks and non-bank partners
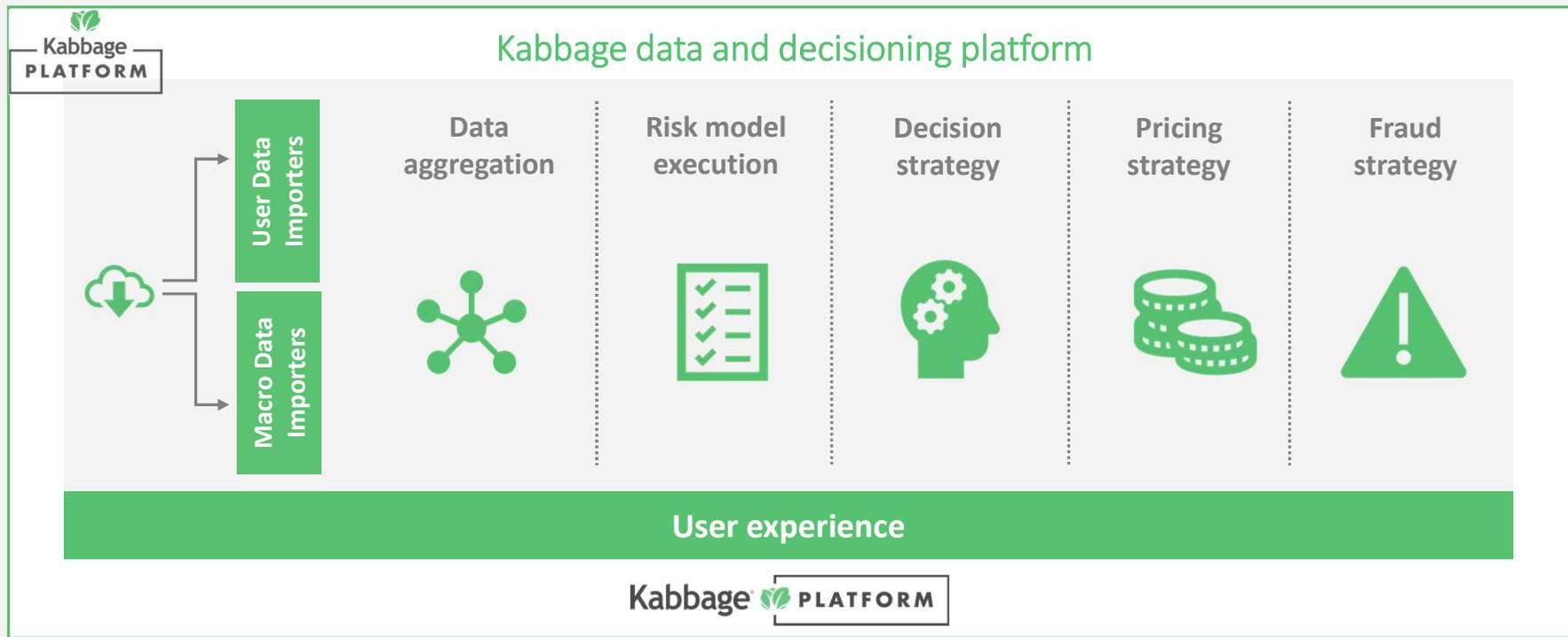
Key characteristics of our partner success stories

Characteristic	Example criteria
› Cross-functional buy-in	› Level of engagement from senior leadership / CEO
› Understanding of Kabbage's learning process	› Alignment on timeline and "bads investment" required to train model
› Commitment to building a new product	› Dedicated product and technical resources
› Alignment on product to offer	› Willingness to agree to iterative (not parallel) product roadmap
› Desire to innovate	› Executive or institutional history of innovation and risk-taking
› Automation	› Willingness to automate 100% of the process