



# SME Finance Forum

24 June 2020



# Introducing...



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Experian



# Agenda

Enabling SME Lending in Asia Pacific: Experian's approach

India : SME Lending solutions for and a Case Study

Covid19 Response – Analytics Strategy



# Experian Highlights

## Our Business

### Credit & Information Services

Providing insights on customers' credit and business information

### Decisioning & Analytics

Transforming data into actionable insights

**12** Business Credit Bureaus Globally  **19** Consumer Credit Bureaus Globally 

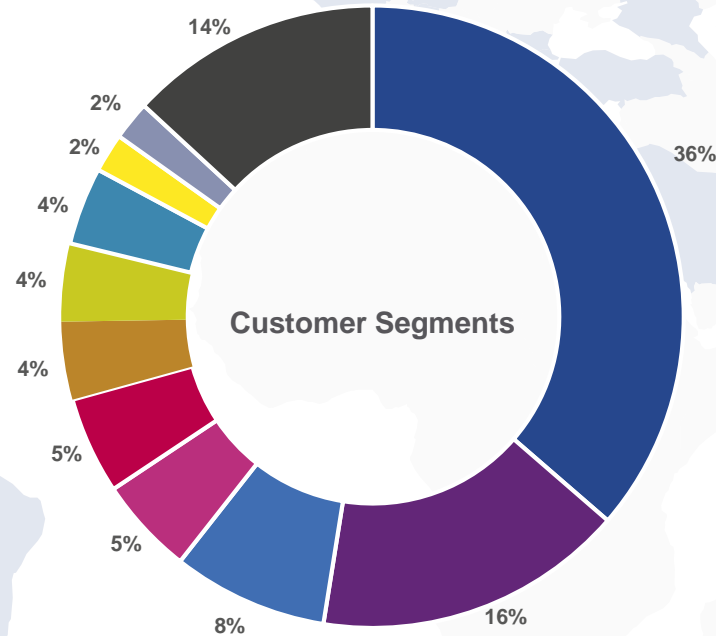
## Experian by the numbers

**US\$5.2 billion**

Global Revenue (March 2020)

**US\$1.3 billion**

Global Benchmark EBIT (March 2020)



- Financial services
- Direct to consumer
- Health
- Retail
- Automotive
- Software & professional services
- Telco and utilities
- Insurance
- Media technology
- Public sector / education
- Other

## Powering opportunities globally

**17,800**

employees in  
**44 markets**

Diverse mix  
of expertise in

**45**  
countries

One of  
Forbes' "World's  
Most  
Innovative  
Companies"  
5<sup>th</sup> year



**4** Data Labs  
dedicated scientists  
and machine-learning experts

**12,000+** clients  
around the globe

Argentina	Costa Rica	Italy	Peru	Thailand
Australia	Denmark	Japan	Philippines	Turkey
Austria	France	Malaysia	Poland	U.A.E
Brazil	Germany	Mexico	Russia	UK
Bulgaria	Greece	Monaco	Singapore	United States
Canada	Hong Kong	Morocco	South Africa	Venezuela
Chile	India	Netherlands	South Korea	Vietnam
China	Indonesia	New Zealand	Spain	
Colombia	Ireland	Norway	Taiwan	

# Analytics Consulting for solving business problems

## Experian's team in Asia Pacific



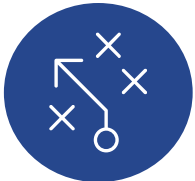
### DATA

- **State of the art Bureau solutions** leveraging Experian's Global Expertise
- Context specific Alternate Data solutions live in key markets in Asia Pacific



### ANALYTICS

- **Experian Asia Pacific Analytics CoE - Deep experience of building and delivering analytics solutions for clients across key markets in APAC.**
- **X Labs** -our AI & data science, innovation team focussed on building Intellectual property and products for APAC clients



### CONSULTING

- Demonstrated capability to help build strategies using data
- **Domain knowledge based Analytics Consulting** across Customer Lifecycle to enable the best decisions to be made on every customer, every time

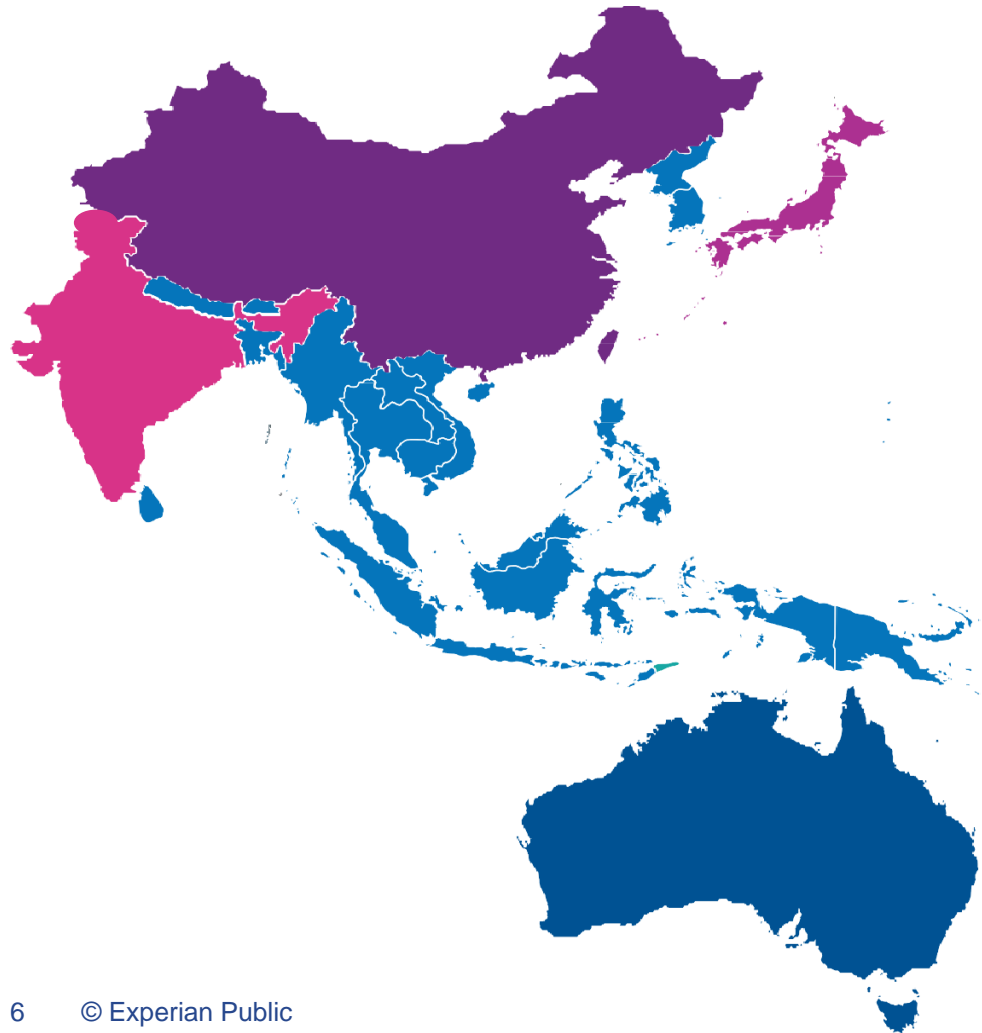


### SOFTWARE

- Deployment of decisioning solutions on **Power Curve.**
- Solutions suite across the Lifecycle- Acquisition, Customer Management and Collections



# Our current SME presence in the region



Singapore

- Market Leader of Business information (BI) in Singapore providing range of services across lifecycle including SME network score , company KYC reports and collection services



Malaysia

- Acquired Ramci In Malaysia – a leading commercial bureau in Singapore in 2019



India

- Market leader in commercial bureau
- Proprietary SME combo score on owners and business for sole prop segment
- Access to GST / Bank statement data



China

- Business Information business in China



Australia

- Acquired Look who's charging a leading open data aggregator providing insights on data categorisation on invoices



Japan

- Japan Business Information market for international sales

# Information asymmetry is a key deterrent for SME lending

## Heterogenous business models

No one size fits all

Different Business model across segments requires detailed evaluation

**Information Asymmetry** resulting from availability and assessment of both financial and non financial information

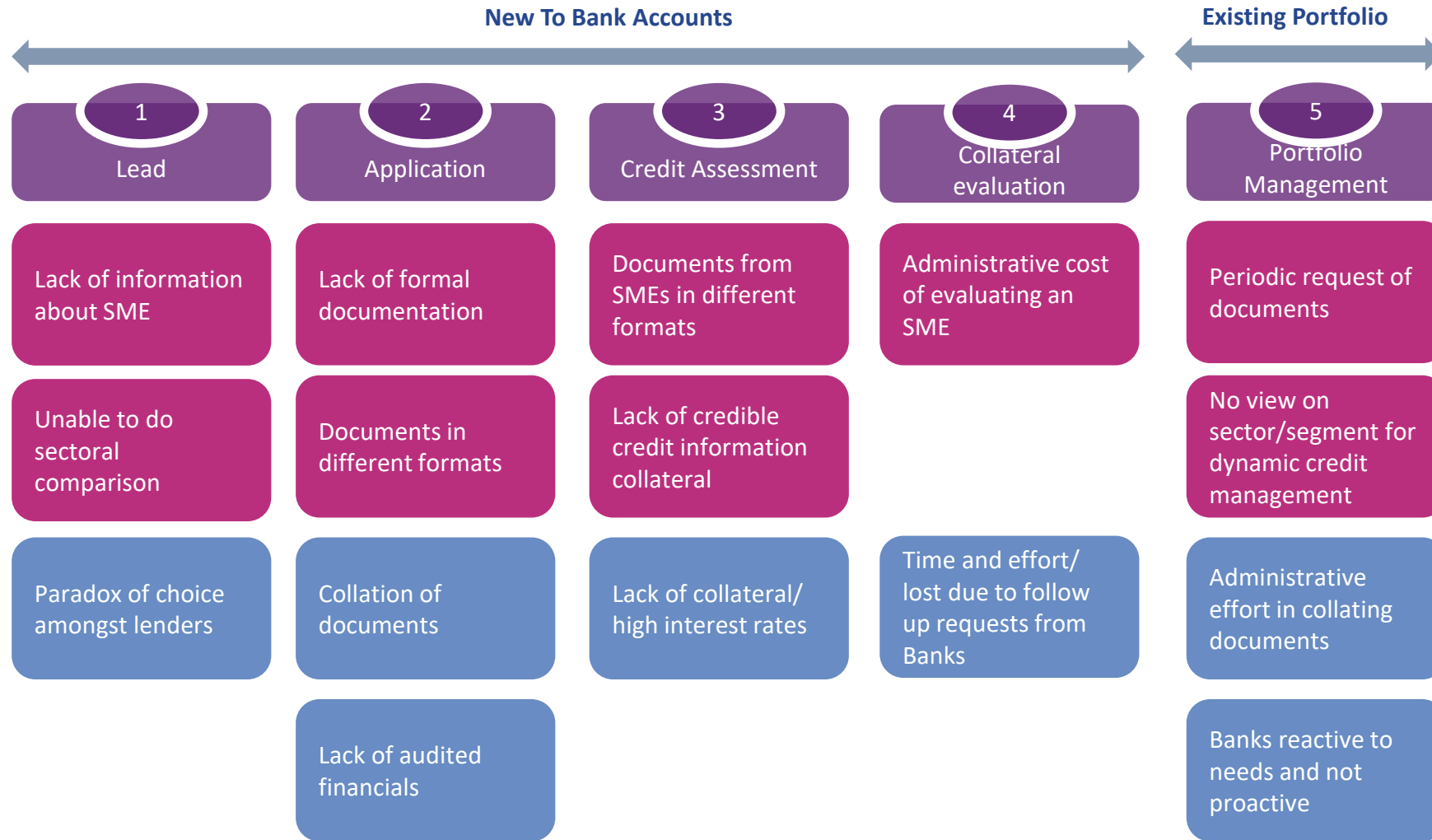


## High NPL

SME vulnerable to cyclical downturn and fluctuations resulting in higher provisions

Banks face challenges in understanding SME needs for underwriting them

# Multiple bottlenecks in SME lending



Summary of industry problems

**Experian's Solution Areas**

- Information Asymmetry
- Thin files
- SME model vary by segment and require detailed evaluation



# Analytics solutions for SME in India

## Sector and Product Insights

Understand how the market is changing, benchmarking/peer comparison

Industry Insight



Sector Specific Trends



Product Trends



Consumer / Commercial Bureau



Commercial Sector Index



Monitor Risk



Opportunity Identification



Collection / Recovery



Portfolio Management



Actions

## SME X

Provide seamless onboarding services to our consumers in a digitally enabled environment

End to End Credit underwriting



Credit Risk models using bureau



Models using Financial Statement



Models Using Banking and Tax



Underwriting strategies – Pricing



Controlled Risk



Quick Turnaround / Automation



NTC Risk Assessment



Business Entity Graph



Affordability

## Customer Management

Manage collections portfolio taking differentiated actions basis customers profile & circumstances

Alternate Data based Triggers



Limit Management Strategies



Cross Sell & Up Sell Models



Early Warning System for SME



Collection & Recovery Models



Be proactive



Drive efficiency & innovate



Increase automation



Use analytics to predict



Reduce Costs

# Relevant alternate data for assessing SME

## Credit Bureau

1. Payment performance delinquency
2. Leverage, product holding
3. Credit risk Information

## Director/shareholder

1. UBO report
2. KYC checks on company owners
3. Bureau checks
4. Blacklist checks

## Company registration

1. Incorporation details
2. KYC details
3. Business overview
4. Blacklist checks



## GST

1. Sales/purchase/return
2. Current Year/Previous Year
3. Top Suppliers and Top Customers details
4. Late Fee/Delays in Payment

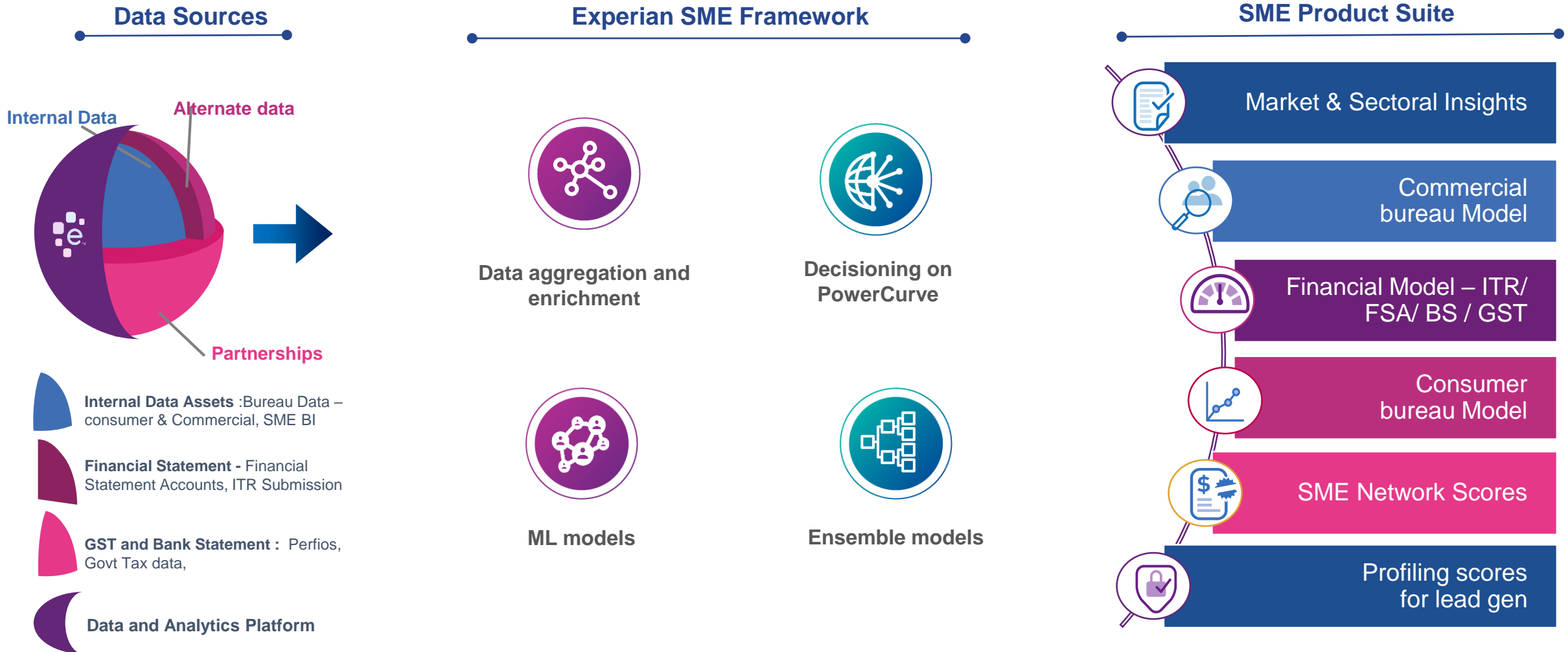
## Banking Data

1. Balance – build up and movement
2. Transaction information
3. Category wise transaction
4. Debit/credit – count, amount

## Financial Data

1. Trend – Profit/ Sales/Net worth Trend
2. Liquidity/Coverage/Leverage
3. Turnover/Profitability

# SME X – Deployment Stack



# Case Study: Analytical Consulting for SME Marketplace

## About the Client

Client is a SME lending platform launched under a Venture arm of a leading MNC bank in the world.

## Experian Solution

- **Policy Design:** Eligibility rules to automate gating of high risk customers
- **Risk based segmentation** for effective customer treatment
- **Machine Learning Models using Consumer / Commercial bureau** for credit risk assessment
- **Financial risk models** and policies basis information from GST / ITR / bank statement
- **Lead Routing rules** to lenders basis customer profile & lenders requirement

## Business Challenge

1. Credit assessment of SMEs accessing platform digitally
2. Leveraging data such as Credit Bureaus, GST, ITR, Banking etc.
3. Segmenting customers on credit risk profile
4. Eligible leads channeled to lenders for fulfilment and onboarding

## Business Benefits

Delivered by leveraging **advanced analytics and alternate data**

**SME Sectoral Segmentation**  
capturing market trends for better strategies

**SME Risk assessment framework** enabling controlled risk management

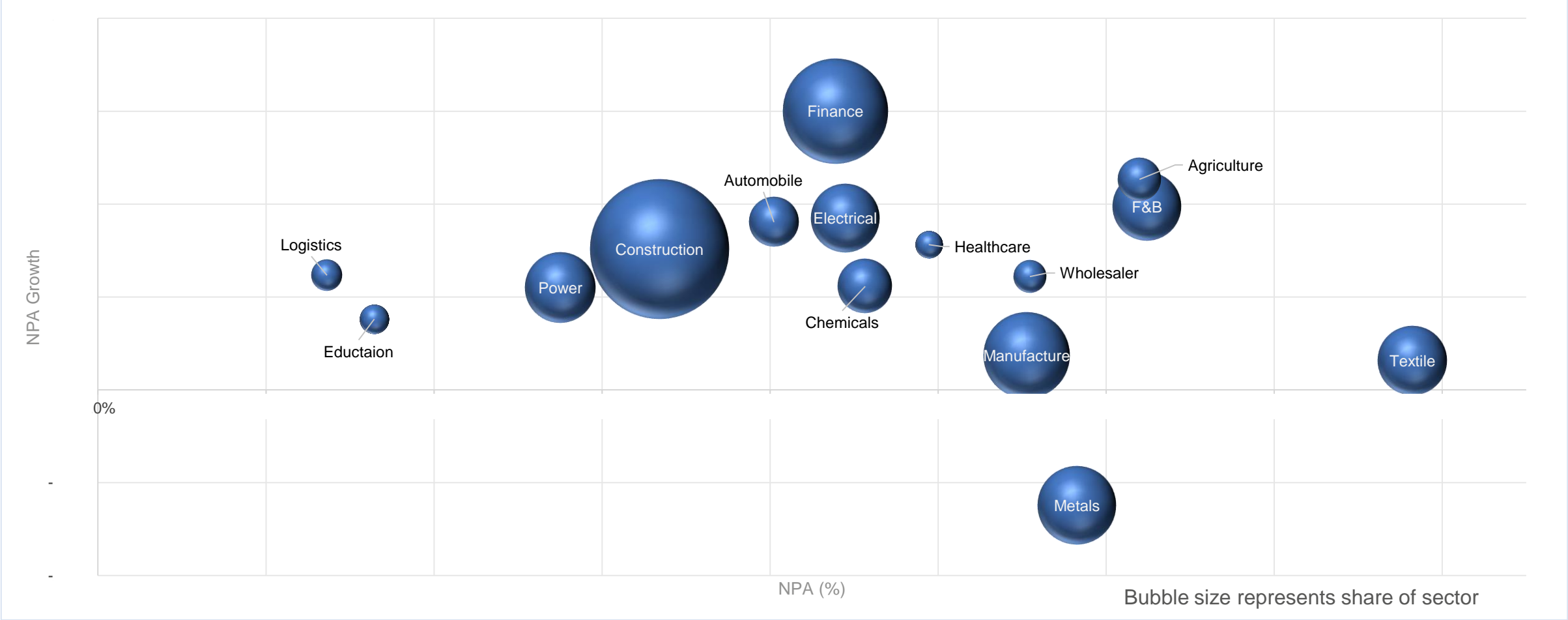
Enabling **digital underwriting** by accessing alternate data sources



# Covid19 Response

# Insight Analysis: Sectoral Asset quality under Covid19

High growth in NPA observed for Finance sector while Textile, Food and Beverage have highest NPA



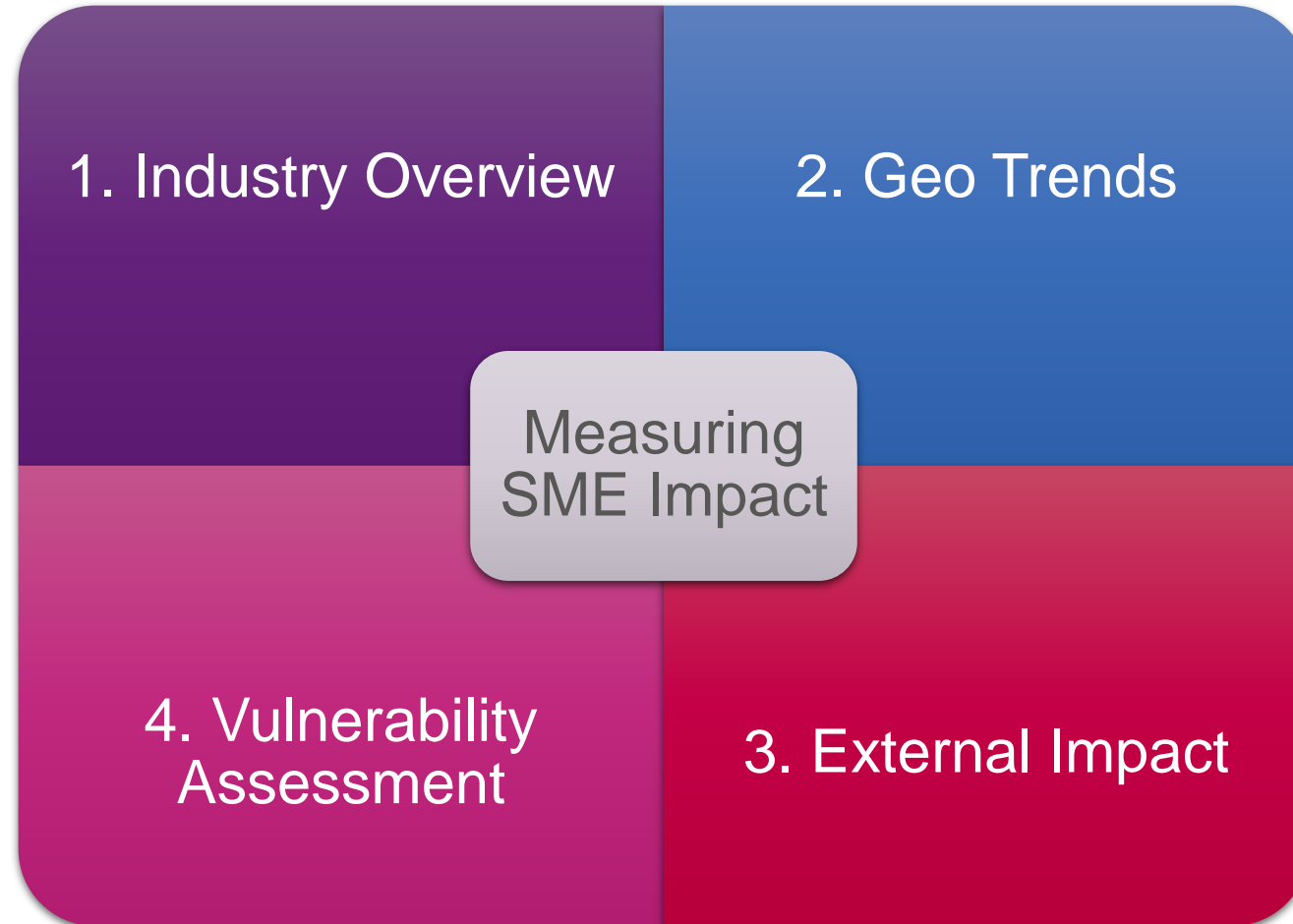


# Estimating Sector and Geo vulnerability due to Covid19

Creating a **Industry View** and assessing the key factors impacted due to Covid19 such as

- Workers **Migrating** to home town
- **Supply / Demand Shock**
- Capital requirement
- Bureau Behavior and NPA
- Recent Growth trends in GVA

An overall impact is assessed by analyzing the impact on each of the parameters, which will help in **assessing the immediate shock in the sector**



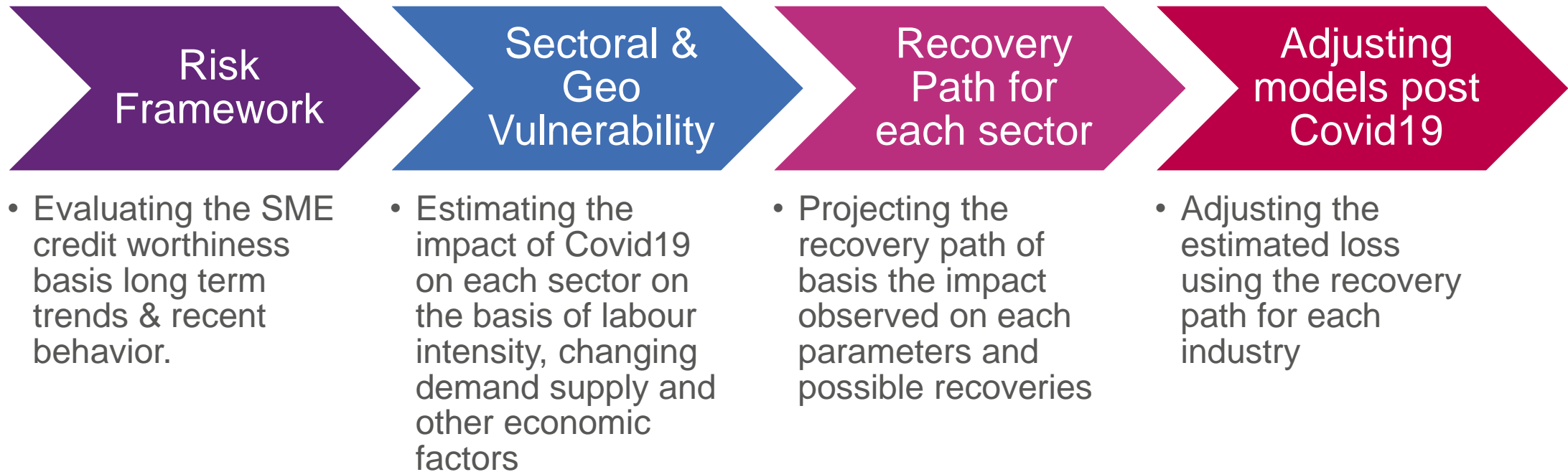
Certain **States and geographies have higher impact** on the number of Covid19 cases, which will impact on industries within State. Analysing such factors :

- Number of CoVID Cases
- Workforce requirement
- Capital requirements and obligations
- Bureau behavior of industries with in states

Significant fall in stock prices are observed post lock down, however differential fall is prices observed in each segment; analyzing the fall in share price for each sector

Analysing the **trend in profit / lossess in last years** to assess impacts

# Preparing for the decisioning framework post Covid19



Defining calibrated lending framework in a post Covid19 to ensure graded risk response



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