LENDDO: DRIVER OF FINANCIAL INCLUSION USING DIGITAL DATA

FLORENTIN LENOIR

WORLD BANK GROUP

IFC | International Finance Corporation

BCEAO

BANQUE CENTRALE DES ETATS
DE L'AFRIQUE DE L'OUEST

DRIVER OF FINANCIAL INCLUSION USING DIGITAL DATA

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Let's imagine together a world where financial institutions can…

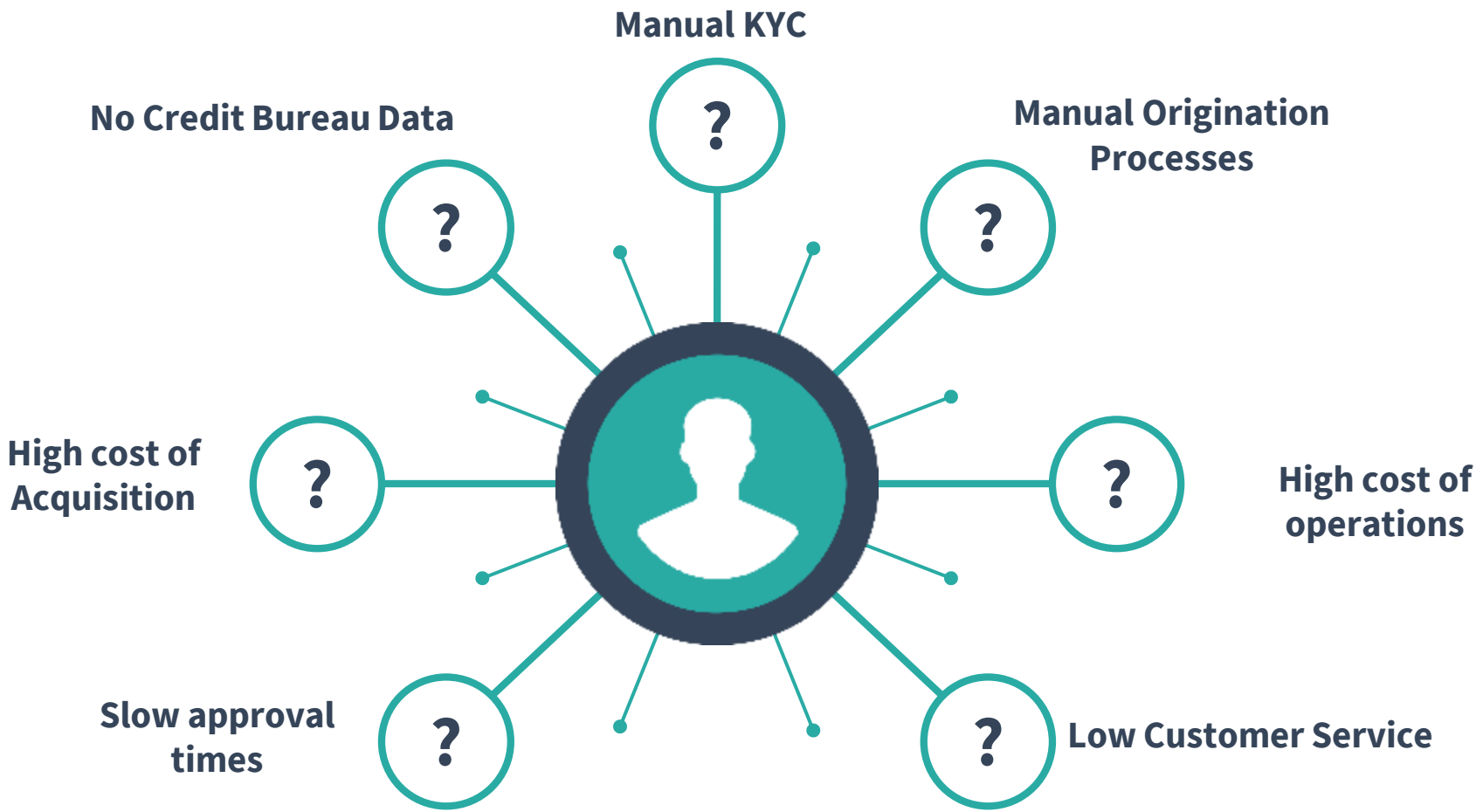**offer appropriate products on demand**

at affordable prices that are sustainable

and in a scalable and cost efficient way

Today credit is impossible for most financial institutions

Manual KYC

No Credit Bureau Data

Manual Origination Processes

High cost of Acquisition
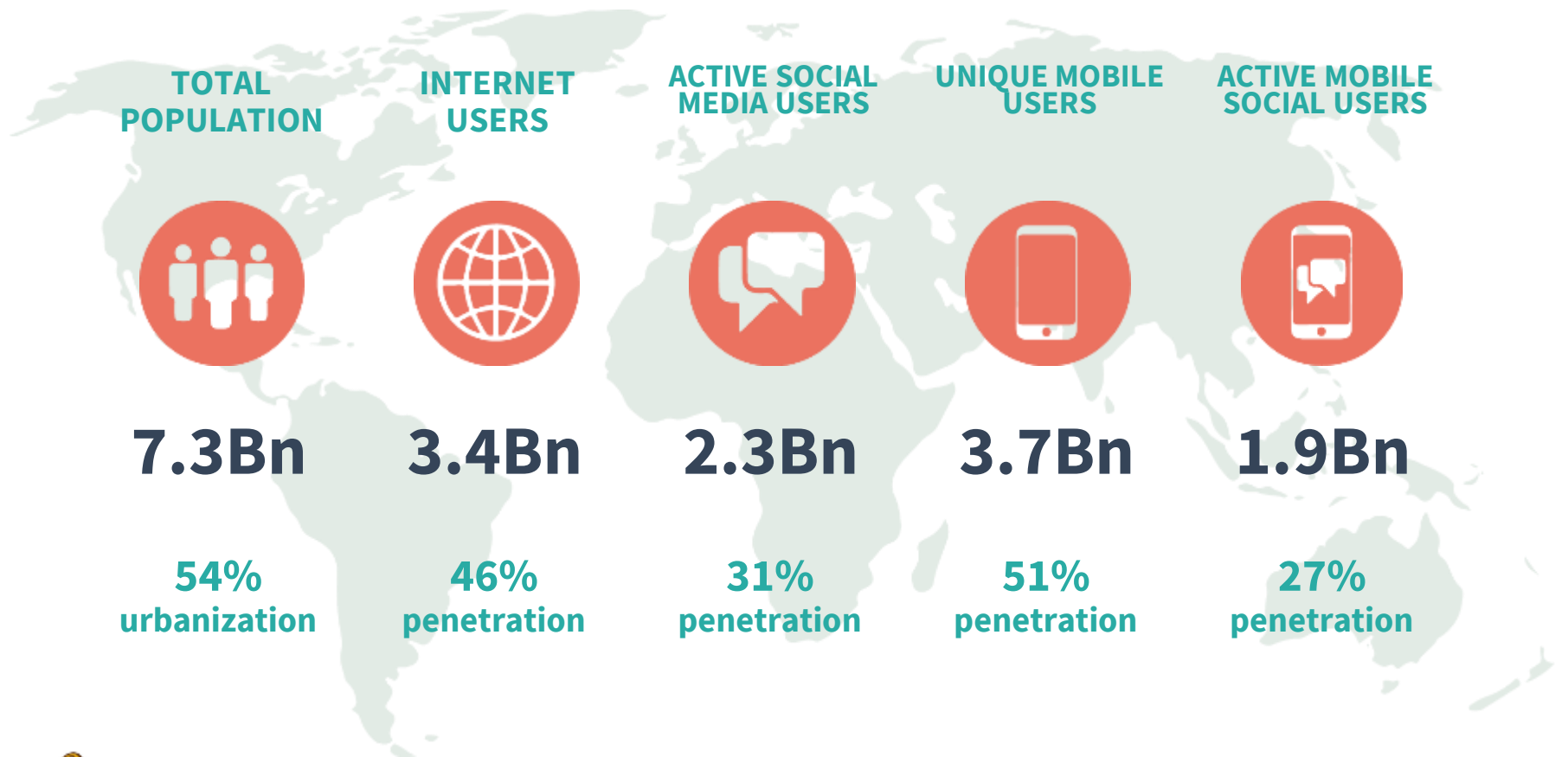
High cost of operations

Slow approval times

Low Customer Service

2.5Bn people do not have access to formal credit today from any of the **30,000+ financial institutions** globally

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But it does not have to be that way

social media

e-mail

mobile

Cloud
computing

Machine
Learning

CREDIT
SCORE
867

Artificial Intelligence

API's

The **Fourth Industrial Revolution** and **FinTech** are fundamentally
ing financial services

Many of underserved are coming online

TOTAL POPULATION	INTERNET USERS	ACTIVE SOCIAL MEDIA USERS	UNIQUE MOBILE USERS	ACTIVE MOBILE SOCIAL USERS
7.3Bn	3.4Bn	2.3Bn	3.7Bn	1.9Bn
54% urbanization	46% penetration	31% penetration	51% penetration	27% penetration

Source: We Are Social

Lenddo drives predictive analytics in banking
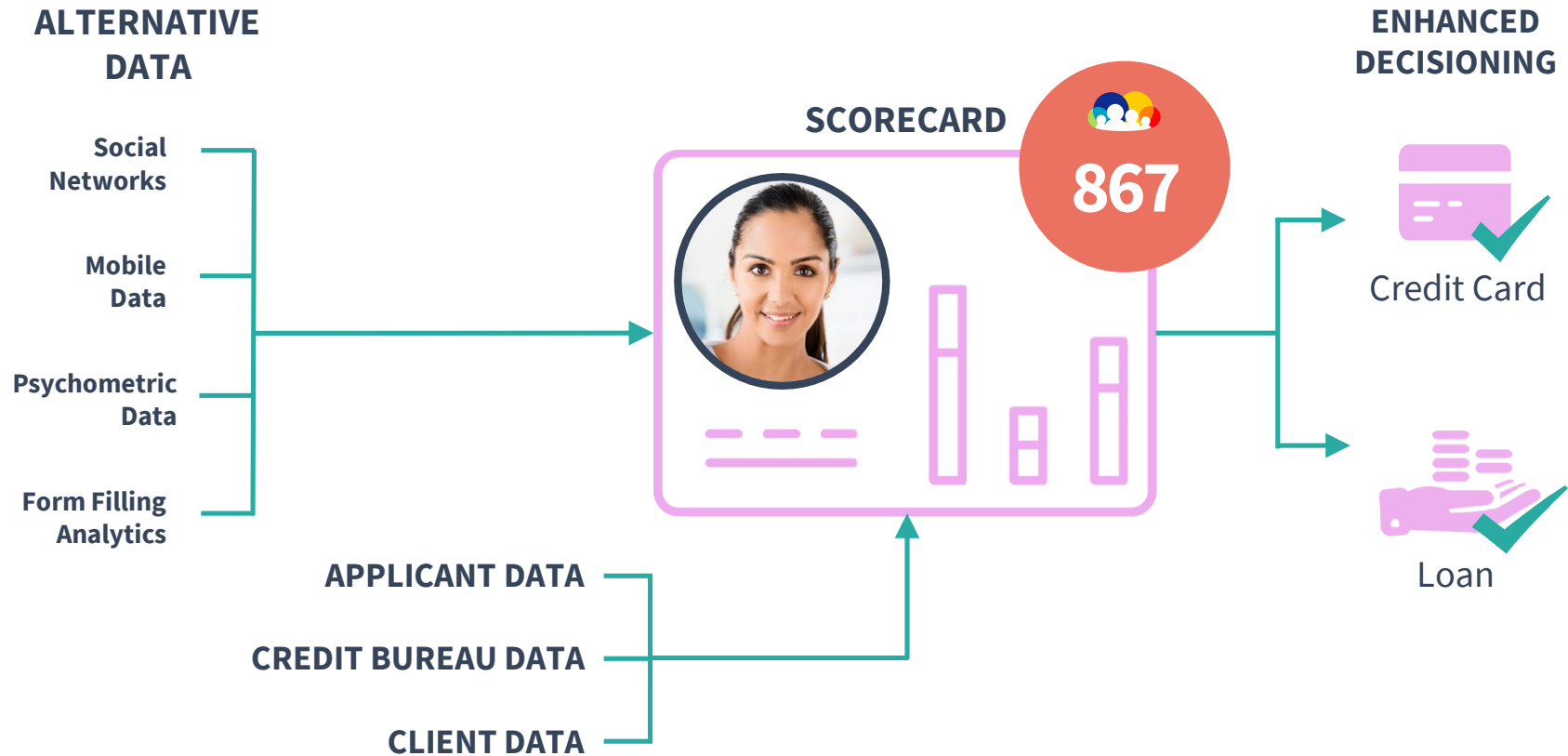
- **World leader in Identity Verification and Credit Scoring technology using non-traditional data solutions**
- **Founded in 2011, successfully operated online lending platforms in three countries for 4 years**
- **Leverages Opt-in Mobile and Social Data**
- **Excels in model building including the collection, analysis and processing of billions of data points**
- **Powers over 2.5 million instant credit decisions in 20 countries across the world**

Lenddo Suite of Products and Services
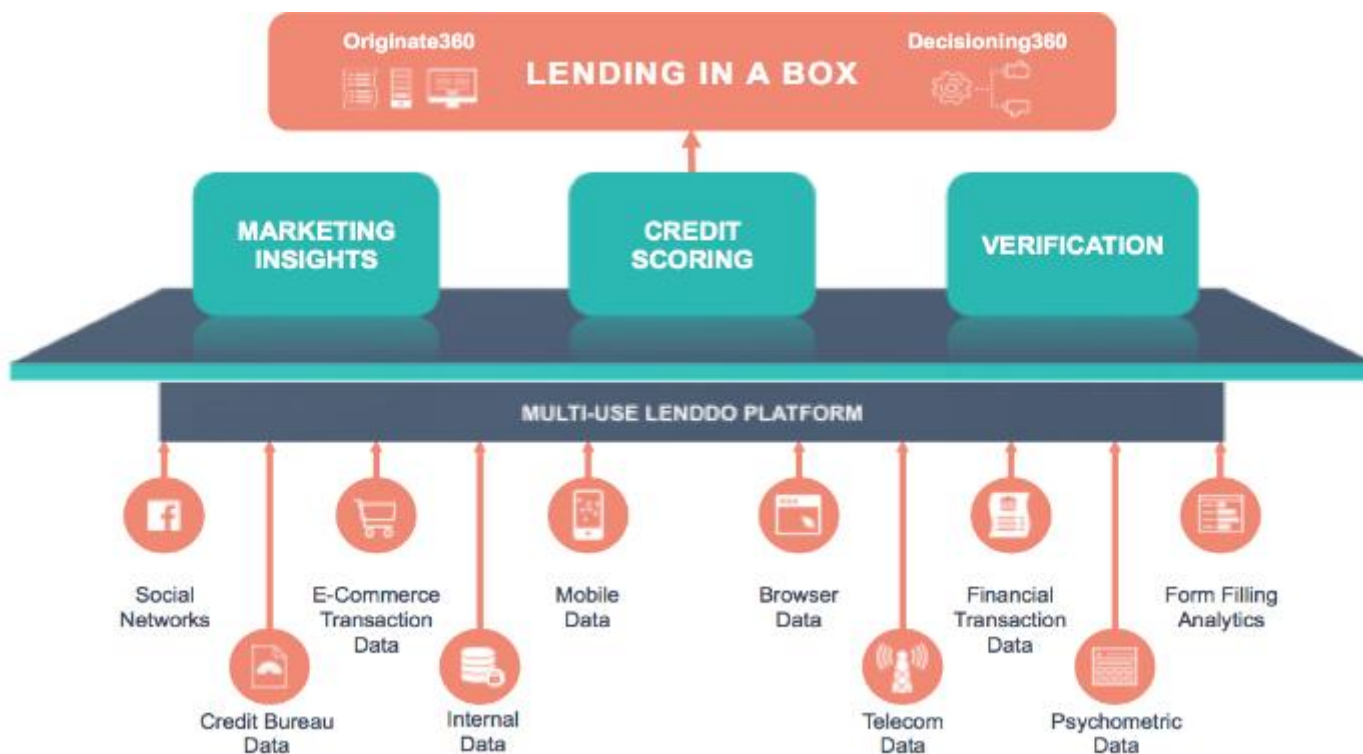
Lenddo is helping leading financial institutions globally make **more accurate** and **quicker decisions** across the customer lifecycle and drive **higher levels of growth and profitability**.

Lenddo Credit Scoring Service

ALTERNATIVE DATA

- Social Networks
- Mobile Data
- Psychometric Data
- Form Filling Analytics

SCORECARD

867

ENHANCED DECISIONING

Credit Card

Loan

APPLICANT DATA

CREDIT BUREAU DATA

CLIENT DATA

Approve more applicants and reduce risk by combining traditional data with new data to improve existing scorecards and complement traditional underwriting tools.

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Lenddo Verification

VERIFICATION DETAILS

Category	Basic info	Status	Flags
Name	Anita Prasad Malhotra	✔ VERIFIED	
Birthday	July 20, 1985	✔ VERIFIED	
Employer	IL&FS Skills Development Corporation Limited	✔ VERIFIED	
University	Gras Academy	◼ INSUFFICIENT DATA	EM02
Phone	918234123456	✖ NOT VERIFIED	
Facebook verified		✔ VERIFIED	

Lenddo's patented technology and proprietary algorithms provide real time, highly accurate and robust verification.

Credit Bureau Score + Web-based model

A traditional portfolio

Usually, the financial institutions segment their portfolios based on the credit risk measured by the credit bureau score. See a common bank loan.

No credit history   **20.7%**
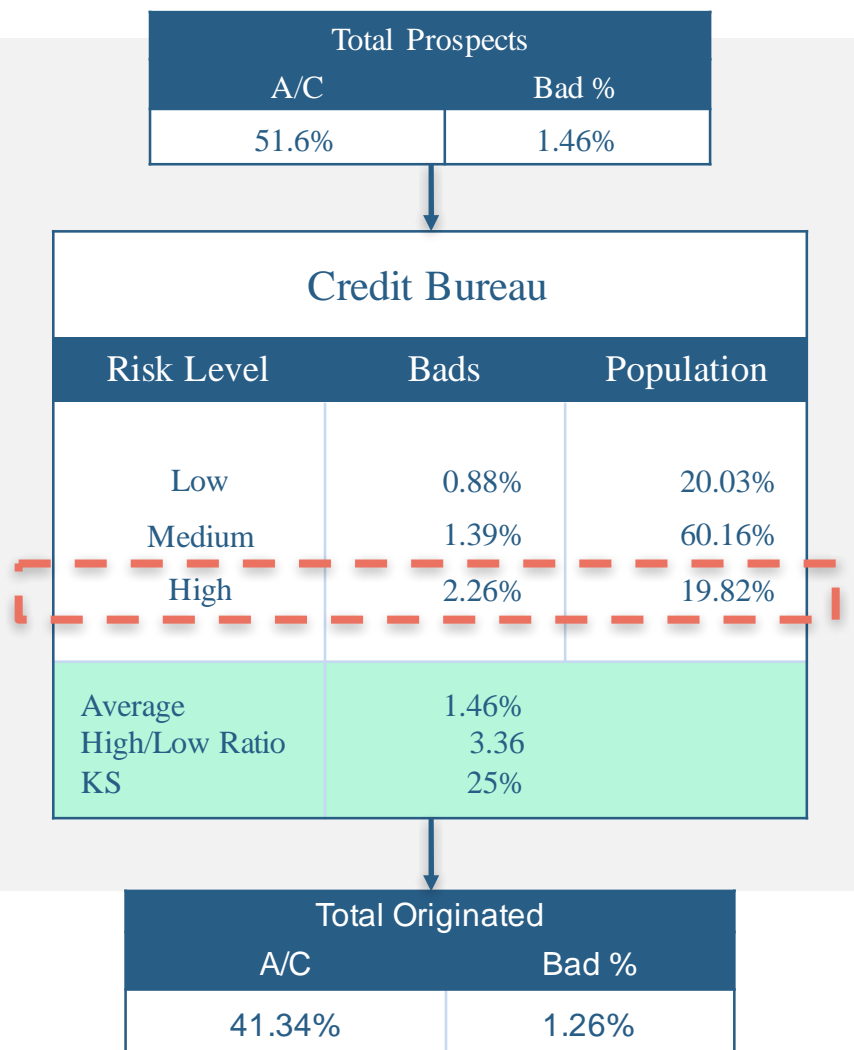
Non-eligible (low credit score)   **27.8%**

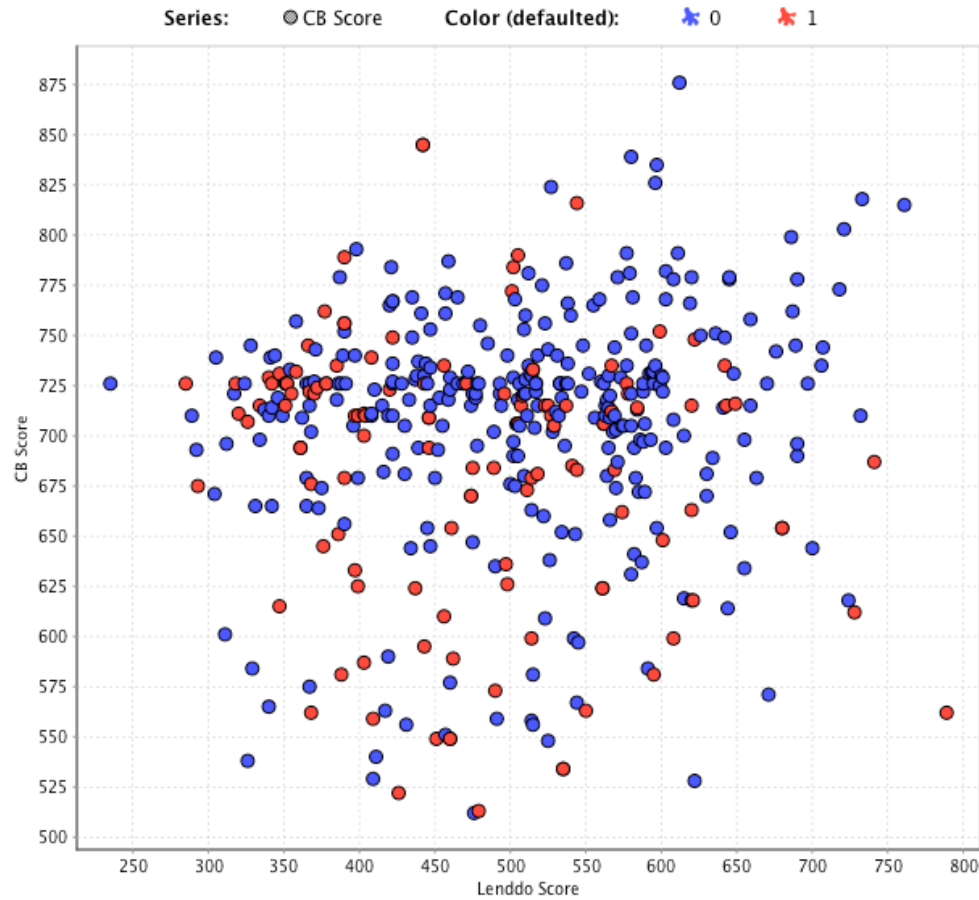**Eligible (above the cutoff)**   **51.6%**

Credit Bureau Score + Web-based model

The eligible segment

The population is segmented based on the credit bureau score. However, there is a segment considered as high risk with default rates above 2% that is not approved.

Total Prospects	
A/C	Bad %
51.6%	1.46%

Credit Bureau

Risk Level	Bads	Population
Low	0.88%	20.03%
Medium	1.39%	60.16%
High	2.26%	19.82%

Average	1.46%	
High/Low Ratio	3.36	
KS	25%	

Total Originated	
A/C	Bad %
41.34%	1.26%

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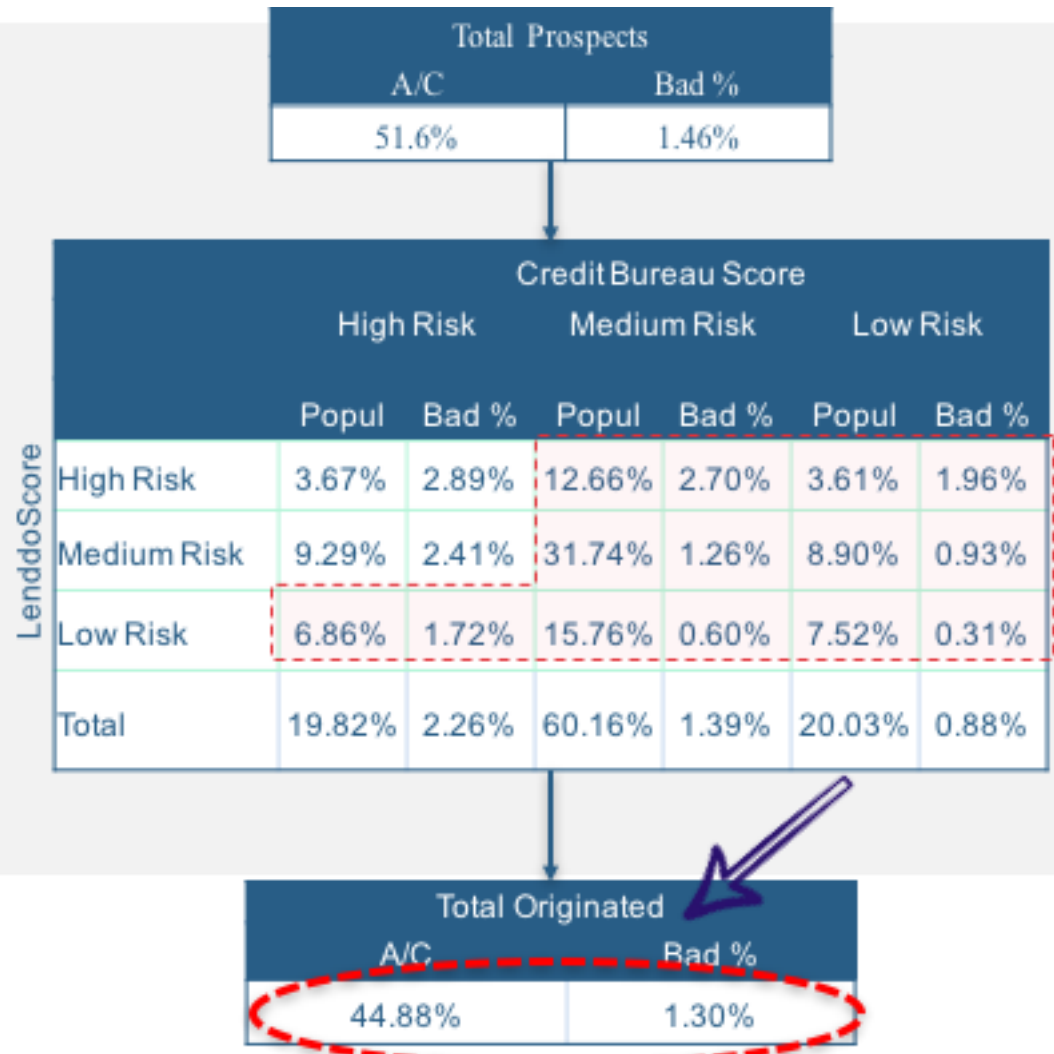
Credit Bureau Score + Web-based model

The Lenddo Score and the credit bureau Score show a **strong relationship**. By combining both scores is possible to **improve the discrimination**

Credit Bureau Score + Web-based model

A decision

Now, the institution can approve the low risk segment according to the Lenddo Score, increasing the number of loans with a slightly increase in the risk level.

Total Prospects	
A/C	Bad %
51.6%	1.46%

LenddoScore	Credit Bureau Score					
	High Risk		Medium Risk		Low Risk	
	Popul	Bad %	Popul	Bad %	Popul	Bad %
High Risk	3.67%	2.89%	12.66%	2.70%	3.61%	1.96%
Medium Risk	9.29%	2.41%	31.74%	1.26%	8.90%	0.93%
Low Risk	6.86%	1.72%	15.76%	0.60%	7.52%	0.31%
Total	19.82%	2.26%	60.16%	1.39%	20.03%	0.88%

Total Originated	
A/C	Bad %
44.88%	1.30%

Credit Bureau Score + Web-based model

In terms of money

This scenario is an example of some risky market segments that banks traditionally don't cover. By adding the Lenddo model, it is possible to offer loans while making profit.

Combination of Models		
	Credit Record	Combined
Approval Rate	41.35%	44.88%
Loans	6.794	7.375
Book ($)	1.698.500	1.843.750
Income	254.775	276.563
Default Rate	1.26%	1.30%
Expected Loss	8.560	9.588
Costs	41.078	41.078
Profit	**205.137**	**225.898**

+8.55% Increase in the approval rate
+10.12% Increase in the profit

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Credit Bureau Score + Web-based model

The No credit history segment

How to extend credit to the unbanked people? It is possible to approve some borrowers by using the Lenddo Score?

No credit history **20.7%**
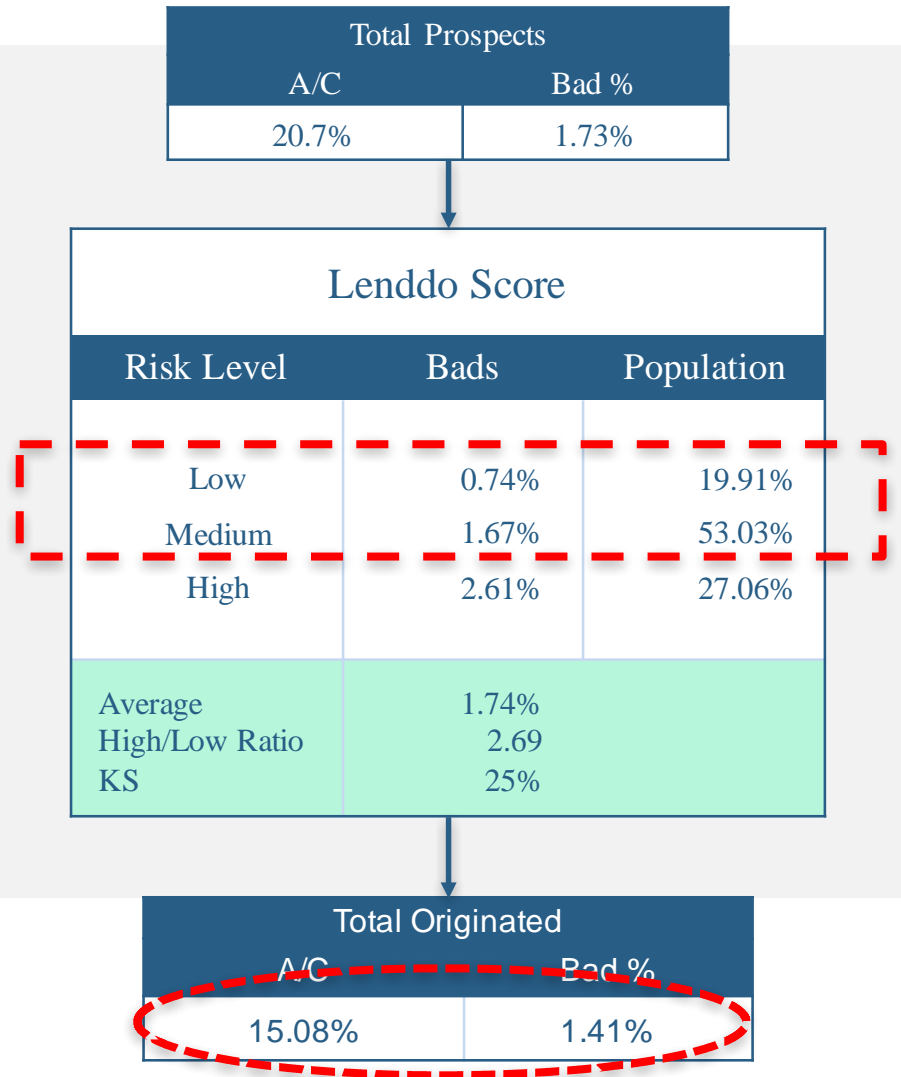
Non-eligible (low credit score) **27.8%**

Eligible (above the cutoff) **51.6%**

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Credit Bureau Score + Web-based model

The No credit history segment

By including the Lenddo Score in the credit risk policy to screen these applicants, it is possible to approve more borrowers at the same risk level.

Total Prospects	
A/C	Bad %
20.7%	1.73%

Lenddo Score

Risk Level	Bads	Population
Low	0.74%	19.91%
Medium	1.67%	53.03%
High	2.61%	27.06%
Average	1.74%	
High/Low Ratio	2.69	
KS	25%	

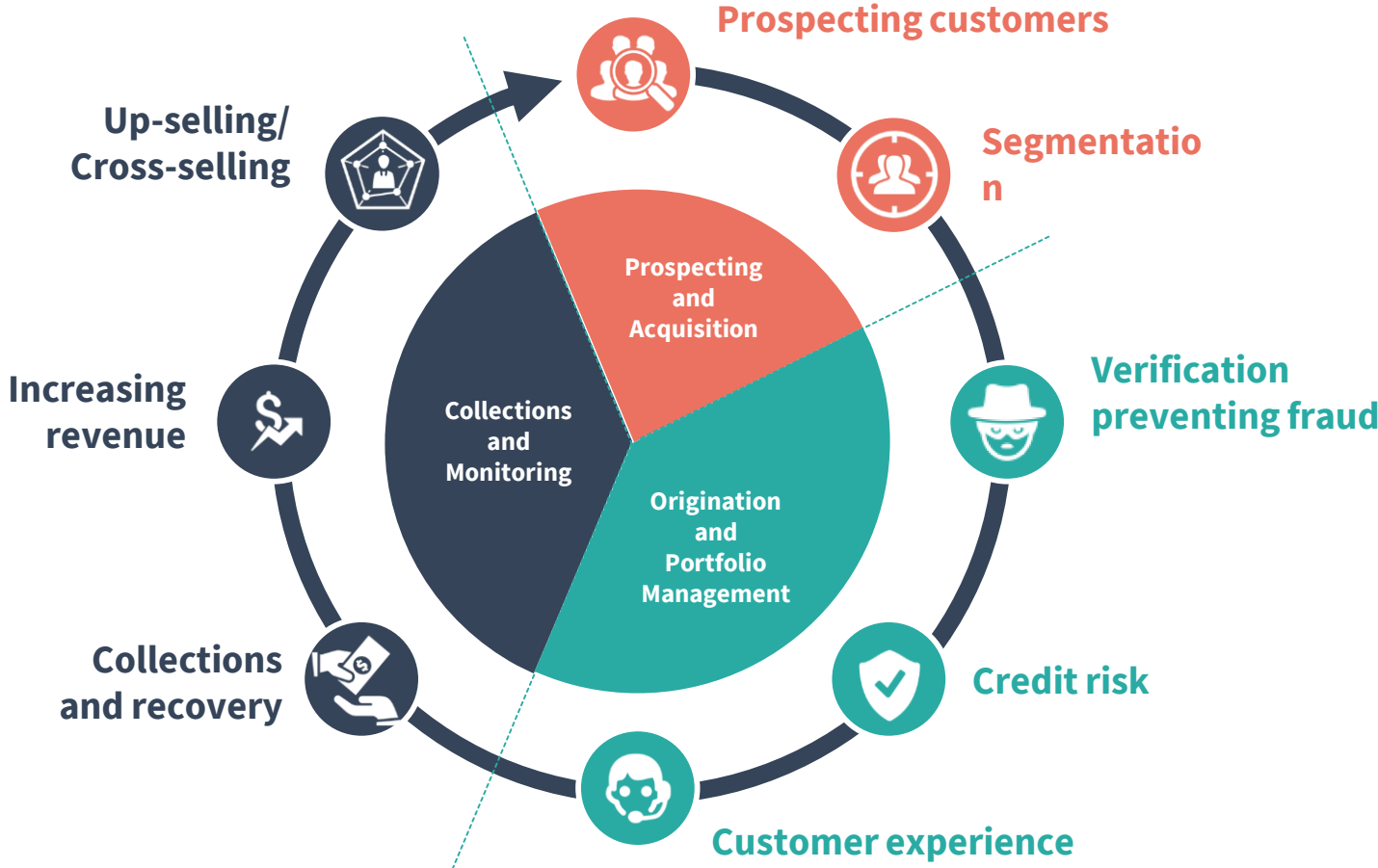| Total Originated	
A/C	Bad %
15.08%	1.41%

Credit Bureau Score + Web-based model

In terms of money

This scenario is an example of some risky market segments that banks traditionally don't cover. By adding the Lenddo model, it is possible to offer loans while making profit.

Combination of Models + Unbanked		
	Credit Record	Combined
Approval Rate	41.35%	59.96%
Loans	6.794	9.852
Book ($)	1.698.500	2.463.000
Income	254.775	369.530
Default Rate	1.26%	1.32%
Expected Loss	8.560	13.005
Costs	41.078	41.078
Profit	**205.137**	**315.368**

+45.0% Increase in the approval rate
+53.7% Increase in the profit

Lenddo at Every Stage of Credit Lifecycle

Prospecting customers

Segmentation

Prospecting and Acquisition

Verification preventing fraud

Origination and Portfolio Management

Credit risk

Collections and Monitoring

Customer experience

Up-selling/ Cross-selling

Increasing revenue

Collections and recovery

Lenddo is helping leading financial institutions globally make **more accurate** and **quicker decisions** across the customer lifecycle and drive **higher levels of growth and profitability**.

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Ou visitez www.lenddo.com

Thank you!