



Create and Accelerate the **Wave of Change**

Maximise the full power of Open Banking



Experian as your partner for Open Banking

We have been providing Open Banking access, discovery, design and automation solutions for organisations since 2017.

“In Europe we began building localised transactional banking data sets in 2018.”

In this time we have built up a deep understanding of best practice for realising value from Open Banking. As a result we have now more closely aligned our Open Banking capabilities to the identified jobs-to-be-done amongst credit providers.

This brochure details how we can help ensure that credit providers can maximise agility and speed by aligning strategies to optimise digital experience, risk and revenue.



The world of Open Data is transforming how organisations create value for their customers and shareholders

In many ways Open Banking provides organisations with both a taste of what is to come and the opportunity to future-proof their infrastructure.

Make Open Banking work and you will be ahead of the game as the Open Data transformation accelerates.

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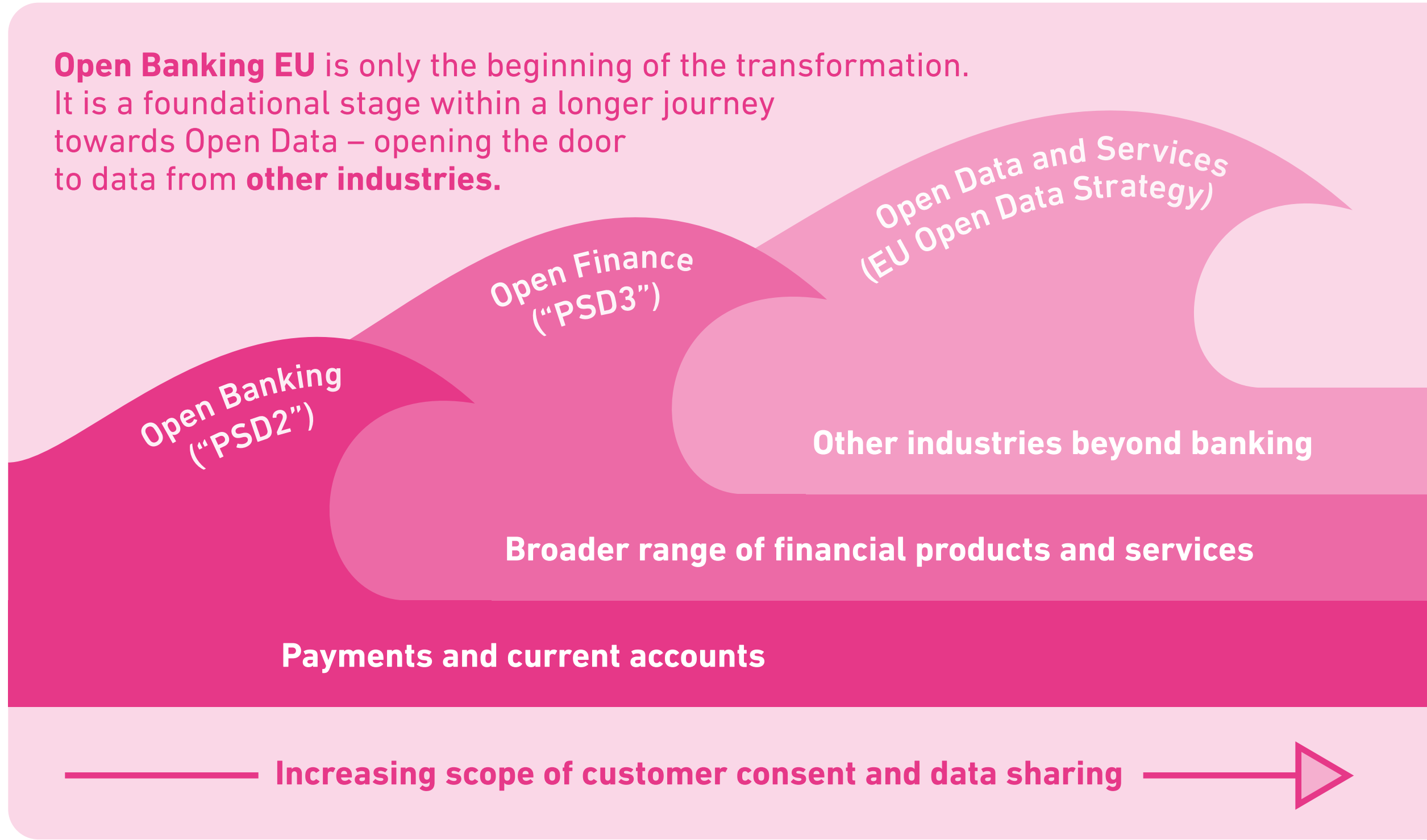
“ Yet despite this, over two thirds of C-Level Executives, Directors and senior decision makers at EMEA Financial Services and Telecommunications firms have not identified how to get the most value from Open Banking. ”

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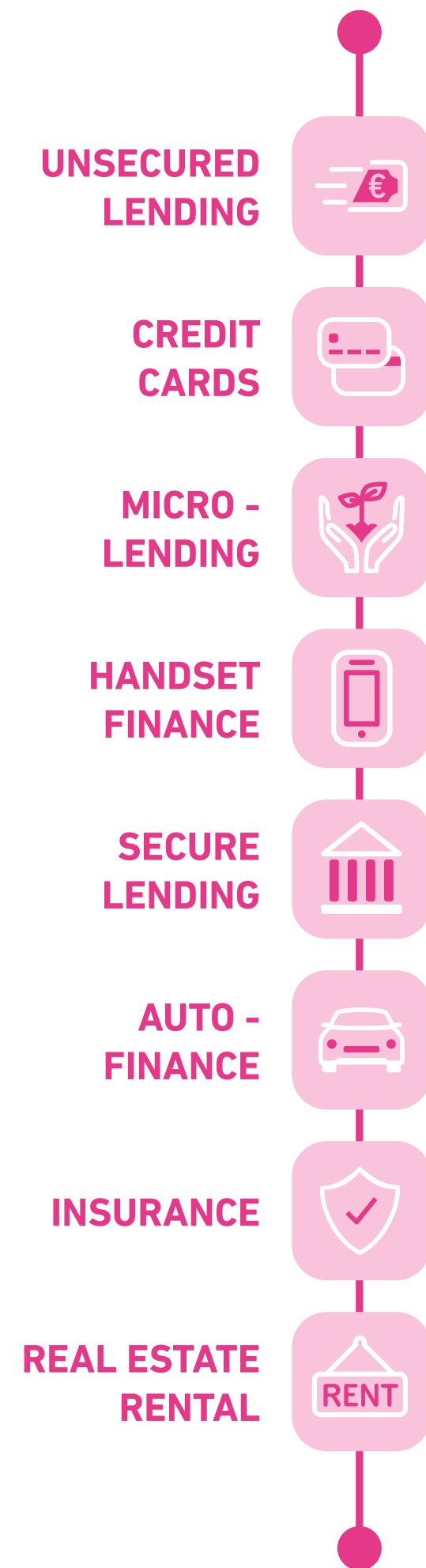
In the world of Open Data, maximising value from the wave of transformation will increasingly depend on:

- API connectivity to support secure and reassuring customer consent to access an increasingly wide range of different data types.
- Ready access to advanced analytics and Machine Learning to manage the vast amounts of data that are becoming available and to instantly convert them into actionable insights.
- The speed, agility and scalability of the deployment of insight into compelling customer treatments and fully risk managed strategies.

Fully integrated data and analytics, together with no-code software capabilities are essential enablers to power new end-to-end customer and user pathways across the lifecycle.



VALUE PROPOSITION



Experian Open Banking will help you create and accelerate the Wave of Change across your organisation

Our Open Banking proposition enables credit providers to achieve multiple value outcomes that reflect aligned digital experience, risk and revenue priorities.

DIGITAL EXPERIENCE

- Experian as your digital transformation partner for accelerating and optimising digital channels
- ✓ API Connectivity
 - ✓ Verified digital data – including IBAN
 - ✓ Accelerated KYC
 - ✓ Integrated, modular end-to-end capabilities
 - ✓ Reduced total cost to serve

RISK

- Experian as your data and analytics partner for increasing and embedding risk certainty and risk predictiveness
- ✓ Uplifted risk predictivity
 - ✓ Financial and behavioural risk trend visibility
 - ✓ Fully risk-managed customer strategies
 - ✓ Reduced losses and costs

REVENUE

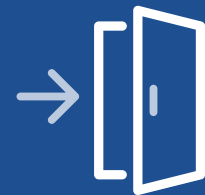
- Experian as your partner for building sustainable competitive advantage from customer consented transactional data
- ✓ Faster customer acquisition
 - ✓ Wider customer eligibility
 - ✓ Personalised customer treatments
 - ✓ Increased revenue, margin and Lifetime Customer Value

How do we do this?

Our market leading Open Banking platform powers customer consent journeys that enable access customer transactional data. The retrieved data is then instantly categorised using powerful, continually improving Machine Learning (ML) based on highly localised data sets. The outputs enable you to digitally verify customer data and access multiple actionable insights. Finally, we provide access to the tools and expertise to help you to gain maximum value from these insights within updated risk scores, models and strategies.



CONSENT, CATEGORISATION AND INSIGHT PLATFORM



ACCOUNT ACCESS

Orchestrated customer consent journeys using simple APIs that link in real time to the Experian App and the customer's online banking.

Deliver the best experience for consumers and SME businesses whilst fully reflecting regulatory and compliance requirements.

- ✓ Dynamic searching makes it easy to find accounts
- ✓ Maximum consumer security, reassurance and transparency
- ✓ Full access to single or multiple banks and joint accounts



DIGITAL VERIFICATION

Acquire digital data from source to remove back office processes and accelerate digital transformation of customer and internal user journeys.

- ✓ Helps create and optimise integrated digital and omni-channel strategies
- ✓ Increase automation of KYC, decisioning and other associated processes
- ✓ Enhance customer experience whilst reducing cost to serve



USAGE AND OPTIMISATION

Access high quality visualisation and usage tools and plus specialist expertise to help maximise value from all acquired insights and verified data

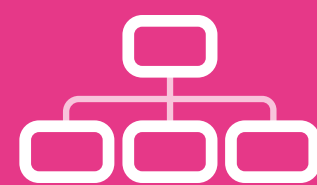
- ✓ Adapt existing rules and cut offs to reflect deeper insight
- ✓ Integrate transactional data insights within fully risk managed customer strategies
- ✓ Maximise customer value whilst simultaneously reducing cost and risk



ACTIONABLE INSIGHTS

Gain multiple wide-ranging analytical insights which can be used to uplift accuracy of scores, models, rules and cut-off strategies.

- ✓ Comprehensive credit, affordability and behavioural risk visibility and trend analysis
- ✓ Simultaneously improves operational performance and customer experience
- ✓ Supports multiple use cases across the customer lifecycle.



MACHINE LEARNING POWERED CATEGORISATION

Instantly converts high volumes of unstructured transactional account information into representative types of income and expenditure.

Rich taxonomy and use of machine learning provides far more agility and accuracy than conventional rule-based techniques.

- ✓ Highly granular taxonomies for both individual consumers and SME / businesses
- ✓ Local datasets using data from leading banks and credit providers
- ✓ Continuously improved by dedicated FTE annotators and self-learning

OUTCOME FOCUS

What will be the result?

Create the wave

USAGE AND OPTIMISATION

Dashboard and visualisation services plus consultancy support

- ✓ Selection and integrating of insights within cut off rules
- ✓ Uplift existing Bureau Scores
- ✓ New model and scores development
- ✓ Individual customer- insight visualisation

x3
Improvement acceptance rates of potential customers

ACTIONABLE INSIGHTS

Deconstruction of affordability aggregates into risk and value indicators

- ✓ Stand alone Transactional affordability score
- ✓ Affordability Insights
- ✓ Income Insights
- ✓ Warnings + Vulnerabilities
- ✓ Account meaningfulness
- ✓ Spending behaviours
- ✓ Lender Visibility
- ✓ Key life events
- ✓ Bespoke

> 60%
Transactional score discrimination (Gini)

M-L POWERED CATEGORISATION

Transactional data segmented into income (18 categories) and expenditure (76 categories) and then used to create 6 overall affordability aggregates

- ✓ Eligible Income (EI)
- ✓ Ineligible Income (II)
- ✓ Essential Expenditure (EE)
- ✓ Basic quality of living (BQL)
- ✓ Committed Expenditure (CE)
- ✓ Other Expenses (OE)

87%
Transactions correctly categorised in under 1 second

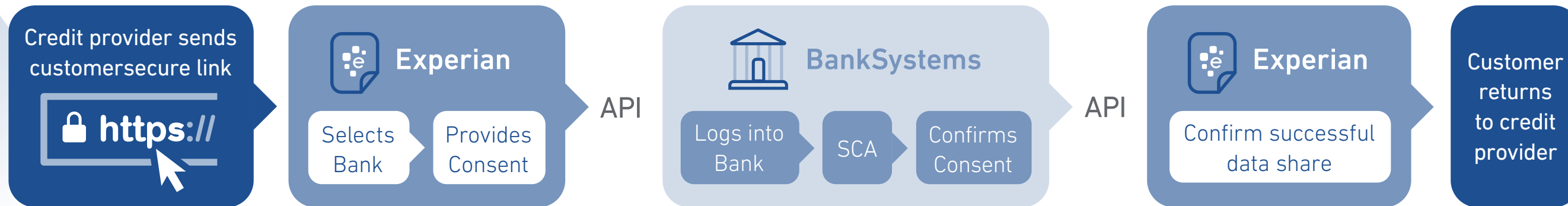
DIGITAL VERIFICATION

Customer information is verified to support digital KYC processes and digital transformation

- ✓ Income verification
- ✓ Employment Verification
- ✓ IBAN Banking Verification
- ✓ ID Verification

55%
Operating costs reduction

ACCOUNT ACCESS



c.85% consent obtained
100% local bank coverage
60-70% OB process completion

70%

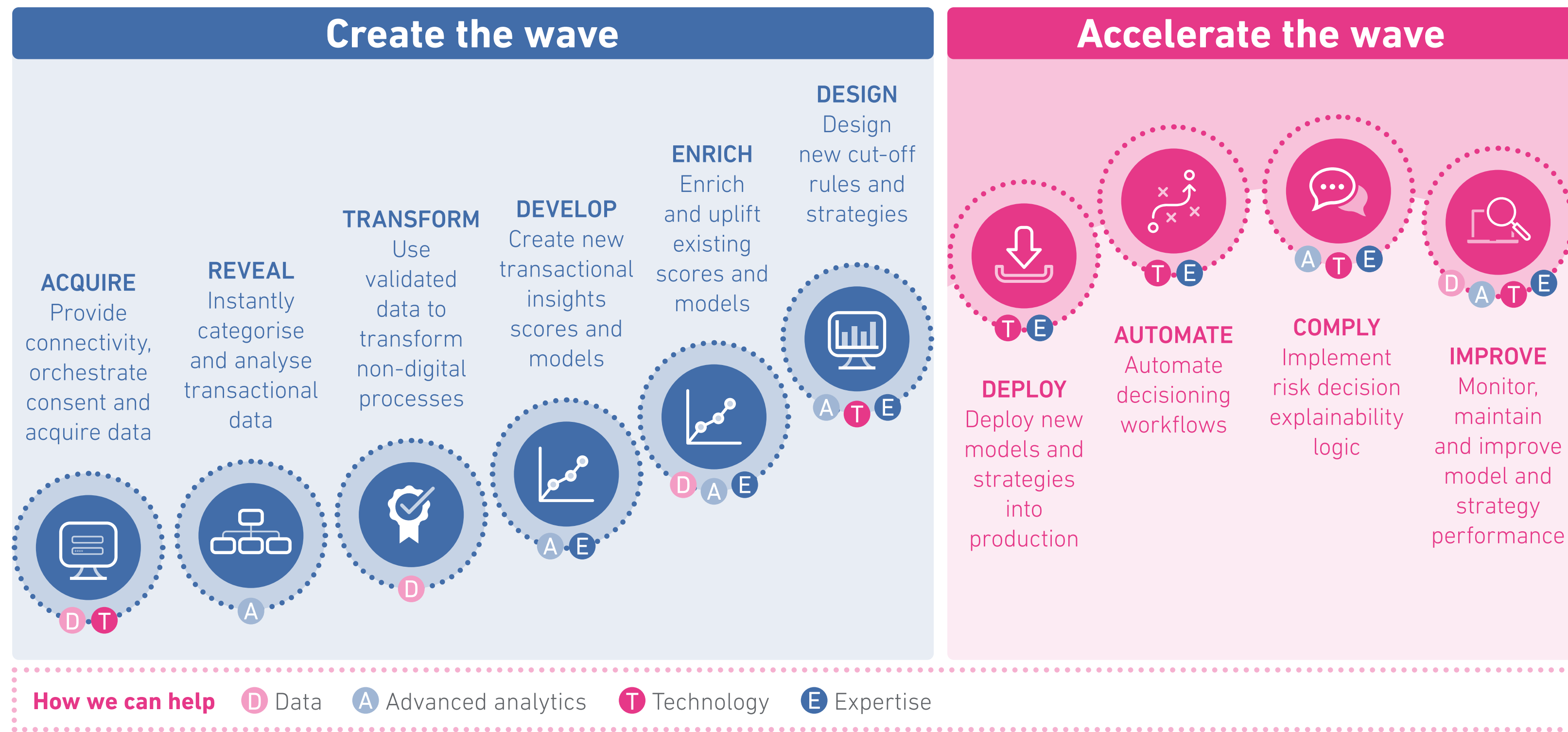
of C-Level Executives, Directors and senior decision makers at EMEA Banks and Telecommunications Firms have not yet identified how to get the most value from open banking

Our proven end-to-end expertise across data, analytics and automated decisioning technology make us the natural choice for Open Banking services. Only by looking across complete end-to-end value pathways can organisations ensure fully scalable and sustained value creation with minimum value leakage.

Our suite of integrated capabilities mean that we can help clients to both increase and accelerate overall Return on Investment. (ROI). We do this by enabling them to firstly create and then accelerate the wave of change that is made possible by open banking.

And this is only the beginning!

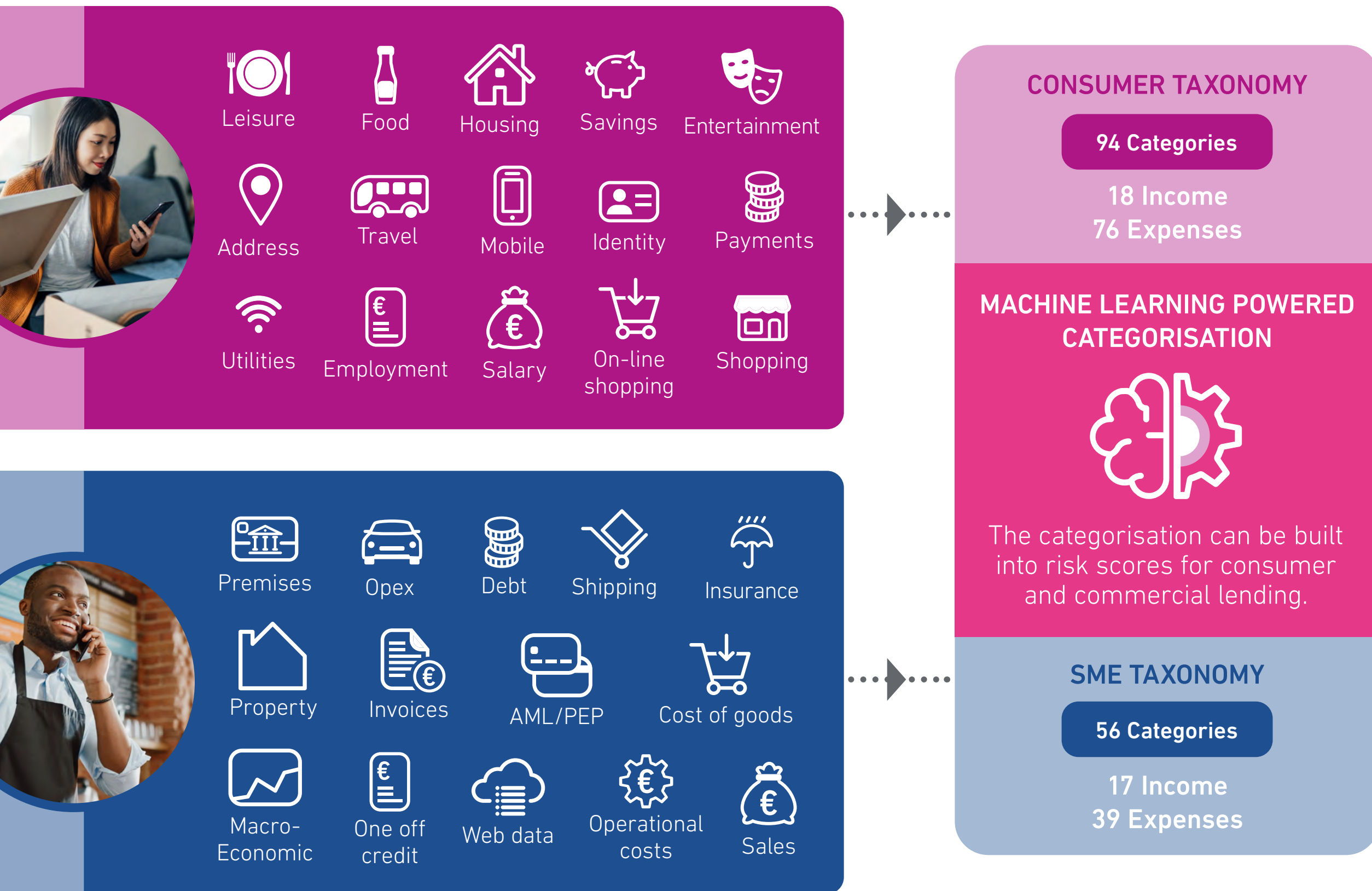
With Open Data and open access set to bring further opportunities, it is vital that organisations ensure they are at the forefront of transformation.



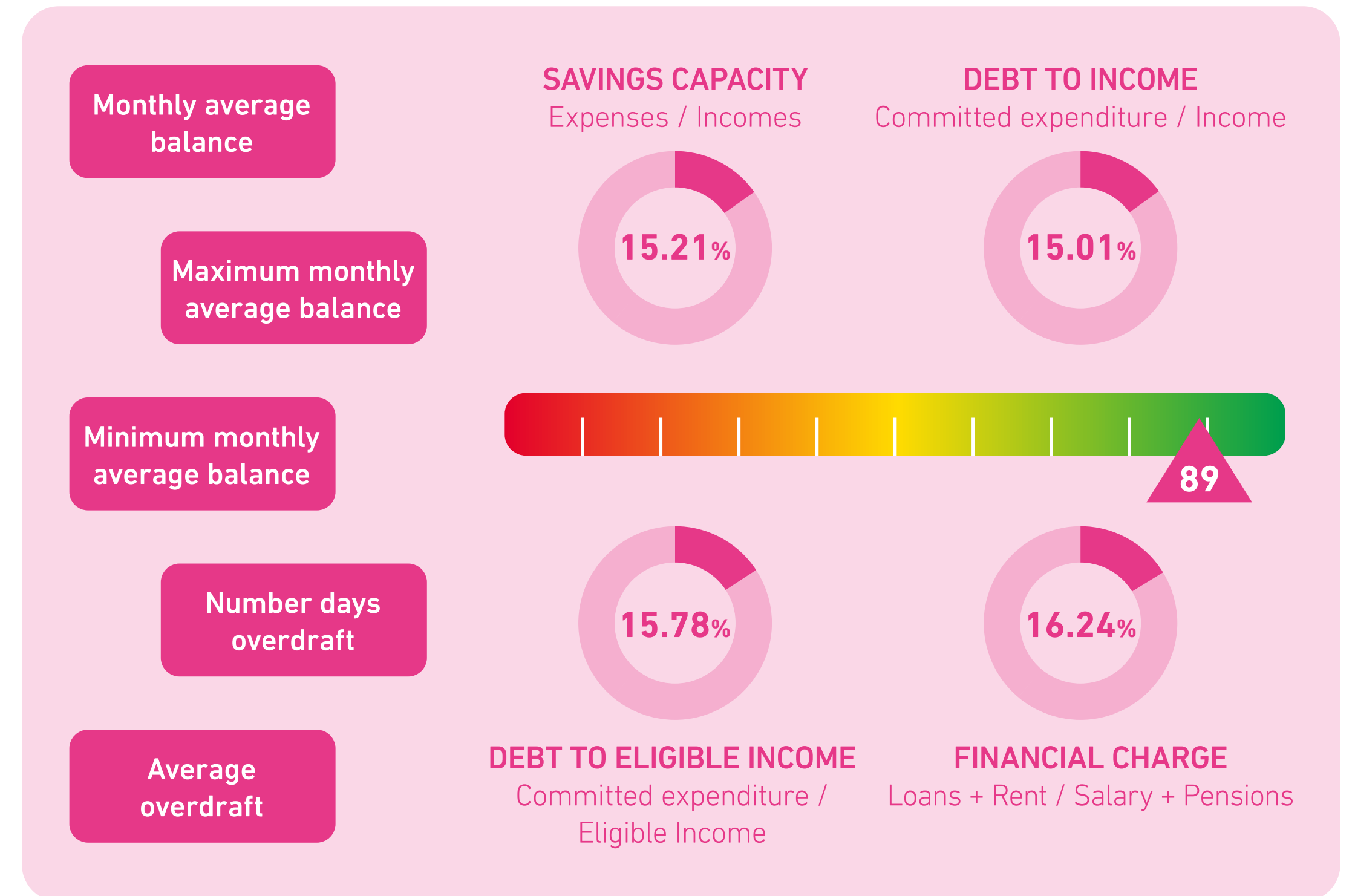
Source: Research by Forrester Consulting conducted exclusively for Experian in August 2022. Base 587 respondents in Italy, Spain, Netherlands, Germany, Netherlands, Denmark and South Africa.

USE CASE

USE AFFORDABILITY ESTIMATION AND AFFORDABILITY INSIGHTS TO CREATE A STAND ALONE AFFORDABILITY SCORE

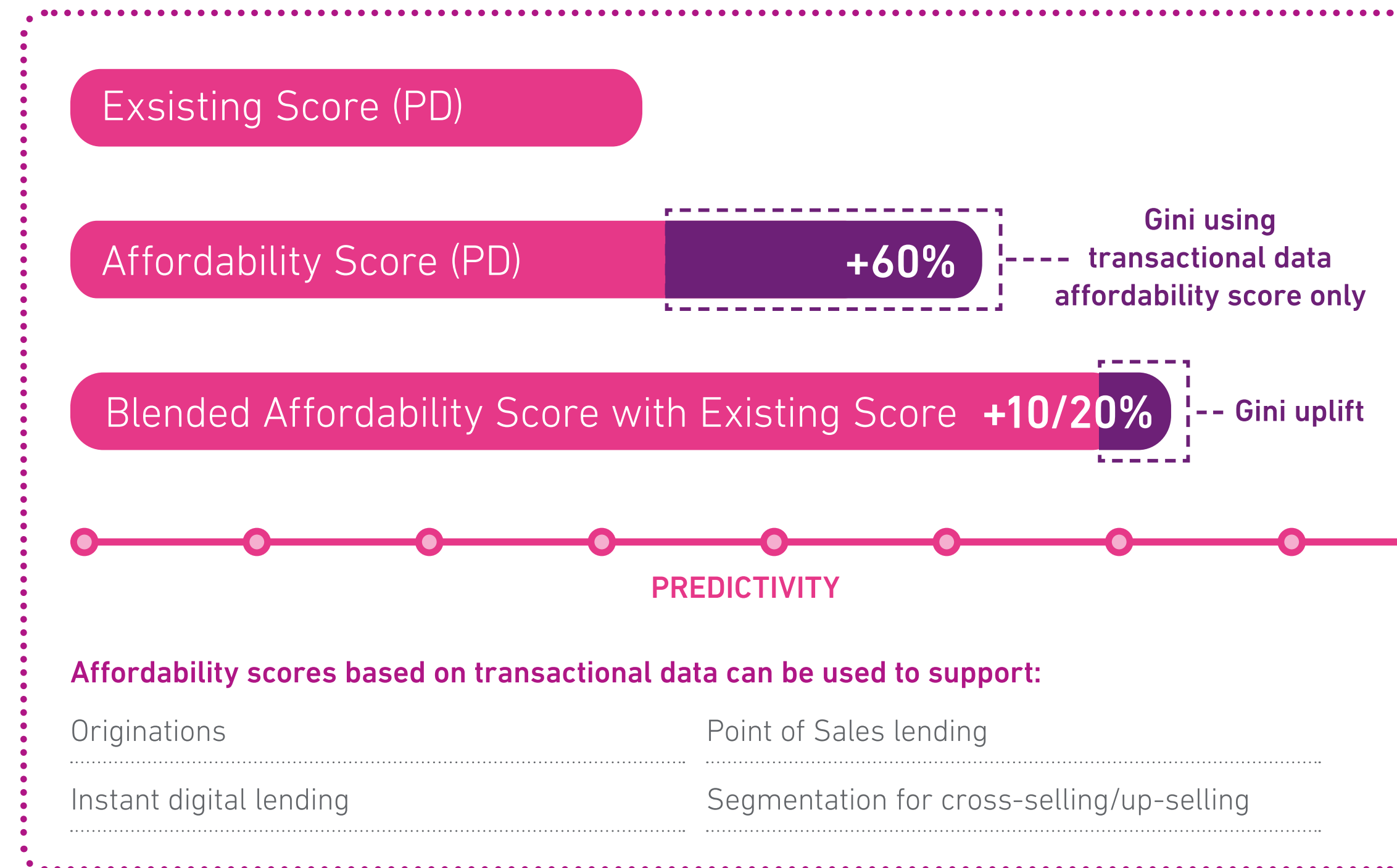


Don't miss out on new customers because of a lack of customer insight. Open Banking provides access to up-to-date transactional data, where income and expenditure information is used to improve probability of default scores and models. Experian's advanced analytics team help clients to develop standalone transactional scores or blended scores to boost Gini performance and improve accuracy.



ENRICH EXISTING SCORES AND MODELS TO UPLIFT PREDICTIVE ACCURACY

Our comprehensive range of actionable transaction insights and will help your analytics teams to enhance existing scorecards and models for both consumers and SMEs:



Blended scorecards typically deliver improved levels of predictiveness compared to existing scorecards*.

FROM **10%** UP TO **20%**

Open Banking based scores show higher predictiveness than traditional origination models and when blended with bureau data provides significant performance uplift.

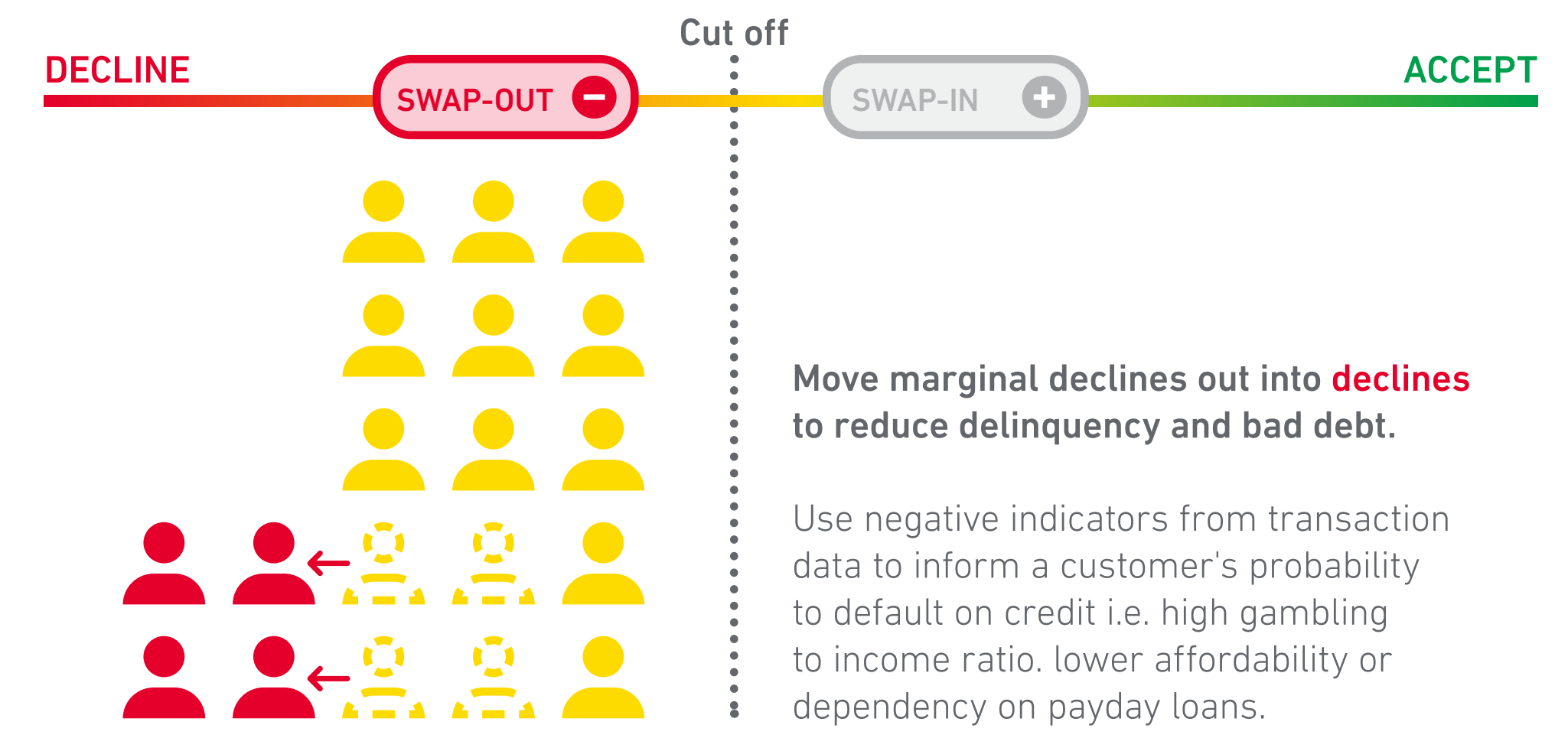
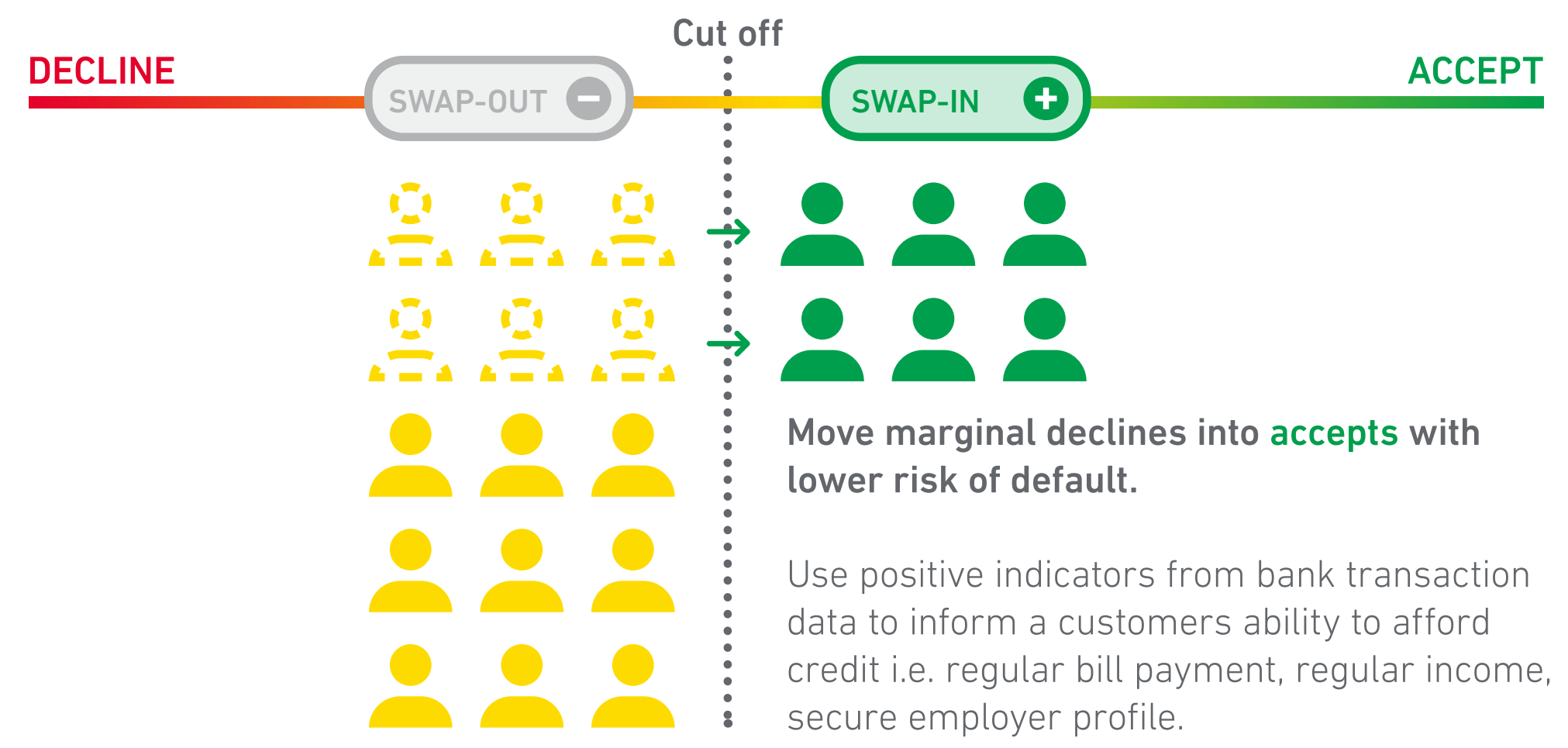
This will typically result in an improvement in overall acceptance rates* of

BETWEEN **6%** AND **12%**

(*) Based on existing assignments. Performance uplift for each client will differ depending on data inputs and existing performance levels.

WIDEN ELIGIBILITY BY IMPROVING DECISIONING ACCURACY ON MARGINAL DECLINES

Improve understanding of affordability for marginals, increase acceptance rates and improve bad debt rates.



INCREASED REVENUE

REDUCED COSTS

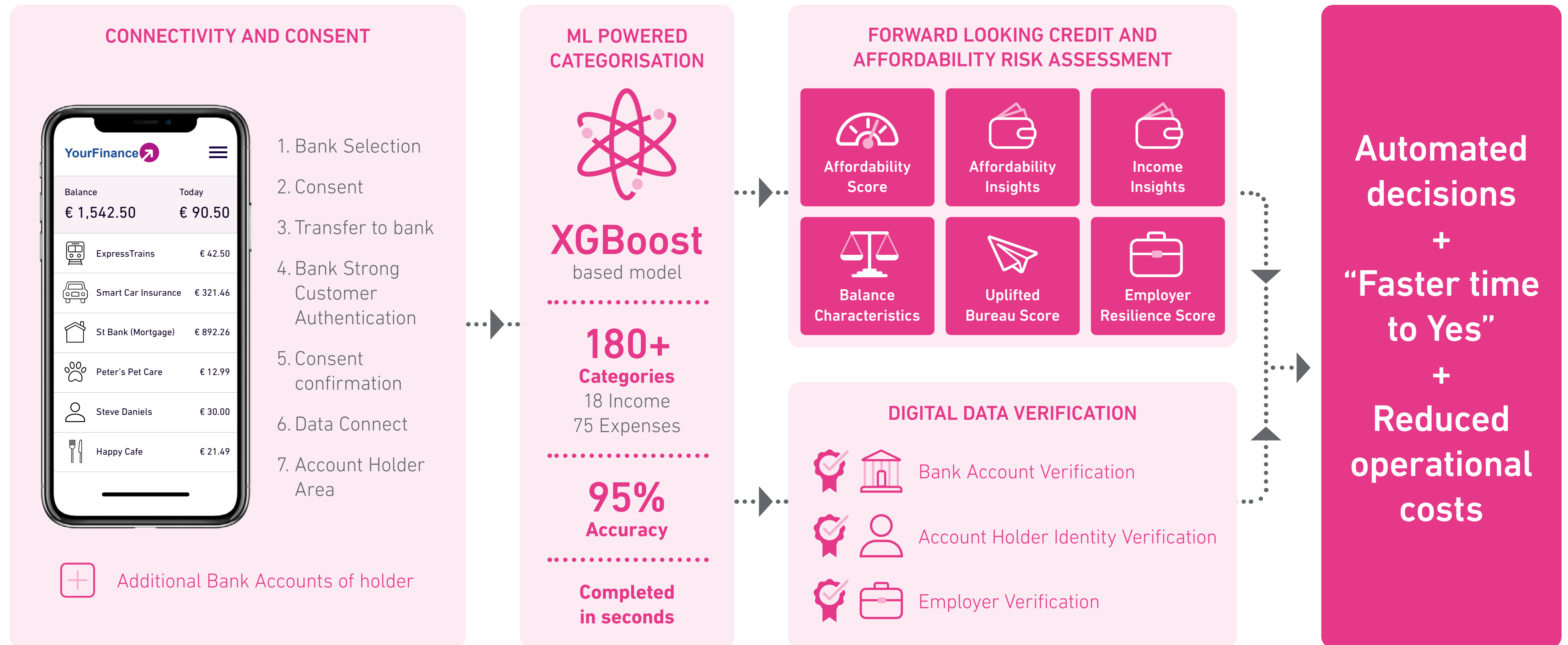
Actionable Insights from Open Banking provide positive and negative indicators that provide insight into a customer's ability to afford credit, which is used to improve cut off measures.

Positive indicators are used to swap in marginal declines into accepts without increasing the risk appetite. This means more acceptance and a wider pool of customers.

Negative indicators are used to deliver improved levels of predictiveness for probability of default models. These allow marginal cases to move into declines that may otherwise have been accepted. This reduces delinquency and the bad debt rate.

IMPLEMENT STRAIGHT-THROUGH PROCESSING AND A FULLY DIGITAL EXPERIENCE

Together, our Actionable Insights and Digital Data Verification services enable increased risk visibility, faster application processes and increased automation. Streamlined underwriting reduces operational costs, and increased scalability enabling you to deliver a faster “time to yes”, increased new customer revenues and increased margin.



IDENTIFY VULNERABLE EXISTING CUSTOMERS FASTER

Existing customers' in-house transactional data is categorised and analysed and the outputs used to identify customers with early signs of vulnerability

Higher proportion of at risk customers stay in customer management



UNEMPLOYMENT

- Salary flag absent in the entire study months (??)
- Unemployment subsidy flag appears > one month
- Salary decreases substantially



INCREASING LOANS

- Number of loans in last months
- Total loan repayments increasing



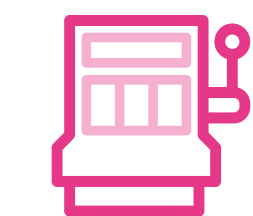
MORTGAGES

- Frequent mortgage flags indicating high ratio of mortgage payment / income received



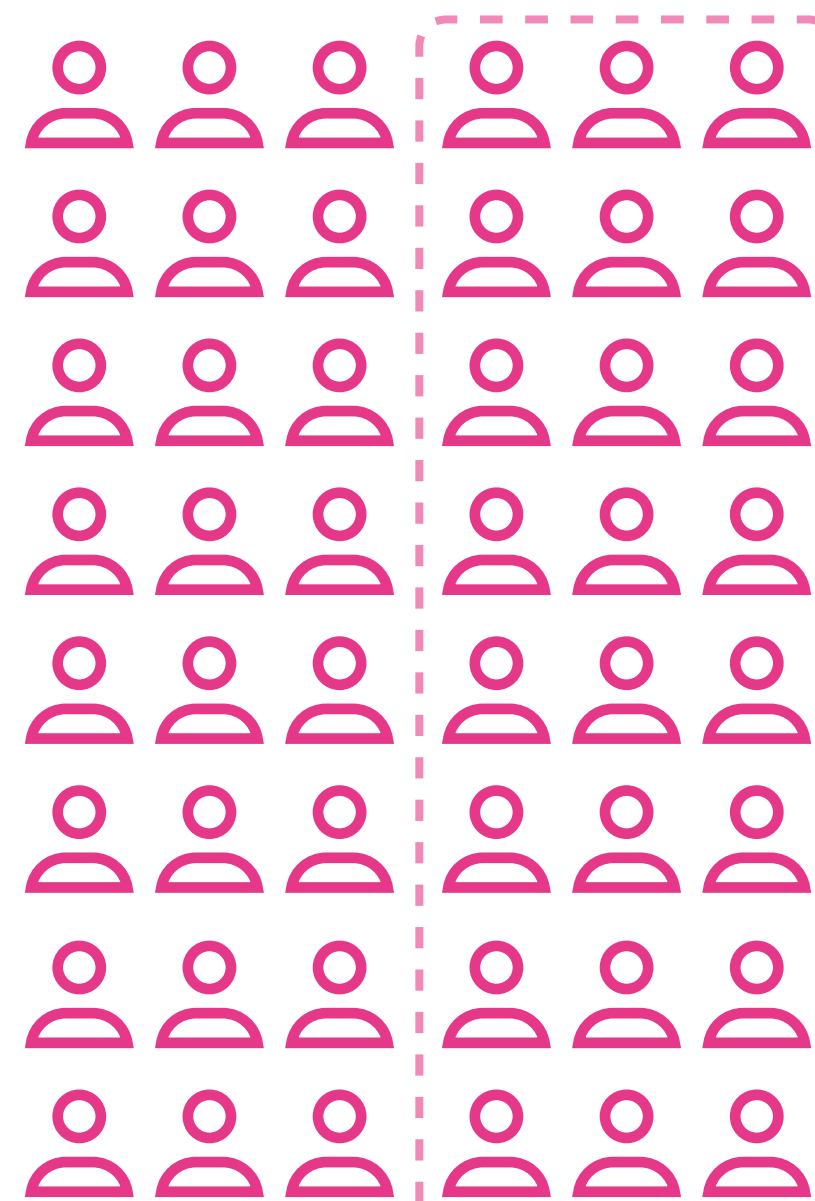
DEFAULT ISSUES

- Collections flag appears at least one month
- The amount increases month by month



GAMBLING ISSUES

- Gambling flag appears in most months
- Total gambling expense trend increasing

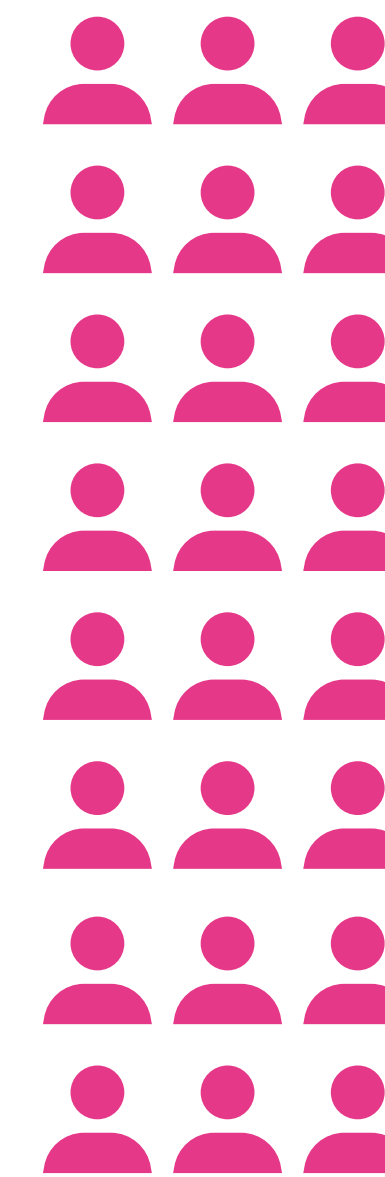


POTENTIALLY AT RISK



ACTION TAKEN

(e.g. New terms, payment holiday)



SAVED FROM COLLECTIONS

Existing client case study

For one client we have applied machine learning powered categorisation to their existing customer data (using a Batch transfer) to create multiple actionable insights on existing customer vulnerability.



Working with them we were then able to apply these insights to reduce number of delinquent accounts by 18%.

Let Experian help you maximise the full power of open banking and make faster and more accurate lending decisions whilst simultaneously reducing costs and customer friction.

Our data and advanced analytics will help you gain increased visibility and clarity across multiple dimensions of risk.

Our technology will help orchestrate and automate processes and workflows to ensure a positively differentiated low cost customer journeys.

Our ongoing support and expertise will enable you to maintain and optimise performance whilst simultaneously ensuring fair and responsible lending.



To find out more, get in touch.

Please contact your local Experian office or visit the [Experian Academy website](#).



Data | Analytics | Technology | Expertise