

## UltraFICO™ Score - Leveraging Consumer Contributed Data





# Extending Financial Inclusion

**Challenge:** Millions of consumers that lack credit history or experienced financial distress in the past have difficulty obtaining credit from mainstream financial institutions

Many of our clients are exploring ways of extending the reach and power of the FICO® Score by leveraging alternative data sources

## 2 Key Addressable Markets:

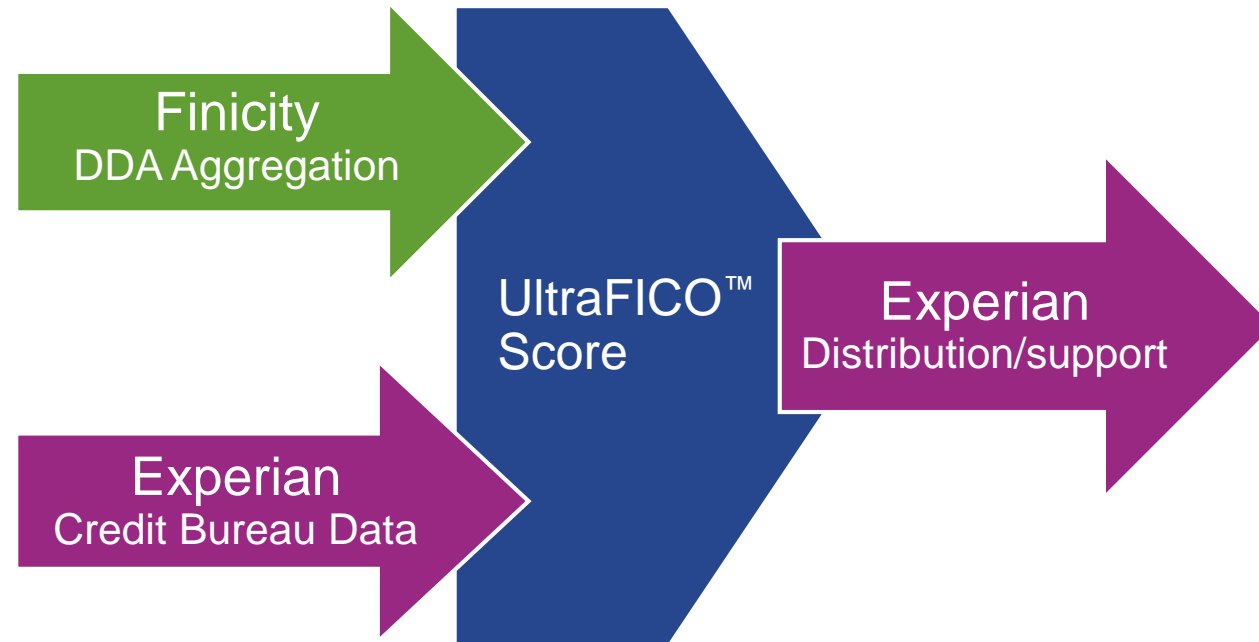
~53 million consumers have no file or sparse data on record

~79 million consumers with FICO® Scores below prime (680)

Greater precision in risk assessment obtained through alternative data may also be extended to prime markets

# Leveraging Financial Transaction Data

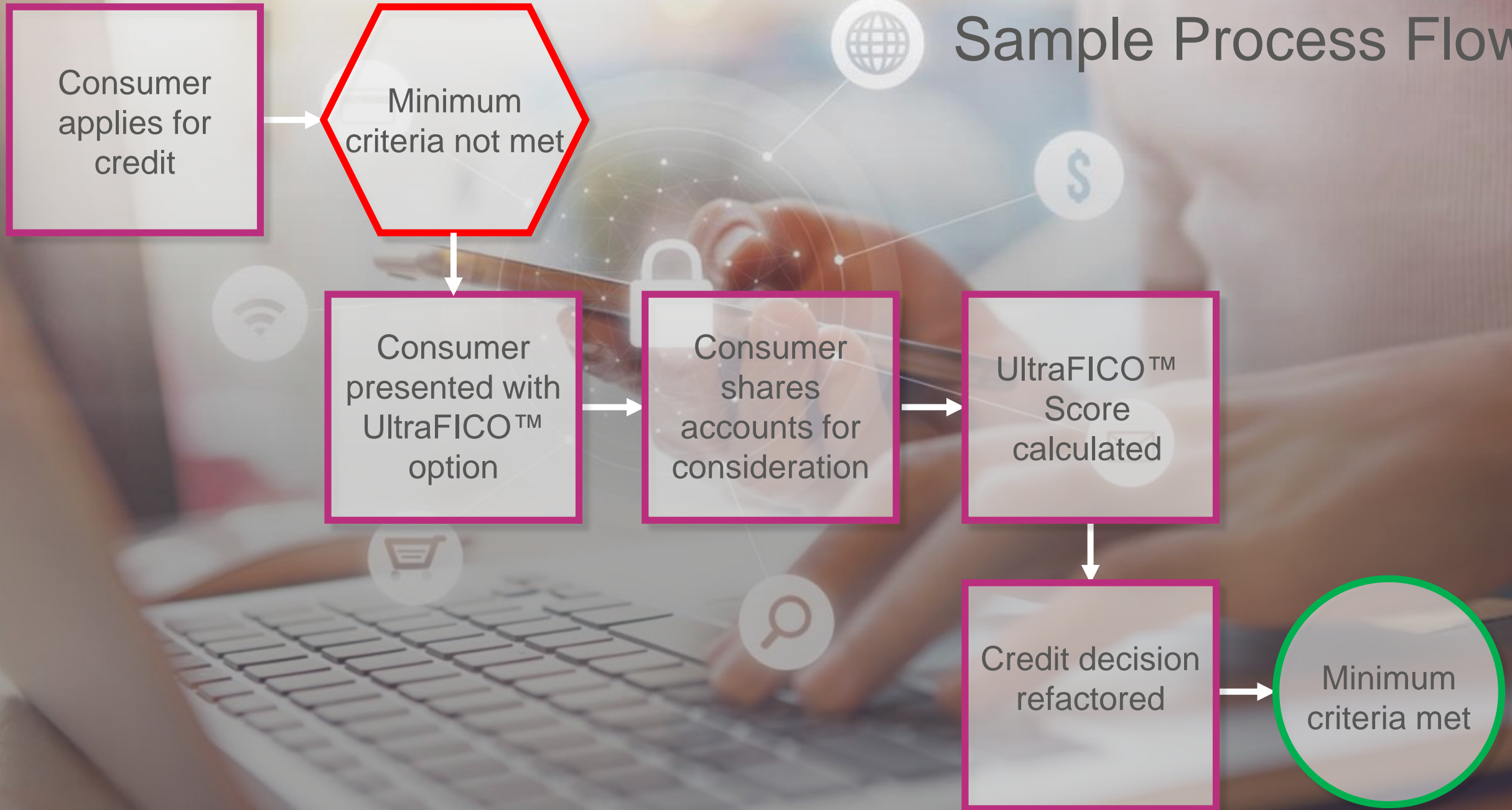
- The UltraFICO™ Score incorporates transactional data from consumer's checking, savings and money market accounts
- Extends the scorable population and refines prediction to broaden financial inclusion



## UltraFICO™ Score

- Scaled to align to the standard FICO® Score
- Same 300-850 score range
- Score factor reason codes/Exclusion codes
- DDA index
- All supporting documentation for Risk Based Pricing and consumer dispute notification

# Sample Process Flow





# Enhanced Score Performance

Meaningful increase in predictive power

Comparing KS Values	UltraFICO™ Score	FICO® Score 9	% Uplift
<b>THIN/YOUNG PRIME POPULATION</b>			
Bankcard Originations	45.20	40.13	12.6%
Auto Originations	41.73	36.48	14.4%
<b>NON-PRIME POPULATION</b>			
Bankcard Originations	44.20	42.50	4.0%
Auto Originations	48.43	46.37	4.4%



# Score Impact Analysis

## **Additional drivers of UltraFICO™ Score**

- Maintaining a bank account over time
- Recency and frequency of banking transactions
- Saving and keeping a healthy average balance
- Avoiding a negative balance

## **Analysis reflecting self-selection criteria most realistic**

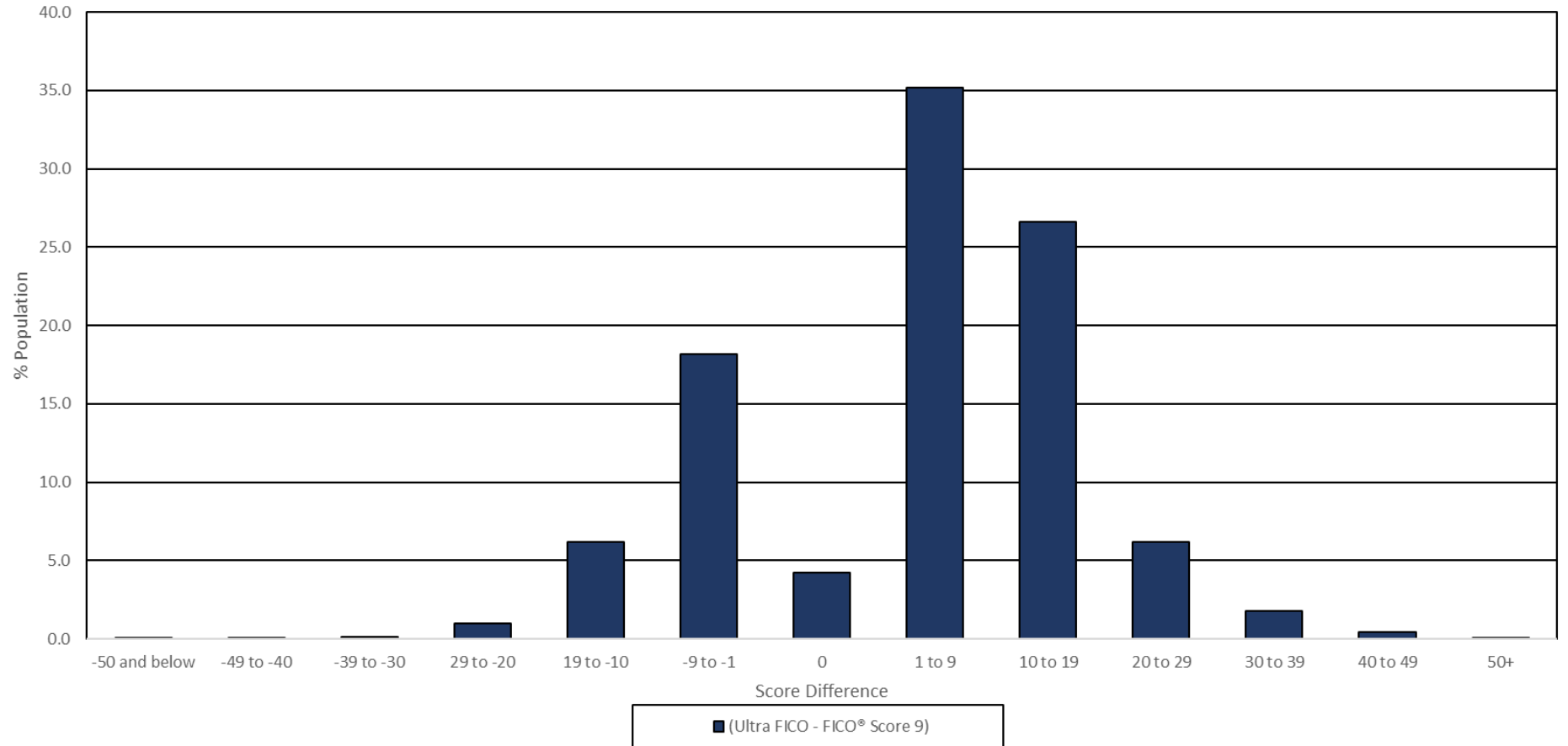
- No negative balances in last 3 months
- Maintaining average monthly balance of \$400 or higher in last three months

## **Strong upward shift in scores seen in key segments**

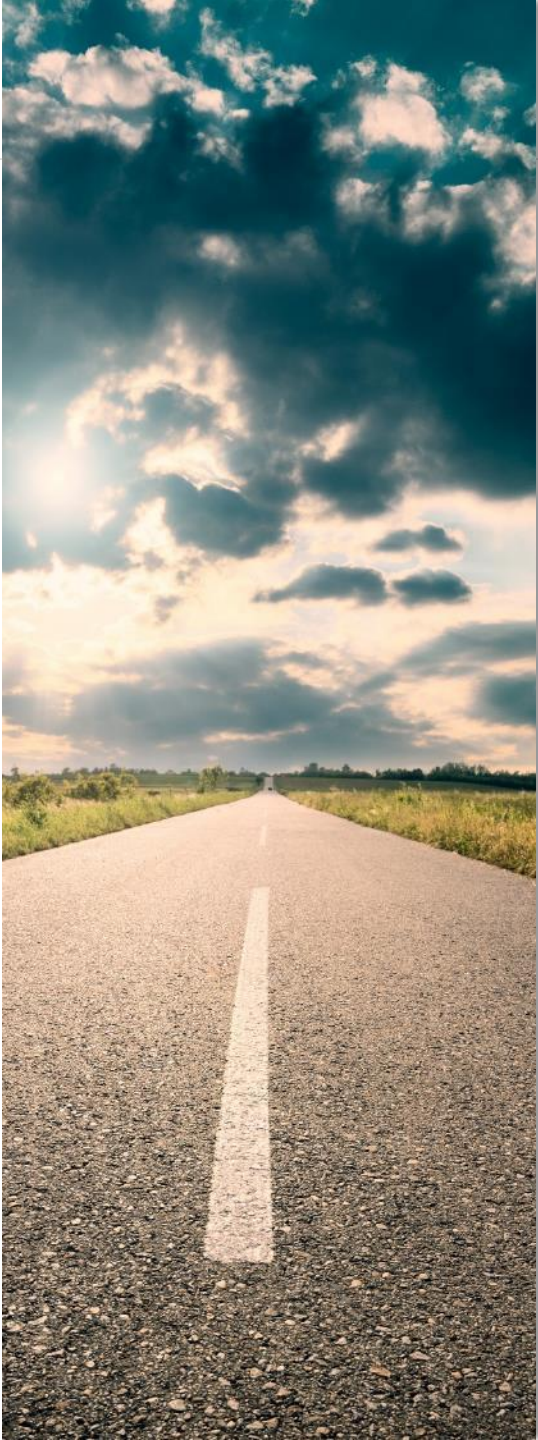
- Thin and/or young credit files
- Credit files with previous derogatory information
- Positive shifts in all other segments

# Applicant Population: Total (with self-selection filters)

## Score Difference Distribution: FICO<sup>®</sup> Score 9 vs. UltraFICO<sup>™</sup> Score

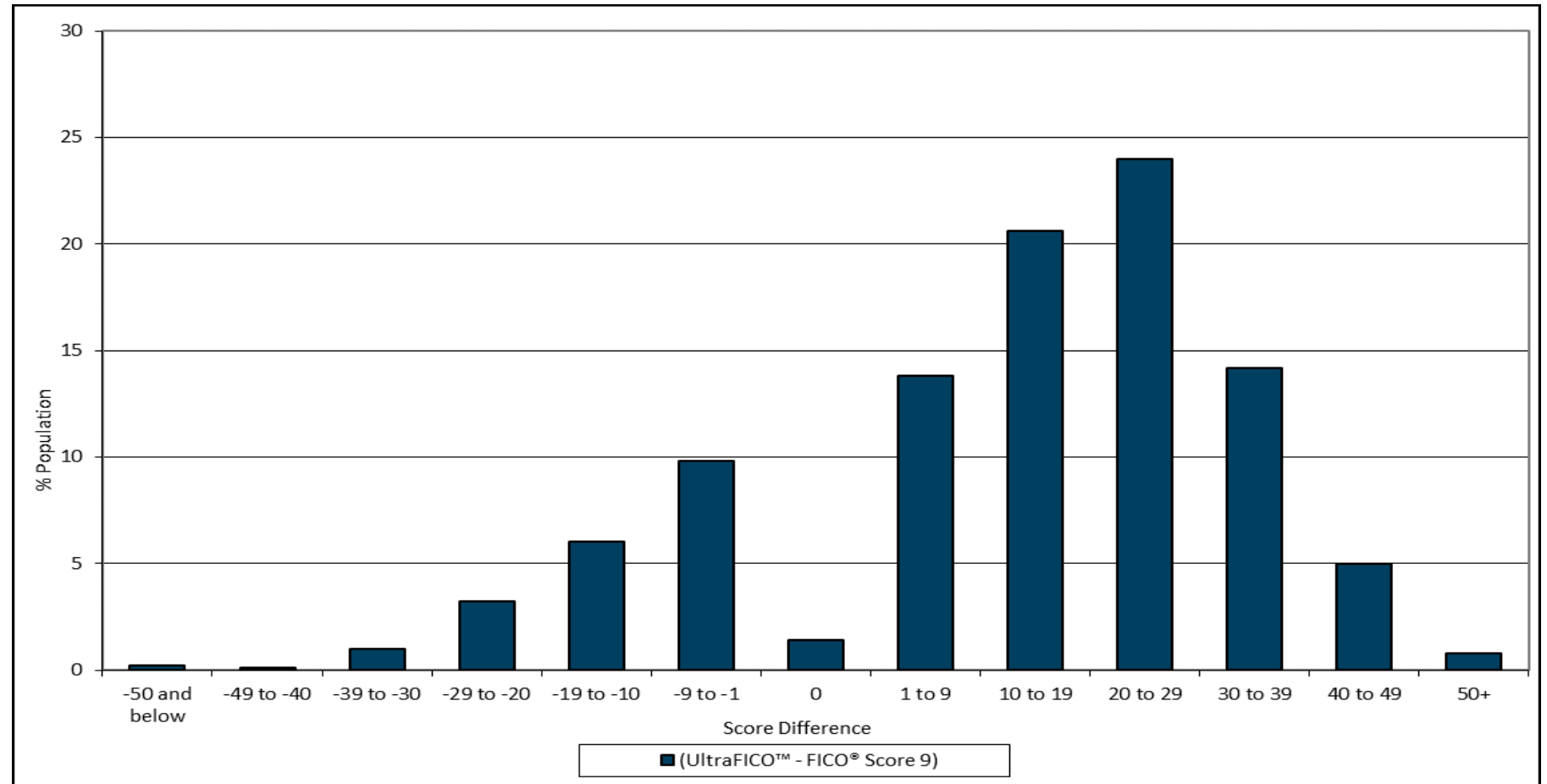


- Consumers with no negative balances and \$400 average balance in past 3 months
- 70% of population experiences a score increase



## Applicant Population: Thin/Young Credit Files (with self-selection filters)

### Score Difference Distribution: FICO® Score 9 vs. UltraFICO™ Score

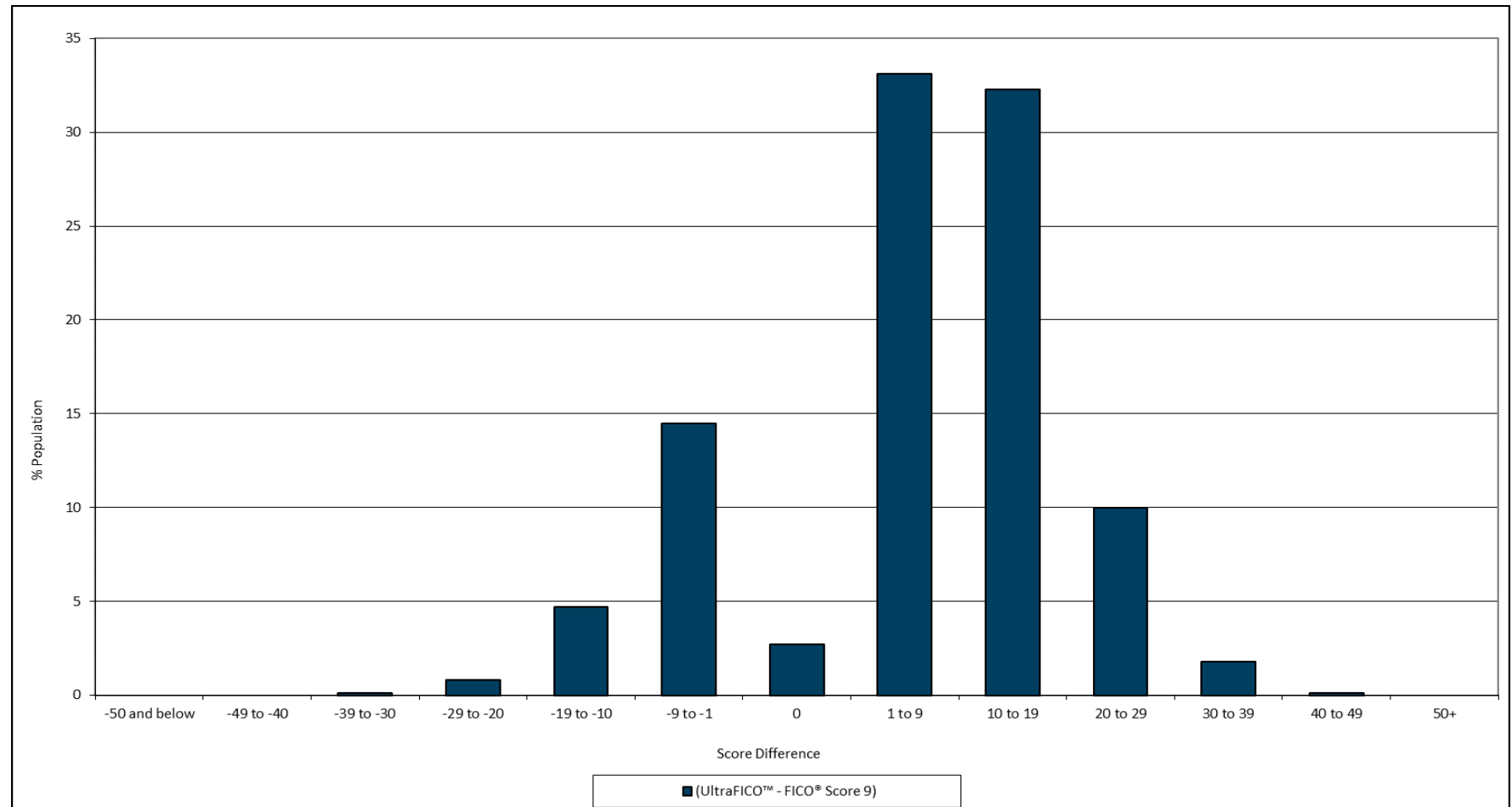


- 78% of population experiences a score increase
- More than 40% see increase over 20 points



# Applicant Population: Non-Prime Credit Files (with self-selection criteria)

## Score Difference Distribution: FICO® Score 9 vs. UltraFICO™ Score



- 77% of population experiences a score increase
- More than one in ten see an increase of 20 points or more

# DDA Minimum Inclusion Criteria & CB Minimum Scoring Criteria

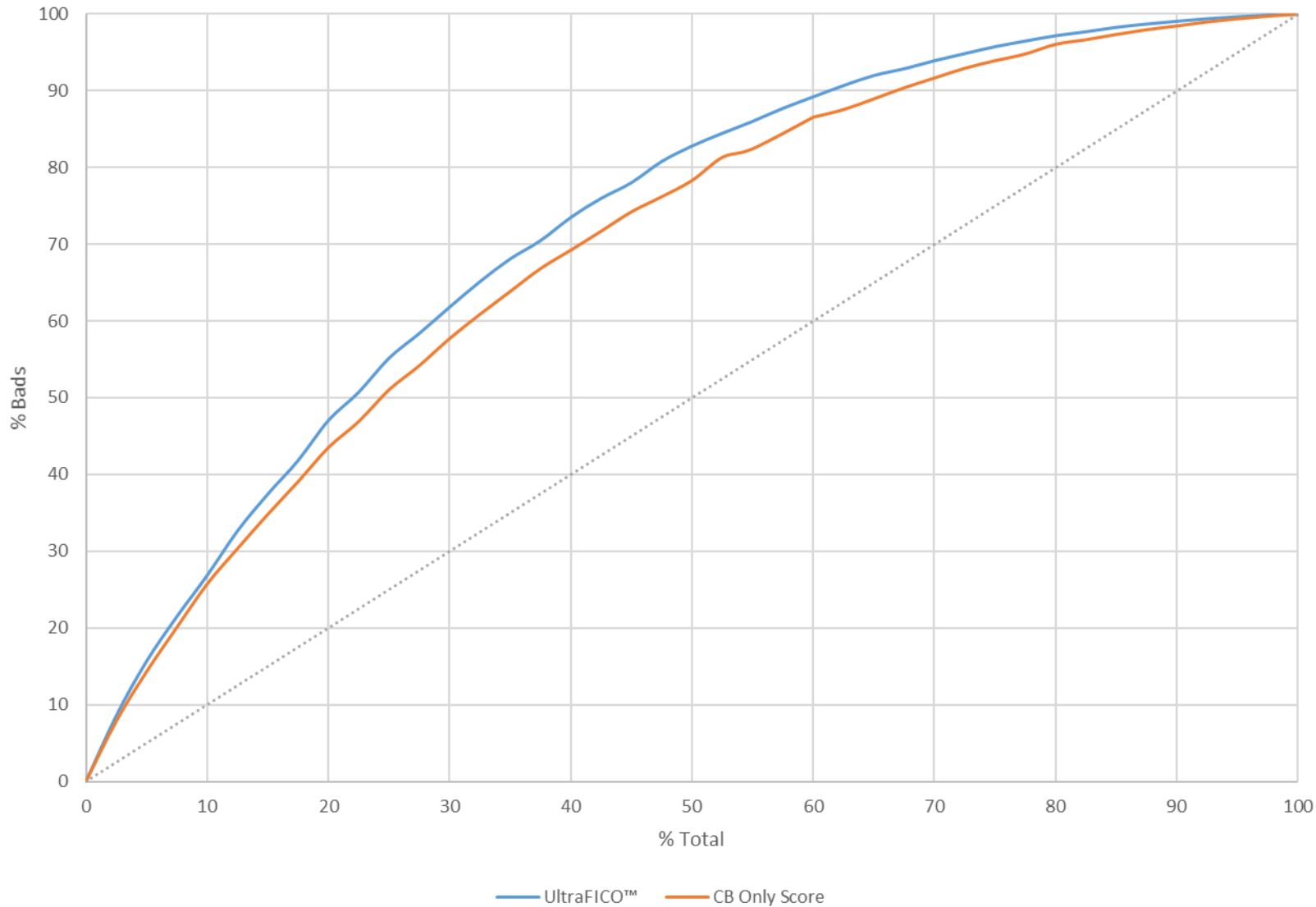
- Minimum Inclusion Criteria:
  - DDA requirement across all segments (scorable and unscorable):
  - At least 1 DDA account with a minimum of 3 months of transaction history
- Minimum Scoring Criteria
  - Ensures recency and sufficiency of available CB information among consumers that don't meet standard FICO<sup>®</sup> Score minimum scoring criteria

Segment	UltraFICO™ Score CB Minimum Scoring Criteria
Stale/Inactive	Time since last reported date < 36
New-to-credit	Months since oldest date opened not missing
No TL, inquiry only	Time since last inquiry < 6 month
No TL, collections/PR only	Time since last collection/public record < 36 months

\* DDA account requirement: we are only considering checking, savings, and money market accounts for inclusion in the UltraFICO™ Score calculation



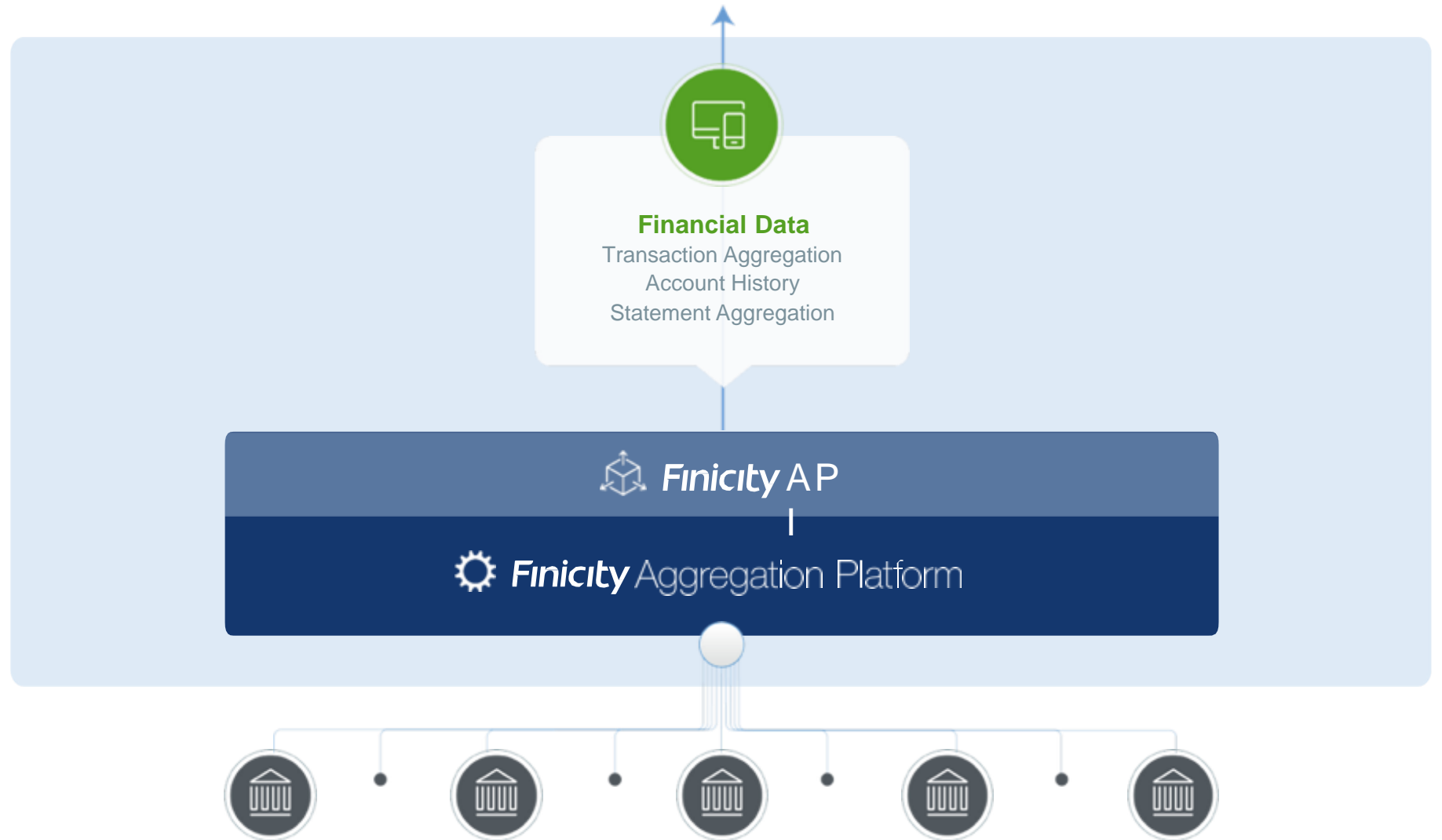
# UltraFICO™ Score Shows Strong Performance Among Those Unscorable with Traditional FICO® Scores



- UltraFICO™ Score demonstrates 15% K-S improvement on previous unscorable consumers when compared to a research score built on credit bureau data only



# Consumer permissioned data capabilities







**Welcome!**

We are improving the credit score process by looking at a wider range of data, and allowing you to better contribute to your score. **You'll need the login information for the financial accounts you want considered.** When you're ready, acknowledge the terms and conditions and click continue.

I HAVE READ AND AGREE TO THE TERMS AND CONDITIONS

CONTINUE

CANCEL



## ADD ACCOUNTS

🔍 Search for your bank

### POPULAR INSTITUTIONS



Finbank



Midwest Primary



JWL Loan



Palo Trust



Financial First



Western United





Enter your Finbank Account Information

USERNAME

mitchtom23

PASSWORD

\*\*\*\*\*

PIN

\*\*\*\*

CONTINUE

CANCEL



Securely Retrieving Your Accounts.





## ADD ACCOUNTS

We found the following accounts. Please select the specific accounts you'd like to include for verification and consideration in your UltraFICO™ Score.



Finbank

Checking *****2912	\$890.08	<input checked="" type="checkbox"/>
Savings *****4567	\$1746.67	<input checked="" type="checkbox"/>

CONTINUE

CANCEL





## ACCOUNTS ADDED

We have successfully  
linked your accounts.

JUST ADDED



Finbank

Checking \*\*\*\*\*2912 \$890.08

Savings \*\*\*\*\*4567 \$1746.67

ADD MORE ACCOUNTS

I'M DONE ADDING ACCOUNTS

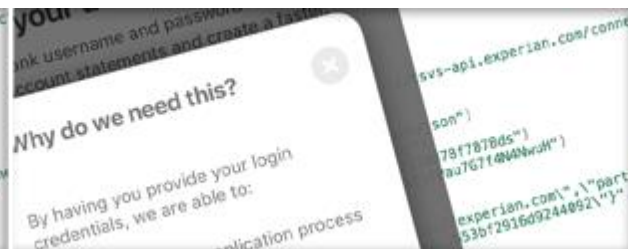


**Thank You!**

We have the information we need to provide your UltraFICO™ Score that is more reflective of your financial situation using data you've provided.

# Integration and Delivery

```
private static void send...
// generate iframe URL Duplicate (Pos...
try {
// Create request
Content content = Request.Post("https://tsvs-api.experian.com/connec...
// Add headers
.addHeader("Content-Type", "application/json")
.addHeader("Accept", "application/json")
.addHeader("finicity-app-key", "87s87s78d78f7878ds")
.addHeader("finicity-app-token", "wn10jfpau767f04Nwzk")
} catch {
// Add headers
.addHeader("Content-Type", "application/json")
.addHeader("Accept", "application/json")
.addHeader("finicity-app-key", "87s87s78d78f7878ds")
.addHeader("finicity-app-token", "wn10jfpau767f04Nwzk")
}
}
```



Financial Group	Account Name	Account Owner	Account Number	Account Type	Current Balance	Average Monthly Bal
	Michelle		345T	Checking	\$5,500	\$4,750
					\$12,500	\$12,500

## Direct API Integration

- Modern RESTful APIs
- Client controls user experience within existing digital application flow
- Supports in/out-of-band user experiences

## Hosted Solutions

- Experian performs interface development, maintenance, and hosting
- Built to client specifications and branding requirements
- Supports in/out-of-band user experiences

## Reports Portal

- No coding required by the client
- Pre-configured workflow and user management
- Supports of out-of-band user experiences



# UltraFICO™ Score Output

## Output delivered to the Lender

- Standard score output
  - Scaled to align to the standard FICO® Score
  - Same 300-850 score range
  - Score factor reason codes/exclusion codes
- DDA Index, a stand alone indicator of credit risk associated with the DDA data
- Alerts/special message flags (e.g. outlier deposits)
- Regulatory related flags
- Consumer level attributes (optional)

## Output facilitating consumer communication

- Score factor reason codes and risk based pricing notices in case of declines
- In case of dispute, report showing consumer and/or account level attributes

## Score Pilot Overview

- Targeting 2019 Q1 availability
- Now reviewing use case and implementation requirements for potential prospects
- Work in partnership to design pilot to assess key metrics
  - Conversion rates
  - Scorable rates
  - Score changes and new acquisition opportunities
  - Booked account performance

Thank You