

# Analytical Insights Webinar

Experian SBFE with Expert Panel  
September 21, 2021



# SBFE



**Elisabeth Hughes MacDonald**  
CEO



# Moderator



**Greg Carmean**  
Director of Product  
Management



# Expert Panel



**Dana Wiklund**  
Head of Models,  
Analytics & Forecasting



**Brodie Oldham**  
Senior Director of  
Commercial Data Sciences



Market Trends

| Modeling

| Data

| Diversity



# What is the SBFE?

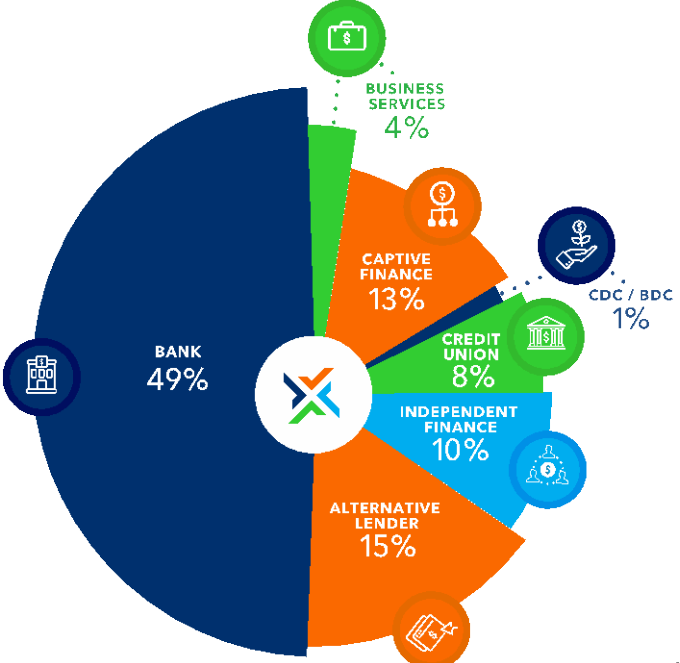
The Small Business Financial Exchange, familiarly known as SBFE, is an independent trade association that supports lending to small businesses.

## Strength in Numbers for Small Business Lending

### Value of SBFE Data

<p><b>10/10</b> Largest U.S. business card issuers contribute data to SBFE</p>	<p><b>37+ million</b> Estimated small and micro businesses represented</p>	<p><b>20+</b> Years of historical data, dating back to 2001</p>
<p><b>89+ million</b> Accounts represented in SBFE data</p>	<p><b>9</b> Of the top 10 commercial lenders contribute data to SBFE</p>	<p><b>135</b> Approximate members, including <b>420</b> total portfolios, <b>69%</b> of which are contributed by traditional financial lenders</p>

### PERCENT OF MEMBERSHIP BY LENDER TYPE



Reporting as of 12/31/20



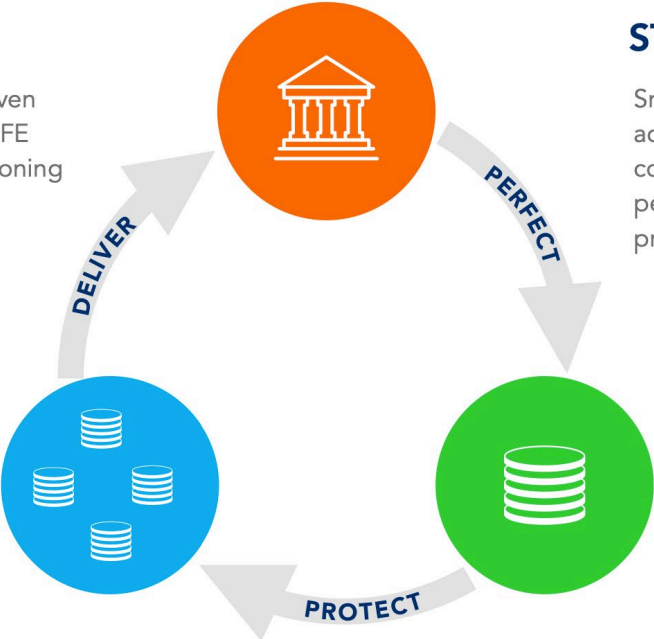


# How does the SBFE model operate?

## A Give-to-Get Exchange

### STEP 4: SBFE MEMBERS

Members may purchase SBFE Data-driven products developed and offered by SBFE Certified Vendors for their credit decisioning and portfolio monitoring functions.



### STEP 1: SBFE MEMBERS

Small business lenders and merchant acquirers become members and contribute their commercial performance data to SBFE where it is protected from marketing use.

### STEP 3: CERTIFIED VENDORS

SBFE-approved commercial credit reporting agencies develop risk products using SBFE Data exclusively for members.

### STEP 2: SBFE DATA WAREHOUSE

SBFE normalizes data received from members and governs both contribution quality and SBFE vendor compliance.



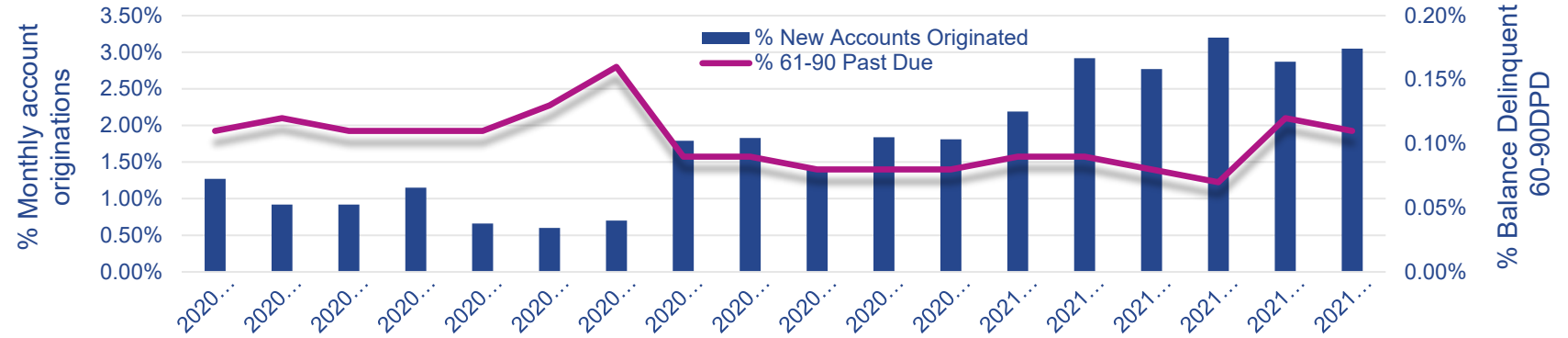
# Market Trends – Commercial Health

Commercial Card: continues growth as headwinds build

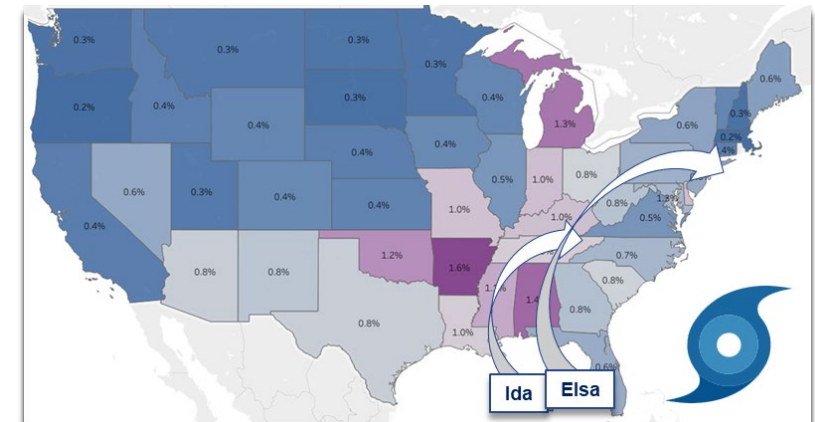
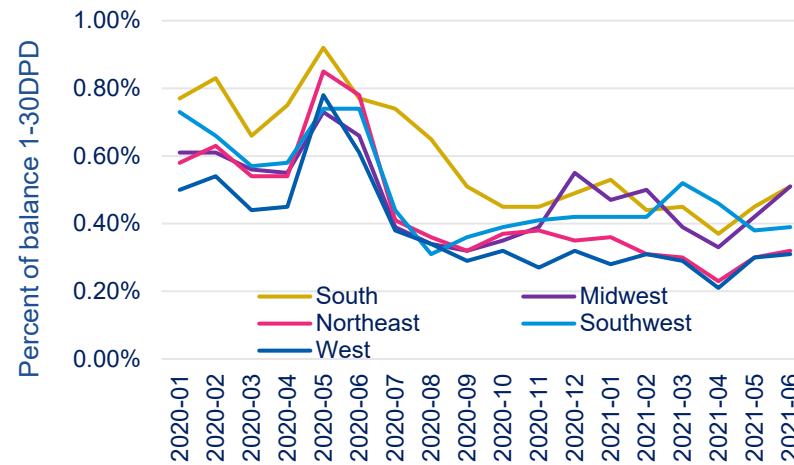


*Early-stage delinquency remains low, but watch the roll*

### Commercial Origination Trends



### Sloppy pay and early delinquency

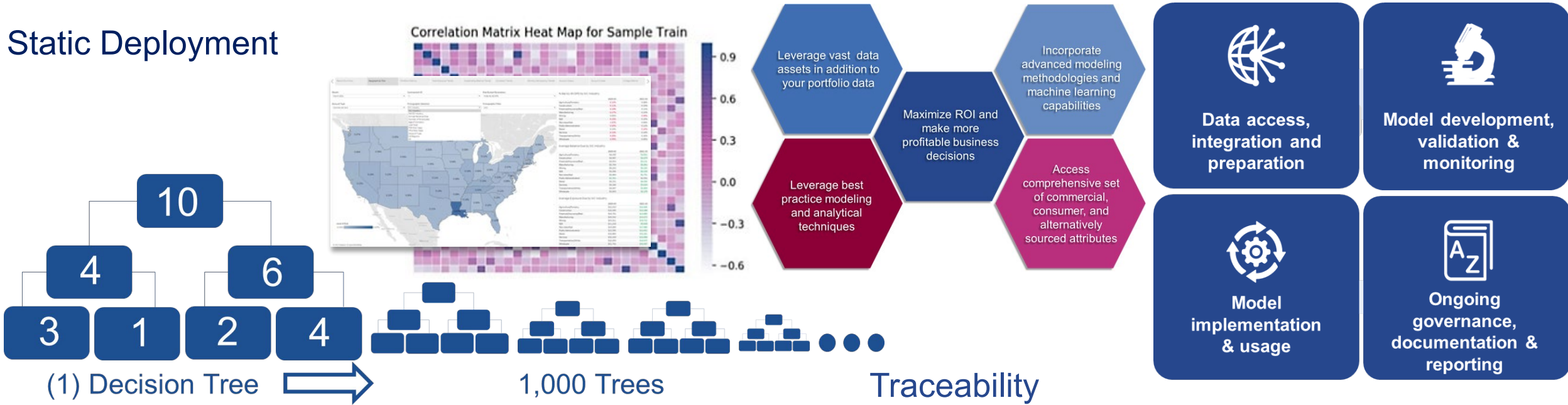


Source: SBFE

# Modeling

Value: **20%** Lift over traditional methodologies

## Static Deployment



**Need:** Lenders need to be able to explain decisions to consumers for transparency and for regulatory reasons.



# Traditional and Non-Traditional Data

## Life Cycle

- ✓ Fraud
- ✓ Acquisitions
- ✓ Portfolio
- ✓ Pretreatment
- ✓ Collections

**Permissioned**

SMB Permitted Data

Small Business Performance

Your data & analytics

	YTD ENDED DEC 2019	YTD ENDED DEC 2018
Income Statement		
Revenue	4,299,975	4,968,964
Gross Profit/(Loss)	1,878,975	2,613,985
EBITDA	164,697	882,084
Depreciation	(42,266)	(29,950)
Operating Profit/(Loss)	122,431	852,134
Finance charges/Other Income	(14,501)	(23,495)
Income/(Loss) Before Taxation	107,930	828,638
Balance Sheet		
Total Assets	5,201,351	5,244,123
Net Current Assets/(Liabilities)	875,225	970,965
Bank and Cash	482,151	790,267
Total Liabilities	2,469,020	2,569,671
Shareholders' Funds/(Deficit)	2,732,331	2,674,451
Operating Ratios		
Gross Profit Margin	43.70%	52.61%
Gross Profit Markup	77.61%	111.00%

## Data Types

- ✓ Historic
- ✓ Point in time
- ✓ Unstructured
- ✓ Non-credit
- ✓ Signal

There are several prominent federal regulators that recognize the positive impact of alternative data on the credit system and approve its use in underwriting by banks, credit unions and non-bank financial firms, including:



Federal Reserve System (FRS)



Consumer Financial Protection Bureau (CFPB)



Federal Deposit Insurance Corporation (FDIC)



Office of the Comptroller of the Currency (OCC)



National Credit Union Administration (NCUA)

# Diversity, Equity and Inclusion (DE&I)



Meets stringent compliance and privacy processes



Research



Segmentation  
Impact Review



Portfolio  
Management





# Analytics Consultation Offer



Complimentary whiteboarding session with our Experian Commercial Data Sciences consultant, and a demo of:

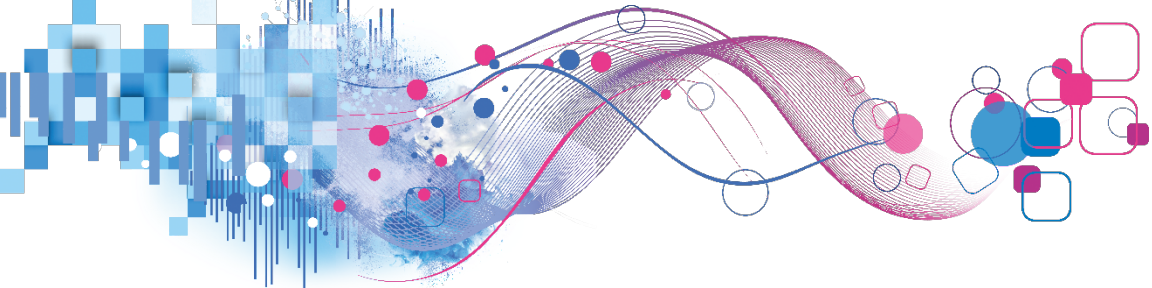


- Ascend Analytical Sandbox OR
- Commercial Benchmarking Dashboard

} with diversity and inclusion indicators

How to respond:





Questions?

