



— VISION 2016 —

# TAKE CONTROL

A ROADMAP FOR **GROWTH**



#vision2016

# The changing face of installment lending





— VISION 2016 —

# TAKE CONTROL

A ROADMAP FOR **GROWTH**



#vision2016

## Introducing:

- **Sharat Shankar**  
LendingPoint
- **Allison Safran**  
Experian
- **Crissy Wallace**  
Experian





# Agenda



- Market landscape
- Consumer profiling
- Take action
- Bringing it all together



— VISION 2016 —

**TAKE CONTROL**

A ROADMAP FOR GROWTH

#vision2016

# Market landscape

Sharat Shankar





# Digital finance eco-system is exploding



## Active Investors in Digital Finance



# Significant high profile venture capital and PE activity in 2015

Date	Target	Industry Description	Investor	Investment
12/15*	<b>PAVE</b>	Online Consumer Finance	SEER, RPM, MAXFIELD CAPITAL	\$300 million
11/15	earnest	Online Consumer Finance	BV, Adams Street	\$75 million
11/15	bread	Online Consumer Finance	BESSEMER VENTURE PARTNERS	\$14.3 million
10/15	SoFi	Online Consumer Finance	baseline, JPMorgan, renren	\$77 million
10/15	Kabbage	Online Commercial Finance	VENTURE CAPITAL PARTNERS, THOMVEST, BlueRun, Santander, ING, Scotiabank	\$135 million
9/15	AVANT	Online Consumer Finance	GENERAL ATLANTIC, B.A.M., TIGER, FFE, RRE Ventures, AUGUST CAPITAL, JPMorgan, BFI GROWTH	\$325 million
9/15	CircleBackLending	Online Consumer Finance-Marketplace Lending	PINE RIVER, WICKLOW CAPITAL	\$17.5 million
8/15	SoFi	Online Consumer Finance	SoftBank, LVP, THIRD POINT VENTURES, WELLINGTON MANAGEMENT, renren	\$1 billion
7/15	Glowatt Financial	Specialty Renewable Energy Finance (Online, Instant Origination)	Clean Power Finance, CLAYMONT CHECK, ClearSky, CleanPacific, KPCB, KANGAROO CAPITAL	Undisclosed
7/15	Upstart	Online Consumer Finance-Marketplace Lending	COLLABORATIVE, khosla ventures, THIRD POINT VENTURES	\$35 million
5/15	affirm	Online Consumer Finance	SPARK CAPITAL, Jefferies, khosla ventures, ANDREESSEN HOROWITZ, LIGHTSPEED VENTURE PARTNERS	\$275 million, undisclosed equity portion
4/15	AVANT	Online Consumer Finance	KKR, Jefferies, VICTORY PARK CAPITAL	\$400 million
4/15	PROSPER P	Online Consumer Finance – Marketplace Lending	CREDIT SUISSE, BREYER CAPITAL, SUNTRUST, HEUBERGER BERGMAN, BBVA, PASSPORT CAPITAL, JPMorgan	\$165 million
3/15	PR PrimeRevenue	Online Commercial Finance	BROWN BROTHERS HARRIMAN, BV, Battery Ventures	\$80 million
1/15	AMERICAN HEALTHCARE SERVICES	Online Healthcare Patient Consumer Finance	PROSPER P, BREYER CAPITAL, Atlanticus, BBVA, JPMorgan, BLACKROCK, SEQUOIA CAPITAL, LVP, INSTITUTIONAL VENTURE PARTNERS, FIP	Undisclosed

Source: Press Releases and Capital IQ. \* Denotes pending transactions.



# LendingPoint is seeing significant demand

# Up 54%

Q4 2015 → Q1 2016





— VISION 2016 —

# TAKE CONTROL

A ROADMAP FOR GROWTH

#vision2016

## Consumer profiling: Who takes personal installment loans?

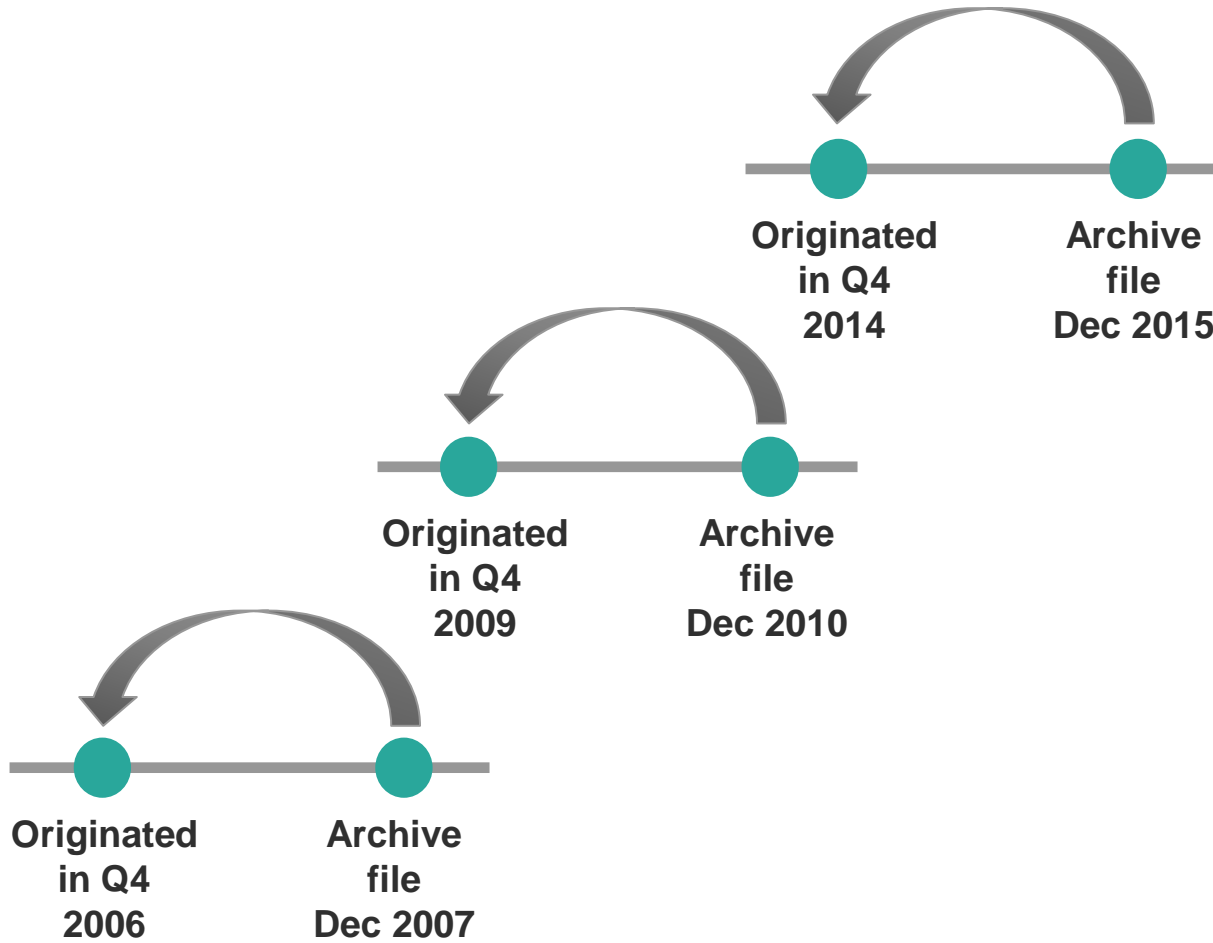
Crissy Wallace







# Analysis

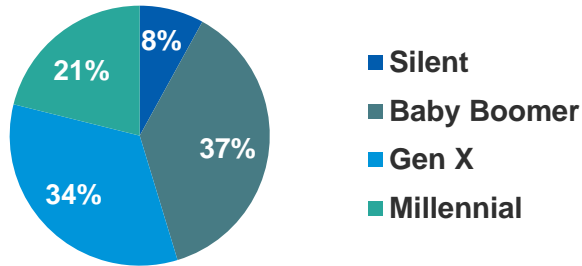




# Consumer demographics

## Secured loan consumers

### Generation gap

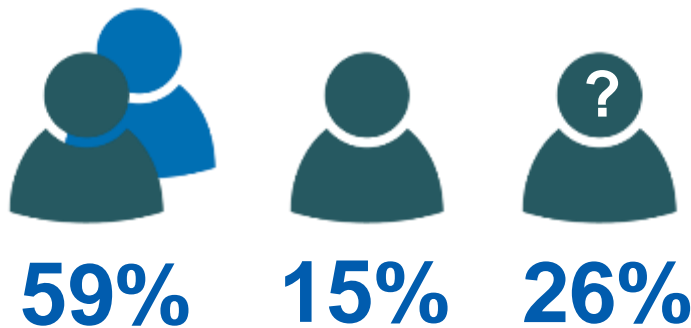


**Average: 47 years old**

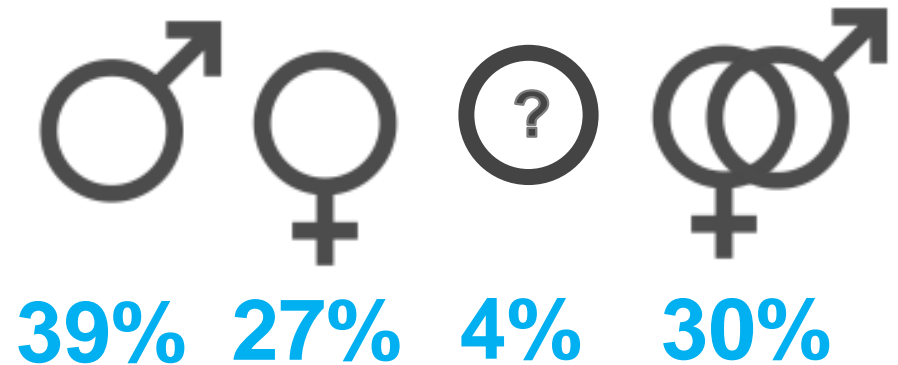
### Academic collateral



### Marital status



### Gender bias

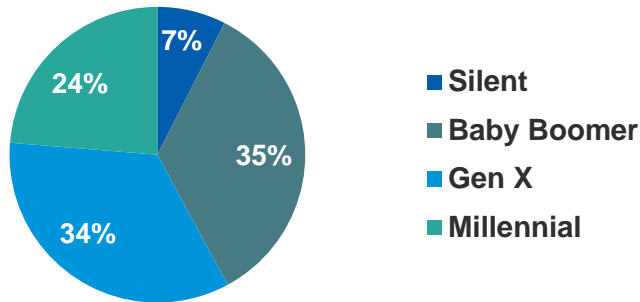




# Consumer demographics

## Unsecured loan consumers

### Generation gap

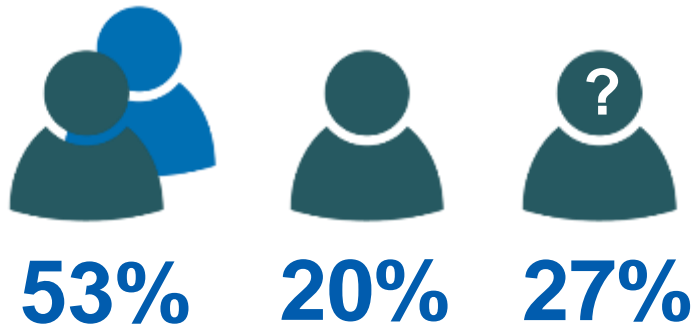


**Average: 46 years old**

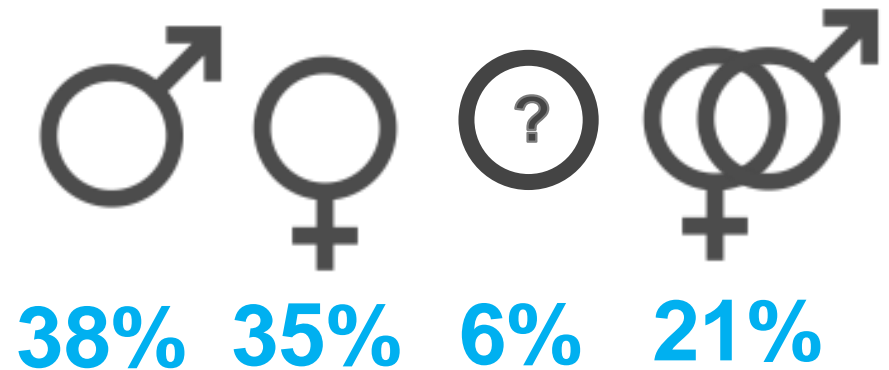
### Academic collateral



### Marital status



### Gender bias

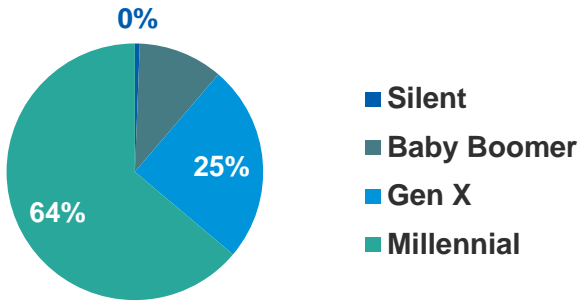




# Consumer demographics

## Student loan consumers

### Generation gap

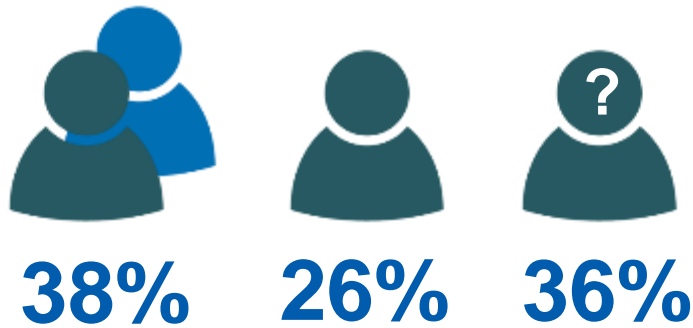


**Average: 32 years old**

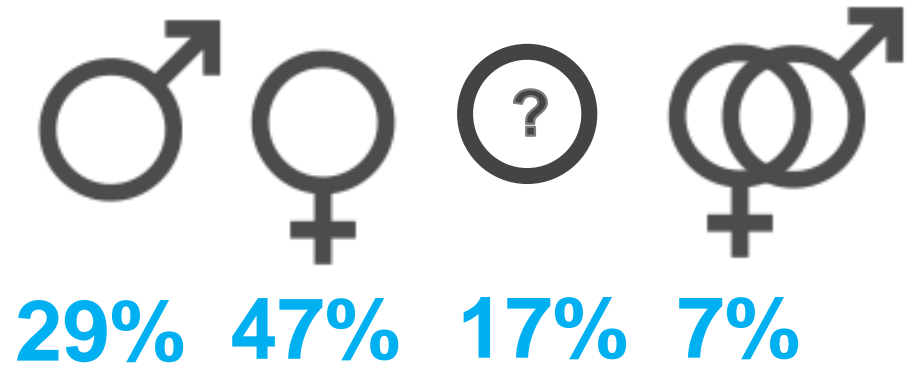
### Academic collateral



### Marital status



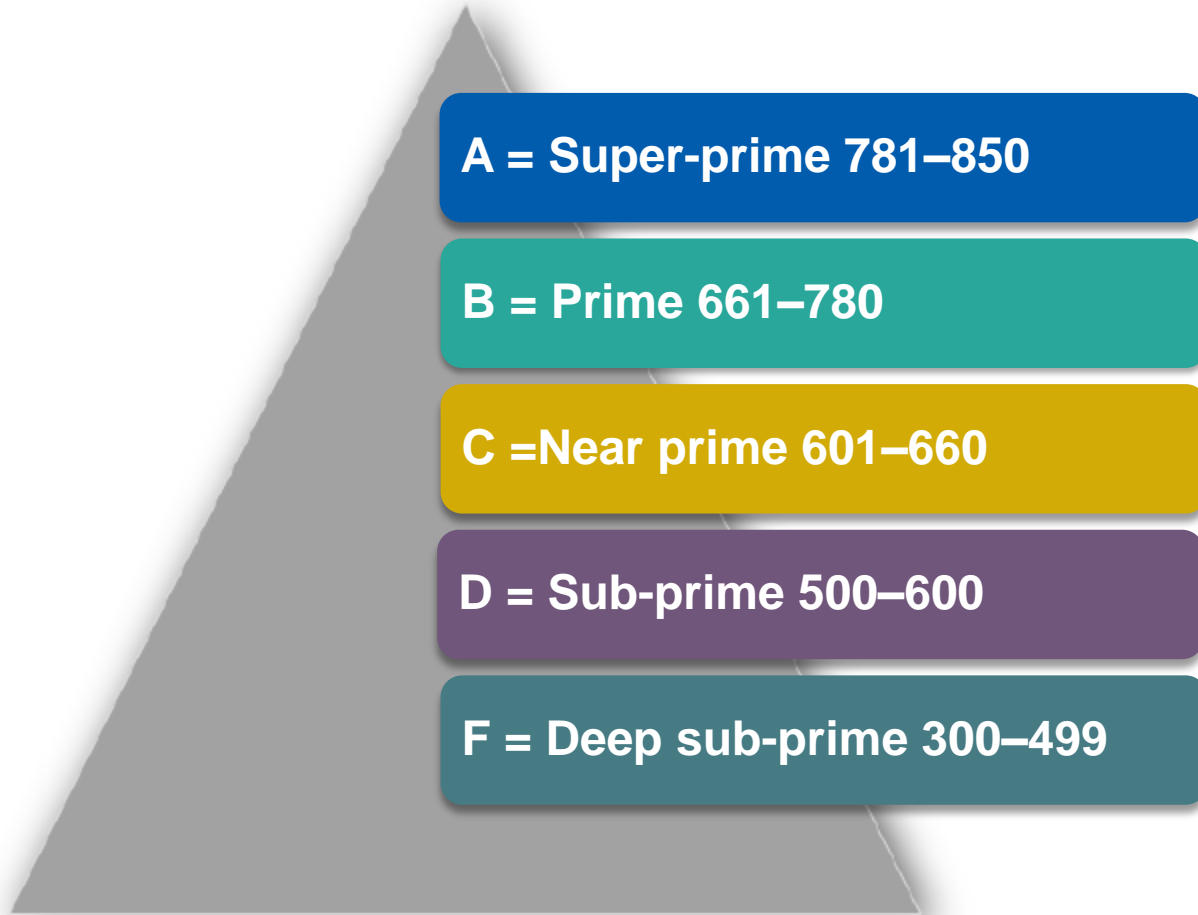
### Gender bias





# VantageScore® 3.0

## Model overview



— VISION 2016 —

**TAKE CONTROL**  
A ROADMAP FOR **GROWTH**



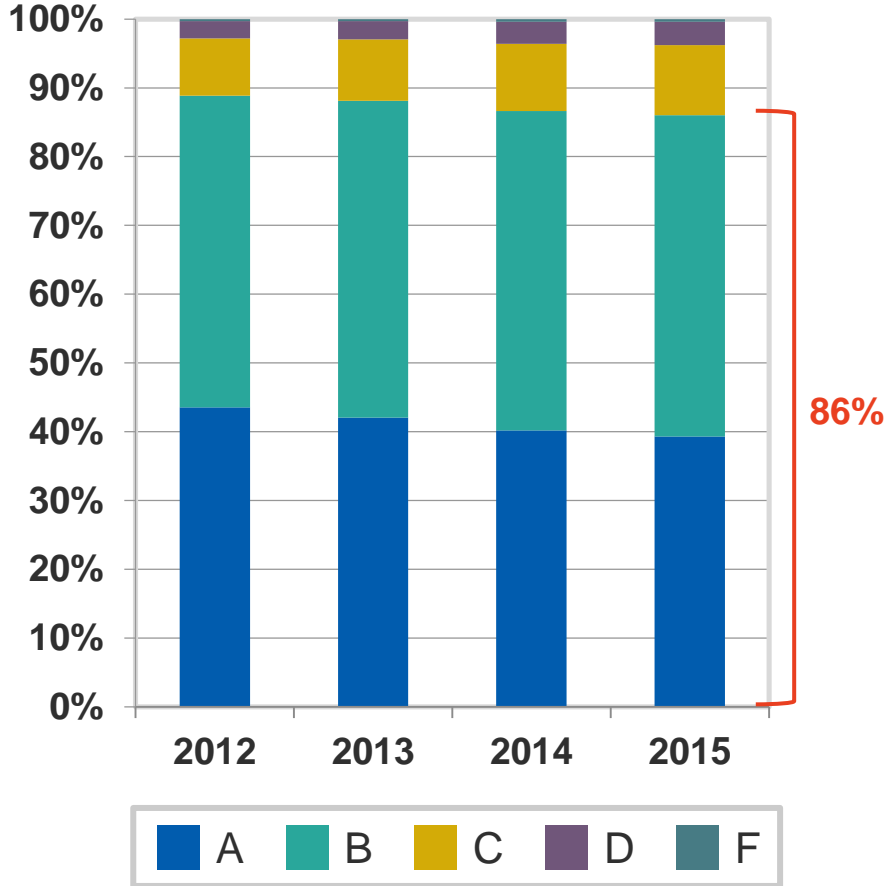
#vision2016



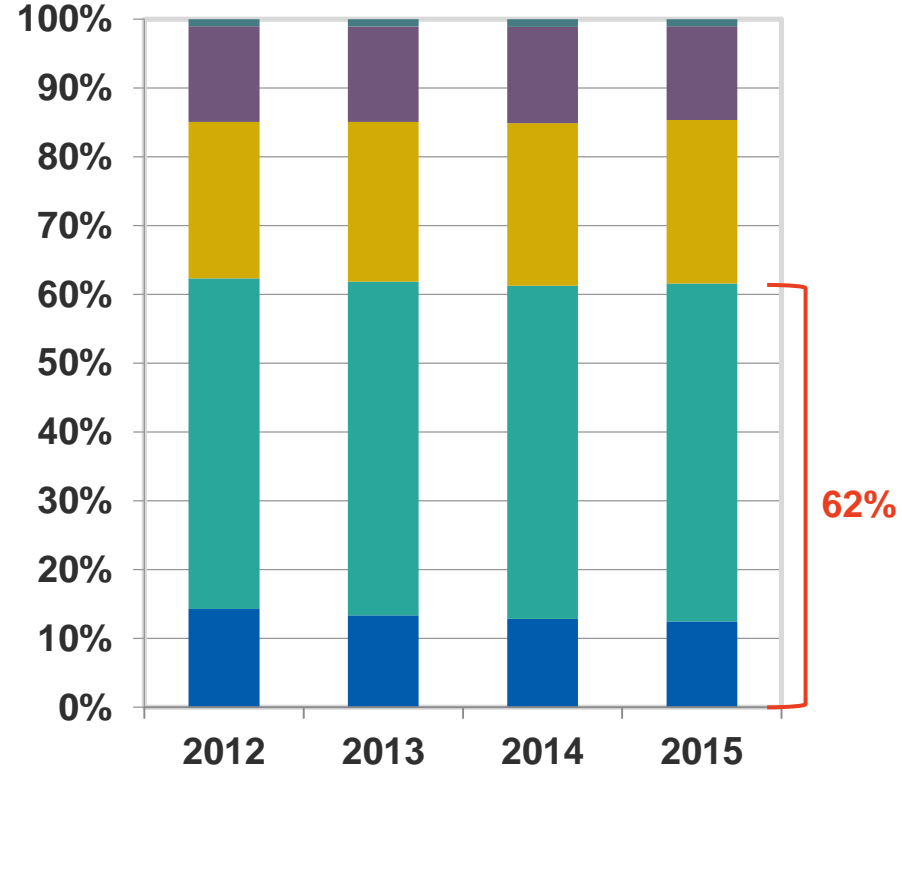
# Annual risk profile of borrowers

## VantageScore at origination year over year

### Bankcard



### Personal installment



— VISION 2016 —

**TAKE CONTROL**  
A ROADMAP FOR **GROWTH**



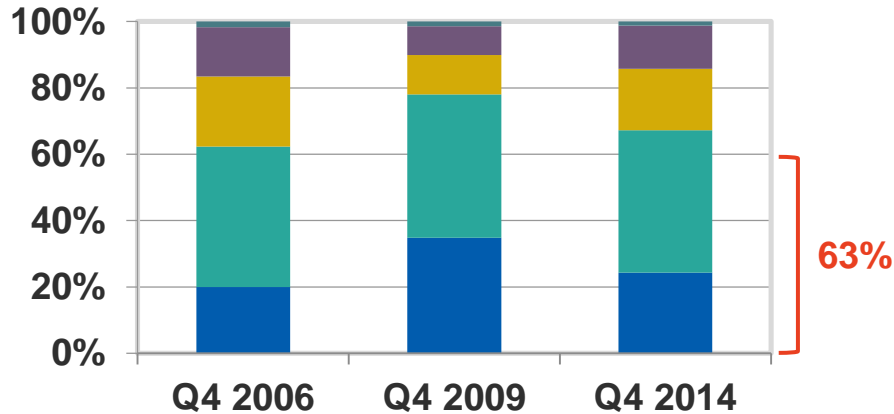
#vision2016



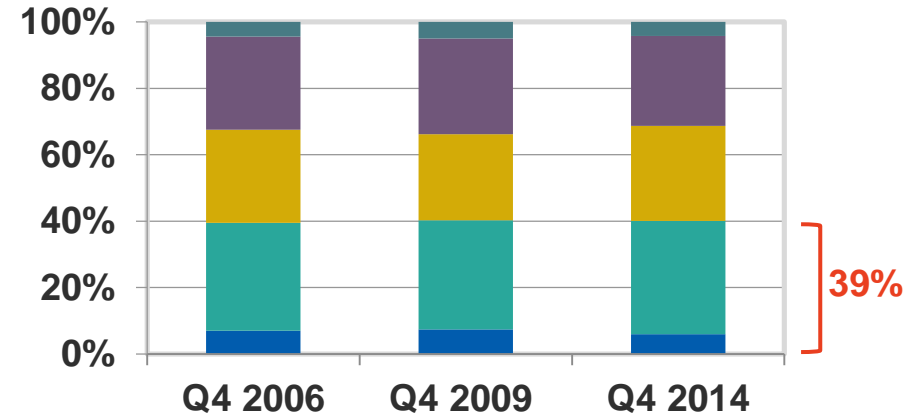
# Annual risk profile of borrowers

VantageScore at origination limited to analyzed windows

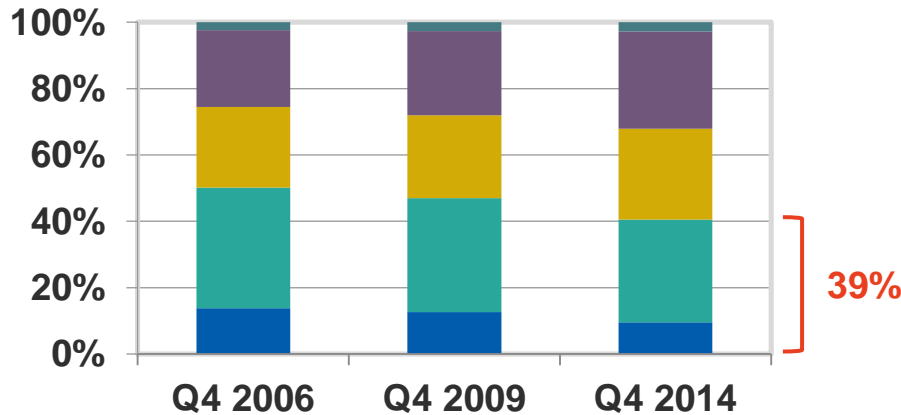
### Bankcard



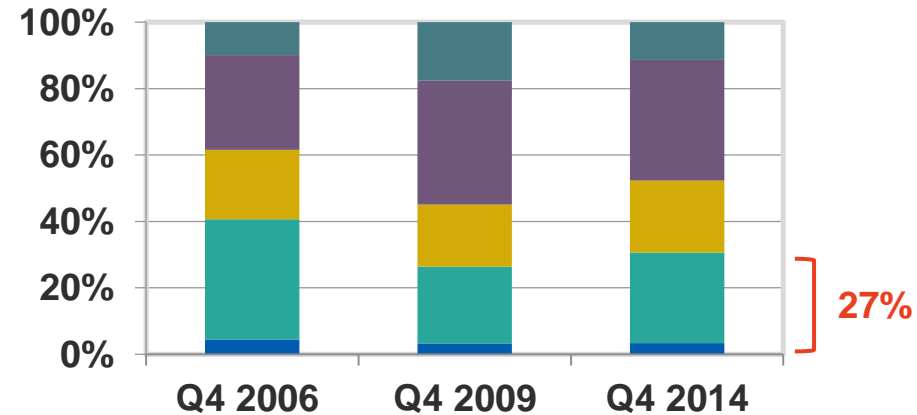
### Personal unsecured



### Personal secured



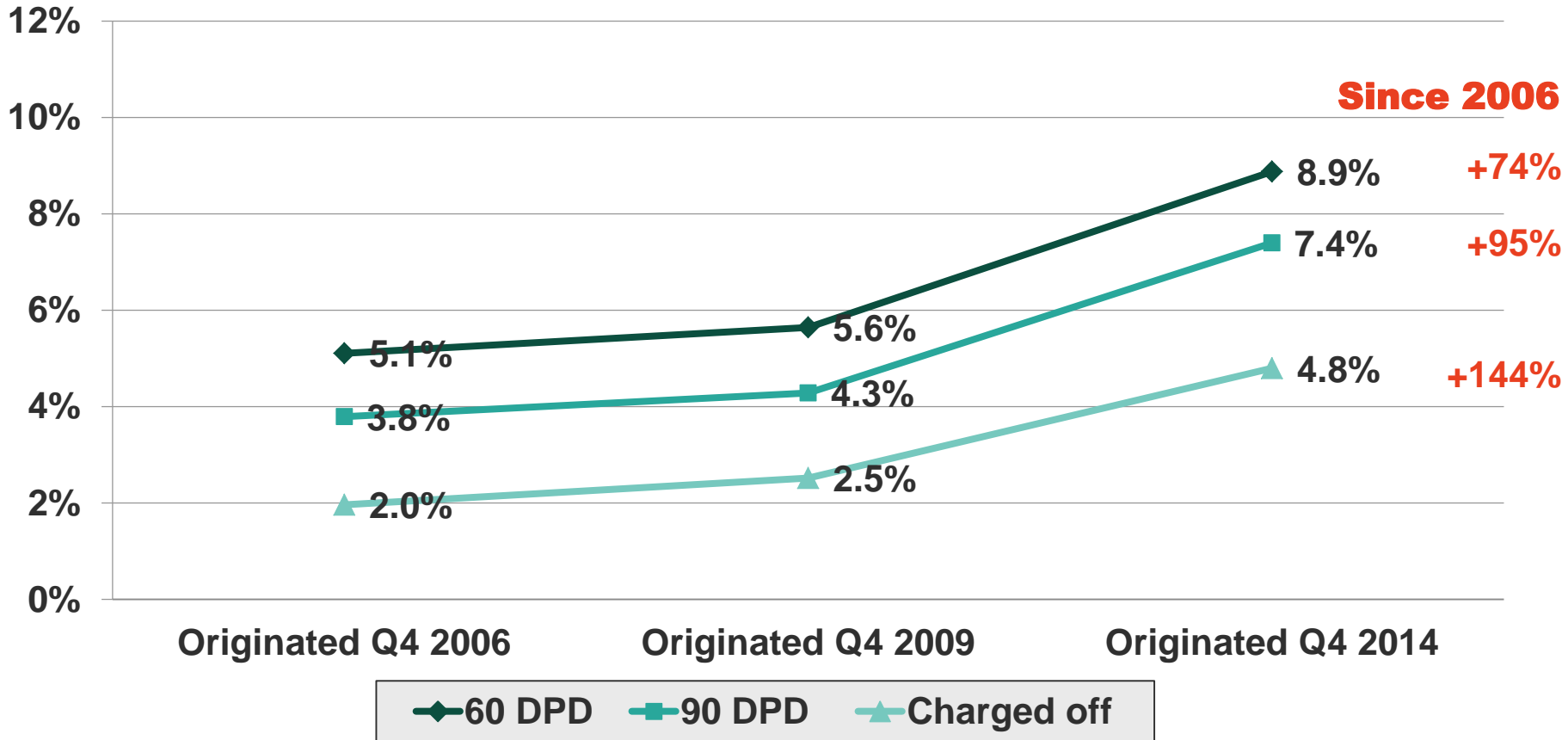
### Student





# Evolution of year one risk over time

## Personal secured



Average line 2014: \$13,300

— VISION 2016 —

**TAKE CONTROL**  
A ROADMAP FOR **GROWTH**



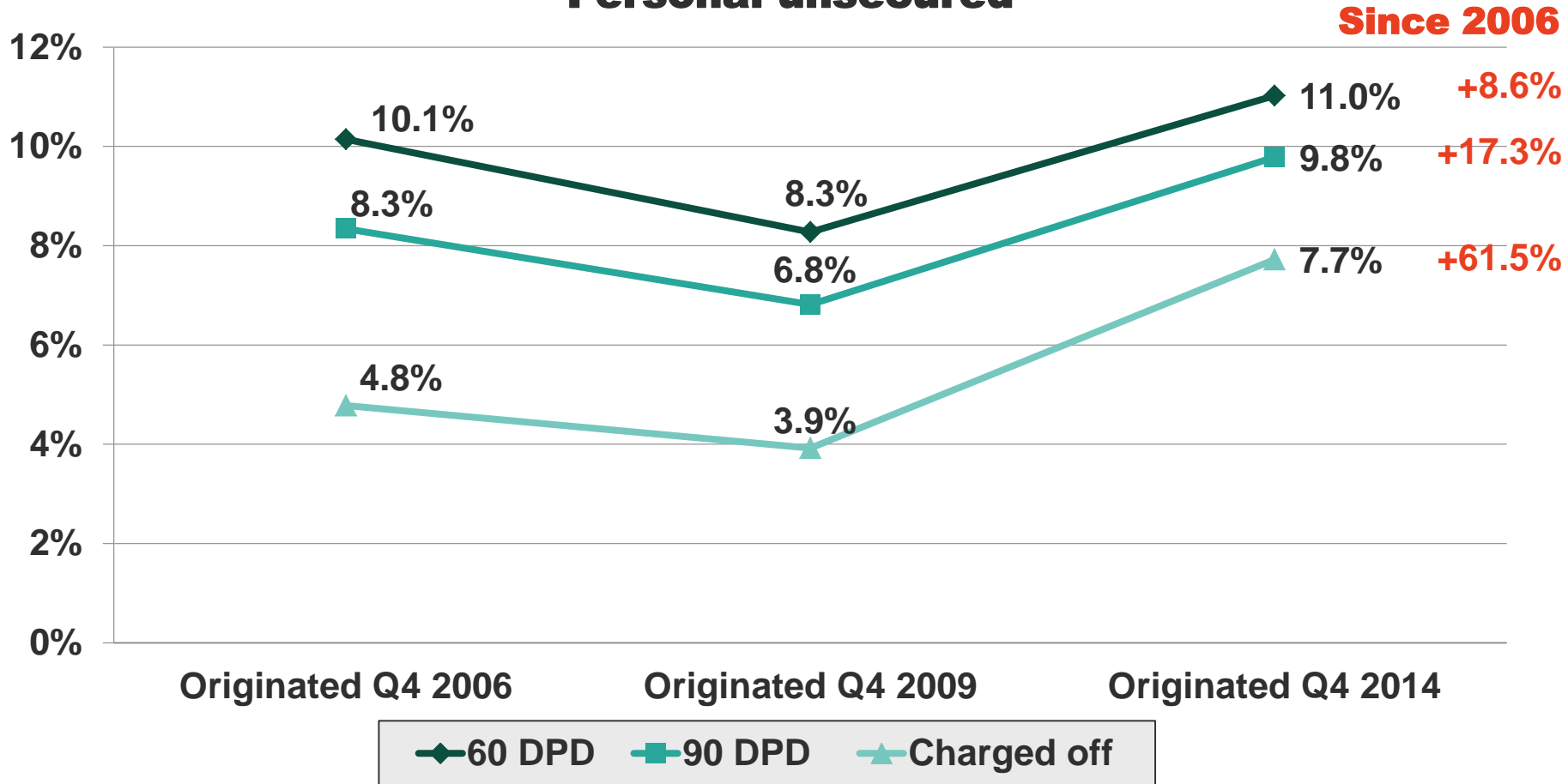
#vision2016





# Evolution of year one risk over time

## Personal unsecured



Average line 2014: \$8,400

— VISION 2016 —

**TAKE CONTROL**  
A ROADMAP FOR **GROWTH**

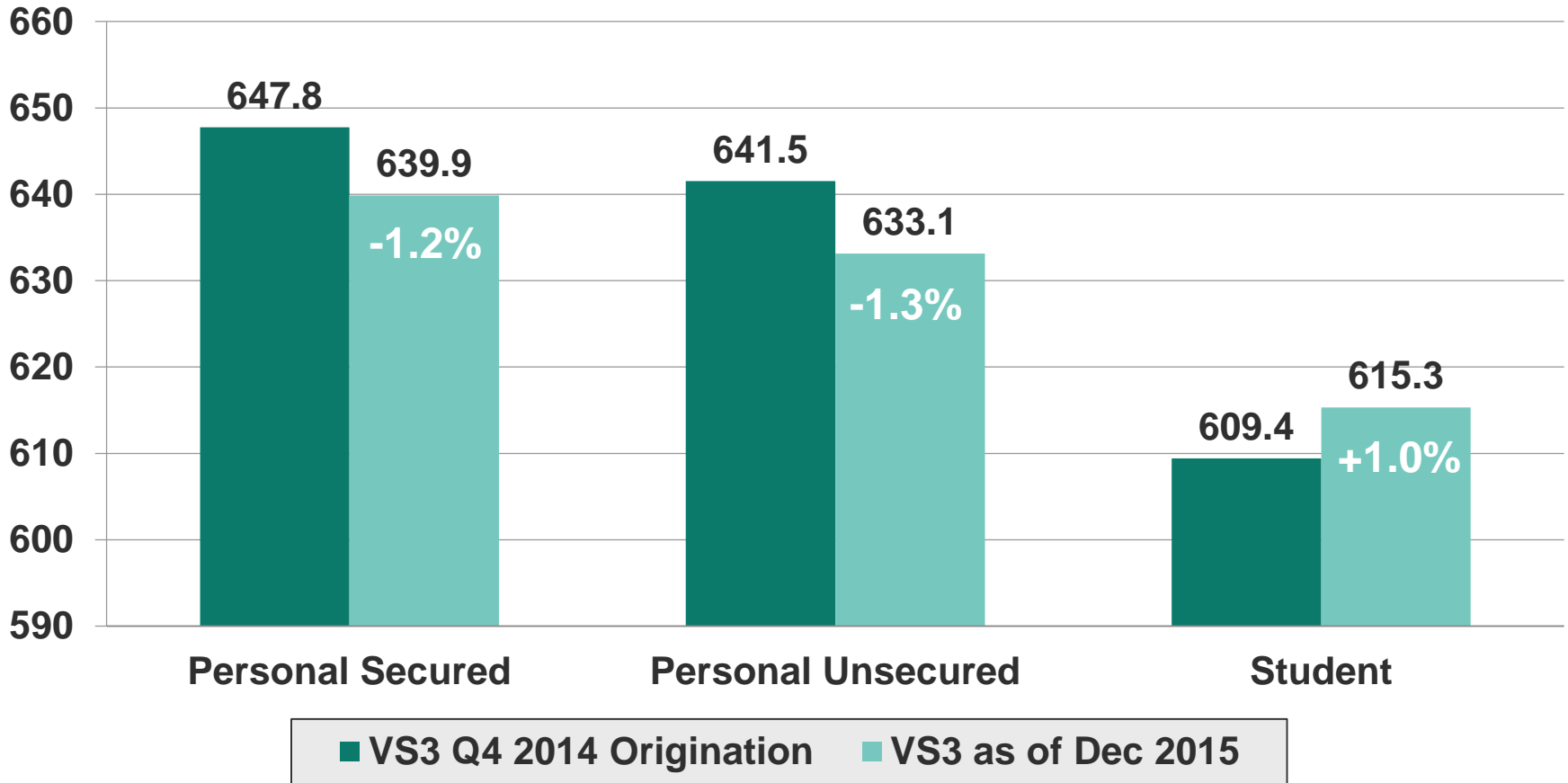


#vision2016



# VantageScore<sup>®</sup> migration

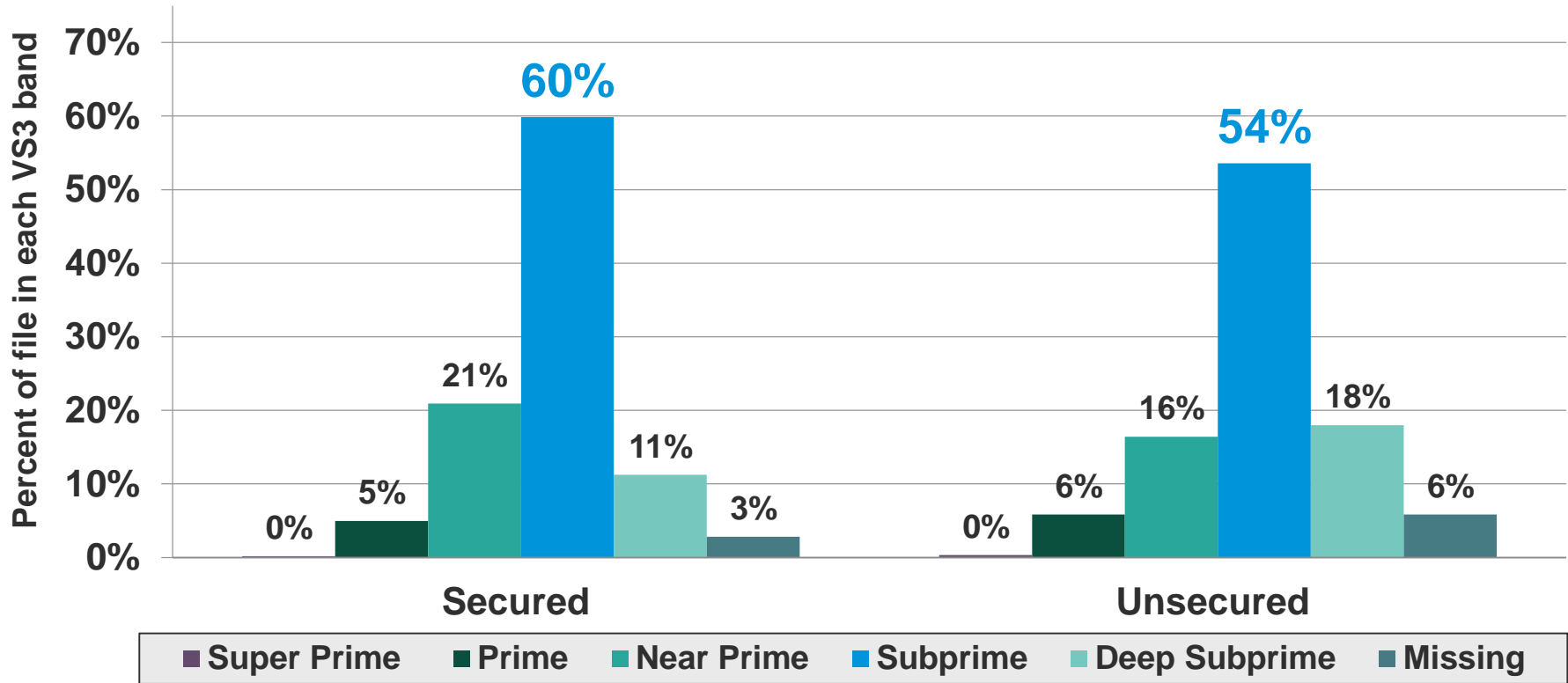
Origination vs. 12 months later





# Where are the “bad” accounts

## Q4 2014 Originations Ever 60DPD in the first 12 months



— VISION 2016 —

**TAKE CONTROL**  
A ROADMAP FOR **GROWTH**



#vision2016



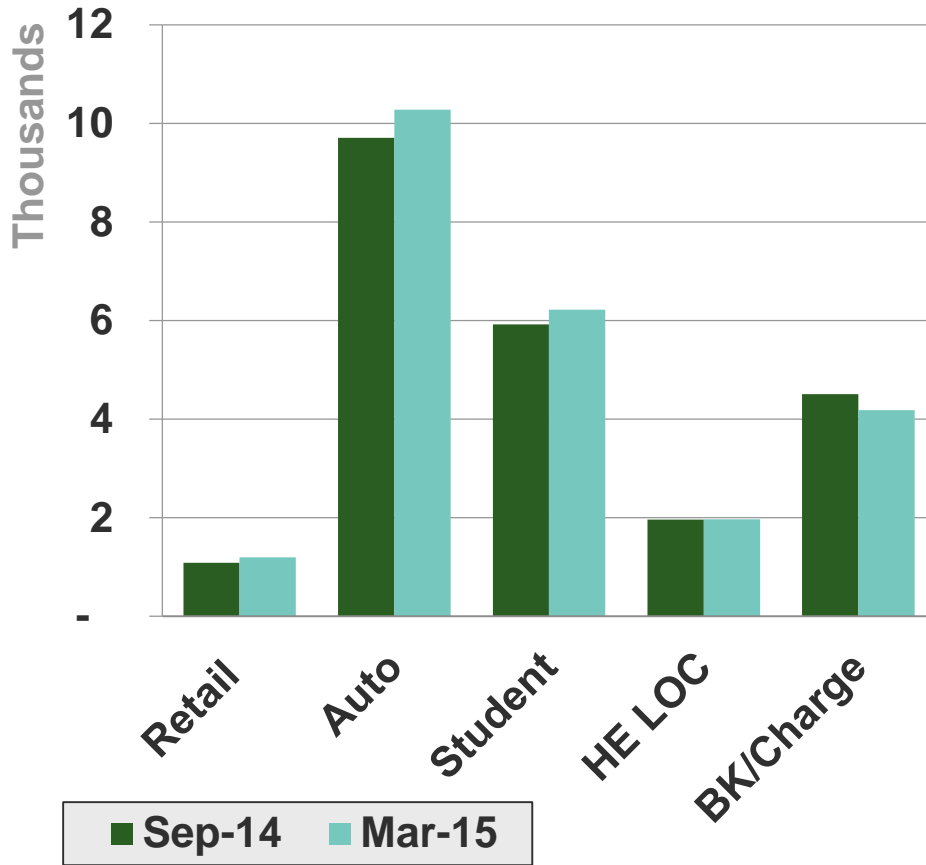
# Lenders continuously look to re-up their existing customers balances





# Consumers claim to use personal loans to pay off existing debt

## 9-mo average balance trend



Average balance change from  
Sept 2014 → Mar 2015

Retail + 10%

Auto + 6%

Student Loan +5%

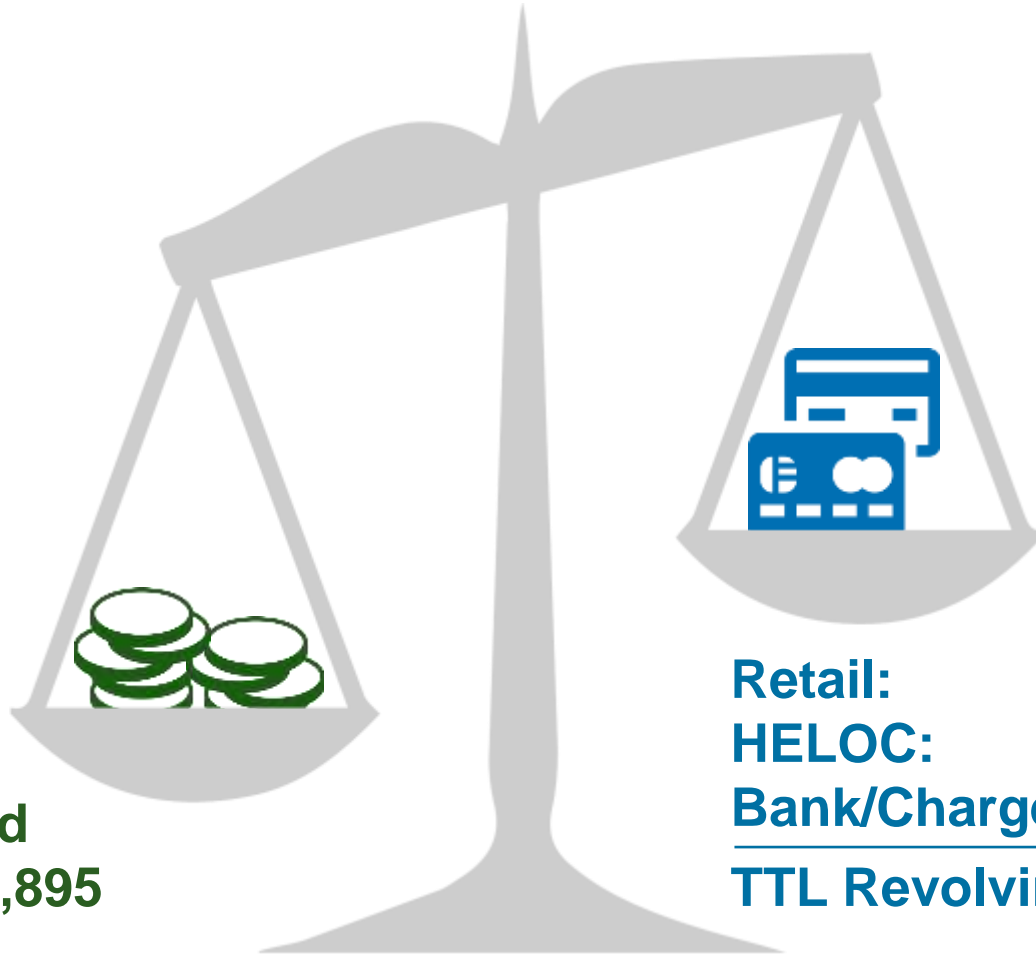
Home Equity 0%

Bank/charge -7%



# Imbalanced borrowing

## Personal loans and revolving debt



**Average  
Unsecured  
Loan: \$11,895**

<b>Retail:</b>	<b>\$1,194</b>
<b>HELOC:</b>	<b>\$1,967</b>
<b>Bank/Charge:</b>	<b>\$4,183</b>
<hr/>	
<b>TTL Revolving:</b>	<b>\$7,343</b>



— VISION 2016 —

# TAKE CONTROL

A ROADMAP FOR GROWTH

#vision2016

# Take action

Allison Safran





# Predicting risk

## Probability 60+DPD

**Super prime**

**Prime**

**Near prime**

**Subprime**

**Deep subprime**

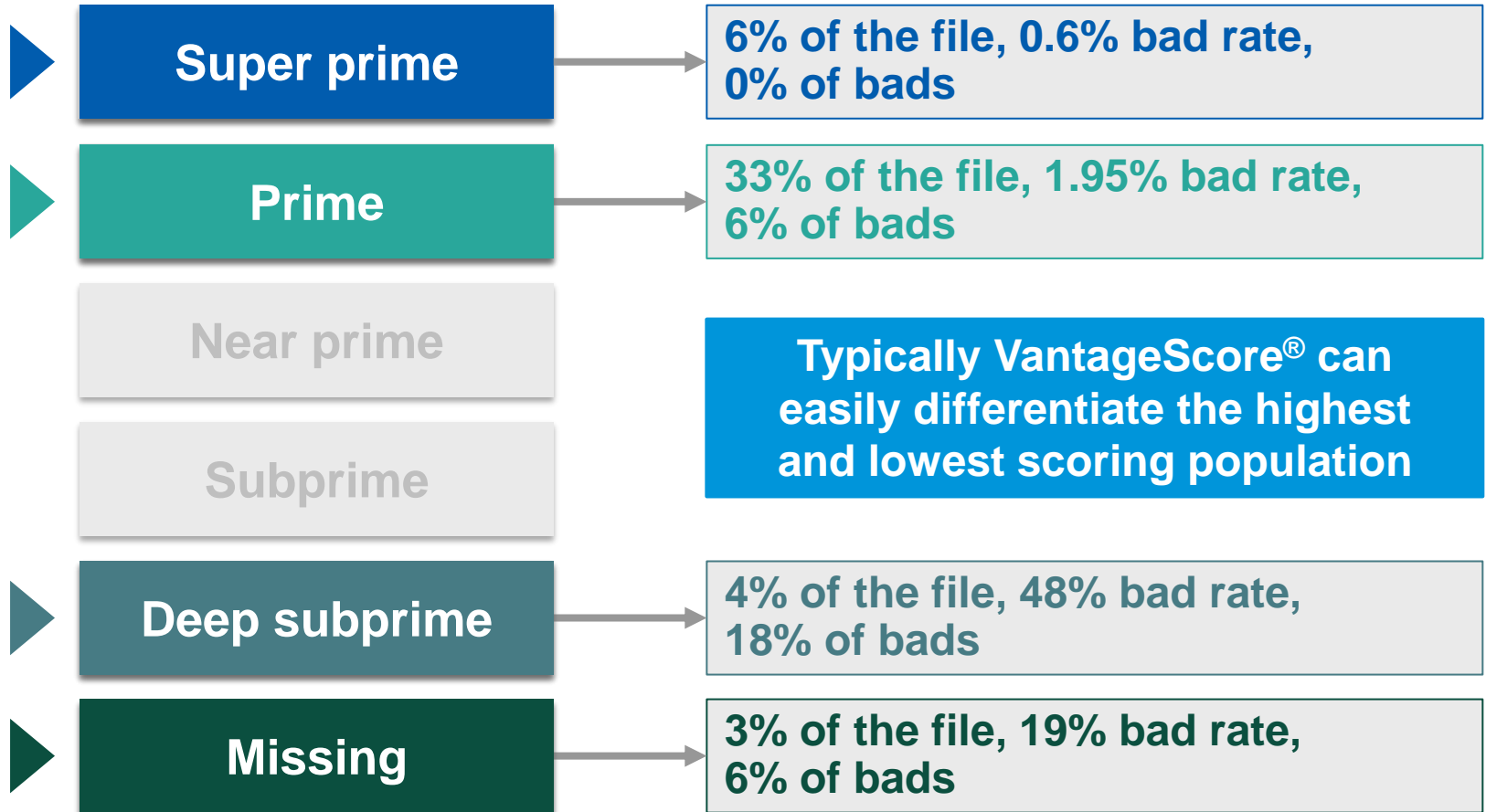
**Missing**





# Predicting risk

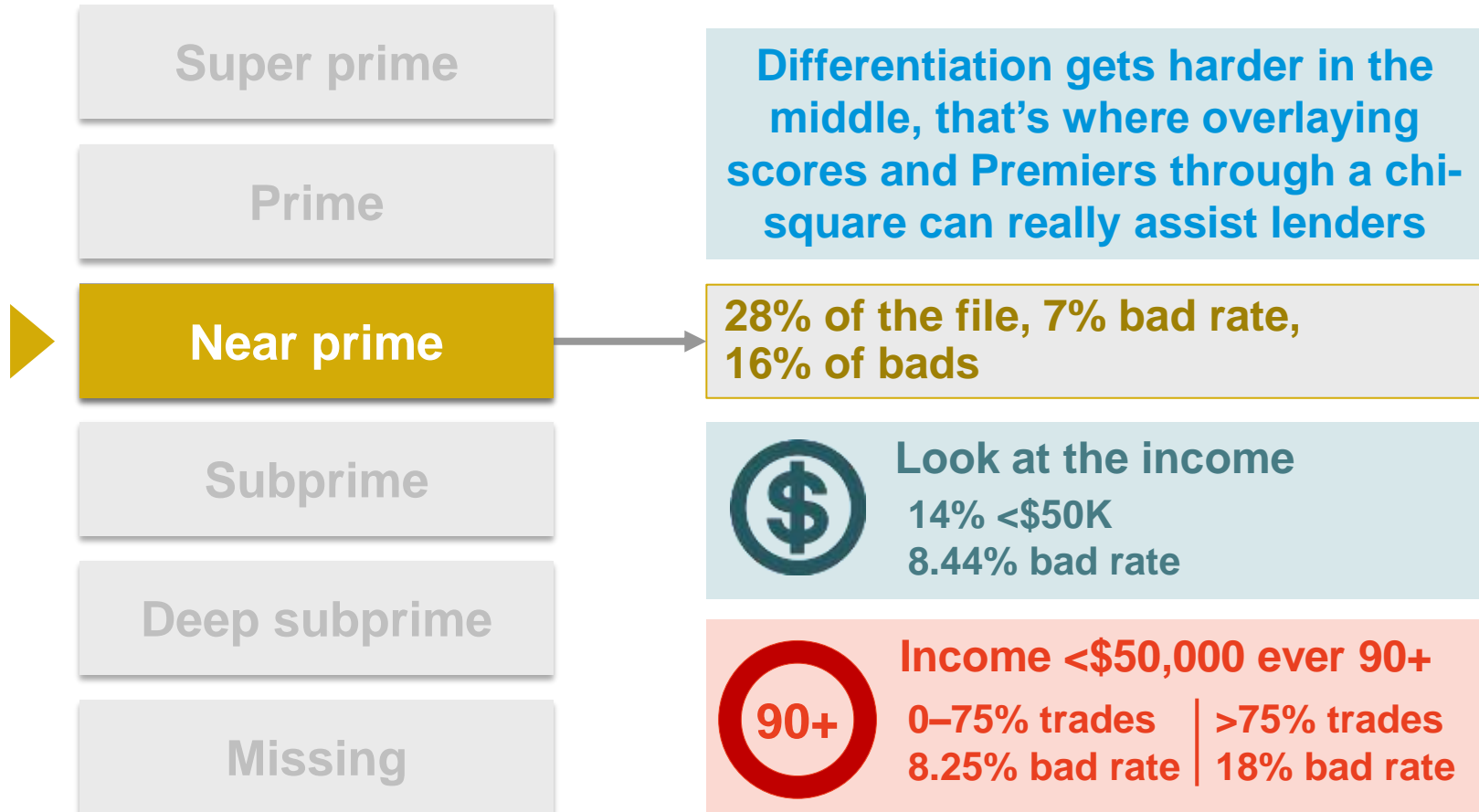
## Probability 60+DPD





# Predicting risk

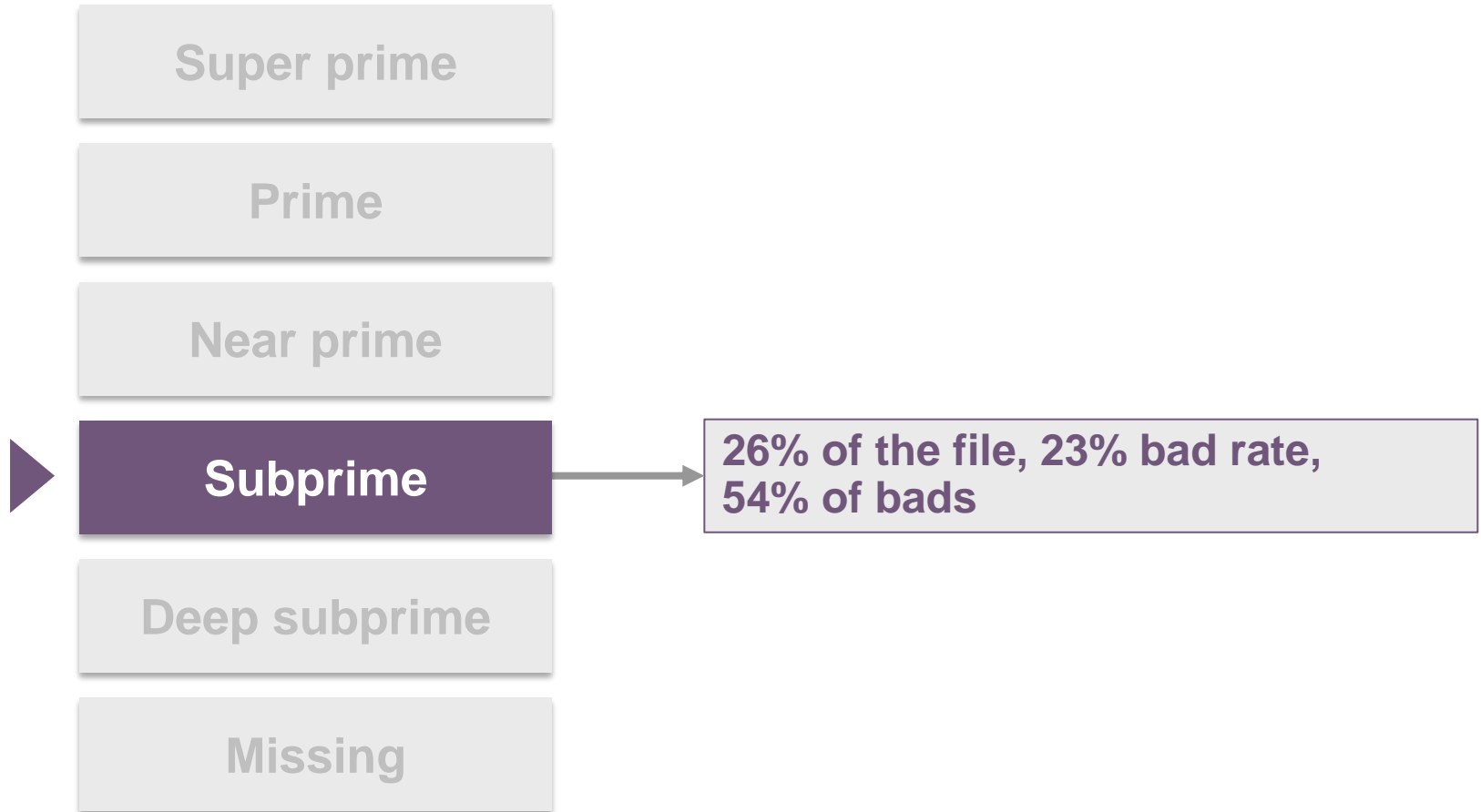
## Probability 60+DPD





# Predicting risk

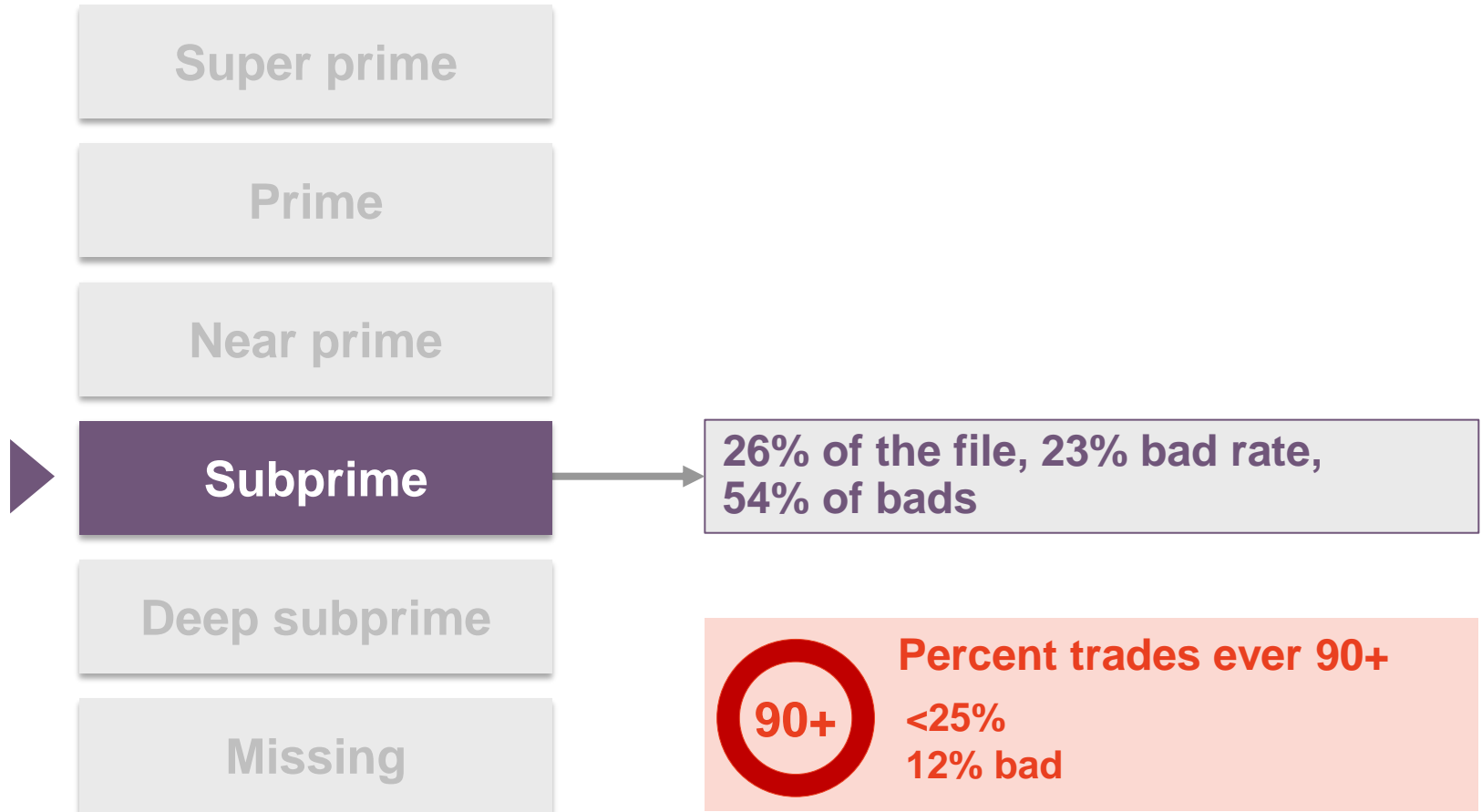
## Probability 60+DPD





# Predicting risk

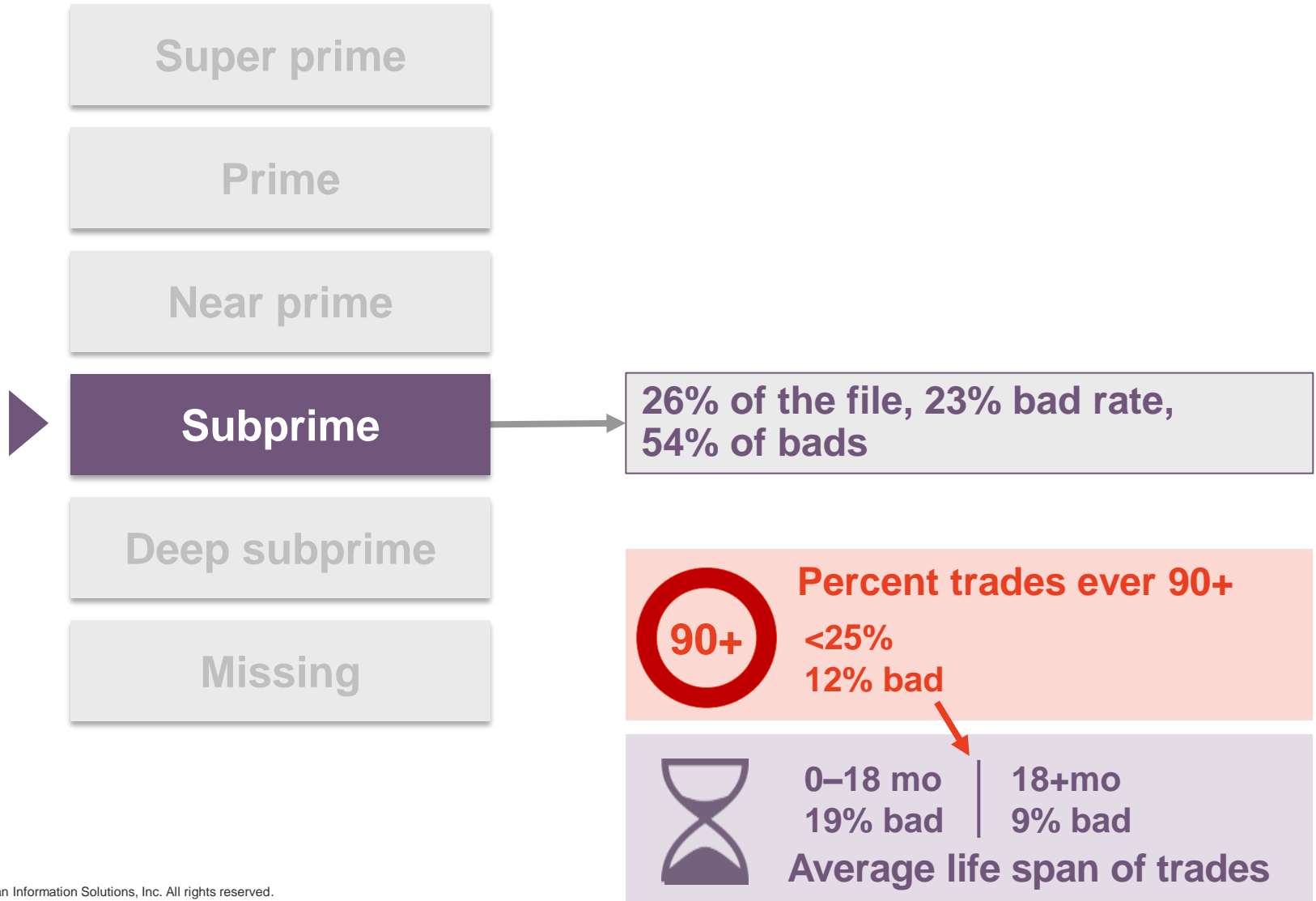
## Probability 60+DPD





# Predicting risk

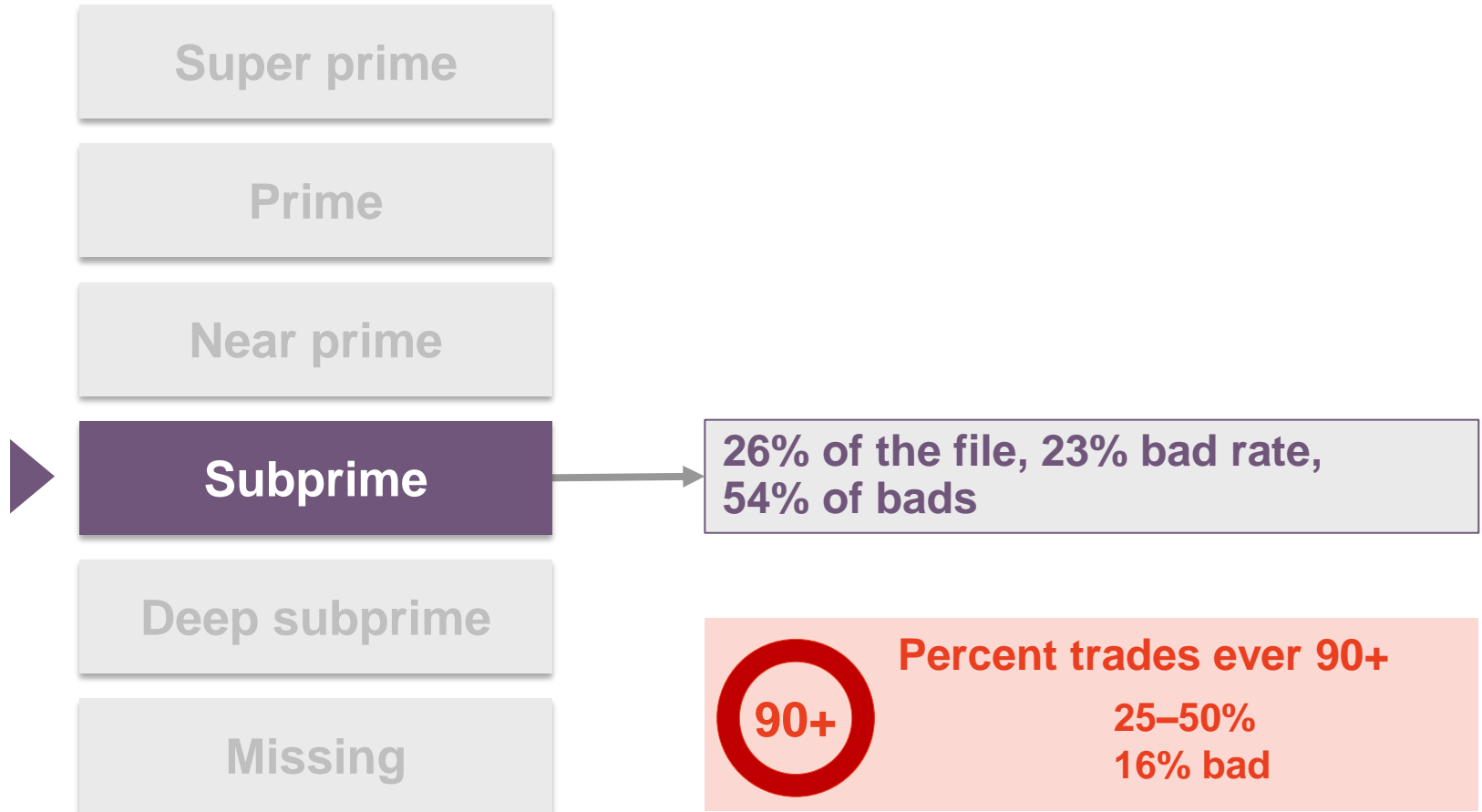
## Probability 60+DPD





# Predicting risk

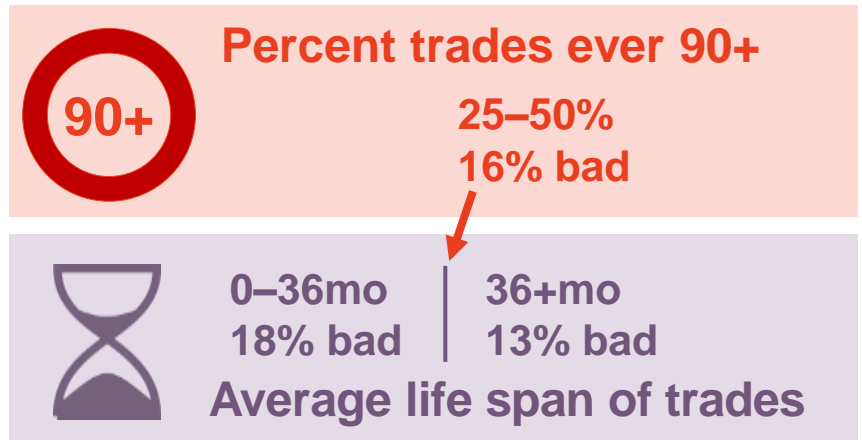
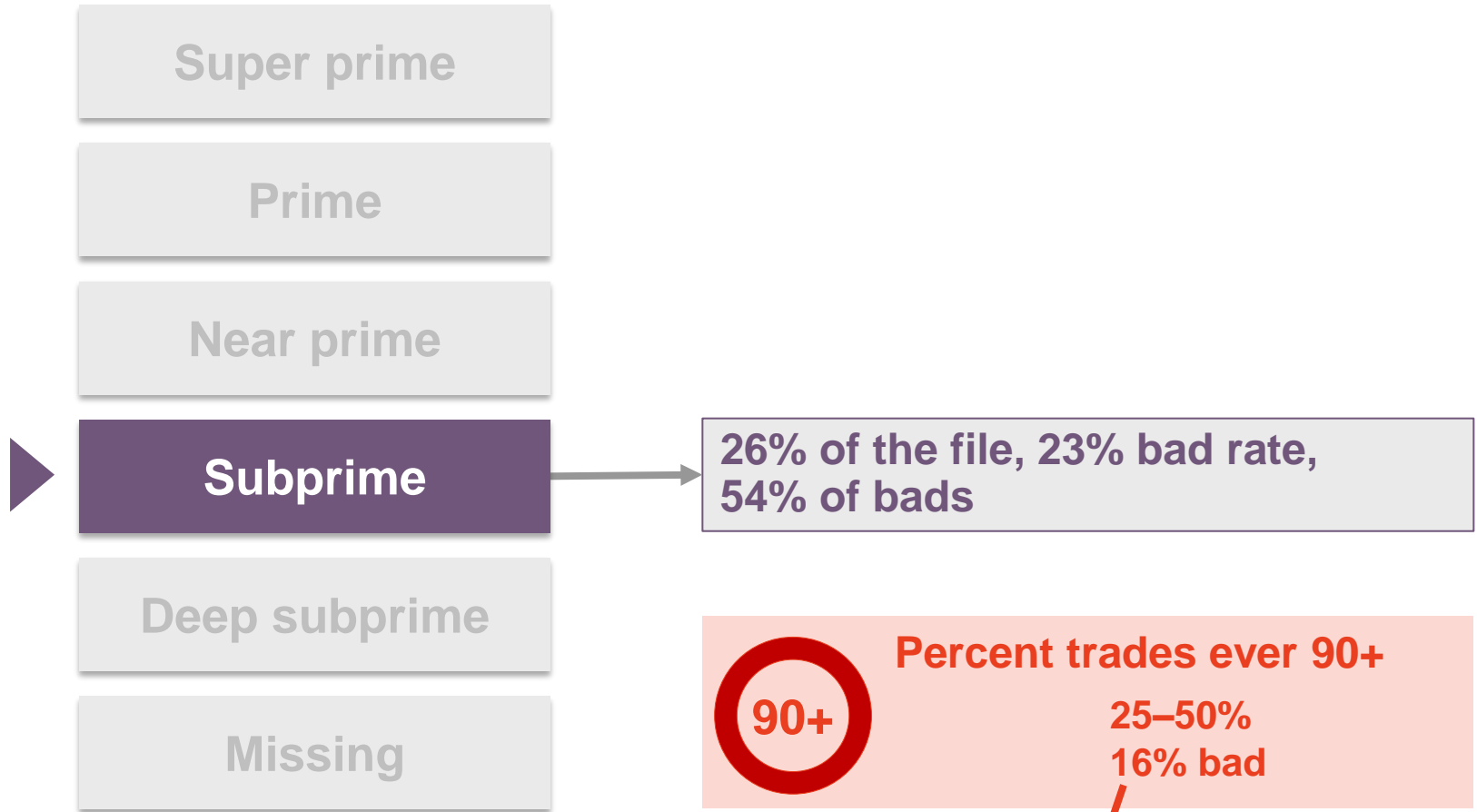
## Probability 60+DPD





# Predicting risk

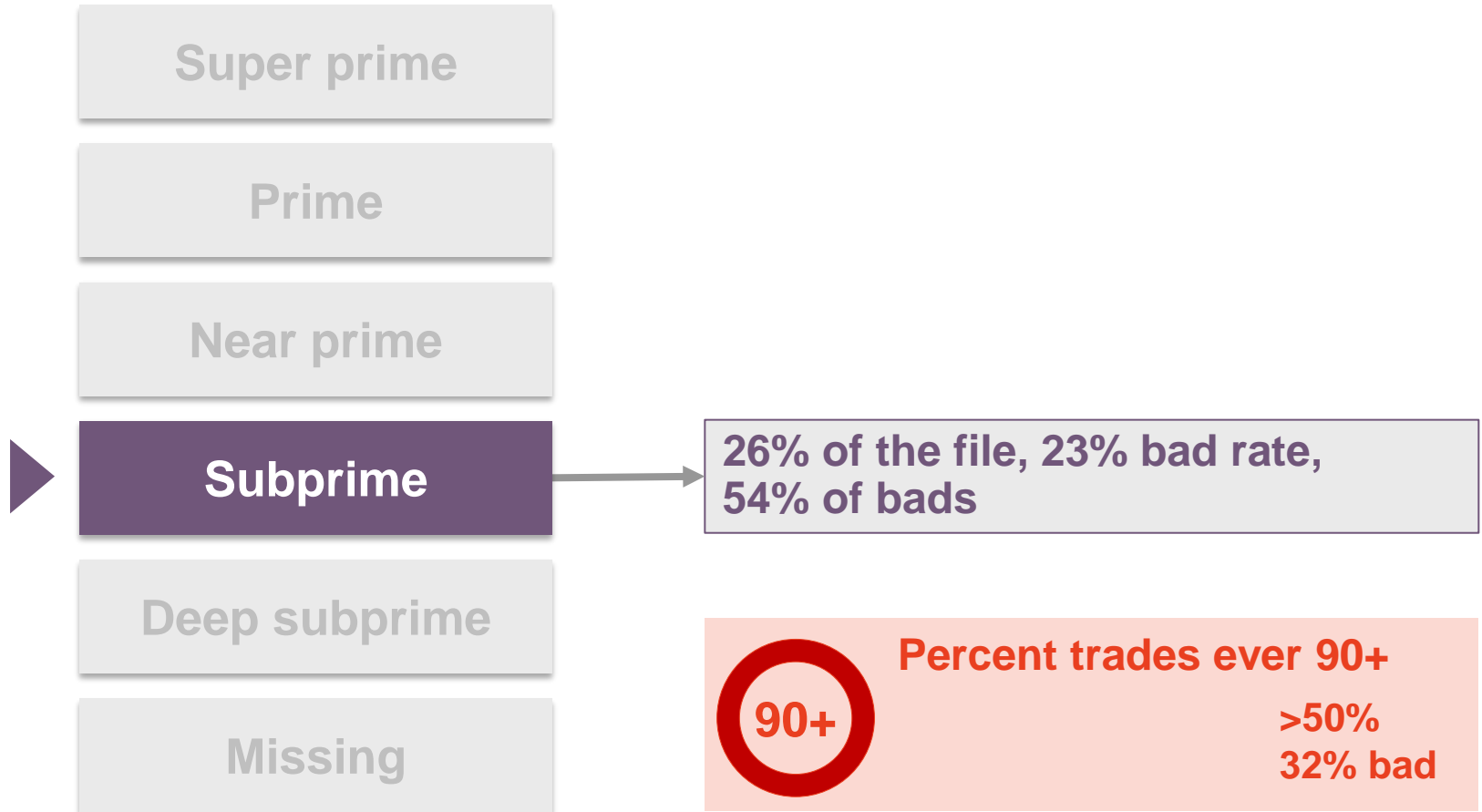
## Probability 60+DPD





# Predicting risk

## Probability 60+DPD







— VISION 2016 —

# TAKE CONTROL

A ROADMAP FOR GROWTH

#vision2016

# Bringing it all together

Allison Safran





# Summary

## Challenges

More lenders are flooding  
the personal loan market



Personal loan credit quality  
is deteriorating

## Opportunities

- Be **CLEAR** on target market and value proposition
- **KNOW** your customer
- Leverage enhanced **SEGMENTATION STRATEGIES** to manage risk
- Improve lending decisions by developing **INDEPENDANT** individual borrower and joint borrower scorecards



— VISION 2016 —

**TAKE CONTROL**

A ROADMAP FOR GROWTH

#vision2016



**For additional information,  
please contact:**

**SShankar@LendingPoint.com**

LinkedIn: [www.linkedin.com/in/SharatShankar](http://www.linkedin.com/in/SharatShankar)

**Allison.Saffran@Experian.com**

LinkedIn: [www.linkedin.com/in/AllisonSaffran](http://www.linkedin.com/in/AllisonSaffran)

**Crissy.Wallace@Experian.com**

LinkedIn: [www.linkedin.com/in/CrissyWallaceMyler](http://www.linkedin.com/in/CrissyWallaceMyler)

Twitter: @CrissyWallace



**Follow us on Twitter:**

**@ExperianVision | #vision2016**

# Share your thoughts about Vision 2016!

Please take the time now to give us your feedback about this session. You can complete the survey in the mobile app or request a paper survey.

1 Select the Survey button and complete

2 Select the breakout session you attended

Vision Conference  
Breakout Session Survey

Experian

1. How would you rate the presenters' knowledge?  
 Excellent  Above average  Average  Below average  Poor

2. How would you rate the presenters' delivery?  
 Excellent  Above average  Average  Below average  Poor

3. How would you rate the presenters' time management?  
 Excellent  Above average  Average  Below average  Poor

4. How useful was the session information?  
 Very useful  Somewhat useful  Neutral  
 Somewhat not useful  Not useful

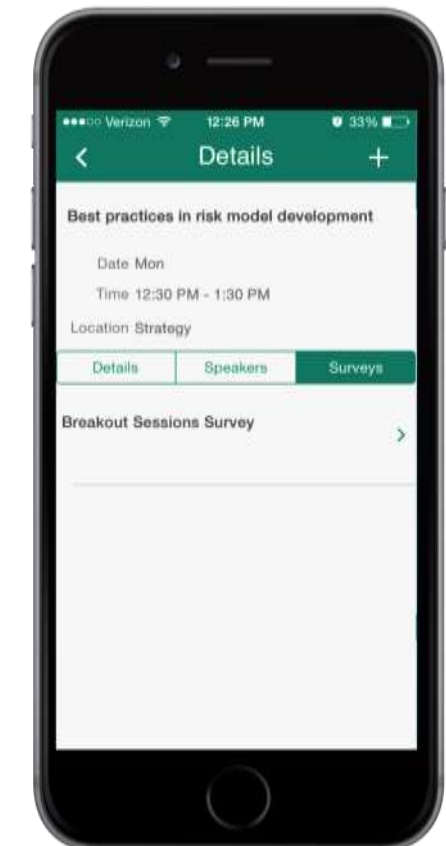
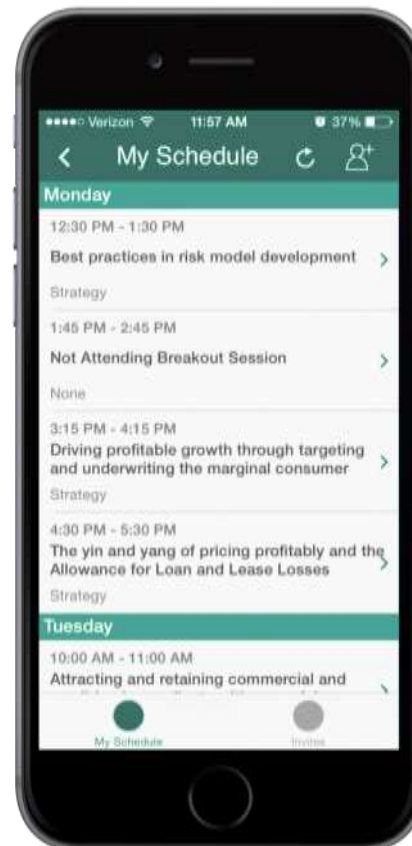
5. How would you rate the session on being current?  
 Very current  Somewhat current  Neutral  
 Somewhat not current  Not current

6. How relevant was the session content to the title and description?  
 Very relevant  Somewhat relevant  Neutral  
 Somewhat not relevant  Not relevant

7. How would you rate the level of content?  
 Too advanced  Just right  Too basic

8. Why did you attend this session? (Check all that apply)  
 Relates to my business  The presenter(s)  Interest in new product  
 Compelling session description  Increase product knowledge

9. Do you have any additional comments?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_





— VISION 2016 —

# TAKE CONTROL

A ROADMAP FOR

GROWTH

