

New Day

Harnessing the power of
data to responsibly say yes
to more people



NewDay is a leading provider of unsecured consumer credit in the UK **providing 5.4 million customers with access to credit.** The firm is a broad-spectrum lender with a specialism in delivering services to near-prime customers who may not have easy access to credit from mainstream lenders. Its credit product offering includes physical and digital cards - including Bip, the UK's first digital only credit card - and NewPay, a Buy Now Pay Later (BNPL) service offering instalment finance and revolving credit, which unlike many peers is fully regulated.

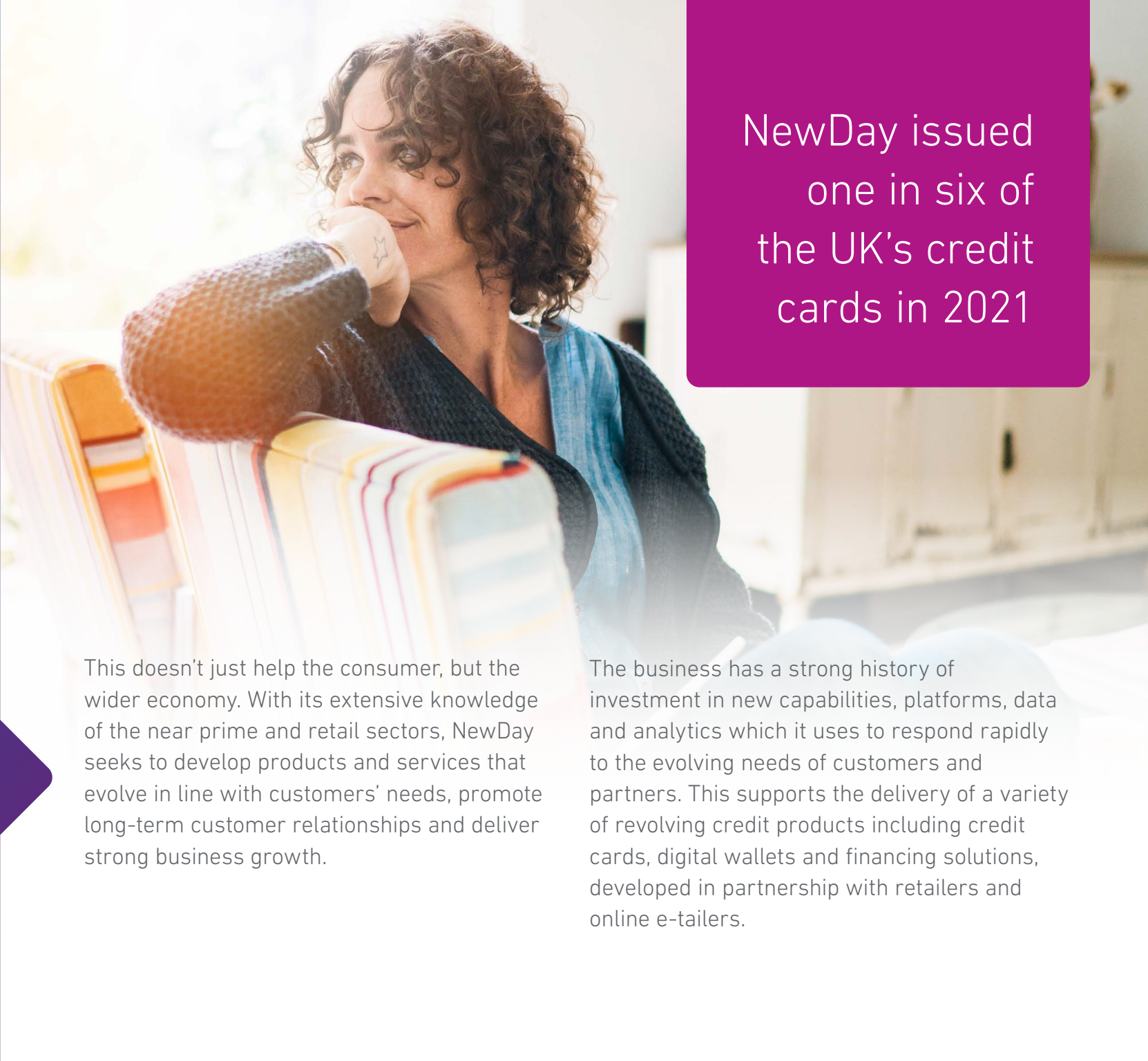


The UK's leading provider of unsecured personal credit.

NewDay issued one in six of the UK's credit cards in 2021. Furthermore, the company's aim is to be the UK's leading digitally-enabled consumer finance provider, developing innovative ways to help customers stay in control of their finances, access credit seamlessly and, most importantly, improve their credit scores.

This doesn't just help the consumer, but the wider economy. With its extensive knowledge of the near prime and retail sectors, NewDay seeks to develop products and services that evolve in line with customers' needs, promote long-term customer relationships and deliver strong business growth.

The business has a strong history of investment in new capabilities, platforms, data and analytics which it uses to respond rapidly to the evolving needs of customers and partners. This supports the delivery of a variety of revolving credit products including credit cards, digital wallets and financing solutions, developed in partnership with retailers and online e-tailers.

A woman with curly hair is shown in profile, blowing a hairbrush into a hairdryer. The scene is brightly lit, suggesting a bathroom or a well-lit room. The woman is wearing a dark top and a blue shawl. The hairbrush has a wooden handle and a white bristle head. The hairdryer is a classic, rounded model with a textured surface.

NewDay issued one in six of the UK's credit cards in 2021

Challenge

As part of its continued evolution, the company wanted to update its credit risk and underwriting capabilities by upgrading its existing credit scorecard.

This was seen as essential to maintain its competitive advantage and to continue its programme of growth which had seen it acquire an additional 907,000 customers in 2021. The review of its credit scoring capability came at a time of increasing concern about the impact of the Covid-19 pandemic when many lenders were seeking to tighten their credit policy rules, limit the availability of credit and mitigate the risk of delinquency amongst their existing customers.

The challenge for NewDay was to see if it could continue to acquire new customers and lend responsibly without increasing the risk to the business or to the customer, while at the same time staying true to its mission to help people move forward with credit.

This also came at a time when there was an increased regulatory focus on the data being used by lenders to help them understand consumers' affordability. Being able to access the best data was seen as not only a driver for growth, but also essential to demonstrate regulatory compliance.



Solution

NewDay undertook a competitive review of the market to assess the performance of each UK credit bureau's credit scorecards.

In association with this it also took the opportunity to look at other complementary data sources such as affordability metrics and Covid-specific insight including income shock and emergency payment holidays, which could be used to understand the impact of the pandemic on consumers' financial well-being.

NewDay evaluated Experian's latest version of its Delphi credit scorecard (Generation 11) in association with Experian's Trended credit, trade level data and Affordability IQ (AIQ) insight. This resulted in significant uplifts in scorecard power versus existing models and a greater assurance of lending affordably.



A unique and powerful partnership

Adopting the latest version of Experian's Delphi score and combining it with the company's own data capabilities, underwriting experience and machine learning has meant NewDay's new models are up to 69% better at profiling risk vs industry standard and enable us to more than double new customer exposure without any change in credit quality. The application of the Trended Credit gave the business additional historical insight into consumers' credit history and payment behaviour which meant it could forecast their future sustainability more accurately.

Affordability IQ provided NewDay with a measure of a customer's income and indebtedness, whilst Experian's Covid insight helped NewDay understand the impact of the pandemic on their customers' financial well-being, by identifying loss of income, if a customer had been furloughed or was taking a payment holiday from a credit agreement.

Most importantly of all, NewDay could customise the use of these data points to reflect the requirements of its customer base to ensure that it could lend responsibly and sustainably. This allowed it to continue to acquire new customers, safe in the knowledge that it had a comprehensive understanding of their finances and the level of credit they could afford. It also allowed NewDay to help fulfil its mission of helping its customers move forward with credit.

As a result NewDay has continued to grow its customer base and has been able to get back to lending at the same level as before the pandemic without any deterioration in its credit performance.

NewDay's new models are **up to 69%** better at profiling risk vs industry standard and enable us to more than double new customer exposure without any change in credit quality



Registered office address:
The Sir John Peace Building, Experian Way,
NG2 Business Park, Nottingham, NG80 1ZZ

www.experian.co.uk

© Experian 2022.

Experian Ltd is authorised and regulated by the Financial Conduct Authority. Experian Ltd is registered in England and Wales under company registration number 653331.

The word "EXPERIAN" and the graphical device are trade marks of Experian and/or its associated companies and may be registered in the EU, USA and other countries. The graphical device is a registered Community design in the EU.

All rights reserved.