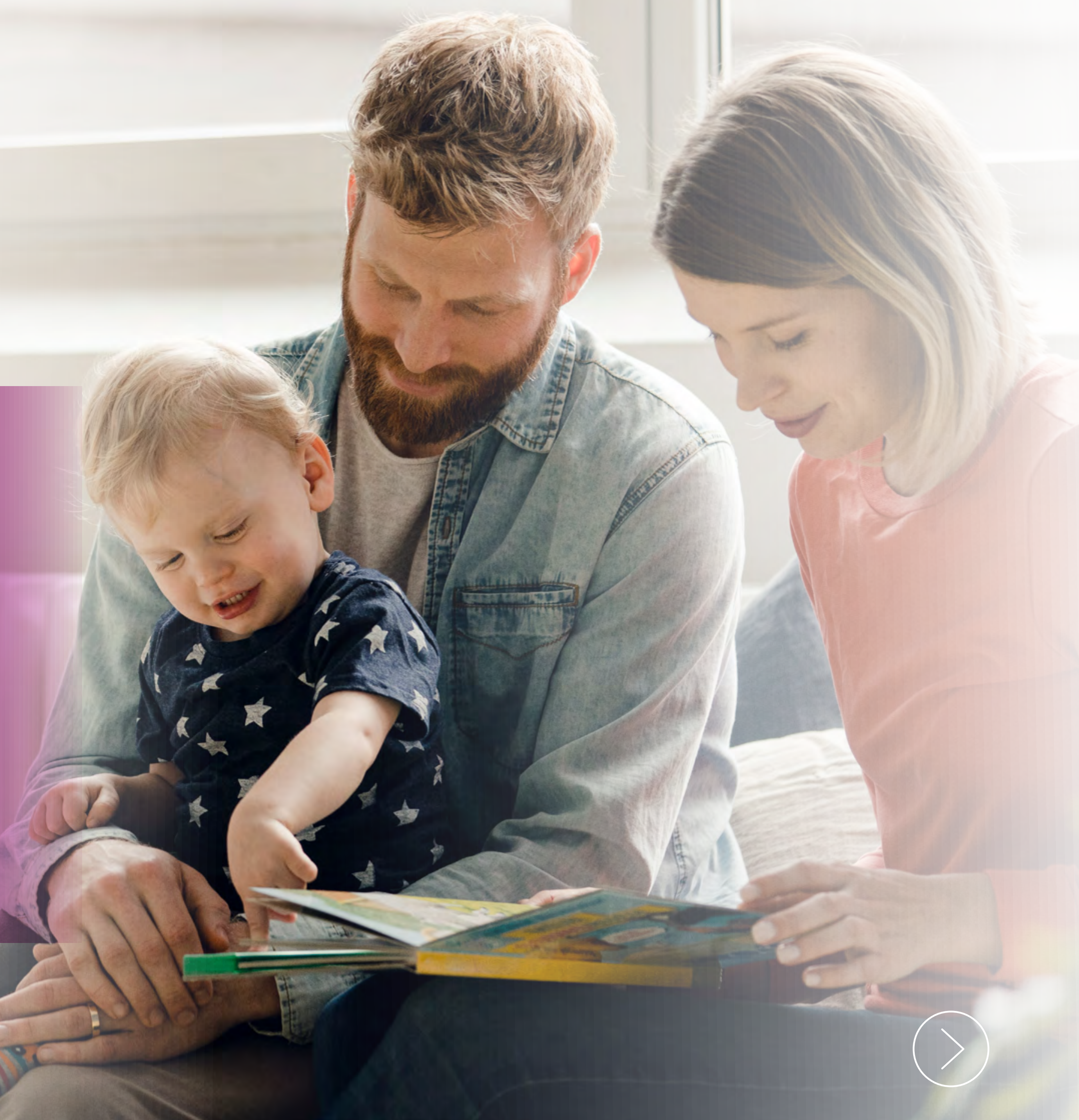
Introducing Arrears Foresight from Experian

Better understand your customers' financial situation to support their individual needs, reduce bad debt, and manage economic uncertainty

A consumer's financial circumstances can change rapidly, for a whole variety of macroeconomic reasons. On the long road to economic recovery, as the UK transitions to a greener economy and new trading relationships post-Brexit, the ability to plan ahead is vital.

- **How** can you identify which sectors will struggle or thrive?
- **Understand** your customers' financial resilience?
- **Pro-actively** manage potential spikes in arrears?
- **Support** customers at risk of unemployment and income shock, before they fall into arrears?

The credit market is also evolving rapidly, driven by new competitors, new ways of lending, and new regulation focused on supporting customers long-term. Consumers expect fast, frictionless, experiences, across channels and products, together with personalised treatments tailored to their needs. Customers experiencing financial stress need to be treated as individuals, making the need for fast, accurate, data-driven insight greater than ever.



Stay ahead of the curve

Arrears Foresight from Experian provides a granular view of your portfolio to identify potentially vulnerable customers before their financial situation worsens.

The tool brings together up-to-date indicators for unemployment – by sector and region, income shock data, and the latest UK credit market insights, with traditional credit risk indicators via Delphi for Customer Management (DCM) scores.

We also have an award-winning economics team on hand to help you better understand the impact of future trends and scenarios on your portfolios and customers.

With Arrears Foresight from Experian you can:

- **Proactively identify and support potentially vulnerable customers** – before their financial situation deteriorates.
- **Identify specific sectors and portfolios** impacted by variables such as rising unemployment.
- **Understand customers' financial resilience** and areas of opportunity to increase lifetime customer value.
- **Personalise your communication and collections strategies based on an individual's financial situation** – for better customer outcomes and results.
- **Allocate resources where they're needed most** – by knowing which segments are impacted you can assign resources in advance and support your collections teams.
- **Reduce bad debt** – by taking pre-emptive action to mitigate your credit losses.
- **Support regulatory compliance** including IFRS9 credit risk provision.

Benefits

01

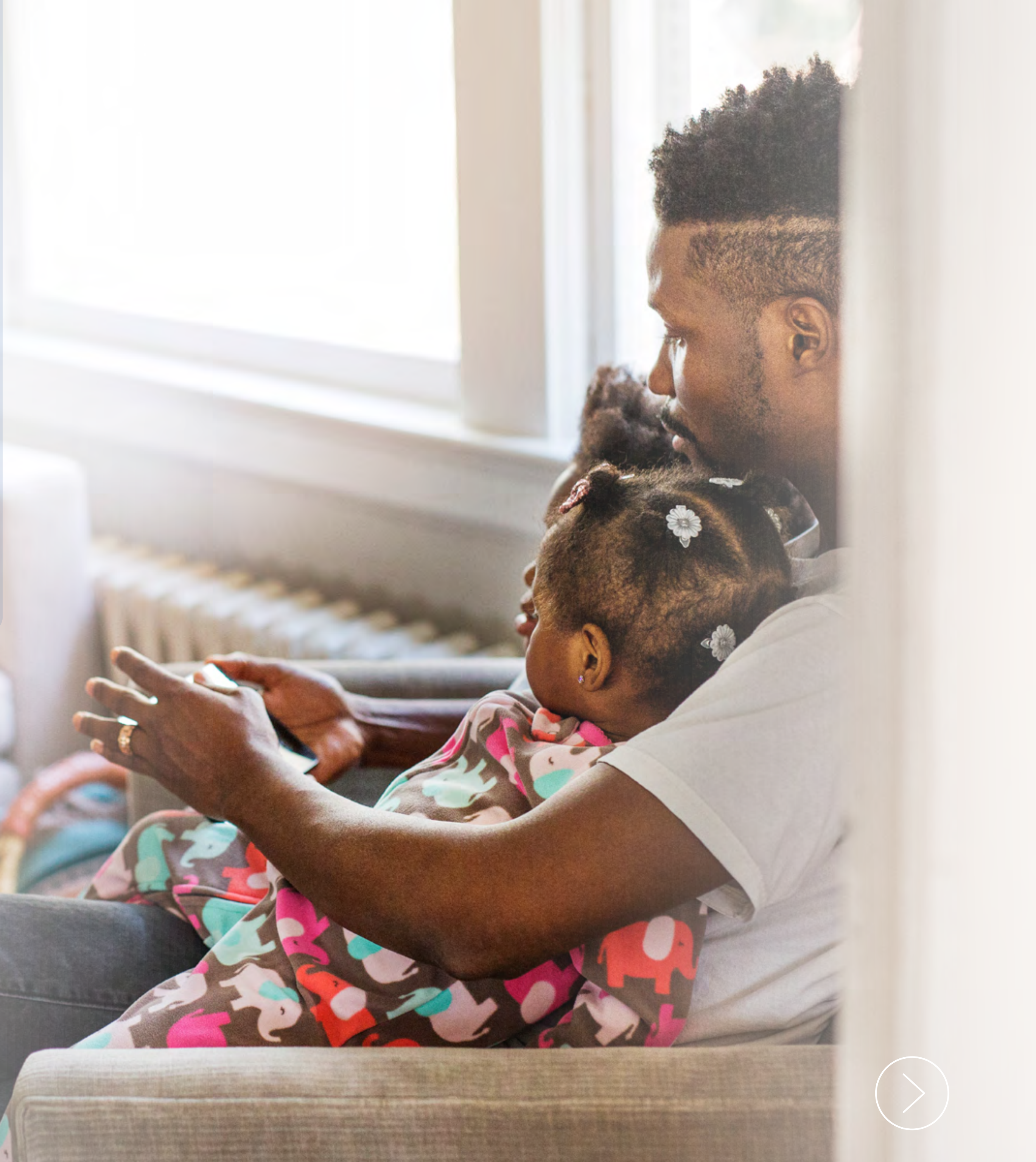
Understand current and future market changes and their impact on your business – to deploy change fast, manage risk and grow.

02

Estimate the volume and value of future arrears to enhance your collections strategy and drive revenue.

03

Understand customers' financial resilience and areas of opportunity to increase customer lifetime value and innovate new products and services.



How it works

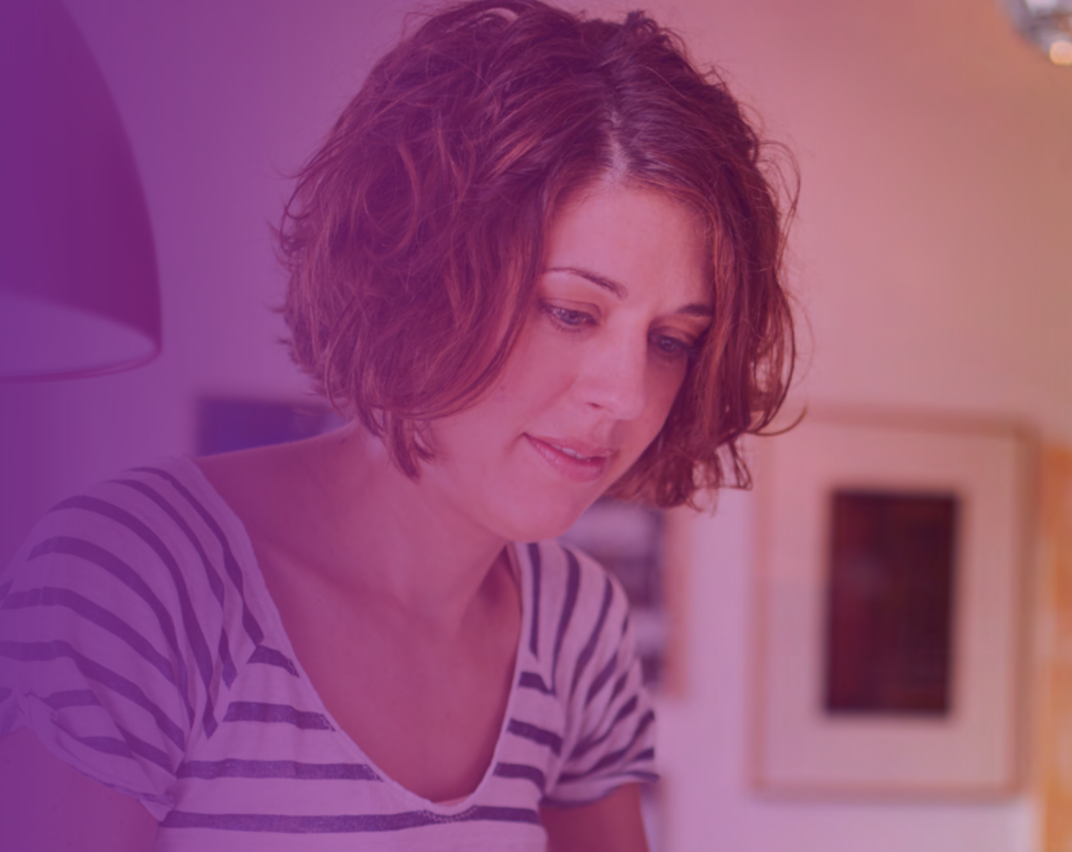
#1 Access a wealth of data assets to understand risk at a granular level, including:

- Market-leading bureau data and award-winning economic forecasts – stress testing against possible future economic scenarios will help you better plan and prepare in a volatile economic and market environment.
- Income shock using CATO data – customers experiencing a significant reduction in income are more likely to default. The ability to identify those affected can help you take pre-emptive action.
- Emergency Payment Holiday indicators – measures such as Emergency Payment Holidays can be a precursor to delinquency. Identifying these customers can help you target the right customers with the right personalised message at the right time.
- Unemployment risk indicators – being able to identify customer segments at risk of unemployment can help lenders better forecast potential losses, and also spot areas of opportunity by understanding which sectors are more sustainable, or thriving.
- Credit risk scores – these scores help you identify customers' level of credit risk.

#2 Segment your portfolio based on your chosen variables (i.e. unemployment risk) to predict which customers are most at risk of falling into arrears, and which are financially resilient. You can do this at portfolio, regional, or sector level.

#3 Understand risk quickly and accurately with the results presented in Tableau – including a traffic light system to indicate where your focus should be. For example, a customer at low risk of unemployment is given a green flag for unemployment.

#4 Identify an overall probability of default as well as the volume and value of arrears predicted within a given portfolio.



> "Experian has helped us better understand the financial situation of our customers. This insight has helped inform our support and communications strategy to help those individuals worst affected by the pandemic. Experian's data and insights have supported BMW Group Financial Services ability to better navigate the uncertainties brought about by COVID-19."

Ben Stewart, Credit Risk Manager from BMW Group Financial Services.

Find out more

To learn more about Arrears Foresight, contact your Experian representative or email us at

analytics.enquiries@experian.com

Proactively plan for the future with clear and powerful insight and analysis from Experian – drive your resilience and growth in a rapidly changing environment.

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

www.experian.co.uk