

Realities and opportunity in addressing the underbanked segment

Underbanked Financial Services Forum
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Common misconceptions in addressing the underserved consumer

1 Financial providers will retreat from providing services to underserved consumers as a result of the sub prime crisis

2 Underbanked consumers represent higher risk than the general population

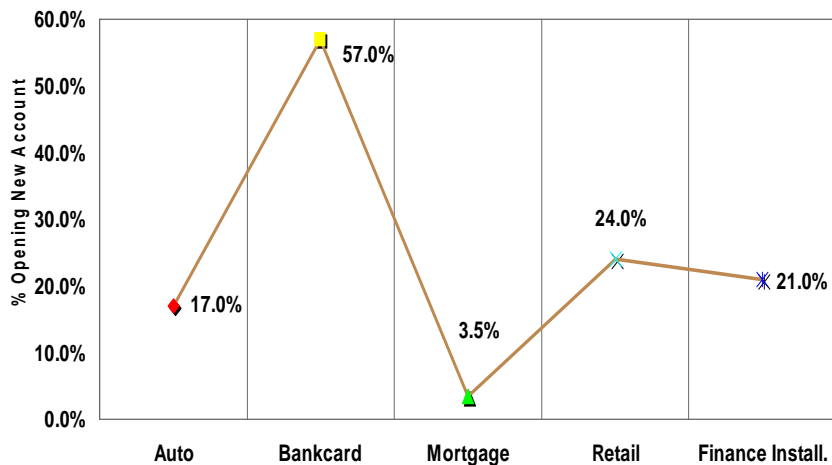
3 All unbanked consumers equally desire to participate in the mainstream financial system

Financial providers will not retreat from providing services to underserved consumers as a result of the sub prime crisis

The 'credit crunch' and sub prime mortgage mayhem will not deter financial institutions from a long standing pursuit of growth strategies including the underbanked

NEW ENTRANTS

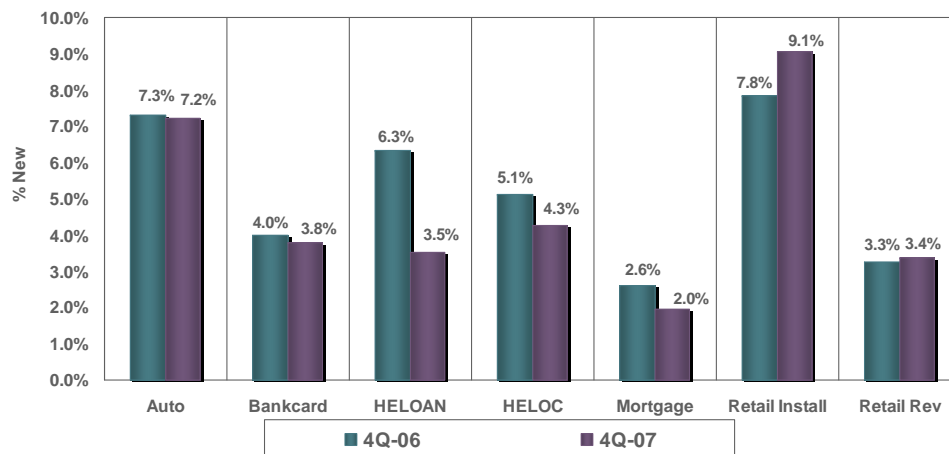
New Account Openings : 2006-2007



Experian study shows that one-third of new to credit consumers opened multiple accounts within one year

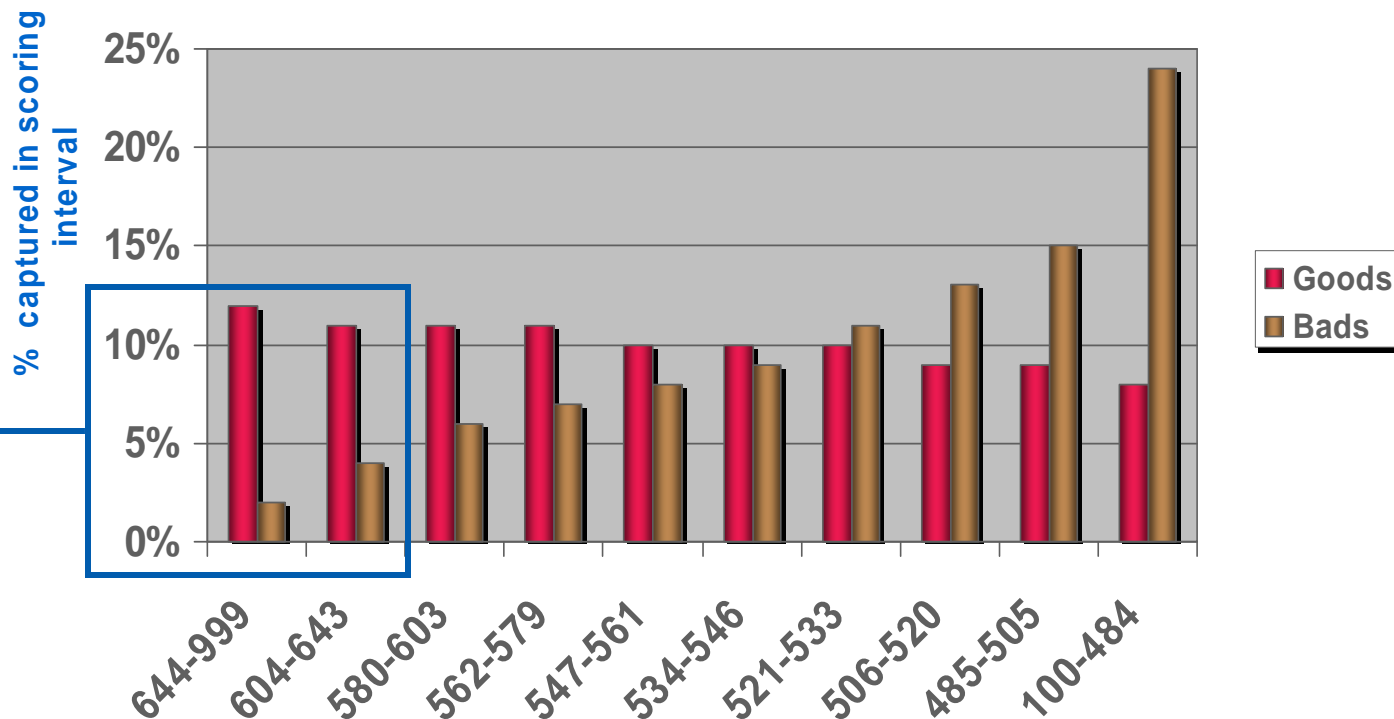
ALL CONSUMERS

New Account Openings: 2006-2007



Underbanked consumers represent risk levels similar to the general population

There is an underbanked 'new entrant' population that desires and deserves mainstream financial services



Bankcard provider could effectively approve 79,942 additional customers

Cumulative bad rate of 6.5%

Bankcard distribution of no-hit, thin file consumers

All unbanked consumers do not equally desire to participate in the mainstream financial system

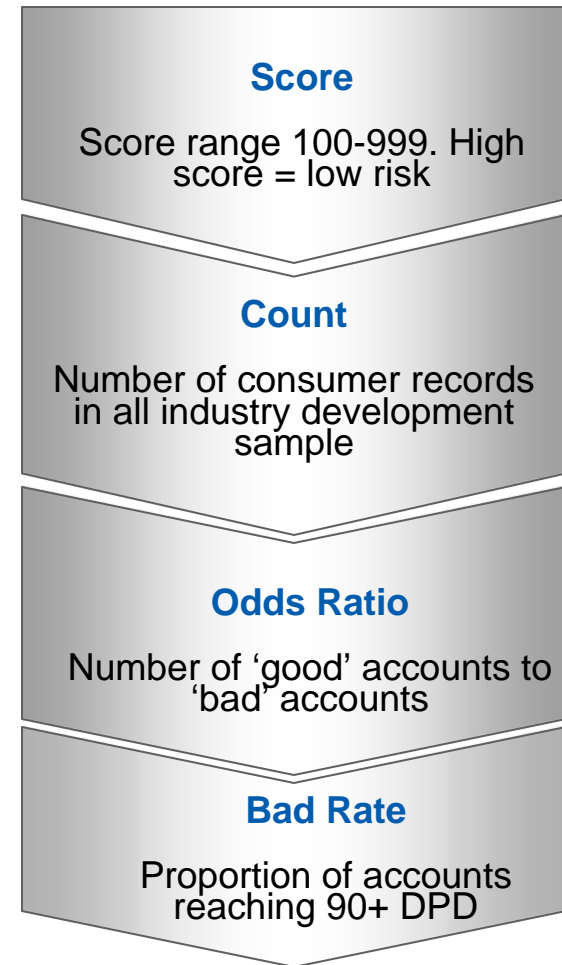
Banks	Credit Unions	Auto Finance	Telecom/Cable
<p>Sustainable Growth</p> <ul style="list-style-type: none">•segment consumers•sub prime, near prime•new credit entrants•multiple product lines	<p>Triple Bottom Line</p> <ul style="list-style-type: none">• help build credit.• community development• credit literacy• new members	<p>Risk Based Terms</p> <ul style="list-style-type: none">•extend financing•creative repayment•systematically assess risk•captives, banks, finance,	<p>Right Pricing</p> <ul style="list-style-type: none">•deposit strategy•service bundling•payment flexibility•geographic coverage

- *A diversified value proposition may have greater appeal*
- *Convenience, control, flexibility, education*
- *Some desire to build wealth through mainstream financial services*



Scoring models utilizing non-traditional and traditional credit history effectively segment risk

Score	Count	Odds Ratio	Bad Rate
608-993	20,004	14.5:1	6.47%
550-607	19,915	9.4:1	9.64%
514-549	20,389	6.9:1	12.60%
489-513	20,245	5.5:1	15.45%
470-488	19,661	4.5:1	18.02%
455-469	19,385	3.9:1	20.42%
441-454	21,306	3.4:1	22.74%
430-440	19,009	3.0:1	24.69%
420-429	21,216	2.8:1	26.53%
412-419	18,199	2.6:1	28.06%
404-411	21,082	2.3:1	30.00%
396-403	19,742	2.2:1	31.59%
389-395	19,530	2.0:1	33.11%
382-388	20,329	1.9:1	34.64%
376-381	19,208	1.8:1	36.15%
370-375	19,582	1.7:1	37.73%
361-369	19,964	1.6:1	39.09%
350-360	20,535	1.5:1	40.52%
334-349	19,202	1.4:1	41.97%
127-333	19,800	1.3:1	43.65%



Emerging Credit ScoreSM delivers a differentiated experience with blended assets

Alternative + Credit Data

FCRA Compliant



- Blends credit indicators and reliable sources of non-traditional data
- Payment and purchase histories
- Stability indicators

Client Access

Platform Flexibility



- Automatic waterfall
- Standard formats
- Platform agnostic
- Operational simplicity

Capabilities

Complete credit cycle



- Online realtime or batch
- Marketing and origination
- Account review and collections

Leverage traditional delivery of alternative and credit bureau data with advanced analytics

In Summary....



In spite of market disruption, **sustainable growth** is an imperative



Underbanked segments represent realistic opportunity given a **discernable value proposition**



Models combining **traditional credit and non-traditional data assets** are extremely predictive



Companies can use these tools to **segment risk and offer affordable products** to the underserved

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