



# BRIDGING FIN&TECH

## CASH CREDIT GROUP

Trustworthiness  
and transparency

Sustainability  
Social responsibility

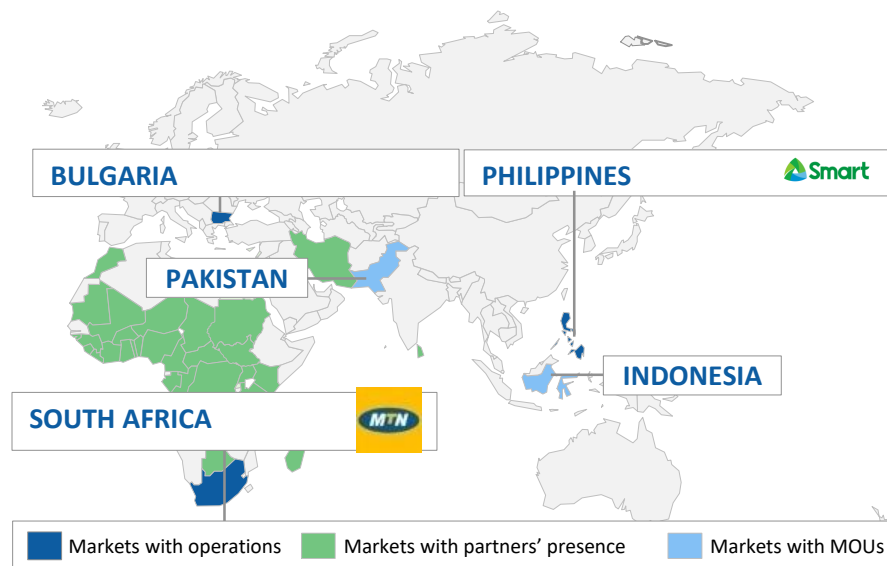
Visionary attitude  
Deliverability



Cash Credit is an award winning FinTech company with a proprietary lending technology and data platform

- Founded in 2012, operating on three continents
- Current partnerships with leading MNOs, providing large data sets, access to sizeable customer base and distribution channels
- Proprietary credit scoring technology platform using Big Data analytics
- Delivers microfinance to underbanked consumers and micro entrepreneurs, initially via own balance sheet to prove technology
- Builds end-to-end ecosystem for underwriting, disbursement, servicing and collection (including obtaining relevant licenses)
- Strong track record in Bulgaria

## Geographic footprint



## Partnerships with MNOs

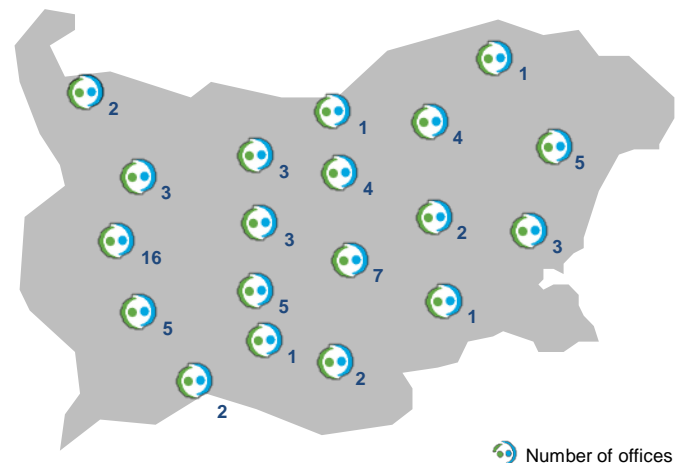
| Country                | MNO  | Subscribers |
|------------------------|--|-------------|
| Philippines            | <br> | c.70m       |
| Groupwide <sup>1</sup> |   | c.232m      |

<sup>1</sup> Cash Credit also holds OpCo contracts with South Africa and Cameroon

Cash Credit Bulgaria is a leading consumer finance provider of high interest yield loans of up to €1,000 in Bulgaria

- Founded in 2012, operating in 70 PoS, online and via Viber
- Focus on improving technology to support customer centric model
- Proprietary credit scoring technology platform using Big Data analytics
- Delivers microfinance to banked and underbanked consumers
- Builds end-to-end ecosystem for underwriting, disbursement, servicing and collection (including obtaining relevant licenses)
- Strong track record in Bulgaria

## Well established retail footprint

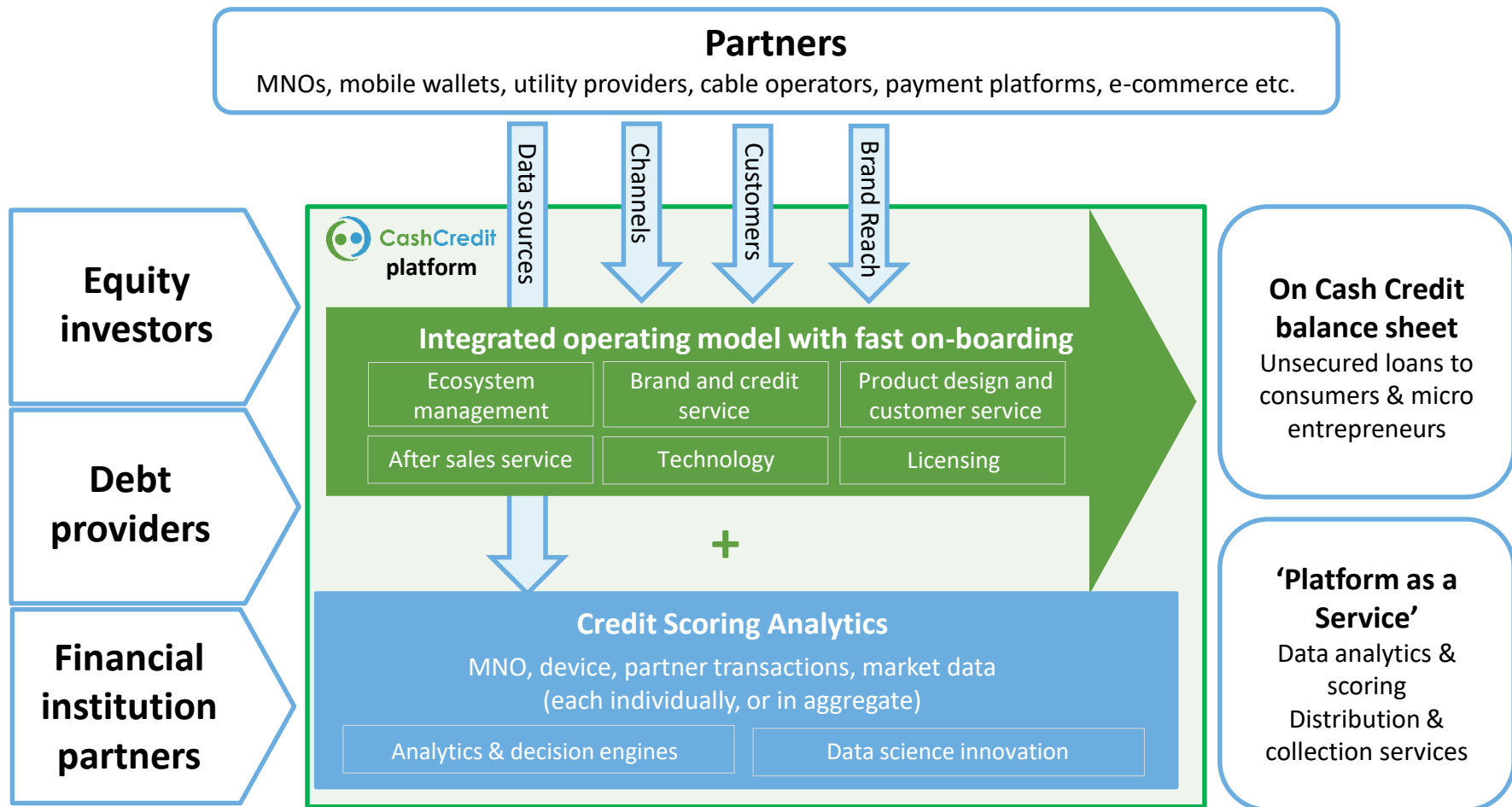


## Online lending in its early stage

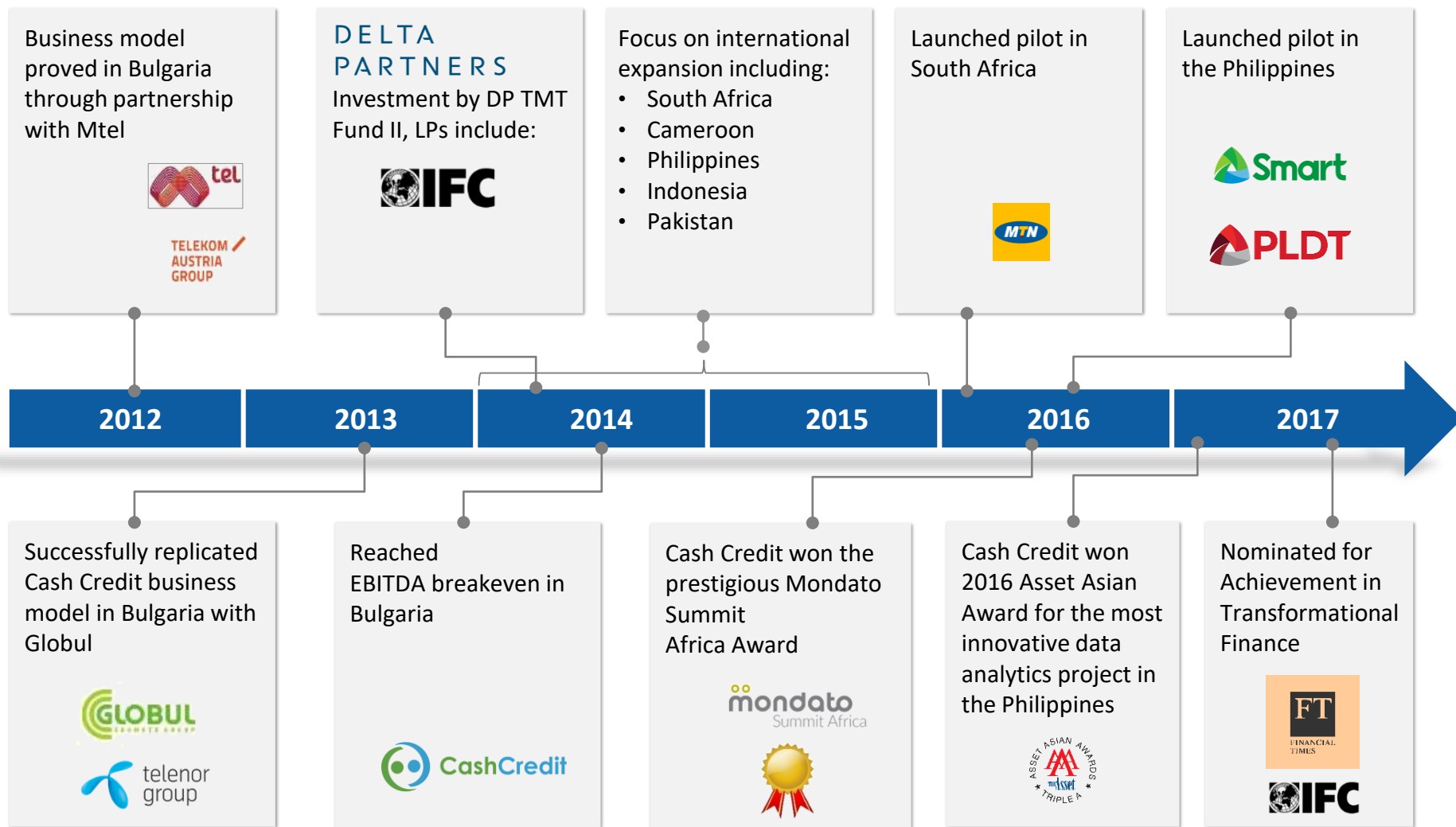


<sup>1</sup> Cash Credit also holds OpCo contracts with South Africa and Cameroon

Through its credit scoring, analytics and partnership based operating model Cash Credit acts as an end-to-end lending platform targeting unserved and underserved consumers and micro entrepreneurs



After successfully developing its business in Bulgaria, Cash Credit has successfully expanded into the Philippines and South Africa



A technology team of 50 constantly evolves Cash Credit's proprietary credit scoring and data platform to profitably target unserved and underserved consumers and micro entrepreneurs

### Non-traditional data sources

- Over 300 **unstructured real-time MNO metrics**
- Smart **device** data
- **Social** media footprint
- **Utility** data



### Leverage on technology

- **Big Data** analytics
- **Machine learning** algorithms

$$e^{-\tau} \int_{-\infty}^{\infty} \int_0^{\infty} F(e^{-x\tau}, \lambda) e^{(\mu/\sigma^2)(x\tau-x)} - (\mu^2\tau/2\sigma^2) \times P(x\tau, \lambda, T|x, t) d\lambda dx \tau$$

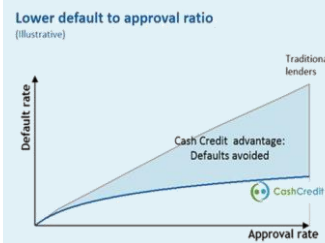
### Innovative view to credit scoring

- **Psychometric** vs. traditional analytics
- **Willingness** vs. ability to repay
- **Social circle** vs. individual score



### Powerful prediction models

- Our application score cards for new customers have GINI > .6 (2 times higher discriminative power than best performing alternatives)



### Ecosystem agnostic

- Easy to implement solution for MNOs
- **Wide range of ecosystems**
- POS, online, SMS, USSD, smart app
- Cash, bank transfer, debit cards, mobile wallets
- Variable, low cost model through technology & partnerships





Cash Credit uses non-traditional and traditional data sources and through its machine learning algorithms achieves an optimal approval/default rate ratio and collection efficiency

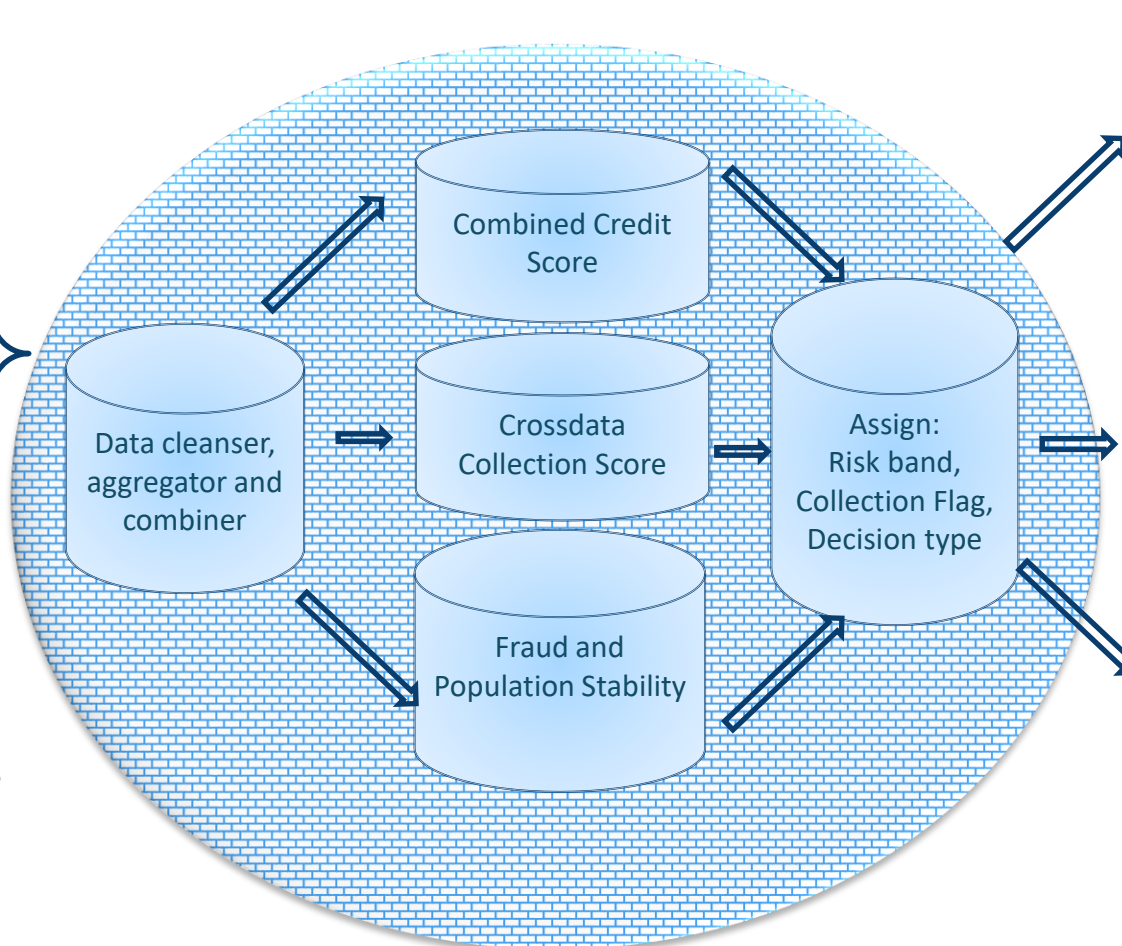
### Data Sources



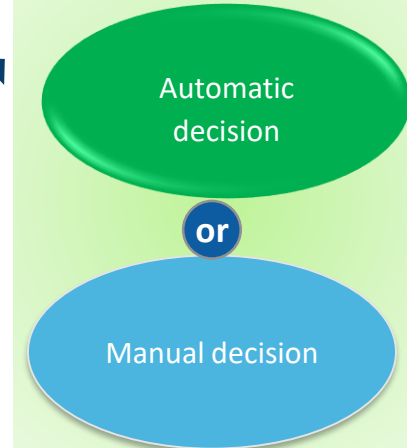
To be added in H2-17



### Scoring and Analytics



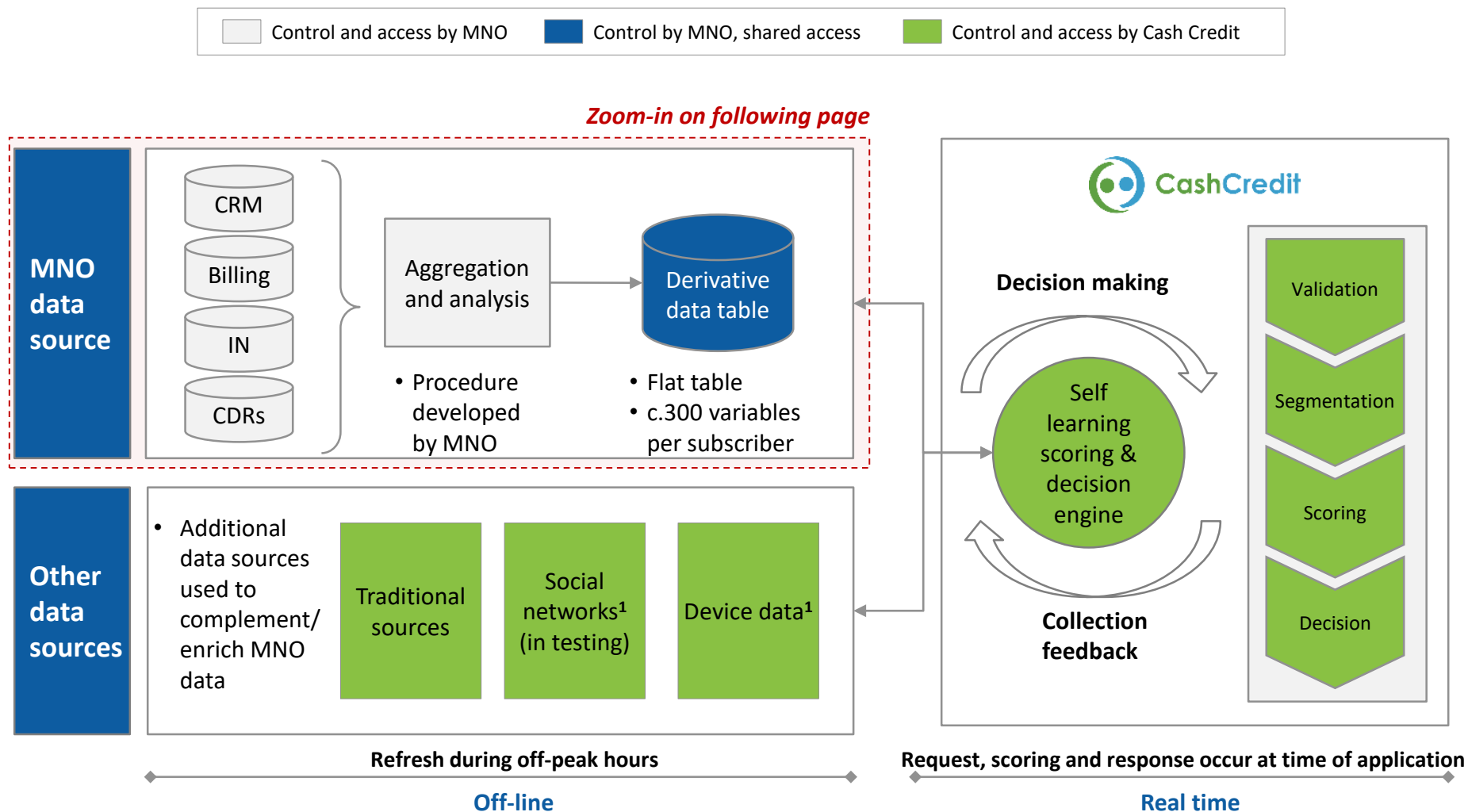
### Decision



### Collection Strategy



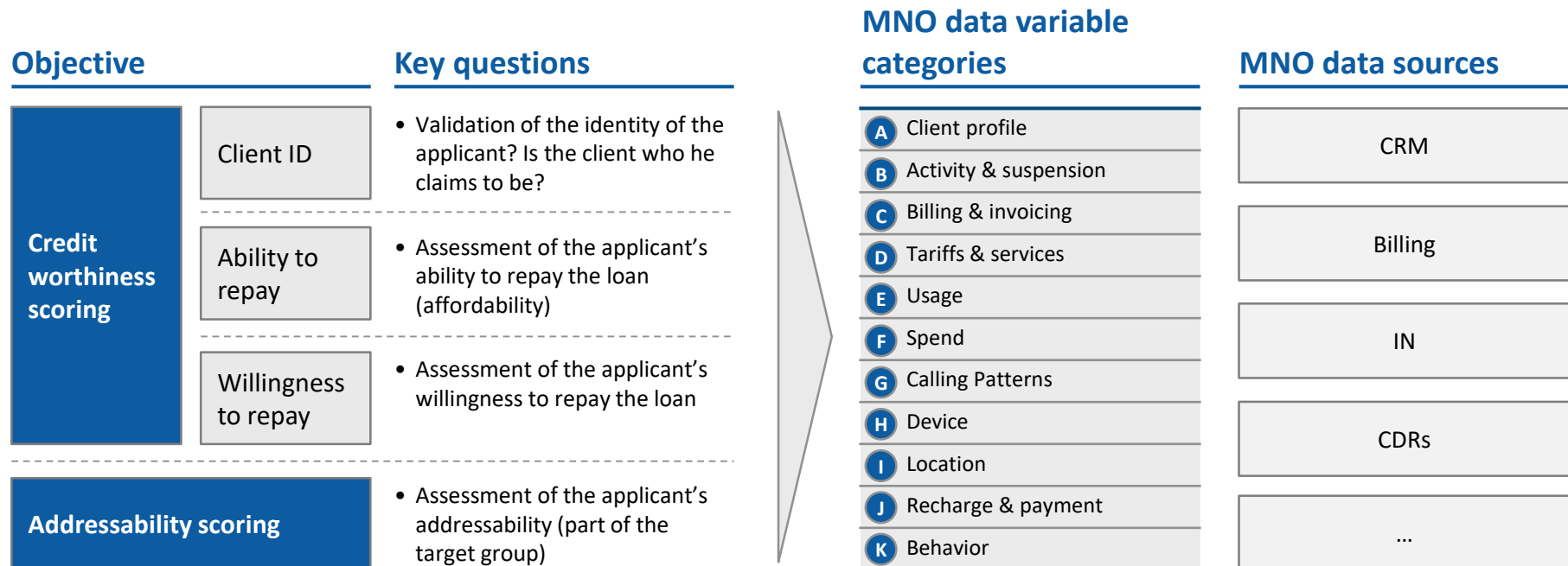
Cash Credit's analytics engine utilises both MNO and other data sources to ensure credit scoring is accurate, fast and consistent



Note: <sup>1</sup> Subject to customer consent



The MNO data variables that Cash Credit uses help assess the customer along key credit scoring dimensions while protecting the customer's data

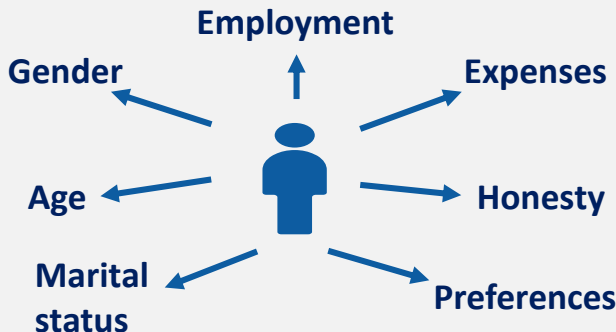
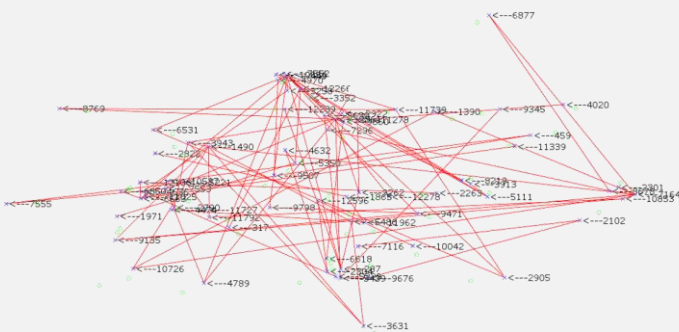


### Protection of customer data

- For sensitive data Cash Credit uses aggregated / indirect / derivative variables (i.e. what is the concentration of calls? Does the customer live in the capital?)
- Data provider controls the aggregation procedure to ensure only agreed variables are used as well as the input and output at the point of data exchange
- Customer identity is masked at all times, until customer gives Cash Credit written permission at application
- Cash Credit does not access the source data – the scoring algorithm does

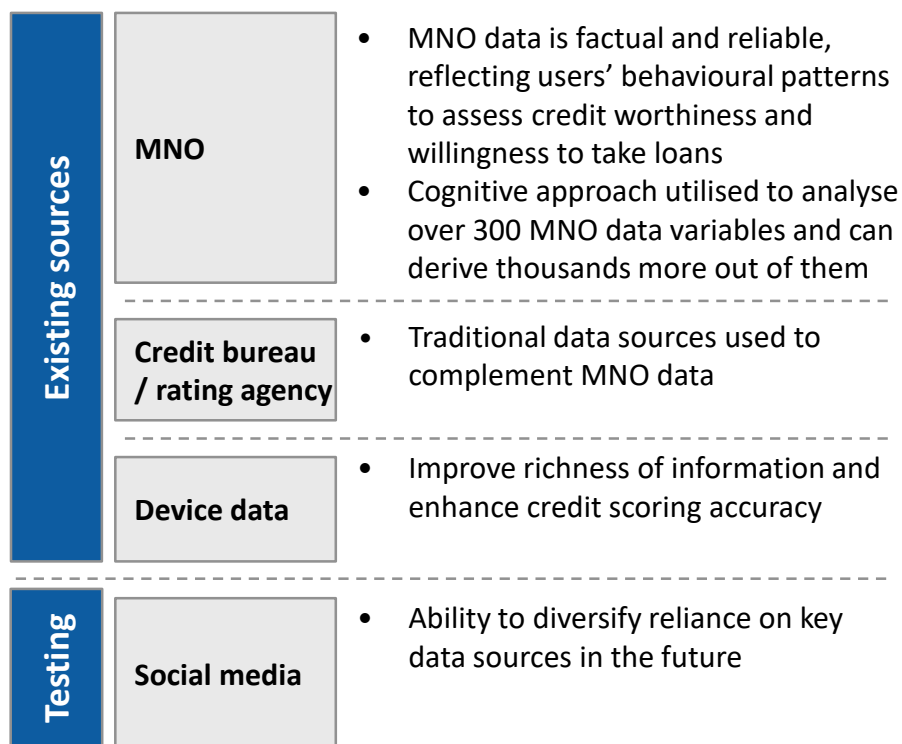
Through our data analytics and innovative use of big unstructured telco data we can create digital, social and behavior profiles of individuals that we share with our MNO partners

Ability acquired to define the **digital stamp** of the MNO customer

|   | Digital profile  | Social & behavior profile  |
|---|--|--|
| Customer insights generated out of MNO data |    |   |
| Application                                 | <ul style="list-style-type: none"> <li>• Verify <b>customer identity</b></li> <li>• Determine <b>ability to pay</b></li> <li>• Determine <b>willingness to pay</b></li> </ul>  | <ul style="list-style-type: none"> <li>• Determine customer <b>social reach</b>, both depth and breadth</li> <li>• Determine customer's degree of <b>social influence/ leverage</b></li> </ul> |
| Enablers                                    | <ul style="list-style-type: none"> <li>• Application of machine learning algorithms (Cash Credit currently employs 6 different machine learning algorithms to improve predictability) to create self educating system</li> <li>• Unstructured telco data &amp; data enrichment where additional data is available on the market</li> </ul> |  |

Cash Credit's proprietary risk assessment methodology based on non-traditional data sources allows it to serve individuals and micro entrepreneurs who are not served by traditional lenders

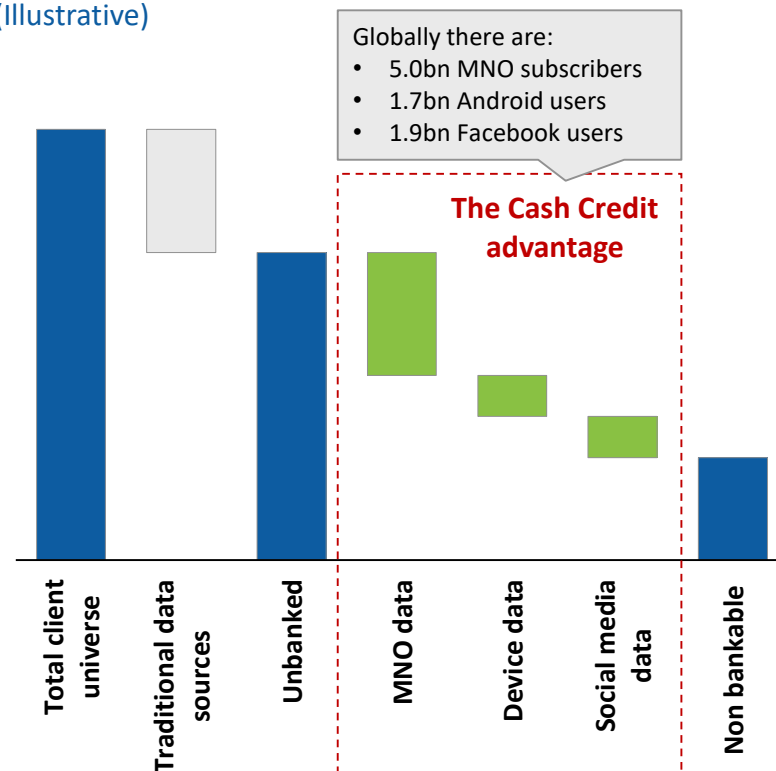
### Cash Credit's proprietary scoring methodology



High predictive power for new customers

Lower default rates

### ...enables serving underserved customers (Illustrative)



Reliable method enabling to serve customers for which reliable information from traditional sources does not exist

The power of Cash Credit's scoring methods results in strong portfolio performance, sustainable growth with higher approval and lower default rates than traditional lenders

### Strong portfolio performance

High predictive power for new customers

**New customer score cards** achieve a GINI (a broad measure of credit scoring accuracy) of  $>0.6$ , in contrast with the broader lending industry standard for application scoring of c. 0.25

Lower default rates

Able to achieve industry-low default rates once operation is scaled. E.g. In Bulgaria, **default rate is c.6% versus c.20%** for the industry

Higher satisfaction and loyalty

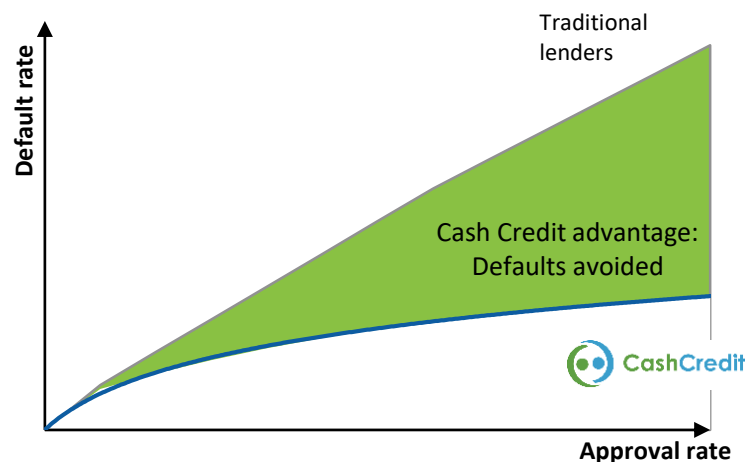
**Pre-scoring and selection of potential customers** leads to higher take-up rates, lower rejection rates, higher customer satisfaction and higher loyalty

Independently validated

Cash Credit scorecard has been **independently reviewed and validated by FICO**, a leading third-party credit scoring consultancy (by direct mandate from and as part of due diligence conducted by the Delta Partners), which confirmed its superior model versus traditional lenders

### Lower default to approval ratio

(Illustrative)



### Broad applicability

Credit scoring approach applicable for both individuals and MSMEs / SoHos as the fundamental risk assessment is for the person behind the MSME / SoHo

## Technology forces that matter: how to compete in the financial services industry in 2020 and beyond

### Customer intelligence

Customer intelligence' will be the most important predictor of revenue growth and profitability

### Digital becomes mainstream

Update your IT operating model to get ready for the 'new normal'

### AI will start localization

Prepare your architecture to connect to anything, anywhere

### Cyber-security is top risk

You can't pay enough attention to cyber-security

### Regulators will turn to technology

Supervisory procedures and 'stress tests', asset quality reviews and enhanced reporting requirements coming out

Source: PwC

# THANK YOU!

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[www.cashcreditgroup.com](http://www.cashcreditgroup.com)