



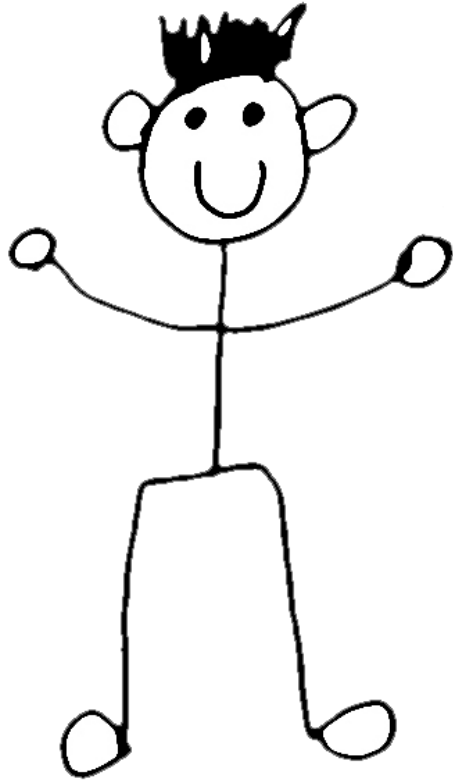
Meet Joe.





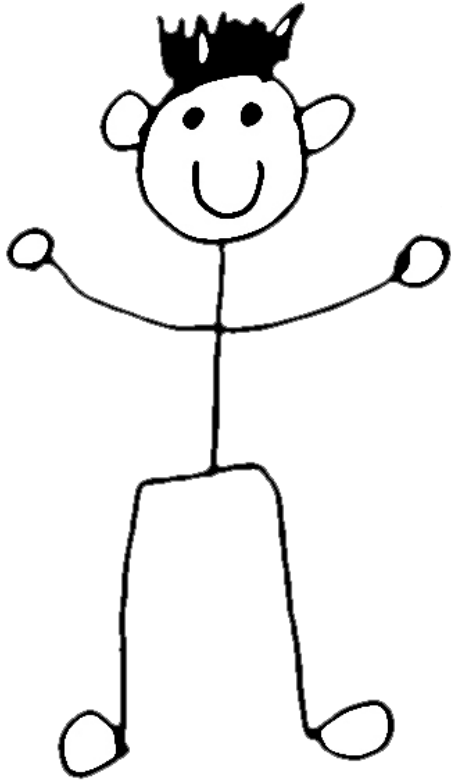
Joe is a
lot like
you.





He wants
the same
things you
do.





His parents to be taken care of in old age

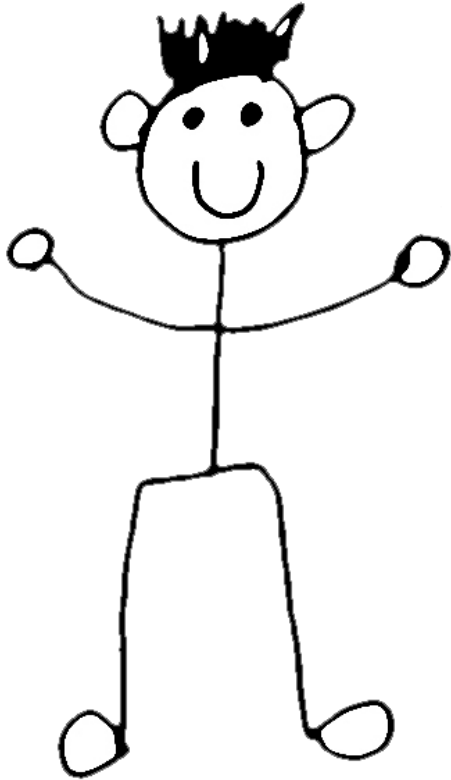
A better future for his children

Cushioning against unexpected shocks

To be in control of his own future

Oh, and one more thing....





Not to be penalised for being poor.

Lower income families often pay more than families with higher incomes for the exact same product or service.



Typical Credit Card APR: 20% per annum

Typical Loan Shark Interest: 20% per day

Electricity in a Phnom Penh apartment:
\$0.50 per Kw/h

Electricity in a Phnom Penh slum: \$2.00 per Kw/h

Loaf of bread in a US suburban supermarket: \$1.19

Loaf of bread in a US ghetto store: \$3.79

Access to responsibly-priced credit
can make a significant difference to
the poor



... but to access responsibly-priced credit, you generally need to have a FICO credit rating (or something similar).



Joe doesn't have a FICO



How is a FICO score calculated?



So what about Joe?

Personal or demographic information such as age, race, address, marital status, income and employment can be taken into account.

Lenders can build customized “application scores” that use information Joe supplies in his loan application.

Newer “alternative” credit scores look at other sources of information, such as whether or not Joe pays his bills on time (including utility bills, rent, and more).

Some companies have been following a more qualitative approach, using psychometric tests or video polygraphs.



However....

The relative importance of all of these components:

- are different in different countries, or different regions in different countries, or different market segments in different regions in different countries....
- and may change over time....
- and you don't know if they are accurate until you've tested them with real customers



Random forest

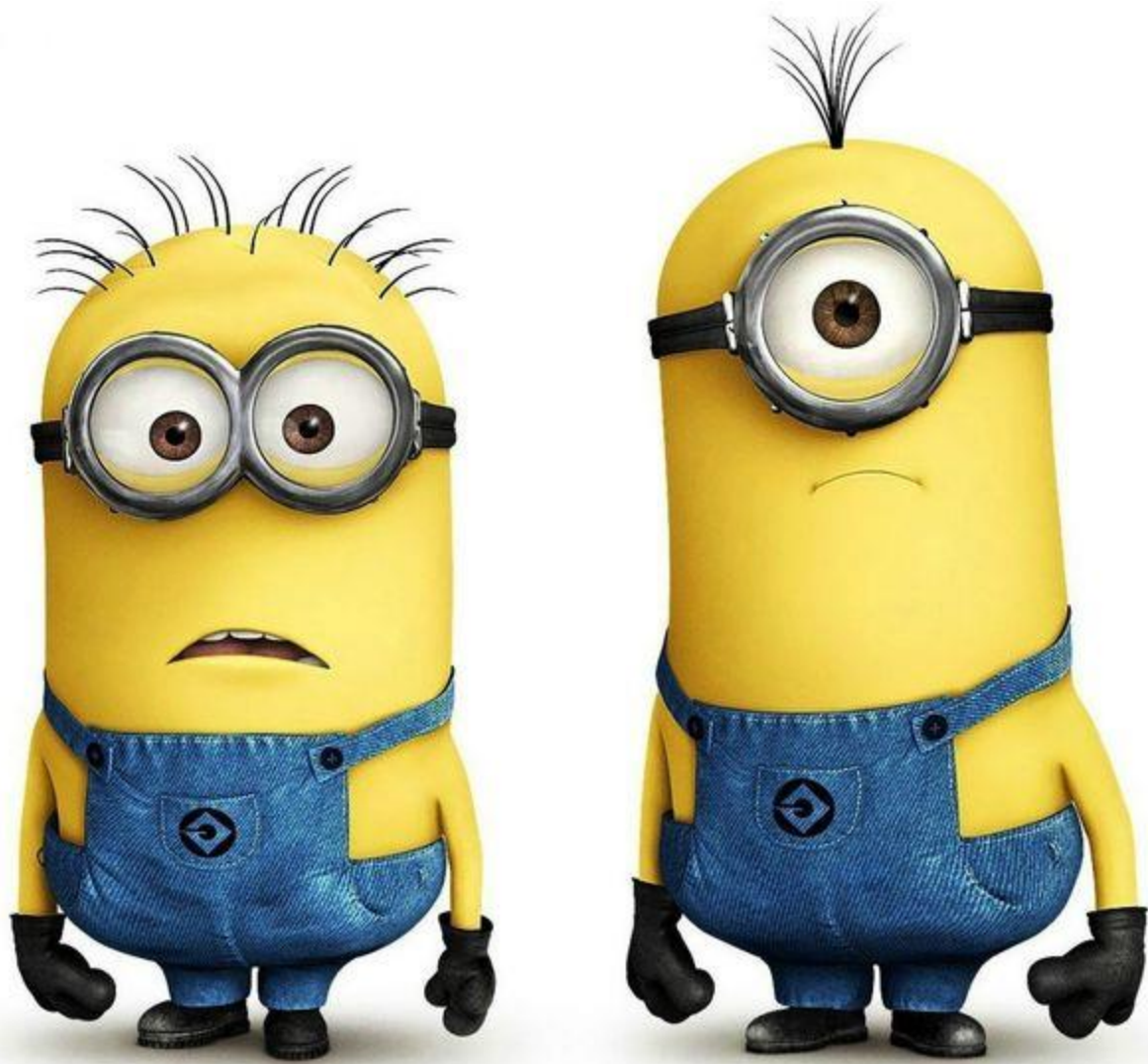
Chi-square automatic interaction detection

Predictive analytics

Multivariate adaptive regression splines

Logistic regression





Moderator: Ms. Debbie Watkins, Managing Director, APMEA
Fern Software

Mr. Bruce Mackinlay, General Manager
Credit & Data Bureau (PNG) Limited

Ms. Bhavana Srivastava, Associate Director
Inclusive Finance and Banking, MicroSave

Mr. Ajay Verma, General Manager
South Pacific Business Development (SPBD) Microfinance, Samoa



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