



## 2024 Credit Bureau Forum - Experian | Barclays | September 5, 2024

James Rose:

Good afternoon and good morning. I'm James Rose from Barclays Business Services Team and for another year I'm delighted to introduce today's session with Experian as part of our global Credit Bureau Forum. Once again, Experian have brought an excellent series of speakers and presentations for us over the next few hours. Turning to the agenda today, we've seen strong organic growth at Experian despite general lending and economic conditions being fairly muted. The agenda today should show how this has happened and how it could be sustainable. After an introduction from CFO Lloyd Pitchford we'll be started off by Alex Lintner. Alex is CEO of Software Solutions and will talk us through the capabilities of Experian's unified credit risk and fraud management platform. Then we turn to Valdemir Bertolo CEO of Brazil who will walk us through how Experian intends to capitalize on its strong market position and deliver on the material addressable market opportunity in Brazil.

We then have a short break for 10 minutes and we'll return to insights from Jeff Softley, President of Consumer Services in North America. This will outline Experian's path towards being a financial platform for consumers. And we'll also have a demo from Rakesh Patel, General Manager in North America marketplace. At the end, we do have a Q&A session with the whole presenting team and with Lloyd. To ask a question, please submit either through the box on your screen or you can email me directly at [james.l.rose@barclays.com](mailto:james.l.rose@barclays.com). So it's time to get started and it's a great pleasure to introduce Lloyd Pitchford, Group CFO.

Lloyd Pitchford:

Thanks James and welcome everyone. Really looking forward to the session today. This is a really exciting session for us each year. It's an opportunity for us to really profile the strategic progress that we're making on some of our biggest opportunities. And hopefully what you see over the years is the consistency of that strategic execution and the key themes that are driving it, but also the consistency of the team that you get to interact with in a broader way at these sessions. I think what we are hoping to show today is a few areas where we're really seeing an inflection point in some of our biggest growth opportunities. And we've been developing these for a number of years and highlighting them at this session, but the ability to integrate the propositions that we have in a number of our key growth areas is I think becoming clearer.

It was embedded in the financial framework that we announced earlier this year in terms of the progress that we're making and we're really excited about the next stage of the group's evolution. The three big areas to focus on today, Alex will talk through the integrated platform, combining together credit, fraud, decisioning, analytics, all on an integrated workflow platform that we've been talking about integration, but you can really see it live in a demo today and the exciting prospects for that in the years ahead. Similarly, in Brazil, we've been really taking advantage of our very strong market position there, the very strong position we have with clients and consumers to grow and broaden the platforms

that we have and the ever tighter integration of those platforms is powering the growth opportunity that we have in Brazil and Valdemir will run through that.

And then onto consumer, where as you know that's been a very core part of our strategy for a number of years. We've developed a very, very substantial global audience in our consumer business, over 180 million members globally. Very significant membership in North America, and we're now really accelerating the broadening and the breadth of the things that we can do to help consumers power their financial lives. So again, tighter integration between all of the different things that we do and broadening on top of the platforms that we've developed. And this is in response to consumers and our clients who are asking for ever tighter integration in the products that we provide for them, which gives us a great opportunity as really the only competitor in our space that can provide the breadth of solutions that we can to power both our B2B customers and our B2C consumers in their lives. So without further ado, I'll hand you over to some familiar faces and we'll start with Alex. Alex, over to you.

Alex Lintner:

Lloyd, thank you so much and good afternoon. Good morning. My name is Alex Lintner and I'm the CEO of Experian Software Solutions. I'm here to share with you three things today. One, why have we developed the Experian technology platform, two, explain what it is and what benefit it provides to Experian and to our clients and number three, report on the pace of progress with that aspect of our strategy. Next slide, please. You all will know Experian as a successful data and analytics business. Over time, our data and analytics businesses have grown and our leadership position has strengthened As we added data elements. We evolved from traditional credit bureau type of data to expanded FCRA data, commercial data, and now other expansion areas. Each data element is always carefully picked to further improve the coverage we achieve, providing additional insights on applicants and existing accounts, which in turn serves dual purposes. One, it enables financial inclusion and on the other hand, it also increases the confidence that lenders have as they manage their credit and fraud risks. Next slide, please.

Of course, that data business has been complemented by our software offerings that we have grown since 2011 when we first launched PowerCurve, our decisioning software. And as we do with every business, we regularly survey our clients and people who are not yet, our firms who are not yet clients for feedback. In August of 2023, so about exactly a year ago, we commissioned a particularly comprehensive study with Forrester to survey 700 decision makers for technology purchases and ask them how they decide what to buy for their financial institution or FinTech company. Through that work, it became clear to us that around the world, regardless of where you go, there are some common needs and that is that our clients are aiming for more automation and better integration of data sources because if they achieve that, they believe they can harness their potential for cost reductions and improving their own internal efficiencies.

Next slide, please. We believe that these market needs play to Experian's unique strengths as Experian has leading software solutions for analytics, for decisioning, and for fraud. Our main competitors on the other hand, are only active in any one of these segments, call it with point solutions. As such, Experian's integrated approaches clearly differentiate it. It's unique in the market and therefore are ripe with opportunity. Later in the presentation, I will illustrate that with a specific client example just showing how large the opportunity is. But suffice it to say before I do that, that early indications suggest that clients with applications that are native to this platform are more likely to buy a second, a third and more software applications from us, and they also have a propensity to buy more data from us. So we gain revenue through cross-selling other integrated software solutions, and the integrated platform contributes to growing our data revenue with these type of clients.

The 55 billion addressable market I'm showing here on this slide is one that you will have seen in many presentations from Lloyd or Brian, our CFO and CEO. About 60% of that market is data and the other 40% are software and services. It's that 40% or \$20 billion plus number that we're going after with this platform. Next slide, please. So let me get right into it and maybe explain what the Ascend Technology Platform is with this chart that we'll build over time. So basically it's a technical platform that allows users to run all their applications smoothly through seamless integration. That eliminates the need for the users to worry about non-functional aspects to the technology such as security, user administration, response times, resilience, all this stuff that's not functional but is incredibly important to all of us as we use our devices because the number one functionality is always it works, nor do users have to worry about the integration of their various data sources, be it Experian data, the client's own customer data or third party data that they buy from somebody else.

And in a few minutes I will show you a demo that visualizes all of that. One click forward please. So on that platform we have our software for managing vast amounts of data and deriving insights from that data through analytics and model development. You all will be familiar with the Analytical Sandbox and Ascend Marketing, both of which we have demoed in previous years investor conferences. One more click please.

A new sibling to those two established solutions is our Feature Engineering Studio. It leverages machine learning and GenAI to allow clients to develop descriptive attributes that represent applicant or account holder behaviors and characteristics that can be incorporated in credit, fraud, or marketing models. One more click please. The platform is also home to the cloud versions of our PowerCurve Decisioning software suite. Click. And to our various fraud and identity solutions, be it Precise ID, which is as I'm sure you know, the market leader in the new accounts on-boarding use case here in North America, be it Hunter, which is a market-leading cross-industry consortia capability that we have deployed, for example in the UK or in India, or whether it is a brand new Ascend fraud offering, which is currently in proof of concept with two of the world's largest banks.

Another click please. The first step we at Experian took I guess about 18 months ago to a fully integrated platform was to introduce Ascend Ops. Click. It enables the seamless integration of models and features created in our analytics and model development applications shown on the left-hand side of the slide into operations. And click again. Be it for decisioning or for fraud management cases. And of course it also supports Experian Activate, our direct-to-consumer application. Another click. Most importantly, it continuously monitors model performance and provides the commensurate feedback loop to the analytics environment where the model was created. And that way financial institutions data scientists can get automatic prompts to make adjustments when it is necessary to mitigate model drift or performance degradation caused by specific attributes or data elements. So that's sort of for the schema. Let me set up the video with that conceptual context established.

We have a demo prepared which would capture the functional benefits of the full integration just like you all probably do on a daily basis as you attach your Word document to an Outlook email or pull up a PowerPoint presentation on Excel sheets during a Zoom meeting or a Teams meeting, which is a Microsoft application along with the ones I mentioned already, Word, Outlook, PowerPoint, Excel, and Teams. Those five applications work seamlessly together without requiring from us the user to have any type of coding skill. So this demo will show how the applications on the Ascend Technology Platform are exactly in the same way fully integrated, hence providing world-class user experiences. So let's roll the demo.

I'm going to give you a short demo of the Ascend Technology Platform, our integrated cloud environment that brings together a wealth of data, analytics, and software solutions for financial services organizations. The principles upon which this platform has been created came together from

close collaboration with our clients, most of them like or even love Experian's data, our analytics capabilities and our software solutions. If you put yourself in the shoes of one of the many roles that can use these types of solutions on a daily basis, be it as a data scientist, as a risk manager, or as a fraud investigator, they never work in a silo. These roles will need to bring together data from disparate sources, combining internal data with data they have brought from Experian and data they bought from other third parties. They will also need to collaborate with colleagues within their organization, but outside their own department to exchange data elements to create credit risk or fraud models, to get compliance approvals or to simply have the end product put into production by the IT department.

For people in these type of roles, the Ascend Technology Platform provides the capabilities needed to simplify, integrate, and accelerate these type of jobs. It provides a single platform that enables productivity opportunities for our clients, measurable in reduced staff time and better agility to react to changes in the environment. Those changes could be consumer behavior, competitor actions or adjustments in the approach that bad actors take. So our journey starts with signing on using single sign-on, one account, one password manageable by our clients to access all the solutions at their fingertips. And the first thing they see is the Ascend dashboard where we've brought together many of our award-winning capabilities in one single view. This dashboard is structured across the full model lifecycle from left to right, starting with our world-class data assets. Our credit and fraud sandbox and analytical tools are used to gain insights and build models.

And then Ascend Ops allows you to not only push your models into production in an automated and compliant way, but it's also user-friendly and it continuously monitors the model. Then our world-class software solutions for decisioning, fraud, and marketing are accessible to consume data and models to build or tweak those use cases to transform our client's businesses. We have also consolidated all our client support and ticketing functionalities providing a single source of documentation and training, security, and administration in one single place. And here we have the monitoring dashboard to see real-time platform health, response times, and transaction volumes. These are important metrics which our clients love to see, and they are table stakes to any technologist operating in the always-on type of environments that these type of sophisticated systems require. Our next innovation is the data Hub, a catalog of preset data sources across credit fraud and alternative data, bringing together big data and our tooling. And our clients can also register their own data sources. So any subscribed data source as shown here will be available to any of the software tools on the Ascend Technology Platform. Again, fully integrated and all self-service enabled clients repeatedly tell us that integration and data management are barriers to their growth and efficiency. With the data Hub, we are tearing down those very barriers. Next, I want to share the power of what our data can do. So we are back in a dashboard and I'm going to select the Ascend Fraud Sandbox. This is our analytical workbench for fraud prevention and it includes well over 10 billion annual fraud events, which are updated on a daily basis. Using Tableau fraud analysts can start to explore the rich data sets that we have available.

We start by seeing volumes of potential fraud threats that the industry overall is exposed to. And so zooming in on North America, our clients can then compare their application volumes and fraud characteristics with Experian's cross-industry fraud data. Our machine learning tools can spot patterns that take analysts longer to recognize like clusters of applications that share some common attributes, not just at one lender but across the industry. In our example, one threat cluster shows 893 applications were made from suspicious IP addresses of which 670 were approved, and 457 of those were confirmed as fraudulent. The analytical sandbox also shows us other cross-industry clusters, such as patterns of email addresses used for applications with similar tenure and hosting providers. Expanding this cluster to review the bank's own applications, we can see that 213 approved applications exposed our clients to an estimated 1.4 million in fraud risk. And this is just one client's view of one attack. Previously, this type of analysis would not have been possible, especially not at scale or at this speed, but with the big data

processing capabilities of the Ascend Analytical Sandbox we're exposing vulnerabilities and opportunities at pace and at detection rates that were previously unheard of. Ascend Ops then allows our clients to register, test, and promote as well as monitor models in production with ease all while capturing robust metadata for governance and version control. Traditionally analytical models were hand-coded and can take many months of engineering, testing, and governance before they go into production. With the same technology, we can accelerate these tasks to get our clients' models into production more quickly, automating otherwise tedious and time-consuming tasks and reducing error-prone manual processes. All of that in turn drives value for our customers through cost avoidance.

So let's imagine that a model we built has been in place for six months. We can see in Ascend Ops that it's delivering results, but it's also triggered a notification. The notification shows that one or more of the key performance indicators that we set when we registered the model has changed. In this case, the actual performance of the model has experienced some moderate drift, which is a departure from the control point parameters that we documented based on our original training data. Ascend Ops is using GenAI to indicate which of the attributes or features within our model has caused the drift, and in this case it is email first seen. So let's ask our tool to evaluate the drift and propose next steps. The options presented as alternative next steps are to either retrain, recalibrate, or continuously monitor the model. Regardless of what the user chooses, rest assured that they have full oversight of what is going into production. So in summary, today I have showed you the data hub within the Ascend Technology Platform where clients can easily harness and integrate all of their data sources in one single place.

We've looked at the analytical sandbox where data scientists can anchor all their data and leverage our software tools and GenAI to much more quickly gain insights and build models. And finally we saw Ascend Ops where models can seamlessly be deployed into production and monitored for drift. All of this is improving our client's productivity and efficiency, simplifying their business, eliminating tedious tasks through automation, and reducing costs. Experian's Ascend Technology Platform is live today with over 1000 customers across six continents, driving billions of transactions, giving consumers and businesses access to credit while keeping them safe. And this is only the beginning, we're just getting started.

All right, in the video I have referred to the benefits of the Ascend Technology Platform that it brings to our clients. Excuse me. And I thought it might be helpful if we double-click on those benefits and maybe quantify them. Whether we look at availability, scalability, response times, or cost of operating, our metrics now look so good that we do not benchmark ourselves against Equifax or to you anymore because that wouldn't stretch us as we are the benchmark in the industry now. Instead, we have become so confident in the platform's performance that we benchmark ourselves against other world-class B2B software providers like Adobe, Microsoft, or Salesforce. In addition, there are some quality indicators that are particular to financial services. I'm thinking of the need to assure and report on regulatory compliance and the integration of various data elements from disparate sources. The regulators, they don't care about the individual modules that a financial institution has in place. They care about the end-to-end process. And with the integrations, our clients find it easier to satisfy regulatory requirements.

We have paid special attention to those two particularities, regulatory compliance for financial services and the integration of various data elements from disparate sources. And we are delighted with the client feedback that we're getting about how we raised the bar. Next slide, please. Now it's not easy to get to that level of availability, performance, and scalability. We started some three years ago and have felt comfortable that we got all our key architectural decisions right and our cost structure where it needs to be since a little more than a year ago. And since then we've accelerated the rollout of the platform and have far more than doubled the number of the provisioned client solutions to now over

1700. So client solutions is a client may have more than one of our software things. So if Barclays would have three of that, that would be three client solutions.

And with the plans and commitments that we have in place in the next couple of years, we believe that we can more than double the number of provisioned client solutions yet again to well over 3000. Part of that growth comes from simply migrating clients to newer versions that they bought from us, away from the old solutions that they bought from us maybe years ago. But the two other and more consequential components are first revenue growth stemming from the fact that many of our newer versions have either different price points, higher price points, or add-ons built in that lead to higher revenue per client solution. And the second important growth level is that incremental growth in the number of new clients is significant because we are winning more compared to pre-platform days. These two compounding effects have accelerated our revenue growth in software overall.

Next slide, please. Now you can take my word for it, our word for it, or you can also look at what reputable independent industry analysts say about our software. We have always won some of these awards, call it between one and five in any given year, but since we started deploying the Ascend Technology Platform, we have been recognized eight times last year and to date this year nine times. And we have received notifications that we are part of a distinguished list of not yet published winners in three other studies and competitive comparisons. The 17 awards reflected here on the slide are the sum of the eight that we won last year and the nine that we have won so far this year. And like I said, there is more to come.

Next slide, please. These external endorsements are important. Clients and potential clients do read them, but we, and I'm assuming you pay even more attention to the platform's commercial impact. So let me describe a client situation that may give you an idea of just how good it can get. The client that I'm talking about here is one of the largest financial services companies in the UK. They had decided to govern their B2B and B2C businesses with similar principles, similar processes, and similar tools whilst also transitioning towards more global services in the more global services as the market. So everybody including their clients, had evolved to show a growing desire for digital engagement. Now, this client is a household name, has a strong track record of innovation, and customers are very happy with them reflected by the high NPS. But they were convinced that Experian can bring them not only best-in-class data, which is an important foundation, but also software tools that leverage that data in order to power even more client growth.

We are delighted to have signed them. In fact, it is the largest client contract we have ever signed in the UK. And as all of you know, we've been in the UK for a long time. The previous engagement with that customer was a three-year contract and it is now a 10-year contract that is valued at far more than 3.3 times the previous contract, which will be 10 years over three years. It's close to seven or 8X because the annual commitments have also grown in addition to the term of the contract being extended. I think it's fair to say that this client now regards Experian as a strategic partner versus just a data and analytics provider. Next slide, please. No longer do we just provide data archives that need to be...

Alex Lintner:

No longer do we just provide data archives that need to be manually wrangled and take months to move into production. No. We now deliver bureau data inside our analytical sandbox together with tools to build models, develop attributes, and seamlessly deploy these models coming from a big data environment with the attributes that they're made of into production, both for credit decisioning and for fraud management. And if I were to give you some insight into some of the developments underway, which will expand our offerings, say in the next six months, I call out the fact that we will also have automated model monitoring and regulatory reporting. I talked about the importance of that earlier. It

will be fully tested and available. Both of those things will be fully tested and available in the next six months. And because of that, I believe that we have plenty of potential for many more client relationships like the one I just described on the previous slide, where we are regarded as a valued strategic partner. Next slide please.

In that role as a strategic partner, we will do three things. One, we'll accelerate model development and deployment for both credit and fraud. Two, we will improve the understanding and reliability of attributes and data elements within the models as the environment changes. And number three, we'll eliminate the need for frequent and costly expert interventions by simplifying the way issues are identified and resolved. Next slide please.

And we believe all those things are good for our clients and they're also good for Experian. Leveraging machine learning and gen AI to drive value for our customers is a capability that is seen as relevant in the UK just like it is here in the US, just like it is in Brazil, anywhere in the European Union, Australia, South Africa, basically everywhere where we have some of our 23 bureaus worldwide.

When customers recognize the productivity that can be unleashed within their own organization by utilizing this unified platform, such as the Ascent technology platform integration between credit and fraud or the seamless integration into production, then a flywheel affect the set in motion that turns a sales conversation, which may initially have been focused just on one point solution into a conversation focused on a bundle of Experian offerings, encompassing data analytics and software together. Next slide please.

So in summary, it's clear that our clients in financial services have always been looking to reduce costs, to improve security, and to accelerate their model deployment timelines. As the Ascent technology platform does all of that through unprecedented levels of automation and vastly improved user experiences, it has caught the attention of the market. It is an approach that leverages experience, unique combination of assets and expertise that we have built over many years.

Thank you so much for allowing us to share this exciting journey and the pace of progress of what we've done so far. And I hope I gave you a glimpse of what else you might see in a not a distant future. Thank you. Valdemir, over to you.

Valdemir Bertolo:

Thank you, Alex. Hello everyone. It's really a pleasure to be here back again and show how we are delivering against our material addressable opportunity here in Brazil.

Today I will highlight the progress that we have made in our main initiatives and also how we are expanding our capabilities and being able to access new value pools across the markets. Despite some economic downturns and political distress that we are facing in the region right now, we are confident that we will continue this trajectory of double-digit growth in the years to come.

So moving to the first slide, let's talk a little bit of our ambition and how we are engaging our people here. Of course, our ambition remains the same, continues to drive double-digit growth. And we do that by making access to credit simpler, fairer, less risk and more transparent for lenders and borrowers. But how we engage the organization here in the region is to our OPRs and you can see how we are framing the strategy and the priorities that we have in a more meaningful way for people to follow.

So we have create the number one that's created an incredible experience across the client's complete journey, boost Brazilian credits, provide the best risk solution, create new paths of exponential growth, and of course be a very, very attractive employer for our talents that are really passionate about data and technology.

In the next slide, you see how we are evolving our ecosystem over time. Essentially we are doing that by capturing unique data sets, generating new business opportunity, and we put borrowers and lenders in the center. And also here more unique to Brazil than other jurisdiction experience, we have a very, very strong client base in the small and medium business segments. So we put all of that together in this ecosystem and we create solutions for the lenders like credit solutions, fraud prevention. Now we enter in the agribusiness, we are providing credit as a service, possibility to use receivables as collateral and verification services as well that we just enter in this space.

In the other side, we are advancing in our credit marketplace that settlement payments and e-wallets and insurers and more to come soon to really create a very compelling platform where we going to engage our consumers and be more attractive to lenders. That is our flywheel, that's how we are enhancing our capabilities.

In the next slide, I'm going to show the progress that we made, but the first one is no, we are consistently delivering double-digit growth despite, as I mentioned the backdrop in the economic scenarios. So you've seen that we've been able to drive 15% revenue growth over the years against our main competitor here that grew roughly 7%. So we more than doubled the main competitor and the other is not even getting to more than 2%.

So we did that by consolidating diversification of our business, consolidating our customer base, expanding massively the SMB's value proposition. As you are aware, we also expand our idea and fraud capabilities. And like Alex just mentioned, we are also bringing the unified platform here in Brazil to really make a combination of credit offers, fraud prevention solutions in a very simple and unified way to our clients. We've done that also through acquisitions. In the last four years we managed to acquire 13 companies, most of them fully integrated already and providing good leverage for us.

Data is our main area where we have strong supremacy in data analytical capabilities. And of course we are also doing that now by driving improvement in our margin. And you can see in the bottom of this slide how we made a substantial progress in the last four years. Next slide please. I think we're facing here once in a generation shift that is evolving our market in a very rapid pace. That started very, very big in 2019 when we start with the opt-out for positive data. And I'm going to touch a little bit more on that. And then we put the central bank and some other government regulators put the instant payment, in Brazil it's called PIX. That is a huge success among the population and it's actually today the main payment method used by the Brazilians. It's not the main in terms of amount being paid, but in terms of quantity is by far the main one used. We also create the open bank framework here in Brazil, now with open receivables, open insurance that come. And now the central bank is working in the direct, which is our digital currency that is going to be launched eventually in the next couple of years.

You can see in the middle of the slide that all this positive data and all this initiative have improved the penetration of credit in Brazil. However, is still far behind the rest of the world. And if you compare to more developed economy, you can see in the US 74 against over here just 35%. So we still have a lot of room to continue growing this trajectory in the near future.

And also you can see in the bottom how the bank spending are growing without this new initiatives coming. And now that creates new opportunity for us in credit analytics, more expansion in the SMB space, identity, agribusiness, receivables and credit as a service verification consumer and other new avenues that we are exploring.

In the next slide is that I think what I consider to be our main differential in the marketplace. We have the broadest integrate portfolio compared to any competitor in the market. Not only the tradition but the others that are emerging. We have the best talent pool here in Brazil. You can see by the glass door indicators, the prices that we get as a great place to work. So that allow us to attract and retain the best talent in the market.



Innovation is our DNA. Actually we were again elected now as the most innovative service provided in the financial sector. We won that in last year. We won this again. In a couple of days I'm even going to be there representing Experian in this event that is very, very traditional here in Brazil in the financial community in a very respected recognition in the [inaudible 00:41:40].

I already mentioned our data superiority and we are constantly spending that with no contributed data with the access that we have to consumer. We are always seeking new data sets that will enhance our analytics with our models and make our products even more differentiated. And the brand, it's much superior to any other brand that we have in the market. And I think now Lloyd has mentioned that a couple of months ago how we are evolving the technology not only across Experian, but we are also very advanced in this transformation here in the region as well.

So moving to the next slide, you can see that by doing all this changing in the way that we approach the [inaudible 00:42:29], enhancing our capabilities, entering new segments, we more than double our total addressable market here in Brazil. So that creates opportunity for us not only to continue delivering this trajectory of double-digit growth, but also get even more growth coming forward. Not only the [inaudible 00:42:54], but consumers, agri, ID and new segments that we are exploring. So it's a very optimistic scenario for us when we think about our total addressable market that we have today in our heads. Next slide please.

Talking about a little bit now how we frame our strategy here is in a very simple way, it's a clear ambition to continue lead the next generation of credit and risk solutions. And by the way, I think we are being very well- succeeded in that. Expand and diversify our business portfolio. And we are also well, well penetrating in building unrivaled consumer financial platform. And I'm going to showcase a little bit more than that in the next couple of slides. Next slide please.

Now I'm going to deep dive a little bit in some of the initiatives to provide a little bit of color in what we are doing in the identity fraud to start with. We are scaling our identification. We are also scaling our capabilities in the market, not only with the organic initiatives that we have across Experian but also with the acquisitions that we put in market.

This is a very attractive market, very substantial size market and we have all the tools to address the main pain points that we have here in Brazil. And one of them is the orchestration, the ability to really have a platform that can orchestrate all those components that will enhance your ability to prevent fraud in your onboarding or in your dealing with the clients. So very good opportunity for us. It's very big market size and we have all the right to win in that.

When we are doing now, we are already have a very strong presence and capabilities in awarding and authentication. Now we are moving more into the transactional side of the fraud prevention space and that is our next step in this segment and we can see that we've been growing at scale and now we are going to accelerate even further. In the next slide I'll touch in the agribusiness.

That's initiative we start in 2020 and is being very successful, as you can see. We can create a very robust and substantial size business, in the agribusiness by the way represent 25% of our GDP and expanding very rapidly. But this is a segment that has lots of deficiencies, lots pain points when it comes to credit. They are underserved, they have a lot of constraints, they don't have enough information. So we create and we bought a platform that is really helping us to solve the credit pain points. Also address one of the main initiatives that you see not only in Europe but across the regions here. That is the S&G ability to really provide confidence that the areas that are being used to cultivate our agriculture products are free from deforestation, from slavery, and some others requirements to make that more transparent to the buyers elsewhere. And we have developed that capability.

So we continue to do that. Now we now are very, very present in the cred request and all that, but we are moving in the phase of formalization of cred. That is another pain point of this segment. So our analytical capabilities, our combination of datasets now, that traditional dataset that we have, any specific datasets for the agri-sector is making a really compelling offer in the market.

In the next slide I will cover SMBs. And that is, as I mentioned at the beginning, is unique to the Experian jurisdiction. We have more than 350,000 clients being served by our solutions and we reach most of them direct or through indirect channels. But that give us an opportunity not only to continue growing in that segment but capture substantial and unique data sets. None of our competitors can have access to that data because we are so penetrated already and our solutions are getting even more traction in the market. As you can see, the SMB, the small business segment here in Brazil is very substantial. It represents 30% of the GDP and provides more than 50% of the jobs in Brazil. And we have more than 21 million companies out there. They are small companies that they need very specific solution. They are not sophisticated borrowers or lenders. So we need to help them with more simplified solution and that's what we are doing. They have difficult and managing so many complexes. And that's where we are focused right now to create this, again, the ecosystem that will help that.

Our current platform is very successful but we can expand and we are expanding to help them get access to credit. We also can capture and make unique data sets from there and provide them with credit offers and also using our credit as a service solution that we acquired a year ago to help them provide credit to either clients or even suppliers depend on the situation of this company. So very interesting opportunity. We have all the right doings, we've been growing 12% a year and we can see now that we can scale this business even further down the road. Moving to consumer, so please the next slide.

We started this journey in 2018. In the first phase of course we were trying to get engagement and we were very successful in getting this engaged by offering free products and free premium products. And we had advanced that with no transactional products like Serasa Premium, Serasa Cred, and Serasa Lipanon, which is very, very known and marketed and very important source of revenue for us now. You can see that we reach more than 90 million consumers connect to our database. The challenge for us and we are doing now is getting them more and more engaged with our app. You can see that our app here in Brazil is the fifth most download app and we are not a financial institution. So when you look at the financial institutions now, those are the ones that are ahead of us like New Bank, Itaú, and some others. But we have the fifth most download app and the first that are not a financial institution or a government body.

So now we are moving to the second phase of our strategy, second cycle. And you can see that we are expanding horizontally, now providing more solutions for credit, more solutions for payment and more data protection. All the things that will help us to maintain and help the Brazilians to get access to credit, access to very convenient solutions to pay a bill, to pay a debt, to renegotiate the debt. And that is where we are focused right now. And we are also getting a lot of no traction in that dimension. And in the next slide you can see also that Brazil is an attractive market from a population size. We are growing at double-digit in the last five years in terms of credit balance for householder. So the whole market is expanding and of course we have a very positive view of that Brazilian bank sequential improvement.

Brazil is a still unbanked population or sub-banked population that we can help them over time to get more access to credit and some other financial solutions. So we are positioned in that. We are also helping them with financial education, because that is one of the problems that we have. They sometimes contract credits that they do not understand the dynamic correctly, they go in default. They are always struggling to pay the debts somehow. And you can see in the data that we have right now,

more than 72 million Brazilians that they have some sort of no pass do that, that they try to negotiate and that's where we help them with our LiPanon platform.

So again, we can help Brazilian with their credit and financial journey. We can have a full integrated platform for them with end-to-end payment solutions. We can explore personalization. This is more than personalization because what we are going to talk here, and I'm going to show in the video shortly, is actually individualization of what you can get in our app.

It's very specific. If you are in debt, you're going to receive instruction on how to pay the debt. If you need credit, how to get credit. If you need to improve your score, how you can do that. So that will provide us the next phase of engagement with the consumers, and again, help us to really get the strategic synergies with no B2B, B2C that we are developing not only here in the region, but across Experian with no unique engagement and unique data set contributed by the consumers. That is very unique also.

We grew quite nicely in the last couple of years and we continue this trajectory. So if you now can roll the video, I appreciate it.

All right, so to wrap it up, I think why we're so confident now we have this strong position that hopefully I was able to highlight. We have the solid strategy in place, clear, competitive advantage, good momentum, and plenty of opportunities ahead of us. Thank you for listening. And now back to James.

James:

Thank you Valdemir, thanks very much. We'll now take a 10-minute break, after which we move to consumer services in North America. That's 10 minutes. We'll see you all very shortly.

Welcome back everybody to the second part of our presentations. Coming up we have Jeff Softley, President of Consumer Services in North America. And to remind you, there is Q&A at the end. So to ask a question on anything you've heard so far or coming up, please submit that through the box on your screen. Jeff, over to you.

Jeff Softley:

Thank you James. Good morning, good afternoon. I'm excited to talk to you today. Today I'm going to highlight two key parts of our strategy. I want to start at first with our business model, our role, and what our strategy looks like. Now it's important to note that we've used this strategy to unlock new market potential and roughly double the size of the revenue in the consumer business over the last six years. And we have an ambition to double it again. I'm then going to close with a summary of our marketplace business and why we believe this business holds massive potential, which we are just untapping. And we're going to showcase that with our insurance marketplace through a video demonstration at the close of the presentation. Let's move to the next slide.

One more forward, Rich. All right, I think it makes sense to close with the consumer business because the consumer business is our unique differentiator. It's what makes us different and it's what makes us better. And we thought a snapshot was really helpful to demonstrate the potential of this business and this platform. It really is a powerful platform that helps millions of consumers and our partners. Now, I want to put this in context of the previous presentations. Both Alex and Valdemir outlined how we've built platforms and capabilities that enable us to seamlessly allow our partners to assess risk and make decisions. It's critically important to note that those platform capabilities sit underneath this consumer business. And increasingly that's a core focal point of how we operate the two businesses together. The direct access to the consumer creates a powerful market position. We're collecting data from consumers through consumer contributed data propositions.

And here's a snapshot of some of the key data points of this business. It's a \$1.5 billion business that's, as I mentioned, roughly doubled over the last several years. It creates incredible optionality on margin. We have the ability to flex in and out of market opportunities with our marketing spend. There's more than 70 million members on this platform, that makes it a very powerful distribution platform. And many consumer businesses would be envious of the integrated distribution platform that this business offers.

Our brand is also expanding as we push into more parts of consumers' financial lives, and consumers are joining us in that journey. We've doubled our brand trust over the last five years. And of course, the more consumers trust us, the more areas of their financial lives we can help them and the more data that they'll share with us. And as you'll see in the presentation today, we have access to substantial-

Jeff Softley:

And as you'll see in the presentation today, we have access to substantial growth markets. You'll see that with insurance, we believe we have the potential to create large new scaling revenue streams from the capabilities that we've pulled together with the consumer business. And I'd like you to imagine the totality of what this business can do with the access we have to data sourced directly from consumers. Again, that's now underpinned by the broad capabilities that Experian has built and isn't building. Let's go to the next slide.

This is a portfolio business. It's a diverse business and it's got a unique business model. And we were very thoughtful in the types of business lines that we pulled together to make up this business, and we've used this diverse portfolio to grow through cyclical and counter-cyclical environments over the last several years, which you see represented in the chart. I want to talk a little bit about each of the business lines. First and foremost, our membership business. It is the foundation of our relationships we have with consumers. We operate a free offering in market and we have more than 70 million members. A portion of those members upgrade into a premium version of our products.

Traditionally, that's been about consumers accessing better credit management capabilities and identity protection services. Increasingly, we're progressing our premium services into a financial health subscription. We're helping consumers save time and money through capabilities like bill negotiation and subscription cancellation. We're also increasingly tapping into GenAI to build services that remove the complexity of managing your financial life, and we're making great progress in that endeavor. This is a large adjacent market and more than 10% of our new premium enrollments in a given month are now financial health offerings.

Our marketplace business connects consumers to their next best financial product. We operate in credit cards, loans. Insurance is a new entry for us. We view ourselves as a dual-sided platform that can unlock completely new ways for consumers to find the right products, and we help partners remove the risk in customer acquisition to drive profitability. Today I want to showcase the capability of Activate. That is a platform that is built on the Ascend technology stack. It's a platform that eliminates risk for lenders and it removes the friction for consumers. And we'll demonstrate the progress we're making by reinventing the insurance shopping experience in North America. We're just hitting critical mass with that business and we are really excited about the potential.

And lastly, our partner solutions business. This is becoming a customer management platform. We tap into our product innovation to help our partners acquire, engage, and monetize their customers. And we're also expanding actively into new distribution models and building connection points from our direct-to-consumer business and our partner solutions business. The diversity of this portfolio has allowed us to create really material growth over the last five years, and we have so much more potential to leverage this portfolio to access even more growth. Let's go to the next slide.

As a consumer business, we had to ask ourselves: What's our role? What do we stand for? We're executing a mission that's changing our role and expanding into more consumer needs. Our business at its core has a mission to provide financial power to all consumers. This is what gets us up in the morning. This is why our teams come to work, and this is what fuels our product innovation. There's very few companies that can create the types of products and the types of outcomes that we can create for consumers. On the left side of this slide, you can see the progress that we've made in this mission and in our role, and I'm really excited and proud about that progress. Five years ago this month, we launched a product called Experian Boost. It was the first step into us helping consumers with financial inclusion. And the results of our strategy and our role changing over the last five years speak for themselves.

More than 15 million consumers have added more than a hundred million points to their credit scores. Hundreds of thousands of consumers have gotten their first credit score on our platform, and consumers have accessed billions of dollars of credit because of the products that we've created. And if you look at the wheel on the right side of this chart, I can't tell you how excited I am for where we're headed in the next five years as we extend our products into more parts of consumers' daily financial lives. Lloyd mentioned it. We're now one of the largest financial platforms in North America. And if you think about our business, we've built a \$1.5 billion business primarily helping consumers manage their credit, borrow, and protect themselves. And you can see there's many more adjacent needs that we intend to help consumers with.

We're going to leverage unique innovations to help them with things like insurance rate monitoring. We're going to infuse new AI technology and capability to unlock the potential. This untapped consumer needs wheel represents 50 billion of incremental market potential that we can leverage across our existing member base, again, which is a massive distribution platform. Most businesses do not have an installed distribution platform and they don't have permission to expand their capabilities to new markets. We have both and we intend to leverage that. Let's go to the next slide.

So what is our advantage? Why do we think we hold a unique market position that we can leverage to win? Well, really three things. First, our customer base. Second our data estate, and third, the products that we can build. I'll start with our customer base. We have coverage of 25% of the US adults represented within our membership base. And those are fully authenticated customers, not email addresses but fully authenticated customers. Those consumers are sharing data while they're pursuing their life goals. We have 16 million connected bank accounts and those bank accounts are generating 38 billion in financial transactions that we can see. Consumers are claiming cars in our platform. This vantage point has visibility to tens of millions of financial outcomes across auto loans, home purchases, and other financial products. If we talk about our wide-ranging data, the combination of traditional and consumer-contributed data is unrivaled and it's creating a completely unique data state.

I mentioned it briefly in my earlier remarks, but we made a conscious decision. The platform that Alex discussed and outlined underlies the consumer business. It's an integrated platform. When a lender applies new data sets, changes underwriting criteria, or any other changes, that shifts the offers that consumers see in our product experience. So Ascend in our lender model deployment tool which we call Activate, which is a custom instance of Ascend Ops, are seamlessly integrated into our marketplace. This allows us to better connect supply and demand and that in turn serves our consumers and our partners better. And lastly, we pull all this together with innovative products that are differentiated, that provide unique customer journeys. We've represented a few of them in the slide here. We have a proven track record of creating differentiated products that put consumers in control. These are products that unlock the value of a consumer's data on our platform, and these can have the potential to create game-changing consumer experiences and outcomes. I'll highlight a few.

Experian Smart Money lets you build credit without taking on debt. Experian Boost lets you increase your credit score instantly. We're really excited about insurance rate monitoring. We would like to eliminate the need to shop for insurance ever again as we're always searching on behalf of consumers for savings. We're also really excited about our Experian Virtual Assistant. We call it EVA. We believe this financial assistant can remove the complexity of managing your financial life, and we're actively testing this across our member base today. We're seeing great results and we believe this is a new platform of growth for us across the business. Let's go to the next slide.

Well, how are we doing with our strategy? What progress are we making in the business? Well, the good news about this business is it's really easy to assess that progress because there's really four key drivers of the business. In our membership base, as I mentioned, we have roughly 25% coverage of the existing US adult population today. We want to push that to 50% plus over the next several years. Valdemir referenced the scale in the Brazilian consumer app. We are a top 10 financial app in the US. We are really proud of that and we believe there's much more room to continue to grow our audience. Engagement. We are focused on creating high-engagement features that create daily utility for consumers, and I'll give you a few reference points to demonstrate the progress that we're making here.

Boost customers log in six times more per month than an average consumer. Financial health members log in seven times more per month than an average user. Smart Money customers log in nine times more per month than an average customer. And our app is now becoming our primary acquisition and engagement platform. Moving to data. It's a key pillar of our strategy, consumer-contributed data. Today, roughly 20% of our members are sharing daily financial transaction data with us. We want to expand that to over 50% over the next several years. And a reminder of the value of that data. We can use that data to verify incomes, to verify employment, to identify insurance payments, and notify consumers when they should switch and shop for insurance. It's a core component of our business strategy. And monetization, our customer lifetime value increases with each of the new verticals that we release. And we have several more verticals to go after. We're going to help consumers in their search for their right home. We believe we can help consumers with one of their largest financial assets, the purchase of a car. So we have introduced and are scaling verticals that are contributing to our customer lifetime value. And we have several more verticals which we intend to introduce to continue to keep growing this component of our business. Pulling this all together, this makes us one of the largest financial platforms with significant runway to continue to drive growth across our business. Let's go to the next slide.

So how does this business work together? How does the product work? Well, first and foremost, it is an integrated platform. Consumers join us for a variety of different reasons and we support them across their life journey to help them achieve their financial goals. Our ambition is to help them every single day save time, and money. And this slide represents a multi-year relationship with a consumer who has the ambition to buy a home. And you can see how we can string together a variety of different product capabilities that not only allow consumers to become financially visible through capabilities like Experian Boost, or Experian Go but allows you to create a credit report.

But we also offer a whole host of tools across our product set that allow consumers to improve their financial position, to save time and money through negotiation of bills with our premium financial health capabilities, to locate the next best financial product for them, and to help them save in their daily spending with a digital checking account. And again, our product works in a personalized way to support consumers in their journeys to achieve their financial goals. Now, the great news about our business model is the more consumer logs in, the more features they use. The more features they use, the more revenue we generate from the customer. It truly is a win-win-win business model that supports consumers in their financial journeys. Let's move to the next slide.

I referenced a few key components of our strategic pillars. Financial inclusion is first and foremost one of our most important priorities as an organization. I mentioned we just celebrated a five-year anniversary of Experian Boost. Less than a year ago, we launched a new leg of our financial inclusion plan. Experian Smart Money is a digital checking account that addresses the hundred million consumers in the US who have no credit scores or who have challenged credit scores that impacts their everyday life. And having a low credit score in the US can affect your ability to rent an apartment, buy a car, get access to a personal loan, or even qualify for a mortgage.

This product is critically important because it positions us in the path of money movement. It's a central building block for new premium financial health products we will be launching. We think we'll be able to help consumers save money by helping them every single day in their financial journey. And we've seen great success since our launch of this product in October. Massive adoption of the product. We are seeing good progression in funding of the card, and most notably, the product is delivering greater engagement in our platform from consumers who are using it. And we believe there's much more progress ahead with this capability in our hands. Okay, let's move to the next slide.

So the best way to see our progress is to really look at our product from the past five years to where we are today to where we will be in the future. Five years ago, this was a credit platform with passive engagement around credit scores. Today it is a financial health platform that helps consumers save hundreds of dollars in an expanding set of new ways by getting access to the best financial products, insurance, and financial health capabilities like subscription cancellation and bill negotiation. Over the next five years, this product will turn into a daily financial copilot. We're working hard to unleash the potential of GenAI in the platform. Finances are complex and we think that our unique role, our assets, our data, and our products uniquely position us to help consumers make small and big decisions every single day. We're so excited about where this is headed and we can't wait to progress our roadmap.

Now that I've given an overview of our strategy, I want to step and go a bit deeper into our marketplace business. And this is a huge component of our growth plan. Our ambition is to build the world's largest, most inclusive financial platform. We want to help millions of consumers achieve their financial goals, but our how has become clearer. We can now operate as a dual-sided platform that connects supply to demand in completely innovative and disruptive ways. And no other marketplace business in North America has the assets, the supply side integrations, or plays the central role in the financial ecosystem that we play. We believe we can use this platform and this growth framework to help consumers find their next best financial product, shop for insurance, purchase a home, even purchase a car in the future. Let's go to the next slide.

This isn't theory though. This is a foundation which is in place. The foundational elements necessary to execute this transformation exist. We've purposely connected the Ascend technology platform to the consumer business. And the reason that that's important is because of what it enables our partners to do. They can run deep analysis of our member base with expanded data sets like Experian Boost within Ascend. They can deploy underwriting criteria in Ascend and push that live into our product ecosystem through the Activate platform. And no one else can match the power of these capabilities together, the power of Ascend and the direct linkage to a consumer product ecosystem. This makes us unique.

And our marketplace partners love that they can decision and activate new customers seamlessly across our platform stack. And this will earn us more revenue and more market share. As an example, in the lending vertical like cards and loans, our partners love that the risk and marketing, and account management teams can all work out of the same stack. This means that marketing teams have much more freedom to allocate marketing dollars into our platform as the underwriting models that their risk team created are already approved and can be seamlessly deployed across our member base. Activate is live in market. We've made great progress with it. We've highlighted some of the active partner counts

that we have today. We're onboarding new partners every single month. More than half a million approvals have already occurred through this platform. And you can see how this integrated platform allows us to do things which are very hard to do. Let's go to the next slide.

I mentioned that the Activate platform has materially improved our position in marketplaces. It's also expanded the presence of high-value programs in our marketplace. The chart on the left shows that in FY20 only a small portion of our members had access to things like pre-approved offers. Today, more than 80% of our members have access to those offers. We also have a strong pipeline of additional offers that are rolling out to members. We have a program called No Risk Application. It allows a consumer to apply for credit with no impact to their credit score. More than 60% of our members now have a no-risk offer today inside our platform.

And why does this matter? Well, the chart on the right shows that these programs maximize not only consumer engagement with offers, but they also improve yet revenue yield of our marketplace. Putting this in context of the US marketplace, much of the US market is pre-qualified offers. It's very hard to build out a panel of lenders that will integrate with these programs. And we've done that and this will make a massive impact as lenders make decisions about their marketing programs and their customer acquisition goals over the next several quarters and years. Let's move to the next slide.

So we have a platform, we have a capability that connects demand and supply. We also have visibility to the actions our customers are taking, our members are taking inside our platform. Last year, our 70 million members originated nearly 3 million new products inside our marketplace platform. And as you can see, and as I referenced, there are some verticals that we still haven't even touched or addressed like home purchase. If you go to the next slide, you can see the potential of our member base. This slide represents that last year our more than 70 million members originated nearly 80 million new products off of our platform. These are our customers who are engaged in the broader financial ecosystem, taking out new cards, getting new loans, shopping for insurance.

If you go to the next slide, you can see the potential for us financially to take advantage of those actions which are occurring off of our platform and move them onto our platform. We can generate 200 million of revenue by shifting one point of origination share from our members off our platform onto our platform. It's massive potential and it lines up with our strategy to use our role and our data paired with unique product innovation to intercept consumers at the right time in their financial journey to help them along their goals. All right, let's talk about insurance on the next slide.

Insurance is a massive market. It has been unchanged for decades in North America. There's a variety of factors that have caused that. In part, carriers have not wanted to share real rates with consumers inside platforms. And that has stalled out the market. So while the market represents \$12 billion in insurance shopping in the US, the consumer experience has not unlocked that potential because it's very hard for consumers to get actual quotes for insurance, compare those quotes, and easily understand the value of switching.

There's a variety of different reasons for that. First and foremost, carriers do not want to share rates traditionally in platforms and consumers have to traverse a very challenging customer experience to actually get to real coverage rates. However, as COVID has changed many markets, it has shifted the dynamics of the insurance market. Carriers experienced a wave of profitability as consumers stopped driving and therefore stopped filing claims. But now they emerge from COVID with profitability on their mind and the need to grow exponentially in a super cycle of shopping. We believe that we've built a totally unique value proposition and platform that allows us to connect consumers to the right policy from carriers. Let's go to the next slide.

We always start with the consumer experience. What does the consumer experience look like and how do we make it better? In the US, consumers have to traverse an average of five sites and complete 50



steps with intensive data sharing like vehicle information, current coverage details, information about their family, driving history. And all of that data input typically leads to marketing rates. We call that rate call 1 in the industry in the US. And this leads to aggressive phone calls from aggregators, information is sold to multiple partners so that platforms can maximize yield.

But we wanted to do something different. This is why we bought a digital insurance agency two years ago because we believed we could pair our integrations with carriers, with a digital insurance agency's licensing and our data assets across credit, car, and household to create something completely new, a delightful customer experience that involves filling out one application. We want to give the ability for consumers to compare real rates. That's called rate call 2 in the industry in the US. And to do that, you have to be a digital agency to do it online. We wanted to give consumers the ability to get real quotes and bind those quotes online. And we wanted to create a process where consumers never have to look for new rates because we'll always be shopping for savings using their real data. Let's go to the next slide.

So we thought about it from the consumer perspective. We also thought about it from the carrier's perspective. And in the US, carriers are effectively buying traffic from aggregators. They employ them to secure traffic. But again, since most aggregators don't have real quotes for policies and they don't have authenticated members or even comprehensive data assets, the value to carriers is dramatically diminished. There's a saying in the insurance industry that the policies come fast, but the claims come slower. And what's beneath that statement is that carriers have to take the risk to acquire customers with limited data vantage points from aggregators, and then it takes them time to assess the true risk or profitability of new customers.

With our model, the combination of data that we have around our members, it allows carriers to be much more effective in assessing risk and profitability in a way that no other aggregator in the US can provide. They trust Experian and our data and they like our business model, which we've built because it's analogous to other marketplace models that have become predominant in cards and loans. Our insurance carriers pay for approved customers. In most instances, they're not buying traffic. That limits their risk and improves the quality they're pulling from our platform. Let's go to the next slide. And we're making great progress. The top five carriers in the US represent 60% of the US market. Three of the top five carriers are showing real rates inside our product. Two of the top five carriers allow us to bind consumers digitally in our ecosystem. We have great coverage and we expect our integrations will expand to more of the top five carriers in H2. And the chart on the right highlights that in the last two years as there's been a seismic reset in the insurance industry, we have grown through both the ups and downs of that with Experian Insurance. We're seeing acceleration of already strong growth as the market improves and supply opens up. We expect insurance will be one of our biggest success stories. In terms of materiality, it's now our second-largest and fastest-growing vertical in the marketplace business. Let's go to our next slide.

All right. I've showcased the complexities of the insurance market in the US, the challenges that consumers face when trying to effectively shop and compare rates. I'd now like to show how we're communicating this to consumers and also provide a view of the product experience. We'll start first with our commercial. Again, our strategy is to use our expansive capabilities to build innovative products that few can replicate. We think insurance rate monitoring is going to be a breakthrough in the US shopping experience market, and we are so excited to share this commercial with you. Let's roll the video.

Speaker 1:

We're out here telling people about the Experian Insurance Marketplace. How do you feel about shopping for car insurance?

Speaker 2:

Honestly, I never want to do it again.

Speaker 3:

I don't have time.

Speaker 1:

What if I told you you never had to shop for car insurance ever again?

Speaker 4:

That would be amazing.

Speaker 1:

It's called the Experian Insurance Marketplace. It's a one-and-done thing, and it's totally-

Speaker 5:

... be amazing.

Speaker 6:

It's called the Experian Insurance Marketplace. It's a one and done thing and it's totally free.

Speaker 5:

Free?

Speaker 6:

And Experian shops with over 40 top providers to find you an amazing car insurance rate and they'll alert you if they find a better rate later on.

Speaker 7:

Experian is the way to go.

Speaker 6:

You could save 800 bucks on average.

Speaker 8:

I need that.

Speaker 5:

I would put a down payment on a jet ski.

Speaker 6:

Experian has got you. Go to [experian.com/car](https://experian.com/car) and you'll never need to shop for car insurance again.

Jeff Softley:

As you can see, this is a standout product offering in the U.S. Completely different from how the rest of the market works. To demonstrate how unique this product experience is, I'd like to share a recorded demonstration from Rakesh Patel who's the general manager of our marketplace business. And before we roll that video, I want to highlight, this product experience combines the capabilities from four different business units across the Experian portfolio and the digital insurance agency company we bought a few years back. It's a capability which is very hard to replicate in market and we're so excited about the consumer feedback we're getting. Let's air that video demonstration.

Rakesh Patel:

Hello everybody. Really excited to showcase our Experian auto insurance value proposition. Before I get into the demo itself, wanted to set the context of what you see on the screen here. This is where a consumer has already engaged with Experian and registered and ultimately provided us permission for us to engage with them proactively. In this case here, we're proactively engaging with a savings of \$961 based on where they live and their zip code. The call to action is really to engage on that. Once the consumer engages, we land them into the first part of the product ecosystem, which is really about educating the consumer. We really start to talk about how Experian is helping find and compare carriers and policies for the consumer.

We're also now introducing the concept of rate monitoring where Experian is now working on behalf of the consumer to ultimately provide the best savings through the carriers in our product ecosystem. And then finally, we're really trying to demystify the insurance market and provide consumers transparency over what they can do in their credit non-credit attributes to impact their policy and premiums that they have. And then finally, we're really introducing two call-to-actions. The first one is go directly into the quote. Let's have a look at what carriers are looking to quote you. Or secondly, is go further into our product ecosystem inside the insurance hub. This is where the consumer starts to get more transparency. It also starts to provide you the ability to see how Experian is pulling its various data assets across the business to provide a single view for the consumer.

So, there are many different areas to focus on. The first one is really just providing the consumer some transparency around rates dropping based on their neighborhood. The second one is a direct call to action to see the quotes from the carriers that we have. And then as the consumer navigates further down the product ecosystem, we start to introduce, firstly, the rate monitoring concept. This is where Experian is working on behalf of the consumer and really trying to find the best carriers with the best premium coverage for the consumer with the greatest savings. And we work doing that behind the scenes with the carrier themselves.

We then surface the actual carriers and what they're potentially offering the consumer and how much savings will the consumer receive. And then, as I mentioned at the beginning, this is really where most of Experian data assets are coming together to really provide consumers a very transparent view of what they can do that will help impact their policy and their premium. So as we start to look at their personal information, we're working with our bureau to pull in credit score attributes to help consumers understand how would their FICO score impact the policy.

We're working with our automotive business unit to bring in information to do with their driving history and ensuring that consumers understand by having an accident or not having an accident, what does that do to their premium? Again, with our automotive business unit, we also get access to a lot of the

assets inside the garage of the consumer and we provide transparency around, are there multiple vehicles, are there multiple drivers inside the household, to be able to help consumers understand how that impacts their policy. So, as the consumer navigates to the call to action, the primary call to action, which is review your quotes, the consumer now has an application that has been prefilled. Similar to what we walked through in the prior screen.

The consumer now has a lot of the information prefilled across all of the assets that we have at Experian. So we continue to provide the personal information that we, from the consumer business, have for the consumer. We work with our marketing services business to provide information such as occupation and we ultimately then provide the vehicles inside the garage through our automotive business unit. The consumer validates that we've got that information correct and now navigates to seeing the quotes themselves. They get to navigate through the various quotes available and then engage, in this case, with Progressive. We provide the details of what Progressive is really looking to charge for the consumer and as the consumer navigates through the binding process.

Because Experian is an agency, we work on behalf of carriers and we ultimately can open, close and bind policies all within our product ecosystem. So as the consumer is navigating through this process, we're actually binding that policy inside the Experian ecosystem. So in this case here, Progressive is now under the consumer and we have all of the policy information available for the consumer. Because of that integration, the policy information is then provided back directly into our product ecosystem and we now start to surface adjacent insurance capabilities where the consumer could potentially save money. That includes home insurance, and as we start to work through and help educate the consumer, we talk about the rate monitoring capability again. So now Progressive is inside the rate monitoring and we are working on behalf of the consumer with Progressive and other carriers to see if there are further savings to be had.

We then surface again, as I said before, the key components of what really is going to impact your premium and your policy. And because of the integration across Experian, we are updating this information on a consistent basis. And then finally we start to introduce adjacent markets. So in this case here, life insurance may be a great capability for the consumer to engage in to protect their assets.

SO as the consumer navigates through their daily lives, because of the rate monitoring capability and the permission that we have from consumers, we're now re-engaging the consumer, alerting them that a potential storm is coming up in their neighborhood. This is a great time to review your policy and work with the insurance business to really make sure that you've got coverage across the upcoming storm itself. And it just provides a deeper engagement with the consumer to engage with Experian. So with that, I thank you for the time and thank you for the opportunity to run this demo.

Jeff Softley:

So I think you can see the potential of the types of capabilities we can string together to further expand our consumer platform. In summary, we're creating an unrivaled financial platform that helps consumers save time and money across an ever-increasing set of need states. This platform is positioned adjacent to more than 50 billion dollars of market potential and as we've demonstrated with the insurance demonstration, we can untap that potential through the daily interaction with our customer base and unique product innovation. We have a diversified business with a completely unique vantage point role and data advantage and as you can see in this closing slide, our assets are material and they enable us to innovate how supply gets to demand in totally new ways. And we're just getting started in unlocking the potential of this platform. With that I'll hand it back to James.

James Rose:

Great, thank you Jeff. And I'd now like to invite back all our presenters so far from the Experian team. And also Rakesh is going to be joining us. Thank you all very much for your insights. It's now time to turn to Q&A from myself and what's been sent over. So welcome back everybody. Lloyd, if I can start with you and almost as a introductory question, to go back to your own introduction where we started, now we've heard the presentations, can you just help us pull it all together again at the group level. We've got high single digits, organic growth ambitions. The opportunities we've heard today, where do they rank respectively in getting to that?

Lloyd Pitchford:

Thanks James, and thanks to the Experian team, great set of presentations. Look, I think we've always said we're very excited about the range of opportunities we have in Experian across all of our businesses. We've chosen today to highlight three scale plays that we've been progressing over a number of years. Of course there are others in the portfolio, the development of the health business, over \$600 million of revenue, very high margin. The auto business that progressively is moving outside of the financing transaction in auto. The growth of our marketing business and the ability to bring that together with the financial services business that we have. So lots of different opportunities that we have, but these are three that we've been talking about for a number of years and are really important to our future prospects.

How that ties together at a group level, you've seen just how resilient Experian is through the last period, over the last five years through COVID, through a credit downturn. We've seen all of our financial metrics grow at a high single digit. As we see credit recovery come, we can't call the time, but when we think it comes, that clearly accelerates our growth well into the high single digit range and for some of these opportunities that we've talked about here, as they become bigger parts of the group and we're able to really accelerate on these platforms, these distribution platforms that we've created, that's where our ambition of getting the business into consistent double-digit organic growth comes from.

And of course, the scale that comes with that, adds to margin accretion, which was part of the new commitment that we made with the new financial framework that we launched in May. So hopefully you can see it's all part of the growing trajectory of potential in the business.

James Rose:

That's very clear. The next one's on changing mix of the business. What is the percentage of the B2B business that is license fee or software related already? And as we look out over the next five years so to say, how would that mix change on your plans and with the changes which Alex talked about as well, what are the broader implications for the group's contract structures in terms of the visibility or recurring nature of revenue you have within the B2B business?

Lloyd Pitchford:

Yeah, so I think if I start on that last one, as I mentioned, if you look at the resilience of the business, whilst technically quite a bit of our business has been volume related, actually those volumes are very, very sticky and you see that in the resilience of our growth growing through this last credit downturn, growing through the GFC, growing through COVID. So I think that's an important backdrop. The share of the group's revenue that is subscription or software related has been growing as we've been progressing on the journey that you've seen presented today and we expect that to continue. So something between 10 and 20% of the B2B business is subscription or license related in one form or another. That's increased over the last five years and we expect that to continue. More of our contracting over time will

migrate towards these platform subscriptions and away from individual product subscriptions or transaction revenue. And of course that adds to the stickiness of the propositions inside clients and opens up ever-increasing value pools for cross-sell.

James Rose:

Okay, the next questions are for Alex on the software piece. I think. Cross-sell is notoriously difficult often because even just getting customers internally to amongst themselves is pretty challenging at best, particularly at banks, I can tell you that. How do you go about combating that and how would you say the sales pitch approach from Experian is different now versus say a few years ago?

Alex Lintner:

Well, a couple of aspects I would highlight. First of all, I mentioned some multiples earlier in the context of the description of that large UK household name type of bank. Those multiples are actually very representative to what we've seen regardless of which region we look at or which size of client we look at. So not the absolute size of the contract because that's a particularly huge bank, but the multiples of how much bigger can contracts get. The pitch has changed. We now, I'm going to say pitch bundles primarily, and in the bundles we emphasize the cost savings that come with purchasing multiple things from us and the productivity opportunity within the client. And it may go beyond what you typically think of productivity. Let me try to give you the example of what does it mean to have fraud and credits on the same platform.

The fraud department, and that is true, you know that from Barclays, so it's going to be true for Barclays. The fraud department, their goal is going to be build a fraud model that keeps the fraudsters out. And they can build that tighter and tighter to avoid loan losses. There is a trade-off, however, because you're going to get the tighter you build it, you get something that's called false positives. So you actually reject people who don't have fraud risk and therefore the marketing people on the other side, they're going to say, well, don't make it quite as tight because I can't grow the business anymore.

So the two actually have to talk. And whether they sit in separate departments, which in many banks is still the case, but in 27% of all financial institutions that we have surveyed, I told you earlier, we surveyed 700, that's not the case anymore as a trend of fraud and credit coming together because of that challenge. And then building the models to screen new applicants in a way that minimizes fraud risk but at the same time leaves the marketing funnel wide enough open. We [inaudible 01:45:50] functionality is called reject inferencing where you can measure that against the market.

So if you reject people, we can then measure do those people go to another bank? We never disclose where they go, but we disclose that they have contracted for another loan and that no fraud has occurred and thereby the models can be optimized. So that's what drives the cross-sell opportunity. The discussion needs to happen inside the financial institution anyway. We just facilitate it better than any disaggregated assembly of point solutions because everything is integrated on the platform.

James Rose:

Okay, that's clear. And customers already take various different point offerings from you. How do you go about capturing and monetizing that extra value you're creating by merging and bundling all of these services together? Obviously you can sell more within a bundle, but there is some sort of extra way or pricing method of which you can capture that value you're offering clients.

Alex Lintner:

100%. Lloyd has already hinted a little bit about the size of the business. Think of it this way. I talked about the software services segment being sort of 20 billion. We have high single digit share within that, which is not what we aspire to. So the penetration of our software solutions is not as high as we'd like to be in our client base and within the clients that already buy software, we have more than we'd like who only buy one or two solutions. So what we do is by selling multiple solutions, you get higher value contracts. I shared the multiple with the UK example that I've now mentioned a couple of times and we have, call it upsell opportunities. Upsell opportunities are things such as specific functionalities that clients pay extra for. And that leads to higher average price points, clearly higher average price points. We're not talking single digit percentages here. So the value add is being recognized by the clients. The clients see the productivity opportunities for themselves and therefore they're willing to go to different price points

James Rose:

And should we think of this as an opportunity for you to go after new customers as well as that upsell for existing customers? There's along the tail of smaller ones outside of the tier ones which you're more known for.

Alex Lintner:

Yes, absolutely. Like I said, the penetration of our software is not nearly as high as we'd like it to be, so we are going to go after, eventually after every Experian customer that maybe currently only buys data from us or only buys a service from us that has nothing to do with software. And it's a tremendous opportunity to penetrate that further. Let me just say this, that's even true outside of financial services. So because of the functionality being so unique, we now have inquiries from telco consortiums, from automotive captive financing organizations consortiums in large countries which are saying, well this is a proposition that is relevant for us. It's not only relevant for financial services, but it goes beyond that.

James Rose:

Right Alex, that's very clear. Thank you. We've got a broader question on AI. This is something which I know you're definitely talking more about now. I wonder can you pull together in one place how you're leveraging it to drive market share and new product launches. And also is within your existing growth targets and margin ambitions which are out there, is AI within those or is it potentially incremental to those targets?

Alex Lintner:

Who is the question for?

Lloyd Pitchford:

Alex, why don't you take AI and how we're thinking broadly about software development. I'll take the target one.

Alex Lintner:

Yeah, look, I've been in the technology facing business for a while and I don't want to contribute to hype or anything, but this is the biggest leap forward in technological advancement that I have seen since, I don't know, the invention of the internet, the iPhone or the smartphone coming on. It will be profound and it will be profound for our customers and it will be profound for ourselves. Let me talk about both for a second. When I think about ourselves and the way that we develop product, the tech industry

would generally talk about activities in product development as inner circle and outer circle or inner loop and outer loop activities. The inner loop is actual coding, hands-on keyboard and you produce code. And the outer loop is all the activities that are around that. Reading old code because you want to rewrite it to more modern code, reading the customer's code because you want to integrate with it, et cetera, et cetera.

Well many of those outer loop activities can now be automated through Gen AI and therefore it will take our developers a fraction of the time to complete those outer loop activities and they can spend more time on the inner loop activities, so on putting their hands on the keyboard and coding. And therefore there is an efficiency play for ourselves in there. We either can keep all the developers that we have and have much higher productivity in terms of output or we could aim to have the same productivity in terms of output and do it with fewer people.

For our customers conversely, we will have assistants and co-pilots in place with the same kind of principle. They have activities that they today do manually that are done by very expensive people, PhDs in math. I talked in the demo, I talked about model monitoring, looking at whether the model is drifting, whether the parameters that have been set when the model was created are being kept because that's the promise to the regulator. And they do have to report on that. It's the law. We can automate all of that. We can show it graphically. We can provide an automatic prompt and we can provide a diagnosis of what the root causes for the model having drifted. That takes away weeks of work, literally weeks per model. And it is lots of staff that is in any financial institution that does that and therefore there's a productivity opportunity for our clients again provided by Gen AI that does basically provide the assistance to get it done much faster in much less time than before. I hope that answers the question.

Lloyd Pitchford:

And to your other question, James, or related question. So if you split this between internal cost and then product and revenue generation, you saw in the financial framework that we announced in May, reduce capital intensity and an increased margin framework. Now there's a lot of different ranges about the associated benefits of artificial intelligence and of course it's a new technology that's emerging between us. So the low end of a reasonable range is included in those targets. So going from 9% to 7% on capital intensity and also on margin. But clearly we're going to pursue all productivity opportunities that we can with AI.

On the product side, you can see, you've seen today examples of where we're incorporating into our product. That brings both direct and indirect revenue and exactly where you pitch product innovations into your product and platform and contract structure is something that we're going to have to really develop and think about. Some things will be free, but that will drive engagement and therefore conversion and will monetize indirectly. Some things will be standalone products that we'll sell uniquely on their own or standalone add-on propositions within products. And we'll be trying to optimize that based on the demand from clients. But it's an exciting time. And those things underpin the confidence we have in the future of the business that was outlined in the new frameworks in May.

James Rose:

Great, thanks to you both for that. Moving on to Brazil and Brazil B2B business now. The benefits from positive data, which the whole industry is seeing. How long could those benefits potentially last for and are they currently being held back or covered up by current market conditions?

Valdemir Bertolo:



There two or three views on that. Of course, positive data was introduced in 2019 and we adopted very fast. And so all the clients also adopt that. Now 87% roughly of our clients now are using our modules that are built with positive data. There are, as you have seen in the presentation, however, if you think from the credit penetration as is still very low compared to the rest of the world or more mature financial countries. So we still have a lot of room to increase the penetration, and positive data is helping us to move that forward from a country perspective. As we speak right now we are adding new data sets from utilities, from telcos and other providers that will enhance the data sets and provide more opportunity for us to develop new products on the back of those data sets. So I still see a lot of room for us to grow. Of course, no, I think that the initial phase is gone and it's more mature but still lots of opportunity to expand in Brazil the penetration and products being built with positive data.

James Rose:

And can you help us understand the link between positive data, the new data sets, increased credit penetration in Brazil with a high demand for technology spend and software spend within banks? Are you already seeing that clear step up within RFPs and what your customers are asking you?

Valdemir Bertolo:

As you correlate though the way that we were used to rent credit in Brazil was primarily based on negative data, which is a very limited view of the situation of the consumer. So if you had the positive data, which provides a much more robust and meaningful view of the consumer ability to pay a loan, so you naturally increase the lender's ability to provide more credit to the buyer. So that is one dimension. Most of the Brazilians, they are, as I mentioned also, unbanked or with very limited access to financial instruments. So as we add new data sets coming from utilities, from other sources of data, we also can provide a more reliable and expand the number of consumers that would be able to get credit, just to give a number now positive data at 23 million consumers that were invisible to credit in the last couple of years. Now with these data sets that are coming, we can increase even further the number of Brazilians that will have access to credit. And of course the spend that we see in technology is also relate to the several changes in the marketplace with the regulation and this positive data open finance that is much broader here in Brazil with open insurance coming. So all that is requiring some sort of investment from the financial institutions to cope with the requirement and also to take advantage of those changes in the marketplace. Hopefully I address the question.

James Rose:

No, that's great. Thank you. And how far along would you say Brazil is in terms of replicating the range of products which we have available in the U.S. now? The unified platform essentially. Is that available in Brazil now?

Valdemir Bertolo:

Yeah, it is available. It's getting good, [inaudible 01:58:48] traction. But comparing to what do we see in the United States, we are still in the early stage. As we grew substantially over the years also with acquisition, we still have a more legacy platform that we are replacing by the unified platform, combining all the capabilities and integrating those in the market. And also a difference from other markets that we have less clients that are very sophisticated. So we are adapting the value proposition to our current market to make more affordable here in Brazil to a more broader base. It's coming well, it's well received. The platform is fantastic. I think it's clear by not only Alex presentation, but the demo, it's always well received. Then it's a matter of adjusting the value proposition and also it takes a little bit

longer for clients to replace the existing systems that they have or platforms that they have by this one. So the time to market is a little bit slower compared to...

Valdemir Bertolo:

The time to market is a little bit slower compared to selling the traditional credit reports, or the financial information that we are used to.

James Rose:

And on the consumer business as well, and the slides talked about the second phase of consumer growth that is to come. But if we look at [inaudible 02:00:24], that business has been very successful in a very short space of time. What sort of stage would you characterize that business is at in terms of maturity? It is still a business which has scope to double, triple from here in terms of its potential reach?

Valdemir Bertolo:

We create this business in 2018, and start lifting in 2019. We grew over that period, the 85% roughly. We still see that as one of the main ways for us to continue monetizing the consumer business. As also, you can see in the data, but also was in the presentation. Indebtedness is a substantial problem in Brazil, excuse me. And that trend will continue. So what we are doing right now in the platform is creating more ways for consumers to consolidate the debt, pay the regular bills, pay the past two bills in a very simplified way. And that only help us continue to drive the business forward, but also help the consumers to get the better view of what they need to do to improve their financial situation in the marketplace. So we still see at least 20, 25% growth opportunity in the years to come four or five years ahead. So halfway through the mission I would say in this space.

James Rose:

Thanks very much. Moving to questions on consumer now, Jeff, we talked about the business doubling in size. Is there a timeframe for the business doubling in size again?

Jeff Softley:

Yeah, that's obviously a tough one to answer. But I think the way we think about the consumer business, and the reason we have belief that we can double it again, is really the fundamental components of that business are strong. We've got a great business model, a good engagement model with consumers. Our core metrics are tried and true. And as I outlined in the presentation, we've gotten massive adjacency of consumer needs, and what we think are unique solutions for those needs. So we think that we've got massive potential in front of us, and we think the market's there, our position is there, and our ability to intercept and grow the business is material.

James Rose:

It leads into, I guess the next question around premium, and the broader range of products you hinted, which could become part of that premium offering over time. We've already got, I think, financial health bill monitoring, subscripsts and cancellations, gen AIs, but that I think the slide had a lot more potential things which could come in there. Could you just talk a bit more about those for us? And in terms of monetizing that as well, how would you see ARPU progressing within premium?

Jeff Softley:

Yeah. I mean, it's a great question, and something that I feel really passionate about. We've got a really good monetization rate of our customer base in aggregate, and in particular in the premium business, but we've got much more penetration potential. And that's really how we think about our potential with that business. And we think with the right set of capabilities and the right consumer need adjacencies, we can double the penetration of our premium subscription business. We just simply have to help consumers in more parts of their financial life. Financial health is exactly the right direction. All the data and evidence is demonstrating that's the right direction for us to go. And we think, again, there's potential to double the penetration of our existing customer base with premium offers if we bring the right capabilities to market.

James Rose:

And when we look at the stickiness of customers within premium, how would you assess how that's looking like at the moment?

Jeff Softley:

Yeah, I think that's a good question. We've operated this business over a period of different cycles and we've seen different behaviors through those cycles. What's different for us today is our platform has progressed really substantially over the past several years. You can see it in the types of products we're talking about, the types of experiences we're stringing together. And all the indications that we're seeing from the interaction model and our performance with our customers is demonstrating that we're on the right path. And I cited some of that evidence in the presentation, but I'll state a few more things.

We're getting good indication that consumers engage more with financial health capabilities. We've added a ton of value outside of just credit and identity into our core membership. Consumers like that they can save money on their utilities and other things. So every piece of value we're bringing into the membership is demonstrating progression, and we feel like we're on the right path.

James Rose:

Great. Thanks, Jeff. If I can move to marketplace now as well. This a rapid uplift in the insurance business in a short place of time, but I think that uplift is also visible in the market overall and some of your competitors. Is that something you agree with? And if so, what has really been the change to trigger that in terms of more carriers coming onto this channel stream?

Jeff Softley:

Maybe I'll start, James, and then I'll pass to Rakesh to fill in a lot of the details. Yes, the insurance market is growing. That's one of the reasons that we were interested in the space, because we saw a lot of the secular trends that drove the adoption of marketplace businesses in credit loans and credit cards. We felt like those secular trends would have just as much commonality with the insurance market.

Coming out of Covid, carriers, they were dealing with high loss ratios, as everybody got back to re-engaging life and filing claims. But now they've gotten through that and they've got to start growing. So we are seeing a bit of a super cycle in terms of the supply that we have on our platform. There's a strong interest to acquire customers. Again, we feel like we're very well positioned to profitably go after the best customers on behalf of our partners with capabilities they can't get across other platforms.

Rakesh, what else would you add based on the feedback we've heard from carriers?

Rakesh:

Yeah, the only other point I'd make, Jeff, and going a little bit deeper to what you said is, carriers are attracted to the scale base we have in our platform, but also coupled with the data access. That is the key differentiator for our platform where carriers can proactively filter, target, and actually acquire consumers through our platform in terms of what they want and what they see to be and deemed to be profitable. So carriers are naturally attracted to that data plus scale, to give the best insight to how they think about profit from their end.

James Rose:

And the Experian Activate, I think you're referencing there, do you have a percentage of the amount of offers or transactions which use Activate?

Jeff Softley:

Yeah, I'll start on that one, James. I think I referenced it in the material. We've seen a really strong progression of the implementation and usage of that platform. And again, the way to think about it is to send ops in the Ascend technology platform, but with some unique modifications to deliver offers into our marketplace. And we've seen great traction and getting lenders to onboard, and to load their models, and to use it to pull the most profitable customers off of our platform. We just crossed the 80% coverage mark on pre-approval. That gives you a bit of a sense of how much adoption that we've had. But we really see waves of incremental programs that we will push into the marketplace off the back of the capability, or referenced one of them in the presentation, no risk application, consumers can apply for credit without having an effect on their credit score. So we've got a whole roadmap of innovation in play to keep advancing the capability of marketplace and the adoption.

James Rose:

And when we think about the revenue size potential of marketplace overall, when you thinking about the percentage of customer spend which could come through these marketplace type businesses versus the traditional channels, what do you think a sensible figure actually is in the longer term? Could this end up being very, very mainstream? Or will it be a somewhat niche area, do you think?

Jeff Softley:

Yeah. I mean, I think when you answer that question, you invariably have to think about the digitization of consumer journeys, and what's driving the behavior of our customer set, or our clients in marketplace. And they want to acquire and measure and assess risk on new customers in the most efficient, effective, profitable way possible. And invariably, that pushes you into a digital journey, and probably a performance model where they're paying for approved outcomes. And that all of those play to the strength and the positioning of our business and our platform relative to other channels that might exist in market. So I think there's secular trends that are multi-year in nature. I think they play through cards and loans continually over the next several years, and I think that they infuse material uplift in digital acquisition for insurance in specific as a vertical.

James Rose:

And then lastly, if we can talk a little bit about credits and card marketplace business as well, acknowledging that that's a bit more significantly depressed at the moment, but other KPIs you can sort of point to us to suggest that when the market does turn in this, that business has to potentially be far larger than it was before the slowdown.

Jeff Softley:

Yeah, and then I'll maybe start and I'll pass Rakesh to fill in the details. In the card marketplace, we've made substantial progress with our product and our capabilities in the last few years. Now, you've got to put that in context of the market. And obviously, in context of the market, we haven't seen card issuers being as aggressive as they've been in prior years around growth. But as I outlined in the session today, the capabilities we brought together with Activate, the new programs that are coming together, those allow us to maximize yield across our customer base, to pull more value out of our customer base, and to drive better outcomes for partners. And so I'm really excited about operating within a market environment where card issuers are even more aggressive. I think you can see the potential and some of the outcomes that I highlighted in terms of shifting one share of origination off of our platform onto our platform. So I feel great about where we are from a capability perspective, and a level of importance we are for our partners on marketplace.

Rakesh, you're closest to the partners. What would you add?

Rakesh:

Yeah. It's actually a thread that Alex talked about with regards to risk and fraud coming together. One of the unlocks, especially during the compressed market, and Jeff talked about it and touched on it when talking through Activate, is Activate is bringing the risk in market and teams closer together. And that's created the unlock around how we sustain supply during a compressed market, because it's not necessarily about preventing all growth for a lot of the lenders, it's about attracting the right audience to maintain some level of growth during a compressed market.

And so ultimately, supply became more consistent in our platform because risk and marketing are working closer together, and there's a lot more tighter controls around that through the Activate platform. What that ultimately means is that these lenders can continue to attract consumers from our platform where it's controlled by risk, and still have a known outcome. And so like Jeff, I'm very excited as the market comes back and what we could potentially do, but during the compressed market, I think the key unlock was the foundation of bringing Activate as a bridge between marketing and risk.

James Rose:

Great. Thanks, Jeff and Rakesh. Lloyd, if I can go to you on margins and the group margin uplift that's been guided to. Could we talk about the progression in the context of the businesses which have presented today as in where could the margin uplift be more obvious? Is it cost consumer, software B2B Brazil?

Lloyd Pitchford:

So, I think as we outlined in May, there've been a number of headwinds that we've been running into in the last few years, the debate in the coming years. And they're actually headwinds across a number of our businesses. We've been growing margin modestly during that period in line with the guidance despite those headwinds. So they're well-known, the credit market, softness in credit and lending in our largest markets, and some of our best margin activity. The dual run costs that we've built up associated with a cloud transition that's coming to an end, all dealt with through our normal financials.

The curation of earlier stage scaling businesses like the consumer business in Brazil, like some of the things that you've seen today, that naturally improve margin. And if you look back over maybe longer than five years, growing an audience across the consumer business of 180 million members is quite an expensive thing to do. But it's a really powerful distribution platform for all of the innovations that

you've heard about both in Brazil and for Jeff. So those are the things that give us confidence in the outlook.

Now, what that can't do ever is foresee what are the new things that we're going to be investing in. But you might imagine we've curated that guidance with plenty of flexibility for us to continue to grow, because our bias is to pursue those growth opportunities for the business into the future. We think it's such a rich environment of opportunity that our bias is to continue to grow and continue to grow well

James Rose:

And the next question actually was about some of the things that you are continuing to invest in. If I can characterize some of the growth opportunities which have been spoken about today, these have been very long term investments, and been in a period of incubation for a long time. What's the future opportunities or any incubation now sort behind the scenes which we might be talking about in five years time?

Lloyd Pitchford:

Well, yeah, naturally we try a lot of things. When we get to a certain stage where we're feeling confident with progress, we talk about them. So for example, in Valdemir's area, you've heard us talk about agri-finance, biggest industry in Brazil, where it's very under-penetrated with credit, and we expect to see that continue to grow and grow well.

If you look across our business, we've got lots of areas where we think we can provide something utterly unique into the market. Take auto insurance. You've heard me talk about this in the past, but, what's the core unlock that we've got there that really creates the opportunity for us? The combination of all of our businesses and the data and the insight we have allows us to see who's shopping for insurance now. Historically, that's required a huge amount of top of funnel originations spend, marketing spend, advertising, because it's not known.

The combination of a score boost on top of an insurance product with the knowledge of all the auto assets in North America, with the build of a panel of insurers with a tight integration, allows us to know who's shopping, put an offer in front of them, bind them, and build a continuing relationship of renewal and cross-sell. That's a unique thing that we can do.

And if you look at our other B2B assets, we have lots of potential of bringing those sorts of unique insights, combining our B2C distribution with our B2B data assets. And that's why the innovation engine and culture that we've created is going to be so important.

James Rose:

Great. That's very clear. And one part of the group, which hasn't been mentioned today, but I know you do get quite a lot of questions on, it's on the verification side and the employment services side. Appreciate your thoughts here in terms of capital allocation and how hard you're trying to push on that door.

Lloyd Pitchford:

Yeah. I think we see this as an important piece of our business. It's a white space opportunity for us in that it's all upside. There's clearly a leading competitor there that we're able to provide competition and choice for clients. I think as you look forward over perhaps slightly longer a time horizon, the position we have directly with consumers, and Jeff mentioned it in his presentation, gives us a very unique opportunity to sit alongside consumers, and to help them in their journeys, including helping them with

their passport to verify income and employment. And to do that not through curated data assets, but to do it on behalf of the consumer using their consented data. The unlock of consented data I think is, if you look back, look forward over a longer time horizon, is going to be a really material opportunity for experience that will be built on the foundation all of our businesses have built over the last seven or eight years.

James Rose:

And all of these opportunities sound very organically driven at the moment. Is there anything else you need to need to buy, do you think, to get... Is there a data set you have which you don't want, or a capability which you could really do with over the next five years?

Lloyd Pitchford:

Yeah. If you think about the ecosystems that we operate in, we're in a world where data has a lot of option value that gets unlocked by technology. And data sets the worth, perhaps less to other people, are worth more to us because we can distribute them on our existing platforms because we can combine on them with our data sets. We expect to continue to be very active in the acquisition market in the areas that we've always talked about. Unique data sets to combine with our data sets, products that we can distribute on our platforms. Those sorts of things we'll continue to be active in.

James Rose:

Then, on a more high level and economic basis, if we think about an interest rate environment, which is potentially going to be declining a few quarters time, we'll find that soon, how should that impact different parts of the business respectively?

Lloyd Pitchford:

Yeah. So I think just refer back to what I said, we've been performing really well despite the soft credit market. You look at the growth rates and the guidance we have for this year. So we think a move to, and I mentioned this in my comments in May, a move back to a more normalized credit environment, anywhere between 1 and 1.5% on top of growth rates for the group. And I think that takes you well through the high single digit range. The difficulty is to understand the timing. And of course, there are lots of lenders who will be taking their own competitive decision about when to strengthen their origination activities. It's hard to forecast that, but you know it will come. And it will be in core credit, it'll be in mortgage, it will be in credit marketplace, that you'll see that more effectively.

James Rose:

Great. Thanks for that. And I think that's a good place to conclude as well. That's our list of questions for today. I want to extend a huge thank you to the Experian team, to the presenters, but also to acknowledge all the work that goes on behind the scenes in pulling this together, and the team at Open Exchange who help put this on as well. And thank you also to you for your view shift, your time and your engagement. Lloyd, I'll hand back to you for any final remarks.

Lloyd Pitchford:

Thanks, James. And thanks, everybody, for attention. As I mentioned at the start, we really enjoy these sessions. Hopefully, what you've seen is the consistency of strategy and execution. If you go back a few years, five, six, seven years, it was Alex talking about the birth of Ascend and what we were doing; it was Jeff talking about the launch of Boost; it was Valdemir on the penetration of positive data in Brazil. And

you'll see the same leaders back year after year showing the execution against the strategies that they played.

What hopefully Kent comes across is the ever tighter integration into platforms. We think these inflection points that we're now reaching, now that we've built these foundations, put a clear water, we're pulling ahead very significantly in these areas from our traditional competitors. And if I look back in three weeks time, I've been 10 years inside the company as CFO. And over that time we've dealt with some really significant foundational changes in the business, reinventing the consumer business, the creation of this software platform inside B2B that we've talked about, the development of a technology cloud program that we're almost at the end of, and the reinvention of our innovation and culture, which you see in some of the Glassdoor scores. And we've been doing that whilst delivering great growth.

We now get in this next period the opportunity to deploy those foundations. And that's why I'm more excited about the potential and the future of the company than I've ever been in those 10 years. So I look forward to being back probably with the same list of colleagues and characters next year and the years beyond, to show you that we're continuing to deliver on this journey. And I appreciate everything from my colleagues in presenting the story today.