



news release

Experian outlines European credit risk agenda for 2012

Senior European credit risk professionals attend Experian's Credit Risk Forum in Berlin

Berlin, 24 November 2011 — At its [Credit Risk Forum in Berlin](#), Experian today outlined to Europe's most senior financial sector credit risk professionals, the major credit risk trends for 2012.

Experian's experts explained to delegates how recent developments in the European economy, new regulation and ongoing austerity measures are likely to impact day-to-day retail banking and other lending activities and the strategies to help manage credit risk most effectively in this changing environment.

Joy Griffiths, Global Managing Director for Experian Decision Analytics opened the conference by discussing opportunities for improved customer insight and engagement being brought about by new regulation and how these can be used to drive competitive advantage:

"Banks that invest in capturing and updating customer profiles, from demographics and financial boundaries such as affordability and limits, through to spending and borrowing patterns will be able to demonstrate how well they know their customers, and how they have used that knowledge to inform their actions. Organisations that excel at pooling and optimising both internal and external data assets to drive more timely and profitable decisions will create a measurable difference between themselves and their competitors."

Basel III

Carlo Gabardo, Head of Basel Consulting at Experian, told attendees that 2012 would be a defining year for Basel III, as banks will have to continue their work to ensure they are prepared to meet the new Basel capital requirements and the additional requirements set as a consequence of European sovereign debt issues.

Gabardo commented: "2012 will see banks continue to reduce risk-weighted assets and place greater focus on liquidity management, credit risk governance and operational efficiency. Banks will need to develop their insight and understanding of risk by consolidating and enhancing many of the models, tools and processes brought into play with Basel II, as well as offsetting additional costs by optimising the use of funds in their consumer and SME lending portfolios."

SME lending

Stephen Gildert, EMEA Head of SME Lending at Experian, told delegates that – despite sluggish demand for credit from small and medium sized businesses (SMEs) – there would be increasing competition for their business in 2012 and greater focus on operational efficiencies.

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Gildert commented: “Smaller businesses across Europe are managing cash very carefully and many are reluctant to seek new funding. Those that are looking for credit are favouring flexible forms of finance, and some plan to use their capital reserves to fund growth and cash flow as well. Competition is increasing for the pockets of credit worthy but credit needy commercial customers. There will be a lot of work done to improve the efficiency of SME lending environments, so that high volumes of lower level lending can be done more profitably.”

Identity and fraud

Tony Connell, EMEA Head of Identity & Fraud at Experian, spoke about the cross-border nature of fraud and the tendency for perpetrators to outsource parts of their fraud activities to specialists around the world. He also detailed developments in identity management.

Connell said: “Fraudsters are becoming more sophisticated and coordinated. We are aware that many are sourcing high-end malware and other tools from competing criminal organisations that can be deployed to source information. This is happening on an increasingly global basis, with the UK and Germany hosting the highest proportion of phishing outside of the US and Italy now the second most popular place for identity theft in Europe.”

Positive data sharing

Gillian Key-Vice, EMEA Head of Regulatory Developments at Experian, said that 2012 would see greater modernisation of credit underwriting and risk monitoring across Europe. She also advised that France and Ireland are just two of the countries that are looking at this issue, and actively working on changes. Both are likely to follow Hungary into legislating positive data sharing during 2012.

Key-Vice commented: “Understanding which credit applicants and existing customers have high debts and how they acquire and manage their credit commitments is key to making robust and responsible lending decisions. This knowledge improves lenders' ability to manage and monitor borrowers, and provides greater insight into underlying lender portfolio and market risk. The integration of this information into financial systems also engages borrowers in their own financial futures and helps breed responsible self management.”

Collections

Burak Kılıçoğlu, Global Collections Consultant at Experian, advised attendees that European credit delinquency figures and loss provisions had been improving steadily throughout 2011 and that many financial institutions had taken the opportunity to improve the efficiency and effectiveness of their collections operations. He warned that continued austerity measures would be coupled with increasing delinquency during 2012.

Kılıçoğlu commented: “Collections departments across Europe will come under greater stress and scrutiny in 2012. In some countries it will be vital for lenders to ensure their collections operations can simply cope with the influx of new cases. In all countries they will need to play a more strategic role as part of lenders' continued focus on margin improvement, credit risk governance and operational efficiency.”

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Contact:

José Herstel

Experian Nederland

T: 070 440 4000

E: jose.herstel@nl.experian.com

About Experian

Experian is the leading global information services company, providing data and analytical tools to clients in more than 80 countries. The company helps businesses to manage credit risk, prevent fraud, target marketing offers and automate decision making. Experian also helps individuals to check their credit report and credit score, and protect against identity theft.

Experian plc is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE 100 index. Total revenue for the year ended 31 March 2011 was US\$4.2 billion. Experian employs approximately 15,000 people in 41 countries and has its corporate headquarters in Dublin, Ireland, with operational headquarters in Nottingham, UK; California, US; and São Paulo, Brazil.

For more information, visit <http://www.experianplc.com>.