

ANALYTICS: WHAT IS IT REALLY, AND HOW CAN IT HELP MY ORGANIZATION?

A FINTECH SUCCESS STORY ON ANALYTICS



an·a·lyt·ics, anə'lidiks/ *noun*

Analytics is the discovery and communication of meaningful patterns in data. Especially valuable in areas rich with recorded information, analytics relies on the simultaneous application of statistics, computer programming and operations research to quantify performance. Analytics often favors data visualization to communicate insight.

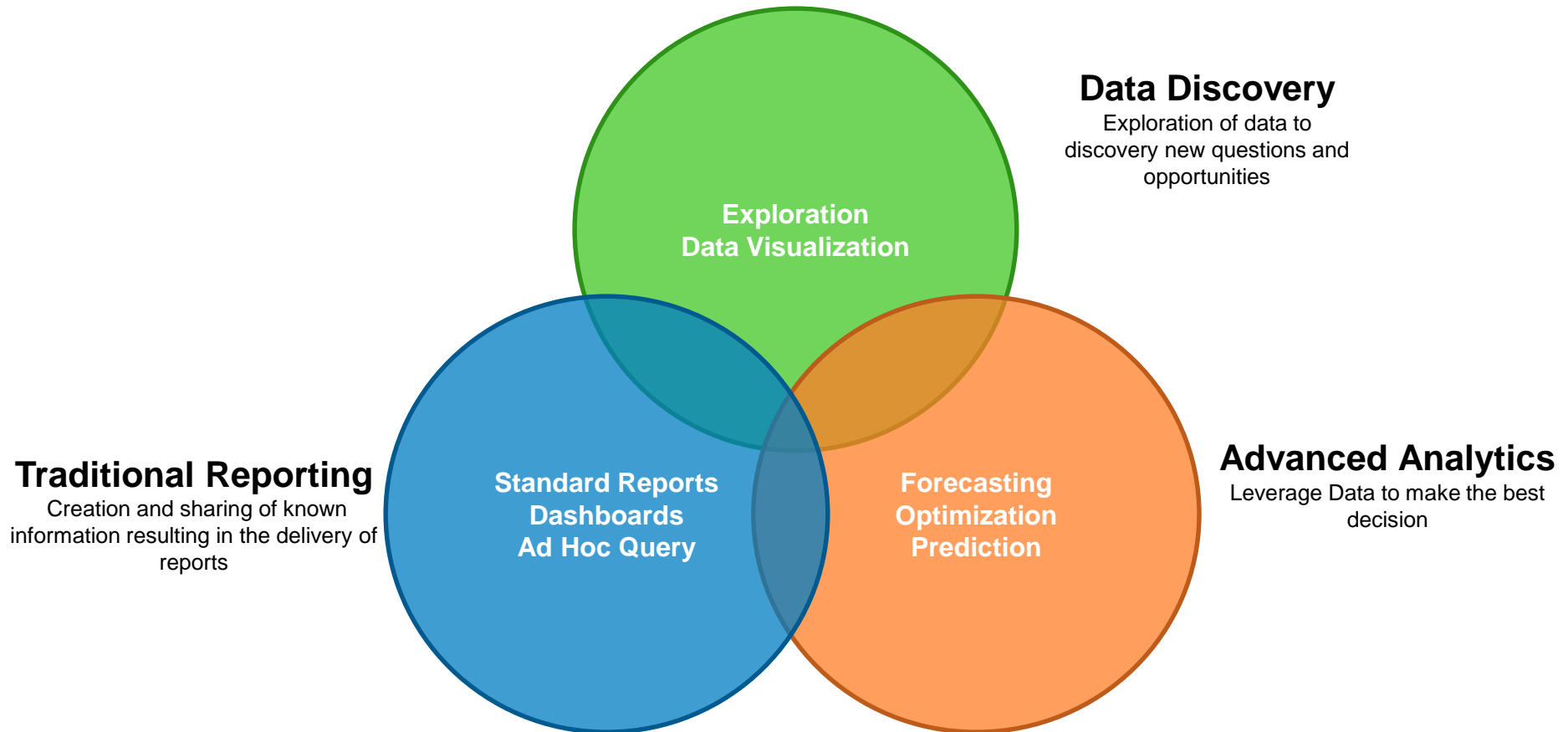
- Wikipedia 2015

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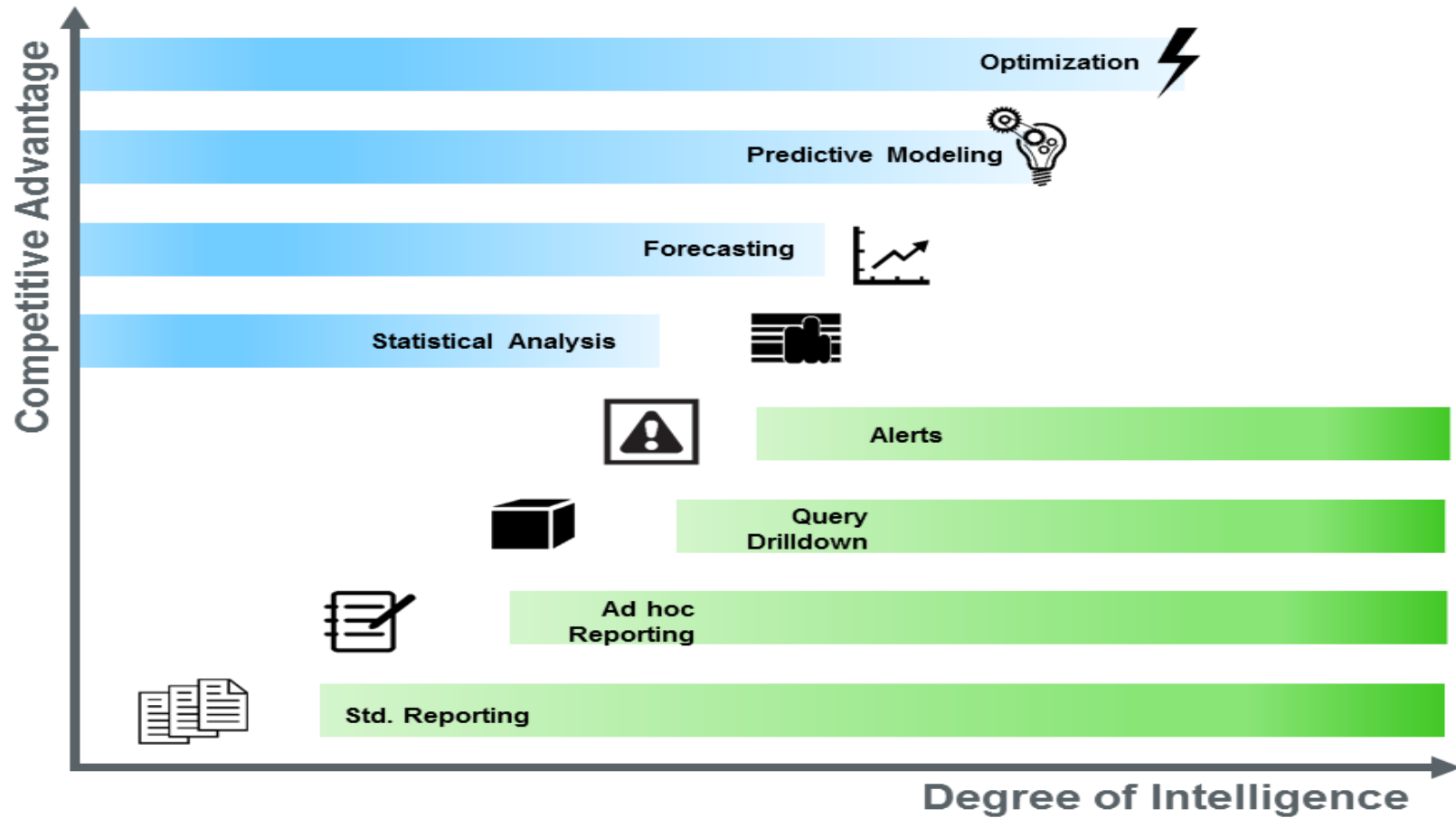
Analytics solve business problems by exploring
an idea with data.

Are no longer a science experiment.

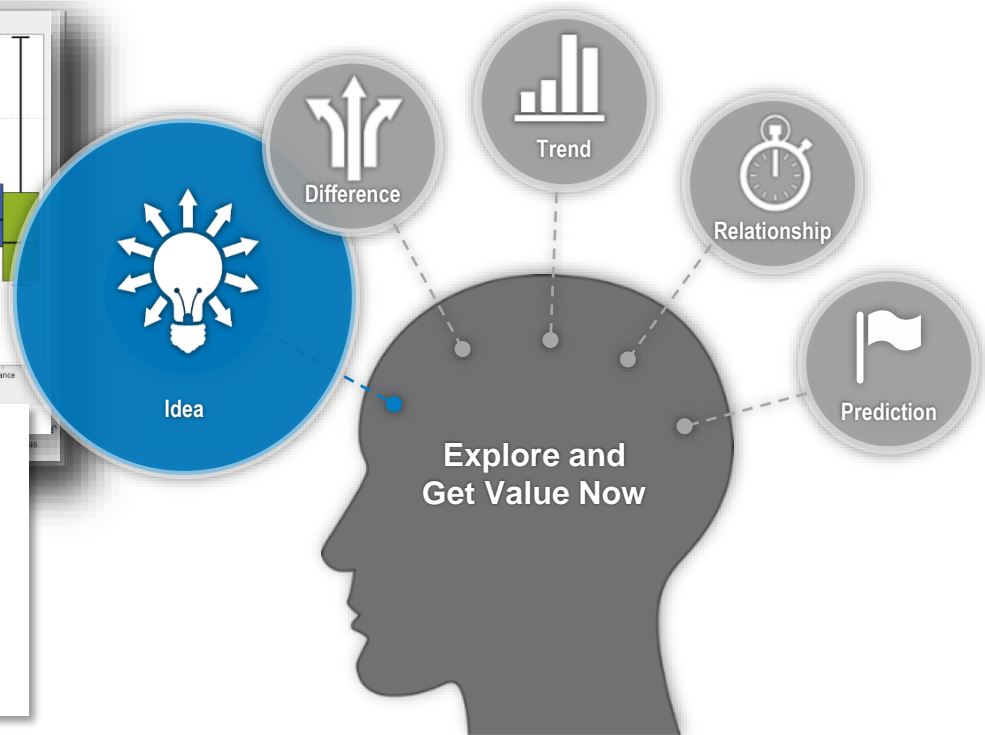
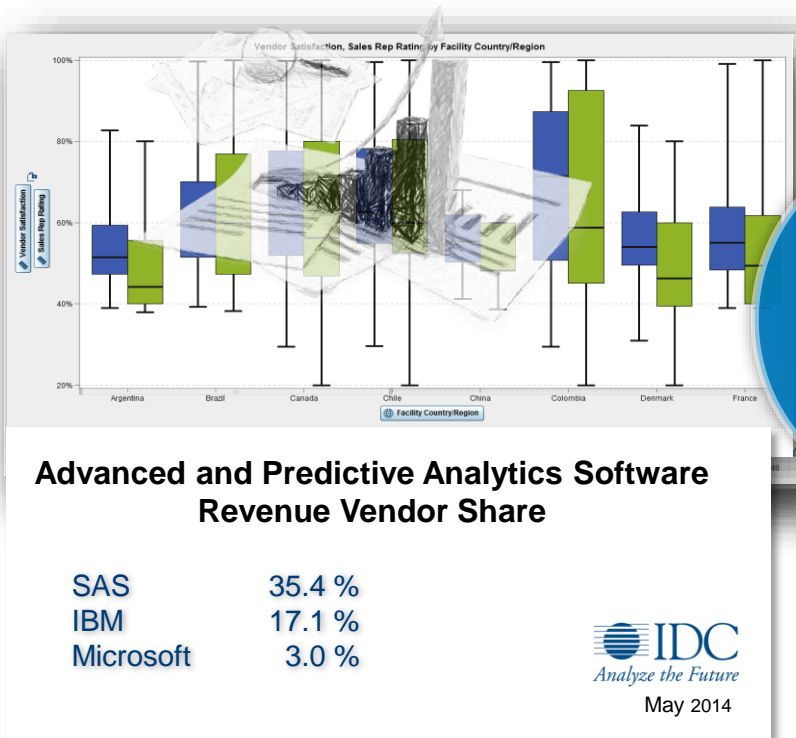
- Steve Holder



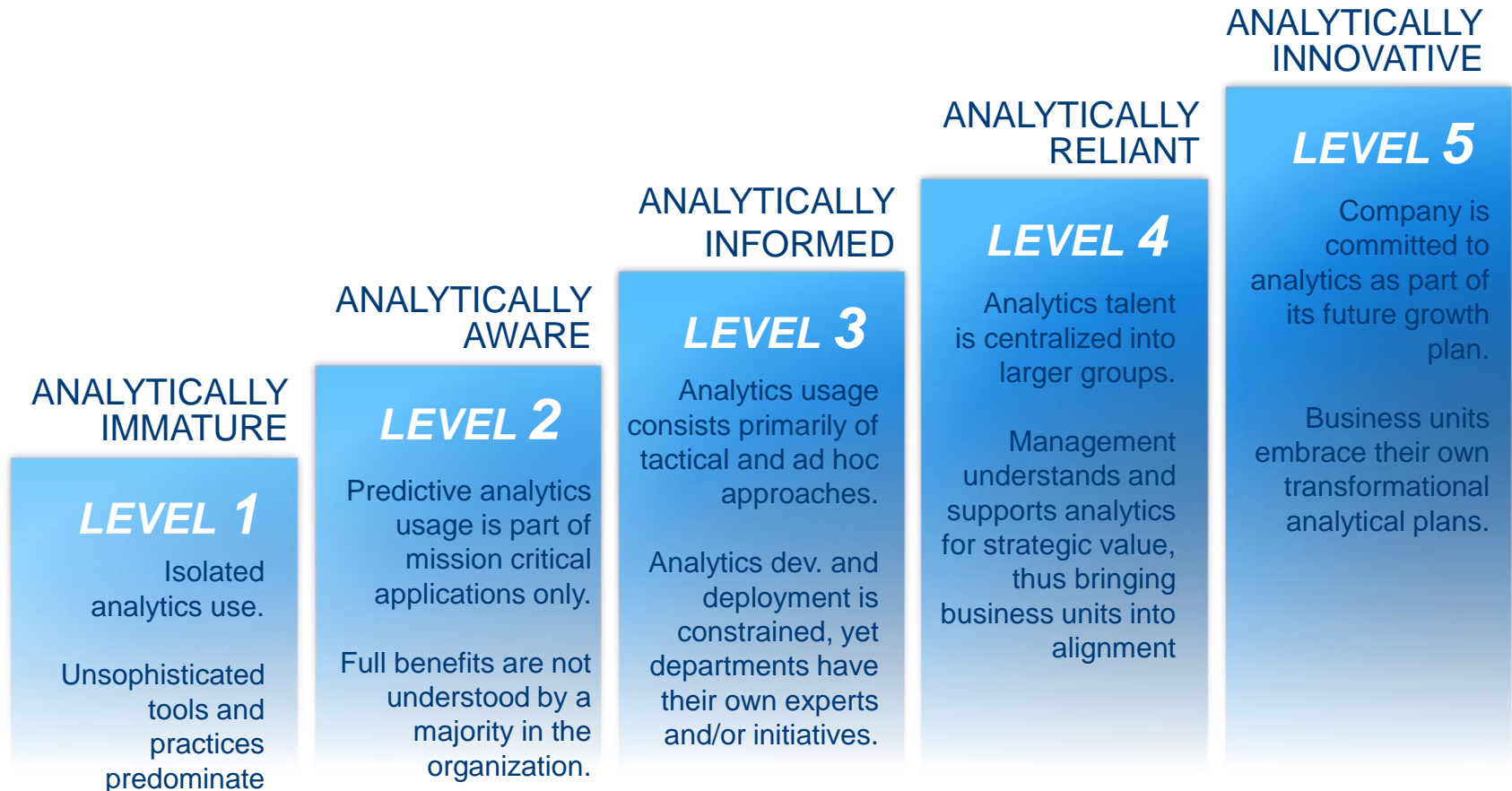
RANGE OF ANALYTICS



ANALYTICS



ANALYTICS USAGE ANALYTICS DEVELOPMENTAL LEVELS





SAS Webinar
December 8th, 2015

Our vision

Mogo is building the leading digital financial brand in Canada that empowers consumers with simple financial solutions.

Mogo Credit Programs



MogoLiquid

Better credit profiles



MogoMini

Alternative to payday loans

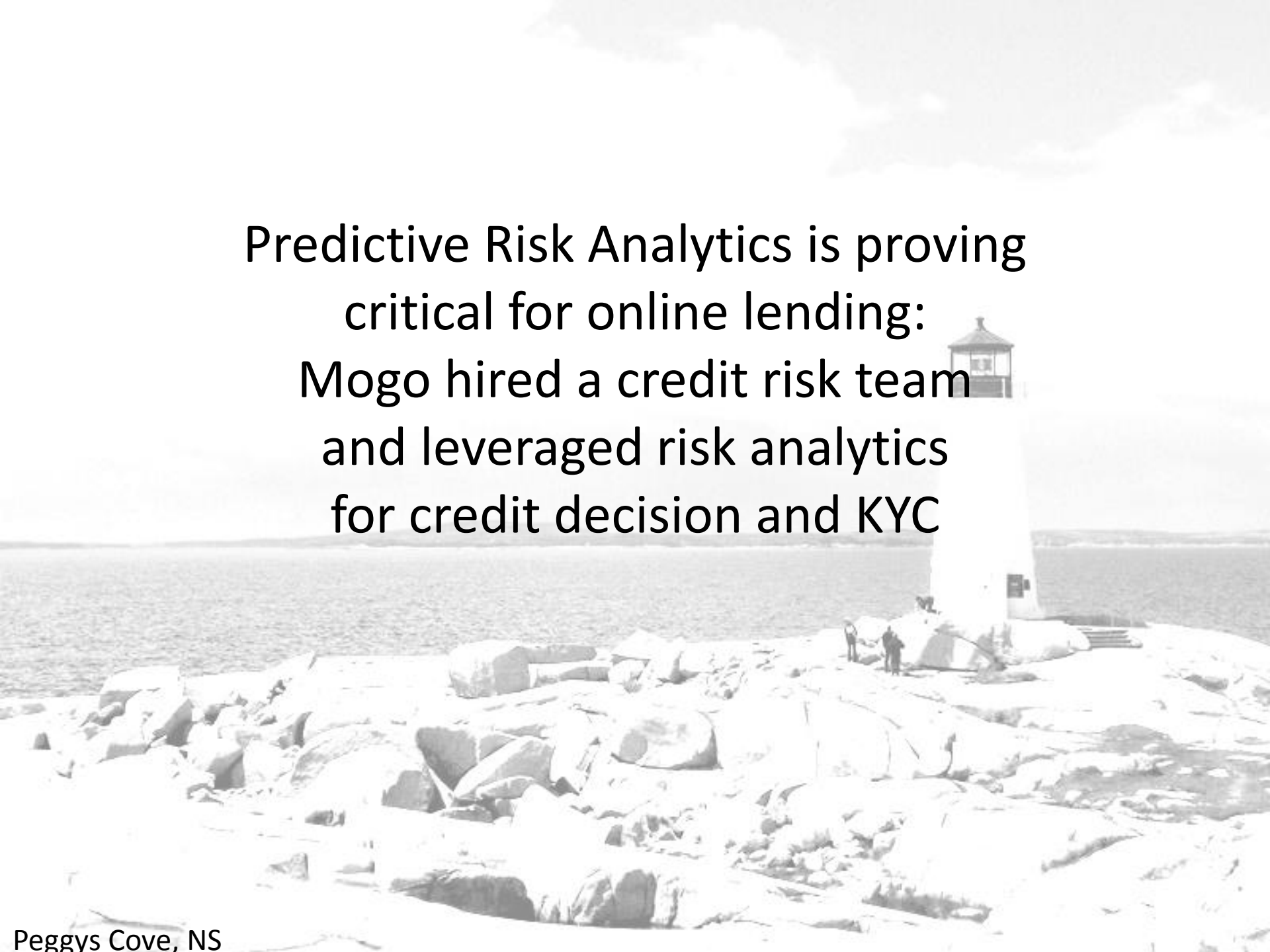


MogoZip

Emergency advance loans

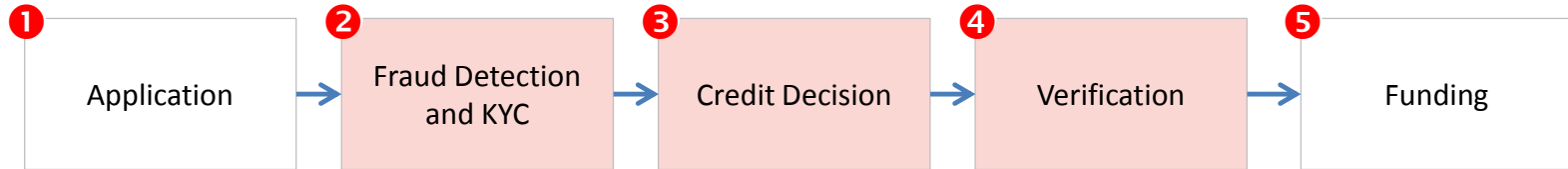
Max Loan	\$35,000	\$2,500	\$1,500
Term	1 – 5 years	1 year	2 weeks / 30 days
Rate	As low as 5.9%	~39.9% – up to 93% lower than payday loans	Up to 50% lower than payday loans

Predictive Risk Analytics is proving
critical for online lending:
Mogo hired a credit risk team
and leveraged risk analytics
for credit decision and KYC





Analytics on Mogo Credit Process



1 Application

- www.mogo.ca/apply

2 Fraud Detection / KYC

- ReD Tool Algorithms: Device Recognition, IP Proxy Detection, GEO Location, Fraud rule creation, management and decision
- Equifax eID Verifier: Customers identifies themselves answering unique questions based on their credit history
- OSFI's Designated Persons bit.ly/1UpxAJ1
- Mogo is working to incorporate **big data from social networks / enhanced data to reduce fraud exposure**

3 Credit Decision

- Decision drivers: Equifax Risk Score and **Custom Mogo Score**

4 Verification

- Varies by product and by a **verification score** based on ReD, Equifax Safescan and Credit Limit

Mogo's journey → Analytically Driven

- Mogo's vision, sponsored by senior management, our culture!
- Leading edge, **innovative Risk Management**
 - Continuous improvement mindset with rapid development
 - Leverage SAS Enterprise Miner as data mining analytical tool
 - In 2012 brought new COO, with extensive analytics background; hired data scientists with large industry expertise to create **predictive models** for Canadian Customers
- Onboarding is a **digital experience**: Customer fills the online application and provide ID/supporting documents
- Full spectrum loans → high approval rates / Customer is offered the **right loan** for the credit profile
- Socially responsible lending: **models** drive better pricing and the exclusive Level Up program¹



Mogo Level	Rate
A	5.9%
B	6.9%
C	9.9%
D	12.9%
E	16.9%
F	19.9%
G	22.9%
H	26.9%
I	30.9%
J	35.9%

¹ Lower rates after good credit behavior

Example of Predictive Modeling based on Risk Analytics

The Mogo Score – Proprietary and Purpose Built for Unsecured Loans in Canada

Proprietary

and internally built credit scoring models

Multiple

external data sources leveraged for decision management

15 Hundred+

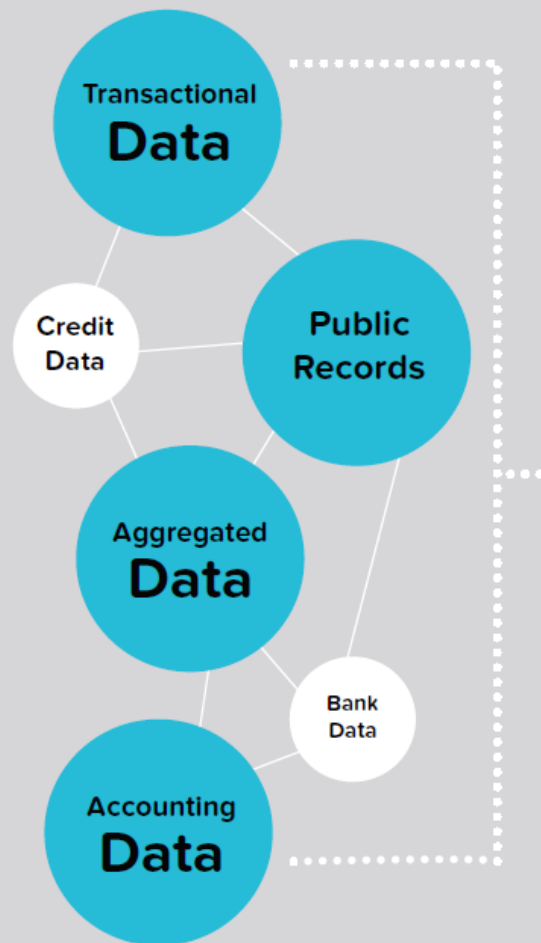
data points

13 Million+

prospects in database

900 Thousand+

loans in historical database



Proprietary Data Analysis Platform

- Equifax Interconnect platform
- SAS Enterprise Miner analytics tool
- Big Data and Machine Learning Algorithms (including Neural Networks)
- Proprietary adjudication, behavioural and targeting models
- 3 tiered fraud detection platform
- "Level Up" decisioning execution

A

B

C

D

E

F

G

H

I

J

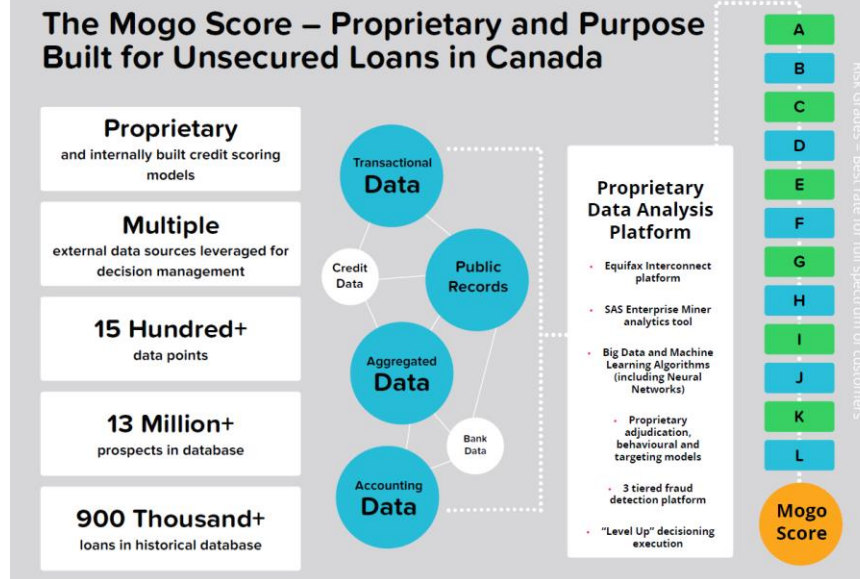
K

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Mogo Score

Risk Grades = Best rate for full spectrum of customers

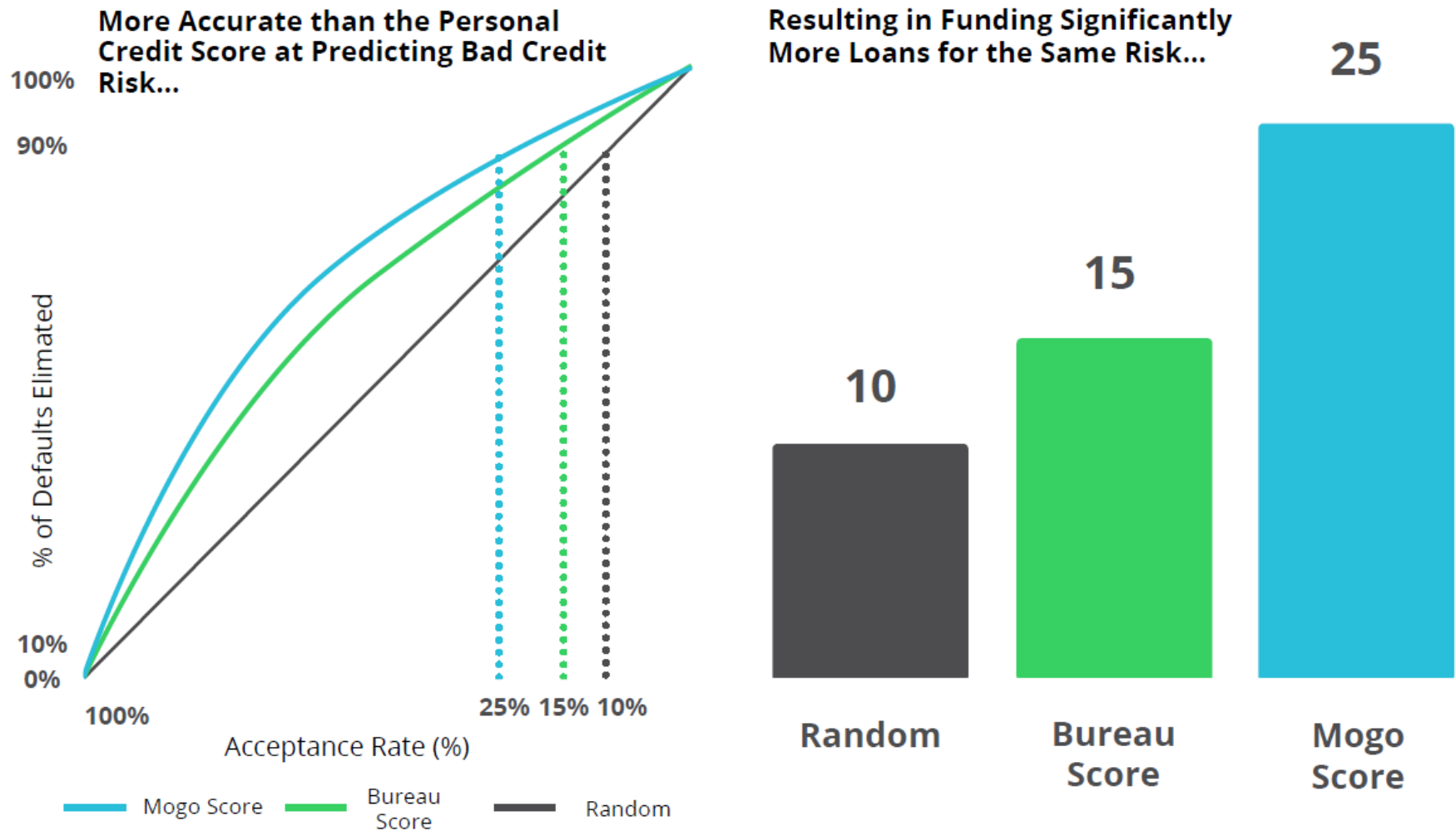
The Mogo Score – Proprietary and Purpose Built for Unsecured Loans in Canada



Supported by a Scalable Data Pipeline & a Cloud-Based, High-Performance Database for Analytics

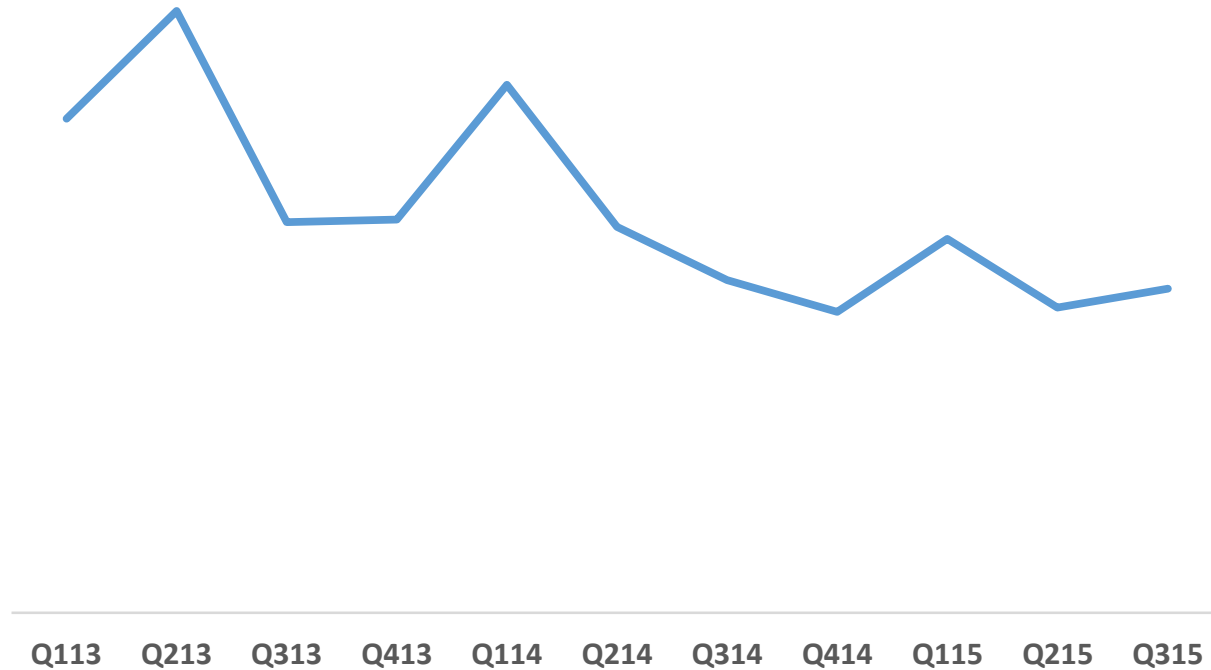


Mogo Score provides Greater Accuracy and Predictability than Bureau Score



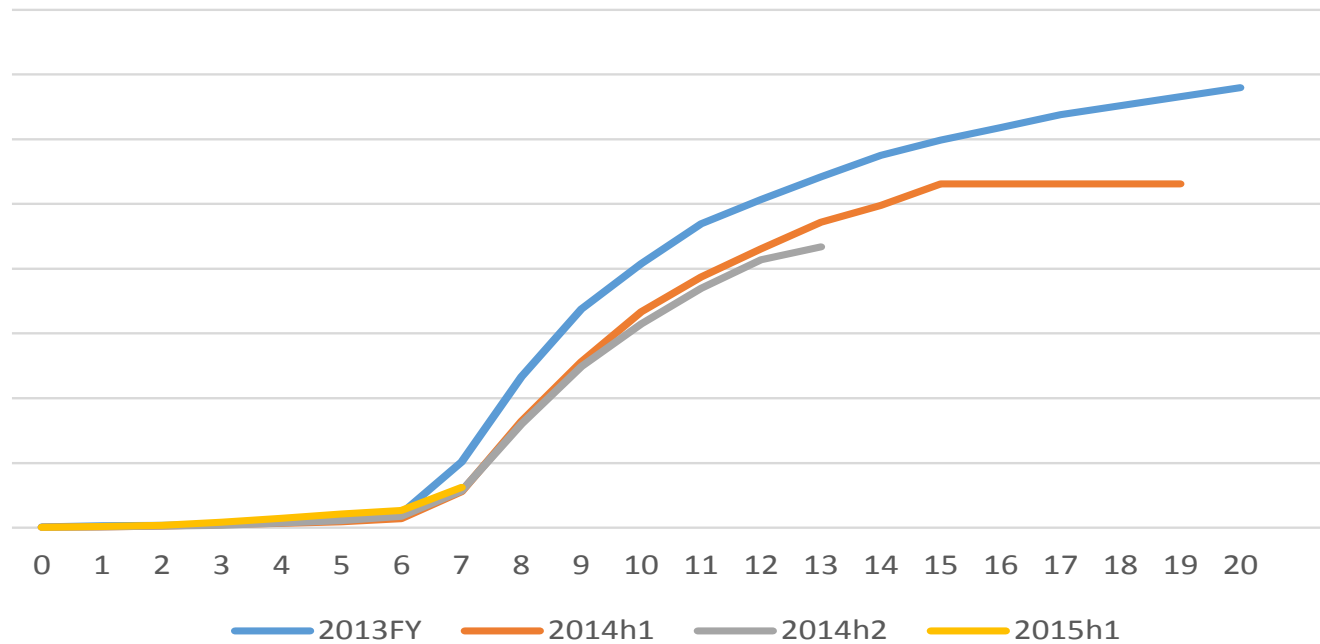
Credit Performance Results

FPD - First Payment Default



- MogoZip FPD 46% lower since peak in 2Q2013

Cohort Charge-Off



- MogoZip Charge-Off of 2H2014 cohort 20% lower after 13 months performance