

SME Inclusive Finance Available and affordable to Everyone

——Best Practice of MYbank Big Data Risk Management

Sep, 2019

SME and self-owned entrepreneurs are the backbone of Chinese Economy.

>50%

Contribution
to national
fiscal income

>60%

Contribution to
GDP

>80%

Employment
Opportunities

>90%

Contribution to
job creation

More than *16 Million* SME and Self-owned Entrepreneurs are served by MYbank Loans.

Online
Merchant

QR Code
Merchant

Rural

Industry
Internet

Scenarios\Areas covered : from online to offline, from urban to rural, from internal to external system.

Support micro Online-Merchant to grow



LiyuanFeng, an online shop owner on Taobao.

Mybank Online E-Commerce

**Number of Customers
Served :
3.48 Million**

**Total Loan Amount :
\$212 Billion**

Note: \$1= ¥ 6.9188

Help local store to operate and expand



Zelin Zhang, a restaurant owner in Hangzhou

MYBank on Street :

**Number of Customers
Served :**
3.05 Million

Total Loan Amount :
\$46.6 Billion

Help farmers to increase income



MYbank in Rural :

**Number of Customers
Served :
6.73 Million**

**Total Loan Amount :
\$88.2 Billion**

Jiawei, Peng, a Chinese Farmer in Nanma Village, Lankao County, Henan Province

Offer working capital for truck drivers



Yongpo, Wang, a truck driver

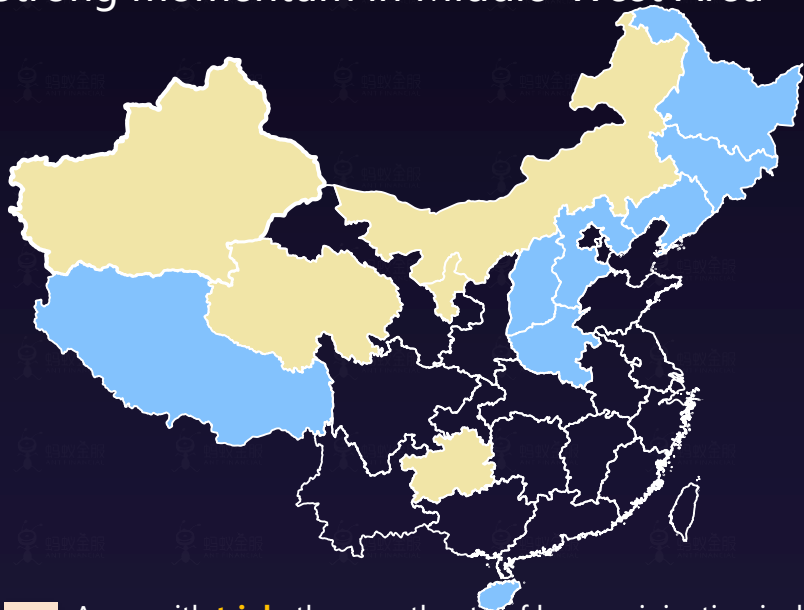
Mybank in Logistics :

**Number of Customers
Served :
970 K**

**Total Loan Amount :
\$5.7 Billion**

Wide Service Coverage : Fast development in Middle-West area, and 3rd, 4th, 5th Tier City

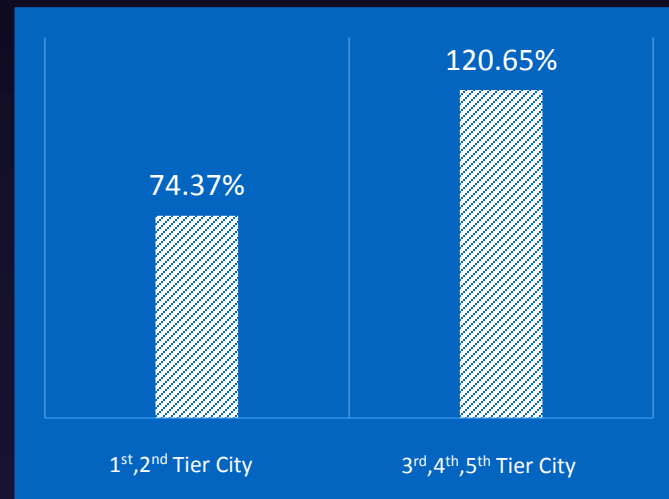
Growth rate of Loans Origination in 2018:
Strong momentum in Middle-West Area



Areas with **triple** the growth rate of loans origination including : Neimenggu, Ningxia, Xinjiang, Guizhou and Qinghai.

Areas with **twice** the growth rate of loans originations including 20 provinces such as Henan, Shanxi, Hainan, Xizang, Hebei, Heilongjiang, Jilin and Liaoning ,etc..

Growth rate of Users Application in 2018:
Significant increase in 3rd,4th and 5th Tier City.



"310" satisfy the small, frequent, short and urgent cash demand.

3 Min. to Apply,
1 Secs. to Loan,
0 Manual Operations



Average Loan
Amount

\$1.5K



Average Loan
Terms

90 Days



Average Annual
Loan Frequency

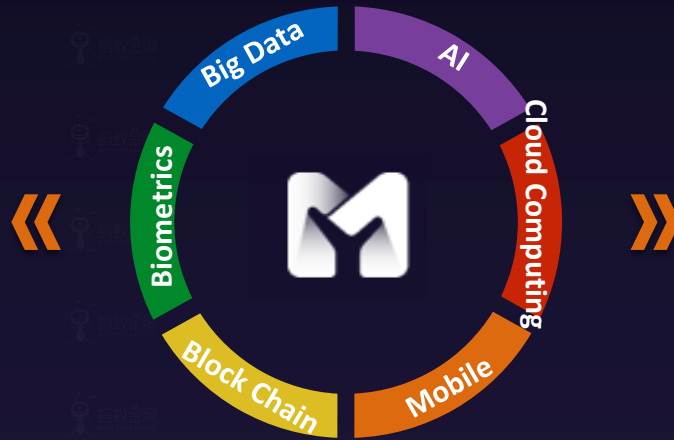
8 Times

MYbank : Tech Driven, Inclusive and Open

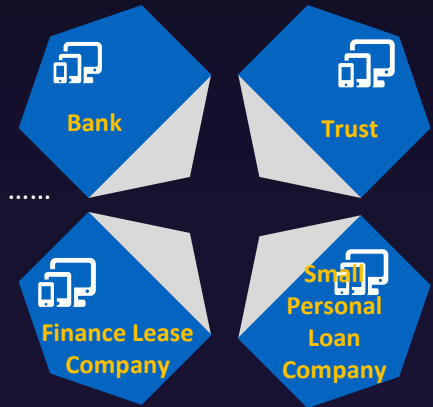
Scenarios :
Ecosystem &
Platform based
Internet Scenario
Finance



Big Data Driven Risk
Management Capability &
Cloud Computing Based IT
System

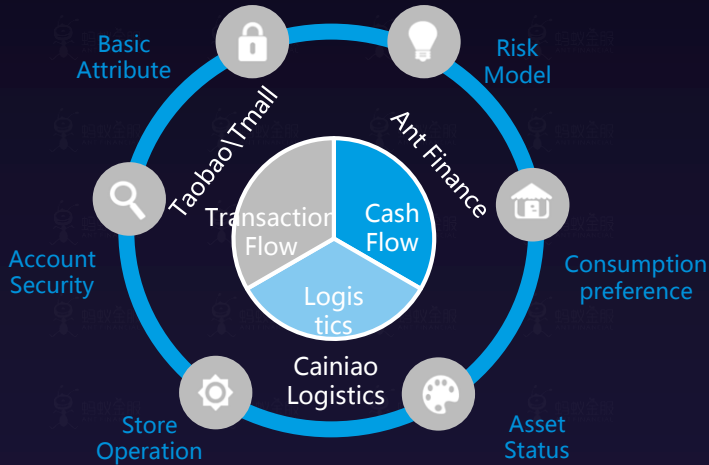


Capital : Open to
construct new
Financial
Ecosystem



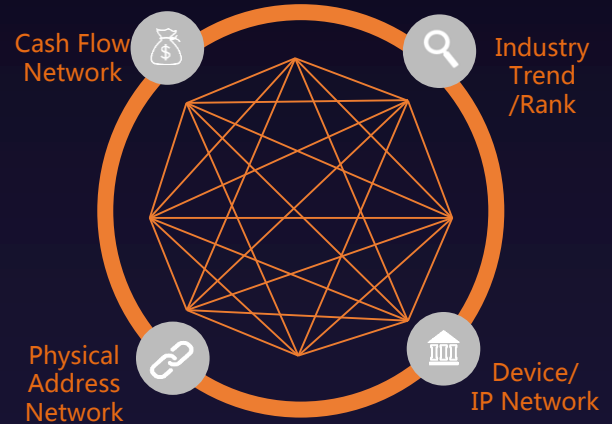
Big Data Risk Management Framework

Individual Risk



Billions+ Raw Data **0.1M+** Statistic Index **100+** Prediction Model

Social Network



Billions+
Nodes and Edges

Big Data Applications in Fraud Detection under Taobao Scenario

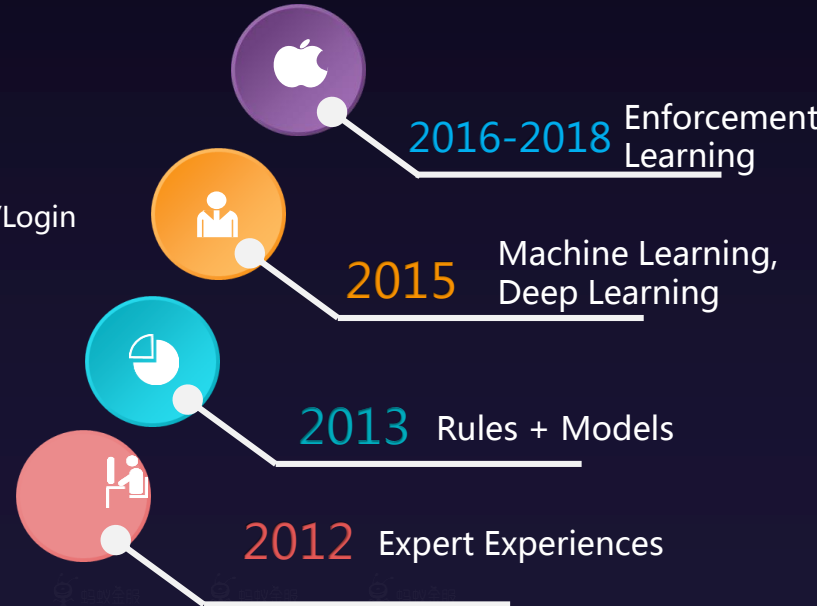
Fake Sales Patterns

- 1 Online deals among friends, classmates or families.
- 2 Online deals between sellers within same industry.
- 3 Seller' s buying using faking accounts
- 4 Purchase fake transactions using third party.

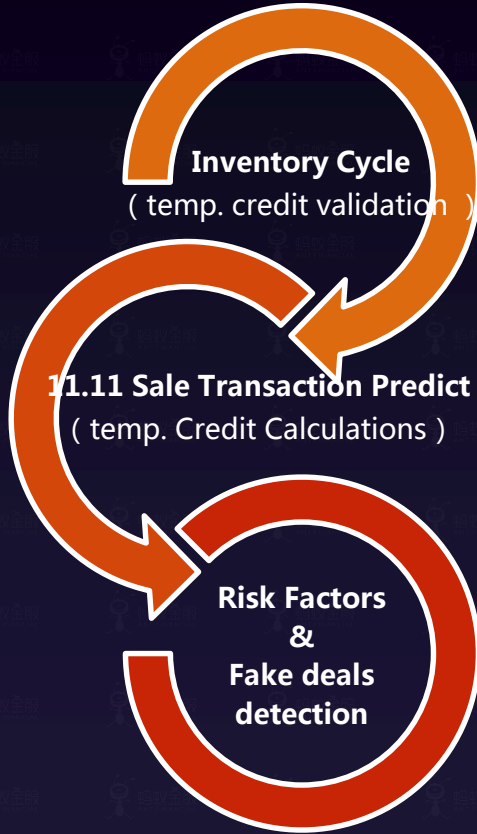
Dimensions

Dimensions	Data
orders	browsing
products	deals
buyer	logistics
seller	Registration/Login
buyer-seller Relationship	Cash flows
buyer-buyer relationship	Reviews
	complaints
	searching
	...

Approaches



Dig Data Applications in 11.11 Sale (China version of Black Friday)



Aug-Nov: Temp. Limit validation for 11.11 Sale :

- ✓ Inventory survey
- ✓ Track Historical Trends

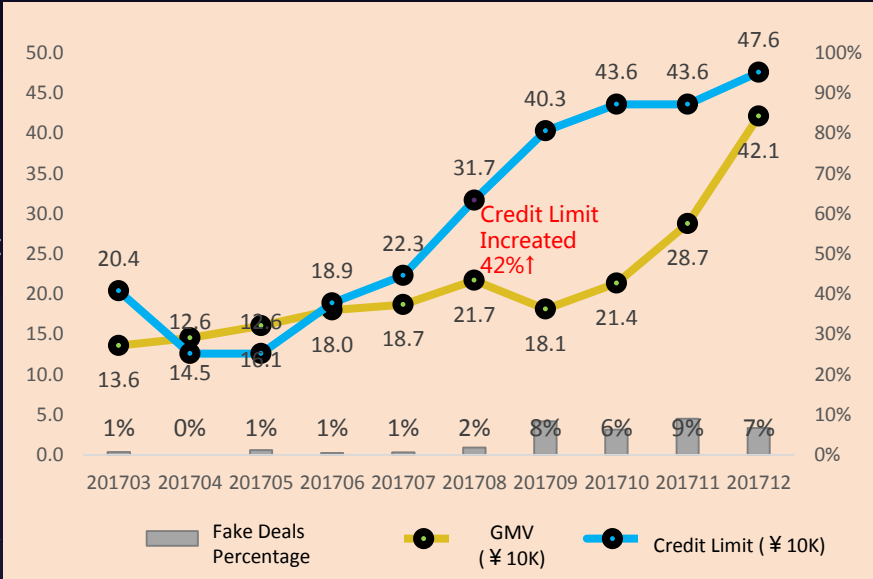
Temp. Credit Limit Cal. :

- ✓ Industry Level Adjustment
- ✓ Store Level Adjustment

Risk Factors & Fake Deals elimination to make better prediction :

- ✓ Adjustment based on Risk
- ✓ Fake deals elimination in prediction

Case : XX Car FlagShip Store

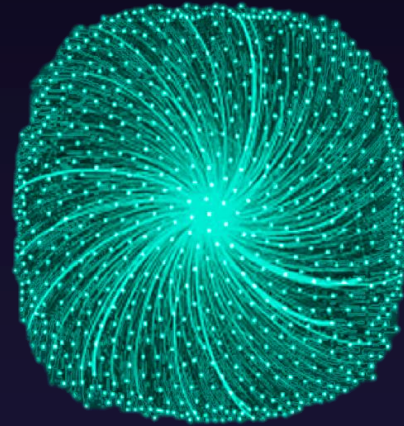


Big Data Applications in Entrepreneurs Identifications: Identify local QR-Code Merchants by Social Network

How to Identify Individual VS self-owned Entrepreneurs

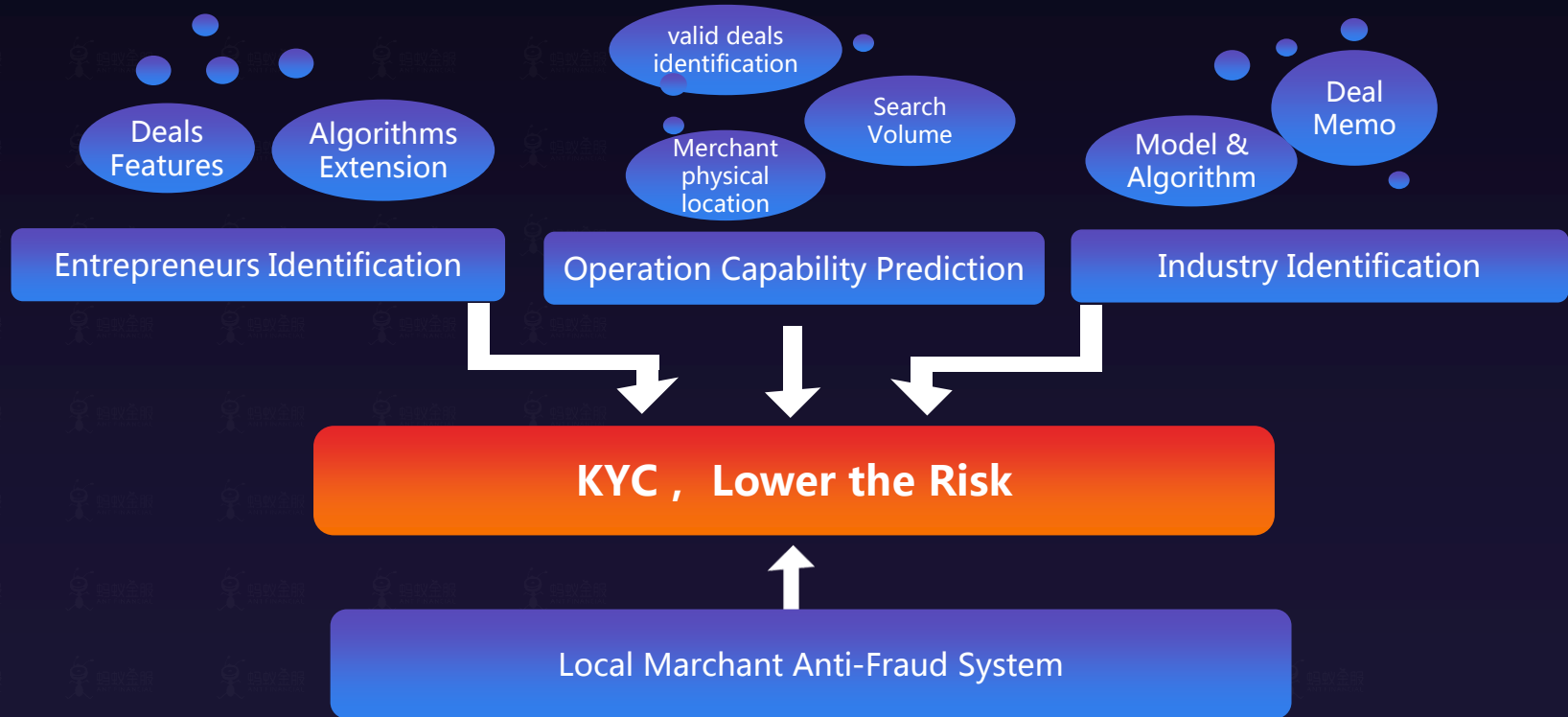


Individual Payment Pattern



Merchant Payment Pattern

Local Merchant Risk Management System enhanced by Multi-Dimensional Data source



Concepts of Big Data Risk Management

- ❑ Finance for goodwill : 90 Million SME/ Self-owned Entrepreneurs could be reached with credit.
- ❑ Grow with Customers : Low & Grow
- ❑ Individual Accounts valuations + Social Network Valuations
- ❑ Operations cash flows + behavior data
- ❑ Real-Time, Dynamic valuation of customer qualification

Open to Peer Banks – Products, Risk Management, Technology, Improve service capability.

Open Volume/Customers

IN & OUT

Open Products

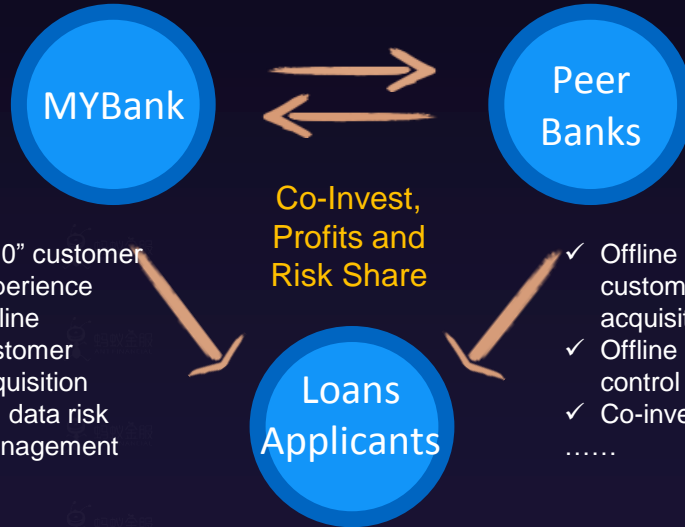
Open Capability

Identity verification、 Big Data Risk Mgmt.、 Marketing.....

Open Technology

Cloud Financial、 security、 AI.....

- ✓ “310” customer experience
- ✓ Online customer acquisition
- ✓ Big data risk management
-



- ✓ Offline customer acquisition
- ✓ Offline risk control
- ✓ Co-invest
-

400+

Organizations in cooperation

200+

Banks in Cooperation

30+

Co-Financing(\$ Billion)

- **In** : Share scenarios and customers, co-build risk management structure, serve the customers in the internal ecosystem all together.
- **Out** : Incorporate intra-banks’ local service capability, risk management systems, combining online & offline capability to serve the external customers.



Thanks!