



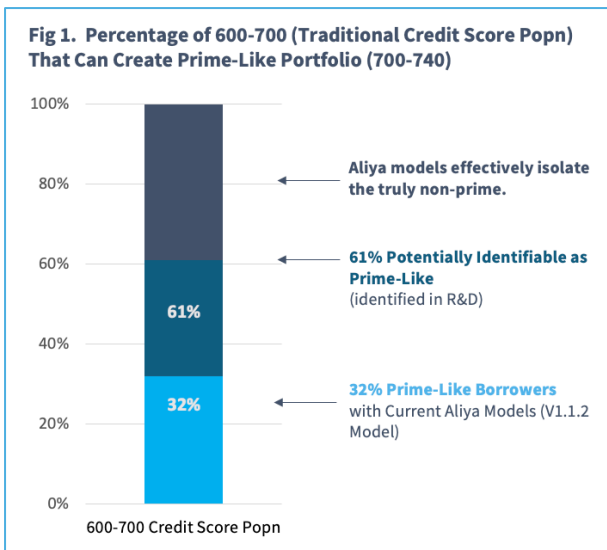
ALIYA COMBINES HUMAN INGENUITY WITH DATA INTELLIGENCE TO SOLVE MODERN BUSINESS CHALLENGES THAT ARE SEEMINGLY IMPOSSIBLE WITH EXISTING PARADIGMS

# Financial Inclusion Solution

## WHY AN ALTERNATIVE CREDIT SCORING ENGINE?

Numerous studies have highlighted the deficiencies of traditional credit scoring, which can lead to mispricing of consumer default risk, discrepancies in performance on different consumer products, and damaging economic and racial disparities.

Aliya's algorithms have identified that significant improvements can be made in assessing performance risk for personal loans, credit cards, auto loans, HELOC, student loans, and mortgages. The table below depicts the results of an Aliya study which identified more than 30% of non-prime customers were segmented incorrectly by traditional credit scoring, and should have been ranked as prime based on performance.



Deficiencies in credit risk assessment can result in immeasurable social damage, disproportionately classifying young, underprivileged, and low-income borrowers of all backgrounds as non-prime and thereby restricting access to economic opportunities.

### DEFICIENCIES WITH TRADITIONAL CREDIT SCORING REVEALED

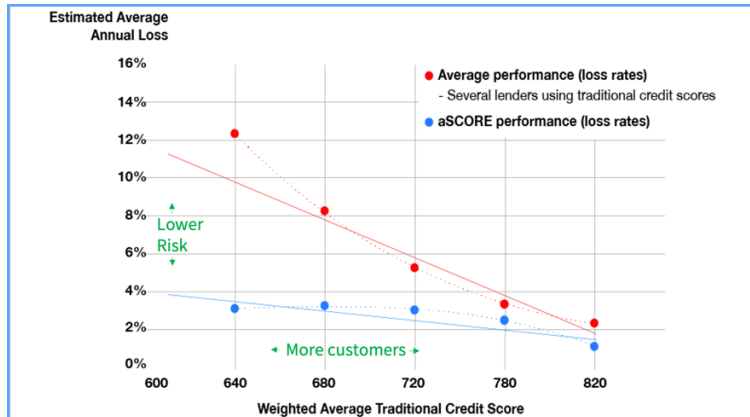
- > **Over 30%** of borrowers segmented as non-prime by traditional credit scores can be identified as prime-performing with **advanced analytics**
- > Average FICO score **skews lower** to consumers under the age of 30 and consumers from underprivileged communities
- > **More than 50%** of White households had a FICO credit score above 700, compared with **only 21%** of Black households<sup>1</sup>
- > Low credit scores put borrowers at an **economic disadvantage** and lead them to rely on higher-cost financial services such as payday loans, pawn shops or auto title loans
- > **Members of Congress** agreed that the current system for determining credit scores is **"in major need of repair"** Patrick McHenry, R-N.C.

<sup>1</sup>Choi, J H and Young, C (2019), "Explaining the Black-White Homeownership Gap: A Closer Look at Disparities across Local Markets", Urban Institute, Available at: [www.urban.org](http://www.urban.org)

## INTRODUCING ALIYA FINANCIAL INCLUSION SOLUTION

Aliya is a data driven intelligence company that develops transformational solutions to help financial institutions grow assets, acquire and retain customers, manage risk, and optimize capital allocation. Aliya is “Technology Powered, Human Inspired”, and is driven to improve outcomes for hardworking Americans who would otherwise be unfairly overlooked.

Aliya leverages standard bureau data and the latest advances in Machine Learning and AI to construct an alternative approach to assessing consumer performance risk with its proprietary solution, **aSCORE**. aSCORE is designed to assess consumers’ default risk and identify areas in which traditional credit scoring falls short. Since being implemented at a top 10 US bank, Aliya’s model has continued to discover large numbers of subprime borrowers who behave like prime borrowers. Moreover, aSCORE uncovers large numbers of “prime” borrowers who will not perform as prime risk as defined by the traditional scoring solutions.



### CASE STUDY – TOP 10 BANK

- > Aliya helped over **200,000** Americans gain access to affordable loans
- > **49%** of loans booked were segmented as **non-prime** (traditional credit score 719-600)
- > Portfolio **performance** of the “non-prime” segment of the pool booked using aSCORE is in line with a **standard prime portfolio**
- > Aliya’s solution not only measures consumers’ **willingness to pay** but their **ability to pay** and **resilience** to market changes.
- > Aliya has a **strong track record** assisting leading financial institutions with **financial inclusion**.

## BENEFITS / VALUE

By utilizing Aliya’s predictive and prescriptive intelligence for assessing default risk, financial institutions can remove biases and discrepancies when underwriting, initiate straight through digital processing, increase opportunities, promote financial inclusion, and expand their addressable market without taking incremental risk.

The scoring engine is able to run on either a soft or hard credit bureau pull, allowing it to be integrated at any stage in the lender’s marketing or underwriting process via secure API connection. Additional benefits include:

More accurate assessment of consumer credit risk and financial resilience results in **better pricing** and promotes **financial inclusion**.

**Drive growth** by identifying **35-50%** more eligible customers for a given target loss rate, OR **Reduce losses by 40-60%** for a target loan volume.

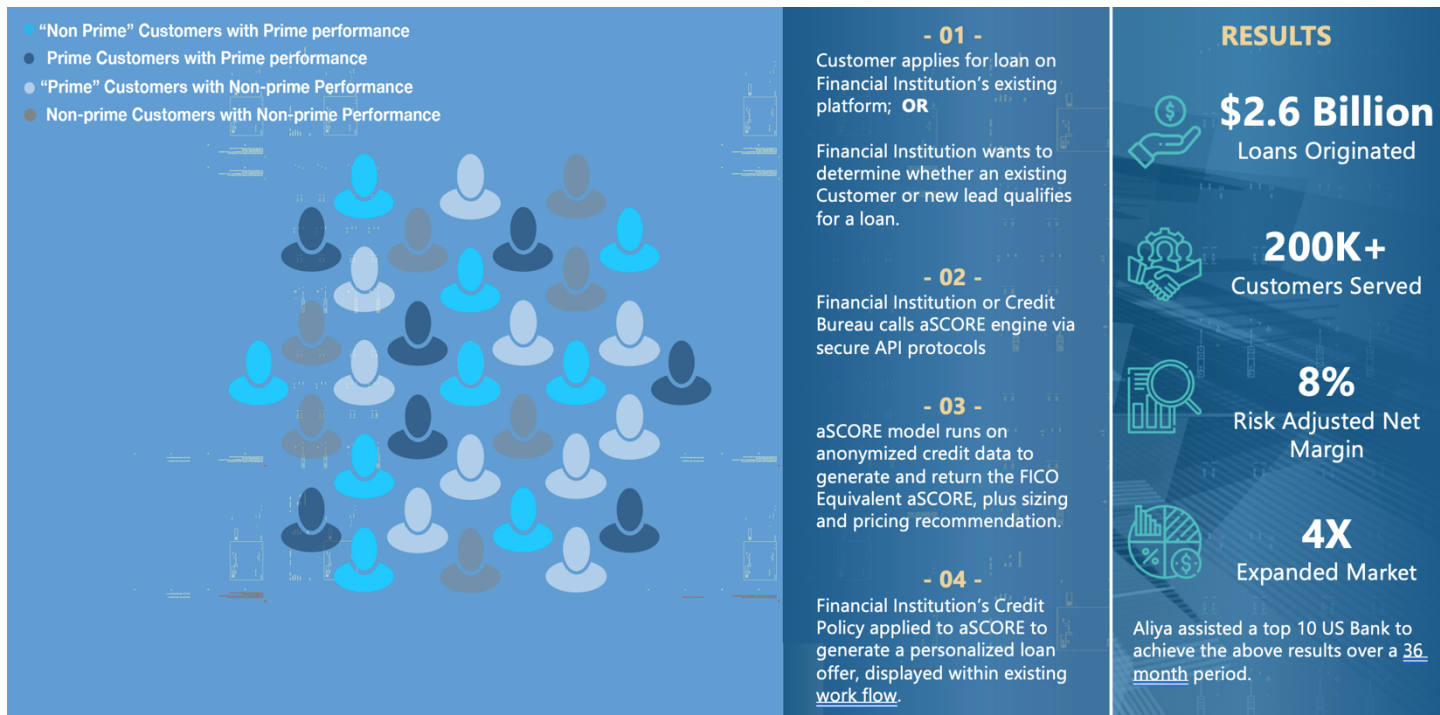
**Proven and secure.** SOC 2(Type II) + ISO27001 certified. Reviewed by the Federal Reserve, OCC, and CFPB for **regulatory compliance**.

Fully **digital, automated and secure** technology delivered via real-time APIs.

## HOW IT WORKS

Aliya uses high-frequency and more recent consumer attributes to better predict a borrower's ability and willingness to repay a debt and the solution is loan product agnostic. The solution runs on anonymized credit bureau data; it does not require the transfer of any personally identifiable information, or any other proprietary data sets of an institution, to Aliya.

Below is a sample workflow:



We welcome the opportunity to discuss how aSCORE can help lenders identify understated 'hidden prime' traditional credit scores for growth and financial inclusion opportunities.

Please reach out to us at [sales@aliya.com](mailto:sales@aliya.com), and visit [www.aliya.com](http://www.aliya.com).