

DOING BUSINESS 2016 - GETTING CREDIT

IMPORTANCE OF ALTERNATE DATA SOURCES IN CREDIT REPORTING INFRASTRUCTURE



WORLD BANK GROUP

IFC | International
Finance Corporation



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Path of Success

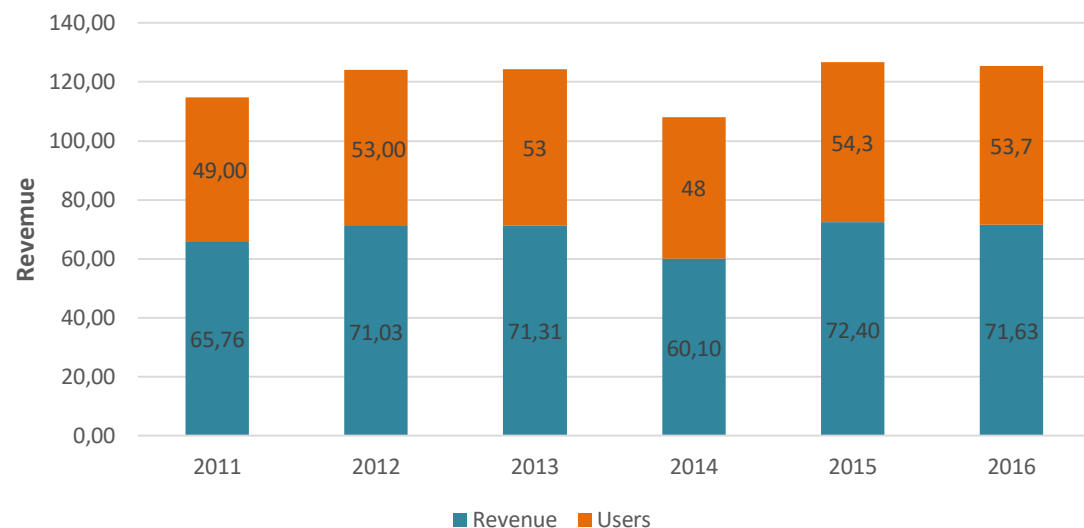


Telecom Industry overview

- The Saudi telecom sector is the largest in Middle East with over 54.0 million mobile user subscribes and over 66.0 billion in revenue.
- Total mobile penetration reaching 188% at end of 2011 , higher than the GCC average.
- The industry is regulated by The Commission of Information Technology and Communication (CITC)
- Sustainable growth after liberalization of the sector since 2013.
- They aim to provide “universally available, high quality and affordable communication and information technology services.

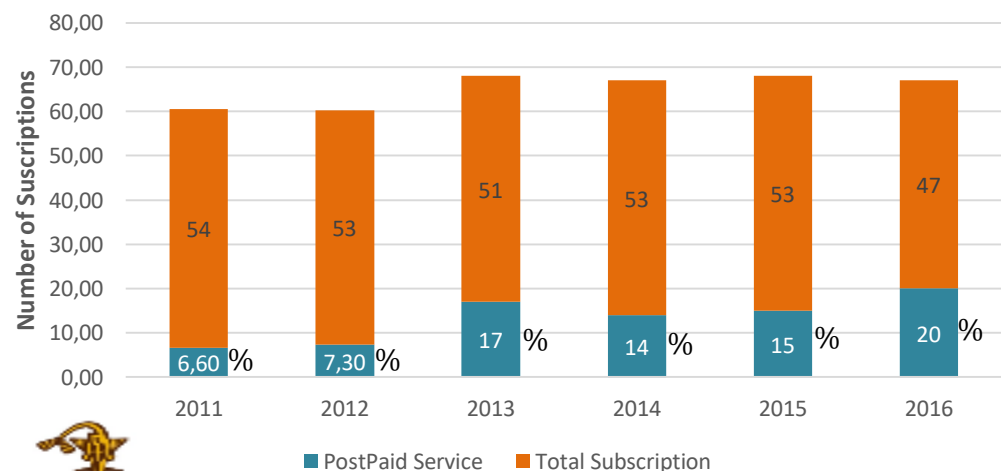
Saudi Telecom Statistics

Telecom's Operator Revenue



Telecommunications companies achieved a total revenues of SR 72 billion at the end of 2016 and a decrease of 1.1% compared to the previous year 2015. Mobile services revenues account for about 75% of total revenues. While fixed telecommunications services account for about 25%

Total subscriptions to mobile services



The number of subscriptions to the mobile telecommunications service reached about 47 million subscribers by the end of 2016. The penetration rate of mobile telecommunications services at the population level decreased to about 151% compared with the decrease in the total number of subscriptions due to the implementation of some decisions and regulations such as linking the segments with the fingerprint and canceling the inactive segments. The CITC grants have contributed to the licenses of the mobile operator of the mobile network,

Telecom Industry overview

CITC



- Awareness (On-Boarding, Invoicing, and Collection)
- Privacy- implementing customer consent
- Fair Competition
- Dispute Resolution within 24 hours

Telco



- Credit Check 24/7 and Hit rate 95%.
- Data contribution (upload/download) 99.99 availability.
- Default Collection improvement.
- Data Analytics.
- Increase the minimum disconnected service

Telecom Industry overview

- Telecommunications Companies

Company	Is a member	Consumer	Commercial	Offer B2B Credit
STC	2008	Yes	No	Yes
Mobily	2010	Yes	Yes	Yes
Zain	2010	Yes	Yes	Yes

- Internet and Landlines Serveries

Company	Is a member	Consumer	Commercial	Offer B2B Credit
Bravo (STC JV)	2011	Yes	No	Yes
Go (Atheeb)	2011	Yes	No	Yes

- Virtual Telecommunication Companies (Service Provider only)

Company	Is a member	Consumer	Commercial	Offer B2B Credit
Virgin	2013	Yes	No	Currently No
Lebara	Potential			

Membership with SIMAH:

- Telco and Saudi Credit Bureau- SIMAH has a relationship over 8 years.
- All type of Telco companies has full engagement with SIMAH

Telecom Industry overview

How Being Part of Credit Bureau Supported The Telco Sector :

SIMAH Standardized data

- standardizing the definition
- various industries read the shared information and understand it regardless of their background

accumulated knowledge it built over the years

- support their data management operations
- apply the best practice methodologies.

Realize the market size and the growth/shrink trends

Collect billions of bad debut

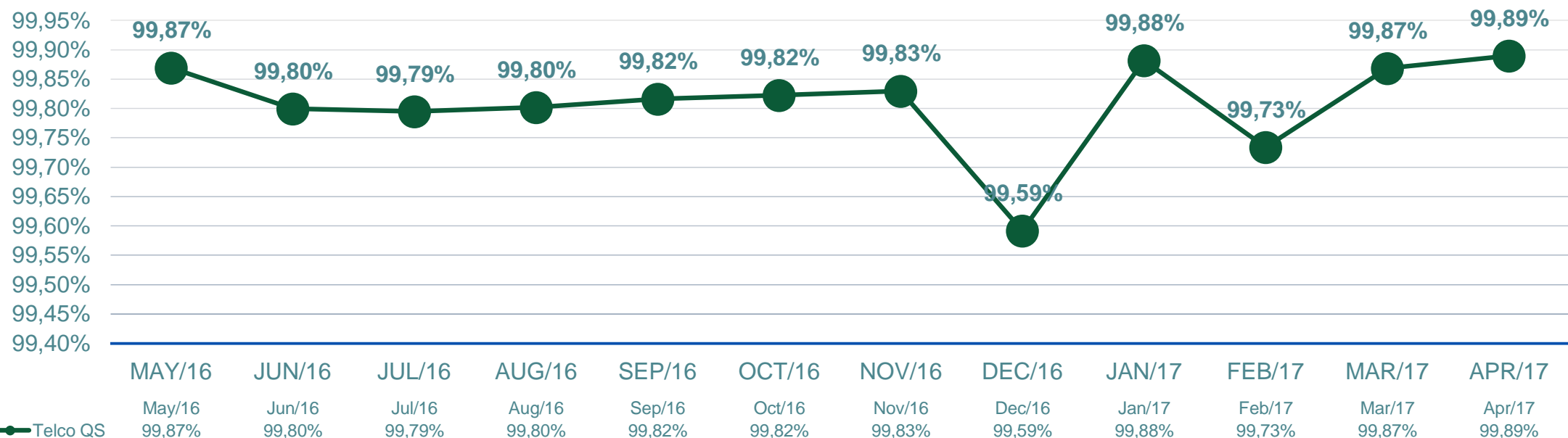


Telecom Sector - Data Quality Overview

Overview for 2017:

At the beginning of 2015, the members in telecommunication sector have some reporting issues that violated SIMAH's data quality standards, but with a bit of help, the members in this sector were able to improve and meet SIMAH's minimum quality score of 99.90%.

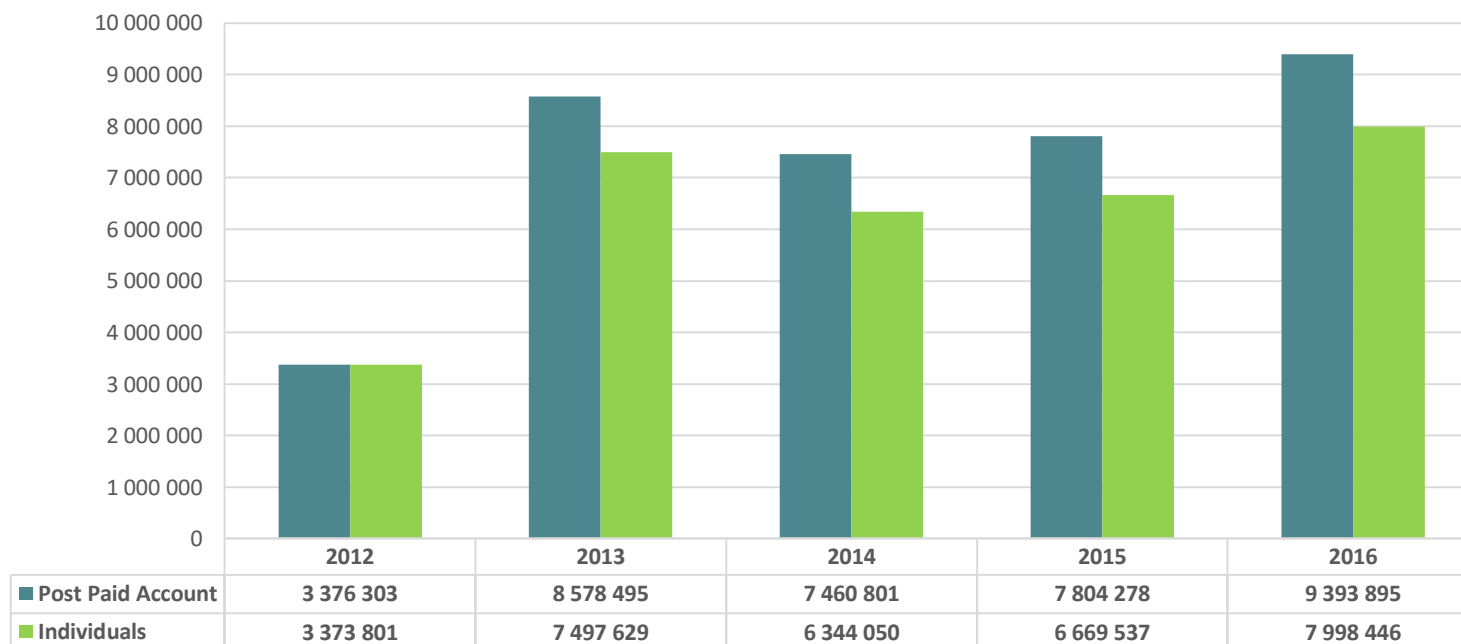
Telecom Data Quality Overview



Telecom Sector - Data Quality Overview

- Post-paid services for all Telecom sector in Saudi Arabia has grown by 132% after collaborating with Saudi Credit Bureau.
 - Likewise active population has similar effect of growth by 63%
 - Active products all post-paid “Mobile, Broadband, and Landline”

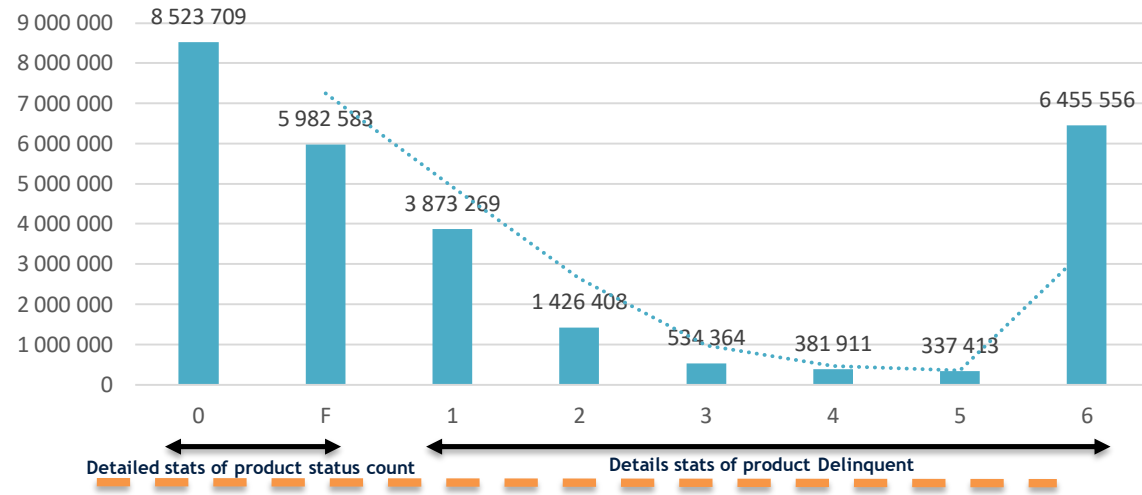
POST-PAID SERVICE GROWTH IN SAUDI ARABIA



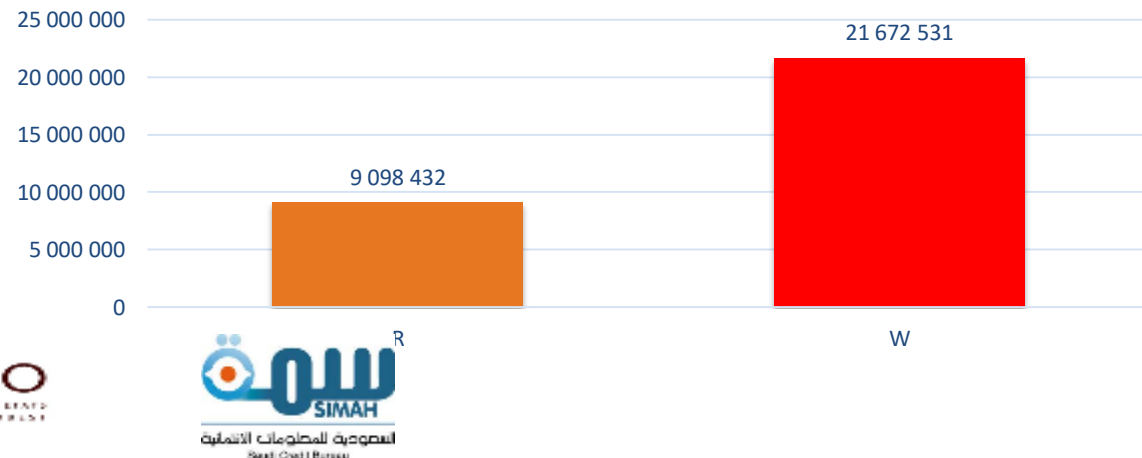
- Post-paid services for all Telecom sector in Saudi Arabia has grown by 132% after collaborating with Saudi Credit Bureau.
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Enhanced Telecom Behavior & Delinquency

Detailed level of Product Status
Accumulated tell end of 2016



Detailed Default level of Product Status
Accumulated tell end of 2016



The Telecom statuses accumulated tell end of 2013 to 2016

From these both chart we can see that the number of active accounts have increased by 106% which is a good thing. For the delinquent accounts have been decreasing by 42% and the written off accounts also decreased by 52% which is a good development through out these years.

Sample Credit Report - Demographics information 1/4



17/11/2015
09:25:27

ID Number: 1 0 X X X X X X X X

Page 1
Out of 3



Personal Information

Customer Name : Mohammed Mohammed
 Gender : Male
 Marital Status : Single
 ID Number : 10*****
 ID Expiry Date : 12/08/2016
 Issuing Authority : Riyadh
 Nationality : Saudi
 Date of Birth : 00/0/0000
 Mobile Number : 05*****
 Employment Sector : Privite
 Employer Name : ***** Company
 Occupation : Manager
 Salary : 20,000
 Residency : RIYADH
 Last Reported : 12/08/2016



Credit Report Summary

First Issue Date : 12/08/2016
 Active Credit Products : 5
 Total Limits : 13,500.00
 Total Liabilities : 12,111.00

Total Guaranteed Limits : 0.00
 Total Guaranteed Liabilities : 0.00

Default Product : 2
 Total Default : 10,000.00
 Outstanding Default : 0.00

Sample Credit Report – Precuts & Services Summary 2/4

Active Products Summary	Product Type	Creditor	Account Number	Installment Amount	Credit Limit	Outstanding Balance	Last Reported	Payment Status
	Loan	*****	0000759****	472,309.00	42,309.00	20,000.00	16/6/2011	Current
	Credit Card	*****	0000759****	175,000.00	15,000.00	5000.00	6/7/2012	Overdue
	Mobile No.	*****	0000759****	3,988.00	5,000.00	1,000.00	14/12/2013	Current

Default Products Summary	Product Type	Creditor	Account Number	Date Reported	Total Default Amount	Outstanding Default	Default Status	Settlement Date
	Loan	*****	0000759****	16/6/2011	42,309.00	0.00	Fully Paid	4/9/2013
	Credit Card	*****	0000759****	6/7/2012	15,000.00	5,000.00	*****	
	Mobile No.	*****	0000759****	14/12/2013	5,000.00	1,000.00	*****	

Guaranteed Default Product Summary	Product Type	Creditor	Account Number	Date Reported	Total Default Amount	Outstanding Default	Default Status	Settlement Date
	Loan	*****	0000759****	16/6/2011	42,309.00	0.00	Fully Paid	4/9/2013
	Credit Card	*****	0000759****	6/7/2012	15,000.00	5,000.00	*****	
	Mobile No.	*****	0000759****	14/12/2013	5,000.00	1,000.00	*****	





Bouncing Cheques Summary	Check Bounce Reason	Bank	Cheque Number	Date Reported	Cheque Amount	Outstanding Balance	Cheque Status	Settlement Date
	* reason	*****	0000759****	16/5/2011	42,309.00	20,000.00	Registered	
	* reason	*****	0000759****	6/6/2011	15,000.00	0.00	Fully Paid	6/7/2011
	* reason	*****	0000759****	14/11/2013	23,988.00	0.00	Fully Paid	14/12/2013

Sample Credit Report – Precuts & Services Details 3/4

17/11/2015
09:25:27

ID Number: 1 0 X X X X X X X X

Page 2
Out of 3

Product Details								
 Loan Active Product	Account Number	Date of Issuance	Credit limit	Installment Number	Installment Amount	Payment Frequency	Type of Guarantee	Expiry Date
	30*****	25/12/2014	10,300.00	24	700	Monthly	Cash	25/12/2014
	Outstanding Balance	Past Due Balance	Last Amount Paid	Last payment Date	Next Due Date	As Of Date	Salary Assignment	Closed Date
10,300.00	0.00	0.00	25/12/2014	25/12/2014	25/12/2014	No		
Payment Status Summary								
 Credit Card Default Product	Account Number	Date of Issuance	Credit limit	Installment Number	Installment Amount	Payment Frequency	Type of Guarantee	Expiry Date
	30*****	25/12/2014	10,300.00	24	700	Monthly	Cash	25/12/2014
	Outstanding Balance	Past Due Balance	Last Amount Paid	Last payment Date	Next Due Date	As Of Date	Salary Assignment	Closed Date
10,300.00	0.00	0.00	25/12/2014	25/12/2014	25/12/2014	No		
Payment Status Summary								
 Telephone No. Closed Product	Account Number	Date of Issuance	Credit limit	Installment Number	Installment Amount	Payment Frequency	Type of Guarantee	Expiry Date
	30*****	25/12/2014	10,300.00	24	700	Monthly	Cash	25/12/2014
	Outstanding Balance	Past Due Balance	Last Amount Paid	Last payment Date	Next Due Date	As Of Date	Salary Assignment	Closed Date
10,300.00	0.00	0.00	25/12/2014	25/12/2014	25/12/2014	No		
Payment Status Summary								
 Mobile No. Active Product	Account Number	Date of Issuance	Credit limit	Installment Number	Installment Amount	Payment Frequency	Type of Guarantee	Expiry Date
	30*****	25/12/2014	10,300.00	24	700	Monthly	Cash	25/12/2014
	Outstanding Balance	Past Due Balance	Last Amount Paid	Last payment Date	Next Due Date	As Of Date	Salary Assignment	Closed Date
10,300.00	0.00	0.00	25/12/2014	25/12/2014	25/12/2014	No		
Payment Status Summary								

Sample Credit Report – Court, Narratives & Public Notices 4/4

Execution Judgment	Execution Date	Resolution Number	City	Court Name	Legal Case Number	Date Loaded	Claimed Amount	Outstanding Balance	Status	Settlement Date
	01/01/2017	X1255	Riyadh	Third Circuit - Jeddah	MOJ12-22057571635-300	2/11/2016	20,000.00	20,000.00	Not Executed	
	02/01/2017	X8551	Jeddah	Third Circuit - Jeddah	MOJ12-22057571635-300	15/05/2016	10,000.00	0.00	Executed	15/05/2016

Member Narrative	Date Loaded	Narrative Type	Reported by	Narrative Text
	01/01/2017	General	STC	*****
	01/01/2017	Update	STC	*****

Personal Narrative	Date Loaded	Narrative Type	Narrative Text
	01/01/2017	General	*****
	01/01/2017	Personal Narrative	*****

Disclaimer	Text
	This information has been collected from various sources and does not represent the opinion of Saudi Credit Bureau (SIMAH). No Liability (in a contract with the client or otherwise whatsoever) attaches to SIMAH with respect to collecting or supplying the information or any use made of it and whether in relation to its accuracy or completeness or any other matter whatsoever. The information is supplied on a confidential basis to you and not for the use of any other party except of any person on whose behalf you have sought the information.

SIMAH Value-Add to Telecom Sector:

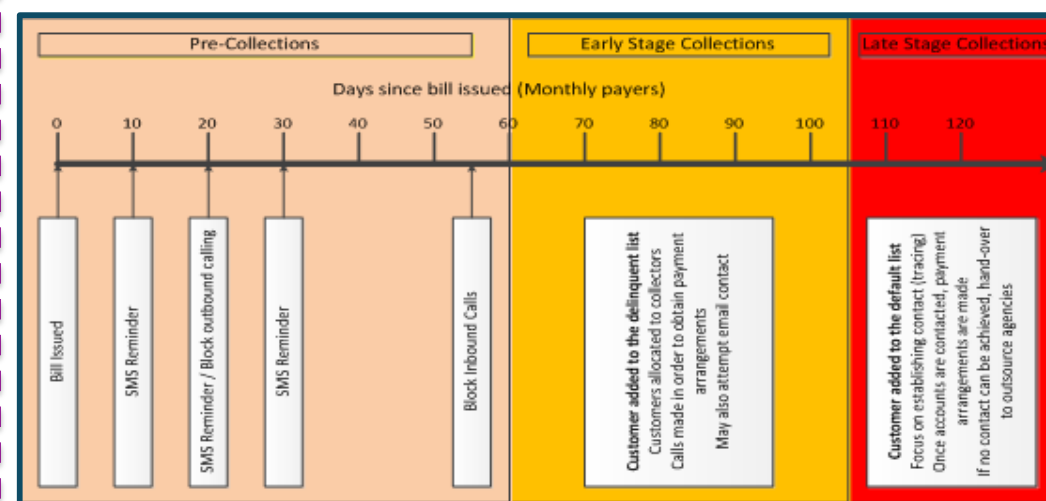
- Collection Analysis

- The process of collection in telecom companies :

- Data cleanser.
- Segmentation and this depend on demographic and credit bureau data.
- Homogenous characteristic.
- Recovery forecasting .

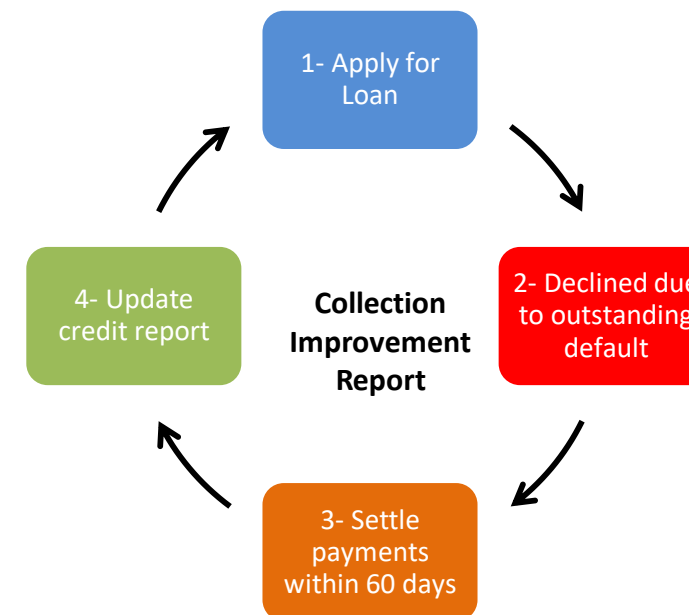
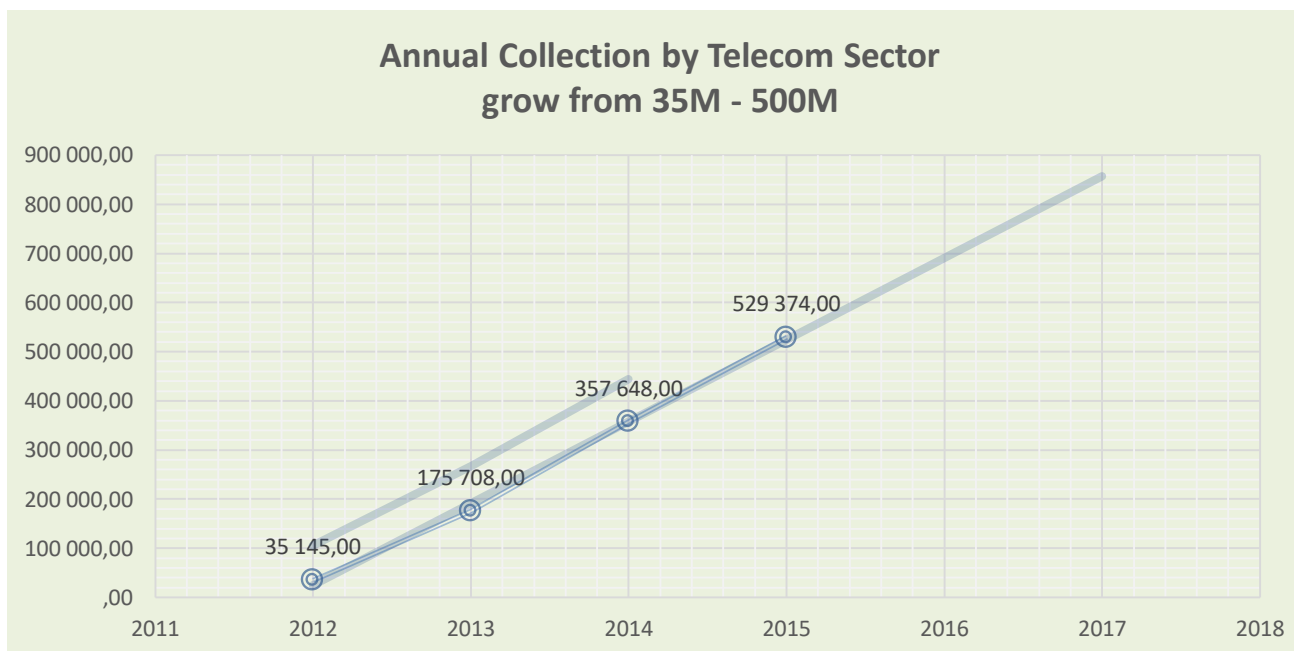
- The timeline of collection process in STC depend on the number of day's.

HOMOGENOUS CHARACTERISTICS	Category	Impact on Recovery
	<ul style="list-style-type: none"> SIMAH Score Time since Default Total Default amount non-Teleco %Active at SIMAH Total Default Amount Average Contractual Repayment 	<div style="display: flex; justify-content: space-between;"> Low High </div> <div style="display: flex; justify-content: space-between;"> Low High </div> <div style="display: flex; justify-content: space-between;"> Low High </div> <div style="display: flex; justify-content: space-between;"> Low High </div> <div style="display: flex; justify-content: space-between;"> Low High </div> <div style="display: flex; justify-content: space-between;"> Low High </div>



High Recovery Med Recovery Low Recovery

SIMAH Value-Add to Telecom Sector:



- Financial institutions (SIMAH Members) has played major role for enforcing Telecom debt collection
- Telecom sector debt recoveries increased from 35 million annual to 529 million.
- The credit bureau had contributed effectively in creating collaboration spectrum between all active members.

SIMAH Value-Add to Telecom Sector:

- ✓ Predict the clients credit behavior to avoid future defaults.

Credit Limit management

International roaming



- ✓ To gain further insight into the profile of its portfolio from a risk perspective.

High range of Packages

Annual contract packages



- ✓ Will help to have a deeper understanding of their customers and make better decisions.

loyalty programs

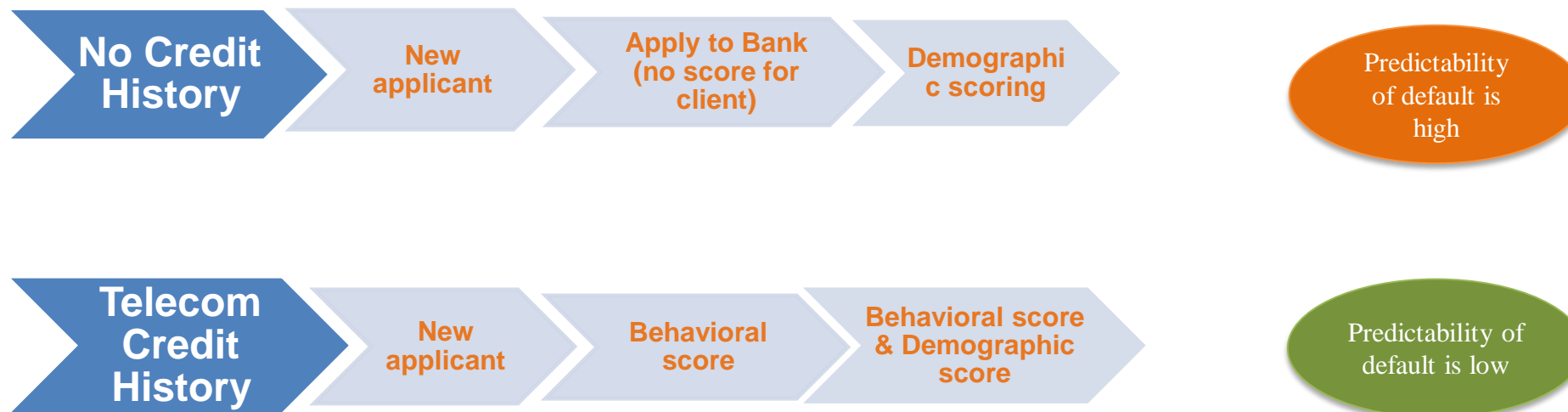
customers rights



- ✓ Enhancing credit strategies and reorganizing credit management and processes such as credit policy.
- ✓ Improve the collection strategy model and building segments for collection until
- ✓ Reduce Fraud and credit risk by sharing and contributing data between Telecom's and banks "Reciprocity"

Telecom Sector contribution to Financial Institution:

- Earn demographic and behavioral score, for No credit history (“inactive customer” or “thin file”) KYC
- Enhance future default likelihood prediction.
- Understand changes in non financial behaviour
- Link the Mobile informations with financial behaviour



- Link the Mobile informations with financial behaviour

Conclusion

- Telecom data inclusion was perceived as positive and actually resulted in grate contribution and valuable to credit industry.
- Its proven that Telecom behavior is predictable in the credit scoring models.
- Credit Bureau smart analytics will support Telecom steady growth and informed decision.
- Regulatory agencies have Neutral, Accurate, and Up to Date view of Telecom sector performance.
- The Credit Bureau will enhance public awareness towards Telecom financial commitment and positive behavior.

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