Barclays Global Credit Bureau Forum

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1. Welcome – Paul Sullivan (Barclays)

1.1 Introduction

Good afternoon and good morning. I'm Paul Sullivan and it gives me great pleasure to introduce our next session with Experian. Once again, we have a phenomenal series of speakers over the next two and a half hours. We start with a fireside chat with CFO, Lloyd Pitchford. We then turn to Brazil with two presentations. First, Valdemir Bertolo, CEO of Brazil, will walk us through how Experian intends to capitalise on this unique opportunity. And then something new, we have Marcelo Pimenta shining a spotlight on the agribusiness in Brazil, an exciting new vertical opportunity.

After Q&A and a short break, we then turn to North America. Alex Lintner will walk us through his priorities for consumer credit information and the B2B business. Jeff Softley will then provide an update on the rapidly evolving consumer marketplace. After that, Jennifer Schulz, recently promoted to CEO of North America, will join Lloyd for a US focused Q&A.

So, there is a huge amount to get through, but it's well worth staying the course. To ask a question, please submit either through the button on the right-hand side of the screen or email me direct at paul.sullivan@barclays.com.

2. Q&A with Lloyd Pitchford

Paul Sullivan:

But enough from me, it's a great pleasure to introduce Lloyd Pitchford, Group CFO. And thank you, Lloyd for yet another superb line up.

To kick things off, whilst I'm really keen to focus on longer-term growth drivers of the business, I'd like to kick off with the question I'm currently asked most, which is how we should view your high single-digit growth guidance and the double-digit ambition in light of higher interest rates and macro uncertainty.

Lloyd Pitchford:

Thanks, Paul. And morning, afternoon, everyone. It's a great pleasure to be here. And as you said, Paul, I think we've got a great session scheduled over the next two and a half hours with some particular spotlights on some of our newer and also our more mature growing verticals.

On the growth framework, I think if you look back over the last eight years we've been together as a management team, we've taken the business from a low single-digit growth position to sustained high single-digit, really by investing in data, technology, our innovation framework, and talent. And you've seen that in the trajectory we've laid out as a group. And clearly, our ambition is to elevate that further into double-digit. Clearly, that's an ambition through and over the cycle. Clearly, like all businesses, you hit headwinds in certain times. You saw that with COVID, but you've also seen how resilient we've been as a business when you hit either cyclical or other disturbances in the global economy.

And as you know, we look back to demerger as a formation as a company, and we've never reported a negative organic growth period, despite some very challenging periods. You look at this year, I'm very confident in our growth guidance in that high-single digit 7% to 9% range, plus some from M&A and we'll see what the economy brings as we come out of this year into next. But very, very confident, Paul, in the investments we've been making and the long-term growth outlook for this business. As you'll see through the presentations later today, we've got some tremendous opportunities that we're pursuing.

Paul Sullivan:

And in the event of a sharper slowdown, how should we think about the balance between the counter cyclical and the cyclical businesses and the natural offsets? And how do you see, or how has the growth algorithm changed this cycle versus the previous cycle?

Lloyd Pitchford:

Yeah, it's always a difficult question, that, because what is a cycle? And they're all unique in their own ways. I think if you look at our portfolio and compare it back to the GFC in 2008-2009, we're clearly less exposed to the us GDP cycle than we were then. And few reasons for that, our Brazil business is bigger than it was back then and we have the Health business that we didn't have back then. And we have a much more diversified business in the consumer segment. And so again, if you compare back to that period where we saw, we bottomed out at 2% organic growth. So about a 7% decline in the GFC from peak to trough in annual growth.

You would expect that to be less in a future cycle, but cycles are different. That was a very, very particular liquidity crunch that we saw this time.

We've clearly seen softening in the mortgage market this year, so that's already taken out of the equation. And we have a very, very robust employment position. And as we've talked about successively, that's really our big leading indicator that we look at as a group. If people have employment, they have access to financial products that can help them weather headwinds and the employment market right now is very, very robust. And we'll see how that progresses through the back end of this year into the next year.

Paul Sullivan:

You touched on mortgage and Alex may sort of touch on this further, but what do you think are the most pertinent leading indicators when it comes to the traditional verticals and what are you seeing outside of mortgage in auto, credit card and consumer lending?

Lloyd Pitchford:

So, I think if you think of unsecured credit, the best leading indicator is employment. And as I said, you have very robust employment markets that we have just now. In Auto, we've been growing very strongly in Auto through most periods in the last decade. There's a structural supply limitation just now that's meant, that high-single digit growth is moderated more to low- to mid-single digit. But it's pretty much driven by that supply restriction. If you look at our other verticals, health is really not driven by the economic cycle at all. It's really other factors. And we saw peak in demand for COVID-related transaction support that we saw last year. That gave us a bit of a bump from one-off transactions that will get out of the system this year. And then I expect us to be back into about high-single digit growth for the health business.

And then consumer, we have different bits of the consumer business, which I think Jeff will touch on later. Traditionally, our subscription business, which is about half of the consumer business now, is the place that performs well in times of challenge. We saw that in the last economic downturn, we saw it in COVID, and it's the place people go to if there's any restriction in credit supply and our marketplace business growing very, very strongly and diversifying into things like insurance, and Jeff will give you a great overview of what we're seeing and how we're developing that market.

Paul Sullivan:

Most of today's focus is the US and Brazil, but can you also comment on the other areas of the group - particularly the UK, given the deteriorating macro backdrop?

Lloyd Pitchford:

Yeah. Look, I think we've improved the fundamentals of the UK business pretty strongly. As you know, we put new leadership in place, transferred from Brazil a few years ago, and we've seen a recovery in the margin of that business. And the next stage really is about the technology transformation, which is, the UK is the most complex tech estate that we have. And we've made great progress with the technology transformation in the US and Brazil, and the UK's next. So that will really underpin the next bit of the journey for the UK business, but all on track and progressing as we'd expect and making great progress with some of the newer verticals. So we've very quickly established a leading position in the UK on income verification and access to that data and very happy with the progress we're making on things like Ascend.

In EMEA/Asia Pacific, I think highlighted that we're going to be focusing the portfolio there. So some of the larger businesses that we have there will be where we'll focus. So our smaller number of countries and we'll either service some other markets remotely or exit them over time. So you'll see a more focused EMEA/Asia Pacific portfolio that'll get us more quickly to the financial returns that we've targeted for ourselves.

Paul Sullivan:

You touched on re-imagining the technology platform in the UK. Can you just talk about that, how you're doing that more broadly across the group? There's a lot of focus at your peers on cloud migration. Is that something that you can talk about? The percentage that you've already migrated the cloud. How relevant is technology and the re-platforming of the technology to margin progression going forward?

Lloyd Pitchford:

We've talked before about our long-term plan to migrate to the cloud. Where are we? Well, our consumer businesses are fully on the cloud. Our bureau related businesses in North America are very well progressed, and Alex, I won't steal his thunder. He'll give you a bit of detail about where the core consumer bureau in North America is on that journey. The Brazilian business is well progressed. Positive data bureau is on modern infrastructure and we're progressing the transition of the negative bureau, and then the UK's next.

So you can see we're progressing pretty well and doing it all within our financial framework. I think that's important to say. This is a long-term programme, we think doing it within the framework that we've set out for strong growth, with stable to moderately up margins, all dealing with what is a very complex and broad ranging technology transformation. And in the end, I think all of our competitors are on a similar journey at different stages. And we're very, very confident in our technology estate. And in the end, you can see it in our growth rates and how they compare very favorably against the market.

Paul Sullivan:

When it comes to changing competitive landscape, all three of you are pulling in the same direction when it comes to technology, but you seem to be diverging somewhat when it comes to business strategy. Could you perhaps elaborate on how you view the evolving competitive landscape? Who is it bringing you up against – perhaps new players who you weren't competing with maybe five or six years ago?

Lloyd Pitchford:

Yeah, I think we've talked about this in the past, we're obviously the broadest player in our marketplace. So that naturally means that we come up against a number of different competitors. So clearly in the direct-to-consumer space, which is a unique strategy for us versus our bureau peers. We're competing with more people and companies who are more pure play in the direct-to-consumer space. Similarly, you go over to our analytics and software provision, we're more competing with FICO, SAS and Pega and companies like that. So we have the broadest range of products. And in many respects, that in the long run will be our competitive advantage because we'll be the place that you can get a single platform that can deal with data across the life cycle.

Consumer is, I think, a real differentiating strategy for us. In the long run, the richest, deepest source of data is the consumer themselves. And you think about the journey we're on of adding data sources ultimately, if we can get to a transactional level data set of income, of credit, full cash flow balance sheet and P&L if you will, for the consumer, and the best source of that is the consumer themselves. So our consumer strategy ultimately is embedded in building a relationship and a value proposition with the consumer where they're willing and they see value in a relationship with us and in freeing up their data for us to deliver value back to them. And you've seen us really open that category with Boost and expanding it into ever new categories of data sharing. So we're going to continue to do that. We've got direct relationships with over

140 million consumers now across our core three markets growing very rapidly. And I think Jeff and Valdemir will cover the exciting positions that we're establishing ourselves in those two markets a little later.

Paul Sullivan:

That's really interesting. How far are we from that end game, where you've got full spectrum coverage? Are we talking decades or are we talking five to 10 years?

Lloyd Pitchford:

I think, this comes back, Paul, about how to think about it at Experian. In a world that's digitising, data has just enormous option value. And every year, our innovations crystallise some of that option value. And if you think of our core data sets historically, have been really just in credit. Now we've built specific vertical data sets around that in particular areas, but they're really grounded in quite a deep, positive data credit bureau, but the future of transaction level data on full P&L, balance sheet and cash flow, the value embedded in that data set is just enormous in comparison to where we are today. So that doesn't come all in one go, it comes by unlocking the value in that data over time, as technology allows the shift to digital, and in many respects, we're going to come on to the Brazilian business.

This is what's happening in a microcosm because Brazil started with just negative data and you are seeing an ecosystem now build up around negative data, sorry, around positive data. That is really, really exciting. And we've said, we think that what that will give us a decade or more of above trend growth in Brazil, as we see the potential uses of that data flow around that ecosystem. But that positive data isn't the end. You have all of the richness of that transaction level data to go across all of our markets. And that's the very large addressable market that we have available to us in a world that's digitising.

Paul Sullivan:

Something investors perhaps struggle with is the scale of the addressable market and how quickly it’s growing. Can you quantify and elaborate on that?

Lloyd Pitchford:

We've given numbers in the past on the individual elements of our addressable market and the answer is, it's enormous and growing very, very rapidly. And the other way maybe to do it is, we try to do is to show individual things that we pursue and how we can ramp value very quickly.

So you'll remember two or three years ago, I was asked about the scale of the potential opportunity on consumer in Brazil, where you've seen what we've done. This year, we will be well over US$150 million of revenue on consumer in Brazil. In marketplace again, in North America from a very small starting place a few years ago, this year, we'll be over US$300 million of revenue in that from a standing start.

So you can see how new markets are emerging around us, and this really comes back to our growth algorithm ultimately is driven by, most of our growth comes from doing new things for our existing and new clients. And that's why this constant search for enhanced data sets, the technology and innovation system, management system that go so closely together. And the talent that then deliver that together in products is why we spend so much time thinking about those leading investments and setting the organisation up to capture the opportunities that are emerging.

Paul Sullivan:

It's interesting. Despite all the clear drivers, I do sense some market skepticism in the sustainability of high-single, or even double-digit growth over the medium term. Do you think that's misplaced? Does that frustrate you?

Lloyd Pitchford:

Look, I think as a management team, we've delivered a strong set of progress from, as I said, from low single digit back in 2015. We managed well, I think through the COVID disruption and pretty consistent growth now in that high-single digit range. But with a lot of exciting verticals, that really are only just getting started. And in the end, our job is to do that and it's the market's job to then value as a company. And I think we'll just keep on focusing on delivering the innovations that we have. And I think, maybe at the end of today, you'll get a... I'm sure the audience will get, again, a refreshed sense of some of the opportunity we have in some very specific verticals. Some old stories that we've talked about and are progressing well, others some new areas that are exciting, but just starting.

Paul Sullivan:

So on to margins and inflation and then pricing. Is cost inflation becoming a problem for you? How should we think about your ability to manage costs in the event of a slowdown to protect margins?

Lloyd Pitchford:

I think you have to view that through a couple of different time horizons. So if you think about what, again, what do we do as a company? We help the shift digital. Why do our clients shift to digital? Ultimately, to help them manage productivity and costs. So a world where you're seeing some cost inflation, particularly around labor is a world that ultimately that increases the impetus to shift digital in many of our clients. So it creates a really positive backdrop to new business development and new things we can do across our customers.

And that's a very positive backdrop in terms of the adoption of new tools and technologies. Clearly in the short term, we have, like everybody else, a labor base that we have to retain, motivate, track, and we're pretty well adept. And we have a very well-established global workforce now that we can work from anywhere to anywhere, that helps us be very flexible in managing that. You've seen through successive global headwinds that we've been able to manage that pretty effectively. But in the long run, anything that increases the drive of our clients to automate more and to digitise more is something that drives our long-term growth.

Paul Sullivan:

And given the inflationary, backdrop, is pricing relevant to Experian?

Lloyd Pitchford:

Look, pricing is always relevant. I would say, most of our clients are much more interested in how we can help create competitive advantage for themselves. And that's much less a cost discussion and much more a capability discussion. And having confidence that they're partnering with somebody that has a roadmap across the things that we do. So take Ascend as an example, we got a lot of early progress when we launched Ascend. A lot of it wasn't just about the product that we launched, it was about the potential of the product and the roadmap that we set out for how that would develop for the future. And we see just some very, very long-term embedded relationships with some of the biggest financial services companies globally, where we're bringing ever new innovation. So those discussions, there's always some element of price discussion, but it's much, much more focused on the value that we can bring to the partnership.

Paul Sullivan:

Despite what's going on in the broader economy, the health of your largest customers, certainly in financial services, feels pretty good at the moment. Are those discussions fairly straightforward at the moment? Is there acceptance for more services and open dialogue?

Lloyd Pitchford:

Yes. I mean the robust employment position you have means many of the discussions with clients are around how can we help them find new customers? How can we help them generate competitive advantage for themselves in what is a very competitive marketplace? So that's where the majority of discussions, and it's kind of interesting, we have a one world view where we're seeing the cost-of-living crisis and the risk that inflation brings. In another world view every restaurant you go in is hiring, the airports are having to limit throughput because they can't get staff to service them. So we're in quite an unusual position just now. I think we've got lots of opportunities to help clients navigate these headwinds and some really exciting new businesses that we're progressing, which you'll see a bit more of today.

Paul Sullivan:

Changing tack slightly, but all interlinked, what does financial inclusion mean to Experian?

Lloyd Pitchford:

Ultimately, it's the heart of what we do. We help people navigate the financial system to improve their lives using data. And I think this is a really, really important point to the foundations of the company, using ever richer data sets can bring real improvements to society and to ultimately, the 1.4 billion people whose information we have on file. And you've seen that, again, as a microcosm in Brazil, where moving from, in the early days, the launch of positive data knocked 10% off unsecured credit rates in the economy very quickly. That's a massive, massive stimulus to the economy, but for real people trying to navigate their lives, it's a massive boost. We believe fundamentally that data can be used for good. We see lots of opportunities to increase the coverage of our data, which you'll hear a bit more from Alex today. And it's ultimately the heart of what we do as a company, is to try and help people gain access to fair and affordable credit, to improve their financial lives and improve their businesses through the use of data.

Paul Sullivan:

In the last couple of minutes, capital allocation. We've seen some, but not a huge amount of M&A over the last few years. Do you think the current dislocation in valuations could throw up some interesting opportunities? Could we expect some more M&A going forward? Tied to that, how do we think about rising rates and interest costs?

Lloyd Pitchford:

So I think it's already throwing up interesting opportunities. Generally, there's a bit of a delay between the valuations in public markets and the valuations in private markets. So you're seeing that at a different rate through different businesses, but it's clearly a good time for us to look at assets as they're becoming available. In the end, great assets are always expensive regardless of where you are in the cycle.

So yeah, we have to remain disciplined and make sure that the acquisitions that we pursue meet our framework. And you've seen over the years, we've had a very disciplined well thought through financial model that means we're pretty clear that strategically and financially, our acquisitions will contribute to the growth of the group. But it's certainly a good time to be at the low end of our gearing range. Interest costs clearly for new interest, for new debt that we're taking on, same with all companies will be higher, but we got a lot of long dated debt in our current funding. Vast majority of it at fixed rates so it will just be the incremental debt, if we do any other acquisitions that would come in at current rates.

Paul Sullivan:

Great. thank you, Lloyd. And we'll see you for Q&A after the next session. Appreciate it.

Lloyd Pitchford:

Great. Thanks, Paul.

2.1 Seizing a unique opportunity in Brazil

Paul Sullivan:

We now turn to Brazil, where growth has been transformed over the past few years. Brazil CEO Valdemir Bertolo will tell us why the best is yet to come. And then we have an innovative example of the application of data with a presentation from Marcello Pimenta, director of the agribusiness in Brazil, a new and emerging vertical. But first, over to you, Valdemir.

2.2 Introduction

Valdemir Bertolo:

Thank you, Paul. Hello, everyone. It's really a pleasure to be here today. I will focus the presentation of today, really sharing with you how these structural changes that are happening in Brazil is now boosting the market and really creating great opportunities for us in Brazil. And also, I will show a little bit, how we are structured and, in a position, to capture those opportunities.

2.3 Structural changes are boosting the financial & credit markets, bringing unique opportunities for our business in Brazil

So if you move to the first slide, now you see that for decades, Brazil was almost a negative market. Almost stagnant from that perspective, relying solely on negative and very few sets of data to assess risk and provide credit to the market. That creates also a very high concentration of the lenders and also very high interest rates.

The Central Bank has really pushed this to a new level with measures that were implemented or driven by the Central Bank in the last few years. And you see a couple of examples in there, like positive data, and now, the FinTechs. And now, the creation of new payments and financial institutions regulated by the Central Bank. The creation of the instant payment, that's called Pix in Brazil, and it's catching on very fast. Now actually, almost dominating the payment market in Brazil that used to be through bank slips. And now, the whole regulation around open finance, now, that includes open receivables, open banking, and shortly, open insurance.

On the left side of the chart, you can see already that the contribution that the positive data is bringing to the market. 74% of the consumers and 80% of companies are benefiting from the new law and the positive data set, now improving quite a bit their performance. So you see, and Lloyd mentioned that, financial inclusion, 22 million people will benefit by these new scores. They used to have scores that were lower than 500. Now, they are having scores that are higher than 500 and provide access to credit for them.

If you look at a long-term perspective, now you see that this positive data can really boost the financial market in Brazil. And we estimated that US$240 billion will be added to financial credit in Brazil. So we are, of course, seeing more competition coming from that, but we are well advanced in implementing and take advantage of those initiatives.

2.4 We are well-positioned to benefit from the trends, expanding beyond the negative bureau into new growth markets

And I'm going show in the next slide, how we are positioning ourselves to benefit from the strengths and expanding beyond the positive data. Of course, we are relying on positive data to really evolve the way that credit is assessed in Brazil. But we have also improved quite a bit our decisioning and analytics capability, bringing the global platforms that are leading in the market, and we are putting those platforms here in Brazil. Couple of examples include Ascend and Experian One.

We also have a very strong business in the SME segment. It already represents more than 20% of our revenue in Brazil, and we spot some great opportunity to even improve the way that we serve this market.

Lloyd also mentioned a little bit of the consumer service that we are developing here, now, with the large financial ecosystem that we are seeing in the market right now, I will provide more details during the presentation. And then FinTechs, fraud and identity. And Marcelo will cover in more detail our more recent initiative in the agri sector in Brazil, which is a sector, that'll depend on how you measure it and the time of the measurement, can vary from 25 to 27% of the GDP in Brazil.

2.5 Great progress in Positive Data, with plenty of opportunity ahead

Let me highlight a little bit, the progress that we've made in positive data. We already create a very good penetration of our products in the market. You can see the right side of the chart that we launched 150 products in the last couple of years. More than 100 types of scores, really focused on very specific segments and more than 45 attributes.

Our score is also the best score in the market right now. And it's recognised not only by the brand, but as a score of reference in the market. And you can see that we have a substantial advantage in terms of K.S. compared to the competitors. Although now they have positive data, we still keep our differentiation with negative data, with the access that we have in data from the SMEs business that we have, and several other sources of data that really create a unique advantage for us in terms of robustness of our data set. And we are addressing those opportunities quite well.

But you may ask, "Well, since you are already penetrating the market, are you seeing that there are no more opportunities for positive data?" On the contrary, because what we have managed so far is really, keep our clients engaged with us and actually stealing some of the clients from the competition. Now we have lots of opportunity to even put more products in there and create cross-selling upsells and bring new scores and new features to those clients. And also take full advantage, as we see the credit penetration growing in Brazil from an average of 50 to 70% of GDP in the next couple of years. And that's a natural movement since we are preserving our penetration in the market, we see great opportunity to capture that benefit as the market becomes more mature in terms of penetration of the credit.

2.6 Powered by positive data, expansion of FinTech sector creates material growth opportunity

FinTechs are really evolving in Brazil at a rapid pace. Now, we see the number of FinTechs that emerge in the last couple of years. And also, the number of M&As that you see in this market, almost US$4 billion investment behind those companies. And we did a good job in changing our process, making products that really connect with this segment of the economy. And you can see in the right side of the slide, the progress that we've made. We already have 50 of the major FinTechs in Brazil as our client and are expanding the penetration of our products in that segment. We had to change our internal process to be more competitive in this segment, that demands more agility, more flexibility. So we made all these changes in our way of operating. And that not only benefitted the FinTech segment, but also benefitted all the other clients.

And you can see our right to win, we have the best score, no question, in the market. We have a very comprehensive portfolio. We have tailored products for a specific vertical that can help those FinTechs also to grow in the value proposition that they have put themselves to work in the market. And now, we also adapt our Go-To-Market to really serve this segment. And it's really paying off already.

2.7 Accessing small-sized companies through digitisation is taking our SME business to another level

If we move to the SME segments, in our experience as a whole we have already penetrated quite a bit in the SME segments. SME segment in Brazil is very relevant. It represents more than 30% of our GDP. And we are already very well-represented. We have more than 1.5 million clients being served directly or indirectly in this segment. You can see that we have around 17.5 million SME companies in Brazil and still growing quite a bit.

How are we preparing ourselves to expand the penetration that we have already in the market? We really understood how we can serve the segment even better.

What are the client needs? So of course, as a small company, they need access to credit. Then everybody knows that access to credit in Brazil is really limited. So we are helping the SMEs to get access to the credit in more affordable ways. And we are also creating opportunities for them to better manage their financial situations. We have our value proposition around this digitisation, analytics, our portfolio, and also the experience that we have already to serve this client.

Another interesting aspect of the SME is that they also can, similar to what we have in consumers, to bring very exclusive and unique data to us. So we can help our clients, our large clients, to serve the SMEs through our differentiated data. And we also can help the SMEs to grow and with our products and value proposition to them, very specific to this segment. So we see great opportunity to continue growing in the SME segments in the future years. And the SME segment should also grow as a representation of the economy in Brazil.

2.8 Consistent investments in new and highly attractive markets to expand and diversify our portfolio

I will touch a little bit in other investments that we are doing. We've been investing consistently in new and very highly attractive markets. And we are going to spotlight today, the agritech. But we are now advanced, also, on fraud prevention, the open receivable that I will go in a little bit more detail in a couple minutes. And also, banking-as-a service, credit-as-a-service. Those are all new opportunities that are emerging in the market. And we are putting ourselves out there to really be on the front foot of these new opportunities.

What is open receivables? This may be unique compared to other markets. But as I mentioned before, the Central Bank is putting a lot of new initiatives, very well-thought initiatives, to expand the credit, to expand the access to credit. So they regulated this market that's called open receivable, that is inside the agenda of open finance. And essentially, they create a register, set up for every company to register what they have as a receivable from credit cards or trade credits. Using that register asset, you can use that as a collateral in a lower loan or anticipation of a receivable. So you can, of course, expand the level of credit using your receivables as collateral, and also get more interest rate that are lower than what you have today in the market. So it creates access and more attractive interest rates.

In the middle of the chart, you can see how big this market can be. Over a half-a-billion dollars in transaction in credit card, 36% of the GDP going into that ecosystem.

Why do we have the right to win there? We already serve a lot of SMEs in the segments. We have the first move without this investment that we put together. And we can really scale the way that we serve those clients using our platforms, and capabilities, and analytics, and decisioning. And we have, of course, our brand in the market that is well-known, and the first in the market by far.

2.9 Singular consumer ecosystem to retain audience and accelerate monetisation

Let's touch a little bit in the consumer ecosystem that we are creating, not only in Brazil, because this is also being created in other parts of Experian. But I think we are a little bit further in that. You see that we are creating a very comprehensive ecosystem with our free score proposition, free credit report, then creating the credit marketplace, our debt settlement, which is called Limpa Nome here in Brazil, a huge success, data protection for those consumers, and our last movement was to create digital account that you can see a little bit in more details in the middle of the slide.

All that is creating a phenomenal engagement with the consumer. And of course, we can, through the digital account benefit the consumers to pay regular bills such as tax, utility, manage their financial lives and become eventually one-stop-shop for the consumers in their financial lives. Settle debts, data monitoring, credit offerings, all of that in one single platform that we are creating here.

2.10 Vast consumer audience allow us to capture data, nurture our B2B business and explore new opportunities

Here you see the progress that we made. In the left side, you see the big apps already in Brazil. Itaú's our largest bank in the region. And they have 3 million uploads in the bank app. It's a great number, but they are a bank. They offer a bank service.

We are the most-download app that is not from a bank. And we are already in second place with 73 million people enrolled in our platform. With that proposition to really create the ecosystem, we can create this win-win strategy, where we can serve the consumers in a much better way, really helping them in their financial lives and getting contributed data to retrofit our data sets in the B2B proposition. That's the unique capability that only us in Brazil have. No other competitor can match this audience, because our brand and because the advantage that we create as first movers in this arena.

So we can become the largest consumer financial platform in Brazil. We can be the go-to place for consumers to address their financial lives, and serve the unbanked population, and mitigate or improve the assertiveness of our thin file that we will eventually create even more competitive advantages here in the market for us.

2.11 All our initiatives rely on a powerful brand, with a strong talent attractivity and impacting ESG positioning

Why do we feel so strong about our ability to capture those opportunities? We have a very powerful brand. Everybody knows Serasa in Brazil. Serasa is Experian in the B2B segment. Serasa in the B2C. We have more than 4,000 employees. As you can see in the bottom, we are a top employer. We are recognised as a great place to work. We have a very diversified culture in the company. We have flexible working days. All of those things are really putting us in a great spot to attract and retain the best talents that we have in the market.

We have also been, over the years, recognised as a great contributor to the society in several ways. We are also known for our initiatives in ESG. Actually, you're going to see the agri presentation. We are creating the ESG score already, which is very successful already in the market. So we can see all of that now playing together to really create a competitive advantage in the market for us.

2.12 We are capturing the unique market growth opportunity in Brazil

You see that we have a strong position already in the market. And we can even strengthen that position. We have a very good strategy in place. And then we're executing that very, very well.

Clear, competitive advantages in all the markets that we are playing. And I just highlight a couple of examples today. Very good momentum with positive data. We are already recognised as the leader in positive data, as we were before in the negative data. And the penetration with clients is phenomenal. Our score is performing much better than the competition, and we see plenty of opportunities before and in addition to the positive data.

As I mentioned before, we are going to spotlight a little bit, the agri business opportunity that we are seeing in Brazil. So I will hand over to Marcelo Pimenta, our leader of Agribusiness in Brazil.

3. A spotlight on our Agribusiness vertical in Brazil

Marcelo Pimenta:

Thank you, Valdemir. Hi everyone. As an introduction, let me say that, as you know, the demand for food is rising, but there are several restrictions to expand the production. Therefore, farmers need more funds and investments to be more efficient to supply the demand. So more investments in funding, more credit analysis. This is the opportunity that we are pursuing.

3.1 Brazilian Agribusiness Credit Market

Regarding Brazil, agribusiness is a significant part of the Brazilian GDP. It's responsible for positive results in Brazilian trade balance. Brazil is the number one country exporter for several commodities, such as orange juice, coffee, soybean, sugar, and beef.

On the other hand, credit in agribusiness is under-financed. And I will explain some of the reasons. But fortunately, we are in the right moment and position to help the private lenders to occupy this space.

3.2 Financial institutions have faced difficulties offering credit upstream in the agri value chain

Well, why did the creditors need the funds? Most of all, you need to keep in mind that in risk analysis in agribusiness, there are three critical dimensions. One is the payment behaviour risk of the farmer. The second, it's the production performance risk related to use of the soil, climate change, input costs, and infrastructure. So it's completely new for us in terms to providing our risk score for this kind of problem, for this kind of risk. And third, image risk or ESG risk, that is related to farmers' environmental compliance and governance process.

So lenders must access all these sorts of data sets to take decisions. So the problem is, data information about farmers, their land, local or international legislations, are completely spread out in several data sources. If you think in terms of collateral analysis, it needs specialisation, that would take days. And sometimes, the commuting of a technician to a distant region of the country to check this information. So consequently, the cost of the credit is higher. The process of analysis slower. And it's too concentrated. It's one of the biggest bottle necks in the agri credit chain. Sometimes the credit origination process takes 40, 60 days to be complete. That's one of the problems that we need to solve.

3.3 Agri credit chain pain points

What you can see in this slide is the agri credit chain pain points for most of the lenders in Brazil. And please don't worry about all this information. We just want to tell you that there are several gaps through the whole chain and some of them are easy to provide, the blue dots. Others are harder to serve, like the pink dots.

But considering this scenario and the several problems and the several barriers through this scenario, our value proposition is simple. Number one, provide a one-stop-shop platform. With all information is a service for credit decision and collateral monitor. So in a single point, serve information, serve scores in this index and propensity models to help lenders to analyse farmers.

And second point, provide the most constant average score and credit report for agribusiness. Combine positive data, negative data, transaction data from our bureau, and all alternative data from farmers' lands, and regional information, or even satellite imagery. That's the biggest difference here.

So providing this kind of service, we can help lenders take decisions in a few clicks. We think that we can help to improve it to 10 times or even 20 times the ability of lenders to analyse the number of farmers per season, just using this kind of platform.

So considering that this supply chain, this chain of credit, we will provide to you a small demo.

3.4 Brain Platform, a one-stop-shop for agri risk management

Just to give you a glance about what it can do. So we will play this prerecorded demo. Usually, we spend 45 minutes, 60 minutes navigating through this tool with clients, explain each one of the steps of the process, each one of the activities. But we have only three minutes here. So we will show you a small use case where a land analyst will check some ESG and productivity alerts from a specific farm. And also, we will provide some guidance through the platform.

3.5 Agri business video

Hello. This is the Brains Platform look and view. With this, it's possible to analyse and monitor millions of farmers, land, and contracts in a simple, fast, and secure way. On the left corner, it's possible to activate other modules of the platform that allow you to carry out commercial planning, credit risk assessment, configuration, and analysis of ESG protocols. The platform performs queries more than 100 data sources. And then merges, analyses, and provides information about all the land linked to the given ID.

In this example, the farmer XPTO owns four farms or land segments. For each farm, the platform presents a card summarising social and environmental information, such as embargoes, deforestation alerts, law suites, slavery, and so on. By clicking on a card, it's possible to run a visual inspection of the qualities of the plantation.

You can also check the list of restriction regarding environmental compliance protocols. When clicking on the protocol with an alert, the system identifies the area with problems to be analysed by a specialist. This view with information for analysis reduces days of specialist travel, notary consultations, and costs for lenders.

The system is also capable of identifying native vegetation, consolidated area, and preservation area. Also, it's possible to check the crop type and the pasture type. Creditors use this information to prove the farm's productivity capacity and social and environmental compliances.

For creditors or insurance companies who need to analyse the performance history of the farm or a specific perimeter, they can use the two and compare the area's productivity curves. It's worth remembering that these are capabilities that the tool provides for a specialist to use. Still, it also provided indexes, scores, and other parameters that automate the analysis and decision processes.

Within this area, the analyst can access Serasa Experian credit data for decision making. Once the funds are granted, the creditor can hire ESG to monitor its portfolio's risks with signals, triggers, and daily alerts about environmental hazards.

Marcelo Pimenta:

Thank you. You probably note, abundance of information about lands, crops, and use of the soil's ESG parameters. One of our differentiators is the fact that we transform all these data sets into features and then we build analysis, indexes and propensity models for the market. So that's one of the big differentiators, because a technology company with investment would reproduce something like this using satellite imaging, collecting data from public sources, and build this kind of vision. But the fact that we are able to combine this data set with our bureau data, turning us into the only competitor in this arena. So it's a strong opportunity that we have here because we are providing a single point of information that would take days for a lender, and we are transforming it in simple clicks.

3.6 Serasa Experian agribusiness - progress update

Let me just share our current progress. We have been working for 18 months. And since then, we have reached and quickly engaged with the biggest lenders in the Brazilian market. We have

250,000 farmers under our monitoring, and we are providing collateral monitoring for 4.5 million hectares or 10 times more area for our ESG monitoring. So it's great results. So it's something that we are introducing to the market and we are changing the way that the market analyses and provide credit in Brazil.

3.7 Summary

Here's some takeaways. For me, the most important. Experian data and infrastructure reduce the time of credit analysis from days to a few minutes. We are the only player that uses bureau data and alternative data to build this Agri Scores for this particular market. Our platform also provide the elements for several new ESG products. So it's pretty important because we already have this ability to provide information for other stakeholders like traders, supermarkets, industries, or even consumers that would check the origin of their agri products. And last but not least, by reducing the information asymmetry and the analysis costs, we will unleash new finance source for small holders and promote more financial inclusion, especially for family agriculture in Brazil. Well, my time is over, so thank you. Thank you so much for the opportunity.

Paul Sullivan:

That's great, Marcelo. Thank you. Absolutely fascinating.

4. Brazil Q&A

Paul Sullivan:

As we welcome back Lloyd and Valdemir for Q and A, perhaps I can ask you to elaborate on the size of the agri business in its current form, and probably more importantly, its potential.

Marcelo Pimenta:

Yeah, you can see on the slides, Brazil has this disposition in agri business. And I think that we can have the same position and the same relevance that we already have to commercial credit for agri business credit. That's my view. So we are talking about a market of 100 million dollars, so we can work like Serasa Experian works to commercial side on this area too.

Paul Sullivan:

So about a 100 million dollar market opportunity?

Marcelo Pimenta:

Yes.

Paul Sullivan:

And then how does the agri business fit into the broader group? I mean, it's a fascinating business in its own right, but can you leverage what you are doing and the platform that you've created outside Brazil, or is it leveraging group technology, for example? How does it fit and into play with the rest of the business?

Marcelo Pimenta:

Excellent question. Latin America, it's known for its agri product exports. So I think that we can quickly occupy this position in Latin America and every single operation where we can combine alternative data and bureau data will be so strong, very strong. So for Latin America, I think that we can quickly spread out these capabilities. And other markets like US or Europe, they can also use this platform, especially for ESG compliance so they can use it to understand if the traders or the suppliers of their agri products are 100% compliant. So I think that we can spread out for the other units of the group.

Paul Sullivan:

And so perhaps pulling Valdemir in here. More generally, when you compare the verticalisation of the Brazilian business to the US, what does it mean for the size of the overall opportunity? And is it possible to quantify the revenue opportunities for each of those adjacent verticals that you outlined in your presentation, I think on slide 10?

Valdemir Bertolo:

As we explained, some of them are in early stage. We are confident that this will evolve tremendously in Brazil for first of all, because the credit market in Brazil is really under penetrated. So when you put all together positive data, all this open finance, we see a potential to put Brazil from 50% credit ratio to the GDP to around 70%, which is actually lower than all the other countries, US and UK and some others that you have as a reference. So only that evolution is already creating substantial opportunity for us. And that will sustain definitely our growth in the coming years, I'm positive about that. Positive data is already proven to be a substantial, additional source of revenue for us. And the others, although they are in early stage, we see the same trend over time.

Paul Sullivan:

I mean, we have several questions about positive data. I think that it's probably rather simplistic to talk about positive data as a product, but I think it's an easy concept for people to understand. Is it possible to simplify, or in simplified terms, describe where you think we are in the rollout of positive data? We've obviously seen the Latin America or the Brazilian growth rate accelerate into the mid to high teens, but where are we in that rollout? It feels like we are still at the very, very early stages.

Valdemir Bertolo:

We are. And the first strategic move that we made a couple years ago was to really create the infrastructure, to allow us to have differentiation in the market using all this additional data set that positive data provide. Terabytes and terabytes of data coming. So we create that very successfully a couple of years ago, we also enhanced quite a bit our ability to really make the most of the positive data, not only the positive data itself, but also the combination of positive data and now the other data sets that we have. And that creates unique competitive advantage for us in Brazil. And you see for instance, the new entrants like Quod that they established a couple years ago, they only have positive data.

Of course, they have scores, but when you compare the positive data, all the other sources of data and the negative history that we have, our scores perform much better. And that's what really is relevant for our clients. And Lloyd briefly touched on that. Now price is not the substantial differentiation that they are looking in the market, because as you also know, we have a very high delinquency rate in Brazil or default rates in Brazil. So the banks are now the lenders. They're more concerned about giving credit, more credit, but in a way than really reducing the cost of analytics and reports that they use.

Lloyd Pitchford:

Paul, maybe I'll chip in, I may answer this slightly different way, which is thinking about the consumer and business demand for credit. Today if you're a consumer trying to access credit in a market that doesn't have the broad swathe of data and hasn't sucked in new credit supplies, your choices for credit are quite limited. And that's why most people get credit at very, very high rates from retailers. So an old school form of buy now, pay later with what's called a boleto at a retailer. And that's why unsecured credit rates are 200% to 300% APR. And what this change will really solidify are the reduction of those credit spreads, which will feed back through the ecosystem and the economy and increase credit penetration and see the potential across all the other verticals that we're growing. So the long-term opportunity here is a very long runway of above trend growth in Brazil, but ultimately underpinned the investment we made in Serasa more than a decade ago. And now we're seeing it come to the fore.

Paul Sullivan:

I think you may have discussed before the potential for the consumer business to outstrip the B2B business in time in terms of absolute size. Is that still the right way to think about it in terms of the opportunity?

Lloyd Pitchford:

Valdemir, I'll leave that one for you.

Valdemir Bertolo:

It's going to be substantial, we have no question about it. But as I look at the evolution that we have and the opportunities that we have, and we didn't go really deeper today, for instance, in the fraud prevention and ID market in Brazil, we also see that growing substantially over time. So if we keep growing out the rest of the portfolio as we are, and also the consumer, we are going to have a much bigger business. Probably I don't see that consumer will be bigger than the others, but they will be very relevant like you have in the US for instance, that they are very representative in the total portfolio of the US.

Paul Sullivan:

It's interesting. I mean, is what you are doing and the verticals that you're moving into and how the consumer business is evolving, is it bringing you potentially into competition with some of your financial services customers and how are you managing that possible conflict?

Valdemir Bertolo:

Yeah, that is very interesting because we position ourselves in what we consider to be a very sweet spot because we are not lenders. We are not providing the credit itself. We are just facilitating that operation. So all the big banks, all the other financial institutions, they are actually looking at our platform and they are providing the service through our service. So we are a big facilitator, if you will, in that scenario. We are not competing with the financial institutions, we are just helping them to mitigate the credit risk and actually expand the credit in the market.

Paul Sullivan:

Changing tack slightly, can you talk about the economic backdrop where you think we are in the cycle and underlying trends in business volumes?

Valdemir Bertolo:

Yeah, of course, like every other country, we suffer with the pandemic, but we are now in a good trend already. We are seeing a GDP that will grow around 2% this year. And with a potential it's still early to say, but around half percent or 1% more next year. So we are seeing the recovery of the Brazilian economy from this macroeconomic perspective. Another thing that was a concern was the inflation, the inflation is dropping quite fast already. And the third indicator that is unemployment is also reducing. We are now below 10% again. So I think I see a good trend, Paul, in the coming months. And with the independence of the Central Bank that was approved in the legislation, we see that that will stay in the same way that we have no matter how the election turns out. That's my personal, and also the analyst views that we have here in Brazil.

Paul Sullivan:

Yeah. I was going to come onto that. I mean, we've had some questions about regulation or all the potential political risk if Lula wins as the poll suggests. Is there a risk that some of the Bolsanaro reforms are reversed? Could there be barriers put up in terms of the access to data? Could data privacy become more challenging from a regulatory perspective? How should we look at that and what does the Lula camp said, if anything at all, about the part of the market that would affect you?

Valdemir Bertolo:

Well, the politicians, they always say things that eventually they will have to go to the Congress to approve and to the Senate to approve. And some of the change that we have requires changing the constitution, which requires a qualified quorum for that change. So it's a very substantial quorum and very difficult to approve. So we don't know how the Congress will be formed in this election, but the surveys say that even if Lula is elected, the Congress will continue more or less with the representation that we have today. So I don't see much space for a substantial transformation in that.

And the second point, and I think it's more important, if you see that everything that was done actually benefits the population. So we don't see any party with the appetite to go, and let's say, in the extreme, change the positive data law, because it's clearly benefiting the society in a way that was never before. And actually, the last survey that the Central Bank conduct and presented to the Congress showed that 75% of the Brazilian population approved the positive data and the rest, they really don't know what positive data is. So if you take the ones that they know, they approved. So I don't see that as a big threat for us in the future, Paul.

Paul Sullivan:

Great. Just following on from that, data security. As the consumer business becomes ever more important, how do you prevent the misuse of data as you look to exploit it more? And we've had a couple of questions coming in asking about data privacy with some of your consumer products, considering that tax ID numbers are everywhere or widely available. And of course, you had the headlines about a data incident last year. How should we be thinking about that?

Valdemir Bertolo:

Well, first of all, we continuously invest behind our capabilities to prevent any data leak or misuse of the data. We actually changed the data protection law in Brazil. We were an actor of that change in the legislation, so we see the importance of that. And not only in Brazil, but as a group, we are constantly evolving our capability to prevent that. Of course, everybody knows that this is a very busy area because the same capability that we create to prevent, there are others always interested in find some ways to penetrate better, but we never had a real incident here in Brazil. We have our capabilities well positioned.

I'm not saying that is impossible, but we never had. In connecting to the last incident that we were mentioned, we provide all the information to the authorities. Proactively, we presented all the information to the government bodies. We were very open. We also provide all the evidence that we had back then. We never heard back from them. This is public information, although the federal police concluded the investigation, that investigation is under secrecy, but we were never contacted back. And they already arrest the bad actor in that episode, and they never came back to us. So it's a strong indication that they found the problem elsewhere because they never came back to us.

Lloyd Pitchford:

Paul, I think maybe I'll just chip in. Couple of things there. Clearly, it's a constant focus for us, information security. Now there's always going to be noise. If you're a bad actor and you have access to some illegal data, the best way to increase its value is to link it to somebody like

Experian. And we've seen episodes of that and we just have to manage through them and then be clear where we can that it's not data that's come from us. You mentioned privacy. I think privacy is a really interesting piece. In the end, the long-term empowerment of consumers to interact with and control their data, we see as a force for good. And we want to be part of that through the direct-to-consumer business by being able to show people the value that that data can bring to their everyday lives.

You are seeing it by proxy in Brazil, in the reduction in the credit spreads as more data is being used, but equally you're seeing it in the US where we can bring out the data to help people boost their credit score or to get a better offer on their auto insurance in a simple way, or to reduce friction in their life. Data can be used for good. Our direct-to-consumer business is our bridge to show people how. And it's a very important part of our overall strategy.

Paul Sullivan:

Thanks, Lloyd. And then just finally for me on margins, Latin America margins have fallen about 900 bips from their peak 37% in FY14 to 28% in FY22. How should we think about operational gearing from here and the mix between the B2B and the consumer businesses and given call the new product investment that still lies ahead?

Lloyd Pitchford:

So I'll maybe take that and ask Valdemir to follow. We've built a very sizable direct to consumer business that is just moderately profitable but gives us a great roadmap for improved profitability there. And you're seeing today some further examples of the other opportunities we have. That all takes investment, and we're very confident that we can grow the business in Brazil very strongly at very good margins. The exact outcome of the margins ultimately is a mix of that growth, and we have to try a lot of things to get some very good new verticals progressed. The historic margins were really a factor that most of the Brazil business was the core bureau, which is very profitable. Most of our businesses elsewhere are a broader mix of different types of businesses, which is where Brazil will go.

Paul Sullivan:

Clear. Great. Valdemir, Marcelo, Lloyd. Thank you. Thank you very much indeed. Really appreciate that.

Valdemir Bertolo:

Thank you, Paul. Very nice to be here.

Paul Sullivan:

Pleasure. Right. We now have a short, just under 10-minute break, but don't go far because we will kick off on the hour with a deep dive into the North American business. Thank you. See you soon.

5. North America Consumer Information

Paul Sullivan:

Welcome back everybody. We now turn to the North American engine room of Experian. Once again, I'm delighted to welcome Alex Lintner, Group President, Consumer Information Services, and responsible for the successful rollout of Ascend and other big data products and the more recent push into Verification Services. Following Alex, we hear from Jeff Softley, President, Direct-to-Consumer, who's busy redefining the Group's consumer proposition and its rapidly growing marketplace business. Once again, please send any questions either through the platform, by clicking the button on the right-hand side, or direct to me at paul.sullivan@barclays.com. And with that, I'll hand over to you, Alex.

Alex Lintner:

Thank you very much, Paul, and welcome everyone. In the next 20 minutes, we will spend a few minutes each on the following four topics.

5.1 Industry-leading data assets fuel innovation and growth

I'll first provide an overview of how our data assets have evolved. I'll then move on to explain how that evolution benefits our pipeline of innovations and our growth profile. I'll then update you on the progress that we've made in the employer services and verifications sector. And finally, I'll wrap up with a brief summary of what we're hearing from our clients about the current environment and the impact on their business.

5.2 Our industry-leading data assets are expanding at an accelerating rate, opening up new market segments

As you know, our CIS, Consumer Information Services business, all of them around the world, they are rooted in typical credit bureau data. Here in North America, it covers, excuse me, 247 million adult Americans. There's 255 total, so somehow we can't get to the last eight. We have each trade line back to 1982 of each of those 247 million people that makes 3 billion trade lines. And all of that is in a technology stack that aims to provide state-of-the-art security. Until 2010, so within a span of roughly 30 years, we've added some important innovations and new types of data to round out that foundation. Those are trended data and the rental data addition in 2009. Since 2017, the pace of acquiring complimentary and analytically impactful new data assets has accelerated. Some of those are proprietary, if you will. So we own at least some of the data insight or have exclusive contracts with the people who provide us with the data.

And others are partnerships that are not exclusive. The white ones here in the charts are the non-exclusive ones, the pink ones is where we have some proprietaries. In aggregate, we've added close to 2 billion records since 2017 in the last six years. And we do that because our clients have discovered that more data can give them a better understanding of the risk profile of an applicant or an existing customer. It can give them better marketing insights, or it can help them avoid fraud risk. Now of all of these data sources, of course, the best and richest data is consumer permission data. So the partnership between the bureau that I'm representing here and our direct to consumer business that Jeff Softley will be representing in a few minutes is as strong as it's ever been. It's the future of Experian when I think about data, because we are truly getting the consumer's support in providing a lender with the data that the lender needs to understand who is sitting in front of them.

5.3 These new data assets accelerate our innovation far beyond the credit lifecycle

Of course, our clients can only get these benefits that I just outlined if they are able to link these diverse data sets. And we have advanced our capabilities to serve that very ubiquitous need of combining data sources in a big data type environment. That, in turn, is reflected in the composition of the business and conversely, in the growth profile of the business. So whilst we used to have heavy dependency on selling data, if you look at the FY16 column on the left, 88% of our business in fiscal year '16 was data. You go all the way to the right in fiscal year '22, that was last fiscal year. Only, if you will, 74% of the business still depends on selling data. Or in other words, more than a quarter are now value-added services. If you just to look at where the growth came from, whilst we started expanding our data assets in FY '17, it took us a couple of years to build these capabilities.

But if you look back the years between FY16 and FY19, those three years, 31% of our growth, excuse me, came from value added services, and almost 70% still came from growth of the data business. Now, if you look at the last three years from FY19 to FY22, actually more than half, 52%, of total growth came from value added services, enabling that integration of multiple data sources, and 48% still come from growth of our data businesses. In other words, we've added the growth engine to our business and that is all these value-added services, nothing to do with the data foundation. So the mortgage profiles that we sell for the mortgage business, the core profiles which we sell, that's credit cards, personal loans, auto loans, et cetera. And of course, our short-term lending Clarity data. Those are all data assets. Everything that we've built on top of that on capabilities leveraging the data, and it has grown faster than the data business itself.

5.4 Experian Lift: driving growth and financial inclusion through data

Now all of those trends of course support financial performance, but they also fund real improvements to key tenets of our industry. And if you will even, key improvements to the communities that we live in and work in and the society that we're part of, because by adding additional data elements, we had the ability to grow the scoreable population. And I'm aware that all of you know that having a credit score is a fundamental requirement for consumers to gain access from mainstream credit. So for normal interest rates, rather than much higher interest rates that they would have to pay for in alternative finance. So if you look at the data that I have on the slides, a conventional Score 1 is probably somebody you're going to talk to today. The prolific, most common score used by financial institutions here in North America, and they can score 206 million people. We have actually used our additional data elements to create a supplementary score, called Lift Premium. And that supplementary score can score 245 million people. In other words, this supplemental score improves the lives of 39 million people who are previously kept out of the conventional scoring system. And now through the supplemental score, lenders can look at the population and lend to them, knowing the risk that these people represent. That is 93% of the total adult population, that’s 255 million.

And in fact, with clients where we've already implemented Experian Lift, it's 96% of the through-the-door population. That's the industry term for people who applied for credit with them. So customers who are already testing or implementing this score, actually find even better results than the statistically 93%. So we feel like we've done something good there for the business and we've done something good for consumers, all through the partnership with our direct to consumer business that Jeff will talk about in a few minutes and through all the data assets that we have added over time.

5.5 Ascend big data platform: Expanding suite of services

I can, of course, not talk about some of the innovations that we do in our Consumer Information Services business without also providing you with an update on Ascend. I don't want to spend a lot of time here because I am confident that this slide contains the numbers most relevant to you. Accumulative, total contract value today is nine and a half times what it was four years ago, the first full year after our launch, at US$432 million dollars. Our offering portfolio continues to expand, leveraging the big data platform that Ascend itself is and that fuels all of these Ascend products. Personally, I think for Ascend, the best is yet to come. We have recently launched an offering of Ascend Ops, Ascend Operations, and it provides financial institutions with a positive outlook on their own productivity. And therefore, the sales pipeline for it is very healthy.

5.6 Historically, one third of our growth has come from innovations… with ample runway moving forward

Of all the aspects of our CIS business, what excites our employees the most, is the outlook that we have to continue to innovate for the benefit of both our clients and consumers. And there is particularly strong demand for our new data assets and for the value-added services, not only coming from financial institutions, but also coming from the rental industry, where last year our growth was 10%. From the Buy Now Pay Later space, where our growth last year was 55%. From the FinTech space, where we've almost doubled our business, grew at 80%. And, even from Big Tech players, and Big Tech just for definition's sake, that's Amazon, Apple, Google, et cetera. That pedigree player who are entering businesses for which they might want to leverage our type of data. So I think you'll continue to see innovation at our Consumer Information Services businesses, at the same pace as you've seen historically.

5.7 We entered the Employer Services and Verifications space at the request of key market players, to provide a credible alternative to the incumbent

As you know, we have entered the employer services and verification space, and we did so at the request of key players in the market. That market used to be concentrated on mortgage, for which verification of income and employment is a regulatory requirement. But during the pandemic, all of that changed. Uncertainty has increased, and so other lenders that offer other loan types recognised that there is some benefit to also having income and employment data to more accurately assess risk. And that is why those key market players approached us, whilst some of the smaller employer services providers battling with the incumbent in the market, were looking to consolidate or come under our large corporate umbrella such as ourselves. So we did enter the market and we were able to sign several payroll providers in negotiations. We are still being asked for proposals and we are winning even with the highest pedigree clients, against the incumbent.

5.8 We have made significant progress building out our record count

The two most important data elements are, for you, are on this slide and the next slide. This slide shows the increase of records that we have to prove income or employment to one of our clients. As of May of this year, we have 42 million records. Now remember that just 18 months ago, the first time we reported our number, we had 28 million. At the time, we partnered with the largest U.S. payroll provider and acquired their data. That's not proprietary to us, others have that too. And we acquired Corporate Cost Control in our first parade into the employer services space, which gave us additional proprietary records. Then we acquired Emtech and Tax Credit Company. That grew our record account by some five and a half million records. We added more payroll providers exclusive to us. We have grown our employer services business and launched, if you will, stage one of our Verify product in operation.

Since then, since November, we have received day one certainty from Fannie Mae, one of the government sponsored entities here in north America, saying that our verifications product is eligible to be used by loans that are purchased back by Fannie Mae instead of the entrenched incumbent. We continue to invest in the business, are aggressively expanding our client base. You see some of the numbers up on top of how many contracts we have signed and who they're with. And we're in negotiations to add additional payroll providers on an exclusive basis and sometimes a non-exclusive basis. Altogether, I am confident that the 42 million record account will grow significantly by the end of the year, and of course we will keep you updated on that.

5.9 Revenue trajectory looks very promising

In terms of our revenue, as you know, we started, as I just said, about two years ago, first full year of operations was our last fiscal year. Our fiscal year '22, we had a hundred million dollars in in-year revenue. And our forecast currently for this year is that we will exceed US$150 million dollars in revenue.

5.10 Lending population demands increasing digitization and efficiencies

Lloyd punted part of the answer to me. When I think about technology transformation, it is a mix of responding to the demands in the market, whether they come from consumers and their expectations being driven by what all of us are so used to. Having a phone in our hand and getting an answer almost instantly, or whether it's driven by our clients who themselves are going through technology transformation and want more secure, faster access to more data. Much of that is driven by Millennials and Gen Z. If you just look at how the credit application, the volume growth with Millennials and Gen Z has increased over the last five years. And the implied fact here is that Millennials and Gen Z, they are very much into digitizing their lives. So they don't bank like I do.

They have everything on their phones and their portables. They are now 40% of total credit calls and customers are looking for us to build technology that allows them to respond to Millennials and Gen Z demands. Hyper-personalisation, artificial intelligence, machine learning, so they don't have to type a whole lot. Freshest client (data), not 30 days old, are some of the trends that they're pushing. And to fulfill those trends, you need to have highly scalable, highly resilient, highly securable platform, probably want to migrate away from the mainframe, got to have talent that can build for the cloud and you got to be super agile. And we believe we are well on that way. Seventy percent of our technology transformation is complete, and not only can we satisfy those sub-second response time demands that our clients and that generation of consumer puts upon us. We are also making our business more productive because of it.

If you look at the number of full-time employees we have here in Consumer Information Services in North America and divide that by the revenue that we have, or the other way around, divide the revenue by number employees, then you can see that our productivity, measured in those terms, has increased by 18%. And that supports not only our daily credit profile volumes, we pull between five and 20 million, depending on the day. That's not only for decisioning, but for what we call consumer view, people just looking at their score. And it fuels the growth of our consumer business that Jeff will represent here in just a few minutes. So very happy with the technology transformation. Well underway. As Lloyd said, funded out of the ongoing business and yielding the results that we were hoping for.

5.11 Clients often mention these leading indicators when thinking of recession risk and understanding their existing portfolio

So last point, let me just update all of you on what we are hearing from clients in this high inflationary environment and the threat or risk of a mild or moderate recession coming our way. Our clients, I would say, are cautiously optimistic. Everybody wants to improve their productivity outlook. So I want to say that upfront and not pretend like that isn't the case. It very much is the case and we have offerings, I talked about Ascend Ops earlier, that are catering exactly to that. But overall people also see some positive signs. The positive signs are home equity is increasing because home prices have increased or are at historic highs. And that offers the opportunity that people create HELOC home equity line of credits products.

If you look at credit card balances and credit card delinquencies, they have gone up somewhat in recent months, but both are still slightly below or at pre-pandemic levels. So there is no sort of warning signs yet in either one of those. And Lloyd already talked plenty about jobs. Unemployment is still low and lots of jobs available out in the market. So people are looking at that and so the concern is, I would say, moderate. Doesn't mean we will not enter a technical recession if you will, maybe Q1 of next year, but in terms of the impact on the lending industry, I think the impact would be moderate based on what we can see.

5.12 Summary: Formula for success is expanding Data Assets, driving innovation

So in summary, I think what I just said is that our data assets are expanding at an accelerating rate. We have 11 new data sets since 2011. Thirty years previously, we only added three. I haven't met a chief risk officer who doesn't say additional data isn't good, if it helps more confidently predict an applicant's or consumer's risk. I also said that these new data assets bring with them a demand for new capabilities. And we have fulfilled those capabilities of merging, linking data assets together, analysing them in split seconds, in a visually high-fidelity way through Ascend. And therefore, the product is approaching half a billion in total contract value, with more than 70 clients. We've made significant progress building out our employer services verifications business, 42 million records, 125 contracts, US$150 million revenue this year. And our technology transition is rolling strong. The best is yet to come. Thank you.

6. Redefining Consumer Services in North America

Jeff Softley:

Hey, thanks Alex. I appreciate it. And I agree with you. The partnership in innovation across the businesses has never been stronger. Let's get into the consumer business and I'll fill you in in some of the details of the transformation that's playing out there.

6.1 We are building a durable growth platform through the consumer business - with the potential to transform Experian

Let's be clear that the consumer business is a company-redefining opportunity for Experian. Our ambition is to use Experian's key point of differentiation, which is the end customer relationship, paired with our mission to create financial power for all consumers, to create the world's most inclusive financial platform. And our strategy is working. Today, I'll talk you through the progress that we're making, which is very material as we advance towards that goal. You've heard others mention we've got direct relationships with over 140 million consumers globally, across our three large regions. Our business is changing. The relationship with the consumer is shifting far beyond credit.

We're also redefining foundational components of our business, shifting our premium subscription business into a much larger market of financial health. We're categorically now one of the largest marketplace businesses in North America. We have an expanding slate of vertical opportunities. I'll showcase one of those today in insurance. We believe nobody's better positioned to help consumers make the right financial decisions than Experian. And we are hard at work, unlocking new opportunities for consumers with massive consumer contributed data products. Think about products like Experian Boost, even on a grander scale. And while our roots are grounded in credit, we have multiple transformational products in development, which can frame out completely new growth horizons for this business.

6.2 We are extending far beyond credit, as we aim to empower 100m+ consumers to attain their financial goals

It's important to pull back and talk about the multi-year journey that we're on. Truthfully, the consumer business today looks nothing like the business of five years ago. And it will look dramatically different five years from today. Our key investments that we made, back before

FY17, are paying off. We made important decisions to prioritise the end-customer relationship in our business. And to do that, we needed to build the capabilities of a consumer business inside Experian. So we established core capabilities like consumer insight, research, marketing, product, and UX. We also established the technical agility or the ability to innovate, which is so critically important to the current and future growth of the business.

We also identified a growth framework with the key drivers of the business, which I'll update you on today, that can advance us into a materially different state. Focusing on the middle part of this chart, the last five years. They've been in a period of rapid expansion of the business. We've created a massive customer base. I think it's one of Experian's most unique assets. We've also accelerated product innovation with products like Experian Boost, Identity Protection, Marketplace, Experian Go, which allows consumers to create a credit profile instantly. And even insurance, which I'll showcase a little bit later this morning.

We moved to a customer relationship model. This was incredibly important because it allows us to acquire a customer once and then create value in new growth areas through that single relationship. And in the next five years, we'll redefine the art of the possible with this business. We intend to build it into something different. We'll use the central role that we have in credit to create direct relationships with more than a hundred million consumers in North America. And then we're going to use those relationships to transform Experian, pushing far beyond credit, helping consumers in their daily financial lives.

6.3 We've built an enviable position in consumers' financial lives – reaching new value pools by addressing a wider range of consumer financial needs

To achieve those goals, we're going to have to systematically access new, larger markets, pushing our market opportunity even further. And the table on the left shows how we've redefined ourselves, expanding from simply helping three million consumers within one vertical of credit management, with a billion-dollar total addressable market. Today we're helping 55 million consumers access the right financial products, improve their financial health and protect themselves. We currently define our total addressable market today as about US$20 billion dollars. And in the near future, we think we can help consumers across more parts of their daily financial lives, pushing that total addressable market to more than double its current position. And that's reflected in some of the components in the wheel, in the center of this slide.

If you think about Experian as one of the world's largest distribution platforms, every day we have millions of consumers who come to us, looking for ways to save time and money. They're looking for ways to achieve their goals, to buy a car, to get out of debt, to get a home, to create a budget. That's a massive opportunity. And the more that we help consumers save time and money, the more growth potential we have. So we feel we're very well positioned. The role we have, our distribution platform, the trust that consumers have in us, and of course the disruptive innovation that we can deliver through our platform of products, really uniquely position us. But we're also open to working in a flexible approach. We may participate as an endorser in some new markets, or we may opt to own specific offerings across key value pools or segments, where we think we need to unify the customer experience to get to the growth or the outcome that we want to achieve.

6.4 We are making significant progress against our key growth drivers

Last year I shared our strategic growth drivers, so I want to give you an update this year on the progress that we've made towards these objectives. Our plan will concurrently push on these four key drivers. And when we do that, we can create a scale of business that's multiple times the size of our current business. Across audience engagement, data monetisation, we've made material progress over the last year. Our plan is to create a base of a hundred million consumers who are interacting with us daily for personalised guidance, across a much broader set of products and verticals. And you've heard this reference today, this will create a completely different business that is a flywheel, where the data generated from the consumer and our consumer business not only opens up doors for our customers, but it also creates differentiation across the B2B business.

6.5 We have achieved material audience scale, creating new growth opportunities and distribution models

Let’s talk about each of the drivers. Audience, our customer base. It's one of our key strategic assets. We have more than 55 million total free customers today in our business. And increasingly, the app, our app is becoming the primary engagement platform. It's the closest you can get to a consumer. It creates the most engaged consumer on our platform. It's become a trusted financial co-pilot for our customers. We consistently rank in the top 20 financial apps. We've got nearly two million five-star reviews and it really allows us to deepen the relationship with the consumer. Second, we also continue to expand where and how consumers interact with us. One of the things I'm really proud of in the past year, we've launched an innovative partnership with North America's largest neobank, Chime. This partnership embeds Boost, which allows consumers to increase their credit score instantly by sharing transactional data. It embeds that product inside Chimes ecosystem, and it's made a massive impact to the customers in that platform.

And it's created millions of new connected customers into our platform and new accounts for Experian, or new direct relationships for the direct-to-consumer business. And lastly, we continue to build value into Experian Boost, to attract even more audience to the platform. Today, we're excited, we officially launched the eligibility of rental payments within the Experian Boost platform. There's more than a hundred million people who are living in rental housing in the U.S., and Experian is the only place that consumers can get instant credit for the payments that they're making through the Experian Boost platform. And I'll showcase how we're bringing some of that innovation to market, in a few minutes.

6.6 We are building a high engagement franchise, creating growth across new and existing member cohorts

Engagement is really the fuel of the business. Our platform has really never been more engaging. We understand our customers very well, their needs, and this is what fuels the products that we build. And then the products that we build create high engagement with customers. So I thought I'd give an example of some of the things that consumers are struggling with today. Nearly half of consumers have no insurance. They're unsure that they have the sufficient coverage. We've built a game changing new way to shop for insurance. I'll show that to you later. A third of consumers are also unable to pay their bills on time, and they feel financially stressed.

With our acquisition of a smaller company called BillFixers, we're going to help millions of consumers save money on their bills. And of course, the more places that we can meet consumers and help them solve their needs, the more engagement we create in the platform. And the data on the right shows, across every consumer cohort in our business, we're seeing improvements in engagement. Consumer cohorts, in early months one through three, have increased 35% over the last several years. And we're also seeing that improvement in longer term tenure customers, at the one year, two year and three year mark. They're all up substantially.

6.7 Our data assets enable us to create 1:1 recommendations for our members

While data is a core competency for Experian, we're just beginning to bring it to scale across the consumer product ecosystem. We're using our data to enable hyper-personalised recommendations for our consumers, and we're going to solve some really complex financial decisions for them. As an example of the progress we're making here, we've got about four times the number of Machine Learning and Artificial Intelligence models in production across our platform today. And we're also set to quadruple that again in the next year. What are those models doing? So they're effectively helping consumers make the right decisions. They're answering questions like, "In what order should you pay off your bills, how can you optimise your debt to lower its total cost?" One of the models that we've launched is called our next best action model. It helps consumers take the right next step in their financial journey, and it's based on their specific financial profile and behaviors.

This model will expand the customer journey into new verticals that a consumer might not have explored, pushing the consumer into new savings across different areas of their financial lives. And of course, as consumers share more data with us, the ways that we can help them expand. As an example of this, consumers who connect their bank or credit card accounts through our financial health platform or Experian Boost, have four times the customer lifetime value of non-connected consumers. Why would that be? Well, because we're able to better help them make smart money decisions. We're able to open doors for them. And as Alex mentioned, they're important doors. They're doors that expand financial inclusion.

6.8 Our business model creates expanding customer lifetime value.

Monetisation. Well, we've talked about the flywheel that we're building in the platform. Put directly, the more value that we provide to consumers, the greater the customer lifetime value increases. And each vertical that fulfills another consumer need, enhances our revenue potential. And it also diversifies the business, which is really important. To give you some context to this, we're adding over a hundred million dollars in revenue each year through the marketplace business. Our personal loans revenue has more than doubled, and we have a long list of new verticals in current development.

And meanwhile, we're scaling some of our pre-existing verticals, like credit card. This has created double-digit gains in lifetime value, increasing 19% year over year in FY22. And that's on top of double-digit growth in FY21. And this flywheel benefits the consumer and it also benefits our partners. The key example of this coming to life is the progression we've made in pre-approved offers against our customer base. More than 80% of our customer base today has pre-approved offers waiting for them on the platform. The consumer wins because they get certainty. The partner wins because they can enact hyper targeting on our platform. And of course it's important for Experian to remove as much friction as possible in the act of securing new credit. One of the products underlying this is a platform called Experian Activate. It's a partnership with Alex's business. It's a product that we launched just three months ago, and it's a key part of our monetisation strategy. It's a platform that our marketplace lending partners can use to profile, segment, target, and analyse the 55 million plus consumers in our platform via one unified ecosystem. The partners have access to things like credit data, behavioral, and performance data. They can even benchmark against core competitor cohorts to inform their future strategies in offers. It's early stages, but we have multiple large top-10 and FinTech clients on the platform. They're getting value out of it today. And we think it's a game changer for our business and partners going forward.

6.9 We are using our unique market position and assets to deliver material growth

When you layer this growth across some of the key drivers I outlined concurrently, and when you have access to an addressable market that's scaled, you can do some amazing things. And our marketplace business showcases the potential of the platform we've built. We took a broad set of capabilities and assets to serve a consumer need in a new way. It opened up a massive new market for us. And it's created one of Experian's fastest growing businesses ever. As Lloyd mentioned, we're on a run rate exceeding US$300 million and we have much more headroom to play for.

6.10 We have built a scaled innovation engine that allows us to access new growth markets

We're also now innovating across multiple new markets at scale concurrently. Our framework works. We leverage Experian’s data assets, or acquisitions paired with our unique data assets to create products which solve consumer needs in completely new ways. I'll show you how we're deploying that strategy today into new verticals like insurance, with our acquisition of our digital agency, Gabi. We're also reinventing our subscription business, so financial health platform with the acquisition of BillFixers. And of course, we're going to continue building on our legacy of consumer permission products with Experian Boost and Experian Go. We have helped millions of consumers not only improve their credit position, but hundreds of thousands of consumers have gotten their first credit score on our platform. And we're really proud of it.

Okay, let's get into a few case studies and we'll talk about how we're bringing this to life on the next slide.

6.11 Case Study: BillFixers advances premium membership into a financial wellness platform

Last year, we discussed some early testing we had done with a bill negotiation feature in our premium product. Since then, we've acquired a small company called BillFixers. They do automated bill negotiation and subscription cancellation on behalf of their customers. By plugging this capability into our platform, exposing it to our large base of members, we can dramatically scale their services and help millions of our consumers save time and money. So how does the product work? Well, consumers share their bills with us and we can save them on average US$264 a year. Now here's where it gets exciting. Because of the millions of consumers who have connected their accounts to Experian boost, we can scan those transactions and identify which customers are overpaying. We've done that. We've seen that there's roughly 4 million eligible bills within the current connected consumers in our platform that can be negotiated to create billions of dollars of savings for our customers. It gives you a sense of where we're headed with the flywheel that we're creating with the business. And it's the first step in shifting the business into a much larger financial health total addressable market.

6.12 US Insurance Market Overview

If you're lucky, your career brings you an opportunity to redefine a market. And that's exactly how we feel about the insurance market in the US. It's in the midst of a major transformation, and I want to talk about the change going on in insurance and what we're doing to capture it. First, the offline experience is shifting online. One in three consumers are shopping for insurance each year and 70% of them are doing the shopping online. What they're not doing is switching their policies online. And that's largely because the customer experience to switch your policy via online in the US is fundamentally challenged. It's a horrible customer experience that exists online today. And really there's only two ways that you can go about it. First, the consumer can work on their own behalf. They can go to multiple websites, fill out multiple forms and then they've got to try to compare rates between coverage carriers on their own behalf. It takes roughly visiting five to seven total sites, filling out more than 130 forms. It's a challenge.

The alternative is the aggregated market where consumers are confronted with rates which aren't really real rates, they're marketing rates. Consumer clicks out on those offers. And then they are sold to multiple carriers and confronted with calls, texts, and spam. It creates low quality, constant switching, and it isn't good for the carrier or the consumer. We have the opportunity to reinvent the insurance shopping experience in the US. And that's why we bought a digital agency last year. And because we bought a digital agency, it allows us to unify the shopping switching process all online. And it also creates a mutually beneficial business model across the carrier and the consumer with recurring multi-year revenue.

6.13 Case Study: We have the potential to reinvent how consumers shop for insurance in NA

I'll talk you through how this works. We have all the key ingredients to unify the customer shopping and switching experience within the business today. We have the audience with our customer base, consumers want to save money around their largest financial asset, which in many instances is a consumer's vehicle. Our Auto business unit has vehicle information. And with our digital agency, we can write policies on behalf of more than 40 national carriers in our platform. And of course we're well on our way, in a short amount of time, post-acquisition, we've had over a million of our customers engage with the insurance platform, close to 700,000 of them have gotten insurance offers through our digital agency.

And our vision is to create a fully integrated dynamic experience that allows a consumer the lowest friction shopping experience in the market with pre-approved rates and even the ability to do automated insurance rate monitoring and re-shopping. This almost guarantees that the consumer will get the lowest rate available to them at all times. We've launched more innovation than ever in the last year, and we have much more disruptive products on the horizon. I think at this point, I'll ask to play the video, which highlights how we're bringing some of these new innovations to market with the help from a few friends. Let's roll the video.

6.14 Car insurance ad - A new, easier way to save money on insurance

- Shopping for car insurance is the worst.
- Not anymore. This quote says 153 a month for the same coverage.
- Here's one for 160. We made sure it's apples to apples. That's the same. Those are top rated. Driver discount is deductible.
- Great work guys. Experian's like having a team comparing your current policy to quotes from top providers.

- It's a new, easier way to shop and save on car insurance.
- I saved over 900 bucks
- Experian helps.
- We compare. You save on car insurance. Go to experian.com/car.

6.15 Experian Boost ad - Now boost your score with rent payments

- Nice place.
- Thanks. Been renting five years.
- Did you know paying rent can raise your credit scores instantly? Free with Experian.
- Wait, rent can help my credit?
- It can now, on Experian Boost.
- It worked.
- About time.
- I'm good.
- Now rent can boost your credit scores instantly free with Experian. Download the Experian app now.

6.16 Summary

Jeff Softley:

I know that was a lot of detail. If you step back and you look at the potential of this business, it is one of Experian's largest opportunities. It's a transformational potential that's opening up really large adjacent markets. And it's also helping us help millions of consumers. I fundamentally believe that the consumer business will create the organisation's most unique data asset. It's an incredible opportunity. We're just scratching the surface. And with that, I think I'll pass it back to you, Paul.

7. North America Q&A

Paul Sullivan:

Great, thank you. Thank you, Jeff. Such a huge amount going on there, which we'll no doubt come back to. But let me first welcome back Lloyd and it also introduce Jennifer Schultz, recently promoted to CEO of North America having previously run the Health, Auto and Targeting verticals. Many congratulations, Jennifer, and what a great time to be taking over. So maybe firstly to you. How do you go about pulling all that together? And can you outline your key priorities and any changes to the organisation that you plan to implement?

Jennifer Schultz:

Yeah, sure. Thanks, Paul. It's great to be back here talking with everyone. I was texting with Lloyd earlier and we both adamantly love this business. Listening to Alex and Jeff and Valdemir, it's an incredible business and I've inherited that for North America. And as I thought about setting out our strategies and our priorities for this transition as I stepped into the role, I really focused on a couple of key things. One, we have a great business and we need to keep that momentum. But we also need to identify opportunities for accelerated growth. And I honed in on three words and I use these words because I think they're easy to remember, but we need to keep our promises. Our promises to consumers, our clients, our investors, and the broader societies and communities we work in.

Alex talked a lot today about acquiring new data. That's core to keeping our promises. Both Alex and Jeff illustrated all of the innovation. Again, very core to keeping our promises. And making sure that we keep our promises and focus in on delivering solid performance for our clients and consumers will then give good returns to all of our investors. The other key promise that I've made is that we will continue to do that with purpose. Our purpose is really clear at Experian. We set it out in our mission statement and it's about creating better tomorrows. I love that opportunity. We create better tomorrows, not only for our clients, but also consumers. We create better tomorrows for our investor base as well as the communities in which we serve. And we do that by creating seamless purchase scenarios like Jeff illustrated with Gabi. We solve big problems for our clients, and we talk daily with consumers to make sure we understand what their needs are going forward.

And then finally, a commitment to our people. Our people are what drives our growth. Our people are what drives our innovation. Their focus on serving our clients, their incredible focus on delivering day in and day out is why we're all here. And so, as I transitioned in, I focus on our promises, the purpose on which they're founded, and of course our people. I've been five months in, Paul, and I've had time to talk to a lot of our employee base. I've talked to a lot of our clients. And I will tell you, I'm going to steal Alex's phrase, the best is yet to come. We have so much opportunity in the markets that we are in today. We have enormous opportunities in new markets. And I'm really, I'm proud and excited to have an inherited such an incredible business.

Paul Sullivan:

It feels like we're at the very early stages in terms of the adoption of consumer permissioned data. And I imagine that's a key differentiator between you and your competitors. So where do you think we are in that sort of interplay between the consumer and B2B businesses? And does that throw up any challenges going forward? And also how are your customers responding to it?

Jennifer Schultz:

Yeah, I think we are in the early stages. You see that coming through a variety of different ways. But I think Jeff illustrated this very well. As we acquire this permissioned consumer data, it allows them to further their goals. It also helps underpin our client businesses and provide our clients with insight into all of these new consumers that previously they didn't have visibility to. Our belief and the foundation, and we're actually working very closely with our regulators on this, our belief is that the data needs to be transparent. It needs to be clearly permissioned. So we need to make sure that we capture those permissions and that data needs to be secure. Our clients are responding well. They recognise the fact that this is opening opportunities for them to serve populations that perhaps they hadn't served previously. Many of our clients are at the forefront of financial inclusion and creating products that allow consumers to step into mainstream financial services. And so early days, but very excited. And as both Alex and Jeff talked about its core to our strategy going forward.

Paul Sullivan:

Alex, we've become accustomed to CIS North America delivering high-single digit or even double-digit organic revenue growth. Is there anything out there that makes you nervous, Alex?

Alex:

If you want to run a business, you need to not get nervous easily. So there's always something in a portfolio of the size that I have the pleasure of being a steward of that's not running as you wish it would. But it is a portfolio within our Consumer Services business that is overall strong. So if I look at the economy as an example, more than half, I'm sure 60% plus of the business, are not affected by a mild or moderate recession because they are unrelated to what happens during mild or moderate recessions. I showed earlier the reduction of the reliance on what we call core profiles. That includes our credit card and auto loan profiles. Those are loan types that would be affected by a mild or moderate recession. America has a plastic friendly, or in love with plastic cards.

I think the average consumer, if you count all 330 million, has like three cards in their wallets. If you actually look at the credit active population, it's four and a half or so. A lot of cards in people's wallets already, but they do churn. And we live off of that. But it's now only 25% of our business and it used to be almost half. So it's a business that's evolved in the right direction. Value added services are the future of this franchise. And the growth potential is unlimited.

Paul Sullivan:

We've had some questions about verification with some surprise that you can hit the US$150 million revenue target given mortgage headwinds, which have increased since you set it. And also how the revenue splits between pure verification and HR services. And also, the record growth outside of ADP?

Alex Lintner:

I don't really know how to respond to that question. As you know, in these type of presentations, we only present what is absolutely certain. And I can maybe just remind people that I said at least 150 million. The record growth is what we've reported in May, so we now said it twice. Given that it's not May anymore, but we are into September, the actual number currently is probably higher than what you've seen on that slide. So it's a business that is on a good trajectory. And it is up to us to now fulfill the client demand and not cause any issues due to what sometimes happens when people enter new industries. And the operational prowess of the team that's in charge of this industry under leadership of a lady named Michele Bodda, I can tell you I have the utmost confidence in. And just stay tuned, I think we at Experian will be very proud of what we're doing there.

Paul Sullivan:

That's great, Alex, thank you. Pivoting to consumer and perhaps also Jennifer too. In terms of regulation, is what you're doing with Lift and Boost and permissioned data, is that resonating with your critics in Washington or still falling on deaf ears?

Jennifer Schultz:

I like to step back when I think about our regulators and the folks that we work with day in and day out with in Washington and then in the state governments. Our policy goals are aligned with our regulators. We both want to expand access to fair and affordable credit. And so at the end of the day, if we focus on that, we then engage in dialogue and education about the actions we're taking, whether it be Boost, Boost with rent, Lift, to bring more individuals into the financial services industry, bring more individuals into access to credit. And so we're seeing good progress there. The reality is my teams across all of North America are actively engaged with the regulators, actively commenting on potential rules, and we have a good working relationship there. And we will continue to focus on that working relationship because I think if we can focus on where we have alignment, that access to fair and affordable credit, we are going to make good progress there.

Paul Sullivan:

And do you feel that regulation around the right to access financial records is potentially coming down the road? And does that worry you in any way?

Jennifer Schultz:

I think the rule making right now is focused on alternative data and consumer permission data right now. There is a lot of rules already in existence associated with credit and how we manage credit, FCRA et cetera. So I think on the horizon for us, what we're watching is the conversations around consumer permission data. And Paul, it's really where we focus three principles, transparency, making sure that the consumer is clear and understands what data is being collected, making sure that the appropriate permissions are given by that consumer. And then that data is stored and protected securely. And so those three principles are where I believe a lot of the conversations are going to come in the coming weeks.

Paul Sullivan:

Great. Thanks Jennifer. Jeff, maybe I could just bring you in. The lead gen opportunity, clearly huge, but it's also cyclical. How should we think about that? And I'm particularly referring to Credit Karma's recent guide down, talking about volatility in personal loans and Intuit's admission that Karma could be "most impacted by a weakening economic environment." How should we think about that?

Jeff Softley:

Well yeah, thanks Paul. We think about it client to client. I think each of the clients that we interact with holds different positions around their position in acquiring customers and their activity in the market. I think the thing I would highlight is that we still have so much potential market share to play for within the lead generation space. And that really affirms to us that we've got a strong runway to grow. And then certainly we're doing everything possible to make sure that we best serve our clients' needs. And you heard me reference that with the Experian Activate platform that allows our partners to really target exactly the type of consumer that they would like to activate in our platform. And we think that that's a really important vehicle for us to keep growing in any kind of market condition.

Paul Sullivan:

And how should investors view your proposition versus Karma, given they're throwing more into it with Mint and they're talking up Lightbox quite a lot and other things?

Jeff Softley:

Well, I think it's a few points there. First off, slightly different business model. So we've got a subscriber component of our business and then marketplace, of course. There's different data assets and we've got a fundamentally different role than Intuit. So I think there's a fair amount of differentiation there. And maybe the last point, our partners don't want there to be a one platform market. They like the optionality of multiple platforms to participate within. And so I think that all of those things put us in a slightly different position and we feel good about that.

Paul Sullivan:

And when we think about the longer-term potential, you're talking about a hundred million potentially in the US. The B2B platform globally touches 1 billion people. You had across the global platform, just under 140 million, I think at the end of June. How far can you push this? And how are you involved in leveraging what you are doing in the US into the other countries where Experian has a big consumer presence?

Jeff Softley:

Well, I think first and foremost, we think we can push it pretty far. It does require that we think about our business very broadly. And I think at the highest level, it's about connecting demand with supply. And that may mean that there's different routes to develop direct relationships with customers based on different market conditions. Within the big three regions, UK, Brazil, US, we're very connected. You could see that our string of strategy across what Valdemir walked through. And certainly there's that same connection in the UK. I think we're both very focused on getting really close to the consumer, building depth while we're also scaling across a broader set of relationships. And I think that strategy's been working pretty well for us and feel confident in that going forward.

Paul Sullivan:

I think this time last year you talked about a 500 million card opportunity and then several US$200 to US$250 million revenue opportunities across those other verticals. Is that still a valid way to think about the potential revenue opportunity for your marketplace business?

Jeff Softley:

Yeah, I think our view on marketplace hasn't diminished. So yeah, I think if anything, we've seen good progression towards those ambitions. Hopefully you saw some of that in the material today. And then I think there's new verticals that we think are near, adjacent, addressable that provide even more potential for us. And we'll be dynamic in exploring those opportunities based on what's happening from a macro perspective.

Paul Sullivan:

Great. We've run over a little bit, but I think it's justified. Lloyd, is there anything that we've missed from your perspective that you'd like to throw in at the end?

Lloyd Pitchford:

No, I think, Paul, it's been a great session. Thanks to the Experian team for the insights. Look, as I look back on these events over the years, I think it was three years ago I said that the Brazil consumer opportunity could be hundreds of millions of dollars. And we're zooming in faster at US$200 million annualised revenue number. On the marketplace in North America, we outlined the opportunity and we're above US$300 million run rate on a steep trajectory. We talked about our potential and verifications and we've gone from zero to a reminder, what Alex said, over US$150 million revenue this year. And you can see some of the newer verticals in the newer opportunities that then are emerging around us and a little bit of a flavour for that in the agri presentation.

This all comes back to our core proposition, which is data has just an enormous amount of option value. And if we have the right people, acquire the right data, establish the right relationships with consumers, feed it with talent and technology, we can create value. And you can see hopefully in some of the presentations today how we're tying that together.

Paul Sullivan:

Brilliant. Lloyd, the Experian team, thank you very much for another very insightful session. Thank you so much indeed. Cheers.

Jennifer Schultz:

Thank you, Paul.

~ Session ends ~