



CEO Breakfast: How Artificial Intelligence is Transforming Your Alternative Lending Business

SPEAKERS

David Johnson, First Associates

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LEND360 Networking Breakfast



Larry Chiavaro, EVP



- 8 years as First Associates' Executive Vice President
- Dynamic sales and business development executive with an outstanding 25-year track record of identifying and developing growth
- Vast expertise and deep industry relationships within the Consumer Finance industry
- Previously with CSC Financial Services, HSBC/Household Auto & GE Capital
- GE Management Institute
- GE Six Sigma

Our Solutions



Primary Loan Servicing

- Low-risk, cost-effective loan servicing strategies
- One-call resolution & proactive dialogue
- Reduced delinquencies & defaults
- 'Private labeling' to make our team a seamless extension of your brand
- Rapid results & scalability from a Morningstar ranked partner



Capital Markets Support

- 30+ years of experience & establishing relationships
- Backup Servicing
- Contract Verification
- Borrowing Base Calculation & Verification
- Custodial Services
- Treasury Services



Call Center Support

- Live agent call centers - inbound, outbound, voice, text, social & chat
- Lead generation & key business insights
- Nearshore & Onshore call centers to fit your business model & budget
- Customer service support across any asset class

Clients



The First Associates Advantage

In an industry full of legacy players and outdated process, we offer innovation, modernization and credibility.

Experience

World-class management team offers over 100 years of collective expertise. Morningstar ranked. Ready for whatever comes our way.

Compliance

Strive to mitigate company and client risk. Meet all CFPB, TCPA and FDCPA regulations. Merited a zero-discrepancy SSAE-18 audit.

Scalability

Employ a large staff of highly-trained professionals. Global, cutting-edge service and data centers ready to support your growing needs.

Technology

Best-in-class infrastructure. Fanatical security protocols. Cloud-based everything. Artificial intelligence. Peerless technology team.

Solutions

Clever, bespoke, secure and expedited solutions from a Morningstar ranked partner – that's what we deliver.

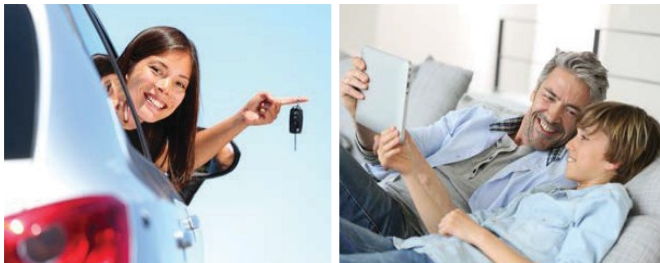


First Associates offers proven lending support solutions that deliver:

- Accelerated Performance
- Enhanced Capabilities
- Economic Advantage



Asset Classes We Serve



- 1 Marketplace Lending/Unsecured
- 2 Purchase Finance
- 3 Automotive
- 4 Powersports
- 5 Private Student Loans
- 6 Small Business Loans
- 7 Home Improvement
- 8 FinTech/Personal Loans
- 9 **Credit Cards**

First Associates Baja

Opened in July 2017, this 70,000 square foot facility, holds up to 1000 agents and is custom built for optimized operations. A unique nearshore model that offers PCI-compliance, cutting-edge technology, advantageous communication platforms and 24/7 physical, biometric and digital security.

[First Associates Baja](#)



Artificial Intelligence

Never send a human to do a machine's job.

- Agent Smith, The Matrix



David Johnson, CEO



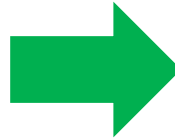
- 10 years as First Associates' CEO
- Specializes in creating leading-edge approaches to technology & process
- Offers unique insight into today's financial landscape with a keen eye to future trends and opportunities
- Previously with McKinsey & Company and Bain & Company
- MBA - Stanford University
- BS - UC Berkeley

Artificial Intelligence

What Is AI?

Technology and algorithms that automatically:

- Recognize and Understand
- Identify Semantics
- Apply Context and Interact
- Reason and Make Decisions
- Learn and Improve



What Does it Do?

Typical projects include:

- Robotic Process Automation
-
- Cognitive Insight
- Cognitive Engagement

81% of CEOs are concerned about the rate of technological evolution in the finance industry

- pwc

AI Business Benefits

Deloitte surveyed 250 executives to better understand their goals for implementing AI initiatives. Expanding capabilities and enhancing services are top priorities.



In a 2017 study only **22%** of executives mentioned reducing headcount as part of their AI initiatives.

- Deloitte

AI in Consumer Finance

84% of enterprises believe investing in AI will lead to greater competitive advantages.

- Statista

The financial services industry is starting to use AI as a service to:

- Improve customer experience
- Guide users through processes and make preliminary decisions
- Dramatically reduce time spent on back-end processes
- Concurrently process thousands of pieces of data and provide better recommendations/indicators
- Identify and prevent fraud and security hacks in real-time

AI Advantage: First Associates

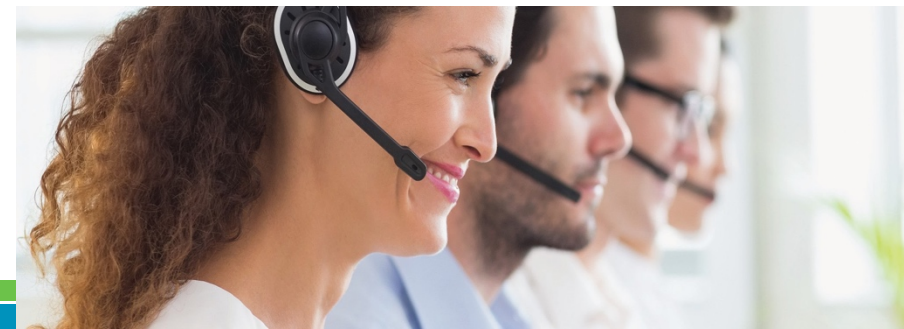
- Non-digital documents auto-scanned & converted to text
- Enables processing of 20K documents per day – a **1011% increase**
- Contract verification sampling capacity has **increased by 10x**
- Failure/error rates are **less than 2%**

AI at First Associates

We use platform-wide, state-of-the-art artificial intelligence to analyze every single interaction and deliver:

- Optimal customer service enhanced by big data technology
- Superior regulatory and compliance controls
- Improved delinquency management
- Expedited document processing with reduced errors
- Key customer insights to promote business growth

100%
OF CALLS
MONITORED | ANALYZED | RECORDED



AI Success Stories

- Reduced inbound abandon rate to < 1%
- 83% increase in dollars lent per day
- 80+% growth in loan origination through optimized agent communication
- Immediate 23% improvement in call quality
- 34% increase in service level rating since launch
- 50% increase in active accounts
- 1 second average speed of answer



Accelerated Growth Case Study

GOAL:

Use AI and Machine Learning to create consumable products, find new ways to scale and offer access to finance technology to everyone in America.

METHOD:

Leverage mass amounts of transaction data and interactions to create personalized recommendations based on your data for:

- Personal Loans
- Ways to Save
- Monitoring Credit

Make technology accessible by improving UX and making it widely available to a segment of the population that didn't traditionally have financial access.



RESULTS:

- **350,000** consumers using credit monitoring tools
- **100s of thousands** of people taking loans
- **More competitive**
- Dramatically grow app use and transactions while **controlling headcount growth**

Delinquency Growth Case Study

GOAL:

Use Artificial Intelligence to analyze patterns in consumer interaction data that will help:

- Increase payments received
- Increase customer satisfaction
- Optimize collections campaigns for maximum efficiency

METHOD:

- Identify reason for delinquency
- Overlay reason with likelihood to pay based on past behaviors
- Identify if/where payments were made within delinquent data set
- Replicate, target and automate collections communication that led to payments

RESULTS:

One month post—implementation:

- **3% increase in payments received**
- Total number of **OB delinquent calls reduced by 11.5%**





Questions?

