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The Asian Banker Financial Technology Innovation Awards 2019

Yoma Bank Transforms Banking in Myanmar with Smart Credit

Yoma Bank, one of the largest private banks in Myanmar, has partnered with Experian to revolutionise mass market access to unsecured loans with the launch of its Smart Credit solution.

Established in 1993, Yoma Bank was one of the first private banks in Myanmar. Today, it is one of the largest, with over 3,000 employees and 80 branches in 42 cities across the country. The first bank in Myanmar to implement a software-based accounting system, Yoma Bank is a leader in investment in banking technology and also a pioneer in mobile banking.

Yoma Bank has risen to the challenge of facilitating greater financial access to the country's unbanked population, with the launch of a first-of-its-kind product to offer unsecured loans to mass market customers whilst also promoting responsible lending: Smart Credit.

The challenge

Mass market consumers in Myanmar, particularly in rural areas, face obstacles in applying for and being granted bank loans as they often lack formal financial access such as a bank account. The traditional application process usually requires customers to visit a bank branch in person, which often includes long travel times from rural areas. Applications can take days or weeks to be processed resulting in a longer wait for credit to be extended.

"We wanted to make it easy for customers to apply for a credit facility with their mobile phones, especially for those in rural areas, who could not get loans because they were out of the financial system," explained Steven Aung Soe Min, Digital Credit Manager, Yoma Bank. "But we also needed a robust way to assess customer applications and grant the correct loan amount in each case."

To meet their needs in bringing Smart Credit to market, Yoma Bank turned to Experian as their data and analytics partner to transform the bank's digital onboarding journey for seamless customer experiences.

"We needed a partner that could help us with data management, data science, and software production," said Mark Flaming, Chief Digital Officer at Yoma Bank. "We needed a world-class reliable partner. Experian clearly filled that role."

Experian's outstanding track record with creating digital onboarding platforms with integrated decision engine for faster and real time application processing with financial institutions globally made it the right partner for Yoma Bank, and the right fit for the organisation's goal in enhancing the lives of consumers across the country.

> " We are proud to be partnering with Experian on this, and we are proud to be serving Myanmar."
>
> **— Mark Flaming,** *Chief Digital Officer, Yoma Bank*

The Smart Credit solution

Yoma Bank's Smart Credit loan application platform is designed to put the customer in control of their own credit decision-making, with each approval based on the customer's individual banking, savings and transaction behaviour. "Smart Credit is our account for everyone in Myanmar," says Flaming. "It enables everyone in Myanmar to be able to save with us, giving our customers a line of credit that is linked to their savings account."

With the Smart Credit app, customers can easily apply for unsecured personal loans using their mobile phone. The application is processed by Experian's Digital Onboarding solution with its integrated Decisioning engine, parses real-time requests for credit scores and provides credit decisions for micro-lending requests. The engine has the capability to leverage a range of sources, combining data from the customer's mobile operator, historical banking data, demographics and self-reported data.

In a market where formal credit data is lacking, alternative data plays a key role in making good digital lending decisions in Myanmar. Data points such as telco scores, device scores and more can be leveraged to help Yoma Bank make better lending decisions.

The Smart Credit app partnership provides Yoma Bank with the ability to leverage alternative data to make better lending decisions, based on Experian's best practice Digital Onboarding solution.

Dev Dhiman, Managing Director, Southeast Asia & Emerging Markets, Experian, shares that "The Smart Credit solution represents an innovation in a thin-file market like Myanmar with no public data on clients or businesses available, and is the first product of its kind to pioneer access to unsecured loans for consumers in a convenient and automated manner at scale."

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Results

• Smart Credit enabled Yoma Bank to acquire 1,100 new retail banking customers a day — up from 500 a day six months ago. Within three months, customers are averaging 15 transactions a month across Yoma Bank's products.

• The Smart Credit mobile app provides convenience and value to consumers in Myanmar as the country rides the wave of smartphone adoption and Internet penetration. The platform eliminates tedious paperwork, enabling loan applications to be completed in just minutes.

• Loan applications are processed through Experian's Digital Onboarding platform, with approval decisions made through the Experian Decisioning engine. With the ability to leverage alternative data, Yoma Bank has a more comprehensive consumer credit view of thin-file customers with increased potential for credit inclusiveness through types of alternative data for risk evaluation and digital lending.

" The great benefit of Experian was that their solution was fast, agile and scalable."

— **Steven Aung Soe Min,** Digital Credit Manager, Yoma Bank

Business benefits

• Enabled convenient and intuitive digital lending based on the customer's individual banking, savings and transaction behaviour

• Mobile-first platform removing dependence on physical branch network

• Powered new customer acquisition growth of 120% within the first six months

Operational benefits

• Ability to integrate alternative data such as telco scores, device scores and other data points for improved digital lending decisions

• Automation of loan decisioning reducing manual processes, cutting application processing time from days to minutes

• Provision of comprehensive consumer credit view with increased potential for credit inclusiveness