



## **SAIA Cocktail Function 2009: TransUnion speaker notes (Ian Logan)**

Good evening ladies and gentlemen. It is again a great pleasure for TransUnion to be part of this annual event.

The hot topic of the moment is the world-wide credit crunch and the effect this is having on the South African economy and consumer. Business focus has had to be adapted almost overnight to deal with the impact of this on businesses.

TransUnion's role and experience as a facilitator of business across many industries is invaluable within our economy. We are a company that manages more than 33 million lines of credit payment information every month from all the major retail chains, banks, telecommunications companies and insurers. This data helps us manage, read and interpret trends when it comes to consumer credit performance and behavior:

There is a marked increase in the number of accounts that are 3 months and more in arrears. Two out of every five people in South Africa are falling behind in their payments or have defaults or judgments against their name. This means that only 10m of the 17m credit active consumers are managing their debt well – an increase of nearly 1m from 12 months ago.

Following on from this deteriorating level of debt and an area of concern for insurers and banks alike is the cancellation of insurance policies after financing the vehicle. The banks are carrying a R400 million annual provision for uninsured losses. To assist the insurers and banks with this loss, we have developed our Asset Monitoring Solution where we compare insurance and banking information to alert the banks when insurance cover is cancelled on their financed vehicles. Hopefully this will reduce the number of

uninsured vehicles on the roads – resulting in retained income for brokers and insurers, as well as saving the banks hundreds of millions of rands per annum.

The demand for traditional consumer credit has decreased by 8% over the last year, but more alarming is the increased demand for micro loans over the same period. This clearly indicates the effect of the credit crunch and that cash strapped consumers are seeking easier sources of credit, although far more expensive – which has catastrophic results later on.

Closely linked to these financially difficult times, is the increase in crime and fraud. TransUnion is extremely proud of our contribution to address this. Not only are we working closely with the South African Insurance Crime Bureau, but we have also recently entered into a partnership with the South African Chapter of the Association of Certified Fraud Examiners to develop and launch the Forensic Enquiry to assist with the investigation of fraud.

Closer to home, we have been focused on getting more data onto the Insurance Data System and are expecting huge increases in policy data over the next few months. This will have a roll-on effect on the value of the data to the participating insurers. Currently we have 5,8 million claims and 1,1 million active policies on the system. This is planned to be increased to over 2 million active policies by the end of 2009.

Although the value of this data in assessing risk and preventing fraud is difficult to quantify, we are confident that access to this data will not only reduce your risk exposure but will also improve business efficiencies.

In addition to this, we have also initiated discussions in both Namibia and Botswana to add their insurance data to the Insurance Data System and these discussions are all but finalized. This will go a long way in the identification of cross-border fraud.

TransUnion is proud of the value we provide and the marked increase in the past year in insurers using, not only credit scoring, but a variety of analytical solutions to assist them in all areas of their business.

We are very proud to be associated with the many players in this room with whom we have worked closely for many years. It is our pleasure to be sponsoring this event as it is an opportunity to continue building on a relationship we value.

Enjoy the rest of your evening. Thank you.

**ABOUT THE SPEAKER:**

*Ian Logan, TransUnion Credit Bureau: Executive, Marketing*

Ian Logan joined TransUnion in 2007 having spent 15 years with Glenrand MIB. Ian has a close relationship with the insurance industry, not only from his time at Glenrand MIB, but in his role at TransUnion where he is responsible for industry relationships, in particular with SAIA, the Insurance Data System Steering Committee and the Association of Certified Fraud Examiners. In addition to these industry relationships, Ian is responsible for commercial and consumer credit risk solutions used by South African credit providers.