



A MESSAGE FROM THE PRESIDENT

The first quarter of 2013 began on a positive note with an expansion of our international reach through a partnership with Athena Credit Counseling Pvt Ltd based in Mubai, India (see this month's Partner Spotlight).

Asian markets, which include India, have seen rapid growth in the demand for credit over the past few years as a growing middle class seeks to increase it purchasing power.

GDS continues to expand its base in the Alternative Loan Market, recently securing a new client and taking another one into production. Both using the solution for the extension of short term loans via the Internet.

Business development activities in the first quarter at GDS, both in the U.S. and internationally, have been picking up speed, hopefully an indication that businesses' confidence in the economy is improving.

The risk management solutions and services offered by GDS brings significant benefits to our client's regardless of the current economic conditions. The combination of our services gives clients the ability to easily implement, benchmark and change new credit policies across the credit lifecycle of a lending institution's customer base. Accordingly, GDS remains optimistic for 2013 and expects to see positive growth on a year-over-year basis.

-Paul Greenwood, GDS Link President & Co-founder

CASECenter NEWS

Version 1.2.0 has been released!
Enhancements include:

- Slight re-design of the administrator user interface to improve usability and maximize screen real-estate
- Support for internationalization both for the client and administrator
- Support for saving and e-mailing real-time reports
- Added support for audit trail in

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For questions, suggestions, or any

embedded queues

FIRST QUARTER HIGHLIGHTS

News From GDS Direct

The first version of the Consumer Credit Bureau system for ALJISR, part of the ALJ Group in Saudi Arabia, was delivered in March with final delivery planned for Q3 2013. The first version includes the Consumer Direct Access and Alert System.

The Consumer Direct Access allows consumers to fill in registration forms with all the necessary information for the Credit Bureau to confirm their identity and validate the registration + sms/e-mail. This allows the consumer to receive a notification from the Credit Bureau if changes to their credit profile are detected, allowing the consumer to react quickly to potential identity fraud. Possible notifications include:

- the posting of new credit inquiry
- the posting of new trade record

The Alert System allows Credit Bureau subscribers to monitor credit bureau events on a daily basis against a list of IDs the subscriber uploads allowing them to react more quickly to items that could impact their customer's risk position. Events that could generate an Alert include items such as:

- a new trade credit inquiry posted by another subscriber
- a trade is getting worse with another subscriber
- a trade is improving with another subscriber
- a trade has closed "bad" with another subscriber
- a new trade has opened with another subscriber

In January 2013 the State Bank of Pakistan asked local commercial banks to develop application and behavioral scorecards in order to improve their credit risk management measures. Thanks to the established relationship between Credit Chex Credit Bureau and GDS, GDS has been able to activate numerous business contacts in this market for provision of Credit Scoring and Credit Decision Solutions.

additional information, contact us via: info@gdslink.com.



TECHNOLOGY SPOTLIGHT

MongoDB

What is MongoDB?

MongoDB is an open-source document database, and the leading NoSQL database. It is used in a variety of domains, and by numerous well known companies (MTV, Craigslist, SAP). It is a storage engine, written in C++, created by 10gen, who now offers an Enterprise version, 24/7 support and professional services. GDS Link uses MongoDB at the heart of its CASECenter case management application.

<http://www.mongodb.org/>



What is a NoSQL Database?

NoSQL databases provide a flexible and highly scalable mechanism to store and retrieve data that uses a "looser consistency model than traditional relational databases"[Wikipedia] (such as Oracle, MSSQL, DB2, ...). It is a term frequently associated with Big Data management, because of the scalability of the model, but it also has the advantage of providing a lot of flexibility around the data model, allowing applications to evolve in a dynamic fashion. Document Stores, such as MongoDB, are a sub category of the NoSQL universe. They are designed for storing, retrieving and managing document oriented information. Document is an abstract notion in this case. Documents inside a document-oriented database are similar, in some ways, to records or rows in relational databases, but they are less rigid. They are not required to adhere to a

UPCOMING EVENTS

May 19th-22nd

GDS will be attending the *Credit Congress and Exposition* hosted by the *National Association of Credit Management* in Las Vegas, NV

June 25th

Gustavo Vercinsky, Managing Director of GDS Latin America will be a featured speaker and sponsor of the *National Credit and Collection Conference Peru & Microfinance*

EVENT HIGHLIGHTS

April

GDS attended the Online Lenders Alliance (OLA) Spring Conference held in Washington, DC

Gursel Kubilay, Managin Director of GDS Eurasia, presented at the *Internatinal Finance Corporation Steering Committee on Credit Bureau Establishment* in Azerbaijan, in Baku. His session was entitled "Introducing credit bureau scoring tool in a new market"

March

GDS attended the spring conference of the *Community Financial Services Association* which was held in Dana Point, CA at the St. Regis Monarch Beach Hotel

GDS exhibited at the Credit Summit held in London, UK at the QEII Conference Center

February

GDS-Modellica exhibited at the *6th Annual Credit Risk Banking Summit* which was held in Barcelona, Spain

standard schema, nor will they have all the same sections, slots, parts, or keys.

Why Does GDS Use MongoDB?

CASECenter is a case management system, allowing users to rapidly build and deploy business workflow systems. As with most business applications, the data universe is at the center of the design, driving everything from what fields can be displayed on a screen to what an application record looks like. The type of business processes exposed by CASECenter lends itself to frequent changes, based on user feedback and changing needs. Using MongoDB as the application store allows GDS and its customers to quickly alter the data structure, and therefore the business process, without having to go through resource intensive data migrations. The popularity of MongoDB means that most BI and Reporting vendors are now supporting, or planning to support it as a data source, allowing the application data to be used and integrated traditionally in the Enterprise BI data flow.

PARTNER SPOTLIGHT



Credexpert
your personal credit counsellor

In January this year, GDS announced its expansion into the Indian market through an alliance with Athena Credit Counseling Pvt Ltd (ACCPL) based in Mumbai, India

Athena is uniquely positioned to provide an **entire range of business development, management, organizational, regulatory, operations and marketing consultancy** to lenders and credit bureaus across the globe. ACCPL was co - founded by Satish Mehta and Jaina Shah. Satish Mehta, the company's Director, has 32 years of experience in the retail credit and credit bureau industry with domestic and international experience and leads the consultancy team in this domain.

Banks and other lenders, insurance and cell phone companies are **key stakeholders in the retail industry**. Athena consults with these entities on how to **maximize** the use of credit information reports and related bureau products, interpret credit scores, and integrate reports and scores into their credit decisions.

Banks, Non-Banking Financial Companies, Housing Finance Companies and other lenders are **taking credit decisions on a continuous basis**. In recent years, these lenders / credit grantors have been equipped with business and technical tools to **enhance** their decision making abilities and bring more facts and objectivity to the final credit decision.

Credit bureaus are increasingly playing a larger role in this process. From the basic credit information report to the credit score, these and other value added products are tools which can enhance decision making for the credit grantor.

Typically, credit bureau reports and scores are used for basic "yes - no" decisions. These reports are seen to be tools to screen out those applications which are rejected because of bad credit history. It is important for lenders to use credit bureau services for much more than that. **A credit bureau is not just about "catching the defaulter"** (although that does happen!) - its about identifying the good borrower, rewarding them, using bureau value add products for increasing business and profitability and laying the path to moving towards **risk based differential pricing**.

The **Athena** team has the experience to counsel lenders on multiple area of risk management. Led by a person who established the credit bureau industry in India and has been responsible for establishing credit bureaus in **5 other countries**, the team has experienced professionals in the retail finance space - individuals who have **been there, done that!**

This consultancy enables lenders to:

- Develop risk based pricing strategies
- Evaluate the quality of their portfolio
- Develop policies that are linked to credit quality of individuals
- Develop scoring models to facilitate and support business

Athena is uniquely positioned to provide the entire range of business development, management, organizational, regulatory, operations and marketing consultancy to any country / credit bureau that has needs in these areas. This could be for new bureaus or existing bureaus.

The credit bureau consultancy team at Athena will **consult on the following:**

Regulatory

- * Draft the law and other regulations that govern credit bureaus and lenders
- * Review existing laws and regulations and recommend changes required to enhance the efficiency of the credit bureau industry
- * Identify other sectors that require and can use credit bureaus and examine the laws that govern these sectors for changes required, if any

Business development

- * Prepare a feasibility study / business plan to establish a credit bureau
- * Identify the stakeholders and users of the proposed credit bureau

Product development and value-adds

- * Identify the business opportunities for value-added products
- * Examine and recommend changes in the regulatory framework as a driver to the development of value added product and solutions
- * Recommend a launch strategy and support creation of the marketing material
- * Recommend commercial structures for value added products and services

Scoring

- * Consult on the development of a scoring model
- * Consult on developing a risk based pricing model
- * Recommend areas of use

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INDUSTRY & ECONOMIC TRENDS: PEER-TO-PEER LENDING (P2P)

The name "peer to peer" doesn't exactly sound like a high-profit or high-powered investment option, but with risk management tools and online resources, this platform has become a major investment tool for some. The two most prominent peer-to-peer (P2P) lending platforms in the US, Prosper.com and The Lending Club, were created in the wake of the financial crisis to help provide funds to those who couldn't qualify for the then-rigid standards of the bank. Instead of applying through a traditional lender, individuals or small businesses can borrow from other individuals (member lenders) through the peer to peer website managed by a company such as The Lending Club who determines if an applicant is accepted into the network and assigns them into a risk class based on their credit profile which determines the interest the consumer will be charged for the loan. Since then, this type of lending has grown not just for consumers who need to borrow and wish to lend, but also for bankers and businessmen who now see this platform as a profitable investment.

Through P2P lending, investors can divide up the loans they are willing to invest in based on Risk Class and other key filters. The lender also designates the total amount they are willing to lend and the amount they will fund in a single loan, such as \$100 or \$50, as an example.

What makes P2P lending a good investment?

Management at The Lending Club have said it turns down 90 percent of applicants, and both major P2P companies have kept their default rate in the single digits. Even more so, The Lending Club has said that every single investor with 800 or more notes has had positive returns. Prosper's average return is nearly 10 percent, while its highest almost 15 percent.

Potential challenges for the P2P industry include the easing lending standards of banks. One of the biggest reasons behind the growth in P2P lending after the crisis was the lack of options for consumers and businesses in great need of funding. Now that banks are more lenient and willing to lend, some individuals or small businesses may go back to the traditional lenders.

So far, however, this hasn't seemed to hurt P2P lenders. Even with this change in the banking industry, these online lenders don't have to worry about the infrastructure costs that banks have. As of this past January, the Lending Club has been at least doubling its originations each year since the crisis, and from the success it has had in the past, it's very possible that this will only grow larger.

Around the world, P2P lending isn't new. China's P2P industry includes more than 2,000 Lending Club and Prosper-like websites, mostly because the number of small businesses that are able to qualify for loans from banks has been recorded as less than 5 percent.

Hedge funds invest in peer-to-peer loans.

As it becomes common for individuals to lend and borrow without going through a bank, larger investors, including hedge funds, have begun looking into peer-to-peer lending.

P2P lending's high returns have attracted international investors, the Lending Club has found, in which hedge funds and other major investors will back millions of dollars' worth of loans, and securitize and sell P2P loans as well.

Both The Lending Club and Prosper have accounts specifically for more wealthy investors that help them manage their risk based on credit rating, income and other information.

Some companies, like Asset Match, act as a peer-to-peer lender on a larger scale. Asset Match connects private company investors from other smaller companies looking for funds. Like the Lending Club and Prosper, the investments are done online, and the service avoids the traditional bank.

Even with many investors turning to P2P lending because of the potentially high rates of returns that exist, the returns are still high because of the risk. Since loans are not backed by the services, or securitized with any collateral, lenders are wise to spread out their funds over many loans and risk grades creating a pool of mutual fund of loans.

Sources

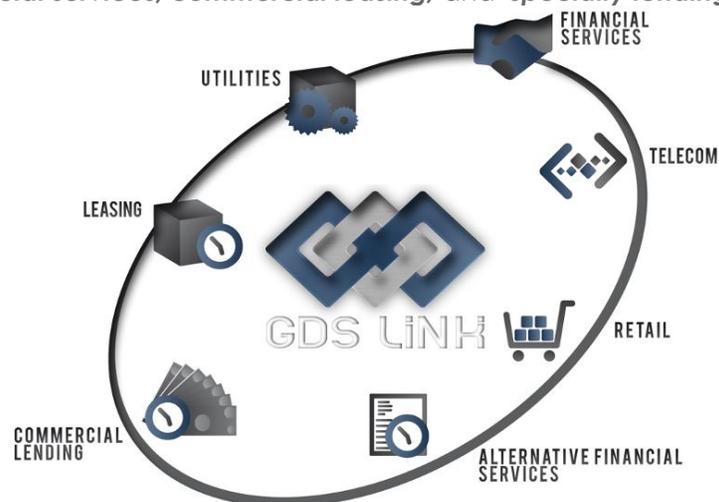
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WHO WE ARE & WHAT WE DO

GDS Link, LLC is a global provider of Risk Management Solutions and Consulting Services for multiple verticals within the financial services industry including: **credit card**, **auto**, **alternative financial services**, **commercial leasing**, and **specialty lending**.



Our offerings are also utilized in **the retail**, **utilities** and **the telecommunications sectors**. Our

industry leading solutions can support financial institutions throughout an entire credit lifecycle, from their credit initiation services through collections and recovery.

Our core offering, **DataView360**, as well as add-on solutions can be used for **process automation, application processing, decisioning, portfolio review, optimization, scorecard model development, implementation, and monitoring.**

GDS Link has a global staff comprised of individuals with a wide range of credit experience, having worked for multiple financial institutions, software companies and data bureaus.

For more information, please visit us at: www.gdslink.com

