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Comprehensive Reporting

A quick guide to the new regime

December 2008

□ | Credit reporting is changing



- Dramatic changes to Australia's twenty year old credit reporting laws are underway.
- New data fields will be allowed, massively increasing the predictive power of a credit report.
- The new scheme is anticipated to start in mid 2010.
- Veda's planning for the new scheme is well advanced.

□ | Comprehensive Reporting includes both Positive and Negative data



Previously, credit reports were restricted to:

- Inquiries for credit
- Defaults, bankruptcies and court judgements
- Details of directorships and proprietorships
- Personal details (name, address, date of birth, drivers licence)

New Credit reports will now also include five new data sets:

- The date an account was open;
- The account's type of credit;
- The account's credit limit;
- The date an account was closed
- Account payment history – how often a person has missed or been late making a payment over the previous two years.

□ | What are the Benefits of Comprehensive Reporting?



Credit Providers

- Reduction in default and bankruptcy costs
- Lower referral rates from auto-decisioning
- Supports Responsible Lending Policies

Consumers

- Improved Access to Credit – especially for low income, young and women
- Reduction in over-indebtedness
- Reduction in defaults and bankruptcies
- More competitive credit market with greater power to negotiate

□ | Predictive power of credit scores will increase



Old credit reports only show the bad news

New credit reports will score how financially capable someone is right now

Account Summary

Subscriber	Status	Account	Limit	
David Jones	Open	Credit Contract Monthly	\$3,000	
	Start Update	11-1-2006 15-9-2006	Identity	Alexandra Mary Stevenson
Flexirent	Open	Loan Account Monthly	\$10,000	
	Start Update	16-5-2005 12-9-2006	Identity	Alexandra Mary Stevenson
St George Bank	Open	Mortgage Fortnightly	\$489,000	
	Start Update	7-2-2004 1-9-2006	Identity	Alexandra Mary Stevenson
Coles Myer	Open	Credit Contract Monthly	\$4,000	
	Start Update	6-1-2004 5-9-2006	Identity	Alexandra Mary Stevenson
Telstra	Open	Credit Contract Quarterly	\$500	
	Start Update	30-1-2002 20-9-2006	Identity	Alexandra Mary Boucher
Totals			\$506,500	

Overdue Accounts

Consumer Payment Defaults

Account Number	36542/03/VBGO
Account Type	Loan Contract
Role in Payment Default	Principal
Latest Credit Provider	TEACHERS CREDIT UNION
Latest Date	5-2-2002
Latest Amount	\$12,500
Latest Reason to Report	Payment Default
Original Credit Provider	TEACHERS CREDIT UNION
Original Date	31-3-2001
Original Amount	\$12,500
Original Reason to Report	Payment Default
Status	Paid
Status Date	5-2-2002

Creditor Payment Records

Name	Status													
David Jones	2006	●	●	●	●	●	●	●	●	●	●	●	2005	2004
		Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov		
Flexirent	2006	●	●	●	●	●	●	●	●	●	●	●	2005	2004
		Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov		
St George Bank	2006	●	●	●	●	●	●	●	●	●	●	●	2005	2004
		Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov		
Coles Myer	2006	●	●	●	●	●	●	●	●	●	●	●	2005	2004
		Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov		
Telstra	2006	●	●	●	●	●	●	●	●	●	●	●	2005	2004
		Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov		

□ | How much more insight will credit reports give?



- New comprehensive fields give a significant lift in predictive value
- Predictive power of credit reports is about to be turbo-boosted.
- Modelling shows if the present scheme delivers 10 per cent insight...
- **The new credit reports will deliver 76 per cent insight.**

- | How does Comprehensive Data Help?
 - Good Risk applicants denied credit



"I have a Personal Loan and have applied for a store card"

Negative Bureau Data

- Defaults 2 years ago
- Part IX agreement 2 years ago
- Time at current employer 9 months



Positive Bureau Data

- Debt consolidation into PL paid off 80% of total
- Excellent 2 year payment history on PL, Telco & Utilities



□ | How does Comprehensive Data Help?
- Bad Risk applicants offered credit



“I have a Home Loan, 2 credit cards and have applied for a store card”

Negative Bureau Data

- Good file history
- No derogatory data
- No excessive enquiries
- ID Details Check out
- No Fraud hits



Positive Bureau Data

- Both cards at limit for last 3 months
- One card in arrears by 30 days
- Home loan in arrears by 60 days



□ | Timelines



- By December 2009, new legislation will be introduced
- From 1 July 2010, new credit reporting will start
- Veda is hosting customer forums to help subscribers plan for the change