

News Release

UOB taps data analytics to develop credit underwriting engine for small business loans across the region

Award-winning engine cuts down processing time and default rate by more than half

Singapore, 22 March 2018 – United Overseas Bank Limited (UOB) has made credit underwriting for small businesses across Southeast Asia more efficient and effective. It created a data analytics-powered credit underwriting engine that cuts both the turnaround time and the number of steps involved in a small business loan application by more than half.

The analytics-enabled engine, first rolled out two years ago, has since been implemented across five markets – Singapore, Indonesia, Malaysia, Thailand and Vietnam.

The enhanced system harnesses the Bank's existing sources of information with new pools of data, such as those relating to the company's day-to-day operations. It then applies analytics to gain deeper insights into the credit behaviour of small businesses.

By including additional information that is not traditionally used in the assessment process, the Bank can more accurately determine the creditworthiness of its small business customers and in turn extend credit with more certainty. Since the implementation of the enhanced credit underwriting engine, the Bank has seen a 50 per cent reduction in the default rate of its small business loans.

Mr Lawrence Loh, Head of Group Business Banking, UOB, said, "One of the biggest barriers to financing small businesses is the availability of data. For many of these businesses, they may not keep a proper record of their accounts or have audited financial statements, making it difficult to assess their credit rating accurately. By redesigning the credit underwriting engine, we can now process loan requests from small businesses with greater speed and accuracy, increasing productivity and reducing the turnaround time for customers. This will also enable us to provide our customers with a more frictionless experience.

"In addition, the enhanced credit engine gives us the ability to have a clearer understanding of small business' needs in broader context and at a more granular level. As such, we are able to design appropriate financial solutions specific to the requirements of our customers in the various Southeast

Asian markets. The scalable nature of the engine also ensures that we are all set for the future, giving us the flexibility to serve new customers in different operating environments,” Mr Loh said.

Today, UOB’s credit underwriting engine was awarded The Best Credit Evaluation Initiative, Application or Programme at The International Excellence in Retail Financial Services Awards 2018 organised by *The Asian Banker*.

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world’s top banks: Aa1 by Moody’s and AA- by Standard & Poor’s and Fitch Ratings respectively. In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia and Thailand, as well as branches and representative offices across the region.

Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB is steadfast in our support of social development, particularly in the areas of art, children and education.

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