

DX 2021

goeasy: Solving the problem of financial access for non-prime individuals

TWIMBIT DX RANKING 5

INSIGHTS FOR SUCCESS | IDEAS TO EXECUTE

April 2021

Twimbit DX Ranking 5



100%
Define



75%
Simplify



100%
Innovate



100%
Overall

goeasy

Industry: Financial services

Revenue (FY20): USD 518.19 million

HQ: Mississauga, Canada

CEO: Jason Mullins

Purpose: Help everyday Canadians find a path to a better tomorrow, today.

Business model innovation:

Omnichannel, e-commerce, digital lending platform



Outcome

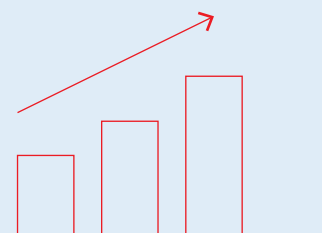
goeasy has enabled one out of three customers in the past 12 months to graduate to prime credit eligibility. 60% of its customers have improved their credit scores through goeasy products.

Key highlights

44% of all loan applications had submissions done online during the 9m-ended fiscal September 2020. This percentage, in turn, contributed to 21% of the Company's total loan originations. There was **17% Month-on-Month (M-o-M) app volume and 8% M-o-M web traffic growth in May 2020.**

goeasy has disbursed over USD1.5billion in approved consumer spending loans through an integrated full-credit spectrum point-of-sale solution with Affirm, North America's most innovative buy-now-pay-later platform. Known formerly as PayBright, 21% of applications and 6% of originations happened through the point-of-sale model.

More than 22% of new customers in the fourth quarter of 2020 came from the point-of-sale channel.



Lending decisions take place using proprietary custom scoring models. Machine learning and advanced analytical tools are the basis for building these models, which are then applied to optimise the balance between loan volume and credit losses.

Introduction

goeasy provides loans to people who are turned down by traditional banks. These are prime individuals who do not have enough income or credit rating for a bank to take the risk of default. The firm paves the way for such individuals to find

capital access and solve their financial issues. easyfinancial is the Company's financial services arm, launched in 2006 to provide instalment loans to non-prime customers with limited access to traditional bank financing products.

Transformation

The first major initiative by goeasy in 2020 was the end-to-end upgrade of the core lending platform. With a plan to develop new lending products, expand channels of distribution and leverage new technologies to disrupt and innovate, the latest technology is a huge step towards transformation.

The new system will provide a frictionless digital experience and create a more intuitive and flexible platform. goeasy has spent two years in retail and development (R&D) to build the fully cloud-based SAS lending solution bottom-up, which is in the pipeline for release in 2021. The key benefits of the new system will include:

- A global platform
- Multi-product capability
- Multi-currency and multi-language solutions
- Flexible web service architecture based on Salesforce

Next is the proprietary algorithm built by goeasy to evaluate non-prime customers. The easyfinancial data repository platform has 13.7 GB of data and analyses 66,244 unique data points for account qualifications.

Finally, the third element of the firm's move to digital is online and mobile e-commerce. The number of online applications by non-prime customers via online platforms was 44% of its total

loan applications in YTD September 2020. Advanced data modelling based on cloud computing, machine learning and advanced analytics is the key driver of the loan portfolio for goeasy and its profitability growth.

The easyfinancial data repository has:

- 13.7 TB of data
- 66,244 unique data points
- 4.61 million applications
- 523,740 unique customers

Key customer data collected for machine learning:

- Customer web analytics
- Machine and device fingerprints
- Customer income and liabilities
- Customised credit report characteristics as well as spending and payment algorithms
- Banking and credit card transactions history (one year)

Advanced modelling and analytics

- Eligibility and pre-qualification rule sets
- Proprietary customer behavioural risk scores
- Comprehensive algorithm-based affordability assessment
- Price elasticity testing and optimisation
- Fraud and document verification systems
- Proprietary collection scores and treatment optimisation

Transformation

In October 2018, easyfinancial launched a new and enhanced digital loan application platform. This unique online credit application comes with a design set to optimise web traffic and provide easyfinancial customers with a streamlined and personalised experience. The said application is both faster and more accessible for the customer. More importantly, it enables the Company to optimise its online sales funnel more effectively, drive increased conversion, and integrate other new digital technologies into the application flow.

Strategy

The Company has established a four-prong strategy to drive growth and transformation. Key pillars of the change include:

- **Product range:**
Launching a new credit card and line of credit products for customers.
- **Channel expansion:**
Expand physical presence, automated online loan application platform and the PayBright eCommerce integration.
- **Geographic expansion:**
One in four Canadians are non-prime individuals.
- **Customer experience:**
Helping customers improve their credit score and become debt-free through omnichannel engagement and a broad suite of products and services.

New growth and performance

goeasy is using 13.7 TB of customer data and more than 66,000 unique variables in its machine learning-driven proprietary algorithms to evaluate non-prime customer loan applications. 50% of the Company's new loan applications happen via online platforms, and the Company is all set to launch its new core lending platform in 2021.

The Company's fully digital lending capabilities enabled strong business performance and business execution despite extended lockdowns and remote work transition. Operating margin improved by 6.3% Y-o-Y in Q4 2020 owing to the rationalisation of operating expenses and strong customer demand from the non-prime category. The Company achieved a top line of USD653million in fiscal 2020. Same-store sales growth was at 6.5%, and return on equity increased c.6% to 31.1%.

goeasy DX Framework

Pillar | Define

Key question | Who we are?

Attributes	Score	goeasy
Clearly articulate purpose	100%	<p>The goeasy purpose is to help everyday Canadians find a path to a better tomorrow, today.</p> <p>The Company aims to help non-prime borrowers with credit and enable them to improve their credit scores, which is the key growth driver for its easyfinancial product.</p>
Sharp focus on outcomes and impact	100%	<p>goeasy has enabled 1 in 3 customers in the past 12 months to graduate to prime credit eligibility.</p> <p>60% of customers have improved their credit rating through goeasy products.</p> <p>The Company's growth strategy revolves around four key pillars:</p> <ul style="list-style-type: none"> • Increased product range • Channel expansion • Geographic expansion • Customer experience <p>Key outcomes:</p> <ol style="list-style-type: none"> 1. goeasy made a strategic investment in Canadian Buy Now, Pay Later Fintech PayBright in 2019. The integrated product offers the highest industry approval rates, c.85 to 90%. More than 22% of new customers in Q4 2020 came from this channel. 2. The newly updated online loan application drove channel expansion into digital. 44% of all applications were made directly online for YTD September 2020.
Culture is the key	100%	<p>The firm's performance-driven culture lies at the heart of its cultural framework.</p> <p>It gives each employee opportunities and challenges to impact and influence the organisation. goeasy promotes an entrepreneurial mindset and are relentless in finding ways to get things done, avoid complexity and bureaucracy for speed.</p> <p>Key initiatives:</p> <p>The 'future stars' and 'goforum' programs are in place to train the best and brightest talent to hone the skills and experiences needed to become better leaders.</p> <p>Lunch-and-learn sessions with senior directors enable sponsorship opportunities for goeasy.</p>

goeasy DX Framework

Pillar | Simplify

Key question | How we operate?

Attributes	Score	goeasy
Flat organisational design	50%	<p>goeasy team members from across various levels can participate in "lunch-and-learn" sessions that provide high-potential employees with the platform to prove their capabilities and get sponsorship from internal Directors.</p> <p>Despite such programs in place, the Company experiences high attrition at the branch level (frontline). goeasy lists losing its ability to attract the right individuals to its frontline force as the key risk factor.</p>
Treat talent scarcer than capital	100%	<p>"Whether you're a competitive superstar reaching for the sky or looking to make an impact at a company with unlimited growth opportunities, goeasy has a career path for you. With a winning corporate culture, 15 years of consecutive financial growth and a business model designed to help everyday Canadians, goeasy is the place you want to be. If you're willing to work hard for us, we're willing to work hard for you. It's time to make your work matter." - Jason Mullins, President and CEO goeasy</p> <p>The best story showcasing how much goeasy cares for employees is the preparation it did to train Jason Mullins for CEO.</p> <p>Despite five outgoing directors expressing negative views for him, the Company didn't give up and instead spent resources training him with an executive MBA program at Ivey Business School, hiring a leadership coach and enabling him to set himself up for success.</p> <p>Outcome: goeasy considers its relations with employees to be positive with an 83% Employee Engagement score, as evidenced by being recognised as one of Canada's Most Admired Corporate Cultures by Waterstone (2018).</p>
Fast decision-making	100%	<p>The Company's performance-driven culture ensures each employee has the opportunities and challenges to impact the organisation.</p> <p>goeasy provides training, coaching and digital platforms to help its individuals take fast decisions.</p> <p>Key initiative: The company Company is creating the easyfinancial data repository to use machine learning algorithms for faster customer evaluations. The use of deep tech and big data technologies is a critical enabling factor for its rapid and consistent top line growth.</p> <p>Outcome: The Company delivered top-line and positive profitability growth for 78 straight quarters.</p>

goeasy DX Framework

Pillar | **Innovate**

Key question | **How we grow?**

Attributes	Score	goeasy
Explore ecosystems	100%	<p>goeasy originates loans through its point-of-sale channel, which includes hundreds of retail and merchant partnerships.</p> <p>Key initiative: Through its partnership developed in 2019 with PayBright, Canada's leading provider of instant point-of-sale financing, the Company can offer its non-prime instalment loan product through the PayBright platform point-of-sale. This partnership will continue with Affirm Inc.'s acquisition of PayBright in 2020.</p>
Driven by tech	100%	<p>Unlike pure play online non-prime lenders who have had limited success with an online-only distribution model, goeasy focuses on omnichannel distribution for market share expansion.</p> <p>A big part of the goeasy success is its ability to evaluate non-prime borrowers using sophisticated and proprietary big data tech developed within the firm.</p> <p>The easyfinancial data repository has 13.7 TB of data, 66000 unique data points, and aided the firm to evaluate 4.7 million applications.</p> <p>Customers can also transact online, which remains a critical source of new customer acquisition and accounts for over 50% of the Company's application volume.</p> <p>Launched Next Generation Online Loan Application: In October 2018, easyfinancial launched a new enhanced digital loan application platform. This new online credit application came into design to optimise web traffic and provide easyfinancial customers with a streamlined and personalised experience. It is faster and easier for the customer. , More importantly, it enables the Company to effectively optimise the online sales funnel, drive increased conversion and integrate other new digital technologies into the application flow.</p>
Accelerate organisation learning	75%	<p>goeasy provides learning opportunities through tuition programs and leadership interactions for high-performance employees. These initiatives help people earn new skills and enable them to interact with senior leaders who are ready to invest their time with specific high-performers, resulting in improved employee retention.</p>



Insights **that find you**

How we think

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