



InformationSource

Technology Solutions

BUSINESS UNIT PROFILE. Established in 1995, the Equifax Technology Solutions group performs the function of an Application Service Provider (ASP). As a major ASP, we provide our clients with on-the-spot, flexible decisioning via multiple access channels to attract and retain customers. We provide all associated development, implementation and training services including hosting and maintaining product applications.

One of our leading Technology Solutions products is Decision Power. This is an automated application decisioning service hosted by Equifax, which automates credit-granting decisions for credit cards, personal loans, lines of credit, deposit accounts, among other applications. Decision Power offers on-line, real-time access to a customer's data sources, third-party databases and Equifax credit and fraud databases, to assess credit and fraud risk. Decision Power is available with different levels of functionality ranging from standard to highly customized systems.

Additionally, Technology Solutions offers a sophisticated client/server application processing system called APPLY that provides a front-end GUI inter-

face with custom screens, as well as automated decisioning abilities.

Equifax platforms are widely acclaimed for their contributions to bottom-line performance and quality of customer service. We currently service over 50 customers with models ranging from small and standard to large and highly customized solutions.

Some highlights of our expertise include solutions to support:

- A major virtual banking system
- A complete credit adjudication system
- An Interactive Voice Response System
- A decisioning system for a large government organization. This initiative won a Canadian Information Productivity Award (CIPA) for innovation in technology.

The Technology Solutions group at Equifax brings together the key technical, sales and marketplace skills to design, develop and execute solutions that give our customers a competitive edge.

Solutions



Diligent staff become FraudBusters! / 4



Product Update, Product Update, Legislative Update / back page

Consumer Risk Predictor

RISK SCORING MADE EASIER. Equifax Knowledge Engineering has gone one step further to provide you with the necessary tools to predict the performance of current customers and new prospects. Our latest re-developed risk assessment product, Consumer Risk Predictor 2.0, makes it easier to say "yes" with confidence.

Available since August 1st, 2000, CRP 2.0 is a new, reliable and cost-effective scoring tool using advanced logistical regression modeling, intelligent

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Data Solutions

Knowledge Engineering

E-Commerce Solutions

Technology Solutions

Commercial Solutions

Consumer Solutions

Fraud Services

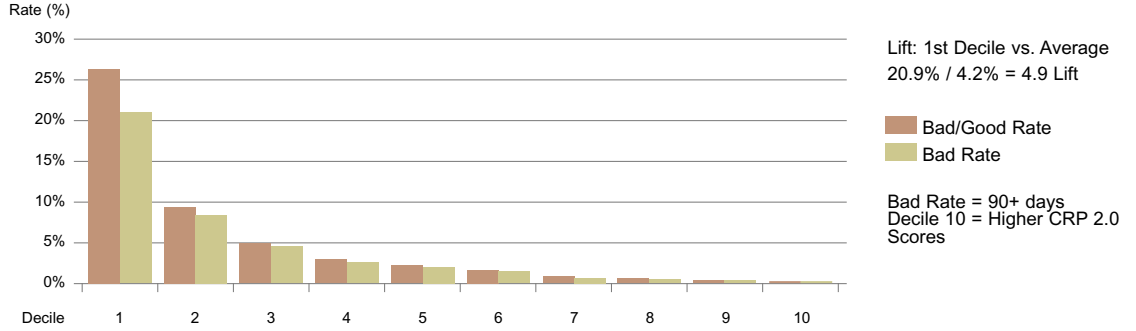
EQUIFAX

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segmentation strategies and a multi-scorecard approach. It can be seamlessly integrated with current risk management operating systems, with no hidden start-up costs.

To find out how CRP 2.0 can work for you, contact your Equifax representative today.

CRP 2.0 – All Industries: Rates by Decile



Equifax’s CRP 2.0 risk score predicts the likelihood of an individual becoming 90 days delinquent or more over the next 2 years. This is the definition of a “Bad” individual. A “Good” individual is one that does not fall into the “Bad” definition. Thus, the Bad/Good Rate By Decile shows the percentage of bad people captured for each 100 good people within each

decile. The Bad Rate indicates the total number of individuals with delinquencies of 90 days or worse as a percentage of the total number of individuals within each decile.

Individuals with lower credit risk (higher CRP 2.0 score) belong in decile 10.

Enhancing your targeting power

In mid September, Equifax Knowledge Engineering launched Equifax Credit Behaviour Segmentation (ECBS) – the first credit behaviour segmentation tool of its kind in the Canadian marketplace for direct marketing programs. This is an advanced tool designed to more effectively qualify the best prospects for your acquisition, cross-sell and retention programs.

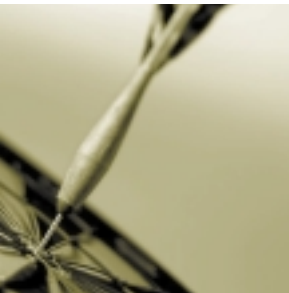
ECBS provides customer insight for direct marketing campaigns by enabling businesses to better qualify targets for mailings at the postal code level. Using statistical analysis, Equifax Knowledge Engineering has identified 16 distinct credit clusters segmented nationally. This lets ECBS create a profile of consumers most likely to respond to a specific product offer.

What makes ECBS different? Until now, there has been no single segmented credit behaviour product on the market that could distinguish prospects based solely on their credit behaviour! ECBS does exactly that – by GeoCoding the segments into clusters, an organization can geographically assess those regions most likely to respond to an offer.

How can ECBS be used? ECBS is available as a CD ROM containing data that can be appended to an organization’s internal prospect database. Alternatively, upon request, Knowledge Engineering can run a list edit append on an organization’s behalf.

How do I find out more about ECBS? ECBS CD ROM demos are currently available. To learn more about ECBS and how we can service your strategic solution needs, contact Equifax Knowledge Engineering at (416) 227-5342 or speak with your Equifax Sales Representative.

ECBS – an advanced tool designed to more effectively qualify the best prospects.



CIPA 2000

EQUIFAX A PROUD PARTNER TO ONE OF THIS YEAR’S CANADIAN INFORMATION PRODUCTIVITY AWARD (CIPA) WINNERS! Equifax congratulates CIBC for receiving an award for excellence in the application of

technology for President’s Choice Financial. A truly creative use of technology, Equifax is proud of its partnership with one of this year’s winners in making this unique banking concept a reality.

Equifax Knowledge Engineering

PROVIDING A CLEARER WINDOW TO CONSUMER DEBT AND BANKRUPTCY INFORMATION. Equifax Knowledge Engineering is committed to researching and addressing consumer debt, bankruptcy and risk issues that are impacting the marketplace. In our ongoing efforts to provide your business with insight into these issues, we've highlighted some recent observations.

To find out how our data and expertise in analysis can help your company, please speak to your Equifax Sales Representative.

Available debt in Canada

Total Canadian consumer credit has been steadily rising over the past two years. While the actual level of outstanding debt has increased only slightly, this increase in consumer credit availability has significantly increased the actual debt exposure.

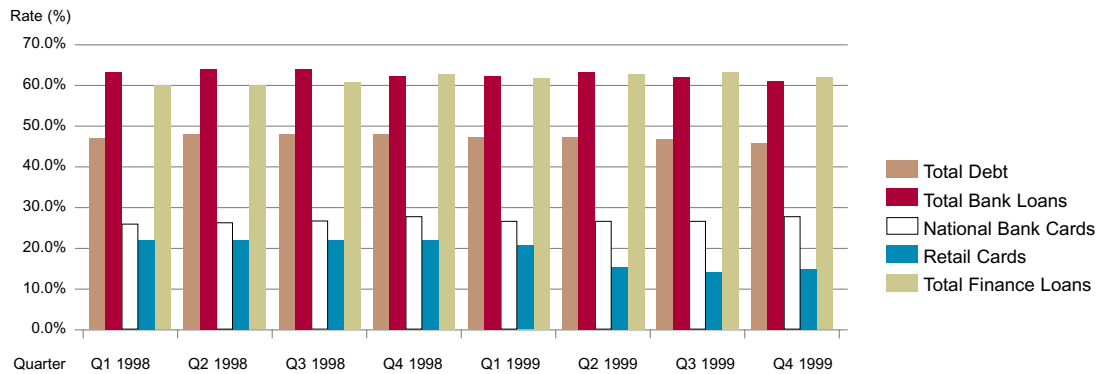
This trend is clearly supported in the *Total Canadian Debt* chart below. The chart depicts a steady increase in credit granted to consumers (Credit Limits) from the first quarter of 1998 to the fourth quarter of 1999. Simultaneously, the actual utilization of this increased consumer credit has not

risen at the same rate. This is the result of current economic conditions where lenders are granting more credit to consumers in light of overall increased consumer spending and a highly competitive and favourable credit environment.

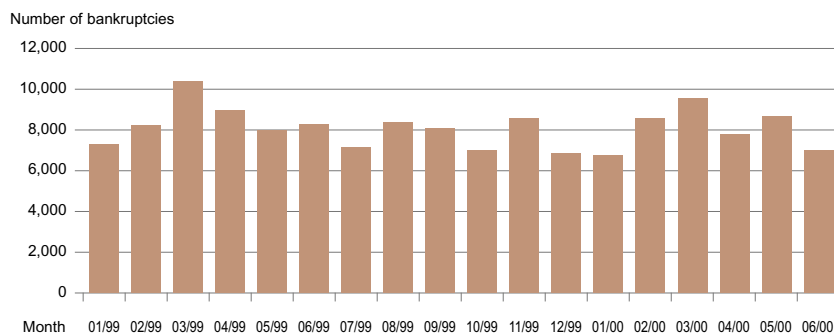
Bankruptcy Overview in Light of Available Debt

Currently the number of bankrupt consumers for the first six months of 2000 is approximately 6% less than the first six months of 1999. The Bankruptcy chart below reflects a peak in consumer insolvencies in the first and third quarters of the year, with the same trend expected for 2000. The slight reduction of consumer bankruptcies in 2000 can be attributed to strong economic conditions. However, it is critical to note that if there were a drastic downward shift in present economic conditions, the increased level of debt available to consumers will likely result in higher credit delinquencies, and consequently a higher number of consumers filing for bankruptcy.

Total Canadian Debt – Levels of utilization by industry



Bankruptcy Trends – Number of consumer bankruptcies 1999 / 2000



Data Exchange & Security

EQUIFAX'S COMMITMENT TO YOUR INFORMATION

SECURITY. The demands to transmit data in the most expedient way possible are at an all time high. One of the easiest methods to move information is of course, by attaching it to e-mails. While this mode of transmission might serve to be the most convenient way to exchange data, this method is not recommended in many cases because e-mails usually lack encryption or only include it on an optional basis.

To balance the need for simplifying data exchange with the need to provide reliable security for all transmissions, we recently introduced our web-based Data Exchange service. Our customers can now send data to Equifax and Equifax can transmit data back to our customers using this Data Exchange feature available on our web. The same security guidelines apply as those in place for all the other Equifax services available via the Internet.

A customer is authenticated using a static IP address or a digital certificate. All data is exchanged using 128 bits encryption. This is the best way to ensure the security and integrity of the data for all parties involved in the exchange.

Our IT team is continually reviewing systems to ensure that we provide the best services to you.

If you have any questions or concerns regarding our methods or reasons for our data exchange protocols, please contact your sales representative.

FraudBusters!

In the last issue of Information Source we discussed the rise of *Identity Theft* whereby an individual's personal information e.g. name, SIN, date of birth etc., are used under false pretenses. We'd like to share with you the efforts that our staff also make in helping all of us in this insidious fight against fraud.

Earlier this year, Equifax associates were alerted about a gentleman misrepresenting himself as another individual in an attempt to secure a bank loan. While notifying the appropriate financial institutions, we were advised that such a man was in fact, at that very time trying to secure a substantial loan at a financial institution. Police were notified and quickly arrived on the scene. Though the man was quick to provide police with a driver's license and other identification, the alert Equifax associate was able to verify that they were invalid. Equifax was later notified that the fraudster was indeed arrested.

A second example of our abilities to help you prevent fraud has a bit of a twist. When an Equifax associate was entering a fraud narrative on a credit

file they noticed that there was a new inquiry from a national automotive dealer. The associate first contacted the real individual to confirm his knowledge of the car loan application. As suspected, he was unaware of the claim. From there the automotive company was notified of the offense. We discovered that the company had not approved the application based on the lack of information in the credit file. We were curious if they had noticed the mention of fraud on the file. They admitted to having seen the note but that they had not taken it into consideration at that time. In this case, the fraudster was also apprehended. By combining the recorded credit warning and the diligence of our staff we were able to prevent yet another fraudulent transaction.

Always be alert to your fraud warnings!

New BEACON for a new decade

Since 1991, Canadian lenders of all types have enjoyed powerful consumer credit risk assessments provided by BEACON. To better meet the changing Canadian marketplace, Equifax and Fair, Isaac are introducing a new BEACON model. Like its predecessor, the new BEACON rank-orders consumer applicants and customers according to the likelihood of future default on credit obligations. The new BEACON is the culmination of a decade of Fair, Isaac's modeling expertise and research, and uses a new design blueprint that capitalizes on advances in population segmentation analysis, data exploration and predictive variables.

Analyzing the performance of consumers scoring near a 680 cutoff point, nearly 2% more customers could be accepted using the new BEACON versus the existing BEACON. Those consumers who scored below the 680 cutoff on the existing BEACON but now score above the cutoff on the new BEACON, have odds that are twice as good as those consumers who shifted below the cutoff with the new BEACON. This means the customers who would be rejected by the existing BEACON that would now be accepted by the new BEACON are better risks than those who would now be rejected by the new BEACON.

New design leverages Equifax Canada's credit data

Periodic redevelopment of the BEACON score ensures that the model maintains its superior level of risk assessment as reporting practices and consumer credit behavior change. The new BEACON was developed from over 1 million matched sets of Equifax Canada consumer credit files from February 1997 and February 1999. In this case, Fair, Isaac incorporated the following innovative features into the new BEACON model to strengthen its predictive power:

Sophisticated segmentation scheme

- 11 distinct scoring models vs. 7 in the current BEACON design.
- A greater distinction between consumers with
 - a) Limited credit use,
 - b) Various degrees and amount of credit activity, and
 - c) Various levels of delinquency or derogatory references.
- The results from each scoring model within the new BEACON system are aligned to one another and to the existing BEACON model (based on the latest development sample) such that a given score represents the same likelihood of a 90-day delinquency or worse over the 24 months following scoring.

New multi-dimensional predictive variables

- Over 50 predictive variables are used in the new BEACON selected from a library of over 200 potential variables. The existing BEACON utilizes roughly 30 variables from a small library of potential predictive variables.
- More multi-dimensional variables are used to more precisely identify subtle interactions in the Equifax Canada credit data. *Example: evaluating the amount of balance owed relative to the number of currently delinquent trade lines on file.*

Revised minimum scoring criteria

- With no impact to the predictive power of the tool, the new BEACON provides scores for consumers with a minimum credit history of 3 months vs. 6 months with the existing system, thus automating the once manual review of thin file consumers.

Revised inquiry treatment

- 30-day buffer and 14-day de-duplication period better accommodates consumer-shopping behavior.
- Buffer means all auto and mortgage related inquiries within the 30 days from the time of scoring are ignored in the score calculation at that time – following the 30 days, the inquiries will be treated by the de-duplication rule.
- All auto and mortgage related inquiries occurring within a 14-day period are collapsed and treated as a single inquiry.

To find out more about the new BEACON please contact your Equifax Sales Representative.

Consumer Friendly File Enhancement

RESPONDING TO YOUR CUSTOMERS' CONCERNS. We have revised our Consumer Friendly Files (CFF) because of consumer concerns about the perceived impact on credit scoring as a result of listing update inquiries in credit reports. When consumers now receive a copy of their report, we clearly identify the update inquiries as "not displayed" to anyone other than the consumers themselves. These inquiries are posted on the consumer file and are displayed

only to the consumer when they request a copy of their own file. To further reinforce the notion that these inquiries are not included in the normal course of credit reviewing activities, we have removed the update inquiries from the regular inquiry section to a totally new and separate area in the report. This change is retroactive and all update inquiries posted to file in the past year will now appear in this new section. If you have further questions, please call Customer Care at: **1 877 227-8800**

Have a safe
and Happy
Holiday Season!



Holiday Hours

OVER THE HOLIDAY PERIOD EQUIFAX WILL OPERATE REGULAR HOURS WITH THE FOLLOWING EXCEPTIONS:

	Customer Care	Consumer Relations
	1-877-227-8800	1-800-465-7166
December 22		8:00am – 2:00pm (E.T.)
December 25	Closed	Closed
December 26	12:00pm - 6:00pm (E.T.)	Closed
January 1	Closed	Closed
January 2		Closed to Quebec consumers only

Note: any 7/24 support arrangements will not be affected

Legislative Update

PERSONAL INFORMATION PROTECTION AND ELECTRONIC DOCUMENTS ACT (PIPEDA; MORE COMMONLY KNOWN AS: BILL C6). This new act will come into effect on January 1, 2001. It, or "substantially similar" provincial laws, will eventually apply to every organization where personal information is collected, used or disclosed in the course of commercial activity. It will also apply to employee information of an organization that operates a "federal work, undertaking or business" ("FWUB").

PIPEDA will be implemented in three stages over the course of four years:

January 1, 2001

The Act will apply to all FWUBs (such as banks, airlines, and broadcasters) and to organizations that collect personal information within one province but sell it in another.

January 1, 2002

The Act will apply to health information of those organizations to which the Act already applies.

January 1, 2004

The Act will apply to all organizations that collect, use, or disclose personal information in the course of commercial activity within a province, unless in the meantime the province has passed "substantially similar" legislation and has been granted an exemption by the federal cabinet.

Over the next few months, Equifax will arrange for the distribution of a series of PIPEDA bulletins. These will focus on presenting different aspects to, and perspectives of, this legislation and will discuss the potential impact on our industry.

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