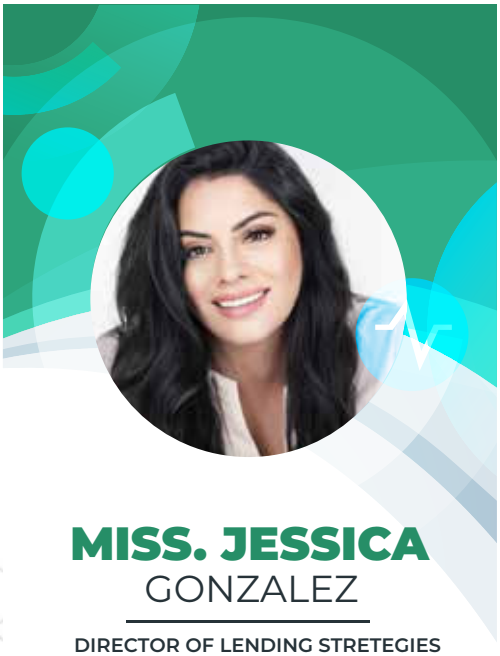

Q1: Do you see the rapid adoption of AI in the banking system sustainable and ethical considering the case of data breach at TaskRabbit where 3.75 million customers had financial and personal data stolen?mobility and EV charging stations?

AI, like any new technology needs the correct infrastructure and validation to ensure it is performing as intended. With the correct process and due diligence AI is sustainable and can be practiced in an ethically responsible way while providing beneficial results to customers.

Customer privacy should always be a top priority and fintechs that do not take the responsibility of managing and maintaining customer data seriously will suffer reputational harm and business/regulatory consequences.

Q2: How does Informed.IQ ensure the safety of the data of thousands of consumers that are licenced for a variety of purposes, such as credit scoring and fraud detection to not be used for any unfair means?

Informed employs strict security protections for the data provided to us by our lenders. We take the responsibility of shielding PII seriously in every part of our process.

We only collect and use “personal information” to provide services that our clients request. This includes preventing and stopping fraud. Informed does not sell the data we maintain to third parties. All sensitive consumer data is hashed and encrypted at rest. We do aggregate data for the sake of analytics and product development -any aggregations do not utilize any consumer PII.

In addition, Informed utilizes third party independent reviews to ensure model evaluation for bias and that our model documentation follows industry best practices. Regular risk management, performance reports and ongoing monitoring is a part of our quality assurance process.

Model documentation includes a qualitative assessment of the potential for disparate impact risk in the model. As we don’t collect race and ethnicity data, a third-party auditor employs the Consumer Financial Protection Bureau’s (CFPB) BISG proxy method for race, ethnicity, and gender using 2020 census data.

Race and ethnicity proxy methods rely on borrowers' last names and addresses. Gender proxy methods rely on borrowers' first names. The third-party

assessor performs the disparate impact analysis on an ongoing basis as part of our k-fold cross-validation review.

Q3: What are the biggest challenges that the lending industry is facing today, and how is Informed.IQ helping to address them?

As Generative AI technology advances, the possibilities for the auto finance industry are limitless. With an increasing focus on data-driven decisions, lenders anticipate further advancements in risk assessment, personalization, pricing optimization, and maintenance prediction while ensuring compliance with regulatory requirements and keeping up with the changing technology.

Technology evolves rapidly and the ability to cut costs while enacting a digital first strategy is more critical in a competitive environment and is seen as a mandate vs a differentiator. A focus on decreasing fraud and creating a more transparent experience is a top priority.

Banks use Informed to leverage Al and Machine Learning to decision and fund consumer credit applications in real time - with higher accuracy. This results in increased compliance, less fraud and a full audit trail, while eliminating conscious and unconscious bias. In this rising interest rate environment with increased scrutiny by the regulators (CFPB), lenders use cutting edge technology to "do more with "less," benefit from higher quality data and remain compliant and competitive.

Q4: How do the various verification systems work under Informed.IQ? What are the benefits of the adoption of these techniques for both lenders and borrowers?

There are different approaches to applicant validation, including documentary and non-documentary that are beneficial for auto dealers in the loan onboarding process.

The choice between approaches depends on various factors, including risk tolerance, regulatory requirements, target customer base, and available resources. Many financial institutions use a combination of documentary and non-documentary validation methods to balance accuracy, efficiency, and risk management.

Combining non documentary and documentary verification in a waterfall with digital collection tools and dealer rewards provides several benefits that contribute to improved JD Power and CSAT (Customer Satisfaction) scores and enhanced capture rates.

Q5. What are Informed.IQ's plans for the future? How does the company see itself fitting into the evolving lending landscape?

Informed's generative AI is a "co-pilot" for loan officers. Informed will continue to bring more revenue to our clients without increasing risk and enhancing the customer and lender experience by enabling better lending decisions in real time.

The transformation of auto finance through Generative AI and the Transformer Model is game-changing. From risk assessment to personalized customer experiences and predictive maintenance, technology is reshaping the way auto finance professionals work. Embracing AI-driven solutions enables them to navigate the changing market precisely and efficiently. As Generative AI improves, we expect more innovative applications to further revolutionize the auto finance landscape, creating a more seamless and customer-centric industry.