



Zhima Credit FAQ

1. What is Zhima Credit? What is the goal of Zhima Credit?

Zhima Credit is an independent, private, alternative credit service that aims to bridge the “trust gap” between consumers and businesses by assessing individuals’ willingness and ability to fulfill a commercial contract.

Powered by technologies including AI and computing, Zhima Credit gives under-banked individuals the opportunity to prove to businesses that they are trustworthy in a simple and convenient way. Zhima Credit helps those who have never borrowed from traditional financial institutions gain access to deposit free services and expedited public services.

Since introducing Zhima Credit, we have seen low default rates for deposit free services.

Our algorithm has proven to be a reliable way to evaluate a person’s ability to fulfill commercial obligations.

Starting in 2015, Zhima Credit began offering a Zhima score (from 350 to 950) to Alipay users on an entirely opt-in basis. Users that opt-in authorize Zhima Credit to collect and analyze their data that is available through the Alipay platform.

2. How is a user’s Zhima score determined?

Zhima utilizes a dynamic set of algorithms that analyze more than a thousand variables across five datasets to predict a user’s credit risk profile in an accurate, unbiased and anonymized way. The five categories of data which Zhima evaluates are:

- Credit History: History of fulfilling contracts for services paid by Alipay, such as hotels,



bike-sharing and power bank rental companies.

- Behavior and Preferences: Pattern and preference of transactional activities, such as online shopping, bill payment and money transfers.
- Fulfillment Ability: Metrics that correlate with a user's ability to fulfill commercial contracts such as proof of insurance, public housing fund account and various proof of assets that users choose to share with Zhima Credit.
- User Profile: Professional and educational background that users choose to share with Zhima Credit.
- User-to-user transactions: Regularity and frequency of transactions with other Alipay users.

The Alipay app informs users of the five datasets that have been used to determine their Zhima score and allows users to dispute any record that negatively affects his or her score.

3. Can your friends' Zhima scores affect your own score?

Having a friend with a low Zhima score on Alipay will not result in the reduction of a user's Zhima score. Zhima's algorithm may consider the frequency and regularity of transactions with other Alipay users.

4. How is a user's Zhima score used?

The Zhima score is mainly applied for two major scenarios: Credit Renting and Credit



Shopping.

With Credit Renting, users can rent bikes or book hotels without a deposit. Since 2015, Zhima Credit has enabled deposit-free bike-sharing services for over 60 million users. In 2018, Zhima Credit aims to exempt a total of 100 billion yuan (\$14.4 billion USD) in deposits for its users.

Credit Shopping enables users to try products, without a deposit, before deciding to buy an item. This was first piloted on Alibaba-related shopping platforms, including Tmall, Taobao, Koubei and Fliggy.

5. Does Zhima Credit provide users' credit scores to third-party merchants?

Zhima Credit does not directly share the credit scores of individual users with third-party merchants. Instead, Zhima Credit provides merchants with an evaluation of the users' willingness and ability to fulfill a commercial contract by letting merchants know whether the credit scores of certain users are above or below the merchants' chosen threshold level. This enables the merchant to decide whether or not to grant a user additional benefits, such as deposit waivers.

6. How many companies/institutions does Zhima Credit cooperate with and how many people use Zhima Credit?

Alipay and Zhima Credit work with more than 1,000 businesses across 40 industries, including car rental companies, hotels, home-stay platforms, bike sharing platforms,



libraries and agricultural equipment rental companies, to enable them to grant benefits such as deposit waivers. Since 2015, Zhima Credit has facilitated deposit-free bike-sharing services for over 60 million users. We do not disclose the number of Zhima Credit users.

7. Is Zhima Credit part of the Chinese government's social credit system and do you share information with the government?

No, Zhima Credit is an independent, private, alternative credit service that evaluates the ability of a person to fulfill a commercial contract.

Zhima Credit does not share users' scores or underlying data with any third party, including the government, without the user's prior consent. Zhima Credit does not monitor the content of users' social media posts nor does it attempt to measure qualitative characteristics like honesty, character or moral value.

8. How does Zhima Credit collect and store information? How does Zhima Credit ensure data security and protect user privacy?

Zhima Credit always inform users of the purpose of data collection and allow them to choose whether they would like to share their data.

Zhima Credit does not collect information such as geo-location, text messages or phone call history. Zhima does not collect information that is banned by relevant regulations, such as religion, DNA information, fingerprint, blood type or medical records. Crucially, all the information collected is desensitized (anonymized) and encrypted before being analyzed,



meaning that our algorithm will not compromise users' privacy. We also implement very strict physical and informational access controls to restrict access to our facilities, records and systems.