



**EQUIFAX®**



## Equifax Ignite

### Make more responsible lending decisions with better affordability assessments

Assessing affordability should be carried out throughout the customer lifecycle, i.e. at acquisition, through customer management processes, at pre-delinquency, and at collections and debt recovery stages.

#### CHALLENGE

There is an increased focus on responsible lending to help customers to break the cycle of persistent debt, therefore it's important businesses put in place the right checks and balances in assessing customer affordability to ensure their customers have the ability to pay, not just to borrow.

#### SOLUTION

Using Ignite Direct, analysts can use Equifax's creditworthiness and affordability indicators, incorporating borrower current account turnover data, to build a more accurate affordability model. By more accurately estimating a borrower's ability to afford a loan, lenders can address challenges posed by regulatory requirements to identify potentially problematic debt or likelihood of financial difficulty. The model can be used at point of application, and over the lifetime of the credit agreement, enabling lenders to monitor affordability for both new and existing customers.

#### WHO IT HELPS AND HOW

**Consumers** benefit from lenders that provide credit responsibly, thus minimising the chances of falling into financial difficulty.

**Lenders** will make more informed, responsible lending decisions through enhanced understanding of a customer's financial background and estimated income level, and thus an estimation of their ability to repay.

**Analysts** benefit from an environment that enables the constant testing and validation of affordability models, and they can evidence that the affordability model is realising the commercial benefits identified in the business case.

#### The potential outcome:

- Lenders meet their regulatory requirements
- Assist lenders in meeting responsibilities to their customers
- Can improve and optimise credit risk strategies
- Increase the size and quality of a customer base
- Improve customer experience