



EQUIFAX[®]

Financial Health Index

A single metric to summarise a customer's financial health

Why Financial Health Index?

By enriching and categorising transaction data obtained through Open Banking or from your existing customers, we can accurately determine a customer's financial health.

Designed to be used in conjunction with existing credit scoring models, methodologies and decisioning, Equifax Financial Health Index is highly correlated with credit risk outcomes, affordability and the likelihood of customers being approved for new credit.

This means you will be able to make accurate affordability assessments on those customer's with thin files and your customer's will be able to understand their own current account performance and make more responsible borrowing decisions.

How does it work?

Built by the Equifax analytics team, Financial Health Index uses transaction data obtained through Open Banking or clients own supplied data.

The transaction data is firstly enriched and categorised. The Financial Health Index is then calculated by analysing and ranking key metrics such as:

- Behaviours of the debit and credit transactions observed in a customer's current accounts
- Attitudes to spending and saving
- Early warning to changes in lifestyle and financial status

The output is a single metric, which can be used by lenders to supplement a traditional credit score which may help you offer affordable credit to more customers.

Key benefits

Equifax Financial Health Index uses current account transaction data to offer you a more complete picture of your customers' financial health, helping you make more accurate lending decisions.

Because it uses transaction data, it doesn't rely on your customers having a history of credit, in order to determine their ability to pay back a loan, credit card or mortgage.

This means that you can accurately assess the creditworthiness and affordability of UK residents with thin files, who would traditionally struggle to get credit.

The inclusion of transaction data provides considerable benefits above and beyond traditional credit data. Such as:

Additional payments

The Financial Health Index contains additional payments data that is not available to CRAs, such as; council tax, insurance, savings and investments payments.

Missing information

It can fill in the gaps in incomplete credit data assets, such as rental and utilities payments.

Granularity

It uses granular transaction data to identify salary and is not limited solely to credit turnover. This means lenders will be able to confidently verify more incomes than ever before.

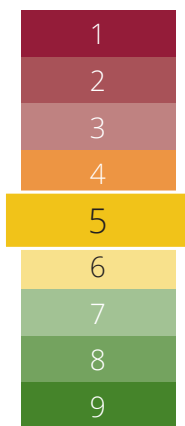
Real-time

The Financial Health Index uses real-time data extracted from the banks online banking systems. It can identify up the minute account activity, which may take more than four weeks to appear on a credit file.

How do I use it?

This easy-to-use index can then be used within a scorecard to facilitate the automation of the lending process. Along with the index we also provide the high and low risk factors so you and your customers can understand how the index has been calculated.

Appear to be struggling financially



Demonstrating great financial health and are likely to pay the credit back

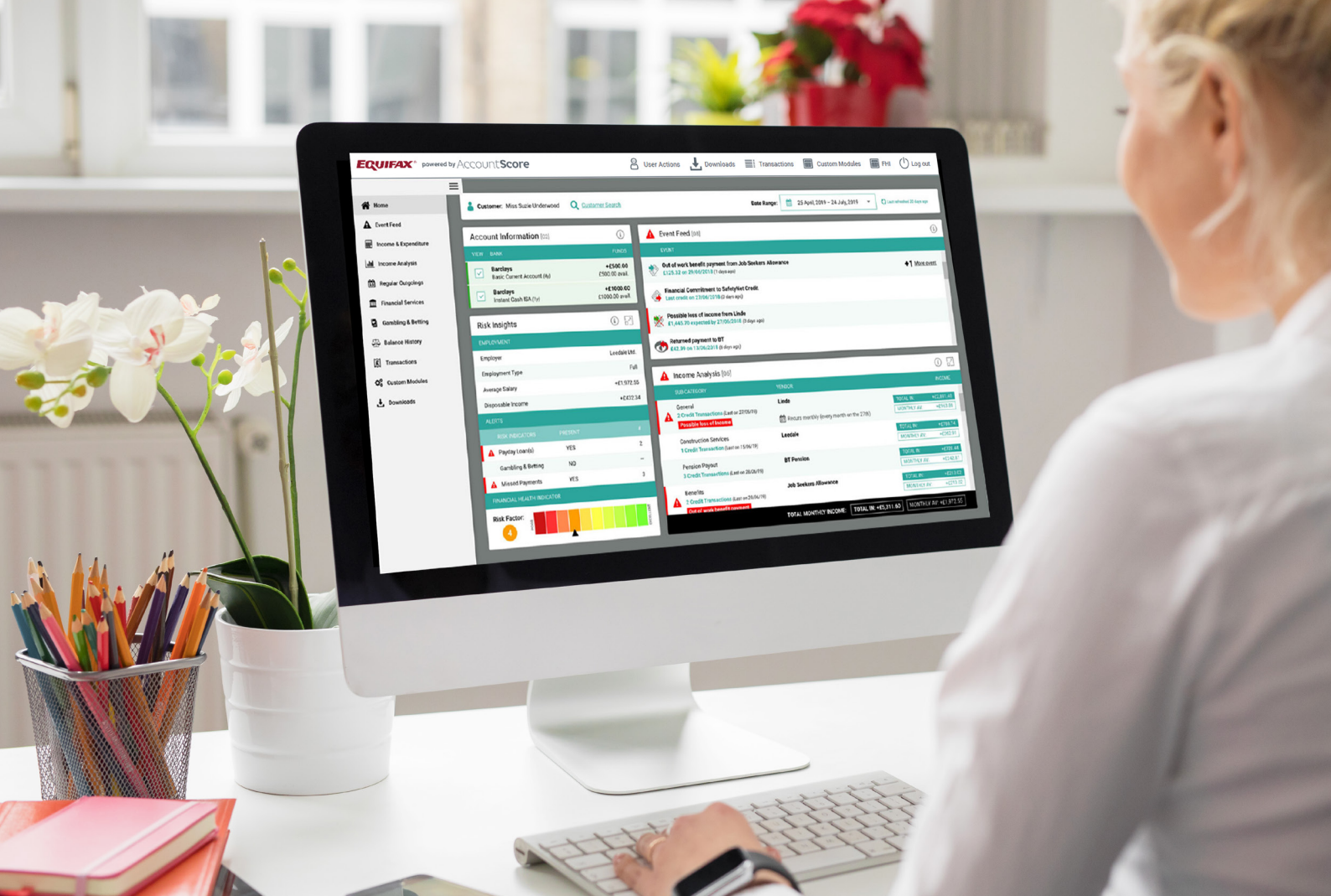
Higher credit risk characteristics

- High cost short term loans - both credits and debits
- Debt management plan payments
- Court fees
- High cash withdrawals vs. turnover
- Overdraft charges
- Unpaid transaction fees / returned items
- High gambling usage relative to income

Lower credit risk characteristics

- Amount of salary and income - total, minimum and trended
- Rental and mortgage payments
- Financial commitment payments
- Pension payments
- Council tax payments
- Insurance payments
- Utilities payments

The Financial Health Index is delivered via **Equifax APIs** or through our modular dashboards



Our modular dashboard can be configured to suit your users' specific requirements.

How will it benefit me and my customers'?

Financial Health Index can benefit lenders in the following ways:

1. Summarise a customer's financial health in a single ranked value
2. Transaction data used is recent, accurate and granular
3. Highly correlated with credit risk, affordability and likelihood to be approved for new credit
4. Can easily be integrated within existing scorecards used by clients and facilitate automation
5. Financial Health Index is transparent, flexible and fully explainable

Why choose Equifax?

Traditional lending decisions are based on credit data, which looks at a customer's past credit performance as a way of predicting future behavior.

Equifax Financial Health Index summarises and interprets a customer's financial health based on real-time transaction data.

Our experience in interpreting and categorising transaction, enables us to offer a dynamic and accurate image of creditworthiness and affordability to help you make more accurate lending decisions.

Contact us to book a demonstration today
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