7 tips to elevate account management for your credit portfolio

Optimize your account reviews and **deepen customer engagement**

Consumers' finances are constantly in flux.

Between job changes, inflation, and other economic impacts, there are many variables that affect a consumer's ability to meet existing financial obligations or take on new credit.

Plus, while credit scores serve as a solid foundation for account management, there may still be significant gaps in the insights provided by consumers' credit files.

That's why it is more important than ever for credit risk managers to proactively **advance their account management**.

Here are 7 ways to help you better identify both **hidden risk** and **opportunity** across your accounts.

1 Review your loan accounts with consumer credit attributes

You are probably already performing account reviews using consumer credit attributes to some degree — and this is a smart place to start. Credit data gives you the foundation you need to identify accounts that are performing well and those that may be at risk.

Did you know there are thousands of credit attributes available? Focus your choice of attributes to enhance your reviews:

- Market-driven attributes such as inflation and rising interest rates, student loan deferment, and early payment default
- Attributes indicating ability-to-pay and accommodations
- Loan-specific attributes for credit card, unsecured lending, communications and digital media
- Trended attributes that show 24 months of credit behavior

Plus, it's now easier than ever to advance your account review analytics. Explore historical data as well as new datasets in our unified, cloud-based analytical environment.

Are you using our latest credit data?

The predictive power of our newest credit attributes provides on average **a 15% lift — and up to a 94% increase — in performance over our legacy attributes.**

(Equifax analysis)

2 Establish the right review frequency

With so much uncertainty facing consumers right now, annual or quarterly reviews may not be sufficient to effectively manage risk.

A customer's financial situation can change rapidly – especially as inflation and high interest rates persist. With more frequent account reviews, you can take action faster to prevent losses and better help consumers manage their credit.

Shifting from annual to quarterly reviews can help lenders increase the amount of exposed dollar risk they can save by 3.5 times. **Shifting from annual to monthly can help lenders save 6x more.**

(Equifax analysis. Based on lender taking action immediately after recognizing delinquency at a different lender.)

3 Monitor changes in customers' credit activity and behaviors at other firms

Consumers' financial situations change from day to day. To help stay informed, lenders can monitor changes to consumers' credit at other firms. Use these insights to respond quickly, mitigate potential losses, and protect market share.

- Receive daily alerts of customers that have prequalified or applied for new credit at another firm. Then initiate a customer call or your own firm offer.
- Update your account review metrics to monitor for changes such as 60+ days past due at another firm.

Using insight into changes 'off-you' to identify early risk and retention can **increase cost savings by between 40%-50%** on newly identified dollars at risk.

(Equifax analysis)

4 Explore alternative consumer financial data to better understand day-to-day finances

While credit scores remain a strong indicator of financial reliability, they don't tell the whole story. To broaden your view of consumers' finances, lenders can use alternative data to help fill in the gaps in customers' credit profiles and better assess risk.

Here are just some of the data points that lenders can use to deepen their view:

- Employment and income data – can show changes in expected cash inflow
- Payment data for telecom, pay TV, and utilities accounts – can show day-to-day bill pay behavior
- Payment history for borrowers that use specialty finance services – can reveal creditworthy non-prime accounts
- Consumer-permissioned bank transaction data, as well as statement data for utility and telecom bills – can deliver additional insight on day-to-day financial behaviors
- Optimized risk scores – can offer enhanced differentiation for credit card, auto, personal loan, and insurance

Bank transaction data can provide a **7.3% lift over a benchmark score** in predicting accounts that will go 90 days past due.

(Equifax analysis)

5 Better assess account health with insights on consumers' financial durability

To further deepen account reviews, lenders can incorporate data that sheds light on consumers' financial durability — namely, their financial resources and resilience to meet credit obligations.

Financial durability is based on non-FCRA anonymized measures such as estimated income, spending power, affluence, and credit capacity. Use these measures to differentiate consumers within the same credit score band, especially during times of economic stress.

- **Proactively reduce delinquency risk:** Low-durability households have delinquency rates up to 10 times higher than those with the highest durability
- **Better differentiate prime consumers:** Prime consumers with the lowest financial durability have up to 3 times the bad rate compared to consumers with the highest financial durability
- **Adjust treatment for delinquent accounts:** Accounts with high credit scores (660+), and high durability were 13% more likely to become current again on their obligations after going delinquent

(Equifax analysis)

Financial durability may reveal some surprises **that can enhance your account treatment strategies.**

Financial durability measures are non-FCRA and are not intended to be used for the extension of credit to any individual, nor may they be used for purposes of determining an individual's creditworthiness or for any other purpose contemplated under the Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq.

6 Protect your portfolio from fraud

Synthetic identity is a growing problem for many lenders. To limit losses, incorporate alerts to continuously recognize accounts likely opened using synthetic identities.

- Leverage patent-pending machine learning algorithms to detect synthetic identify behaviors and patterns
- Implement batch or real-time
- Properly classify credit loss vs. operational loss

With an estimated $1,830 in bad balance per fraudulent account*, it doesn't take long for fraud losses to pile up.

* Urjanet Survey

7 Enhance the customer experience and find new pockets of opportunity

Delivering an optimal experience is key to deepening the relationship with your best customers. In fact, over 80% of customers agree the experience a company provides is as important as its products and services (Salesforce State of Marketing, 2021).

Use financial durability insights to identify appropriate households for:

- Product activation and usage campaigns
- Credit line increases
- Balance transfer and debt consolidation

Further enhance the customer experience and deepen engagement

- Build stronger identity graphs to support CRM
- Use financial insights to personalize message and creative for retention efforts
- Identify best customers for new Prescreen offers
- Engage customers via email and onboard customer segments to deliver messages online
- Deepen connections and build loyalty with financial wellness tools

Among consumers with a modest **580 credit score, 10% have estimated total household income over $178,000**. This might be an ideal audience for differentiated treatment.

(Equifax analysis)

Monitor risk and grow your existing credit accounts with an expanded view of your customers' finances.

Contact us to advance your account management.

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*Results for scenarios may vary based on actual data and situation.