



EQUIFAX®



Best Practice

Mid-sized financial institution explores updated consumer income estimation model to inform strategies

Financial institution

CHALLENGE

Explore updated consumer income estimation model to better inform business decisions

SOLUTION

Test income estimates from Consumer IncomeView+™, an update to the legacy Consumer IncomeView model

RESULT

Analysis shows updated income estimation model can help company decrease additional verifications by 19% and improve targeted marketing segmentation accuracy by 7% compared to legacy model

Challenge

A mid-sized financial institution was relying on a legacy consumer income estimation model from Equifax to inform non-adverse actionable income-related decisions across its business. The company wanted to understand if an updated income model built using new modeling techniques and the most recent data and attributes could better aid in decision making and save budget.

Solution

The financial institution worked with Equifax to test Consumer IncomeView+, an update to the legacy Consumer IncomeView model.

The Consumer IncomeView+ model offers several key advantages over the legacy model:

- **Estimates full-time, individual employment income in a broader range** — from \$16,000 to \$440,000
- **Incorporates more and newer data:** Includes updated modeling techniques including gradient boosting machine learning/AI and fueled by the most recent consumer credit attributes (point-in-time and trended data) and alternative data
- **Improved performance:** Provides more accuracy and predictability than previous versions
- **Frictionless model updates:** Users can receive continuous model updates to protect from model drift without the hassle of migrations

Results

An analysis was conducted to compare:

- Consumer IncomeView+ (CIV+) new income estimates to
- Consumer IncomeView (CIV) legacy income estimates

Estimates of stated income and verified income values provided by the financial institution were used as a reference point for measuring lift.

Consumer IncomeView+ enables companies to **better assess an individual consumer's estimated full-time employment income** without requiring consumers to provide proof of income documents.

The analysis showed that CIV+ can help the financial institution



Save time and money by decreasing costly verifications

CIV+ outperformed CIV by **19%** in predicting the number of consumers that would NOT require additional income verification. **This could save the company up to \$100,000 in expense**, plus improve efficiencies and customer experience.



Better segment audiences for appropriate cross-sell offers

CIV+ demonstrated **7%** improvement in segmenting consumers for the optimal offer based on consumers' likely income.



Confidently rely on an updated income estimate for additional business applications

CIV+ outperformed CIV by **4%** accuracy overall in predicting income and by approximately **19%** in predicting income within a 20% range (WPE 20).

Consumer IncomeView+ can also be used for many other non-adverse actionable FCRA business applications across the consumer lifecycle. For example:

- **Inform acquisition efforts by enhancing Prescreen segmentation:** Income estimates from Consumer IncomeView+ can be combined with traditional Prescreen criteria to help lenders better define their acquisition audience. Consumers with higher income estimates could receive a premium offer, whereas those with lower estimates could be served an entry level offer.
- **Enhance the loan application experience by helping borrowers quickly clear loan stipulations:** Income estimates from Consumer IncomeView+ can be used to help evaluate income for consumers applying for loans, helping lenders to provide a frictionless application process, speed access to credit, and reduce churn. (Note: Consumer IncomeView+ cannot be used for adverse action, in whole or in part.)
- **Enhance portfolio management by informing back-end analysis of current customers:** Consumer IncomeView+ can be used to analyze the estimated income of current customers, as compared to stated income amounts that were recorded during the approval process. This can help companies assess if customers could be considered for increased lines of credit or other promotions.
- **Better understand charge-offs:** Consumer IncomeView+ can be used to analyze charge-off files to help determine whether accounts with certain income levels are more likely to result in losses.

Learn more about how Equifax can help your business make more confident decisions with a better estimate of consumer income.



equifax.com/business/product/consumer-incomeview