

Market Pulse



Gaining a strategic advantage in Q3 and Q4 2024

**Three market trends and how alternative data
can benefit lenders and consumers alike**

EQUIFAX®





In mid-to-late 2024, consumers continue to face financial pressures and challenges

The reality is: consumers are changing, and many have little-to-no credit history. Economic conditions are also still very much in flux — from persistently-high inflation and interest rates to increasing rent and auto costs.

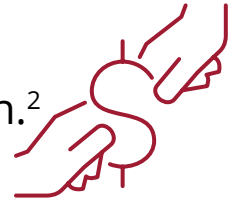
As the second half of 2024 progresses, let's look at some trends affecting consumers today — and how lenders can support their customers while still limiting their own risk and losses.



Inflation continues to strain consumer finances

While inflation has eased slightly, it remains stubbornly high and still hasn't met the Federal Reserve's 2% goal.¹

Consumer spending is **outpacing** income growth.²



Consumer debt is **rising**, and personal savings rates are at near-record **lows**.²



Credit balances and delinquencies are growing³

With interest rates holding steady, consumers remain financially overstretched — with many struggling to make ends meet.

Total U.S. consumer debt has **increased** to **\$17.37T**.³

Outstanding balances on auto loans and leases have **increased 3.1%** to **\$1.633T**.³



Methods for evaluating creditworthiness continue to evolve

Many consumers are still experiencing a rough patch financially. And we're seeing a greater need for expanded data (rent, cell phone payments, etc.) to supplement traditional credit data and provide a more accurate view of consumers.

~45M

Americans are considered "**credit invisible**," meaning they have no credit history.⁴



97%

of Americans own a mobile phone,⁵ with bills that could help identify or clarify **payment behaviors**.

Three ways access to alternative data can position lenders and consumers for success in the second half of 2024

Having more data leads to more informed decisions with less risk

Even in a volatile market — or perhaps *especially* in a volatile market — you're still expected to grow your business. But the key is doing so while keeping risk in check. With access to alternative data, lenders can:

Expand their marketable customer pool and improve the accuracy of observed credit quality by

20%⁶ 

Shift 21%  **of unscorable consumers to scorable credit bands⁷**

Simply put: this powerful data provides a better view of customers and prospects. For more informed decisions that reduce risk and provide a competitive, strategic advantage.



~41%

of surveyed organizations say approving more loans with less risk is a top priority for 2024.⁸

Having more data leads to more new customer opportunities

A critical component of a profitable portfolio is expanding business beyond your current customer base. This means evaluating and approving applicants you may not have considered (or even seen) before.

91.5M+ 

U.S. consumers have little-to-no credit history.⁷

18% 

of thin-file and credit invisible individuals can actually qualify for prime or near-prime offers.⁷

With alternative data, lenders can identify and approve borrowers not seen with traditional credit data alone. And, as a result, can expand consumer access to credit while achieving successful portfolio growth without increasing risk.

Subprime lenders have realized

\$13.7M

in annual loss savings by using alternative data.⁷



Having more data leads to more positive customer experiences

While planning for growth, it's important to remember those at the core of your business: your customers. Fortunately, looking beyond traditional credit data can help you better serve them and enable more people to get the credit they need.

Incorporating income and employment data could allow

7M+ 

consumers to qualify for better credit offers.⁷

Using utility payment data has increased credit approval rates for low-income adults by more than

20%.⁶ 

When using alternative data insights and automating the decisioning process, lenders can accelerate approvals while still mitigating risk. To minimize customer friction and improve the overall experience — for everyone.



of surveyed individuals said using differentiated data to address affordability challenges is a priority for 2024.⁸



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Leverage enhanced insights to find success in an ever-shifting industry

While a 2024 recession has been avoided (for now), the pressure is still on for consumers and lenders as we move through the second half of the year.

By combining traditional credit data with rich, comprehensive alternative data, you can stay ahead of loss, make smarter decisions, and create positive experiences along the way.

Want to keep learning about today's financial landscape and how Equifax can help you grow and support customers with less risk?

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¹ Inflation Cooled Slightly, Offering Some Relief for Consumers and the Fed; The New York Times, 2024
² Market Pulse Main Street Lending Report; Equifax, 2024
³ U.S. National Consumer Credit Trends Reports; Equifax, 2024
⁴ Credit Scoring Alternatives for Those Without Credit; U.S. Government Accountability Office, 2022
⁵ Cell Phone Statistics 2024; Consumer Affairs Journal of Consumer Research, 2023
⁶ The Economic Impact of Alternative Data on Financial Inclusion; Urjanet, 2019
⁷ Widen Your Scope. Broaden Your Perspective.; Equifax, 2021
⁸ Equifax Data & Analytics, 2024