Consumer Affordability View

Better predict consumers' additional debt repayment capacity

To support confident lending decisions and help consumers responsibly manage debt, lenders need to understand how much a consumer can truly afford to borrow. But relying primarily on credit scores and debt-to-income models based on historical behaviors and data won't provide this insight.

Consumer Affordability View fills this gap by enabling lenders to gain crucial insight into a consumer's estimated capacity to take on new debt without getting into financial trouble. Only Equifax brings this innovative solution to empower companies to support responsible lending with a forward-looking forecast of consumer repayment capacity — stated in US dollars — that can help inform decisions on how much debt a consumer can likely reasonably manage. With Consumer Affordability View, lenders can make smarter lending decisions and cultivate a healthier, more resilient portfolio — and support a stronger credit ecosystem as a whole.

A dual solution: Unique affordability risk score plus a dollar-value affordability estimate

Consumer Affordability View includes both an affordability risk score and corresponding repayment capacity dollar values for installment and revolving loans. With these measures, lenders can better estimate how much a consumer may be able to reasonably afford to borrow for the next 24 months without going 90+ days past due on new and existing trades.

When used in conjunction with a traditional credit risk score, Consumer Affordability View can help lenders enhance prescreen, origination, portfolio management, and other FCRA applications across the credit lifecycle. Adverse action reason codes are also provided to support decisioning applications.

Key benefits

Make more confident lending decisions and support responsible lending using a clear affordability risk score with corresponding dollar-based affordability estimates

More confidently extend additional credit to new and existing consumers with high estimated capacity to take on new debt and filter over-leveraged applicants to reduce risk

Inform credit line assignments and enhance account management based on predicted repayment capacity

Leverage a cloud-native solution developed with state of the art AI and neural network technology and traditional and trended credit data
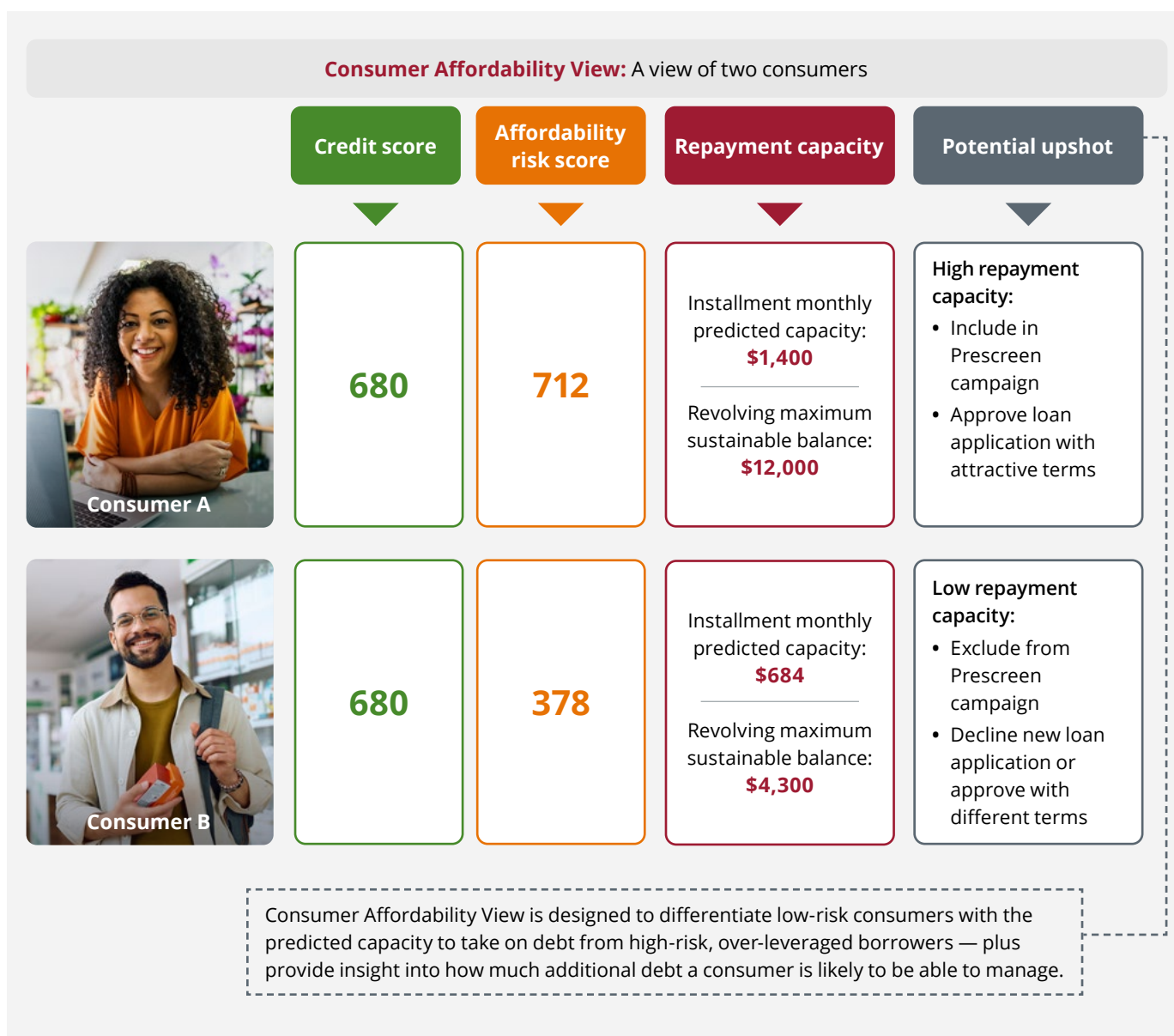
Consumer Affordability View includes two components

Affordability Risk Score: A three-digit score ranging from 2 to 921 that can be used to rank order consumers by their predicted repayment capacity. For example:

- **A score of 117** indicates lower repayment capacity
- **A score of 824** indicates higher repayment capacity

Dollar-based monthly repayment capacity estimate: Each affordability risk score corresponds to a predicted US dollar amount that a consumer can reasonably expect to take on as new credit.

- **For installment loans**, it indicates a maximum monthly repayment amount that a consumer can likely commit to on a new installment trade, while remaining in good financial health.
- **For revolving loans**, it indicates the maximum balance a consumer can likely maintain on a new revolving trade, while maintaining financial health.

Consumer Affordability View: A view of two consumers

	Credit score	Affordability risk score	Repayment capacity	Potential upshot
Consumer A	680	712	Installment monthly predicted capacity: **$1,400** — Revolving maximum sustainable balance: **$12,000**	**High repayment capacity:** • Include in Prescreen campaign • Approve loan application with attractive terms
Consumer B	680	378	Installment monthly predicted capacity: **$684** — Revolving maximum sustainable balance: **$4,300**	**Low repayment capacity:** • Exclude from Prescreen campaign • Decline new loan application or approve with different terms

Consumer Affordability View is designed to differentiate low-risk consumers with the predicted capacity to take on debt from high-risk, over-leveraged borrowers — plus provide insight into how much additional debt a consumer is likely to be able to manage.

Innovative modeling technology and differentiated data translates to proven performance

Consumer Affordability View harnesses a unique neural network, proprietary machine learning, trended credit data, and sophisticated credit attributes to deliver superior predictive accuracy and forecast repayment capacity.

Compared to a traditional risk score alone, the addition of Consumer Affordability View shows consistent and significant improvement in predicting consumers becoming 90+ days past due for new and existing trades:

- **For installment loans, it offers a 4.45% KS lift**[*]
- **For revolving credit, if offers a 3.59% KS lift**[*]

Make more informed lending decisions with a view of repayment capacity

Consumer Affordability View is ideal to inform decisions for personal finance, card, and auto loan use cases including origination, prescreen, and account management and can easily be integrated into platforms that support real-time decisioning. The solution can help banks, credit unions, card issuers, fintechs, auto lenders, and other organizations support responsible lending by helping to minimize risk of borrowers defaulting on their loans.

Consumer Affordability View enables lenders to better predict the monthly repayment capacity a consumer can reasonably afford for the next 24 months.

Enhance acquisition to reach consumers that are likely to be able to afford to take on new credit

- **Better segment** prescreen audiences, target optimal candidates, and customize offers with insight on estimated repayment capacity
- **Confidently expand** addressable market to include creditworthy consumers who might be overlooked by traditional credit scores alone

Inform new account opening with an indication of how much applicants are likely to be able to afford

- **Inform approvals** and credit line terms and amounts with a more complete financial picture of applicants' estimated capacity to handle new debt
- **Swap** in overlooked applicants with higher predicted repayment capacity; swap out applicants who appear borderline based on traditional metrics alone
- **Reduce credit risk** by declining consumers with a projected unsustainable debt load and avoid overextending consumers

Fuel account management decisions and find growth opportunities

- **Categorize lending portfolios** by estimated repayment capacity and find subpopulations that are appropriate for line adjustments (credit line increases, freezes)

Get started

Ready to learn more or begin a validation? Contact your Equifax account representative or visit our website today.

equifax.com/business/product/consumer-affordability-view