CreditMix

KEY BENEFITS

Better determine market size and share of total outstanding credit behavior through detailed credit categories

Understand firm performance in capturing credit within target markets

Gain insights on how financial shifts affect customer segments

Determine the consumer credit health of target geographies

Developed for use in non-FCRA applications

When It Comes to Understanding Your Customers, Credit Counts

Given today's economy, consumers' credit behaviors are continuously evolving:

- Consumer use of credit is up, but access to credit has gotten stricter
- Consumers are shifting which types of credit they prefer
- Mortgage and credit firms are looking for new ways to adapt to the changing market

Today's reality is that households have adopted new financial and economic decision criteria which determine their lifestyles and credit behaviors. That's why having an understanding of households' use of credit within your target markets is more important than ever before to making smart business decisions.

CreditMix: The Only Source Representing Total Outstanding Credit
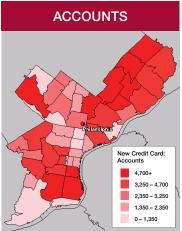
CreditMix™ enables firms to better determine the market size and their share of outstanding credit within their target markets. With CreditMix, companies can gain insights on how financial shifts affect customer segments and better understand consumer credit health within various geographies.
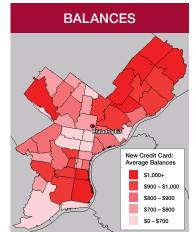
- **Extensive:** Based on extensive credit data from Equifax representing nearly 100% of all active consumer credit users
- **Granular:** Lowest level available is Census Block Group or ZIP Code for the most granular assessment of market behavior
- **Versatile:** Offers 200 metrics across 41 account types; utilizes some of the same regulated metrics used for decisioning, but aggregated for use in non-FCRA applications

EQUIFAX®

Sample Application

With CreditMix, firms can analyze the number and balance of many credit types across custom or standard geographic regions. The maps show new credit card accounts (number and balances) within Philadelphia ZIP Codes.

ACCOUNTS

New Credit Card:
Accounts
- 4,700+
- 3,250 – 4,700
- 2,350 – 3,250
- 1,350 – 2,350
- 0 – 1,350

BALANCES

New Credit Card:
Average Balances
- $1,000+
- $900 – $1,000
- $800 – $900
- $700 – $800
- $0 – $700

Client Question	Solution Category	Applicable CreditMix Variables (All Variables are offered at various geographies down to Block Group or ZIP Code)
Are the consumers in Atlanta, GA likely to be able to afford my product or similar market products?	Capacity to pay	■ Total number of open credit card accts, total credit card balance, % balance to high credit — by firm and market for specific geography
What share of my customers is likely to be financial strapped by ZIP Code within the northern Virginia market?	Financial stress	■ Total number of accounts 60 days past due and amount past due, total number of collections, bankruptcies, and foreclosures — by firm and market for specific ZIP Codes
What is my share of the market for recently opened credit accounts and should I open a branch in that market?	Financial activity	■ Total balance and number of bank card accts new within 12 months — by firm and market ■ Total balance and number auto bank accts new within 12 months — by firm and market ■ Total balance and number consumer finance accts new within 12 months — by firm and market
What's the likelihood that households in a particular series of block groups will file for bankruptcy?	Risk scores	■ Equifax Risk Score[SM] ■ Bankruptcy Navigator Index® 3.0 ■ Neighborhood Risk Score

Measure Market-Level Performance and Find Opportunity

Firms can use CreditMix to better assess the market size and their firm's market share of credit within a geographic region. It provides estimates of various total credit behaviors, mortgage vs. non-mortgage credit, and relevant sub-categories to help firms understand a market's allocation of credit. It can be further broken out by household asset ranges or Equifax Risk Score ranges for deeper analysis. With this information, firms can gain a better estimate of their share of all types of credit behaviors compared to the market.

CreditMix Product Categories

By leveraging our extensive credit data, CreditMix provides estimates of total outstanding credit behaviors in select sub-categories for desired geographies.

TOTAL CREDIT	

■ Mortgage Credit
  – First Mortgage
    ● Agency
    ● Non Agency
  – Home Equity Line of Credit (HELOC)
  – Home Equity Loan (HELoan)
	■ Non-Mortgage Credit
	  – Bank Card
	  – Retail Card
	  – Auto Finance
	  – Auto Bank
	  – Student Loan
	  – Consumer Finance
	  – Other Non-Mortgage

Standardized Variables for Product Categories

VARIABLES	
■ Number of Accounts ■ Number Accounts New within 12 months ■ Number Accounts >60 Days Past Due ■ Balance ■ Balance Accounts New Within 12 Months	■ Balance Accounts >60 Days Past Due ■ High Credit on Accounts ■ High Credit on Accounts Within 12 Months ■ Percent of Balance to High Credit ■ New Age of All Accounts

Choice of custom or standard geographic regions:

- Any custom geographic region desired
- Any Census Geography as low as Census Block Group
- Any Postal Geography as low as ZIP Code

Choice of custom or standard WealthComplete® household asset ranges:

- Represents total estimated assets held by the households within the selected geographic region
- Choose from 13 standard household asset ranges or combine them to design your own ranges
- Low of "<$2,500" to a maximum of "$25 million+" within each geography

Choice of custom or standard Equifax Risk Score ranges:

- Represents estimated average risk for households within the selected geographic region
- Choose from 13 standard Equifax Risk Score ranges or combine them to design your own ranges
- Low of "<600" to a maximum of ">821" within each geography

CreditMix Sample Applications

Credit Market Size and Share

What is the estimated size of the credit market, credit allocation, and my firm's share for the Southeast?

Credit Category	Total in Market (in millions)	Firm Credit (in millions)	Share of Credit by Category
Total Mortgage Credit	**$1,434.0**	**$161.0**	**11.2%**
First Mortgage Credit	$1,29.0	$151.2	11.7%
HELOC	$100.0	$7.0	7.0%
Home Equity Loan	$43.0	$2.8	6.7%
Total Non-Mortgage Credit	**$484.0**	**$16.4**	**3.4%**
Bank Credit Card	$121.0	$2.3	1.9%
Retail Credit Card	$16.0	$1.1	6.9%
Auto	$126.0	$5.3	4.2%
Other Non-Mortgage Credit	$221.0	$7.7	3.5%
TOTAL CREDIT	**$1,918.0**	**$177.4**	**9.2%**

Credit Market Size and Share by Asset Ranges

What is the estimated size of the first mortgage market and my firm's share by custom asset breaks for the southeast?

Geography	Custom Asset Range	Total First Mortgage Credit (in millions)	Firm First Mortgage Credit (in millions)	Share of First Mortgage Credit
Southeast	HH's with $5M – $10M	$25.8	$1.3	5.0%
Southeast	HH's with $1M – $5M	$193.8	$19.4	10.0%
Southeast	HH's with $500K – $1M	$90.4	$7.2	8.0%
Southeast	HH's with <$500K	$981.9	$123.3	12.6%
TOTAL	**ALL**	**$1,292.0**	**$151.2**	**11.7%**

Credit Market Health Assessment

What is the credit market health for the different regions across the U.S. and where are the opportunities for growth?

Geography	Total Number All Credit Accounts	Total Number All New Credit Accounts Within Last 12 Months	Percent Balance to High Credit for All Credit Accounts	Total Number All New Credit Accounts 60+ Days Past Due	Total Number of Bankruptcies
Southeast	2,525,000	45,000	42%	1,750	125
Northeast	3,750,000	110,000	30%	1,800	150
Midwest	1,775,000	30,000	35%	1,150	80
Southwest	2,290,000	85,000	55%	3,500	250
Northwest	3,125,000	40,000	28%	1,900	180
TOTAL	**13,465,000**	**310,000**	**42%**	**10,100**	**785**

The data above is for illustrative purposes only

Northeast presents a likely opportunity for low risk growth:
Has high new credit activity, low credit utilization, and low negative credit behavior indicating a healthier market

Southwest presents a likely riskier opportunity for growth:
Has higher credit utilization and negative credit behavior indicative of a struggling market

CreditMix Risk Scores: Equifax Risk Scores for Managing Risk at the Market Level

CreditMix offers average Equifax Risk Scores for households within a specific market, enabling firms to reduce risk and better target and service their customers and prospects. The risk scores predict households' likely future credit behavior based on previous behavior as well as compared to credit files that have had similar characteristics under similar conditions. Equifax Risk Score models typically assign higher scores to consumers who exhibit a likelihood of high, or satisfactory, credit performance and lower scores to consumers who exhibit a likelihood of low, or unsatisfactory performance. These scores represent the average household risk within the selected geographic markets.

TYPE OF RISK SCORE	DESCRIPTION
Telco 98℠	Risk assessment model. Predicts the likelihood of households becoming a serious credit risk on a telecommunications account. The higher the score, the lower the risk.
Advanced Energy Risk Model℠	Risk assessment model. Predicts the likelihood of consumers becoming a serious credit risk on an energy account. The higher the score, the lower the risk.
Bankruptcy Navigator Index 3.0	Risk assessment model. Predicts the likelihood of filing bankruptcy within the next 24 months. The higher the score, the lower the risk.
Equifax Risk Score 3.0	Risk assessment model. Predicts the likelihood of becoming seriously delinquent (90+ days past due or worse) within 24 months. The higher the score, the lower the risk.
VantageScore®	Tri-bureau risk assessment model. Predicts the likelihood of becoming a serious credit risk. The higher the score, the lower the risk.
Wireless 2000 2.0 – Advanced Wireless Model	Risk assessment model. Predicts the likelihood of consumers becoming seriously delinquent (60+ days past due or worse) within 6 months. The higher the score, the lower the risk.
Auto Finance Predictor Score	An advanced analytical tool that predicts the likelihood of a consumer's near-term need or interest in auto financing within 2 to 4 months of scoring. The higher the score, the higher the likelihood of the consumer opening a new auto trade.

This combined view of assets and liabilities, together known as MarketIntel, enables firms to better identify market level growth and profit opportunities.

Gain a Complete View of the Market: CreditMix Combined with Assets, Spending, and Income Solutions

WalletInsights™ – MarketIntel™ presents a combined view of assets and credit: CreditMix can be combined with MarketMix™, our solution that enables IXI™ Network Member-Firms to assess the size and share of assets held within target markets. MarketMix represents an estimate of the total invested assets held by all U.S. households and is derived from directly measured assets from over 95 of the nation's leading financial services firms.

This combined view of assets and liabilities, together known as MarketIntel, enables firms to better identify market level growth and profit opportunities. Offered via WalletInsights, our online platform, MarketIntel enables firms to make strategic decisions as to which markets to invest in and how they can grow assets, manage risk, and alter short and long-term strategies to maximize profitability and share.

CreditMix combined with spending and income offers a more comprehensive view of market health: CreditMix can be combined with our spending and income products such as Discretionary Spending Dollars™, Income360®, and/or Ability to Pay Index™ to gain a more comprehensive view of credit behavior, liabilities, estimated income, discretionary spending dollars, and/or ability to pay within target markets.

Beyond Aggregated Credit: The Advantage of Using Household-Level Credit Balances as the Foundation for an Enhanced Market View

Standard aggregated credit measures are built from individual records within geographies and present individual use of credit. The drawback of this method is that it results in credit usage measures that sometimes overestimate credit use for individuals that have joint or shared accounts. This occurs because there is no de-duplication of two individuals that share an account. Combining individual-level credit metrics with other household-level data can be problematic.

CreditMix variables are built based on anonymous individual credit information from Equifax, which are then de-duplicated for joint and shared account information to provide improved estimates of credit usage at the household level. All data is aggregated as low as block group or ZIP Code level to protect consumer privacy.

Below is an example of how household-level credit metrics lead to different results than individual-level credit metrics. In the example, the household view of mortgage balance offered by CreditMix is more accurate than an individual view of mortgage balance provided by standard credit indicators, since most mortgages are held by households, not individuals.

Household-Level vs. Individual-Level Aggregation of Credit Data

CreditMix (Households)		Standard Aggregated Credit (Individuals)	
Household 1	$500,000	Husband 1 Wife 1	$500,000 $500,000
Household 2	$1,000,000	Husband 2 Wife 2	$1,000,000 $0
Household 3	$300,000	Husband 3 Wife 3	$300,000 $300,000
Household 4	$100,000	Husband 4 Wife 4	$100,000 $0
Sum of Mortgages	$1,900,000	Sum of Mortgages	$2,700,000
Number of Individuals	4	Number of Individuals	8
Average Mortgage/HH	**$475,000**	**Average Mortgage/HH**	**$337,500**

Please contact us for more information about CreditMix or MarketMix.

CONTACT US

info.ddm@equifax.com
800-210-4323
equifax.com/DDM

EFX®