

### 5 Ways lenders can assess the impact of federal student loan debt

Hundreds of millions of dollars could be at risk

After a three year deferment, most federal student loan payments have resumed.

What could that mean for consumers facing repayment?

Up to a jump in monthly

debt commitments<sup>1</sup>

An extra owed each month

household income4

### Federal student loan related risk exposure could surprise you

Check out these findings based on analyses performed for multiple banks and credit unions:5

**About** of customers held federal student loan debt at another lender



Average federal student loan debt:



About \$31,000 - \$43,000 in total



About \$9,000 - \$12,000 per account



Each customer with federal student loan debt has between

student loan accounts





for smaller lenders



for larger lenders

debt ranges from of overall consumer debt

Federal student loan







**About** 

have low financial durability and are unlikely to have the resiliency to meet all of their financial obligations

Amongst prime and super prime borrowers.



#### Why should lenders be concerned?

Lenders — even those that do not hold student loans on their books — need to evaluate which of their customers have federal student loan debt and gain insight on their ability to meet financial obligations.

What percent of your customers have federal student loans?

How much federal student loan debt is owed by these customers?

What is the risk exposure that this debt presents?

Which student loan borrowers are most likely to have the financial capacity to pay their student loan bills and all of their debt commitments? And which might not?

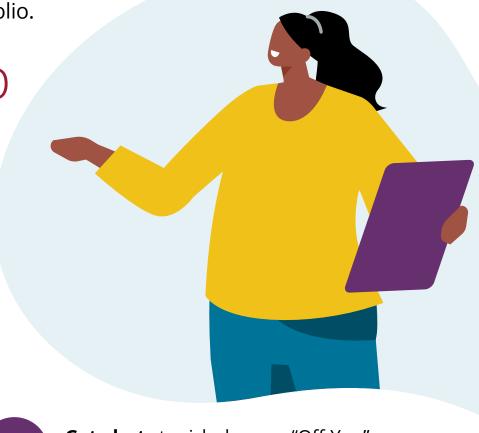
**Now is the time** to deepen your understanding of the impact of student loan debt on your customer base and portfolio.

## How Equifax can help

**Determine which customers** have federal student loans. **Customer Portfolio Review** 

Incorporate student loan and alternative data attributes to create high-risk categories for further analysis. **Consumer Attributes** 

Increase the frequency of account reviews. Identify customers that have taken on new credit, increased utilization, only made minimum payments, recently missed payments, or experienced credit score changes. **Customer Portfolio Review** 



**Get alerts** to risk changes "Off-You". **Account Management Triggers** 

Segment borrowers by their financial durability and resilience to meet debt commitments. **Financial Durability Measures** 

# With this additional insight, take action



and **reach out early** to segments that may present increased risk: Provide financial education/counseling Offer modified repayment plan,

**Maintain close ties** with customers

refinancing, or debt consolidation



for revolving customers

**Manage credit limits** 



for new loans

**Adjust cut-off scores** 



**Revise collection strategies** 

- Contact your account manager or ask for a consultation with our risk advisor experts.
- 1) <u>The student loan crisis white paper</u>, Shur<sup>™</sup>, Equifax, and VantageScore<sup>®</sup>, July 2022.

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- 2) The student loan crisis white paper, Shur<sup>™</sup>, Equifax, and VantageScore<sup>®</sup>, July 2022. 3) Education Data Initiative, May 30, 2023.
- 4) Wall Street Journal, July 15, 2023. 5) Equifax analytics. Results may vary based on actual data and situation.