Understanding Consumer Financial Durability

Financial insights can help you see important differences between consumers. Inflation, high interest rates, and economic uncertainty have impacted numerous U.S. households. But households are being affected unequally — with significant consequences for marketers.

Financial Durability Index™ is a new index to measure a household’s likely ability to weather economic uncertainty. It’s a more holistic way of understanding financial capacity that goes beyond income or credit scores.

More information can be found at usismarketing@equifax.com.

Here are some facts about durability that might surprise you:

- Did you know?
  - Equifax analysis, 2021
  - U.S. HOUSEHOLDS
    - 10% have fewer than $100,000 in liquid assets
    - 54% have fewer than $10,000 in liquid assets
    - 22% have fewer than $2,500 in liquid assets
  - 30% of consumers with a 660-719 credit score have low durability and may not be a good prospect based solely on their credit score.
  - 12% of consumers with a healthy credit score of 700+ have low durability. You wouldn’t know this just from their credit score.

- Regions with the highest durability
  - San Francisco-Oakland-Hayward, CA (47%)
  - Boulder, CO (43%)
  - Breckenridge, CO (44%)
  - Steamboat Springs, CO (54%)
  - Los Alamos, NM (62%)

- Regions with the lowest durability
  - Napa, CA (44%)
  - Santa Cruz-Watsonville, CA (53%)
  - San Francisco-Oakland-Hayward, CA (247%)
  - Boulder, CO (122%)
  - Breckenridge, CO (208%)

- Financial Durability is predictive of financial distress...
  - In 2021, consumers with the lowest durability had a delinquency rate 13x higher than those with the highest durability.

- Financial Durability helps predict a household’s likely ability to keep spending, and meet current and future financial obligations, even when under financial stress. It’s a measure that considers many factors in combination, including affluence, estimated income, spending power, and aggregated credit.

- Did you know?
  - 11% of consumers with a healthy credit score of 700+ have low durability. You wouldn’t know this just from their credit score.

- Financial Durability can help you:
  - Enhance your cross-selling targeting
  - Deepen relationships with high-durability customer households
  - Augment in-house models that use credit and income variables
  - Inform account and portfolio management for focused retention and collections efforts

Learn more about our Financial Durability Index. Contact your Equifax account representative about a durability analysis of your customers.