Automated Income Verification

Helping you verify more incomes, through the use of transaction data

Why Automated Income Verification?

The regulations for providing secured or unsecured loans suggest that lenders must take reasonable steps to determine a customer's current income, and should use independent evidence to verify this.

In addition, the fifth anti-money laundering directive (MLD5) comes into force in 2020 and stipulates that electronic verification should be used by regulated sectors wherever possible.

Equifax's Automated Income Verification can help you meet these regulatory requirements by providing precise, granular and flexible, real-time income verification through our expert understanding and analysis of transaction data.

The use of transaction data to verify a customer's declared income has a number of advantages over using current account turnover data alone

- Uses 'as of now' bank account transaction data
- Granular and flexible (No BBA CATO restrictions)*
- Available to Insight and non-Insight members
- Requires declared income as an input value to be verified
- Available over three months, six months and/or 12 months
- Added value insights: employer, amount of salary

*Requires consumer to provide consent to share their transaction data

Key benefits

Automated Income Verification uses personal current account transaction data, made available through Open Banking APIs, to verify a customer's declared income.

It breaks down income into individual components such as salary, benefits and pension, giving a complete picture of a customer's turnover.

It can be used by lenders and non-lenders throughout the customer journey.

Automated Income Verification can be used to address complex cases such as; joint accounts, multiple salaries and adhoc salaries. It can be tailored by sector and comes with an array of supporting attributes which are not available through a standard income verification solution.

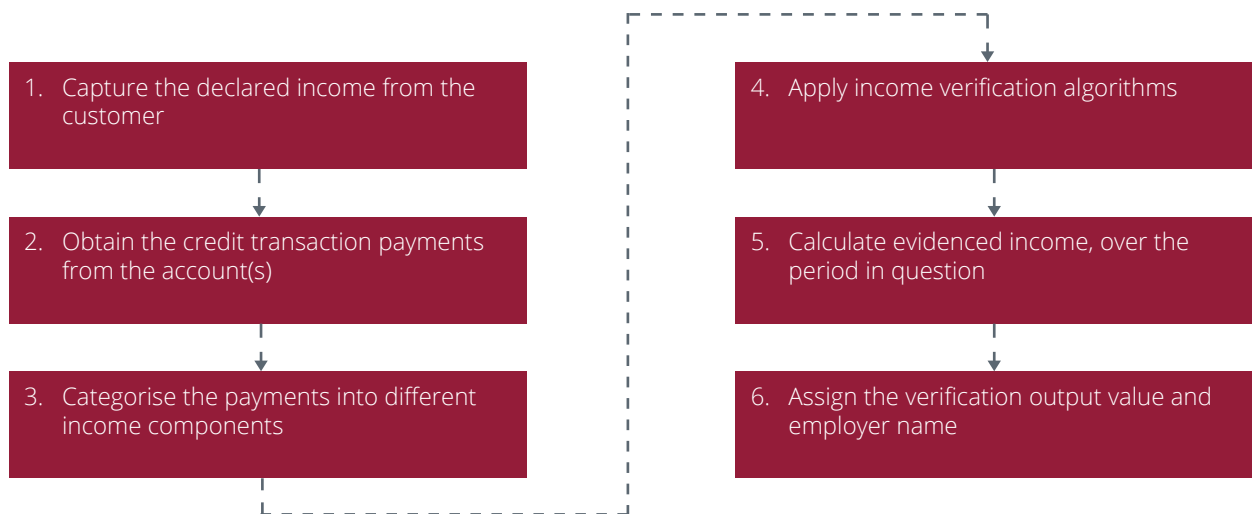| Case management	Flexibility	Supporting attributes
Complex cases are identified, flagged, addressed and automated. Including: • Job change • Multiple salaries • Variable incomes • Outlier high payments, e.g. bonuses	Clients can use parameters to tailor the solution to their sector and proposition, including: • Salary calculation measure parameter, e.g. mean, min, median • Salary sacrifice parameter	Automated Income Verification code and supporting attributes are provided: • Monthly income component characteristics - salary, benefits • Employer name • Missed amounts - how much an individual missed being verified by

How does it work?

The Automated Income Verification process:

1. Capture the declared income from the customer

2. Obtain the credit transaction payments from the account(s)

3. Categorise the payments into different income components

4. Apply income verification algorithms

5. Calculate evidenced income, over the period in question

6. Assign the verification output value and employer name

Equifax approach to verifying income from bank transaction data

• Capture the declared income from the customer. This could be Gross Annual or Net Monthly
• Obtain the credit transaction payments from the account(s), e.g. through Open Banking
• Apply income verification algorithms to assess the number of salary and income streams, income frequency, change in employer, employment type
• Calculate observed income over the period in question and compare to the customer declared income
• Assign the output value based on the type and amount of income evidenced over the desired period

How do I use it?

Once a customer's income has been verified, we will supply you with a simple output value, along with supporting attributes such as; employer name, salary payment frequency and missed amounts.

These can be delivered via API and fed into your decision systems or viewed via our modular dashboard.
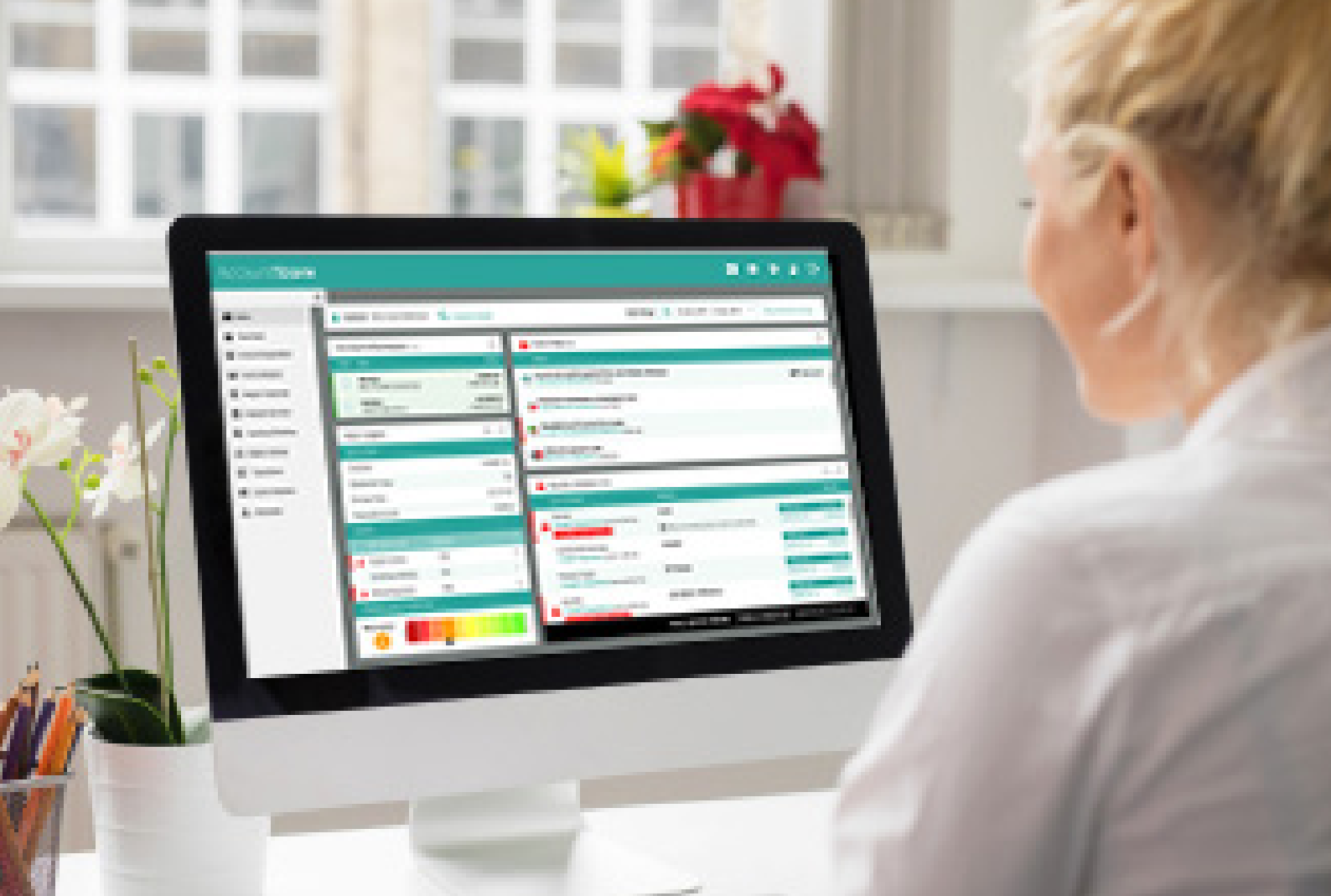
How will it benefit me and my customers'?

Income verification is complex but with transaction data it can be automated to provide better insights than ever before.

Lenders can benefit from more accurate affordability assessments, leading to better credit decisions and your customers will benefit from quicker, simpler and more secure credit application processes.

Why choose Equifax?

Equifax in partnership with AccountScore offers real-time, end-to-end Open Banking solutions to enhance customer strategies, improve service and, as a result, gain competitive advantage and drive growth.

Bank account transaction data **obtained through open banking** provides granular and accurate insights into a customer's **declared** income.

Using our expertise in transaction data analytics we are able to see and categorise a customer's individual credit payments. This enables us to better understand the composition of your customers' income, which in turn, helps you make more accurate affordability assessments.

Contact us to arrange a demo and see how our Equifax Automated Income Verification can work for you: eumarketing@equifax.com