Expanding Access to Credit
with Alternative Data

Alternative data can provide a broader view of consumer behavior to help businesses make better decisions.

This type of data highlights what may be happening outside the traditional consumer credit file.

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+32%

Alternative data is Fair Credit Reporting Act compliant information not included in traditional credit — which could score up to 32% of previously unscorable consumers[1]

Examples include:

Specialty Finance Data
includes short term installment loans, rent-to-own information and other non-traditional lending attributes

Telco and Utility Data
including telecommunications, pay TV, home security and utility payment history

~76 Million Americans May Face Challenges Accessing Credit Because They are Either:[1]

Thin File:
Has four or less credit accounts on their credit file, meaning they have limited credit history

Credit Invisible:
Does not have a traditional credit file

Snapshot of Consumers with Thin Files or Who Are Credit Invisible

Nearly **1 in 3 adults** in the U.S. have thin files or are credit invisible[1]

Many rely on higher-cost alternative financial products and services

~76 Million Americans
have little-to-no credit history

~61M have a "thin" credit file — 4 accounts or fewer

~16M are considered credit invisible

Those with little-to-no credit history are more likely to:

Be young or new to using credit	Have recently immigrated	Have not used credit for a long time	Do not use credit accounts	Be recently widowed or divorced	Be cash or debit card users

Credit Invisibility Can Be Costly

A subprime credit score could bring an **additional $32,923 in interest** on an average 30-year mortgage compared to a prime score[2]

Cost of the average US mortgage: **$1,775 per month**

57% of Americans could not pay an unexpected expense from savings[3]

25% would use credit cards

11% would borrow from family or friends

4% would take out a personal loan

1 in 3 Americans had **more credit card debt** than emergency savings[3]

Credit invisibility Can Bring Higher Costs

Compared to borrowers with prime credit scores, **those with subprime credit scores pay:[4]**

$400 more in interest for a $550 emergency loan over three months

$3,000 more in interest for a $10,000 used-car loan over four years

Leveraging alternative data could shift 8.4M more U.S. consumers into scorable credit bands.[1]

+5% An incremental 13.6M (5%) U.S. consumers could qualify for prime or better offers[1]

Layering alternative data with our patented explainable AI (xAI) **can lift consumers into better credit bands:**

Equifax led the way towards an industry standard for explainable AI (xAI) in financial services, introducing the first machine learning credit scoring system with the ability to generate logical and actionable reason codes for consumers[1]

An incremental ~2 Million consumers
could qualify for prime/super prime offers

Incremental populations become scorable with each use of alternative data and incorporating AI:[1]

The Positive Impact of Alternative Data on Unscorable Consumers

With **utility & telco data**, an additional 6.5M people could become scorable

Able to score 25% of credit unscorables

Layering **specialty finance data**, with utility & telco data could score an additional 1.9M people
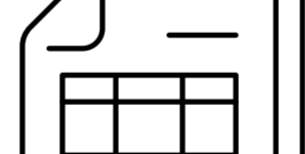
Able to score 7% of credit unscorables

For example, telco and utilities data can help open more financial opportunity

91% of American adults have at least one utility bill in their name[5]

With telco data,[6] **many individuals experienced credit score changes**

66% 10 point positive change to their credit score

10% 25 point positive change to their credit score

6.5M U.S. consumers would be able to move from unscorable to scorable with consumer Telco and utility data[1]

Unlocking New Economic Potential Through Alternative Data

We are constantly innovating to help create more financial opportunity for more people

Lower-risk, more affordable lending options for consumers

Enhanced visibility for a more complete financial picture

Leveraging alternative data could move 8.4M more consumers into scorable credit bands

While traditional credit reports remain a strong indicator of credit history and past financial reliability, *alternative data can responsibly expand access to credit and support a more inclusive economy*

Learn more about alternative data solutions:

OneScore for Consumer

Expanded Mortgage Credit Report

Unique data sources including:

Equifax Consumer Attributes   **Specialty Finance Data**   **Alternative Data to Evaluate Risk**

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Sources:
1 Equifax: Access to Credit and Alternative Data Report 2023
2 2022 U.S. Census Bureau Data: American Community Survey
3 Bankrate 2023 Annual Emergency Savings Report
4 2022 Urban Institute: Credit Health During the COVID-19 Pandemic
5 2021 Urban Institute: Adapting Alternative Data in Credit Scoring Would Allow Millions of Consumers to Access Credit
6 2021 Urban Institute: Utility, Telecommunications, and Rental Data in Underwriting Credit

For more information, visit **equifax.com/business**

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