

Expanding Access To Credit With Alternative Data

Helping more U.S. consumers obtain access to mainstream financial services requires new insights into individual financial history



Alternative data — or information not found in traditional credit reports — could score up to 90% previously unscorable consumers⁷

90%

nearly half of those would be scored as prime or near-prime borrowers

Snapshot Of Consumers With Thin Files Or Who Are Credit Invisible

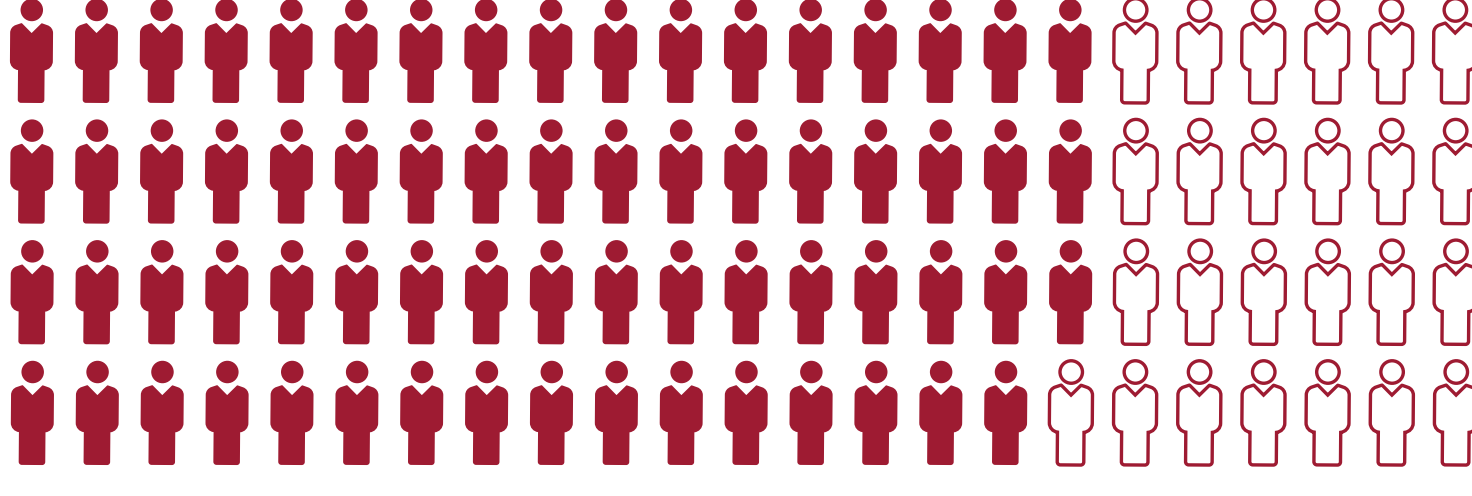


1 in 5 adults in the U.S. lack the credit history needed to establish a credit score⁹

63M American adults are either unbanked or underbanked¹⁰



92M have little-to-no credit history¹²



67M have a "thin" credit file¹² — 4 or less accounts

25M are considered credit invisible¹²

Many rely on high-cost alternative financial products and services such as check cashing services or pawn shop loans

Those with little-to-no credit history are more likely to¹¹

- ☐ be young or new to using credit
- ☐ have recently immigrated
- ☐ be Hispanic or African American
- ☐ have not used credit for a long time
- ☐ not use credit accounts
- ☐ be recently widowed or divorced
- ☐ be cash or debit card users

Income¹

Under \$25K per year

49%

Over \$25K - 50K per year

26%

Over \$50K per year

26%

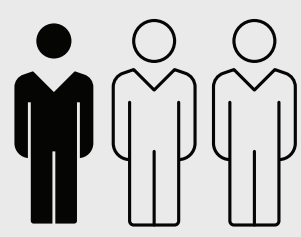
Credit Invisibility Can Be Costly



A subprime credit score could bring an additional \$32,923 in interest on an average 30-year mortgage compared to a prime score³

60%

of Americans could not pay an unexpected \$1K expense from savings⁵



1 in 3 would borrow to cover the cost⁵

58%

admit to running out of money at the end of each month, leading them to⁸

47%

Cut back on expenses

44%

Pull money from checking or savings

27%

Use credit

Credit invisibility brings higher costs²



Higher interest rates on personal loans



Higher premiums for auto, home, and rental insurance

Leveraging alternative data could move 20M more U.S. consumers into scorable credit bands¹²

21%

of credit thin or invisible consumers could become scorable⁴

18%

could qualify for prime/near prime offers⁴

4%

could qualify for subprime offers⁴

Consumer-Permissioned Data May Help Improve Credit Decisions



Bank Transactions

Use of bank transaction data alone could increase prime (or better) consumers by almost 4M¹²



Considering bank transaction data on all consumers could reduce credit unscorable population by 50%¹²



Telco & Utilities

90%

of American adults have at least one utility bill in their name⁴



Rental Payments

Rent payment reporting is one of the most under-utilized tools for building credit histories¹²

Many landlords perform credit checks as part of the leasing process, but rental data is not included in credit reports¹²

51%

of consumers believe it's helpful to have rental payment information included in credit reports and factored into credit scores¹²

9M

consumers could become scorable using consented telecom and utility data¹²

More than 7.5M

U.S. consumers would be able to move from unscorable or subprime into prime or near-prime when consumer consented telecom and utility data are considered¹²

EQUIFAX®

The Work Number Database®

Employment and income verification can help establish debt-to-income ratio and assess U.S. consumers' ability to pay¹²

Equifax offers credentialed verifiers access to more than 125M active employee records¹²

Verifying income, employment and debt-to-income information is critical in accurately assessing consumers' ability to pay¹²

Layering The Work Number Database into credit decisioning could help move more than 7M people into prime and super-prime categories¹²

The Work Number service fulfilled 223M verifications on behalf of consumers in 2020¹²

Equifax Helps Consumers Around The World*

*Based on results from January - June 2021

Canada

- 500K Consumers secured a car loan through support of Equifax
- 450K The number of people Equifax helped to secure a mortgage
- 1.2M Equifax is a key contributor to a market that creates new credit cards every six months

United States

- 18M Fulfilled nearly 18M verifications through The Work Number service in support of government assistance programs
- 1.5B Equifax delivered 1.5B consumer credit files to U.S. lenders YTD
- 18.3M Equifax helped 18.3M consumers obtain a loan to buy a car
- 45.4M Equifax is a key contributor in helping consumers obtain credit cards and retail cards
- 2.7M Equifax helped 2.7M people secure a loan to further their education
- 11.2M U.S. consumers secured a mortgage or home equity loan with the aid of Equifax

United Kingdom

- 845K Equifax helped 845K consumers get a credit card YTD
- 392K Equifax helped 392K people purchase a home

Australia

- 200K+ More than 200K citizens obtained access to their first car loan with the help of Equifax
- 455K Nearly 455K first-time home buyer families with help of Equifax

Latin America

- 8.4M Equifax helped 8.4M consumers gain access to credit

Chile

- 6.6M Number of identity theft queries Equifax received, helping prevent possible identity theft every day

Value of Alternative Data:

Leveraging alternative data such as rent payment history and utility bill payments could move 20M more consumers into scorable credit bands

While credit reports remain a strong indicator of credit history and past financial reliability, Fair Credit Reporting Act (FCRA)-compliant information that is not included in traditional credit report data has the potential to help responsibly expand consumer access to credit opportunity and support a more inclusive economy

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12 Equifax internal data

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