



EQUIFAX

The Work
NumberSM

Webinar

Beyond Delinquencies:
Proactive Portfolio Management
in the Auto Lending Lifecycle

August 28, 2024



Thanks for joining our webinar



Welcome!

Thank you for joining our webinar. Stay tuned for more from Equifax Verification Solutions!



Questions?

Please enter your questions in the chat box on your screen at any point during the presentation.



Recording

This webinar is being recorded. You will receive an email with a link to view the recording in the coming days.

Critical items we'll discuss today



- **The hidden costs of reactive lending**
- **Key elements of proactive portfolio management**
- **How real-time data can transform your strategy**



Industry Trends - Balance Details

As of May 2024, consumer debt outstanding has increased across all major lending channels - except for personal loans:



Total US consumer debt

\$17.4 trillion as of May 2024, up 2.9% over a year ago



Total outstanding balances on auto loans and leases

\$1.6 trillion
Up 2.9% year-over-year



Outstanding balances on bankcards

\$1 trillion
Up 8.8% year-over-year



Outstanding balances on unsecured personal loans

\$90.9 billion
Up 0.02% from a year ago

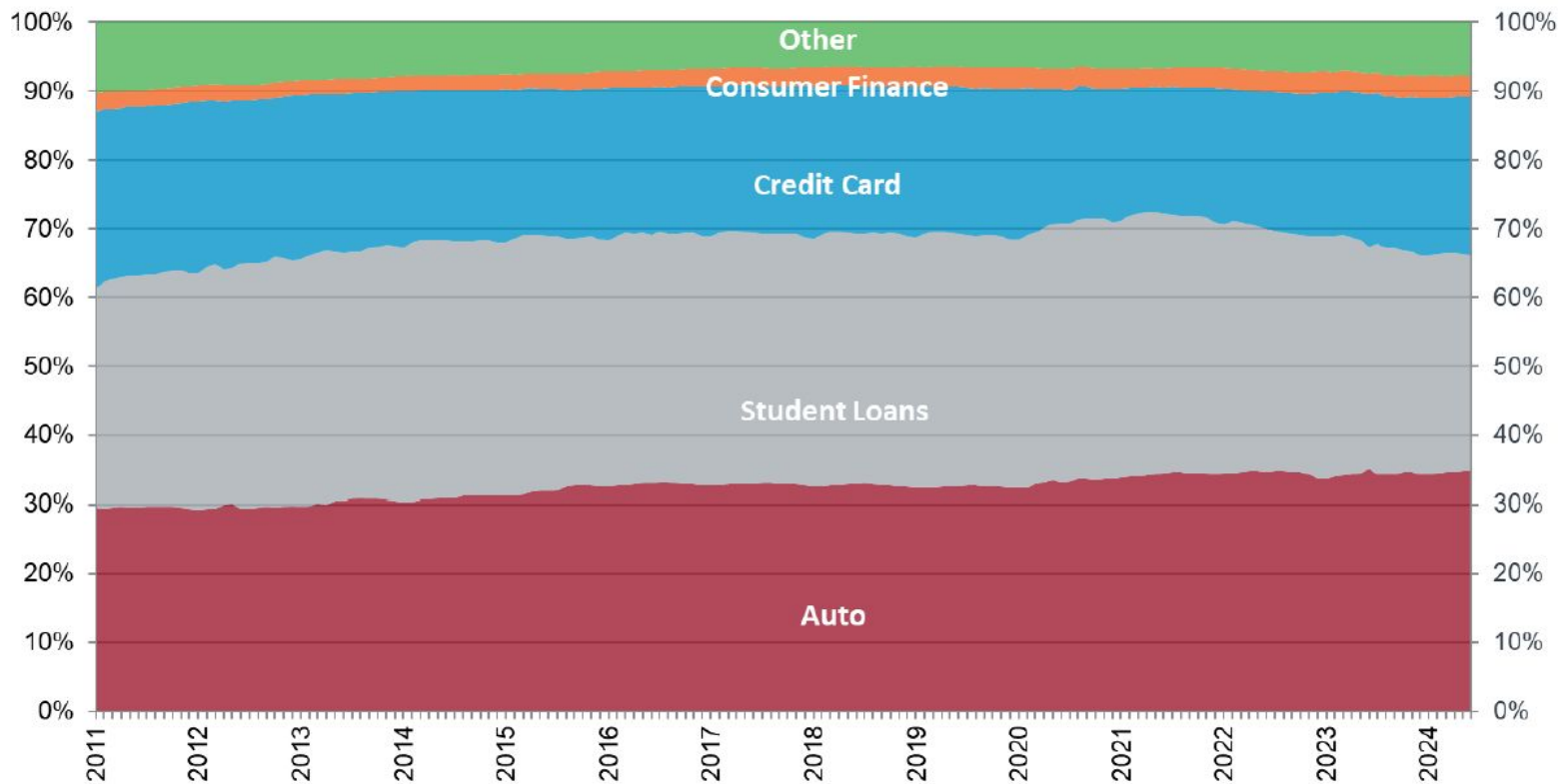


First mortgage outstanding balance

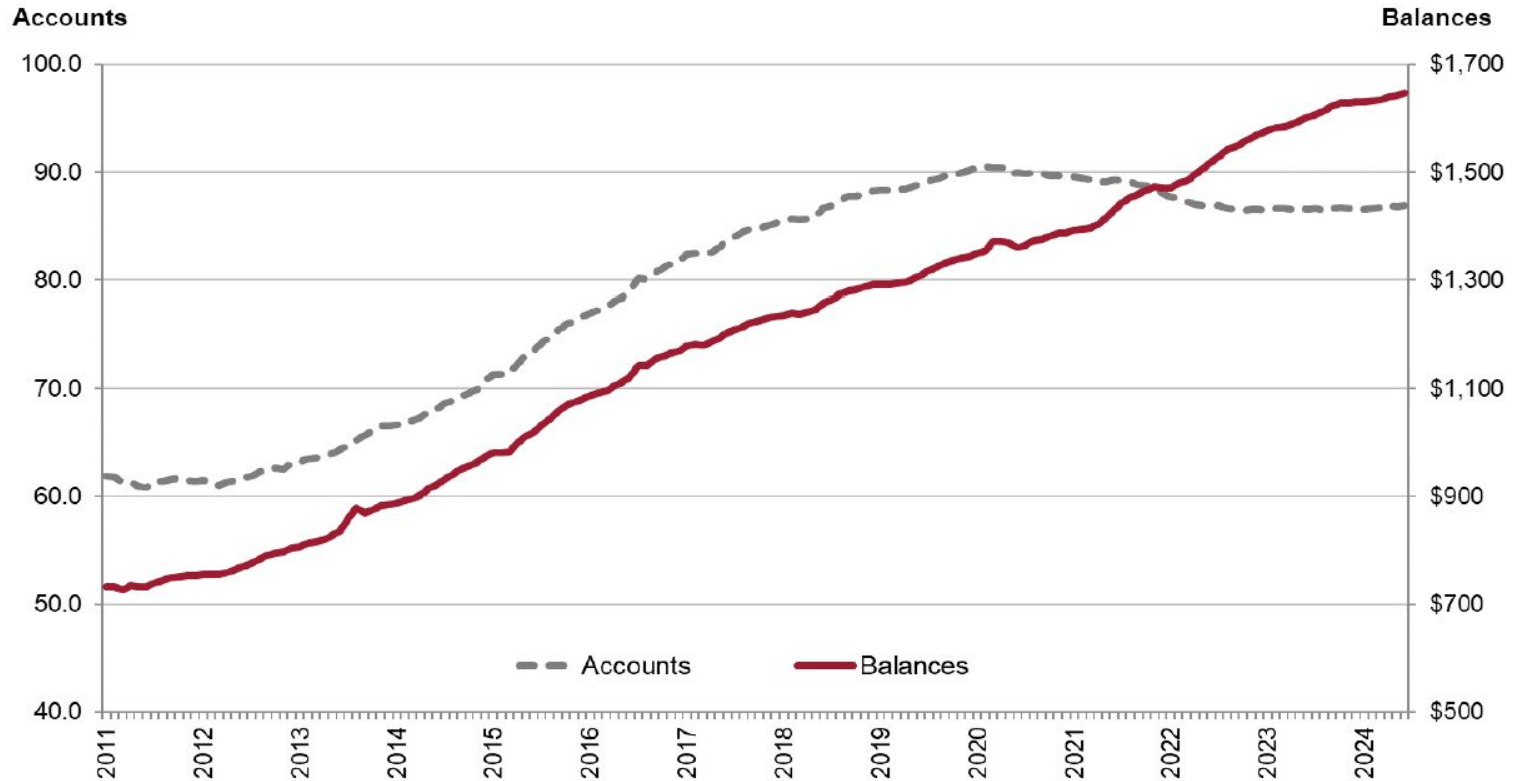
\$12.2 trillion
Up 3.1% year-over-year

Source: Equifax US National Consumer Credit Trends Portfolio Report - Published July 2024 - Data as of May 2024

Non-Mortgage Debt: Auto and Credit Card now make up larger portions of consumer's debt



Auto Trends - Auto Loans and Leases remain flat while consumer balances continue to rise



Industry Trends - Delinquency Details

As of May 2024, consumer delinquencies increased across all asset classes



Non-mortgage consumer debt write-offs

May 2024: Increased 18.7% year-over-year to \$11.2 billion



Delinquency rate* for auto loans and leases

*Share of balances 60+ DPD

Up 10.5% YoY to 1.39%
Compared to the peak at 1.53% during The Great Recession



Delinquency rate* for bank cards

Up 25.1% YoY to 2.94%
Compared to over 5.0% in 2010



Delinquency rate* for unsecured personal loans

Down 1.3% to 3.6% from a year ago



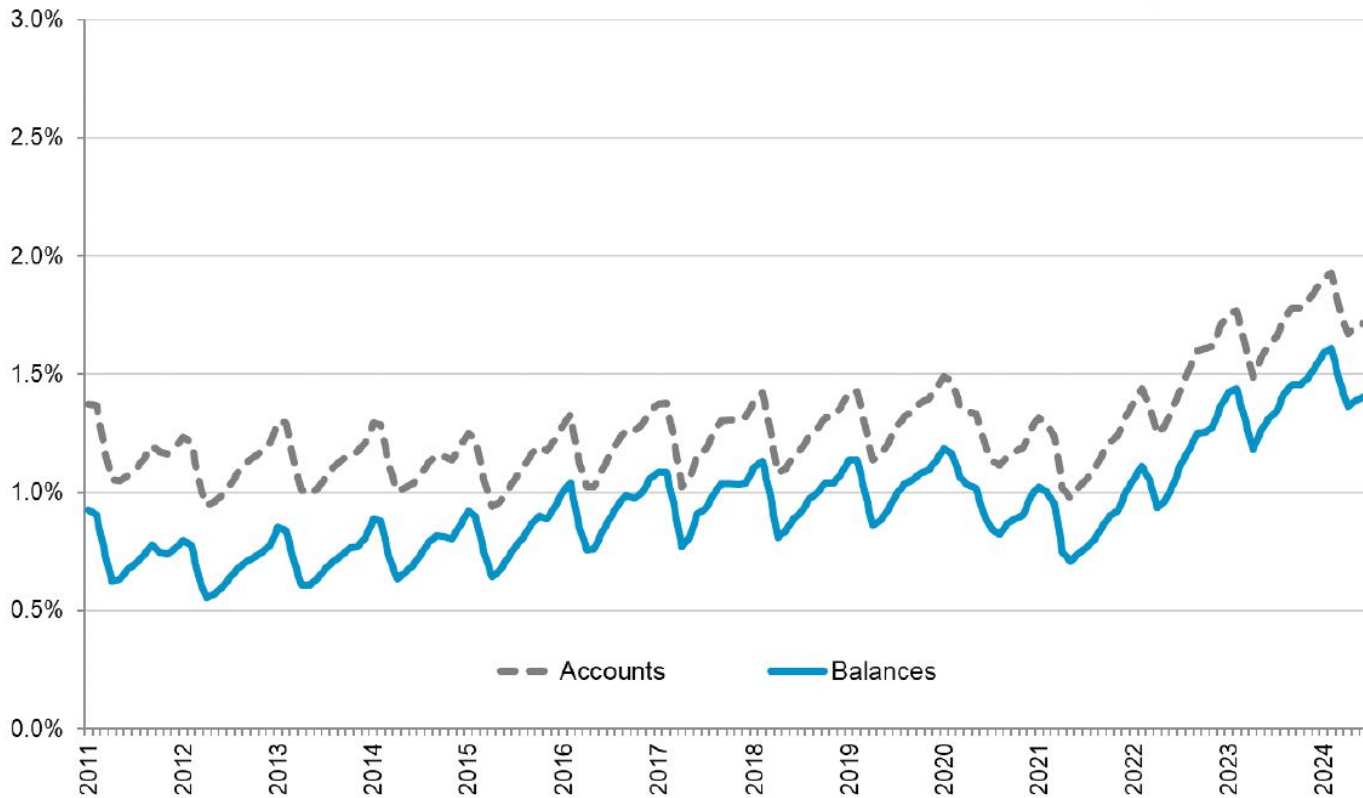
Delinquency rate for first mortgages**

**Share of balances 90+ DPD

Stands at 0.49%, up 25.3% from a year ago
Compared to over 8.5% in 2010

Auto Industry Trends - Severe Delinquency Rate (60+DPD)

While delinquency rates have lowered in recent months, they are still at elevated levels which we have not experienced in over 10 years



Poll 1

What are the greatest challenges you are currently experiencing?

(Allow for multiple select)

- A. High delinquency/charge-off
- B. Tightened credit lending standards
- C. Cost of funds
- D. Resources / operating expenses
- E. Affordability

The Work Number **provides value throughout the auto lending journey**

○ **At application**

Begin to build relationships with tomorrow's best customers

○ **At approval**

Low friction lending could mean improved customer experience

○ **Portfolio management**

Income and employment verification should be crucial to your account review, segmentation and account recovery processes.

○ **Recovery strategy**


Understanding employment status and potential changes are critical to managing credit risk while prioritizing consumer accounts.

Poll 2

How frequently do you currently review your loan portfolios

- A. Daily
- B. Weekly
- C. Monthly
- D. Quarterly
- E. Less frequently / never

Employment status change and the potential impact on 90-days past due (DPD) default rates



When a consumer's employment status changes from active to inactive, **there is a 64% increase risk of delinquency.***

*SOURCE: Equifax Data Study of The Work Number Database and Equifax credit database, Oct-2020 to Jan-2021. Individual results may vary.





Gain certainty with consumer financial capacity measures



By leveraging actionable insights, streamlined processes, and enhanced verification capabilities, you can **feel empowered to efficiently manage portfolios, verify employment details accurately, and implement targeted strategies**, potentially reducing charge-offs and ensuring financial stability.

Employment Indicator

Used for segmentation within a portfolio to focus prioritization and reach outs

Portfolio Review (and Monitoring)

The Work Number appends that can be automated or run monthly, quarterly, or bi-annually

VOE Complete & Complete Enhanced

Products developed and tailored towards collections and garnishment

Proactively monitor accounts helping to **better manage your portfolio.**

Proactively Monitor

Be the first to know when a change in a consumer's rate of pay or employment status may impact their ability to pay

Make better decisions by supplementing limited credit data with income and employment data



Consumer insights with **The Work Number Portfolio Review Monitoring**

Maximize your loan portfolio

Help **manage your portfolio by understanding** a consumer's employment and income information

Supplemental data can help **determine if a borrower meets account terms** and what action to take

Gain up-to-date insights on your consumer accounts with verified employer provided payroll data

Questions?





Thank You

Do you have the proactive data you need to accurately **evaluate your portfolios?**

With rising delinquencies and evolving borrower behavior, reactive lending strategies can put your portfolios at risk.

.....
It's time to adopt a proactive approach to identify and mitigate risk before it impacts your bottom line.

Next Steps



1 SURVEY

Complete the survey through the webinar console



2 CONTACT

Want to talk to someone about your portfolio review processes? Click on the “Want to Get In Touch” button on your webinar console or contact us at:

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