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RISK SOLUTIONS

Top Five Credit Risk Assessment Trends for 2026

Fresh insights to help risk managers navigate a rapidly shifting credit environment

Dynamic economic conditions, consumer behavior and regulatory changes are reshaping how U.S. lenders and servicers evaluate risk in 2026. The divide between financially stable households and those under strain continues to widen, creating financial activity that varies sharply across segments. At the same time, operational pressures and rising debt are influencing how consumers and small businesses seek—and use—credit and other financial services.

As we head into 2026, financial institutions (FIs) will need sharper visibility into both the emerging risk and the opportunities created by these unique market conditions. Those that embrace broader, alternative data sources and more adaptive assessment strategies will be better positioned to more confidently grow their portfolios.

Below are the credit risk trends to look out for in 2026.

TREND 1
A split economy will drive more credit-seeking behavior

We are in the midst of an ever-widening and sustained K-shaped economy, where consumer distress is not distributed evenly across the population. Financial hardship is increasingly concentrated among lower income households and younger adults, pushing them toward greater credit utilization—including credit cards, buy now pay later (BNPL) products and short-term borrowing.[1]

1 in 3 Americans report using credit cards for day-to-day expenses[2] — 33%

28% — Up from 28% in 2024[2]
26% — Up from 26% in 2023[2]

Younger consumers, specifically Gen Z, have the highest rate of credit card and BNPL usage[2]

>6 in 10 Gen Z consumers use credit cards and BNPL for essential purchases[2]

For risk managers, this means:

More applicants with thinner credit histories

A need for expanded insights beyond traditional credit data, or data found in standard credit reports (e.g. loans, payment history, credit inquiries)

Key takeaway

More thin-file consumers—or individuals with limited traditional credit history—will be seeking credit out of necessity, meaning FIs will require more data than usual to assess borrowers they typically lack visibility into. Leveraging alternative data can help lenders draw clearer distinctions between opportune customers and those signaling greater risk, as well as enable more accurate underwriting decisions like setting appropriate credit terms, risk thresholds and borrowing limits.

TREND 2
Rising delinquencies make portfolio monitoring critical

Consumer behavior is evolving faster than many risk models can accommodate. As the economic landscape shifts, customers who once comfortably qualified may now face unexpected financial strain and a higher rate of default. Stress signals are emerging across active portfolios, increasing the importance of proactive risk monitoring and early default-prevention practices.

Industry data reflects growing concerns:

In the last 12 months, **94%** of lenders reported an expectation of delinquencies holding steady or rising due to persistent inflation and increasing cost-of-living expenses[3]

The **#1 challenge** facing lenders over the next two years is collecting on delinquent loans, driven by consumers' financial strain and less capacity to repay[3]

Key takeaway

While the bottom half of the K-shaped economy widens, FIs should more broadly monitor the credit health of their customers, looking beyond traditional data to reinforce portfolio-wide default prevention and collections capabilities. Strengthening portfolio oversight with expanded data inputs helps organizations act earlier and minimize losses across segments.

TREND 3
Tariff volatility hits certain small business sectors harder

Ongoing tariff adjustments are reshaping structures across multiple U.S. industries, but the effects are far from uniform. Many businesses that relied on pre-tariff inventory to cushion initial increases are reaching the end of that buffer and will soon need to replenish goods at higher prices.[4]

Industries facing heavier tariff impacts the most:

Manufacturing   Retail   Construction

Wholesale trade   Trucking/warehousing

This environment is expected to drive increased demand for working capital, credit lines and short-term financing—not due to optimism, but simply to absorb elevated costs.

Key takeaway

Tariff-driven cost pressure may drive more small businesses to seek credit just to maintain operations. Lenders will benefit from more granular data that reveals which small businesses are adapting—and which are accumulating unsustainable financial burdens.

TREND 4
Policy changes introduce new complexity for consumer lending

A series of federal and regulatory developments are expected to shift borrower behavior in 2026. Lenders should prepare for ripple effects across income groups, product lines and credit risk profiles.

Key areas to watch:

Student loans
- Changes to federal student loan forgiveness, default treatment and funding limits under the OBBB Act will likely increase demand for private loans and refinancing.
- More borrowers may face wage garnishment or intercepted tax refunds tied to unresolved federal student debt.

Medical debt
- The expiration of the ACA may push some households toward higher medical costs and debt.

Key takeaway

As policies continue to change rapidly, putting additional strain and uncertainty on consumer finances, the need for a broader perspective on credit health increases.

TREND 5
Alternative data becomes essential, not optional

Rapid economic and regulatory change continues to expose blind spots in traditional credit files, such as liens and judgments driven by increasing default rates.[5] As a result, more lenders are expanding the types of information they rely on—both to find creditworthy applicants and identify hidden risk earlier.

Recent findings highlight the shift:

25% of lenders feel less confident relying on traditional credit data alone[3]

74% report increased confidence when alternative data is included[3]

63% of U.S. lenders report difficulty scoring between 20–49% of their total applicant population using traditional credit data alone[3]

Key takeaway

Alternative data has moved from an enhancement to a necessity, as traditional data alone may no longer provide a more thorough view of borrower risk. Lenders that broaden their data ecosystem will gain clearer insight into consumers and small businesses that fall outside the boundaries of traditional scoring models. This is especially important as civil judgments and debt-related lawsuits rise back to pre-pandemic levels,[5] meaning access to non-bureau data—including liens and judgments—will be critical for understanding repayment behavior.

As 2026 brings new pressures, financial institutions will need flexible, multi-layered data strategies to keep pace with shifting borrower behavior. LexisNexis® Risk Solutions enables organizations to deepen their understanding of risk and opportunity by combining traditional credit information with a wide range of alternative data signals.

Our insights help risk leaders evaluate consumers and small businesses more accurately, from first contact through repayment, so portfolios remain resilient even as economic conditions evolve.

Customer acquisition ▷ Origination ▷ Ongoing account oversight ▷ Collections

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Contact us to learn how LexisNexis® Risk Solutions can help your organization strengthen risk visibility, enhance decisioning and support durable portfolio growth throughout 2026.

Learn more at risk.lexisnexis.com/credit-trends