



Alternative Credit Data Impact Report

A study of the adoption, utilization and impacts of alternative data

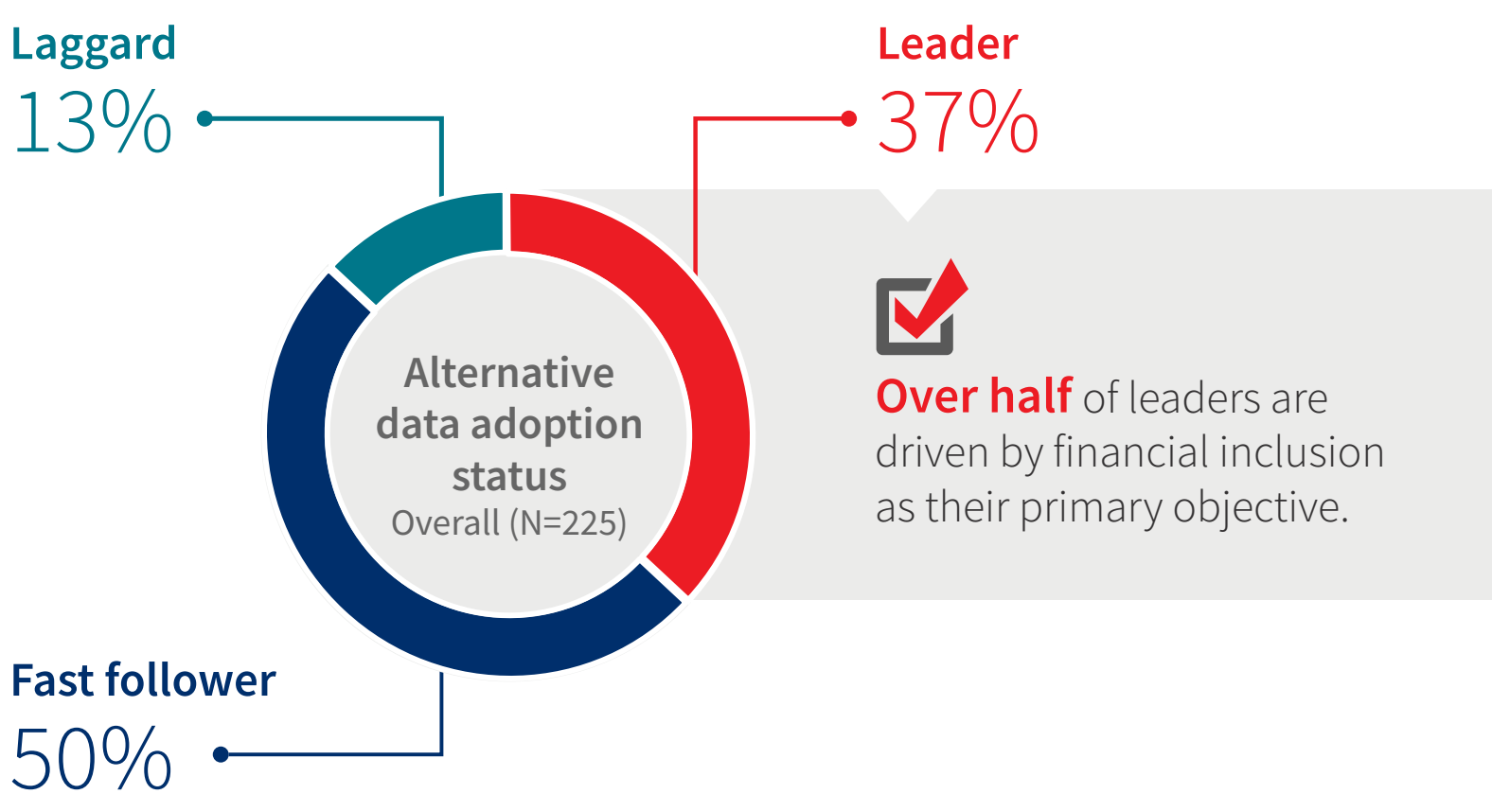
84%

of respondents use alternative credit data in marketing and credit risk assessment across the customer lifecycle.¹

Key drivers of alternative credit data

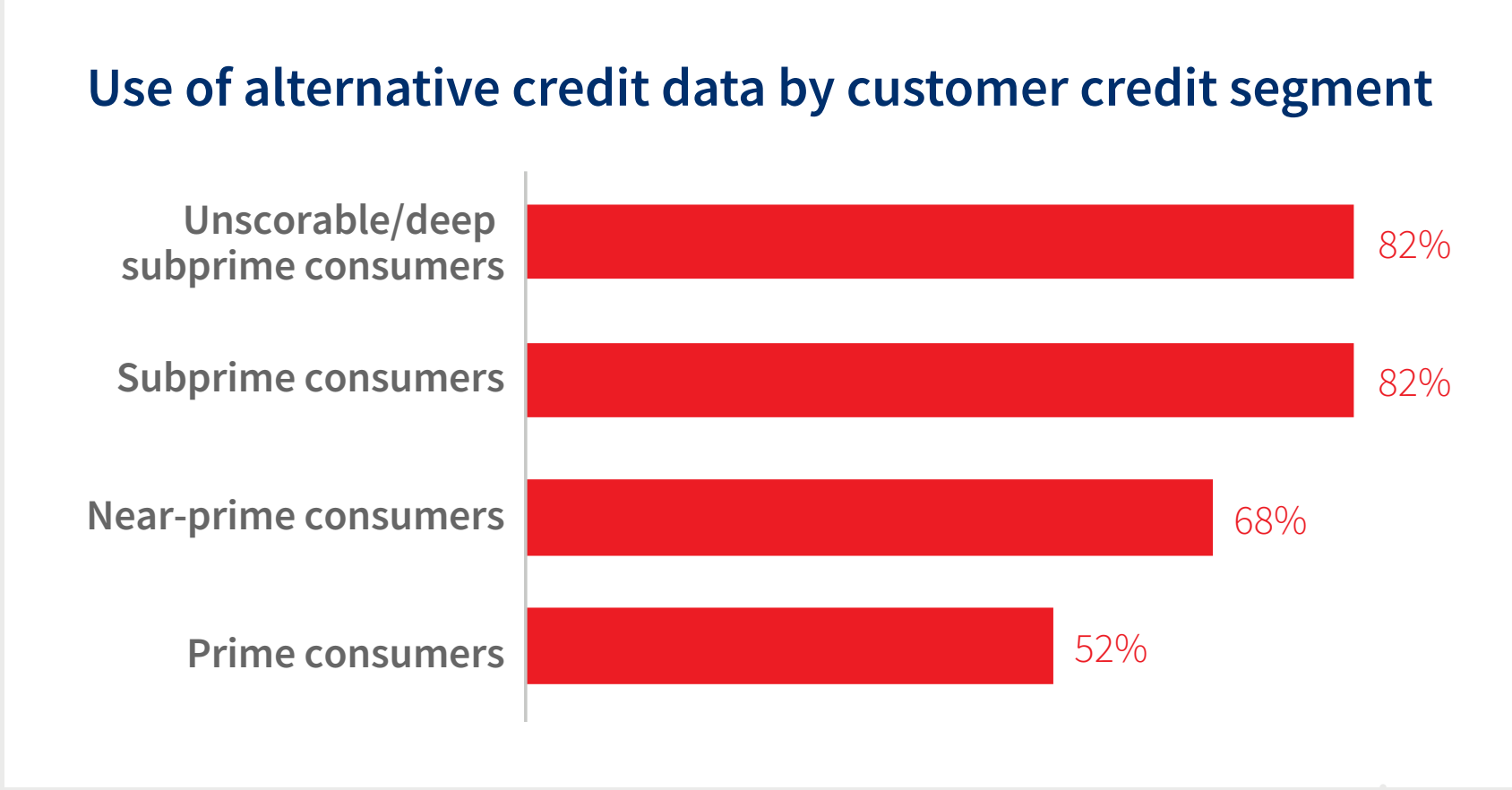
Financial inclusion, increased risk visibility and improved segmentation drive adoption of alternative credit data.

While a majority of financial institutions perceive themselves as fast followers, a significant portion identify as adoption leaders — specifically banks with portfolios exceeding \$1B.



92% of Tier One banks see themselves as adoption leaders

62% of FIs leverage alternative credit data of 75% or more applications, with over half of lenders now using these signals on prime applicants.



While financial inclusion may be an entry point for organizations adopting alternative data, they are increasingly **expanding opportunities to address near prime and prime prospects and customers.**



Of the 37% who self-identified as alternative credit data adoption leaders, **71% are likely to use alternative data to assess prime consumers.**

Alternative credit data drives meaningful business impacts

Financial institutions are increasingly aware of the competitive advantages presented by alternative data across the credit lifecycle.

Enriching evaluations to fine-tune offer strategies at account opening or during account life is a fast-growing application of alternative data

Top business drivers for adoption of alternative data



Improved pricing strategy



Financial inclusion

Impact of alternative data on revenue growth

- 33% reported revenue increases of 15–24%
- 21% reported revenue increases over 25%



44% ranked ability to reach previously underserved markets as the top advantage of using alternative data



It can help **reveal opportunities and better evaluate risk** when engaging with underserved consumer segments.



For thin- or no-file consumers, alternative credit data can help **fill in the gaps or be the sole indicator of credit or business risk.**

Alternative data satisfaction is high but challenges remain

Many financial institutions see the value of alternative data for credit and marketing, though there are barriers to widespread adoption.



Lack of near-real time updating of consumer data

Most FIs use third-party sources to update customer data weekly, but few leverage near-real time updating.



Outdated data management systems and poor data quality

Respondents identified data management systems and data-sharing protocols as primary barriers.



Compliance concerns around specific alternative data types

61% of credit unions said compliance and government regulations are a significant deterrent to adoption.

While some pain points still exist in alternative credit data adoption, most issues have been addressed by the leading providers in the space — and evolving industry knowledge will likely help encourage more widespread **utilization across a wider range of business cases in the next phases of alternative credit data use.**

LexisNexis® Risk Solutions helps lenders improve their ability to evaluate and say “yes” to more applicants by leveraging industry leading alternative data sets to provide a more complete picture of the consumer.

Find out more at risk.lexisnexis.com/creditimpact



About LexisNexis® Risk Solutions
LexisNexis Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We provide data and technology solutions for a wide range of industries including insurance, financial services, healthcare and government. Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of information-based analytics and decision tools for professional and business customers. For more information, please visit www.risk.lexisnexis.com and www.relx.com.

1. Research background: LexisNexis® Risk Solutions Alternative Credit Data Impact Report findings are based on a nationwide survey of 255 financial institutions across 4 sectors to assess the adoption and utilization of alternative credit data. Financial institutions include banks, credit unions, non-bank lenders, and FinTechs.

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