

A NEW LENS ON CREDIT ASSESSMENT

Driving responsible portfolio growth through financial inclusion

20%

of U.S. consumers have little to no credit footprint¹

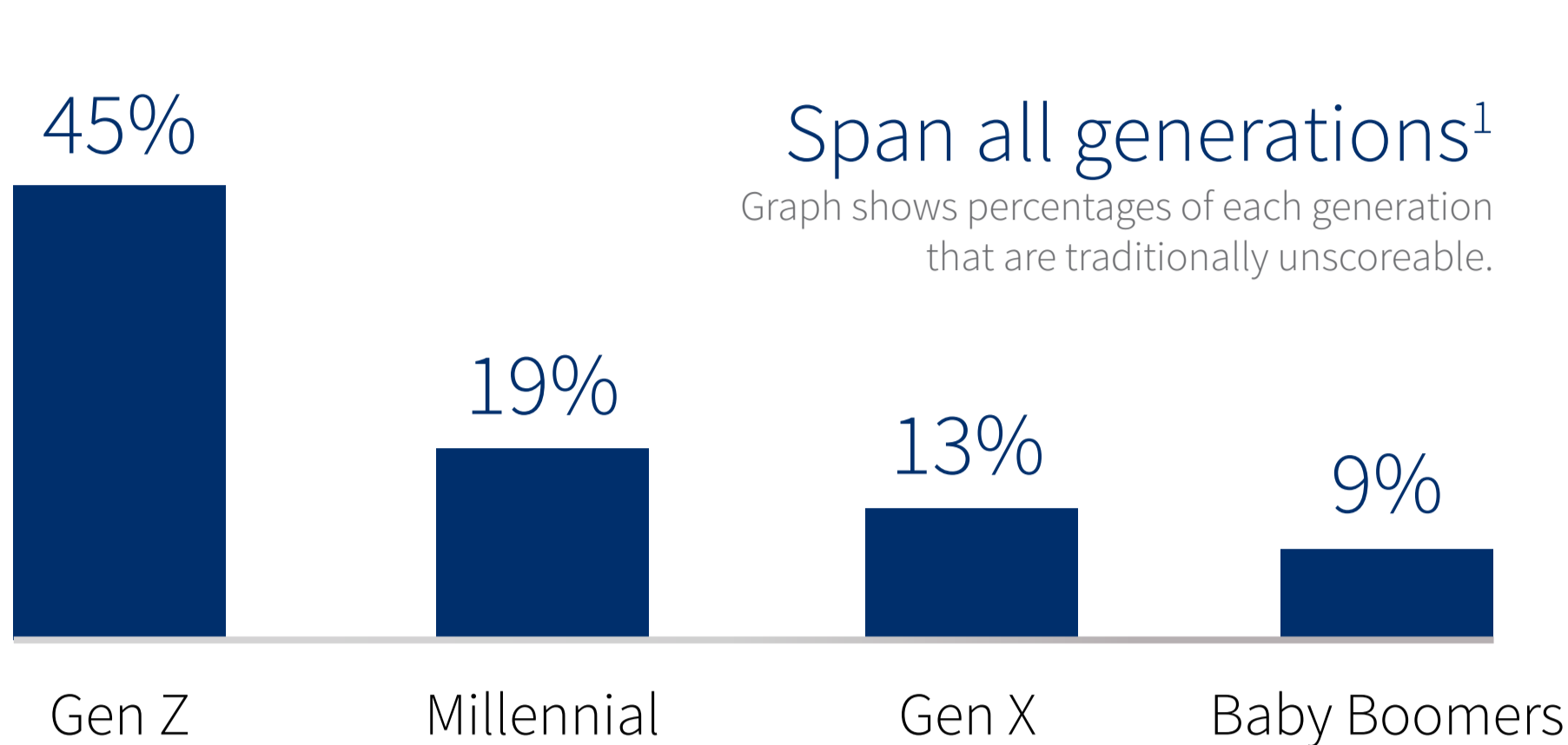


Traditional credit data may not give a detailed-enough picture to assess risk for consumers with little to no information in their credit file.

The traditionally unscorable consumer population (including 25 M credit invisible or no-file consumers and 28 M thin file consumers) equates to **the total population of the top 50 largest U.S. cities combined²**



A CLOSER LOOK AT TRADITIONALLY UNSCORABLE CONSUMERS



Credit invisibles are a diversified group. They are property owners, immigrants, and widowers — all with varying degrees of education.¹

Disproportionate representation¹

African American and Hispanic populations have a substantially lower rate of credit visibility using traditional credit scores.

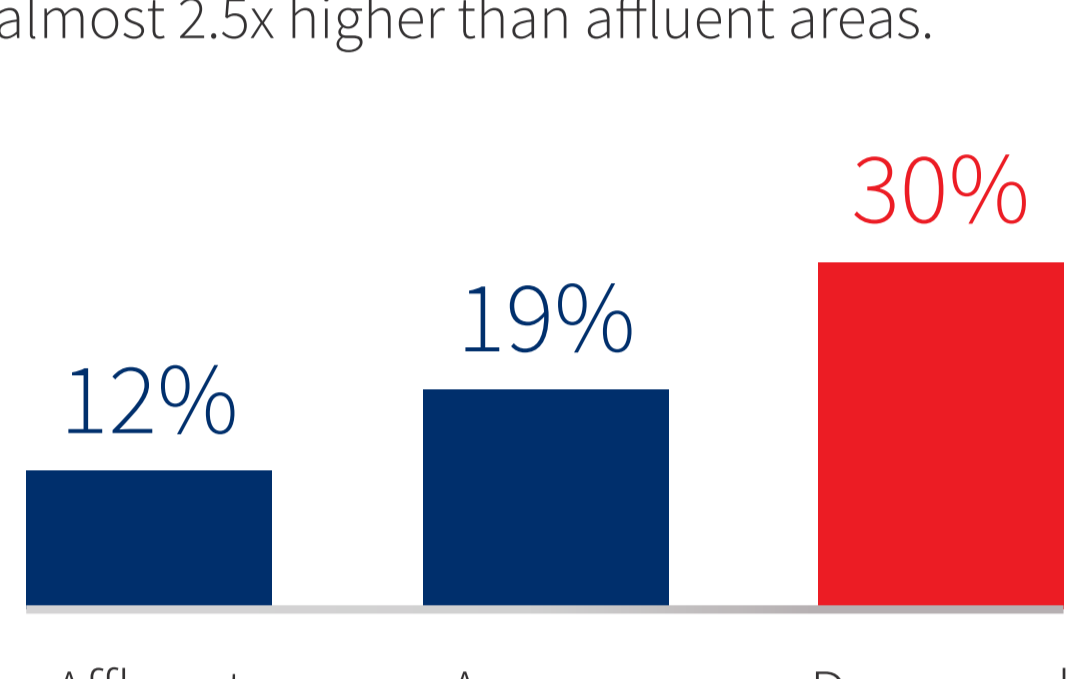


Found in rural and urban areas^{3,4}

Highest proportional incidence is found in rural areas, while over two-thirds of credit invisible adults (25 and older) reside in metropolitan areas.

Live in economically depressed areas¹

30 percent of adults in these areas were traditionally unscorable — almost 2.5x higher than affluent areas.



Data and analytics can fix the credit cycle dilemma.

A broad universe of insights exists which strongly predict the willingness, ability and stability of a consumer to borrow responsibly.

CHALLENGES AND OPPORTUNITIES OF THE PANDEMIC

Gaps in information may be found in traditional credit data. Forbearance programs and payment deferrals may have expanded those gaps — clouding lender visibility into consumer credit worthiness. **But with these challenges comes great opportunity.**



CHALLENGES:

Lack of confidence
Nearly 50% of lenders have lost confidence in traditional credit data scores (11% far less confident, 37% somewhat less)⁵

Lack of visibility
At the heart of the pandemic shutdown (July 2020), nearly 1 in 4 applicants couldn't be assessed with traditional scoring data¹

Lack of reliability
Even with record-high unemployment, individuals aren't showing typical signs of distress due to forbearance. Data points, like delinquencies, are often used to assess creditworthiness. **The lack of reporting can leave blind spots in traditional credit scores.**

OPPORTUNITIES:

Open to new avenues
Hispanics (82%) and African Americans (81%) especially want another way to prove themselves with other data outside the standard credit score⁶

Better visibility
With our proprietary alternative credit scores, LexisNexis® Risk Solutions could still score **more than 95% of applicants** throughout 2020⁷

Higher activity
This year, we saw **35% YOY (Jan. 2020 to 2021) increase** of traditionally unscorable consumers seeking financial services — a large, young population that may include high lifetime value customers for your institution⁸

SEEING AND SCORING CREDITWORTHY INDIVIDUALS ACROSS THE CREDIT SPECTRUM

Traditional credit data may overlook or not capture the full perspective of many consumers. The pandemic revealed a need for lenders to obtain a more robust view of consumers' positive credit indicators. Alternative data can score nearly every applicant with a strong degree of predictive strength — that's essential to evaluating their creditworthiness and fostering financial inclusion.

BY LEVERAGING ALTERNATIVE DATA, YOU CAN ...¹

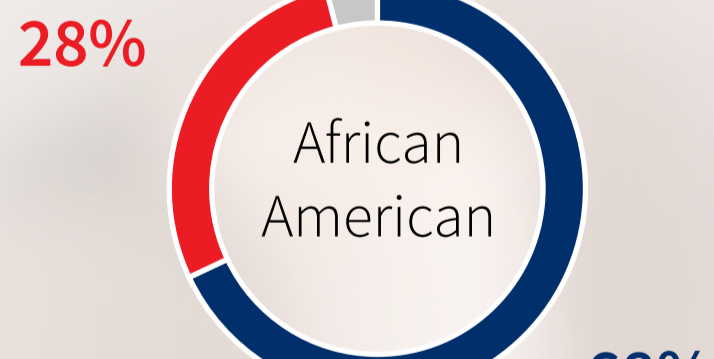
Say **"yes"** with confidence to more consumers:

Up to 25% of credit invisibles may qualify for prime or near-prime products

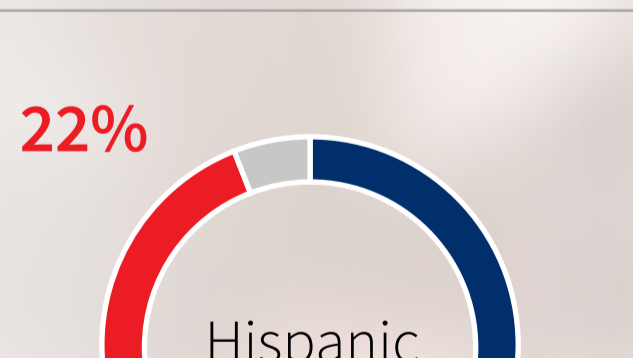
30 to 40% of traditional near-prime can be also upgraded to approvable⁹

Secure higher approval rates — while managing default risk — for historically underserved communities:

28-point percentage increase in scoring for African Americans, leading to a 33% increase in approval rates, **with only a 0.7% increase in default rate**



22-point percentage increase in scoring for Hispanics, leading to a 20% increase in approval rates, **with only a 0.3% increase in default rate**



● Traditionally Scorable
● Incremental LexisNexis® RiskView® Scorable
● Credit Invisible



Empowering these communities through financial inclusion can change lives and create new business opportunities. **And it's powered by alternative data.**



Underserved consumers are often forgotten as potential growth opportunities. Using alternative data from LexisNexis® Risk Solutions, you can:

Assess nearly every credit invisible applicant

Use non-tradeline credit data to better understand their credit stability and ability to pay

Sign up new creditworthy customers while managing credit risk standards

Learn more about our approach to alternative credit scores and our commitment to financial inclusion by visiting risk.lexisnexis.com/creditrisk