LexisNexis
RISK SOLUTIONS

**2024 Global Consumer Lending Confidence Report**
EMEA Consumer Lending Confidence Insights

EMEA REGIONAL INSIGHTS

Finding opportunities with alternative data amid rising delinquency and economic uncertainty

Lenders from Europe, the Middle East and Africa (EMEA) are increasingly turning to alternative data to bridge visibility gaps in consumer credit risk. Most lenders (88%) who responded to our 2024 survey are somewhat to far more confident making consumer lending decisions with the help of alternative data, compared to a year ago.[1]

Nearly all of these lenders also agree on the primary challenges they anticipate over the next two years:
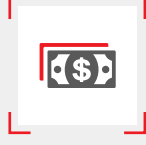
Collecting on delinquent loans

Attracting new qualified borrowers

Retaining existing customers

Accessing and harnessing external data

EMEA RESPONDENT SNAPSHOT

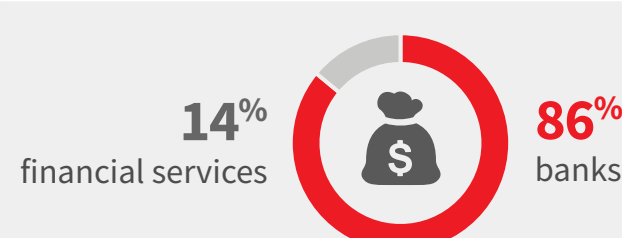**56 consumer lenders surveyed about:**

Industry challenges

Confidence in traditional credit data
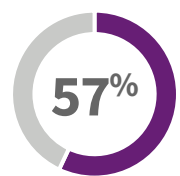
Use of alternative data insights

Credit segments served

Super prime	42%
Prime	71%

14% financial services   **86%** banks

Market forces are leading to decreased confidence in traditional data
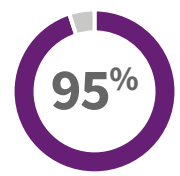
95%
OF LENDERS
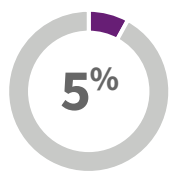can only evaluate up to

75%
OF THEIR APPLICANTS
with traditional credit data alone

57% of respondents are less confident making consumer lending decisions based solely on traditional credit data

95% have experienced reduced visibility into negative payment history

5% deal with lack of coverage of consumer population

KEY TAKEAWAY

Shifting reporting requirements have reduced the visibility lenders need to effectively evaluate consumer credit risk.
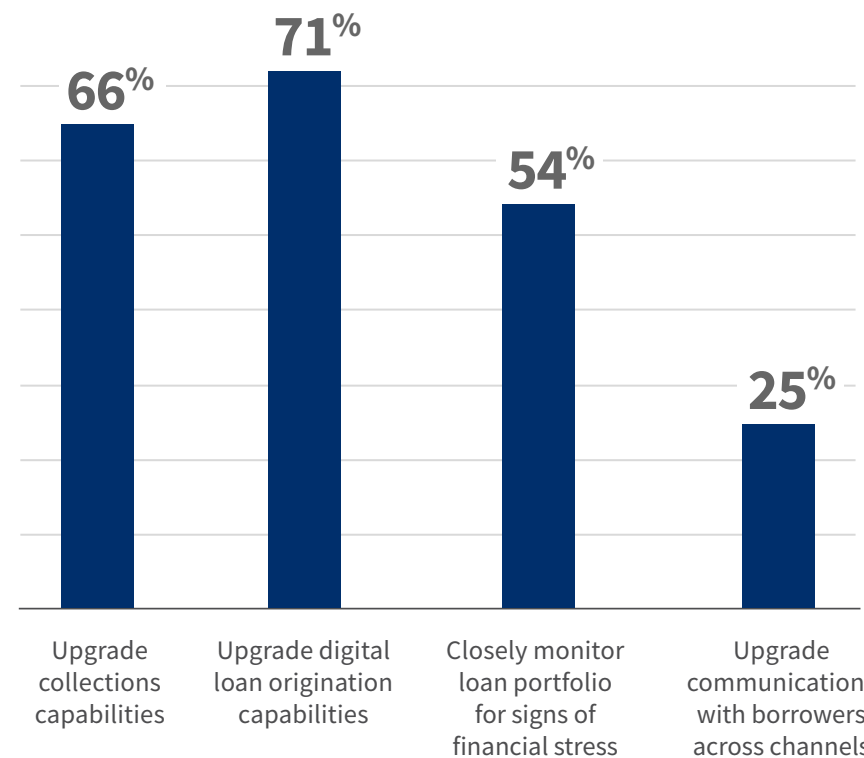
In recent years, credit providers have reported significantly less payment and delinquency data, further clouding the picture of credit risk associated with many consumers.

With persistent inflation, intense competition for customers and high interest rates, it's clear that lenders need new tools to regain visibility into creditworthiness.

Financial institutions look to upgrade and modernize

Changes made in the past year or planned in the next 6 months

Upgrade collections capabilities	Upgrade digital loan origination capabilities	Closely monitor loan portfolio for signs of financial stress	Upgrade communications with borrowers across channels
66%	71%	54%	25%

KEY TAKEAWAY

Lenders are looking to improve their abilities across the customer journey, from digitized loan origination to insights-based collections strategies.

They are also taking new approaches to loan servicing, paying closer attention to signs of financial stress and communicating with their customers across a range of platforms.

Given the common challenges faced by many lenders, these upgrades could play a critical role in helping them balance risk and growth across their portfolios.
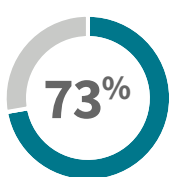

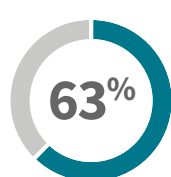
Alternative data adoption is poised to grow
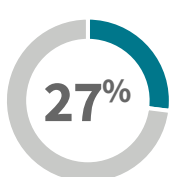
Current applications of alternative data
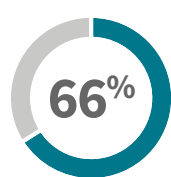
66% Pre-screen marketing

73% Loan origination

63% Portfolio management

27% Collections

KEY TAKEAWAY

Many lenders are looking to build a foundation of alternative data insights to stabilize their consumer credit risk strategies.

Alternative data can add visibility into consumer creditworthiness across the customer life cycle.

Incorporating these insights earlier can help lenders gain a competitive advantage.

73% of lenders are **not** using alternative credit scores for collections

In addition to streamlining operations this could help them:

find right-party contacts sooner

improve collections outcomes

Planned investments in alternative data

57% seek to use at additional points of loan life cycle

43% looking for new types of alternative data

Alternative data can help EMEA lenders navigate regulatory changes and economic volatility

Economic uncertainty has become the norm for financial institutions as regulations continue to evolve in unpredictable ways. Intense competition for customers adds another layer of challenge. To find clarity on consumer creditworthiness — and gain a competitive edge — more lenders are turning to alternative data insights.

From pre-screen marketing and origination decisions to loan servicing and collections, the insights made possible with alternative data are helping lenders regain visibility into consumer credit risk, driving portfolio growth and supporting risk mitigation along the way.

To learn more, read the full report.
Download the 2024 Global Consumer Lending Confidence Report
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