

2024 Global Consumer Lending Confidence Report

UK Consumer Lending Confidence Insights

UK REGIONAL INSIGHTS



Finding opportunities with alternative data amid rising delinquency and economic uncertainty

UK lenders are increasingly turning to alternative data to bridge visibility gaps in consumer credit risk. 84% of the lenders who responded to our 2024 survey are more confident making consumer lending decisions with the help of alternative data than they were a year ago.¹

Nearly all the lenders surveyed 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

UK RESPONDENT SNAPSHOT

150 consumer lenders surveyed about:



Industry challenges

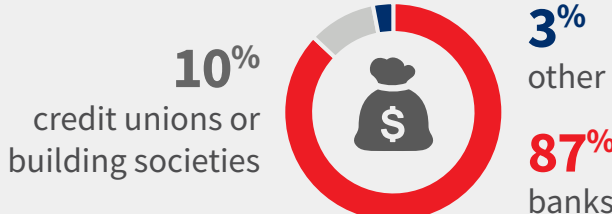


Confidence in traditional credit data



Use of alternative data insights

Credit segments served



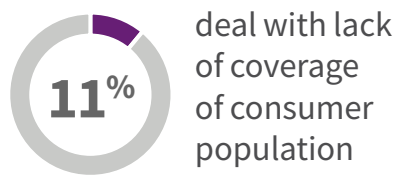
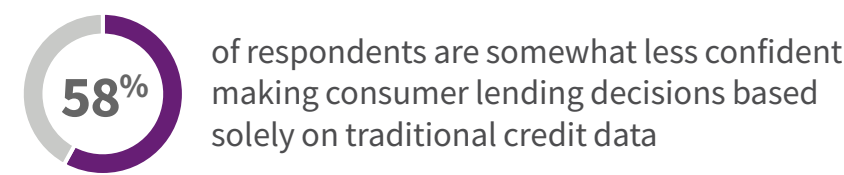
Market forces are leading to decreased confidence in traditional data



90% OF LENDERS can only evaluate up to



75% OF THEIR APPLICANTS with traditional credit data alone



KEY TAKEAWAY

Shifting reporting requirements have reduced the visibility UK lenders need to effectively evaluate consumer credit risk.

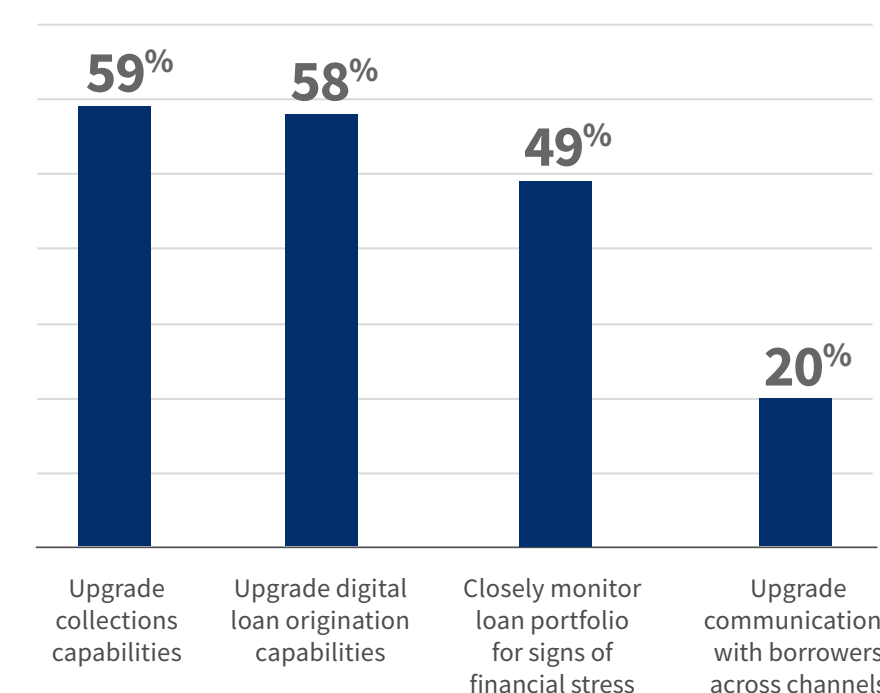
In recent years, credit providers have reported significantly less payment and delinquency data, further clouding the picture of credit risk associated with many consumers.

Unable to evaluate all consumers with traditional credit data, lenders need new tools to regain visibility into creditworthiness.



Financial institutions look to upgrade and modernise

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



KEY TAKEAWAY

A competitive marketplace and volatile economic conditions have lenders looking to improve their abilities across the customer journey, from digitised loan origination to insights-based collections strategies.

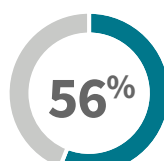
They are also taking new approaches to loan servicing, paying closer attention to signs of financial stress and communicating with their customers across a range of platforms.

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

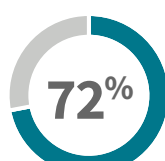


Alternative data adoption is poised to grow

Current applications of alternative data



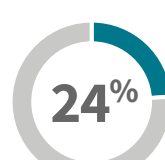
Pre-screen marketing



Loan origination



Portfolio management



Collections

KEY TAKEAWAY

Many lenders are looking to build a foundation of alternative data insights to stabilise 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.

76% 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



65% seek to use at additional points of loan life cycle



34% looking for new types of alternative data

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

Economic uncertainty has become the norm for financial institutions and regulations continue to evolve in unpredictable ways. Traditional credit data may have lost some of its predictive performance, and lenders appear to be able to evaluate fewer consumers with it. 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

risk.lexisnexis.co.uk/insights-resources/article/regaining-visibility

Sources

1. LexisNexis Risk Solutions, Global Consumer Lending Confidence Report, 2024

About LexisNexis Risk Solutions

LexisNexis Risk Solutions includes seven brands that span multiple industries and sectors. We harness the power of data, sophisticated analytics platforms and technology solutions to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. 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 LexisNexisRiskSolutions.com and RELX.

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