![Early Warning logo]

Expand Credit Insights

Expand credit-decisioning criteria by using contributed deposit account data

Achieving the American dream means providing for and protecting a family to enable a thriving, prosperous life. That standard is often tied to ideals like working hard, establishing credit, purchasing a car, raising a family and purchasing a home. The ability to access credit and capital is the cornerstone of the financial system. But, for many communities, there are barriers that prevent them from moving forward.

Nearly 50 million Americans—disproportionately including poor and minority Americans—lack a credit score and cannot obtain mortgages, credit cards, or other lending products.[1]

While a credit score reflects the use of prior credit, it doesn't need to be the only measure of creditworthiness. There are other indicators that can be used to make lending decisions and support inclusion. Many people in underserved communities maintain deposit accounts that they use to pay rent, utilities and meet other recurring financial obligations. Traditional loan products can provide tremendous advantage to millions of consumers as they work hard to create future opportunities for themselves. Financial inclusion is achievable, and regulators are pushing for new ways to make lending decisions more fair and equitable.

Project REACh
(Roundtable for Economic Access and Change)

The Office of the Comptroller of the Currency (OCC) made a call to action for financial services organizations (FSOs) of all sizes to consider the socioeconomic impact that their lending decisions have on the consumers they serve. The OCC's industry initiative – called Project REACh – tackles the mission of removing barriers for minorities and underserved people to fully and fairly participate in the nation's economy. It is a first-of-its-kind project, bringing regulating bodies, the credit bureaus, banks and companies including Early Warning together to allow participating institutions to share data to help lenders improve credit availability.

One of the Project REACh workgroups – the Alternative Credit Assessment Utility Workstream – is tasked with developing partnerships to promote entry into mainstream financial services for economically disadvantaged communities, individuals, and small businesses.

The team is considering ways to introduce a utility that integrates traditional credit bureau data, deposit account data, and other alternative data:
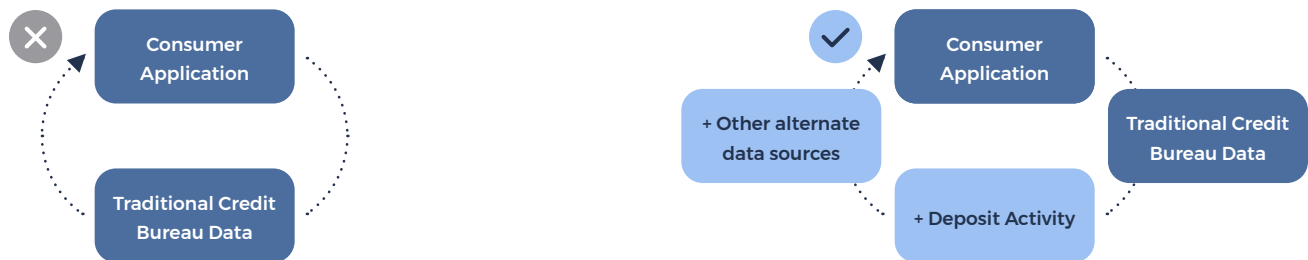
Many credit applications are declined based on traditional credit bureau data, even if a consumer has shown success with managing finances outside of credit.

By expanding data input to other sources, FSOs can help broaden access to consumers that show evidence of financial responsibility—helping to open opportunity for many as well as expand their market reach.

Sources:
1 ALTERNATIVE CREDIT ASSESSMENT UTILITY WORKSTREAM Overview. https://www.occ.gov/topics/consumers-and-communities/minority-outreach/project-reach-alt-credit-assessment-utility.pdf

Expand Credit Insights

In support of the Project REACh mission, financial services organizations can now expand credit decisioning criteria with financial institution-contributed deposit account data for the greater good of improving financial inclusion using Early Warning's **Expand Credit Insights** solution.

The demand deposit account (DDA) data provided by Early Warning will give participating financial institutions an alternative means of managing credit underwriting risk, while potentially broadening the market of qualified borrowers to include consumers who might not otherwise qualify for credit using traditional credit bureau data.

Applicants who may have historically been declined because they were considered no-hit (no credit file at the bureau) or no-file (no report tradelines) may be able to be considered using alternative credit assessment insights, like bank account deposit activity.
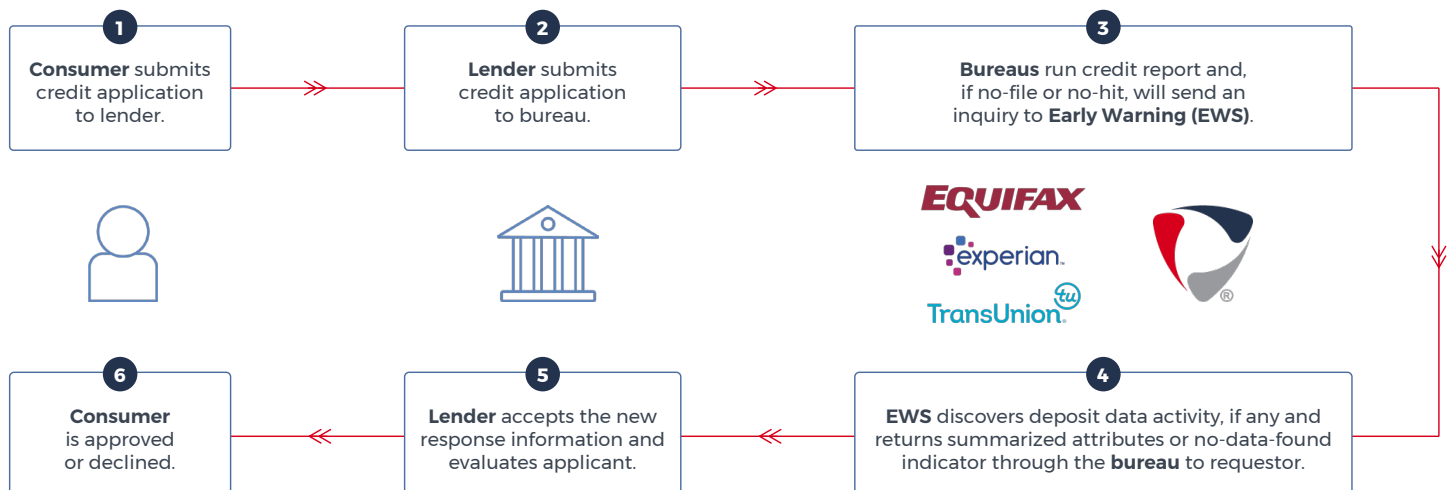
Early Warning's solution to **Expand Credit Insights** provides the lender with:

- Response data including summarized attributes for account status, balance and accounts.
- Summarized attributes for matching owner personally identifiable information (PII) data elements in support of Customer Identification Programs (CIP).
- FCRA compliant solution.

Assess credit worthiness with alternate data. Summarized attributes include:

- Account open date
- Account balance indicator
- Account balance (30-, 60- and 90-day balances)
- Non-sufficient fund status
- CIP summarized attributes including the number of:
  - accounts
  - name matches
  - SSN matches
  - date of birth matches
  - accounts with a phone match
  - accounts with an address match
  - accounts with an email match

This solution provides access to deposit account activity on no-hit and no-file consumers directly through the three major credit bureaus:

1 **Consumer** submits credit application to lender.

2 **Lender** submits credit application to bureau.

3 **Bureaus** run credit report and, if no-file or no-hit, will send an inquiry to **Early Warning (EWS)**.

EQUIFAX
experian
TransUnion

4 **EWS** discovers deposit data activity, if any and returns summarized attributes or no-data-found indicator through the **bureau** to requestor.

5 **Lender** accepts the new response information and evaluates applicant.

6 **Consumer** is approved or declined.

Providing Greater Insights

Early Warning's **Expand Credit Insights** solution can help you impact positive change while addressing regulatory recommendations as well as expand the market of qualified consumers. Implementation can be as easy as signing a supplemental agreement form and connecting through an existing integration with TransUnion, Equifax or Experian.

Benefits to lenders:

- More complete picture of prospective borrowers

- Increase access to credit for historically underserved populations

- Supplement credit data for credit underwriting decisions

- Confidently make lending decisions based off additional intelligence

- Broaden the market of qualified consumers

- Impact positive change

Benefits to consumers:

- Greater access to traditional loan products

- Potential to receive more favorable loan pricing

- Opportunity to become "visible" and establish a credit history

- Expanded criteria to qualify for a loan that could help make ends meet

For more information about Early Warning's solution to **Expand Credit Insights**, contact your Early Warning account representative or reach out to us at https://www.earlywarning.com/eci.

ABOUT EARLY WARNING

Early Warning Services, LLC, is a fintech company owned by seven of the country's largest banks. For over three decades, our identity, risk and payment solutions have been empowering financial institutions to make confident decisions, enable payments and mitigate fraud. Today, Early Warning is best known as the owner and operator of the Zelle Network®, a financial services network focused on transforming payment experiences.