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Equifax Reports Significant Improvement in Delinquency Rates Across Multiple Consumer Lending Sectors

— Student Lending Still Lagging Far Behind —

ATLANTA, Aug. 23, 2012 /PRNewswire/ -- Delinquency rates across home, auto and credit card finance accounts have demonstrated double-digit percentage* declines from July 2011-2012, according to Equifax's latest *monthly National Consumer Credit Trends Report*. In descending order, notable year-over-year dollar-based declines include:

- Auto loan 60-day plus delinquency rates declined 35%
- Consumer finance 60-day plus delinquency rates declined 23%
- Bank credit card 60-day plus delinquency rates declined 21%
- First mortgage severe derogatory rates (primarily loans transitioning to real estate owned (REO) status) rates declined 17%
- First mortgage 30-day plus delinquency rates declined 15%
- Home equity revolving 30-day plus delinquency rates declined 7%

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Accompanying the improving delinquency rates is the rise in new credit, which increased 13% from year-to-date in May 2011 ($305 billion) to May 2012 ($348 billion). The highest new credit increase was seen with bank credit cards (21% versus the same period a year ago), which went from $58.1 billion through May 2011 to $72.9 billion through May 2012.

"Consumers continue to improve their credit management, through higher monthly payments on card accounts, refinancing of existing mortgage debt at lower rates, and lower delinquency rates pretty much across the board," said Equifax Chief Economist Amy Crews Cutts. "Growth in total credit is consistent with the overall improvement in the economy – slow, but steady – with the exception of mortgage debt which is declining overall."

"The decline in mortgage debt is due to loans converting to real estate owned at the end of the foreclosure process, homeowners paying down debt faster through cash-in refinancing, or shortening of the mortgage term as well as borrowers curtailing the debt by adding a bit extra to their payment each month, Crews Cutts added.

In stark contrast to overall improvements in consumer repayment behavior, student loan delinquencies and write-offs have increased significantly over the past 12 months:

- Write-off rates among student loans increased more than 29% month-to-month from June-July 2012.
- Student loan 60-day delinquency rates increased more than 14% year-to-year from July 2011-2012.

- Student loan balances increased $58.5 billion year-over-year from July 2011-2012.
- The total number of student loans has increased nearly 24% from July 2011 (89 million) to July 2012 (116 million).
- At $9.3 billion, student loan write-offs year-to-date through July 2012 are 10% higher than same time a year ago ($8.4 billion).
- Severe derogatory balances, the major component of write-offs, on student loans year-to-date through July 2012 ($7.3 billion) are 14% higher than same time a year ago ($6.3 billion).

"Student loans is one area of lending not affected by tighter underwriting standards since the start of the recession," said Crews Cutts. "The investment in higher education pays off over a person's lifetime, while the tuition cost has to be paid up-front, leading to big demand for student loans. Unfortunately, the current job market has not been kind to new graduates and their student loans start to come due once they graduate – if they don't have a job by the time the first installment is due, they can find themselves in quite a jam."

*The reported delinquency rates are dollar based.

About Equifax, Inc.

Equifax is a global leader in consumer and commercial information solutions, providing businesses of all sizes and consumers with information they can trust. We organize and assimilate data on more than 500 million consumers and 81 million businesses worldwide, and use advanced analytics and proprietary technology to create and deliver customized insights that enrich both the performance of businesses and the lives of consumers.

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