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Consumer Savings Higher as Debt Declines; Mortgage Delinquencies, Bankruptcies Continue to Grow in September

Equifax monthly Data Indicate Banks Still Cutting Cards and Tightening Credit

ATLANTA, Oct. 13 /PRNewswire-FirstCall/ --Consumers continue to fight the recession by saving more and paying off debt; banks are responding with more careful lending; and stressed homeowners increasingly are falling behind on mortgages on their primary residence, according to the latest Equifax Inc. (NYSE: EFX) Credit Trends Report, a summary of key economic trends the company distributes to its customers every month.

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Some of the key findings in the September report include:

Total consumer debt has been reduced by more than $440 billion, down 3.8 percent from its peak in the third quarter of 2008.

The estimated consumer savings rate continued to be relatively high at 3.71 percent in the third quarter - down from 4.74 percent in the second quarter - but much higher than savings rates that were as low as 1.30 percent as recently as the third quarter of 2008 and .20 percent in the first quarter of 2008.

Bankcard issuers continue to close accounts and reduce credit lines. Since September 2008, there are 88 million fewer accounts and credit lines have been reduced by $751 billion. Delinquency rates also are the highest in five years with 4.36 percent of bankcard accounts more than 60 days late in September 2009 compared with 3.39 percent in September 2008 and 2.80 percent in September 2007.

New accounts opened, based on end of July data, were 54 percent lower than July 2008. The percent of cards issued to those with Equifax Risk Scores greater than 740 grew from about 28 percent in July 2007 to more than 50 percent at the end of July this year. Conversely, the percent of cards issued to those with Equifax Risk Scores 660 and below dropped from 42 percent in July 2007 to slightly over 22 percent in July 2009.

Home mortgages at least 30 days late reached a record 7.65 percent (in dollars) in September, up from 7.58 percent in August and 7.32 percent the previous month. This record rate is a significant increase over the 5.17 percent rate of September 2008 and the 3.55 percent rate of September 2007.

Home equity lines of credit are an estimated $65 billion lower in September 2009 than they were in September 2008 and the number of accounts is an estimated 754,000 lower. Delinquency rates are at an all-time high of 3.39 percent versus 2.66 percent in September 2008 and 1.59 percent in September 2007.

Personal bankruptcies also continued to rise. For the first nine months of 2009, filings are 40 percent higher than last year. Filings have already exceeded one million compared with the 2008 year-long total of 1.1 million.

"American consumers are making the most fundamental change in the way they handle their finances we have seen in a decade," said Dann Adams, president of Equifax's U.S. Consumer Information System. "They are conserving cash and reducing debt across the board. We haven't seen savings rates this high since shortly after the third quarter of 2001 - just after 9-11 - when they were at 3.25 percent.

"At the same time, high unemployment is being reflected in more homeowners falling behind in their primary mortgages," Adams added. "As a result, banks and other financial institutions are being much more careful in managing their risks.

"The data reflect an economy in transition with consumers doing better with their financial management, but with many still struggling in the face of high unemployment and restricted credit."

Data for the Credit Trends Monitor Report is sourced from Equifax's more than 200 million files of US consumers using credit. The personal savings rate information comes from CreditForecast.com, which uses U.S. Bureau of Economic Analysis data.

About Equifax (www.equifax.com)

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With a strong heritage of innovation and leadership, Equifax continuously delivers innovative solutions with the highest integrity and reliability. Businesses - large and small - rely on us for consumer and business credit intelligence, portfolio management, fraud detection, decisioning technology, marketing tools, and much more. We empower individual consumers to manage their personal credit information, protect their identity, and maximize their financial well-being.

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