



Today, Equifax became the first to formalize inclusion of Buy Now, Pay Later (BNPL) payment information in US consumer credit reports. This is an important step for our company and for the industry. This move addresses what the [Wall Street Journal referred to on December 19](#) as a “blind spot for lenders”. Equifax innovation is setting a precedent for the industry to follow - and leading the way for alternative lending data to expand access to credit for young, thin-file or credit rebuilding consumers.

Beginning in the first quarter of 2022, our new industry code will classify BNPL tradelines, including payment history. This is designed to give Equifax customers and scoring partners the ability to view and decide how to incorporate BNPL information into their decisioning to potentially open up new mainstream financial services opportunities to more consumers.

Equifax research shows that the inclusion of on-time payments of BNPL loans in credit reporting may increase credit scores. The Equifax study also shows the potential for consumers who pay their BNPL loans on-time to improve their FICO® Score, specifically:

- The majority of consumers in the study were helped by having an on-time BNPL tradeline in their credit file, with an average FICO Score increase of 13 points.
- BNPL can be a powerful way for new-to-credit consumers to build their credit profiles. The study showed that individuals with either a “thin” credit file consisting of two or less tradelines or a “young” credit file - where all credit history is no more than 24 months old - saw an average FICO Score increase of 21 points with the addition of on-time BNPL tradelines to their credit file.
- BNPL can also help consumers rebuild their credit. Consumers who had significantly late payments reported on their traditional credit file experienced an average FICO Score increase of 13 points with the addition of on-time BNPL tradelines to their credit file.

Credit reports must evolve alongside the changing lending landscape. BNPL volume has surged over the last two years and we recognize the challenges that this presents to lenders and consumers alike. More data drives better decisions and responsible lending benefits from a complete picture of a person's financial obligations. Individuals who may have taken on BNPL loans should be able to benefit from a positive payment history.

We are moving into 2022 as a NewEFX and I encourage you to review our [press release](#) on our decision to formalize reporting for BNPL providers. I welcome any questions you may have surrounding this important initiative.

Best regards,

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