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Equifax Helps Banks Become CECL Compliant with SmartReserve™

New offering is powered by Equifax Credit Trends, allows customers to access pre-recession data for accurate forecasts

ATLANTA, Sept. 5, 2018 /PRNewswire/ -- [Equifax](#), the global information solutions company, unveils its SmartReserve™ offering to help SEC-registered banks and financial institutions meet the new CECL (Current Expected Credit Loss) standards ahead of the Q1 2020 deadline. The new regulation requires significant changes to the data a bank maintains and analyzes, and involves a much deeper level of modeling, analysis and reporting than what has previously been required. SmartReserve is powered by Equifax Credit Trends, which provides data to help support new CECL standards with respect to customers accurately forecasting their reserves based on this new modeling standard.



"This is new territory for many lenders as they may not have the infrastructure to support these large amounts of data, and mid-tier and smaller banks and credit unions and lenders may not have the capacity to perform the modeling in-house," said Amy Graybill, Vice President, Enterprise Insights & Core Data Products, Equifax. "SmartReserve provides the assistance lenders need to help protect their business against non-compliance with new CECL standards, along with historical pre and post-recession data that is needed to accurately forecast future credit losses and calculate required reserves."

[Getting to Know CECL](#)

Equifax SmartReserve has already provided customers with information to help CECL forecasting by utilizing the extensive data. The data has helped companies evaluate their expected loss and tune their loss reserves. For small to mid-size financial institutions that may need an outside resource to assist with modeling requirements, Equifax and Moody's partner together in delivering a comprehensive solution.

"This is a significant departure from current practices and is understandably causing anxiety among both lending institutions and auditors," said Cristian deRitis, Senior Director, Consumer Credit Analytics at Moody's Analytics. "Switching to a measure of potential lifetime loss will not only increase banks' [allowances for loan and lease losses](#) (ALLL), it will dramatically change the timing of those provisions. Whereas today a lender can use the interest and principal payments collected early on in the life of new loans to build capital in anticipation of defaults, under CECL they'll need to add to their reserves before having collected even \$1 in loan payments. This could change the economics of the transaction and lead to higher fees or interest rates."

Additionally, SmartReserve uses the power of Equifax Credit Trends logic to enable the linking of trades over time and life-of-loan forecasting that includes 100 percent of the consumer database where consumers have at least one trade along with key consumer risk profile attributes at time of origination. The offering also links trades over time to enable vintage curves, updates and forecasting based on loan and consumer profiles to facilitate critical life-of-the loan forecasting, along with support from Equifax business intelligence and credit data experts.

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About Equifax

Equifax is a global information solutions company that uses trusted unique data, innovative analytics, technology and industry expertise to power organizations and individuals around the world by transforming knowledge into insights that help make more informed business and personal decisions.

Headquartered in Atlanta, Ga., Equifax operates or has investments in 24 countries in North America, Central and South America, Europe and the Asia Pacific region. It is a member of Standard & Poor's (S&P) 500® Index, and its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. Equifax employs approximately 10,800 employees worldwide.

FOR MORE INFORMATION

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