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Lender Vigilance Drives Auto Loan Market Success

Equifax reports strong performance in the "no-score" segment of the credit spectrum

ATLANTA, Nov. 18, 2015 /PRNewswire/ -- The auto finance market is growing and performing well as balances continue to reach all-time highs month-over-month while write-off rates remain low, according to the latest *National Consumer Credit Trends Report* from Equifax Inc. (NYSE: EFX).



The report reveals that auto originations totalled \$341.2 billion through July 2015 – a 9.4% rise in balances over the same time last year, and the highest levels for the period since Equifax began tracking this data – while auto write-offs were at 20.4 basis points as of September 2015. Additional insight from Equifax analysts identifies two rarely discussed reasons driving this strong performance:

Auto Lender Vigilance – Auto lenders remain vigilant in ensuring their customers have the financial ability to pay an auto loan by leveraging alternative data to identify consumers' monthly payments that are not found on one of the credit bureaus and by verifying income and job tenure using employment data services in the qualification process.

"Traditionally lenders have used consumer-provided pay stubs to confirm income or conducted no verification at all," said Lou Loquasto, Auto Finance Leader for Equifax.

"Utilizing verified income and alternative data provides the complete picture of a consumer's financial standing, allowing lenders to see consumers' true income, payment obligations and other attributes such as job tenure to determine if they have the ability and stability to keep up with payments."

Success in the "No-Score" Category – Auto originations to consumers in the "no-score" segment of the credit spectrum are performing more successfully than they have in the past. Equifax data reveals that the median write-off rates for "no-score" originations from 2012-2014 are 22.8% lower than they were from 2007-2009.

"Alternative data, verified income and other new tools to evaluate this very fast growing 'no-score' segment have enabled rich margins and good loan performance," said Loquasto.

"Lenders are using the tools available to make great lending decisions and give consumers the chance to establish their credit and acquire much needed transportation. Lenders are also using verified income and different sources of alternative data that exist throughout the

industry to dramatically increase auto-decision rates."

About Equifax

Equifax is a global leader in consumer, commercial and workforce information solutions that provide businesses of all sizes and consumers with insight and information they can trust. Equifax organizes and assimilates data on more than 600 million consumers and 81 million businesses worldwide. The company's significant investments in differentiated data, its expertise in advanced analytics to explore and develop new multi-source data solutions, and its leading-edge proprietary technology enable it to create and deliver unparalleled customized insights that enrich both the performance of businesses and the lives of consumers.

Headquartered in Atlanta, Equifax operates or has investments in 19 countries and is a member of Standard & Poor's (S&P) 500® Index. Its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. In 2015, Forbes named Equifax one of the World's 100 Most Innovative companies; Bloomberg BusinessWeek nominated it as one of its Top 50 companies; its CIO was named one of the top 100 by CIO magazine; the company ranked 13th in the Fintech 100 list; and it was recognized as a top 20 company to work for by the Atlanta Journal-Constitution and was named a 2015 InformationWeek Elite 100 Winner. For more information, please visit www.equifax.com.

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