

December 20, 2021



Equifax First to Formalize Inclusion of 'Buy Now, Pay Later' Payment Information in Consumer Credit Reports

Addition of BNPL Credit Data to Consumer Files Has Potential to Expand Access to Credit for Individuals with Limited Credit History

ATLANTA, Dec. 20, 2021 /PRNewswire/ -- [Equifax®](#) (NYSE: EFX) is furthering its commitment to expand access to credit by making 'Buy Now, Pay Later' (BNPL) payment information part of credit reports, as identified by a new business industry code. The company has created the industry's first policy for acceptance of BNPL tradelines in consumer credit files via Consumer Data Industry Association (CDIA) Metro 2® guidelines. An Equifax study of anonymized consumer data from a BNPL provider shows that individuals who pay their BNPL loans on time could potentially increase their FICO® Score - helping consumers to both build and rebuild credit.



"Equifax will be the first credit reporting agency to formalize a standard process for reporting BNPL tradelines for inclusion on traditional consumer credit reports," said Mark Luber, Chief Product Officer for U.S. Information Solutions (USIS) at Equifax. "We are committed to helping people live their financial best, and recognize the role that BNPL services can play in helping people build stronger financial profiles."

BNPL products, also known as point-of-sale financing, are a growing way for consumers to access convenient, alternative financing options for online or in-store purchases. They typically involve short-term, interest-free installment payments offered at checkout.

Beginning in the first quarter of 2022, Equifax will implement a new "business industry code" for BNPL. This is a standard identifier used to classify the industry in which each Equifax customer functions. The new industry code will classify BNPL tradelines, including payment history and give Equifax customers and scoring partners the ability to view and decide how to incorporate the 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. Equifax conducted a study of anonymized consumer BNPL data, where the BNPL tradelines had the following features:

- Reported as revolving line of credit accounts

- Had, on average, five and-a-half months of repayment history reported
- Had an average utilization of 17.9% (including consumers who paid off their BNPL tradeline)

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.

"Most BNPL providers either bypass the credit check completely, or do a soft pull on credit files, which can be attractive to consumers," said Luber. "We are encouraging BNPL providers to report into Equifax as a powerful source of data. Those who use BNPL services that report can demonstrate reliable behavior and boost their credit profile."

Equifax has led the exploration of new data to open [access to credit](#) and financial inclusion for decades. The recent acquisition of [Teletrack](#), as well as Equifax innovations in alternative and new data, including the [OneView™](#) report for businesses, [Payment Insights](#) and [Cashflow Insights](#) solutions, are designed to positively promote access to mainstream financial services and help bring more people into the credit economy.


For additional insights from recent Equifax studies on BNPL loans and the potential effect on credit profiles, tune into the newly released [Market Pulse Podcast](#). The company will also hold a [Market Pulse webinar](#) on this topic on February 10, 2022.

ABOUT EQUIFAX INC.

At Equifax (NYSE: EFX), we believe knowledge drives progress. As a global data, analytics, and technology company, we play an essential role in the global economy by helping financial institutions, companies, employers, and government agencies make critical decisions with greater confidence. Our unique blend of differentiated data, analytics, and cloud technology drives insights to power decisions to move people forward. Headquartered in Atlanta and supported by more than 12,000 employees worldwide, Equifax operates or has investments in 24 countries in North America, Central and South America, Europe, and the Asia Pacific region. For more information, visit [Equifax.com](#).

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