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Equifax Refutes 'Auto Bubble,' Cites Improvement in Credit Scores after a Subprime Auto Loan Origination

New analysis by Equifax Economists shows the median consumer credit score increased by 52 points after taking out a subprime auto loan

ATLANTA, Feb. 18, 2015 /PRNewswire/ -- Equifax Inc. (NYSE: EFX), a global information solutions company, today released its latest Economic Trends Commentary, "[Subprime Auto Loans: A Second Chance at Economic Opportunity.](#)" which examines two groups of consumers with deep subprime credit scores, (those with Equifax Risk ScoresSM below 550), over a three-year period: those who originated a subprime auto loan and those who did not.



Equifax found that over the three-year time period, those consumers with deep subprime credit scores that originated a subprime auto loan showed, in aggregate, a significant increase in their credit score. In fact, those consumers improved their credit score by a median of 52 points, which is a 62.5% improvement over the median score change of the group that did not take out a loan. Even more telling, those that took out a subprime auto loan were four times more likely than those who did not to have improved their score to a level above 640, moving them out of the subprime segment.

Chief Economist Amy Crews Cutts and Deputy Chief Economist Dennis Carlson commented on the data saying, "The auto industry's success wouldn't be what it is today if it weren't for the responsible, solid subprime loans made to the many Americans in need of a car to get to their jobs or take their children to school. Lenders now have better tools, more data and enhanced technology available to them to make sounder and safer decisions. While we should all continue to remain vigilant, we can confidently say that subprime auto lending is currently performing well, it's not growing as quickly as prime lending, and our data does not suggest that a bubble is forming."

Lou Loquasto, Auto Finance Leader at Equifax said, "I started my career sitting across the loan desk from thousands of nonprime families in need of a vehicle – each of them having a story about circumstances that resulted in their less than perfect credit score. It was rewarding to watch these customers diligently make the most of these second chances and see a high percentage graduate to a prime credit standing – empowering them to take full advantage of their newfound financial well-being."

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 2014, Equifax was nominated as a Bloomberg BusinessWeek Top 50 company; its CIO was listed as one of the top 100 by CIO magazine; and the company was named to the Fintech 100 list, was recognized as a top 20 company to work for by the Atlanta Journal-Constitution, and was named a 2014 InformationWeek Elite 100 Winner. For more information, please visit www.equifax.com.

FOR MORE INFORMATION

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