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Where do your accounts fit in the consumer's payment hierarchy?

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Introducing:

- **Allison Saffran**
  Experian
- **Kelley Motley**
  Experian

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“A budget tells us what we can’t afford, but it doesn’t keep us from buying it.”

— William Feather

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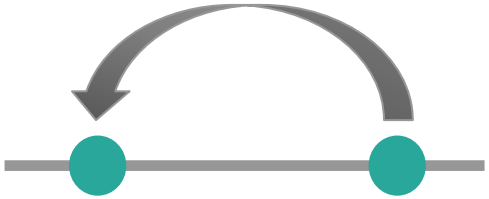
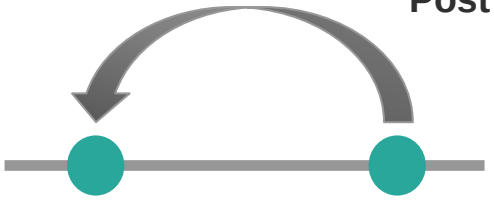
Analysis design
Performance window



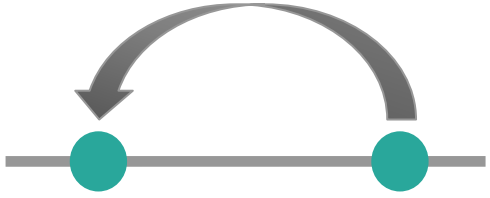
Dec 2014 **Dec 2015**

Post recession / Current



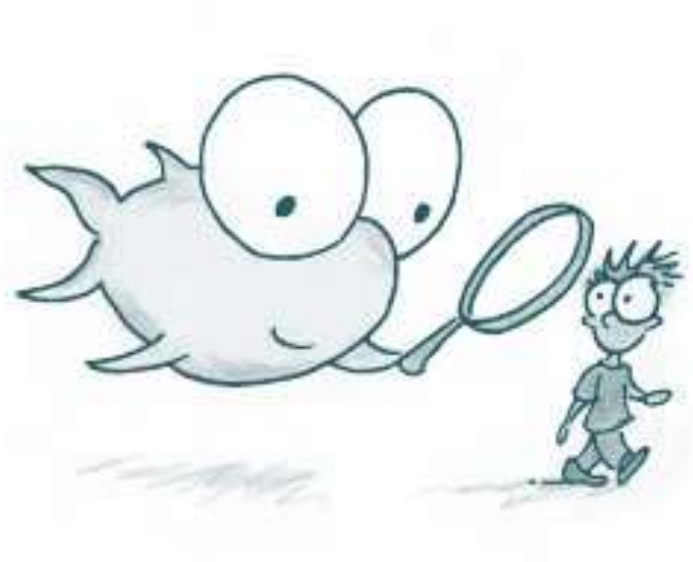
Dec 2008 **Dec 2009**

Recession



Dec 2006 **Dec 2007**

Pre-Recession



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Analysis design
Performance definitions

Two populations

- Consumers with one product type
- Consumers with multiple product types

Further refined by delinquency status

- All clean population – consumers not bad on any trade
- Consumers with one or more bad account/s

Evaluated payment hierarchy by looking at associated bad rates

Performance definitions	**Bad**	**Good**
	Consumers who are 90+ days past due, charged off or bankrupt during the performance period	**Consumers who are not 90+ days past due, charged off or bankrupt during the performance period**

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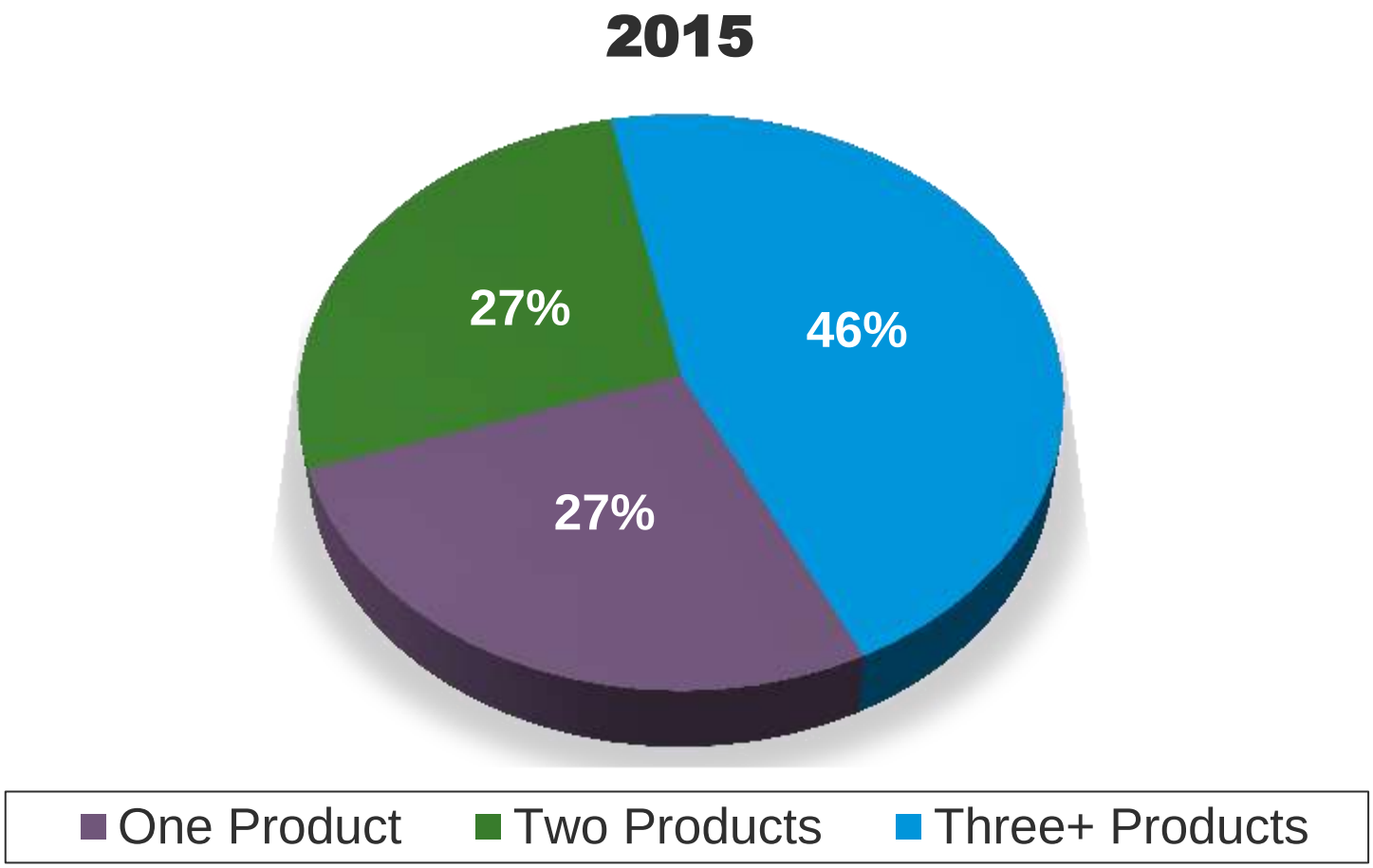
How many consumers have more than one credit product?



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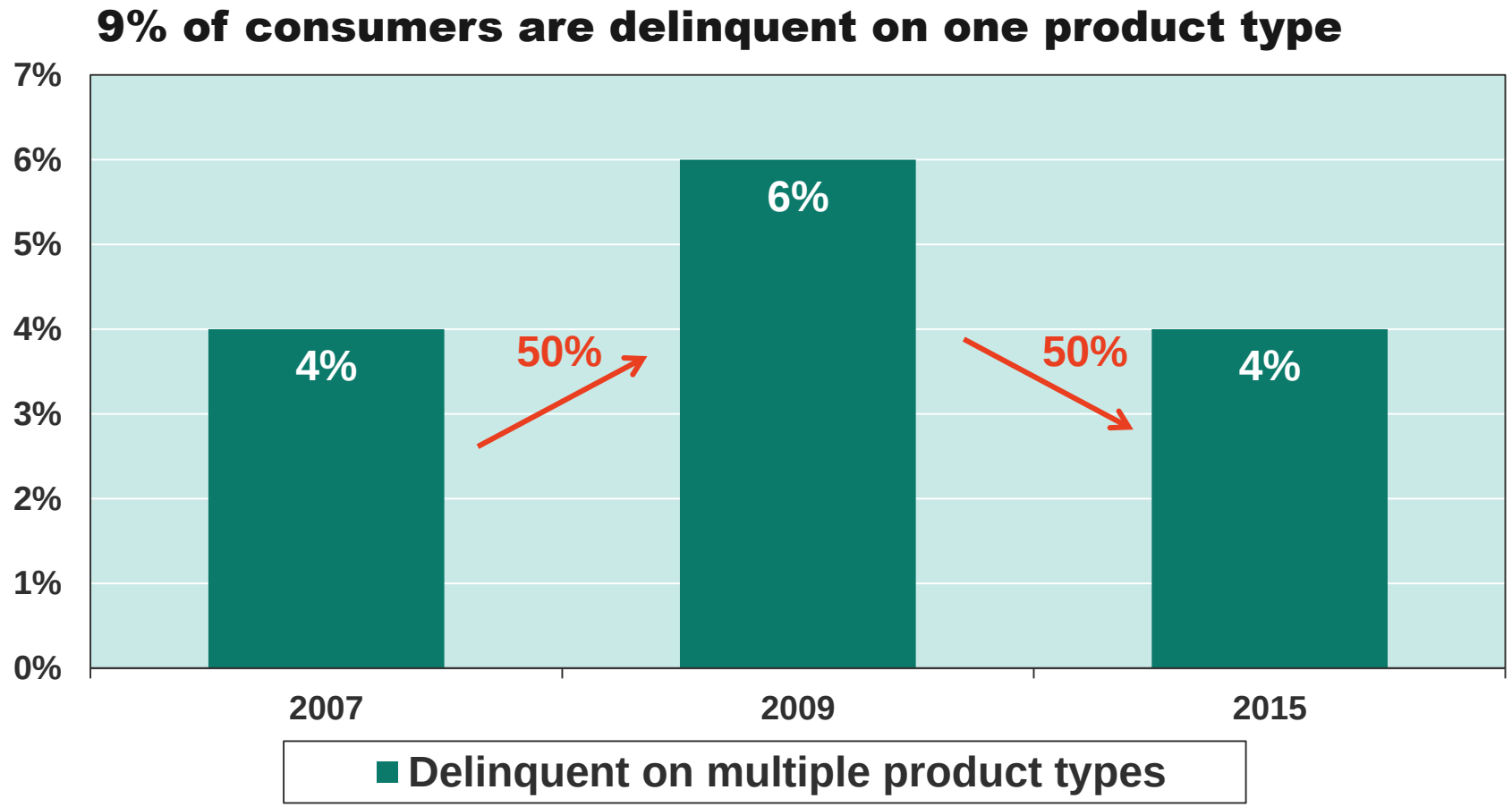
87% are current

What about the other 13%?



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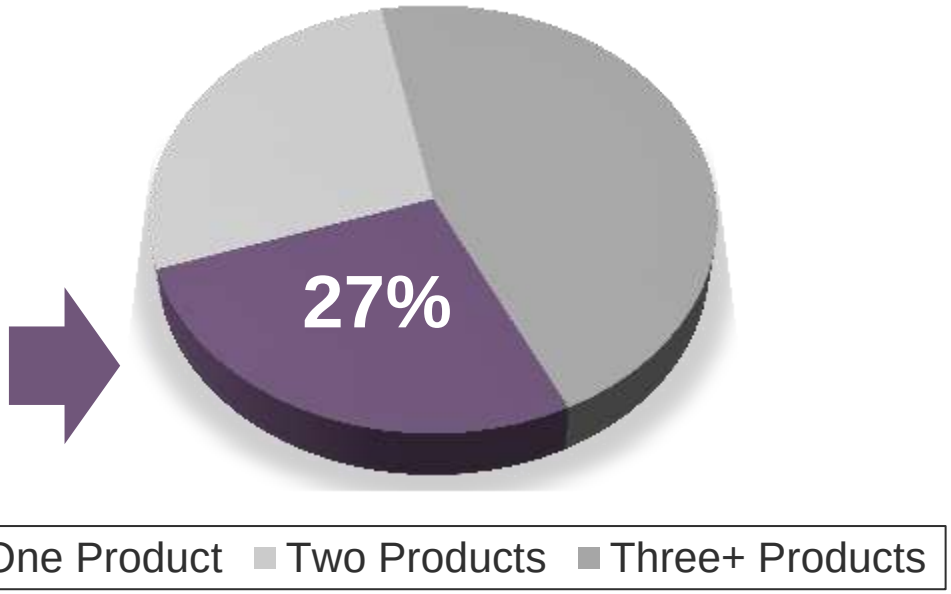
Consumers with only one credit product

– No payment hierarchy



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Distribution of consumers by product type

Bankcard 64%

13.5%

Auto 9%

0.3%

Student 7%

3.3%

First Mortgage 5%

0.8%

Retail 12%

16.3%

Personal Loan 2%

0.1%

HELOC/HELOAN 1%

1.4%

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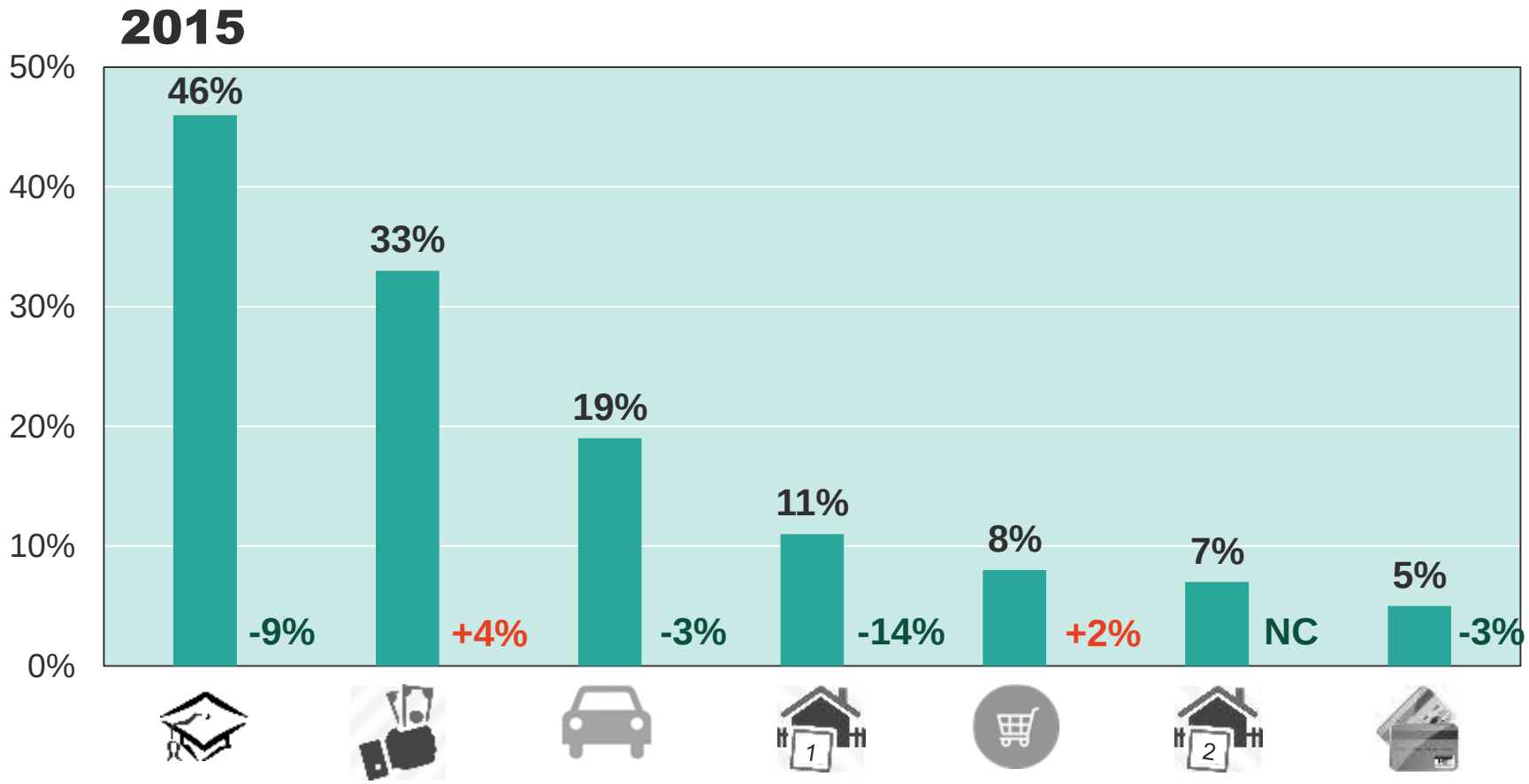
Bad rate



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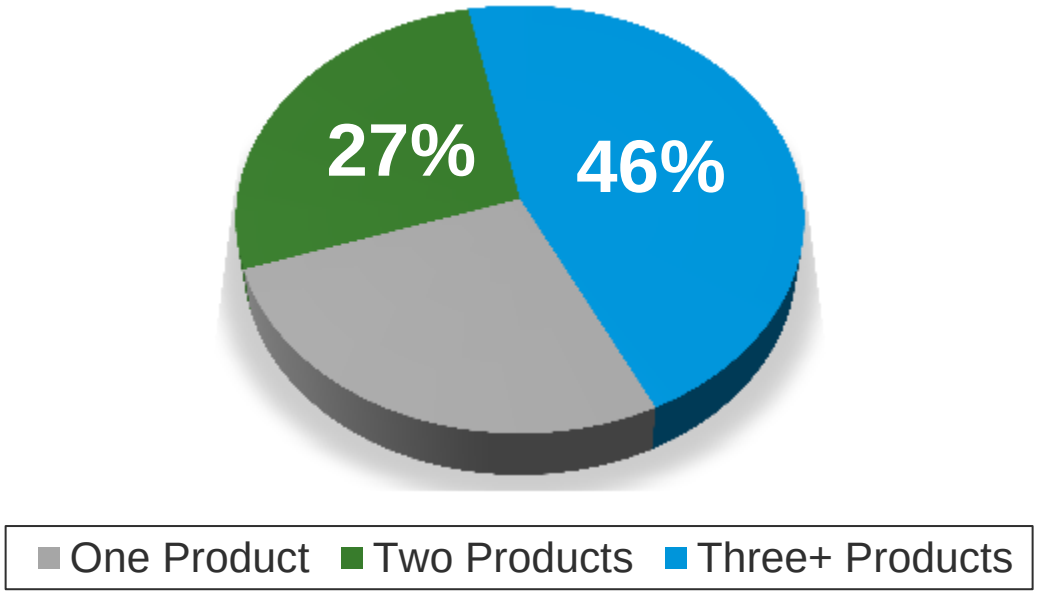
Consumers with multiple credit products



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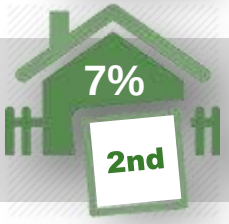
Products better solo

	Bad Rate		Average VantageScore®	
	Only one product	Multiple products		
	5%	11%	628	717
	7% 2nd	8% 2nd	693	742
	8%	11%	578	718
	33%	39%	526	616

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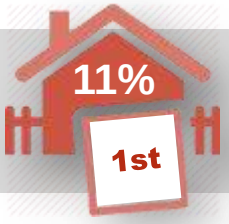
Products better paired with others

	Bad Rate		Average VantageScore®	
	Only one product	Multiple products		
	19%	16% +	587	694
	11% 1st	10% 1st +	742	727
	46%	26% +	690	657

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Generational review

Bad rate – one product type

	Gen Y / Millennial Age: 19-34	Gen X / Busters Age: 35-49	Baby Boomers / Greatest Generation Age: 50-87
	7%	**9%**	4%
	7%	**12%**	6%
	18%	15%	6%
	10%	**15%**	10%
	19%	**23%**	16%
	45%	36%	26%
	46%	**52%**	38%

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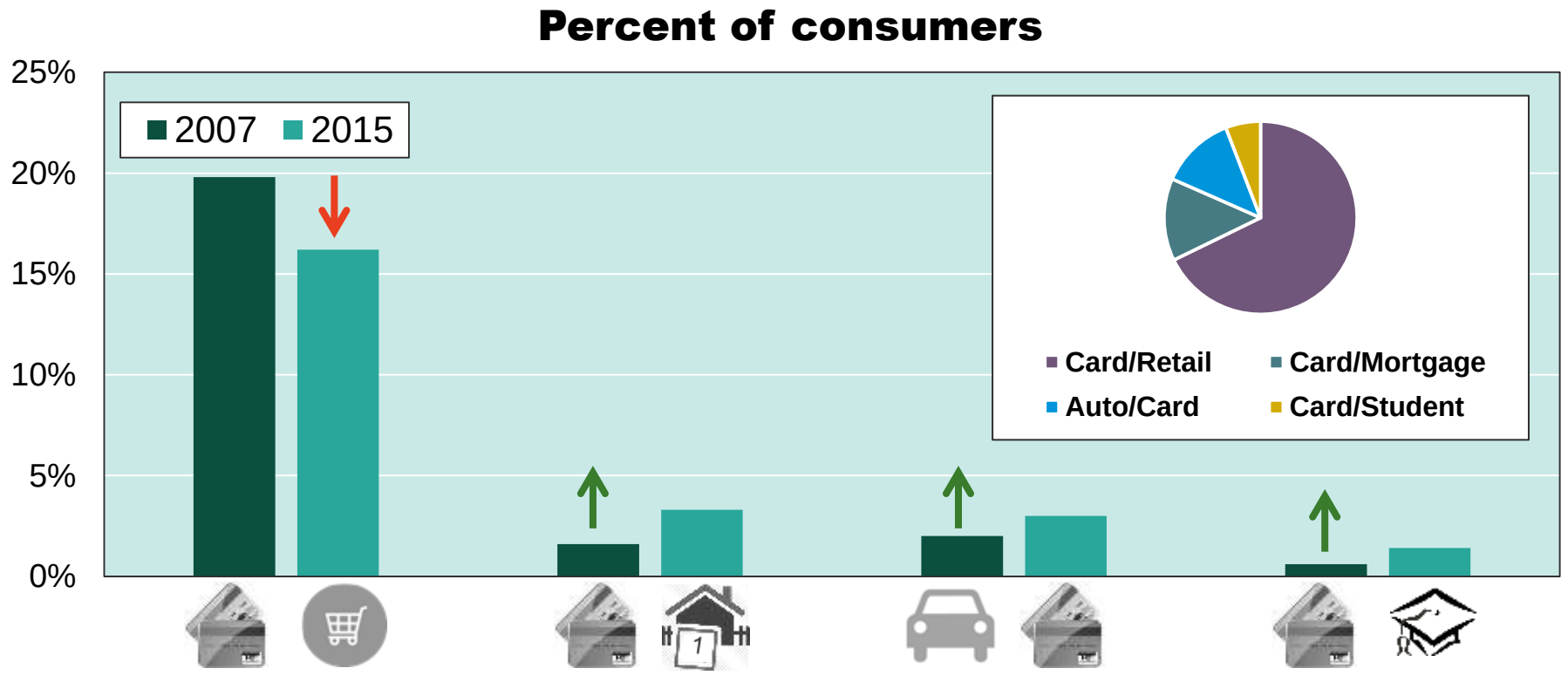
Consumers with two product types



Average 2015 VantageScore®	745	746	676	647

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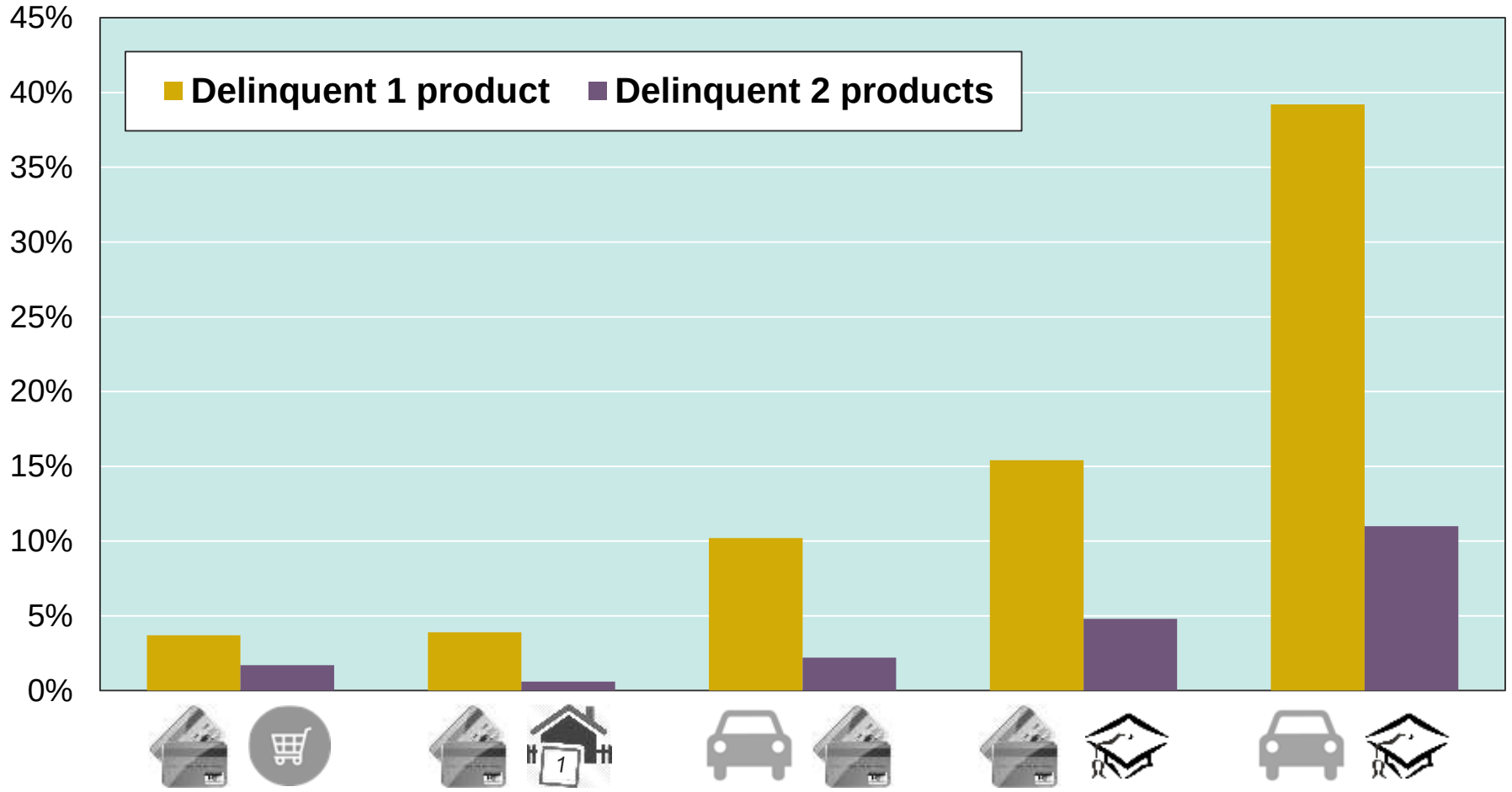
How many are delinquent on both?



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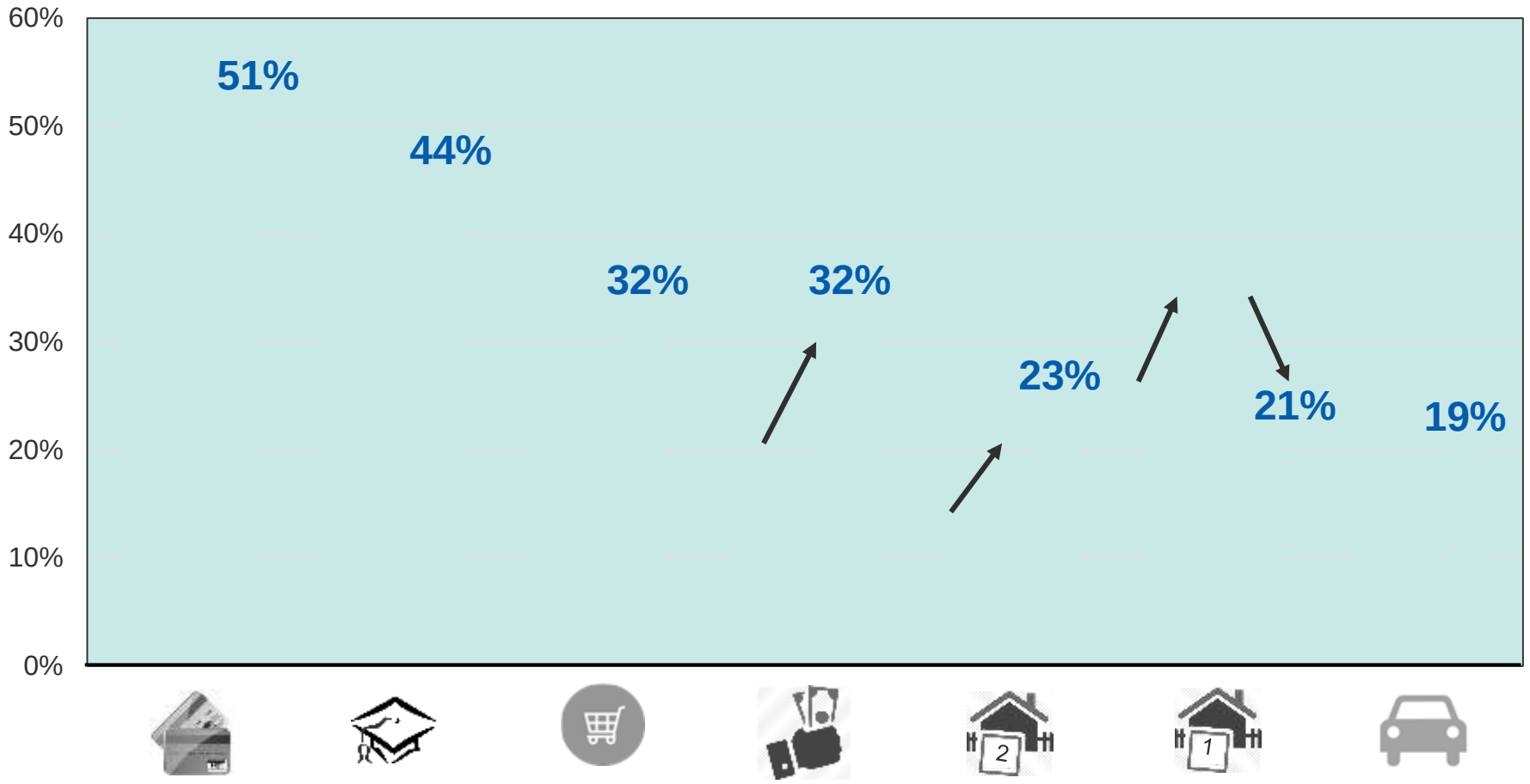
When consumers don't pay, what product do they not pay?



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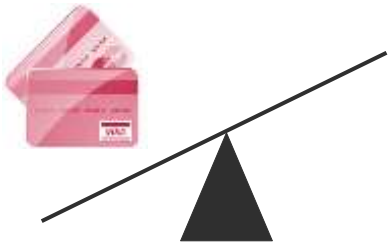
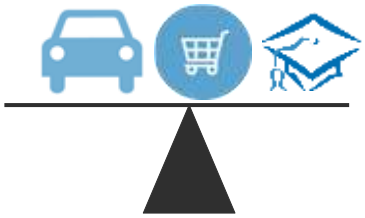
Single product delinquency
2015

Bankcard
Lower propensity to pay



Mortgage, HELOC / HELOAN
Higher propensity to pay

Auto, Retail and Student Loan
Mixed priority



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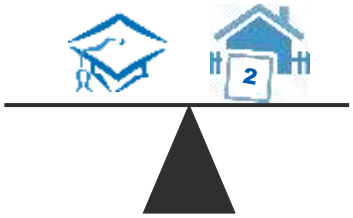
Multi-product delinquency
2015

Bankcard and Retail
Lower propensity to pay

Mortgage and Auto
Higher propensity to pay

Student Loan and HELOC / HELOAN
Mixed priority



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Product mix matters

95%
All Clean

71%
All Clean

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What does this mean for lenders?

Risk management strategies can be enhanced by considering which products your customers have

Proactively reduce line if a customer has a delinquency trigger

Target consumers whose product combinations will not increase your potential risk

Segmentation strategies for line assignment based on product types, including propensity to pay on your product

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Share your thoughts about Vision 2016!

Please take the time now to give us your feedback about this session.
You can complete the survey in the mobile app or request a paper survey.

Vision Conference
Breakout Session Survey

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1. How would you rate the presenters' knowledge?
☐ Excellent ☐ Above average ☐ Average ☐ Below average ☐ Poor

2. How would you rate the presenters' delivery?
☐ Excellent ☐ Above average ☐ Average ☐ Below average ☐ Poor

3. How would you rate the presenters' time management?
☐ Excellent ☐ Above average ☐ Average ☐ Below average ☐ Poor

4. How useful was the session information?
☐ Very useful ☐ Somewhat useful ☐ Neutral
☐ Somewhat not useful ☐ Not useful

5. How would you rate the session on being current?
☐ Very current ☐ Somewhat current ☐ Neutral
☐ Somewhat not current ☐ Not current

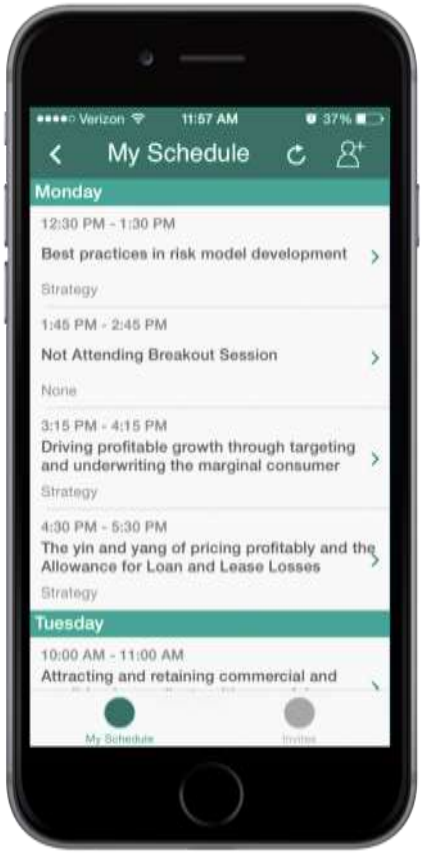
6. How relevant was the session content to the title and description?
☐ Very relevant ☐ Somewhat relevant ☐ Neutral
☐ Somewhat not relevant ☐ Not relevant

7. How would you rate the level of content?
☐ Too advanced ☐ Just right ☐ Too basic

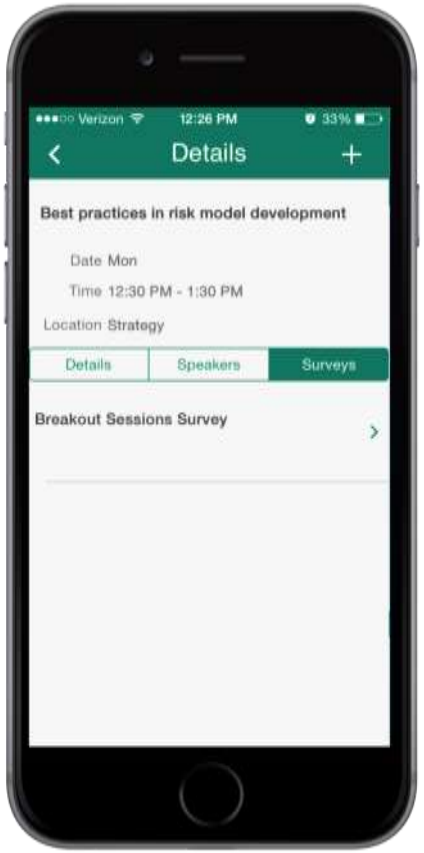
8. Why did you attend this session? (Check all that apply.)
☐ Relates to my business ☐ The presenter(s) ☐ Interest in new product
☐ Compelling session description ☐ Increase product knowledge

9. Do you have any additional comments?

1 Select the Survey button and complete



2 Select the breakout session you attended



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