THE art OF science

An extract from Perspective: The Responsible Lending Issue
Essential insights into the issues facing your industry today
Beyond the science

In order for lenders to be able to meet responsible lending regulatory requirements and provide borrowers with what they can afford, they need more than just data.

Data is only half the story: it’s the way in which this data is collated and interpreted that provides a full view of the consumer, offering real insight into consumer behaviour.

This is our expertise: applying the analysis (the art) to the data (the science). It is this that truly adds to the value we provide to our clients and helps them to better understand and make informed decisions about the customers they do, and don’t do, business with.

Our expertise combines the science of modelling with the art of understanding.

Behavioural economics

Understanding their customers’ circumstances and priorities is vital for lenders if they are to make the right decisions and lend responsibly. While data will provide the facts, it will not show how a particular consumer depends on your product.

Twenty years ago, the payment hierarchy would show that, if a consumer was under financial stress, the first bills they would stop paying would be mail order bills; their mortgage the last.

This has changed dramatically: for some groups the last bill ‘not to be paid’ is now their mobile phone bill. The rise of the smartphone – the fact that it can be used for shopping, watching films, browsing the internet and more – has raised their personal value for individuals: it’s more than not being able to make calls if their phone is cut off due to non-payment.

The road ahead

But I believe it also goes further than this: that today, and in the future, the real need is for lenders to have an understanding not only at an individual customer level, but also at a family level. And this is where the ‘art’ – the intelligence and insight we provide from the data – will be vital in helping our clients make the right and best business decisions.

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