

Financial Health Index (FHI)

Developed in partnership with Equifax, the new credit risk index allows financial institutions to more effectively understand consumers applying for credit products.

The index can be taken as a standalone product or combined with traditional credit risk metrics to provide a fully-rounded understanding of a customer’s affordability and creditworthiness.

It combines AccountScore’s custom built and market leading transaction categorisation engine with the Equifax transaction data behavioural characteristics – identified as being leading predictors of creditworthiness and affordability.

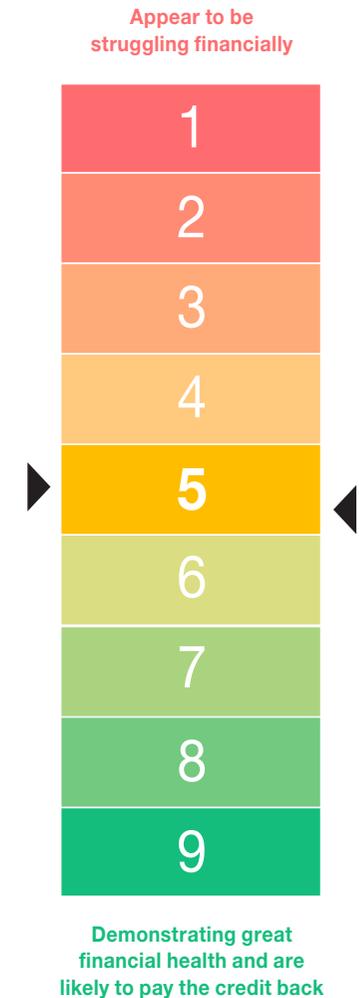
As well as providing financial institutions with more granular insight, the index outputs 28 indicators which can be displayed back to a consumer to give them an understanding of their rating within the index and the different factors which effect this. This means the index is provided with full transparency and allows lenders to explain their decisions effectively to their end customers.

USE CASES | Outcomes Identified

Creditworthiness	Affordability	Attitudes to spending & saving	Early warning to changes in lifestyle, financial status and signs of potential vulnerability
<p>How likely is a customer to make repayments?</p> <p>How have they performed in the past?</p> <p>How are they likely to perform in the future?</p>	<p>Can the customer afford the loan?</p> <p>Does their spending profile show signs that they are struggling financially?</p>	<p>Does a consumer have any cash left in their current account at the end of the month?</p> <p>If so, do they squirrel it away for a rainy day or do they spend it all?</p>	<p>Predict what is going to happen to a consumer’s repayments and put treatments in place to avoid financial distress.</p>

KEY POINTS

- › Single metric to summarise a customer’s financial health based on current account transaction data.
- › Encourages responsible borrowing through increased engagement with your business.
- › Uses Open Banking technology to analyse a customer’s current account data in real time and identify their likelihood of making credit repayments.
- › Designed to be used in conjunction with existing credit scoring models, methodologies and decisioning that contains CRA and application data.



Financial Health Index (FHI) *continued*

KEY BENEFITS

- › Enables lenders to summarise a customer’s financial status in a single ranked value.
- › Automation – easy to use index for use within credit policies to facilitate automation of lending decisions.
- › More accuracy – dynamic and accurate image of creditworthiness and affordability.
- › Identify early warning signals to changes in lifestyle, financial status and signs of potential vulnerability.

FHI Vs CRA SCORES

How does the Financial Health Index compare to traditional CRA data and scores?

Additional Payments	Missing Information	Granular Data	Real-Time Data
Includes data not available to CRAs, such as: <ul style="list-style-type: none"> › Salary › Council tax › Insurance › Savings › Investments 	Augments incomplete CRA data assets, such as rental and utilities payments.	Uses more granular data than CRAs to identify salary. Unlike CATO attributes, not limited to credit turnover.	Extracted from the banks online banking systems. Can identify up to the minute account activity, which may take more than 4 weeks to appear on a credit file.