



# Drive better consumer outcomes with Affordability IQ

Understanding a consumer's financial health has never been more important. With a turbulent economy, pressure on personal finances a consumer's circumstances can change quickly, which makes measuring their affordability complex.

Affordability IQ helps you measure a consumer's affordability, so that you can personalise your assessment and help them meet their financial goals.



# Make the right decisions with the right data, at the right time

## Measuring consumer affordability is nothing new...

Affordability IQ is a suite of personalised bureau insights that can be used seamlessly to verify a consumer's income and expenditure to improve your understanding of their financial wellbeing.

Without access to the right data, organisations risk making the wrong decisions leaving vulnerable consumers without the support they need. Affordability IQ gives you an in-depth view of a consumers financial position, helping you to act quickly and responsibly, to do what is right for them at every stage of your relationship.





# Affordability always on

Affordability IQ gives you a more granular, personalised view of an individual's affordability, throughout your relationship with them.

## Business Benefits



**Save time and resource** by verifying incomes automatically and reducing the volume of manual reviews.



**Increase your acceptance rate** without increasing risk. Accept more of the right consumers and reduce the risk of delinquency and poor outcomes.



**Understand more about your portfolio** by identifying which consumers are most at risk of not being able to meet their financial commitments and allocate resource more effectively to support them.



**Proactively monitor and manage a consumer's affordability**, react quickly to changes in financial circumstances and support those who need it.

## Consumer Benefits



**Create a personalised and frictionless consumer experience.** Affordability decisions are tailored to the individual needs of consumers.



**Prequalify consumer's** to ensure they only access products they can truly afford. Avoid creating an unfulfilling application experience where they might be refused credit or struggle to afford repayments.



**Monitor a consumers financial health** to understand their ability to afford payments throughout the life of a loan or service. Evidence that consumers are being supported to meet their financial goals.



**Automate access to data for quicker decisions.** Identify changes to a consumer's finances such as a loss of income or income shock to protect the vulnerable and deliver better outcomes.

# What data do I get with Affordability IQ?



## Income Verification

A simple method of accurately verifying an income amount supplied by a consumer in an application. It can be used for all forms of lending where consumers are declaring their income amount and you need to check that the income declared is correct.



## Minimum Income

A new approach to income verification that demonstrates if a consumer has sufficient income to afford the new lending they have applied for.



## Indebtedness Metrics

A consumer's level of indebtedness is a key measure of their financial health and an indicator of their financial vulnerability. Providing credit to a consumer that doesn't have enough bandwidth to afford it could push them into indebtedness, increasing their financial strain, and risk of a poor outcome.



## Income Shock Metrics

A view of any significant fluctuations to a consumer's income, via a series of Red/Amber/Green (RAG) flags over a 6 month period. This can provide an early warning of changes to a consumer's finances, inform exposure across your portfolio and help you proactively manage consumers to the risk of delinquency.



## Income Stability Metrics

A personalised measure of income stability that allows you to identify individuals whose financial circumstances may be deteriorating or improving. This gives you the opportunity to intervene quickly, to redefine credit limits or offer new products that can drive better outcomes.



## Expenditure +

Improve affordability assessments with a view of essential household expenditure and household composition, for a better understanding of an individual's contribution to their household bills.



## Effective Disposable Income (EDI)

Monthly estimates of a consumer's or household's disposable income to provide a more accurate measure of their ability to afford additional credit.



## Effective Disposable Income (EDI) RAG

A series of red, amber, or green flags (RAG) based on Current Account Turnover data (CATO) that highlight if the consumer's Effective Disposable Income is enough to support the credit or service requested.



## Affordability Balance Insights

A unique way of assessing a consumer's creditworthiness through the combination of current account balance and turnover data, providing a view of current account savings, disposable income and financial resilience. A key tool in dynamically assessing affordability and credit risk.

To find out how Experian can help you drive  
better customer outcomes get in touch  
[businessuk@experian.com](mailto:businessuk@experian.com)



**Registered office address:**  
**The Sir John Peace Building, Experian Way,**  
**NG2 Business Park, Nottingham, NG80 1ZZ**  
**(0)8444819920**  
**[businessuk@experian.com](mailto:businessuk@experian.com)**  
**[www.experian.co.uk](http://www.experian.co.uk)**

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