

# Cashflow scores— the future of lending

Economic uncertainty has created a dynamic lending market. Consumer appetite remains subdued for most credit products; however, those who do apply for loans are facing the highest rejection rates in a decade.<sup>1</sup> Despite this, lenders can still drive sustainable growth by adopting a cautious, data-driven strategy.



## THE GROWTH DILEMMA FOR LENDERS

- ▶ **Limited borrower visibility:** Traditional credit scores don't paint a complete picture of financial health, especially for thin file consumers.
- ▶ **Higher default risk:** As financial environments grow more complex, accurately assessing borrower creditworthiness becomes increasingly challenging.
- ▶ **Supply and demand gap:** Limited resources make it difficult for lenders to meet the rising demand for digital services and personalized solutions.
- ▶ **Changing regulatory landscape:** Strict regulations require significant means to ensure compliance, impacting operational efficiency and profitability.

## BETTER INSIGHTS, BETTER OUTCOMES

Derived from consumer-permissioned transaction data, such as income, bank account balances and credit card expenses, cashflow data provides a more comprehensive view of a borrower's financial situation. By using cashflow data, lenders can:



### Expand market reach

Gain greater visibility into consumers with limited or no credit records to identify lower-risk individuals, offer second chances and increase financial inclusion.



### Uncover hidden insights

Shed light on blind spots, such as rental payments and bank fees, to better understand ability to pay.



### Improve predictive accuracy

Drive faster and smarter decisions with comprehensive, real-time insights into consumers' financial health.



### Provide enhanced personalization

Craft financial product offers and rewards that closely align with consumer needs and expectations.

## DRIVE STRATEGIC GROWTH WITH CASHFLOW SCORE

**Experian's Cashflow Score** leverages consumer-permissioned banking data to generate an adverse risk score that predicts the likelihood of a consumer going 60 days past due in the next 12 months. As a complement to traditional credit scores or as a standalone where other scores aren't available, Cashflow Score empowers lenders to better assess creditworthiness, enhance decision accuracy and support fair lending practices — delivering up to a 25% lift based on risk tiers.

Get started today



<sup>1</sup>2024 Q4 Lending Conditions Chartbook, Experian.

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