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ALTERNATIVE FINANCIAL SERVICES INDUSTRY

Insights Report



Experian Clarity Services quarterly insights report Q1 2024

This quarterly report analyzes selected metrics and scores on all inquiries, consumers and reported trades in Clarity's credit database.

Experian's Clarity data helps lenders better manage risk by providing visibility into consumer behavior in the alternative financial services (AFS) space. Clarity data provides a broader, deeper view of non-prime applicants so lenders can make better and more informed decisions throughout the entire consumer lifecycle.

This report is separated into three sections (inquiries, applicants, and loans), which align with the AFS consumer lifecycle. The detailed view of different portions of the lifecycle provides granular insight for enhanced understanding of the AFS industry.

This view of the industry helps discern high-level application trends

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Inquiries

An in-depth view of the industry helps discern high-level application trends.

INQUIRIES

APPLICANTS

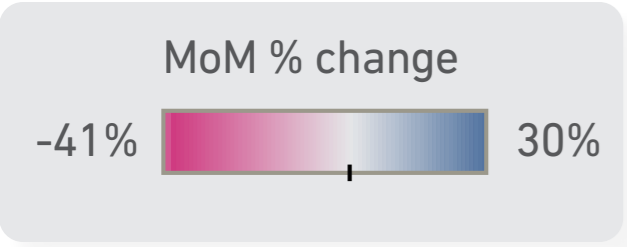
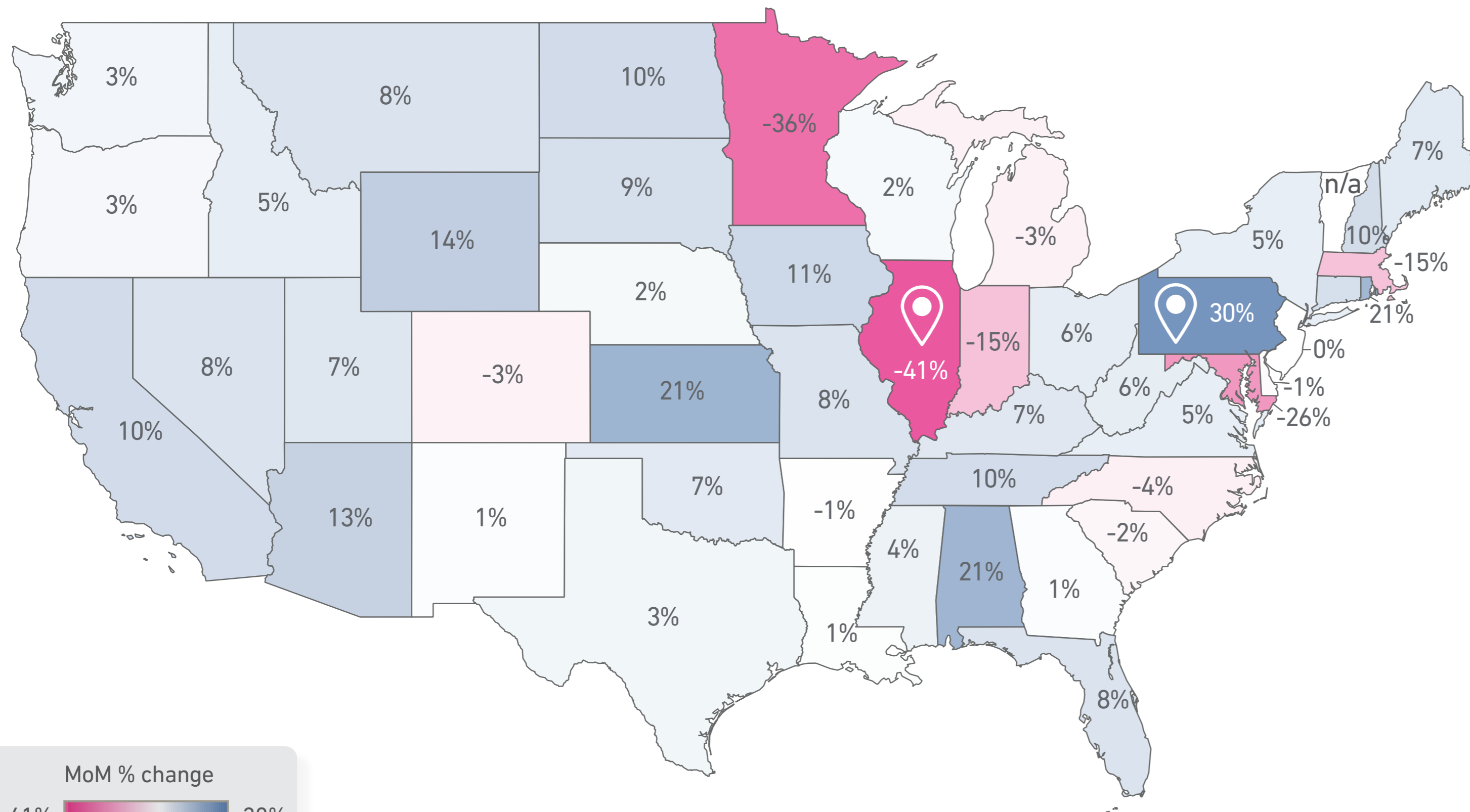
LOANS

Inquiry volume

Although inquiry traffic slowed at the beginning of the year there was a large rebound in March 2024.

Percent change in inquiry volume by state

March 2023 to March 2024



Pennsylvania had the largest increase with +30%.

Illinois had the largest decrease with -41%.

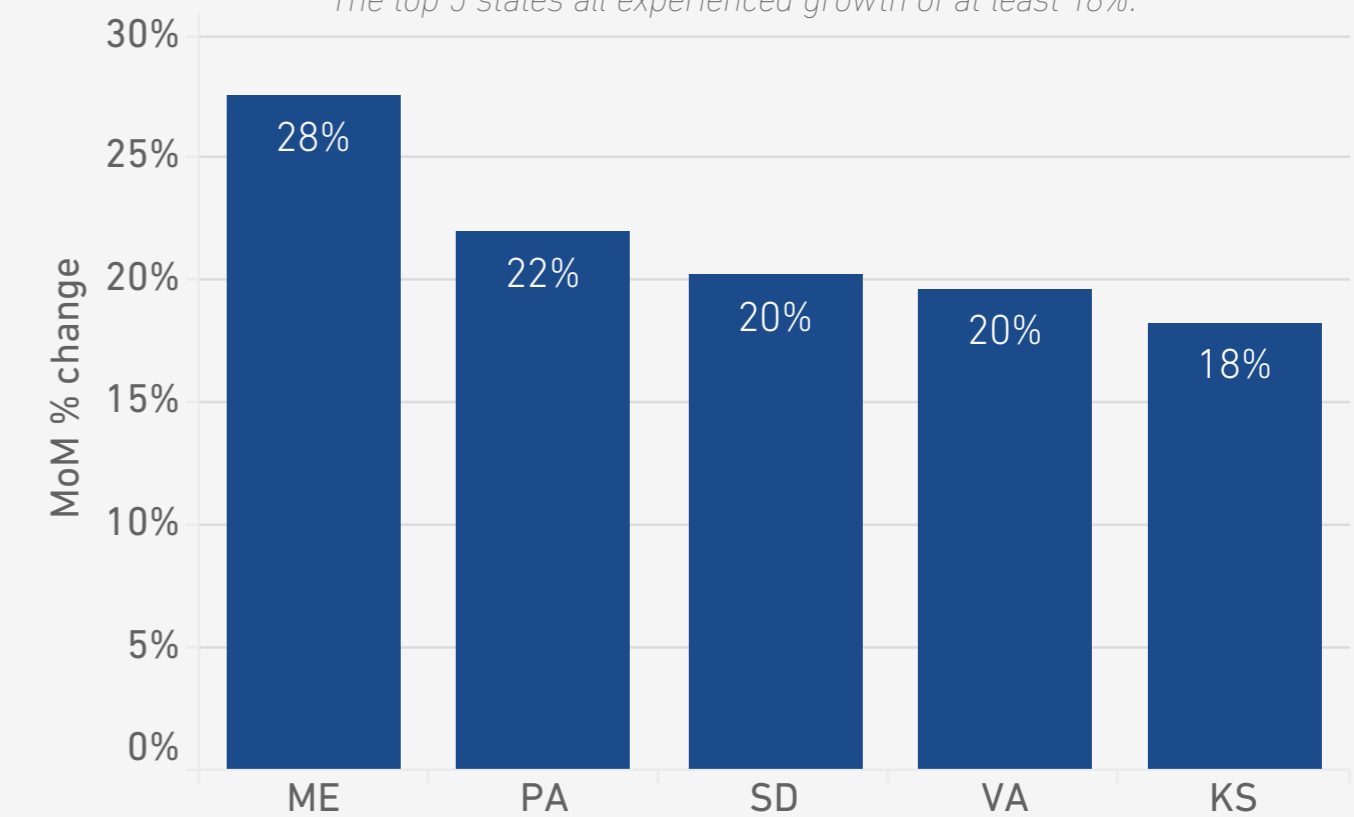
Percent change in inquiry volume

Inquiry volumes continue to exhibit monthly variability but the quarter ended strong with 10% growth in March as compared to the month prior.



Percent change in top states (Feb–Mar 2024)

The top 5 states all experienced growth of at least 18%.

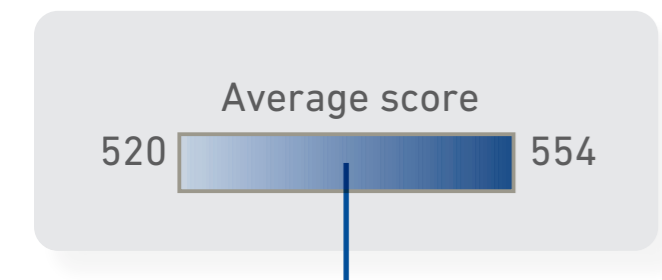
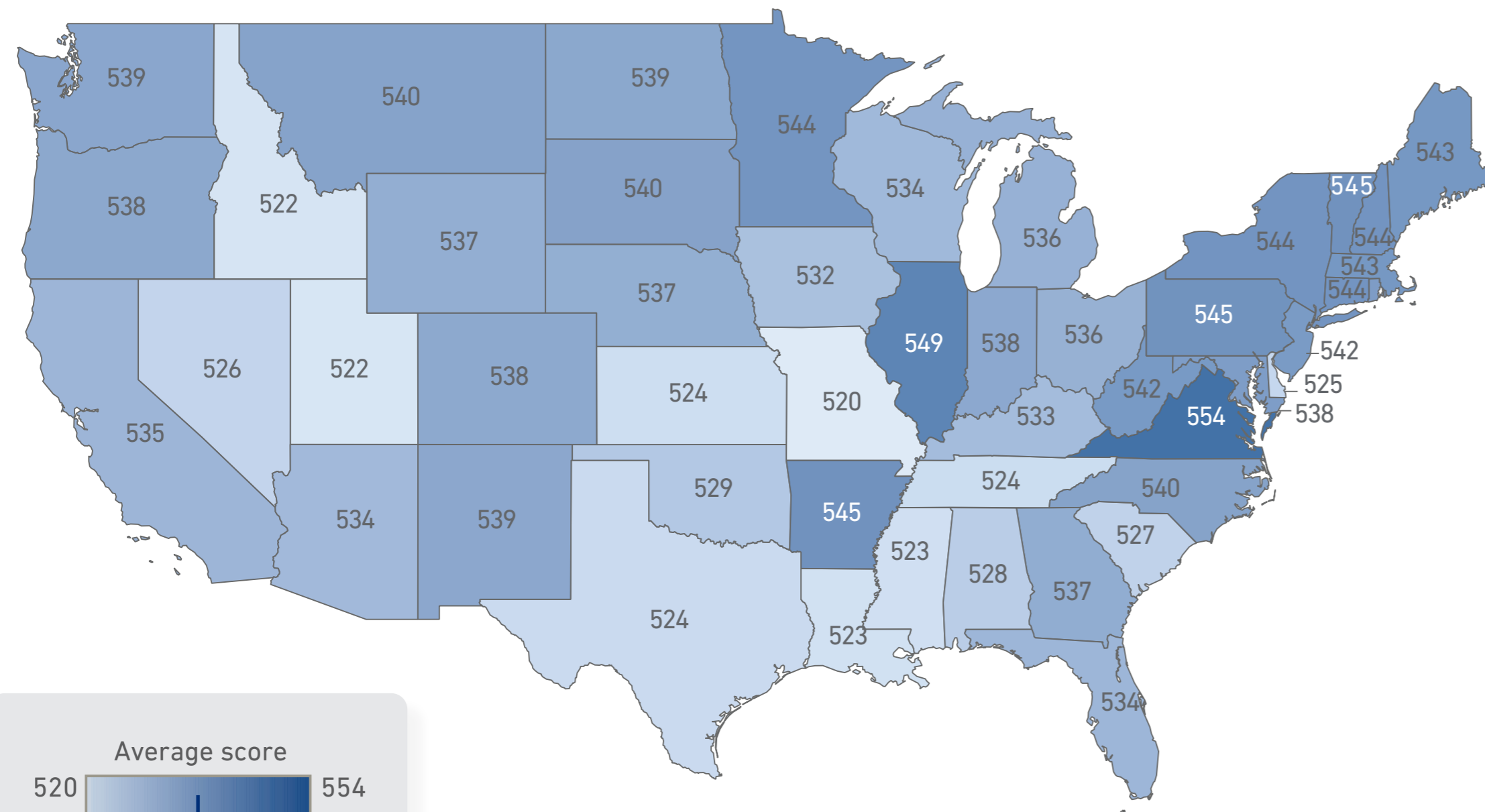


Clear Credit Risk Score™ 1.0 — Overall

Nationwide Clear Credit Risk Score assessments indicate that consumer risk is relatively stable.

Average Clear Credit Risk Score 1.0 by state

March 2024

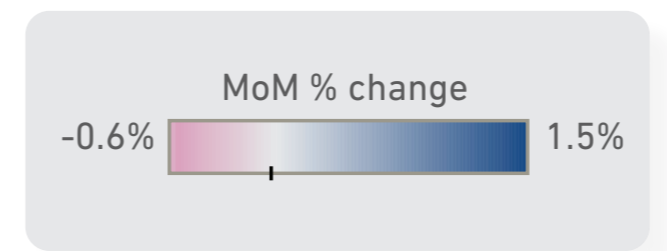
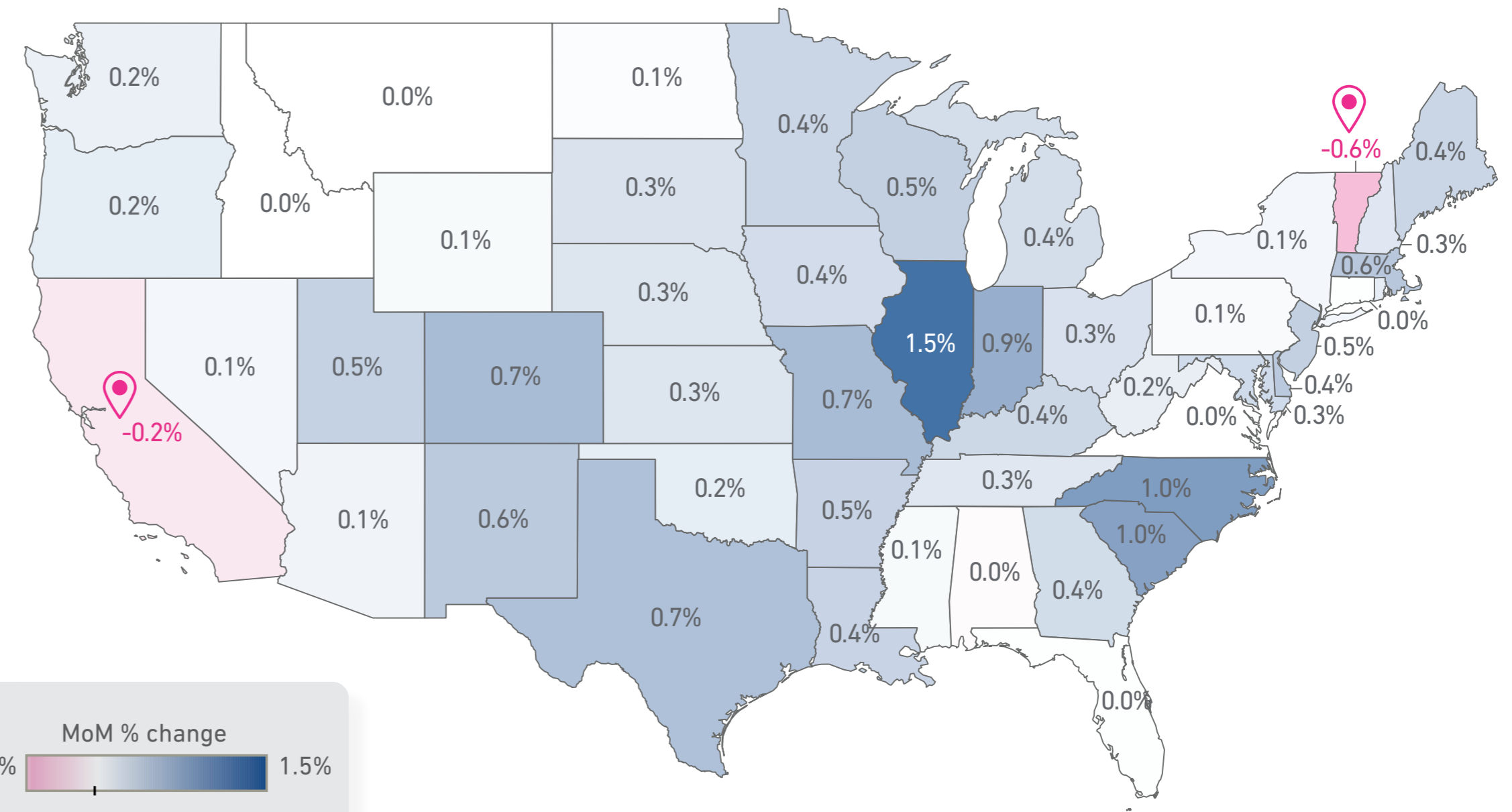


532

Nationwide average
Clear Credit Risk Score 1.0

Percent change in average Clear Credit Risk Score 1.0 by state

March 2023 to March 2024



2 states

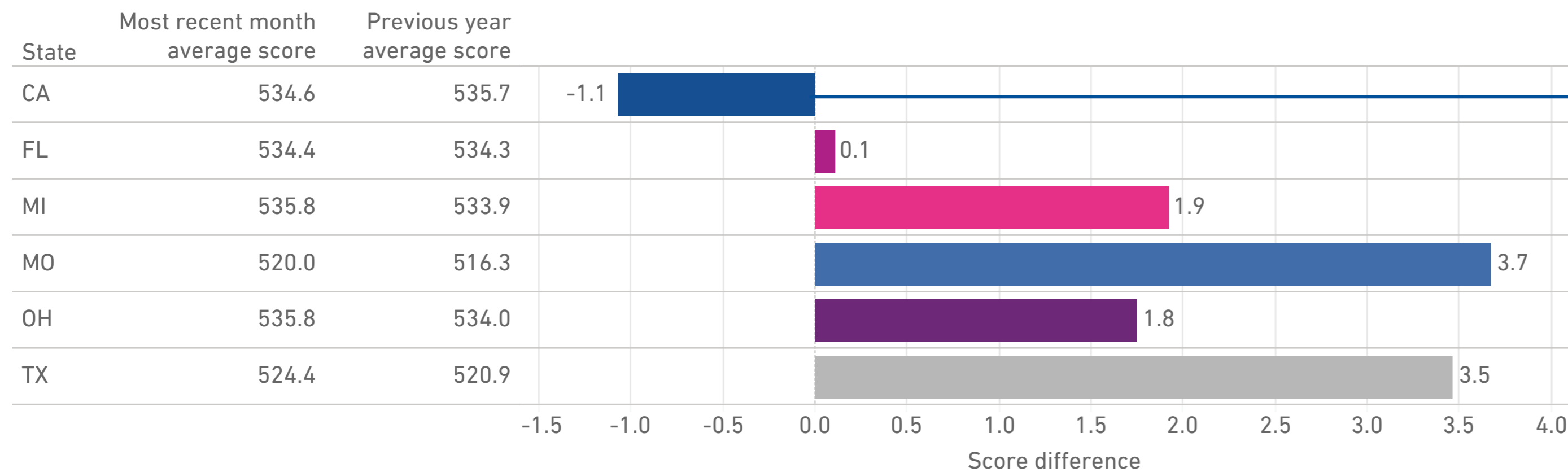
had a decrease in average
Clear Credit Risk Score 1.0, with Vermont
having the greatest decrease of 0.6%



Clear Credit Risk Score™ 1.0 — State detail

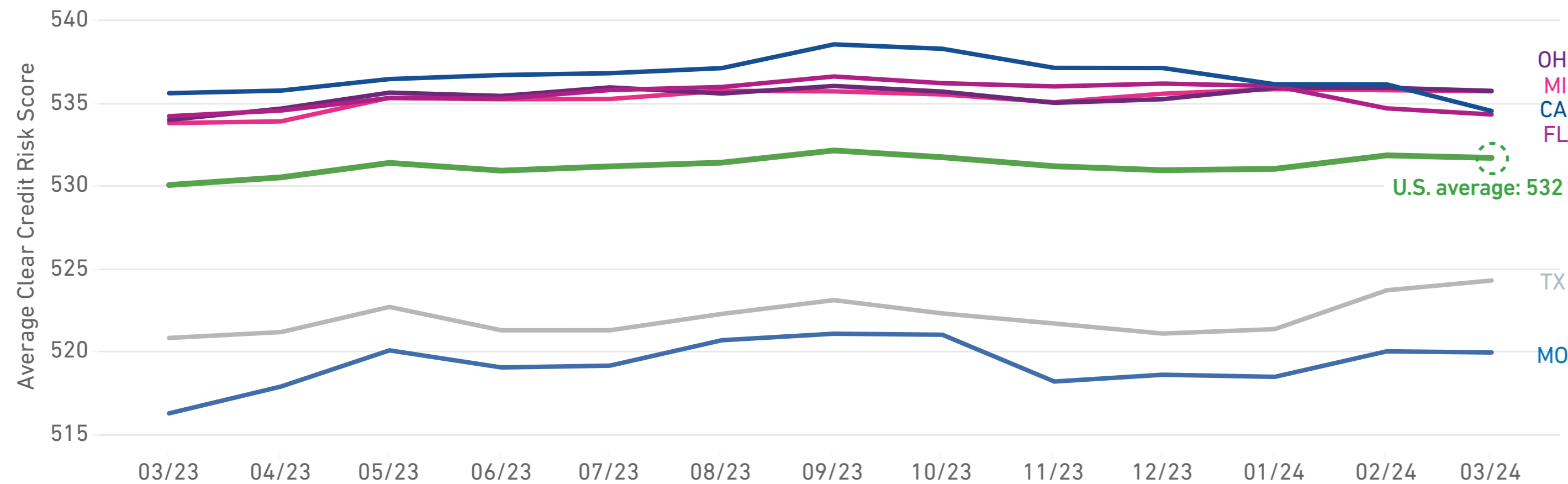
Clear Credit Risk Score by state (March 2023 to March 2024)

Average Clear Credit Risk Score 1.0 by state and difference



Of the six states that received the most inquiries, only California has shown a decline in Clear Credit Risk Score 1.0 since March 2023.

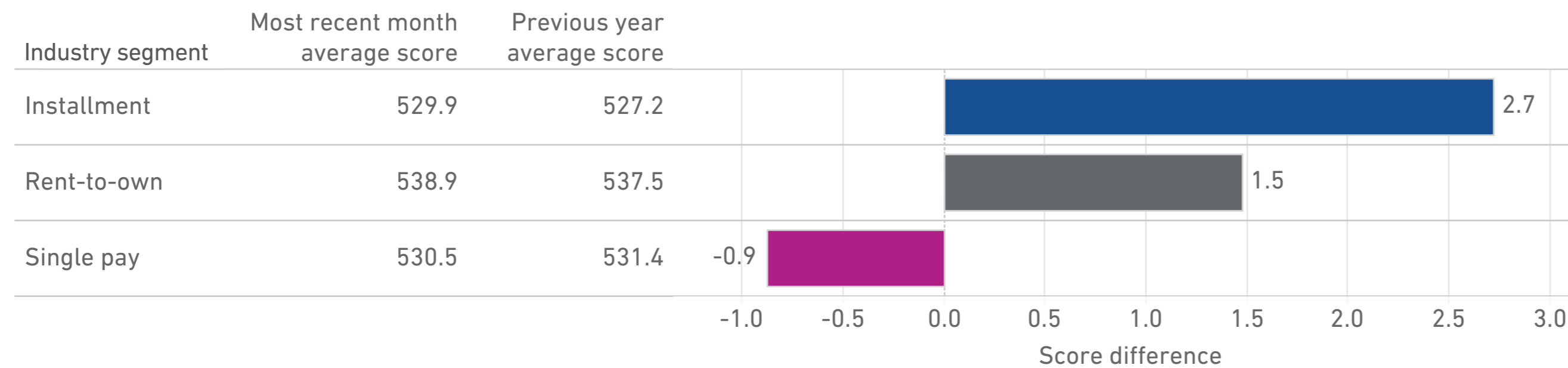
Average Clear Credit Risk Score 1.0 by state



Clear Credit Risk Score™ 1.0 — Industry segment detail

Average Clear Credit Risk Score 1.0 (March 2023 to March 2024)

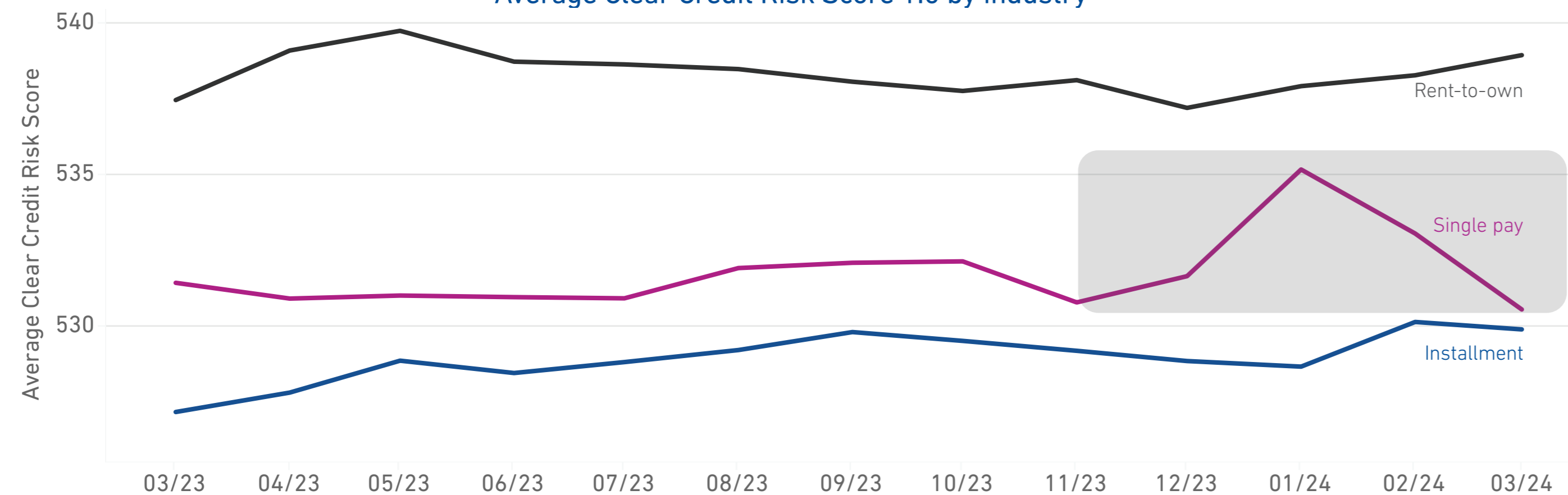
Average Clear Credit Risk Score 1.0 by industry and difference



2.7 points

Year-over-year increase experienced by the installment segment.

Average Clear Credit Risk Score 1.0 by industry



531 •-----• **531**
 2023 average March 2024

The single pay segment has exhibited an increase in the average Clear Credit Risk Score 1.0 from the end of 2023 through January 2024, but returned to historical levels by the end of the quarter.

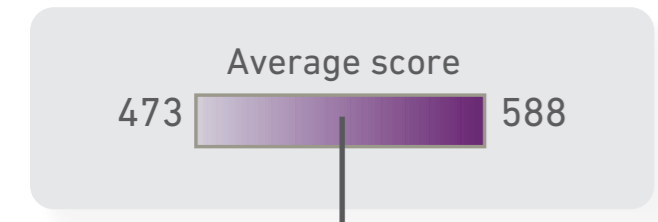
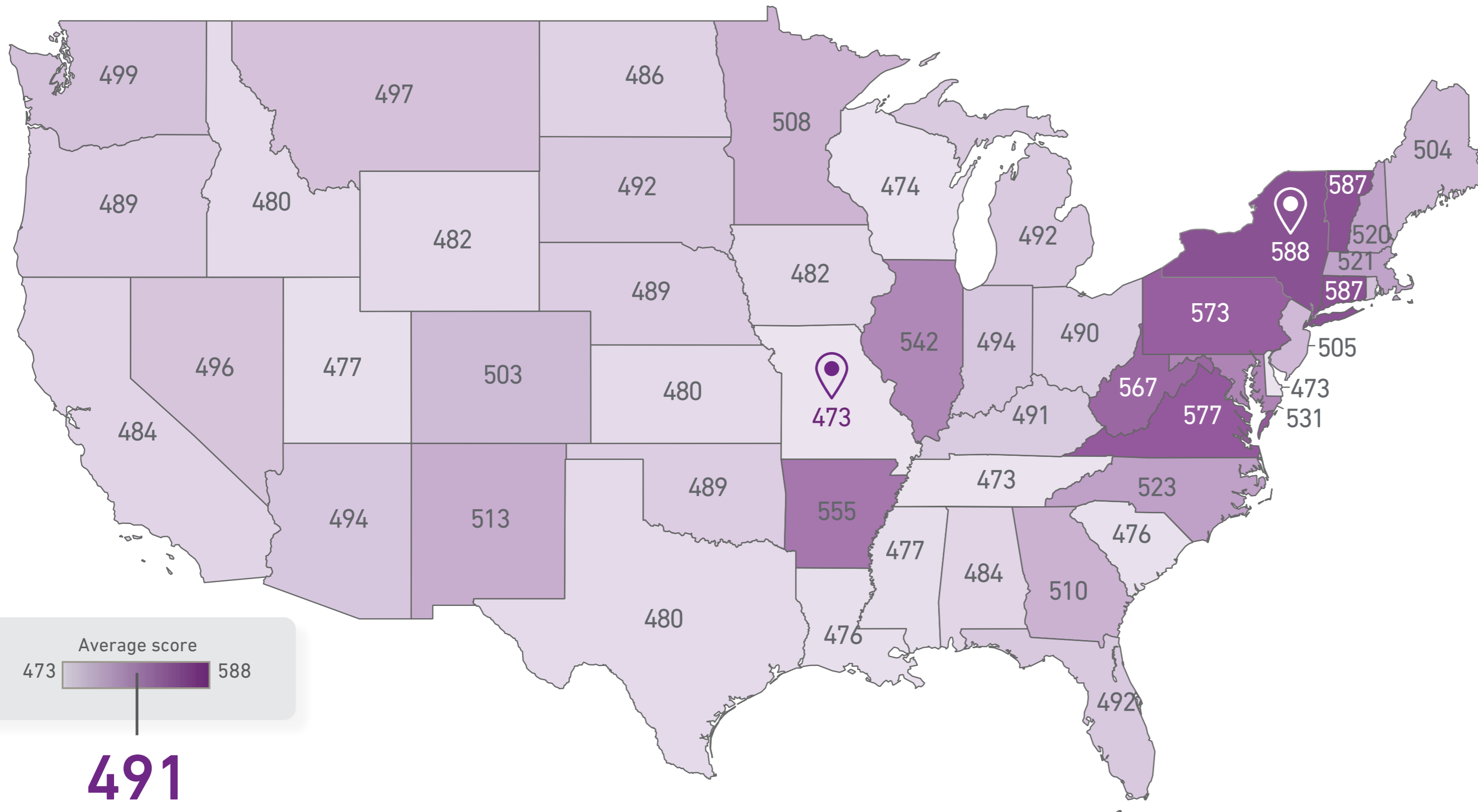


Clear Credit Risk Score™ 2.0 — Overall

The Clear Credit Risk Score 2.0 U.S. average increased by 5 points since the score premiered in June 2023.

Average Clear Credit Risk Score 2.0 by state

March 2024



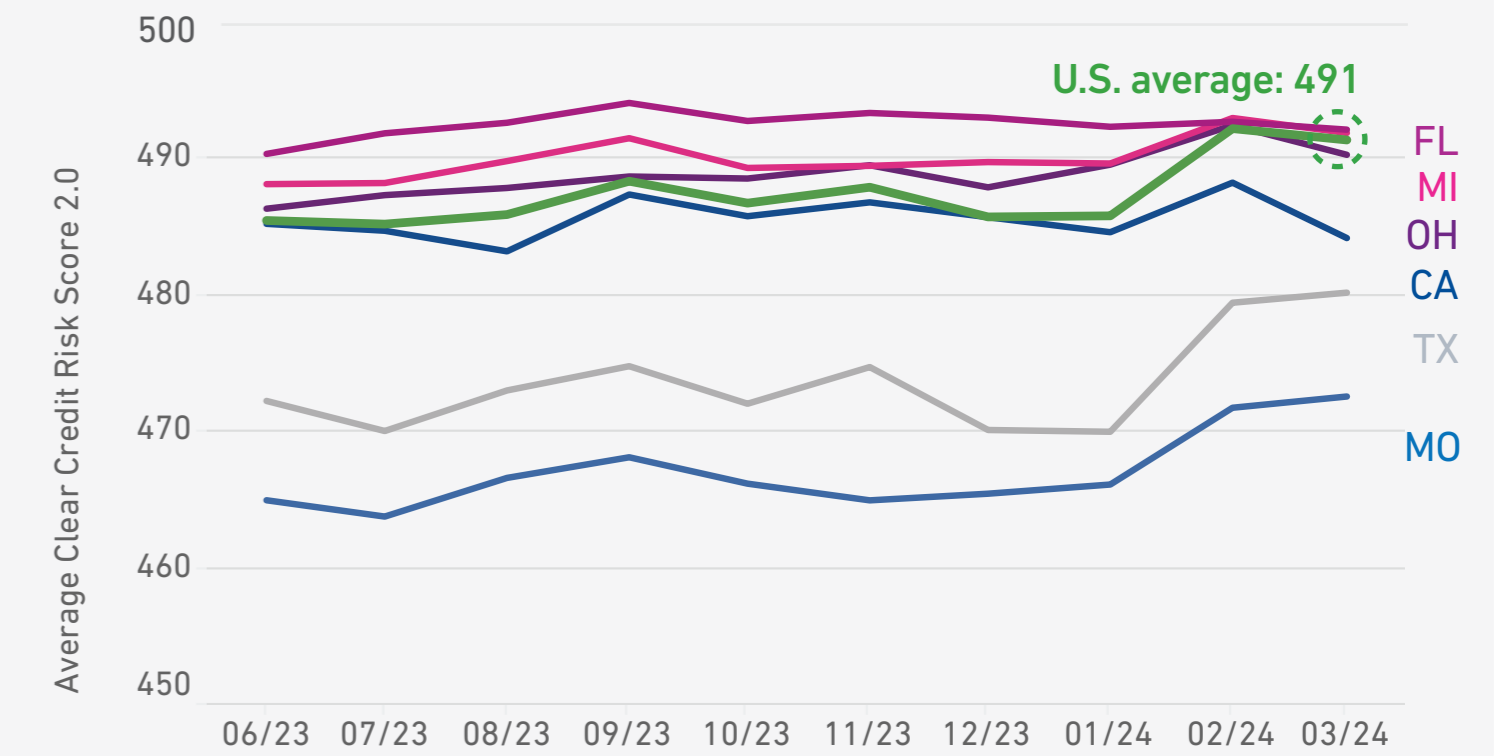
491

Nationwide average
Clear Credit Risk Score™ 2.0

Missouri had the lowest Clear Credit Risk Score™ 2.0 at 473.
New York had the highest Clear Credit Risk Score™ 2.0 at 588.

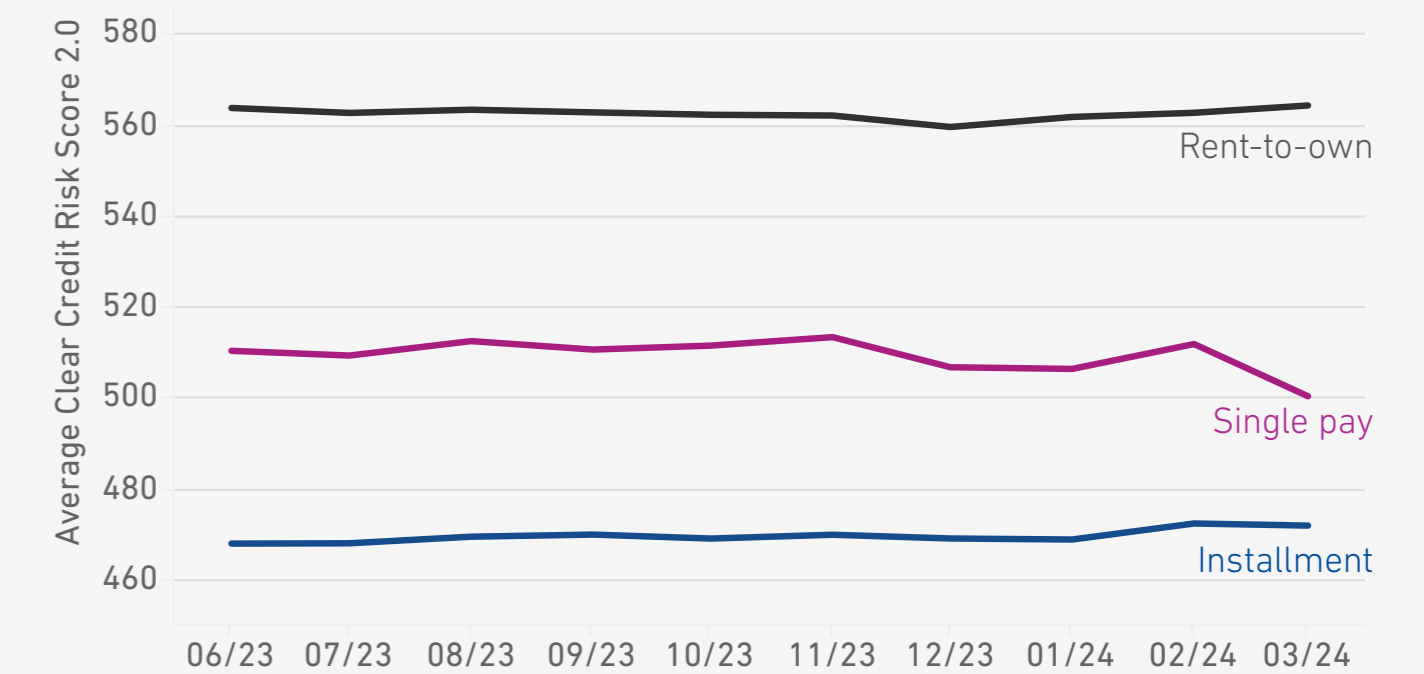
Average Clear Credit Risk Score 2.0 by state

The six states with the most inquiries scored by Clear Credit Risk Score 2.0.



Average Clear Credit Risk Score 2.0 by industry

The installment segment has been remarkably flat since June 2023.



Applicants

Detailed information about specific, individual Alternative Financial Services applicants.

INQUIRIES

APPLICANTS

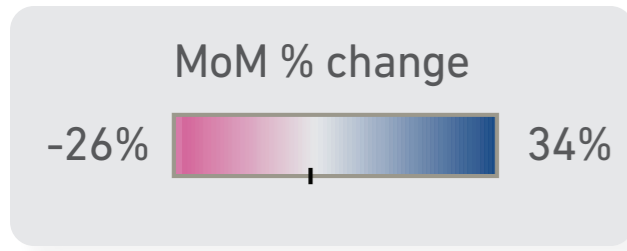
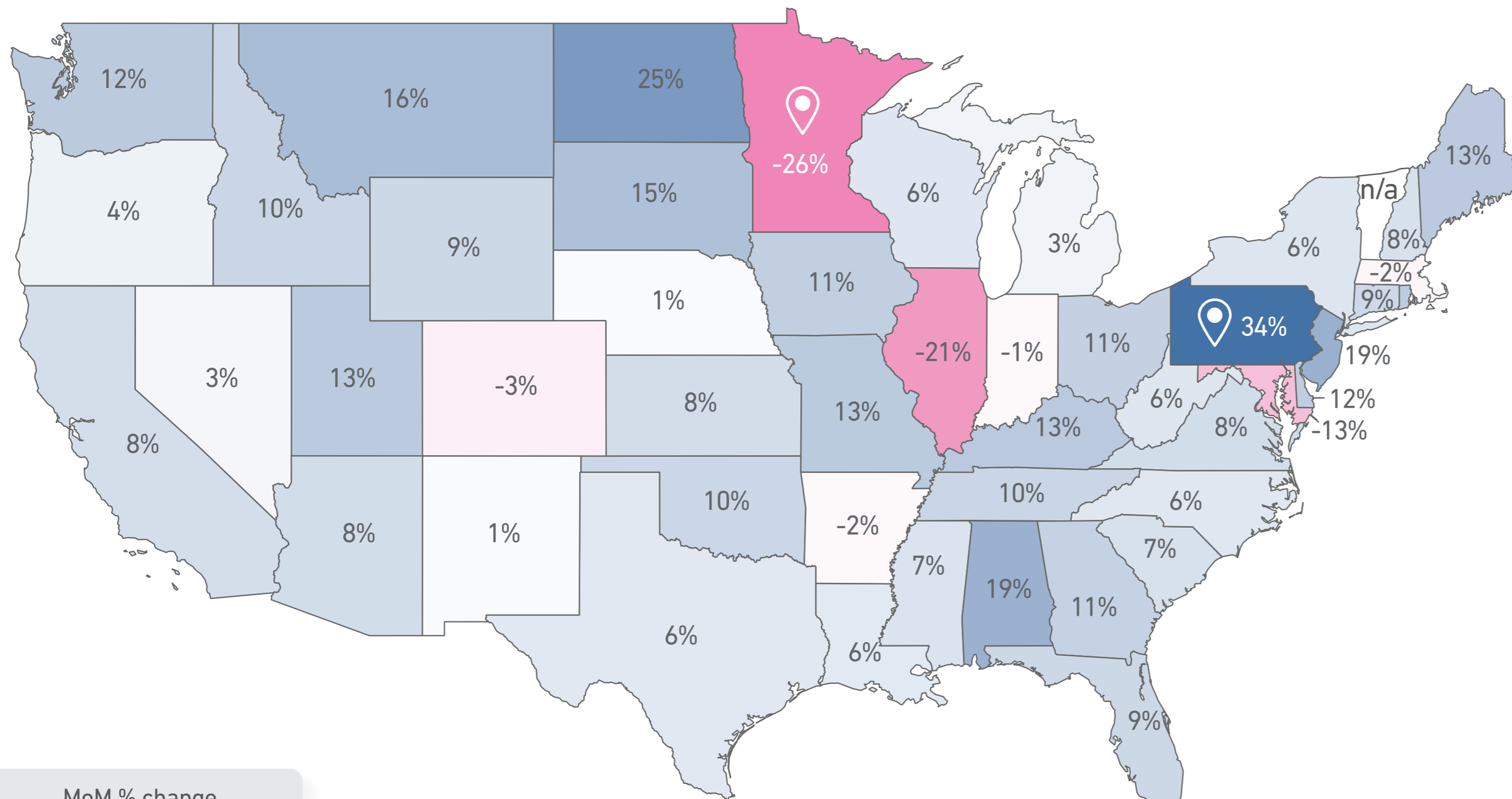
LOANS

Unique consumers

There was nationwide aggregate growth in unique applicants in March 2024 as compared to both the prior month and prior year.

Percent change in unique applicants by state

March 2023 to March 2024

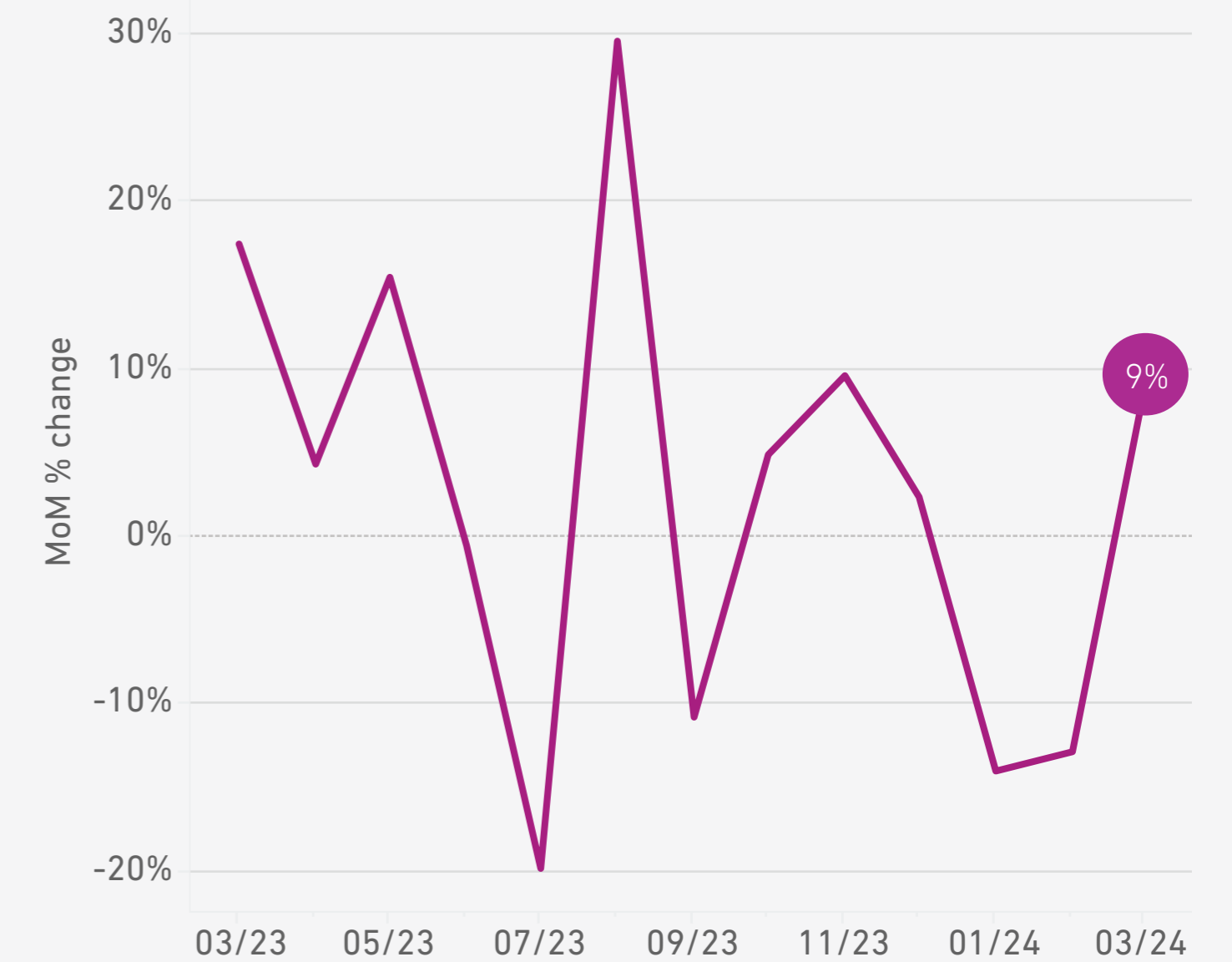


Pennsylvania had the largest increase with +34%.

Minnesota had the largest decrease with -26%.

Percent change in unique applicants

March 2024 experienced month-over-month growth of almost 9%.

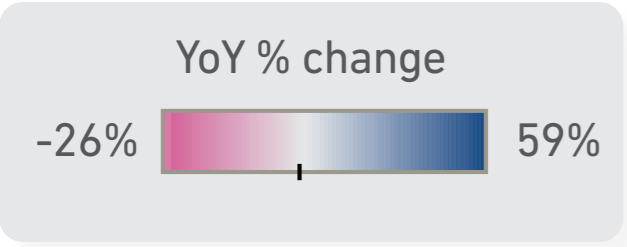
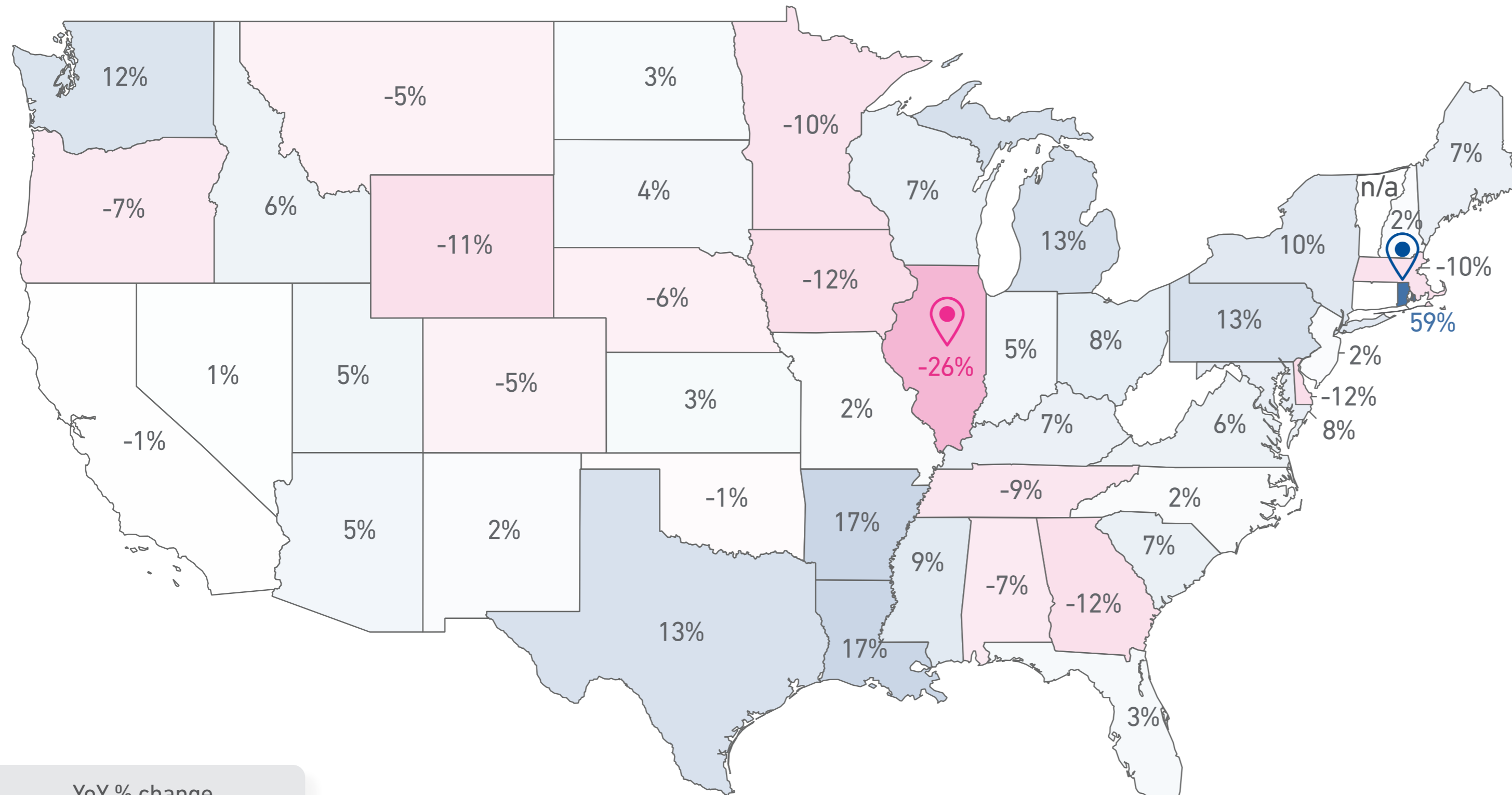


Consumer balances

Average AFS balances exhibit monthly volatility but have ended the quarter at a one year high of \$2,055.

Percent change in average AFS balance for applicants by state

March 2023 to March 2024

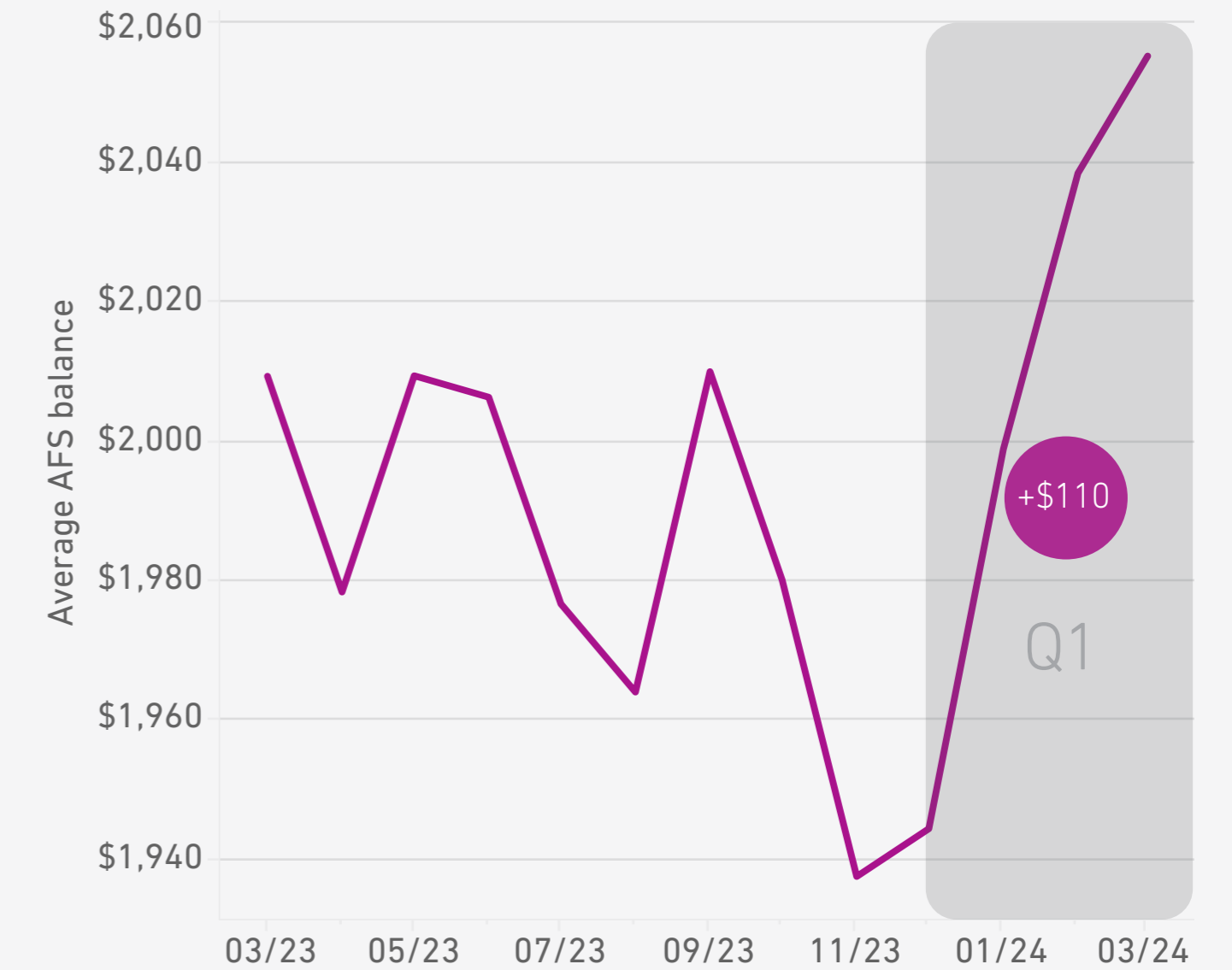


Rhode Island increased in consumer balances by +59%.

Illinois decreased over 26%.

Average AFS balance for applicants

The average consumer balance increased from \$1,945 in December 2023 to \$2,055 in March 2024.

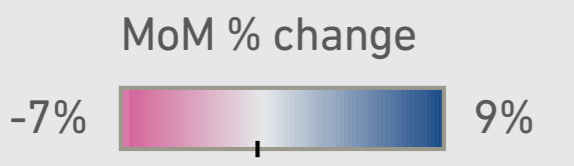
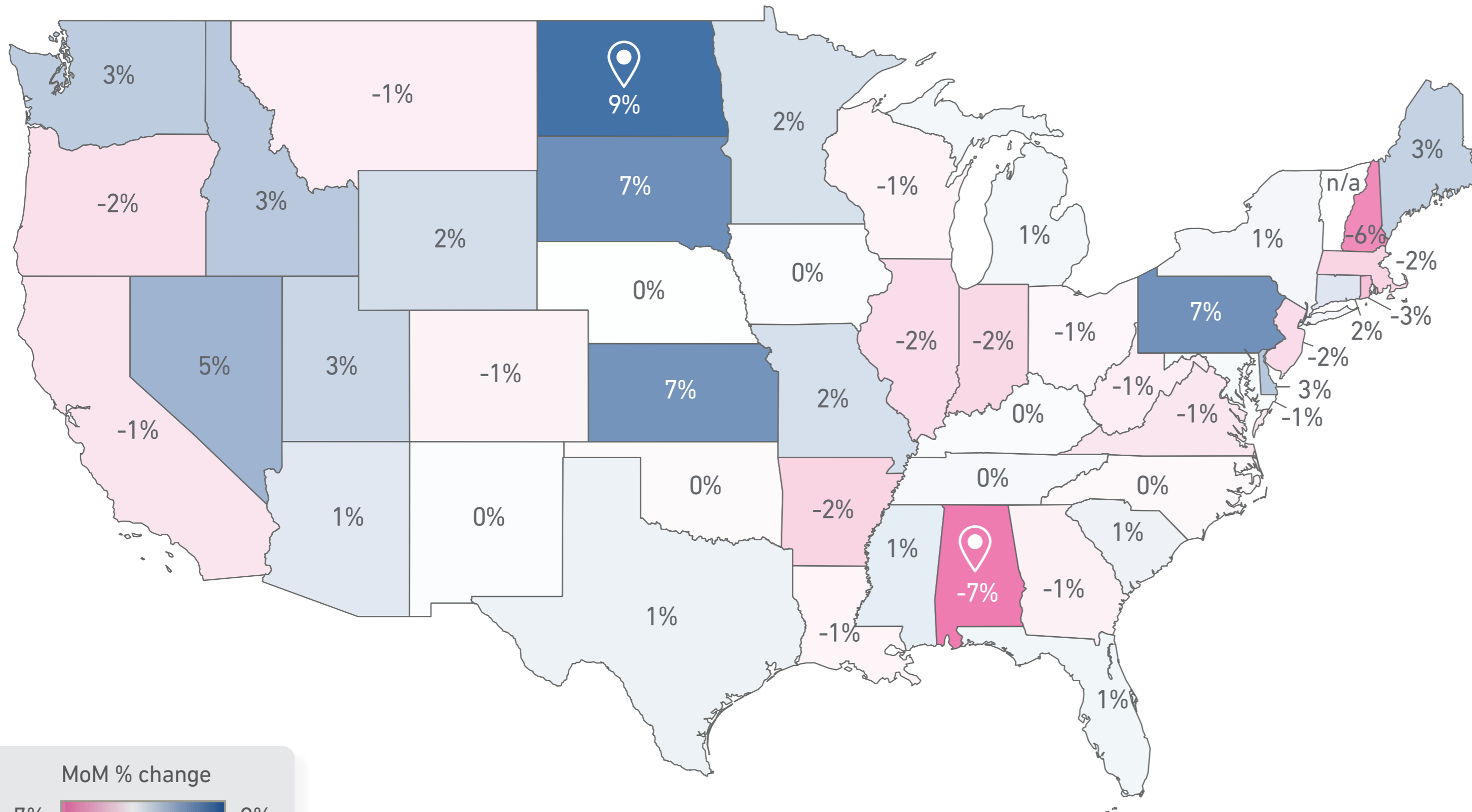


Consumer stated income

Consumer stated income continues its increasing trend.

Percent change in average net monthly income for applicants by state

March 2023 to March 2024

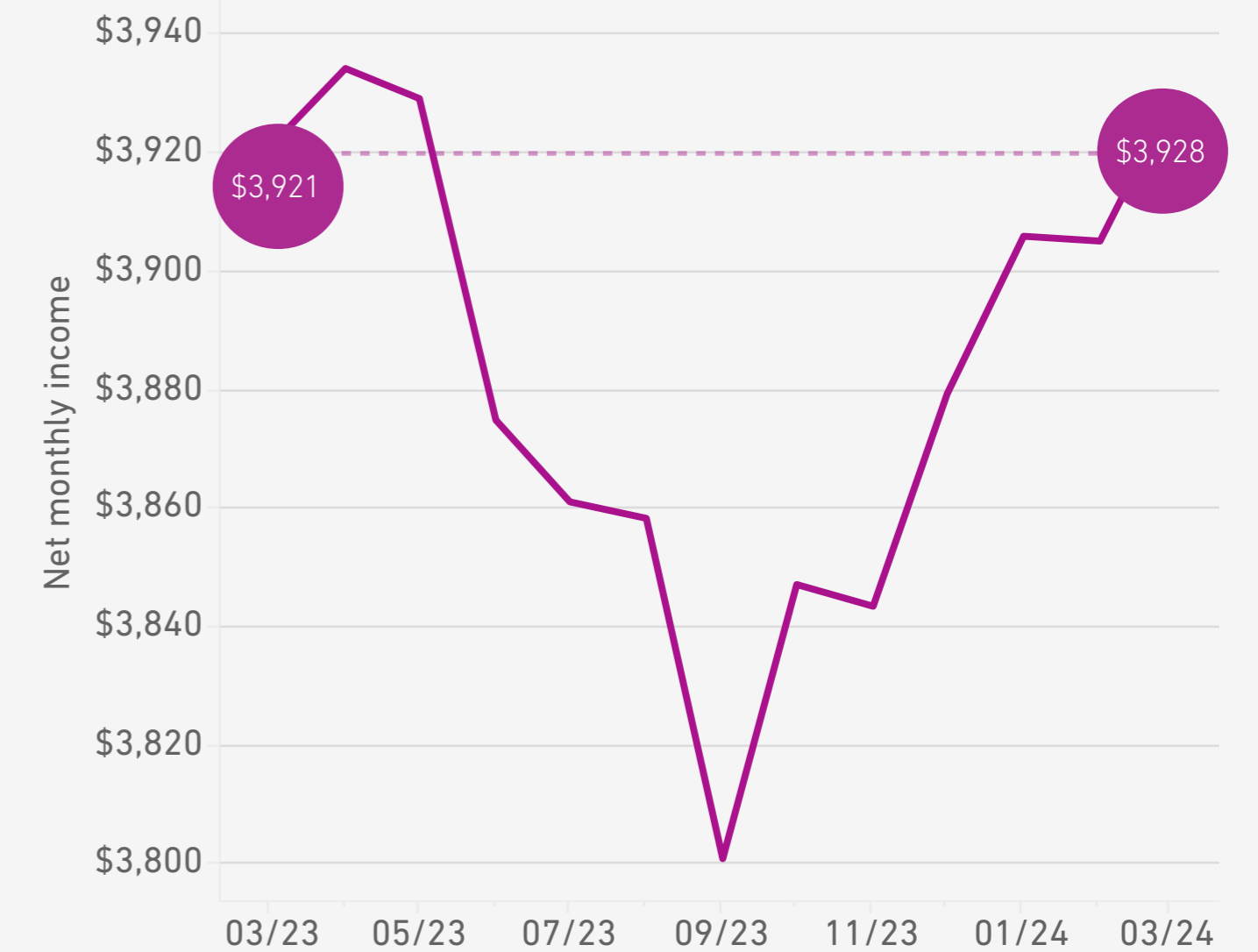


North Dakota had the largest increase with +9%.

Alabama had the largest decrease with -7%.

Average net monthly income for applicants

The average stated income of applicants has been continually increasing since September 2023 and is comparable to March 2023.



Loans

Detailed information about loan performance and originations in the Alternative Financial Services industry.

INQUIRIES

APPLICANTS

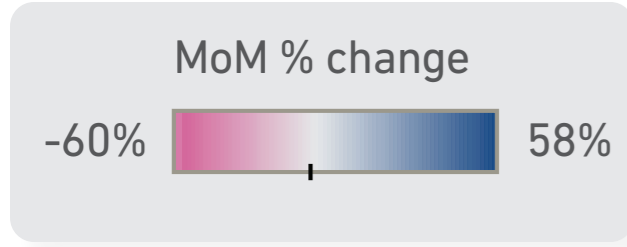
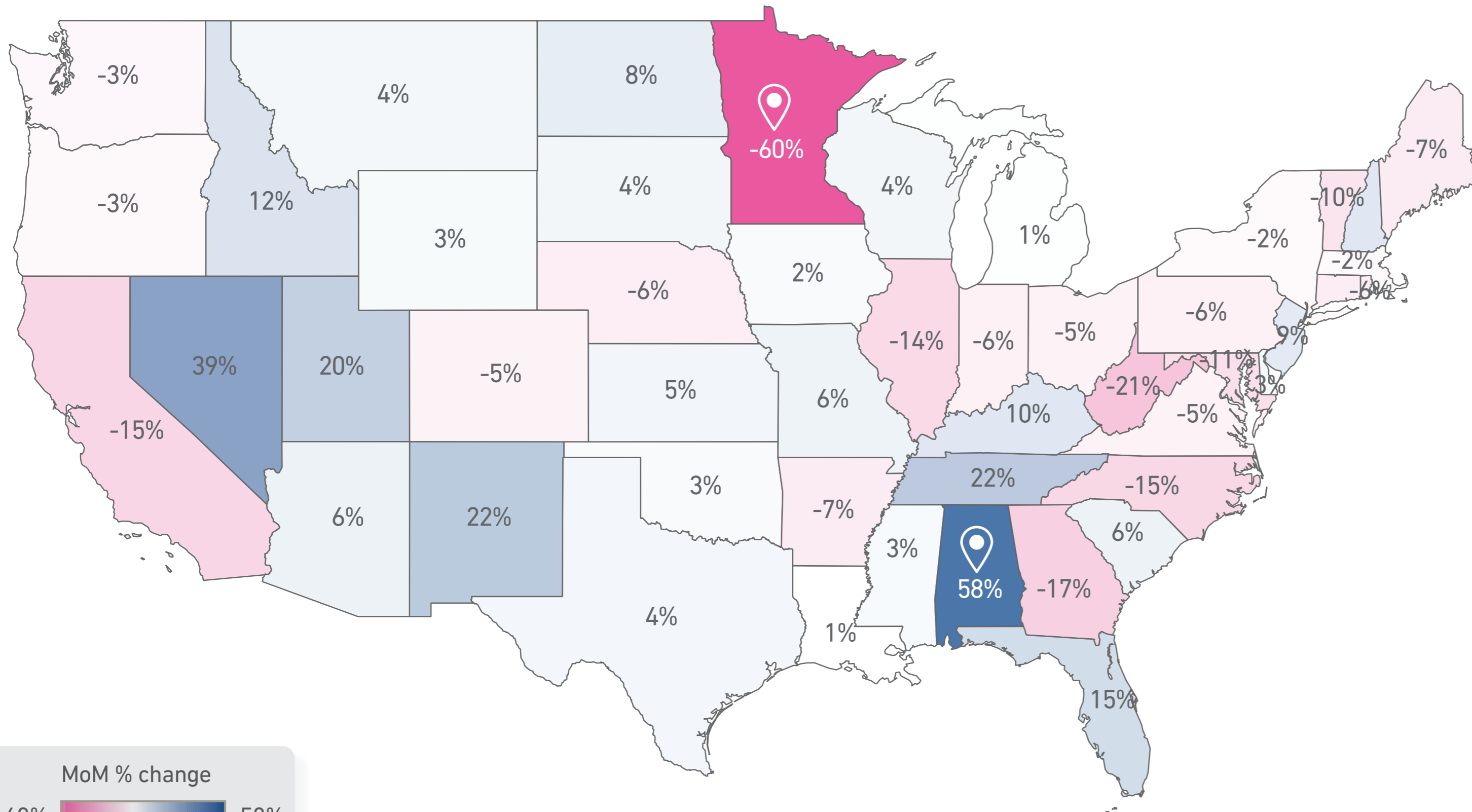
LOANS

Loan originations

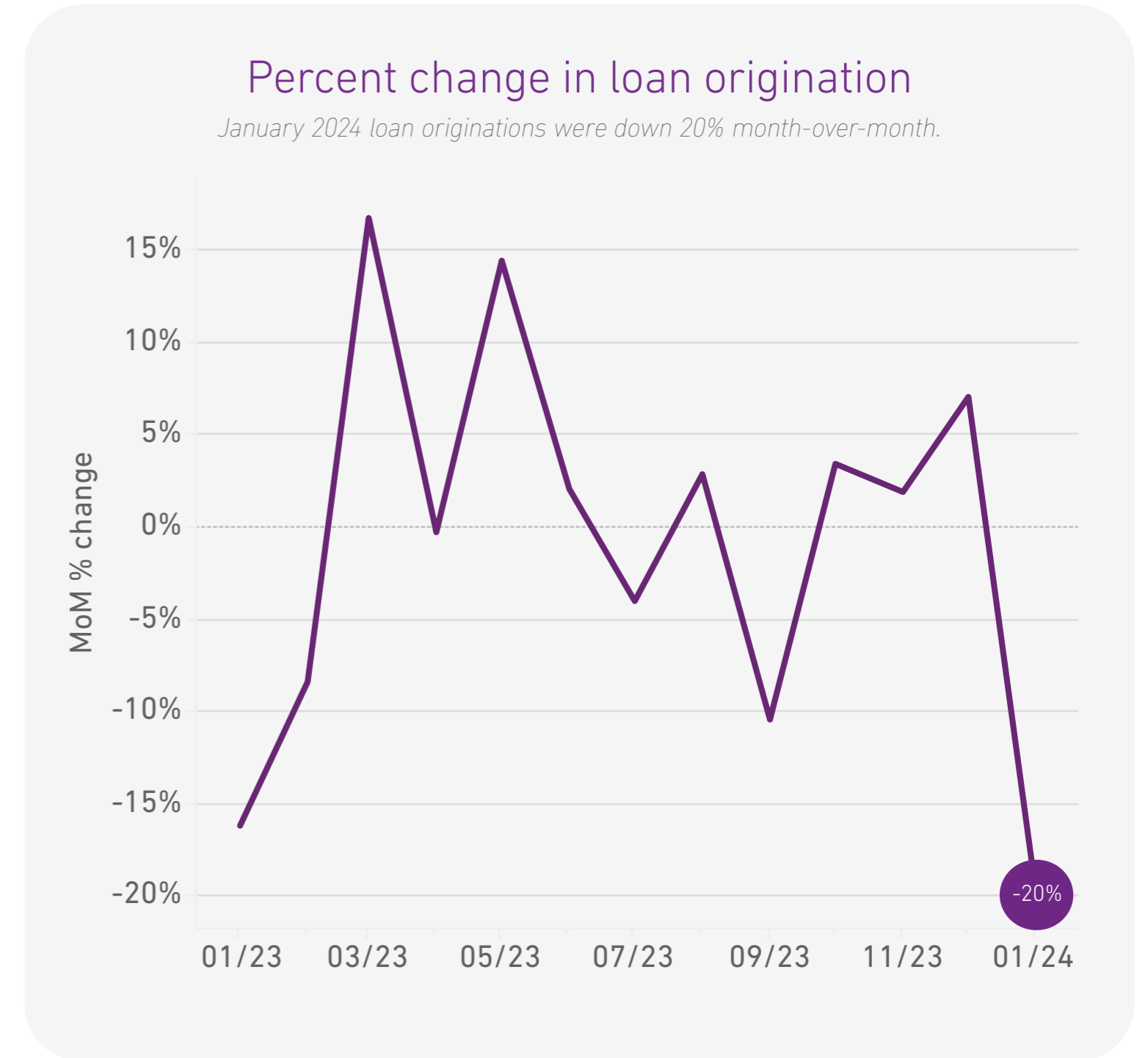
In the first month of Q1, the year-over-year percentage change in loan originations varied significantly by state.

Percent change in loan originations by state

January 2023 to January 2024



Alabama had the largest increase with +58%.
Minnesota had the largest decrease with -60%.

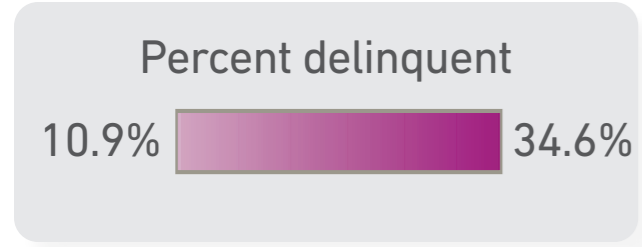
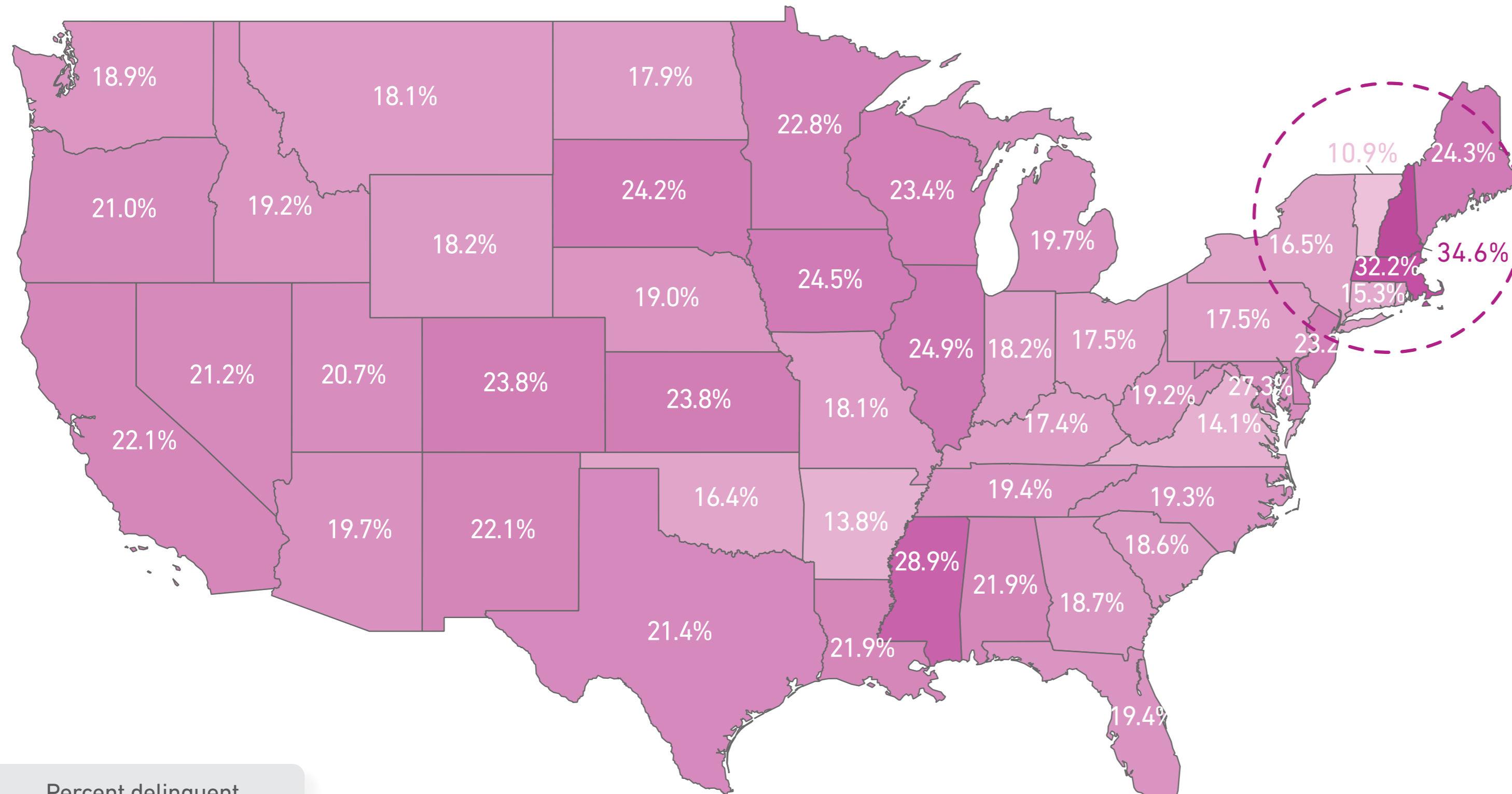


Delinquency

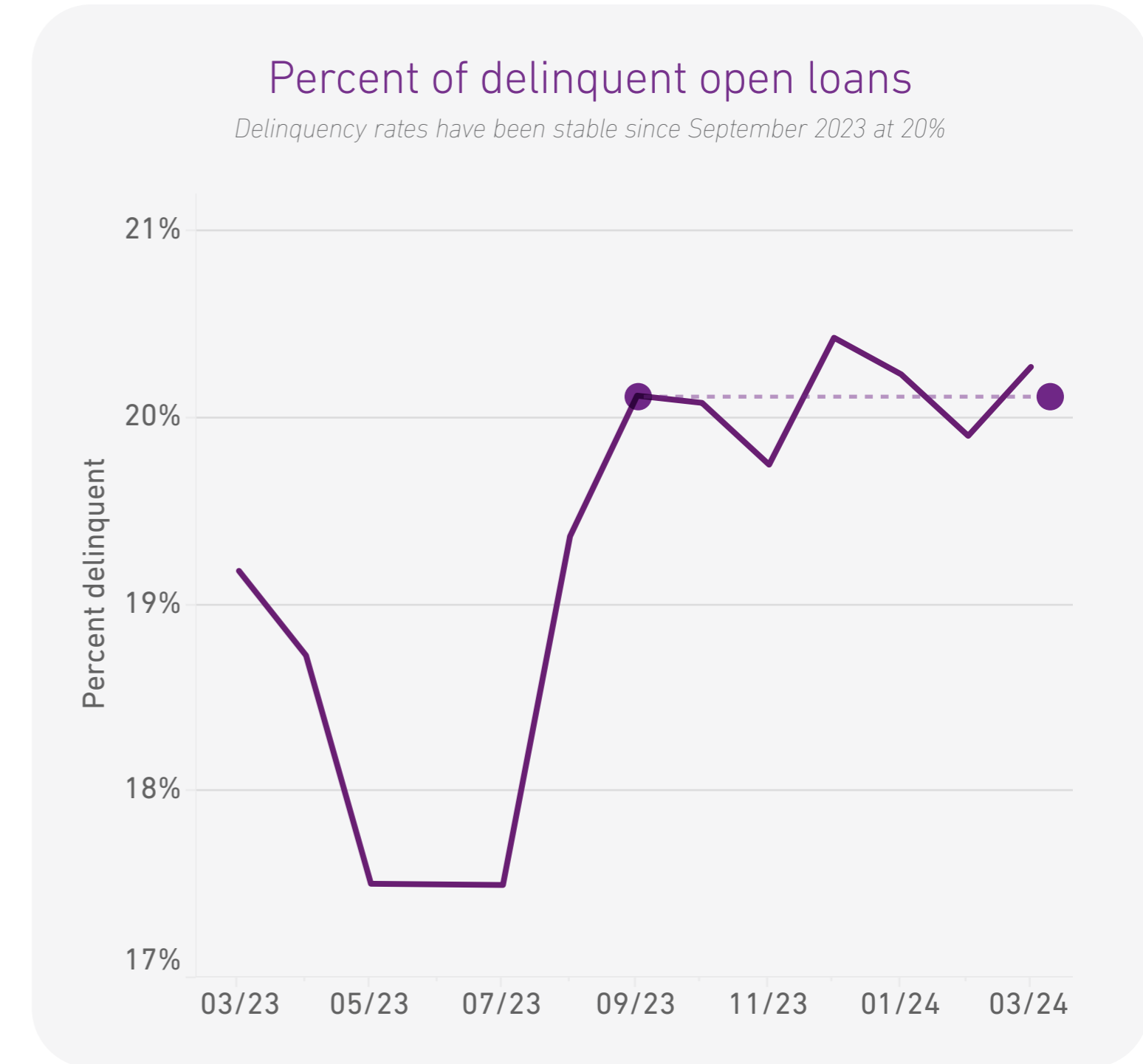
Delinquency rates remain steady moving into 2024.

Percent of open loans that are delinquent by state

March 2024



Most states have relatively minor variability in delinquency rates. The most extreme outliers were in the New England area, where delinquency rates were as low as 10.9% and as high as 34.6%.

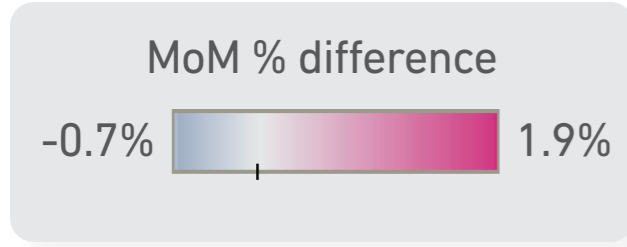
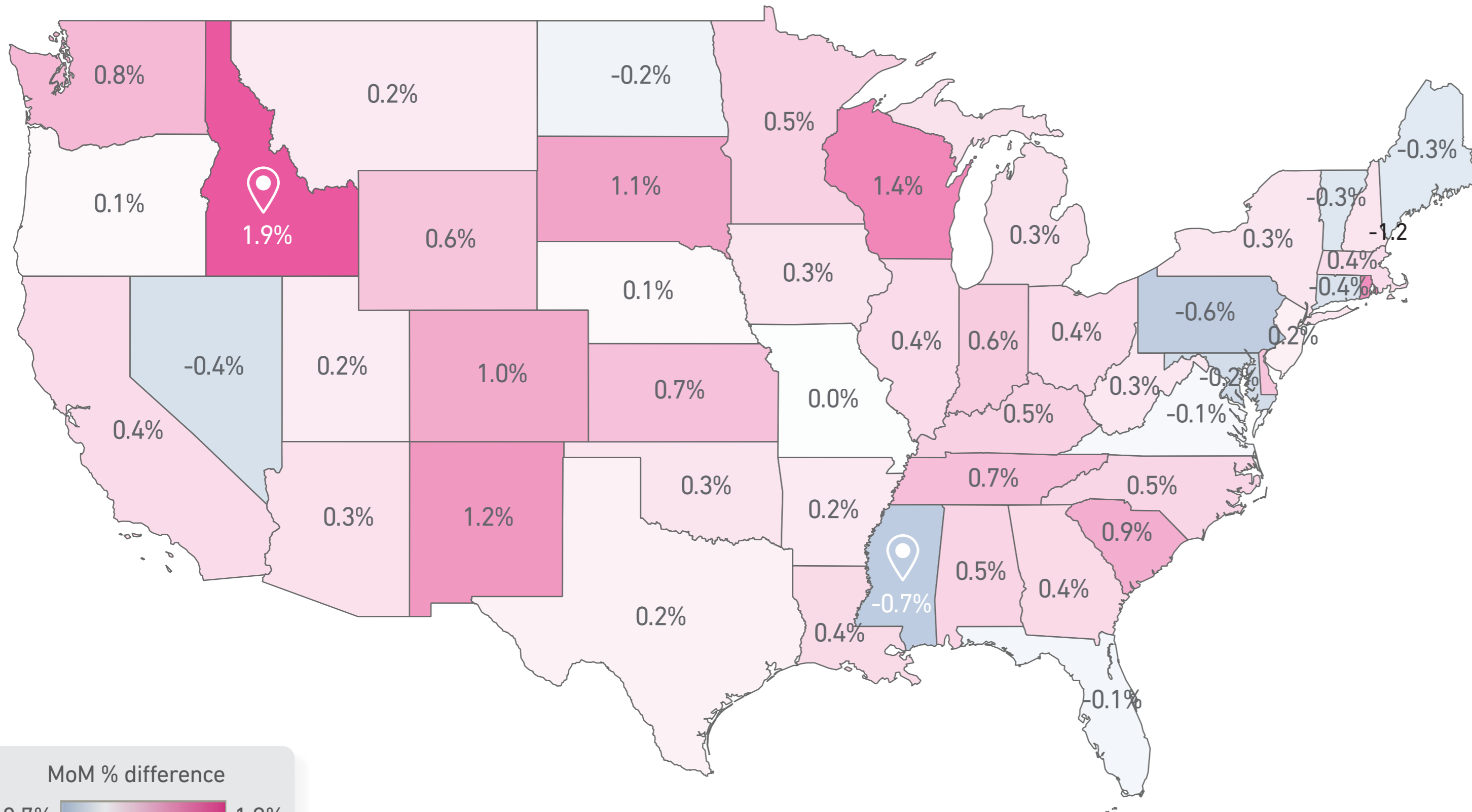


Delinquency trends

Most states are reporting nominal changes in delinquency rates, Idaho exhibited the largest change of 1.9%.

Percent change in delinquent loans by state

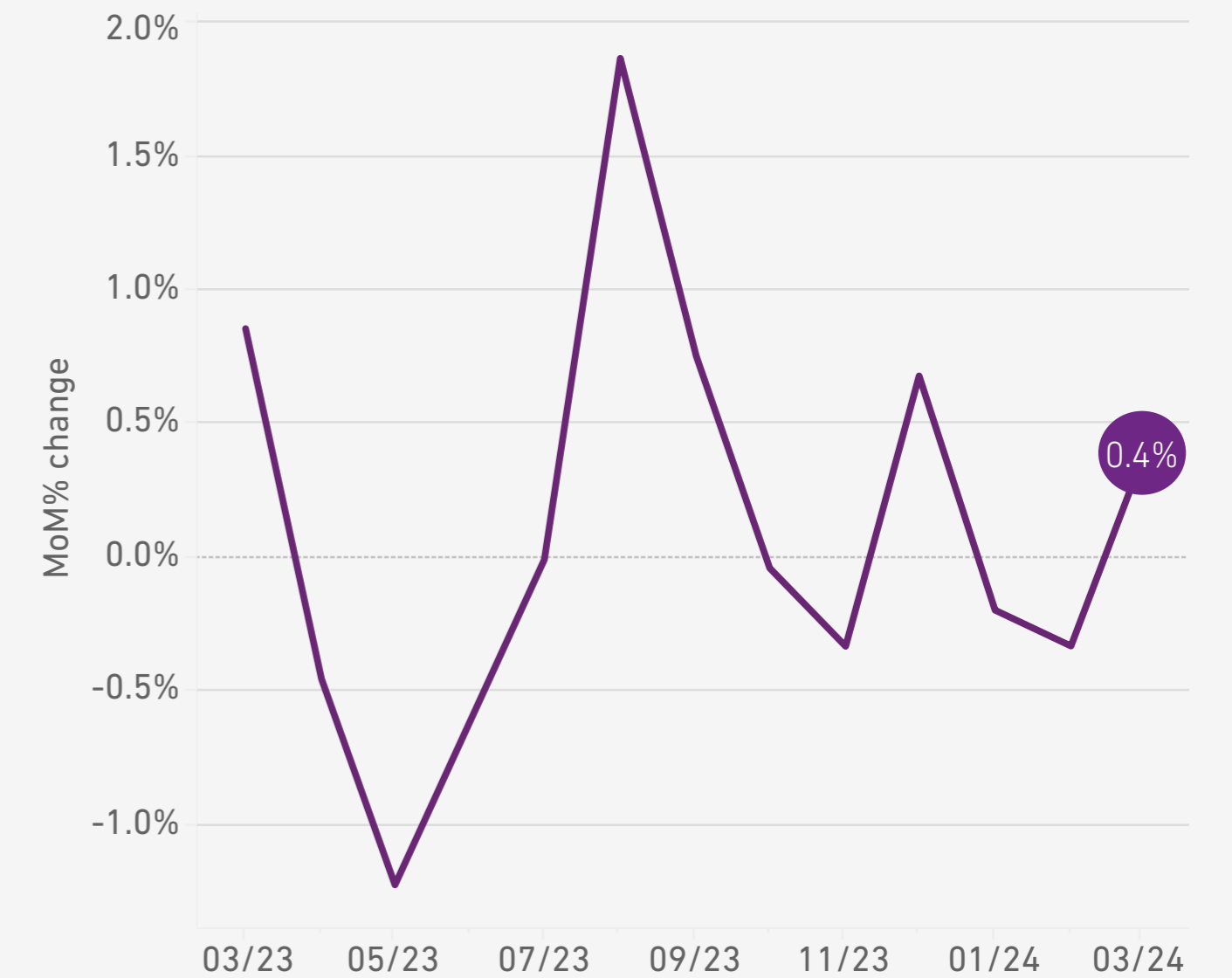
February 2024 to March 2024



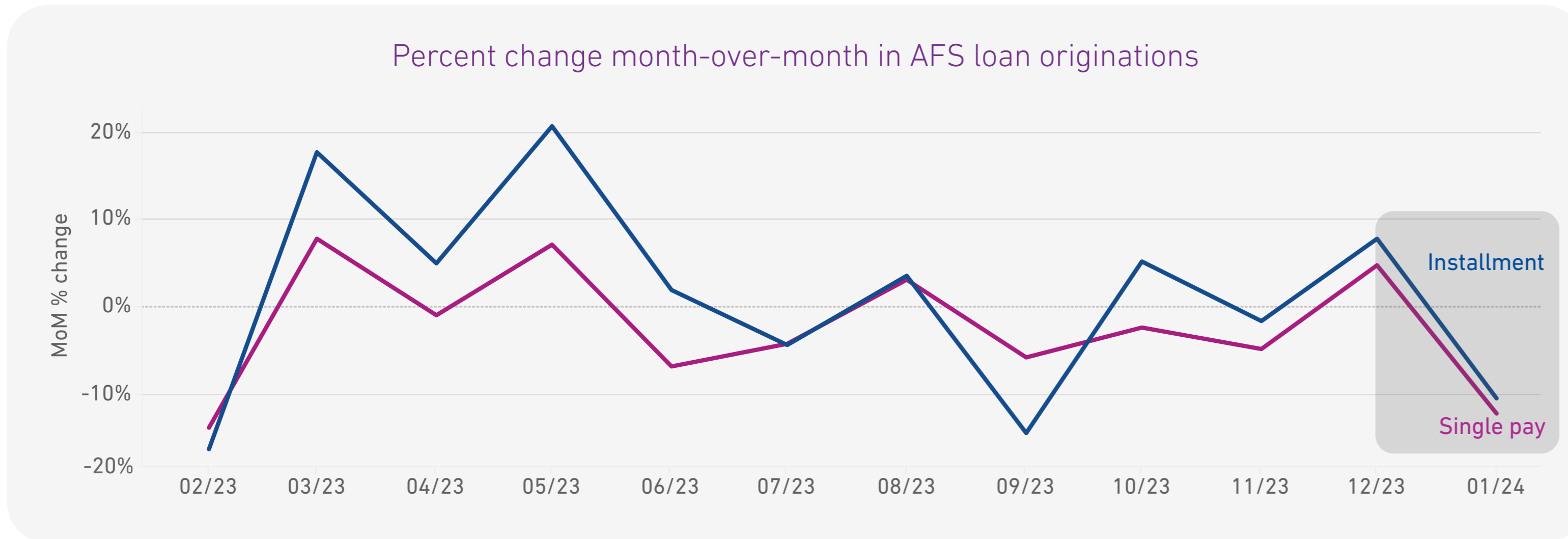
Idaho had the largest increase with +1.9%.
Mississippi had the largest decrease with -.7%.

Percent change in delinquent loans

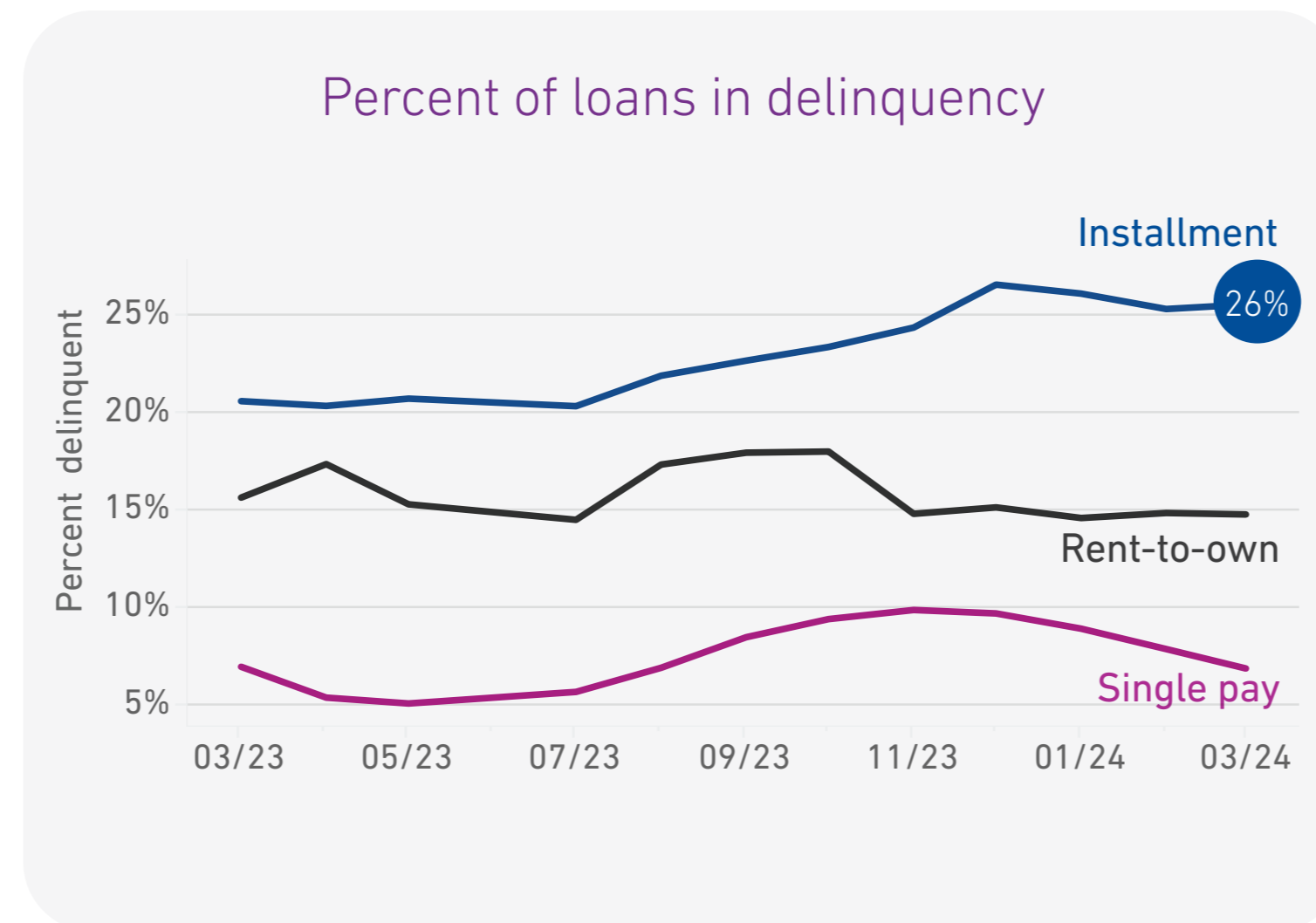
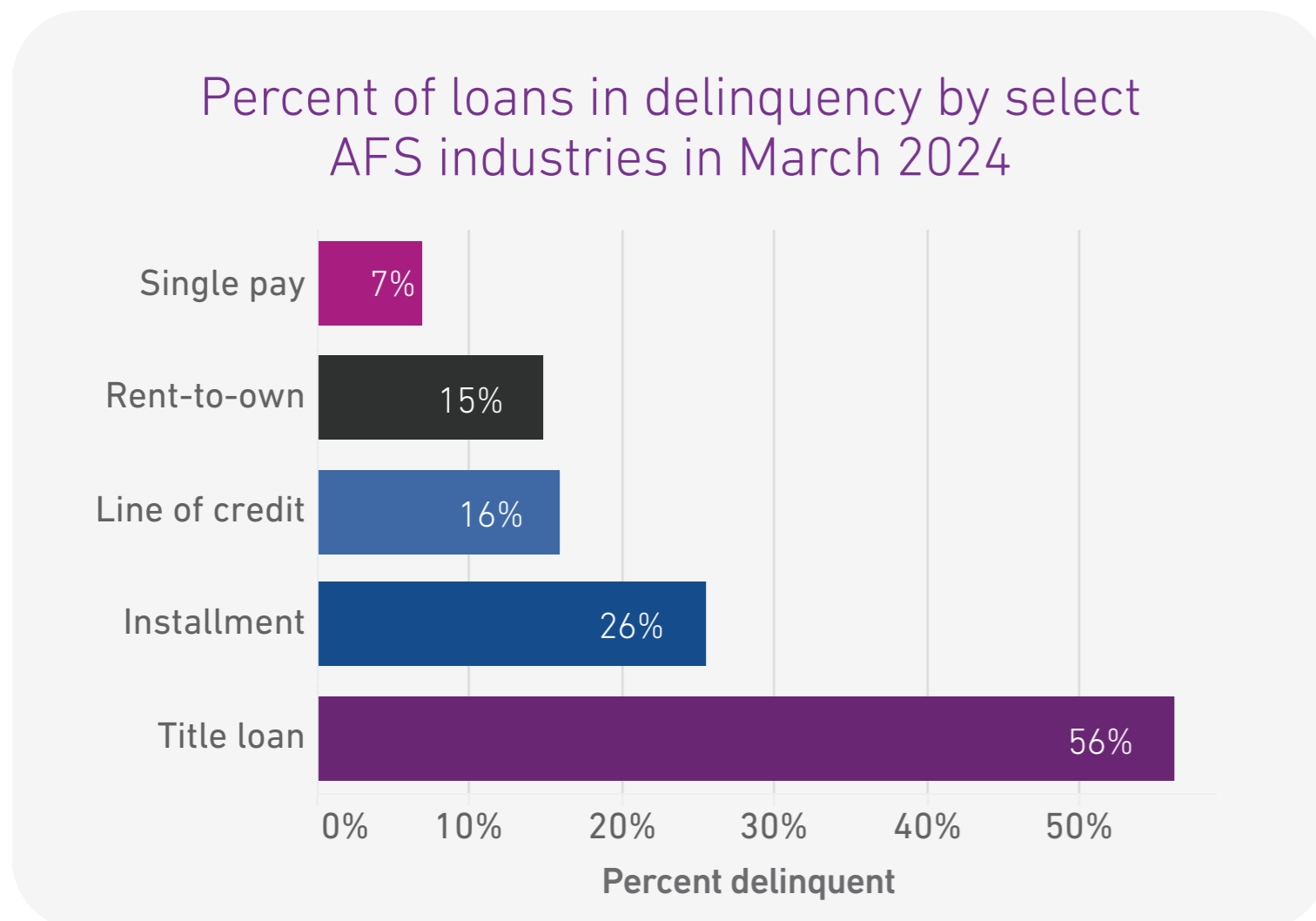
The month over month change in delinquency rates in March is 0.4% after negative growth in the first two months of the quarter.



Loan – Industry segment detail



In January, there was a month-over-month decrease in loan origination for the **installment** and **single pay** segments.



Delinquency rates for the installment segment stabilized at 26% in Q1.





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