# Is your portfolio headed in the right direction?

Use Experian's Income Insight℠ model to validate ability to pay and minimize future losses.

# Income Insight℠

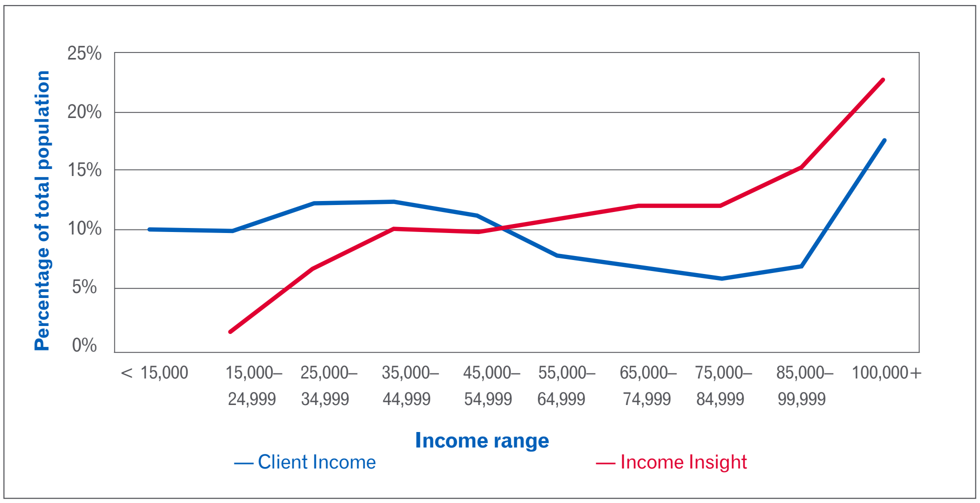
Risk analysis

Experian®

## Experian's Income Insight℠ helps you give line increases to consumers who have the greatest ability to pay.

In the following example, we compare Income Insight℠ with stated income provided by consumers. This information is relevant for determining line assignments for acquisitions of new accounts and in account management. By looking at a consumer's income, you can assess his or her ability to pay or fulfill a debt obligation. In Chart 1, you will see that Income Insight shows more consumers with higher incomes compared with consumer-stated income. This is in part expected, as Income Insight includes other types of nonsalary income where consumers often provide only salary data when reporting stated income.

Chart 1

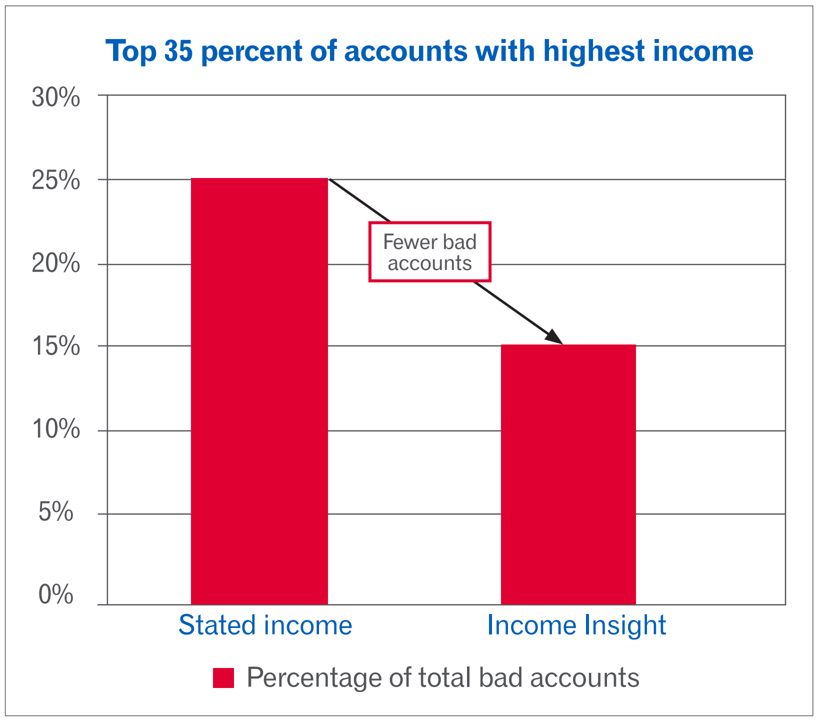



When significant differences between modeled income (Income Insight) and stated income exists, the question of accuracy arises. Which income estimator is more accurate? Without verified tax return data to prove income, the next best means of measuring ability to pay is actual payment data. We expect that consumers with lower income will have less ability to pay and, thus, more delinquencies.

Likewise, you'd expect that consumers with higher income will have better ability to pay and, therefore, lower delinquencies or "bad rates". In Chart 2, you'll see the bad rates associated with the best-scoring 35 percent of accounts, which could very well be the population that you might target for a line increase or a larger original line assignment.

While Income Insight produces a much larger percentage of consumers with higher income, as can be seen in Chart 1, the consumers in the highest income ranges have lower bad rates than the consumers in the highest stated-income ranges, which can be seen in Chart 2. In addition, you can reduce delinquencies by not extending the line increase to those who will not have the ability to pay.

Chart 2




Thus, we see that a consumer's actual payment behavior correlates more closely with Income Insight than it does with stated income. This means you can give line increases to those consumers who really have the ability to pay.

To find out more about Income Insight and how Experian can help you validate ability to pay and minimize future losses, contact your local Experian sales representative or call 1 888 414 1120.

**www.experian.com/income-risk-analysis**

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02/15 • 7336-CS