Lending Conditions Chartbook

Q2 2025

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The quarterly Lending Conditions Chartbook captures key trends important for the financial services industry. By bringing together Experian-only and external-market data sets on the economy, credit activity, lending standards, loan demand, originations, delinquency, and consumer sentiment, this report provides a broad view of what is happening in the credit environment.

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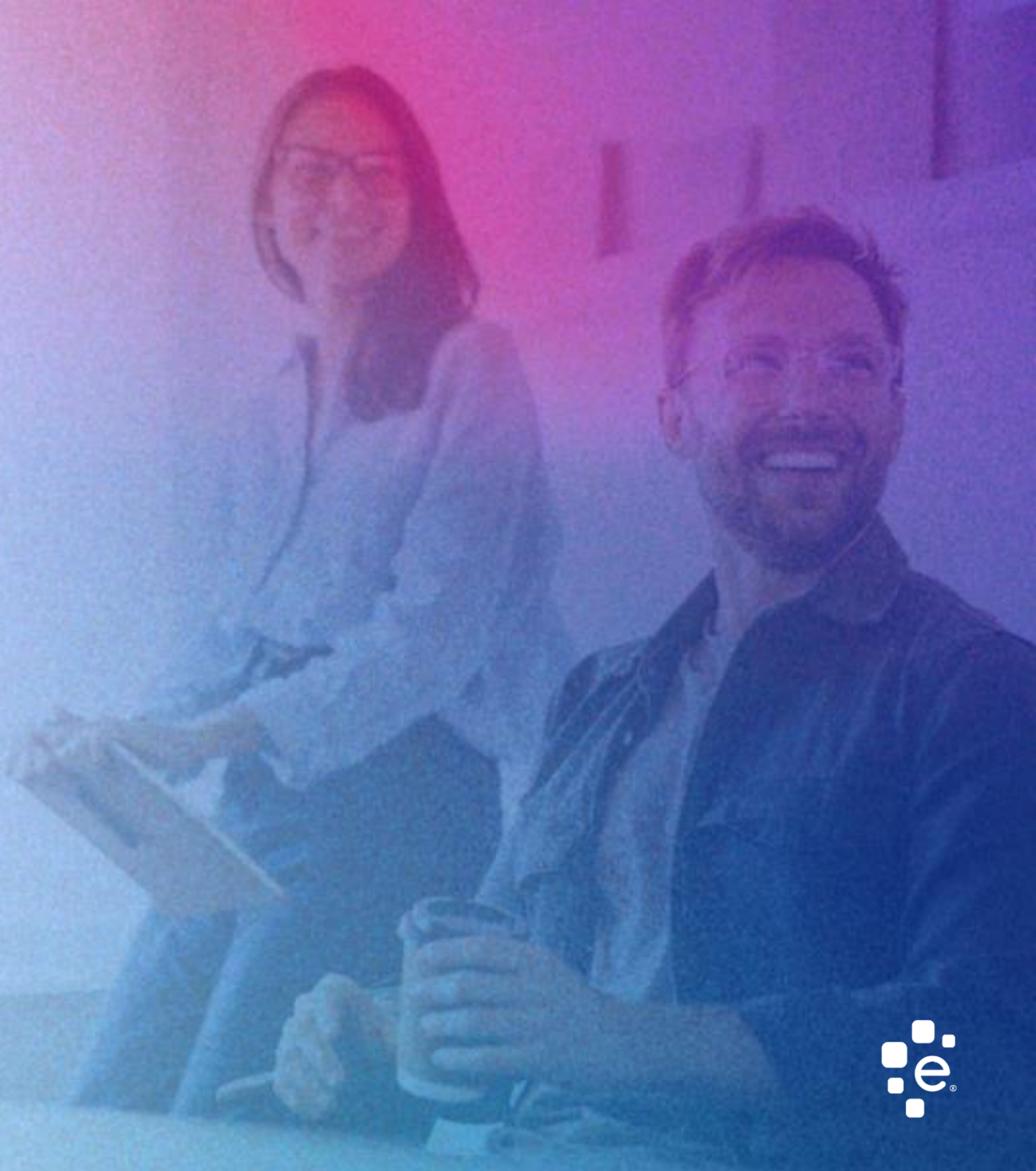
Macro backdrop

Charts on economic growth, labor market activity, spending and income data, consumer and business sentiment, inflation, and fed funds projection

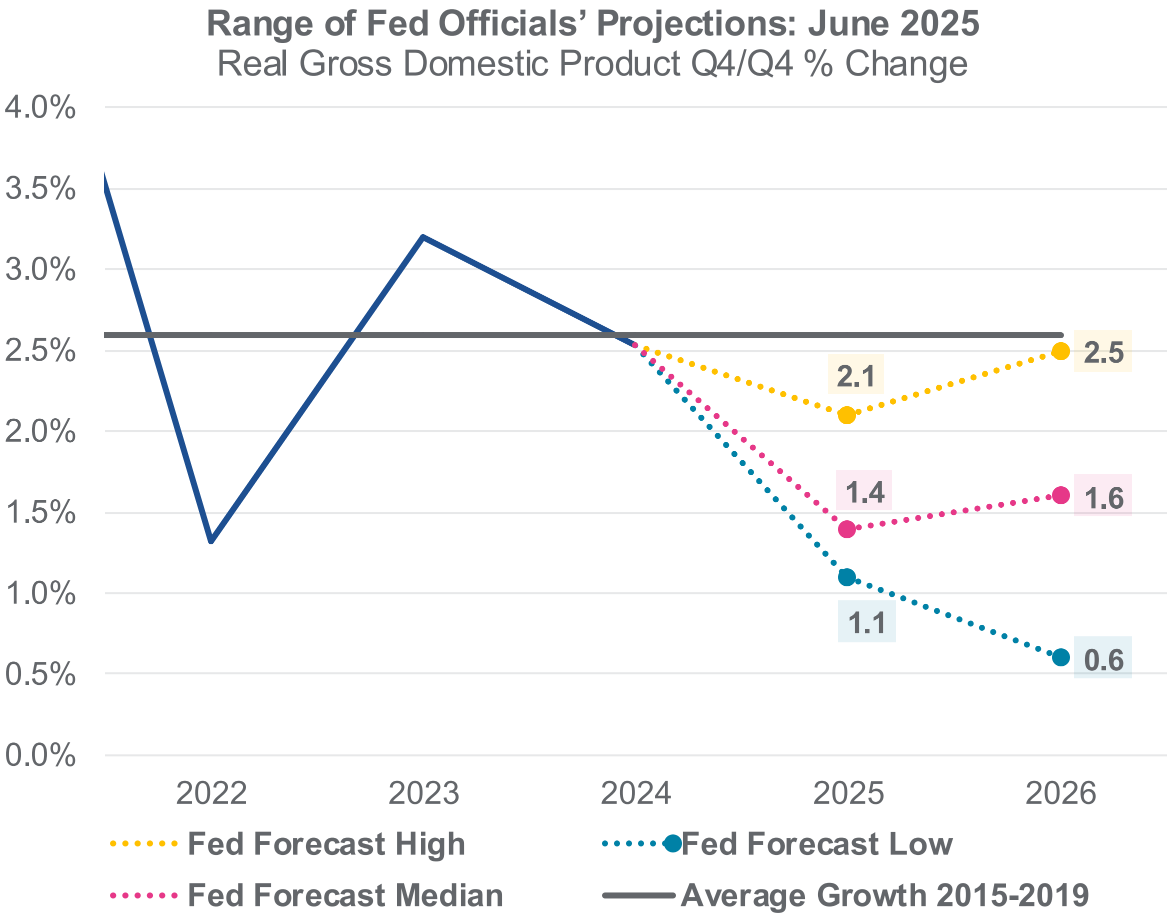


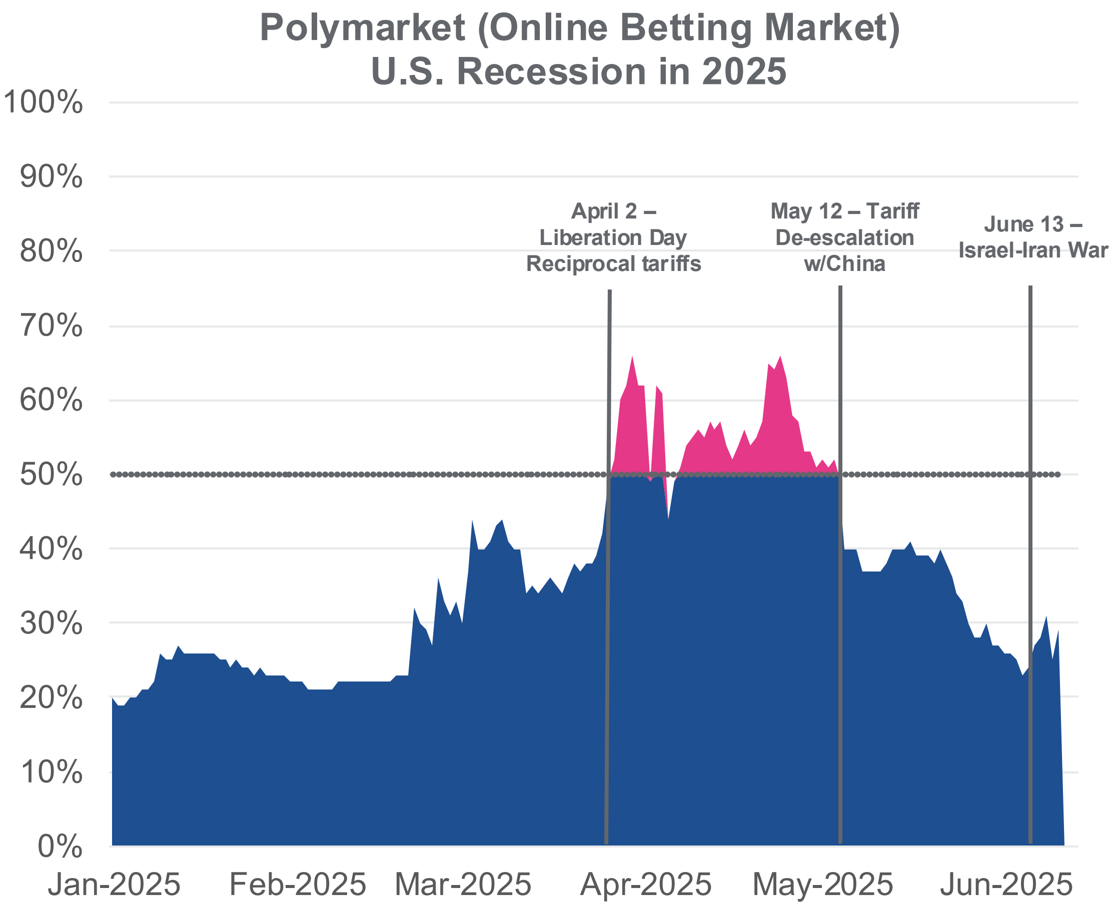
Key Takeaways: Macro Backdrop

- **Despite early concerns over a tariff-induced recession in 2025, the US economy has so far resisted a broader slowdown and significant inflationary impulse.** However, the outlook remains highly uncertain, and the full impact of policy changes may still be ahead of us. In their latest set of projections, Fed officials reduced their growth forecast for 2025 while at the same time lifted their forecast for unemployment and inflation. Officials continue to see two 25bp rate cuts in 2025.
- Unemployment remains low, **but there are ongoing signs of softening in the labor market.** Early layoff (WARN) notices have risen, and employment gains for higher-wage industries have continued to weaken. **Higher-wage, white-collar workers, along with recent college graduates are likely to continue facing headwinds** as companies deal with an uncertain economic environment and increasingly take up the use of AI to replace some tasks.
- Real incomes have improved somewhat after softening for most of 2024, which may continue to support consumer spending. **However, while overall spending remains solid, there are signs that higher-income consumers – which are the primary drivers of spending – are starting to pull back.**
- The housing market continues to be constrained by high prices and interest rates, which are impacting affordability. **Both homebuilders and potential homebuyers remain pessimistic** and there is little reason to expect much improvement for the remainder of the year.

Fed officials downgrade growth forecast given uncertainty and risks

— Despite early concerns over a more pronounced slowdown, recession fears have come down

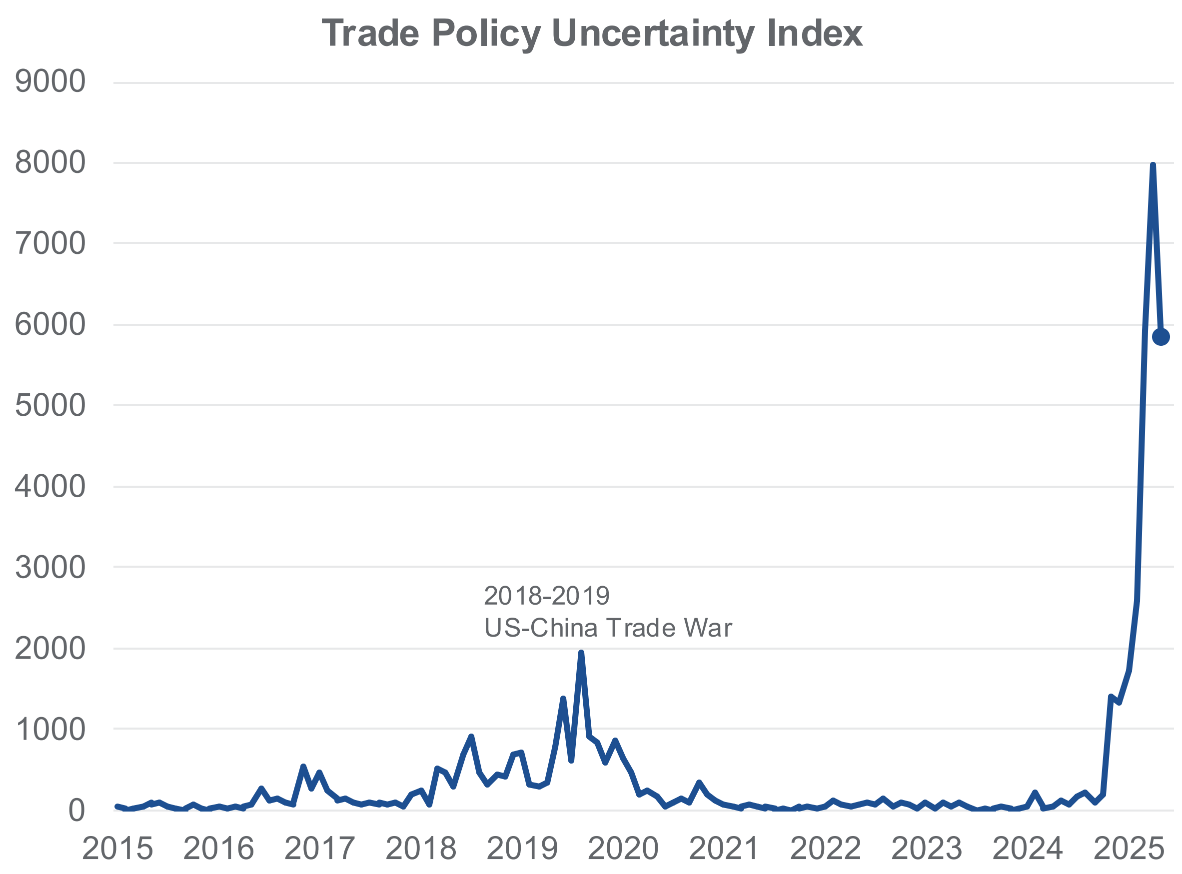


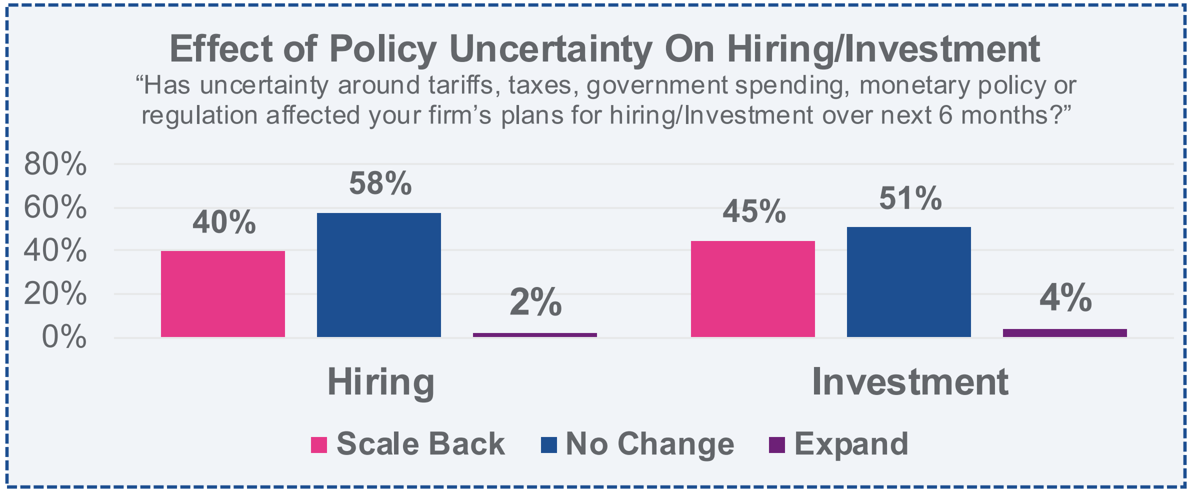


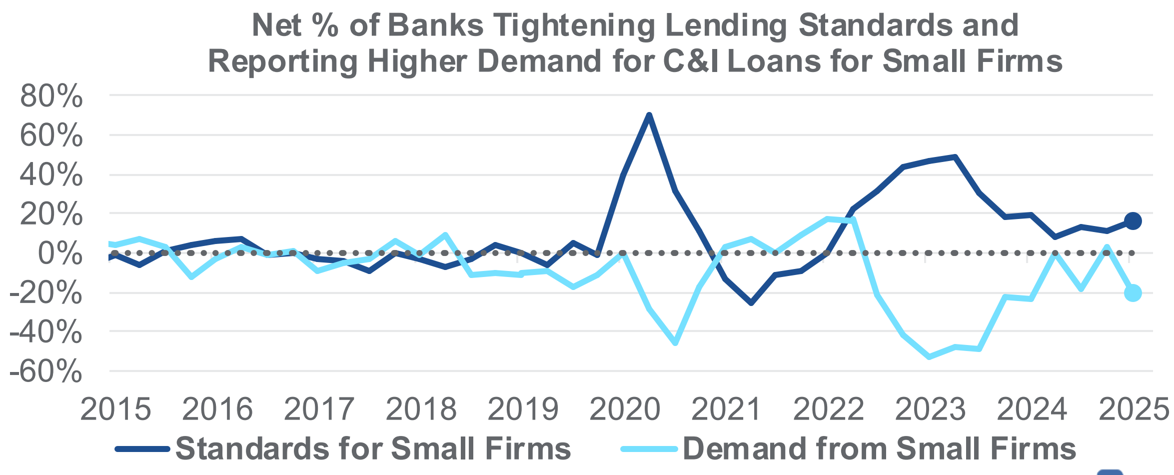
Sources: Bureau of Economic Analysis, Federal Reserve June 2025 SEP, Polymarket, and Experian Economic Strategy Group

Trade policy weighing on business hiring and investment decisions

— Due to uncertainty, banks have increased pace of tightening for business lending



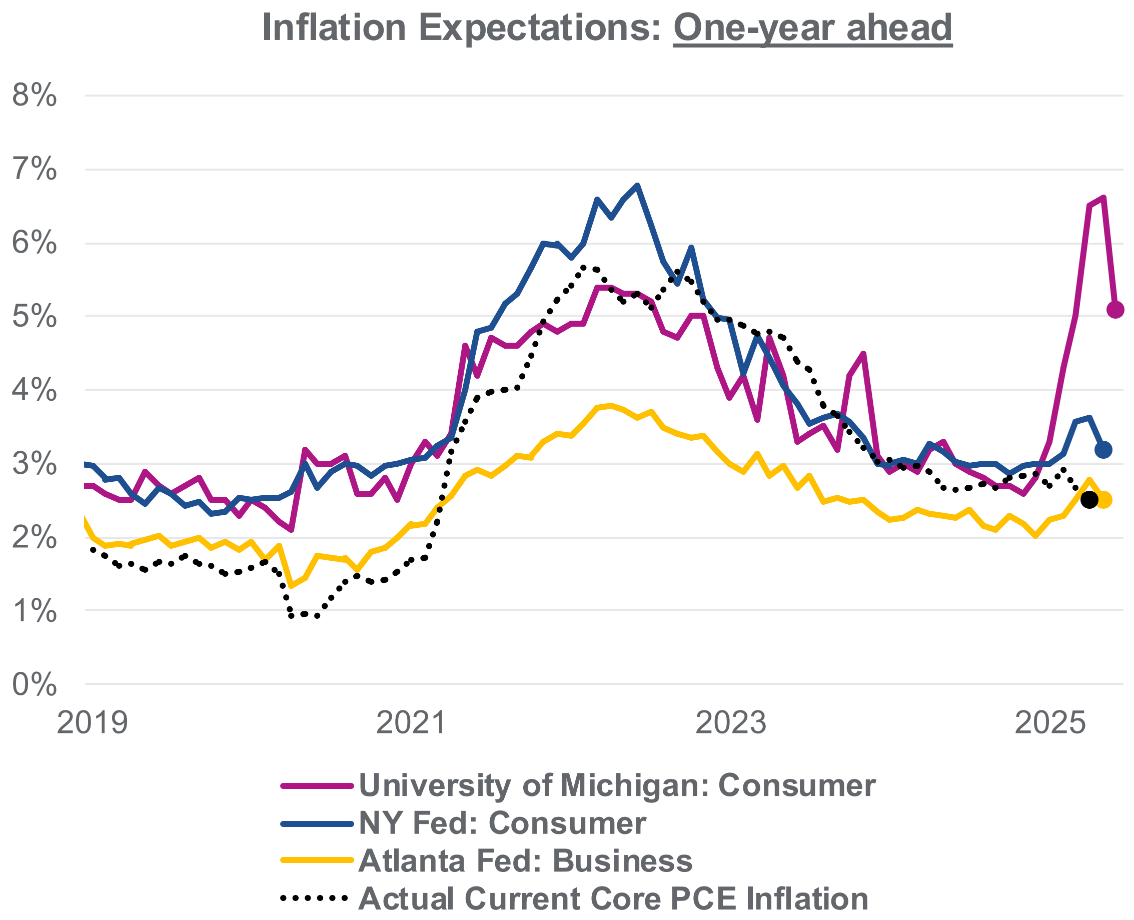


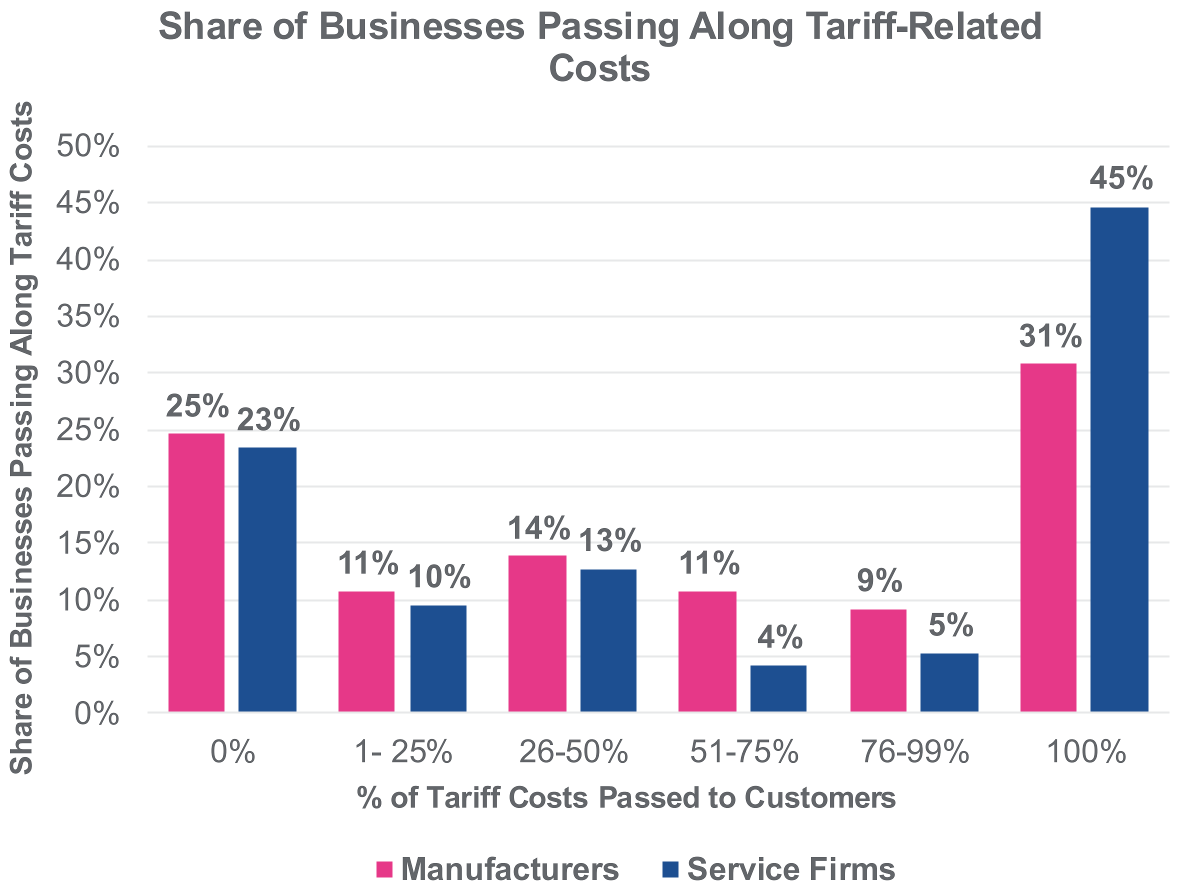


Source: Economic Policy Uncertainty Index (Scott Baker, Nick Bloom, Stephen Davis), Federal Reserve Bank of New York (June 2025), Federal Reserve SLOOS, and Experian Economic Strategy Group

Significant uncertainty surrounding tariff impact on inflation

— Both manufacturers and service sector firms report passing along tariff-related costs to consumers

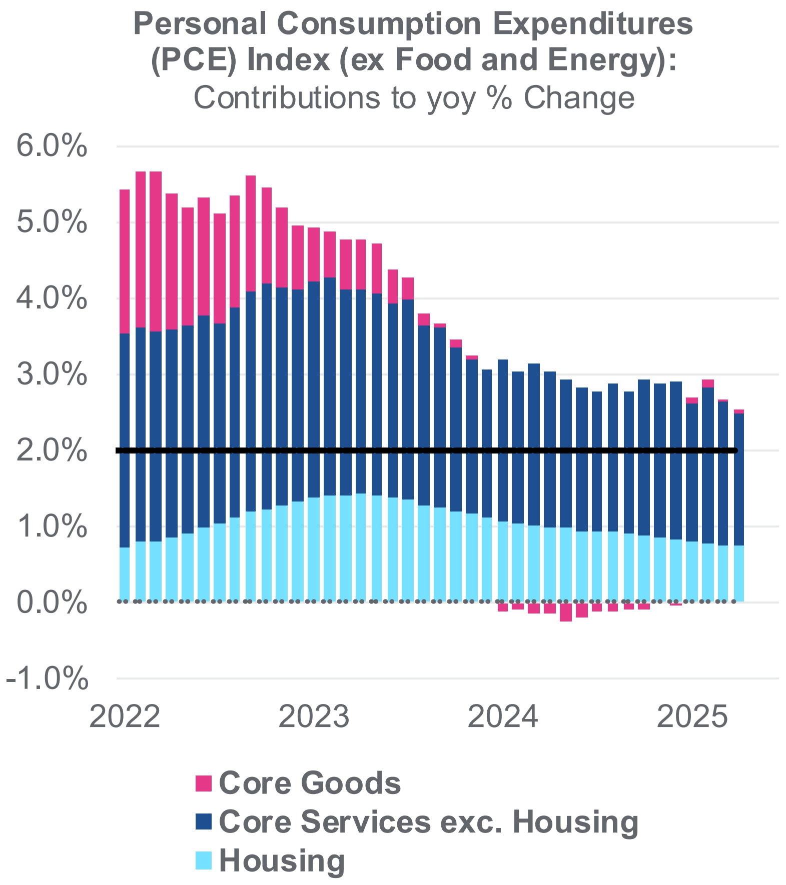


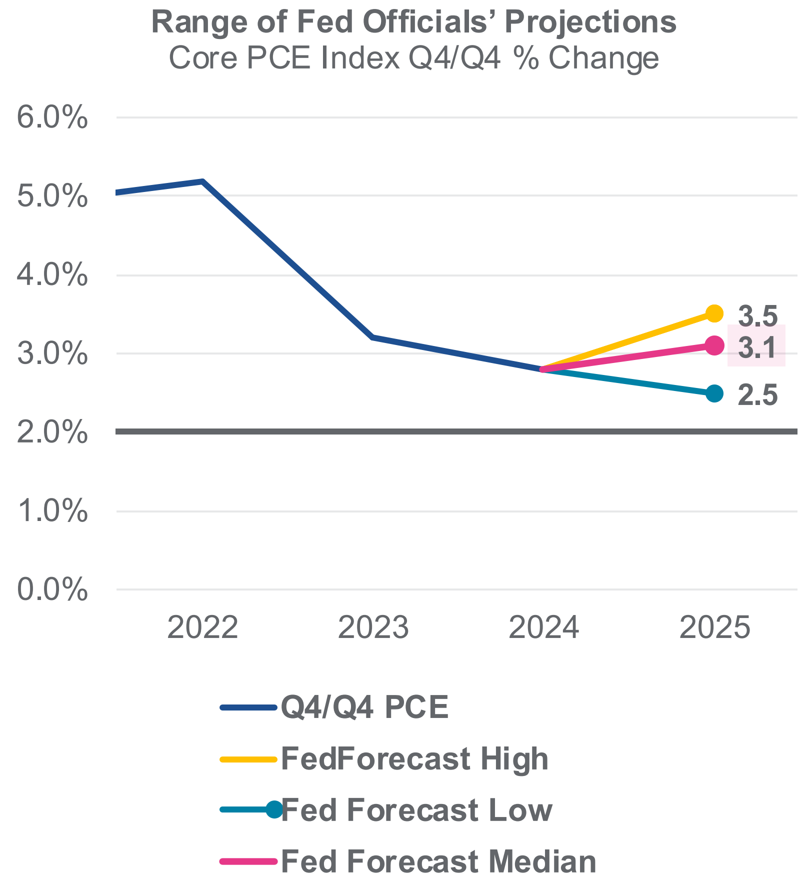


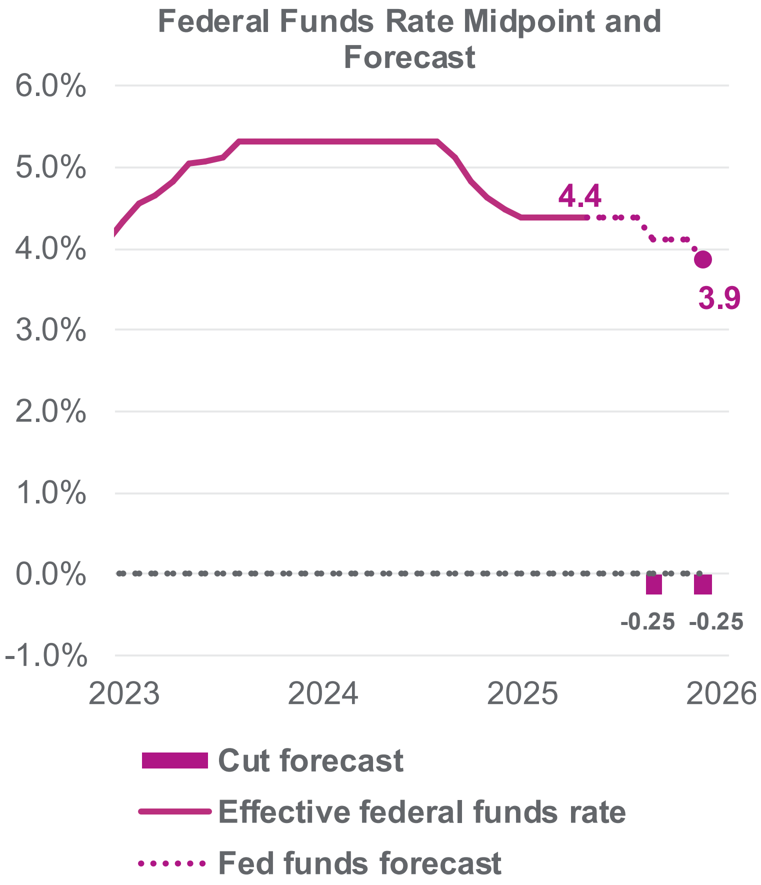
Source: Federal Reserve Bank of New York, Federal Reserve Bank of Atlanta, University of Michigan and Experian Economic Strategy Group

Tariff impact on inflation so far muted but expected to increase

— Fed officials maintain their view of two 25bp rate cuts in 2025



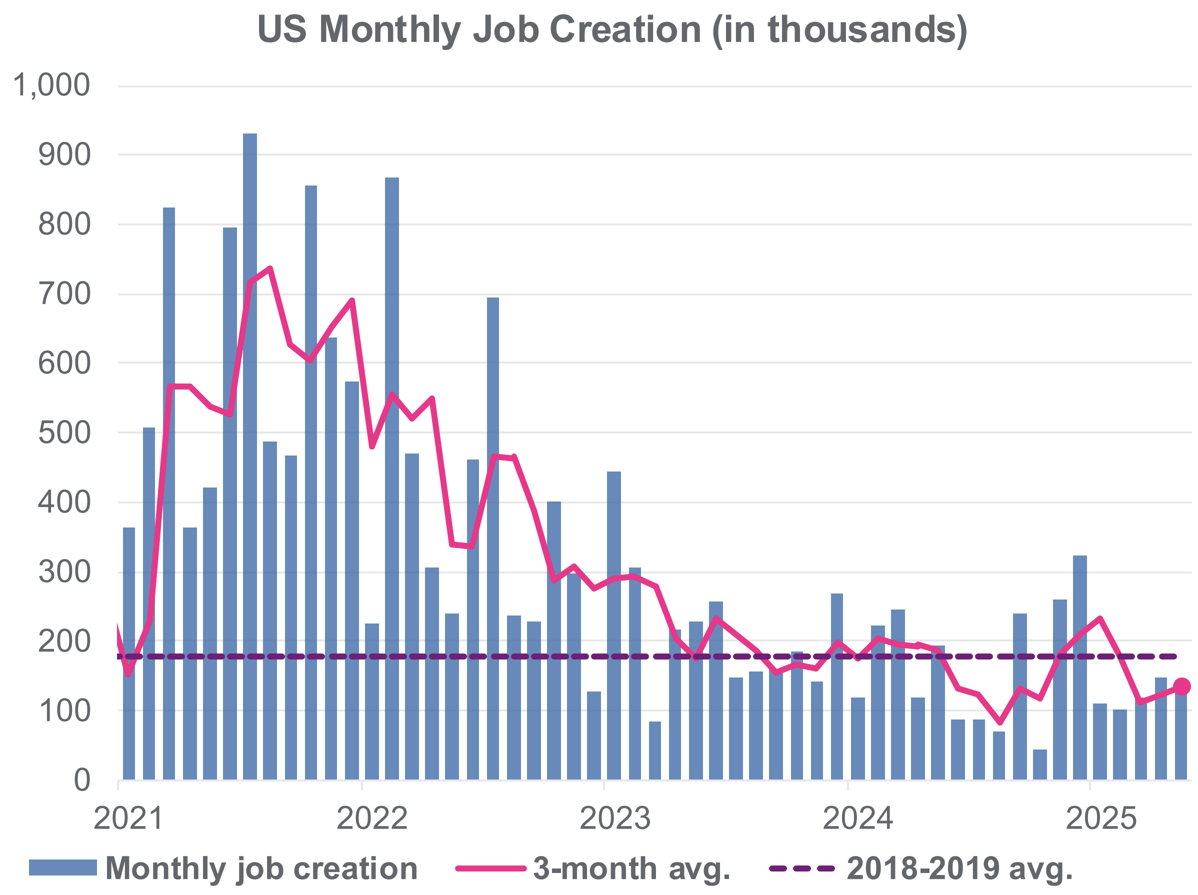


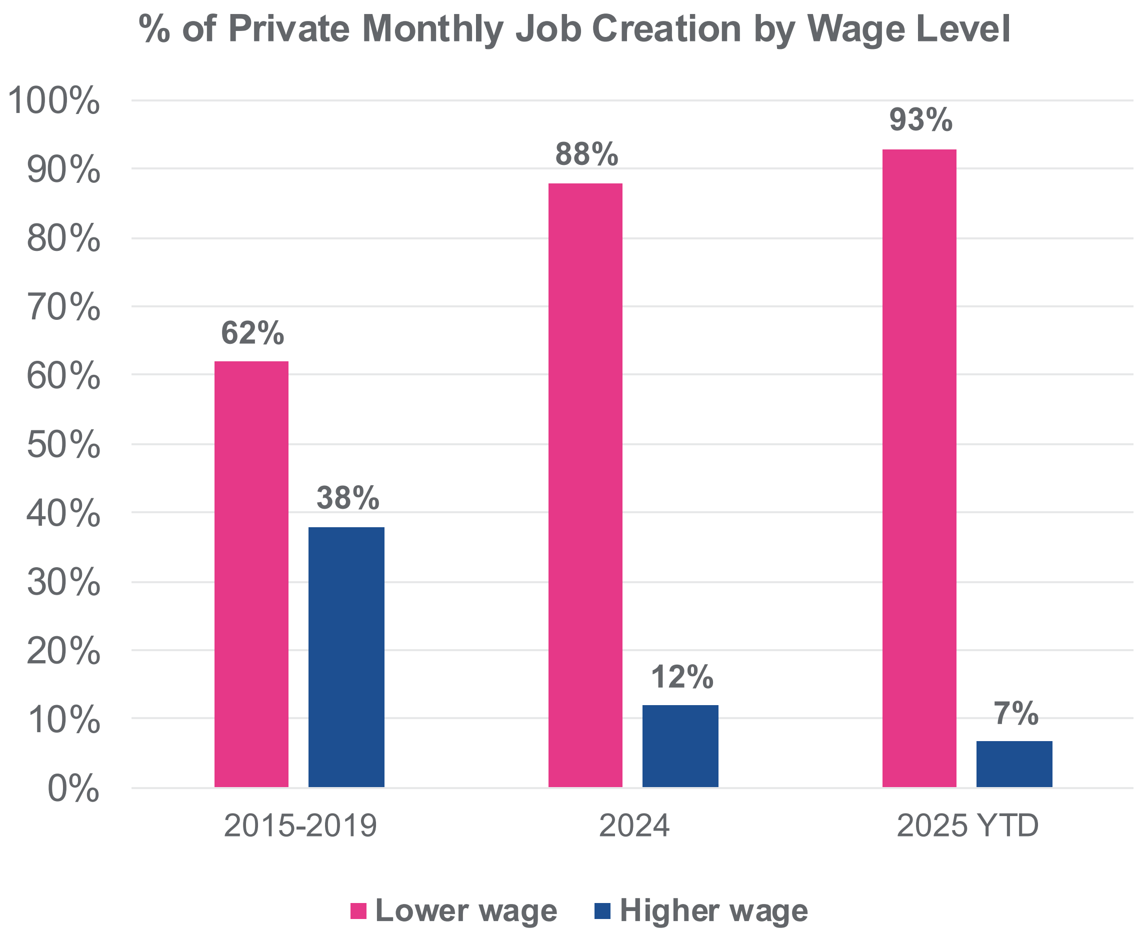


Source: Bureau of Economic Analysis, Federal Reserve Board of Governors, Federal Reserve June 2025 SEP, and Experian Economic Strategy Group

Job creation is decent but concentrated in lower-wage industries

— Share of private sector job creation in higher-wage industries has slowed significantly

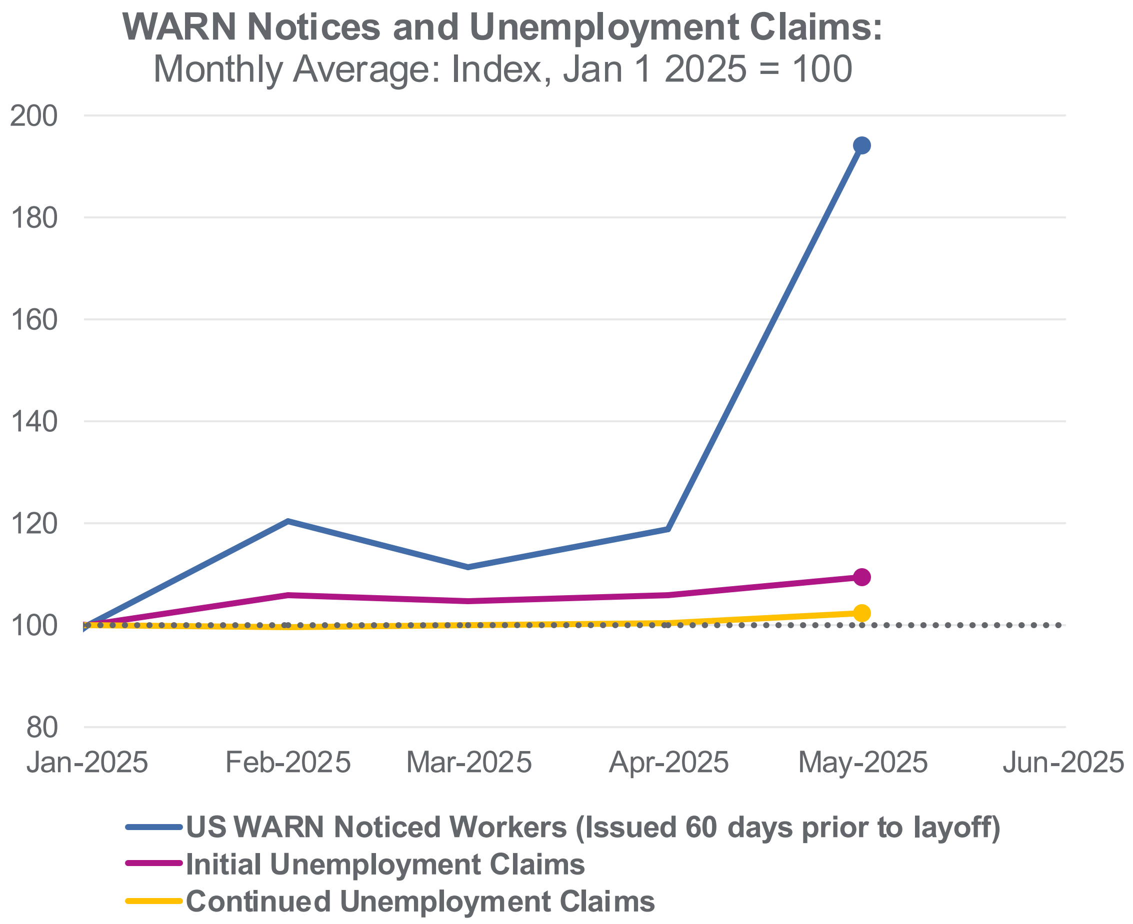


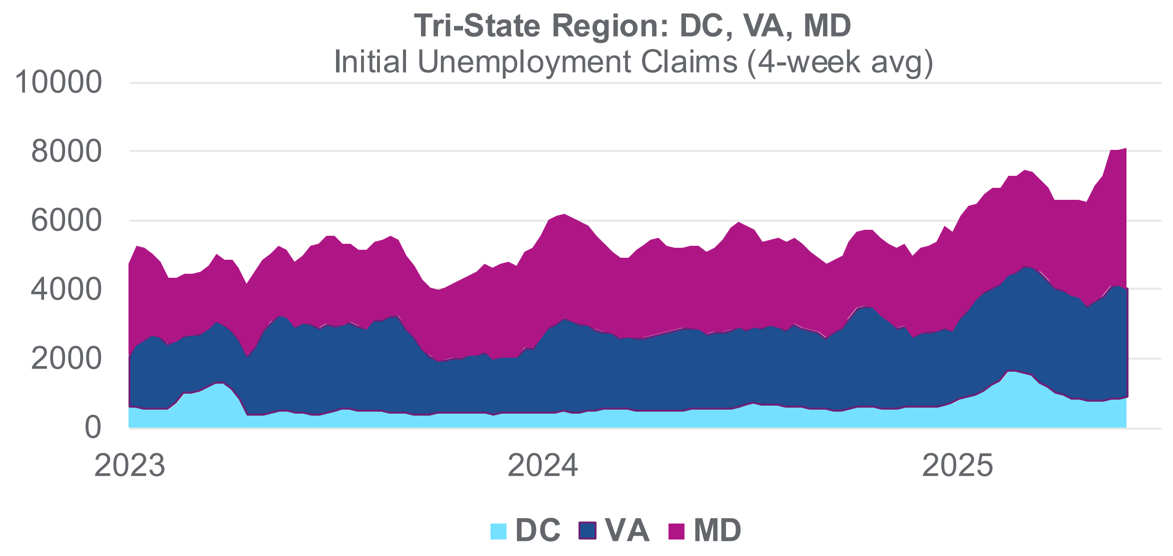


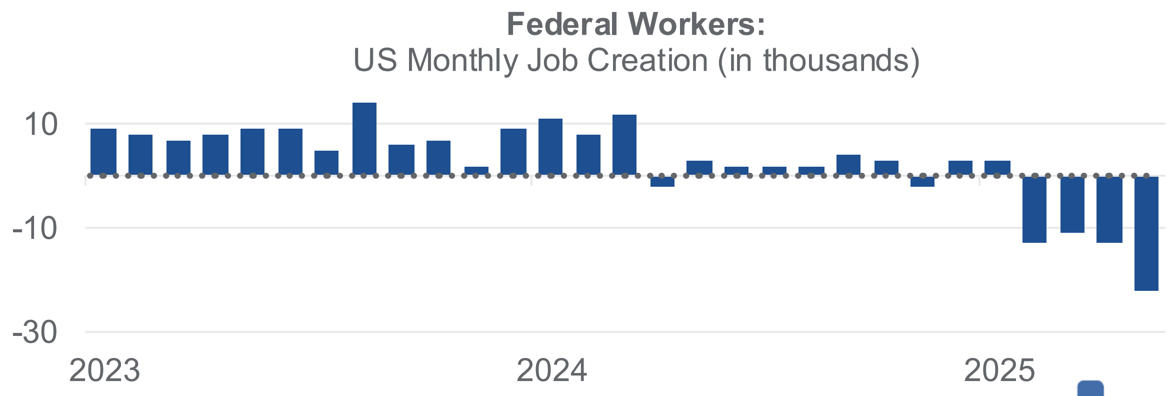
Source: Bureau of Labor Statistics and Experian Economic Strategy Group

Layoff notices have risen, which could spell higher unemployment ahead

— DOGE-related cuts are showing up in the tri-state area and in federal employment



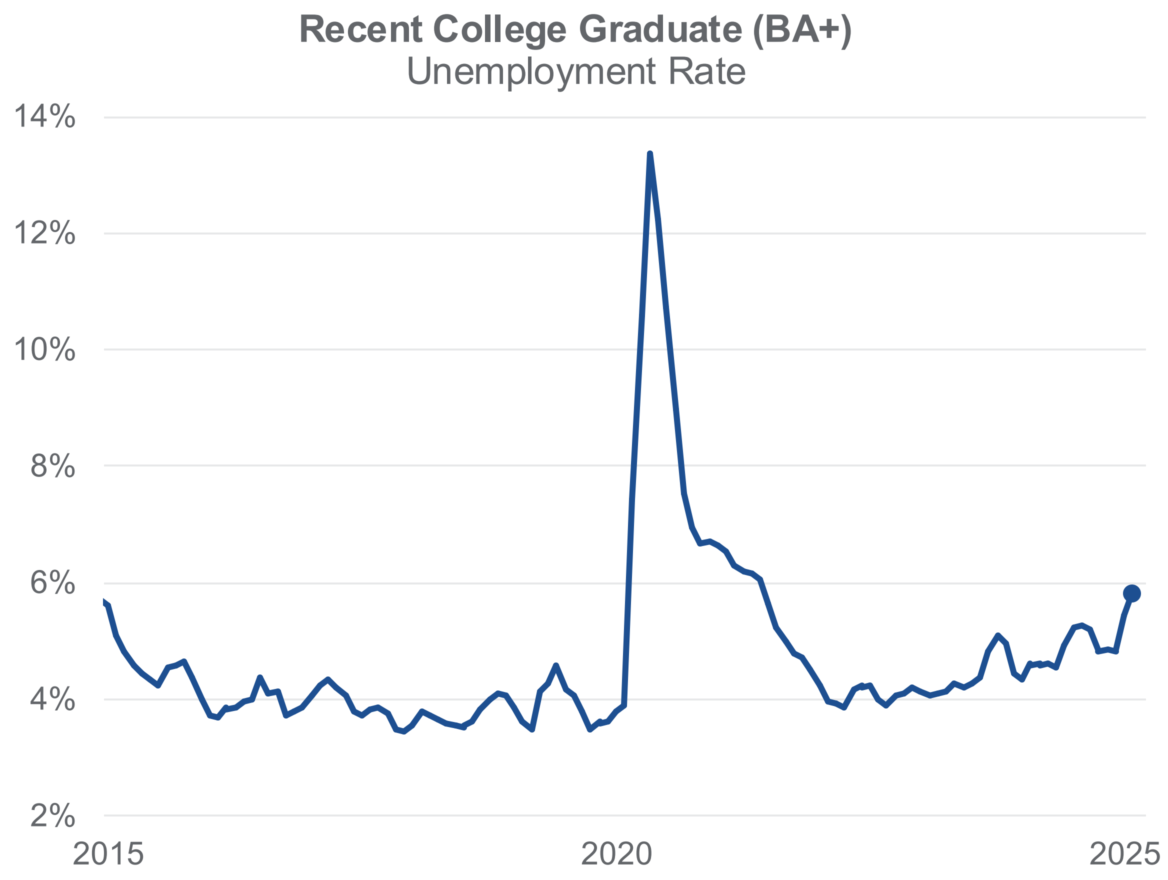




Source: Krolikowski, Pawel, and Lunsford, Kurt, Advance layoff Notice Data from the WARN Act (June 2025), Bureau of Labor Statistics, Department of Labor, Experian Economic Strategy Group

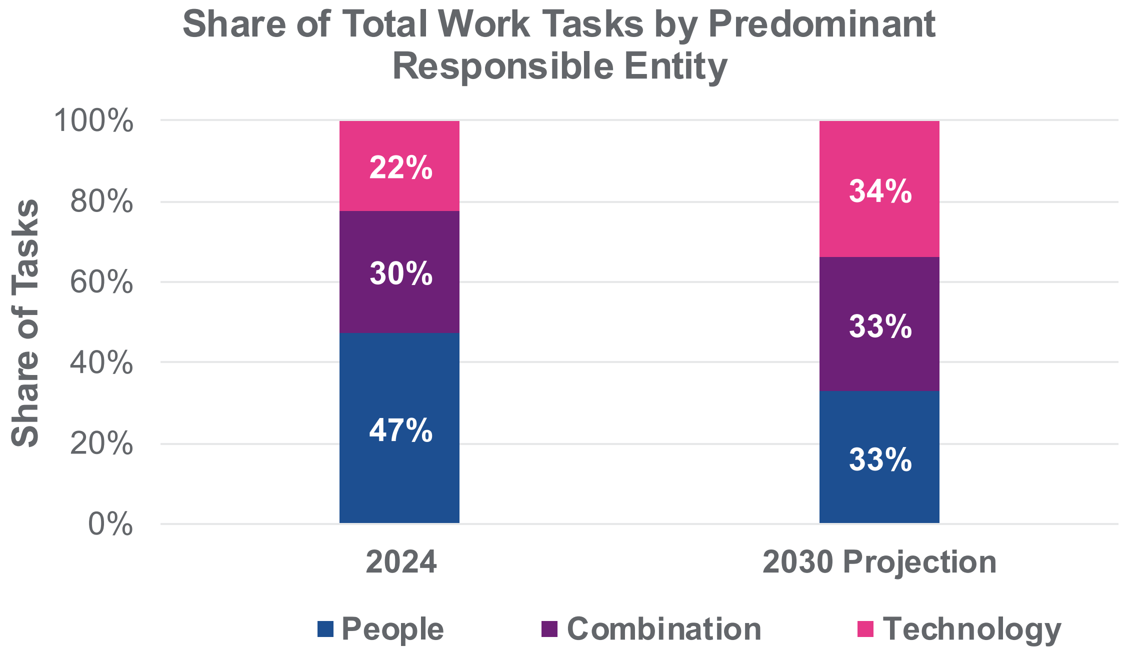
New grad unemployment highest in a decade (outside of pandemic era)

— Hiring for white-collar and entry level roles may remain muted as AI take-up increases



Commentary from Anthropic CEO

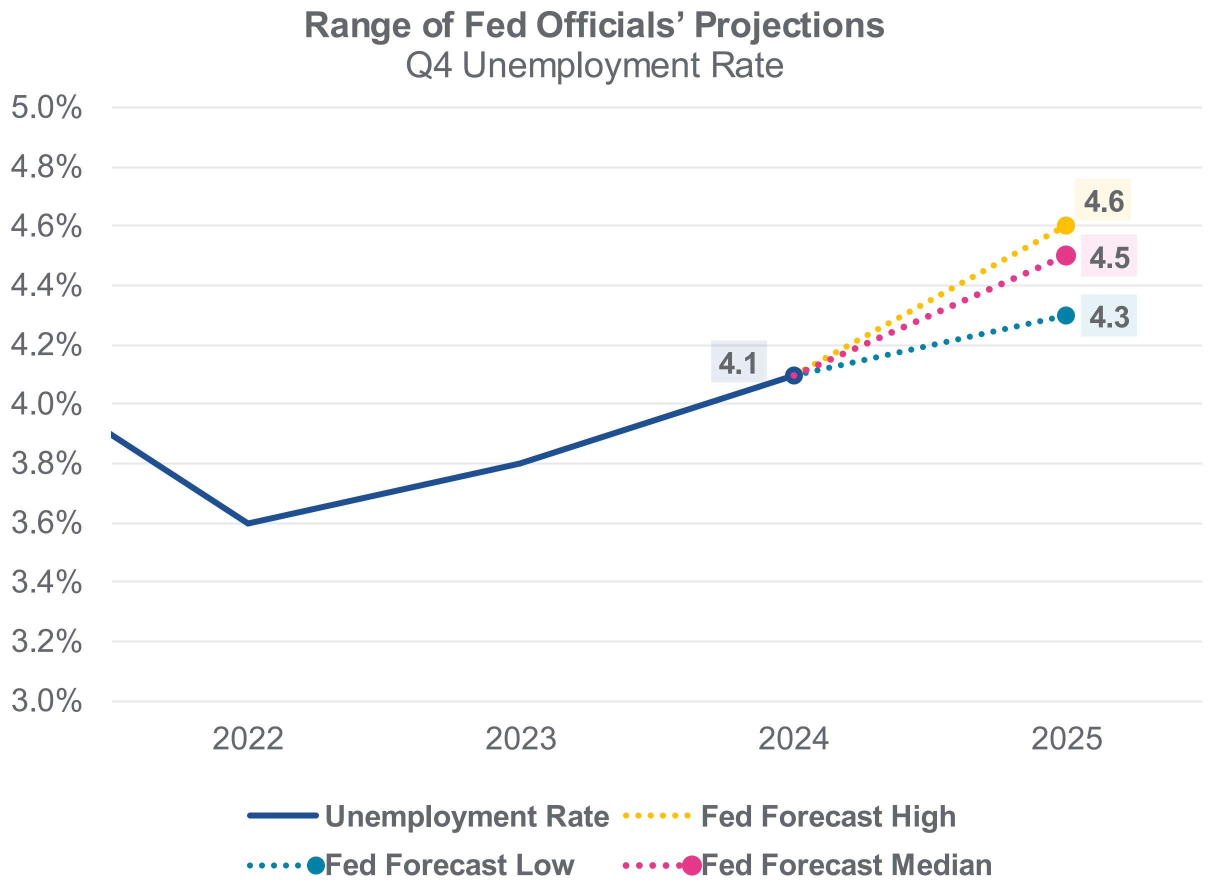
"AI could wipe out *half* of all entry-level white-collar jobs — and spike unemployment to 10-20% in the next one to five years"

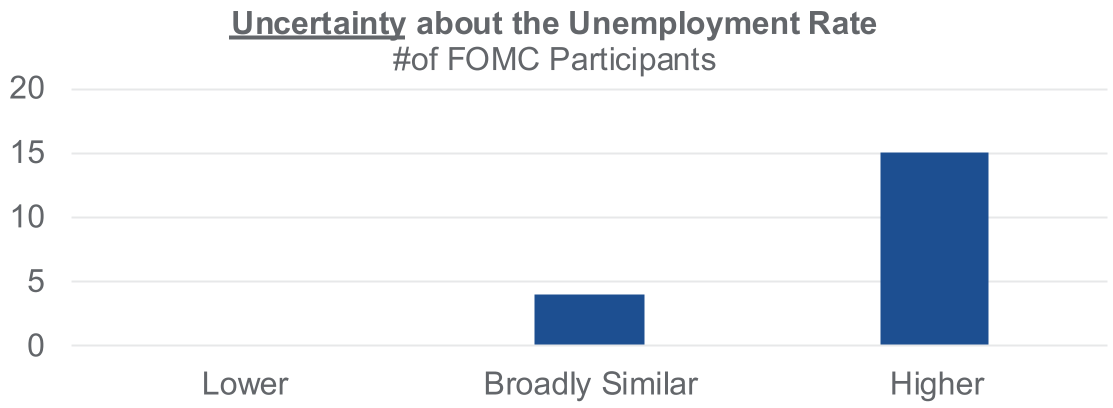


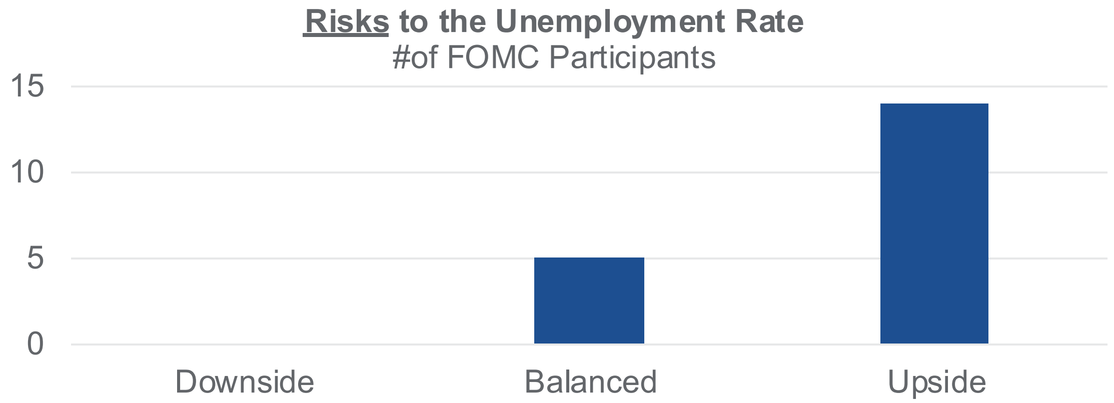
Sources: The World Economic Forum, Axios, Anthropic Economic Index, and Experian Economic Strategy Group

Unemployment forecasted to rise to 4.5% by Q4 2025

— Fed officials see high levels of uncertainty and risks to the unemployment outlook



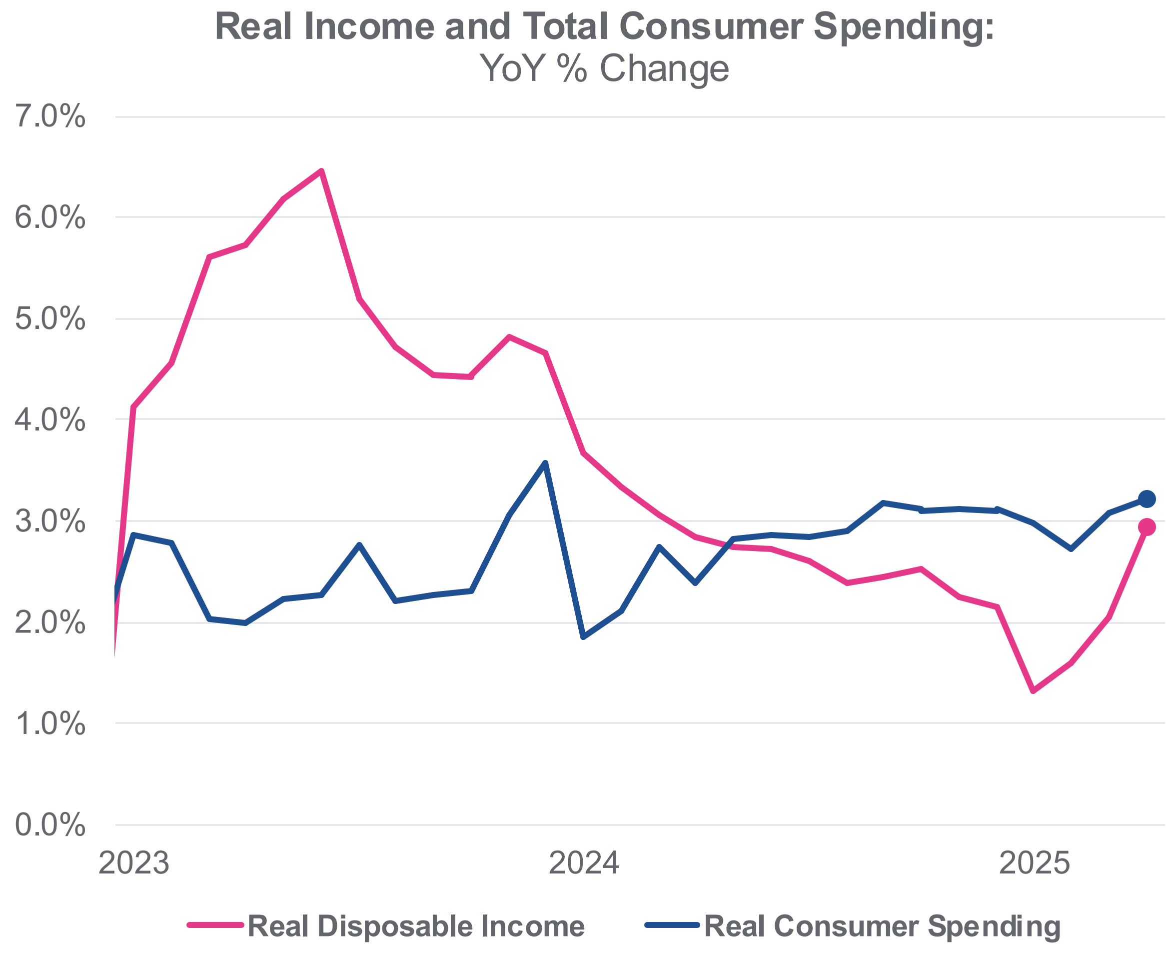


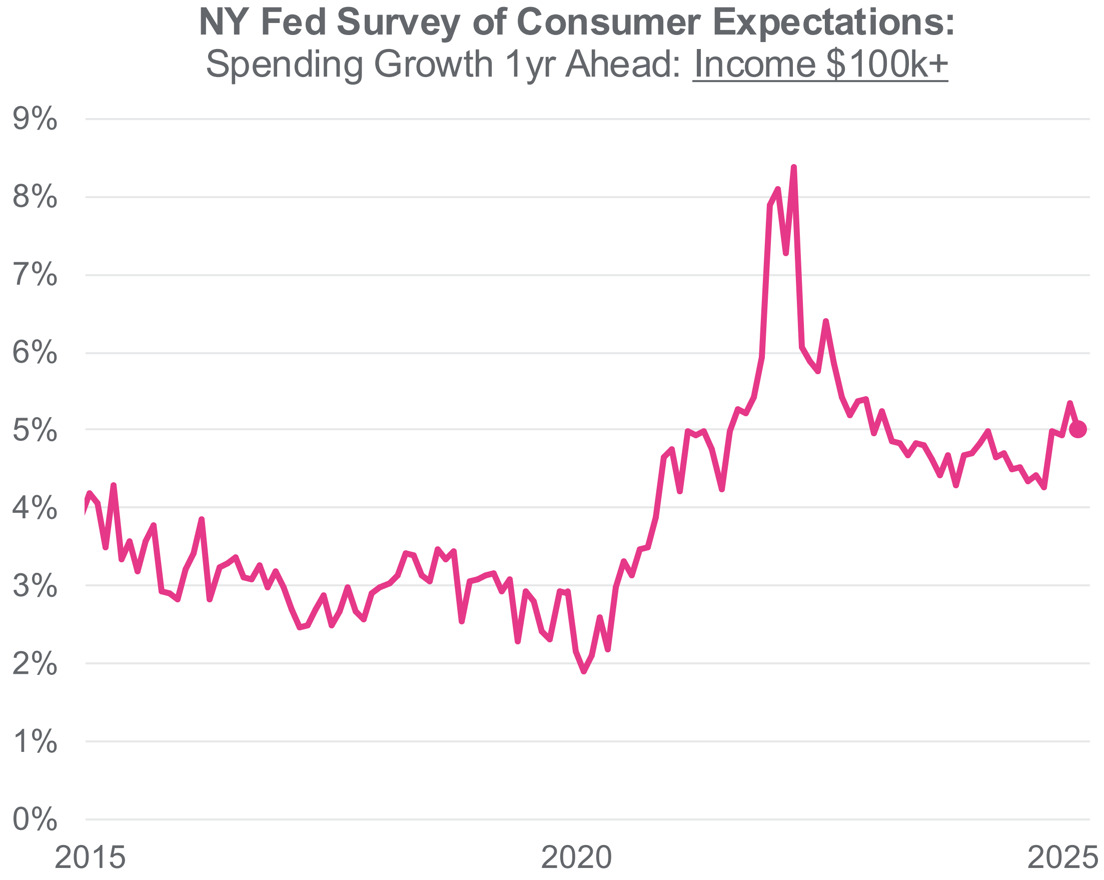


Source: Bureau of Labor Statistics, Federal Reserve June 2025 SEP and Experian Economic Strategy Group

Income growth showing some improvement, total spending solid

— Higher-income households – which drive most spending – still expect elevated spending over next year

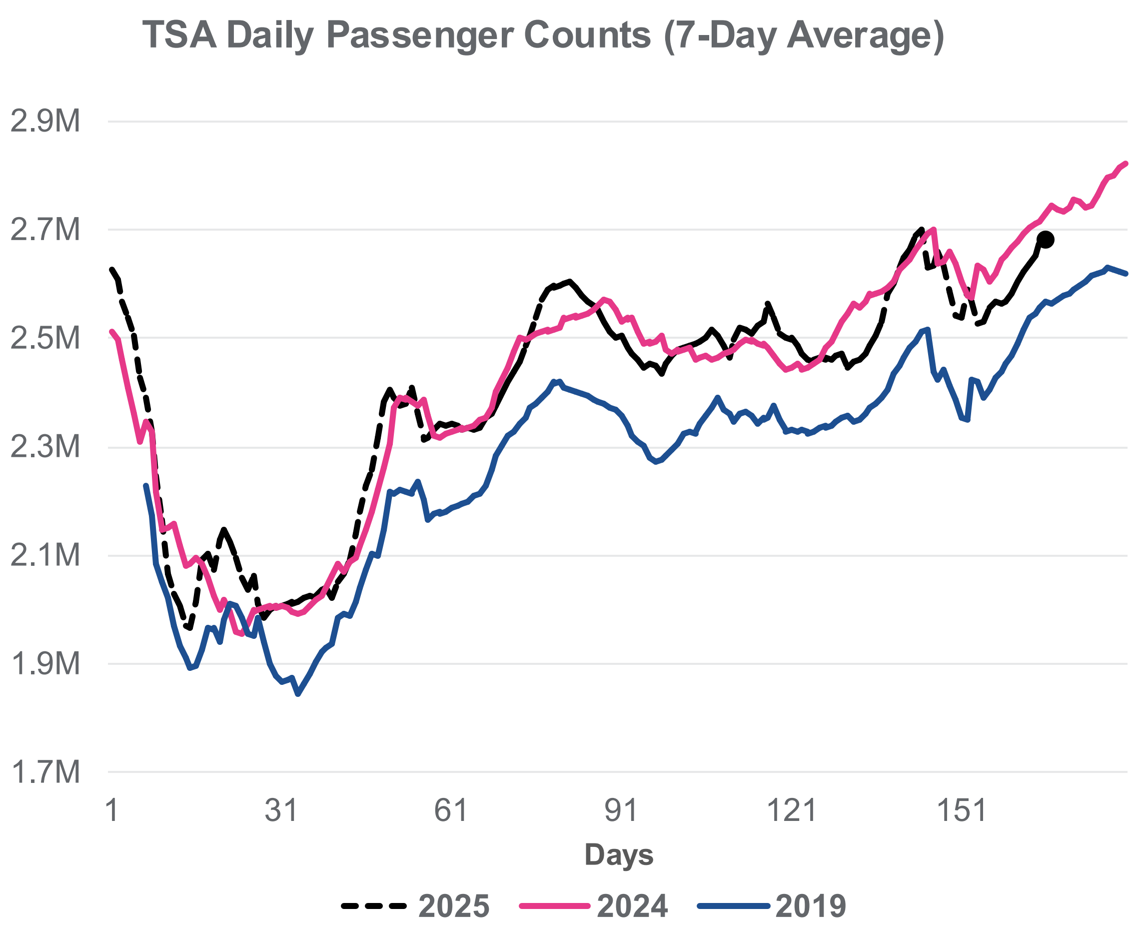


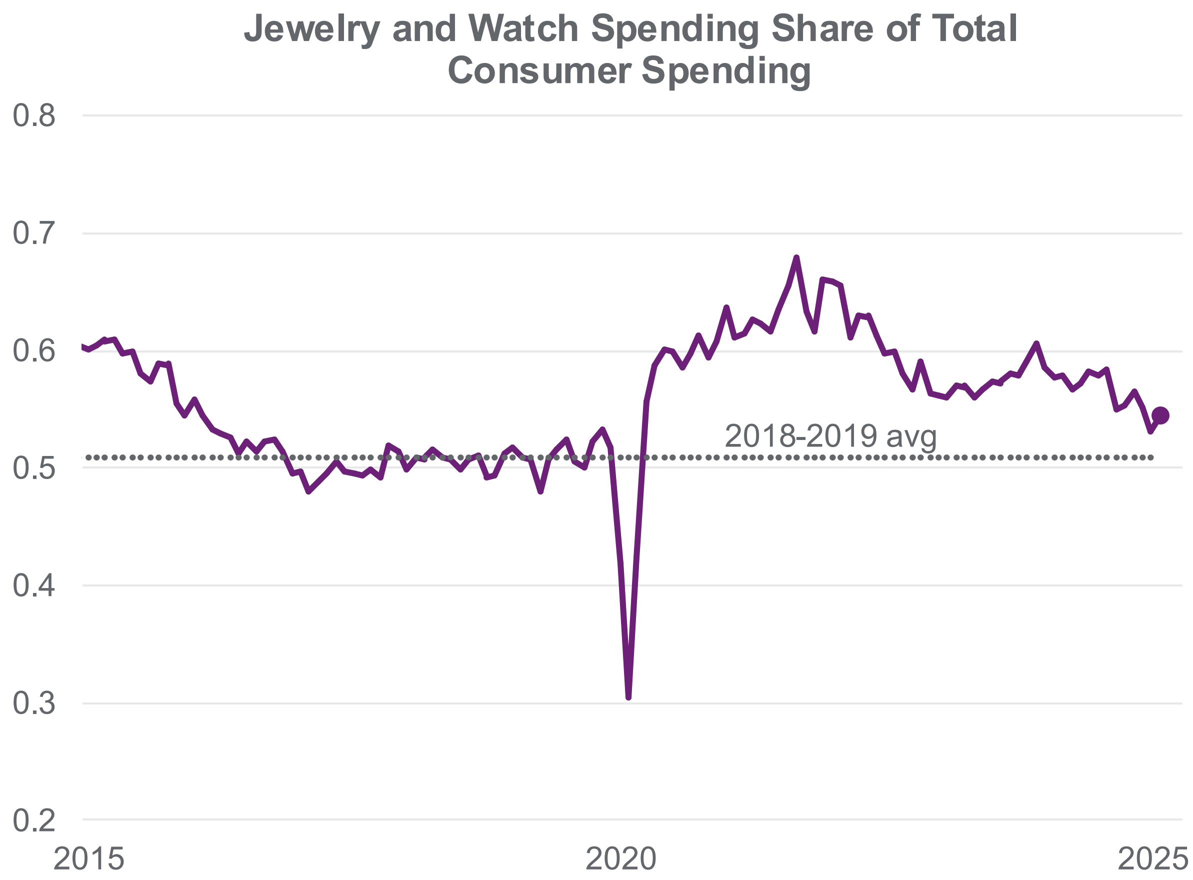


Sources: Bureau of Economic Analysis, Federal Reserve Bank of New York, and Experian Economic Strategy Group

However, some signs of higher-income pullback in spending

— Both passenger counts (measure of travel demand) and jewelry/luxury spend have softened in 2025

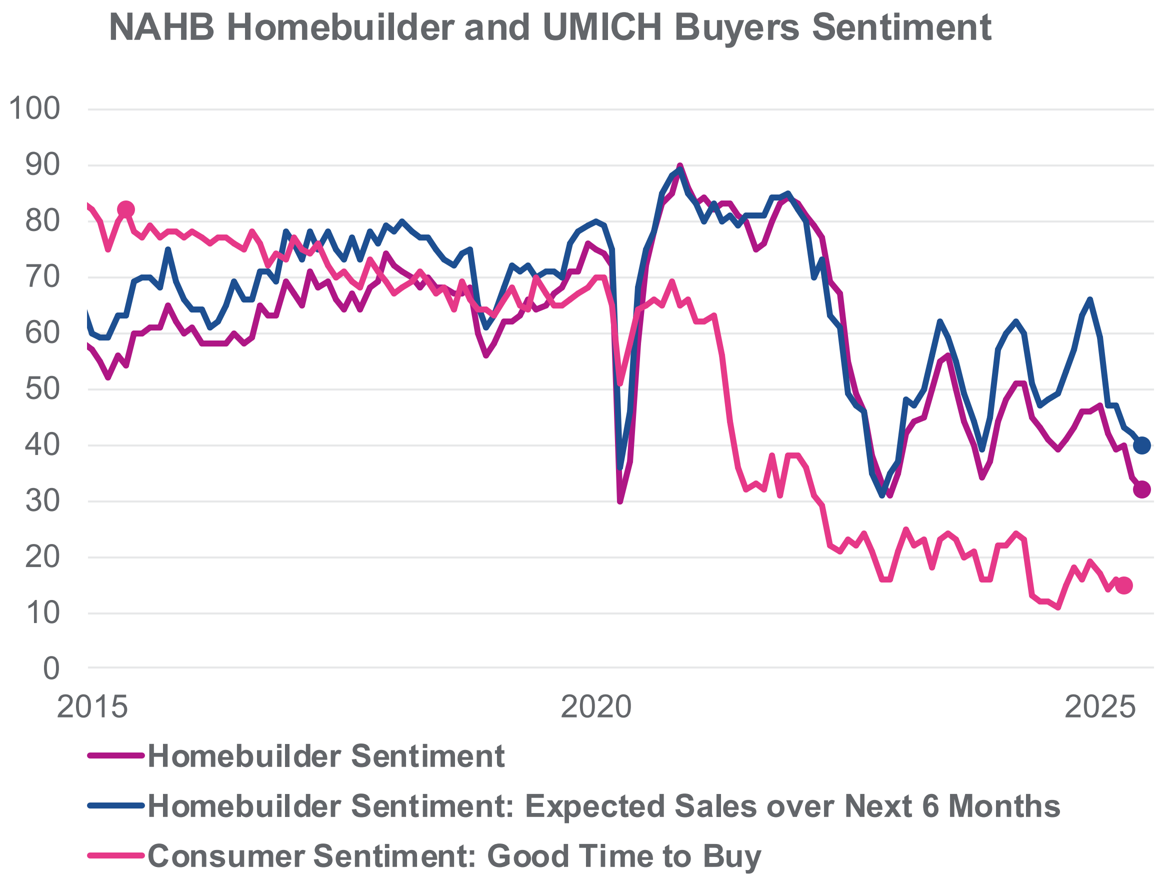


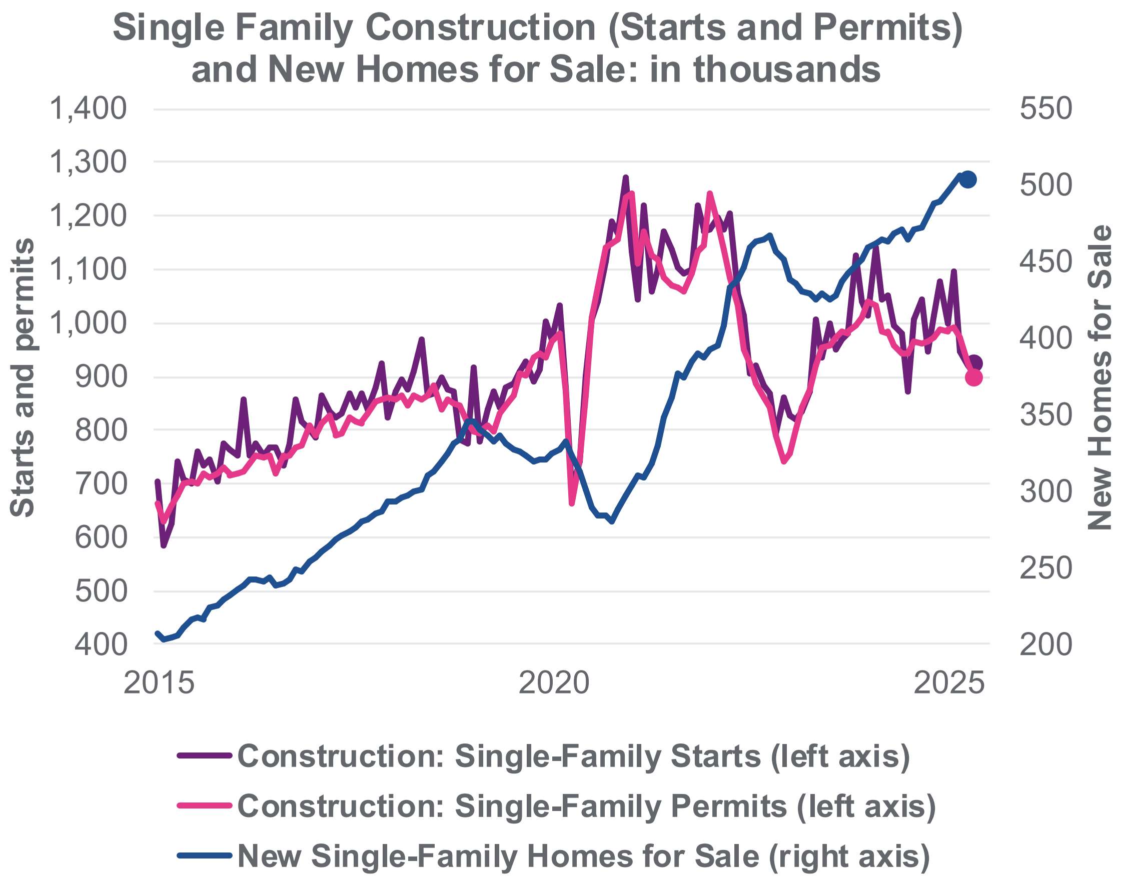


Sources: Transportation Security Administration, Bureau of Economic Analysis, and Experian Economic Strategy Group

Both homebuilders and buyers see tough housing market

— Measures of construction have also softened as new, unsold homes on the market continue to rise





Sources: NAHB/Wells Fargo, University of Michigan, Census Bureau, and Experian Economic Strategy Group

Lending Activity Overview

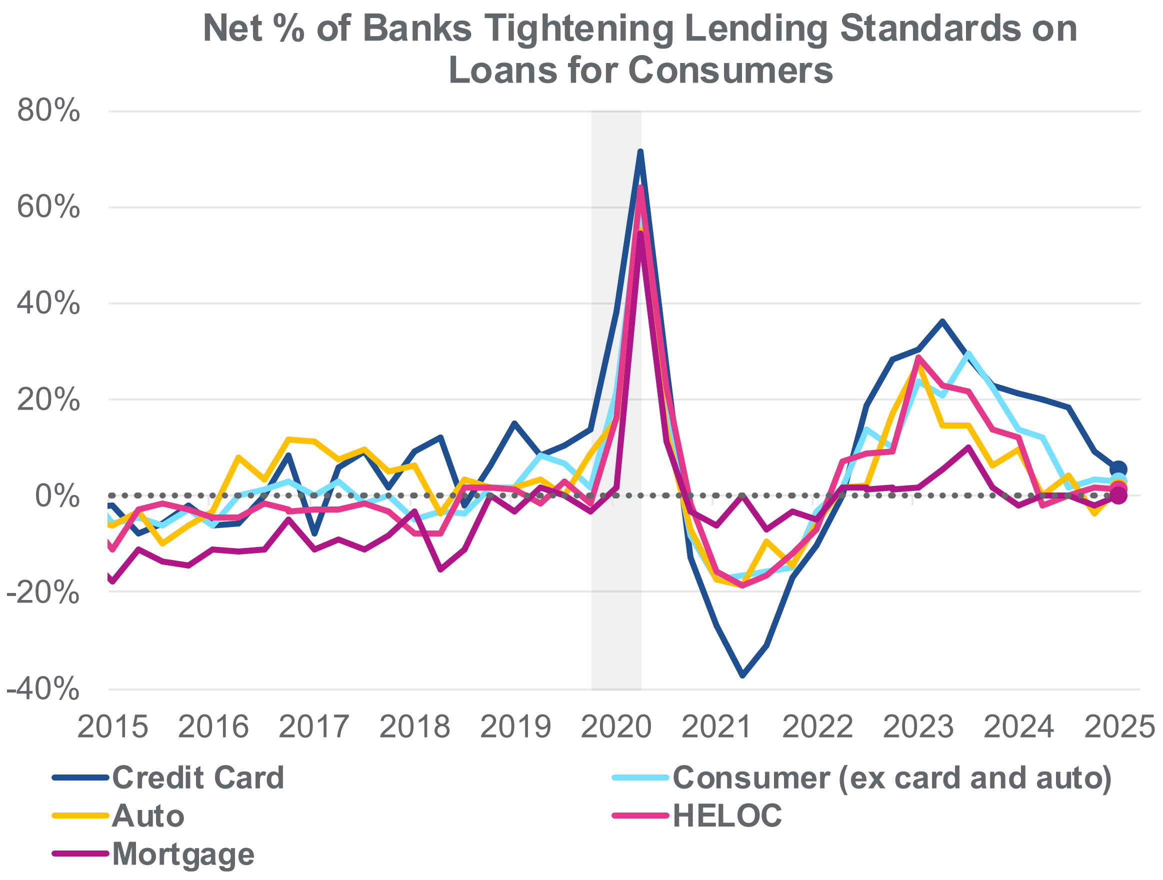
Charts on bank lending standards and credit demand, bank and credit union lending, Experian origination data by product, score and state, delinquency

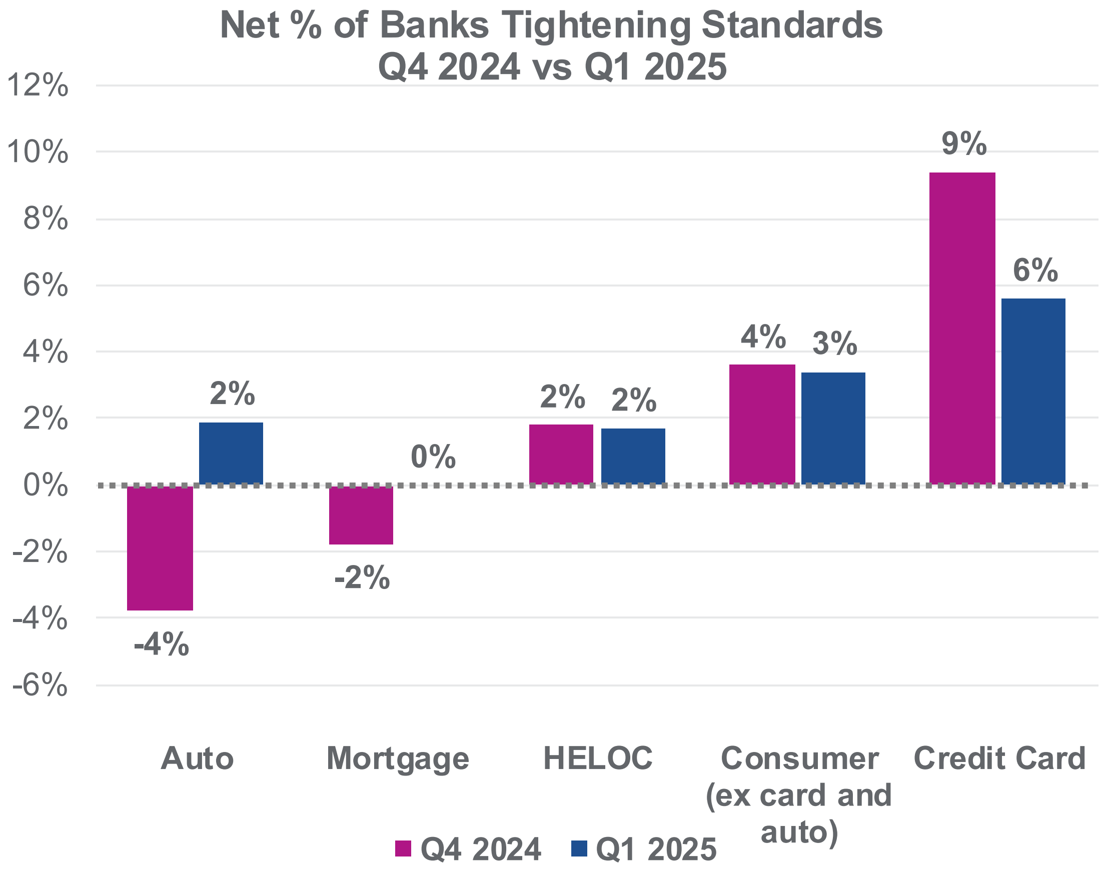
Key Takeaways: Credit growth

- **Overall lending activity remains constrained as the impact of tighter lending standards and elevated interest rates continues to weigh on the market.** Lending standards continued to tighten in the first quarter of 2025 and may be poised to remain tighter for longer as financial institutions grapple with elevated economic uncertainty, the potential for higher inflation, and early signs of weakness in the labor market.
- Credit growth at banks is running well below the pre-pandemic average but has improved slightly off the lows of 2024. **The improvement has been driven, in part, by lending to non-bank financial institutions rather than growth in core lending products.** Year-over-year growth in both revolving (mainly credit cards) and non-revolving consumer credit has declined in the first half of 2025.
- Origination activity picked up somewhat as of May, with the largest improvement driven by unsecured personal loans. **Credit card lending improved somewhat as well, as secured cards – which are primarily a credit building product – have seen a significant increase in originations.**
- **Delinquency across products is generally stabilizing or trending lower, especially in credit card and unsecured personal loans.** However, 90+ delinquency for student loans have spiked as reporting has resumed and many borrowers have not been making payments.

Standards continue to tighten across most products

— After loosening for the first time in nearly 3 years in Q4 2024, standards for autos tightened again in Q1 2025

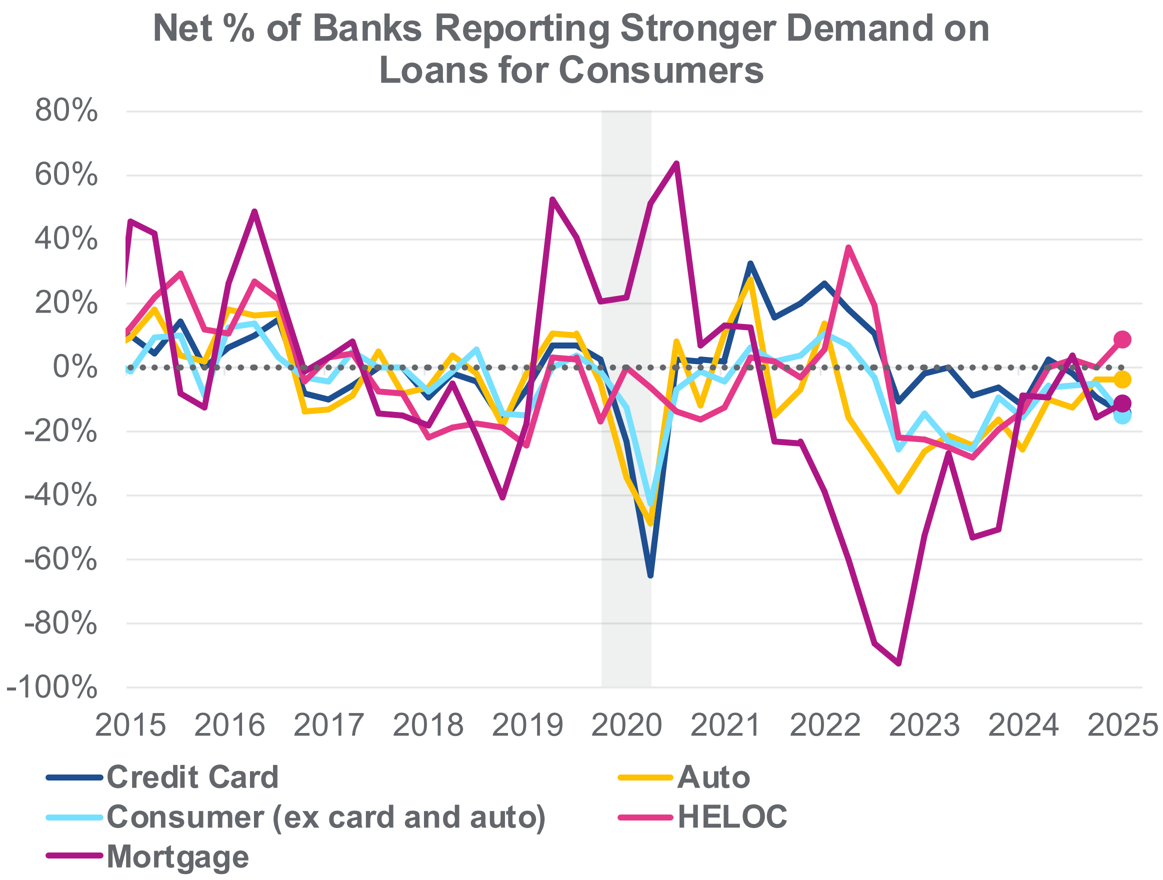


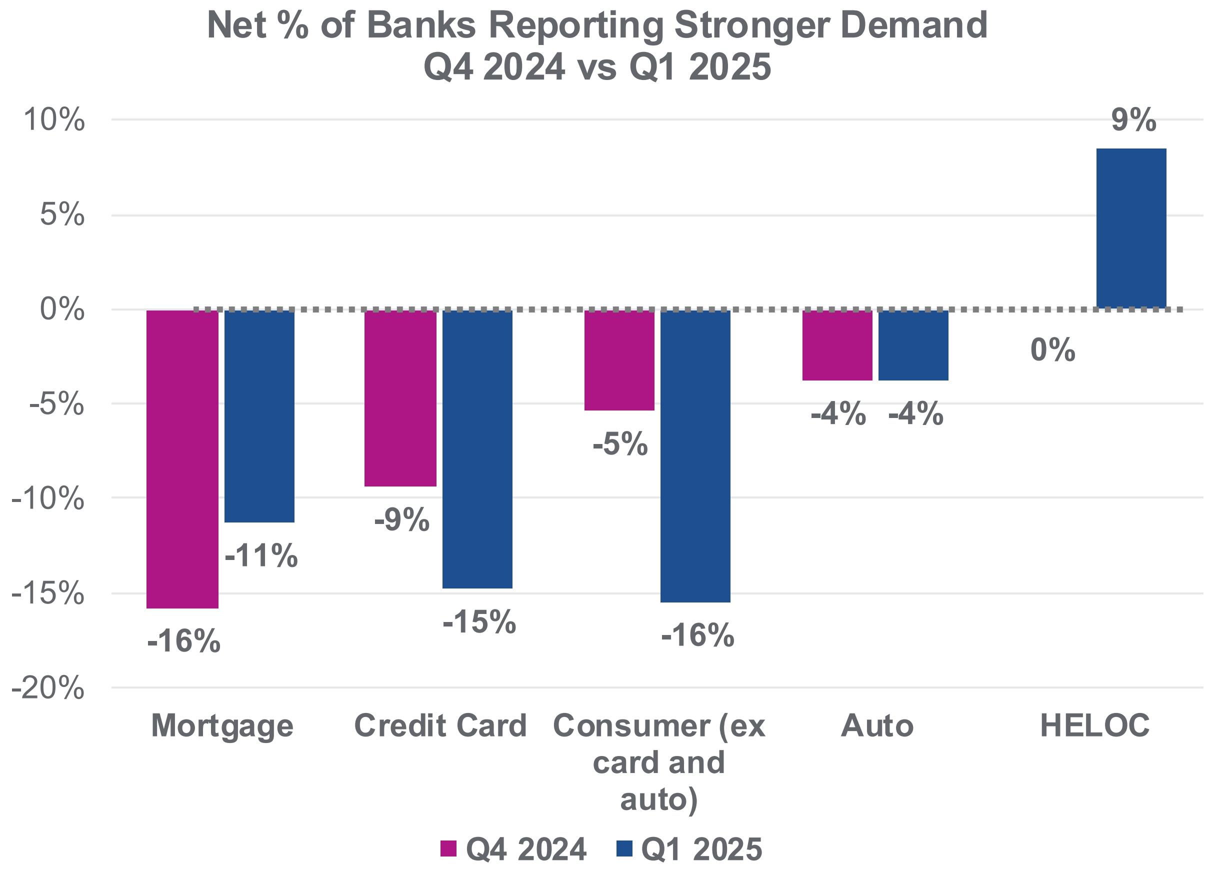


Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

Banks reporting weaker demand for credit cards and consumer loans

— HELOC is one area demand is picking up

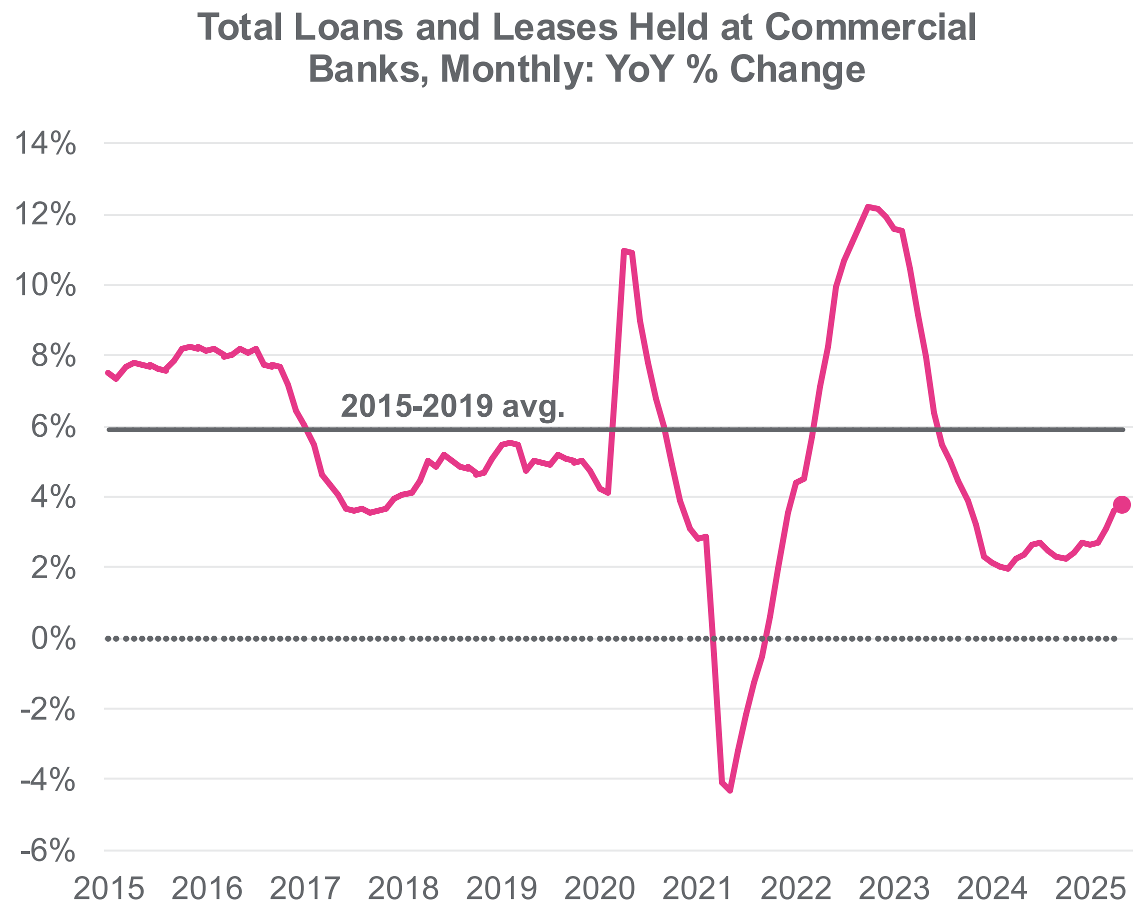


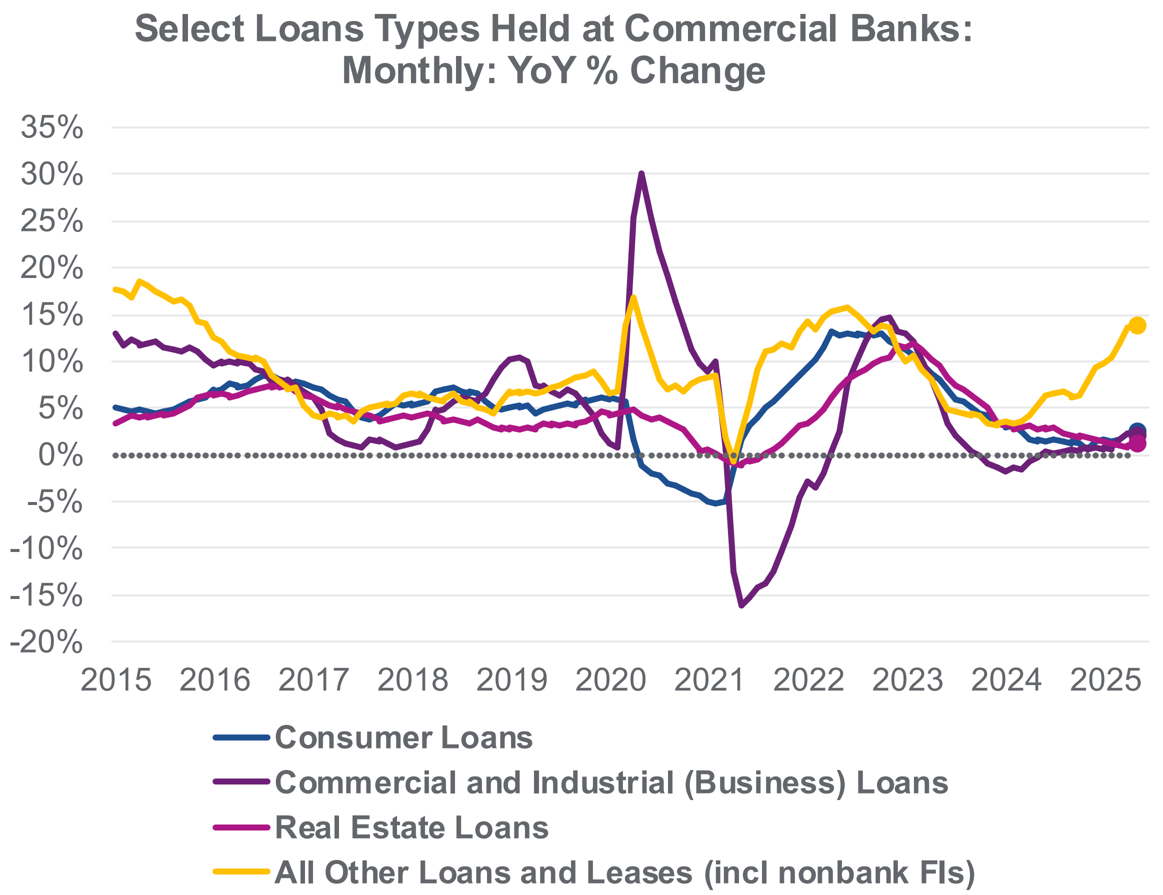


Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

Credit growth at banks remains subdued but has improved from 2024

— However, improvement is being fueled in part by a rise in lending to nonbank financial institutions

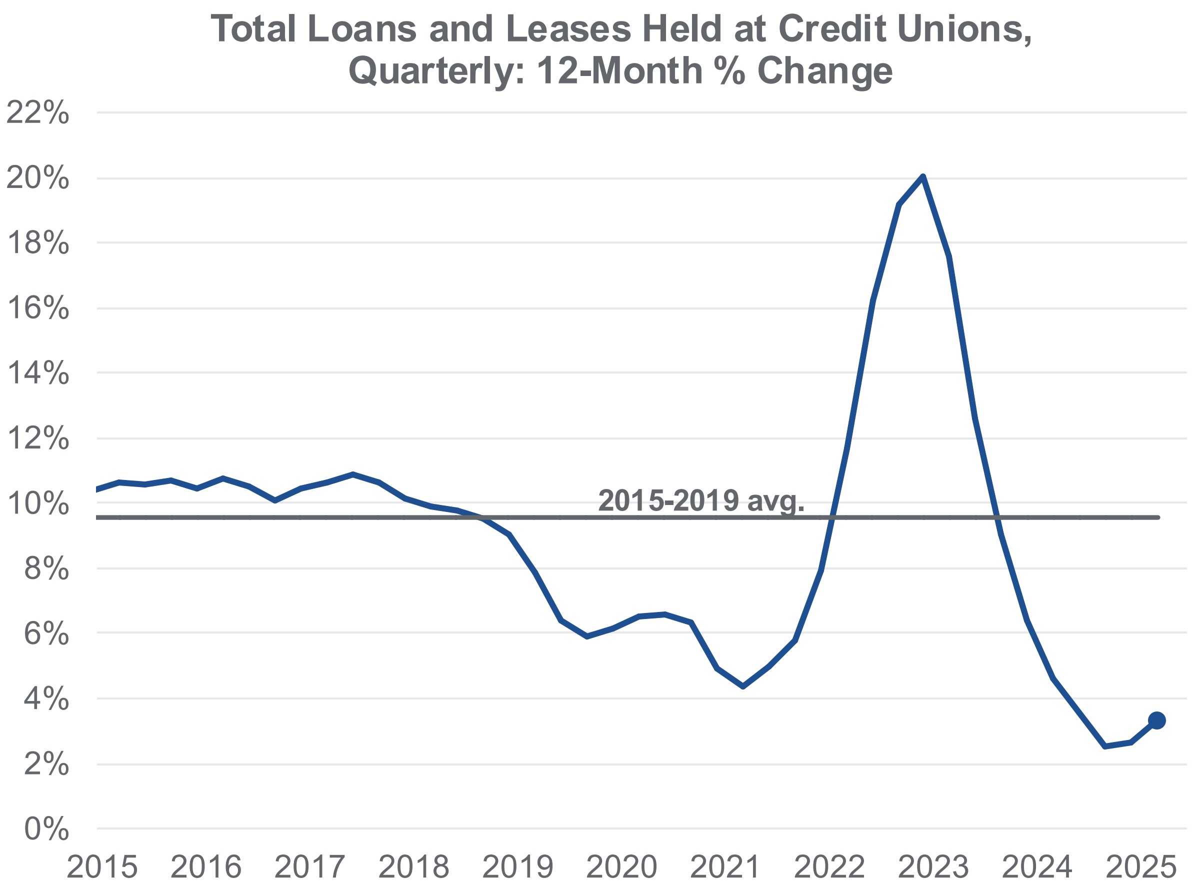


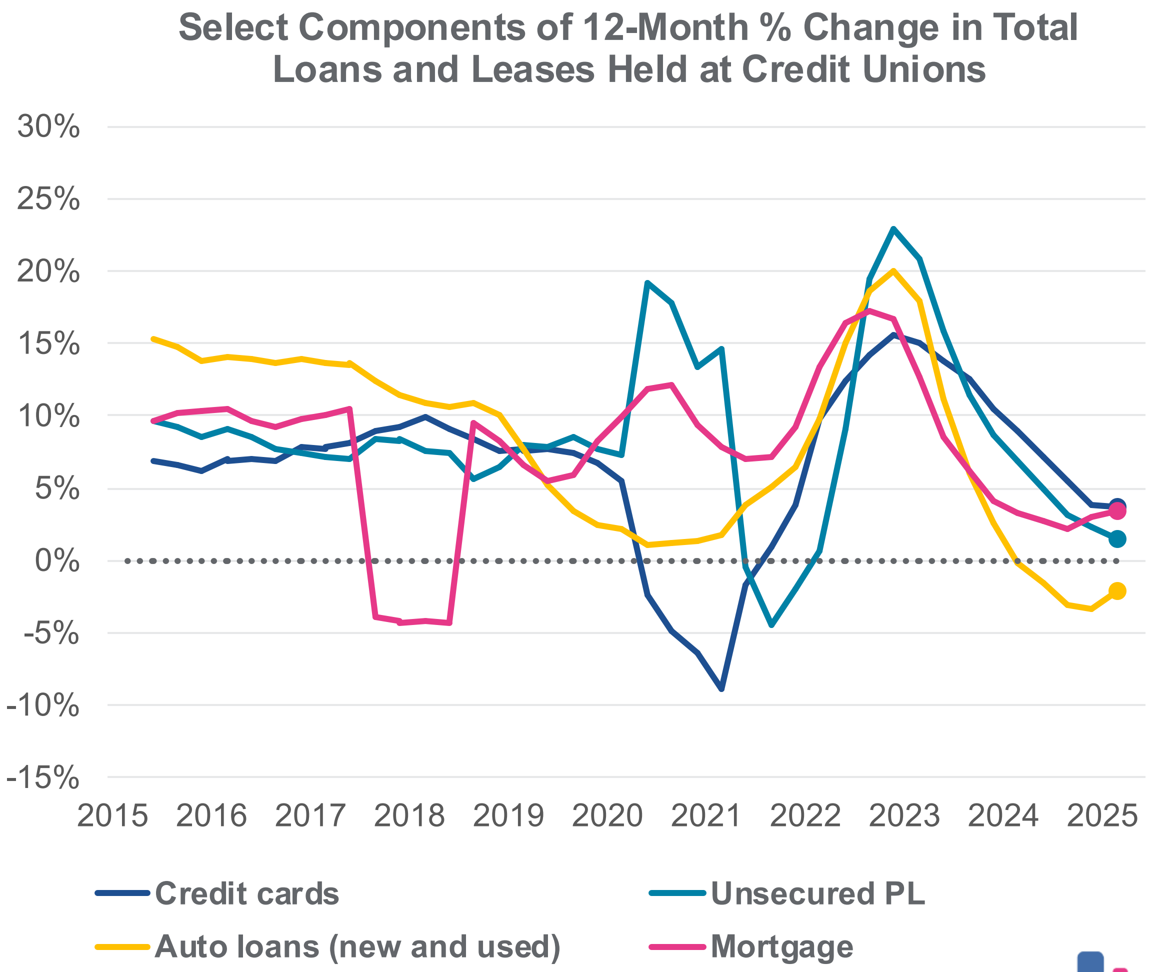


Source: Federal Reserve H.8 and Experian Economic Strategy Group

Credit union lending growth improves slightly in Q1 2025

— Auto lending continues to decline

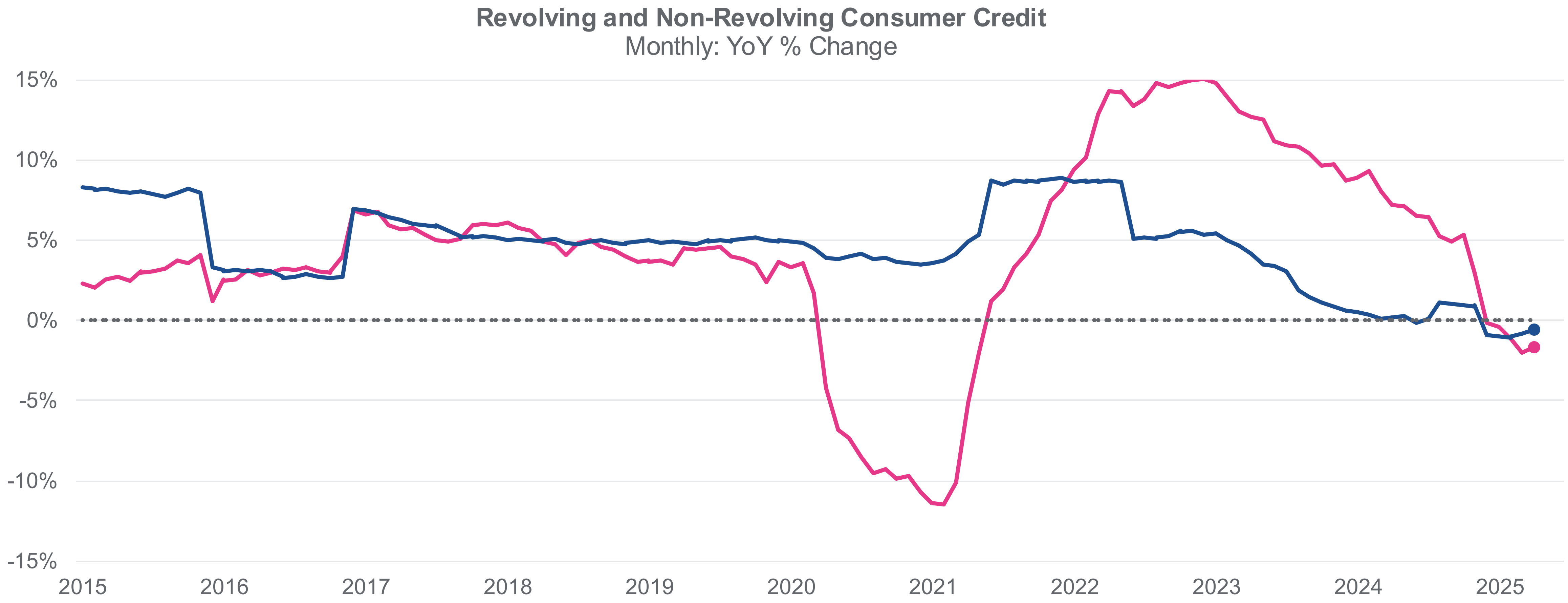




Source: National Credit Union Administration and Experian Economic Strategy Group

Growth in revolving and non-revolving consumer credit declining

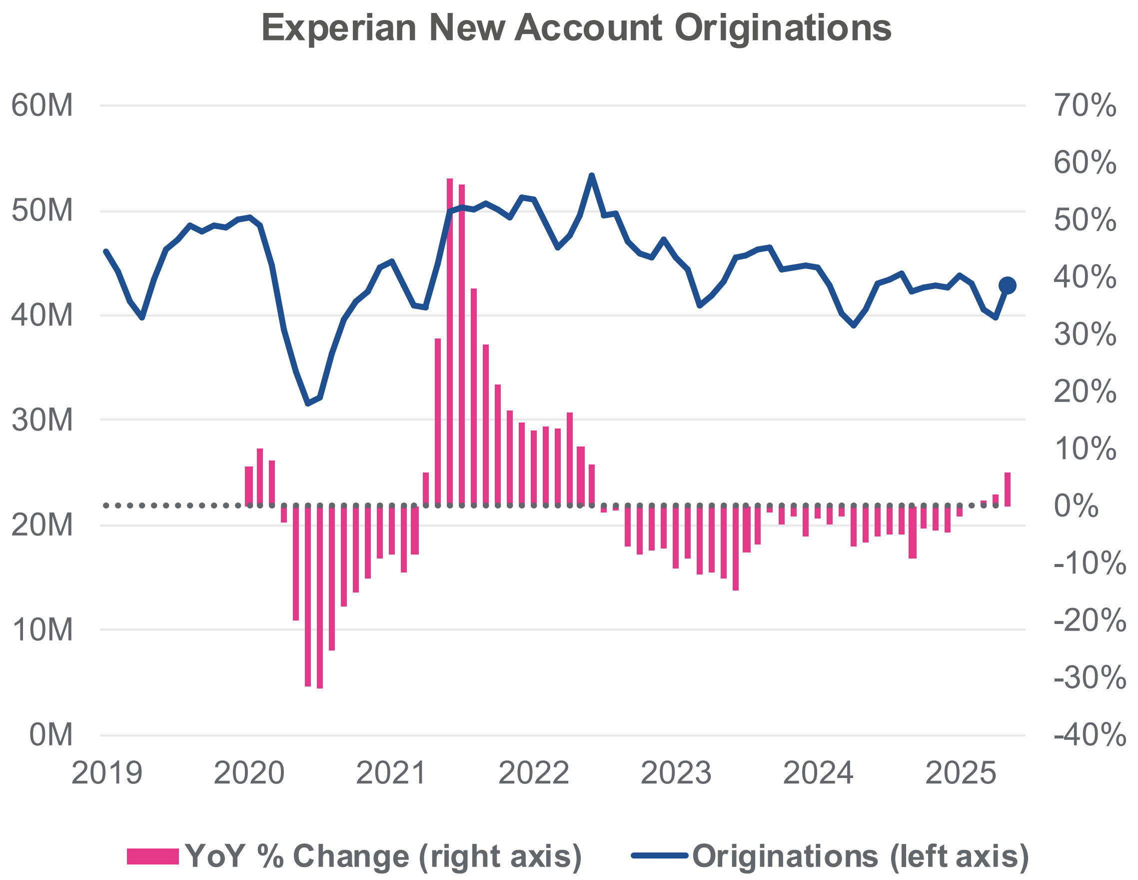
— Credit activity continues to be constrained by tight lending standards and elevated interest rates

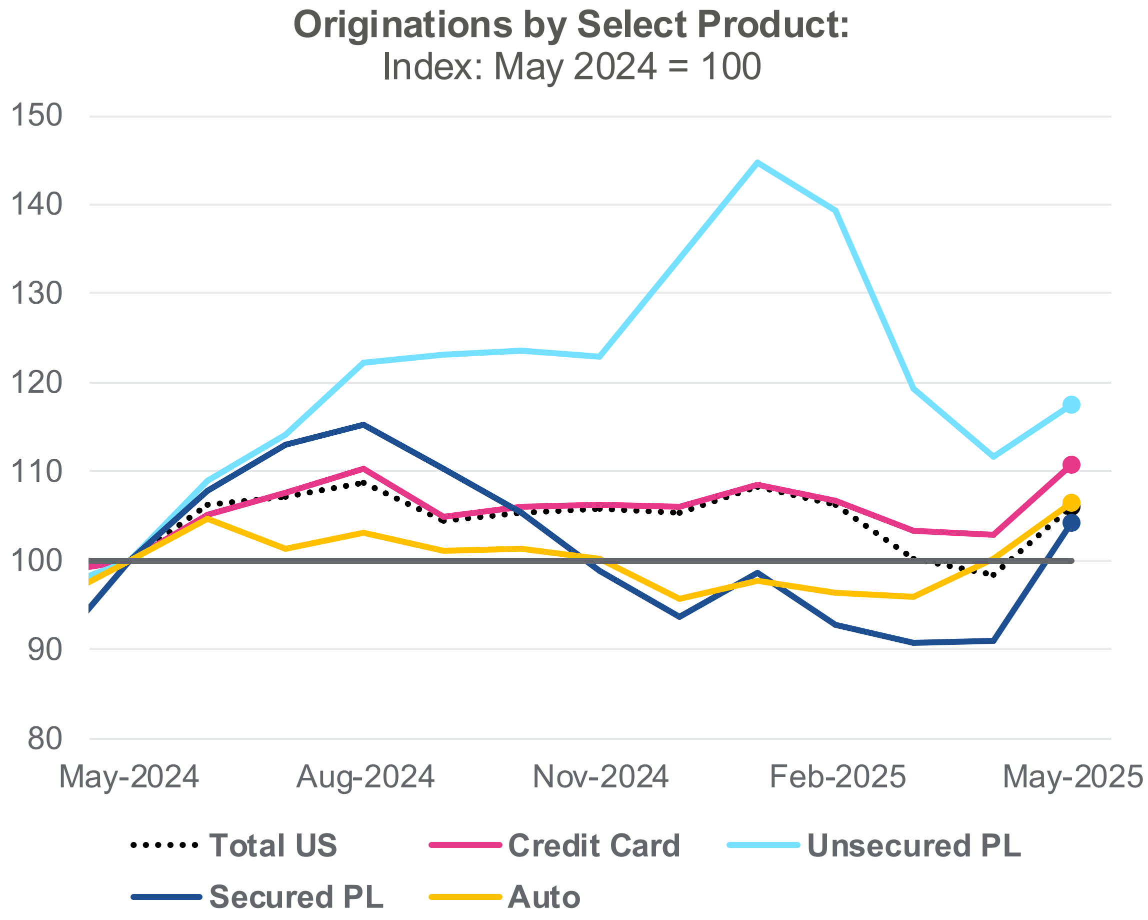


Source: Federal Reserve and Experian Economic Strategy Group

Originations improving somewhat in Q2 2025

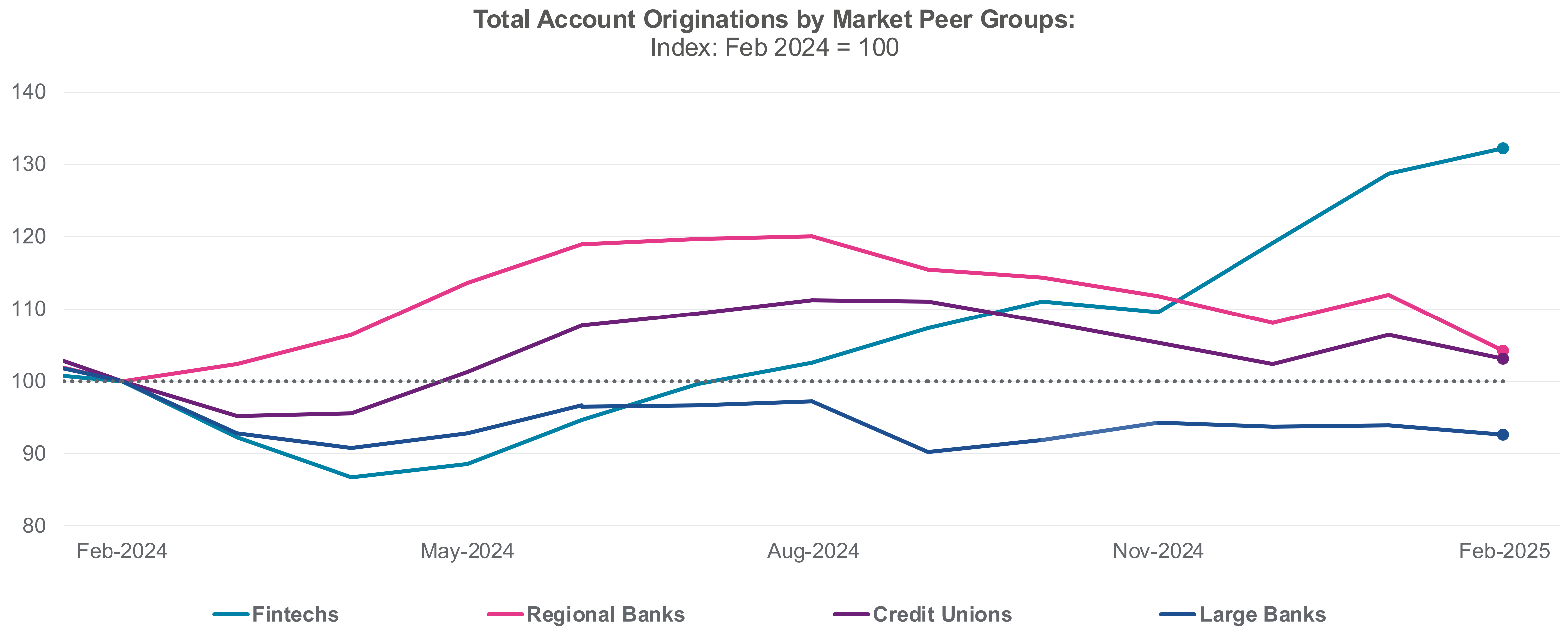
— Unsecured personal loans continue to post solid year-over-year growth





Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025) and Experian Economic Strategy Group

Fintechs continue to see strongest origination growth

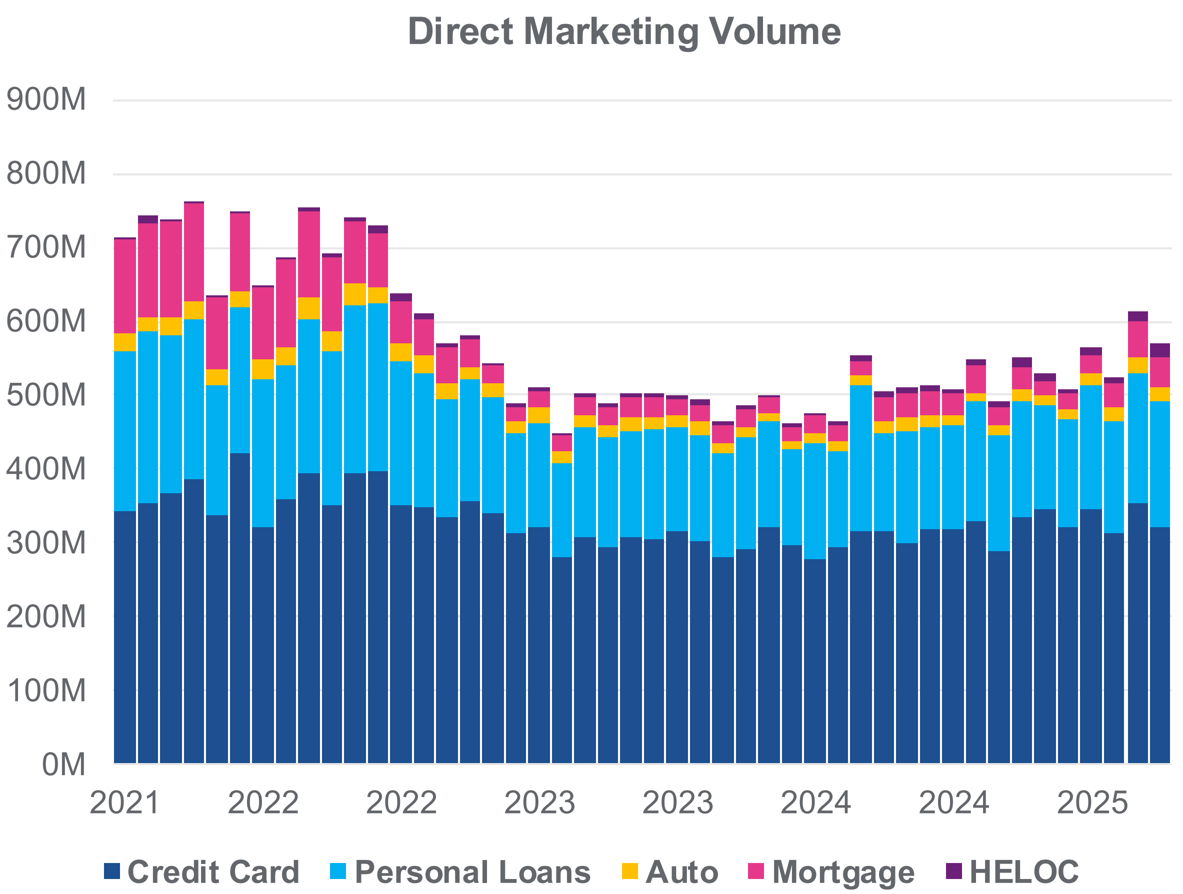


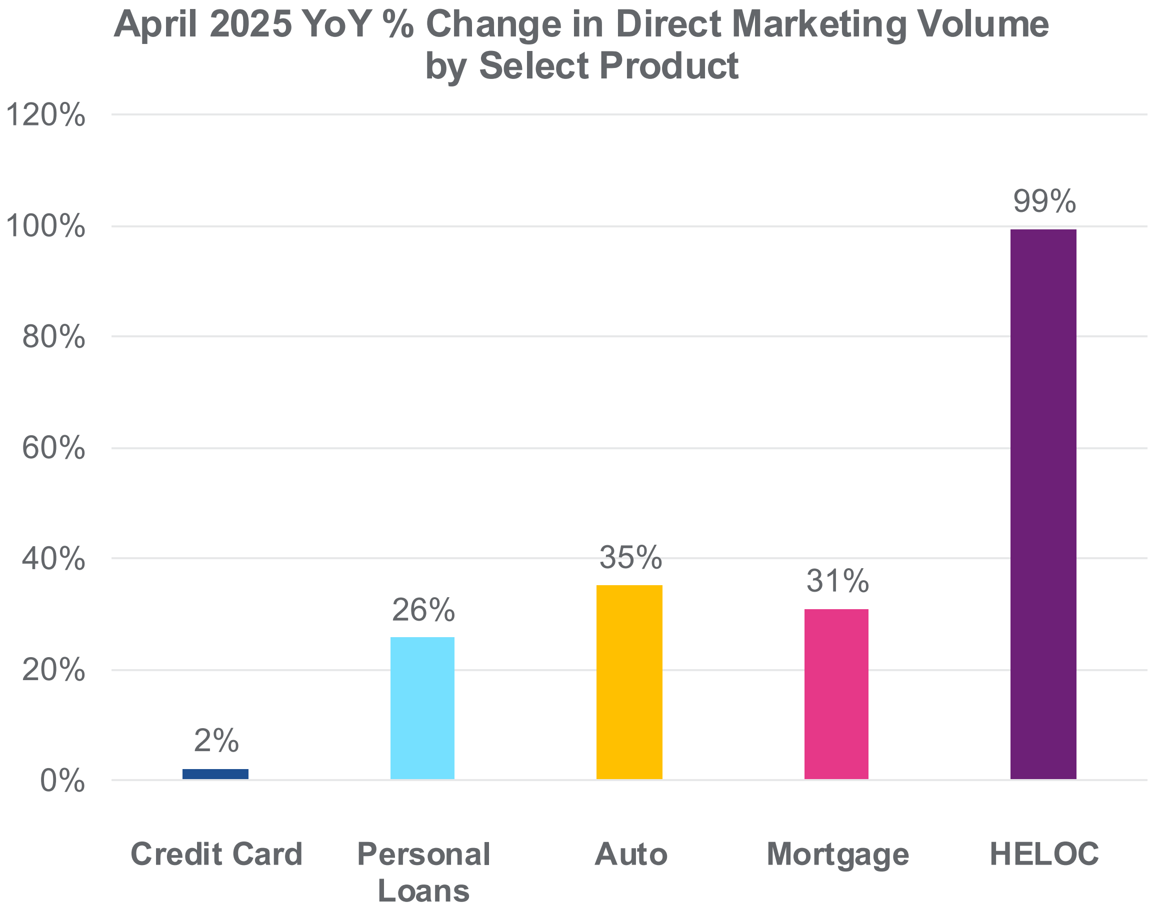
Note: Data is only through February 2025 as Peer Market Comparisons have a three-month, hold-back period

Sources: Experian Sandbox - Credit Trends Dashboard, and Experian Economic Strategy Group

Direct mail market volumes continue to trend higher

— Credit card marketing rose slightly over the year in April 2025, big pickup in HELOC

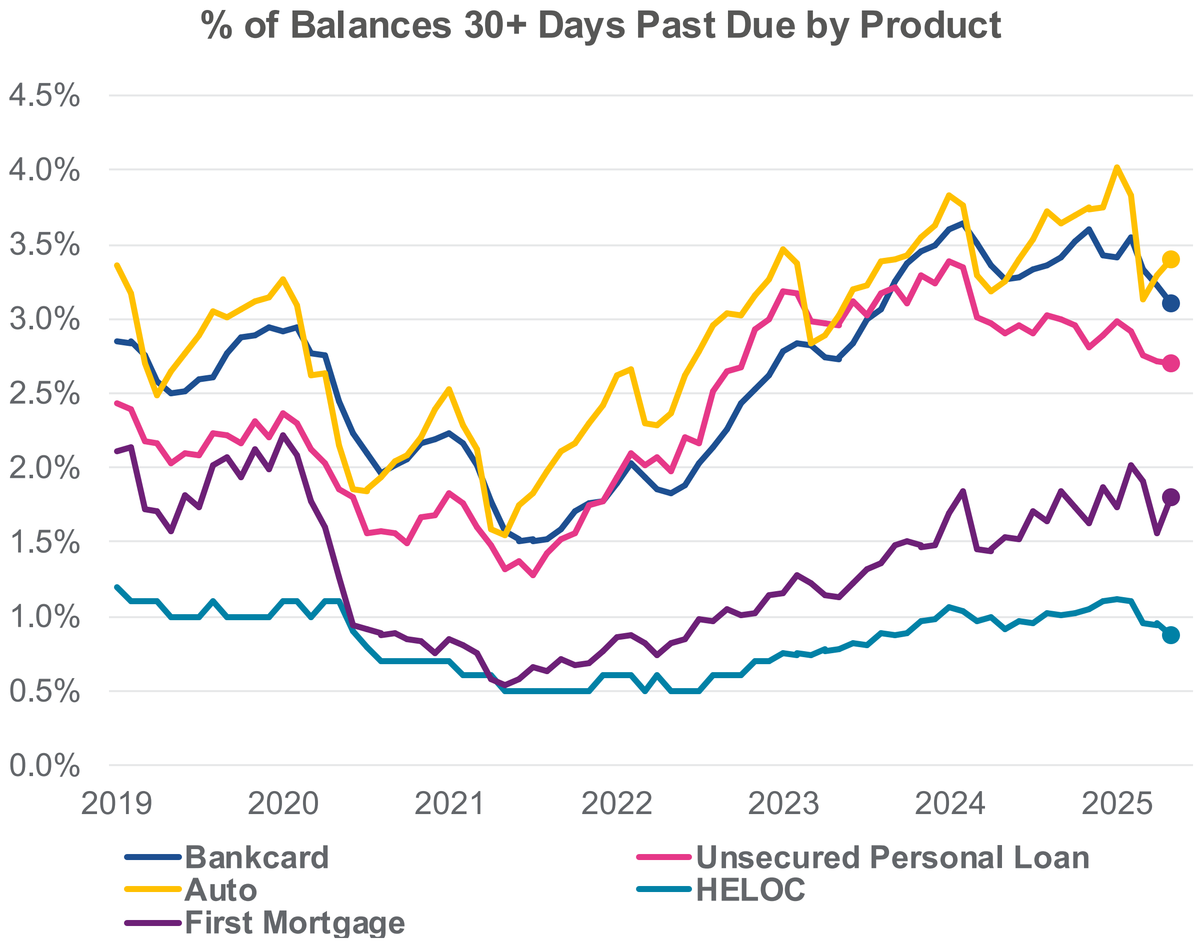


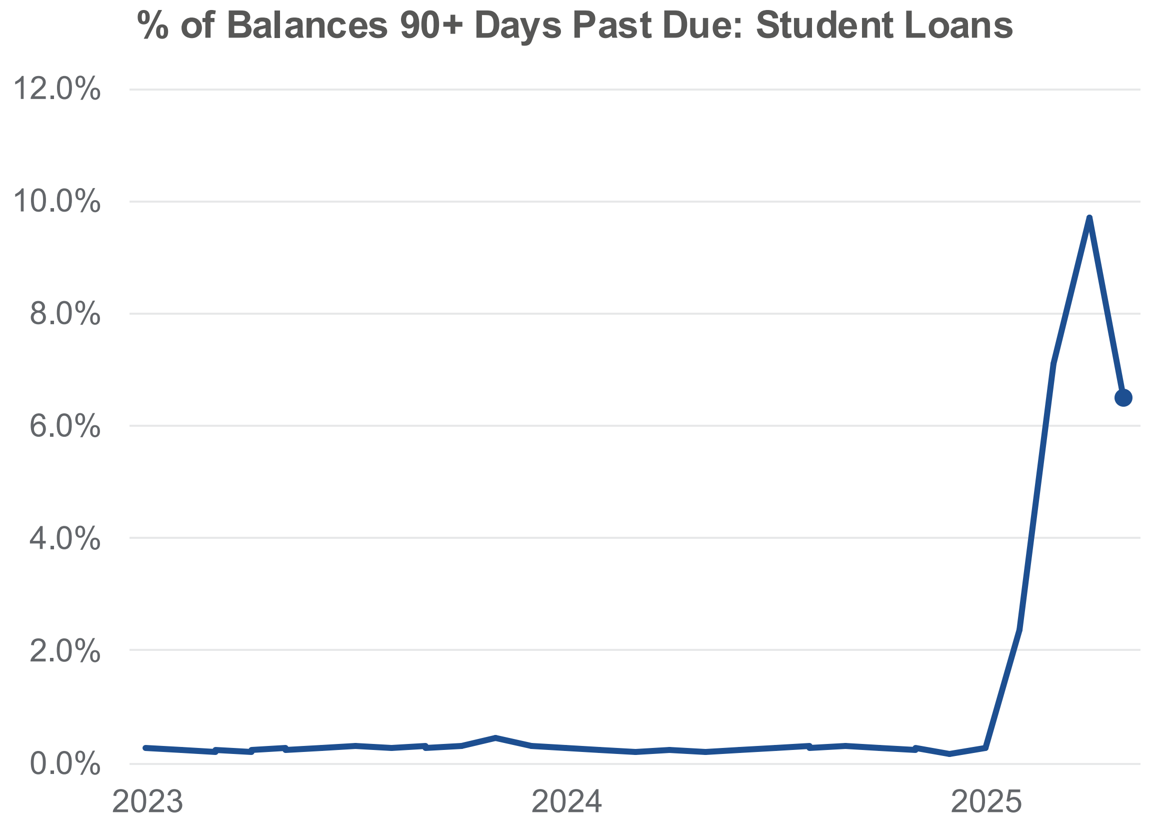


Source: Mintel and Experian Economic Strategy Group

Delinquency stabilizing or trending lower across most products

— Exception remains in student loans where 90+ delinquency has spiked as reporting has resumed





Sources: Experian Ascend Market Insights Dashboard (data through May 2025), and Experian Economic Strategy Group

Anecdotes on lending activity around the country

Conditions and outlook remain mixed across the districts

"Activity in the broad finance sector continued to decline modestly. Small-to-medium-sized banks reported that loan demand weakened across the board. **One New York banker noted that tariff uncertainty had put deal activity on hold**..."

— New York

"**Community banks noted tighter standards for commercial lending, particularly in industries affected by tariffs.** Both loan originations and deposits slowed moderately, leaving loan-to-deposit ratios unchanged. **Delinquencies and loan loss allowances ticked up, but contacts reported continued strength in the credit quality of loan applicants and customers**."

— Atlanta

"**Financial institutions continued to report steady demand for most loan types**, and modest increases in demand for commercial real estate loans. **One respondent noted that borrowers did not see current market disruptions as permanent**, so they were continuing to move forward, albeit cautiously**.**"

— Richmond

"Bankers across the District reported that, despite delinquency rates being relatively low, **they expect consumer and commercial delinquencies to increase in upcoming months due to continued stress for consumers and expectations of a weaker economy.**"

— St. Louis

"**Banking contacts reported an uptick in activity, good credit quality, and the ability to attract deposits**. One contact reported that some clients have put credit facilities on pause and identified the **minor uptick in delinquencies in residential mortgages as an area to monitor**."

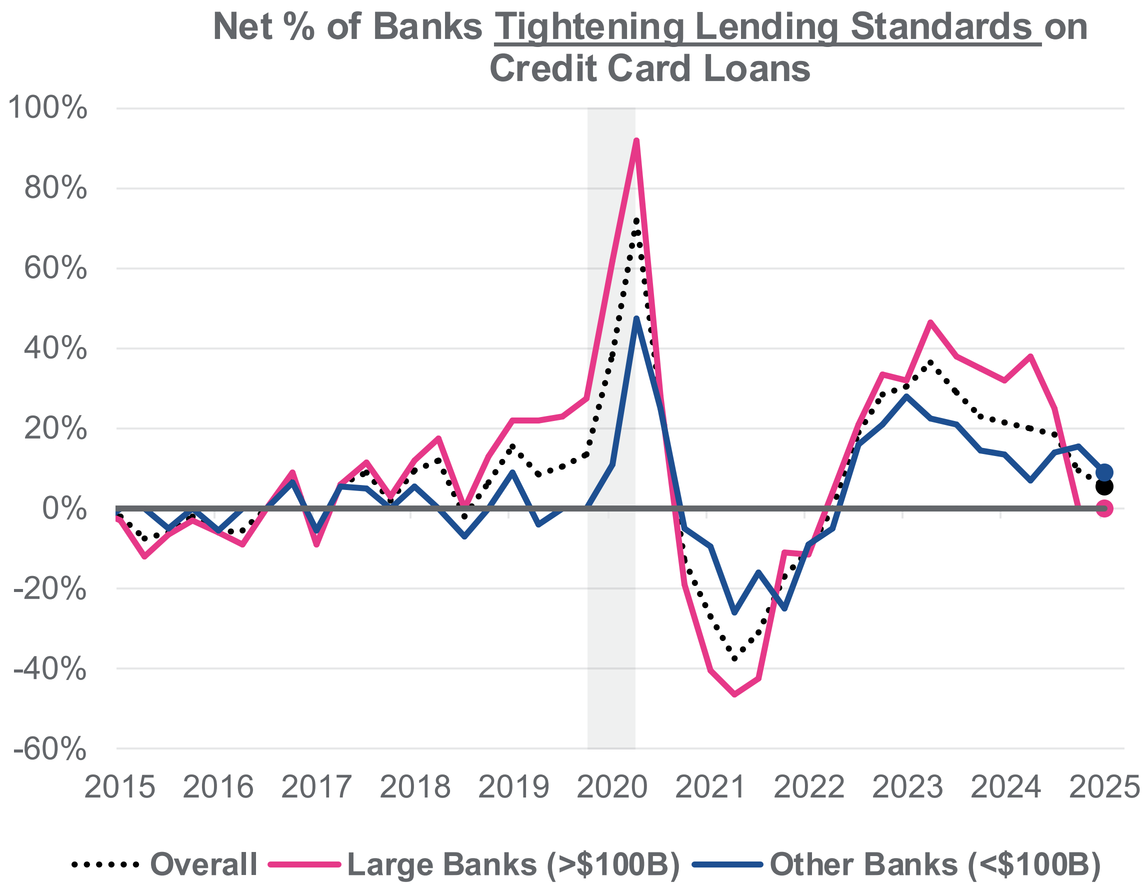
— Philadelphia

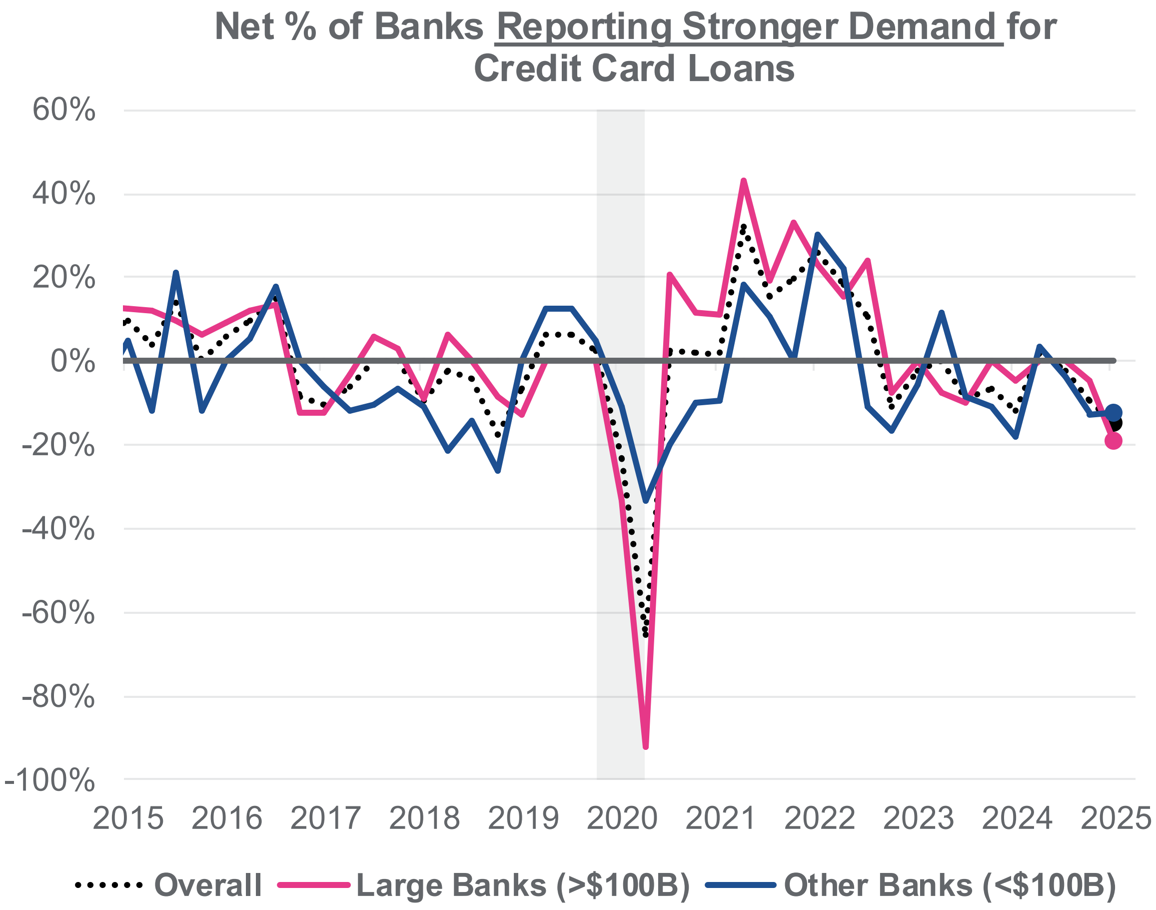
Source: Federal Reserve May 2025 Beige Book and Experian Economic Strategy Group

Credit Cards

Smaller banks continue to tighten standards for credit cards

— Reported demand weakening across banks

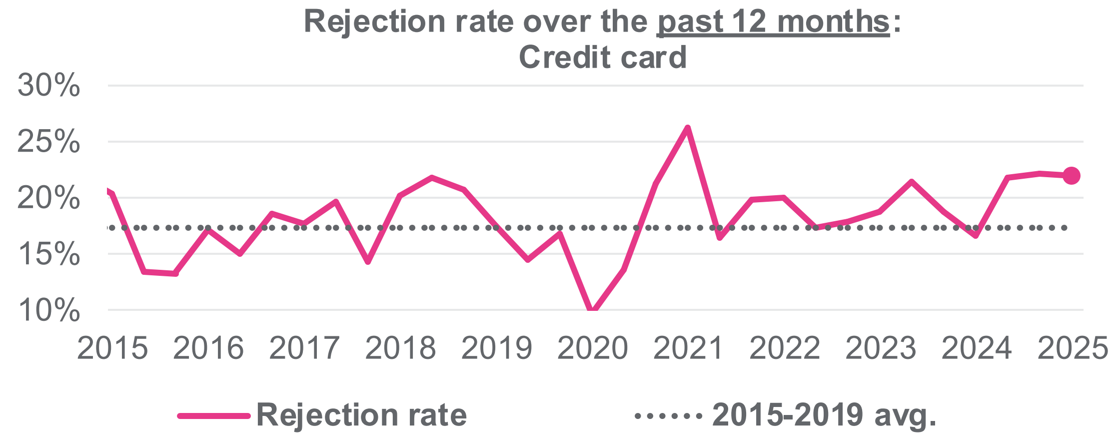


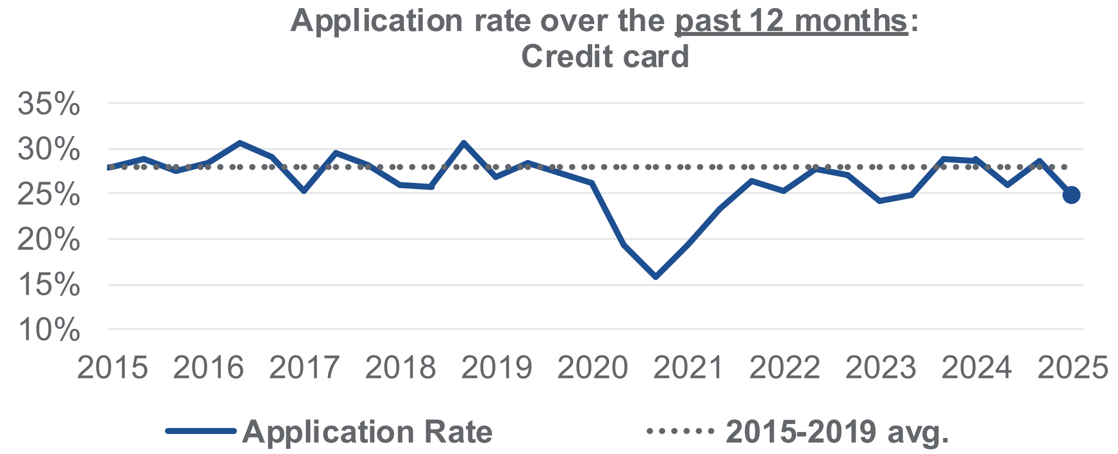


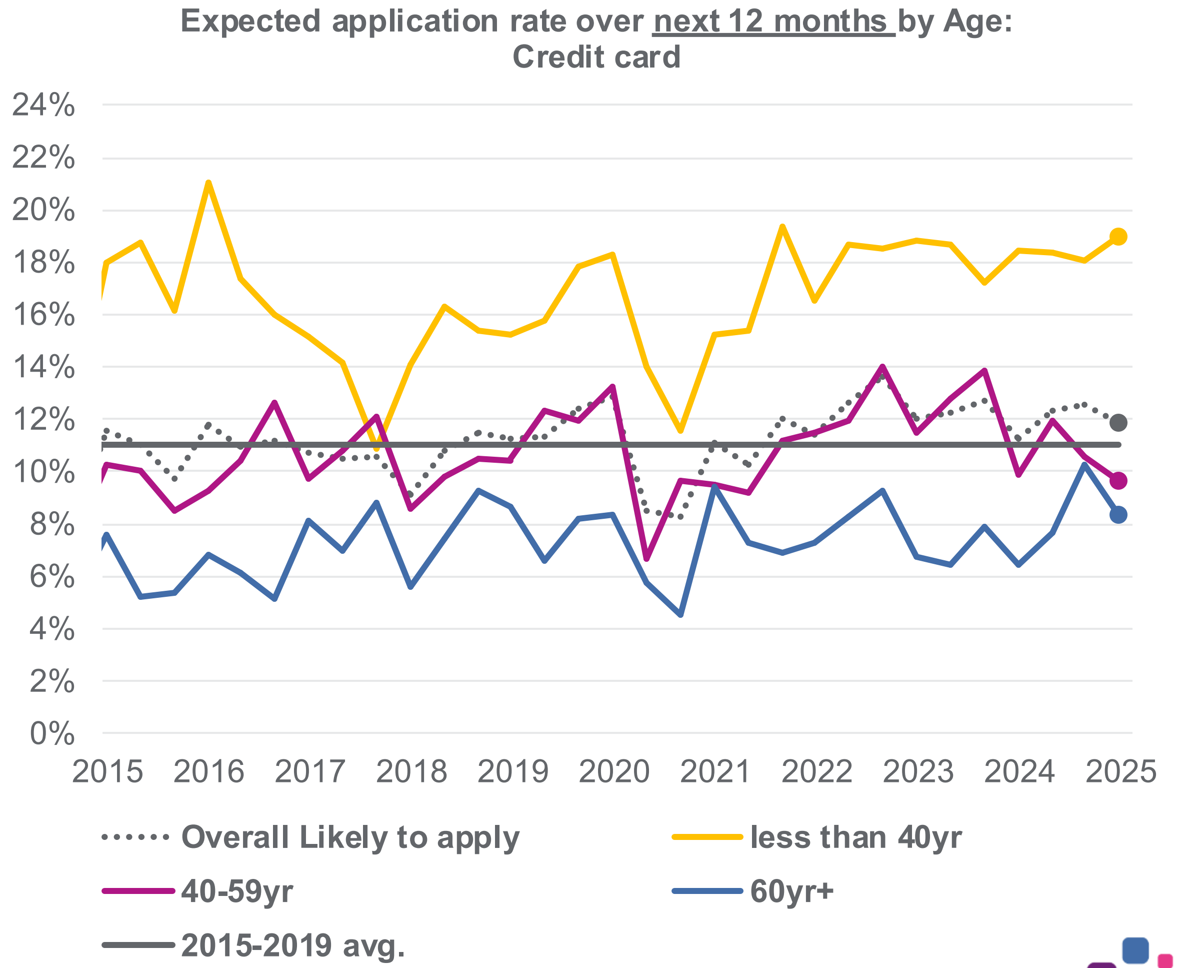
Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

Credit card rejection rates are elevated

— Expected application rate for credit card picked up for younger borrowers



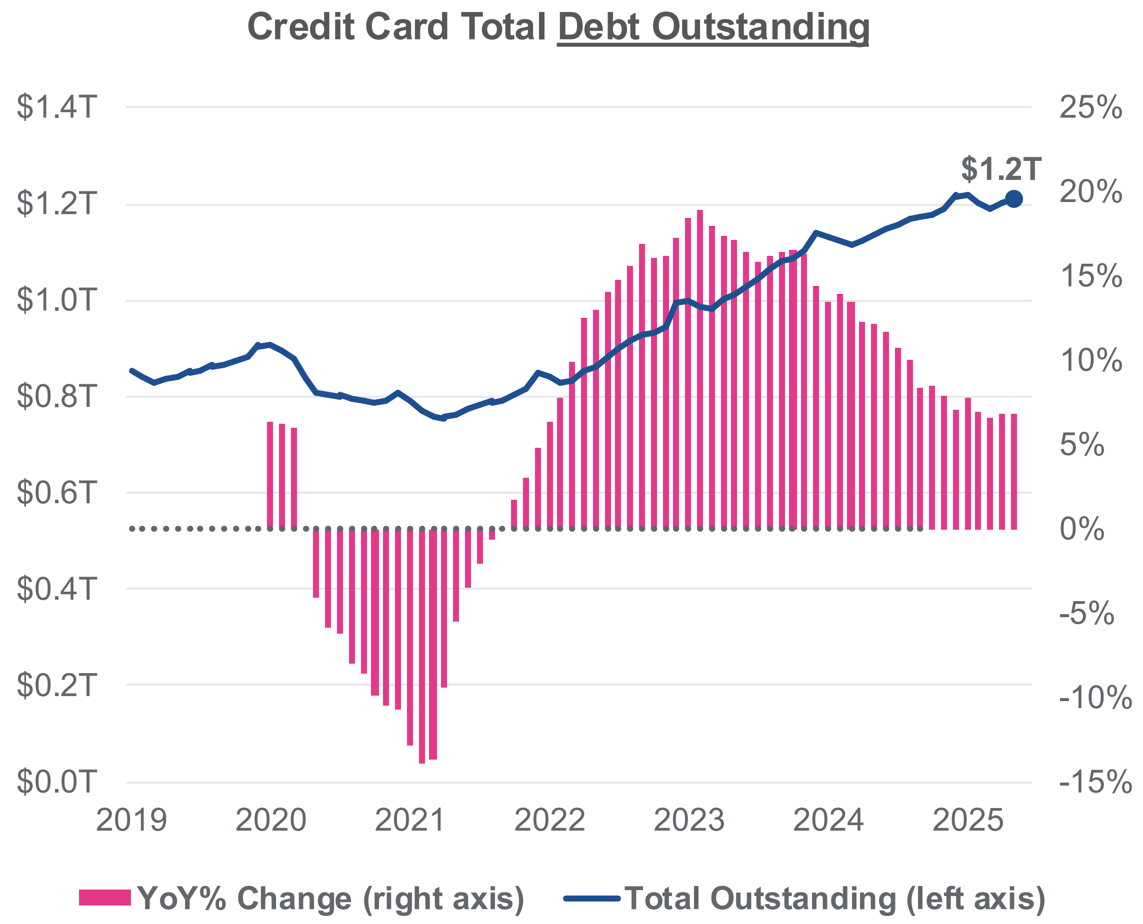


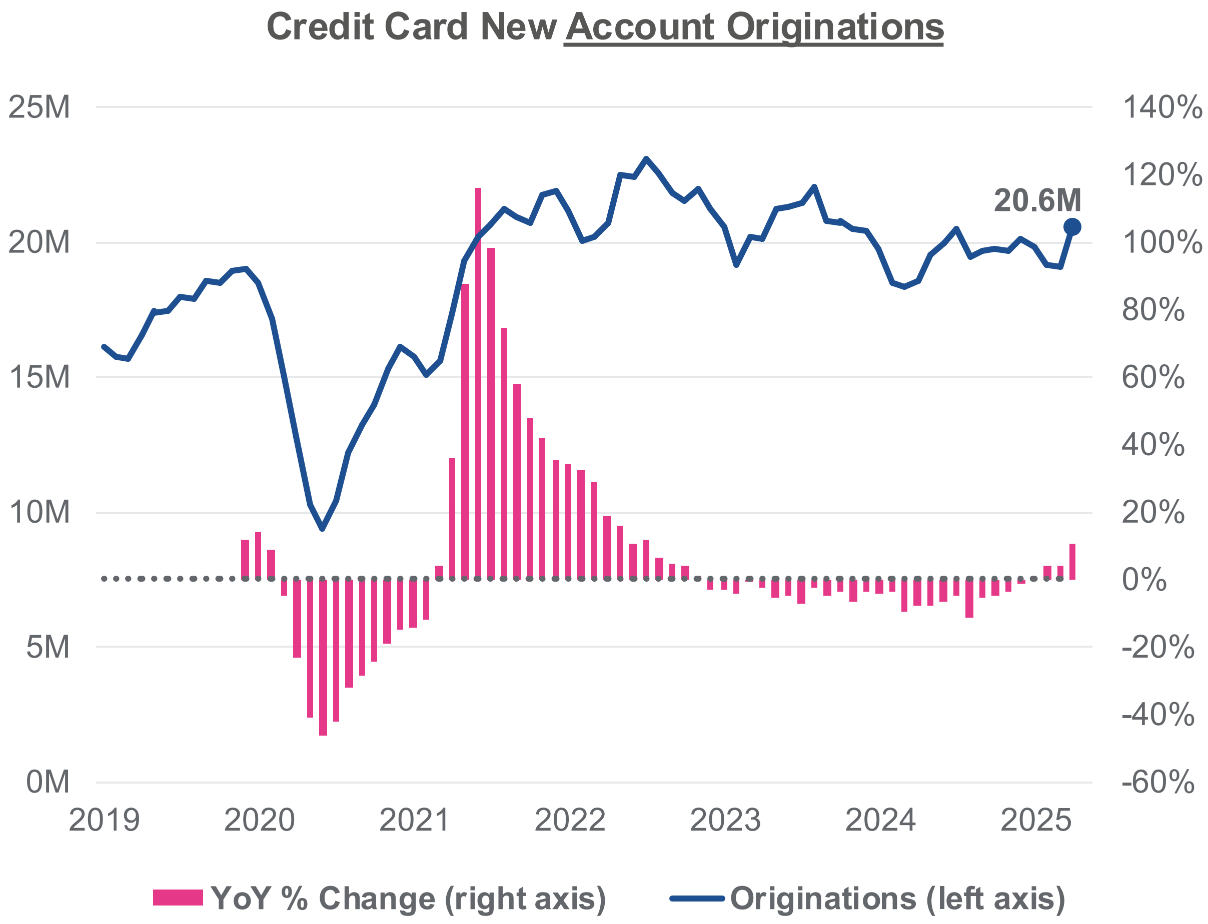


Sources: New York Federal Reserve and Experian Economic Strategy Group

Growth in overall credit card debt flat over past quarter

— YoY growth in new card originations beginning to tick up

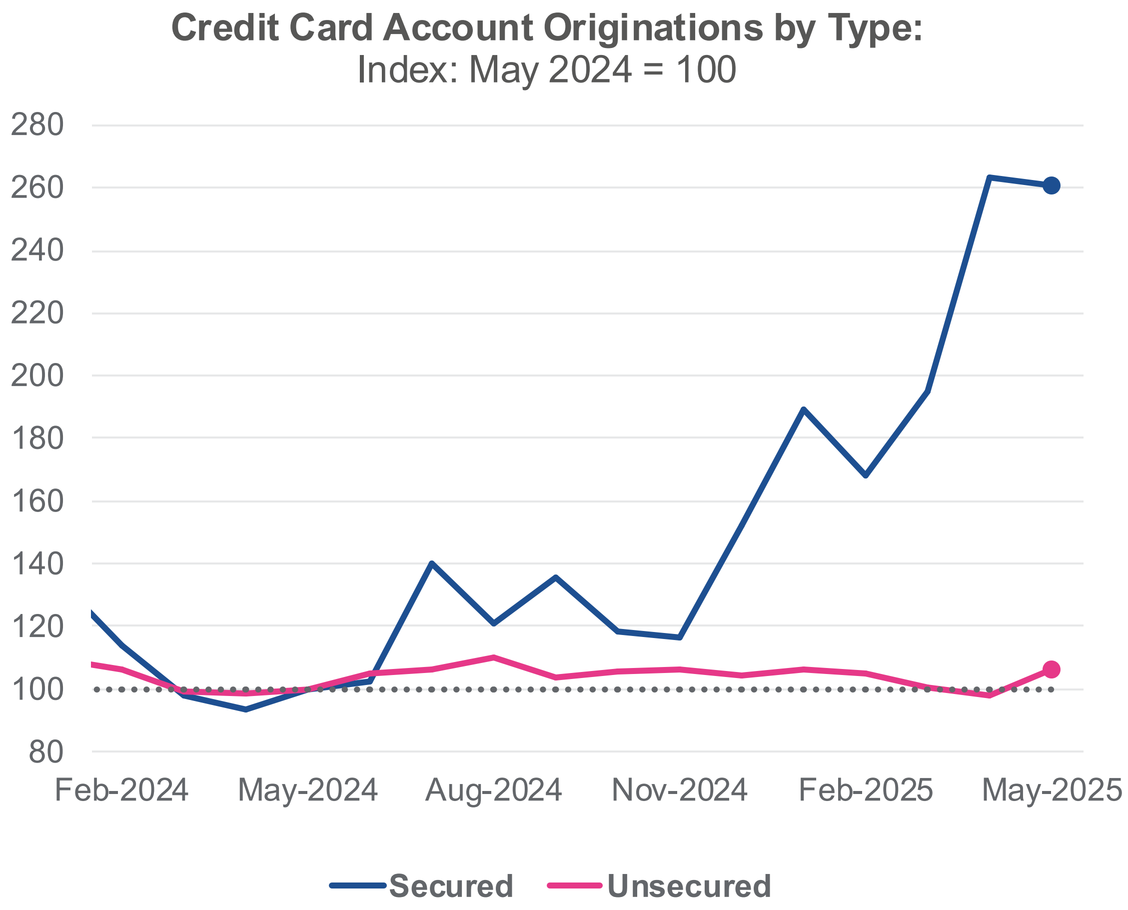


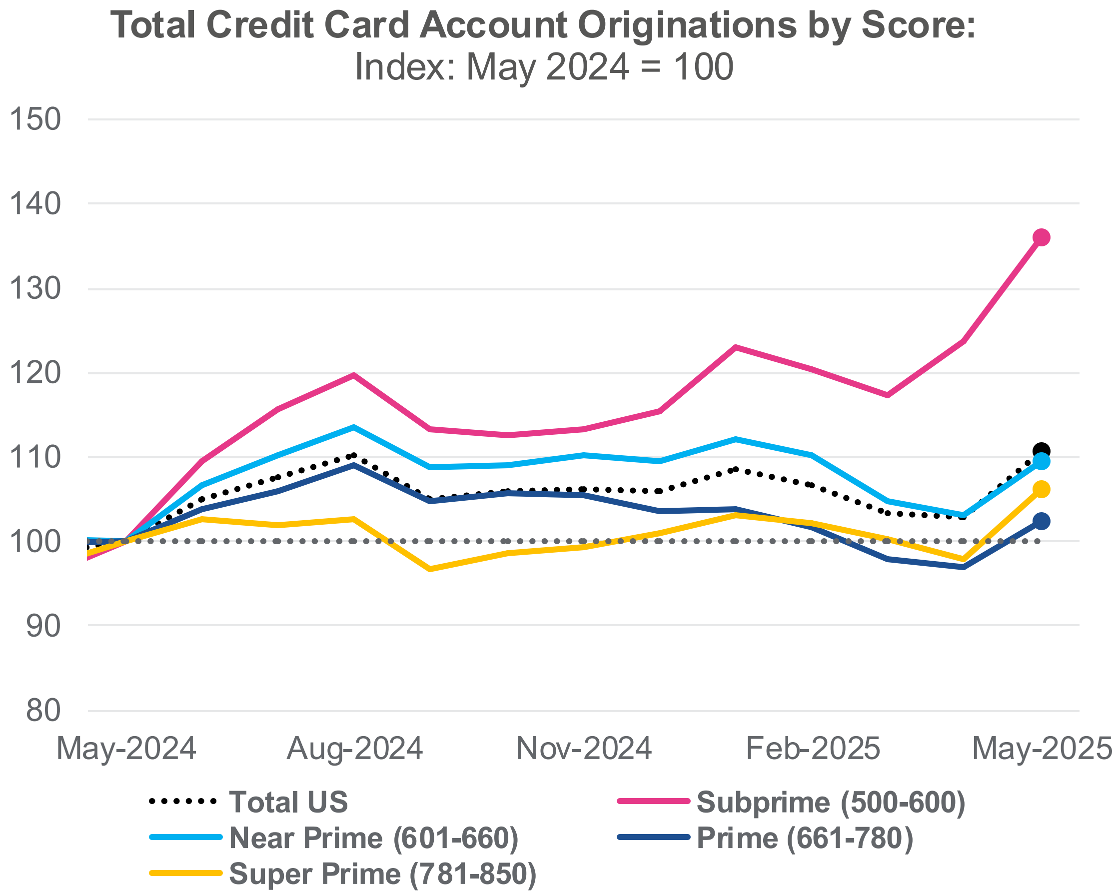


Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

Pickup in originations driven by large increase in secured card

— Greatest YoY increase in card originations for subprime borrowers

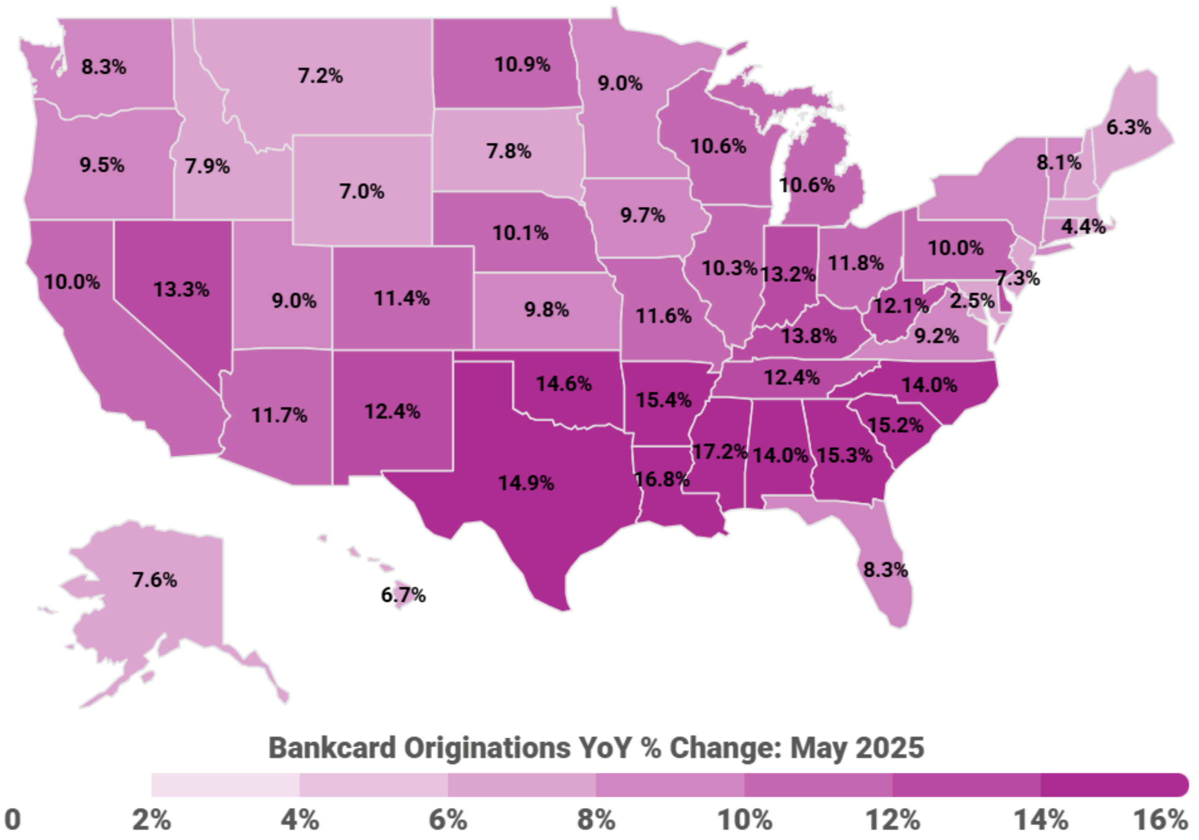




Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

Credit card originations by state

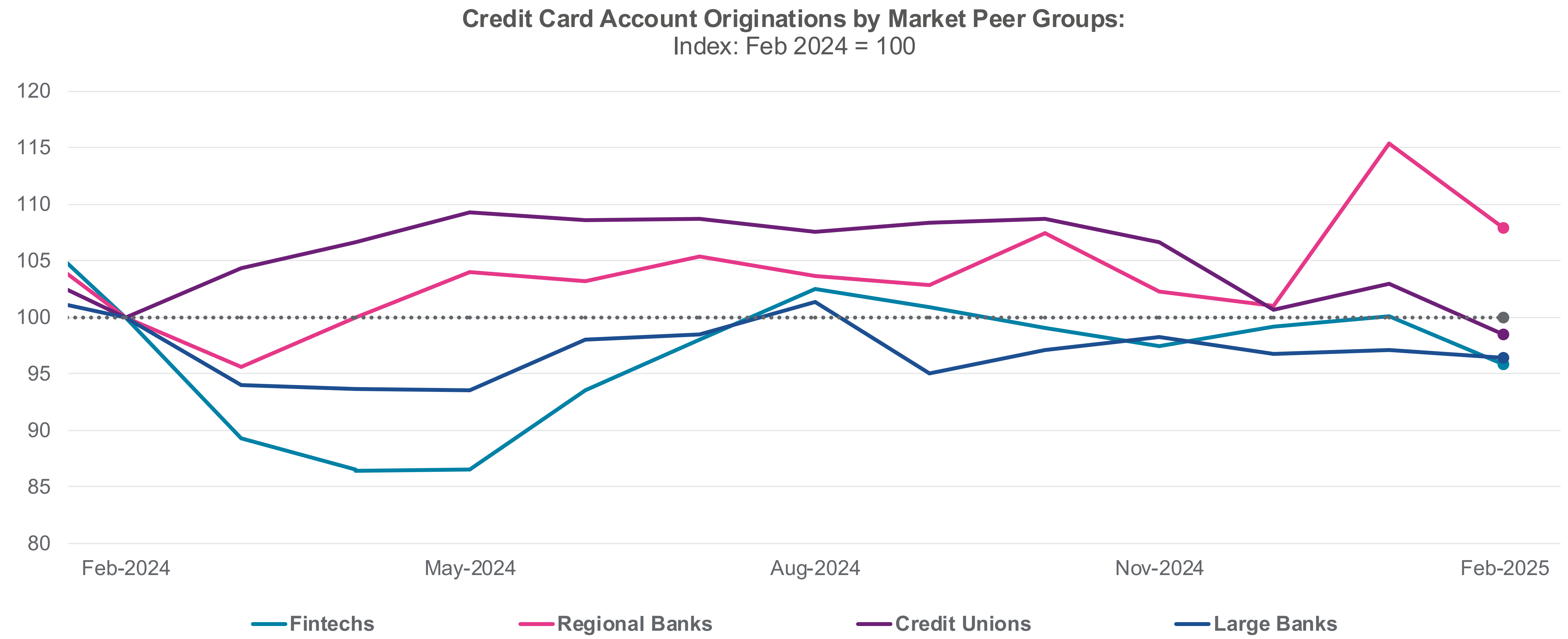
— Card originations increased across all states over the past year



State	YoY % Change
Highest	
Mississippi	+17.2%
Louisiana	+16.8%
Arkansas	+15.4%
Lowest	
D.C.	+2.5%
Rhode Island	+4.4%
Maine	+6.3%

Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

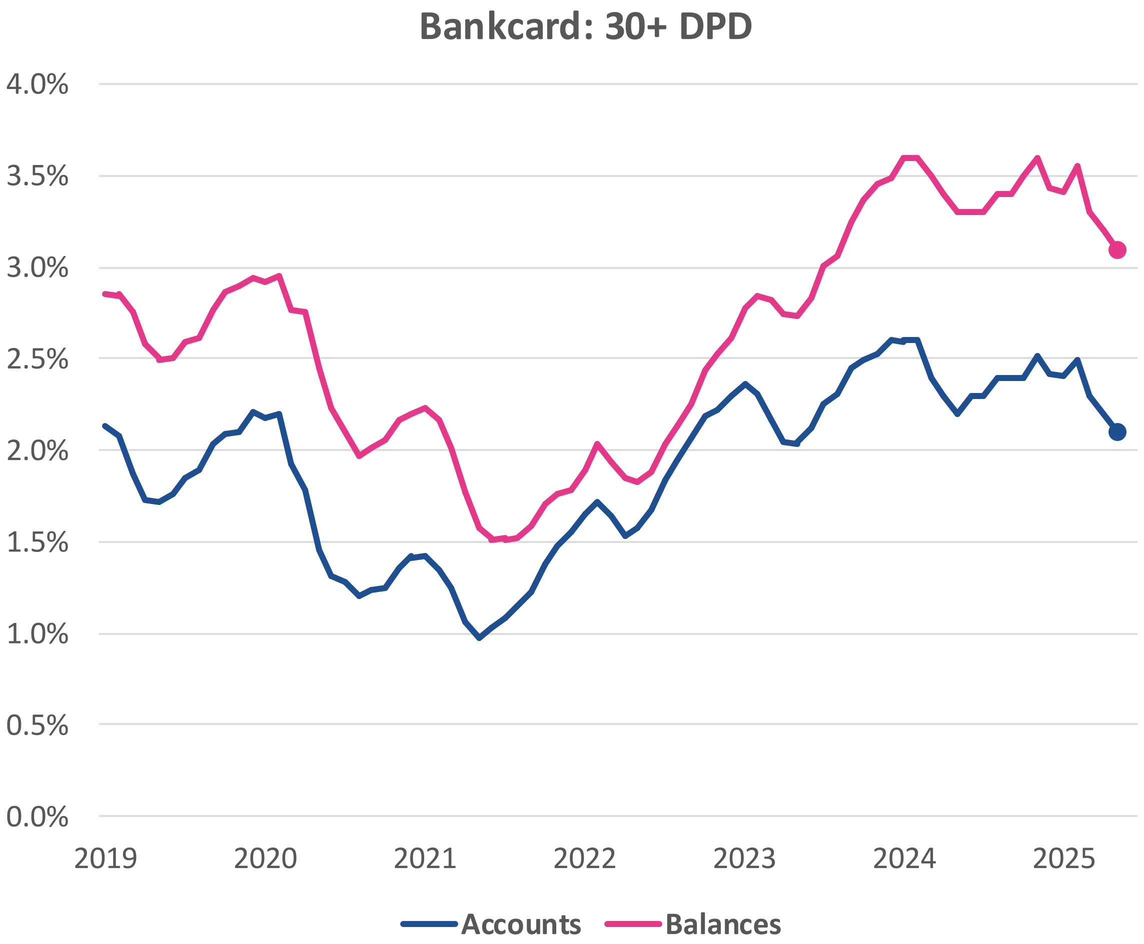
YoY card origination growth increasing most in regional bank segment

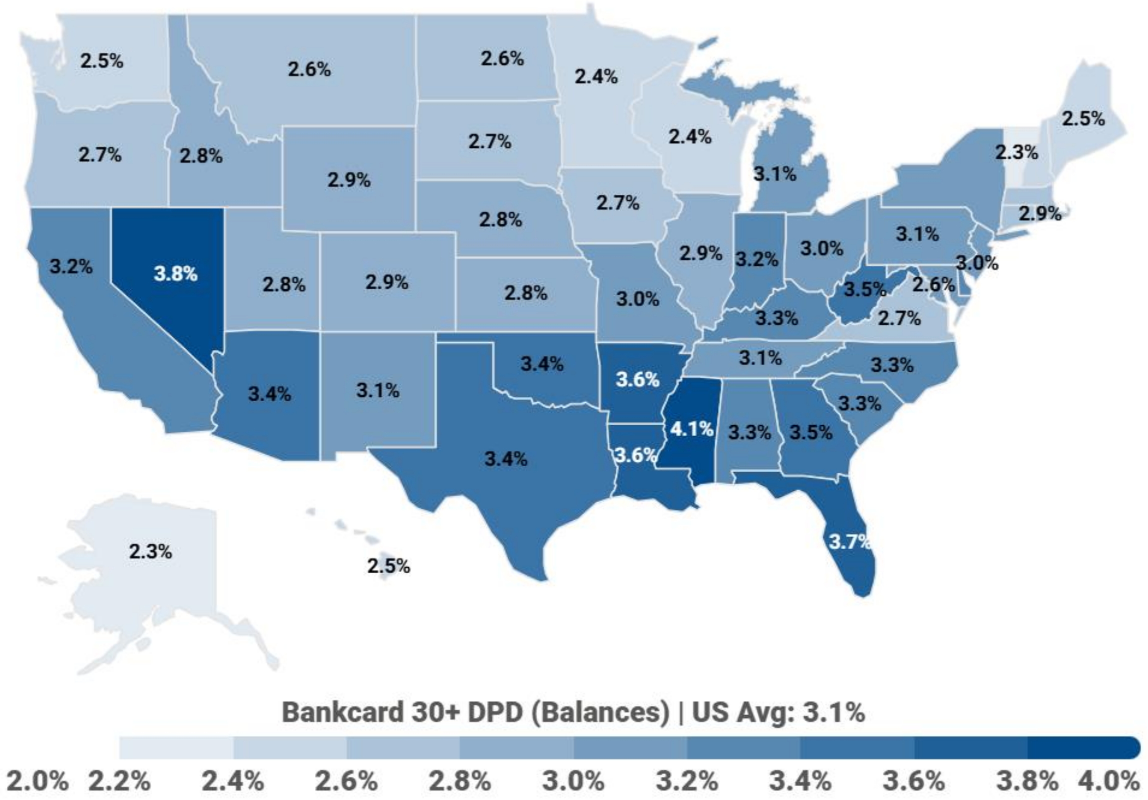


Note: Data is only through February 2025 as Peer Market Comparisons have a three-month, hold-back period
Sources: Experian Sandbox - Credit Trends Dashboard and Experian Economic Strategy Group

Credit card delinquencies down over past quarter

— Highest delinquency concentrated in the southern U.S.



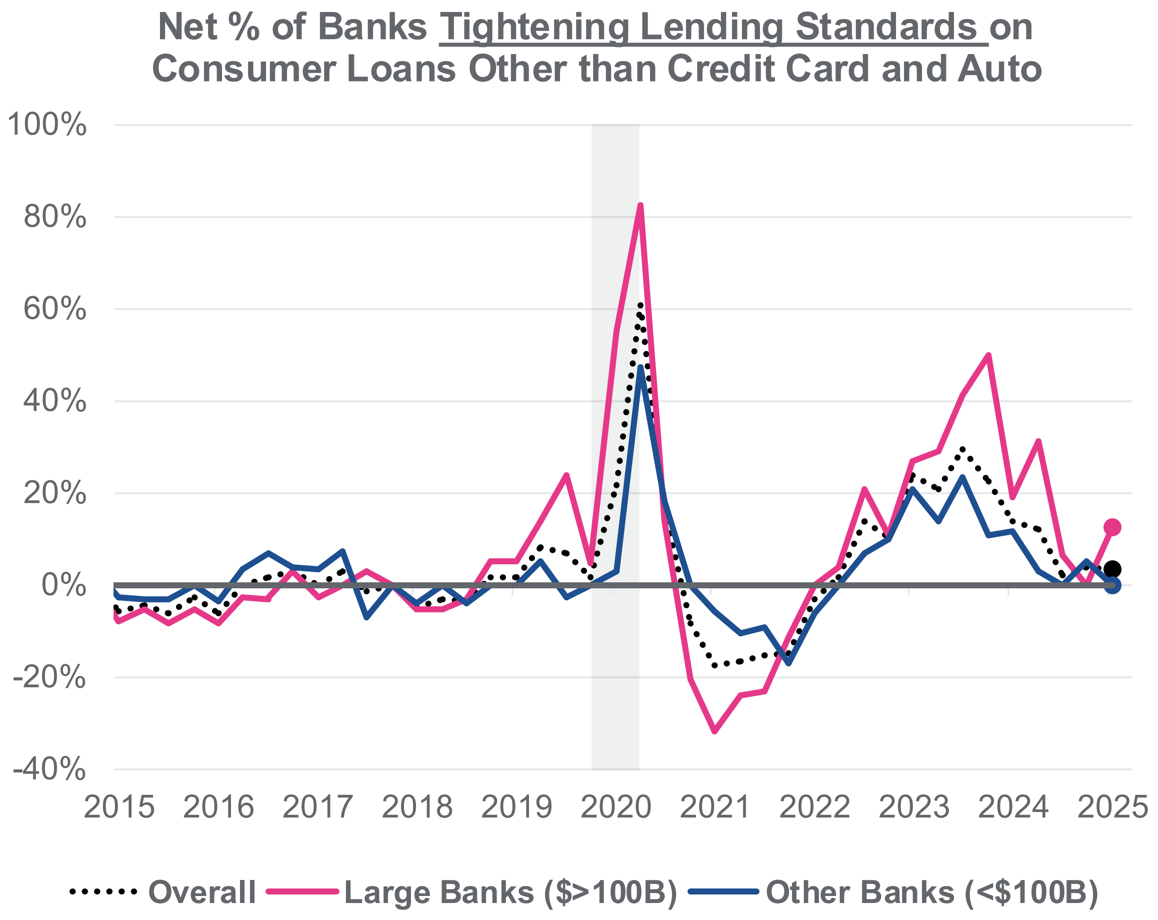


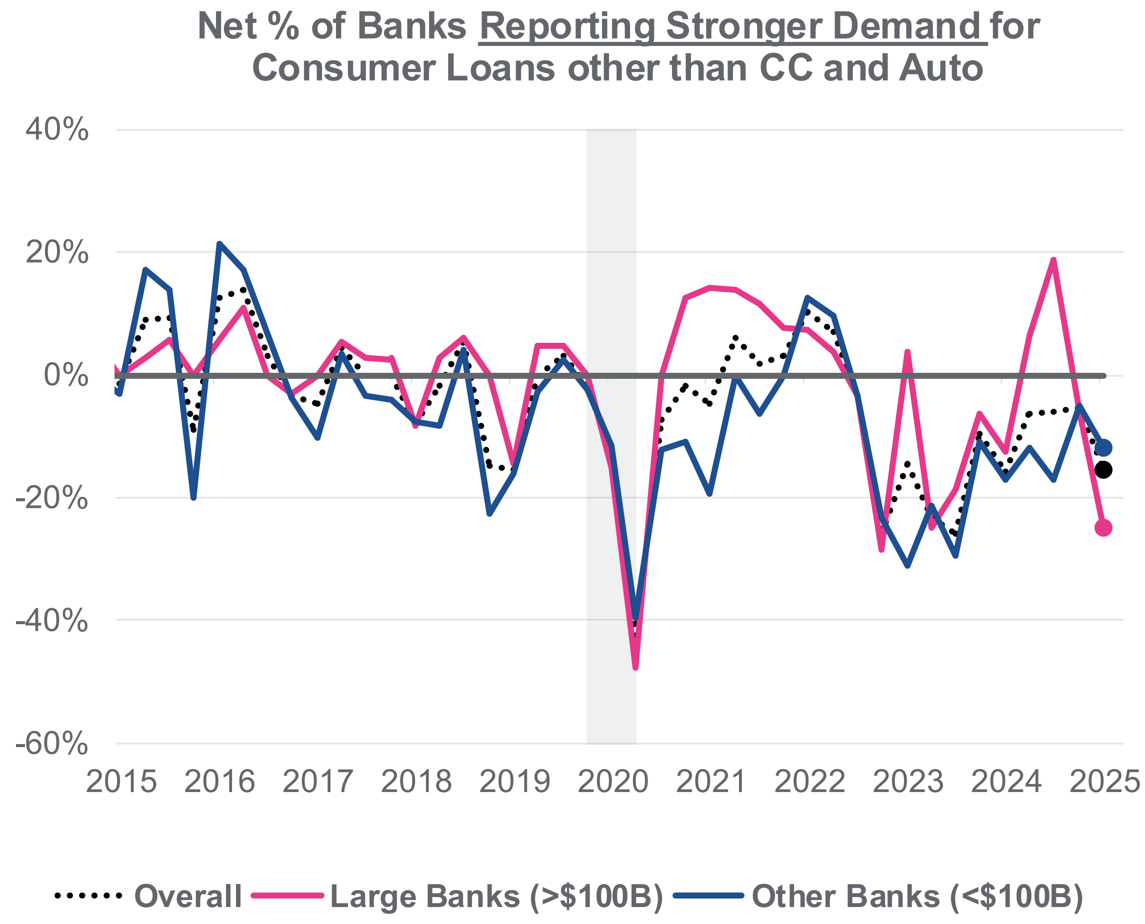
Sources: Experian Ascend Market Insights Dashboard (data through May 2025), and Experian Economic Strategy Group

Unsecured Personal Loans

Large banks tightening standards on consumer loans

— Reported demand for consumer loans fell in Q1 2025

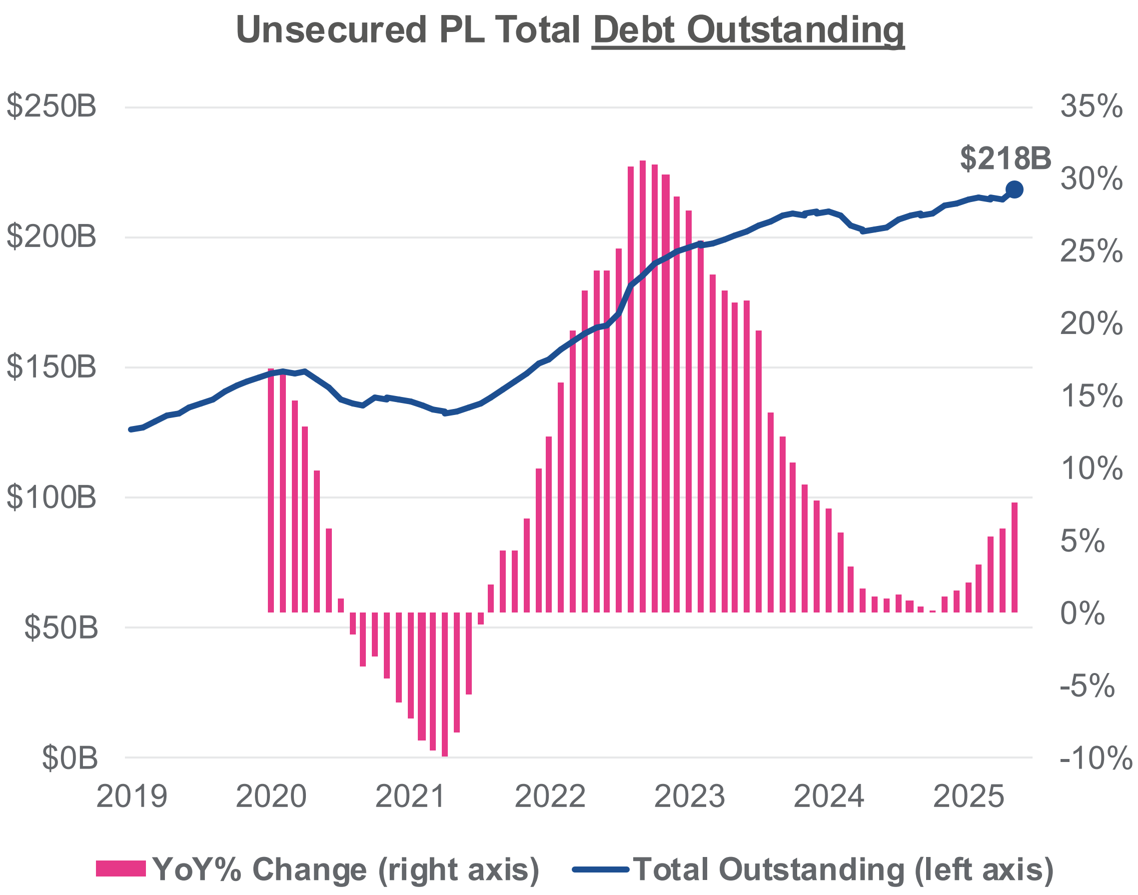


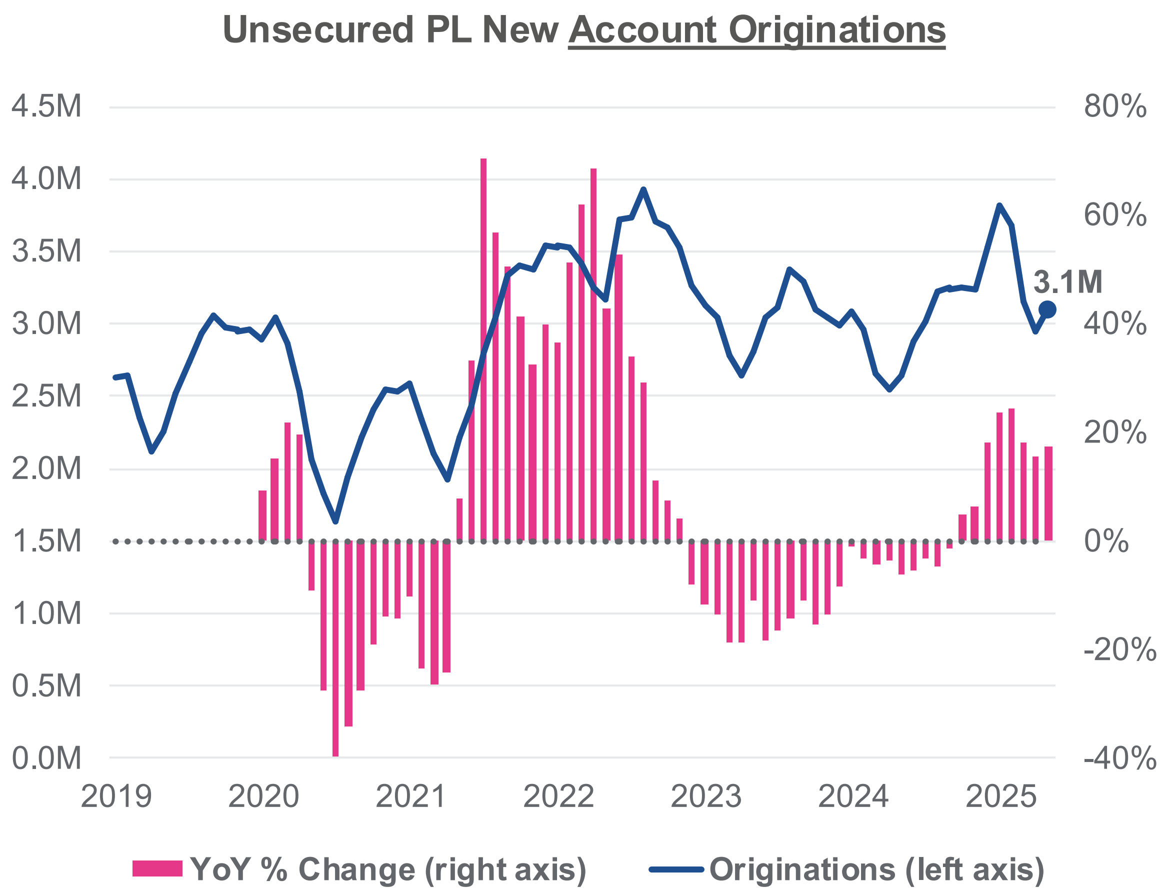


Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

Growth in unsecured personal loan debt continues to climb

— New account originations up YoY since the end of 2024

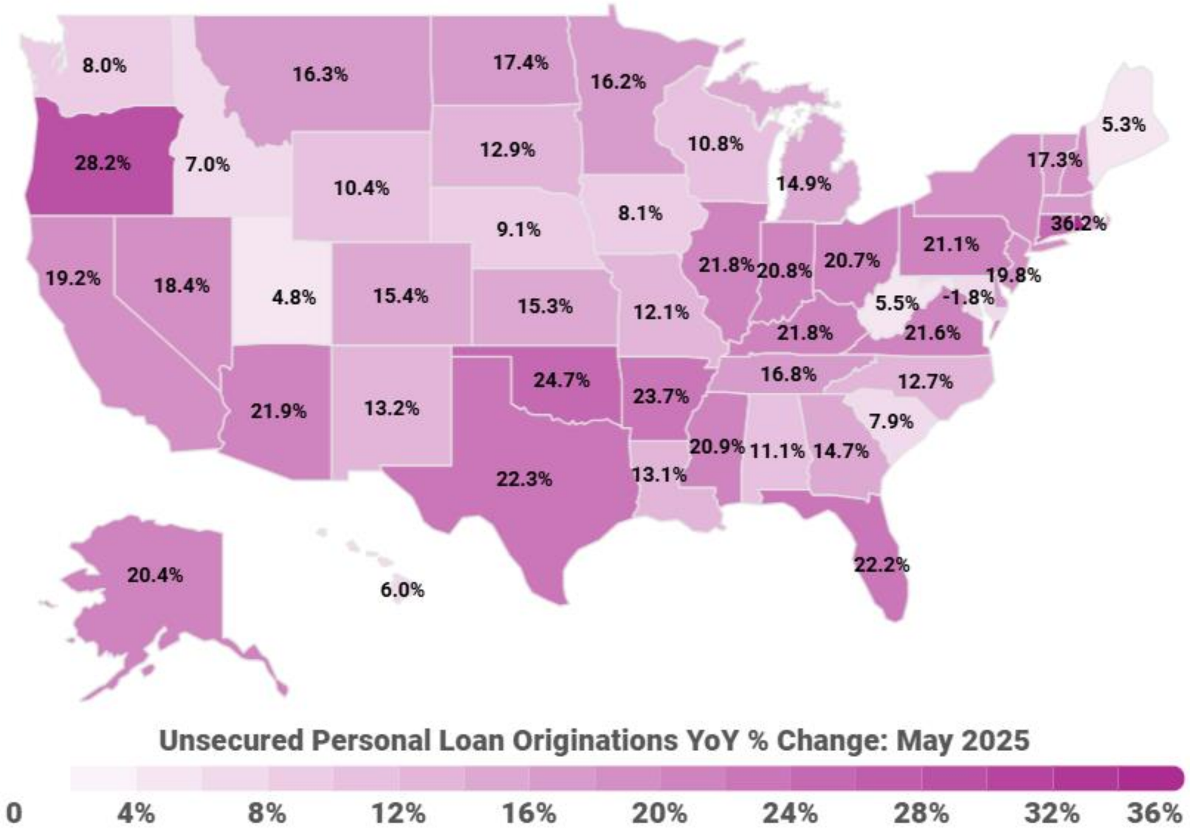




Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

Unsecured personal loan originations by state

— Unsecured PL originations grew over past year across the country, except for D.C.

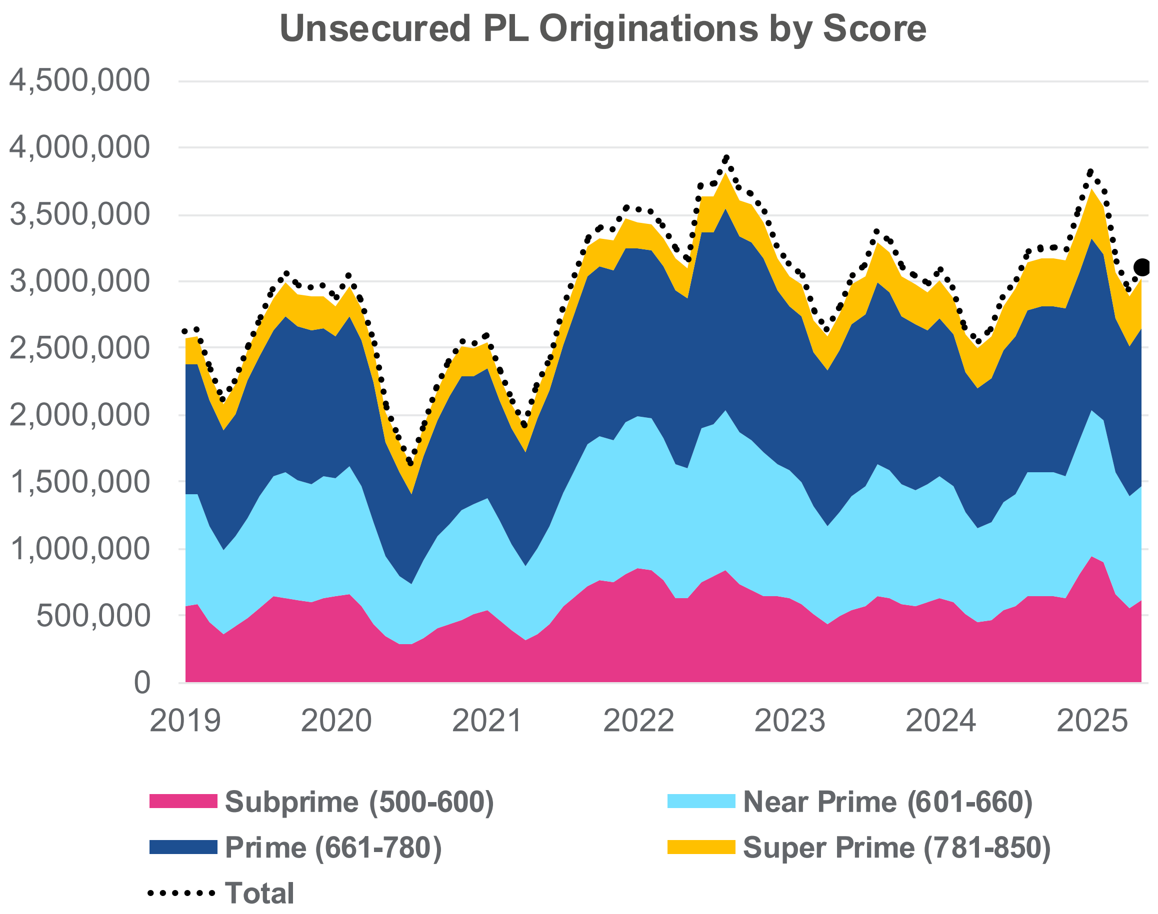


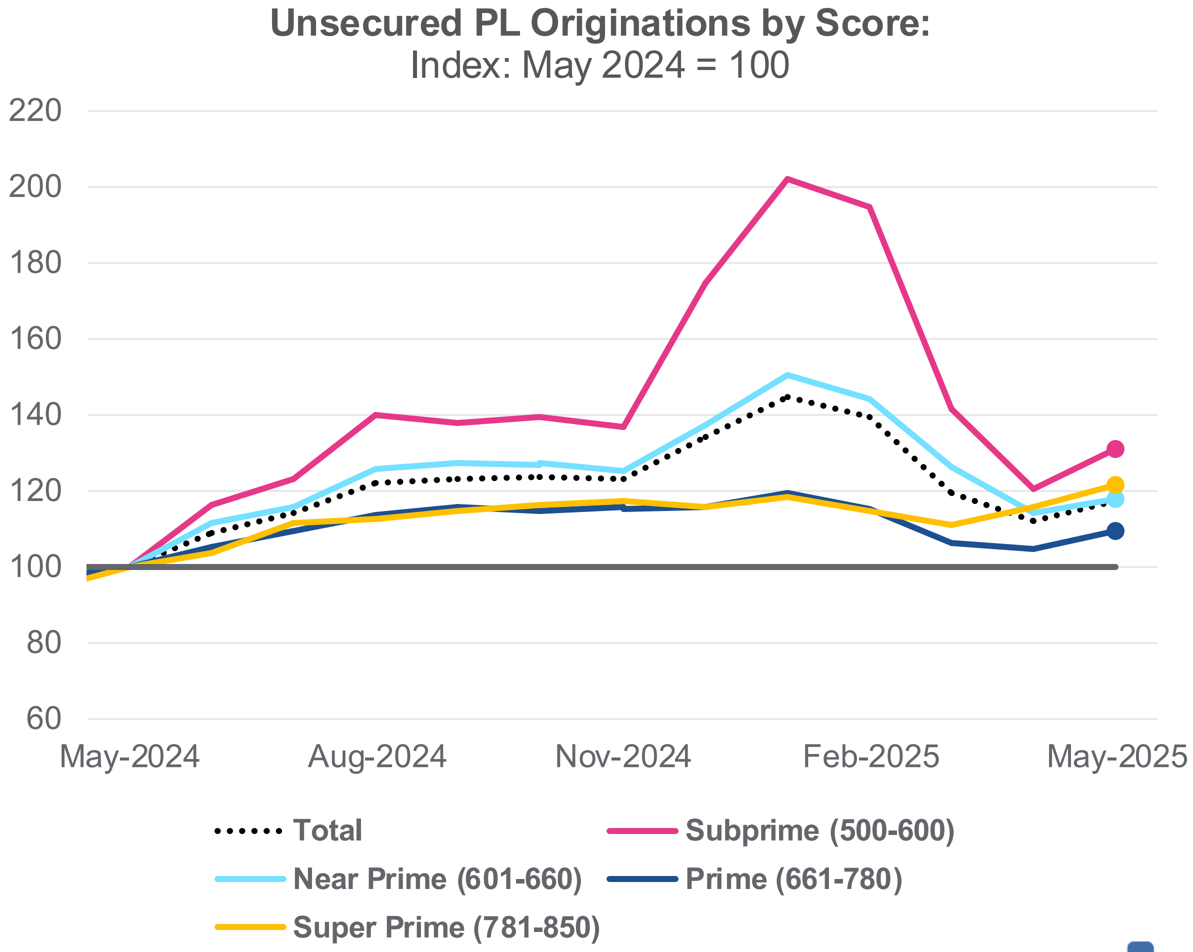
State	YoY % Change
Highest	
Rhode Island	+36.2%
Oregon	+28.2%
Connecticut	+25.0%
Lowest	
D.C.	-1.8%
Utah	+4.8%
Maine	+5.3%

Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

Unsecured PL originations have picked up across score segments

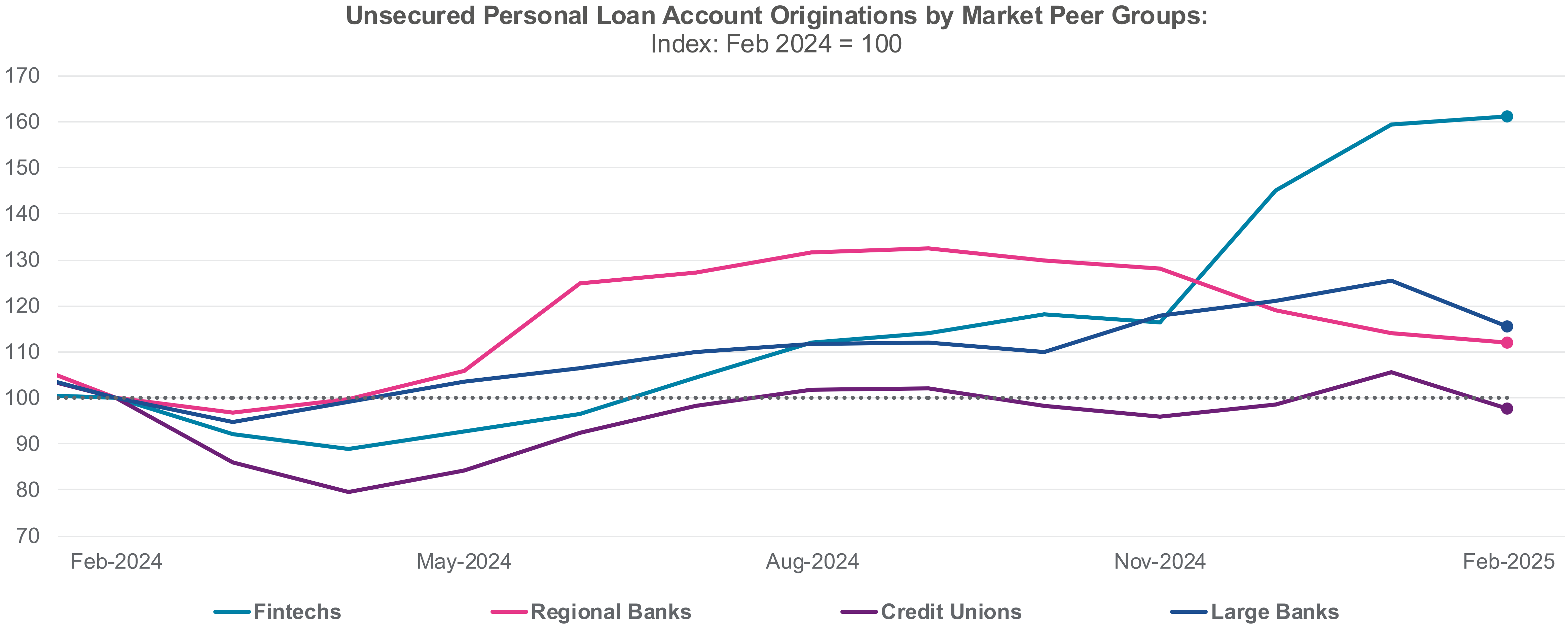
— Largest YoY gains for subprime borrowers





Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

Fintechs saw steepest growth in unsecured PL originations over past year

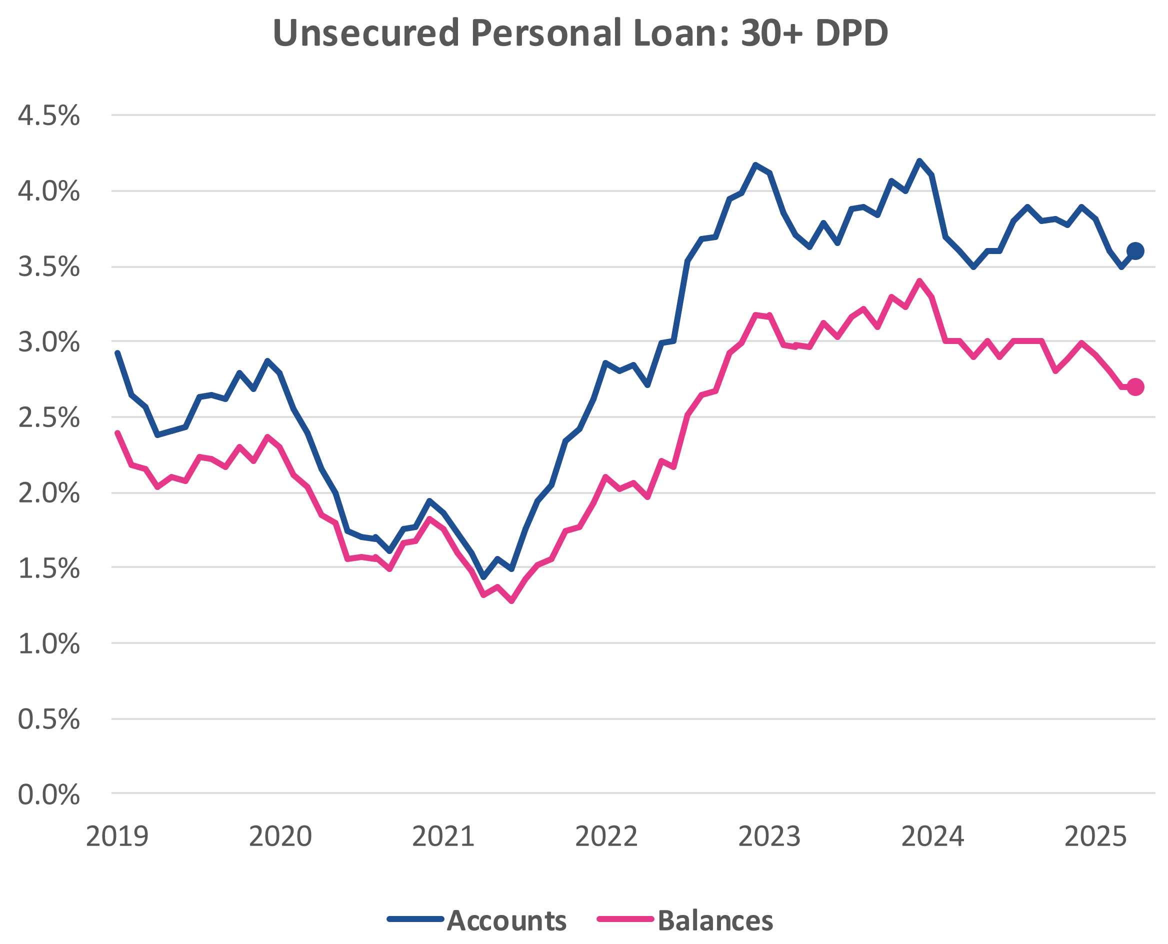


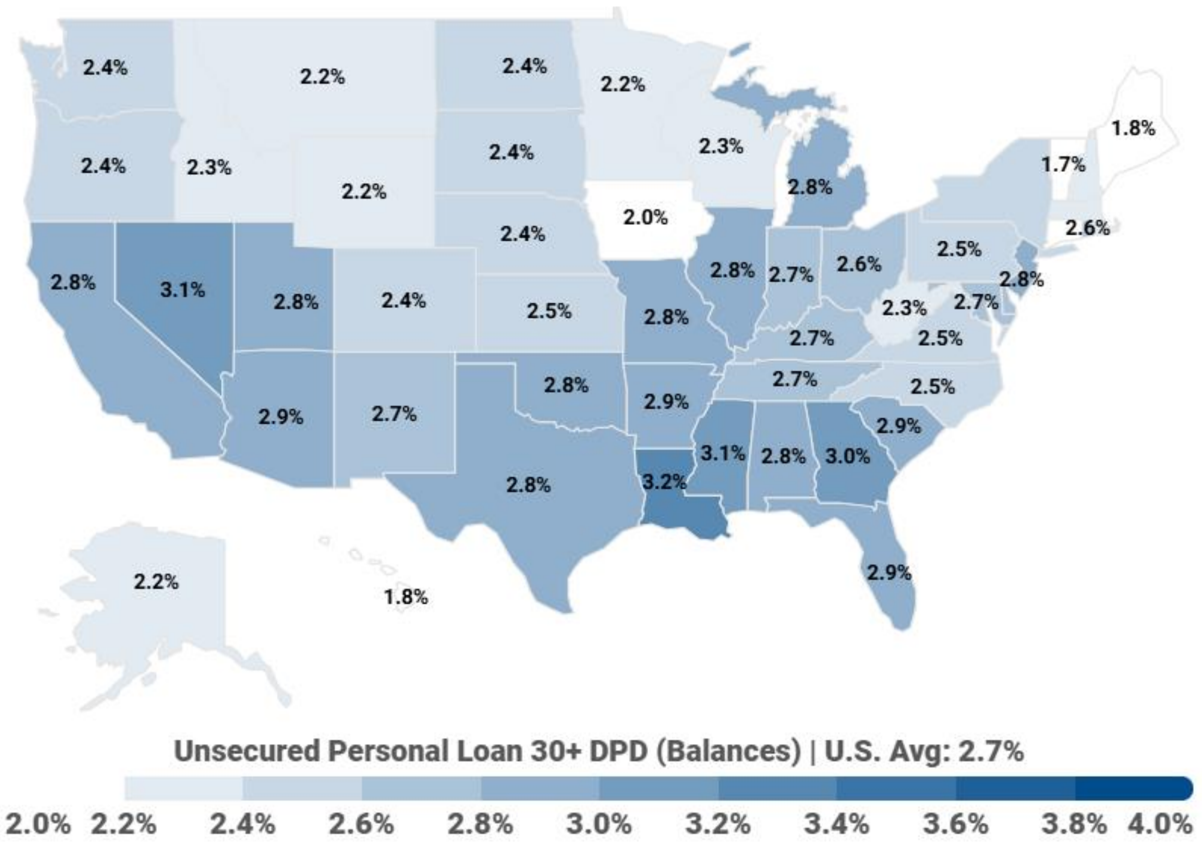
Note: Data is only through February 2025 as Peer Market Comparisons have a three-month, hold-back period

Sources: Experian Sandbox - Credit Trends Dashboard, and Experian Economic Strategy Group

Unsecured personal loan delinquency starting to slow

— Higher unsecured PL delinquency rates concentrated in the southern U.S.



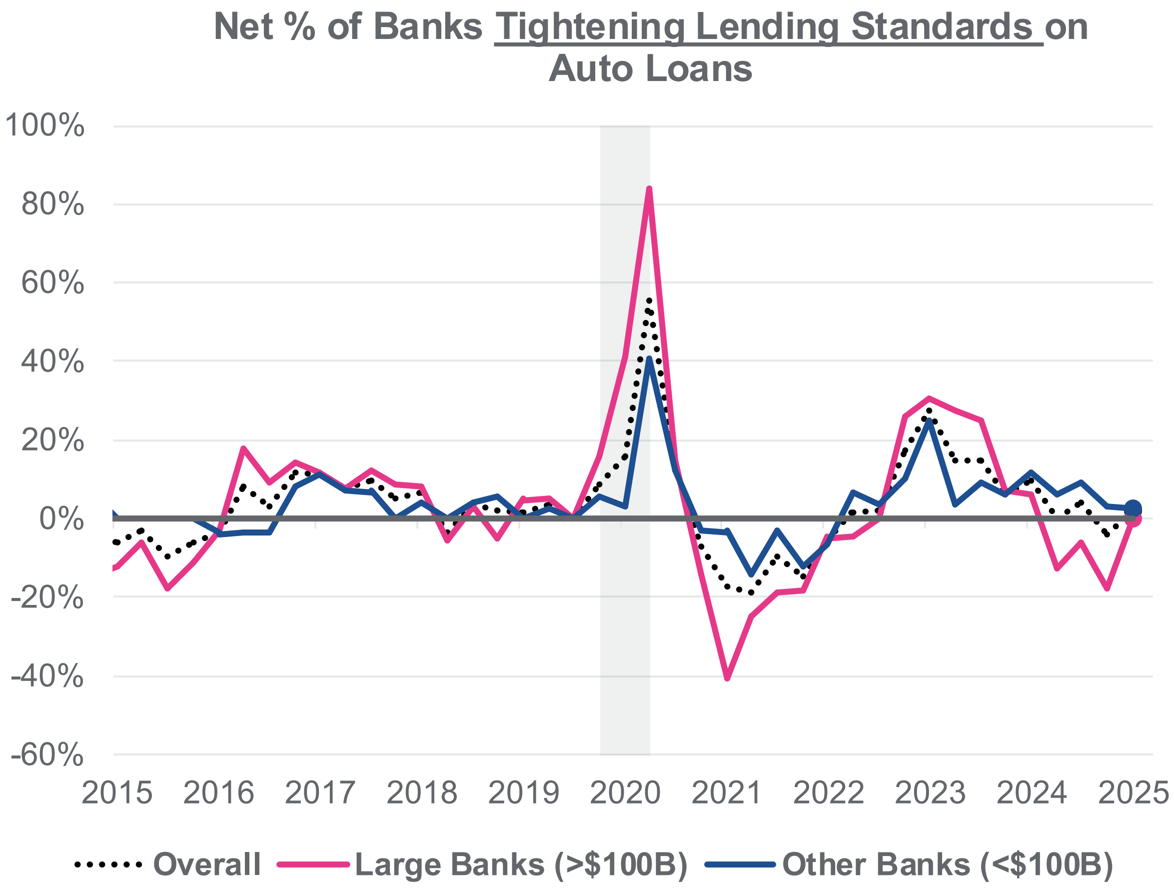


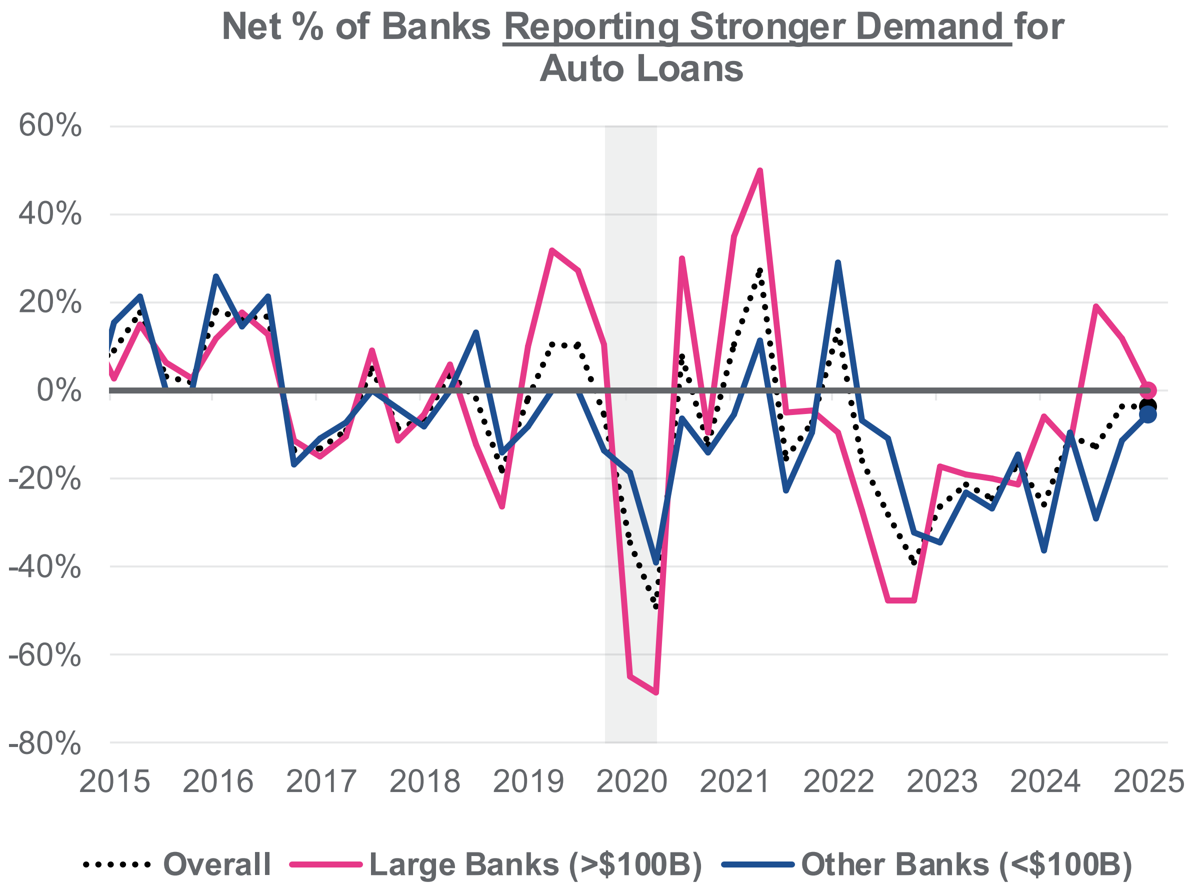
Sources: Experian Ascend Market Insights Dashboard (data through May 2025) and Experian Economic Strategy Group

Auto Loans

Standards for autos began tightening again in Q1 2025

— Demand remains relatively stable

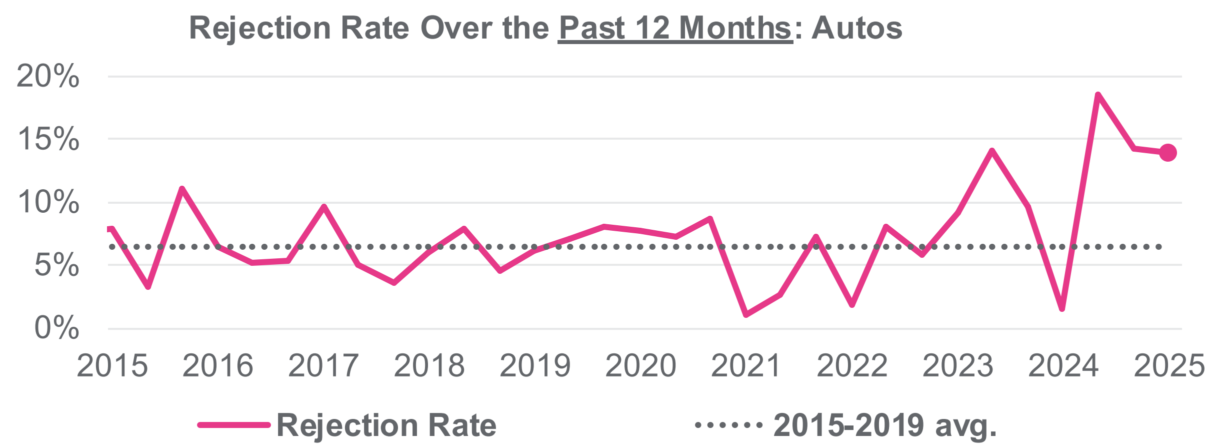


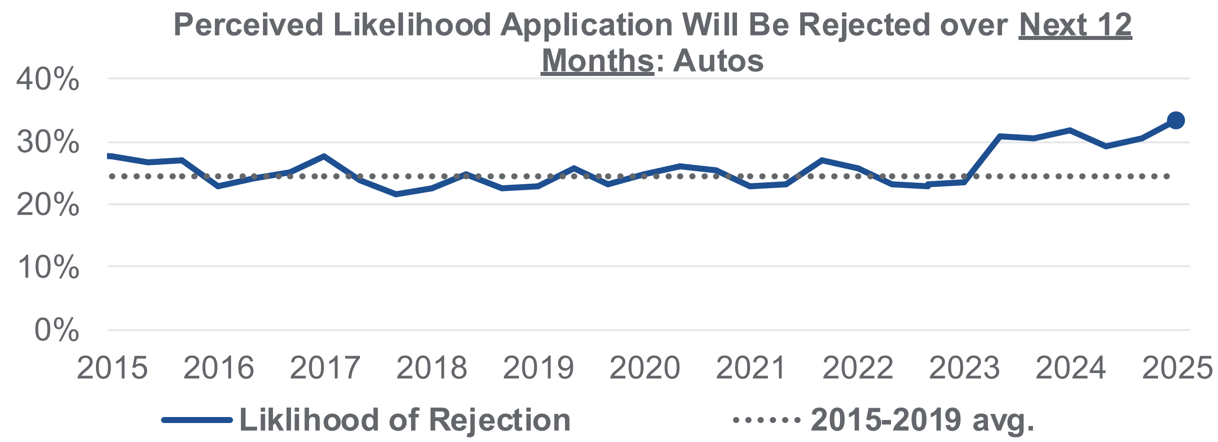


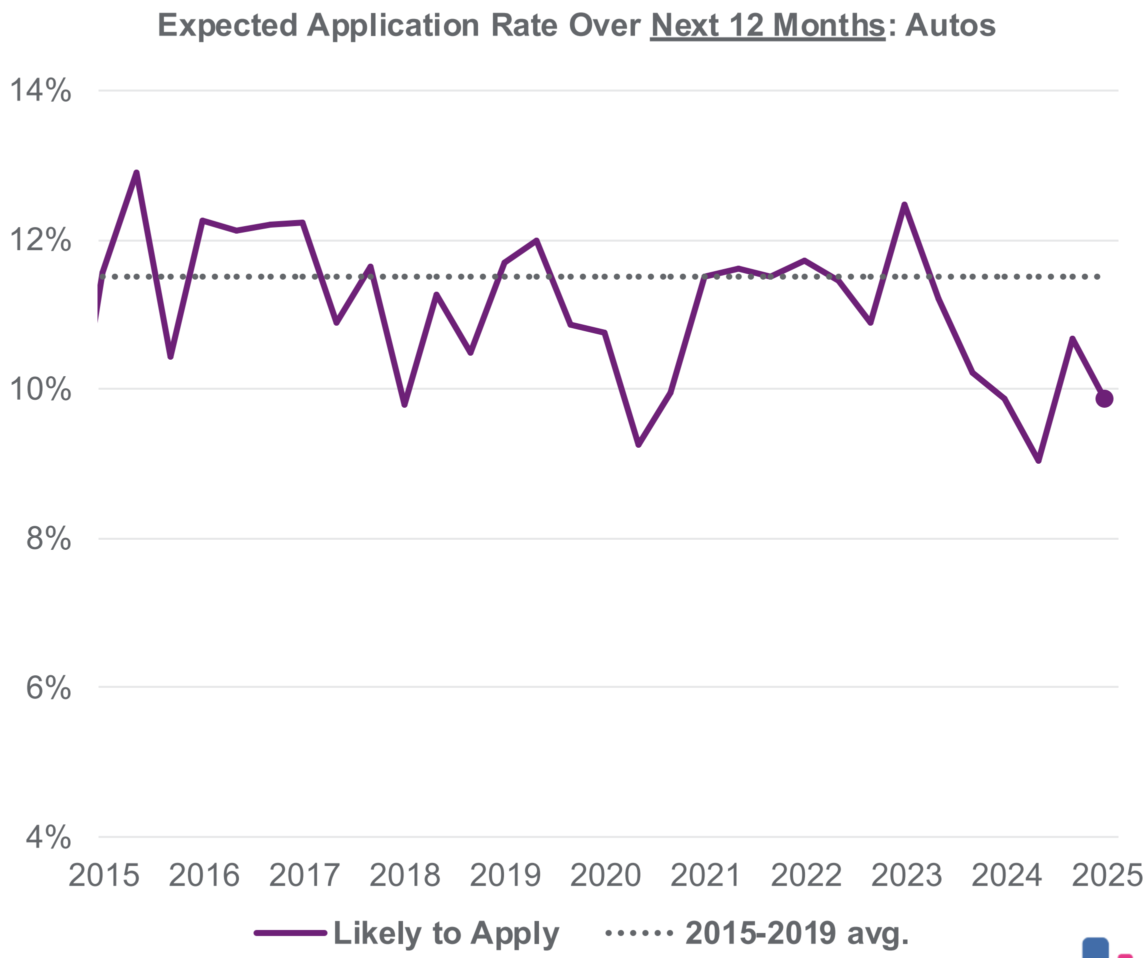
Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

Auto loan rejection rates are well above pre-pandemic levels

— Consumers' perceived probability of application getting rejected at record high



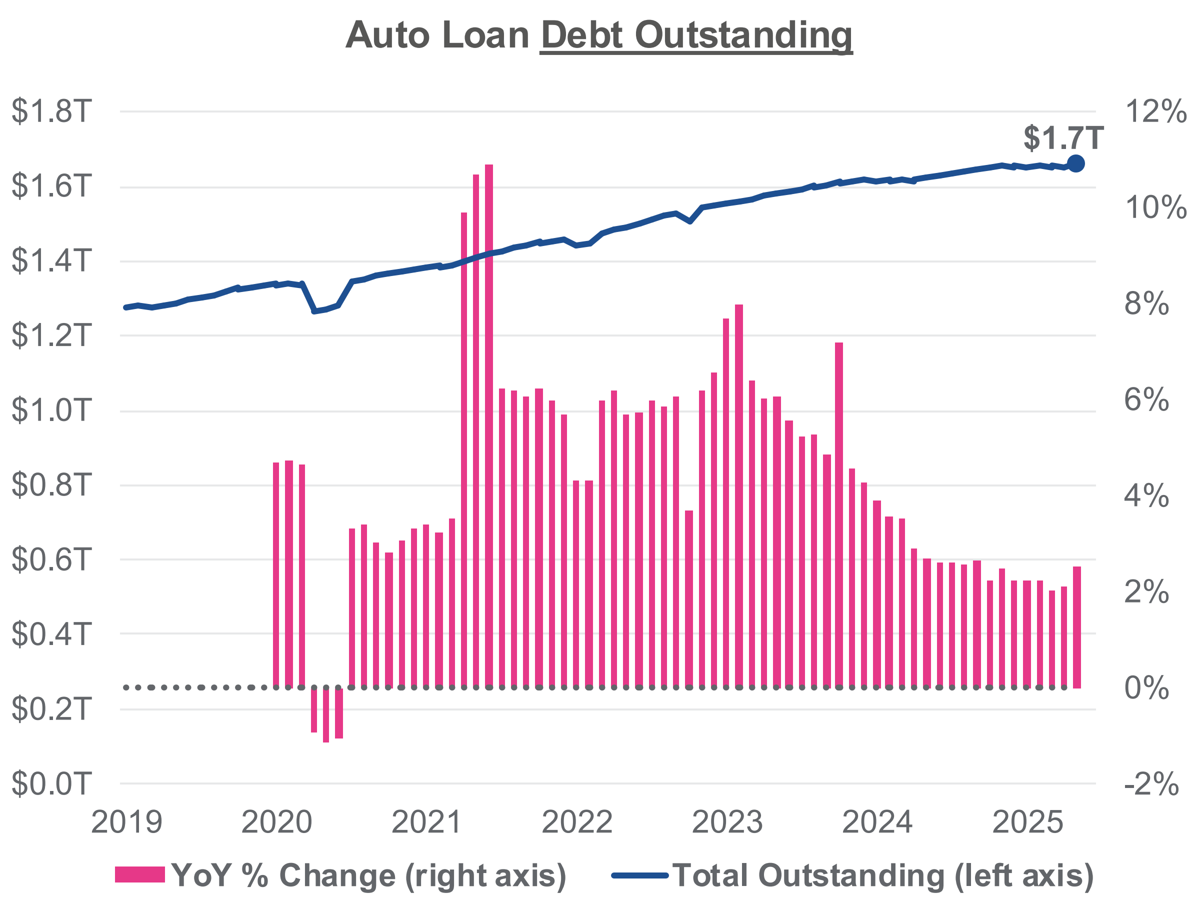


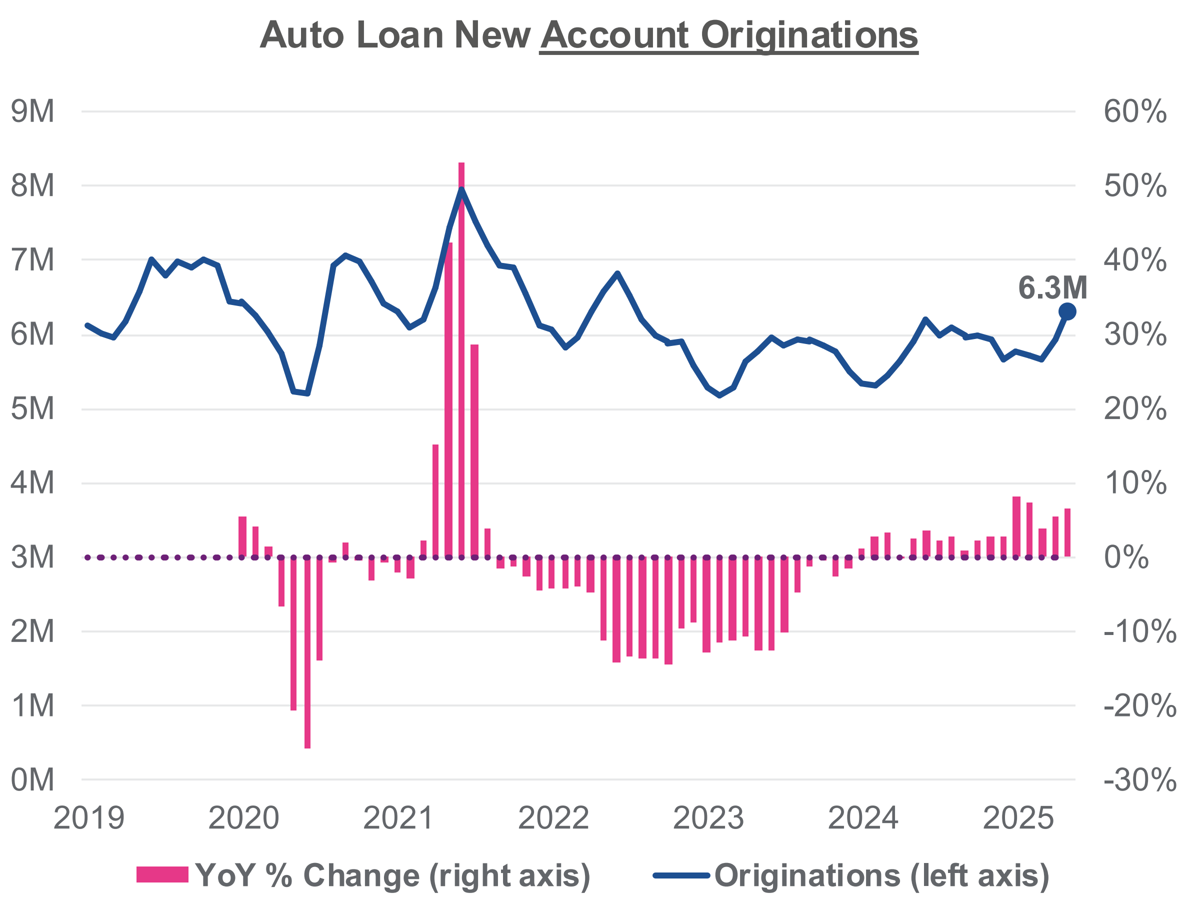


Sources: New York Federal Reserve and Experian Economic Strategy Group

Outstanding auto loan debt remained level over past quarter

— New account originations up YoY in May

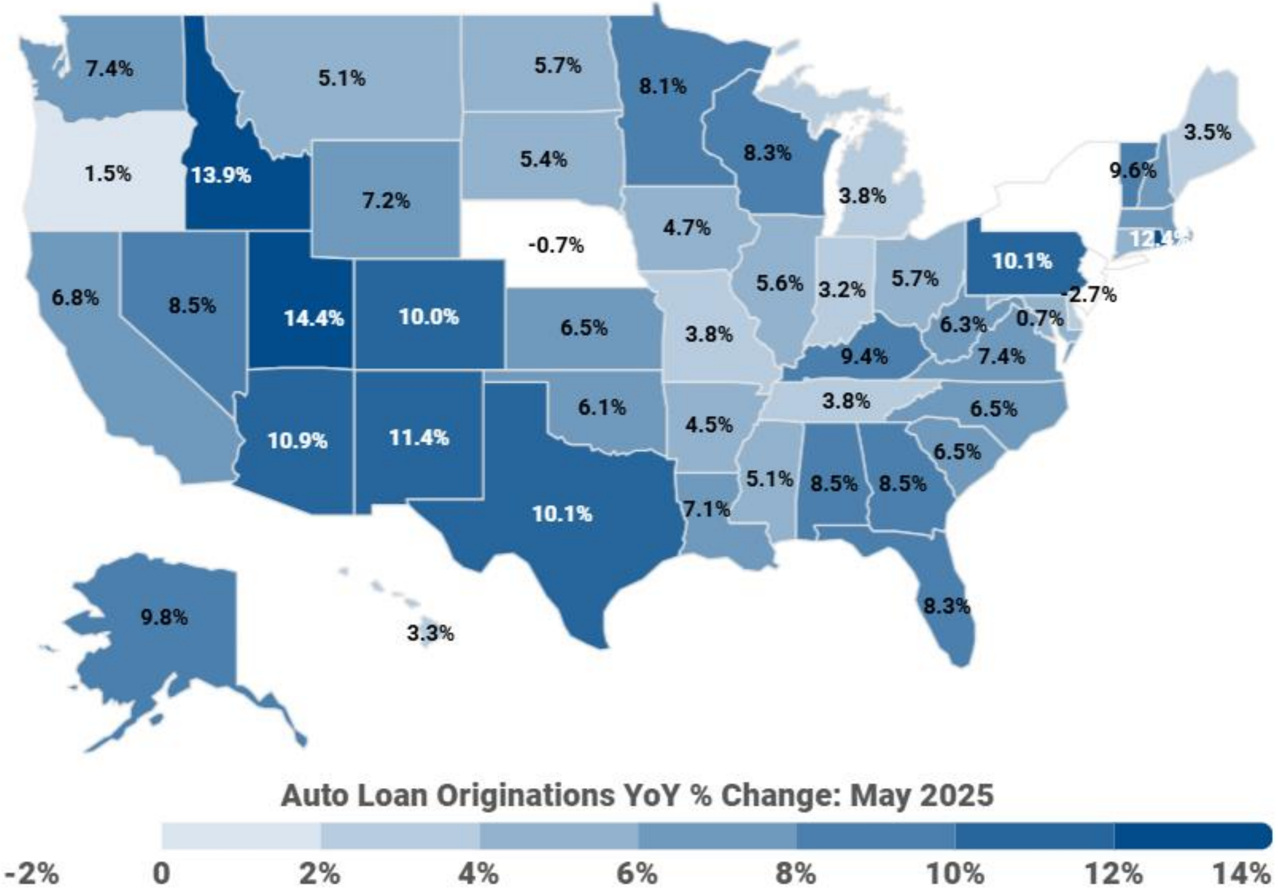




Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

Auto loan originations by state

— Auto originations decreased in three states over the past year

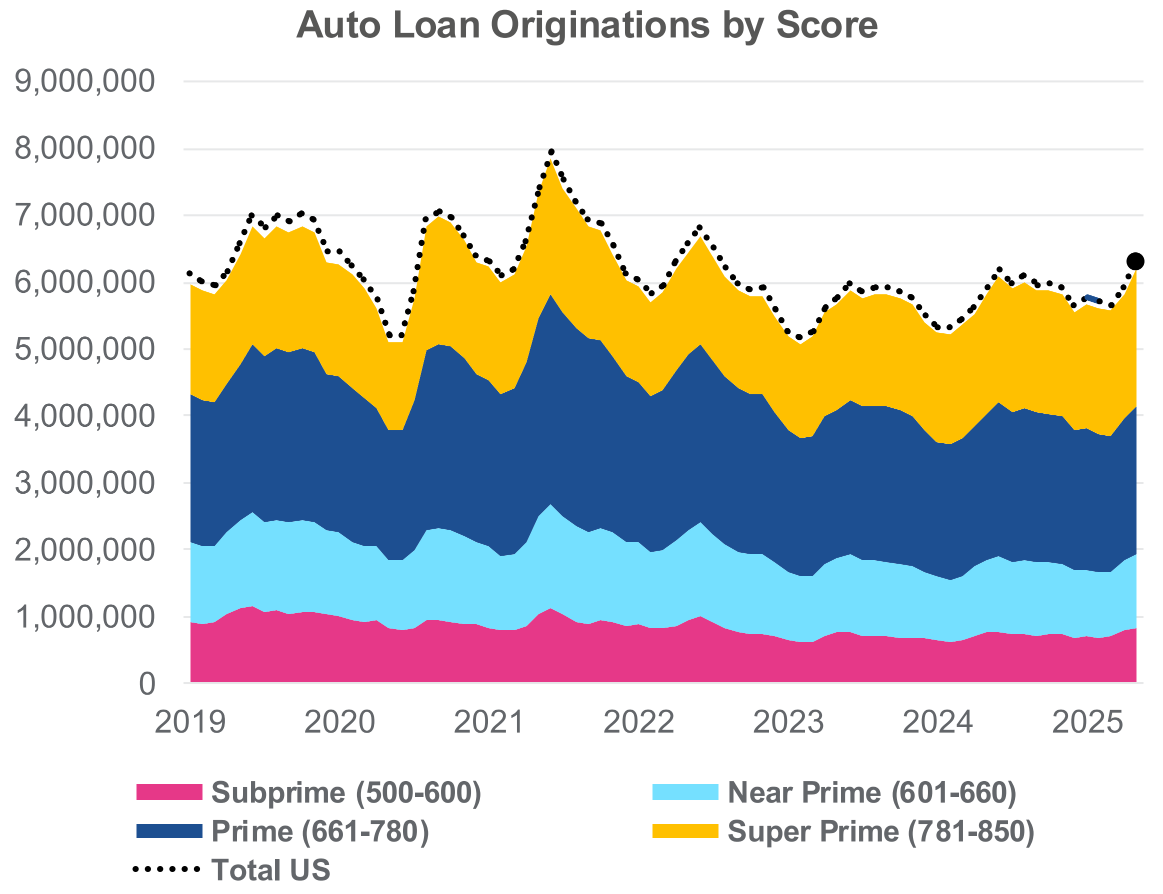


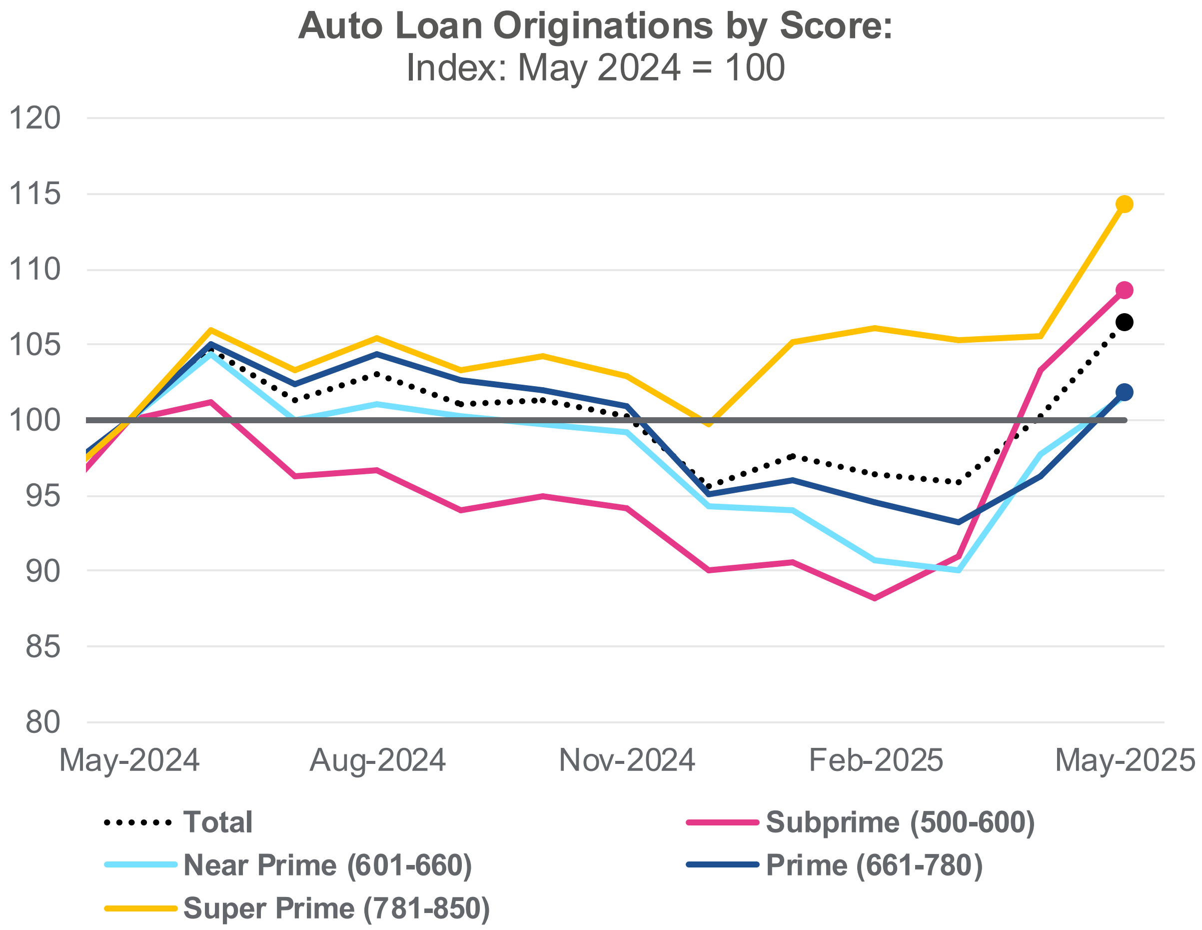
State	YoY % Change
Highest	
Utah	+14.4%
Idaho	+13.9%
Rhode Island	+12.4%
Lowest	
New Jersey	-2.7%
Nebraska	-0.7%
New York	-0.6%

Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

Super Prime borrowers remain drivers of auto originations

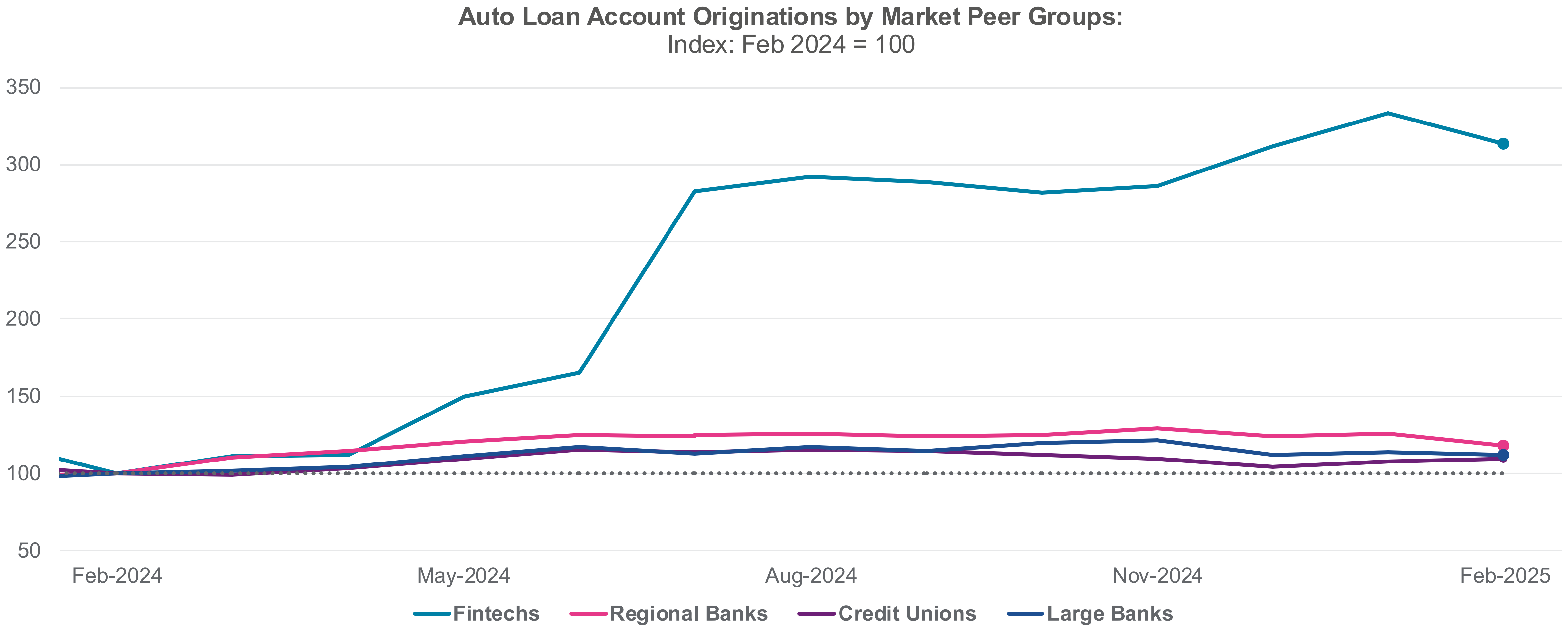
— Super Prime borrowers saw the greatest increase over the past year





Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

Fintechs continue to increase their presence in auto lending market

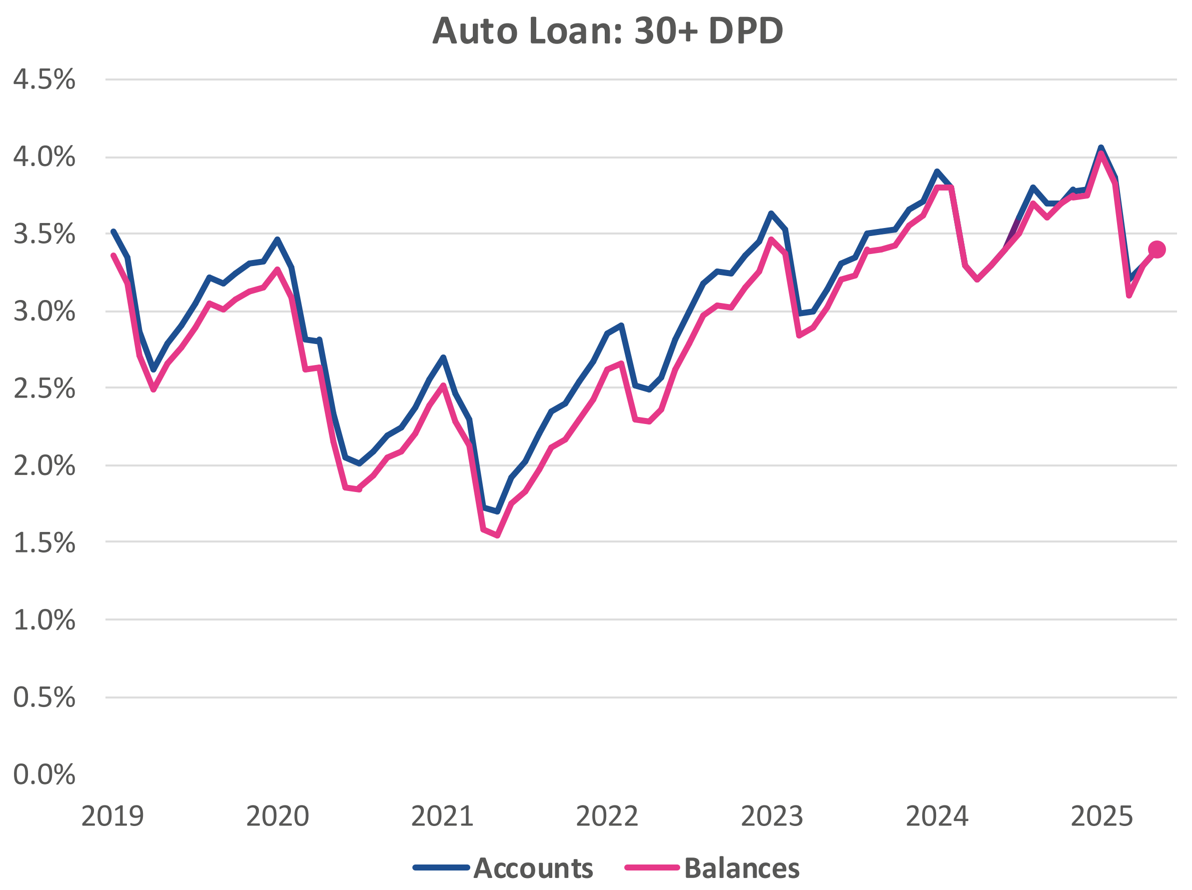


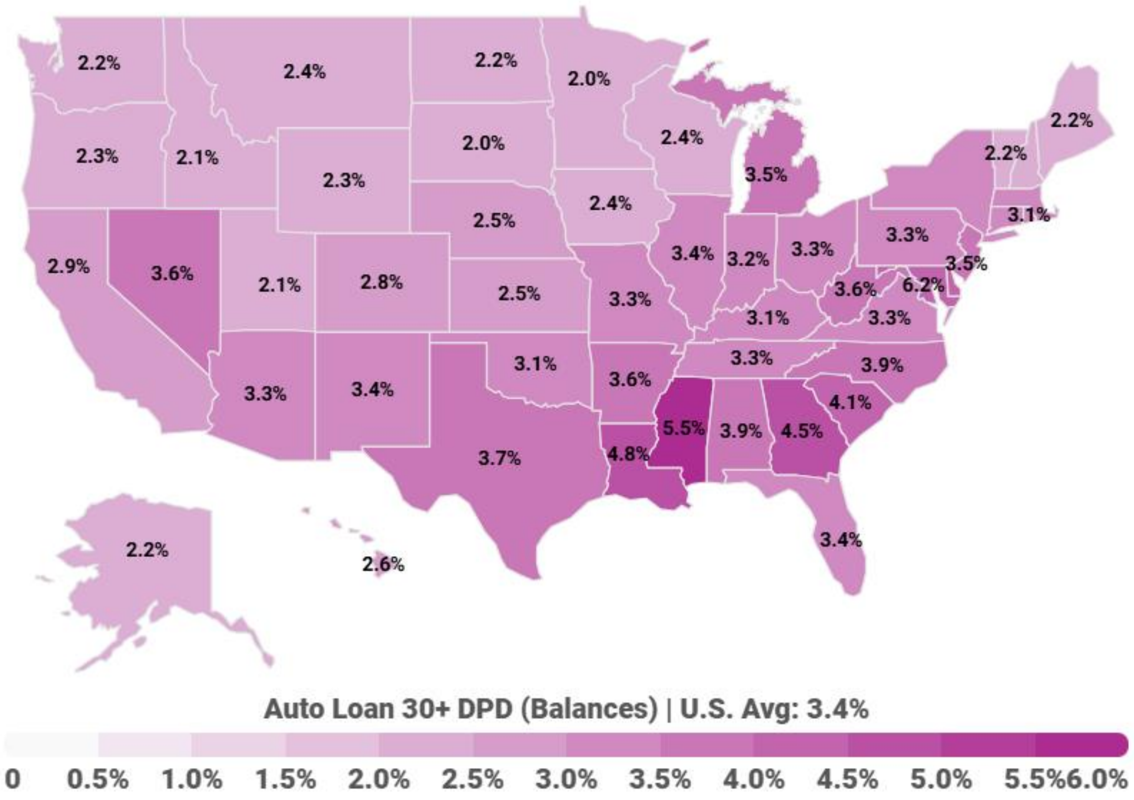
Note: Data is only through February 2025 as Peer Market Comparisons have a three-month, hold-back period

Sources: Experian Sandbox - Credit Trends Dashboard, and Experian Economic Strategy Group

Growth in auto loan delinquency has slowed

— Highest auto loan delinquency in the Southeast



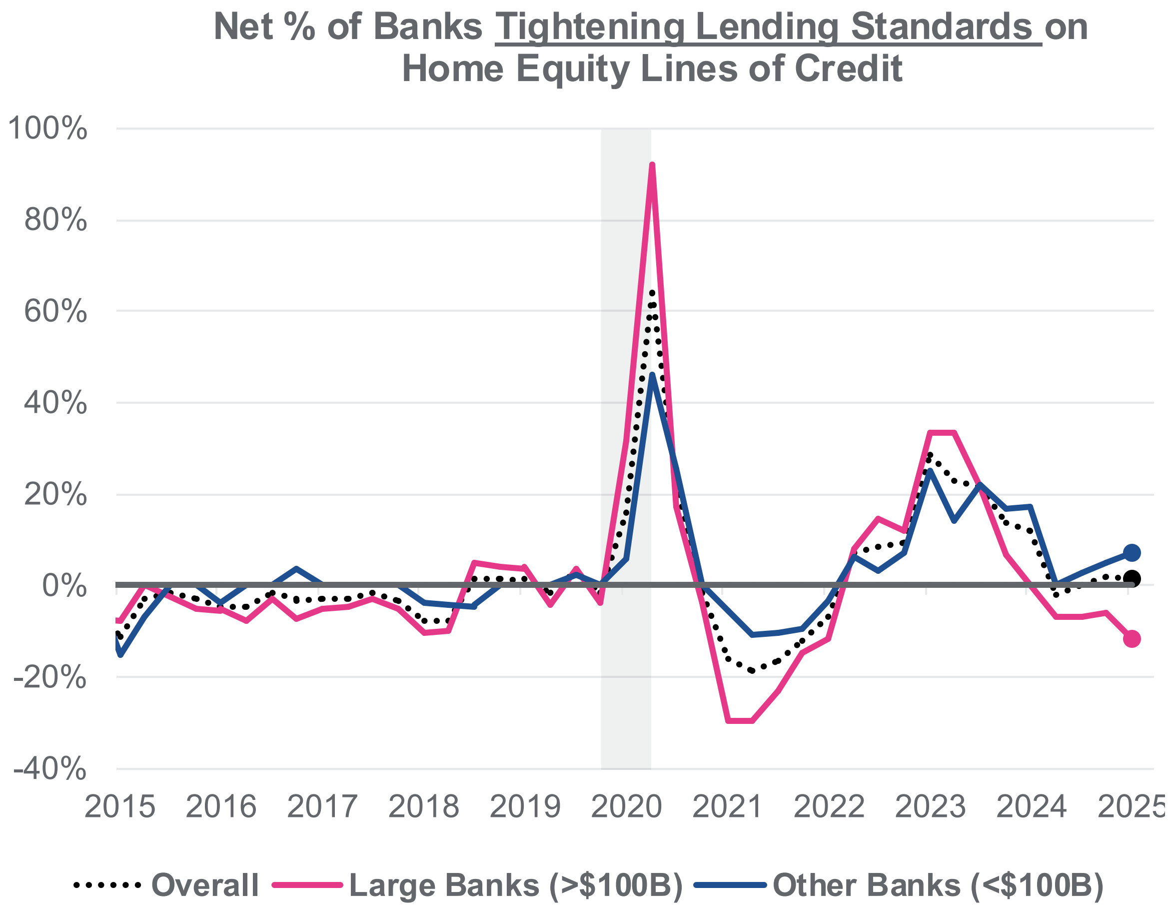


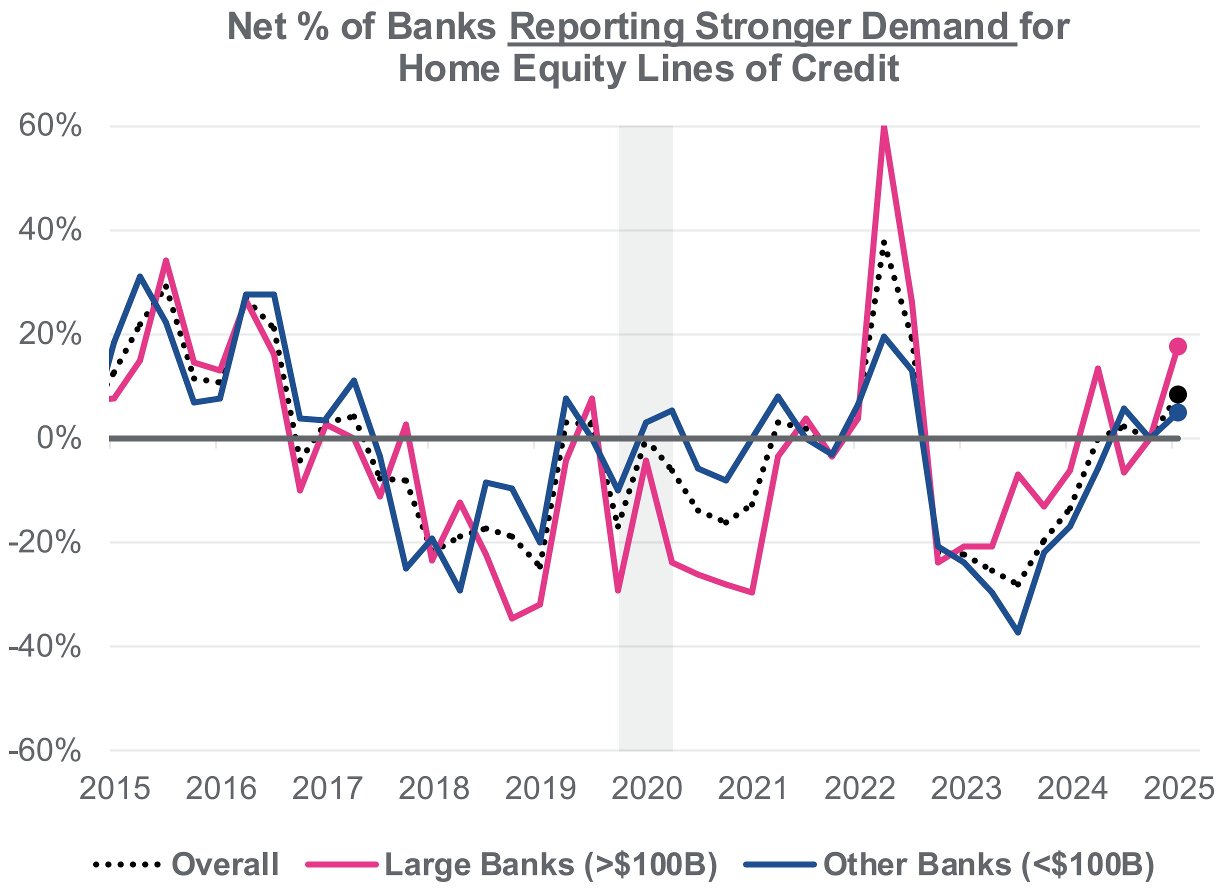
Sources: Experian Ascend Market Insights Dashboard (data through May 2025), and Experian Economic Strategy Group


HELOC

Large banks continue to ease standards for HELOC

— Demand has picked up across banks

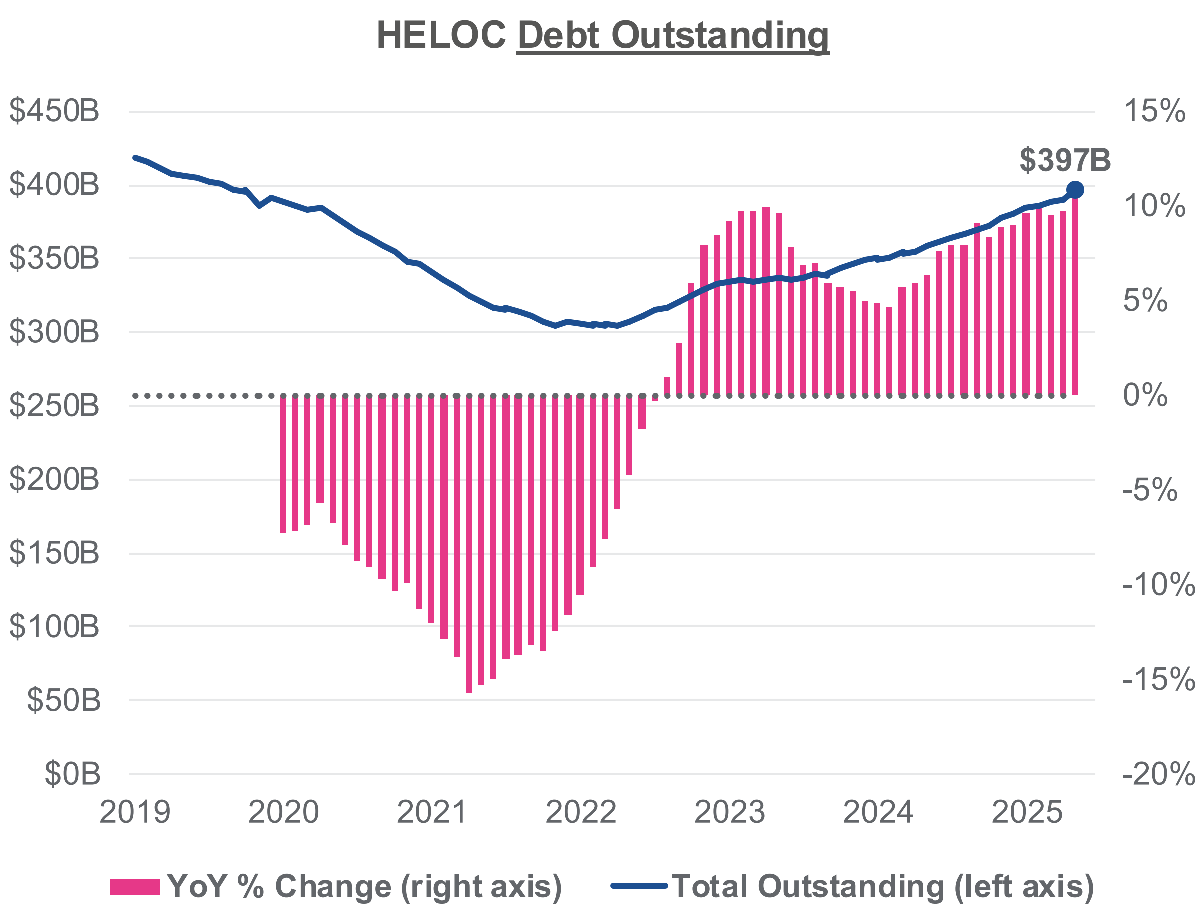


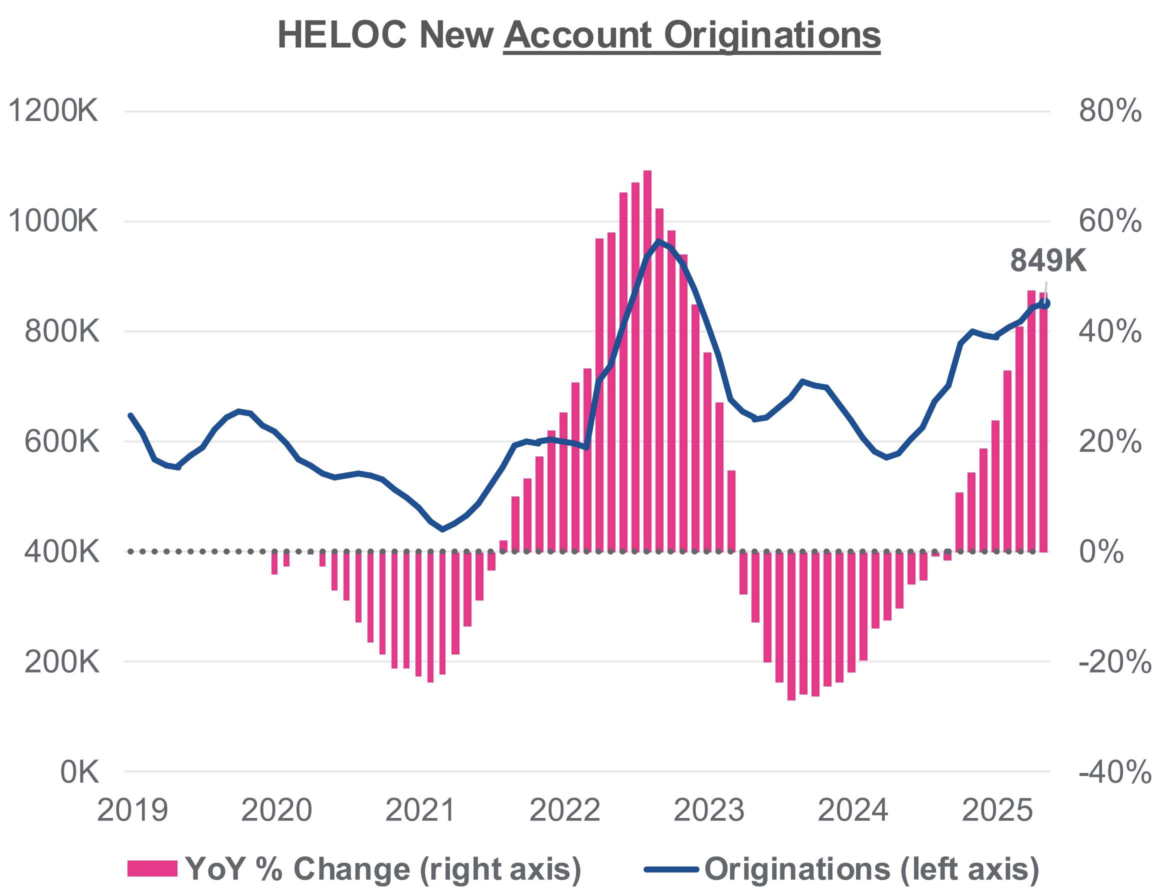


Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

HELOC debt outstanding and originations continue to climb

— Originations up YoY for past eight months

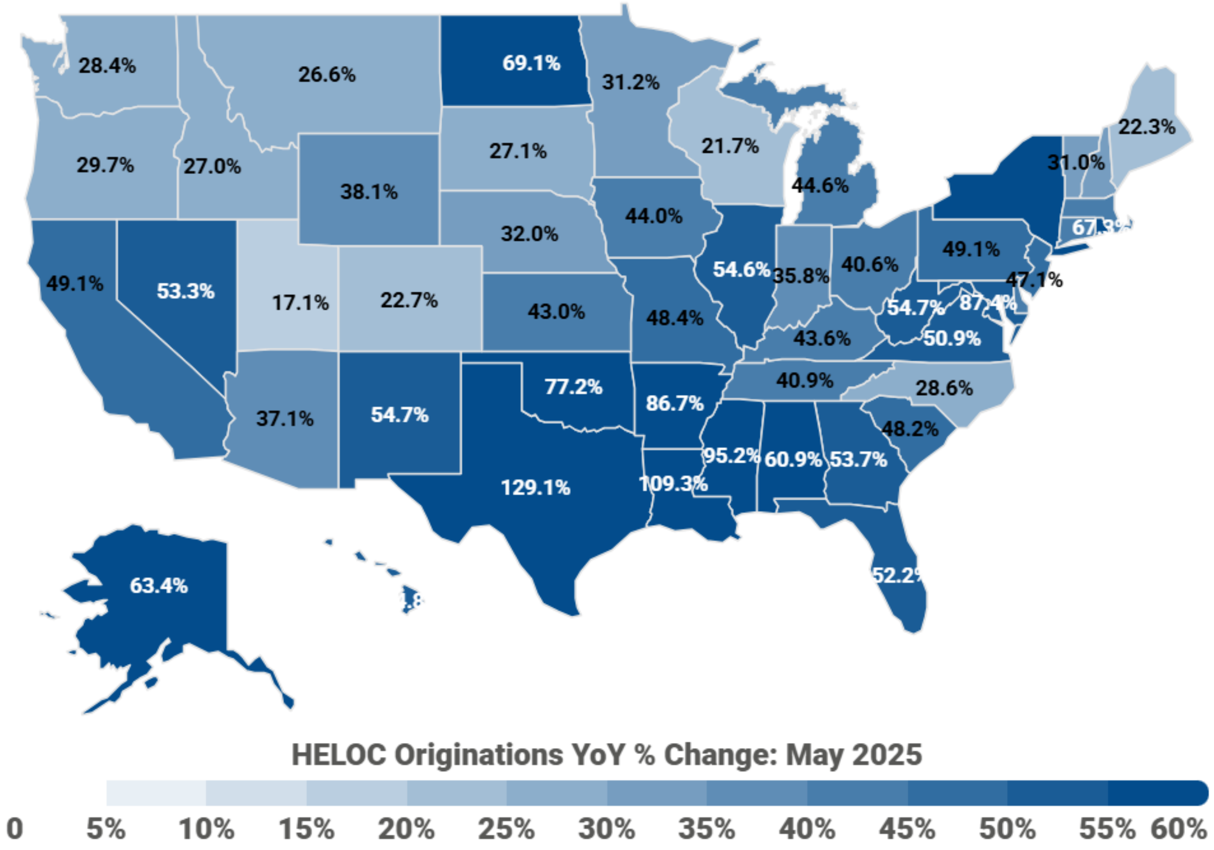




Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

HELOC originations by state

— Texas and Louisiana saw over 100% increases in HELOC originations this year

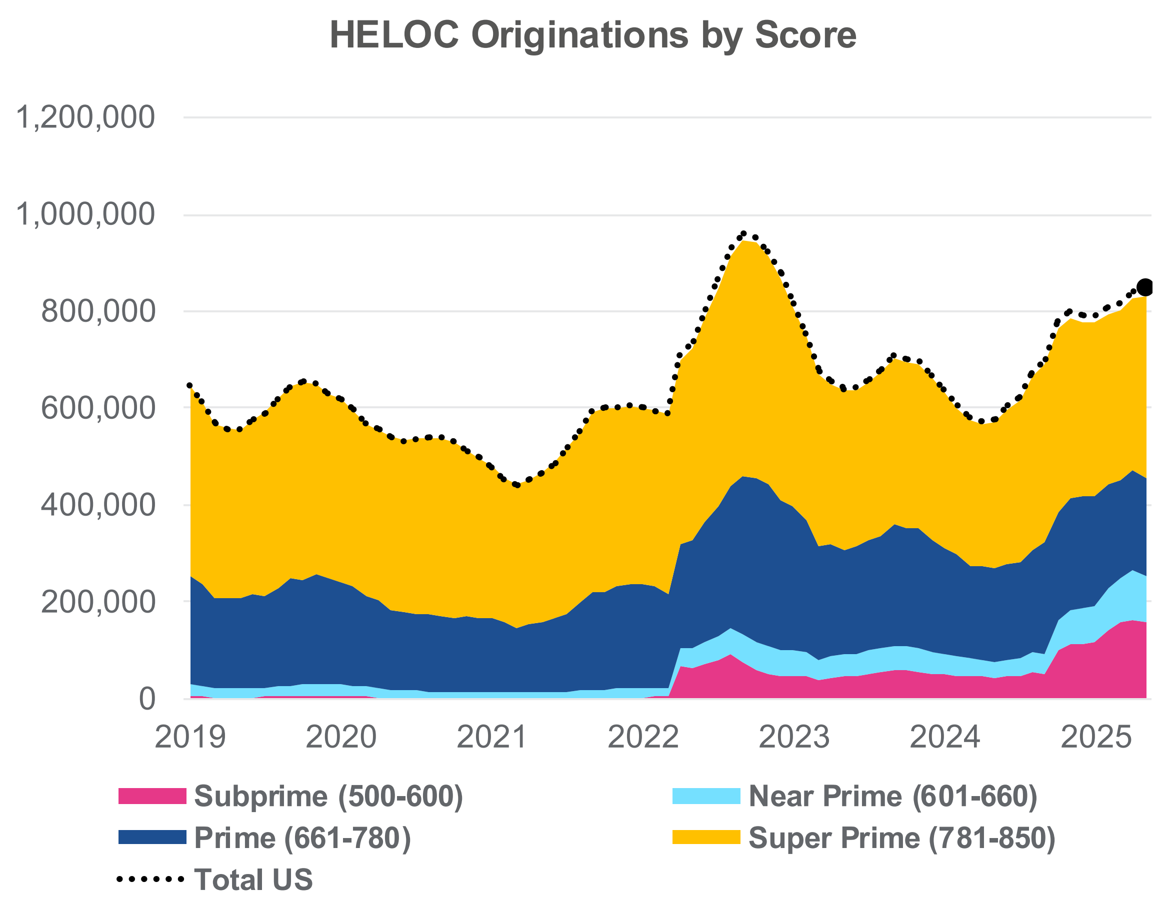


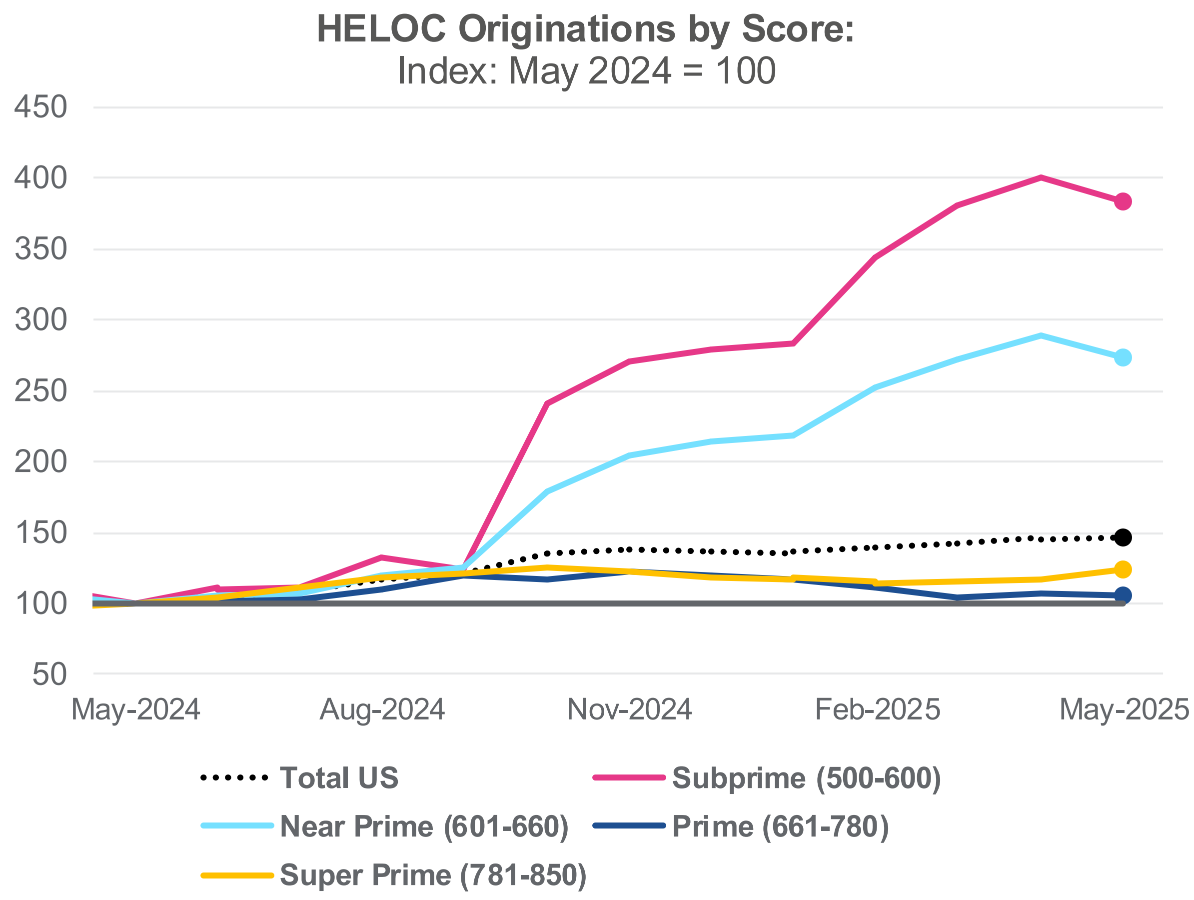
State	YoY % Change
Highest	
Texas	+129.1%
Louisiana	+109.3%
Mississippi	+95.2%
Lowest	
Utah	+17.1%
Wisconsin	+21.7%
Maine	+22.3%

Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

HELOC originations rising across scores, especially in Subprime

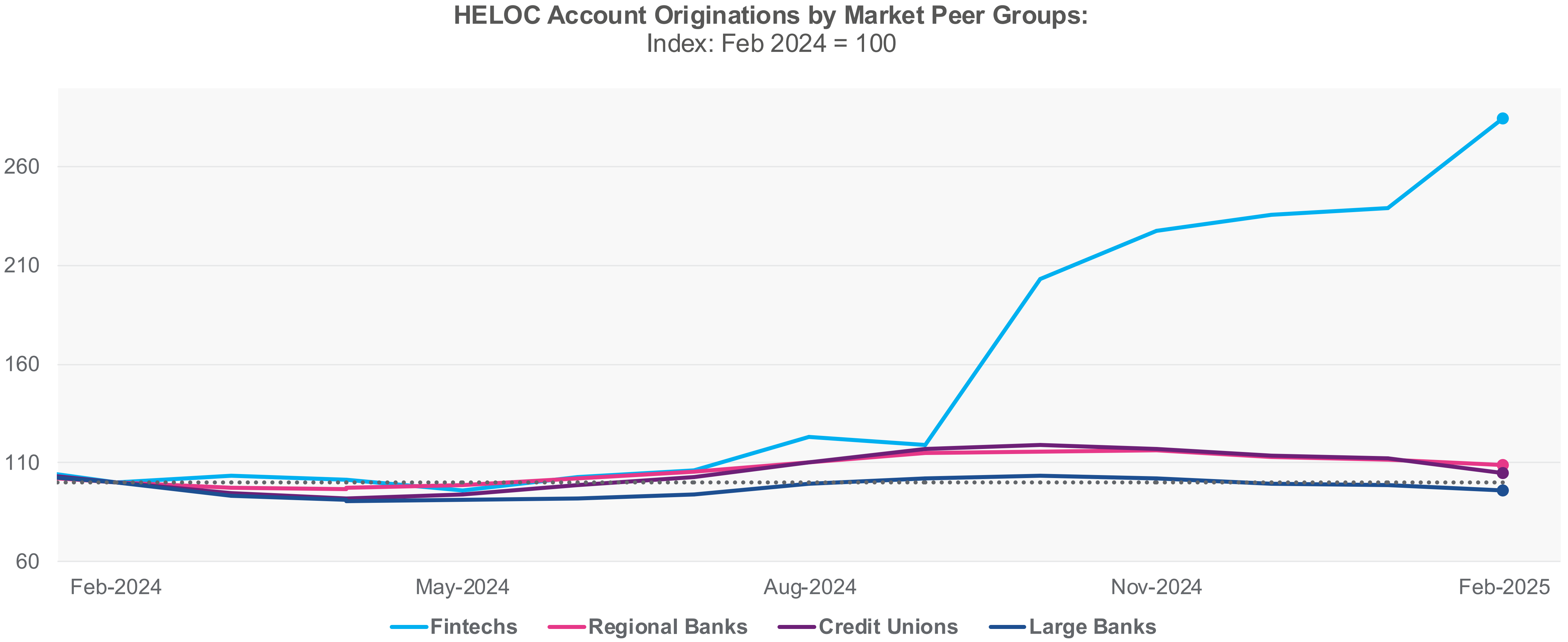
— Subprime and Near Prime segments saw the greatest YoY increase





Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

Fintechs continue to gain share of HELOC originations

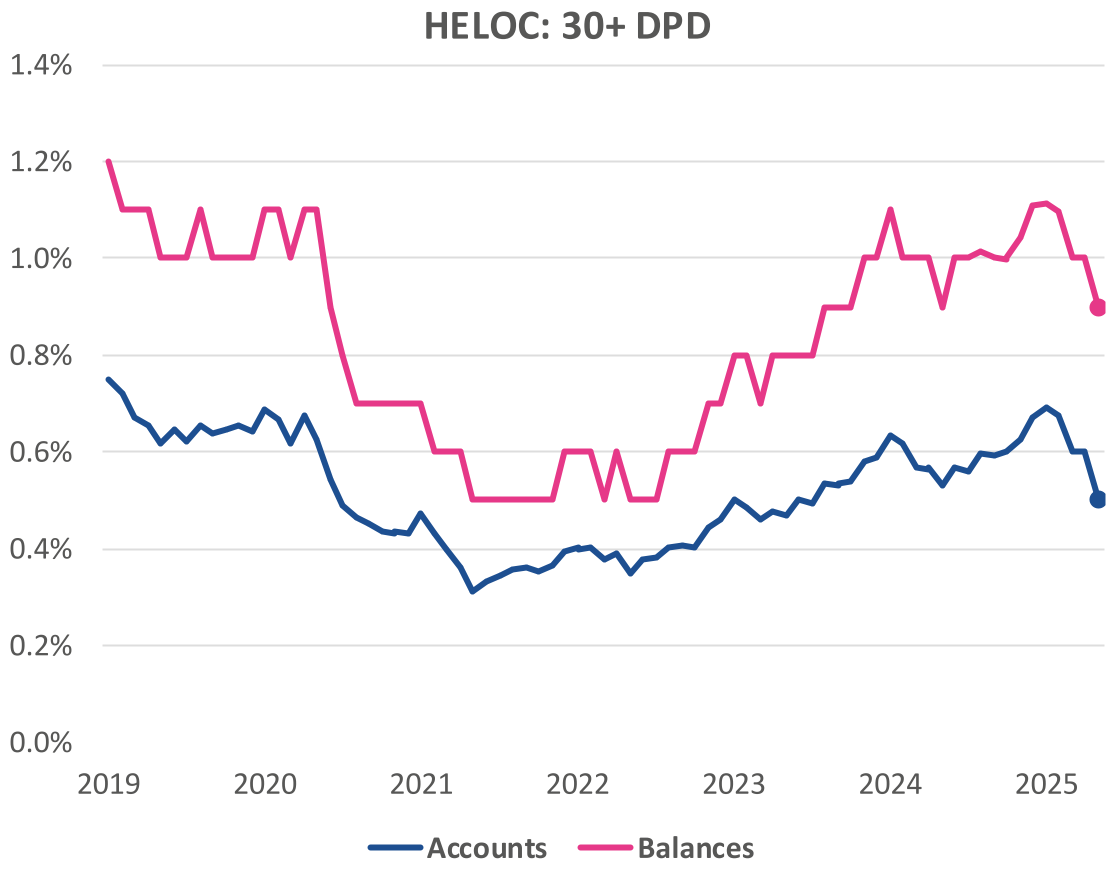


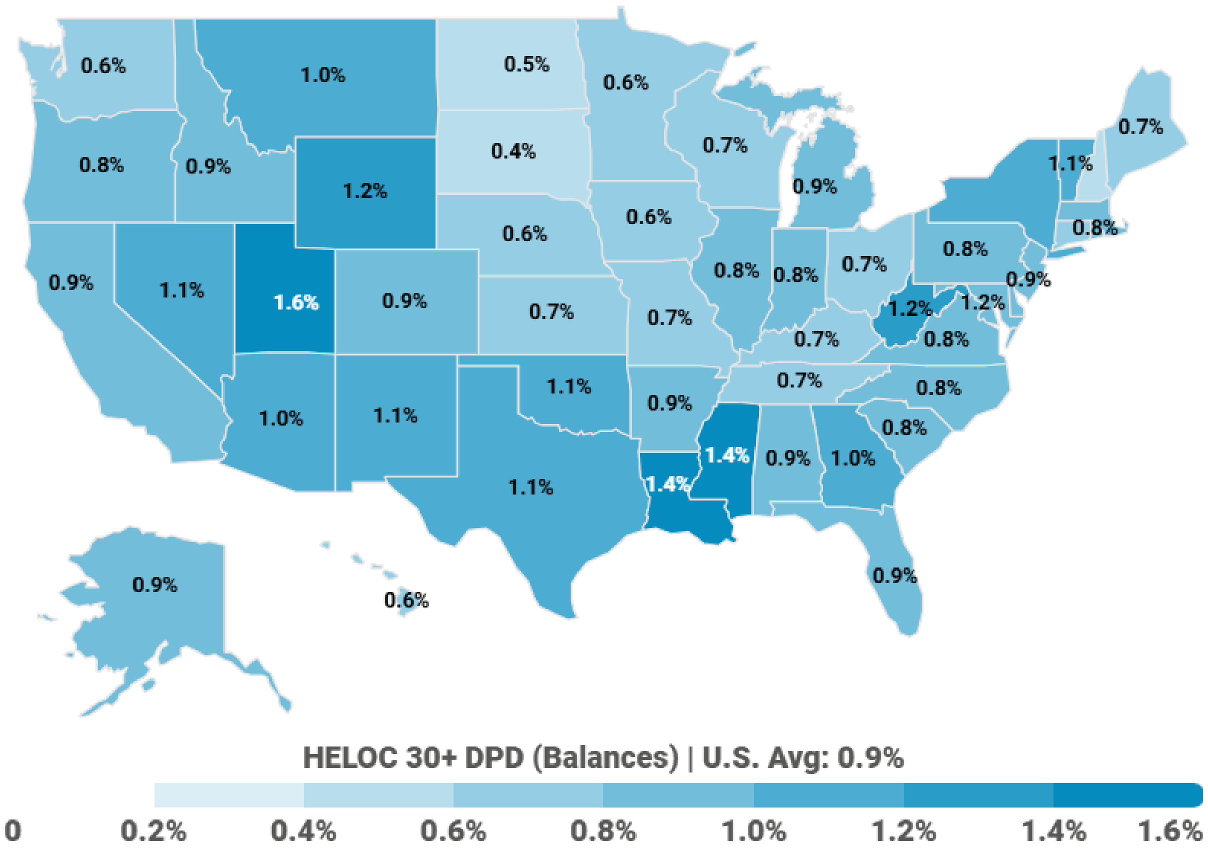
Note: Data is only through February 2025 as Peer Market Comparisons have a three-month, hold-back period

Sources: Experian Sandbox - Credit Trends Dashboard, and Experian Economic Strategy Group

HELOC delinquency slowing since beginning of 2025

— Lowest HELOC delinquency in North Dakota, South Dakota and New Hampshire



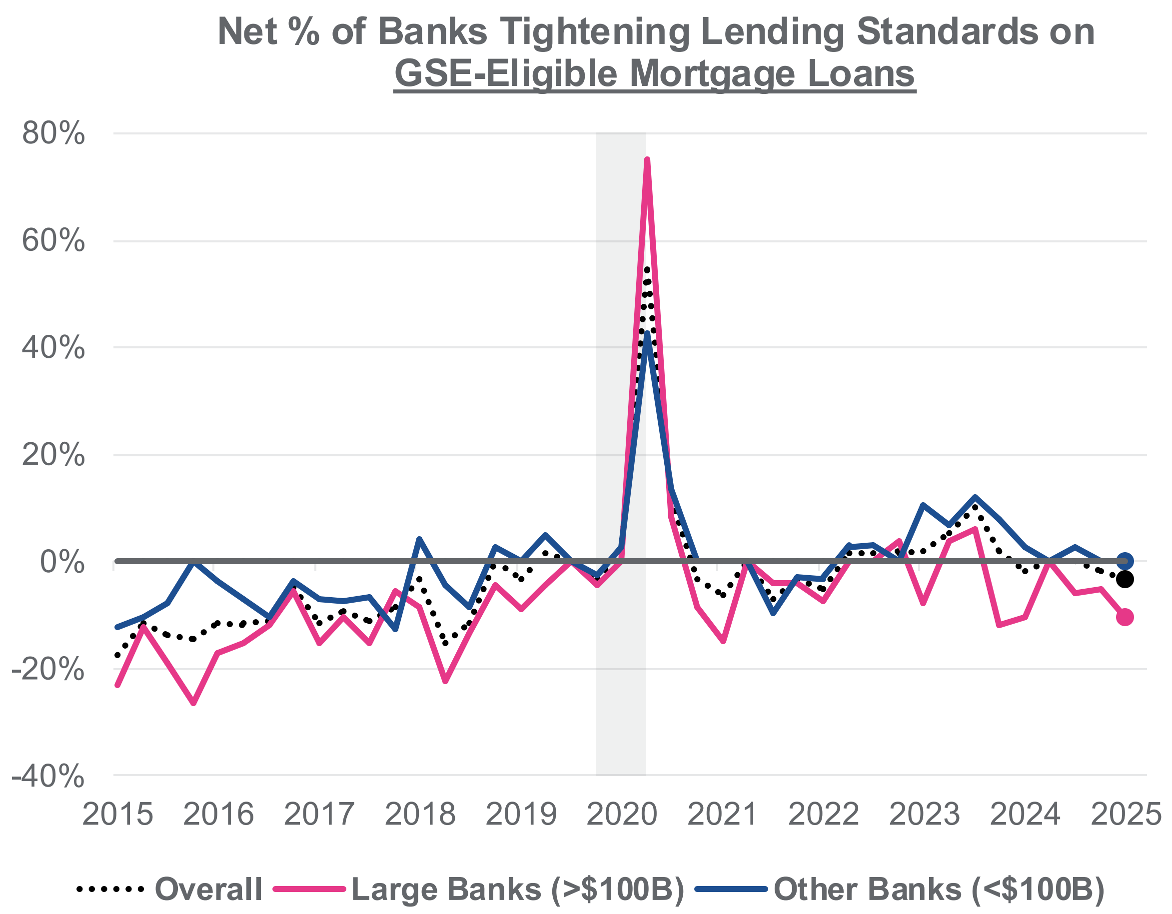


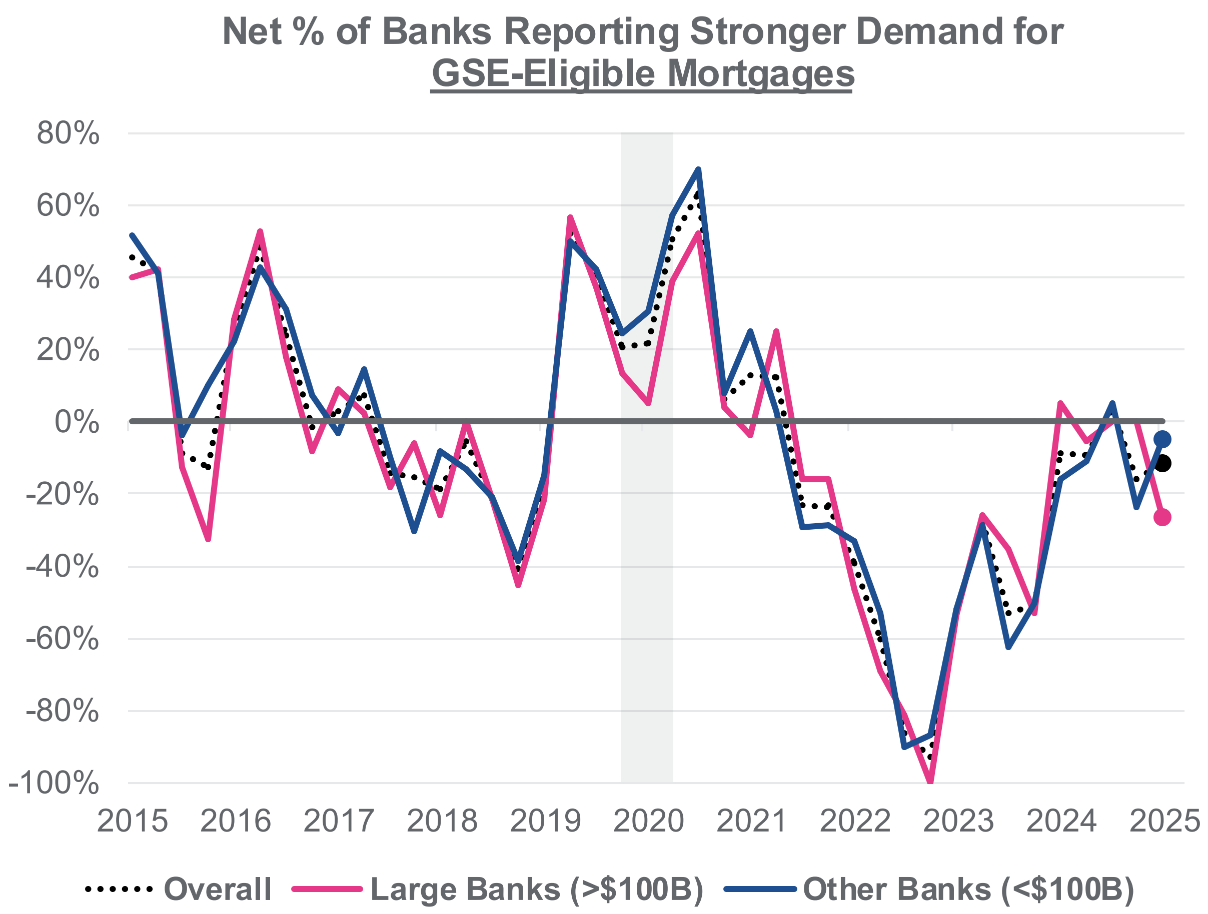
Sources: Experian Ascend Market Insights Dashboard (data through May 2025), and Experian Economic Strategy Group

Mortgage

Lending standards for mortgages easing at large banks

— Net % of banks reporting stronger loan demand remained soft in Q1

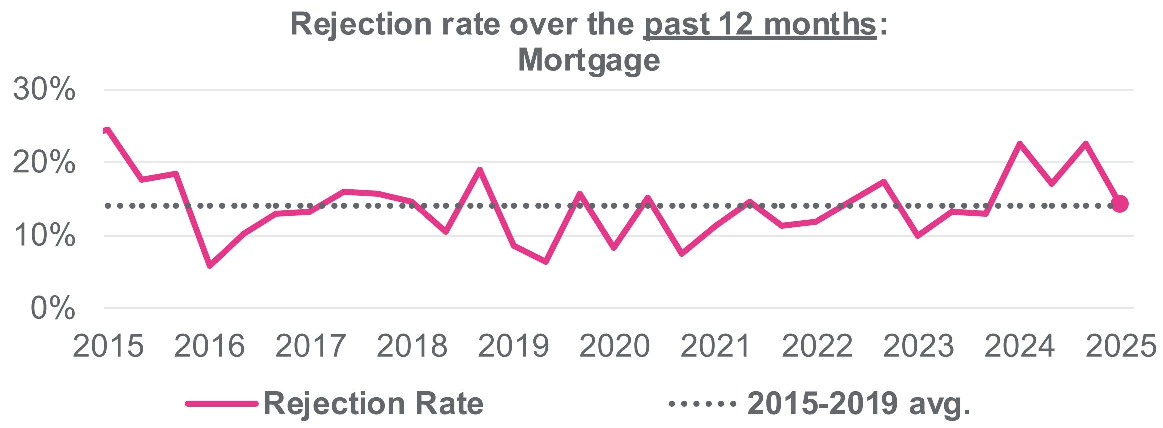


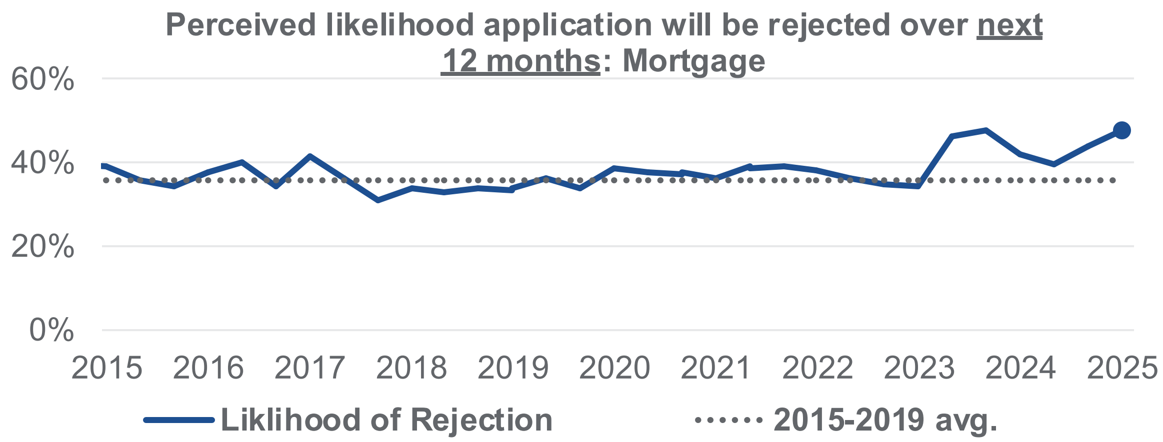


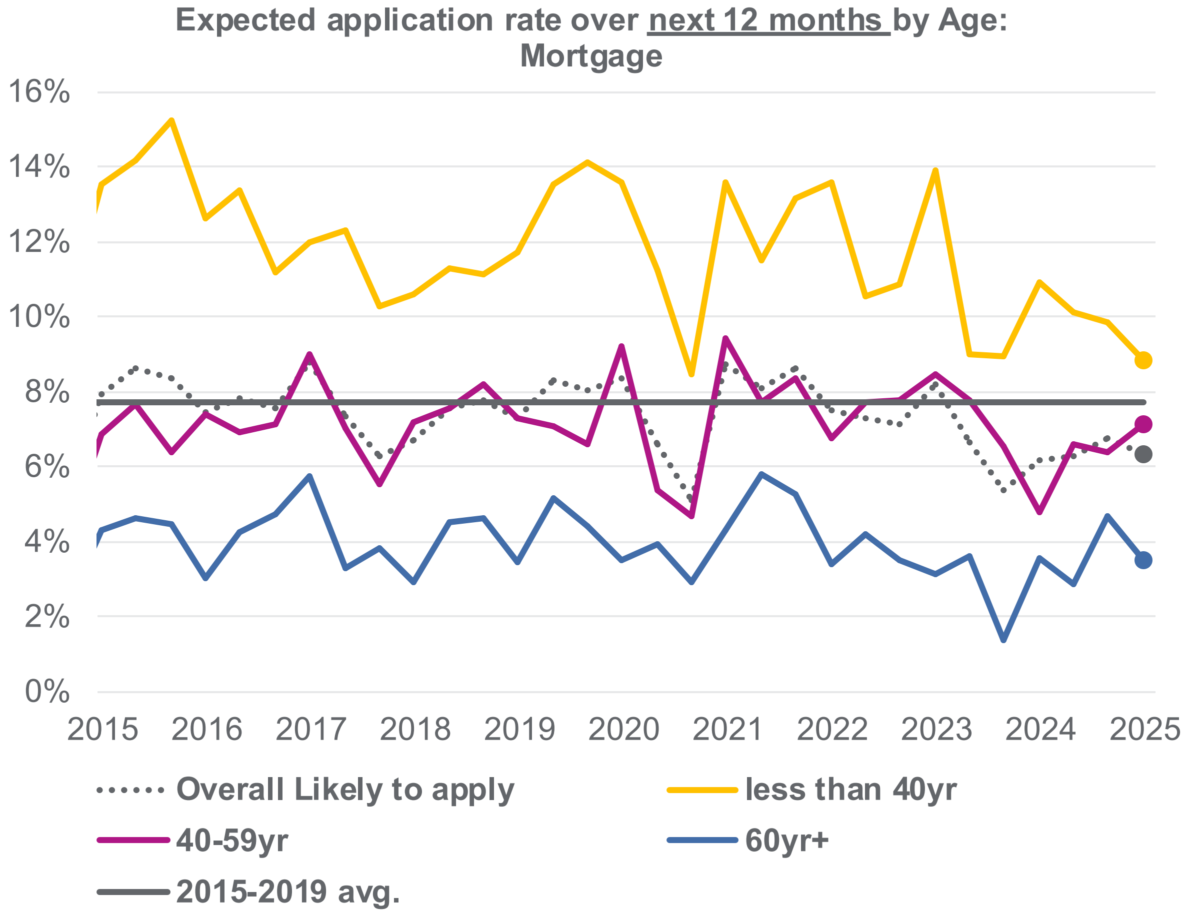
Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

Borrowers see high likelihood mortgage application will be rejected

— Expected application rate for mortgage declining for younger borrowers



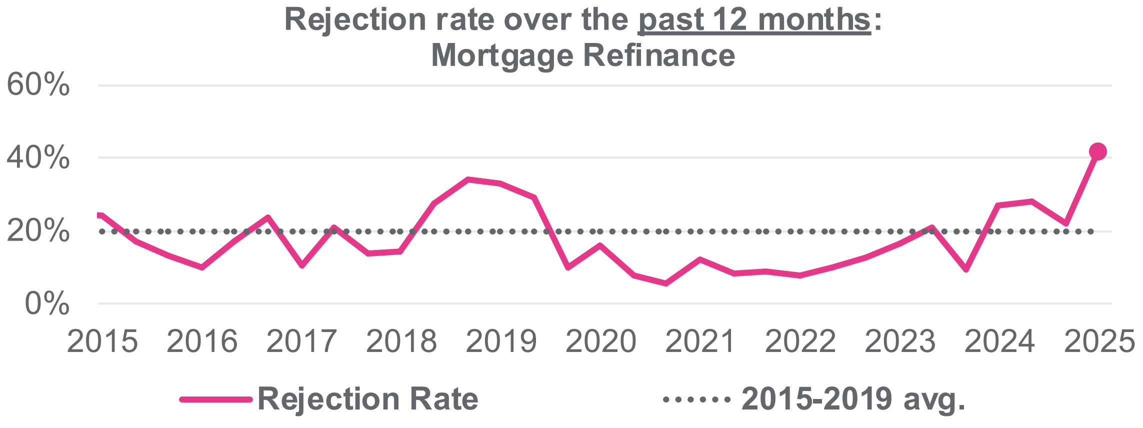


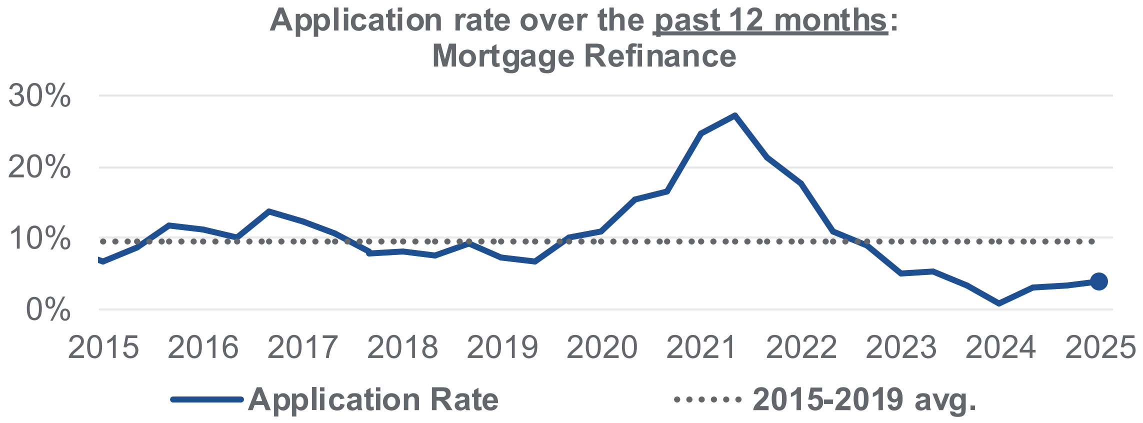


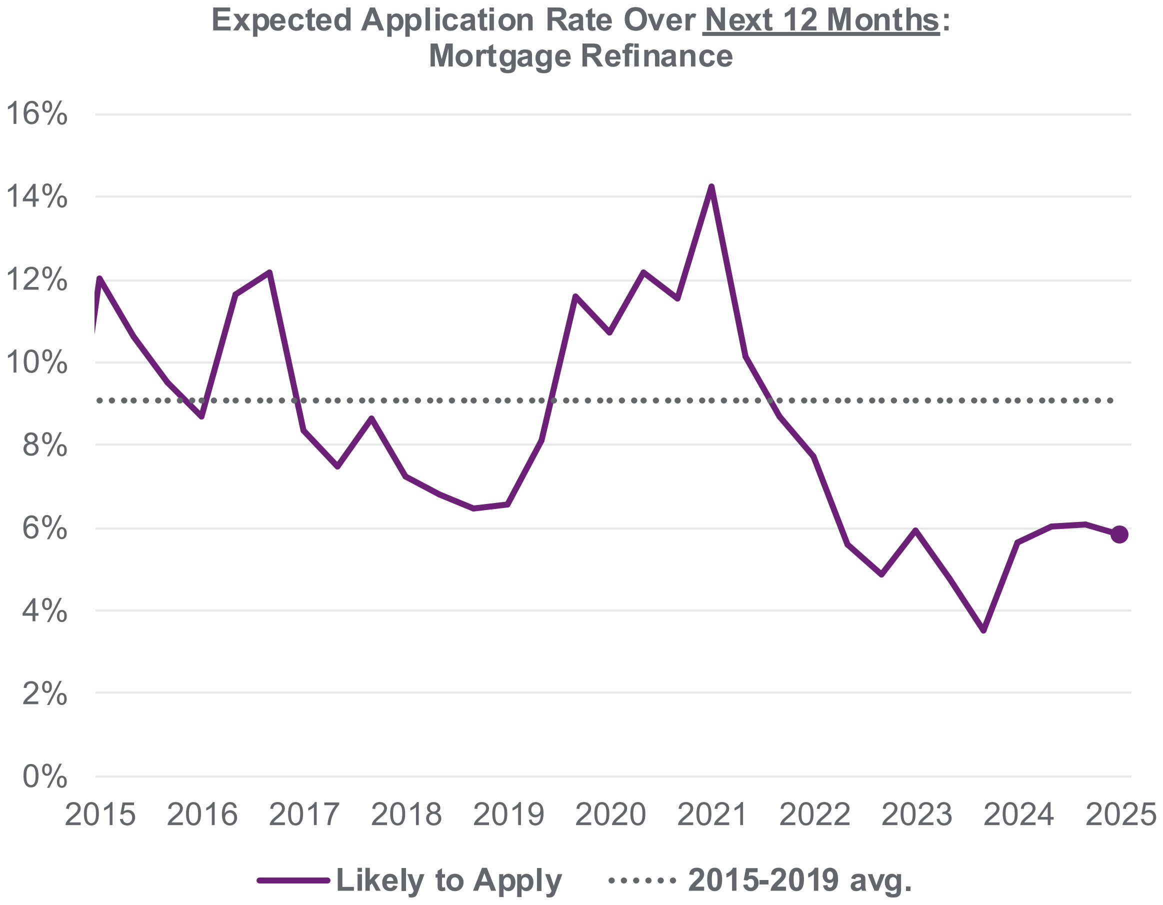
Sources: New York Federal Reserve and Experian Economic Strategy Group

Rejection rate for mortgage refi at highest level in a decade

— Consumers reporting low application and expected application rates





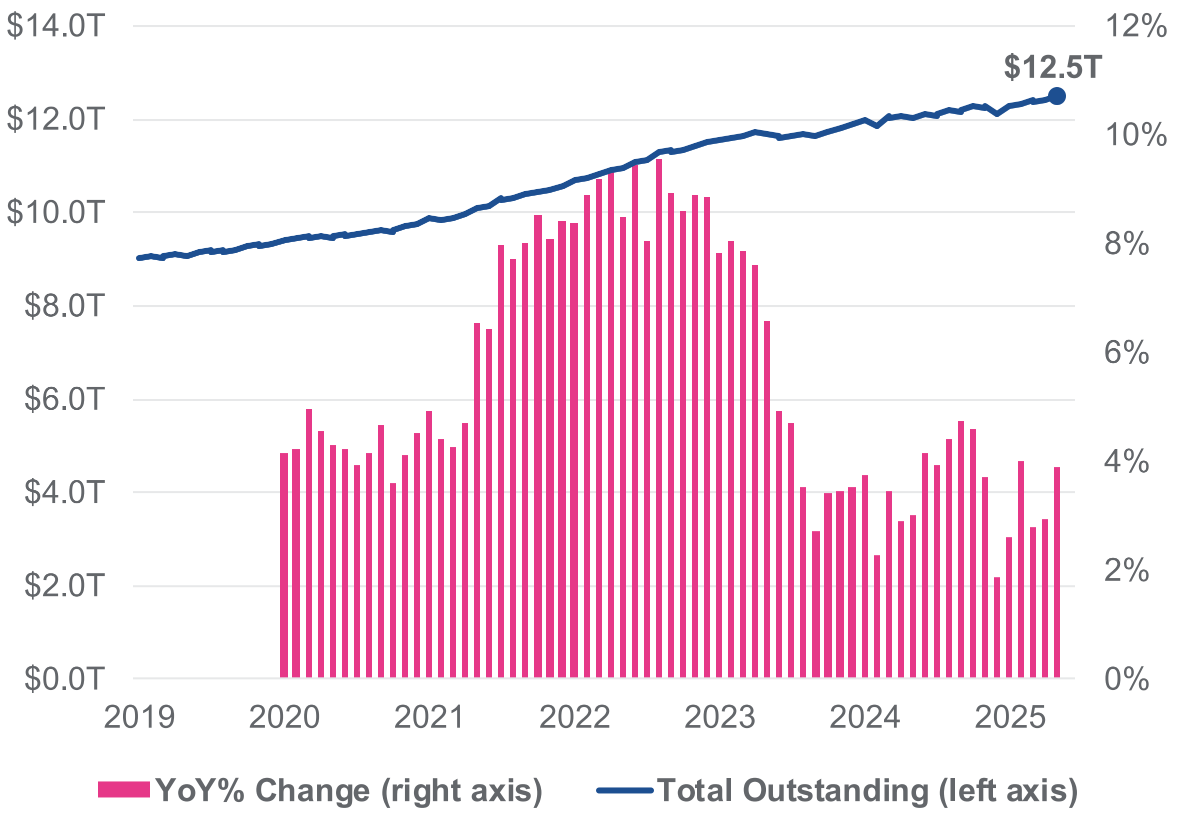


Sources: New York Federal Reserve and Experian Economic Strategy Group

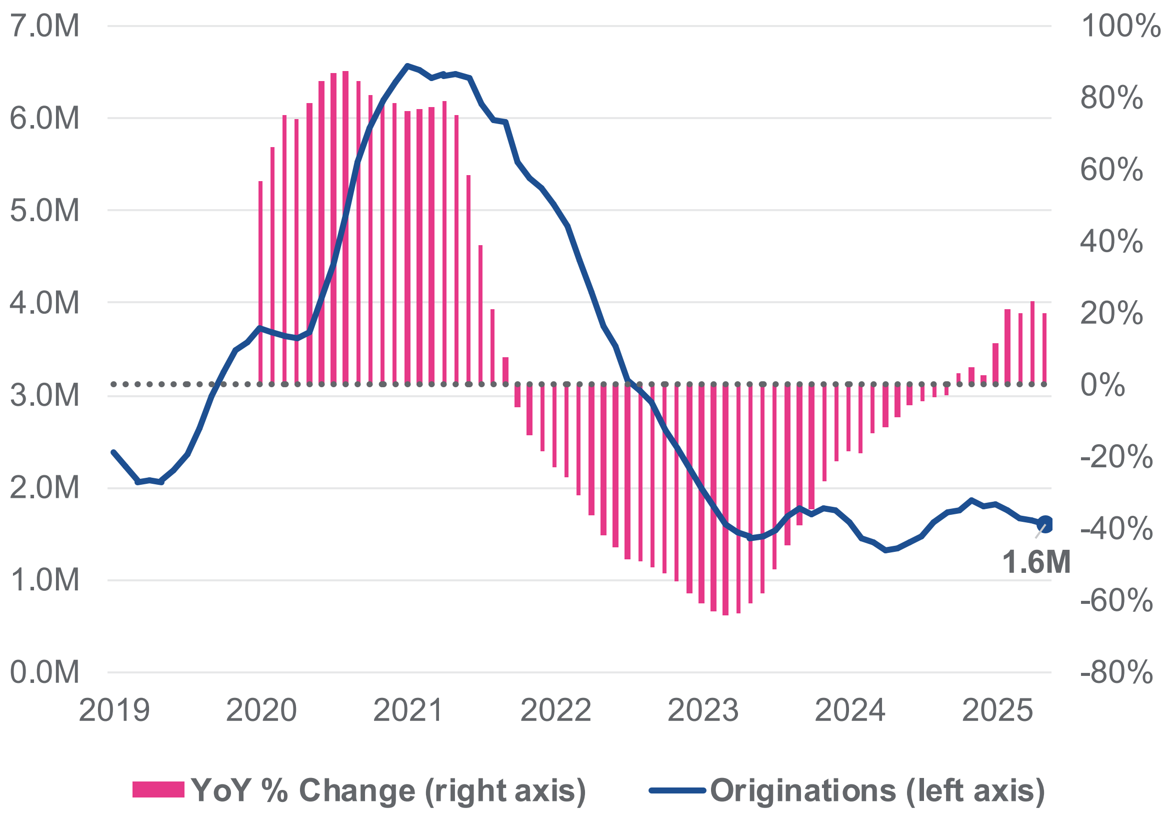
Growth in total mortgage debt has slowed

— New mortgage originations up YoY but overall remain low

First Mortgage Debt Outstanding



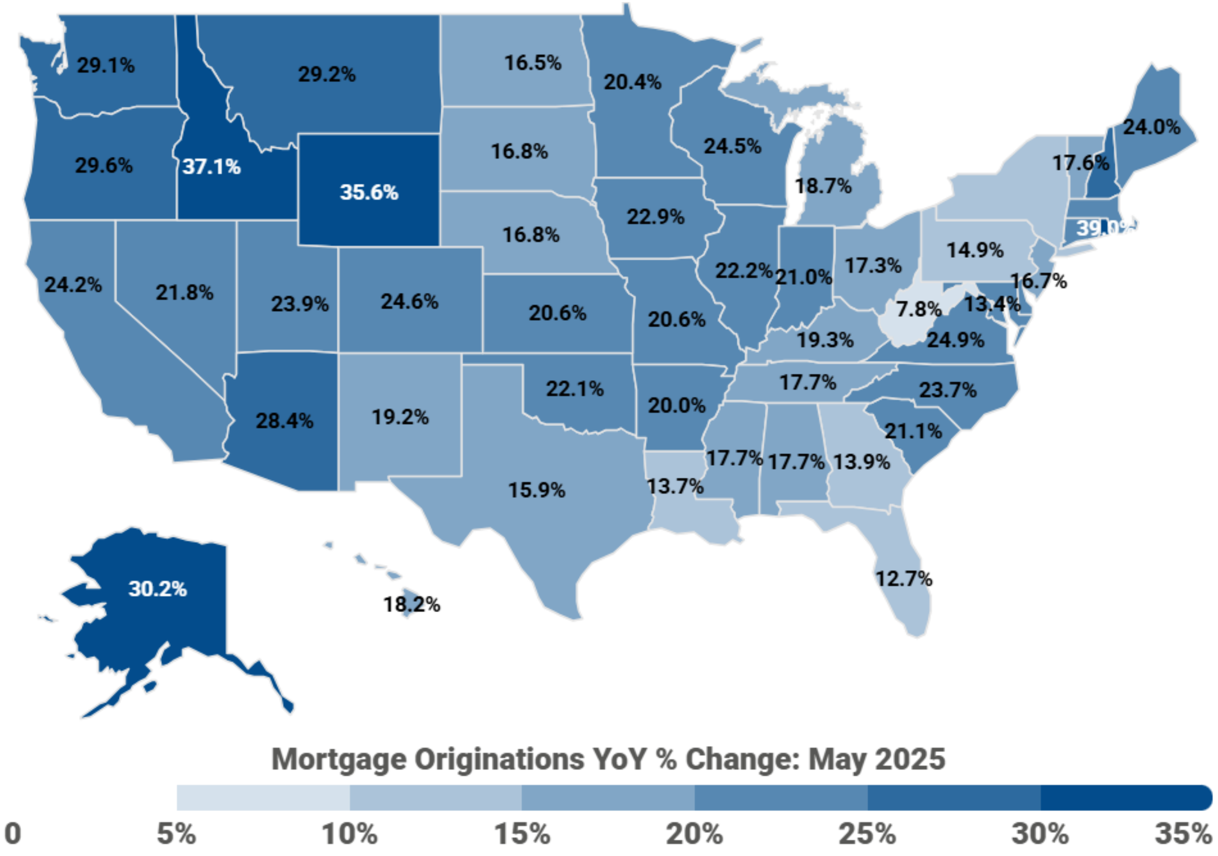
First Mortgage New Account Originations



Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

Mortgage originations by state

— Greatest year-over-year increases in northwestern U.S.

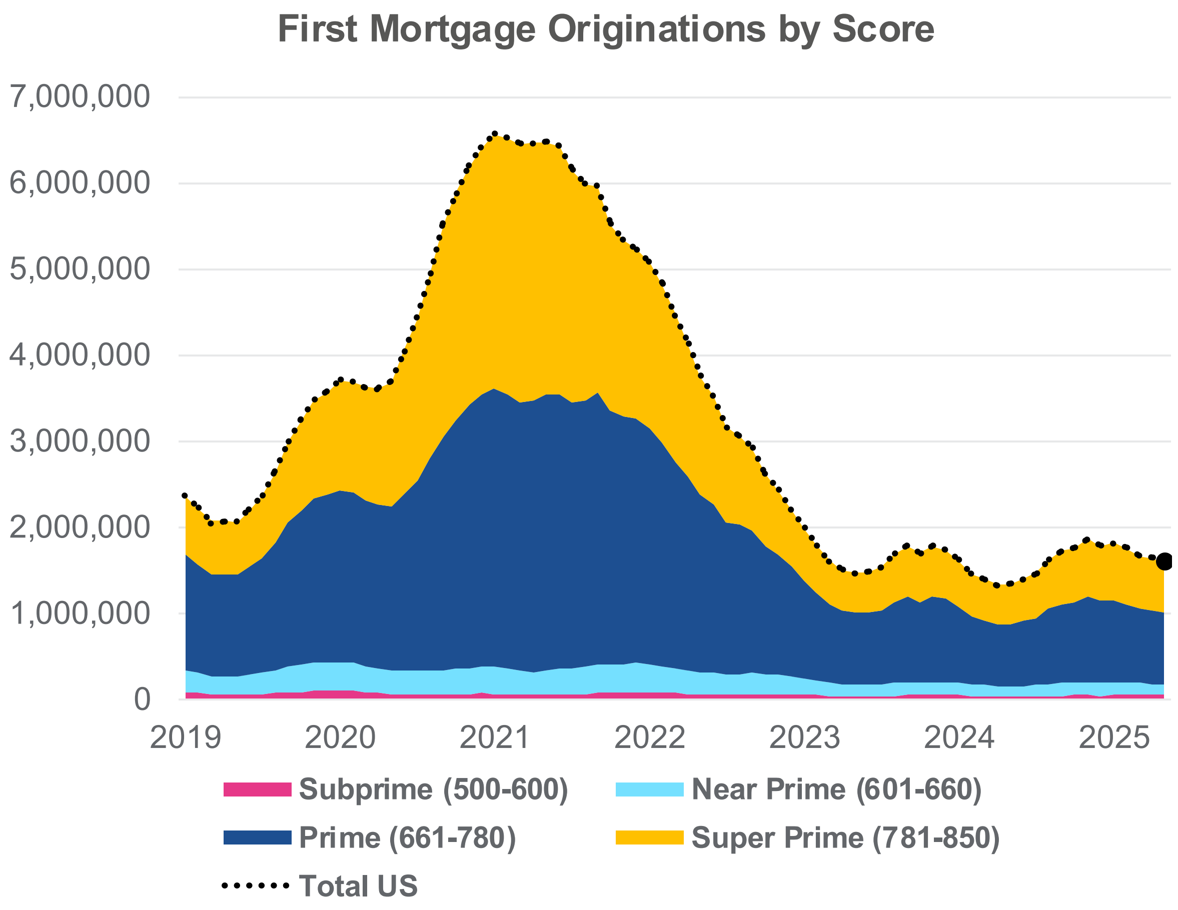


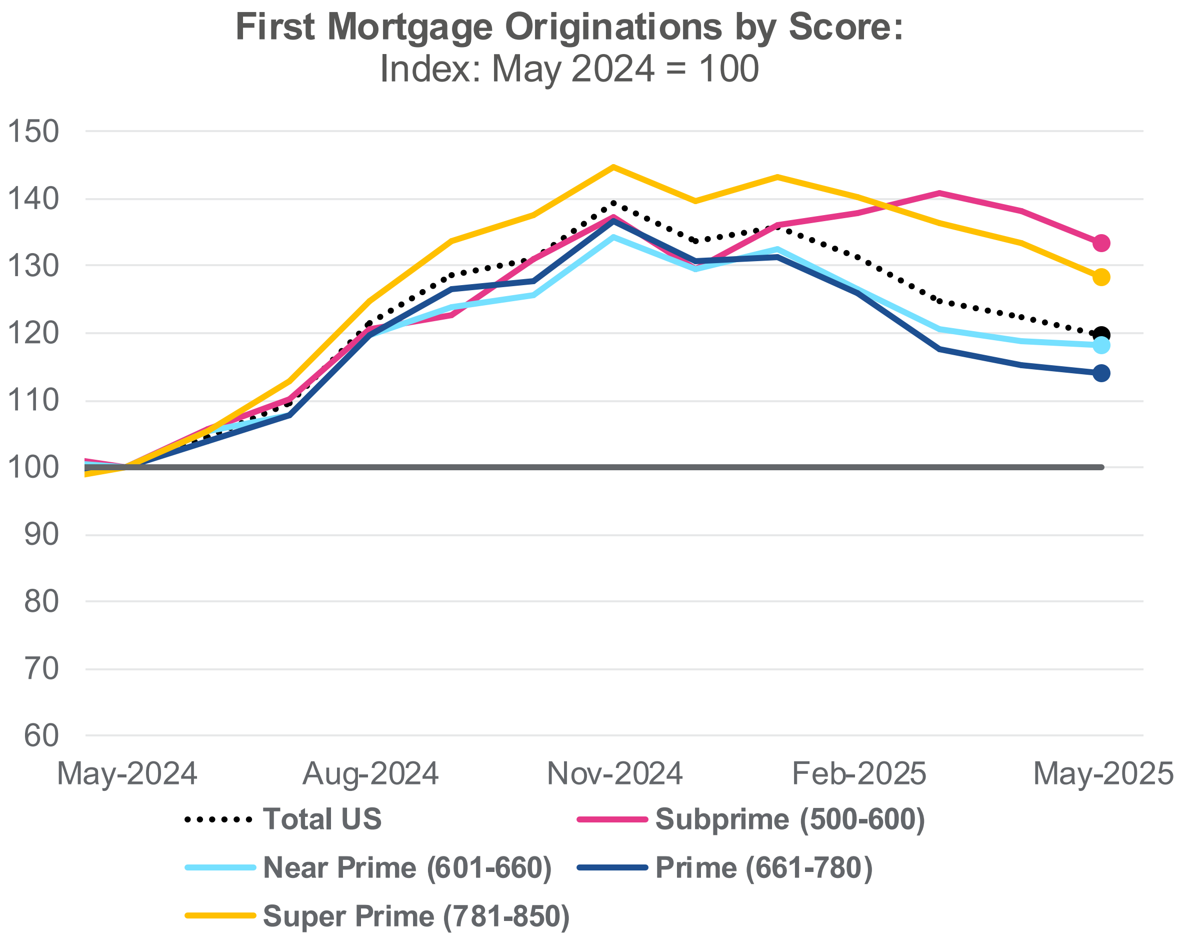
State	YoY % Change
Highest	
Rhode Island	+39.0%
Idaho	+37.1%
Wyoming	+35.6%
Lowest	
West Virginia	+7.8%
Florida	+12.7%
New York	+12.9%

Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

YoY increase in mortgage originations across score bands

— Subprime borrowers saw the greatest YoY increase

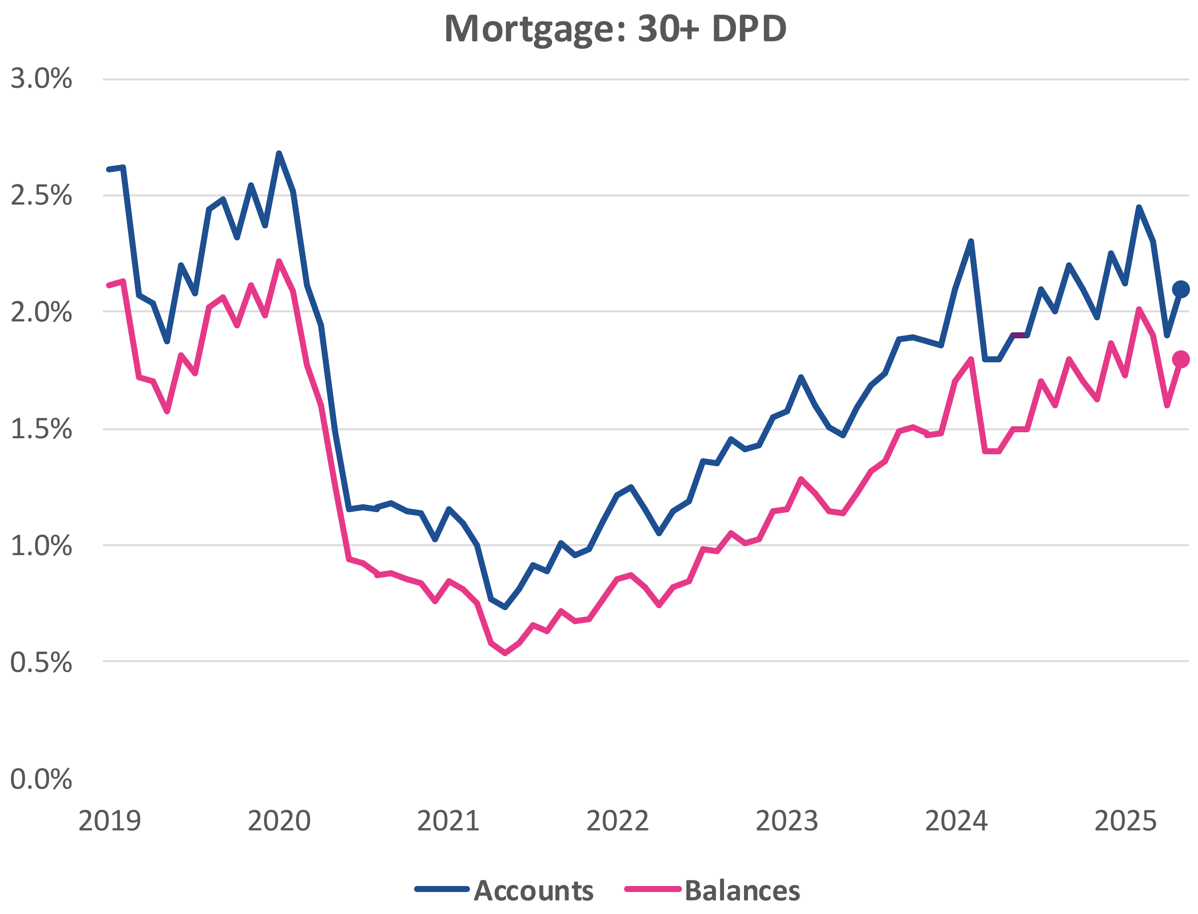


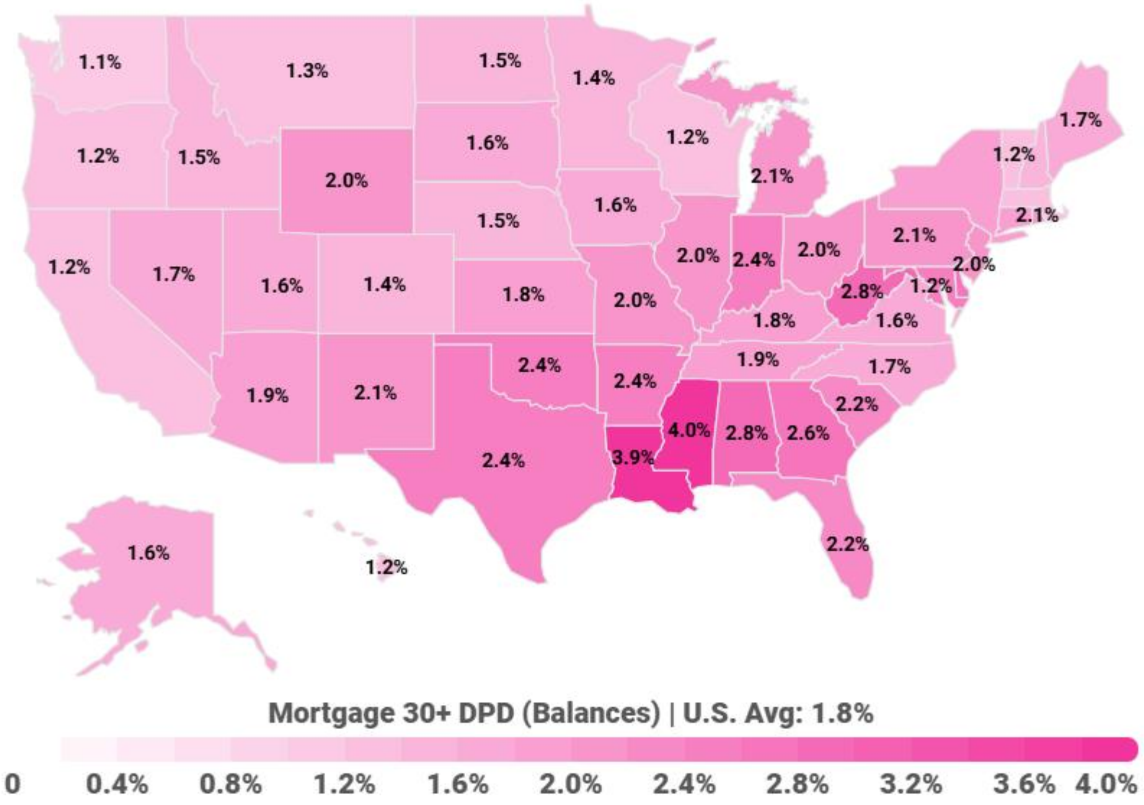


Sources: Experian Sandbox - Credit Trends Dashboard (data through May 2025), and Experian Economic Strategy Group

Growth in mortgage delinquency has slowed

— Highest rates of mortgage delinquency in the Southeast





Sources: Experian Ascend Market Insights Dashboard (data through May 2025) and Experian Economic Strategy Group experian®