Lending Conditions Chartbook

Q1 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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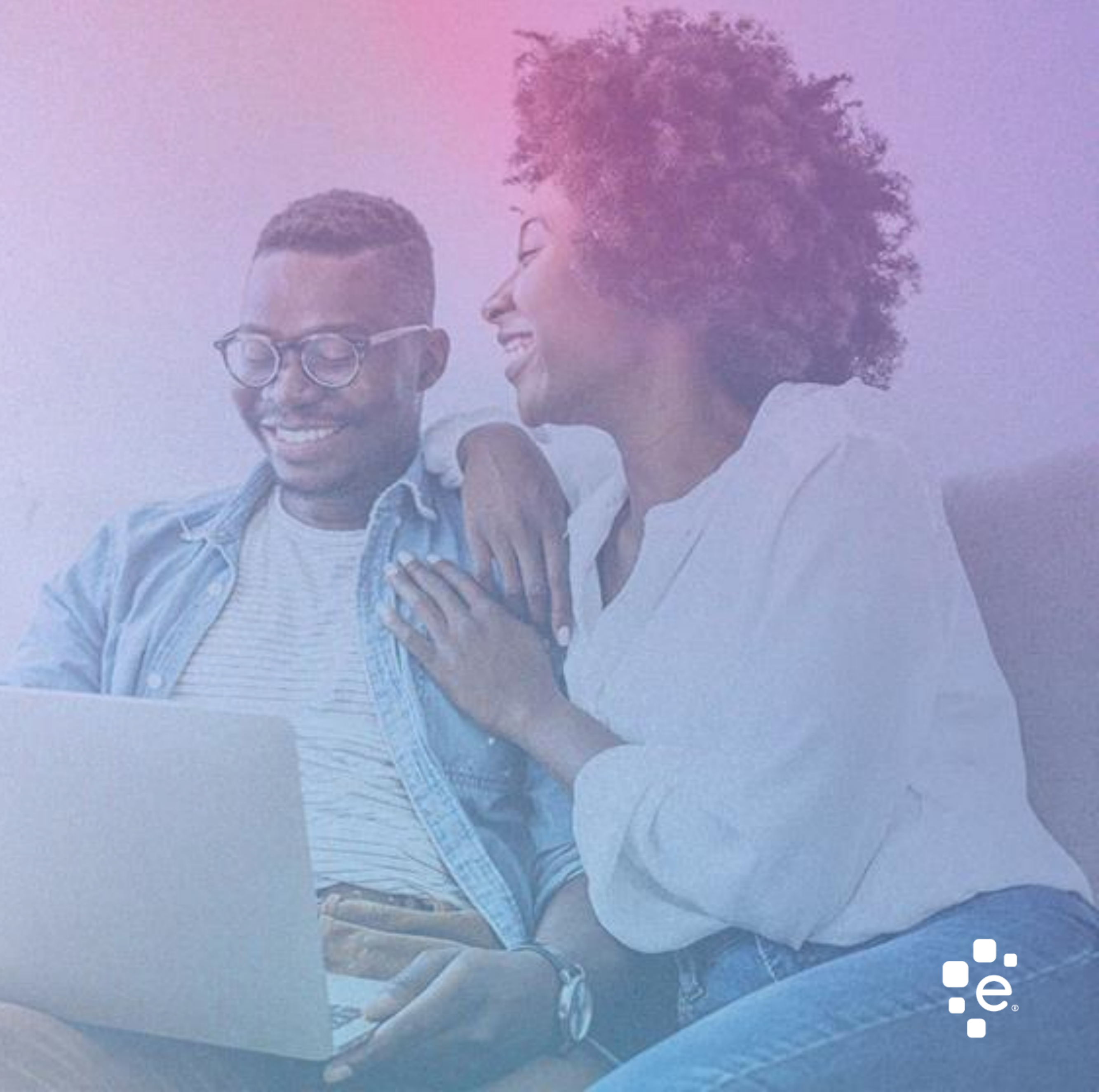
Macro backdrop

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



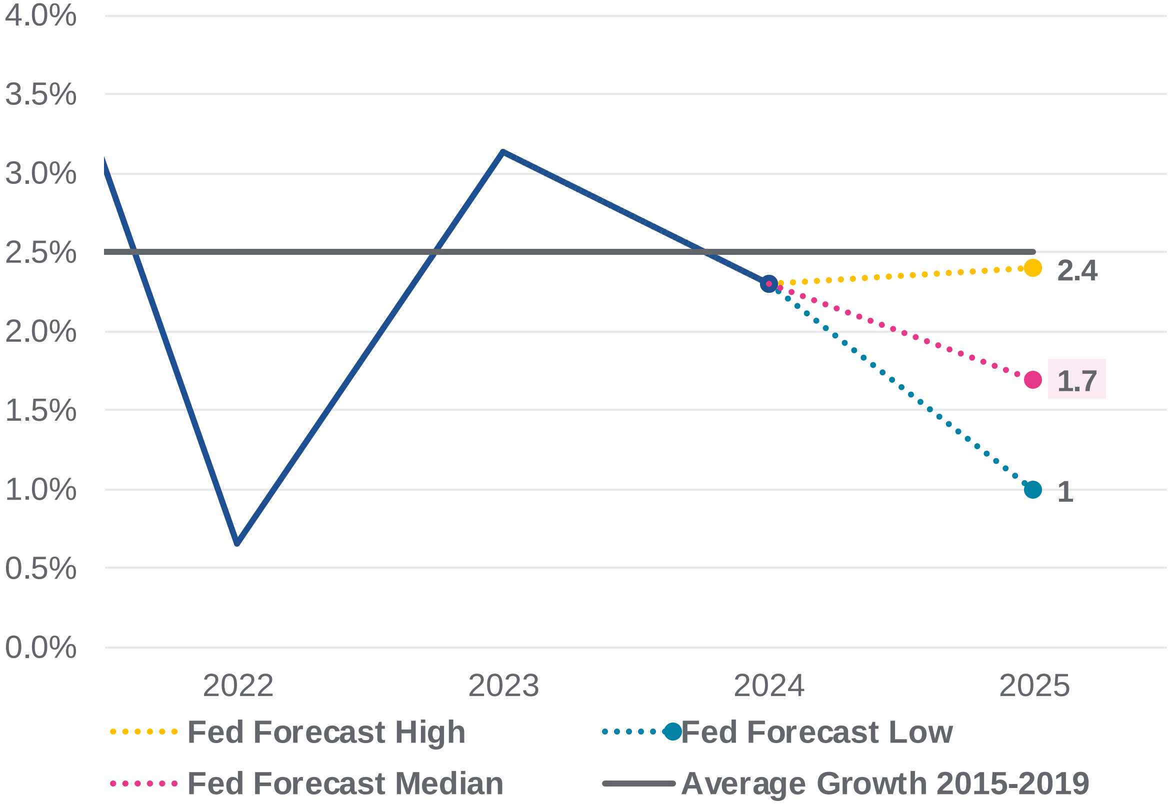
Key Takeaways: Macro Backdrop

- The US economy entered 2025 on solid footing but recent tariff announcements have impacted consumer and business sentiment and driven uncertainty higher. **In light of the shifting backdrop, Fed officials downgraded their outlook for economic activity and the labor market in 2025, while at the same time lifted their inflation forecast.**
- **The labor market appears on decent footing but there are signs of slowing.** While the official unemployment remains low at 4.1% as of February, the underemployment rose to the highest level since 2021, and the hires rate sits near decade lows. A low hires rate can predispose the economy to rapid rises in unemployment if layoffs pick up.
- Consumer sentiment has shifted lower across a number of surveys as households have grown more concerned over the potential for higher inflation and unemployment. **Real income growth has continued to ease, while at the same time equity markets have declined, which may reduce households' – especially higher income households – desire to spend.**
- The latest round of inflation data suggests some modest improvement, but tariffs are likely (at least in the short run) to keep inflation higher for longer. In their most recent forecast, **Fed officials reiterated their call for two, 25bp rate cuts in 2025, despite increasing their year-end inflation forecast from 2.5% to 2.8%.**

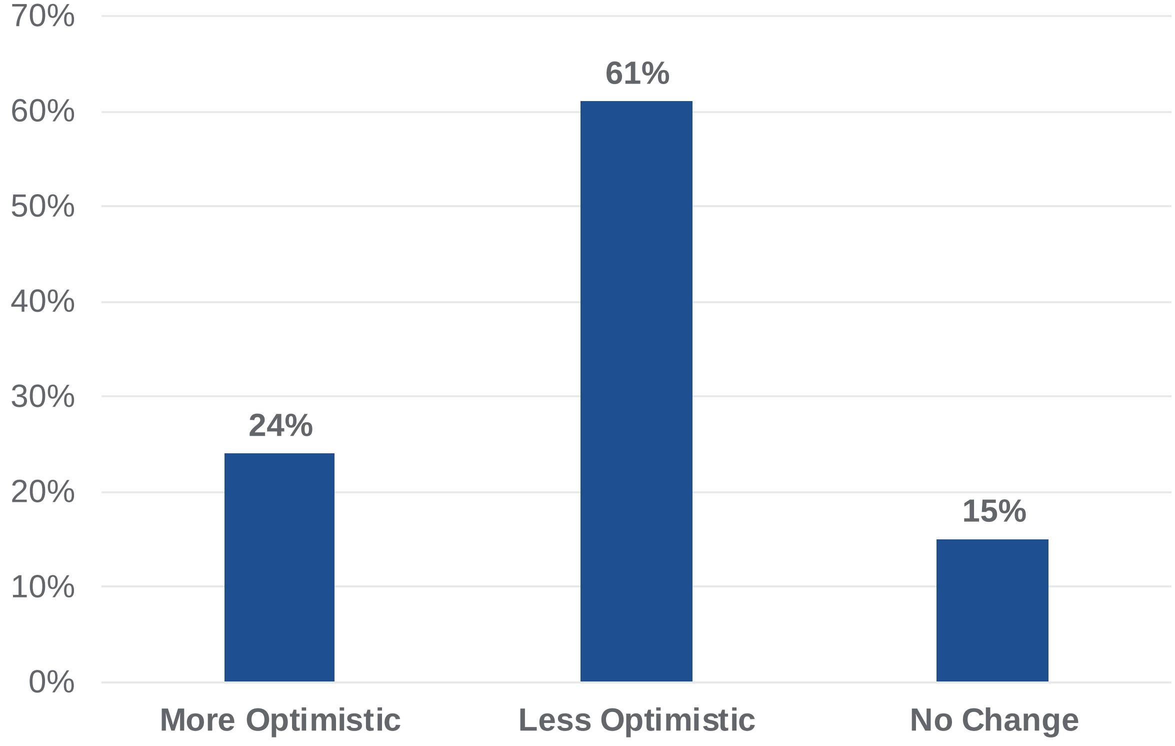
Greater uncertainty in U.S. economic outlook

— Latest forecast from Fed officials is for 1.7% growth in 2025, down from prior view of 2.1%

Range of Fed Officials' Projections: March 2025
Real Gross Domestic Product Q4/Q4 % Change



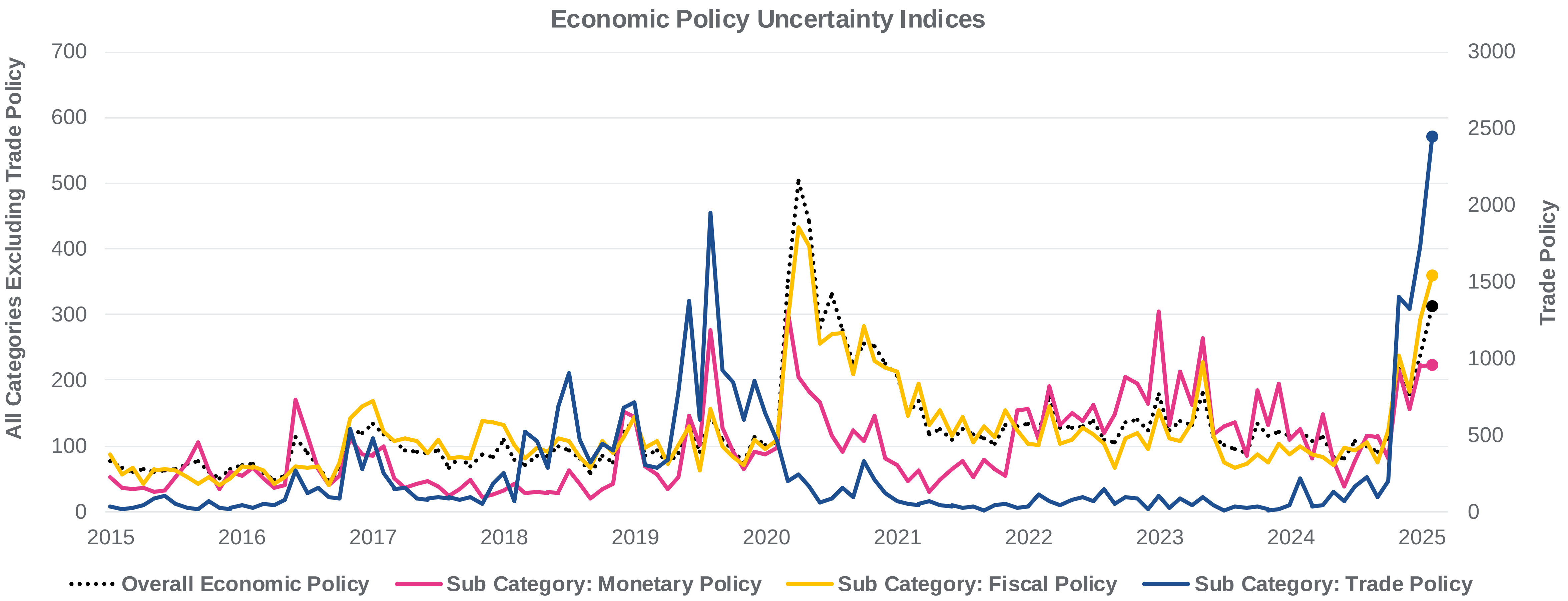
Experian Feb 2025 Economic Forecast Webinar
Poll: How has your view of the economic outlook for 2025 changed since the start of the year?



Sources: Bureau of Economic Analysis, Federal Reserve March 2025 SEP, Experian February 2025 Macroeconomic Scenarios Webinar, and Experian Economic Strategy Group

Trade policy uncertainty rises to highest level on record

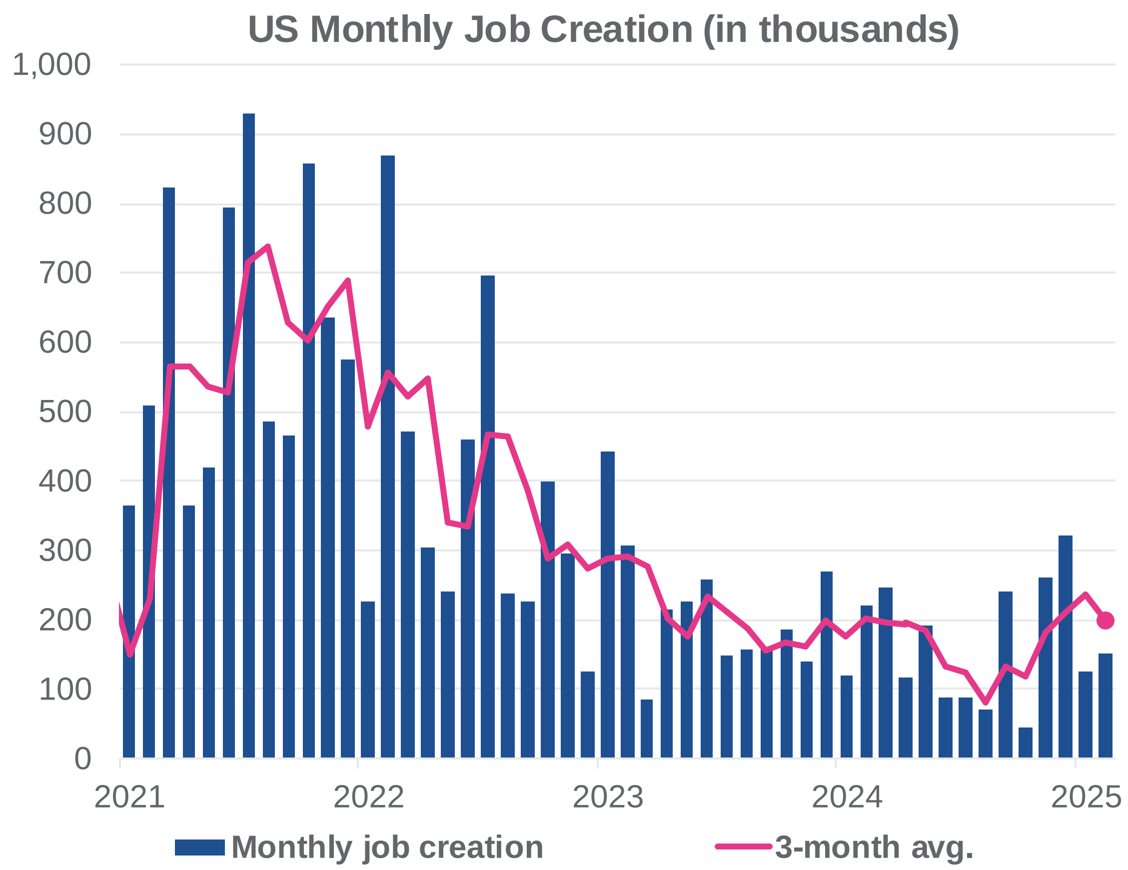
— High levels of uncertainty are set to weigh on economic growth in 2025

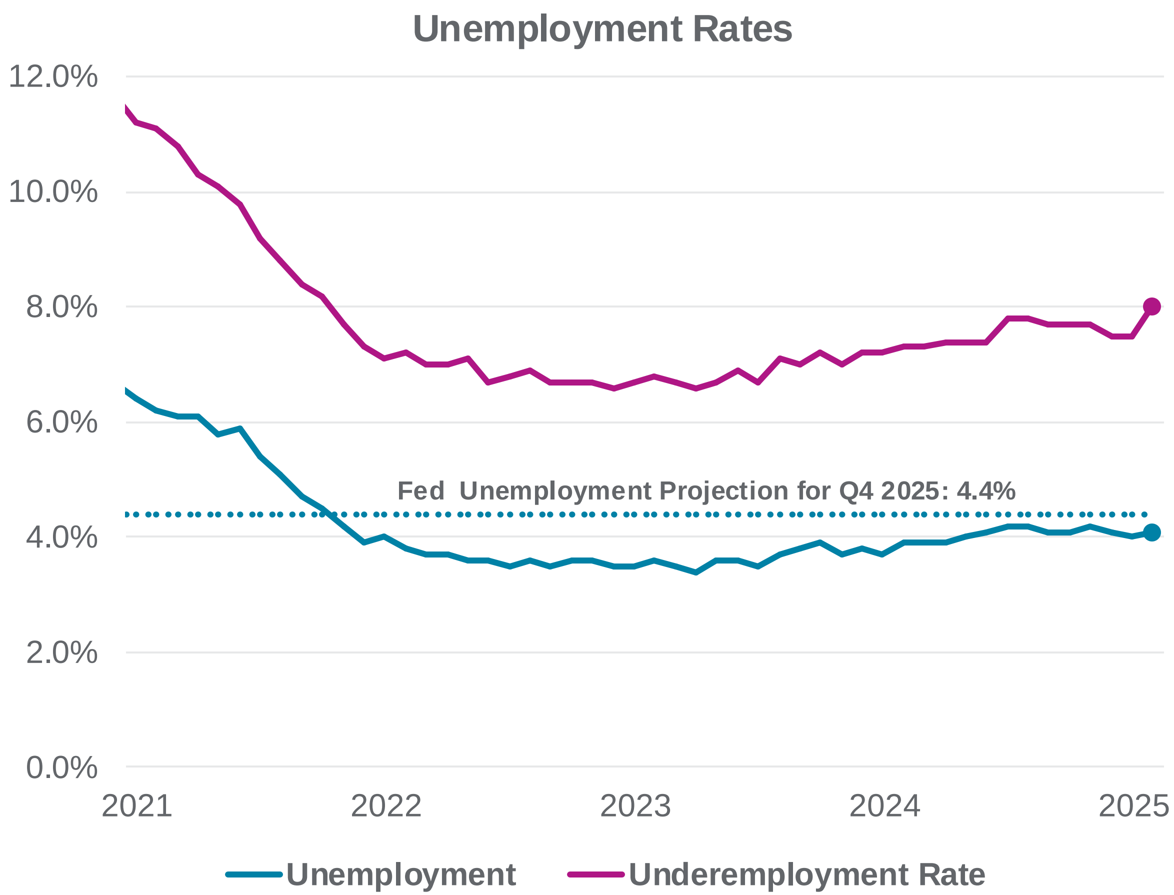


Source: Economic Policy Uncertainty Index (Scott Baker, Nick Bloom, Stephen Davis), and Experian Economic Strategy Group

Labor market appears solid but there are signs of slowing

— Unemployment rose slightly to 4.1% in February, but underemployment hits highest level since 2021.

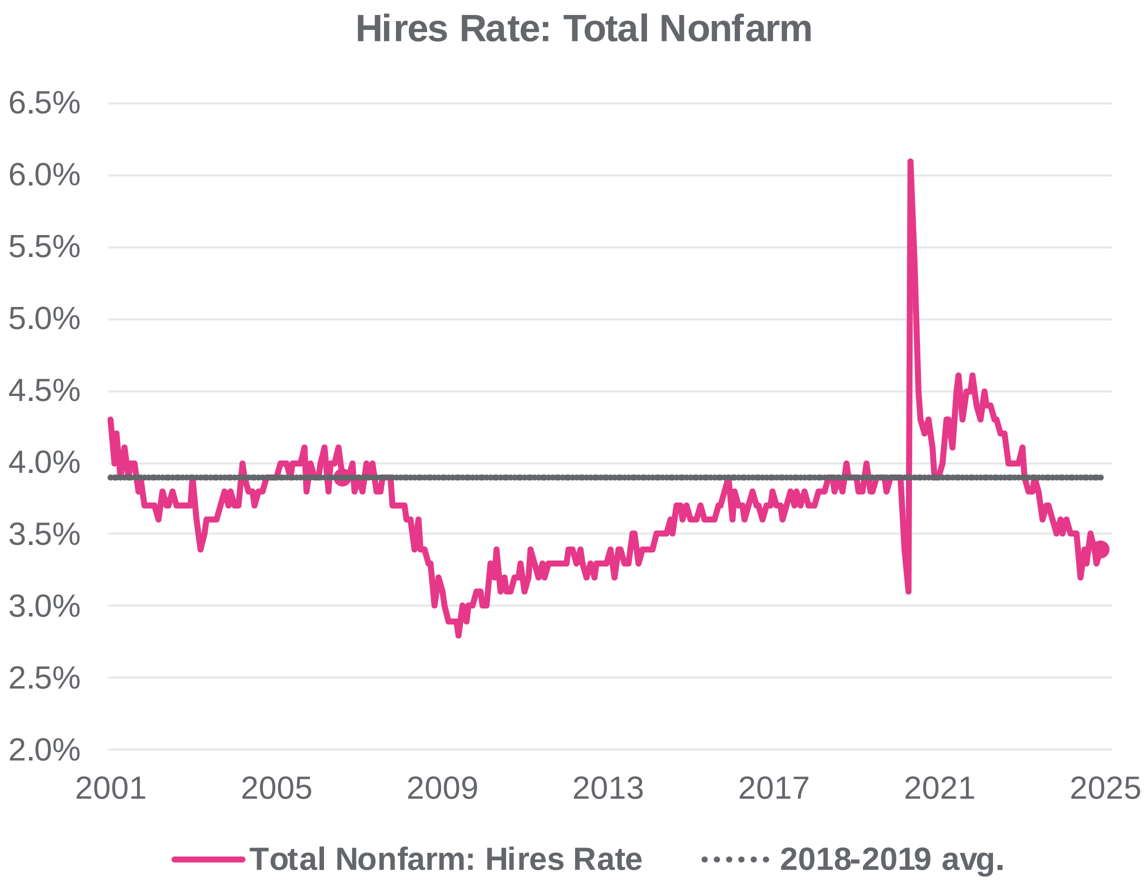


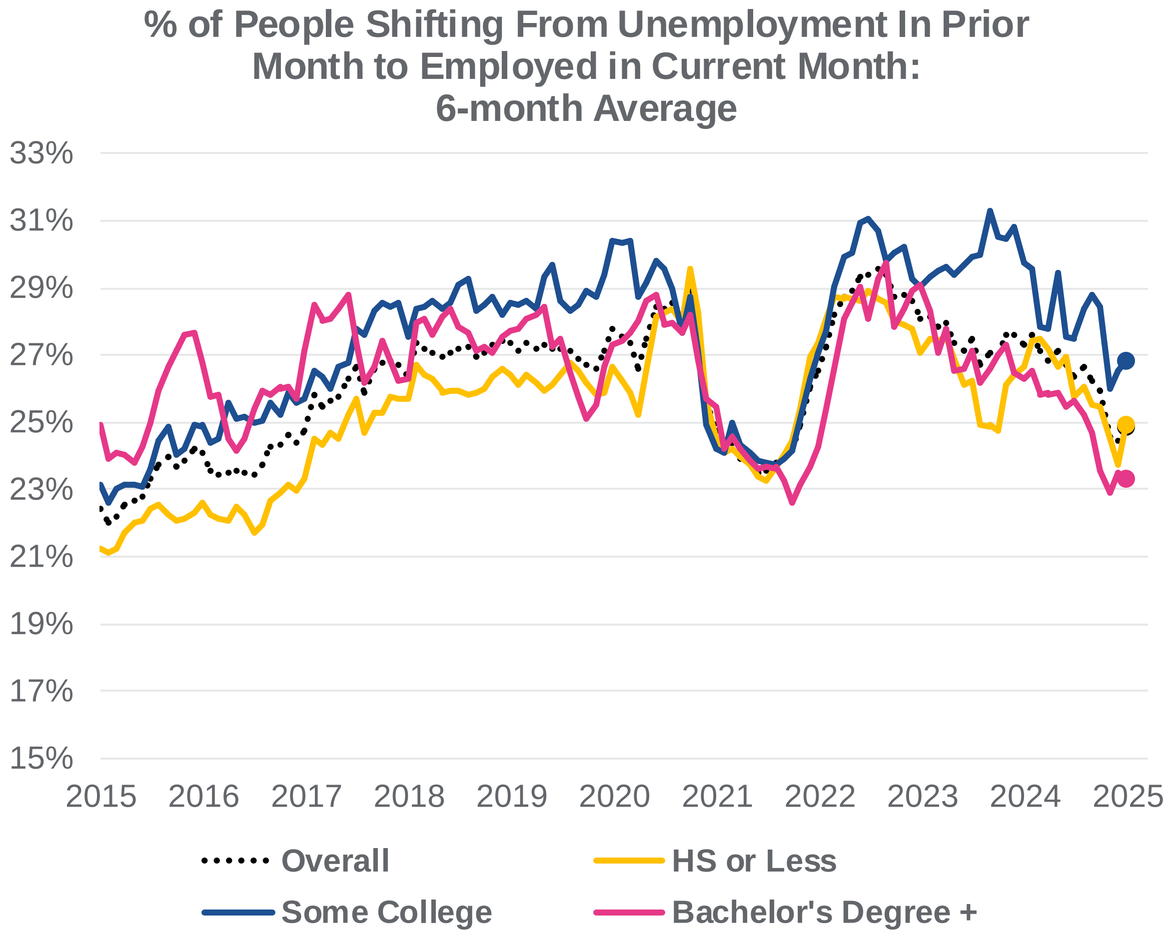


Source: Bureau of Labor Statistics and Experian Economic Strategy Group

Hires rate near lowest levels in a decade (outside of the pandemic)

— People with bachelor's degree or higher finding it more challenging to move from unemployed to employed

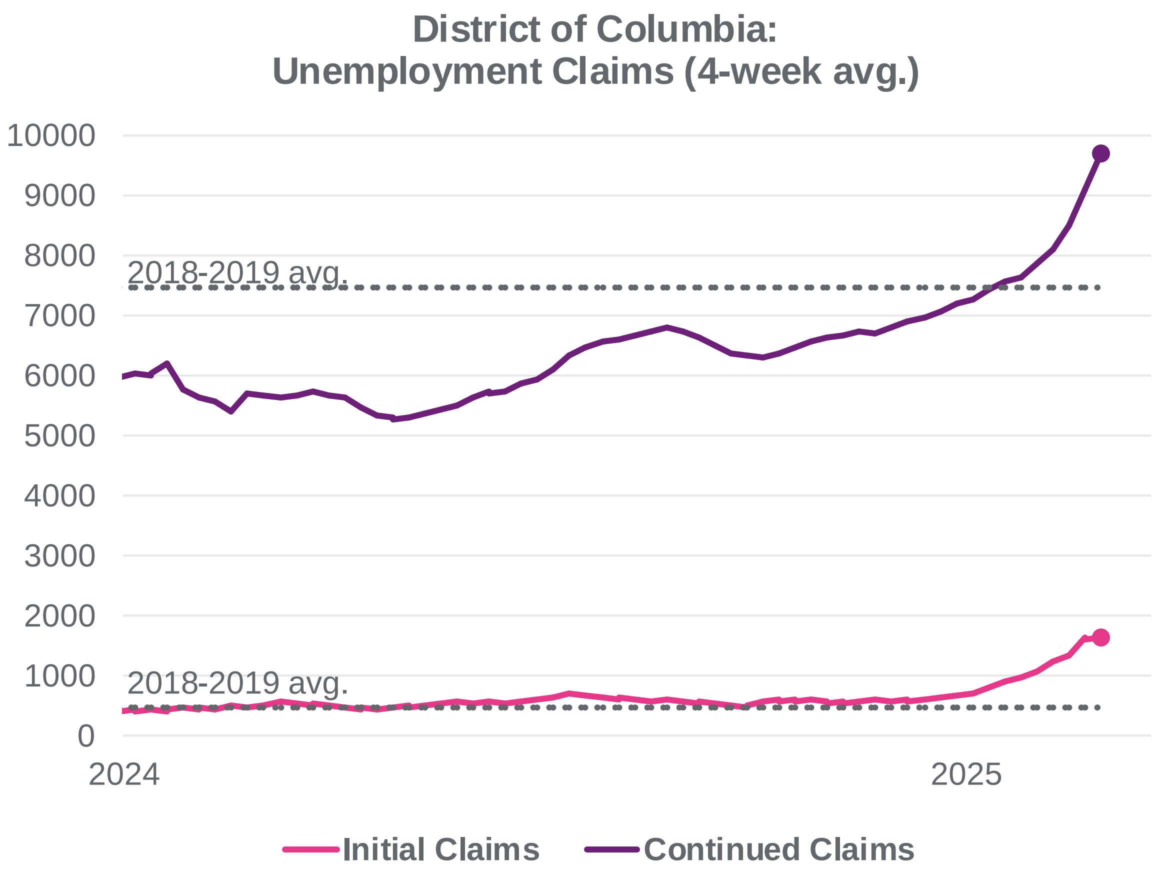


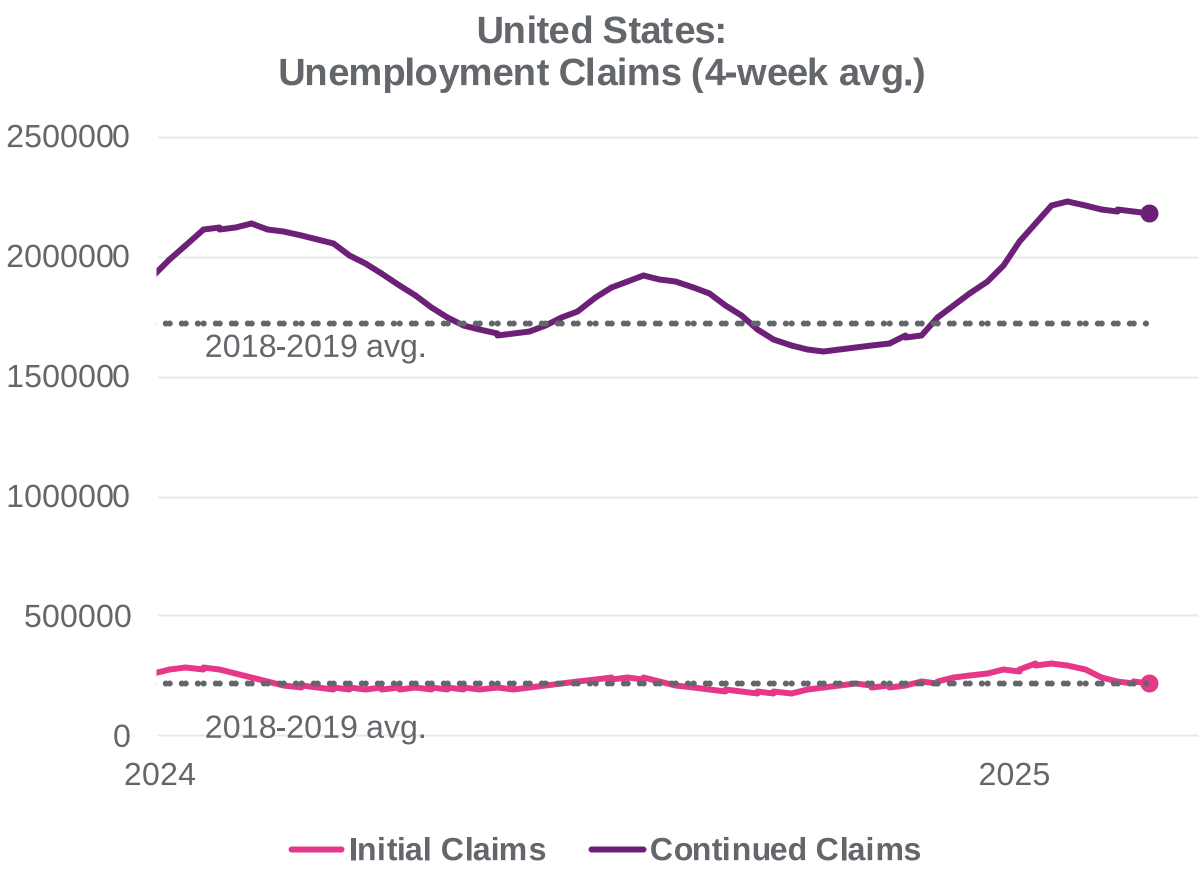


Source: Bureau of Labor Statistics, Federal Reserve Bank of San Francisco, and Experian Economic Strategy Group

Early signs of spending cuts and layoffs starting to show in DC area

— Overall US layoffs (initial claims) remain at pre-pandemic levels, continued claims somewhat elevated

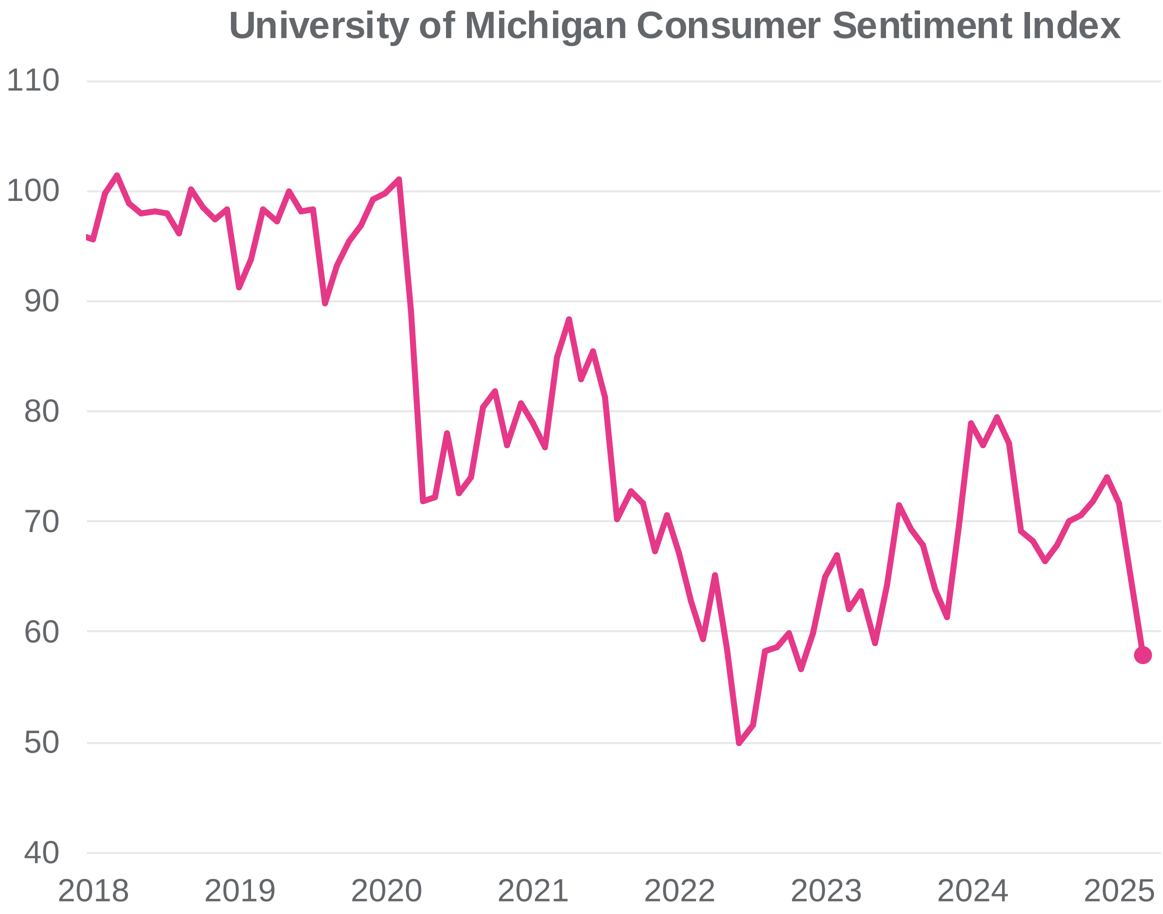


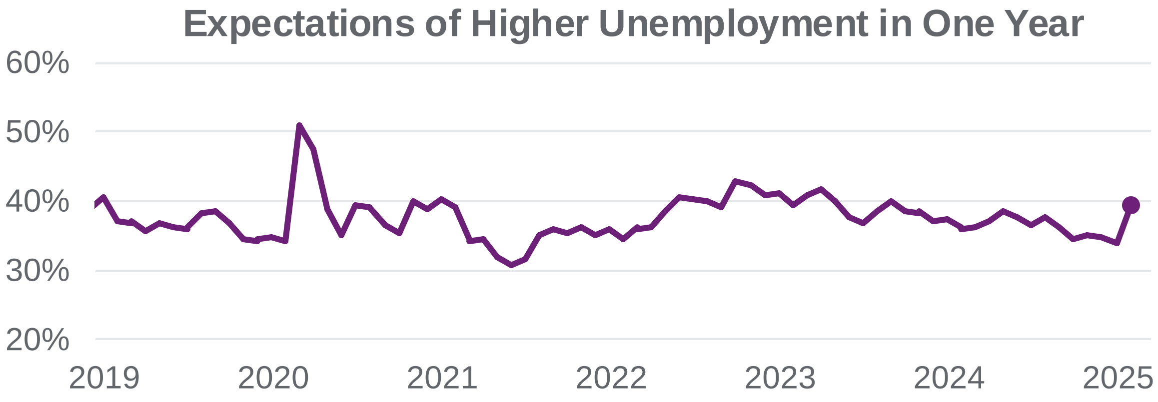


Source: Department of Labor and Experian Economic Strategy Group

Consumer sentiment has downshifted notably since trade war began

— Consumers feeling worse about future financial situation and potential for job losses

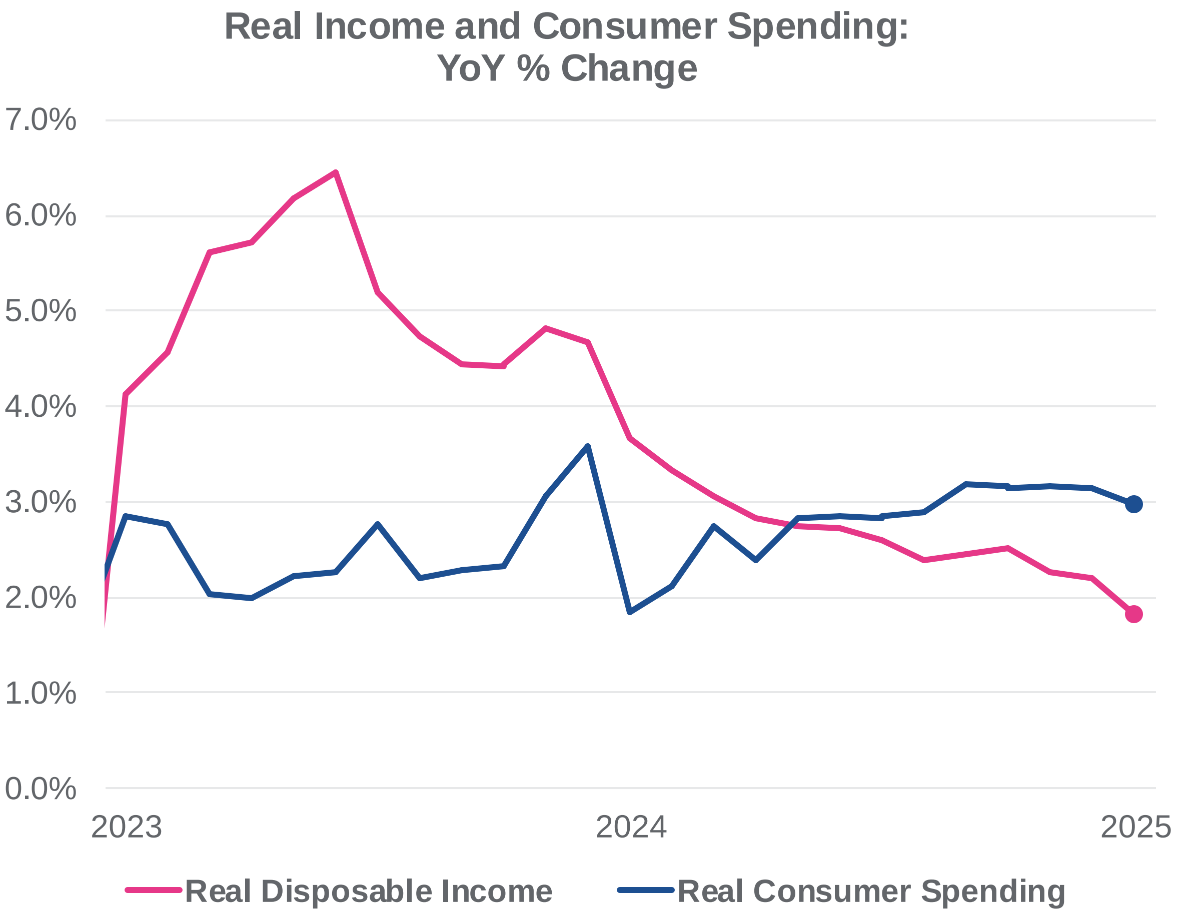


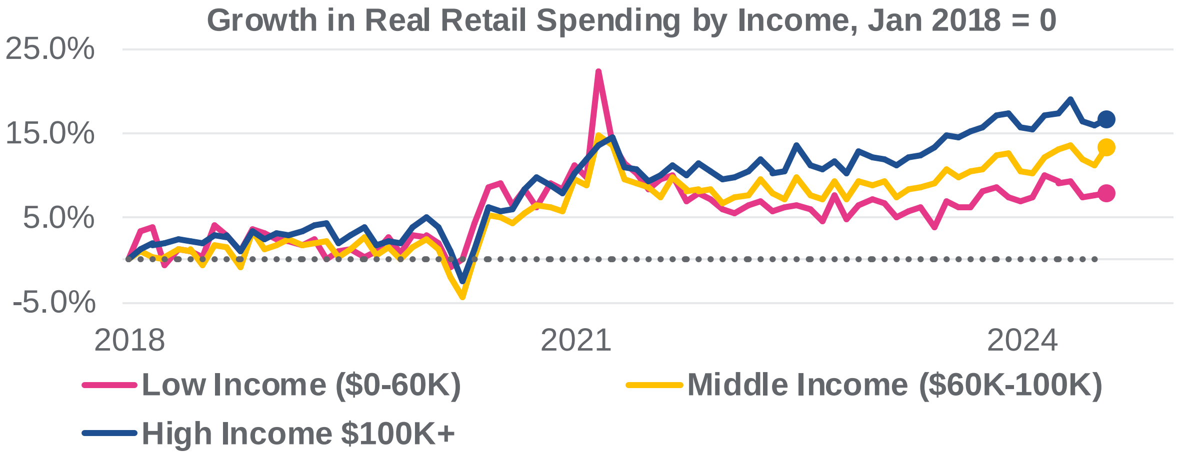


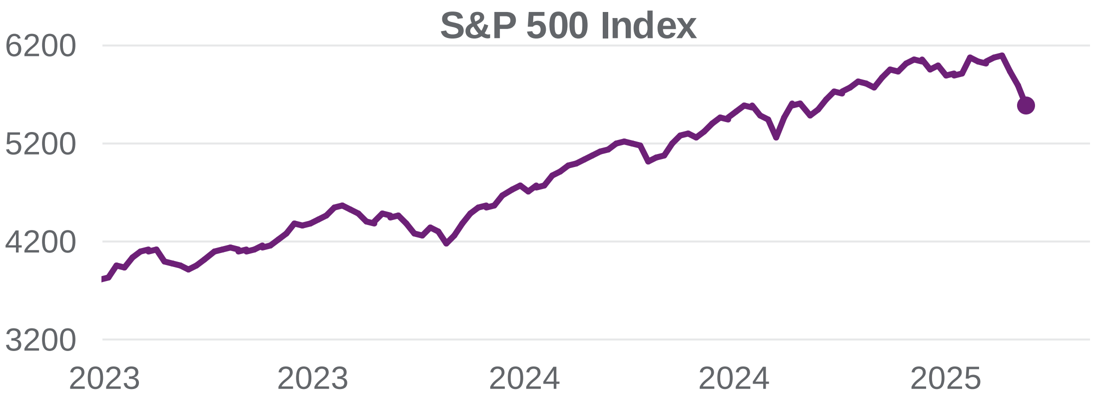
Source: University of Michigan, Federal Reserve Bank of New York, and Experian Economic Strategy Group

Real income growth continues to slow, spending generally solid

— However, with incomes slowing, decline in equities and net worth positions may cause people to cut back – especially in the higher income groups, which have been the primary driver of spending



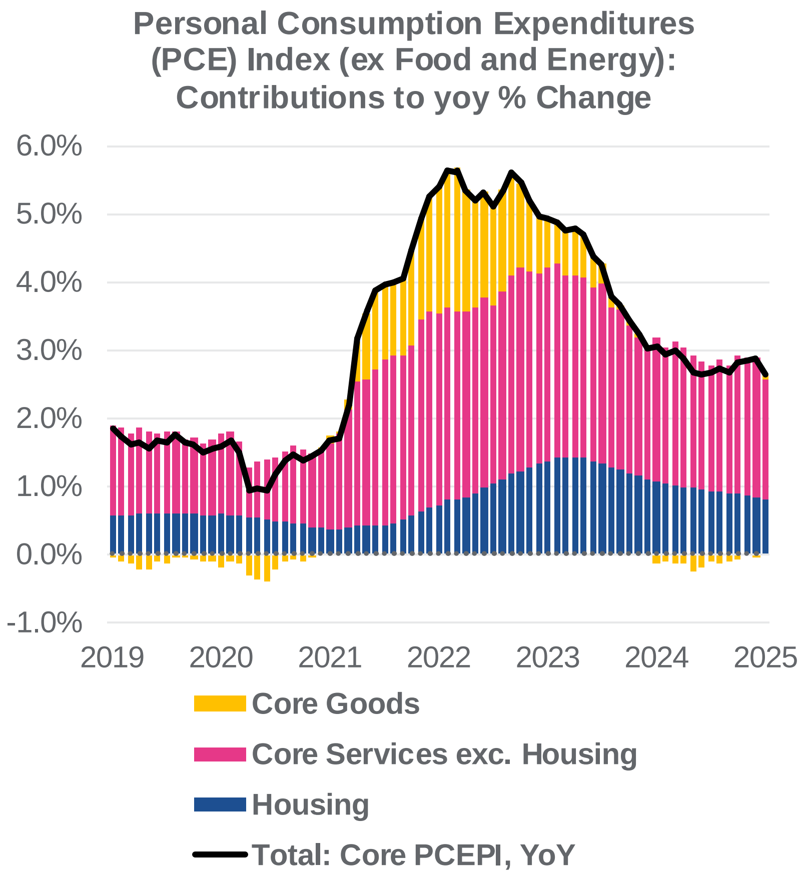


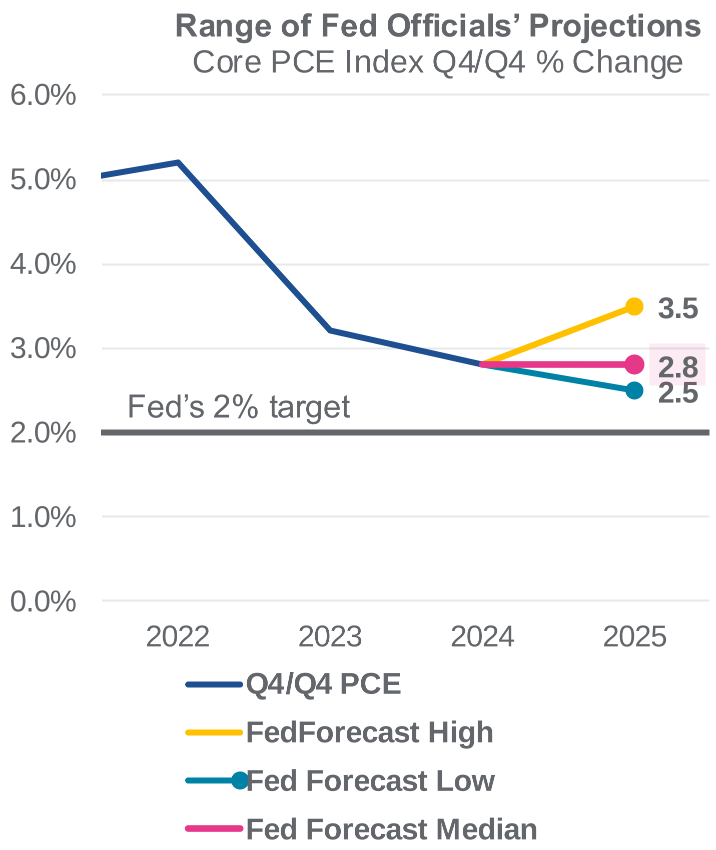


Sources: Bureau of Economic Analysis, Federal Reserve, S&P Dow Jones Indices LLC, and Experian Economic Strategy Group

Inflation remains stubborn and will be slower to fall with tariffs

— Median Fed projection for inflation lifted from 2.5% by year end to 2.8%. Consumer sentiment surveys highlight concern that inflation may be even more persistent than the Fed currently expects

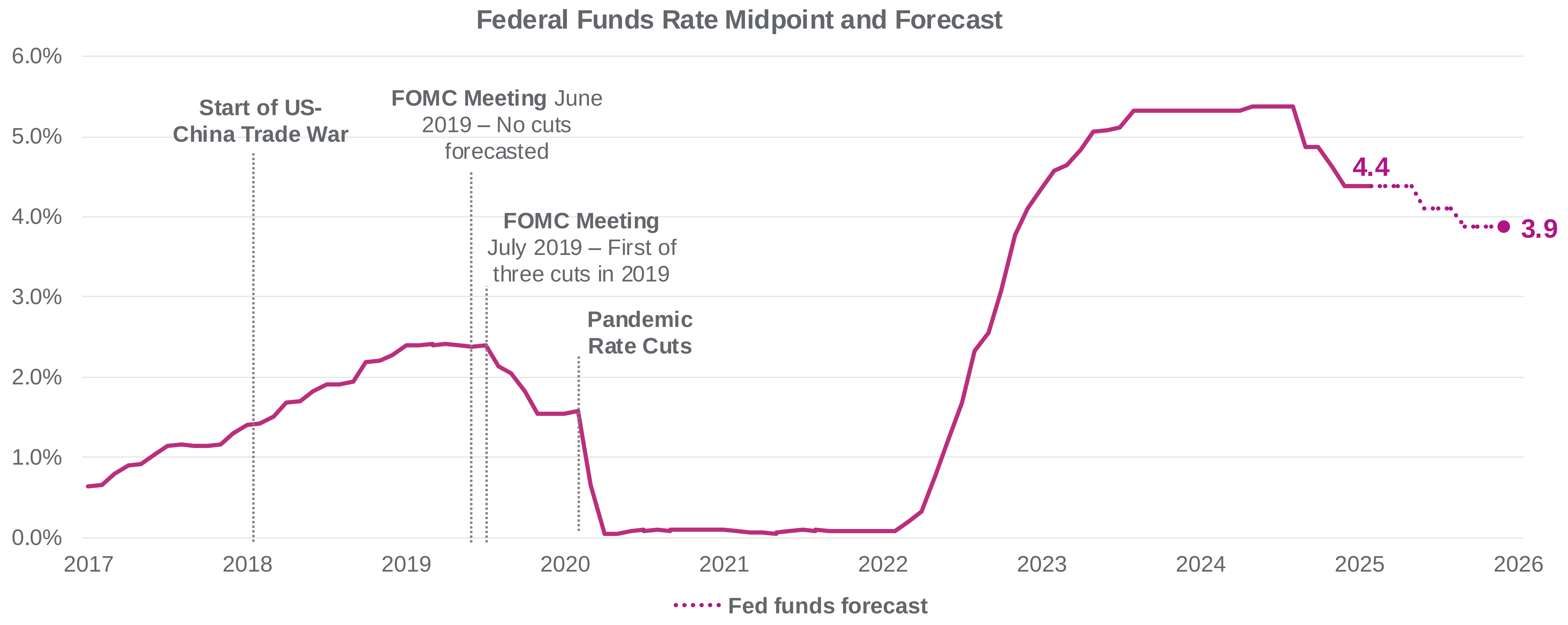




Sources: Bureau of Economic Analysis, Federal Reserve March 2025 SEP, and Experian Economic Strategy Group

Fed officials reiterate expectation for two, 25bp rate cuts in 2025

— Prior trade war resulted in quick pivot to cuts as growth concerns rose



Source: Federal Reserve and Experian Economic Strategy Group

Lending Activity Overview

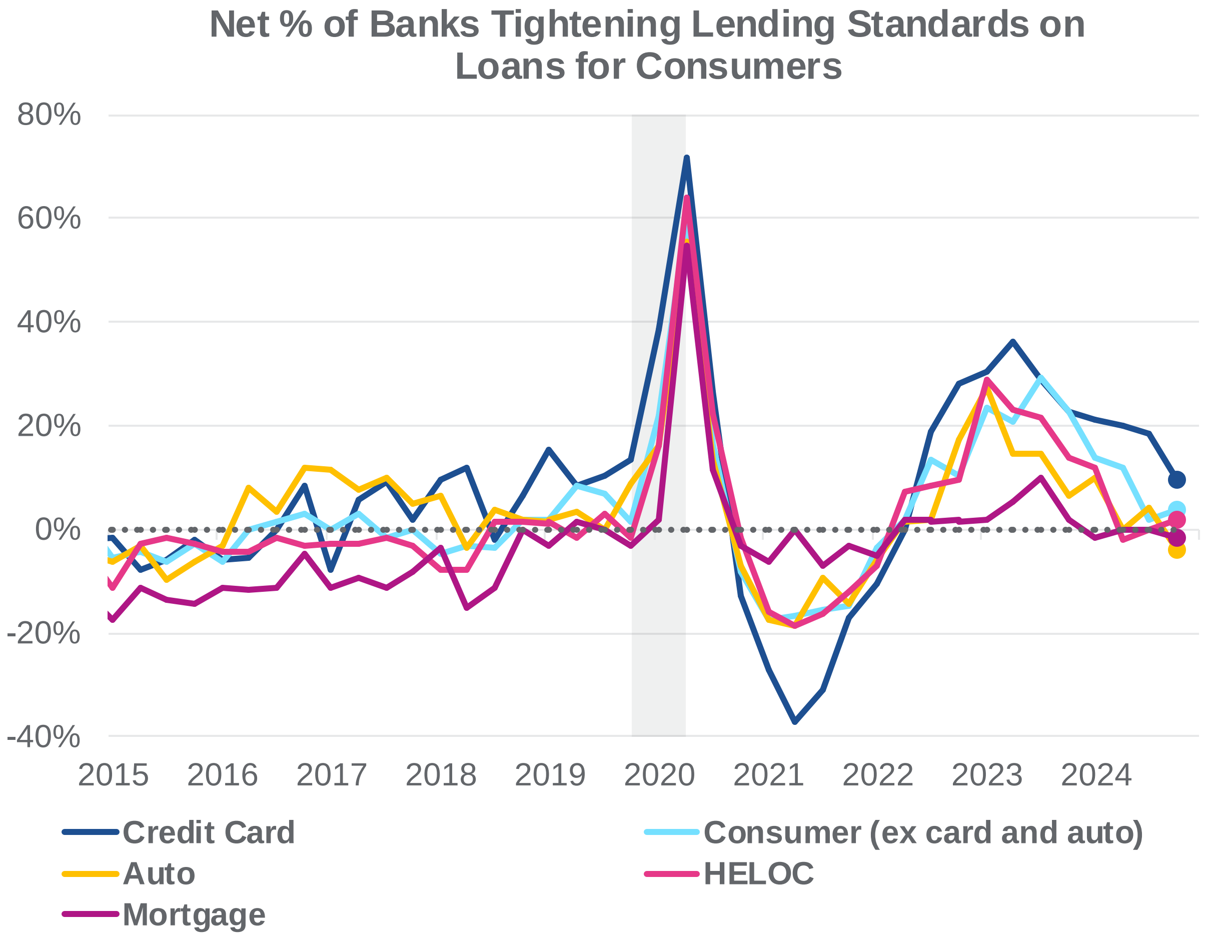
Charts on bank lending standards and credit demand, bank and credit union lending, Experian origination data by product, score and state, delinquency

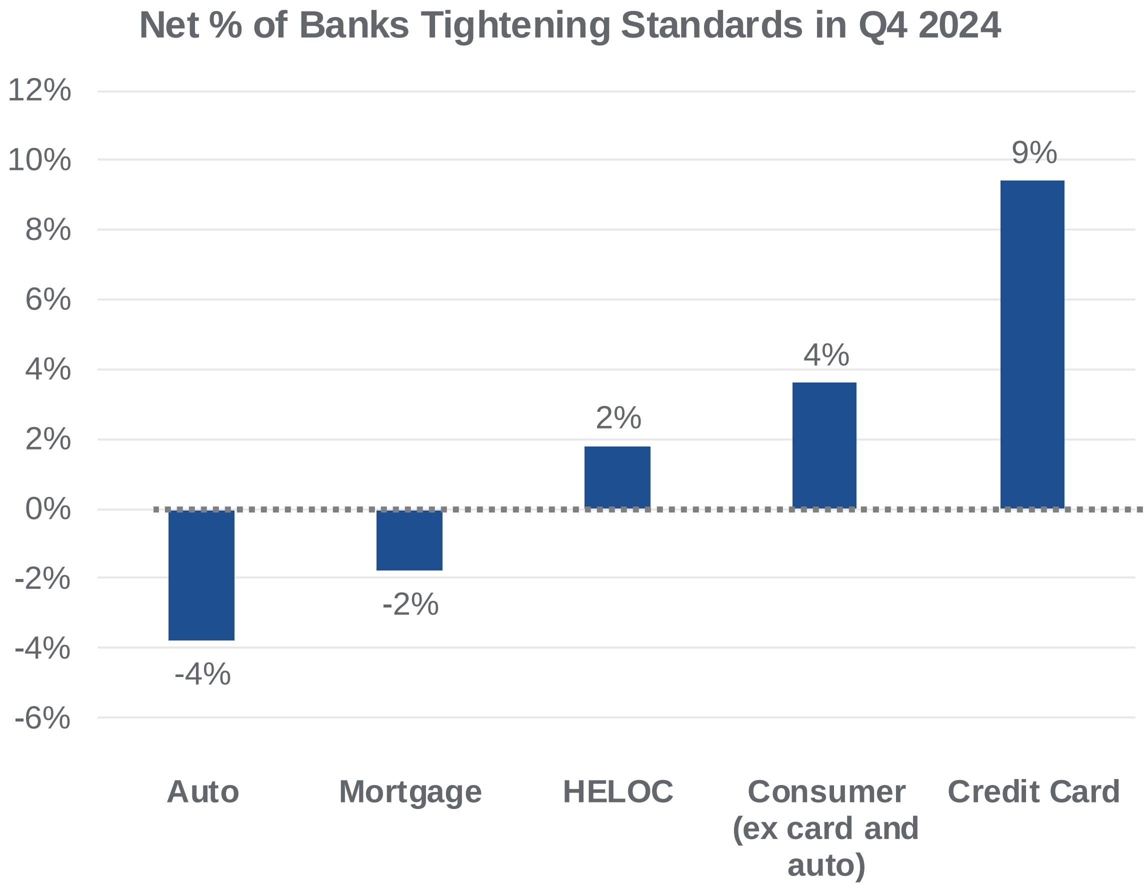
Key Takeaways: Credit growth

- **Credit growth remains subdued and is running below its pre-pandemic average as financial institutions maintain tight lending standards and interest rates remain elevated.** However, the pace of lending standard tightening has continued to slow, and there have been some select pockets of loosening. Notably, large banks stopped tightening on credit cards in Q4 2024 for the first time in roughly three years.
- **The share of discouraged borrowers (those who needed credit but did not apply) has risen to the highest level in more than a decade** as tight standards and high rejection rates are keeping people on the sidelines. Consumers' expectations for applying for credit in the next 12 months improved in February.
- Year-over-year growth in total loans and leases held at commercial banks has remained stable (but low) throughout 2024 and early 2025. While growth in total loans held at credit unions has continued to soften – driven by a decline in auto lending. **Looking at origination activity, there has been a meaningful pickup among fintechs and in unsecured personal loans.**
- **Overall, delinquency trends are mixed.** Delinquency in unsecured personal loans continues to trend lower, while it remains fairly stable for credit cards. Auto loan and mortgage delinquency continues to trend higher.

Pace of standard tightening slowed in Q4, some slight loosening

— However, the recent rise in uncertainty has the potential to keep standards tighter for longer

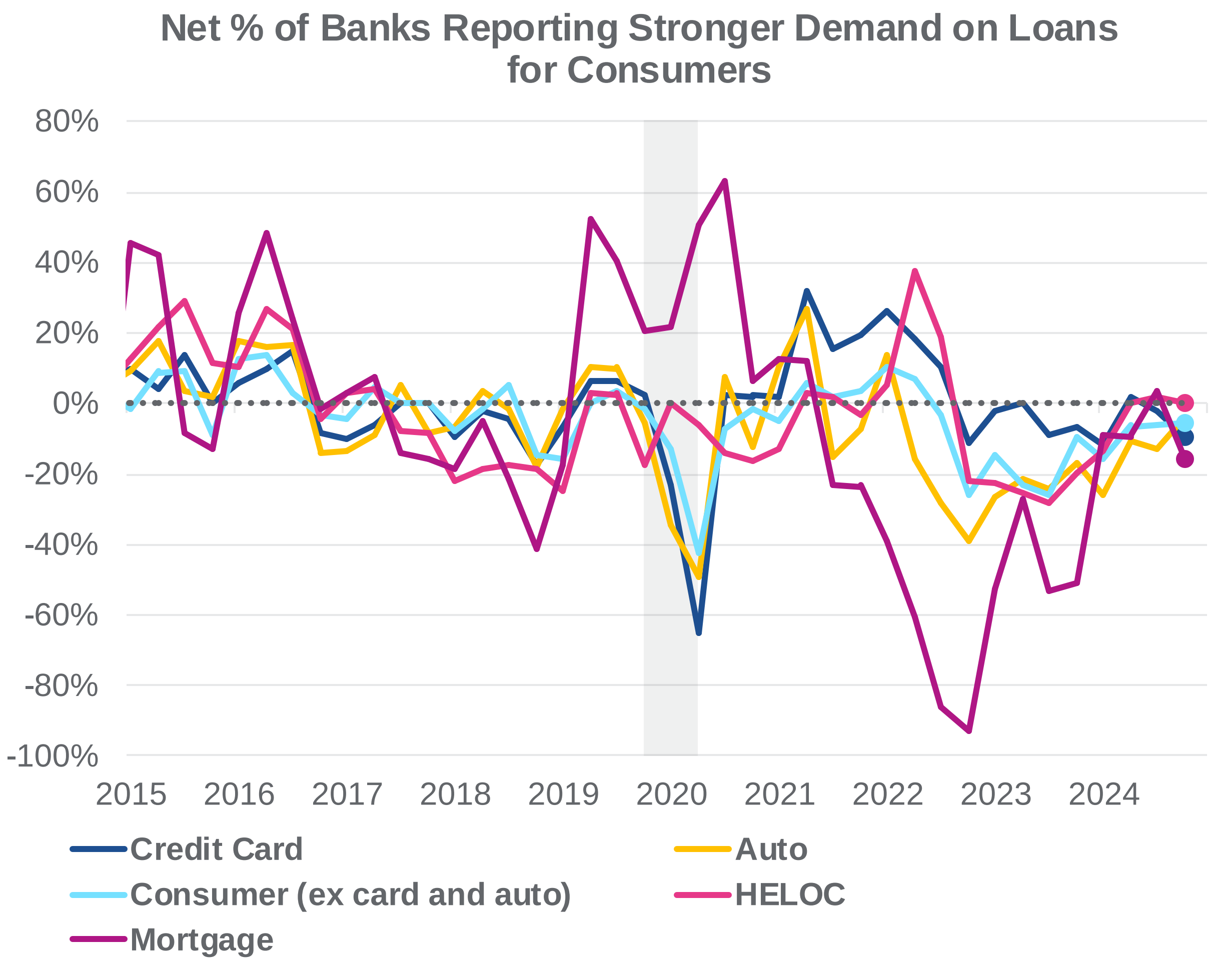


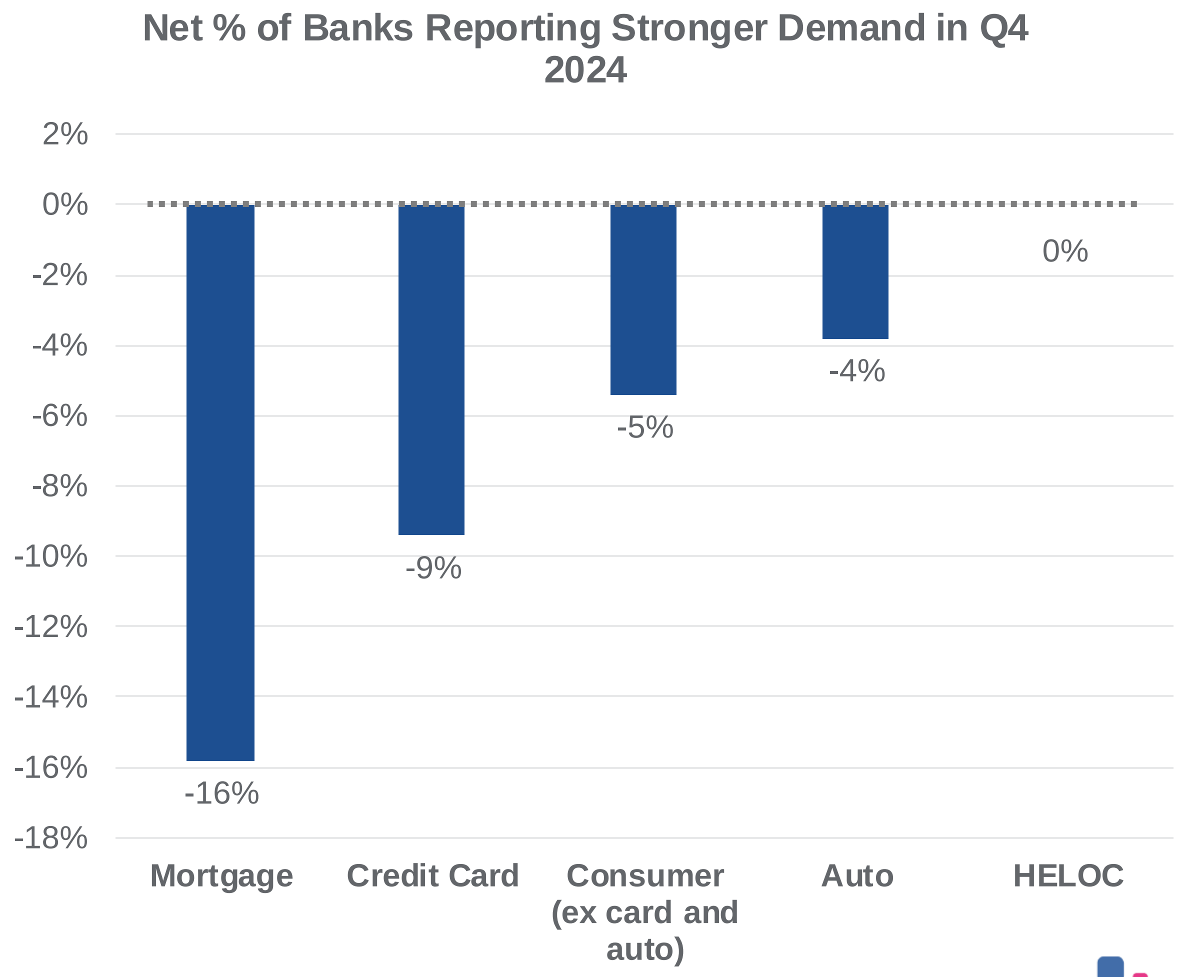


Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

Reported loan demand remained soft for banks in Q4

— Biggest decline reported for mortgages

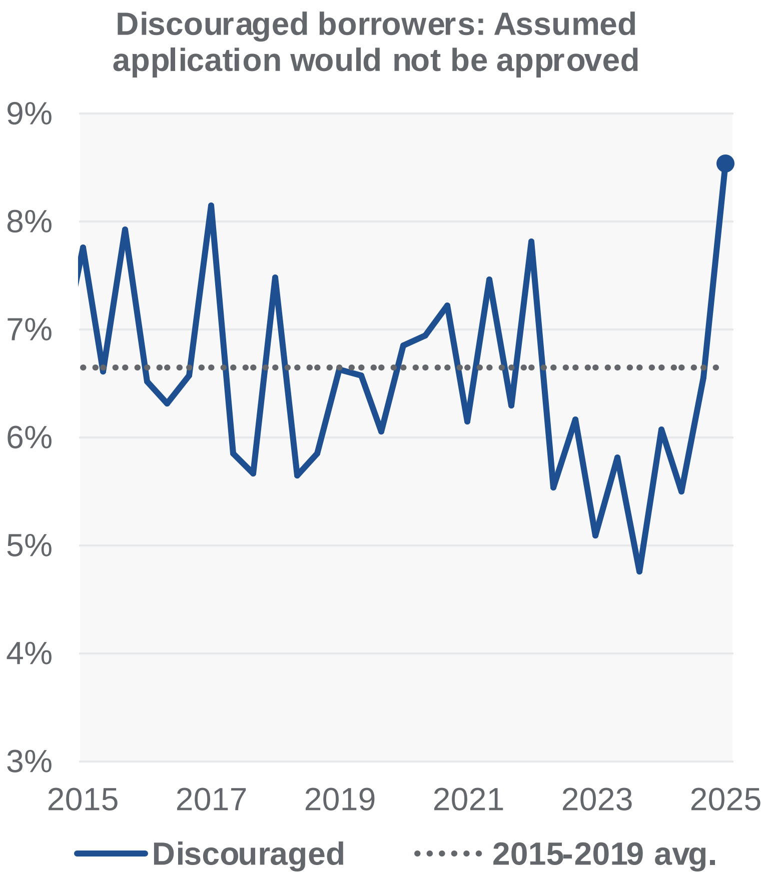


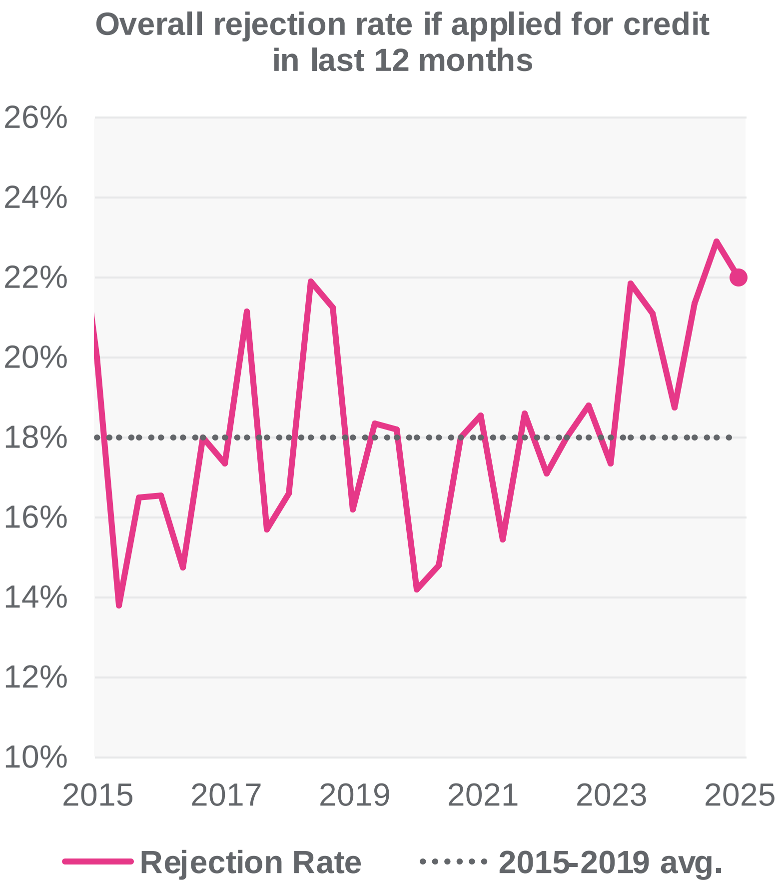


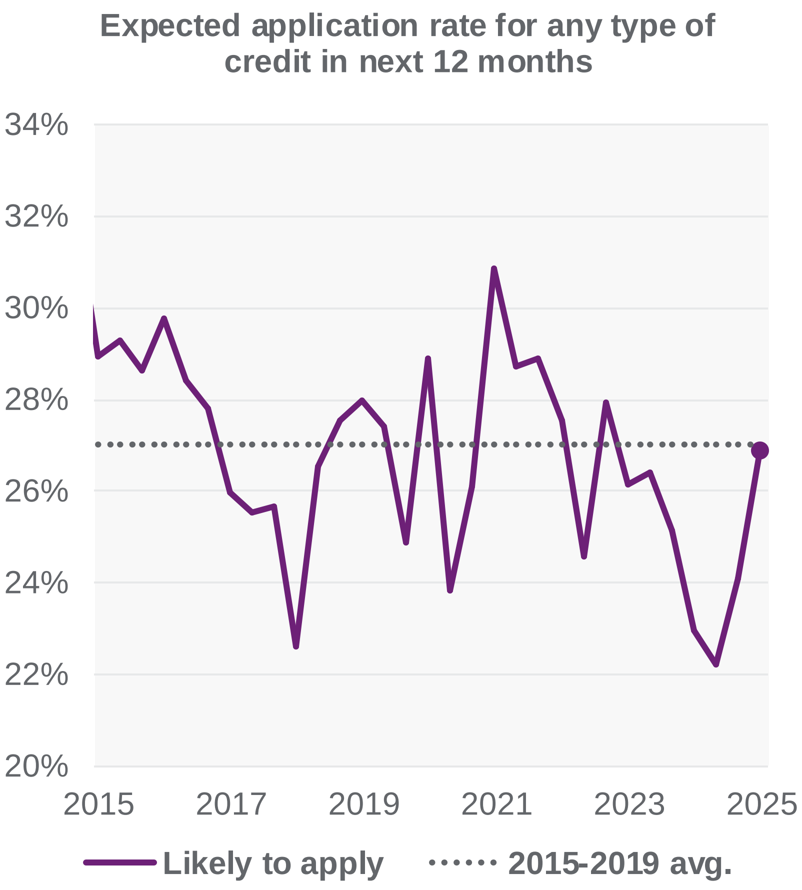
Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

Share of discouraged borrowers hits highest level in more than a decade

— Tight lending standards has led to elevated rejection rate which is keeping some consumers on the sidelines



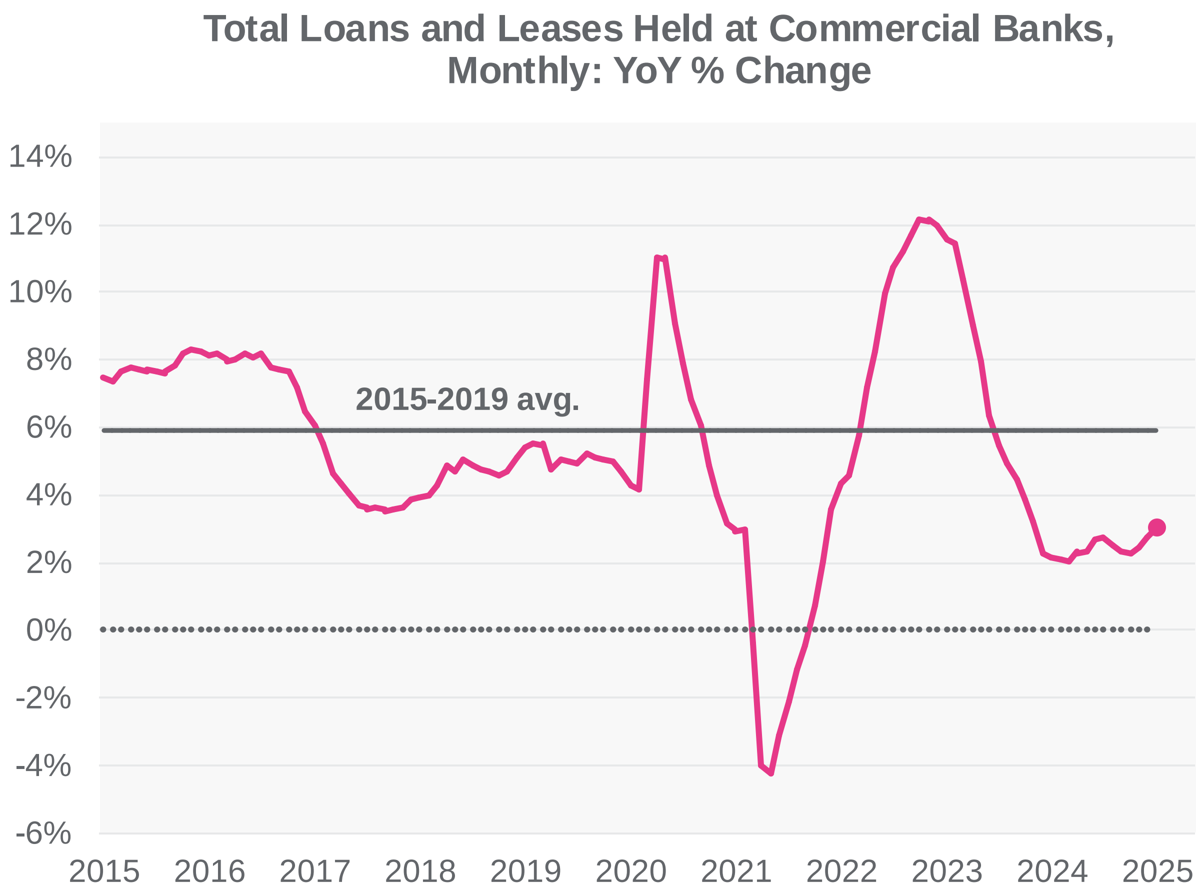


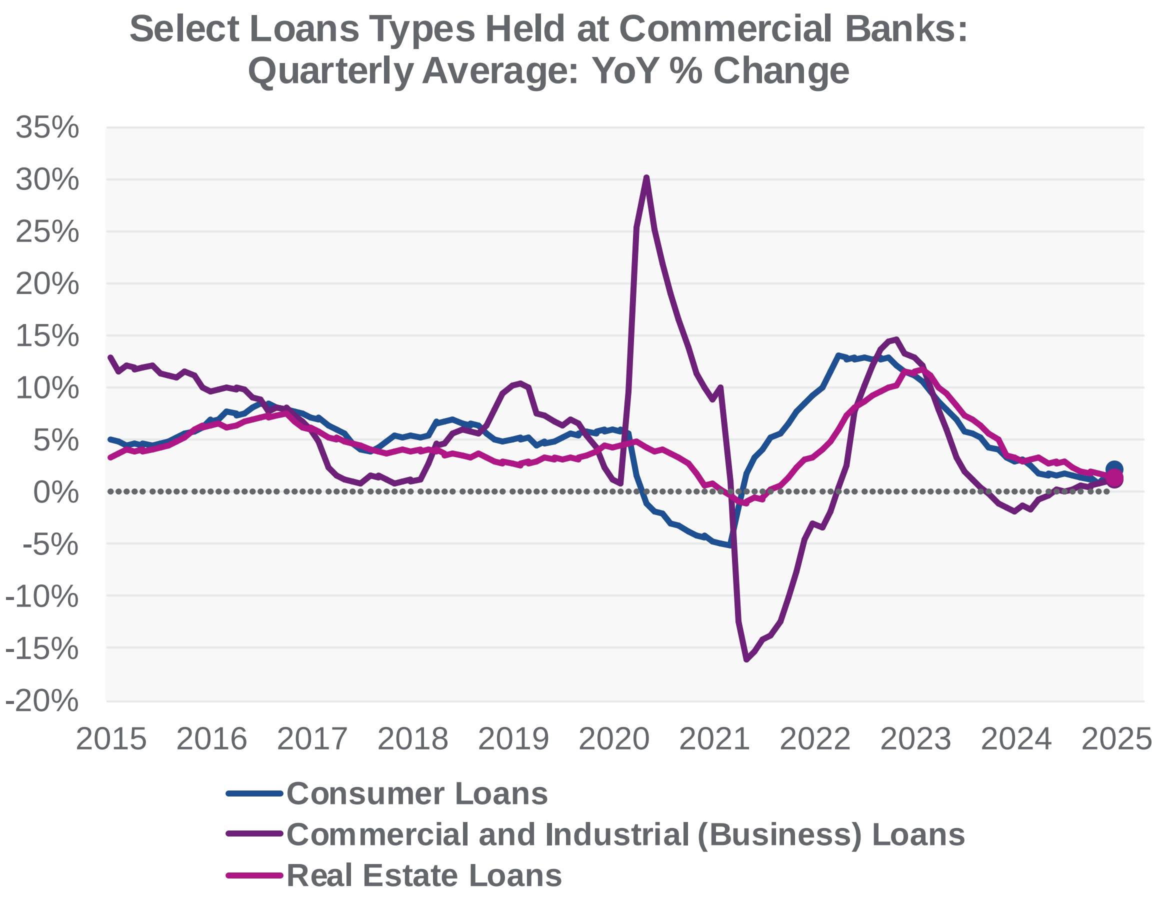


Sources: New York Federal Reserve and Experian Economic Strategy Group

Credit growth at banks remains low but appears to have stabilized

— Stabilization driven by improvement with business lending

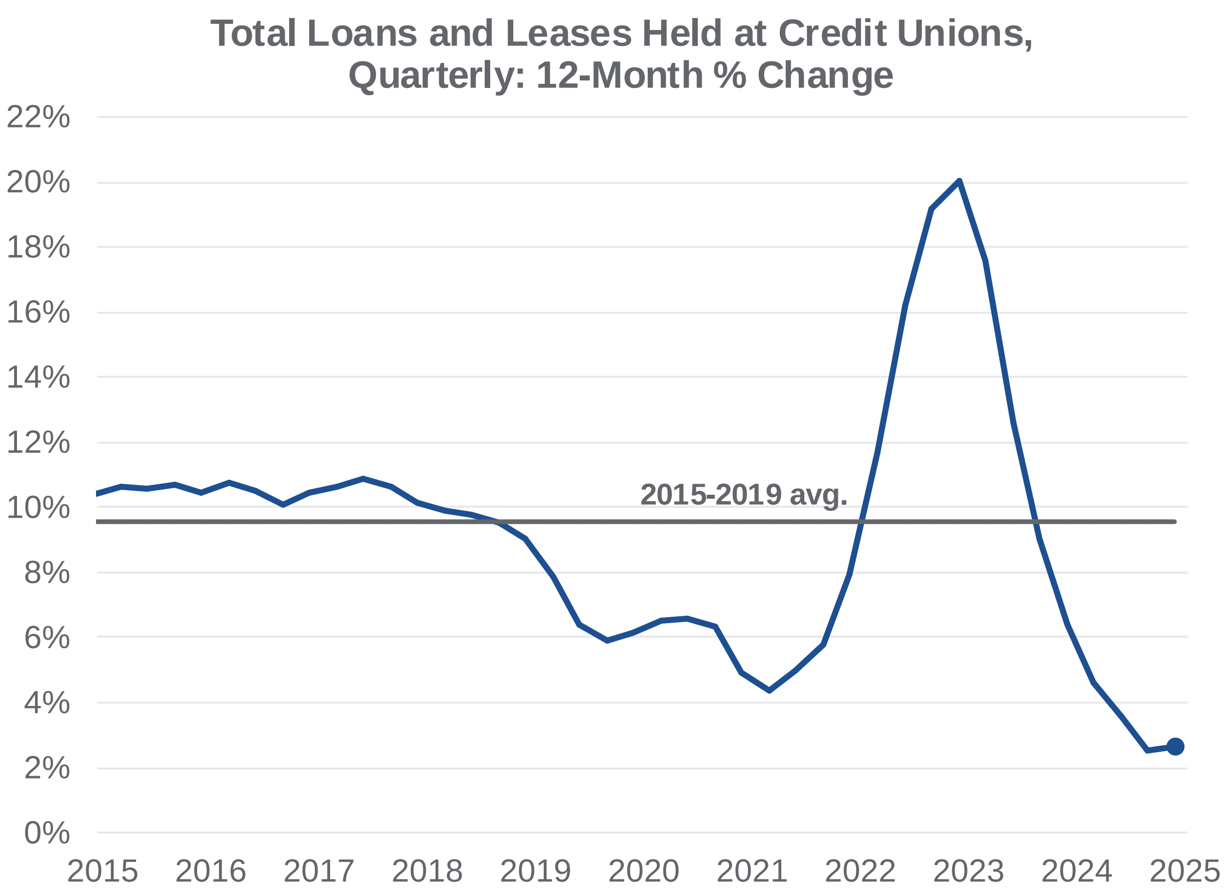


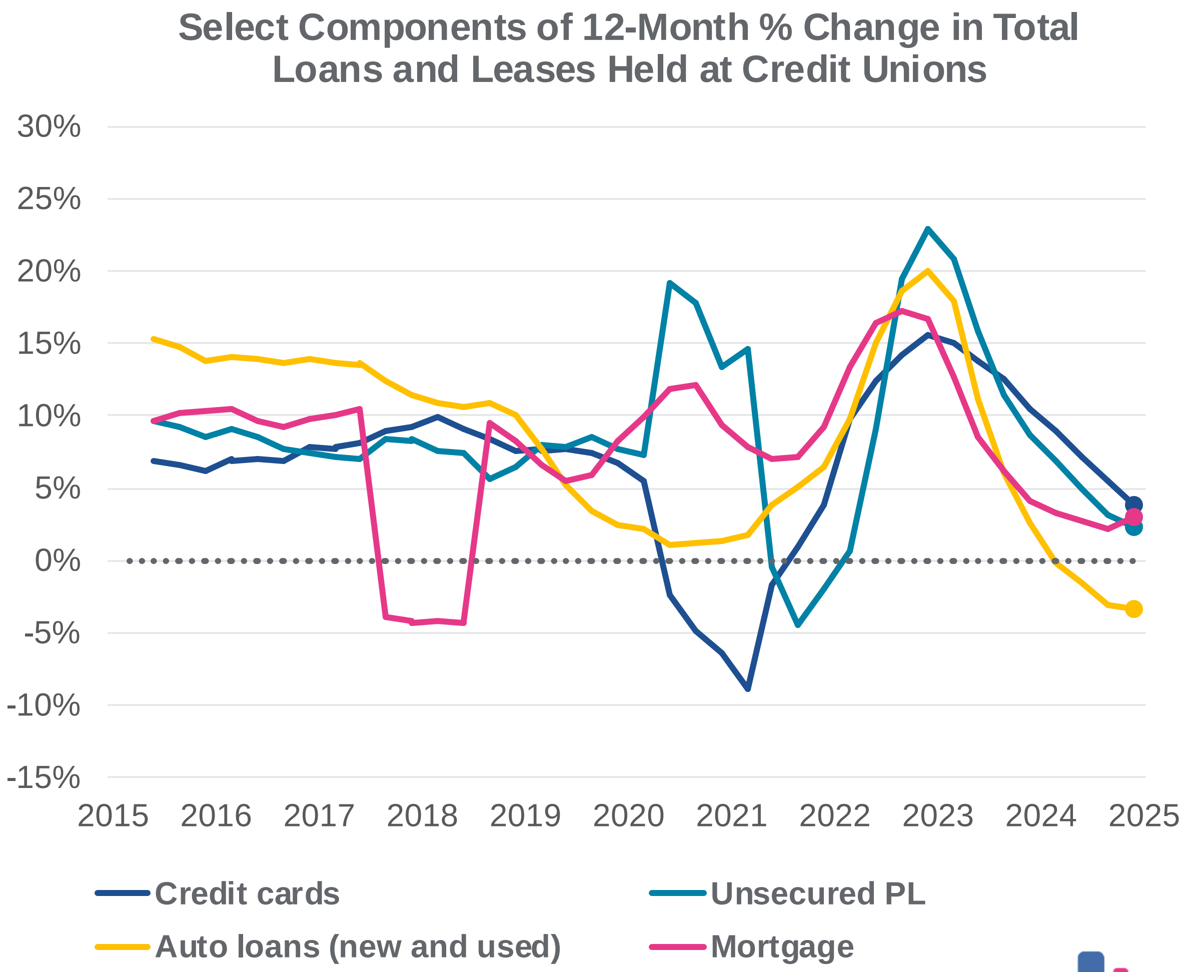


Source: Federal Reserve H.8 and Experian Economic Strategy Group

Credit growth at credit unions still running well below pre-pandemic avg

— Slowdown is most acute in auto lending

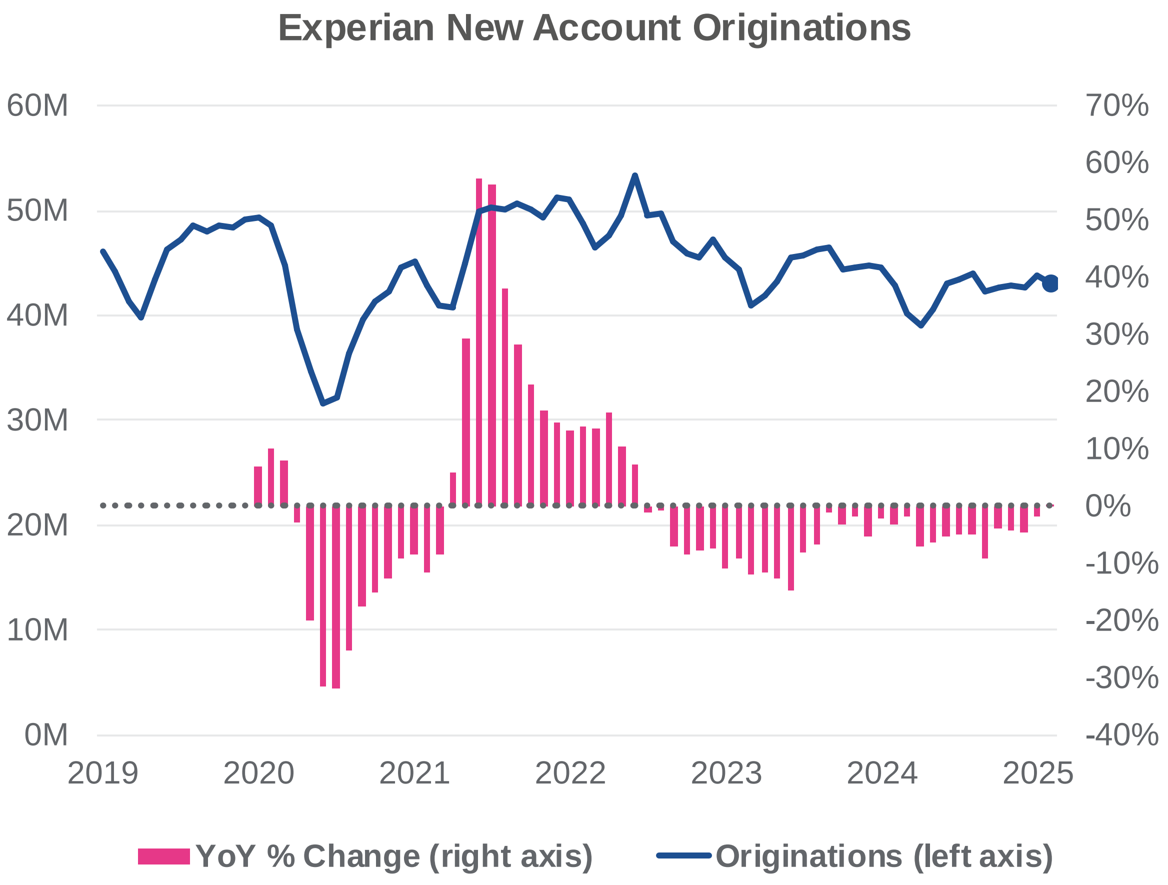


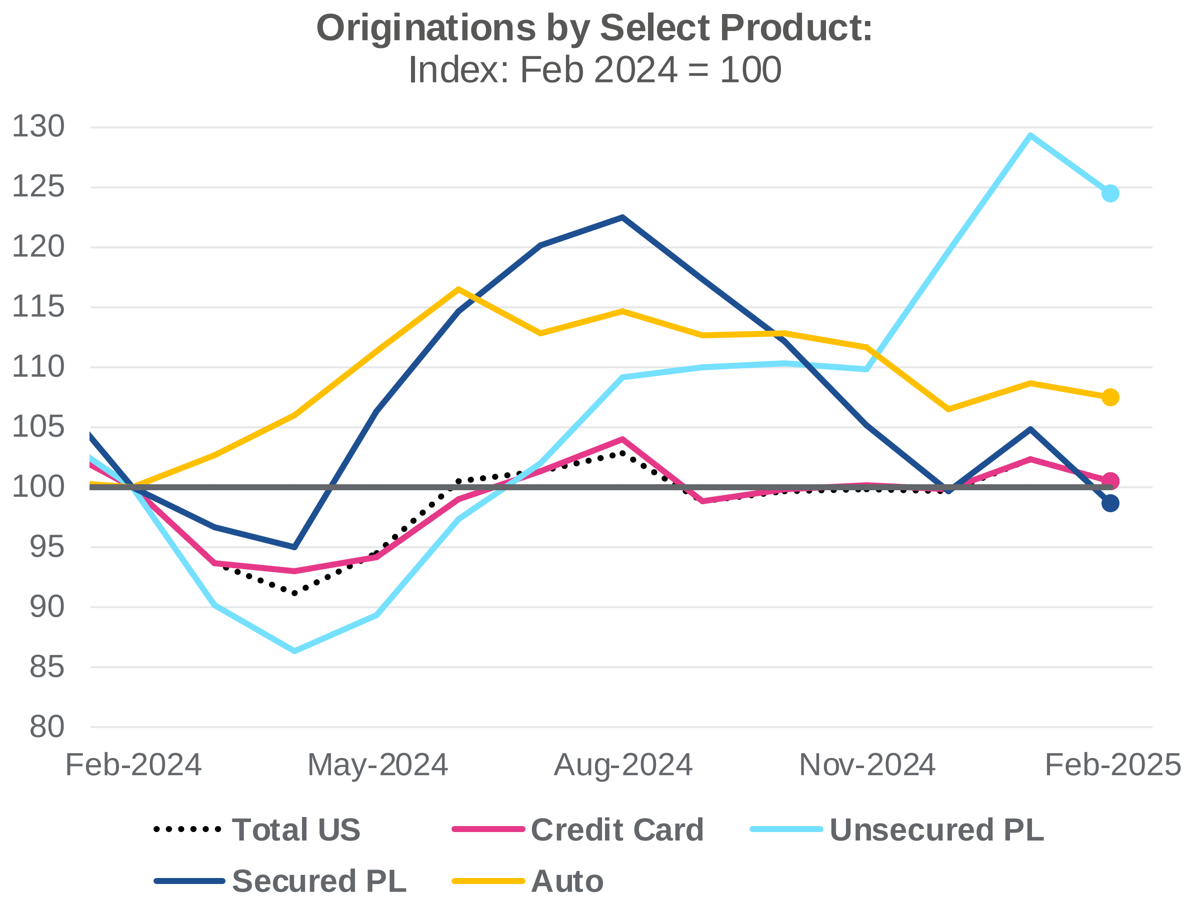


Source: National Credit Union Administration and Experian Economic Strategy Group

New account originations flat vs year ago as of February

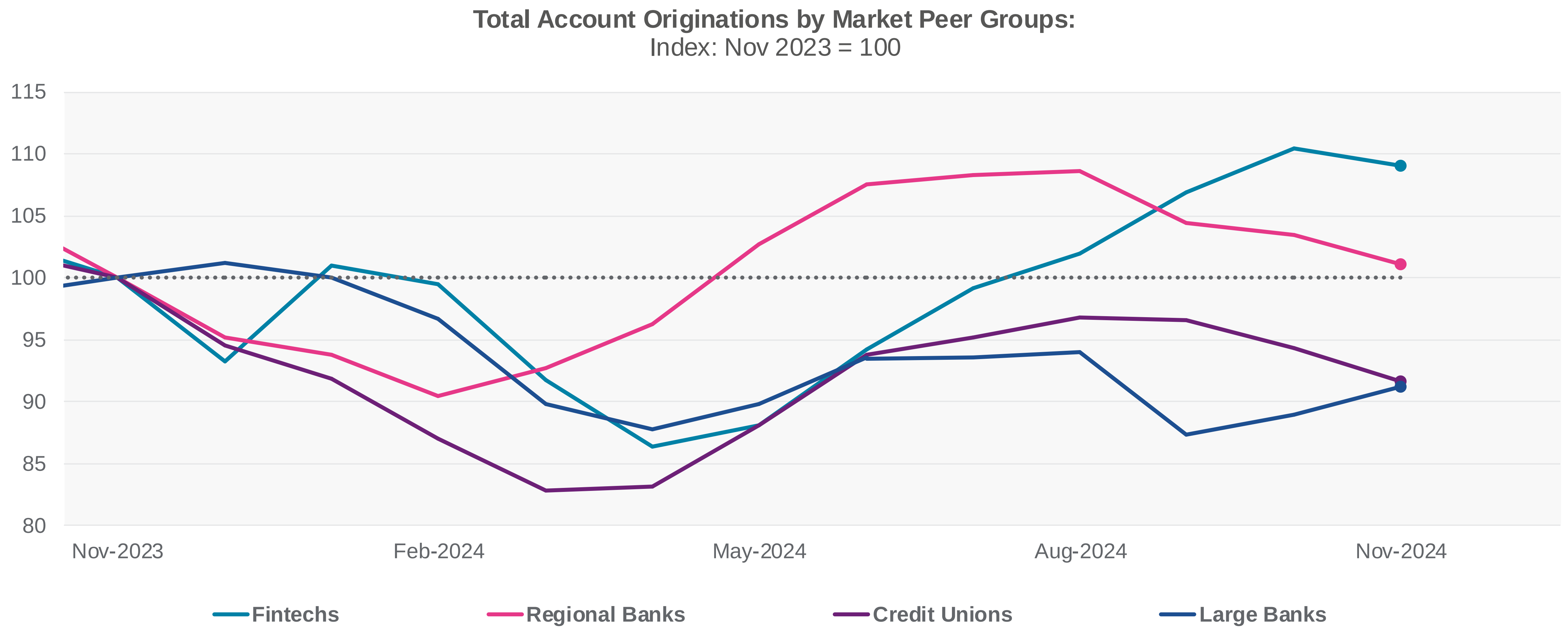
— Solid growth seen in unsecured personal loans





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

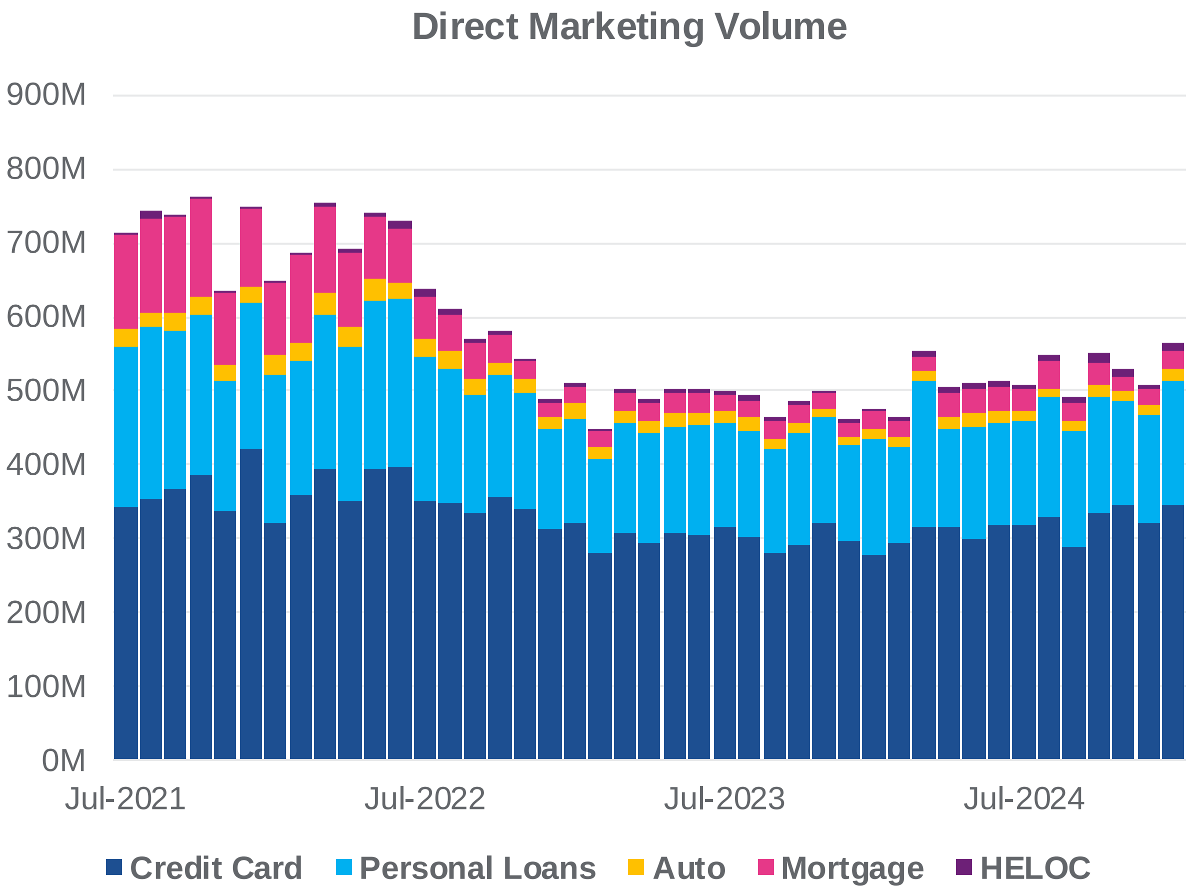
Originations at fintechs picking up heading in to 2025

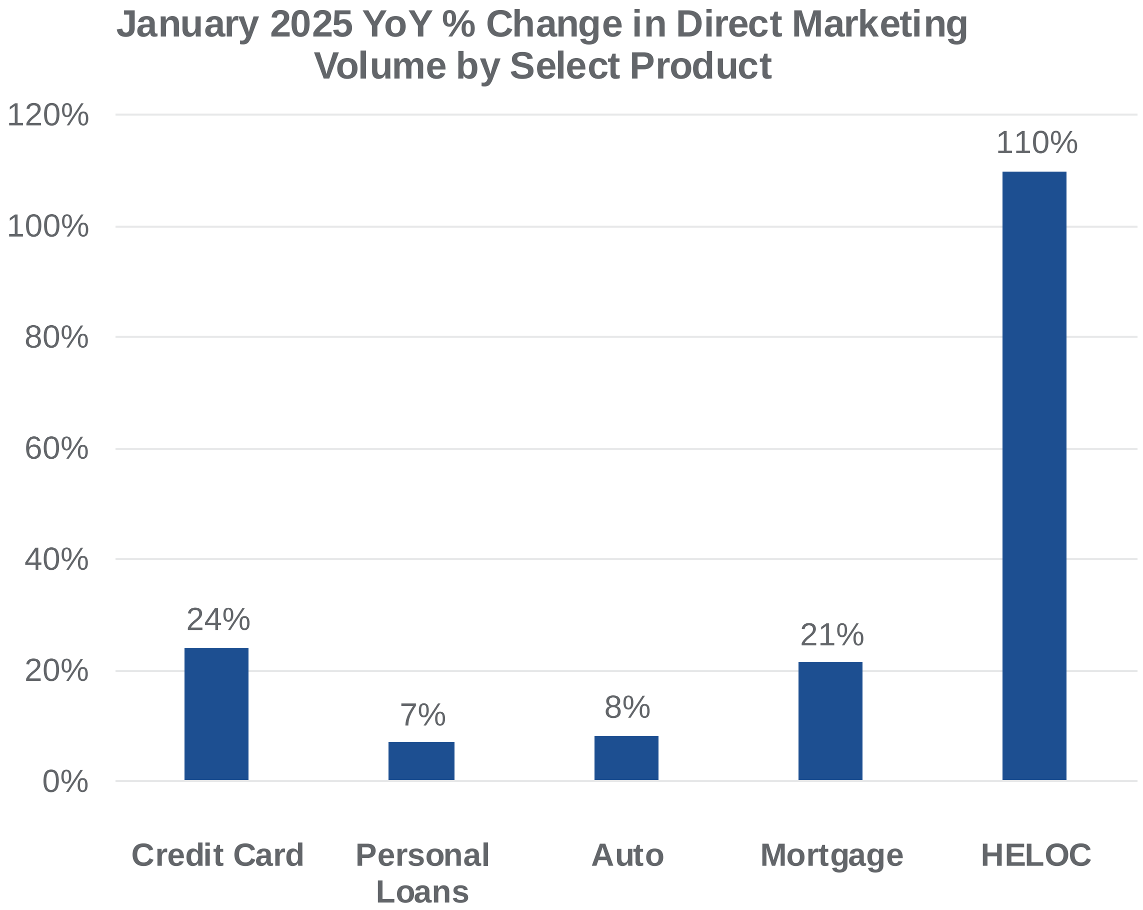


Note: Data is only through November 2024 as Peer Market Comparisons have a three-month, hold-back period
Sources: Experian Sandbox - Credit Trends Dashboard, and Experian Economic Strategy Group

Direct mail market volumes continue to trend higher

— Big pickup for HELOCs to start the year, solid increase also for credit card





Source: Mintel 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 weakened modestly**. Small-to-medium-sized banks reported **that demand continued to decline for all loan types**, including business loans, consumer loans, and commercial and residential mortgages, as well as refinances..”

— New York

“**Financial institutions continued to report a modest increase in loan demand with one banker describing the demand as slow and steady.** This demand was still being seen within the commercial real estate portfolios with slightly less demand in their business loan segments**.”**

— Richmond

“**Banking activity has remained steady, with some increased optimism** across contacts due to expected regulatory changes and net interest margin improvement. **Loan demand has remained flat, despite higher expectations; nevertheless, contacts expect loan demand to pick up slightly.”**

— St. Louis

“**Banking contacts highlighted a pause in most new borrowing and investment decisions** among their business clients as they awaited clarity regarding possible fiscal and regulatory policy changes. **Demand for consumer loans, including mortgages, remained subdued due to elevated interest rates.**”

— San Francisco

“**Bankers’ outlooks remained optimistic but have moderated**. They cited net interest margin, liquidity, and cybersecurity as top outlook concerns. Contacts expect improvement in loan demand and business activity over the next six months, but also a notable uptick in loan nonperformance.”

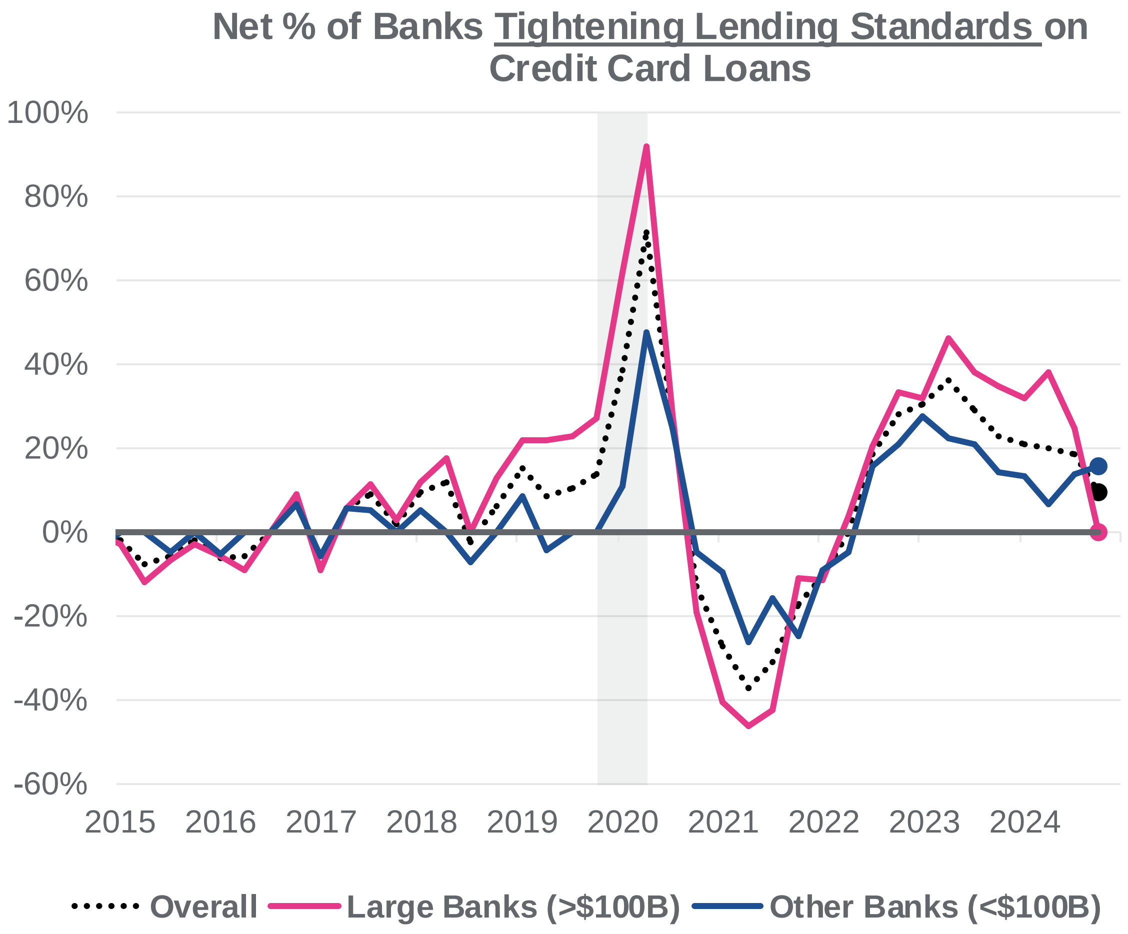
— Dallas

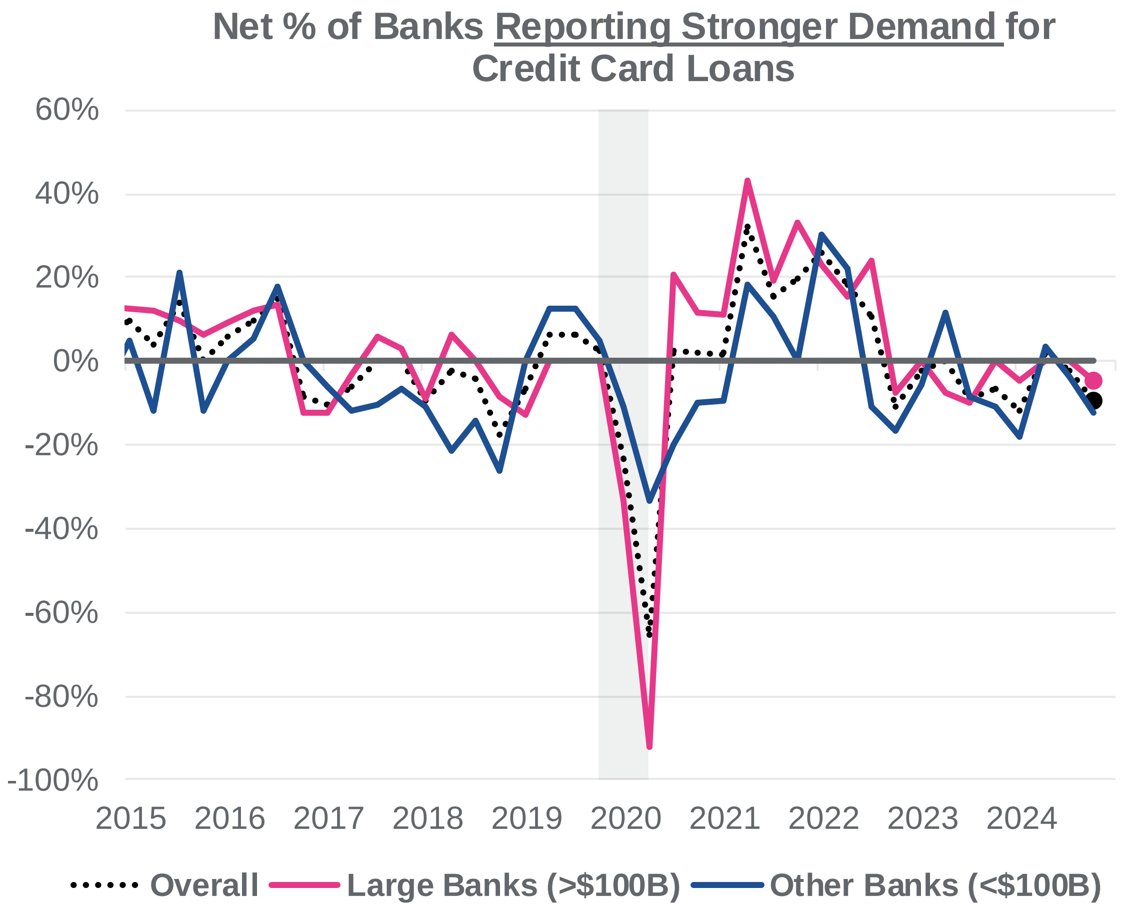
Source: Federal Reserve March 2025 Beige Book and Experian Economic Strategy Group

Credit Cards

Large banks stopped tightening standards on credit cards in Q4

— Reported demand for credit cards softened at end of 2024

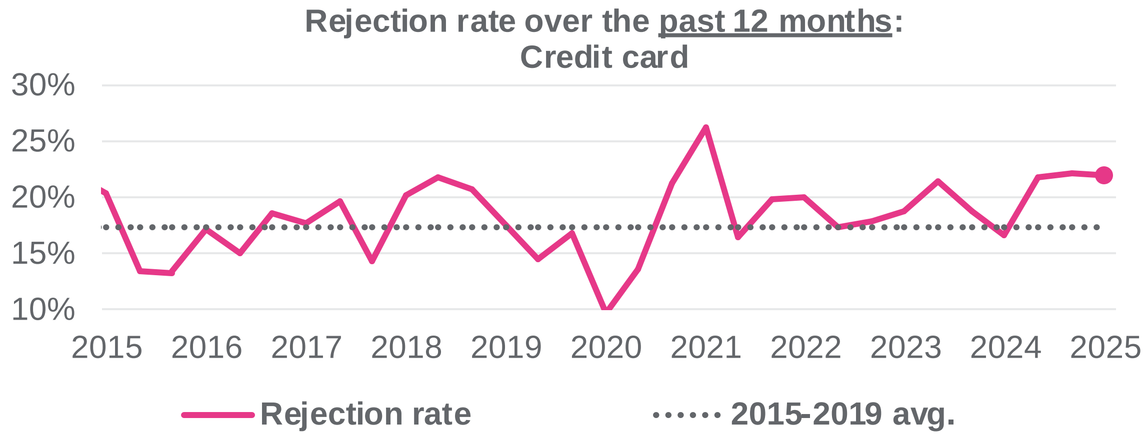


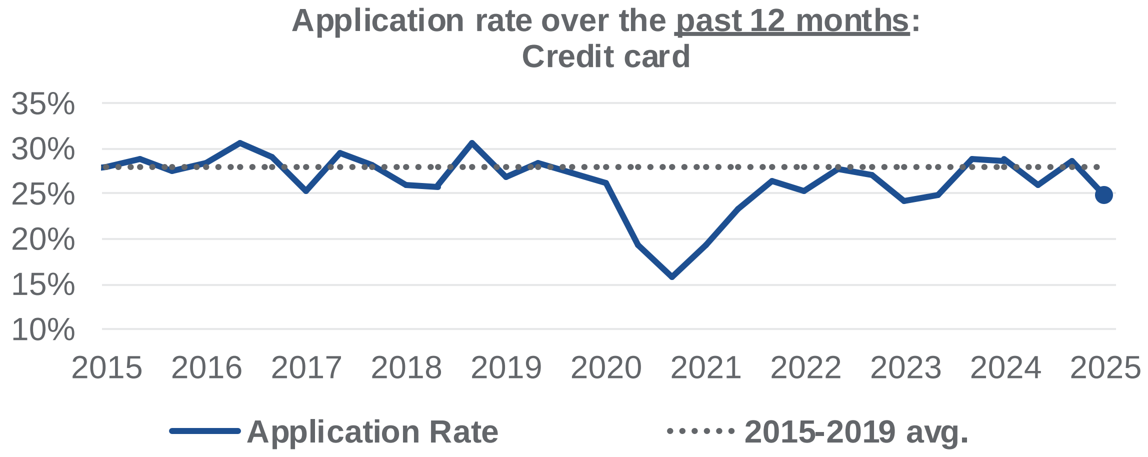


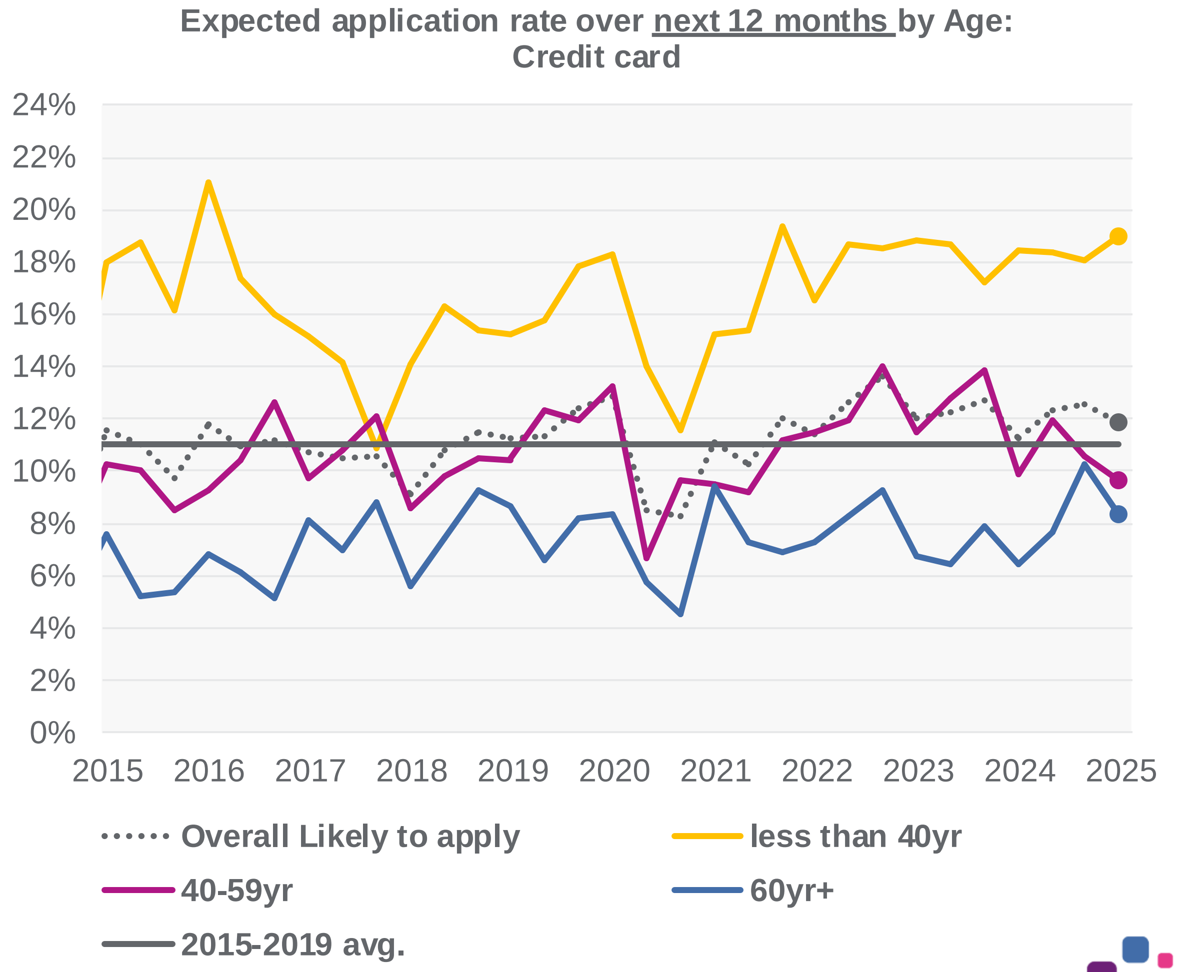
Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

Credit card rejection rates remain elevated as of February 2025

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



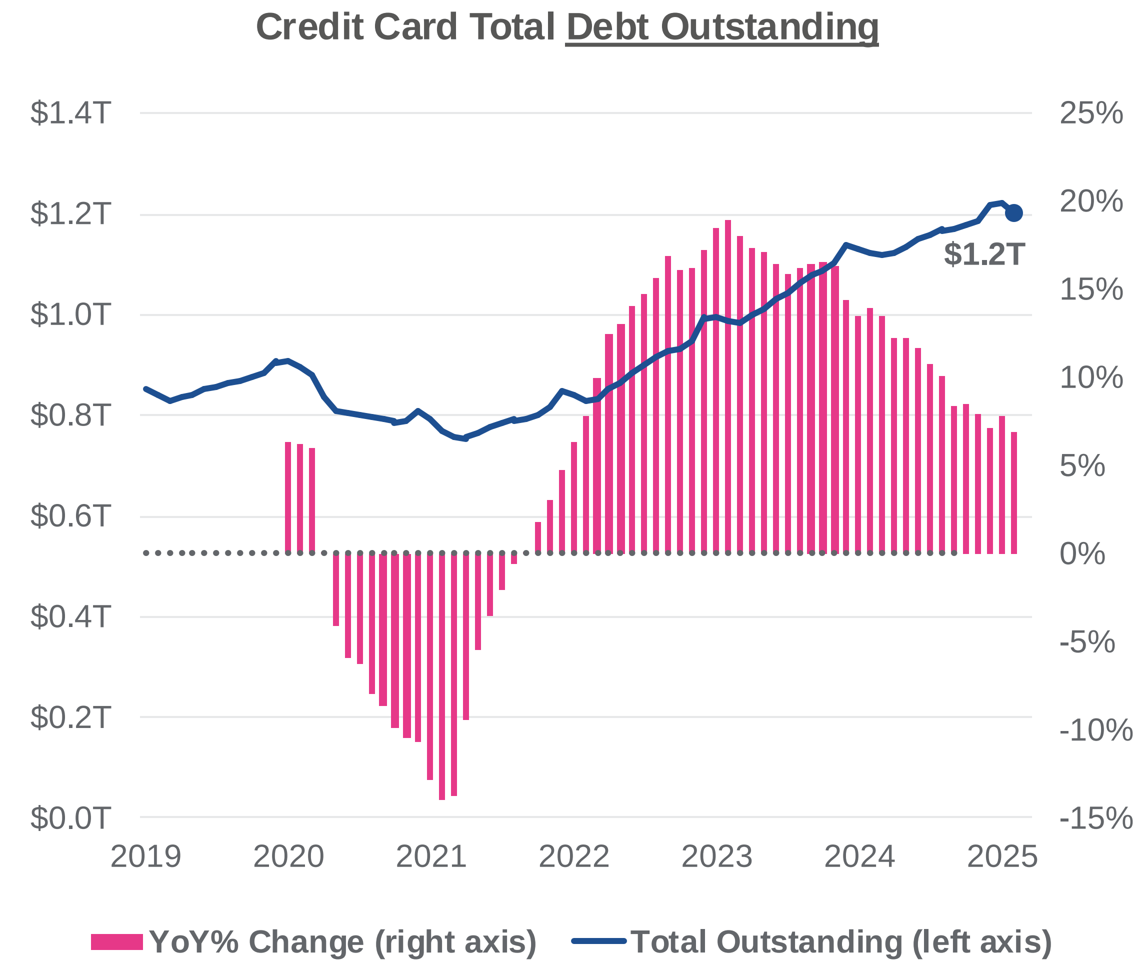


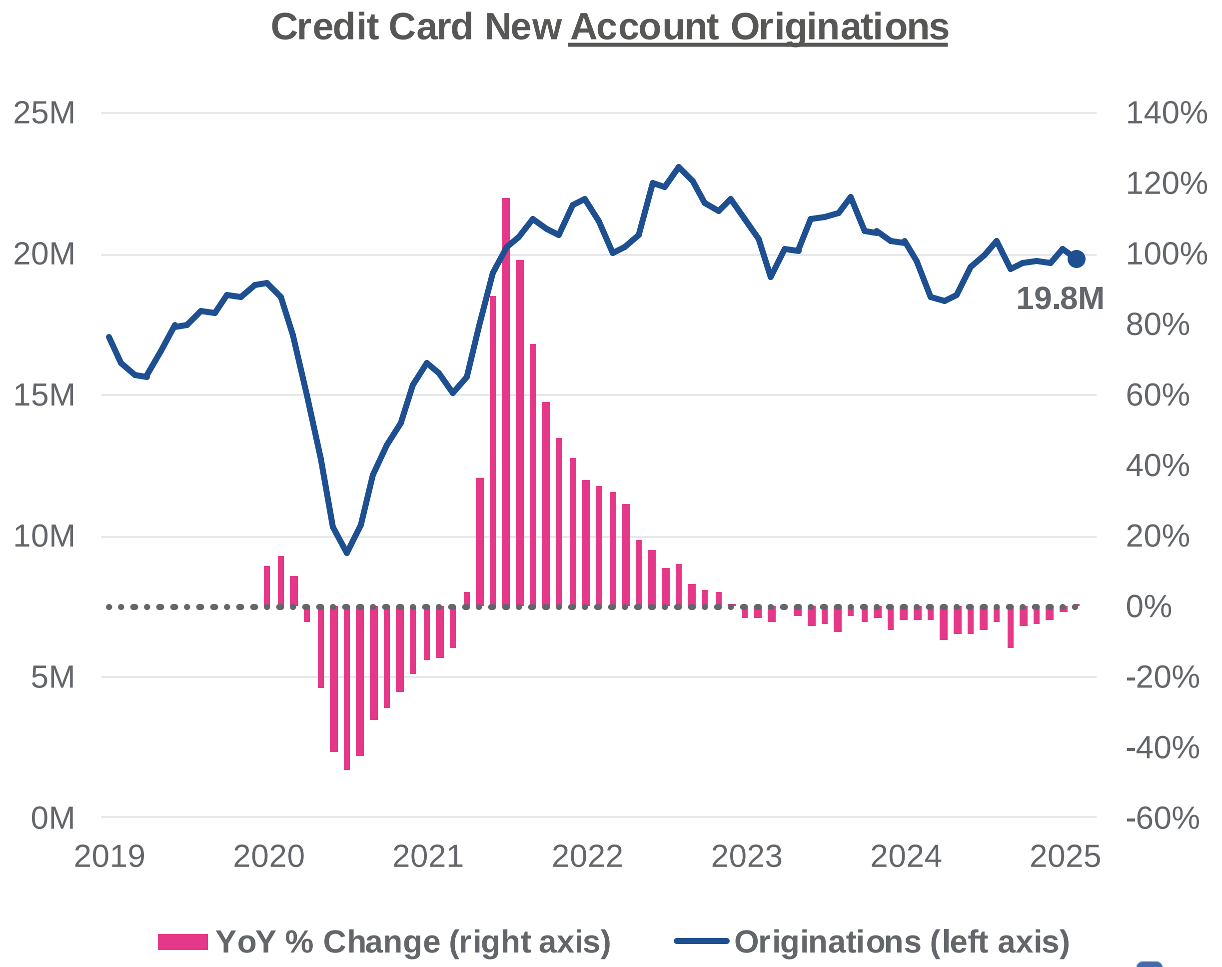


Sources: New York Federal Reserve and Experian Economic Strategy Group

Growth in overall credit card debt slowing

— Card originations flat YoY in February

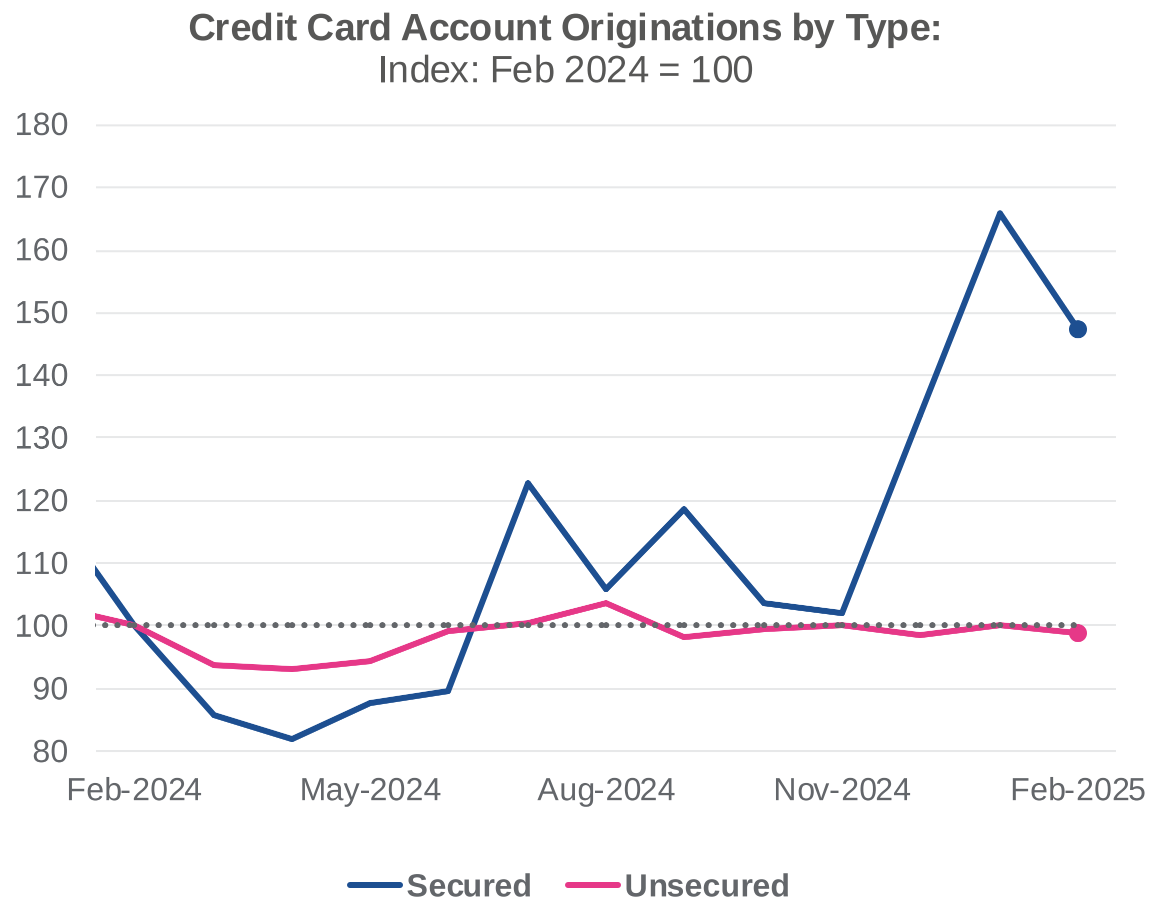


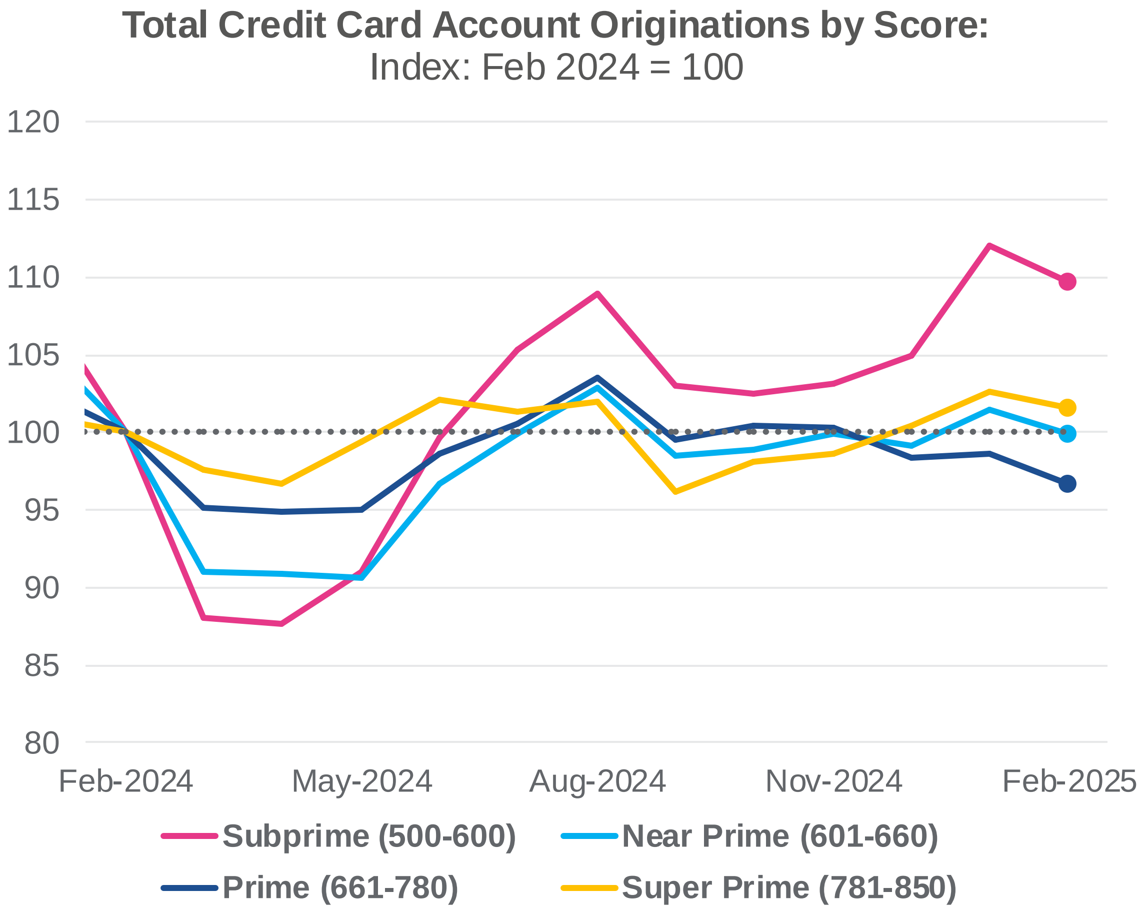


Sources: Experian Sandbox - Credit Trends Dashboard (data through February 2025), and Experian Economic Strategy Group

Originations picking up for secured credit cards

— Secured credit cards are often credit building products

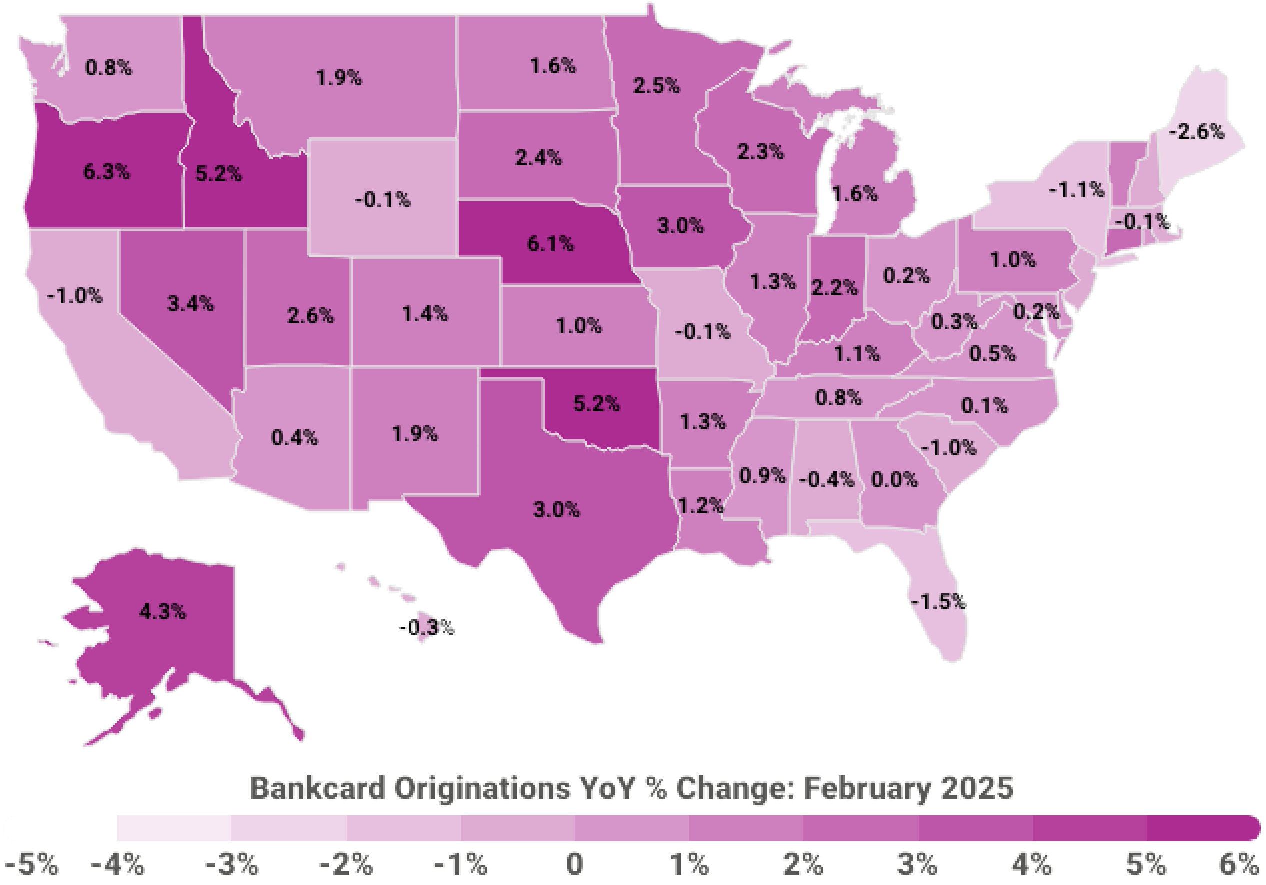




Sources: Experian Sandbox - Credit Trends Dashboard (data through February 2025), and Experian Economic Strategy Group

Credit card originations by state

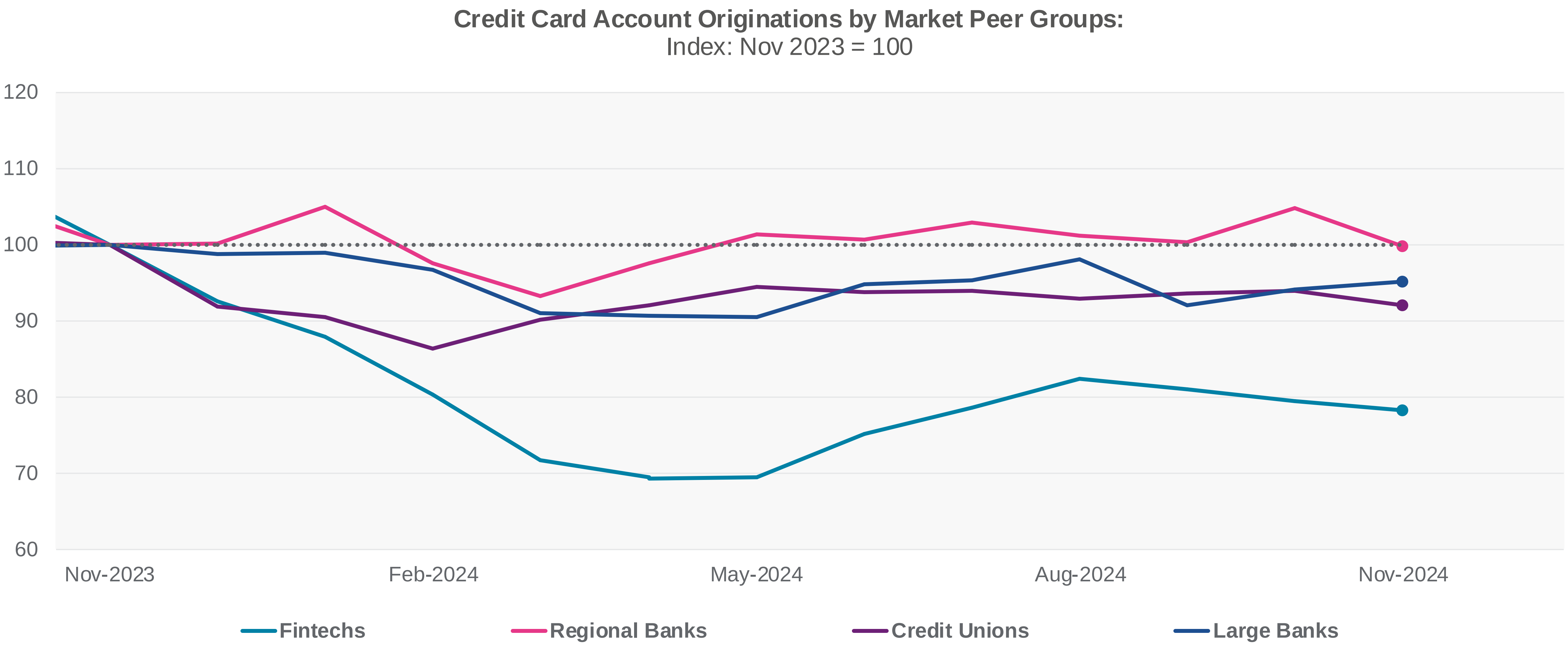
— Declines and slowest increases mostly concentrated in the eastern U.S.



State	YoY % Change
Highest	
Oregon	+6.3%
Nebraska	+6.1%
Oklahoma	+5.2%
Lowest	
D.C.	-5.5%
Maine	-2.6%
Florida	-1.5%

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

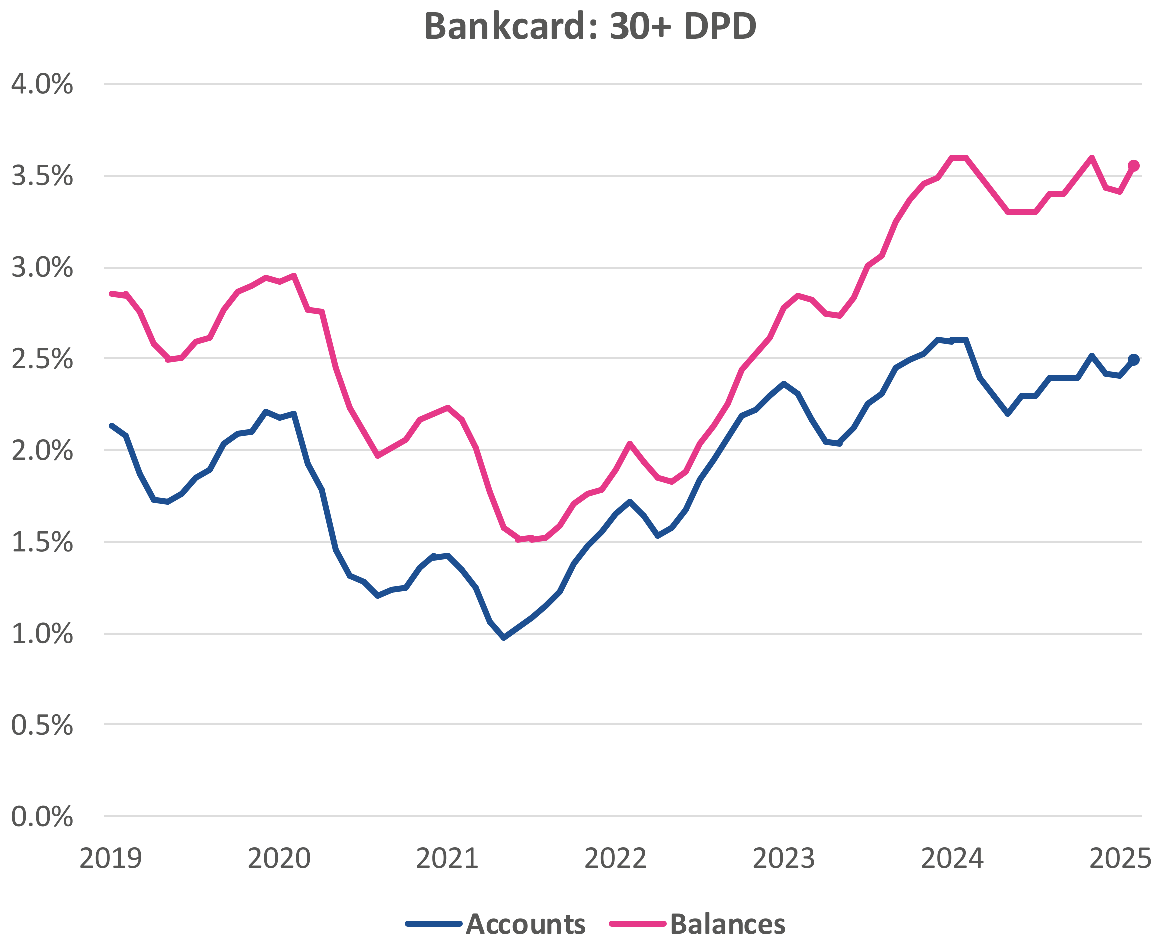
Card origination growth subdued in most market segments as of Q4

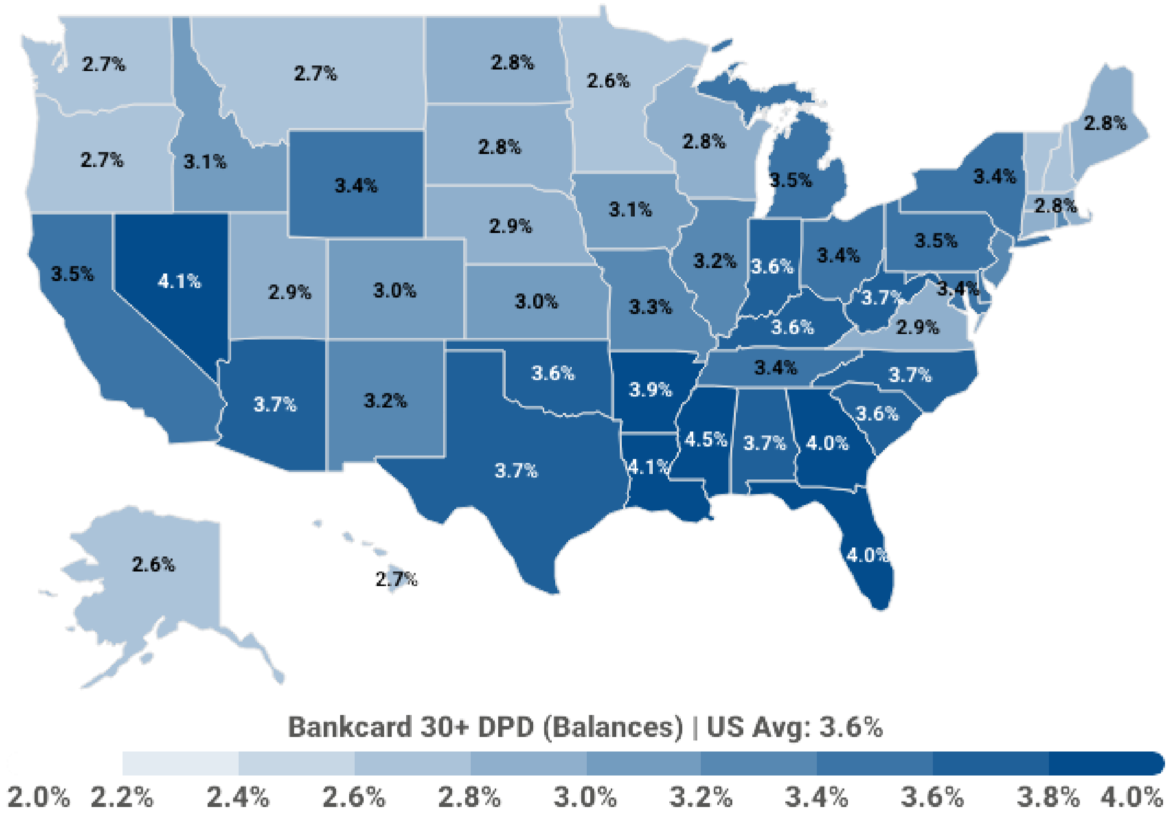


Note: Data is only through November 2024 as Peer Market Comparisons have a three-month, hold-back period
Sources: Experian Sandbox - Credit Trends Dashboard, and Experian Economic Strategy Group

Credit card delinquencies still climbing but at a slower rate

— Highest delinquency concentrated in the southern U.S.





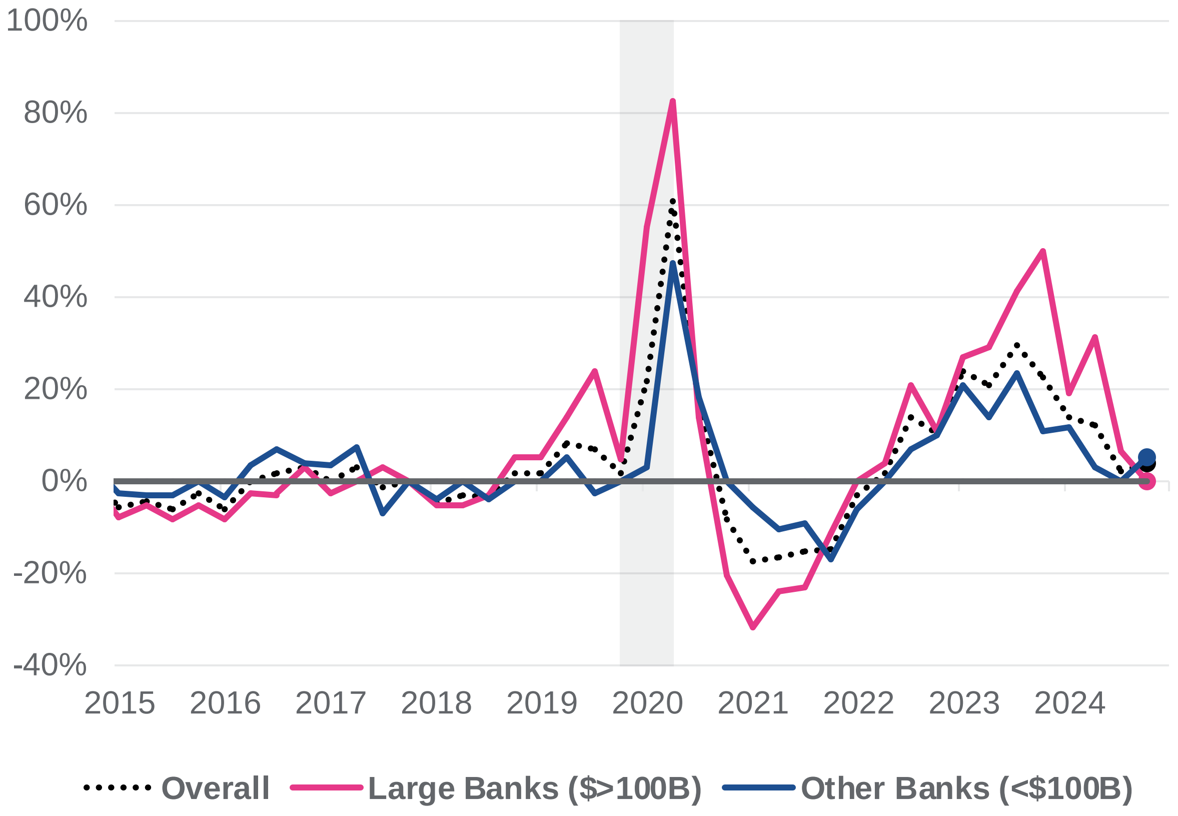
Sources: Experian Ascend Market Insights Dashboard (data through February 2025), and Experian Economic Strategy Group

Unsecured Personal Loans

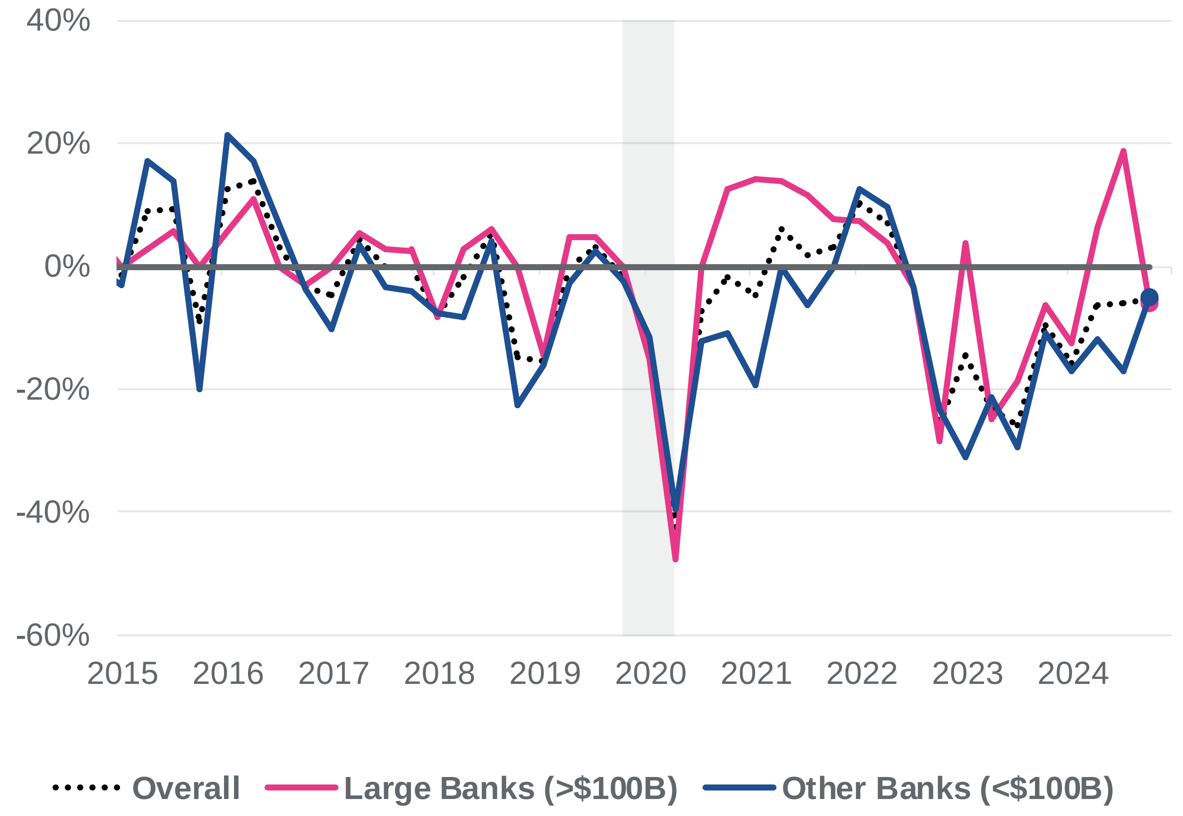
Lending standards for consumer loans mildly tightening as of Q4

— Demand reported at banks remains sluggish

Net % of Banks Tightening Lending Standards on Consumer Loans Other than Credit Card and Auto



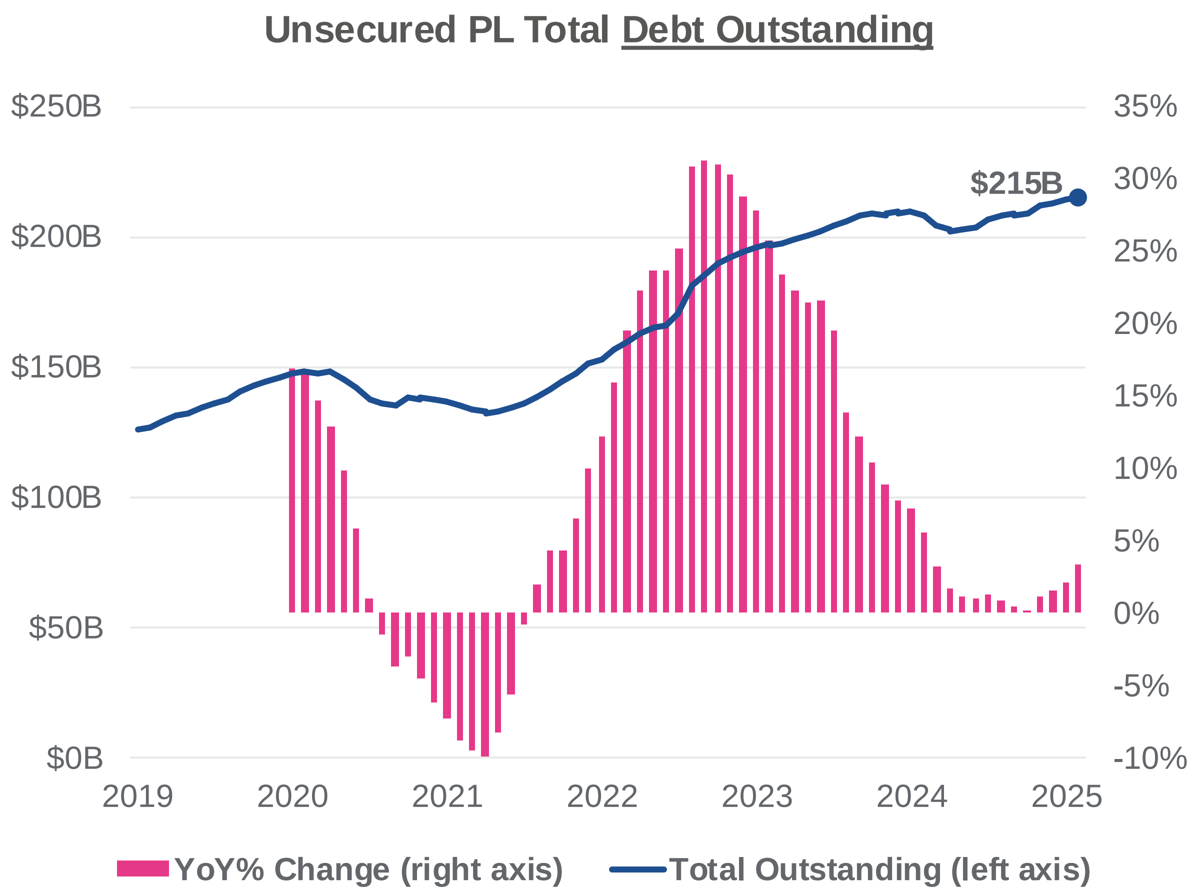
Net % of Banks Reporting Stronger Demand for Consumer Loans other than CC and Auto

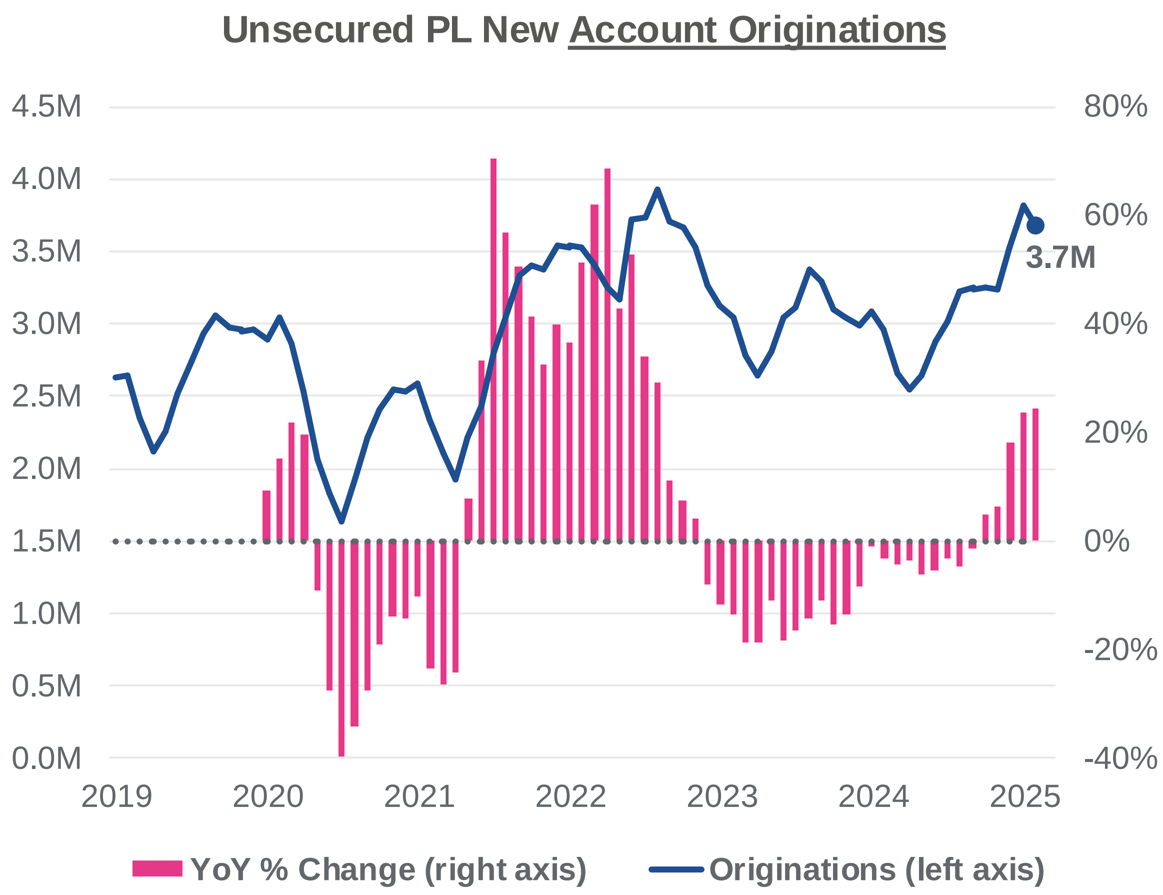


Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

Unsecured personal loan originations trending up

— New account originations have picked up meaningfully in recent months

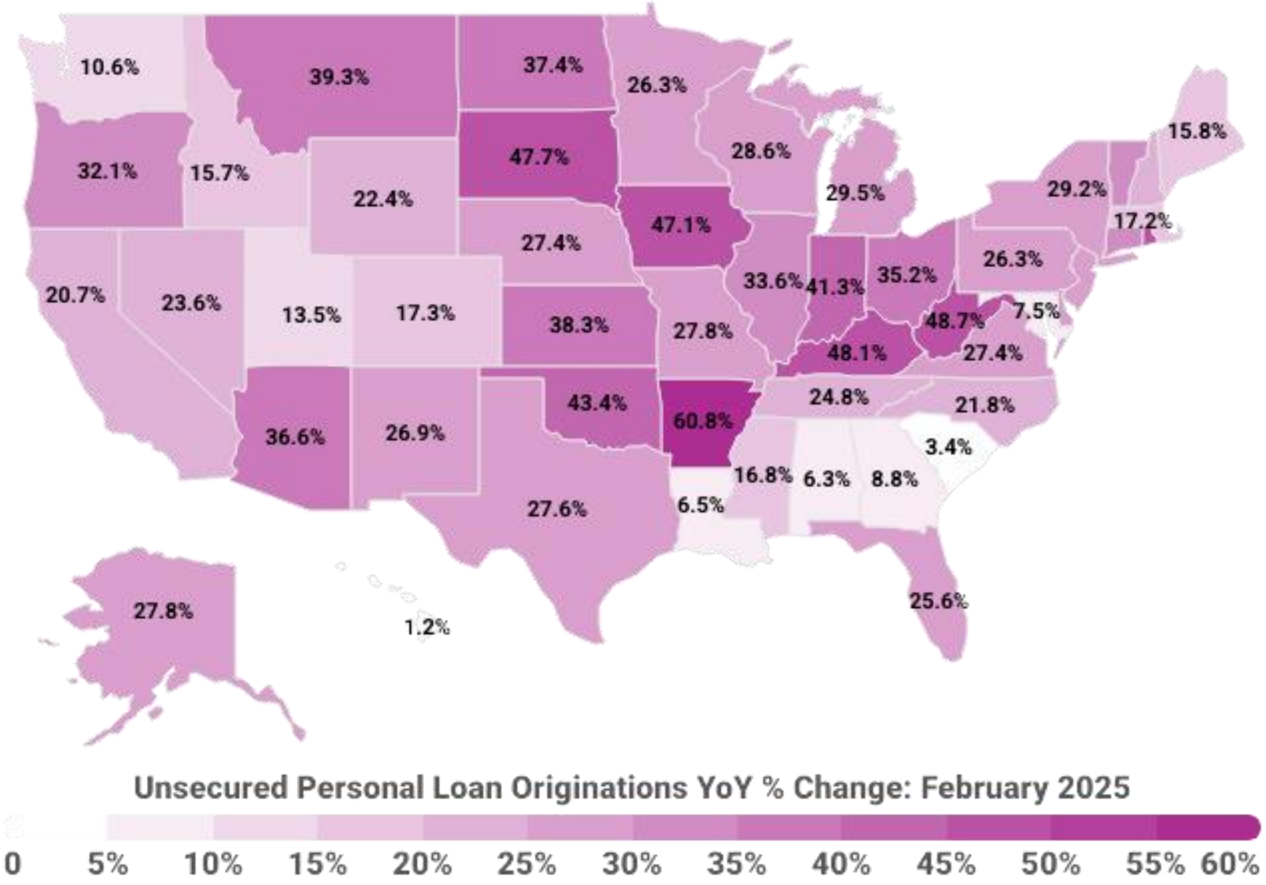




Sources: Experian Sandbox - Credit Trends Dashboard (data through February 2025), and Experian Economic Strategy Group

Unsecured personal loan originations by state

— Lower growth in unsecured personal loans in Southeast, aside from strong growth in Florida

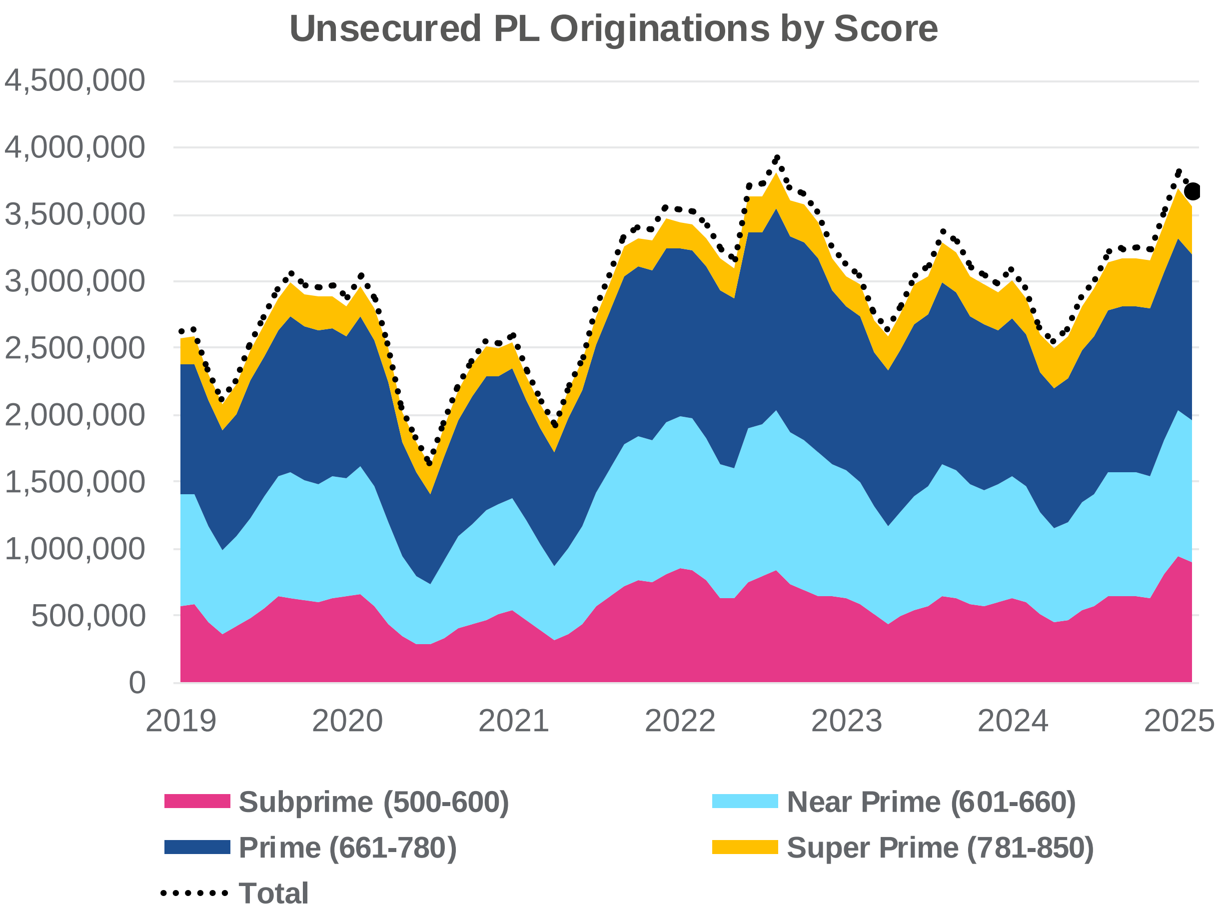


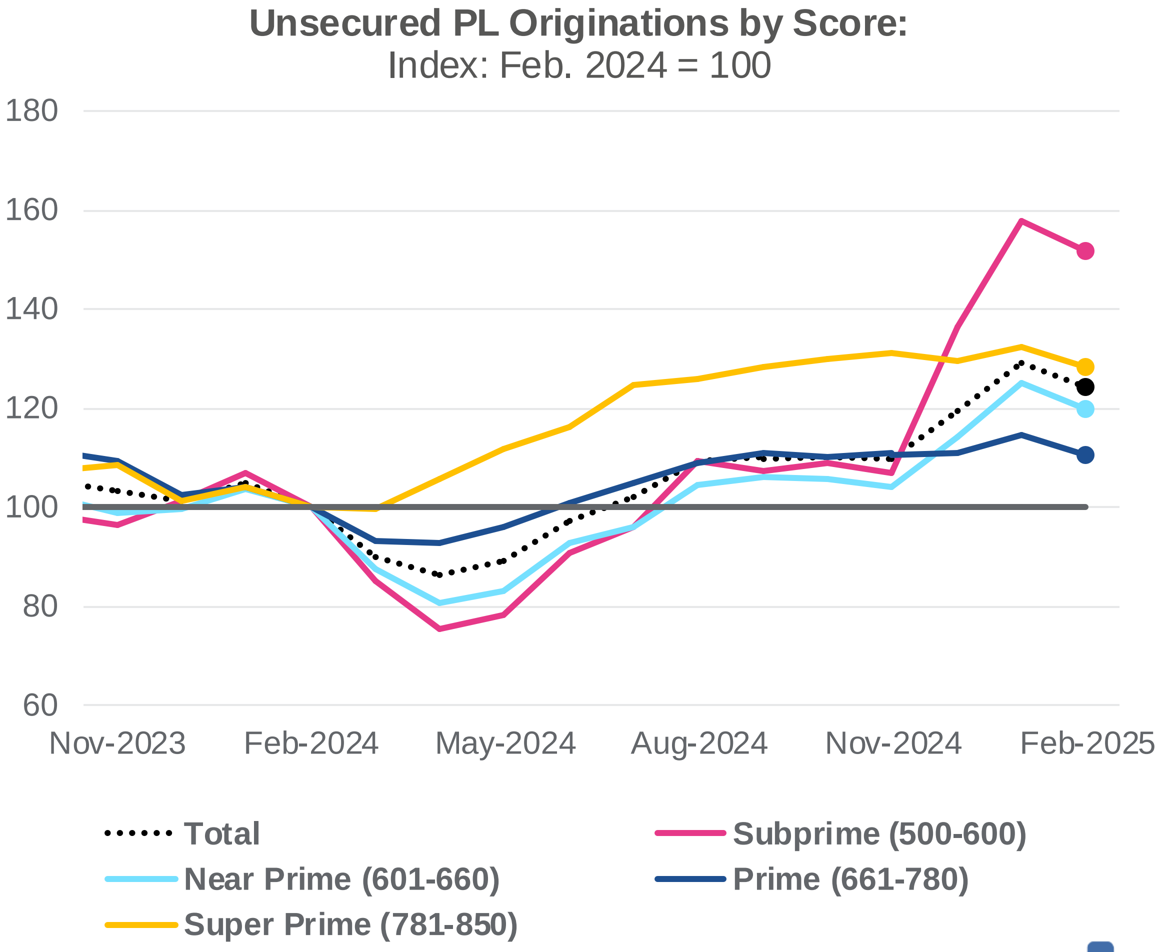
State	YoY % Change
Highest	
Arkansas	+60.8%
West Virginia	+48.7%
Kentucky	+48.1%
Lowest	
Hawaii	+1.2%
South Carolina	+3.4%
Alabama	+6.3%

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

Originations have picked up across score segments

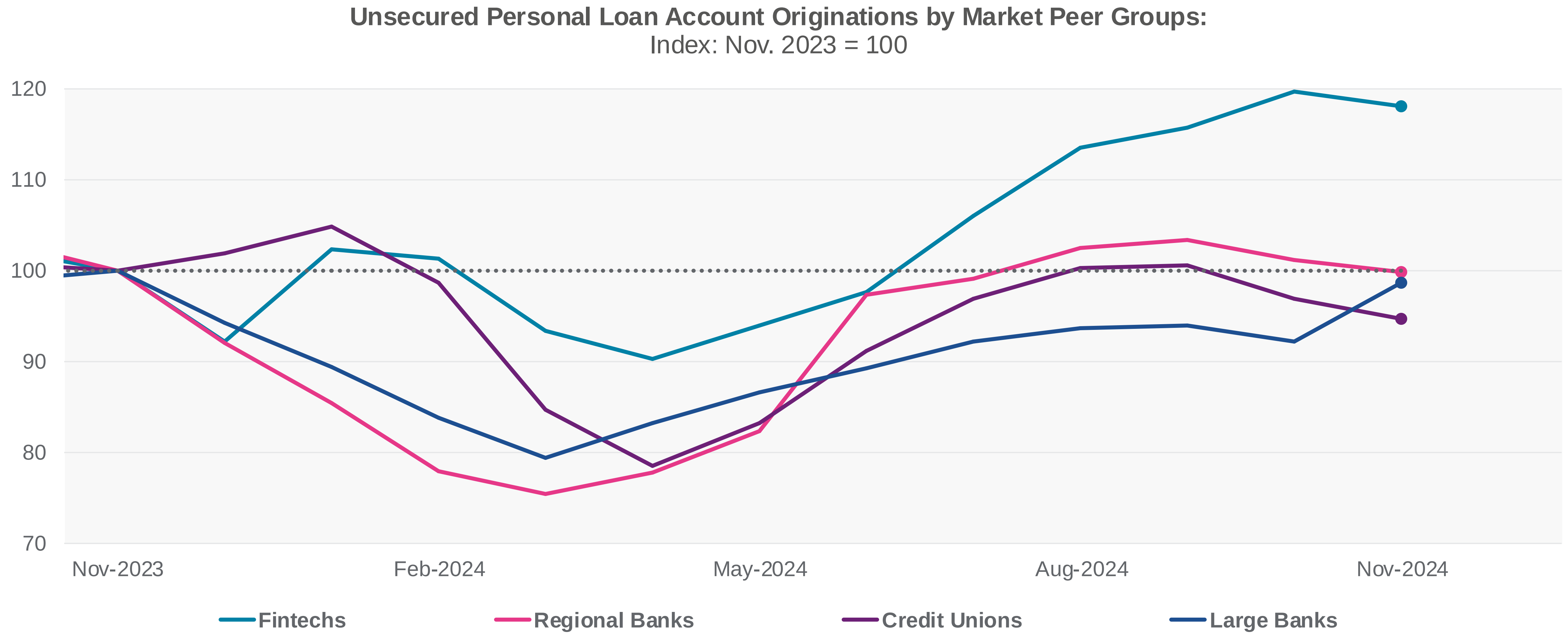
— Largest YoY gains in Subprime and Super Prime





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

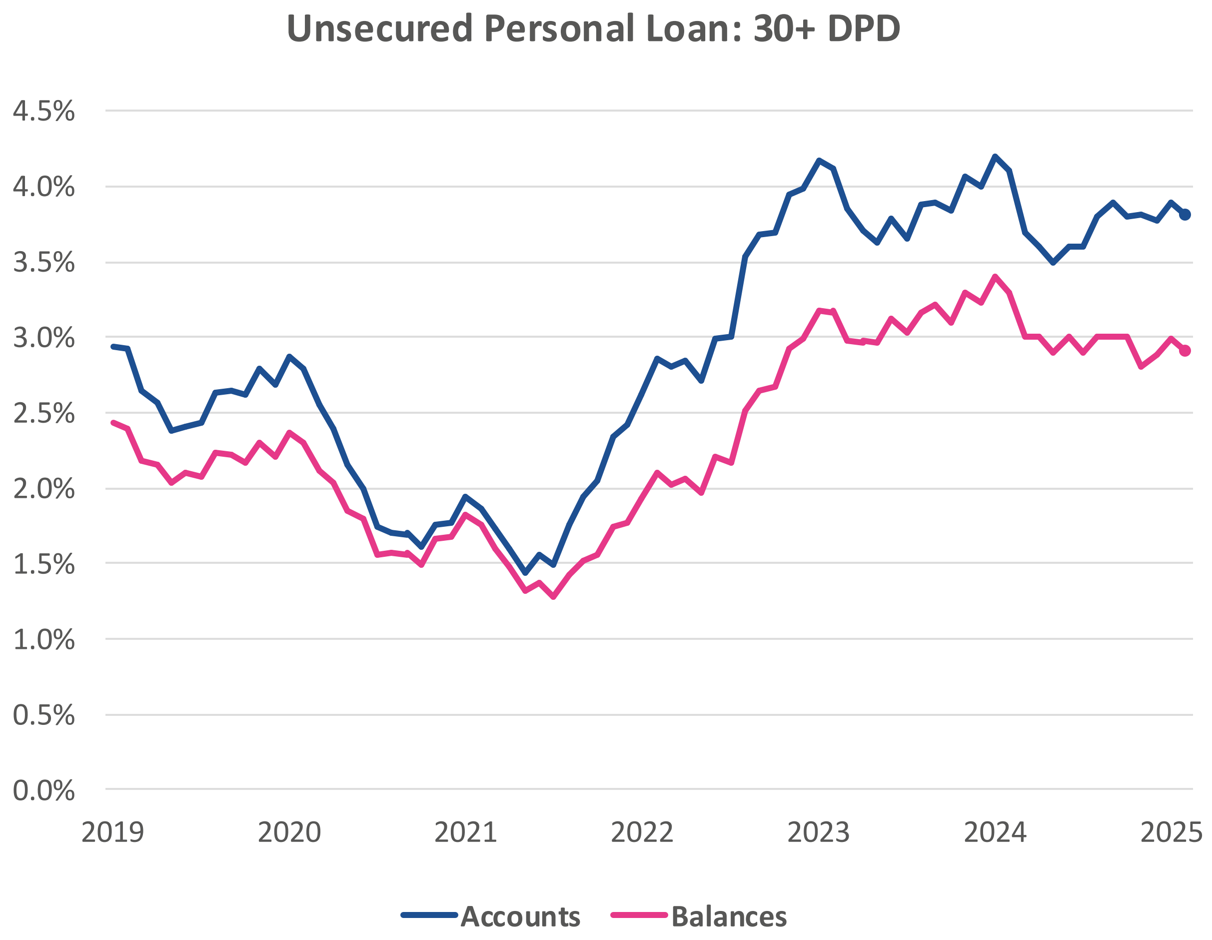
Fintech remains the driver of rising unsecured personal loans

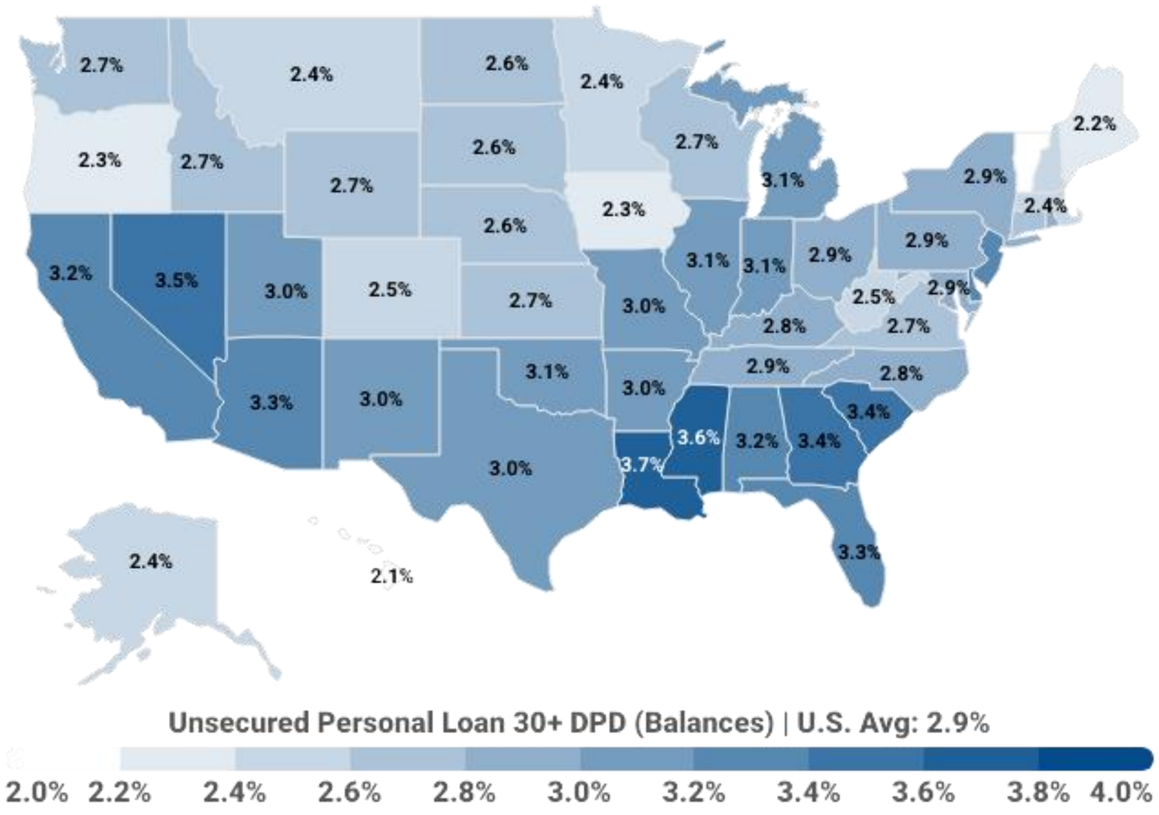


Note: Data is only through November 2024 as Peer Market Comparisons have a three-month, hold-back period
Sources: Experian Sandbox - Credit Trends Dashboard, and Experian Economic Strategy Group

Unsecured personal loan delinquency steady over past year

— Lowest delinquency rates concentrated in the northern U.S.





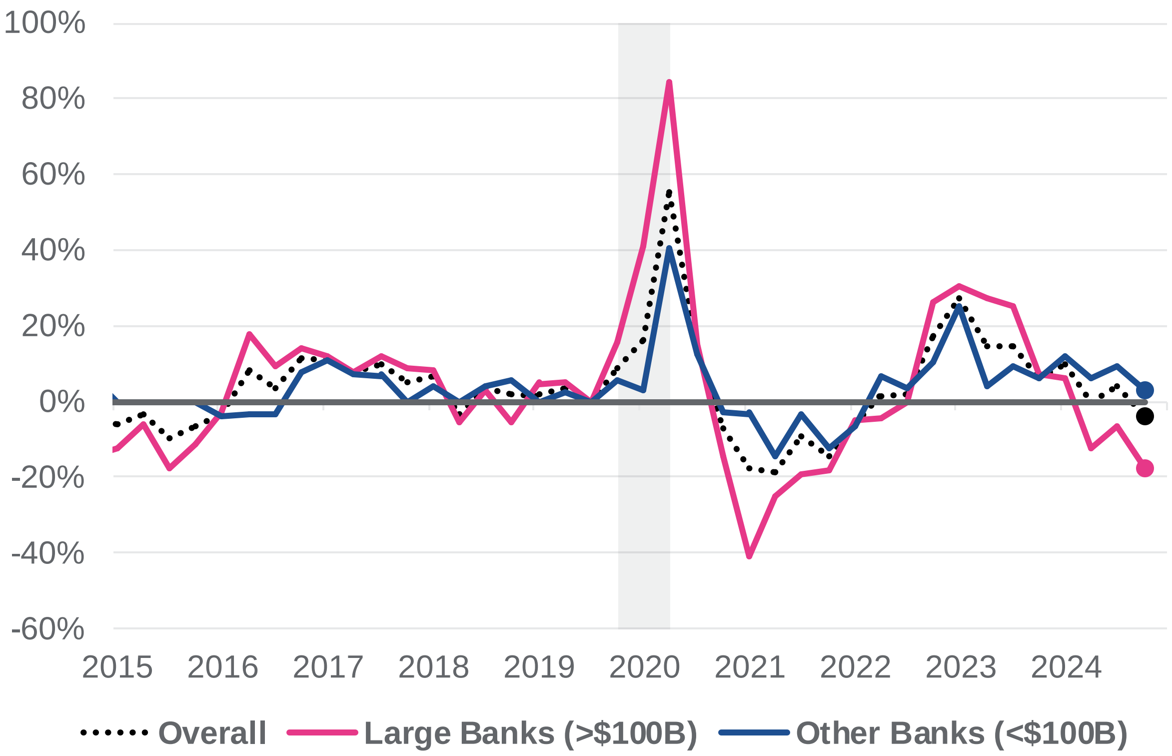
Sources: Experian Ascend Market Insights Dashboard (data through February 2025) and Experian Economic Strategy Group

Auto Loans

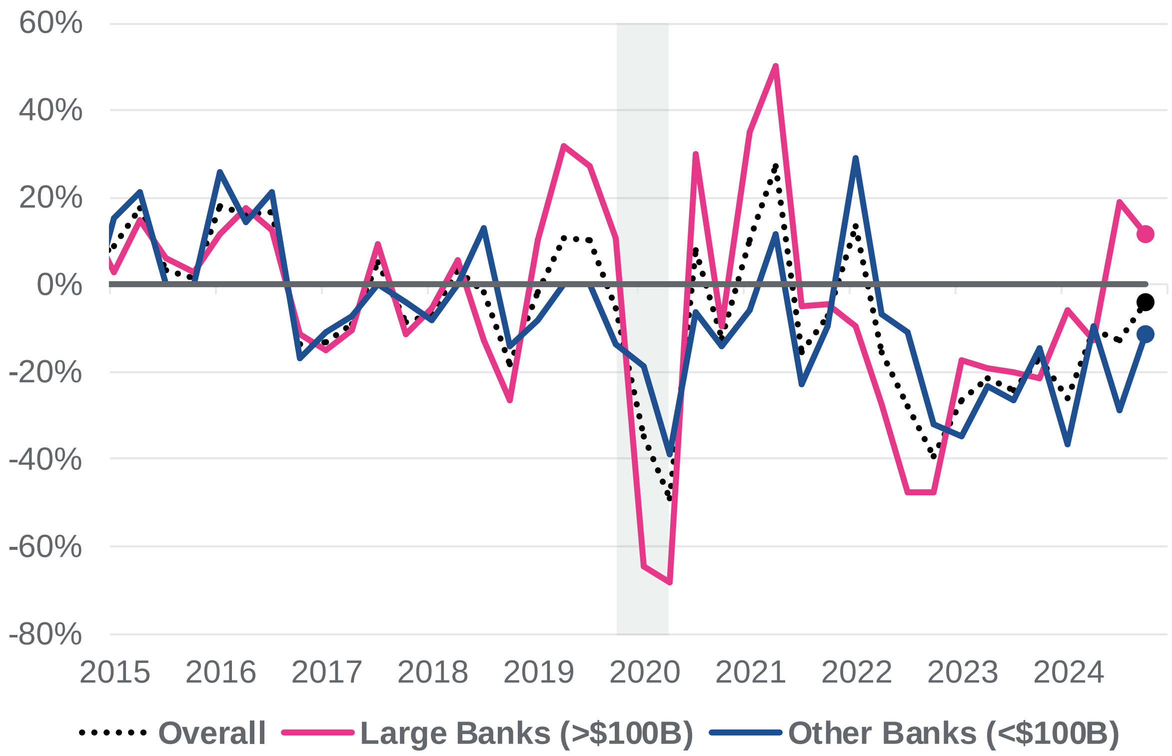
Net % of total banks are easing standards on autos, led by large banks

— In Q4 2024, large banks reported the third-consecutive quarter of easing standards. Large banks also experienced the second-consecutive quarter of stronger demand for auto loans.

Net % of Banks Tightening Lending Standards on Auto Loans



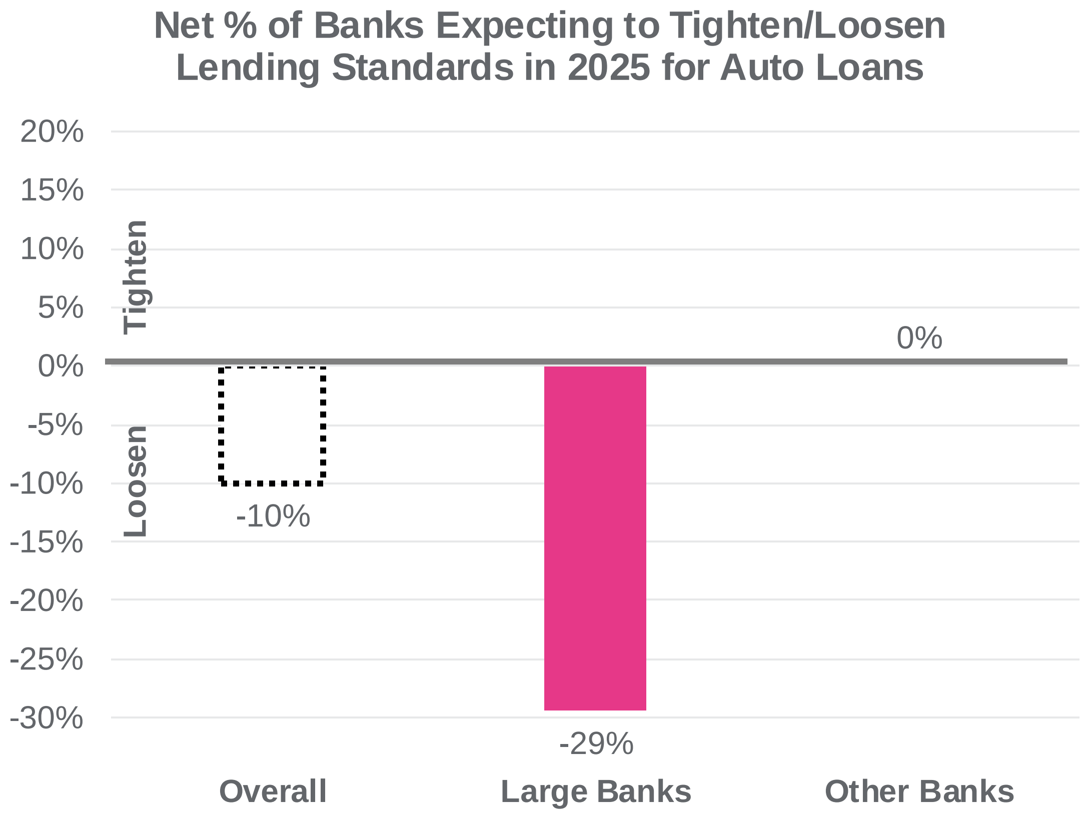
Net % of Banks Reporting Stronger Demand for Auto Loans

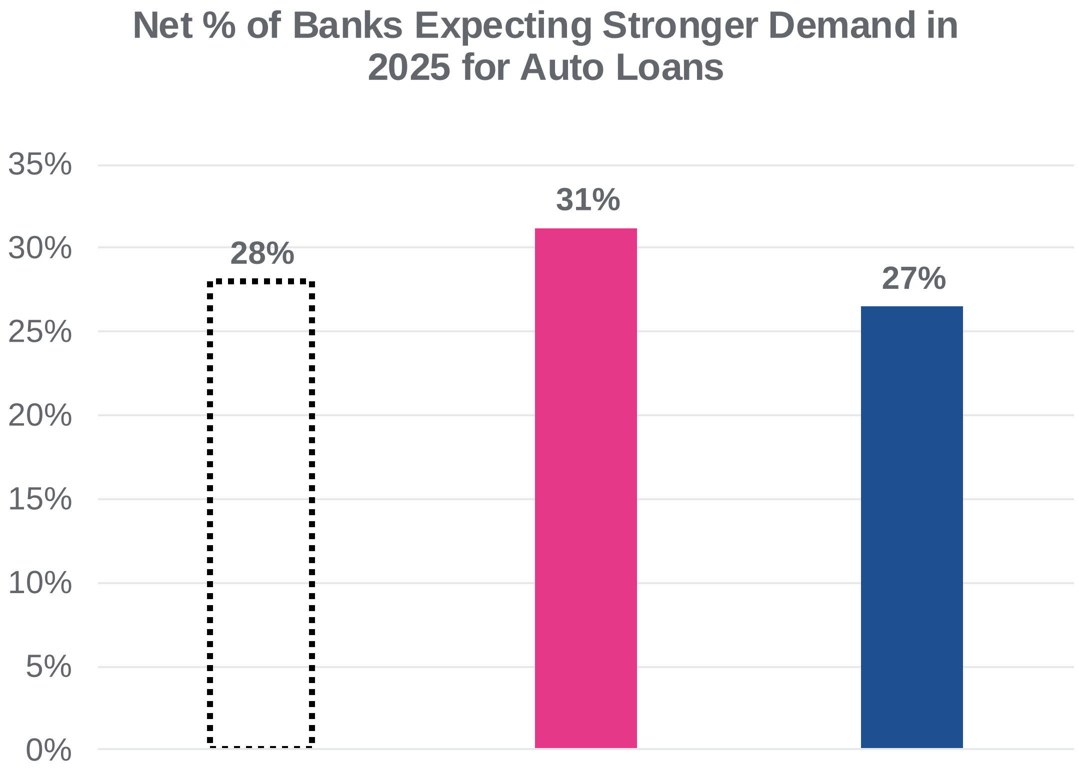


Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

As of Q4, large banks expected to loosen auto standards in 2025

— Banks across the board expect a pickup in auto demand in the year ahead

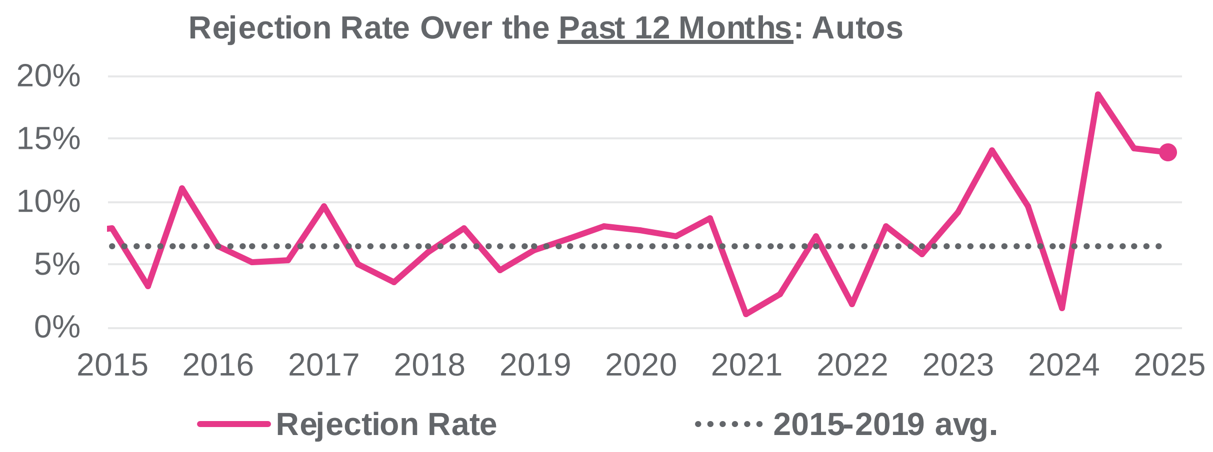


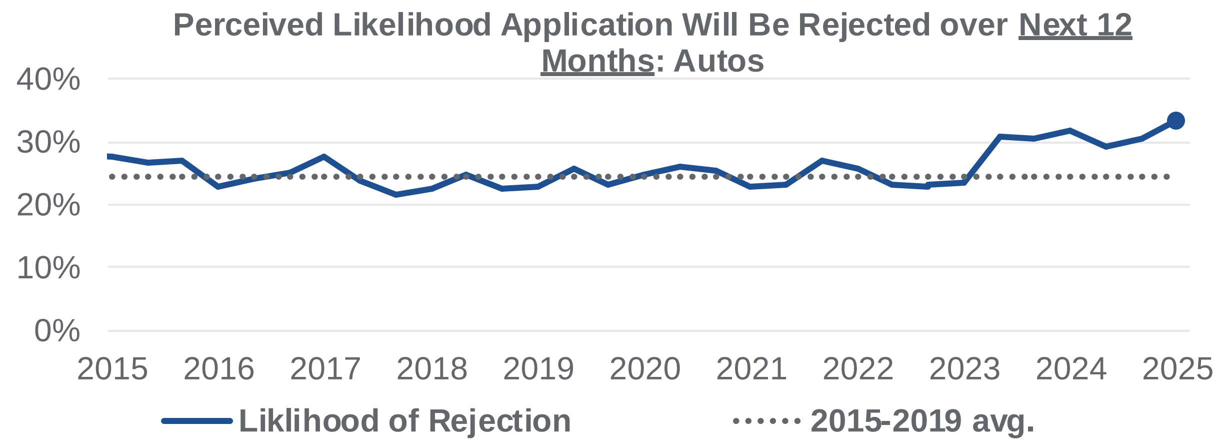


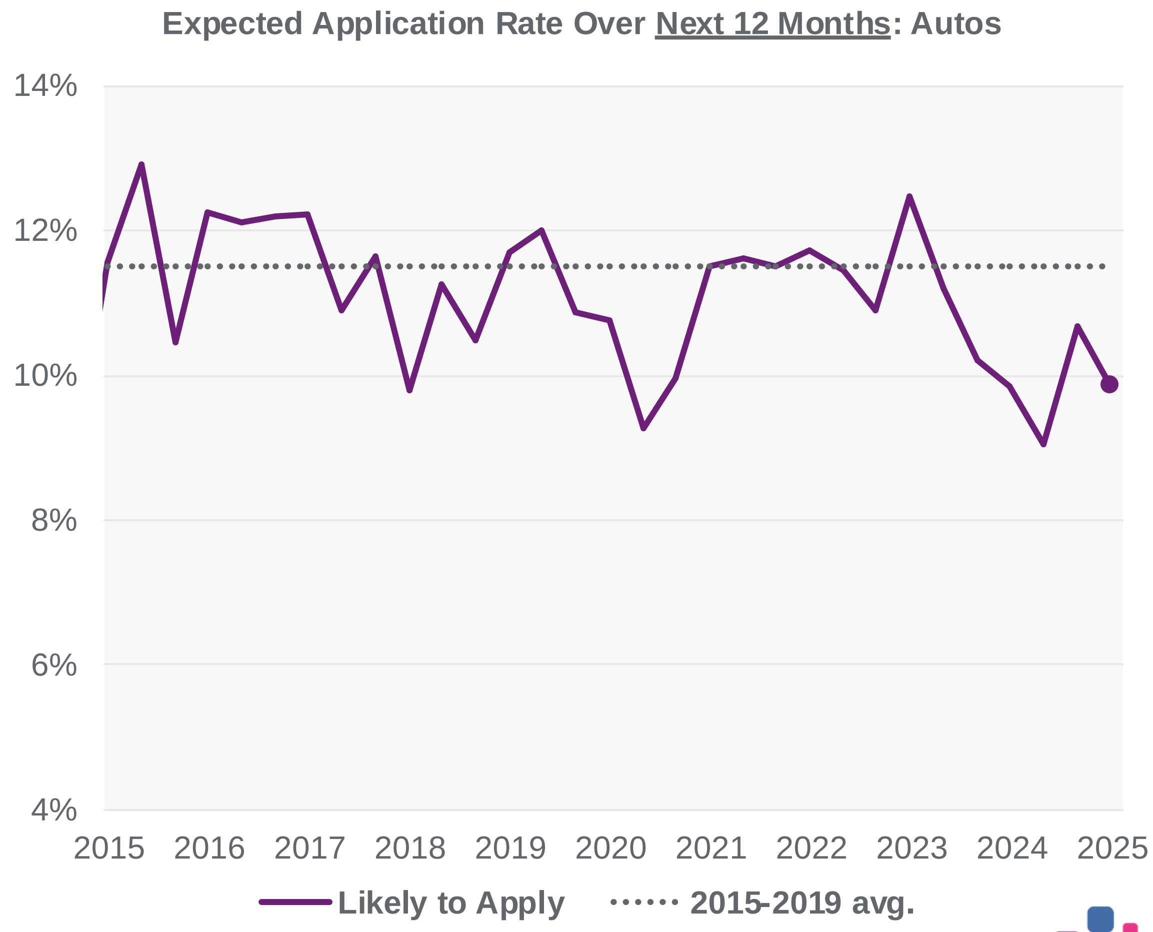
Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

Auto loan rejection rates remain well above pre-pandemic levels

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



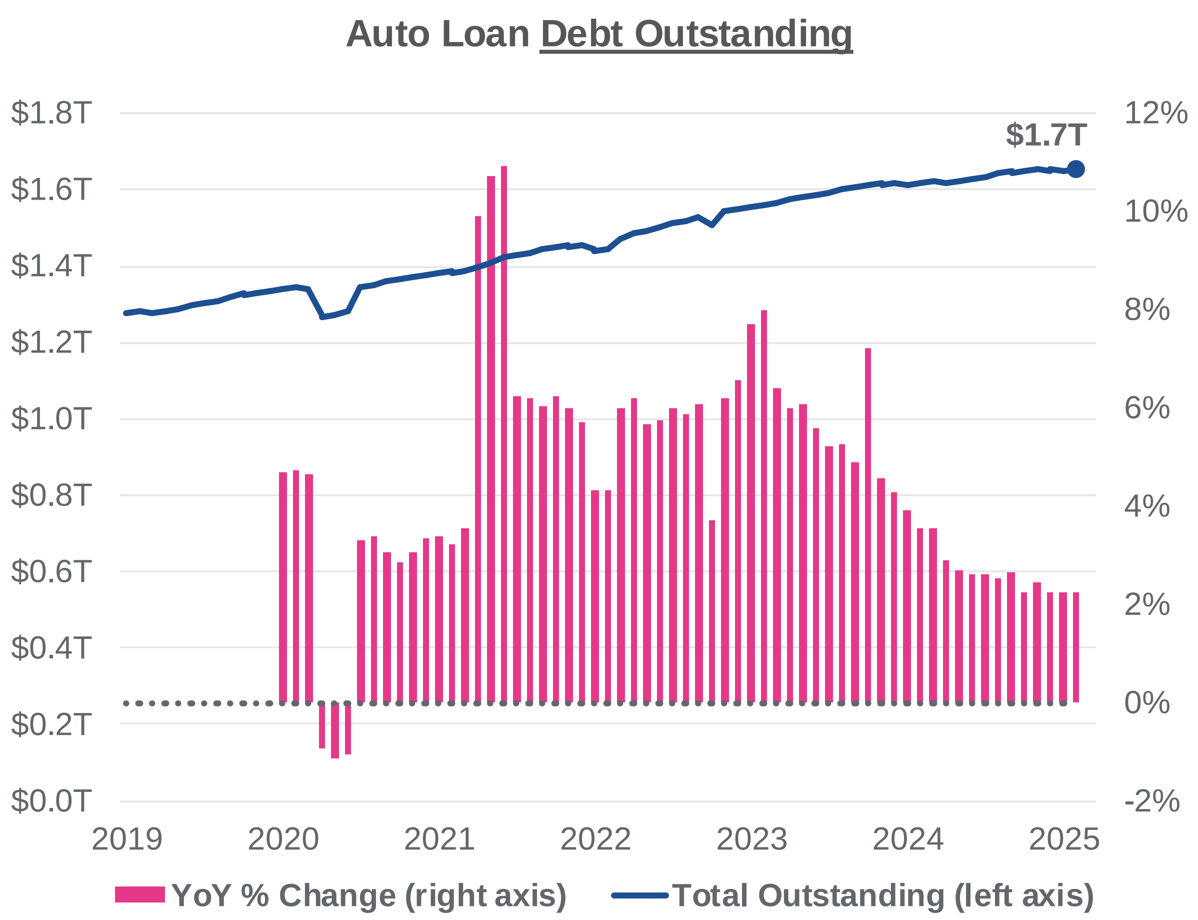


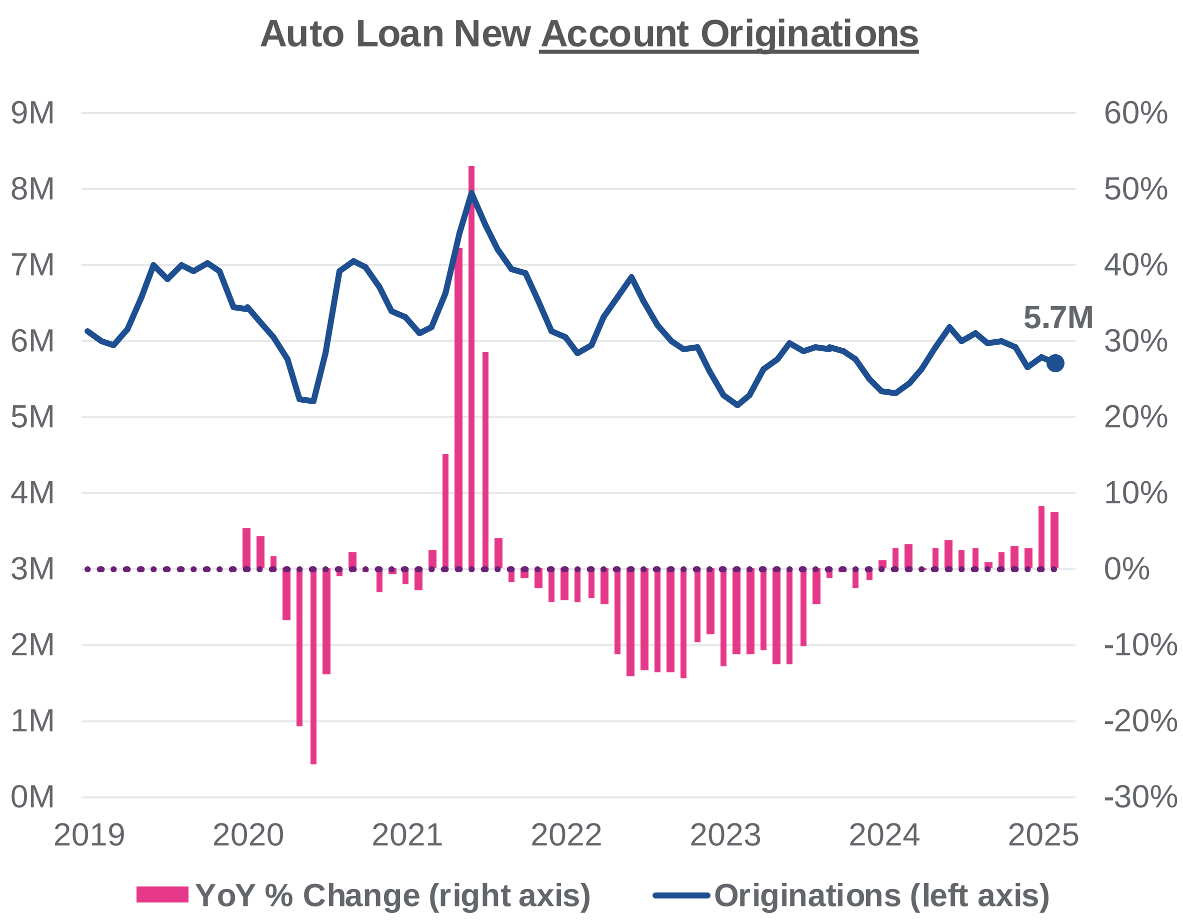


Sources: New York Federal Reserve and Experian Economic Strategy Group

Auto loan originations remain fairly stable

— New account originations up YoY in February

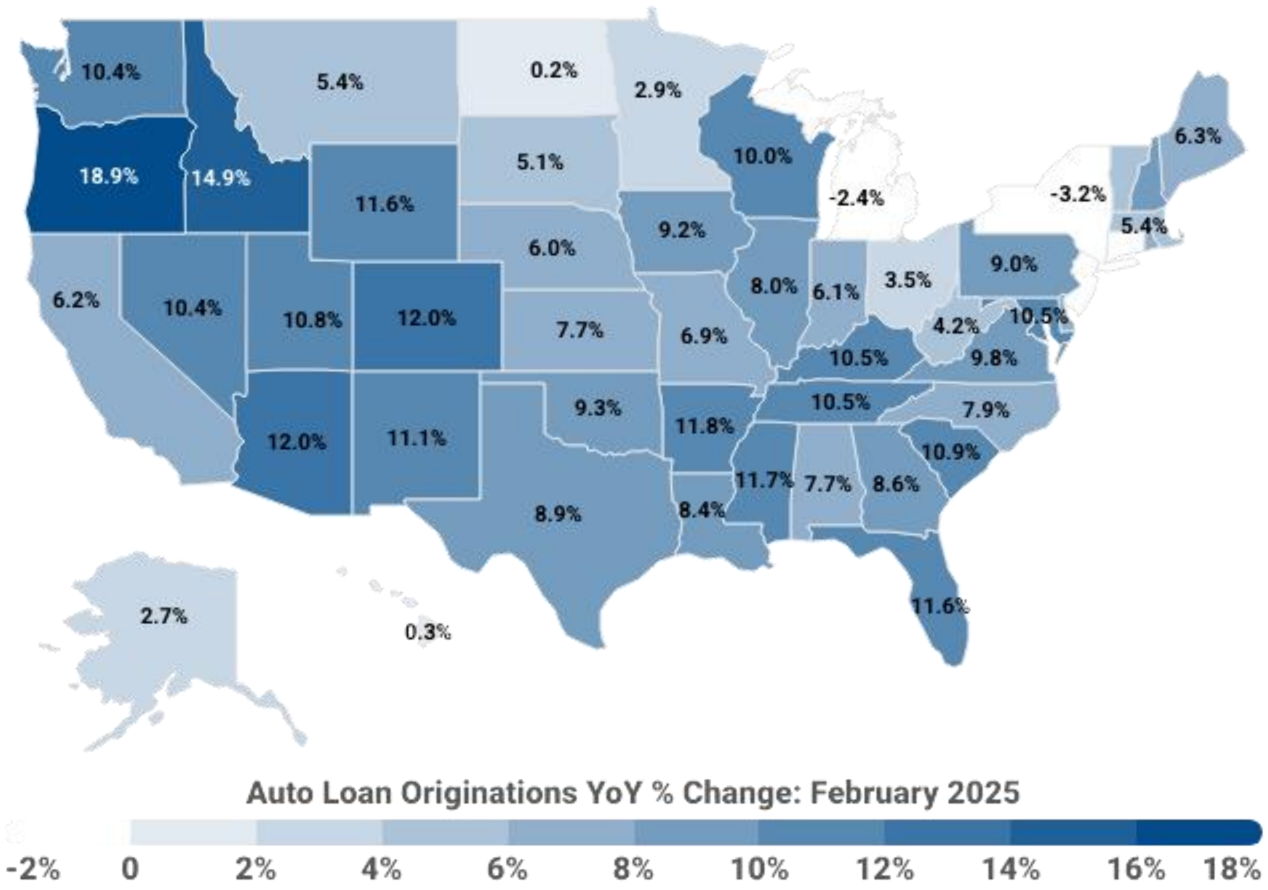




Sources: Experian Sandbox - Credit Trends Dashboard (data through February 2025), and Experian Economic Strategy Group

Auto loan originations by state

— Fifteen states saw double-digit growth in auto originations over the year

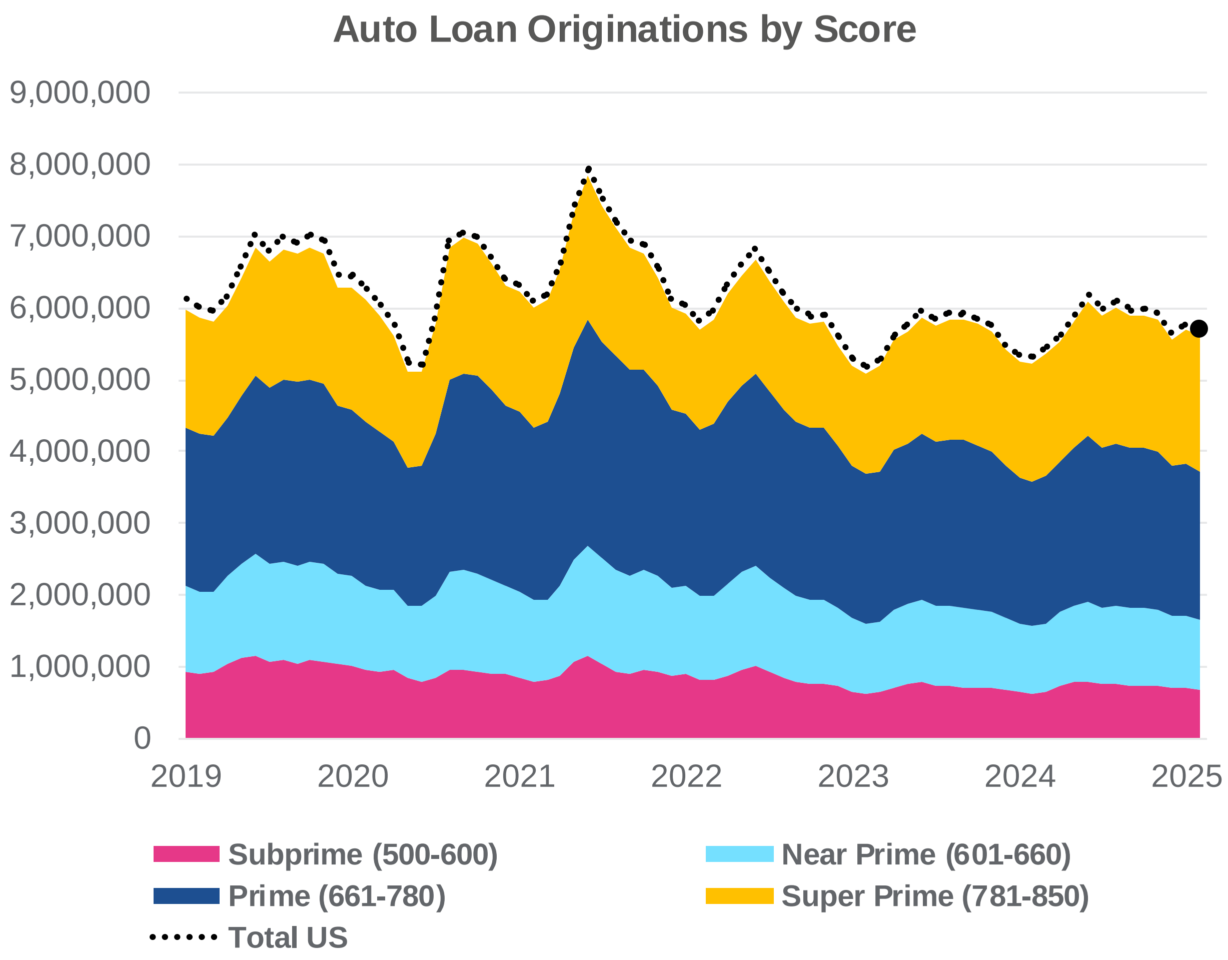


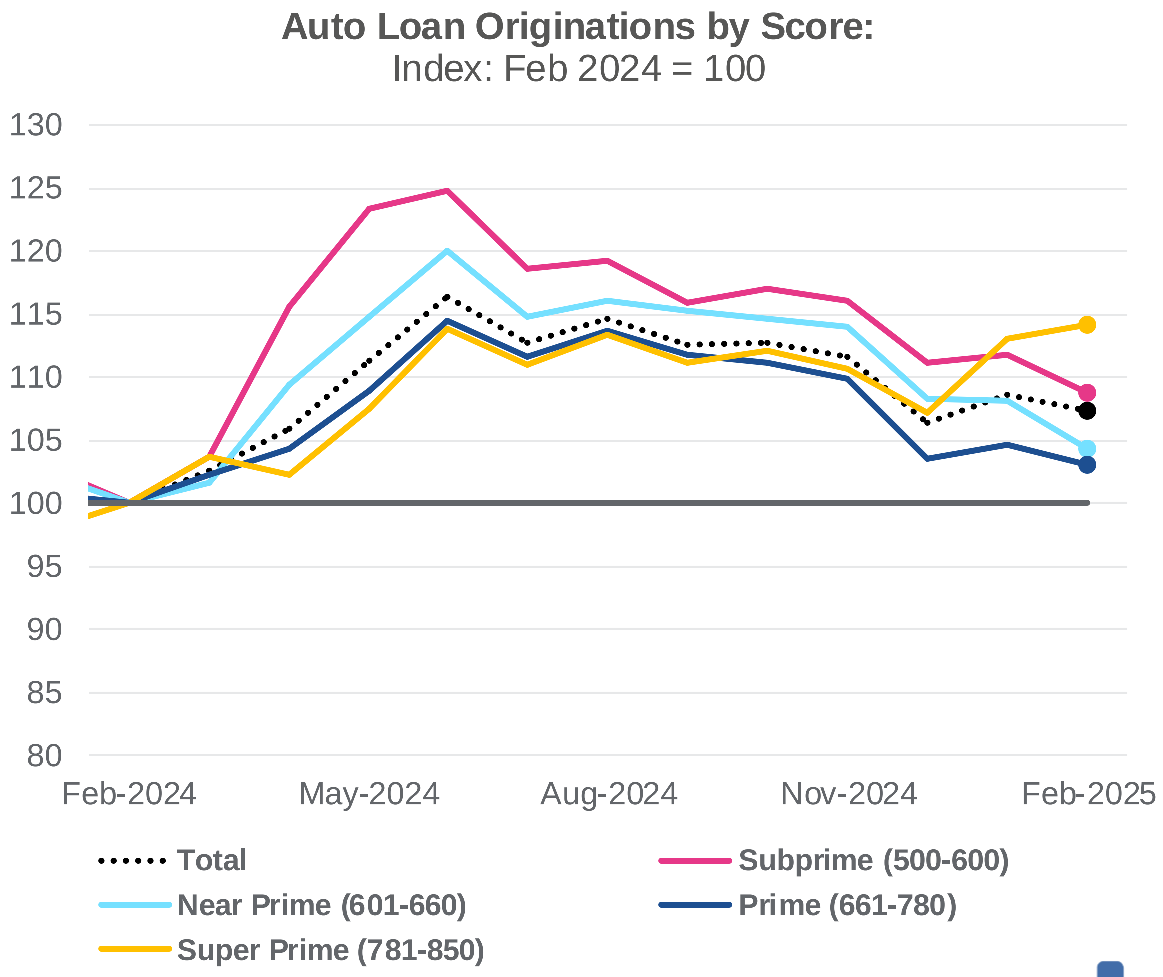
State	YoY % Change
Highest	
Oregon	+18.9%
Idaho	+14.9%
Colorado	+12.0%
Lowest	
New York	-3.2%
Michigan	-2.4%
New Jersey	-0.7%

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

Super Prime consumers remain largest driver of auto originations

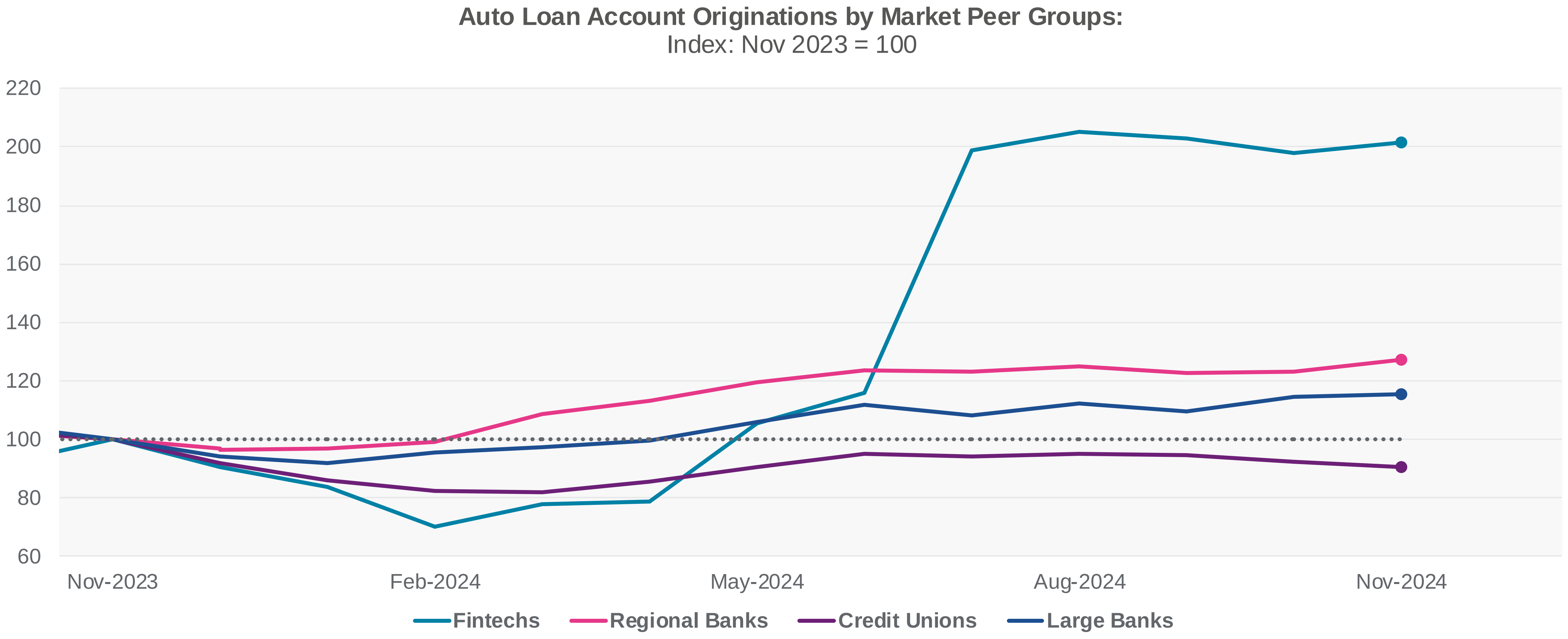
— Growth seen across score bands





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

Fintechs represent a small but growing share of auto originations

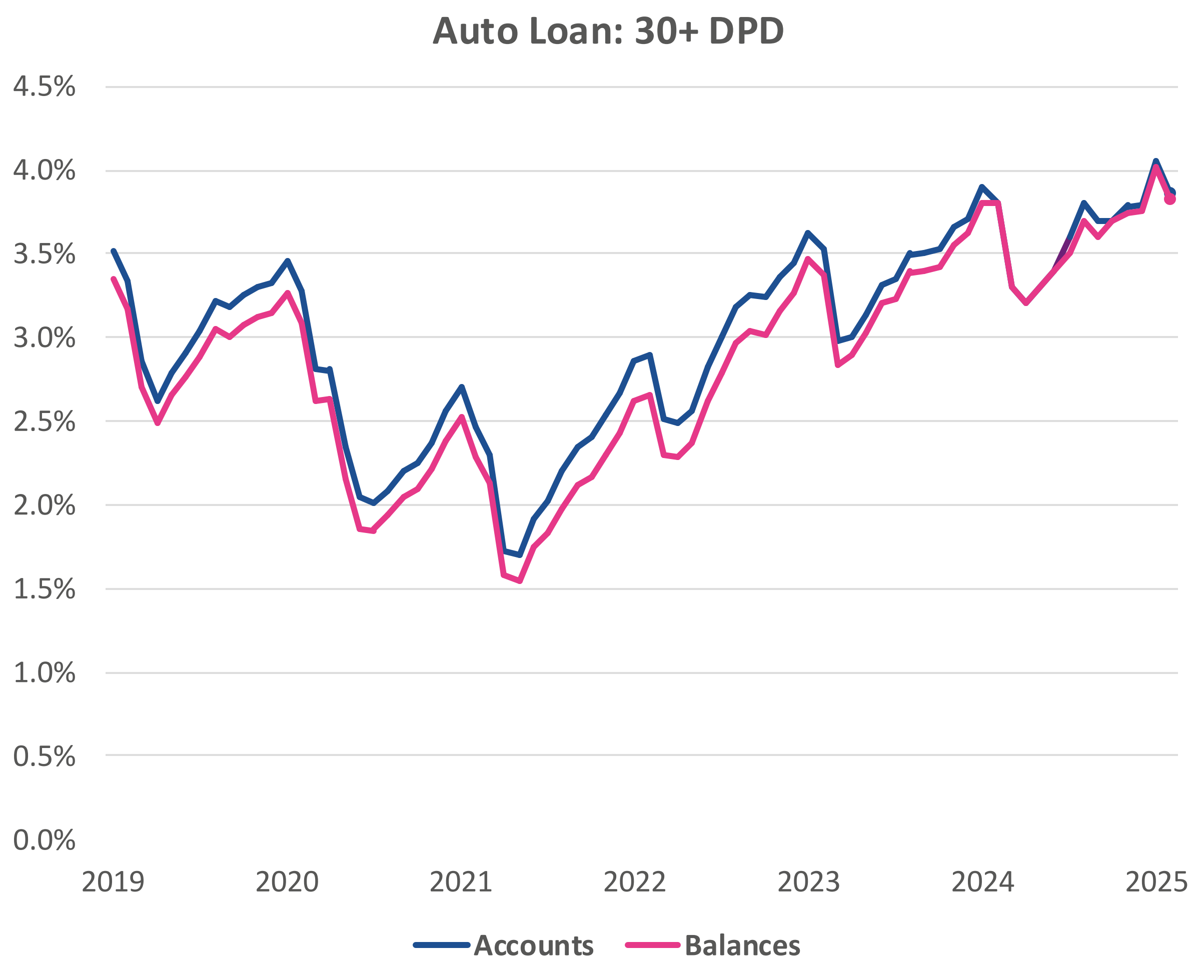


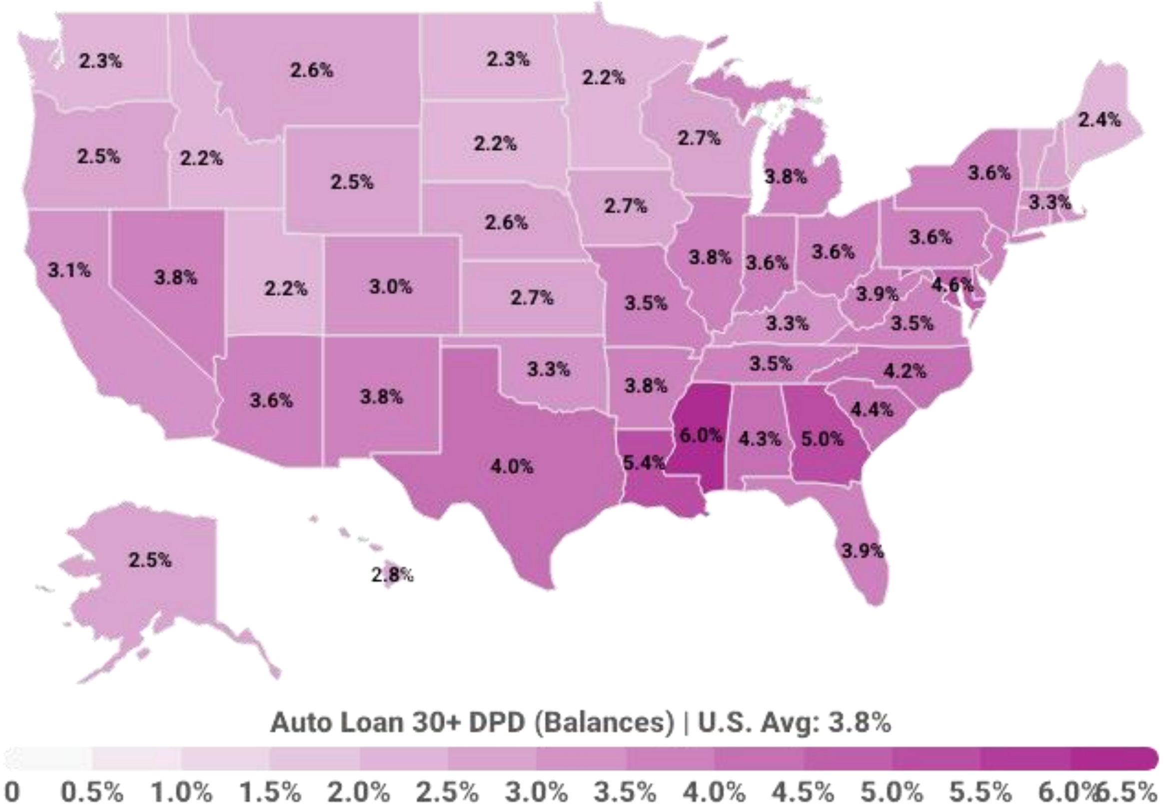
Note: Data is only through November 2024 as Peer Market Comparisons have a three-month, hold-back period

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

Growth in auto loan delinquency still trending higher

— Highest auto loan delinquency in the Southeast





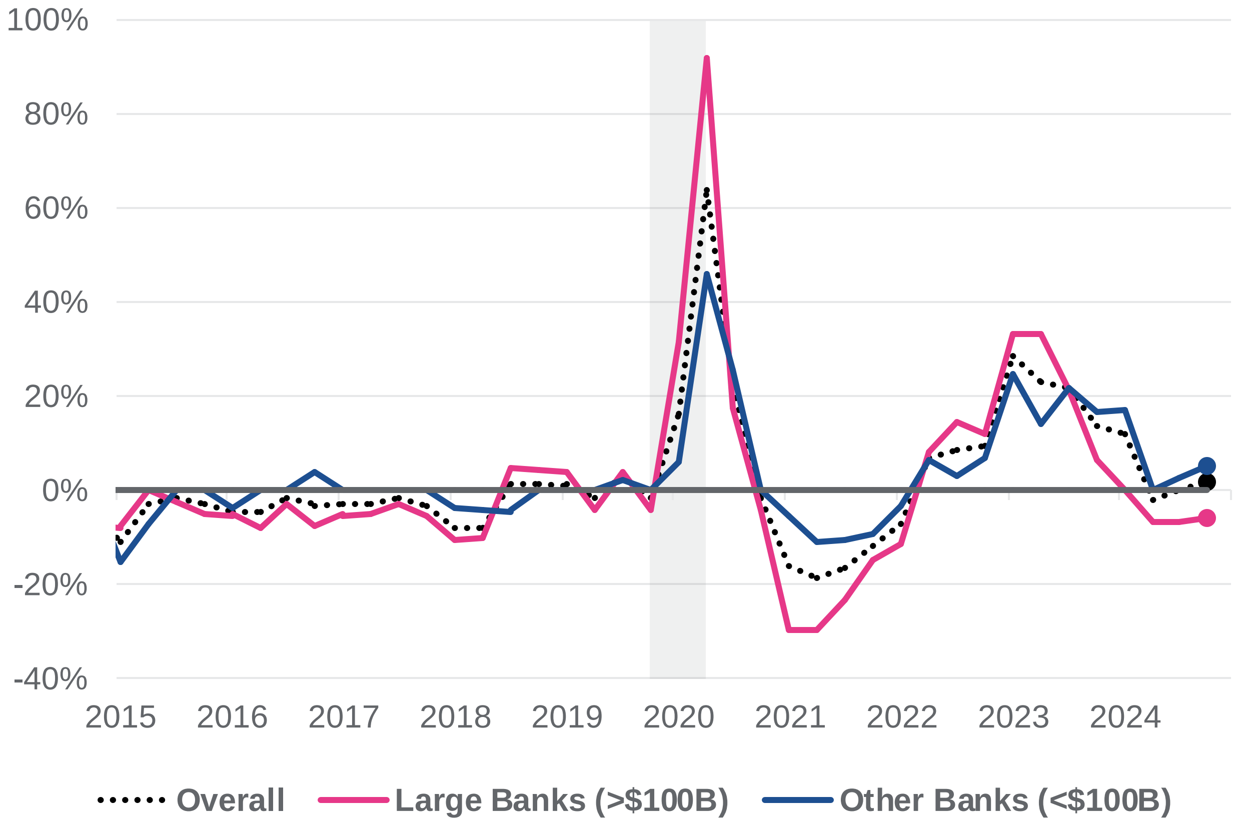
Sources: Experian Ascend Market Insights Dashboard (data through February 2025), and Experian Economic Strategy Group

HELOC

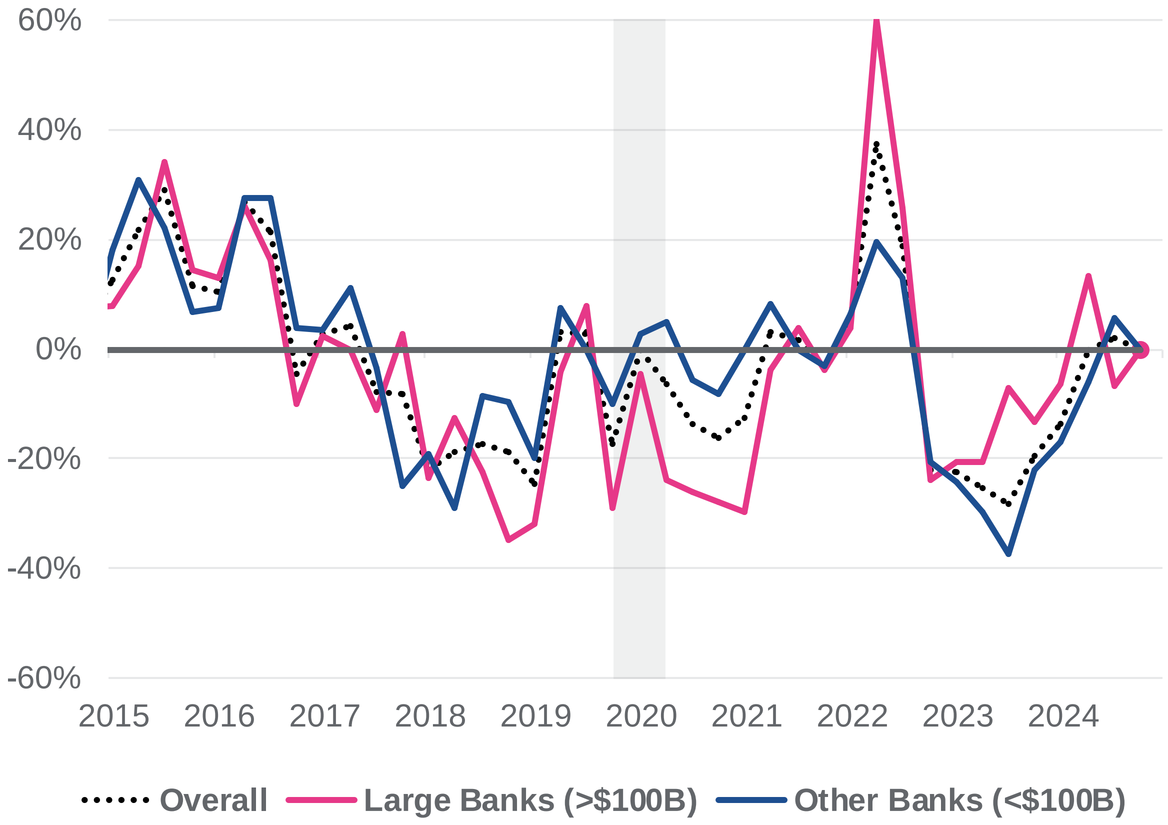
Large banks eased standards on HELOCs again in Q4

— Demand at banks remains subdued

Net % of Banks Tightening Lending Standards on Home Equity Lines of Credit



Net % of Banks Reporting Stronger Demand for Home Equity Lines of Credit

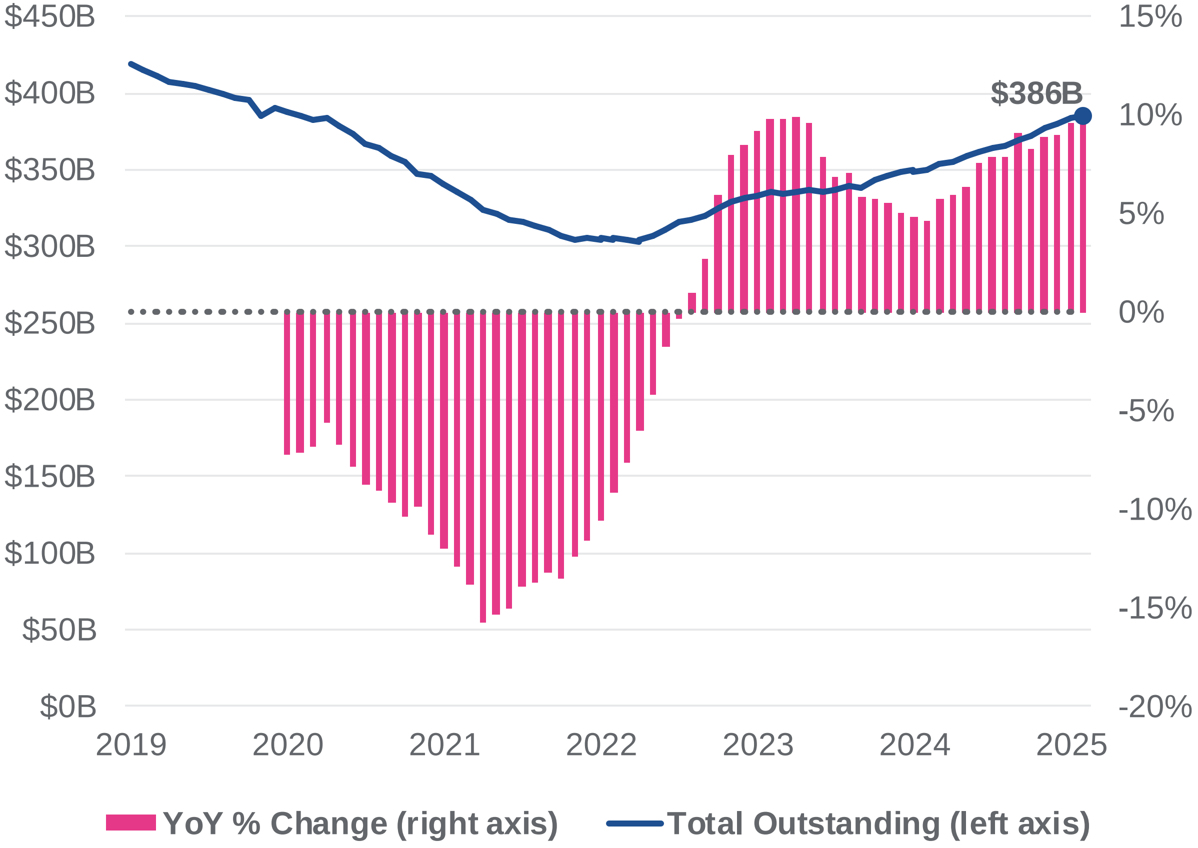


Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

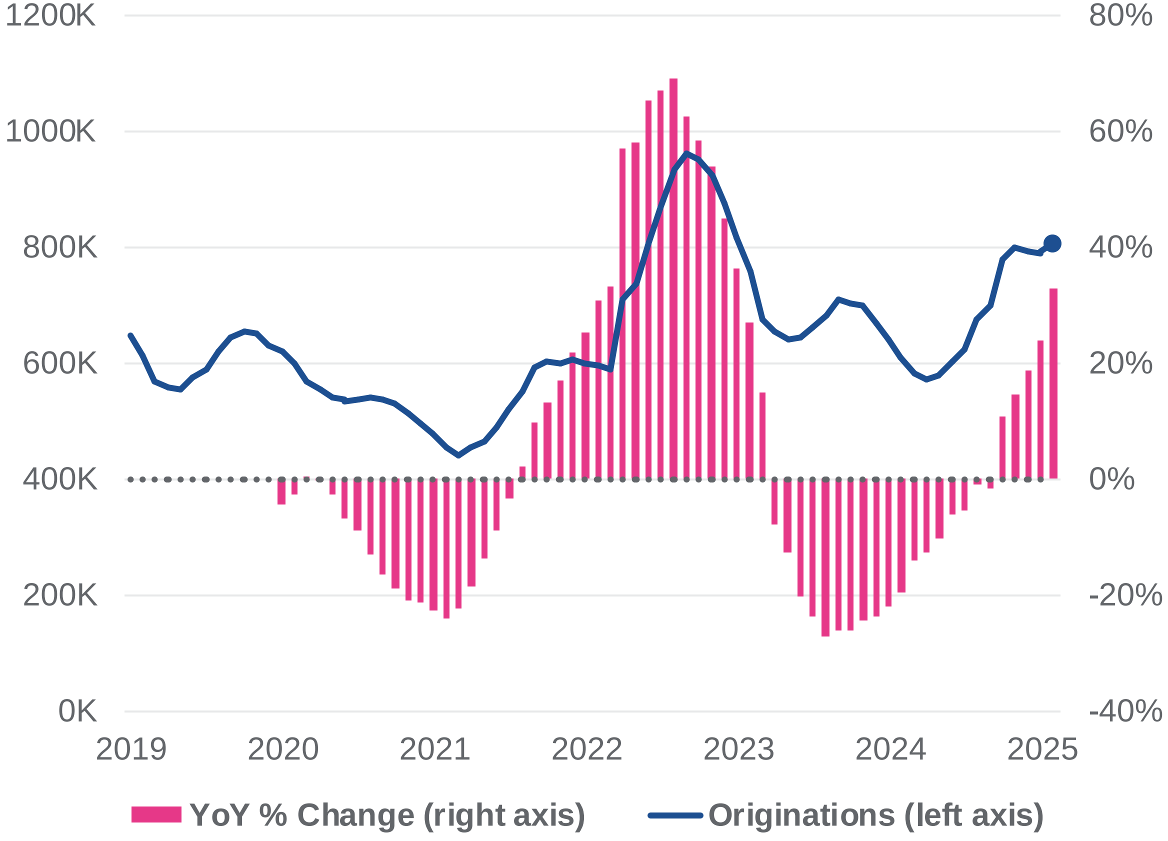
HELOC debt outstanding and originations on the rise

— Originations up YoY for past five months

HELOC Debt Outstanding



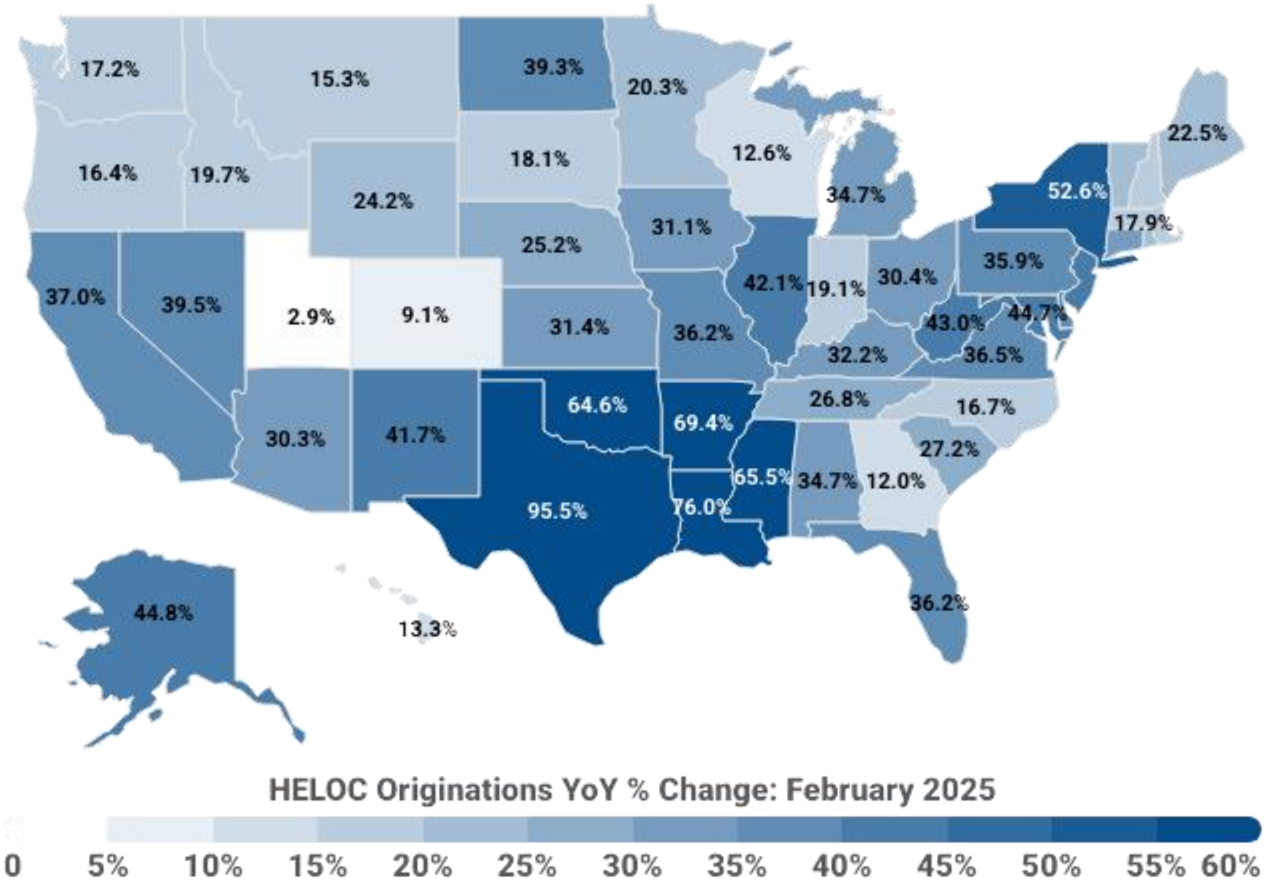
HELOC New Account Originations



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

HELOC originations by state

— Texas saw nearly a 100% increase in HELOC originations this year

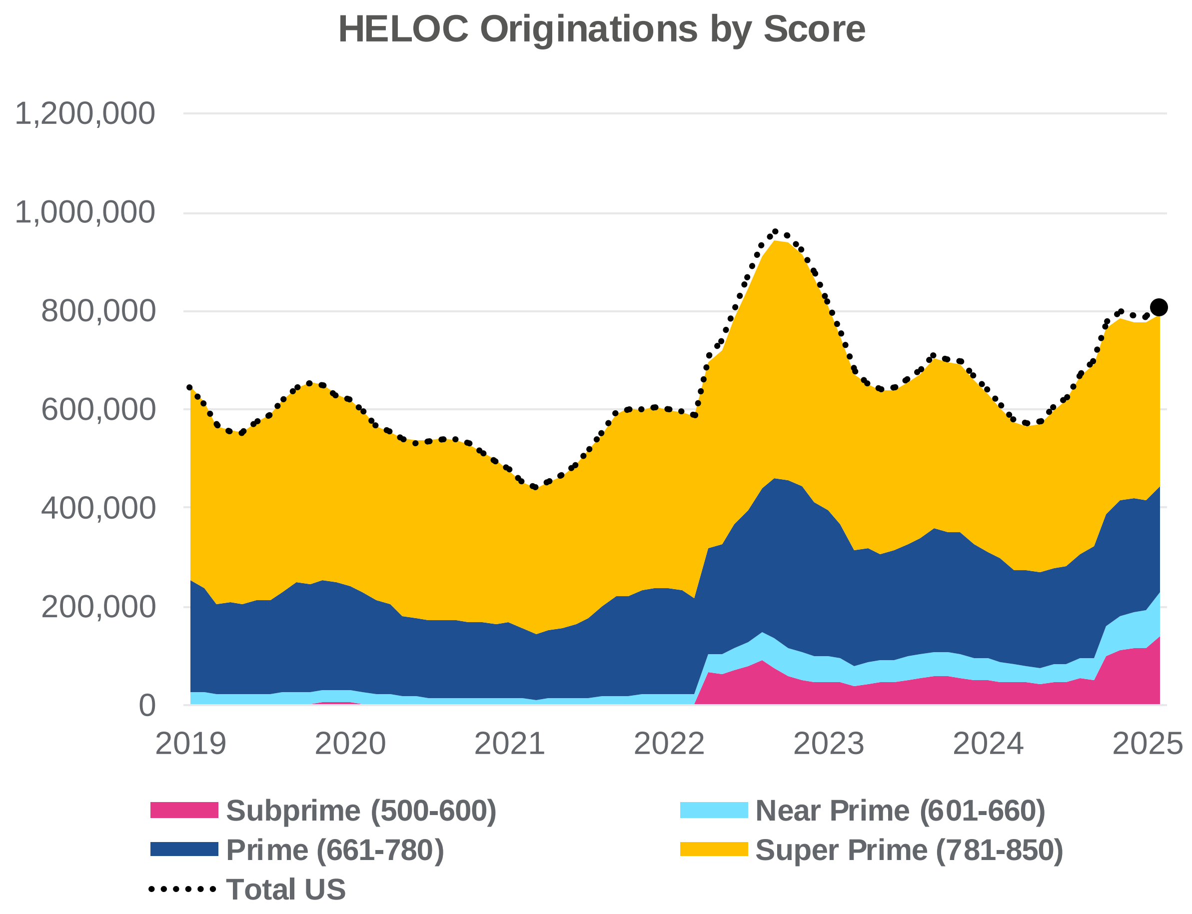


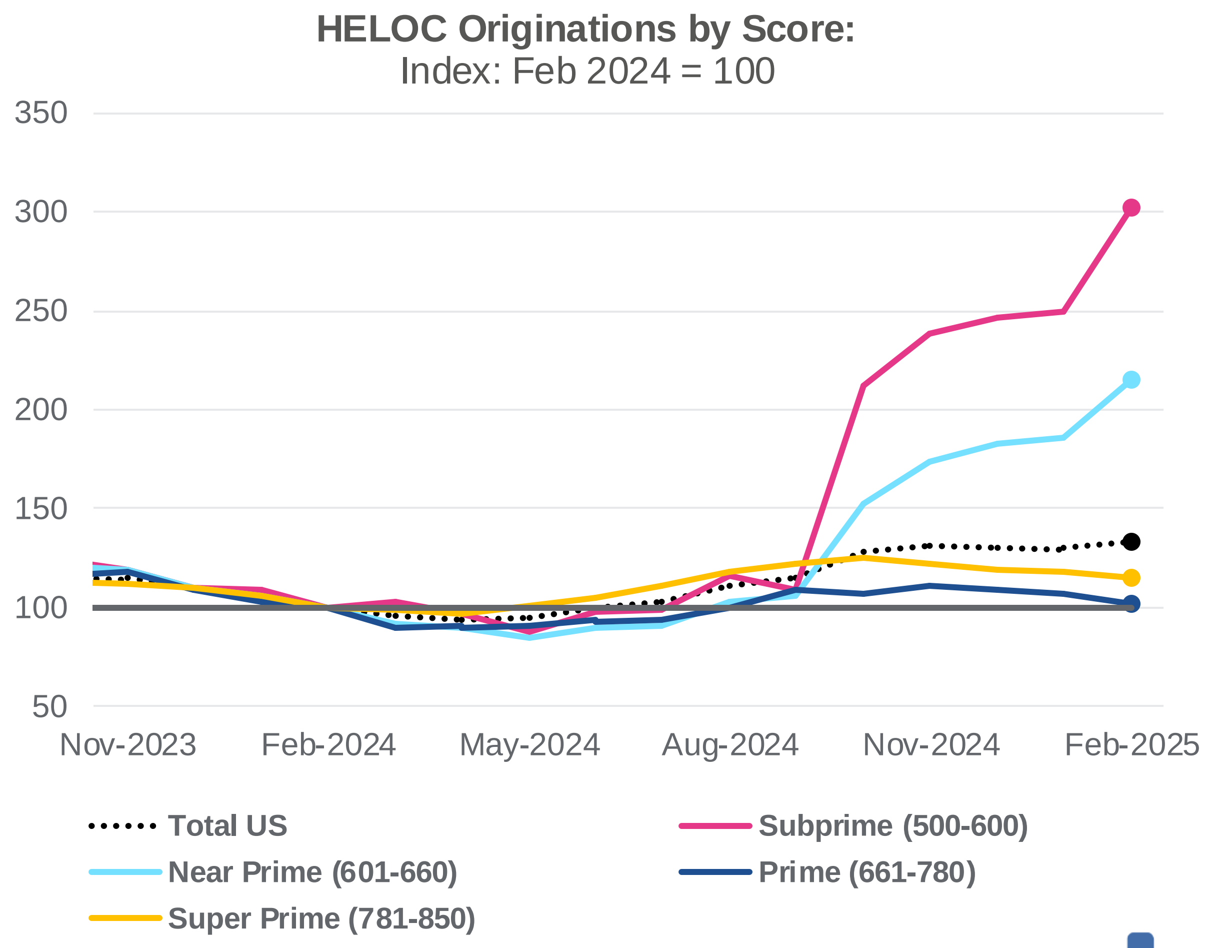
State	YoY % Change
Highest	
Texas	+95.5%
Louisiana	+76.0%
Arkansas	+69.4%
Lowest	
Utah	+2.9%
Colorado	+9.1%
Georgia	+12.0%

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

Originations have risen the most in Subprime and Near Prime segments

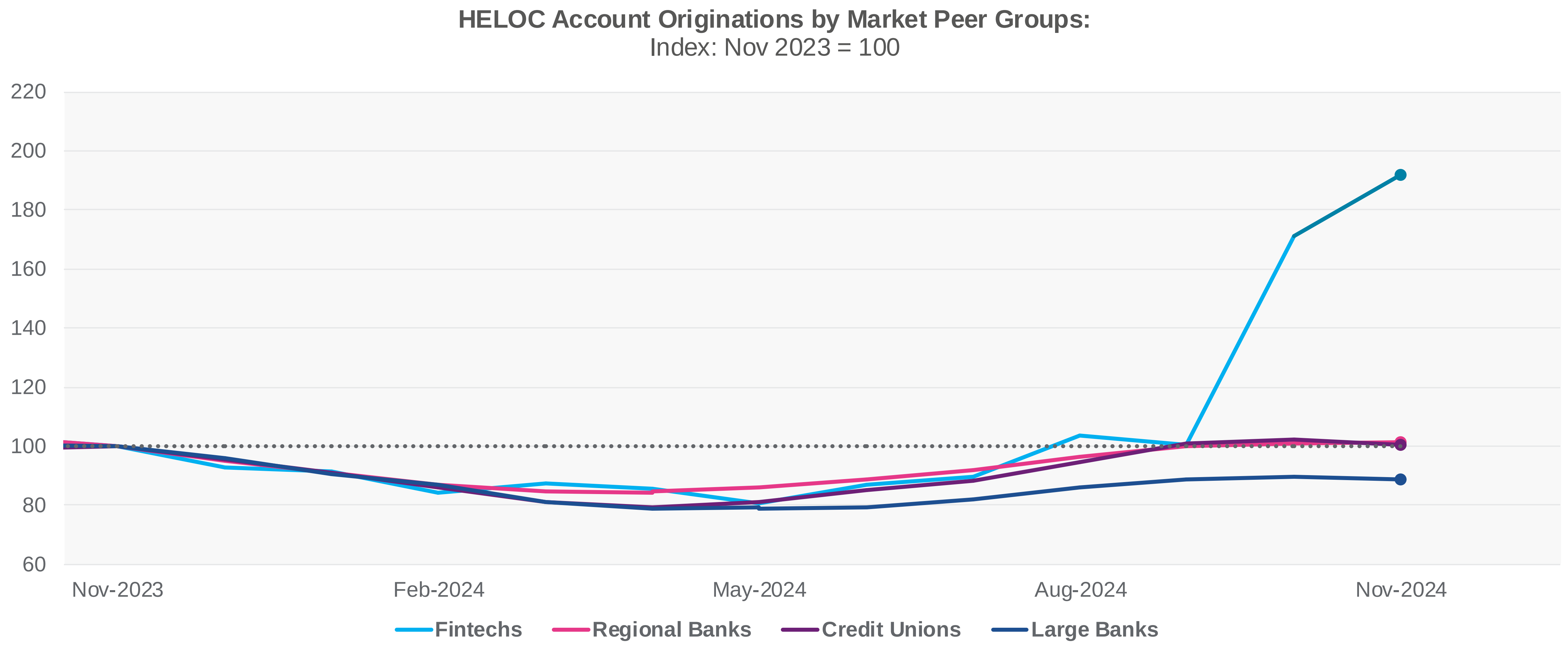
— Growth also seen among Super Prime borrowers over the last year





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

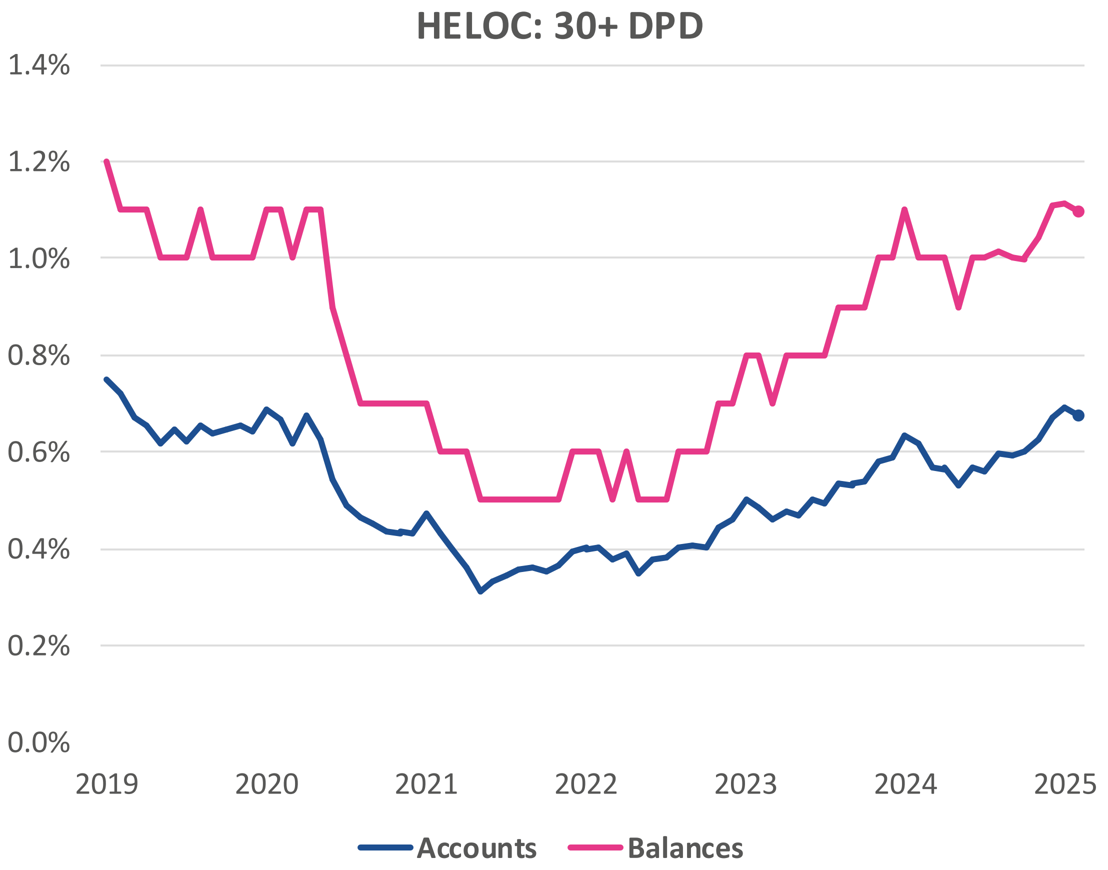
HELOC origination growth rising fastest for fintech lenders

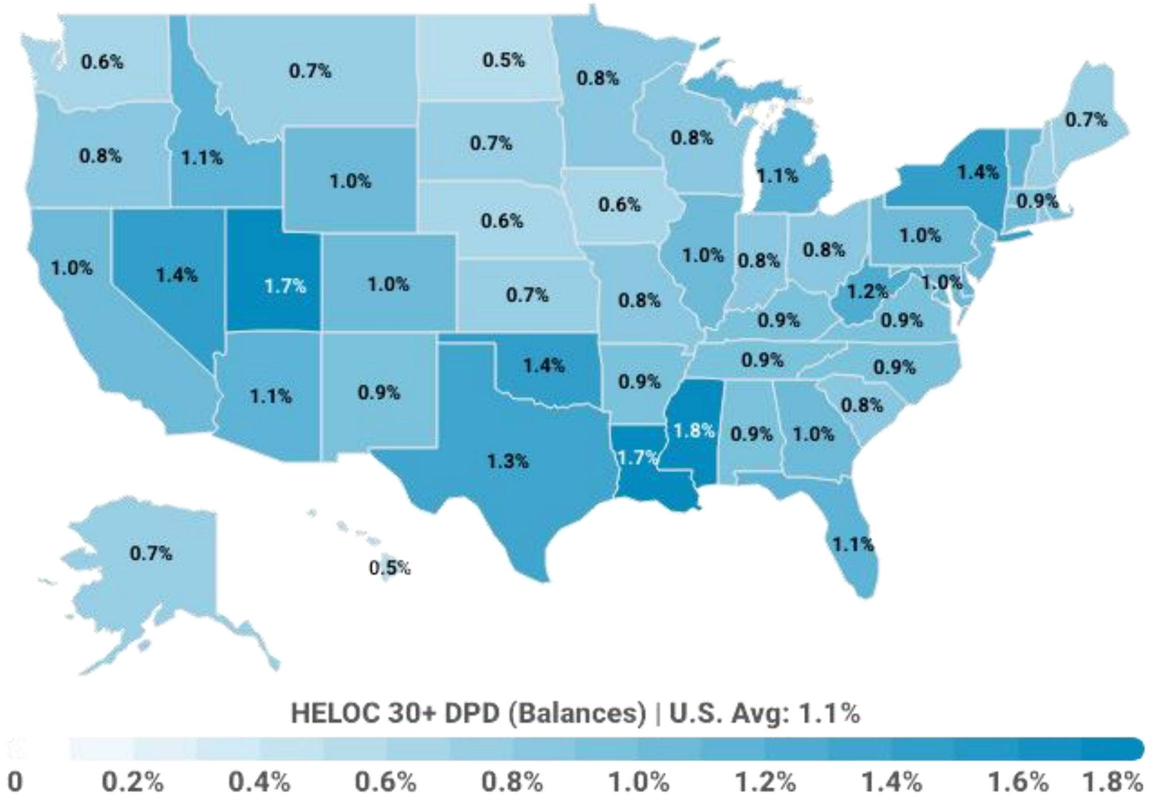


Note: Data is only through November 2024 as Peer Market Comparisons have a three-month, hold-back period
Sources: Experian Sandbox - Credit Trends Dashboard, and Experian Economic Strategy Group

HELOC delinquency in line with pre-pandemic levels

— Utah, Louisiana and Mississippi have highest HELOC delinquency in the U.S.



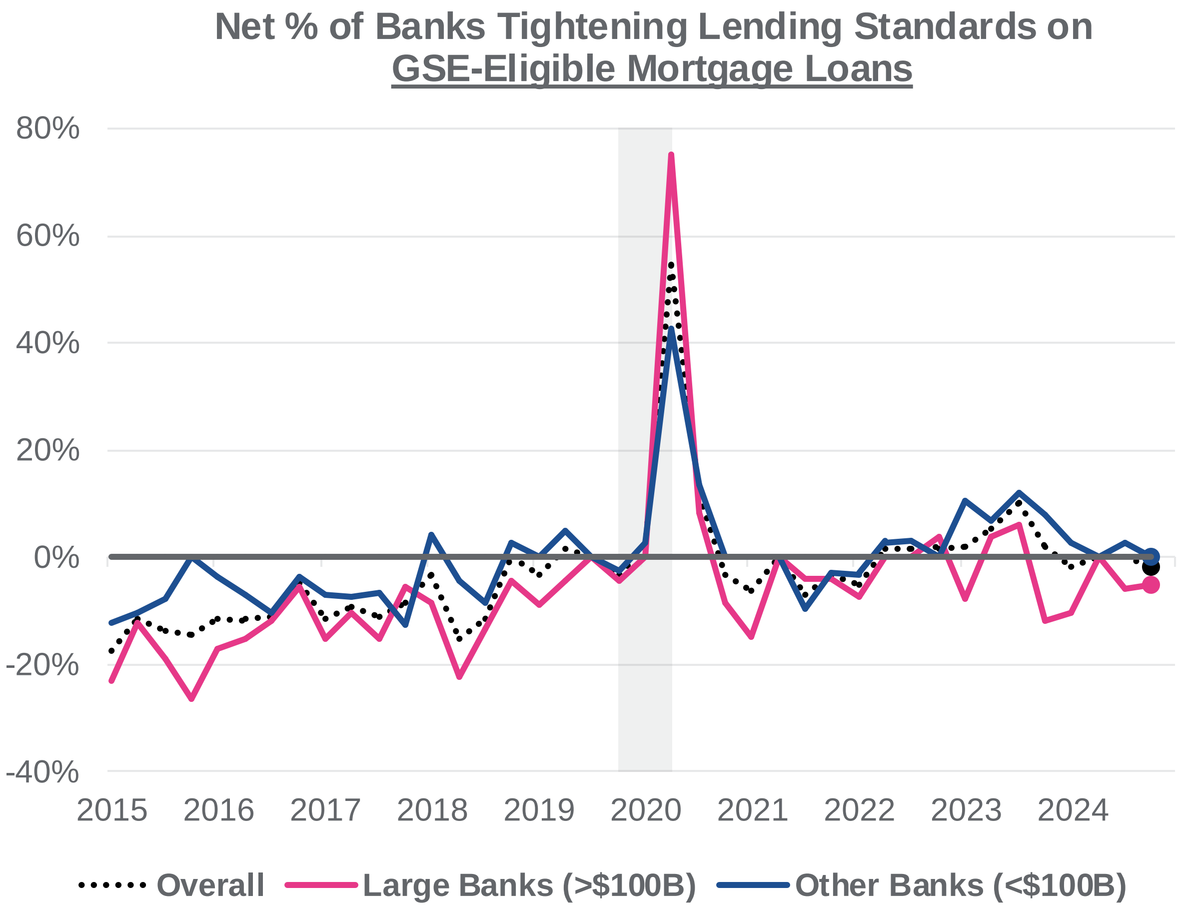


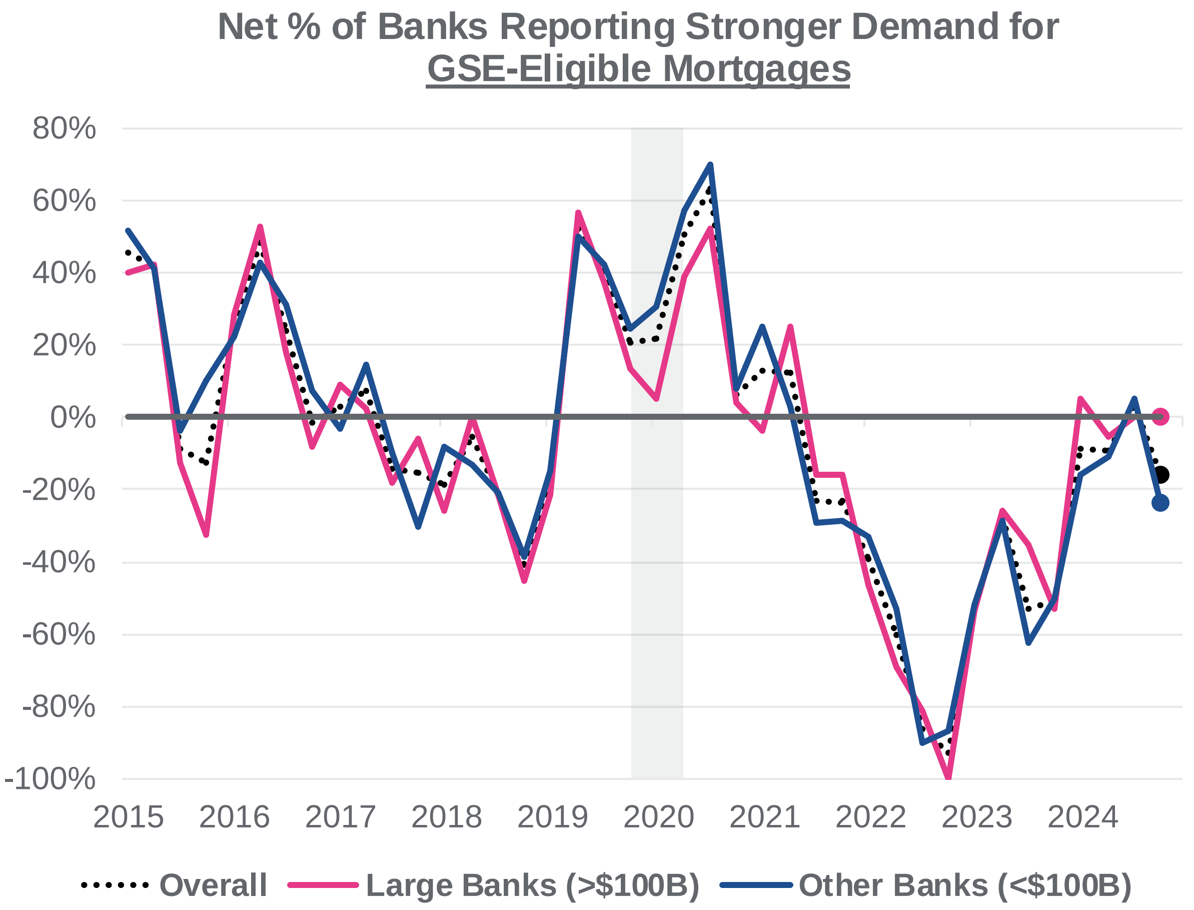
Sources: Experian Ascend Market Insights Dashboard (data through February 2025), and Experian Economic Strategy Group

Mortgage

Lending standards for mortgages easing a large banks

— Net % of banks reporting stronger loan demand softened in Q4

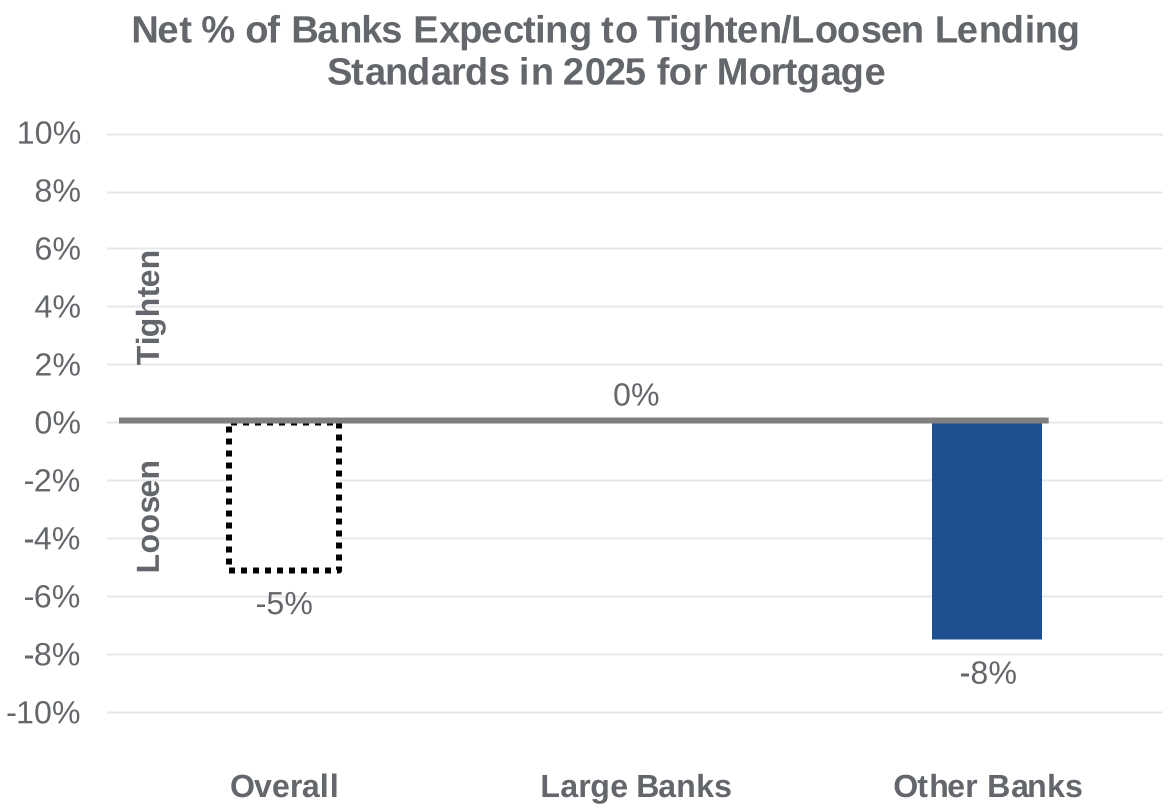


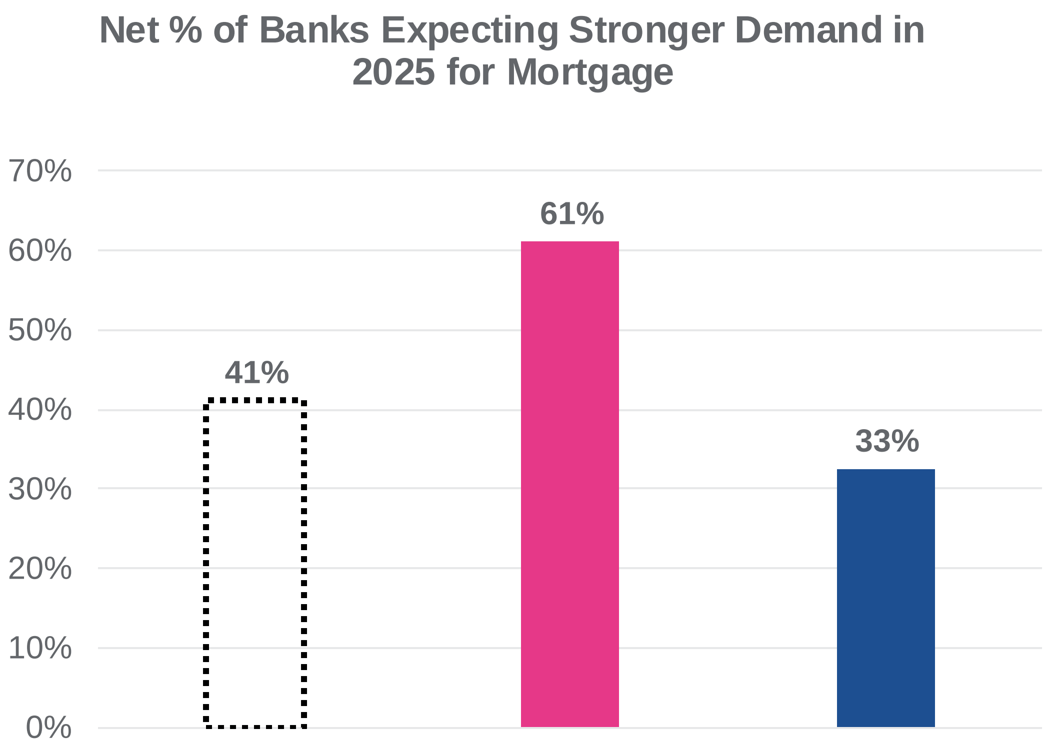


Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

Overall net % of banks expect looser mortgage standards in 2025

— Banks also expecting mortgage demand to pick up over the next year



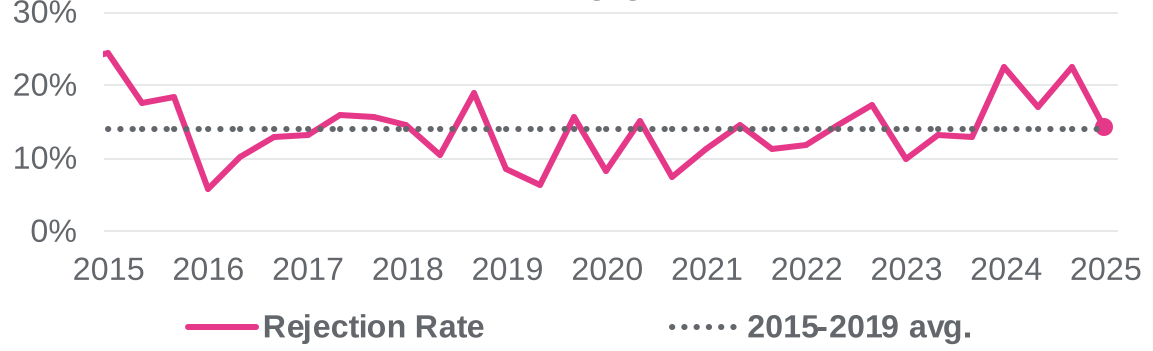


Sources: Federal Reserve Senior Loan Officer Survey and Experian Economic Strategy Group

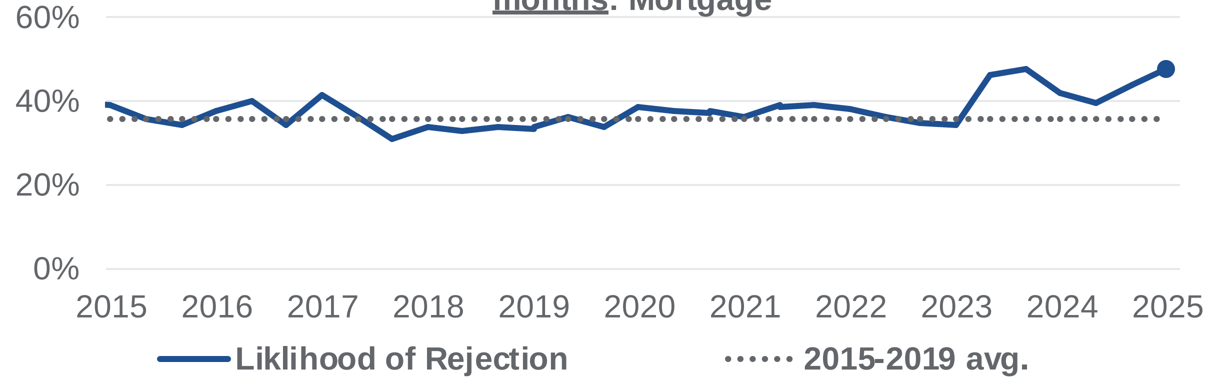
Borrowers see high likelihood mortgage application will be rejected

— Expected application rate for mortgage declining for younger borrowers

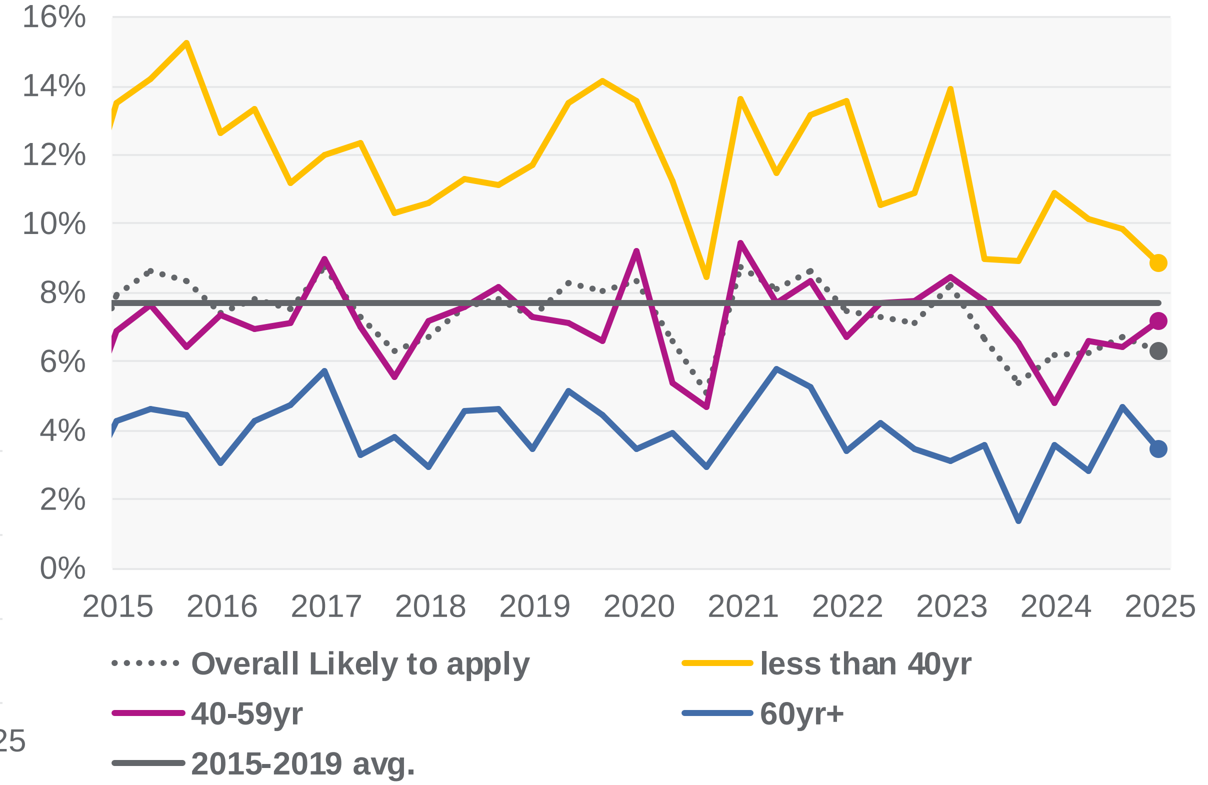
Rejection rate over the past 12 months: Mortgage



Perceived likelihood application will be rejected over next 12 months: Mortgage



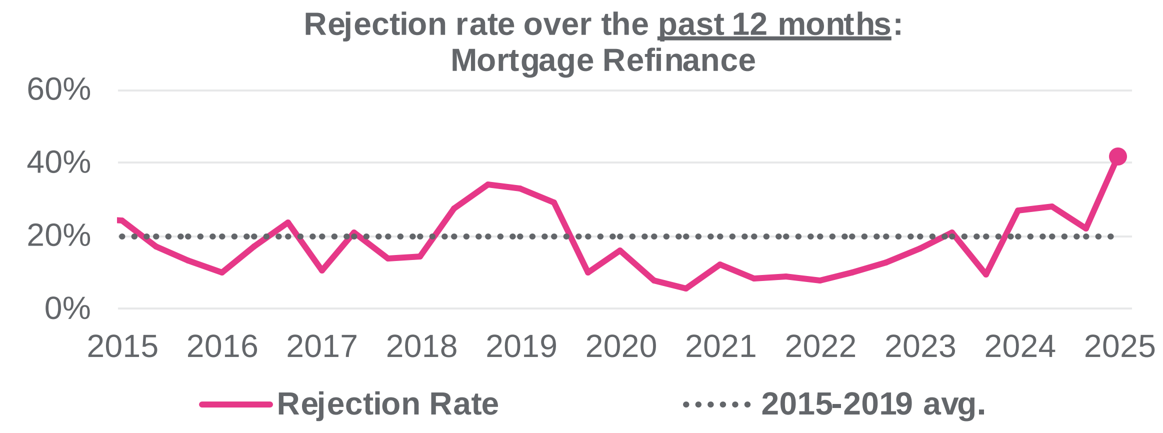
Expected application rate over next 12 months by Age: Mortgage

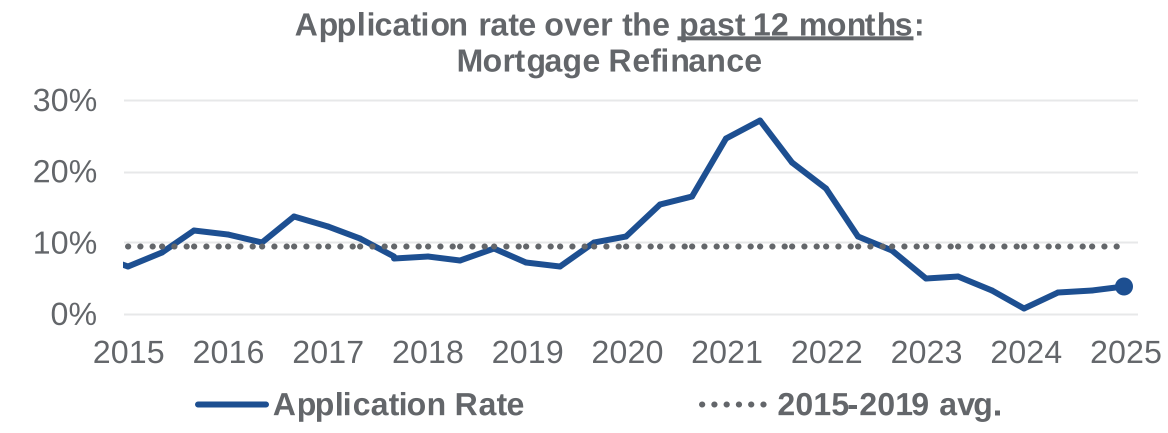


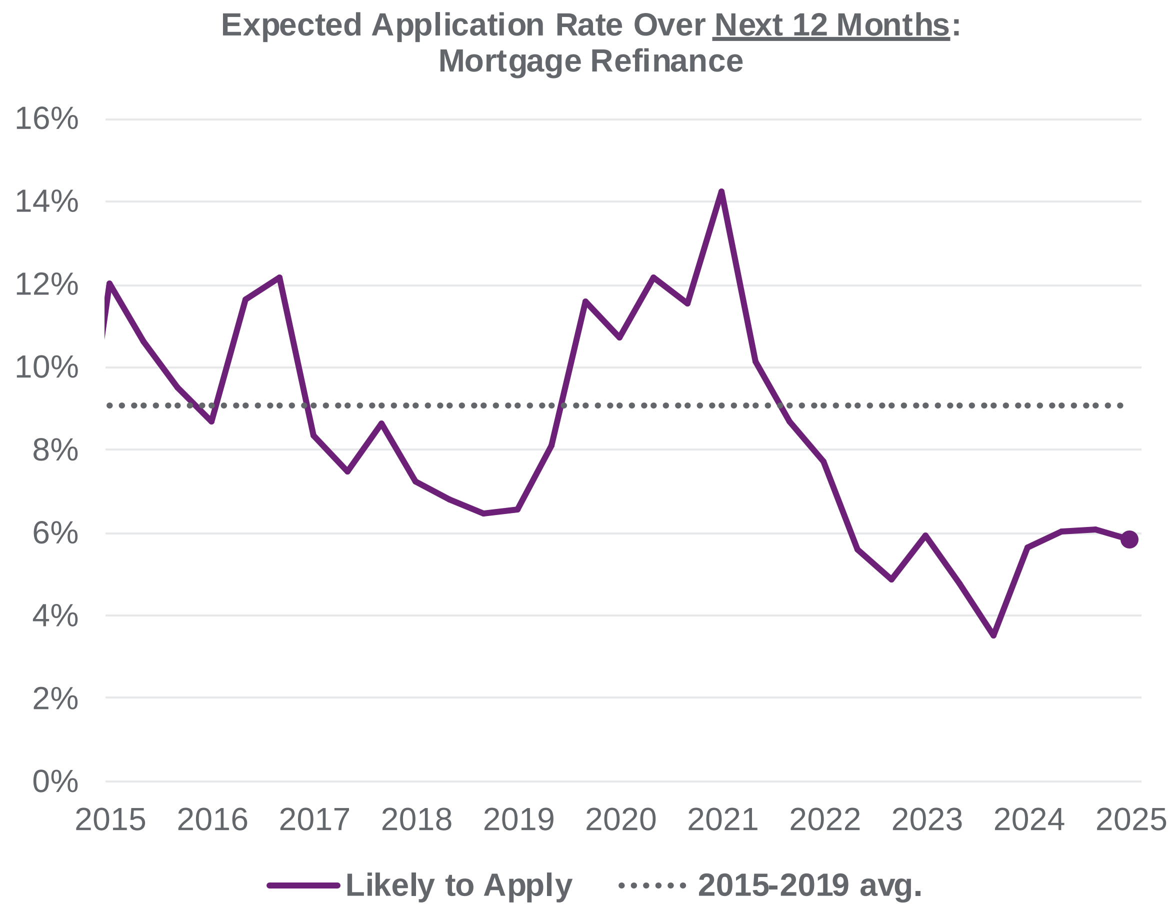
Sources: New York Federal Reserve and Experian Economic Strategy Group

Rejection rate for mortgage refi hits highest level in a decade

— Consumers reporting low application and expected application rates





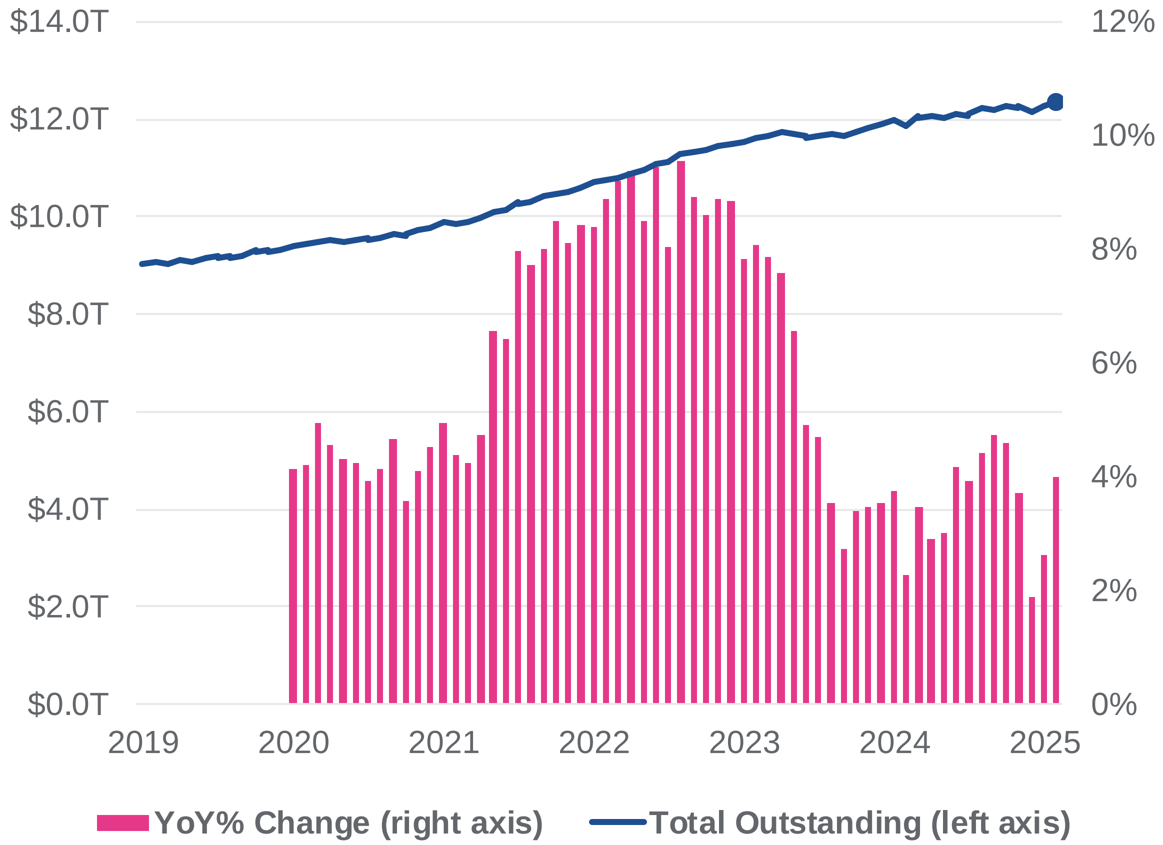


Sources: New York Federal Reserve and Experian Economic Strategy Group

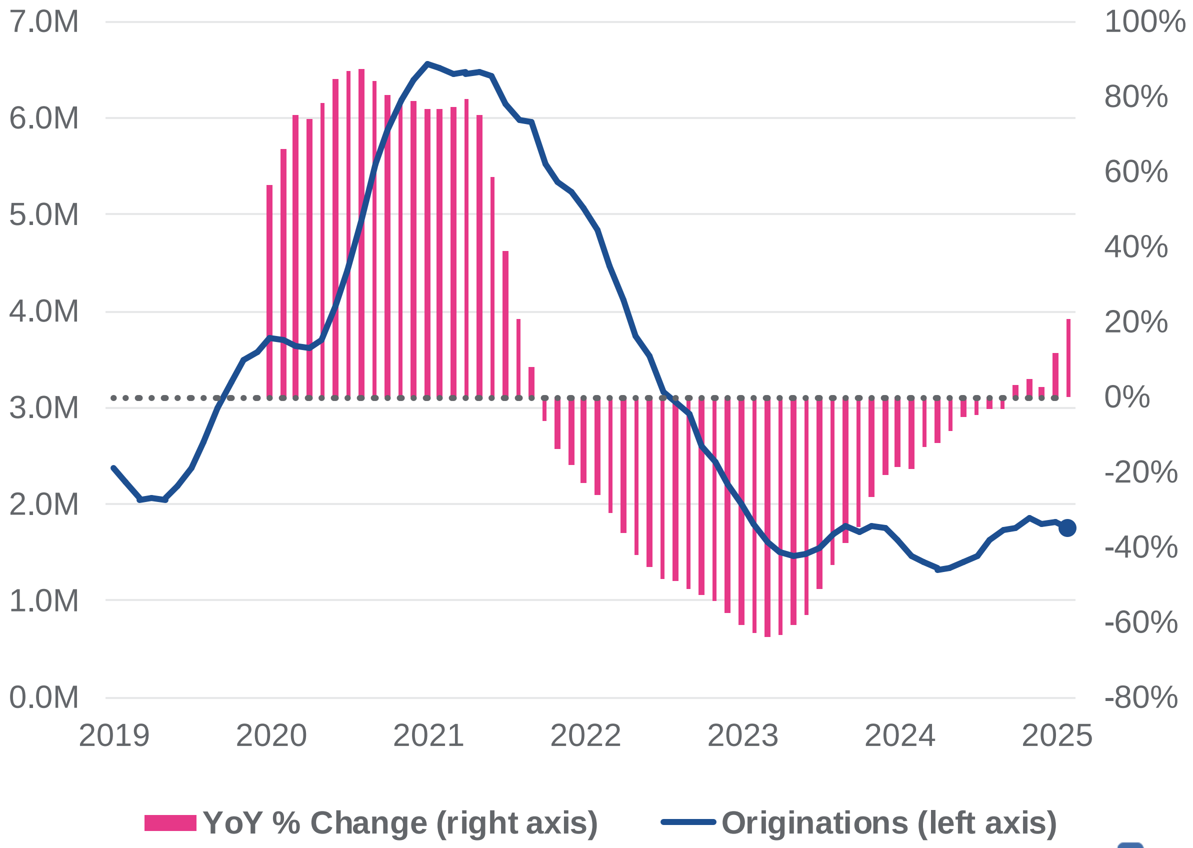
Mortgage originations have increased YoY in recent months

— Some improvement but mortgage originations remain historically low

First Mortgage Debt Outstanding



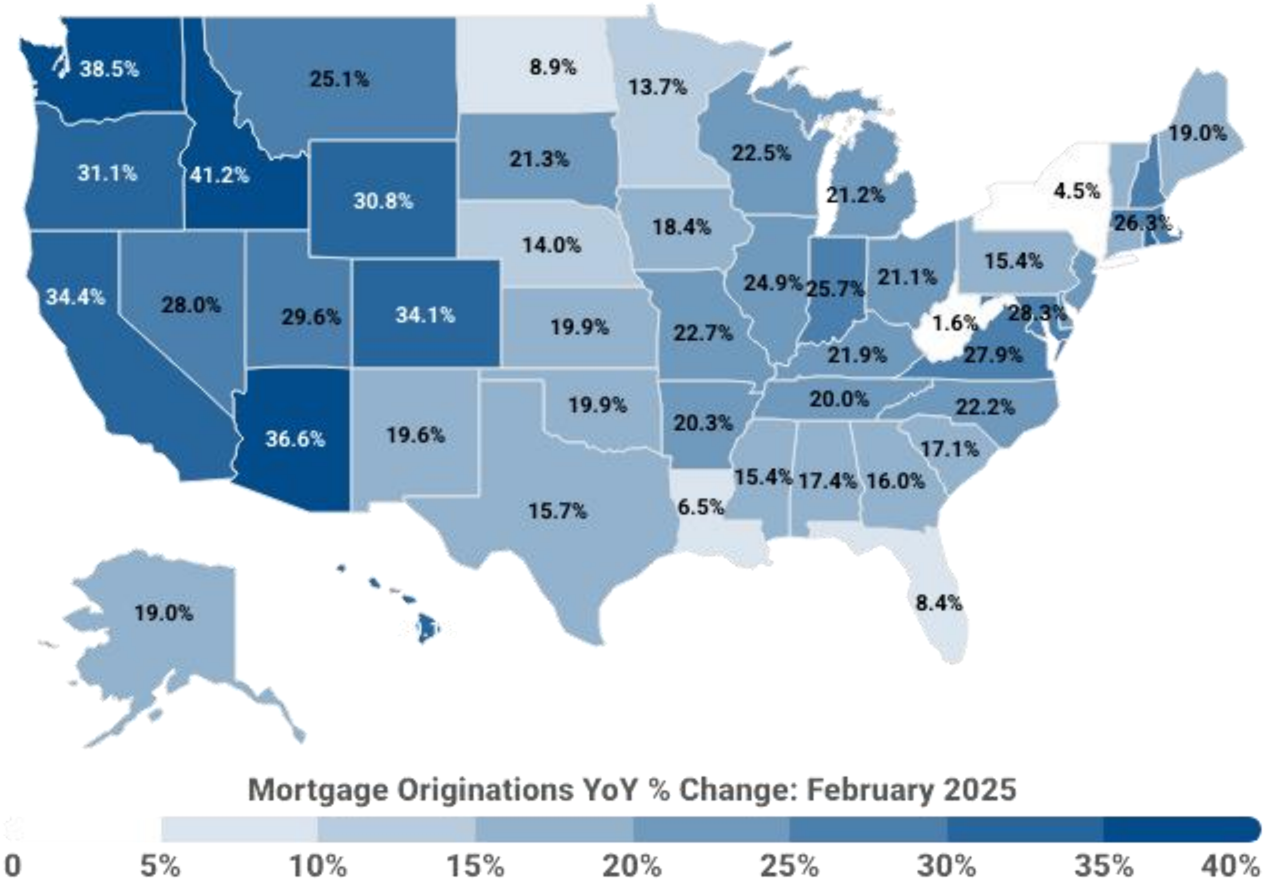
First Mortgage New Account Originations



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

Mortgage originations by state

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

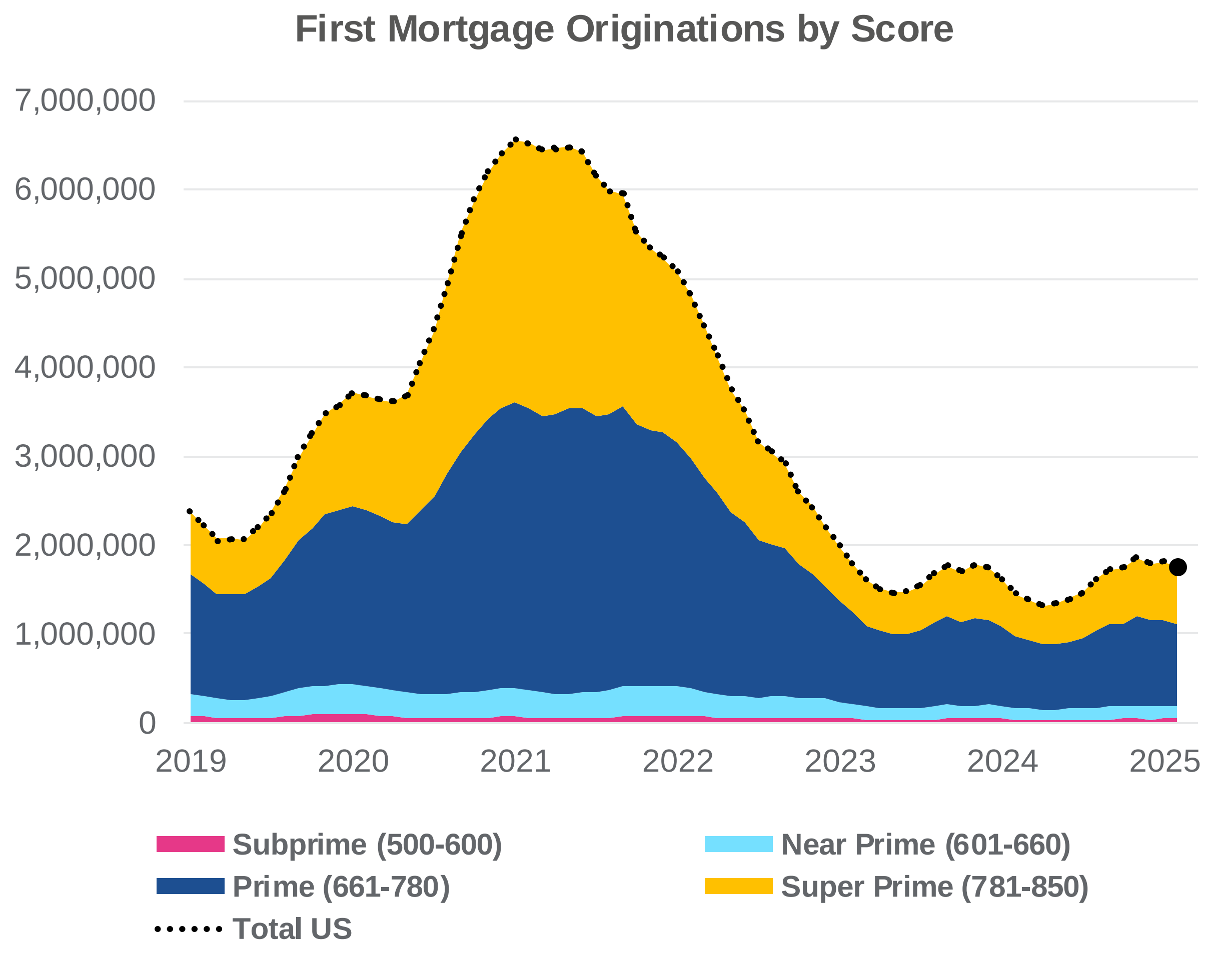


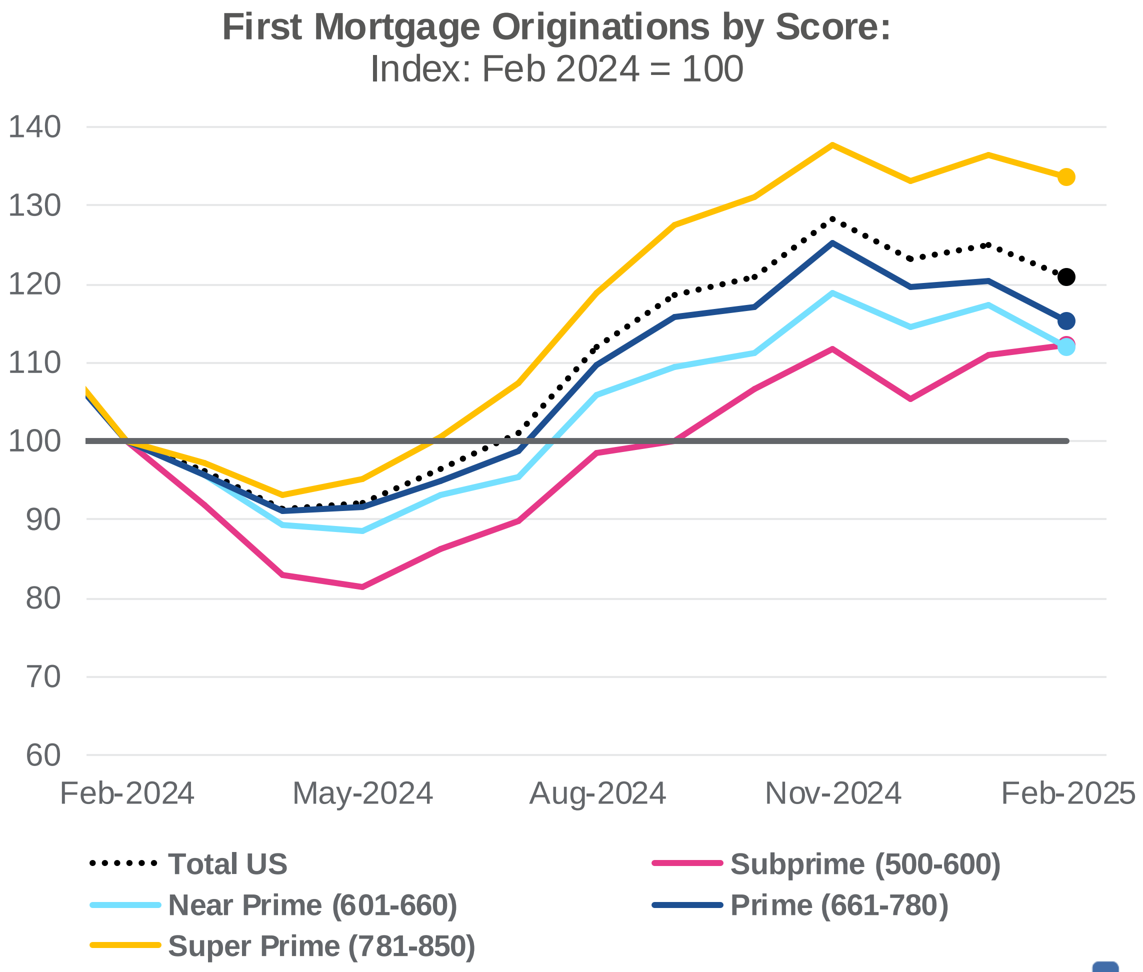
State	YoY % Change
Highest	
Idaho	+41.2%
Washington	+38.5%
Arizona	+36.6%
Lowest	
West Virginia	+1.6%
New York	+4.5%
Louisiana	+6.5%

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

Mortgage originations pickup is across across score bands

— Super Prime borrowers are driving the growth

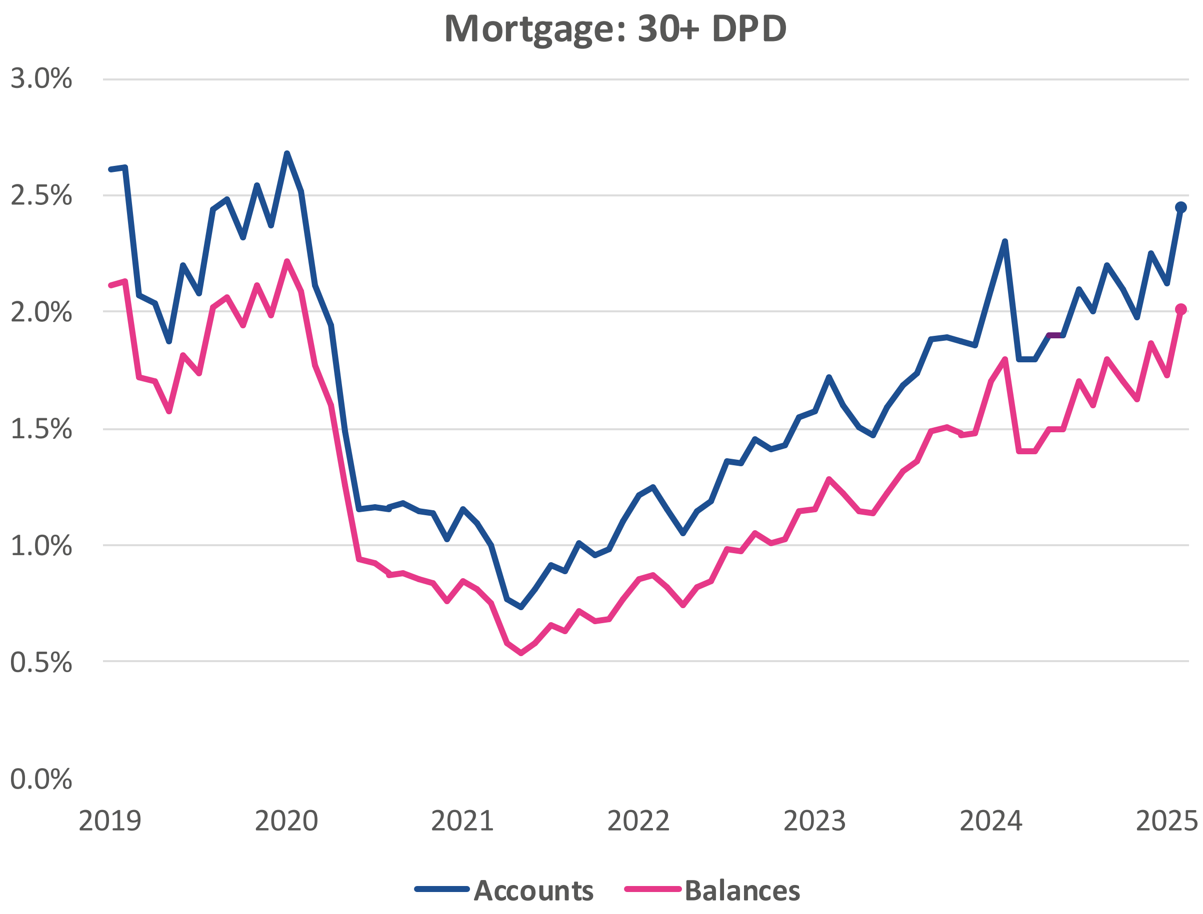


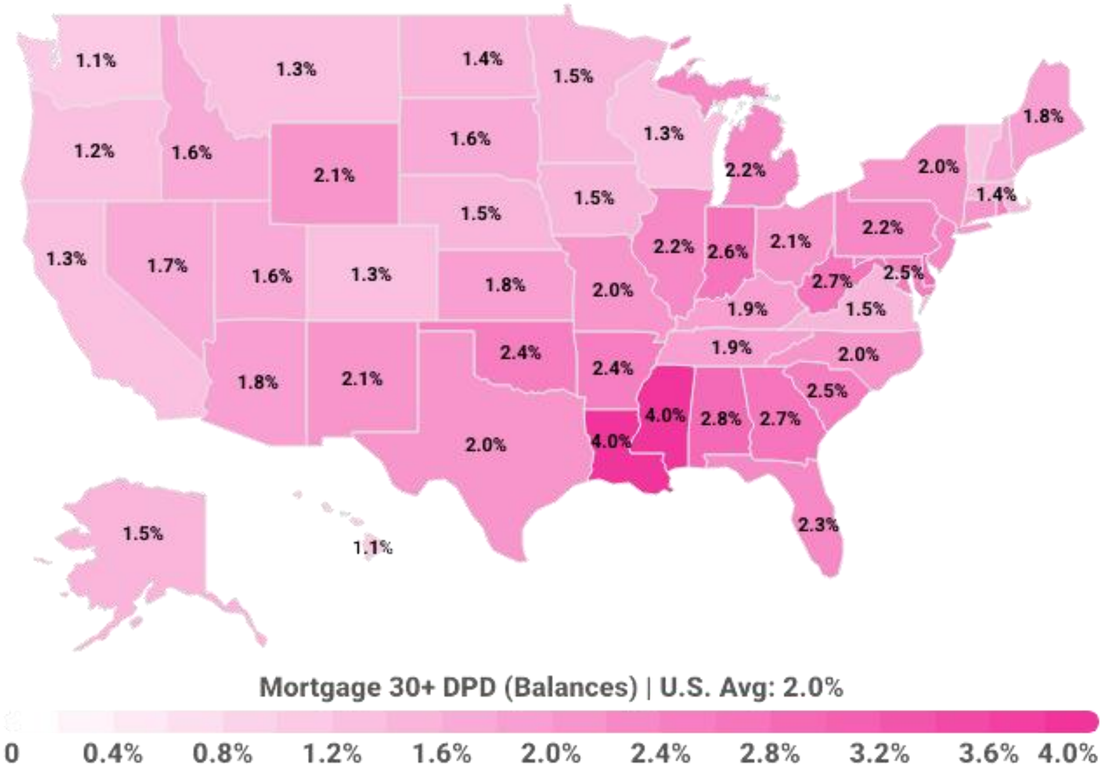


Sources: Experian Sandbox - Credit Trends Dashboard (data through February 2025), and Experian Economic Strategy Group

Mortgage delinquency continues to climb

— Highest rates of mortgage delinquency in the Southeast





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

