



December 4, 2019

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To: Clients and Friends

From: David F. Dulock

Subject: Federal Regulators Issue Joint Statement on the Use of Alternative Data in Credit Underwriting

On December 3, 2019, the Federal Reserve Board, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the National Credit Union Administration (herein “Federal Regulators”) issued a joint statement on the use of alternative data in underwriting by banks, credit unions, and non-bank financial firms (herein “Joint Statement”). The following press release on the Joint Statement is posted on the Consumer Financial Protection Bureau’s website:

“The statement notes the benefits that using alternative data may provide to consumers, such as expanding access to credit and enabling consumers to obtain additional products and more favorable pricing and terms. The statement explains that a well-designed compliance management program provides for a thorough analysis of relevant consumer protection laws and regulations to ensure firms understand the opportunities, risks, and compliance requirements before using alternative data.

“Alternative data includes information not typically found in consumers’ credit reports or customarily provided by consumers when applying for credit. Alternative data include cash flow data derived from consumers’ bank account records. The agencies recognize that use of alternative data in a manner consistent with applicable consumer protection laws may improve the speed and accuracy of credit decisions and may help firms evaluate the creditworthiness of consumers who currently may not obtain credit in the mainstream credit system.

“Attachment: [Interagency Statement on the Use of Alternative Data in Credit Underwriting](#)”

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