



October 14, 2022

Deputy Director Jason Cave
Federal Housing Finance Agency
Office of Financial Technology
400 7th Street, S.W., 9th Floor
Washington, D.C. 20219

Submitted Electronically via FHFA Input Portal

RE: Fintech In Housing (RFI)

Dear Deputy Director Cave:

Equifax appreciates the opportunity to provide input on the Federal Housing Finance Agency's ("FHFA" or "Agency") questions regarding the advancement and use of Fintech in the mortgage finance space. Equifax commends the Agency for taking steps to engage with all stakeholders to facilitate the sharing of best practices of Fintech and innovation in the housing finance ecosystem. As the Agency seeks to better understand the landscape of current and potential technology-driven innovations throughout the mortgage lifecycle, our response highlights the positive impact that innovative Fintech activities have on the housing finance sector, including the challenges that impede the data-driven decision-making process and how the incorporation of alternative data helps expand access to credit for underserved populations, making housing finance more accessible and equitable.

Equifax is a leader in bringing to market a broad range of innovation in data and analytics in the financial technology space. Equifax blends unique data, analytics, and technology with a passion for serving consumers globally, to create insights that power decisions to move people forward. We help businesses to improve outcomes and provide a seamless and positive experience during life's pivotal moments — like applying for a mortgage.

Equifax encourages FHFA to access all available data to provide the complete picture of a consumer's ability to manage a mortgage loan. As the Government Sponsored Enterprises ("GSEs") and the broader mortgage industry continue to responsibly use innovative financial technology to drive efficiencies in the mortgage lending process, we believe homeownership opportunities will grow, particularly for minority populations, credit invisible populations, and

other underserved markets.

B. Identifying Fintech Opportunities in the Housing Finance Ecosystem

Timely analysis and verification of consumer data may help streamline the underwriting process, expedite lending decisions, and reduce the risk of fraud - helping to prevent some of the data-driven decision-making challenges in the mortgage lifecycle. However, tiered and disparate data sources can often introduce delays and inconsistencies in the decision-making process across risk classifications. At Equifax, The Work Number® provides credentialed mortgage lenders vetted with a valid Fair Credit Reporting Act (FCRA) permissible purpose the ability to quickly and securely tap into more than 500 million employee records - the largest commercial repository of payroll information in the United States.

The Work Number® creates a fast and efficient process for loan officers to instantly access enhanced mortgage income and employment verification solutions, providing a high-class customer experience while incorporating quality, security and privacy. Equifax has helped over 11 million U.S. consumers secure a mortgage or home equity loan, and layering the The Work Number® database into credit decisioning could potentially help move more than 7 million people from unscorable or subprime into prime and super-prime lending categories.

C. Equitable Access to Mortgage Credit

As the market transitions toward the use of new Fintech tools and techniques to expand equitable access to mortgage credit, increasing visibility into consumer creditworthiness during the decision-making process has the potential to help to narrow the racial homeownership gap.

Traditional credit reports remain a strong indicator of credit history and past financial reliability. However, layering mainstream, traditional and highly structured data assets from non-traditional consumer credit reports on top of the traditional credit report, could produce more scorable consumers and potentially improve loan pricing. One of our social responsibility commitments at Equifax is to help expand consumers' access to mainstream financial services through expanded, alternative data, or information not found in traditional credit reports.

Much has been said about the use of differentiated insights to help facilitate access to mortgage credit for minority and underserved markets. At Equifax, we are tightly focused on continuing to maximize the quality of our traditional credit bureau data, while at the same time identifying reliable, predictive and meaningful sources of new, or alternative data.

In Q1 of 2023, Equifax will provide telco, utility, and pay TV payment attributes alongside traditional credit report information to the mortgage industry to help streamline the mortgage underwriting process and support loans within the secondary mortgage market. These powerful new insights help to automate, save time and resources, and streamline the first mortgage process for every applicant – creating more potential for consumers to secure a loan.

The expanded consumer data insights within the new Equifax mortgage credit report will be provided at no additional cost to lenders. Equifax is able to provide telco, pay TV and utilities data for more than 191 million consumers. These expanded insights consist of anonymized information that reflect the information from a consumer's account with the provider. Additionally, these expanded insights are only permitted for use in streamlining the mortgage application process as they seek approval for a home loan. This expanded data cannot be used by lenders to deny applications for credit or other services.

Delivering certain telco, pay TV and utility attributes to mortgage lenders alongside traditional credit reports can help provide lenders additional insights on approximately 191 million consumers, of which approximately 38 million are credit invisible or unscorable consumers – individuals who do not have traditional credit files, have limited credit history or credit history no more than 24 months old.

Equifax looks forward to partnering with the FHFA, the GSEs, and the broader industry to unlock the full potential of alternative data to better support consumers in their pursuit to qualify for a mortgage loan, helping people live their financial best.

D. Identifying and Mitigating Fintech Risks

Cyber risks are both evolving and accelerating, and these vulnerabilities are often introduced through poor data handling practices which can jeopardize the most well intentioned and innovative businesses. Many Fintech companies deal with highly sensitive personal and financial consumer information and face a host of privacy concerns and legal obligations. However, new industry entrants often have minimal experience in handling consumer personally identifiable information (PII) data sets compliant with the Fair Credit Reporting Act (FCRA) and/or the Gramm-Leach-Bliley Act (GLBA). At Equifax, we see this as an opportunity when working with new industry partners, to educate and reaffirm the importance of data handling, privacy, and security with the consumer always top of mind.

Equifax firmly believes that security should not be a trade secret, and being an industry leader in data security means being transparent about our learnings and actively sharing best practices we collect as we work to implement change. We are committed to working openly with our peers, customers, partners, and regulators to tackle emerging security challenges, document best practices, provide vital data security thought leadership and work together to deliver solutions that benefit the industry.

Data privacy and security are paramount in all of our engagements with industry customers and partners at Equifax. As a trusted steward of consumer data, it's critical that we maintain transparency with the consumer in what data we possess, who has accessed their data, and for what permissible purpose under the FCRA.

In 2022, Equifax launched a Privacy Engineering capability to ensure that privacy is part of our

culture and embedded in new products, services, and processes, aligning to our Privacy Principle “Designing for Privacy.” This was implemented because we recognize and support that the access, use, maintenance, and sharing of consumer information is governed by strong business standards and is overseen by a number of federal, state, and private agencies and parties. This multi-layered regulatory and enforcement environment protects consumers, limits the sharing of information for permissible purposes only, and imposes strict requirements on accuracy, calling for consumer access and correction.

In closing, equitable, affordable, and inclusive lending programs could bring more consumers to market and help narrow the widening homeownership gap, and responsible innovative finance technologies could provide consumers with a more efficient mortgage lending process from origination to close. Equifax welcomes the opportunity to discuss further any learnings centered around the application of new technologies in housing finance. If there are any questions about this RFI submission, please direct them to:

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Again, thank you for the opportunity to collaborate with the Agency as you work to facilitate responsible innovation in housing finance. We appreciate your consideration of these important mortgage industry and consumer questions.

Sincerely,

Jennifer Henry
Managing Director, Housing Finance & Capital Markets