



# Community Credit

A new perspective on America's communities

## Curious about the credit experience of your community?

Residents' ability to access credit, to pursue economic dreams or meet emergencies, is a source of community strength and financial resiliency. How does your community compare with others in the U.S.? Have conditions changed over time?

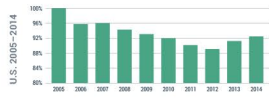
Community Credit is a new way to assess the financial well-being of communities by examining the local credit environment, also called the local credit economy. A new data interactive by the Federal Reserve Bank of New York (NYFed.org/CommunityCredit) provides Community Credit statistics at the U.S., state and county levels using the NYFedConsumerCreditPanel/Equifax dataset.

### CREDIT INCLUSION | States ranked by credit behaviors

HIGHEST  LOWEST

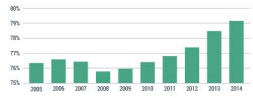
#### CREDIT ECONOMY

Percent of adult (18+ yrs.) population with a credit file and Equifax Risk Score



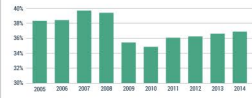
#### ON-TIME PAYERS

Percent of credit economy current on all credit obligations for the past 4 quarters



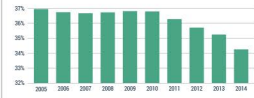
#### UTILIZATION

Percent of credit economy with utilization rates of 30 percent or less



#### SUBPRIME

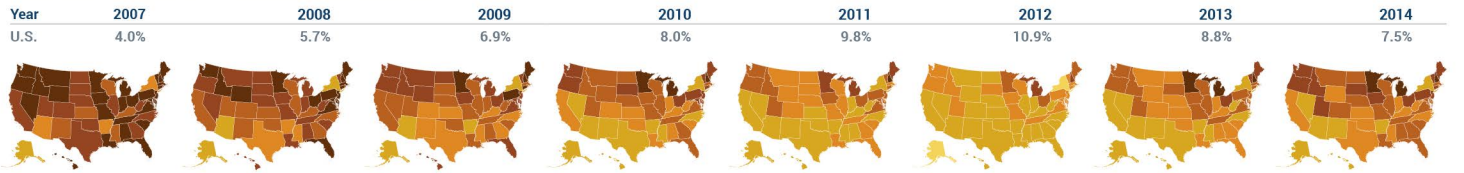
Percent of credit economy that is subprime (Equifax Risk Score <660)



### NOT IN CREDIT ECONOMY | 2007-2014

<4%  4%-6%  7%-8%  9%-10%  11%-15%  >15%

Percent of adult (18+ yrs.) population not in NYFedConsumerCreditPanel/Equifax data source



### GOALS

The information can help develop priorities, assess policy actions, and track program impacts by:

- Dimensioning community needs
  - Situate smaller geographies within larger regions
  - Make locational comparisons and rank regions
  - Assess disparities across regions
  - Identify trends over time
- Benchmarking effectiveness of local programs
- Identifying areas for strategic interventions
- Anticipating community inflection points

### METHODOLOGY

- The local credit economy is defined as all adults (18+ age) in a location with a credit file and an Equifax Risk Score.
- Being part of the credit economy is not sufficient to ensure timely access to credit. So we look at other measures of Credit Inclusion.
- Prudent credit behavior is good for the community as well as the individual. To characterize the credit experience of the community, we use individuals' four-quarter credit history to derive a five-category Credit Stress scale (shown on the right).
- Metrics are calculated by aggregating across individuals on all their credit obligations.
- Data Source: NYFedConsumerCreditPanel/Equifax

### OTHER NY FED RESOURCES

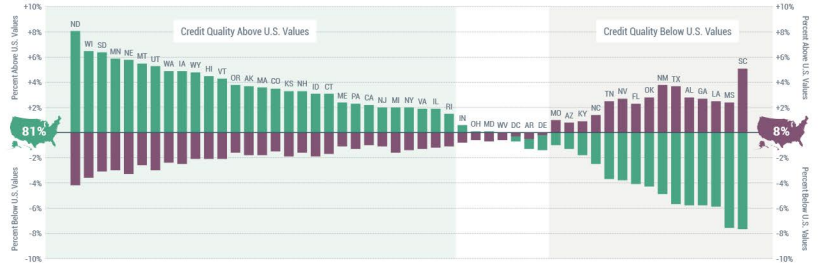
- Community Credit
  - NYFed.org/CommunityCredit
- Community Mortgage Profiles
  - www.newyorkfed.org/outreach-and-education/community-credit-profiles/#overview
- Small Business Credit Surveys
  - www.newyorkfed.org/smallbusiness
- Household Credit Data
  - www.newyorkfed.org/microeconomics/hhcd.html
  - www.newyorkfed.org/regional/householdcredit.html

### CREDIT STRESS | Credit quality based on borrowers' four quarter payment history, 2014

#### U.S.

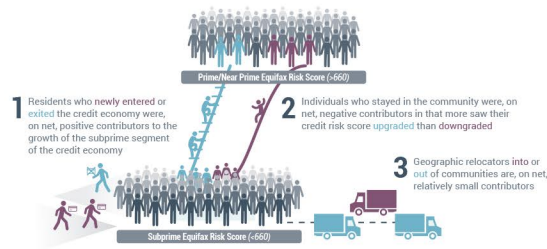


#### STATES RANKED BY CREDIT STRESS



### CREDIT DYNAMICS | Did the subprime segment of the community grow over the past year?

#### MAIN DRIVERS OF CHANGE



#### CREDIT DYNAMICS EXAMPLE | Drivers of Subprime Growth in the Credit Economy

COUNTY	NET NEW SUBPRIME ENTRANTS	NET STAYERS	NET RE-LOCATORS	SUBPRIME GROWTH OVER 4 QUARTERS
Orleans, LA	3.70%	-0.56%	1.19%	4.32%
Bexar, TX	2.99%	-3.62%	1.30%	0.66%
Kings, NY	5.22%	-4.95%	-0.92%	-0.65%
Cook, IL	3.96%	-4.12%	-0.80%	-1.03%
St. Louis, MO	3.18%	-3.78%	-0.66%	-1.28%
Miami-Dade, FL	4.00%	-5.77%	-1.17%	-2.94%
Los Angeles, CA	3.26%	-6.11%	-0.41%	-3.26%

DATA DEFINITIONS	MEASURES & DEFINITIONS
INCLUSION Facilitates Credit Access	<b>Credit Economy</b> INCLUDED: Percent of adult (18+ yrs.) population with a credit file and Equifax Risk Score NOT INCLUDED: Percent of adult population not in NYFedConsumerCreditPanel/Equifax data source
	<b>Available Credit</b> REVOLVING CREDIT: Percent of credit economy with revolving credit UTILIZATION: Percent of credit economy with utilization rates of 30 percent or less
	<b>Credit Quality</b> ON-TIME PAYERS: Percent of credit economy current on all credit obligations for the past 4 qtrs PRIME: Percent of credit economy that is prime (Equifax Risk Score >700)

CREDIT STRESS Incorporates Payment History	MEASURES & DEFINITIONS
<b>Good</b>	Percent of credit economy that is current or less than 60 day overdue
<b>Improved</b>	Percent of credit economy that improved from 60+ days overdue to current or less than 60 days overdue
<b>Declining</b>	Percent of credit economy that moved from less than 60 days to 60+ days overdue
<b>Struggling</b>	Percent of credit economy that was 60+ days overdue for 1-3 quarters of previous year
<b>Weak</b>	Percent of credit economy that was 60+ days overdue for each of past 4 quarters

CREDIT DYNAMICS Determines of Subprime Growth	MEASURES & DEFINITIONS
<b>Growth in Subprime</b>	Percent growth in subprime segment (Equifax Risk Score <660) over 4 qtrs.
<b>Net Stayers</b>	Percent of subprime segment growth due to residents who stayed in the geography and whose Equifax Risk Score rose above 660 net of those whose score decreased below 660
<b>Net Re-Locators</b>	Percent of subprime segment growth due to subprime residents who moved out of the geography net of those who moved in
<b>Net New Entrants</b>	Percent of subprime segment growth due to subprime residents who entered the credit economy with a subprime credit score net of those who exited