

White paper summary

Responsible Lending and Affordability



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There is more pressure than ever on the Credit Industry to practice responsible lending in all its dealings with consumers. In the UK this pressure is not only coming from the industry's governing bodies and consumer support groups, it is coming increasingly from the investment community and the UK Government as well.

Although this paper describes a UK-based responsible lending approach, the lessons learned from the UK have implications for many other developed - and developing - consumer credit markets.

The paper starts by examining recent trends in indebtedness and provides an overview of the main factors driving the responsible lending debate in the UK.

It then describes how an automated responsible lending solution can be delivered using a new generic mechanism for estimating disposable income and assessing consumer affordability.

Illustrations of how this new responsible lending mechanism works are provided for both mortgage lending and unsecured lending in the prime sector.

Responsible lending in the unsecured non-prime sector is also discussed.

The ability to deliver truly automated responsible lending decisions has implications for all consumer credit markets and some recommendations are given for how this approach could be applied outside the UK.

Want to read more?

This executive summary is taken from the Decision Analytics white paper [Responsible Lending and Affordability](#).

Access a copy of this, and other Decision Analytics white papers, at: www.experian-da.com

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