

# New Data Underscores Strong Performance of the FICO® Resilience Index

Recent loan accommodation requests correlated to FICO Resilience Index values



“Our findings point to a clear and strong relationship between FICO Resilience Index values and the apparent need for loan accommodations.”

Sharon Tilley, Sr. Director,  
Product Management, FICO Scores

**FICO** SCORE

© 2020 Fair Isaac Corporation.  
All rights reserved.

When we released the FICO® Resilience Index in late 2019, we were often asked, “How do you know it will work in the next recession, if it was developed based on the Great Recession?” As the economic uncertainty due to the COVID-19 pandemic mounted, this question gained urgency. But with limited delinquency data being reported<sup>i</sup>, we explored other means to help our clients test and validate the FICO Resilience Index in the newly stressed economy.

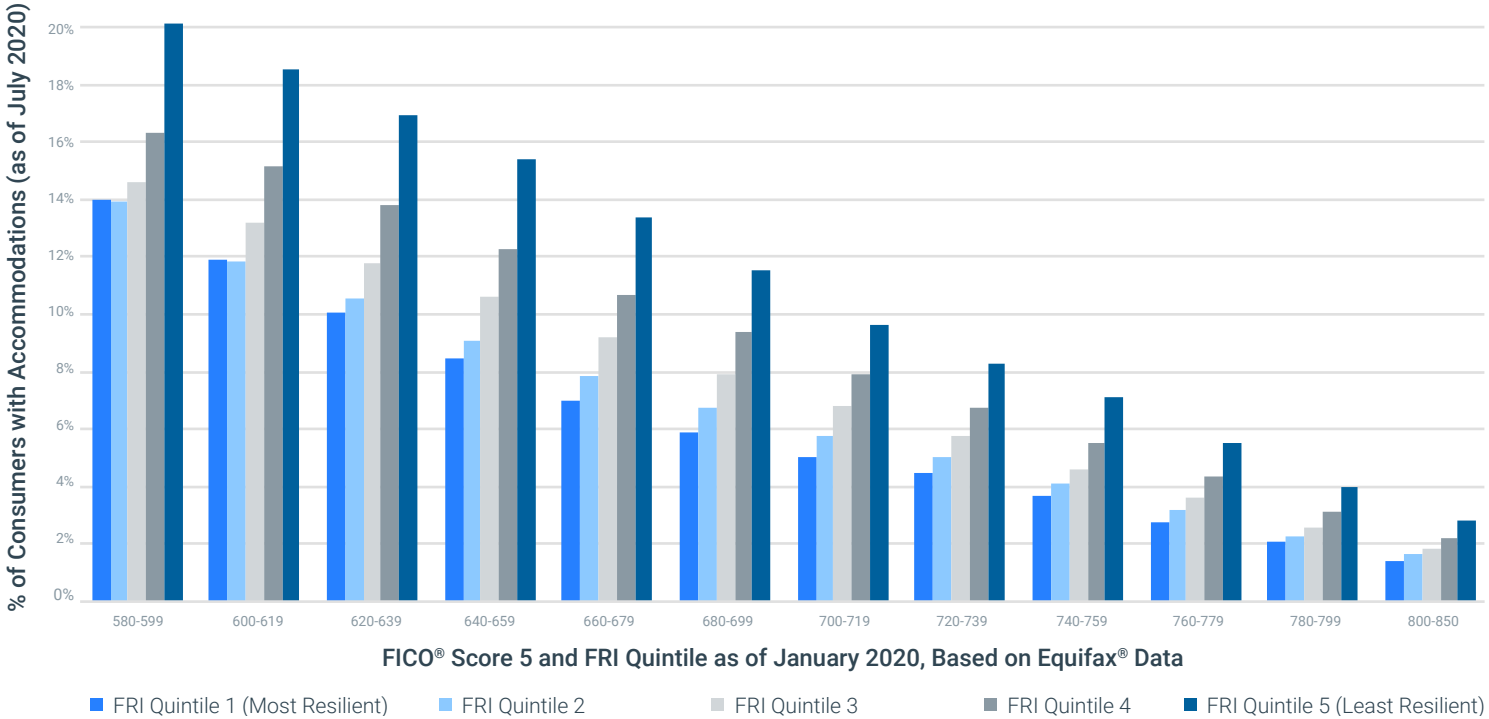
Working with our credit bureau partners, FICO examined **a timely indicator of borrower response to the current economic stress — the presence of a loan accommodation**<sup>ii</sup> — that is available in credit bureau data. Working from a large, nationally representative sample of 70 million consumers, we examined recent data from July 2020 to

discover whether there is a correlation between creditor accommodations granted during the COVID-19 crisis and consumers’ FICO Resilience Index values calculated *before* the crisis, as of January 2020. Our goal was to learn, **are more resilient consumers less likely to request loan forbearance or payment accommodations?**

Our findings point to a clear and strong relationship between FICO Resilience Index values and the apparent need (or lack thereof) for loan accommodations. The figure below demonstrates the consistent rank-ordering of the accommodations indicator provided by FICO Resilience Index within narrow FICO® Score bands for mortgage loans.

Payment Accommodations Rate on Mortgage Loans

By FICO® Score 5 Band and FICO® Resilience Index Quintile, January 2020 – July 2020



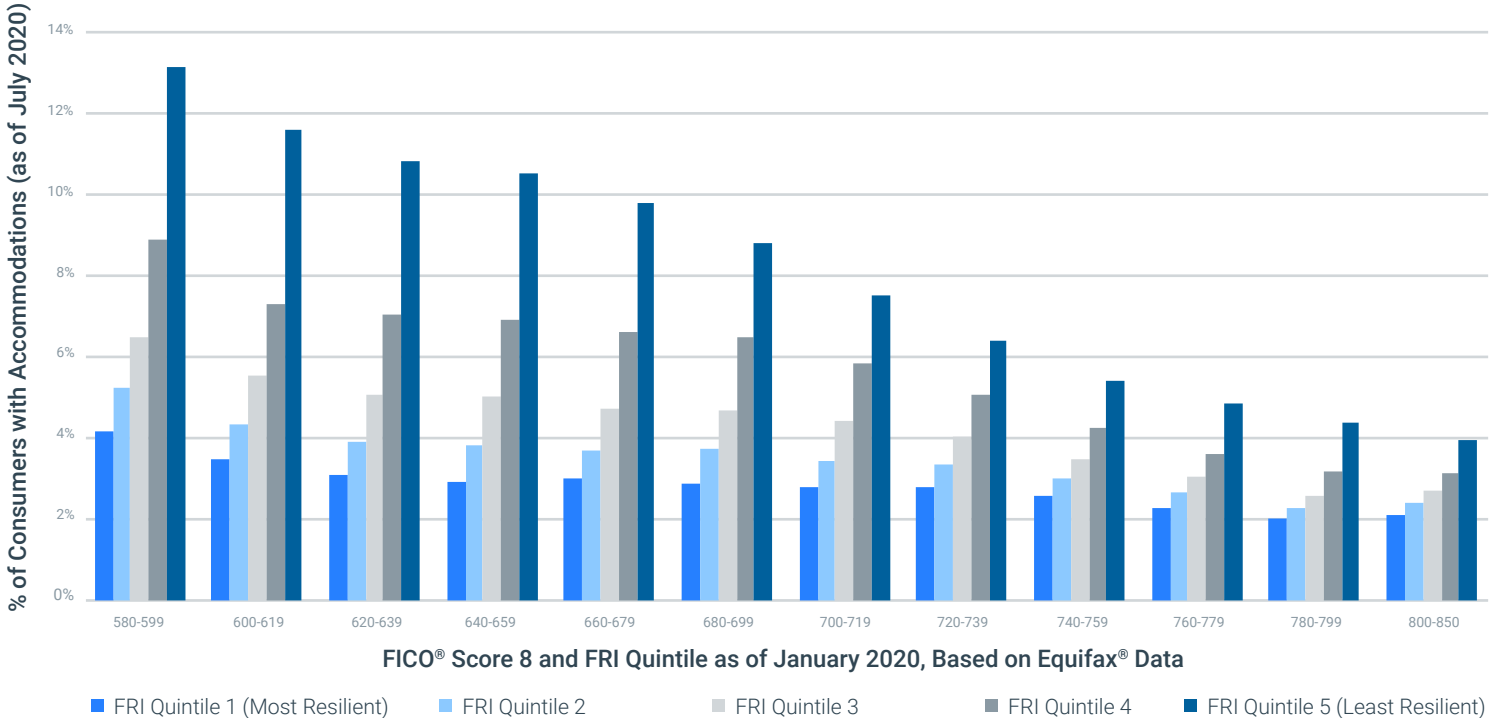
<sup>i</sup> The CARES Act has offered protections to consumers who have been economically impacted by COVID-19 by requiring creditors to not report credit obligations as delinquent for consumers that have requested and received loan forbearance or payment accommodations.

<sup>ii</sup> Accommodations are identified by the presence of at least one of the following credit bureau data indicators on a qualifying tradeline: deferred, in forbearance, affected by natural disaster, loan modification, or inferred as accommodation based on balance > 0 and no scheduled payment.

This pattern repeats itself across other industries tested, including auto finance, bankcards (see figures below), and personal installment loans.

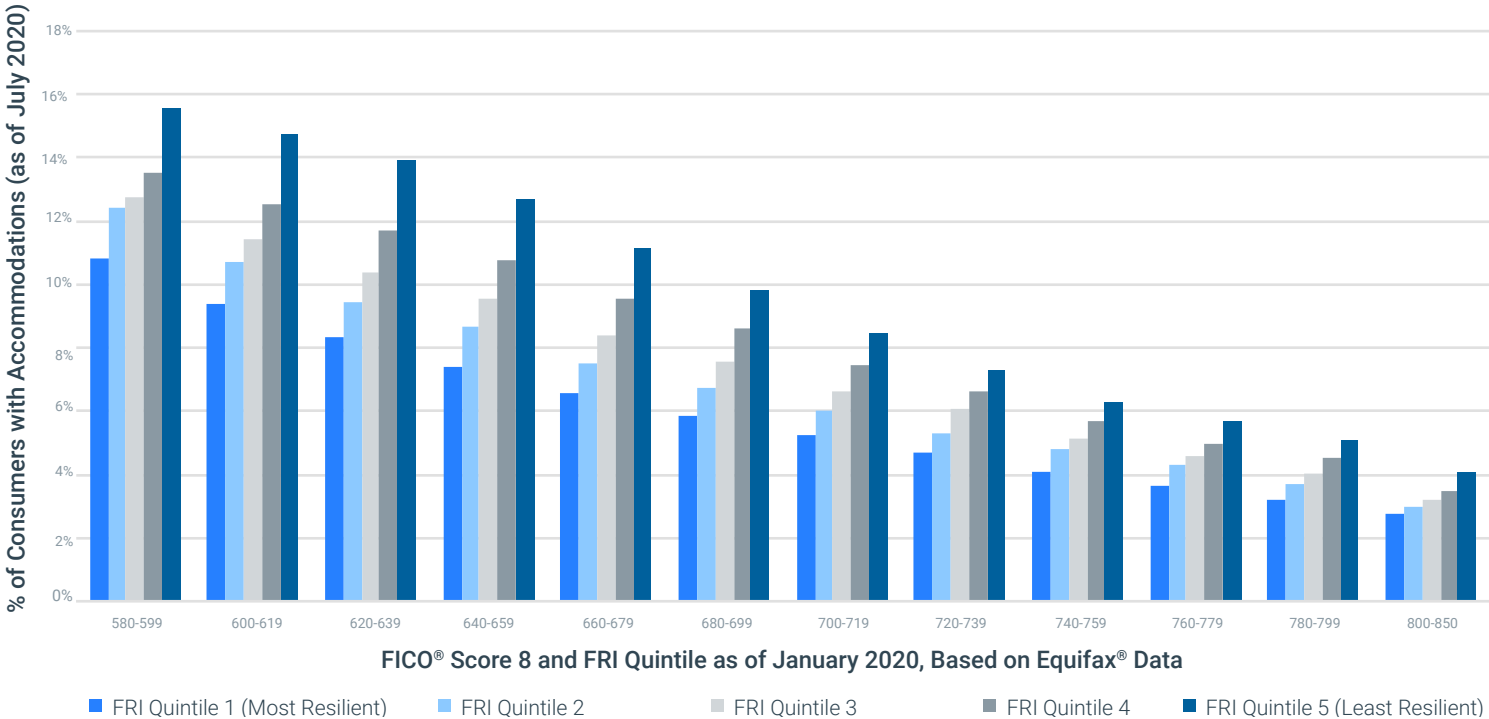
Payment Accommodations Rate on Bankcards

By FICO® Score 8 Band and FICO® Resilience Index Quintile, January 2020 – July 2020



Payment Accommodations Rate on Auto Finance

By FICO® Score 8 Band and FICO® Resilience Index Quintile, January 2020 – July 2020



## What are some of the key insights lenders can draw from this relationship?

- **The FICO® Resilience Index is an effective metric regardless of the cause of a recession.** While the Great Recession was a housing-led crisis and our current downturn is pandemic-driven, there are common drivers of consumer-level credit resilience that apply across economic cycles.
- **Lenders can apply the FICO® Resilience Index to keep credit flowing in our current economic downturn.** Lenders can avoid overly-broad restrictions on extensions of new credit or curtailment of existing credit by using the FICO® Resilience Index in combination with the FICO® Score—enhancing their decision and account management strategies with resilience precision.
- **Lenders can be better prepared to assist current clients.** By understanding their level of resilience, creditors can appropriately tailor loan terms, for example, they can make loan restructuring offers to customers guided in part by their FICO® Resilience Index values.

FICO will continue to gather and share observations of the efficacy of the FICO® Resilience Index amidst our current economic downturn and as we enter economic recovery. Stay tuned for new research, including how this innovative analytic can be used to support portfolio-level use cases like regulatory stress testing and loss forecasting.



To learn more about the FICO® Resilience Index, please contact your credit bureau or visit the FICO Resilience Index Learning page at

[www.fico.com/en/fico-resilience-index-learning/fico](http://www.fico.com/en/fico-resilience-index-learning/fico)

