



Federal Deposit Insurance Corporation  
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter  
FIL-82-2019  
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## Interagency Statement on the Use of Alternative Data in Credit Underwriting

**Summary:** The FDIC, the Federal Reserve Board, the Consumer Financial Protection Bureau, the Office of the Comptroller of the Currency, and the National Credit Union Administration (the Agencies) issued an interagency statement on the use of alternative data in underwriting by banks, credit unions, and nonbank financial firms. The statement focuses on the consumer protection implications of the use of alternative data in underwriting, highlighting potential benefits and risks.

**Statement of Applicability to Institutions with Total Assets under \$1 Billion:** This Financial Institution Letter applies to all FDIC-supervised financial institutions.

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

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### Highlights:

- 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 reliable sources, such as consumers' bank account records.
- The use of alternative data may provide benefits to consumers, such as expanding access to credit and enabling consumers to obtain additional products and more favorable pricing and terms.
- 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.
- As with prior developments in the evolution of credit underwriting, including the advent of credit scoring, the use of alternative data and analytical methods also raises questions regarding how to effectively leverage new technological developments that are consistent with applicable consumer protection laws.
- 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. Based on that analysis, data that present greater consumer protection risks warrant more robust compliance management.
- As the Agencies gain a deeper understanding of alternative data usages they may offer further information on the appropriate use of alternative data.