Tom Quaadman
Executive Vice President

1615 H Street, NW
Washington, DC 20062-2000
(202) 463-5540
tquaadman@uschamber.com

August 31, 2021

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey:

The U.S. Chamber of Commerce supports S. 2417, the "Credit Access and Inclusion Act of 2021." This bill clarifies that property owners, energy utilities, and telecom providers may report on-time payment data to credit reporting agencies, which would help more consumers build positive credit histories.

The Chamber released a report earlier this year finding that companies are innovating and using alternative data to reduce the credit-invisible population and improve credit scores for those who currently have them.[1] The Chamber's report, *"The Economic Benefits of Risk-Based Pricing for Historically Underserved Consumers in the United States,"* notes that alternative data produces more scorable consumers and can improve rates for those who have traditional credit scores.

About 26.5 million American adults, 10.5% of the adult population, were not in the formal credit economy as of 2018 and therefore did not have credit history.[2] Currently, nationwide credit bureaus have utility data for only 2.6% of consumers and cell phone bill data for 5% of consumers.[3] A TransUnion survey found that nearly 34% of lenders are currently using various types of alternative data to assess both prime and nonprime borrowers.[4]

---

[1] Pham, N. D., & Donovan, M. (2021, Spring). The Economics of Risk-Based Pricing for Historically Underserved Consumers in the United States. The U.S. Chamber of Commerce. https://www.centerforcapitalmarkets.com/wp-content/uploads/2021/04/CCMC_RBP_v11-2.pdf
[2] Hamdani, Kausar, et al. 2019. "Unequal Access to Credit—The Hidden Impact of Credit Constraints." Federal Reserve Bank of New York.
[3] Gaskin, Joanne. 2019. "Leveraging Alternative Data to Extend Credit to More Borrowers." FICO. May 22.
[4] TransUnion. 2015. "The State of Alternative Data." TransUnion and Vesta Research.

Specifically, 66% of surveyed lenders were able to lend to more borrowers in current markets and 56% were able to lend to borrowers in new markets through the use of alternative data.

Federal banking agencies recognize that use of alternative data may improve the speed and accuracy of credit decisions. It may also help firms evaluate the creditworthiness of consumers who currently may not obtain credit in the mainstream credit system. Using alternative data may enable consumers to obtain additional products and/or more favorable pricing/terms based on enhanced assessments of repayment capacity. These innovations reflect the continuing evolution of automated underwriting and credit score modeling, offering the potential to lower the cost of credit and increase access to credit.[5]

This legislation would help consumers build credit histories and increase their chances of accessing more affordable credit terms. The Chamber encourages the Committee to report this bipartisan legislation.

Sincerely,

Tom Quaadman

cc: Members of the Senate Committee on Banking, Housing and Urban Affairs

[5] FDIC. 2019. "Interagency Statement on the Use of Alternative Data in Credit Underwriting."