

Almost 40% of UK consumers could gain greater access to credit through open banking, says ClearScore

Submitted by: ClearScore

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- COVID-19 hits consumers hard as 59% of people see a reduction in available credit

09 April 2020, London - ClearScore, the UK's leading free credit score and credit marketplace, today reveals data that show the true cost of COVID-19 on the country's credit landscape. UK consumers have seen an average 59% reduction in available credit offers across credit cards and loans, with self-employed and part-time workers (among them key workers) hardest hit.

The data also show that consumers who have linked their accounts with open banking have seen a 39.4% increase in credit available to them vs comparable users in March 2020. ClearScore has launched a new initiative to encourage users to provide real-time access to their bank account data in exchange for better credit options, versus traditional methods that are up to six weeks out of date.

ClearScore's data from over 9 million UK consumers also demonstrate that rates of lending using traditional scoring models for credit products have fallen. This comes at a time when UK consumers are experiencing a great deal of financial uncertainty and the demand for credit is high.

The research also shows that while all consumers are impacted by this pull-back from the market, part-time and self-employed workers are most adversely hit; among those key workers such as hospital and supermarket staff. This adds additional strain to those people within communities who require the most financial support at this time.

Consumers can improve their access to relevant credit products through open banking. By granting access to data points not found on credit reports (such as bill payment history and source of income) lenders can leverage more data points to inform their lending decisions and open up the credit market to some of the country's most valued workers.

As the country faces unprecedented financial uncertainty due to COVID-19, the use of open banking could usher in a new era of consumer-focused lending that treats consumers as individuals, taking into account someone's specific financial needs, rather than applying traditional credit-lending models to vast numbers of people.

CEO and Co-founder of ClearScore, Justin Basini says: "Given how rapidly COVID-19 has affected large swathes of the UK's population and their personal finances, many of our lending partners are eager to see a real-time view of consumers' creditworthiness. The traditional method of using people's credit scores can take up to 6 weeks to reflect reality, which in the current circumstances, isn't viable. As a result, we've seen a large-scale withdrawal of credit from the market, precisely at the time when many people need it most, not least the millions of key workers who are still gainfully employed and keeping the country functioning through at this unprecedented time."

We are seeing the emergence of forward-thinking lenders, who are willing and able to make underwriting decisions based on open banking data that an increasing number of our 9 million customers are willing to

provide. Open banking is increasingly landing well with customers and we have seen adoption rates increase by 373% in the last two weeks. Although this represents a relatively small number of people it demonstrates where the market is heading. We expect to see significant increases in uptake as more and more lenders start to use open banking data in their credit decision making.”

About ClearScore

ClearScore is the UK’s leading credit checking and credit product marketplace. Based in London, they are now the #1 credit marketplace in the UK with over 9 million users and a further 3 million users worldwide. ClearScore’s vision is to help everyone, no matter what their circumstances, achieve greater financial wellbeing. They started this journey by giving everybody access to their credit score and report for free, forever. By combining a brand which people trust, a product which is beautiful to use, amazing technology and deep analytics, they deliver a unique experience that helps users take control of their financial future. ClearScore was co-founded by CEO Justin Basini, and is supported with investment from Blenheim Chalcot and QED Investment.

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