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Statement for the Record

House Financial Services Subcommittee  
On Oversight and Investigations

"Consumer Credit Reporting: Assessing Accuracy and Compliance"

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Chairman Green, Ranking Member Barr and Members of the Subcommittee, I am Sandy Anderson, Senior Vice President of Operations for Experian North America. I appreciate the opportunity to discuss Experian's important work, how we are making consumers a central focus of our business, and how we are investing to improve the credit reporting system.

Let me begin by stating why credit bureaus exist, and how consumers benefit. Credit bureaus accurately compile individuals' payment histories reported to us by creditors so that lenders can use this data to make sound underwriting decisions. Good lending decisions for credit cards, autos and mortgages mean fewer defaults. Fewer defaults mean lower costs of credit for consumers and greater availability of consumer credit across the economy. Because credit bureau data is blind to factors such as race, color, religion, and gender, it helps lenders ensure compliance with the Equal Credit Opportunity Act.

What we hear most often from consumers, Members of Congress and regulators is that everyone wants us to focus on three clear objectives: ensure the information we hold on consumers is secure; make credit reports accurate; and manage a data dispute system that is easy for consumers to access and use.

Experian wholly understands its responsibilities in these three areas and has significantly shifted its focus to the consumer. Experian has kept our pace serving consumers during the COVID-19 pandemic and will continue as our nation's economy recovers. We have responded completely and accurately to all consumer submissions to the CFPB complaint portal, even as submissions have increased. We believe most of this increase is due to third-party credit repair organizations that file disputes on accurate but negative information to try to game the system.

The number one priority at Experian is keeping consumer information safe and secure. With every front-page cybersecurity headline, both businesses and the

public become increasingly aware of the high-stakes nature of this challenge. Experian is committed to achieving the highest possible levels of data security and integrity and are working, on our own initiative and with our regulators under continuous supervision, on this priority. We support enactment of a federal data security standard and breach notification law and have supported this since 2005. Experian also supports this committee's goal of enhancing the accuracy of credit reports and improving consumers' experience through the dispute resolution process. We believe the best way to achieve and maintain improvements on behalf of consumers in both these areas is through a robust and continuous supervision and examination program administered by the Consumer Financial Protection Bureau. This program has been in place since 2013 and we have implemented many new initiatives as a result. The CFPB should continue to focus on ongoing improvements by credit bureaus, lenders, and all entities that furnish information to credit bureaus or use information from credit bureaus.

Experian has invested heavily in systems and processes to improve data accuracy as we continually strive to reach 100 percent accuracy. Stringent requirements are in place to identify and eliminate inaccurate data submitted monthly by approximately 10,000 data furnishers before it is included in a consumer's file. An important feature of this program is a monthly report to each furnisher describing any of their data we have rejected and why – and providing them with historical information about their data contributions and consumer dispute performance. These reports cover more than 99 percent of the data we receive each month. Through this transparent feedback loop, Experian is making continuous progress in eliminating errors even before data is submitted to us.

An important component of accuracy is to make credit reports accessible for consumers so they can easily review and dispute errors in their file. Experian's online dispute portal, including a mobile-optimized and highly rated app, makes it

easier for consumers to submit disputes and to receive the results of those disputes. Consumers can also still easily reach us by telephone or mail.

Experian also supports the Committee's goal of creating more opportunities for financial inclusion and financial literacy. Studies suggest that as many as 60.4 million American adults are unlikely to be able to access fair and affordable credit. As you know, many consumers may not have a mortgage or credit cards, but they do make telephone, utility and other recurring payments. Experian is now accommodating this data through a ground-breaking product known as Experian Boost. We are delivering this data directly to lenders so they can expand their efforts to reach underserved consumers.

Experian Boost is a game-changer. It allows consumers the opportunity to safely and easily opt-in to having monthly payment information on accounts that are not reported to the CRAs included directly into their credit report, which can improve their credit score. Experian Boost is particularly helpful to consumers who are new to credit or have had financial challenges. So far, more than 6 million consumers have chosen to use Experian Boost to improve their credit score and gain access to credit.

Experian is also providing access to free credit monitoring, free credit reports, free credit scores and financial education to more than 40 million US consumers.

Experian is also partnering with lenders involved in the OCC's project REACH, or the Roundtable for Economic Access and Change, to identify new sources of predictive data that can be used to improve access to credit for underserved and marginalized consumers. Likewise, we would like to continue to work with this Committee toward the goal of removing barriers that prevent more predictive sources of data from being incorporated into consumer credit reports. This effort would generate positive economic benefits for millions of consumers.

I'd like to close by saying that Experian is proud of the improvements we have made in the areas of data security, data accuracy, in the dispute resolution process, and in advancing financial inclusion and financial literacy. Experian is dedicated to helping empower consumers to create a better future for themselves.

Thank you for inviting me to testify. I look forward to answering your questions.