

Affordability Insights Reporting Service

When the Cost-of-Living Crisis challenges you and your customers...

4most Affordability Insights will allow you to understand the challenges your customers face, reflect them in your decisioning, and meet the FCA's Responsible Lending requirements.

Increasing costs, driven by rising energy, fuel and food prices, are adding to consumer debt burdens. Higher interest rates are compounding this impact. Recognising the effect this has on your customers, has brought affordability to the forefront.

How do you navigate these challenges when limited data is available to help you understand the costs? How do you control risk appetite and optimise your returns without a clear and accurate view?

4most Affordability Insights Reporting Service provides a quarterly report with the very data you need. Our unique customer-level expenditure data is updated each month. The report offers 'at a glance' comparison of the Office for National Statistics (ONS) data for every major spend category.

What 4most offers

- 01 Insights provided at a much more granular level than ONS, provided in an easily accessible and readable format, ready to be taken to senior stakeholders.
- 02 Easy integration of our underlying summary data into your analytics and reporting.
- 03 Shines a light on the most recent trends, addressing the time lag inherent in ONS survey data.
- 04 Complementary bespoke modelling services available from our team of experts.

The benefits

02

Lend Responsibly:

Show understanding of household cost changes for each mandatory and discretionary expenditure category. Demonstrate consideration of Conduct, and compliance with FCA Responsible Lending and Consumer Duty expectations.

05

Identify Opportunities:

Remove simplistic assumptions that restrict many affordable opportunities to lend and support your customers. Increase lending without going up the risk curve.

03

Engage Senior Management:

Keep your Credit and Board Risk Committees informed throughout the economic cycle; report on the latest expenditure trends to be able to reflect changing circumstances... and react accordingly.

06

Impairment Modelling:

Improve embedding of affordability concepts into IFRS 9 estimates. Address auditor and regulator concerns regarding overarching Post Model Adjustments.

01

Manage Credit Risk:

Improve understanding of household level expenditure trends at application, and across the customer lifecycle. Manage lending within risk appetite.

04

Optimise Decisioning:

Reduce manual overlays and other interventions to simplify lending policy rule sets. Streamline the customer experience with confidence.

07

Assist Customers:

Develop a greater awareness of customers' underlying challenges and be in a more powerful position to support them.

Case study 1

Increase lending without increasing risk.

Using our analysis of the underlying data we helped one of the largest UK mortgage lenders to increase loan amounts offered to households with higher levels of income and stay within existing risk appetite.

Case study 2

Act early using the latest insights.

We supported a UK provider of fixed term loans to analyse their expenditure categories at a more detailed level. This helped them to identify areas of significant underestimation arising from the inflationary effects of the Costs-of-Living crisis.

Interested in how our affordability insights reporting service can benefit you? **Speak to your 4most contact or get in touch.**

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4most
ANALYTICS CONSULTING