



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D.C. 20551

DIVISION OF CONSUMER AND
COMMUNITY AFFAIRS

CA 19-11

December 11, 2019

**TO THE OFFICER IN CHARGE OF SUPERVISION
AT EACH FEDERAL RESERVE BANK**

SUBJECT: Interagency Statement on the Use of Alternative Data in Credit Underwriting

Applicability: This statement applies to all institutions supervised by the Federal Reserve, including those with \$10 billion or less in consolidated assets.

The Board of Governors of the Federal Reserve System, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency have issued the attached interagency statement on the use of alternative data in underwriting by banks, credit unions, and non-bank financial firms. This statement is focused on consumer protection implications of the use of alternative data in underwriting, highlighting potential benefits and risks.

The statement notes the benefits that using alternative data may provide to consumers, such as expanding access to credit and enabling consumers to obtain additional products and more favorable pricing and terms. The statement also explains that 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.

If you have any questions concerning this letter, please contact Westra Miller, Counsel, Fair Lending Enforcement, at (202) 452-4251. In addition, questions may be sent via the Board's public website.¹

¹ See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>

Carol A. Evans
Associate Director

Attachments:

- “Interagency Statement on the Use of Alternative Data in Credit Underwriting”