

TransUnion CEO Chris Cartwright

United State Senate Committee on Banking, Housing and Urban Affairs

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Chairman Brown, Ranking Member Scott, and distinguished members of the Committee, thank you for your invitation to appear. My name is Chris Cartwright, and it has been my great privilege to serve as President and CEO of TransUnion for the last four years.

TransUnion is a global company headquartered in Chicago and best known as one of three major credit reporting agencies in the United States. We have nearly 5,000 employees in the United States, and more than 12,000 worldwide. As a company, our mission is to help people and society through information, to ensure fairness for consumers in the marketplace and to assist businesses in identifying underserved communities and managing business risks.

The Role of Credit Reporting Agencies

The credit reporting agencies are the backbone of the modern consumer credit economy in the United States. We play an important role in the efficient and stable functioning of the nation's financial system, serving as clearinghouses and record-keepers for information and helping consumers gain access to credit quickly and efficiently. We do not make lending decisions; rather, we provide objective information that helps consumers obtain credit and helps lenders in underwriting and establishing credit terms.

We also help consumers find the right products to achieve their financial goals through available and affordable credit. Our credit reports help more than 254 million consumers obtain credit products each year. Prior to the advent of credit reporting agencies, lenders relied on existing relationships and personal knowledge, which often resulted in implicit or explicit bias in lending decisions. We serve consumers and lenders by providing objective data to help facilitate today's lending decisions.

Today's consumers expect near instant access to credit, which TransUnion facilitates through high-quality credit reports: today people can walk into a car dealership and drive away in a new car in a matter of minutes. The nation's credit reporting system makes this possible by providing an efficient and reliable way for lenders to assess consumers' willingness and ability to repay their loans. This system enhances consumers' quality of life and strengthens the American economy.

As a provider of credit data, our work touches the lives of nearly every American and particularly impacts those most in need of expanding opportunities through credit.

We play a similarly important role for the lending community – helping banks and financial institutions of all sizes accurately understand and manage risk. We work with small community banks and credit unions, with community development financial institutions, and with larger firms. Our risk analytics allow lenders of all sizes to expand access to credit for consumers while

protecting financial stability. As we have seen in the past several weeks, ensuring lending institutions have the data required to understand and mitigate risk is critical to the overall health and resilience of the U.S. banking sector and financial stability more broadly.

Commitment to Accuracy

At the core of TransUnion's business is a commitment to data accuracy. Nobody wins when consumer data is inaccurate—not us, not lenders, and certainly not the American consumer.

We believe empowering consumers is fundamental to data accuracy and contributes to the overall health of the credit reporting system. TransUnion is committed to data accuracy across all of our businesses. TransUnion has led the industry in building a dispute resolution system that helps consumers quickly address any errors or inaccuracies in their credit files. We provide tools for consumers to work with data furnishers, the lenders and other entities that report information concerning financial obligations. We want consumers to be able to work with TransUnion easily, with no friction, and at no cost to resolve any errors on their credit reports. Through our efforts, our turnaround time in addressing consumer disputes is now approximately nine days, well below the 30-day requirement of the Fair Credit Reporting Act (FCRA). When a consumer believes a data furnisher inaccurately reports information, we facilitate the FCRA-mandated investigatory process and, if data is incorrect, we provide a system-wide update to the furnisher and other CRAs. We regularly measure furnisher performance and provide insights regarding furnisher data quality to the CFPB.

We are working closely with the CFPB to make pro-consumer changes to our tenant and employment screening business, including improving our matching logic, only accepting data that is refreshed every 60-days by municipalities and vendors, and reporting only the final outcomes of eviction proceedings. TransUnion is committed to making sure tenant screening data is accurate; inaccurate data doesn't help anyone—not tenants or property owners. Screening plays an important role in enabling tenants to get housing opportunities; our data is an important tool to help property owners expand opportunity and protect the physical safety of their tenants. The data we receive is generally very accurate; it is based on thousands of court records from around the country, and we work hard to match that data correctly.

Expanding Economic Opportunities for All

Financial inclusion is another key pillar of our company strategy, and we continuously seek ways to develop products and resources for the credit underserved – be it Americans living in rural communities, communities of color that have been historically disadvantaged, or those in the lowest-income bracket. Expanding credit access is not only good for the economy—it is the right thing to do to open up economic opportunities for all Americans.

One of the ways TransUnion facilitates access to fair and equitable credit is through our industry-leading alternative data solutions. These tools provide potential lenders with the best, most accurate view of the consumer. Alternative data sources—such as rental and utility data—come with the added benefit of allowing people to build their credit profiles more quickly. Alternative data also supports market competition, allowing smaller and community-focused lenders to access

consumers who may otherwise have been beyond their underwriting reach. Last year, TransUnion commissioned a market study of credit union executives from across major metropolitan and rural regions of the United States and found that “credit unions want to be more inclusive and take more calculated risks.” The study noted that “[t]he current economic environment has also driven many financial institutions to shift their underwriting models to include trended and alternative data versus legacy credit modeling, which has allowed credit unions to better serve their membership’s evolving needs.”¹

We need more participants in the system to get behind this effort: if alternative data were reported at scale, it would substantially increase credit access and financial inclusion for all Americans. TransUnion is committed to helping more Americans access credit and wealth building opportunities, which is why we are strong proponents of legislation to increase the inclusion of alternative data on credit reports. Consumers should get credit for the payments they are making that are not traditionally reported to the bureaus – including rent, utility or mobile phone payments – to help them build their credit profiles.

We also know the real impact credit reports have on consumers’ lives. We are committed to “**getting it right every time.**” Since I took charge of the company, TransUnion has undergone a transformation focused on improving the consumer experience. Our goal is *operational excellence* on behalf of the consumer—and it is critical to our mission and work. We understand that we must place the consumer experience at the center of what we do.

TransUnion has been proud to lead the way on pro-consumer changes in the industry:

- As the country plunged into the pandemic and ensuing economic crisis, we provided consumers with **free weekly credit reports**.
- We led the way in encouraging lenders to use our **trended and alternative data solutions** to provide a more accurate picture of consumer creditworthiness and to bring “credit invisible” Americans into the modern economy.
- And we continually invest in our operational infrastructure to build a **best-in-class dispute resolution infrastructure**, to ensure our data is as accurate as possible.
- We led the way on issues related to **medical debt**. Last year, along with the other major credit reporting agencies, we removed all paid medical debt from consumers’ credit files. We also no longer include unpaid medical debt totaling \$500 or less on credit reports. Together, these changes will remove nearly 70 percent of all medical collections from credit reports.

¹ TransUnion, *New Research Explores Technological and Data Barriers to More Automated, Inclusive Credit Union Lending*, (September 8, 2021), <https://newsroom.transunion.com/new-research-explores-technological-and-data-barriers-to-more-automated--inclusive-credit-union-lending/>.

Protecting Consumers' Data Privacy

TransUnion is committed to ensuring that consumers' data privacy rights are protected and that consumers can manage their own personal data and information. We support the passage of a strong federal privacy bill that both provides meaningful rights to consumers and preempts state-by-state privacy regulation. The patchwork, state-level approach to data privacy in the U.S. is confusing and inefficient for businesses and consumers alike. Enacting a comprehensive federal privacy standard, modeled on the European Union's General Data Protection Regulation, would increase U.S. competitiveness while providing clarity to all stakeholders. TransUnion recommends legislation that allows consumers meaningful choice in how their data is collected and used without unilaterally proscribing data collection and use. A federal bill should recognize that the rules around collection and use should be tailored to the level of risk and the purpose of the data processing activity. A federal bill should also recognize the important role that data plays in our modern economy, facilitating the instantaneous and tailored experiences that consumers expect. Finally, we believe any federal privacy law should recognize the important role of consumer data in fraud prevention.

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While we are proud of our voluntary efforts to improve the experience for consumers who rely on our credit reports, we also appreciate the opportunity to partner with policymakers to shine a light on our industry and to work towards industry-wide improvements. We appreciate the work of this Committee, in particular Chairman Brown and Ranking Member Scott, for your leadership in helping to make the credit reporting system stronger. We recognize our responsibility to our consumers and are committed to improving the system for all consumers. We want to continue to build on our successful history, and we will continue to work with Congress and our regulators to provide consumers with the tools they need to realize economic opportunities.

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Thank you again for the invitation to testify today. I look forward to answering your questions.