Thin-File Millennial and Gen Z Borrowers Lead in Credit Tier Advancement, Open Lending and TransUnion Research Finds

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New data on generational borrowing habits and credit potential reveals Millennials and Gen Zers prioritize automotive loan payments

AUSTIN, Texas--(BUSINESS WIRE)--Mar. 25, 2024-- Open Lending Corporation (NASDAQ: LPRO) ("Open Lending" or the "Company"), an industry trailblazer in automotive lending enablement and risk analytics solutions for financial institutions, and TransUnion, a trusted global information and insights company, today released a new study on the borrowing habits and credit outlook for Millennials and Gen Zers. Using data from over 4 million U.S. consumers, the report illustrates new-to-credit borrowers' upward credit trajectory with insights into lending patterns and preferences.

The report underscores the potential value Millennials and Gen Zers can bring lenders, with key findings showing:

- **Millennials and Gen Zers are poised and quick to advance:** Data revealed that 30% of Millennial and Gen Z thin-file consumers moved up credit tiers within two years compared to 22% of Gen X or older thin-file consumers.
- **Younger consumers are loyal consumers:** Two out of every five Millennial and Gen Z thin-file consumers who received an automotive loan at a bank or credit union returned to the same type of financial institution for their next product and often with a higher credit score (VantageScore® 4.0) than returning thin-file consumers from older cohorts.
- **Automotive loans are a priority:** Demand for automotive loans is unlikely to dissipate, as 74% of consumers who open an automotive trade line as their second product are replacing an existing vehicle or adding an additional vehicle.

"Many financial institutions are hesitant to extend loans to borrowers with thinner credit files and lower credit scores, who are often Millennials and Gen Zers," said Kevin Filan, Senior Vice President of Marketing at Open Lending. "However, this strategic consumer segment shows immense potential for upward credit mobility compared to their older counterparts. The financial institutions that intelligently address these 'emerging prime' borrowers through comprehensive data analysis and decisioning can generate higher-yielding loan opportunities and long-term customer loyalty."

"We are excited to collaborate with Open Lending to provide a broader and more accurate picture of younger borrowers' financial health and credit potential despite only just starting their credit journey," said Satyan Merchant, Senior Vice President, Automotive and Mortgage business leader at TransUnion. "The more consumers who can participate in credit, the greater the opportunities for broad economic inclusion. The data from the study shows how thin-file consumers are capable of growing into healthy, prime borrowers once provided access to the essential milestone of an affordable automotive loan. We believe that the financial institutions that set these deserving borrowers on the path to financial wellness will be rewarded with long-term loyalty through subsequent credit products."

Download the full report here.

About Open Lending

Open Lending (NASDAQ: LPRO) provides loan analytics, risk-based pricing, risk modeling, and default insurance to auto lenders throughout the United States. For over 20 years, we have been empowering financial institutions to create profitable auto loan portfolios with less risk and more reward. For more information, please visit www.openlending.com.

About TransUnion

TransUnion is a global information and insights company with over 13,000 associates operating in more than 30 countries. We make trust possible by ensuring each person is reliably represented in the marketplace. We do this with a Tru™ picture of each person: an actionable view of consumers, stewarded with care. Through our acquisitions and technology investments we have developed innovative solutions that extend beyond our strong foundation in core credit into areas such as marketing, fraud, risk and advanced analytics. As a result, consumers and businesses can transact with confidence and achieve great things. We call this Information for Good® — and it leads to economic opportunity, great experiences and personal empowerment for millions of people around the world.

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