

# PERC Newsletter

WINTER 2020

## LETTER FROM THE PRESIDENT

As we enter a new decade, I am so proud of the PERC team!! Just a few of our accomplishments include:

- Influencing national law in 12 countries on 5 continents;
- Helping move credit reporting regimes from punitive “negative-only” to fairer “full-file” in 3 countries;
- Fighting tirelessly for the estimated 45 million Credit Invisibles in the US for the past 15 years, including helping pass an [alternative data bill](#) (the Credit Access and Inclusion Act of 2017) out of the House 435-0;
- Championing the solution of alternative data to the problem of credit invisibility in markets around the world;
- Helping promote the solution of alternative data among multi-lateral organizations including the World Bank, the International Finance Corporation, and the Asia-Pacific Economic Cooperation among others;
- Founding and sustaining for 12 years a coalition on credit information sharing (Asia-Pacific Credit Coalition) for firms operating in the Pacific basin;

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PERC  
RESULTS AND SOLUTIONS



- Publishing seminal works on credit information sharing policy, including: the quality of [nationwide consumer reporting agency data](#) in the US; alternative data as a tool to end credit invisibility in the US and several other countries; publishing the first ever study on “Credit Deserts” in the [US](#) (Silicon Valley no less) and [Canada](#) (nationwide study);
- Serving as “Sherpa” for credit information sharing and core group member for APEC’s Asia-Pacific Financial Forum;
- Serving as a delegate on the International Committee on Credit Reporting;
- Leading the development of 3 FinTech firms using Big Data to assess credit risk and establish borrower financial identity; and
- Having our central mission validated by 5 federal agencies (the Federal Reserve Board, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the National Credit Union Administration), who issued a [joint-statement](#) on Tuesday, December 3, on the benefits of alternative data use in credit data accuracy and completion, as well as financial inclusion.

This is the season during which many of us reflect upon the previous year and inventory all that for which we are grateful. I have much for which to be grateful—including but not limited to a dedicated and amazing group of colleagues and supporters, without whom none of the above accomplishments would have been possible.

Though we don’t seek attribution, and though we remain a strenuous champion driven by principles and normative concerns, I will take this occasion to tout the fact that together, we have changed the world—and will continue to do so in 2020 and well beyond, God willing.

We hope you enjoy reading about some of our more recent undertakings and achievements in the balance of this occasional newsletter. Our newsletters are correlated to available bandwidth. If we had more time to produce newsletters, we would be doing less program work. Consequently, we hope to reach out again next year, but if not, it means we are pursuing our mission and impacting lives of people around the world in material ways. I am hard pressed to think of anything greater than an opportunity to make the world a better place, and the entire PERC team is grateful for having been given this task since 2002.



Sincerely,

A handwritten signature in black ink that reads "Michael A. Turner". The signature is written in a cursive, flowing style.

Michael A. Turner, Ph.D.

## DOMESTIC

### JOINT PERC-C\_TEC STUDY ON DATA BREACHES



*Dr. Turner, Patrick Walker, and Jordan Crenshaw from C\_TEC presenting the paper on Capitol Hill.*

A new [joint-study](#) from the U.S. Chamber of Commerce Technology Engagement Center (C\_TEC) and PERC found weak support for the commonly held belief that data breaches lead to widespread incidences of identity theft. The first-of-its-kind, comprehensive study, titled “Data Flows, Technology, and the Need for National Privacy Legislation,” looked at three levels of analysis: macro (aggregate number of data breaches and identity theft rates from 2005 to 2018), micro (credit report impacts and data leaked to the dark web on 27 million consumers), and case studies (24 large data breaches between 2005 and 2018). On the macro level, the rate of

identity theft or identity fraud losses in any given year cannot be meaningfully predicted by the number of data breaches in that year. On the micro level, the data on 27 million consumers enrolled in credit monitoring, including 5 million consumers enrolled due to being affected by a data breach, found no evidence that data breaches lead directly to consumer harm. In a case study of 24 data breaches, the highest observed rate of identity theft linked to a data breach was 2.5%, half the average rate of identity theft in the general population between 2005-2018, 5.32%. Congress must act soon to pass an evidence-based, federal, and preemptive privacy law that balances consumer rights and protections with legitimate business uses of data, and does not contain excessively punitive data breach provisions. More research on the benefits of data is coming soon.

### ALTERNATIVE DATA WHITE PAPER

Our most recent [paper](#) chronicles Congress’s incapability to provide costless legislative relief or support for solutions to credit invisibility, and the market solutions that have developed to address the issue. There has been a proliferation of alternative risk scoring models and specialty databases over the past decade, some of which have rapidly grown while enjoying broad market acceptance. While these developments represent progress, there are concerns with the possible evolution of an unduly fragmented data marketplace, such as consumer and lender confusion from not knowing which data resides in different databases, and becoming overly-reliant on opt-in data. While the report applauds the development of consumer-permissioned data solutions as a near-term solution, it recommends directly reporting comprehensive and full-file credit data to the bureaus as the first-best solution.

## INTERNATIONAL

### CREDIT INVISIBLES SUMMIT IN CANADA

PERC Canada's preliminary [research](#) into Canadian credit invisibility and credit deserts found that 1 in 3 Canadians have difficulty accessing affordable credit. Furthermore, under-served segments of the population such as low-income Canadians, new Canadians, and Indigenous communities are more likely to be credit invisible. Credit deserts, geographic concentrations of credit invisibles, are not only in rural areas where access to banks is less common – they are also prevalent in cities. These findings, made possible with data from TransUnion Canada, were presented at the Canadian Lenders' Association [event](#) in June. A panel discussion with industry experts working in the field confirmed our research. We recommend that full-file and comprehensive credit reporting be mandated in Canada. More research is forthcoming. In the U.S., PERC [found](#) that 1 in 5 to 1 in 4 Americans are credit invisible.

### PARTNERSHIP WITH MBC IN THE PHILIPPINES



PERC has partnered with the Makati Business Club (MBC) to assess the Filipino credit information system. We will be releasing a joint report on recommendations to improve and modernize the system, aligning it with international best practices and incorporate developments in digital technology and other innovations. Research will be conducted in conjunction with interviews with relevant stakeholders and roundtable discussions. The report will be released at an event hosted in Manila, expected in 2020.

### PERC IS A 2019 TOP-RATED NON-PROFIT!

PERC has won a 2019 Top-Rated Non-Profit award from Great Nonprofits. Thank you to everyone who left us a review. We'll be featuring them in our newsletters!

“Since 2003, I have interacted with PERC on a number of major public policy issues relating to consumer finance, and have found them to maintain high levels of intellectual honesty and statistical integrity while avoiding ideological bias. They are well regarded by policymakers from both sides of the aisle. In recent years, PERC has doggedly worked to advance the cause of alternative data, building a coalition of NGOs and other organizations including business that among many other benefits, recognize that higher credit scores are a key building block of economic progress.” – J.T.

Share your story with us [here](#).



## ON THE HORIZON

### WASHINGTON D.C. DEC 10

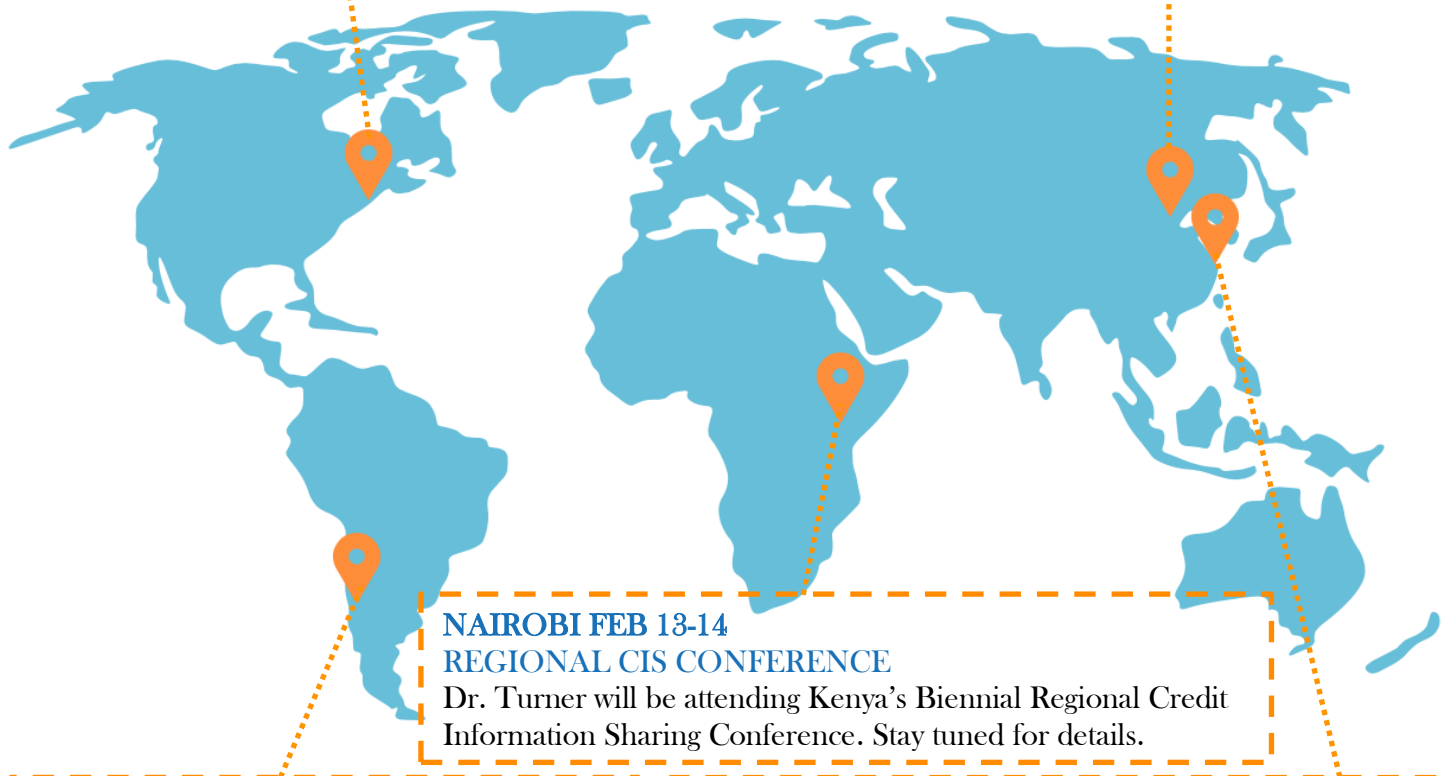
#### ACCURACY IN CONSUMER REPORTING

Dr. Turner was a panelist on consumer reporting agency data accuracy at this workshop jointly hosted by the CFPB and FTC. More details [here](#).

### BEIJING JUNE 14-15

#### DATA ECOSYSTEM CONFERENCE

Dr. Turner attended the Asia-Pacific Financial Forum's 3rd Data Ecosystem Conference and participated in the discussion about credit information systems.



### NAIROBI FEB 13-14

#### REGIONAL CIS CONFERENCE

Dr. Turner will be attending Kenya's Biennial Regional Credit Information Sharing Conference. Stay tuned for details.

### SANTIAGO OCT 9-10

#### CREDIT REPORTING SYSTEMS

Dr. Turner presented at this APEC workshop and discussed regulatory approaches to credit reporting and data privacy.

### SHANGHAI NOV 5-6

#### FALL 2019 ICCR MEETING

Dr. Turner attended the International Committee of Credit Reporting fall meeting on behalf of the Asia-Pacific Financial Forum.

## ▷ STAY TUNED FOR:

- Our joint-study with HUD on the effects of adding rental payment data to credit reports
- An analysis of the credit information sharing ecosystem in the Philippines
- A report on socially beneficial applications of core data assets in financial inclusion, consumer protection, public safety, economic development, and health care
- An exploration of the competitive consequences from privacy legislation
- Reports on how alternative data (so-called “proven payment data”) can eliminate the scourge of credit invisibility.

## CONNECT WITH US:

[WWW.PERC.NET](http://WWW.PERC.NET)

