Debt Management Insights for Distressed Borrowers

Credit Counseling and Lender Forbearances Post-COVID

FinRegLab in collaboration with Marsha Courchane, Adam Gailey, Stephanie Moulton, Connor Tragesser & Rebecca Xie

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About FinRegLab

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1. INTRODUCTION

The COVID-19 pandemic triggered both the sharpest increase in unemployment in almost a century and unprecedented levels of loan accommodations, stimulus spending, and other support initiatives. The combined impact of these trends on households who have been struggling to manage credit cards and other unsecured loans could have important implications for policy initiatives intended to promote faster and more inclusive recoveries from future financial shocks.

The ability to manage credit card debt during economic downturns raises critical issues for both individual household welfare and the broader economy. Credit cards represent the nation's single largest consumer lending market as measured by the number of users, with roughly 80 percent of U.S. adults estimated to hold at least one account in their name.[1] Because they are often the first loans that consumers take out when building a credit history, credit cards can become a gateway to qualifying for other loans that help consumers secure reliable transportation, purchase homes, and form small businesses. The amount of available credit on cards can also have important implications for the broader economy, given that credit limits exceed bank account balances for many households and that consumer spending equals two-thirds of the nation's gross domestic product.[2]

Consumers who experience difficulties repaying credit card and other unsecured debts often seek assistance from their lenders, nonprofit organizations, and other types of advisors. To better understand these borrowers and the challenges they have faced during the pandemic, this report focuses primarily on consumers who sought financial counseling from nonprofit credit counseling agencies, enrolled in multi-lender "debt management plans" (DMPs) administered by such agencies, obtained short-term payment forbearance from lenders, or pursued some combination of those strategies. We organize our analysis around two sets of questions:

» **Changes in credit counseling and DMPs.** To what extent did demand for credit counseling and enrollment in DMPs change after the onset of the COVID pandemic? Were there differences in the demographic, financial, and credit profiles of consumers who sought counseling before and after the onset of the COVID pandemic? To what extent did the trends in credit indicators for counseled consumers change during and after the COVID pandemic? Did credit performance recover more or less quickly for consumers counseled after the onset of the COVID pandemic, compared to prior cohorts?

1 FinRegLab, 2022, at 9-10, 15, 2022; Federal Reserve Board, 2021, at 42.

2 Fulford, 2015; FRED, Shares of Gross Domestic Product: Personal Consumption Expenditures; FinRegLab, 2022, at 9-10, 15.

» **Private creditor forbearances.** For which loan types did consumers obtain short-term payment relief (referred to in this report as "forbearances") during the pandemic, particularly among credit products where accommodations were not mandated by federal law? Which consumers received credit card forbearances? How did counseled consumers differ from the broader population of U.S. borrowers who obtained card forbearances? How did trends in credit performance differ for counseled consumers and borrowers nationally who received credit card forbearances compared to those who did not? Is there variation by DMP enrollment?

The report finds that credit counseling volumes declined by about 30 percent in the last three quarters of 2020 and by another 10 percent in the first three quarters of 2021. It is also notable that the percent of consumers who qualified for and enrolled in debt management plans declined more rapidly than counseling volumes, falling by more than 40 percent in the last three quarters of 2020, and an additional 10 percent in the first three quarters of 2021.

Consumers who sought counseling during the pandemic reported higher levels of job and income losses and fewer assets than pre-pandemic cohorts, yet in certain other respects their finances were in better shape at the time of counseling. For instance, they were more likely to have available credit on their card accounts, were less likely to have experienced account delinquencies of 60 days or more, and their average credit scores were higher. This likely reflects the effects of pandemic relief initiatives such as increased lender forbearances and enhanced unemployment benefits, but might also indicate that consumers who did seek counseling were quicker to do so due to the deep uncertainty created by the pandemic.

To better understand the unprecedented levels of lender forbearances during the pandemic, we analyze credit bureau records to identify the types of consumers who obtained short-term payment relief and how their credit metrics changed as those programs ended. While forbearances were provided automatically on nearly all student loans,[3] we find that about 15 percent of consumers in our national random sample of credit bureau records and 39 percent of consumers counseled after the start of the pandemic obtained forbearances on at least one non-student loan through September 30, 2021. Overall, more consumers obtained forbearances on at least one credit card account than on any other type of non-student loan. Although mortgage and auto loan forbearances may have given consumers greater financial flexibility because those loans typically have higher fixed monthly payments and (in the case of mortgage forbearances) tended to last longer,[4] consumers may have also viewed credit card forbearances as providing significant psychological relief by ensuring that they were not subject to late fees, penalties, or collections calls if they could not make minimum payments.

Consumers who obtained card forbearances tended to have more types of debt, higher indebtedness levels across multiple loan types, and lower levels of delinquencies and charge offs prior to the pandemic than credit card borrowers who did not later obtain forbearances. These differences could be the result of both differences in the types of consumers who sought forbearances (consumer selection) and differences in the types of consumers that creditors were more likely to approve for forbearances (creditor selection). For instance, some credit card issuers did not offer short-term forbearances to borrowers who were already delinquent prior to the pandemic, although they may have offered other types of relief.[5]

3 Case, Hannon, & Mezza, 2022.

4 Haughwout, Lee, Scally, & van der Klaauw, 2022.

5 Consumer Financial Protection Bureau (CFPB), 2021, at 115-116.

The report also tracks trends in various credit metrics before and after credit card forbearances, both for the national population and for counseled consumers. Particularly among counseled consumers, it finds that borrowers who obtained forbearances were more likely to experience delinquencies and charge offs in later quarters as compared to those who did not obtain forbearances, even though the latter group had higher distress rates prior to the pandemic. Some data points suggest that consumers who obtained forbearances were more likely to have experienced relatively recent acute shocks that continued to affect their finances after the expiration of short-term relief programs, while consumers who had already been struggling with prior shocks or chronic financial problems prior to the pandemic were less likely to obtain short-term relief.

While these findings suggest that credit card forbearances were not sufficient to provide a soft landing for all consumers who experienced financial shocks, it is important to note that counseled consumers often experience a substantial increase in delinquencies and charge offs around the time of counseling and that the overall incidence of such negative payment history was substantially lower in 2020 and 2021 as compared to the incidence among pre-pandemic cohorts. This suggests that the short-term forbearances and other pandemic relief programs helped to blunt some of the immediate financial shocks from the pandemic and allowed consumers to enter counseling and debt management plans with less severely damaged credit records. Future research could be helpful to analyze the extent to which these advantages affect the speed and extent of long-term recovery for counseled consumers and DMP participants.

2. BACKGROUND

2.1 Study Context

The COVID-19 pandemic was unique for both its arrival speed and its severity. From March 8 to May 2, 2020, 33.8 million Americans made an initial unemployment claim, representing an increase of 1,888 percent over the 1.7 million Americans who filed initial claims over the previous eight-week period. This was the largest increase since weekly data reporting began on January 7, 1967—including the peak of the 2008 financial crisis—and pushed national unemployment to levels that were not seen until two years into the Great Depression.[6] Illnesses and deaths compounded financial shocks for many families, with low-income consumers and households of color more likely to suffer both medical and economic hardships.[7]

Both financial institutions and policymakers moved quickly to aid affected households and businesses, including launching initiatives focused specifically on borrowers. On March 27, 2020, the Coronavirus Aid, Relief and Economic Stability (CARES) Act mandated that nearly all consumers with federal student loans receive automatic forbearances and that consumers with federally backed mortgages who experienced pandemic hardships receive forbearances of up to one year upon request.[8] While the CARES Act did not mandate forbearances for other types of consumer loans, it reduced potential damage to consumers' credit reports and scores by mandating that borrowers be reported to credit bureaus as current (or at the same level of delinquency as prior to the pandemic) for the duration of any pandemic-related credit accommodations. With urging by federal financial regulators, many lenders rushed to establish or expand forbearance and other relief programs in 2020 for non-mandated loan products, and by some estimates ultimately provided about 20 percent of the financial relief granted through forbearances between March 2020 and May 2021.[9]

The CARES Act, subsequent federal legislation, and other government initiatives also boosted unemployment insurance benefits, assistance to small businesses and their employees through such programs as the Paycheck Protection Program, foreclosure protections, and various other relief and stimulus payments to households. Federal officials also extended the length of CARES Act mortgage forbearances for up to 18 months and distributed about $16.5 billion in financial assistance to renters

6 FRED, US Employment and Training Administration, Initial Claims (ICSA); FRED, Unemployment Rate for the United States, 1929-1942. During the Great Depression, unemployment then rose another 10 percentage points over the third year.

7 FinRegLab, 2022, at 50.

8 The CARES Act, 2020. The law's forbearance requirements applied to mortgages that were guaranteed, insured, or securitized by federal agencies and government-sponsored entities.

9 Cherry, Jiang, Matvos, Piskorski, & Seru, 2021.

mostly in late 2021 and early 2022.[10] Student loan forbearances were also extended repeatedly, with the most recent continuation set to expire in August 2023 at the latest.[11]

As various stimulus funds were distributed, unemployment levels began to recede, and vaccines became available, the nation experienced a "K-shaped" recovery in which the majority of households were able to increase savings, pay down debts (particularly credit cards), and shore up their balance sheets, while the minority experienced increasing distress levels that were often worsened by gaps and expirations in various assistance programs. Overall, credit scores increased substantially during the first part of the pandemic, with particularly large gains among renters and consumers in lower scoring tiers. However, roughly 17 percent of consumers in the first year of the pandemic and 20 percent in the second year experienced score declines of 20 points or more.[12]

The importance of short-term lender forbearances and other debt relief programs to these broader trends is still not entirely clear. The volume and impact of forbearances were most dramatic in the early part of the pandemic as other programs were still being rolled out, with one study estimating that more than 72 million consumers (28 percent) obtained at least one loan forbearance through May 2021, allowing them to forgo $86 billion in payments.[13] Among households who obtained such forbearances, a substantial number actually continued to make payments, ranging from 19 percent on revolving accounts to 25 percent on mortgages.[14] At the same time, demand for other debt resolution dropped substantially, as, for example, with consumer bankruptcy filings declining by 30 percent in 2020 relative to 2019, and by another 17 percent in 2021.[15]

Studies that have focused on the effects of lender forbearances and related credit reporting practices on consumers who experienced pandemic-related distress have tended to focus most intensely on mortgage forbearances, in part because of their size and length and the availability of supplemental data sources. Yet while such forbearances provided substantial financial flexibility for consumers who obtained them, about half of lower income consumers and Black and Hispanic households rent their homes.[16] Accordingly, focusing on the use of lender forbearances and debt resolution options for other loan products is instructive to better understand the impacts of the pandemic on populations that tended to be disproportionately impacted by pandemic hardships, as well as to improve short-term and long-term assistance programs going forward.

This study analyzes patterns in credit card forbearances, credit counseling, and enrollment in debt management plans during the pandemic using credit bureau records and other sources. It focuses primarily on distressed consumers who sought assistance from non-profit credit counseling agencies. Such agencies emerged in the 1950s and 1960s to help consumers who were struggling with credit card debt to obtain general budgeting advice and financial counseling. For consumers who can afford the monthly payments, the agencies also administer DMPs that allow consumers to obtain interest and fee concessions on multiple unsecured loans while repaying their full principal over a period of up to 60 months. Information collected by credit counselors from consumers provides additional insight into their financial conditions and motivations for seeking both short-term forbearances from lenders and more generalized assistance in managing their general unsecured loans during the pandemic.

10 U.S. Treasury Department, 2022.

11 U.S. Department of Education, 2022. The latest extension will end 60 days after June 30, 2023, or the resolution of litigation over a broader forgiveness initiative, whichever is earlier.

12 Dornhelm, 2021; CFPB, 2021; Nerdwallet, 2022.

13 Cherry et al., 2021; CFPB, 2021.

14 Cherry et al., 2021, at 157.

15 United States Courts, 2022.

16 U.S. Census Bureau, 2022.

This study is the first phase of a broader research project that will evaluate ways to improve debt resolution options for consumers who are struggling to manage credit card and other general unsecured debts. The research project recognizes the importance of unsecured debt as a component of financial inclusion and household stability, and the need for better strategies to manage unsecured household debt as part of addressing the nation's racial wealth gap and general economic resiliency. The project involves an independent evaluation of data organized by the National Foundation for Credit Counseling (NFCC).[17] Understanding changes to the population of consumers who are seeking assistance during the pandemic and their experiences with forbearance programs will inform later project research evaluating alternative loan repayment structures and data and technology applications.[18]

By studying data provided by multiple credit counseling agencies, this report delves into how the credit landscape changed from pre-COVID baselines through the first 18 months of the pandemic. Our analysis provides a unique lens for viewing how the pandemic affected financially vulnerable consumers, how forbearances on credit cards affected those borrowers as compared to consumers nationally, and on the challenges remaining in facilitating financial recovery for distressed borrowers.

2.2 Prior Research

A number of previous studies have analyzed the profiles of consumers who participate in credit counseling and debt management programs, tracking changes in their credit report metrics for several years after counseling and in some cases comparing their trajectories to consumers with similar credit histories who do not participate in counseling or DMPs. See DiTommaso and Moulton (2022), Roll and Moulton (2019), Barron and Staten (2011), and Elliehausen, Lundquist and Staten (2007). The studies generally find that counseling and DMP participants experience significant deterioration in their credit scores and other metrics for at least one year prior to counseling and at least six months thereafter, which may indicate general increasing financial pressures as well as particular shocks that prompted them to seek counseling.[19] The studies also document rebounds in various credit metrics over time, particularly for DMP enrollees. For instance, the most recent study of data from multiple NFCC member agencies found that DMP enrollees experienced faster and larger improvements in credit scores and reductions in debt balances than either consumers who received only counseling or consumers who had similar credit profiles but did not participate in counseling or DMPs.[20]

This study involves a larger population of counseled consumers than any of the prior research. It builds on the prior literature by comparing cohorts who entered the counseling system during the pandemic to several prior cohorts, showing how typical patterns for consumers as they enter counseling and DMPs have shifted in light of the unprecedented economic conditions, support programs, and changes in credit reporting practices during COVID-19. Our data do not permit a long-term assessment of outcomes after counseling or DMP enrollment in the pandemic era, given that they only cover an 18-month period. However, they suggest ways in which counseled populations

17 The NFCC is a membership organization representing about two-thirds of the nonprofit credit counseling industry. It has worked with both member and non-member agencies to provide data for analysis.

18 An early descriptive analysis of consumers who are enrolling in one alternative repayment plan structure is provided in Appendix B. The program helps consumers whose loan accounts have charged off to settle their debts for less than full balance (LTFB), rather than seeking to pay the full principal within 60 months as in a traditional DMP.

19 Credit reports tend to be somewhat lagging indicators of consumer distress levels due both to the nature and the processes used for reporting. The largest source of information is payment history on certain types of mainstream loan products, such as mortgages, auto loans, and credit card accounts. Such accounts are not typically reported as delinquent until they are at least 30 days past due, and information is reported on a batch basis. Other types of debts are often not reported unless and until they are sent to a third-party collections agency, which may occur only after they have become significantly delinquent. FinRegLab, 2022, at 10-11.

20 DiTommaso & Moulton, 2022.

have been affected both positively and negatively by the unique conditions of COVID-19, including raising important questions about the relationship between short-term relief programs and longer-term options such as DMPs.

The study also contributes to the growing literature about lender accommodations and related credit reporting practices during the pandemic, particularly by focusing on credit card forbearances and their intersection with existing debt resolution options. While Cherry, Jiang, Matvos, Piskorski and Seru (2021) provide some descriptive statistics about forbearances on revolving loans as reflected in credit bureau records through May 2021, their primary focus is on analyzing differences in mortgage forbearances across different institutional actors. Chakrabarti, Lu, Scally and van der Klaauw (2021) report information from the August 2020 Survey of Consumer Financial Education about respondents who received forbearances or other types of accommodations across various types of loan products, finding that credit card accommodations were more common among nonwhite consumers, renters, consumers with annual incomes below $60,000, and consumers who reported experiencing income shocks than other groups. However, the results cover only the first six months of the pandemic.[21] A few subsequent sources focus specifically on credit card forbearances, such as Hossain (2022) (balances enrolled in forbearances through August 2021), the CFPB's 2021 consumer credit card market report (qualitative descriptions and some statistics based on a 2020 survey of large issuers),[22] and Wilshusen (2022) (largely qualitative descriptions based on securities filings and other sources). However, mortgage forbearances and, to a lesser extent, auto loan forbearances have tended to receive the most attention in the literature.[23]

By comparing a national sample to consumers who also sought assistance from counseling agencies and tracing 2021 credit trends for consumers who received forbearances in 2020, we begin to get a more nuanced picture about what types of consumers sought assistance through particular channels and consumer experiences as short-term relief programs ended.

Finally, we also contribute to the broader literature on credit scoring trends that is beginning to emerge from the pandemic crisis. This literature is split as to the effect of CARES Act credit reporting requirements for lender accommodations as compared to broader trends such as the use of stimulus funds to pay down credit card debt, but suggests that the accommodations may have had a greater impact, at least in early days of the pandemic, on consumers who previously had lower credit scores. See Goodman, Li, Mezza, and Nathe (2021), Kowalik, Liu, and Wang (2021), Berger, Bouwman, Norden, Roman, Udell, and Wang (2021).[24]

2.3 Short-Term Forbearances, Credit Counseling, and DMPs

Consumers who are struggling with credit card debt and other general unsecured loans may be able to seek debt relief through several different channels, although not all options are available to all consumers and there can be complex tradeoffs with regard to the timing and amount of direct costs, impacts on credit reports and downstream credit access, and other considerations.[25] The fact that most households have multiple unsecured accounts complicates debt resolution processes for both consumers and lenders, and many consumers turn to intermediaries, such as counseling agencies, for

21 For similar information regarding the populations who obtained mortgage forbearances, see Lambie-Hanson, Vickery, and Akana, 2021.

22 CFPB, 2021. See also CFPB, 2021:23, at 13 – 16, in which the CFPB also briefly discussed credit card accommodations programs.

23 See, e.g., Loewenstein & Njinju, 2022; Kim, Lee, Scharlemann, & Vickery, 2022; Kowalik, Liu, & Wang, 2021; Bakshi & Rose, 2021; Haughwout et al., 2021; Lambie-Hanson, Vickery, & Akana, 2021; Dettling & Lambie-Hanson, 2021; Haughwout et al., 2020.

24 Some studies also explore evidence that consumers who obtained mortgage forbearances used the additional liquidity to pay down their credit card balances. Kim, Lee, Scharlemann, & Vickery, 2022; Haughwout, Lee, Scally, & van der Klaauw, 2021.

25 For a more detailed description of the full set of options and related research, see FinRegLab, 2022 § 2.2.

help in navigating the broader system and coordinating multiple debts. This section briefly describes lender forbearances (focusing primarily on credit card programs) and nonprofit agencies' provision of counseling services and DMP administration. For both topics, it notes changes in programs and processes during the pandemic.

2.3.1 Lender Forbearances

In normal conditions, lenders vary as to what types of short-term and long-term relief programs they offer, their criteria and proof requirements concerning level of hardship, and when and how they reach out affirmatively to struggling borrowers. Longstanding federal guidance regarding accounting practices and loan loss reserves shapes how banks structure and report workout activities, particularly longer-term plans that involve full-balance repayment or less-than-full-balance settlements.[26] Shorter-term programs that are designed to help consumers with hardships that are not expected to last more than 12 months may provide temporary relief from making payments and/or reductions in rates and fees. For credit card accounts, lenders often restrict or freeze borrowers' account usage while they are enrolled in the hardship program.

The Consumer Financial Protection Bureau (CFPB) reports that more than half of large credit card issuers that they surveyed did not have standing short-term forbearance programs for several years prior to the pandemic, though they may have offered short-term relief to victims of natural disasters. After the lockdown, all issuers reported offering skip-payment options. Most also stepped up marketing and affirmative outreach, and a number also began proactive settlement offer campaigns or developed other longer-term options specific to COVID-19, in addition to continuing existing relief options. The issuers generally required attestations of pandemic-related hardships, but not documentation.[27]

No single comprehensive source is available to describe the structure and terms of short-term programs across the full range of issuers, and some programs evolved over time. Initial payment forbearance ranged from one to six months, although large issuers that tended to provide shorter time periods reported to the CFPB that they granted extensions. Some issuers decided not to offer payment forbearance to consumers who were already severely delinquent, in collections, or had filed for bankruptcy prior to the pandemic, though they may have provided other relief such as offering longer-term workouts and/or adjusting collections, debt sales, and litigation activities.[28]

Many issuers waived late or insufficient funds fees for pandemic hardships, but relatively few reduced or waived the accrual of interest and some lenders shifted from waivers to deferrals over time. Although many issuers tightened their origination criteria and credit line policies overall,[29] they varied as to whether they froze accounts or lowered credit limits for consumers who had enrolled in short-term programs during the pandemic. Some lenders reported pausing line decreases or increasing lines when working with some distressed borrowers, as they had done in handling past natural disasters.[30]

Consumers generally had to contact each issuer separately to request forbearances, which was particularly challenging immediately after the March 2020 lockdown as servicing operations shifted to remote operations. The NFCC established a COVID-19 Emergency Response Program (CERP) to streamline procedures and communications between lenders, borrowers, and counseling agencies

26 For an overview see FinRegLab, 2022, § 2.2.2 Box 4.

27 CFPB, 2021, at 115-117, 139-140.

28 *Ibid*, at 108-120, 139-141,155-157; Wilshusen, 2022.

29 American Banker, April 23, 2020, and Olick, 2020.

30 See, for example, Tsosie, 2022, and Armstrong & Noonan, 2020.

regarding forbearance requests during that period. While three of the largest credit card issuers fully participated in the automated notice system, the others either took the automated notice but still required confirmation calls from consumers before obtaining a forbearance or did not participate in the system at all. Accordingly, particularly in the early months of the pandemic, some consumers who sought counseling first may have subsequently approached credit card issuers and other lenders to request payment forbearance, while others may have obtained payment forbearance before seeking counseling.

When credit card payment forbearance ended and consumers did not obtain some other accommodation, they simply were required to begin making minimum payments again. The size of the subsequent payments was larger where interest accruals had not been waived, but borrowers were not expected to make up minimum payments from the forbearance period. In this respect, card forbearances were somewhat distinct from installment loan forbearances, where lenders had to decide how to resolve missed payments as the short-term programs ended.[31] At the same time, because minimum monthly payments for credit cards may be set as low as one percent of balances plus interest and fees, the amount of financial relief provided by card forbearances was generally less than other loan types with higher fixed payments.

2.3.2 Credit Counseling and DMPs

Non-profit agencies provide budgeting analyses and financial counseling to a broad range of consumers and are required under federal law to waive fees where consumers cannot afford to pay.[32] Counseling services typically include recommendations on various ways to reduce expenses, increase income, or apply for various assistance programs. Counselors also educate consumers about different debt relief options and evaluate their eligibility for enrolling in debt management plans. DMPs focus on unsecured debts and are designed to repay all principal within 60 months, consistent with bank regulatory guidance on dealing with impaired loans.[33] Some counseling agencies also offer pre-bankruptcy counseling or may help consumers prepare to negotiate directly with their lenders to resolve debts.

Eligibility determinations for DMPs focus on whether consumers have enough income to make the required payments after monthly expenses and a small additional amount for discretionary expenses or savings. The terms of the DMPs vary depending on the particular lenders involved. Some lenders do not participate in DMPs or may only be willing to participate if all the consumer's other lenders have joined. Individual lenders also vary in the extent to which they are willing to reduce interest and fees for DMP enrollees and how much money they contribute toward administrative expenses. Counseling agencies may charge DMP participants one-time enrollment fees (generally $75 or less) and/or monthly fees (generally $50 or less).[34]

To the extent that an account had become delinquent prior to a consumer enrolling in a DMP, lenders will often "re-age" the account and report it as current to credit bureaus while the consumer makes DMP payments. However, lenders often close the accounts to new transactions and may consider opening new accounts to be grounds for cancellation, although consumers may be allowed to retain one credit card so long as they pay off balances each month and the degree of monitoring and enforcement appear to vary in practice.

31 For federally related mortgage forbearances, servicers generally moved the missed payments to the end of the loan in cases where borrowers could not easily repay them upon reinstatement. Practices varied for other loans. FinRegLab, 2022, § 4.1.

32 See FinRegLab, 2022, § 2.2.3 for a more detailed discussion.

33 See the sources cited in note 20.

34 Some states set caps. FinRegLab, 2022, § 2.2.3.

Comparisons of DMP enrollees to consumers who only receive counseling and to consumers who have similar credit profiles but do not participate in counseling or DMPs suggest that DMP enrollees make larger reductions in the debts and faster improvements in their credit scores relative to the comparison groups.[35] However, research and interviews suggest that roughly 50 percent of consumers who seek credit counseling from non-profit agencies do not qualify for DMPs, and a similar fraction of those who qualify choose not to enroll.[36]

Counseling by telephone was already the typical practice prior to the pandemic, with some shift to internet/video counseling as well. After the lockdown, these channels became universal as in-person counseling ceased entirely. As noted above, the NFCC's Covid-19 Emergency Response Program was designed to streamline procedures and communications between lenders, borrowers, and counseling agencies during the initial months of the pandemic. NFCC also provided a centralized referral service on its website to help consumers connect with counseling agencies.[37] However, as noted above most lenders required that consumers contact them directly to obtain short-term forbearances.

35 See DiTommaso & Moulton, 2022, Roll & Moulton, 2019, Barron & Staten, 2011, and Elliehausen, Lundquist & Staten, 2007.

36 FinRegLab, 2022, § 2.2.3.

37 Gravier, 2021.

3. DATA AND METHODS

3.1 Data Sources

There are three primary sources of data for this analysis. The first source is agency administrative data collected at the time of counseling from the contributing agencies as described in Section 3.2. The agency data contains information on counseled consumers' demographic and financial characteristics, the types of services they received and the dates on which they received them, and characteristics of consumers' financial situations, including the reasons they cited for seeking counseling. Agencies provided de-identified administrative data to the research team for this analysis.

The second source of data is consumer credit data from Experian, one of three national credit bureaus in the U.S. Experian's credit data includes approximately 250 million unique consumer records at any given point in time, representing more than 90 percent of the population in the United States age 18 and older (Brown et al., 2015). To maintain the confidentiality of consumer data, the individual agencies sent a list of their counseled consumers to Experian. Experian then appended credit data to the list of clients and removed all personally identifying information (PII) before sending the credit data to the research team. A unique client-agency key was retained to allow for linkages between the credit data and administrative datasets. Credit data is provided as of the end of a given quarter (Q) as follows: Q1 (March 30), Q2 (June 30), Q3 (September 30), and Q4 (December 31). For this study, we obtained credit data for counseled consumers as of the end of Q2 and Q4 for the years 2017 and 2018, for all four quarters of 2019 and 2020, and for the first three quarters of 2021.[38]

The third source of data is the Ohio State University Consumer Credit Panel (OSU-CCP), which consists of a one percent national random sample of consumers who were in Experian's credit data as of a given quarter from 2015 through 2021.[39] This random sample of data is used for the analyses in Section 5 that focuses on lender forbearances, particularly on credit card accounts.

38 Ideally, we would obtain credit attribute data for all quarters. However, to limit the cost of obtaining credit data, we selected two "baseline" quarters for consumers counseled in 2017 and 2018 (Q2 or Q4). Our analysis sample is therefore limited to consumers counseled during or after Q3 of 2017.

39 The random sample is generated by including all consumers in the sample with the same last two-digits of a unique randomly generated eight-digit time-invariant consumer sequence number. This allows researchers to follow the same randomly selected consumers over time and allows new consumers to enter the sample over time who also have the same last two digits of their consumer sequence number. This process is similar to that used to generate other established credit panels, such as the Federal Reserve Bank of New York's Equifax-sourced Consumer Credit Panel (CCP), see Lee & Van der Klaauw, 2010.

3.2 Study Sample

The study relies on information from consumers who were counseled by a participating non-profit credit counseling agency between Q3 2017 and Q3 2021 who could be matched to credit bureau records.[40] The NFCC recruited agencies to participate in the study, and 13 agreed to participate in this initial research.[41] The agencies provided detailed administrative data on counseled consumers for this analysis. Eight of the agencies provided administrative data for all counseled consumers, and the consumers from these eight agencies comprise the primary "Analysis Sample." Analysis Sample results are provided in Section 3 and Section 4. The other five agencies provided more limited data that either did not cover the full time period or that focused on consumers who enrolled in DMPs rather than the full counseled population.[42] We refer to the sample with consumers from all thirteen agencies as the "All Agencies Sample" in the tables provided in Section 3 and Appendix B.

About 88 percent of the population could be matched to credit bureau records. We focused our analyses on consumers who were counseled in Q3 2017, Q1 2018, Q3 2018 and all quarters from Q1 2019 through Q3 2021, which we call the "Analysis Periods."[43] This allows us to compare the experiences of consumers who received counseling in eight quarters prior to the pandemic (including Q1 2020) to those who receive counseling over six quarters thereafter as described further below.

We rely on the Analysis Sample for all the analyses discussed below except as noted because that sample provides the most complete picture of the full counseled population. We use the All Agencies Sample for an analysis of the new less than full balance (LTFB) repayment option described in Appendix B because it is limited to those consumers who enrolled in a DMP since the start of the pandemic. A comparison of various consumer characteristics at the time of counseling among the two samples is also provided in Appendix B.

Table 1 provides information on the size of the population used for the analysis. For the Analysis Sample over the Analysis Periods, it provides subtotals for consumers who were counseled before and after the onset of COVID-19 as well as for those who only participated in counseling and for those who also enrolled in DMPs. For the All Agencies Sample, it reflects the number of consumers who enrolled in DMPs after the onset of the pandemic, which is used in Appendix B.

40 Unmatched consumers are not consumers without credit data, but rather represent a small subset of consumers with incomplete data provided by agencies to allow for sufficient matching. Match rates vary by agency, depending on the completeness of the input data provided by agencies to Experian. All charts and tables reflect consumers who could be matched to credit bureau records, even if they focus on administrative data that was provided by the counseling agencies.

41 The agencies were American Financial Solutions, Apprisen, Cambridge Credit Counseling, Consumer Credit Counseling Services of Maryland, Consumer Credit Counseling Services of Rochester, Consumer Education Services (CESI), Credit.org, Debt Management Credit Counseling, DebtWave Credit Counseling, GreenPath, InCharge Debt Solutions, Pioneer Credit Counseling, and Take Charge America. All agencies had permission to use client data for purposes of the research project.

42 For instance, one of the five agencies underwent a platform migration in January 2020, so it was missing information on some consumers who were active only prior to that date. Others did not provide administrative data on most or all of the consumers who received counseling but did not enroll in DMPs.

43 As described in Section 3.2, we used information snapshots of their credit reports as of the quarter preceding counseling as a baseline for comparing later outcomes.

TABLE 1 SIZE OF SAMPLE POPULATIONS USED FOR ANALYSIS

		ANALYSIS SAMPLE	ALL AGENCIES SAMPLE
ALL COUNSELED	PRE-COVID	353,957	NA
	POST-COVID	165,765	NA
NOT IN DMP	PRE-COVID	248,133	NA
	POST-COVID	123,544	NA
IN DMP	PRE-COVID	105,824	NA
	POST-COVID	42,221	68,042

Table 2 shows the relative size distribution among the participating agencies (listed in random order) by comparing the number of DMP enrollees with matching credit bureau records in the two samples. The participating agencies are also geographically diverse, with some operating in specific states or regions and others on a nationwide basis.

TABLE 2 DISTRIBUTION OF DMP ENROLLMENTS BY AGENCY

	ANALYSIS SAMPLE, PRE- AND POST-COVID	ALL-AGENCIES SAMPLE, POST-COVID
AGENCY 1	7,213	1,911
AGENCY 2	13,869	3,722
AGENCY 3	8,847	2,644
AGENCY 4	51,668	14,995
AGENCY5	56,929	16,187
AGENCY 6	4,111	1,272
AGENCY 7	3,806	1,084
AGENCY 8	1,602	406
AGENCY 9	NA	5,548
AGENCY 10	NA	1,489
AGENCY 11	NA	16,870
AGENCY 12	NA	1,022
AGENCY 13	NA	892

3.3 Key Measures

Throughout the report, we construct measures of the characteristics of consumers in four key areas: (1) demographic and financial characteristics, (2) use and amount of consumer debt by debt type, (3) credit access, and (4) credit performance. All dollar values in this report are nominal, not adjusted for inflation. Definitions for each of the variables used in our analysis, by construct, are provided in Appendix A.

Demographic and financial characteristics are drawn from the agency administrative data at the time of the initial counseling session and therefore present a one-time snapshot of particular consumers. Not all agencies collected all data points for all consumers. Demographic characteristics include, among other fields, gender, number of children, education, marital status, and race/ethnicity. The administrative data also includes information on household income and assets at the time of counseling, as well as the primary reason for seeking counseling. We construct an indicator for unemployment or loss of income as the primary reason for seeking counseling.

The other three categories of information are drawn from the Experian credit data over time, permitting us to study trends both before and after counseling. The debt types in our analysis include mortgages, student loans, auto loans, personal finance loans, and credit cards. We compare the share of counseled consumers holding various types of debt and average outstanding balances on these loan types, as well as the balance on both open and closed bankcard accounts.[44]

We also construct indicators of credit access from the Experian credit data, which may be helpful to understand whether and how consumers attempted to use additional credit to manage financial distress. The metrics include the presence of open bankcard accounts, the available credit on those accounts, whether the consumer is an authorized user on another consumer's card, and auto loans and bankcards opened in the last six months.[45]

We include multiple measures of credit performance from the Experian credit data. While the credit data includes numerous measures, we focus primarily on whether consumers have had accounts go 60 or more days delinquent in the past 12 months, whether they have had accounts charge off in the past 12 months,[46] debts in collection, and changes in their VantageScores.

3.4 Analysis Approach

We organize our empirical analysis around two sets of questions. The first set investigates changes in demand for credit counseling and DMPs before and after the onset of the COVID pandemic, including changes in the demographic, financial, and credit profiles of consumers who sought counseling and their experiences both before and after obtaining assistance from the counseling agencies. For this analysis, we summarize the characteristics of consumers at baseline, defined as of the time of the initial counseling session or, in credit data, the quarter prior to the initial counseling session. For example, for consumers counseled in Q3 of 2017 (July 1 through September 30, 2017), the baseline quarter is Q2 of 2017 (measured as of June 30, 2017). This allows us to compare consumers at baseline, prior to being treated by the counseling session. We further examine changes in credit trends using Experian credit data, including trends in debt levels, credit access, and credit performance. For this analysis, we divide the counseled sample into cohorts based on the timing of their initial counseling session, focusing on consumers counseled during the third quarter of our analysis

44 Personal finance loans are offered by non-bank lenders and tend to have higher prices than bank installment products. For a measure of the full debt level of a particular type we treat those without a particular debt as having a zero balance.

45 See Appendix A for the specific Experian fields used to define the measures.

46 Charge off is a change in accounting status where a lender records the loan as a loss. Federal banking guidance generally requires that charge offs occur after no more than 120 days of delinquency on a closed-end loan and 180 days of delinquency on open-end loans such as credit cards. Charge offs do not affect the consumer's legal obligation to pay the debt, but are often considered seriously derogatory events for credit scoring and underwriting purposes. Lenders often treat charged off loans differently with regard to settlement and collections strategies. See FinRegLab, 2022, at 10-11.

years (2017, 2018, 2019, 2020, and 2021). This allows us to examine how (if at all) the COVID pandemic changed the typical evolution of credit trends both before and after counseling.

The second set of questions analyzes the interplay between counseling, enrollment in DMPs, and private creditor forbearances after the onset of the COVID pandemic. Here, we benchmark counseled consumers' take-up of forbearances to consumers in the general population, using a national random sample of consumers from the OSU CCP. We compare the pre-pandemic baseline characteristics of consumers who subsequently obtain private credit card forbearances to those who do not obtain forbearances, and we trace differences in the evolution of credit trends by forbearance, counseled, and DMP status.

Differences in Tables 4-10 are statistically significant at the 95 percent confidence level unless marked as "NS" or discussed in text.

4. COVID ERA CHANGES IN CREDIT COUNSELING & DMPS

4.1 Changes in Volume of Counseling, Referrals, and DMP Enrollments

Our first analysis uses data from the Analysis Sample to track changes across the eight agencies in the demand for counseling, the number of consumers who were referred as meeting eligibility requirements for DMPs, and the number of DMP enrollments since the start of the COVID-19 pandemic. To track trends over time, we compute quarterly averages for three separate periods: pre-pandemic quarters through Q1 2020, the last three quarters of 2020, and the first three quarters of 2021. This allows us to investigate whether there were changes at difference stages of the pandemic.

As reflected in Table 3, the quarterly volume of consumers seeking counseling declined by 33 percent from pre-pandemic levels in the last three quarters of 2020, and continued to drop in the first three quarters of 2021 though at a slower rate (by another 10 percent). This is generally similar to the declines reported in annual personal bankruptcy filings after the onset of the pandemic, with declines of 30 percent in 2020 and an additional 17 percent in 2021 as compared to 2018 and 2019 levels.[47]

Though we lack complete data on the number of consumers referred for DMPs, it is notable that the quarterly averages for referrals and for DMP enrollments declined even more sharply than counseling volumes, dropping by more than 40 percent over the last three quarters of 2020 and by an additional 11 percent over the first three quarters of 2021 as compared to pre-pandemic levels. As a result, the quarterly average for DMP referrals and enrollments in the first three quarters of 2021 was less than half of the pre-pandemic volume.[48]

47 See United States Courts, 2022.

48 Although the five additional agencies included in the All Agencies Sample did not provide complete information on counseled and referred consumers, their quarterly averages for DMP enrollments over the same time periods showed a decline of 32 percent in the last three quarters of 2020. Their enrollments showed some recovery in the first three quarters of 2021 but were still more than 15 percent below pre-pandemic levels.

TABLE 3 QUARTERLY AVERAGES FOR COUNSELING AND DMP ENROLLMENT

ALL CONSUMERS	PRE-PANDEMIC	Q2-Q4 2020	% CHANGE V. PRE-PANDEMIC	Q1-Q3 2021	% CHANGE V. PRE-PANDEMIC
COUNSELED	44,245	29,871	-32.5%	25,384	-42.6%
REFERRED[49]	17,731	10,528	-40.6%	8,446	-52.4%
REFERRED RATE	60%	56%	NA	56%	NA
ENROLLED	13,228	7,740	-41.5%	6,333	-52.1%
CONVERSION RATE	30%	26%	NA	25%	NA

As a result of counseling, referral, and enrollment volumes all declining at the same time, the percent of incoming consumers who ultimately enroll in DMPs (often called the "conversion rate") declined from 30 percent in the pre-pandemic era to 25 percent by the first three quarters of 2021. The conversion rates for all eight individual agencies declined after the onset of COVID-19 (not shown), with the rates for three agencies dropping by two percentage points or less and the rates for the remainder dropping by five to nine percentage points.

Taken together, these results suggest that while the number of consumers seeking assistance declined substantially during COVID-19, those consumers who did reach out to counseling agencies may have been in greater distress since a smaller percentage of them met the criteria to enroll in DMPs. Eligibility depends in part on whether consumers have enough residual income after regular expenses to cover the DMP payments to their unsecured creditors.[50] However, the mix of debts across lenders for individual consumers can also play a role because individual lenders vary as to the degree of concessions they offer to DMP participants or whether they will participate in DMPs at all.[51] Subsequent sections will explore in greater detail how consumers who received counseling and enrolled in DMPs during the COVID-era differ from pre-pandemic cohorts.

4.2 Changes in the Demographic and Financial Profiles of Counseled Consumers

Among consumers in the Analysis Sample, we compare the pre- and post-COVID demographic information and financial profiles of the overall counseled population and those who enrolled in a DMP using administrative data supplied by the agencies. We first compare averages over the pre- and post-pandemic periods but then use charts to track differences in certain metrics over time. Section 4.3 provides additional information on the groups' financial situations using credit bureau data.

Table 4 focuses on demographic distributions, showing that post-COVID counseled and enrolled consumers are slightly older on average, had fewer children, less education, and were less likely to be married or live with a partner. The percentage of counseled consumers who are Black and Hispanic rose by four percentage points and two percentage points, respectively, compared to the pre-pandemic era, although this shift must be treated with some caution due to changes in recordkeeping practices

49 One of the agencies did not provide data on whether a consumer was referred or not. This agency is excluded from the "Referred" and "Referred Rate" rows, but otherwise included.

50 Counselors conduct an individualized assessment in cases where a consumer is unemployed to consider such factors as the availability of unemployment insurance benefits and the consumer's commitment to and prospects for restoring income.

51 For instance, some fintech lenders have not historically participated in DMPs, some higher-cost non-bank lenders may tend to offer relatively small rate and fee concessions, and credit card issuers often offer varying tiers of concessions depending on a consumer's level of distress. See FinRegLab, § 2, 2022, at 26 & nn. 159-160.

by agencies during the pandemic.[52] The percentage of counseled consumers and DMP enrollees who experienced income or unemployment shocks also increased substantially during the pandemic, rising by seven and twelve percentage points, respectively.[53]

TABLE 4 DEMOGRAPHIC DISTRIBUTIONS FOR COUNSELED AND ENROLLED CONSUMERS

		ALL COUNSELED			ENROLLED IN DMP		
CATEGORY	**MEASURE**	**PRE-COVID**	**POST-COVID**	**DIFF.**	**PRE-COVID**	**POST-COVID**	**DIFF.**
AVERAGE AGE		42.8	43.6	0.8	44.8	45.1	0.3
AVERAGE NUMBER OF UNDER 18 IN HOUSEHOLD		2.0	1.8	-0.2	1.9	1.8	-0.1
SHARE FEMALE		66%	64%	-2%	69%	67%	-2%
EDUCATION	SHARE LESS THAN HIGH SCHOOL	4%	6%	2%	3%	3%	0% NS
	SHARE HIGH SCHOOL GRADUATE OR EQUIVALENT	27%	29%	2%	24%	26%	1%
	SHARE AT LEAST SOME COLLEGE OR COLLEGE DEGREE	67%	62%	-5%	71%	67%	-3%
	SHARE OTHER	2%	3%	1%	2%	4%	2%
SHARE MARRIED/LIVING WITH A PARTNER		30%	25%	-6%	35%	30%	-5%
RACE/ETHNICITY	SHARE ASIAN	3%	3%	0%	2%	3%	0%
	SHARE BLACK	19%	23%	4%	18%	19%	1%
	SHARE HISPANIC	12%	14%	2%	11%	14%	2%
	SHARE OTHER	7%	7%	1%	6%	7%	1%
	SHARE NON-HISPANIC WHITE (ASSUMING MISSING ETHNICITY IS NON-HISPANIC)	58%	58%	0%	57%	57%	0%
	SHARE NON-HISPANIC WHITE (EXCLUDES MISSING ETHNICITY)	50%	47%	3%	56%	54%	3%
CHANGES TO EMPLOYMENT AND INCOME	UNEMPLOYMENT OR INCOME SHOCK	27%	34%	7%	27%	38%	12%
	UNEMPLOYMENT	18%	22%	4%	16%	22%	6%

Note: NS means the difference is not statistically significant at the 95% confidence level.

Chart 1 reflects changes in the demographics over time. The chart shows the share of counseled consumers that are Black or African American increased at the beginning of the pandemic and continued to accelerate in 2021. In contrast, the share of Hispanic consumers has remained relatively stable after an initial increase.[54]

52 Some agencies do not collect race and ethnicity data. Among those that do, some agencies had higher rates of missing observations during the pandemic era, which may relate to process disruptions during initial lockdowns, while others significantly improved their recordkeeping over the course of the pandemic in response to racial justice debates. It is difficult to determine how much of the shifts may be affected by changes in data collection or outreach campaigns, but agencies reported in interviews that higher numbers of consumers of color were seeking counseling during the pandemic. This is consistent with extensive documentation about the disproportionate economic and medical effects of COVID-19 and of gaps in assistance initiatives on households of color. FinRegLab, 2022; FinRegLab, 2021.

53 See Appendix A for our approach to identifying these shocks.

54 In Charts 1 and 2, “Pre-2019” reflects an average based on combined data from Q3 2017, Q1 2018, and Q3 2018.

CHART 1 SHARE OF CONSUMERS COUNSELED PER QUARTER, BY RACE AND ETHNICITY

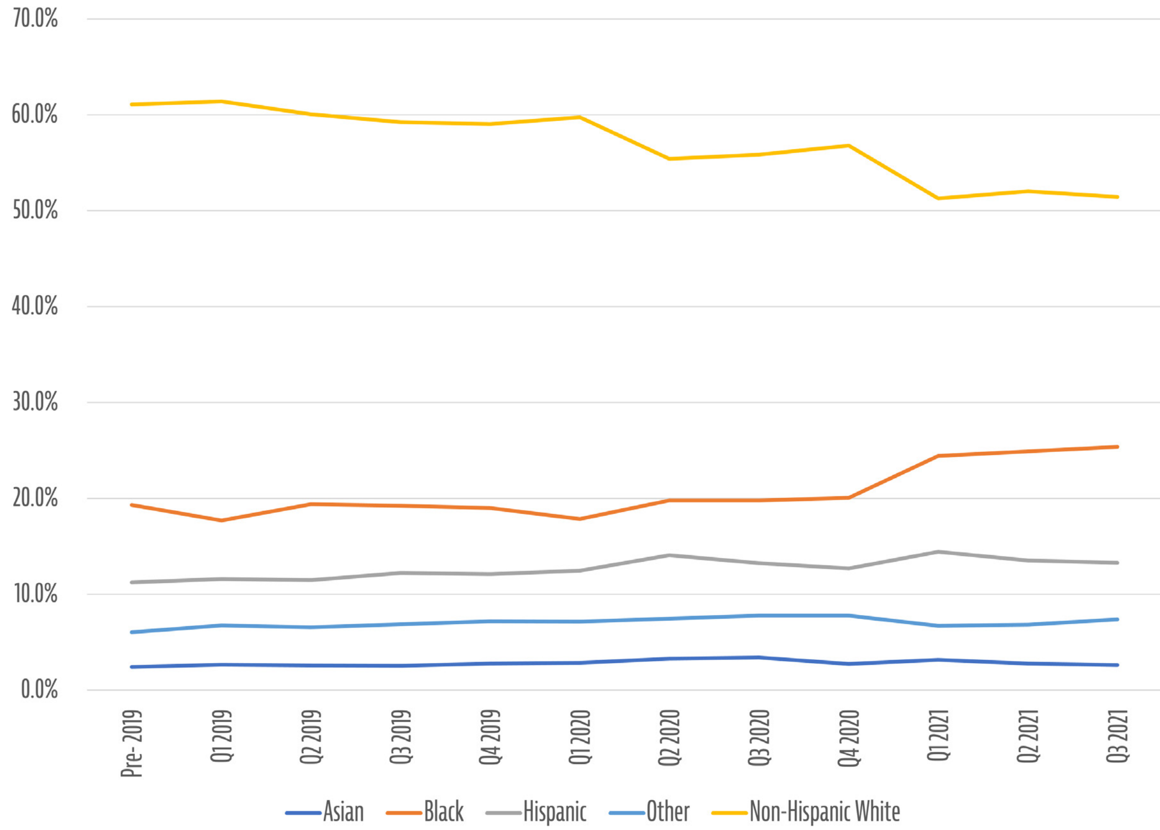


Chart 2 presents a similar trend analysis for our measure of consumers facing unemployment or income shocks. Although the national unemployment rate peaked in Q2 2020 and declined substantially thereafter, the percentage of counseled consumers reporting job losses remained high through 2020 and increased again in late 2021. The percentage of counseled consumers reporting either income or job losses did not peak until the end of 2020, and remained above pre-pandemic levels for the first three quarters of 2021. In contrast, the percentage of consumers who reported that they sought counseling because of expenses dropped from about 24 percent in the pre-pandemic era to about 16 percent after COVID (not shown).

CHART 2 SHARE OF COUNSELED CONSUMERS BY QUARTER FACING INCOME OR UNEMPLOYMENT SHOCKS

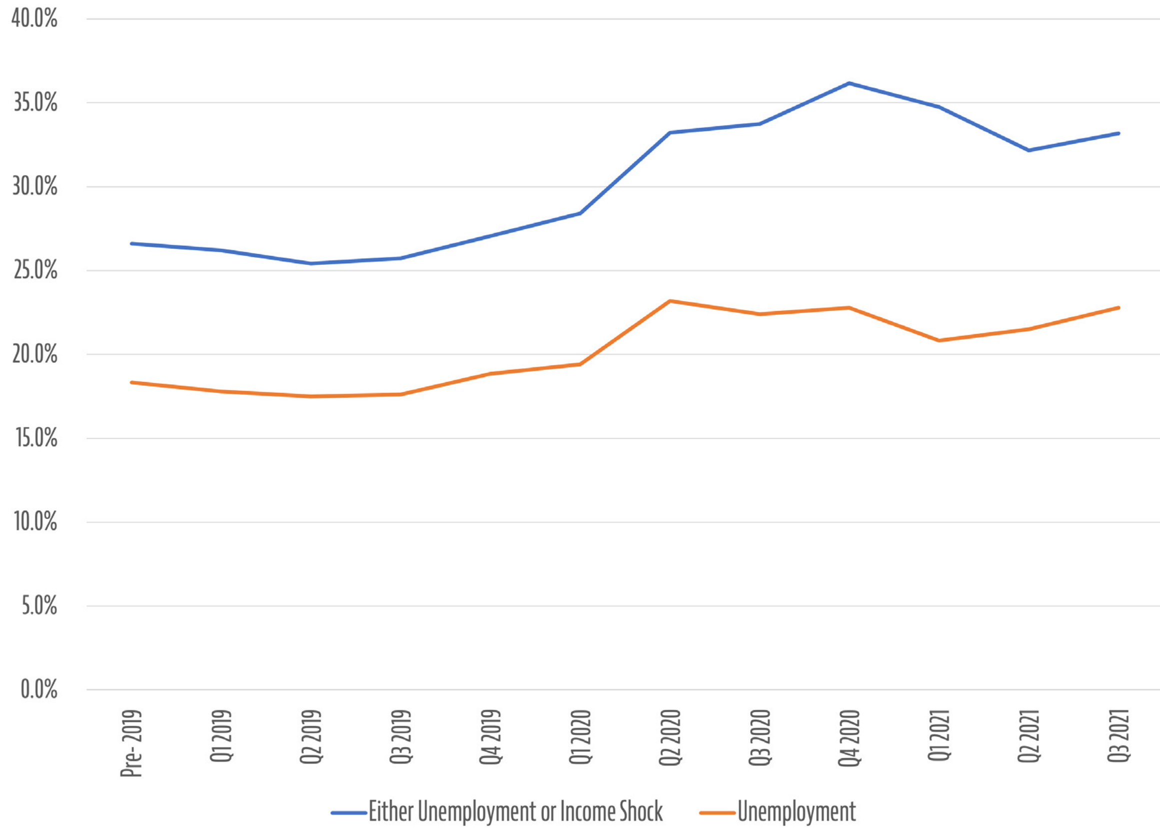


Table 5 displays economic profiles based primarily on administrative data collected by the agencies for consumers who sought counseling and enrolled in DMPs both before and after the start of the pandemic. The post-COVID group tends to have fewer tangible assets and slightly lower levels of unsecured debt than the pre-pandemic group, but gaps between the two cohorts with regard to monthly incomes and housing expenses were smaller. However, the income statistics may be substantially affected by federal enhancements in unemployment insurance benefits during the pandemic, which terminated between June and September 2021 depending on the state.[55]

TABLE 5 INCOME AND ASSET DATA FOR COUNSELED AND ENROLLED CONSUMERS: PRE-COVID AND POST-COVID

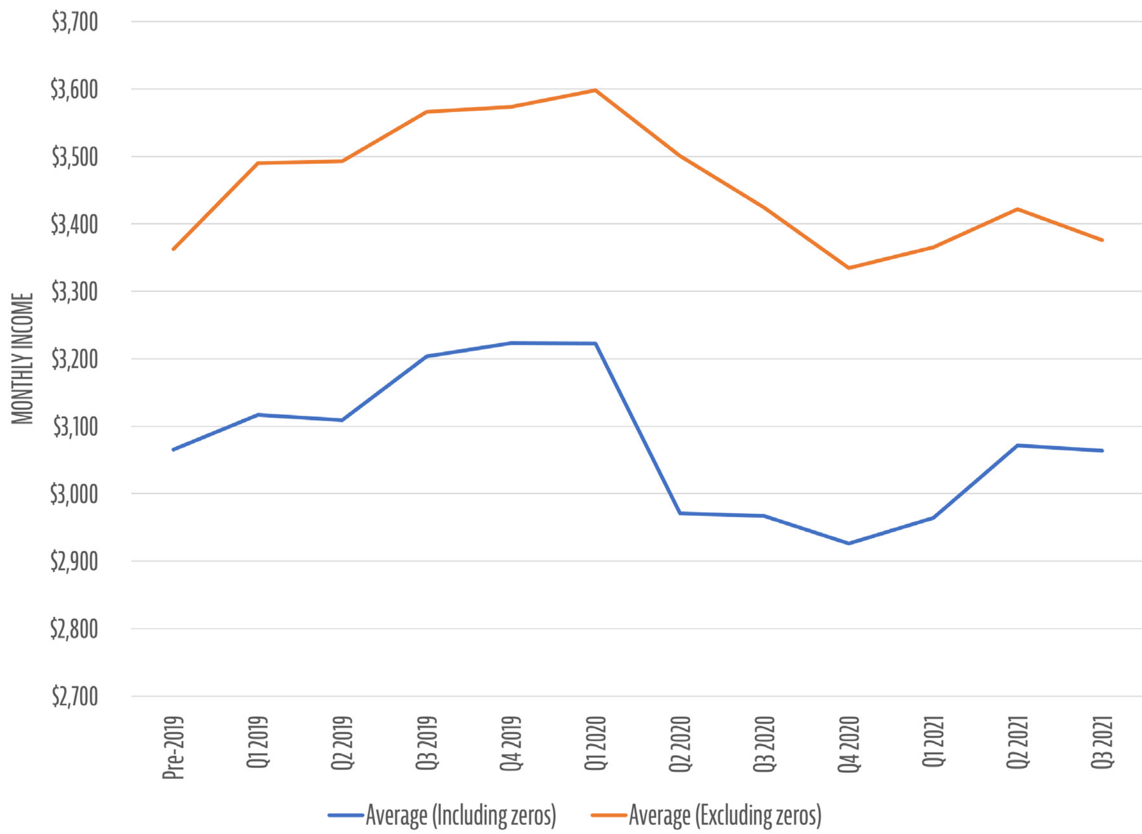
		ALL COUNSELED			ENROLLED IN DMP		
CATEGORY	MEASURE	PRE-COVID	POST-COVID	DIFF.	PRE-COVID	POST-COVID	DIFF.
AGENCY DATA ON INCOME/ASSETS (TOP CODE 99%)	AVERAGE MONTHLY INCOME, EXCLUDING ZEROES	$3,359	$3,307	-$51	$3,519	$3,461	-$58
	AVERAGE MONTHLY INCOME, INCLUDING ZEROES	$3,025	$2,901	-$124	$3,394	$3,318	-$76
	AVERAGE MONTHLY HOUSING EXPENSES	$1,151	$1,128	-$23	$1,206	$1,172	-$35
	AVERAGE UNSECURED DEBT	$20,350	$18,300	-$2,049	$22,312	$21,344	-$968
	AVERAGE TANGIBLE ASSETS	$85,900	$80,477	-$5,423	$89,246	$86,113	-$3,133 NS
CREDIT BUREAU DATA ON INCOME (TOP CODE 99%)	AVERAGE INCOME INSIGHT SCORE	58	60	2	61	63	2
	AVERAGE DTI SCORE	26	22	-4	30	26	-4

Note: NS means the difference is not statistically significant at the 95% confidence level.

55 Congressional Research Service, 2021.

Chart 3 tracks the average monthly income for consumers who started counseling in various quarters. Including consumers who reported incomes of $0 in the averages underscores the more dramatic decline in the finances of consumers who entered counseling in Q2 2020 as compared to the prior quarter. Average incomes continued to shrink among incoming cohorts through Q4 2020, but rebounded somewhat by Q2 2021.

CHART 3 AVERAGE MONTHLY INCOME BY QUARTER OF COUNSELING



The next section analyzes the counseled populations' debt profiles and credit trends in more detail using information from credit bureau records.

4.3 Changes in the Credit Profiles of Counseled Consumers

4.3.1 Debt Levels

We look first at the types of credit consumers were using at the time of counseling and their level of indebtedness as presented in Table 6. Some of these measures may indicate access to other assets (*e.g.*, having a mortgage indicates home ownership) that may both be a debt burden and a potential resource for weathering shocks. On average, we find that post-COVID counseled consumers had fewer credit products than their pre-COVID counterparts. They were less likely to have a mortgage, student loan, or auto loan, but when they did have such loans, their debt levels were higher compared to pre-COVID populations, particularly as to their home loans. This is despite post-COVID consumers being (on average) slightly older and thus have had similar or longer periods of time to pay down their longer-term debt. Similarly, the share of counseled consumers who had balances on open or closed bankcard accounts also shrunk during the pandemic, although DMP enrollees with such balances tended to have higher average debts. In contrast, usage of personal finance loans was even or higher among pandemic cohorts as compared to earlier groups of counseled consumers and DMP enrollees, and differences in average balances were relatively small.[56]

TABLE 6 DEBT LEVELS FOR COUNSELED AND ENROLLED CONSUMERS IN PERIOD BEFORE COUNSELING

		ALL COUNSELED			ENROLLED IN DMP		
CATEGORY	**MEASURE**	**PRE-COVID**	**POST-COVID**	**DIFF.**	**PRE-COVID**	**POST-COVID**	**DIFF.**
TYPE OF DEBT	SHARE WITH A MORTGAGE	25%	21%	-4%	29%	26%	-4%
	SHARE WITH A STUDENT LOAN	36%	32%	-4%	40%	36%	-4%
	SHARE WITH AUTO LOANS	54%	49%	-5%	60%	56%	-4%
	SHARE WITH PERSONAL FINANCE LOANS	17%	17%	0%	21%	23%	1%
	SHARE WITH A BALANCE ON OPEN OR CLOSED BANKCARDS	75%	71%	-4%	88%	86%	-2%
LEVEL OF DEBT	AVERAGE BALANCE ON MORTGAGES (OF THOSE WITH A MORTGAGE)	$160,449	$171,784	$11,335	$158,719	$170,776	$12,057
	AVERAGE BALANCE ON MORTGAGES (ACROSS ALL CONSUMERS)	$39,594	$36,101	-$3,493	$46,693	$43,834	-$2,859
	AVERAGE BALANCE ON STUDENT LOANS (OF THOSE WITH A STUDENT LOAN)	$42,518	$44,021	$1,503	$47,217	$48,729	$1,512
	AVERAGE BALANCE ON STUDENT LOANS (ACROSS ALL CONSUMERS)	$15,248	$14,081	-$1,167	$18,682	$17,420	-$1,261
	AVERAGE BALANCE ON AUTO LOANS (OF THOSE WITH AN AUTO LOAN)	$18,383	$18,575	$191	$19,049	$19,402	$353
	AVERAGE BALANCE ON AUTO LOANS (ACROSS ALL CONSUMERS)	$9,861	$9,102	-$759	$11,417	$10,893	-$524
	AVERAGE BALANCE ON PERSONAL FINANCE LOANS (OF THOSE WITH A PERSONAL FINANCE LOAN)	$6,243	$5,768	-$475	$7,005	$6,591	-$414
	AVERAGE BALANCE ON PERSONAL FINANCE LOANS (ACROSS ALL CONSUMERS)	$1,039	$981	-$58	$1,481	$1,489	$8 NS
	AVERAGE BALANCE ON OPEN AND CLOSED BANKCARD ACCOUNTS (OF THOSE WITH ACCOUNTS)	$11,911	$11,674	-$238	$12,641	$13,178	$537
	AVERAGE BALANCE ON OPEN AND CLOSED BANKCARD ACCOUNTS (ACROSS ALL CONSUMERS)	$8,955	$8,330	-$625	$11,136	$11,295	$159 NS

Note: NS means the difference is not statistically significant at the 95% confidence level.

4.3.2 Credit Access

Credit access can play a complicated role for households who are facing increasing financial pressures, in some cases by helping to smooth income and expense shocks (particularly through credit cards, given the nature of the loan product) and in others by increasing overall financial burdens. As shown in Table 6, post-COVID consumers were less likely to have open bankcard accounts at the time of counseling, but more likely to have available credit on those cards. They also tended to have larger amounts of available credit when applicable. The differences were similar for the counseled population and the DMP population.

56 Card issuers often close accounts to new charges in situations where borrowers are struggling to pay their accounts on time, so it is important to consider balances on accounts in both statuses in gauging consumer debt levels.

Table 7 also provides detail on the behavior of consumers coming into counseling with respect to accessing new credit. Prior to the pandemic, 20 percent opened new bankcards in the six months prior to counseling, with an even higher percentage (23 percent) among the subset of consumers who entered DMPs. This may indicate that consumers had sought to manage earlier income or expense shocks by obtaining additional credit prior to seeking counseling services. These patterns are somewhat lower in the post-pandemic group, with the percentage of consumers opening new card accounts shrinking by three percentage points. For longer term credit, in both periods, roughly 10 percent of the consumers had opened an auto loan in the six months prior to counseling, and almost 2 percent had obtained a mortgage. The post-pandemic ratios shift down slightly for auto loans and up for mortgage loans.

TABLE 7 CREDIT ACCESS FOR COUNSELED AND ENROLLED CONSUMERS IN PERIOD BEFORE COUNSELING

		ALL COUNSELED			ENROLLED IN DMP		
CATEGORY	**MEASURE**	**PRE-COVID**	**POST-COVID**	**DIFF.**	**PRE-COVID**	**POST-COVID**	**DIFF.**
EXISTING ACCESS	SHARE WITH OPEN BANKCARD ACCOUNTS	73.4%	70.7%	-2.7%	85.8%	83.7%	-2.1%
	AVERAGE # OF OPEN CARDS (OF THOSE WITH OPEN CARDS)	3.6	3.6	0.0 NS	3.8	3.9	0.1
	AVERAGE # OF OPEN CARDS (ACROSS ALL CONSUMERS)	2.6	2.5	-0.1	3.3	3.3	0.0 NS
	SHARE WITH AVAILABLE CREDIT	53.2%	56.7%	3.5%	61.1%	65.2%	4.1%
	AVERAGE AVAILABLE CREDIT (AMONG THOSE WITH AVAILABLE CREDIT)	$5,740	$6,661	$921	$4,603	$5,463	$860
	AVERAGE AVAILABLE CREDIT (ACROSS ALL CONSUMERS)	$3,053	$3,775	$722	$2,814	$3,564	$750
	SHARE WITH OPEN AUTHORIZED USER TRADES	15%	14%	-1%	17%	16%	-1%
NEW ACCESS	SHARE OPENED AUTO LOAN IN LAST 6 MONTHS	10%	9%	-1%	11%	10%	-1%
	SHARE OPENED BANKCARD IN LAST 6 MONTHS	20%	17%	-3%	23%	20%	-3%
	SHARE OPENED MORTGAGE IN LAST 6 MONTHS	1.3%	1.5%	0.2%	1.5%	2.0%	0.4%

Note: NS means the difference is not statistically significant at the 95% confidence level.

4.3.3 Credit Performance

Performance on loan repayment often declines substantially in the months before consumers seek counseling and enroll in DMPs as evidenced by increasing delinquencies, charge offs, and debts in collection. In addition to increased utilization rates, prior research demonstrates that these patterns tend to drive down credit scores in the pre-counseling era and continuing on average for about two quarters thereafter.[57]

In Table 8, we show measures of the level of credit distress at the time that consumers seek counseling for consumers who sought assistance both prior to and after the onset of the pandemic. The results suggest that post-COVID cohorts were both more distressed on certain metrics and less distressed on others. For example, their average VantageScores were 14 points higher than the pre-pandemic group, and the share of consumers who had accounts that were 60 days or more delinquent dropped by 4.2 percentage points compared to the pre-pandemic group. At the same time, the share of consumers who had experienced charge offs, collections balances, and accounts that were presently derogatory were flat or increased slightly, and average balances in those categories were also higher in the post-pandemic group.

57 DiTommaso & Moulton.

TABLE 8 CREDIT PERFORMANCE FOR COUNSELED AND ENROLLED CONSUMERS IN PERIOD BEFORE COUNSELING

	ALL COUNSELED			ENROLLED IN DMP		
MEASURE	PRE-COVID	POST-COVID	DIFF.	PRE-COVID	POST-COVID	DIFF.
SHARE WITH VANTAGE SCORE	100%	100%	0%	100%	100%	0%
AVERAGE VANTAGE SCORE	589	603	14	596	607	10
SHARE WITH TRADES EVER 60 OR MORE DAYS DELINQUENT OR DEROGATORY OCCURRED IN THE LAST 12 MONTHS EXCLUDING COLLECTIONS	38.5%	34.3%	-4.2%	35.9%	34.5%	-1.4%
SHARE WITH REVOLVING BANKCARD TRADES EVER 60 OR MORE DAYS DELINQUENT OR DEROGATORY OCCURRED IN THE LAST 12 MONTHS	21.4%	19.1%	-2.3%	21.5%	21.2%	-0.3%
SHARE WITH TRADES EVER 90 OR MORE DAYS DELINQUENT OR DEROGATORY OCCURRED IN THE LAST 12 MONTHS EXCLUDING COLLECTIONS	32.0%	28.6%	-3.4%	28.3%	27.7%	-0.6%
SHARE WITH REVOLVING BANKCARD TRADES EVER 90 OR MORE DAYS DELINQUENT OR DEROGATORY OCCURRED IN THE LAST 12 MONTHS	16.9%	15.4%	-1.5%	16.0%	16.4%	0.4%
SHARE WITH A CHARGE OFF IN LAST 12 MONTHS	13.1%	12.6%	-0.6%	10.5%	11.5%	1.0%
AVERAGE OF TOTAL BALANCE ON PRESENTLY UNSATISFIED CHARGED-OFF TRADES INCLUDING SETTLED CHARGED-OFF TRADES	$1,847	$2,210	$363	$1,259	$1,786	$527
SHARE WITH TOTAL BALANCE ON COLLECTIONS	41.8%	42.8%	1.0%	32.3%	33.9%	1.6%
AVERAGE OF TOTAL BALANCE ON COLLECTIONS	$1,185	$1,362	$177	$698	$884	$186
SHARE WITH TRADES PRESENTLY DEROGATORY EXCLUDING COLLECTIONS	31.8%	33.8%	1.9%	24.0%	28.0%	4.0%
AVERAGE OF TRADES PRESENTLY DEROGATORY EXCLUDING COLLECTIONS	$3,539	$3,629	$89 NS	$2,188	$2,726	$538

Note: NS means the difference is not statistically significant at the 95% confidence level.

On net, it appears the post-COVID consumers had better credit profiles coming into their counseling sessions than the pre-COVID consumers. However, several factors may be affecting these patterns, including the availability of forbearances and related federal laws on credit reporting as well as stimulus payments and changes in consumers' decisionmaking about how quickly to seek counseling assistance after experiencing a financial shock. The role of forbearances will be discussed further in Section 5. The results may also suggest that there are distinct subgroups within the post-COVID population, with one group that experienced income shocks that prompted them to seek financial advice while using unemployment insurance, stimulus payments, and forbearances to try to stay current on their payments, and a second group of consumers that had experienced more chronic challenges over time that had led to higher collections and charge-off balances. The next section compares credit trends over time to better understand the differences among consumers counseled at different periods before and after the pandemic.

4.4 Changes in Credit Trends over Time

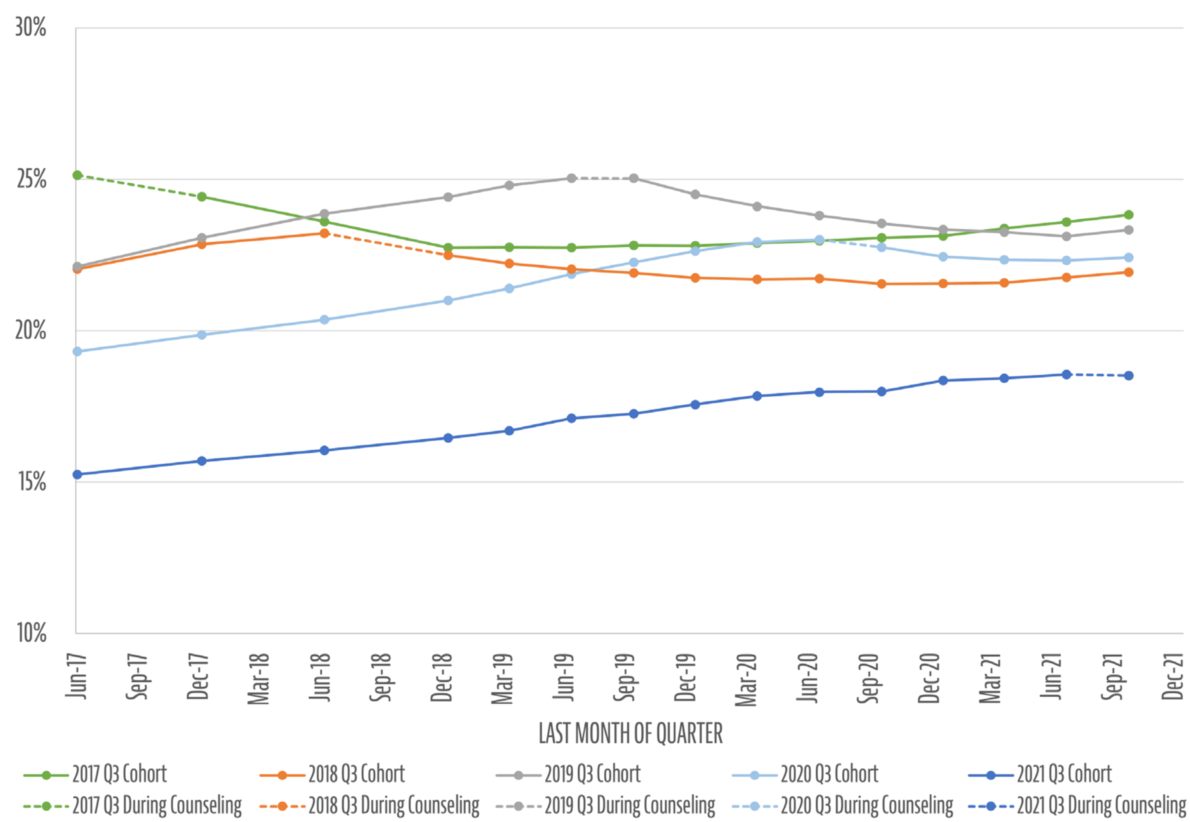
To better understand trends both before and after counseling and DMP enrollments, we also built a series of comparisons to track credit bureau metrics for the consumers counseled in Q3 of each year between 2017 and 2021.[58] These comparisons both help us better understand differences in consumers' financial position at the time of counseling, as well as their subsequent experiences. The appendix contains trends for additional constructs related to debt levels.

In each chart, the portion of the trend line that is dotted represents the quarter in which counseling occurred; for some earlier time periods where we lack full credit bureau data, the dotted line also extends through the subsequent quarter after counseling as well. The different colors represent the different cohorts of consumers; for instance, metrics for consumers counseled in Q3 2020 are shown in light blue while consumers counseled in Q3 2021 are shown in dark blue to track differences among consumers who entered the counseling system at different points during the pandemic.

4.4.1 Debt Levels

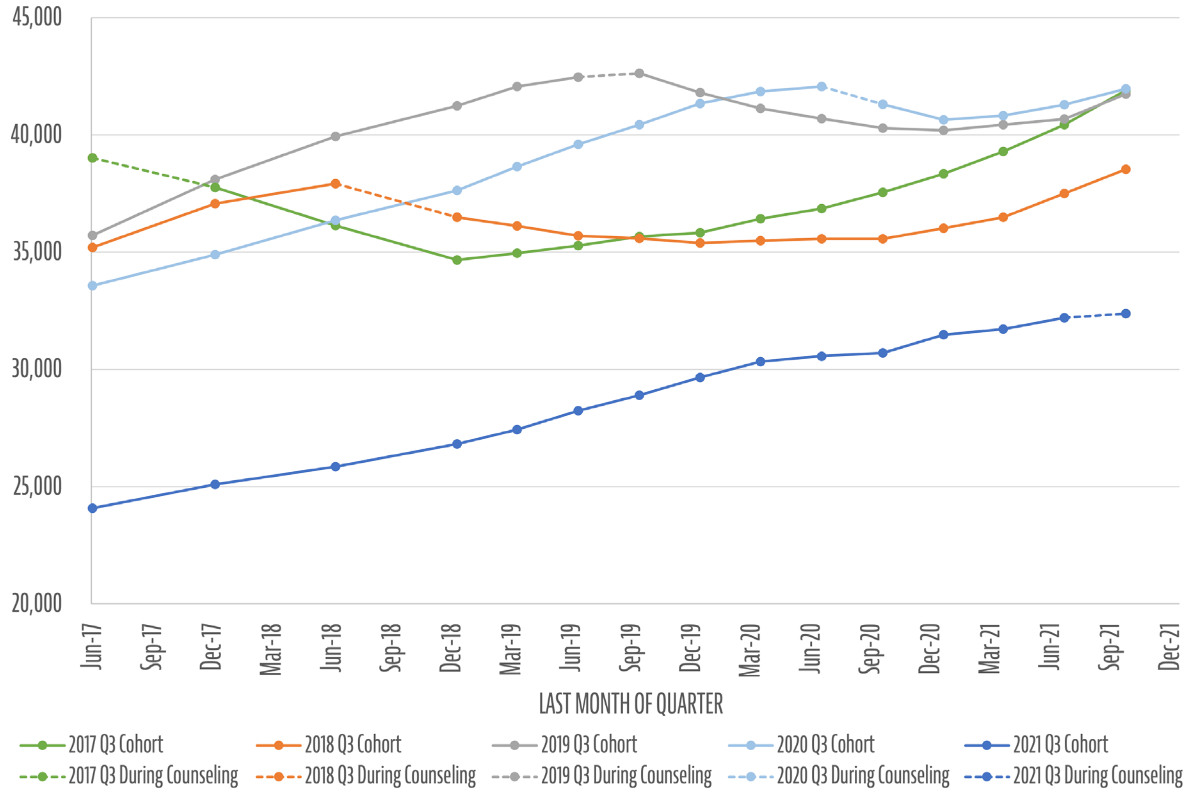
We focus first on differences in the relative debt levels carried by different cohorts, starting with mortgage loans since the disparities between consumers counseled before and after the onset of COVID-19 were most stark with regard to those loans in Table 6. While Table 6 showed that the post-pandemic group as a whole was less likely to have mortgage debt than the prior group but had higher average balances among those consumers who did have the loans, Chart 4 and Chart 5 suggest that there are also significant differences within the pandemic group. For instance, the share of counseled consumers with mortgage loans for the Q3 2020 cohort is generally comparable to the earlier Q3 cohorts, which peaked between 23 percent and 25 percent as of the quarter before counseling and then declined slightly over subsequent quarters.

CHART 4 SHARE OF Q3 COHORTS WITH MORTGAGE DEBT



58 Among NFCC members as a whole, counseling volume typically peaks in Q3, falls back in Q4, and begins to build again after the holiday season toward the next Q3 peak. Focusing on Q3 also allows us to compare consumers who sought counseling within a quarter of the onset of the pandemic and peak national unemployment numbers with those who sought counseling as various pandemic relief programs expired in summer 2021.

CHART 5 AVERAGE MORTGAGE DEBT BALANCES ACROSS ALL COUNSELED CONSUMERS IN Q3 COHORTS



In contrast, the share of consumers with mortgages in the Q3 2021 cohort was substantially lower in the years leading up to counseling, peaking at just 19 percent. Average balances show a similar pattern. The fact that mortgage forbearances were a significant early form of pandemic relief but the bulk of federal financial assistance to renters was not distributed until the second half of 2021 and into early 2022 may have had a particular impact on the Q3 2021 cohort's finances.

Chart 6 and Chart 7 present trends for automobile debt. Less than 50 percent of counseled consumers in the Q3 2020 and Q3 2021 cohorts held auto loans as of the quarter of counseling, compared to about 55 percent of the three previous cohorts. Average loan balances as of the start of the quarter of counseling were somewhat lower for the post-pandemic cohorts as well, but tended to increase over that quarter even though the previous cohorts' balances were declining at the point that they sought counseling. Across both charts, there is a decline in both the share of consumers with auto loans and average balances across all cohorts in Q2 2020 that rebounds in the next quarter (and continues to rise in subsequent quarters for some cohorts, particularly the Q3 2021 group).

CHART 6 SHARE OF Q3 COHORTS WITH AUTO DEBT

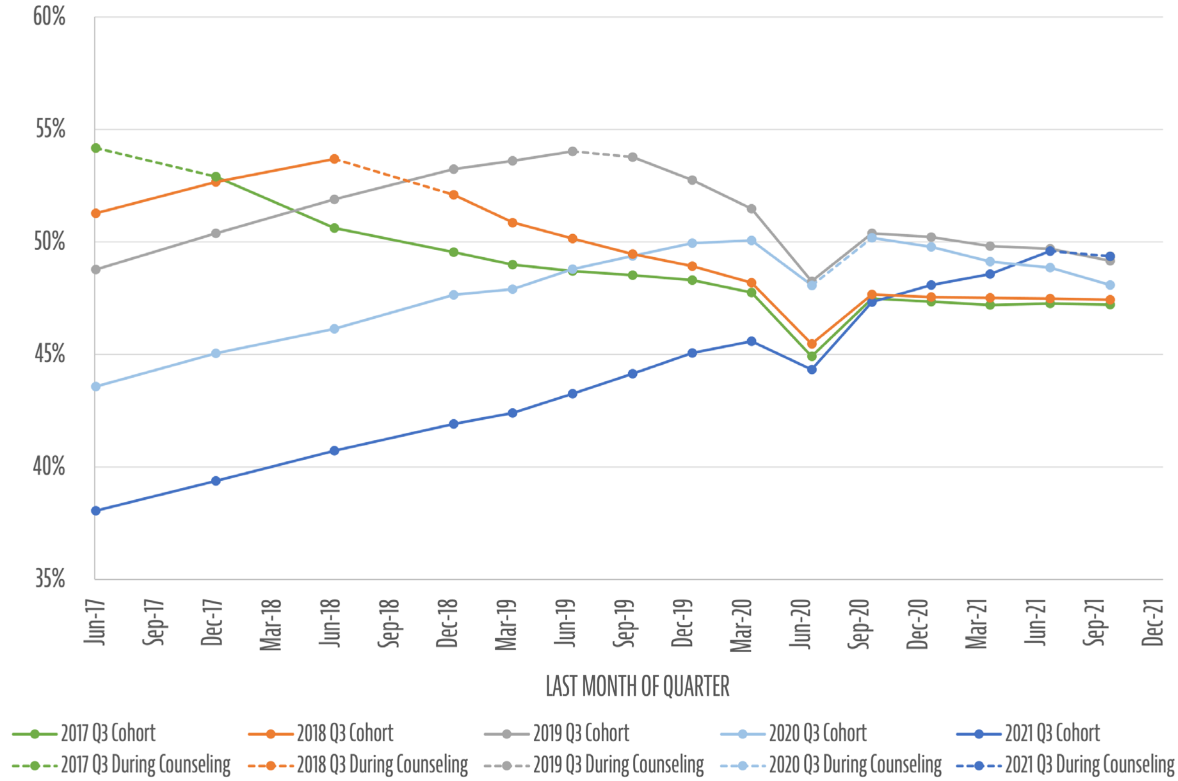
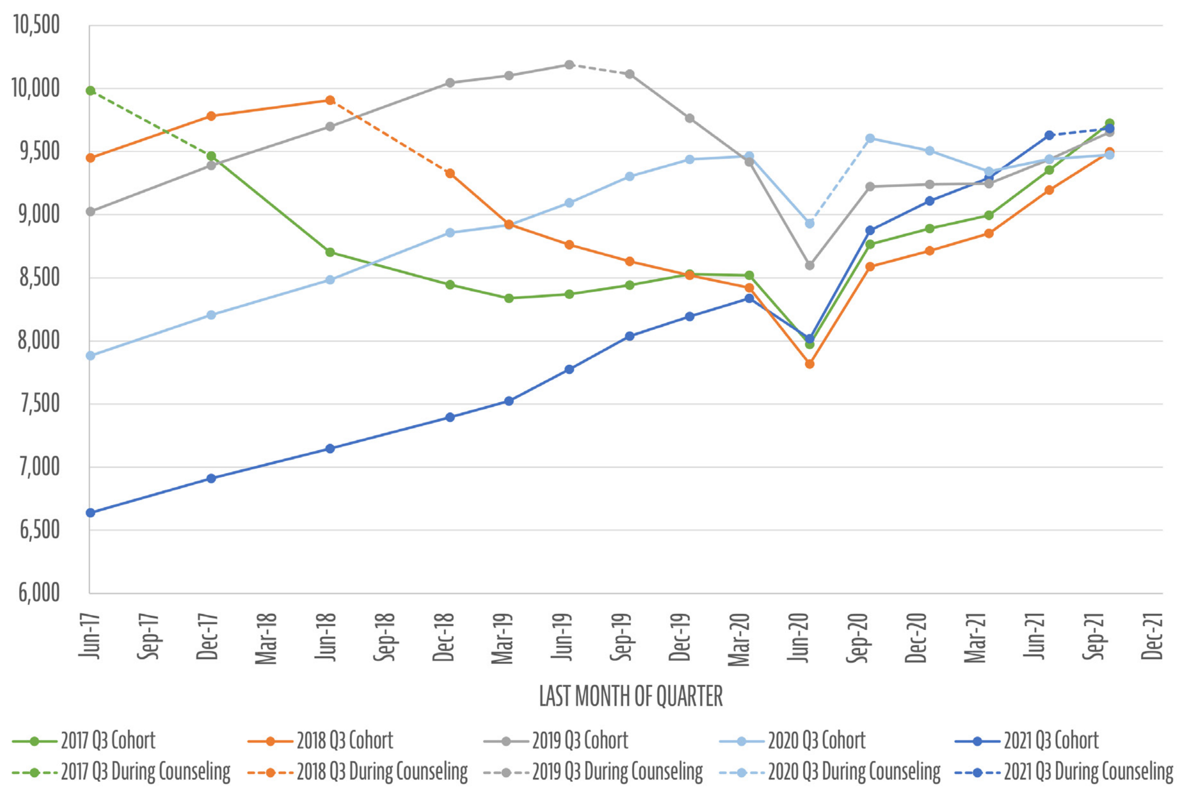
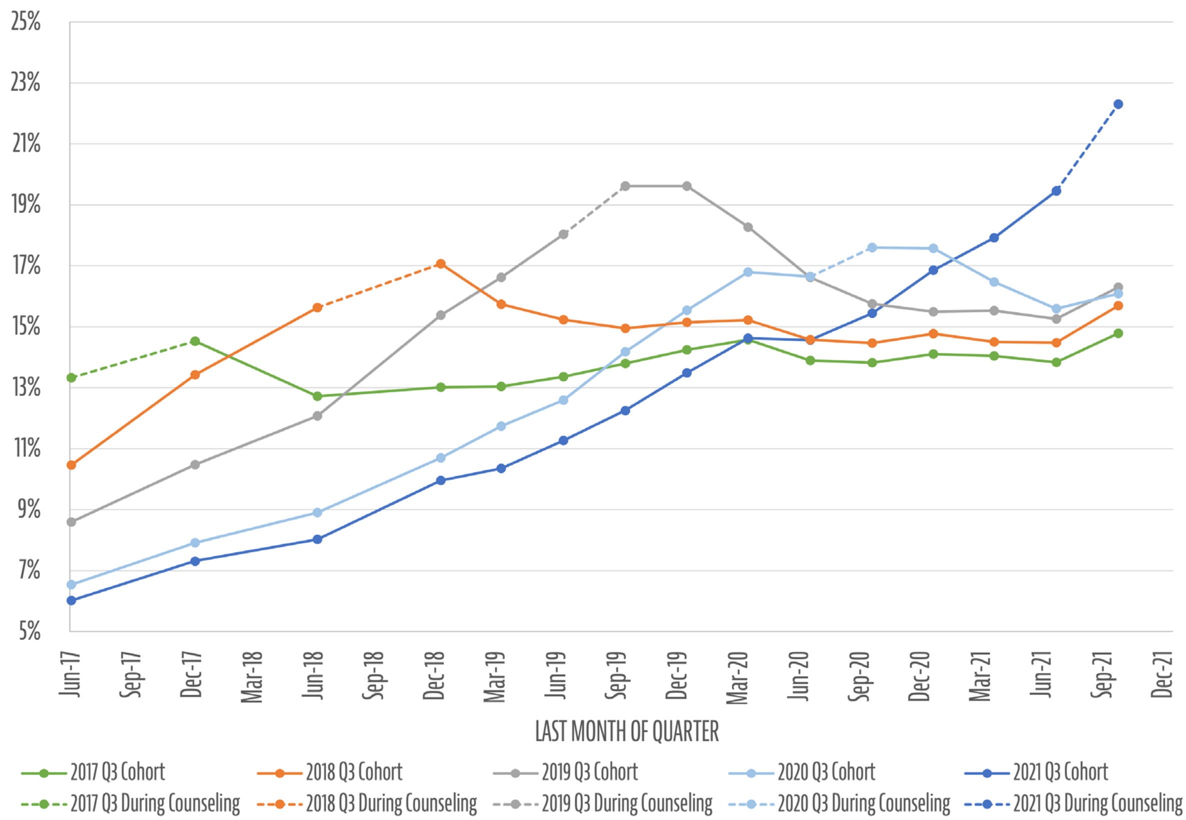


CHART 7 AVERAGE AUTO DEBT BALANCES ACROSS ALL COUNSELED CONSUMERS IN Q3 COHORTS



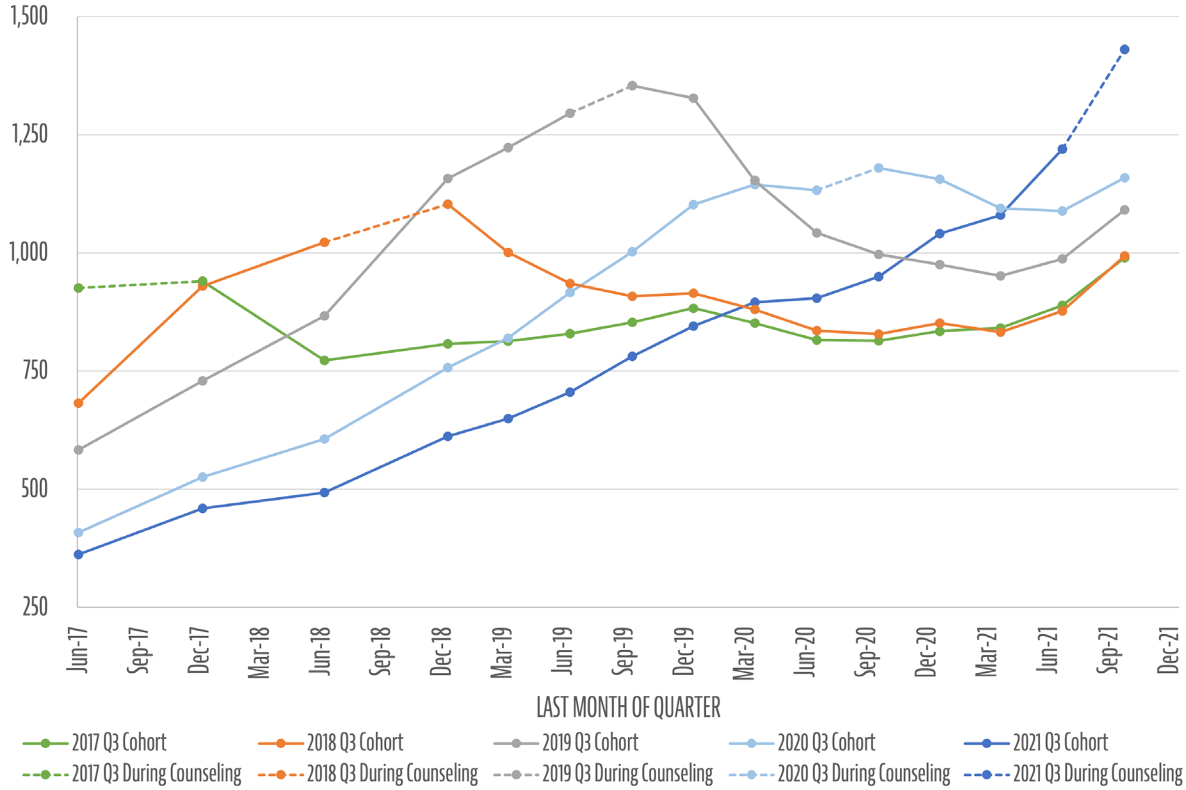
Turning to personal finance loans, Chart 8 and Chart 9 show that the share of consumers with such loans and average balances at the time of counseling are generally increasing with each year, although the Q3 2020 cohort that entered counseling soon after the onset of the pandemic is somewhat lower than the cohorts on either side. The share of consumers with such loans and average balances also continue to rise through the quarter of counseling, unlike the traditional pattern for mortgage and auto loans. This is particularly true for the Q3 2021 cohort. These patterns may reflect increases in both the availability and popularity of using debt consolidation loans as a strategy for managing credit card debt.[59]

CHART 8 SHARE OF Q3 COHORTS WITH PERSONAL FINANCE LOANS



59 See generally FinRegLab, 2022, at 19-21.

CHART 9 AVERAGE PERSONAL FINANCE LOAN BALANCES ACROSS ALL COUNSELED CONSUMERS IN Q3 COHORTS



Finally, we consider patterns in bankcard accounts, focusing on both open and closed accounts since lenders often close accounts to new charges where consumers fail to make payments on time. Here we observe further evidence that the Q3 2021 cohort may be substantially different than earlier groups. For instance, as shown in Chart 10, the percentage of consumers with open or closed accounts in the earlier cohorts exceeds 70 percent for at least a year before counseling. However, the share of consumers with open or closed accounts in the Q3 2021 cohort does not cross that same threshold until the beginning of the quarter before counseling. While some of this pattern may be explained by disruptions in originations during the early months of the pandemic, the pattern appears to pre-date that period. For example, two years before the quarter of counseling, 68 percent of the members of the Q3 2019 cohort and 67 percent of the members of the Q3 2020 cohort had accounts, but only 63 percent of the Q3 2021 cohort had accounts.

CHART 10 SHARE OF Q3 COHORTS WITH OPEN OR CLOSED BANKCARD ACCOUNTS

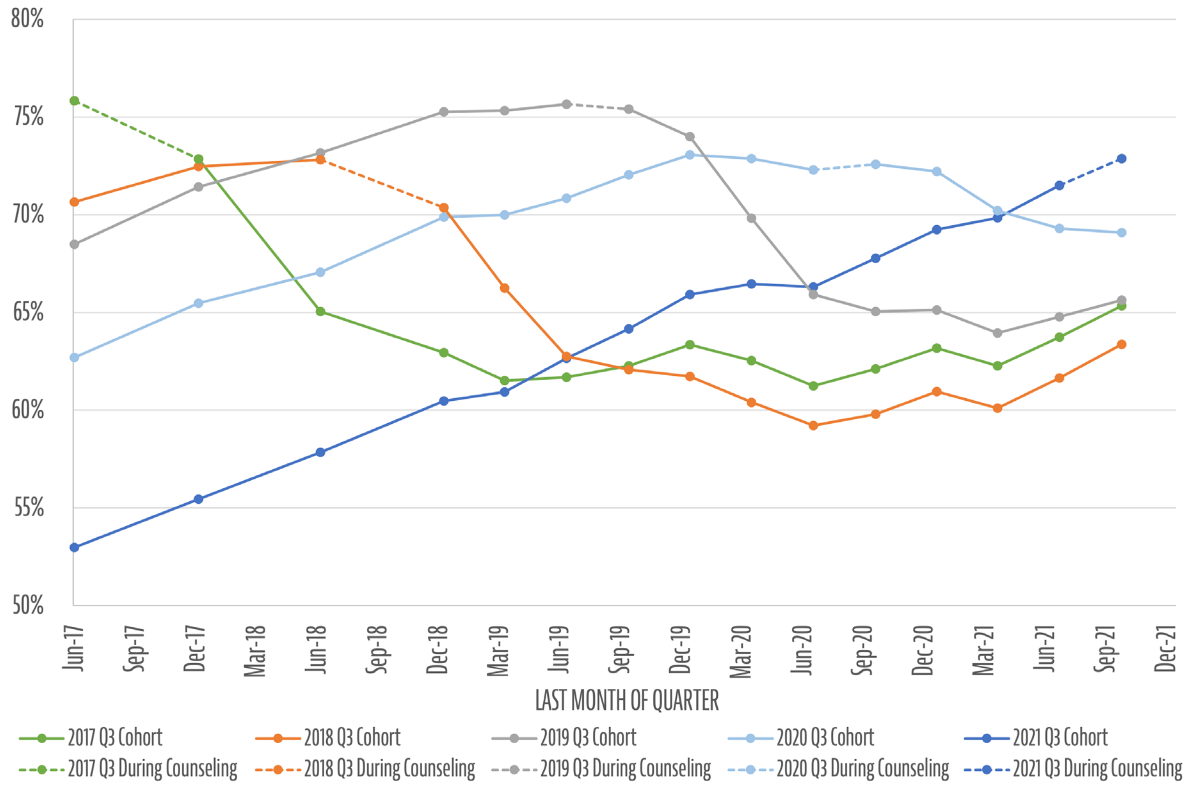
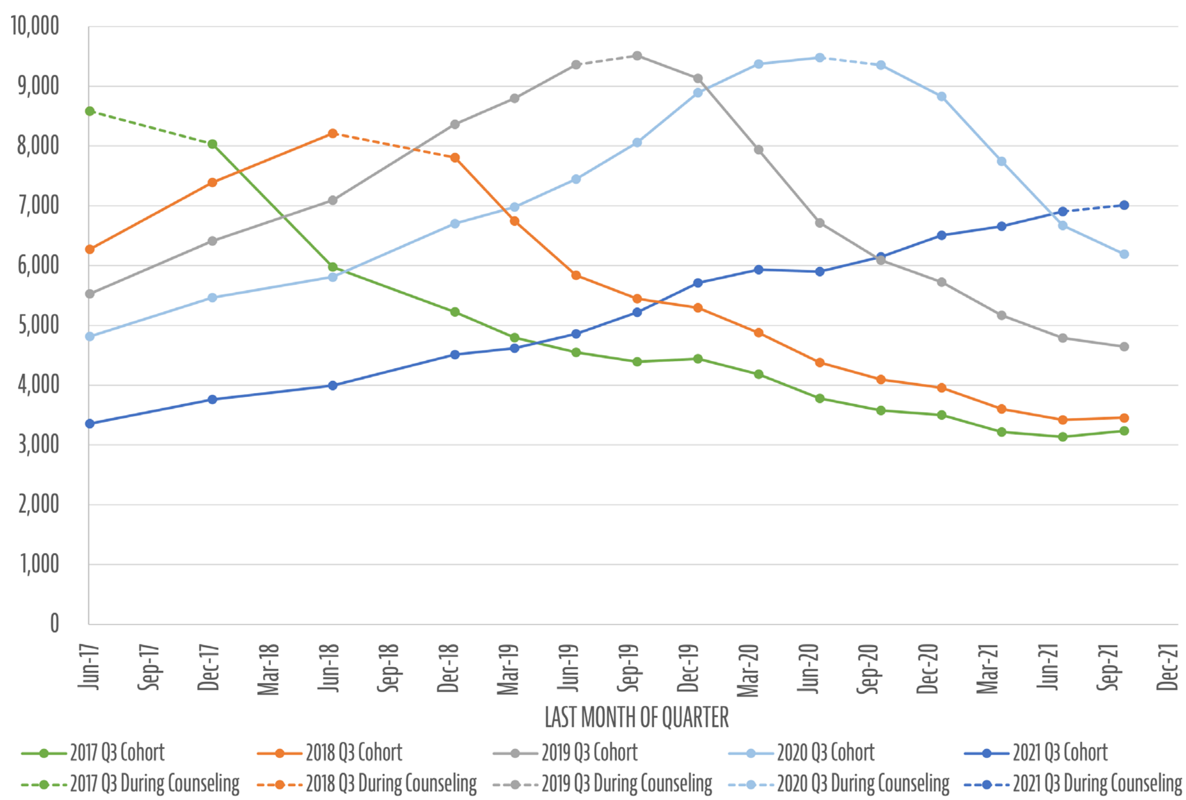


CHART 11 AVERAGE BALANCE ON OPEN AND CLOSED BANKCARD ACCOUNTS ACROSS ALL COUNSELED CONSUMERS IN Q3 COHORTS



The Q3 2021 cohort also had substantially lower average balances as of the quarter of counseling than any of the preceding cohorts, particularly the Q3 2019 and Q3 2020 cohorts. The Q3 2021 group's balances continued to rise in the months preceding counseling, which is similar to prior groups as they approached the counseling quarter but stands in significant contrast to general trends on credit card balances during the pandemic. As noted in Section 2, credit card balances declined nationwide during the pandemic, in part due to decreases in spending opportunities during the initial months of lockdown as well as to consumers prioritizing those payments to improve their balance sheets. Similar patterns can be seen on Chart 11 for the earlier Q3 cohorts. In contrast, Q3 2021 members saw their debt loads increase early in the pandemic as the quarter of counseling approached, although their averages were substantially below balances at the time of counseling among earlier cohorts.

4.4.2 Credit Access

As noted above, consumers often use existing or new credit card accounts to help smooth income or expense shocks. Where balances and utilization rates increase over time, however, they may have less capacity to absorb additional shocks and find it more difficult to open new accounts because lenders view them as higher default risks. Over several quarters prior to counseling, Chart 12 and Chart 13 show that the Q3 cohorts generally experience declining credit availability and decreases in the share of consumers that have opened new bankcard accounts in the six months prior to counseling, although both metrics later start to rebound.

Two items stand out concerning post-pandemic patterns. First, while the Q3 2020 cohort appears to have had significantly greater access to available credit both at about one year prior to counseling and at the quarter of counseling than the pre-pandemic cohorts, the Q3 2021 group had much lower credit availability in both time periods. At the same time, Chart 13 suggests that Q3 2021 members were more aggressive in opening new accounts in 2021; in fact, they are the only cohort where the share of consumers who had opened new card accounts in the previous six months was *increasing* as of the quarter of counseling, apparently as part of a broader trend as card originations rebounded from an initial slowdown in the first months of the pandemic.

CHART 12 AVERAGE AVAILABLE CREDIT ON BANKCARD ACCOUNTS ACROSS ALL CONSUMERS IN Q3 COHORTS

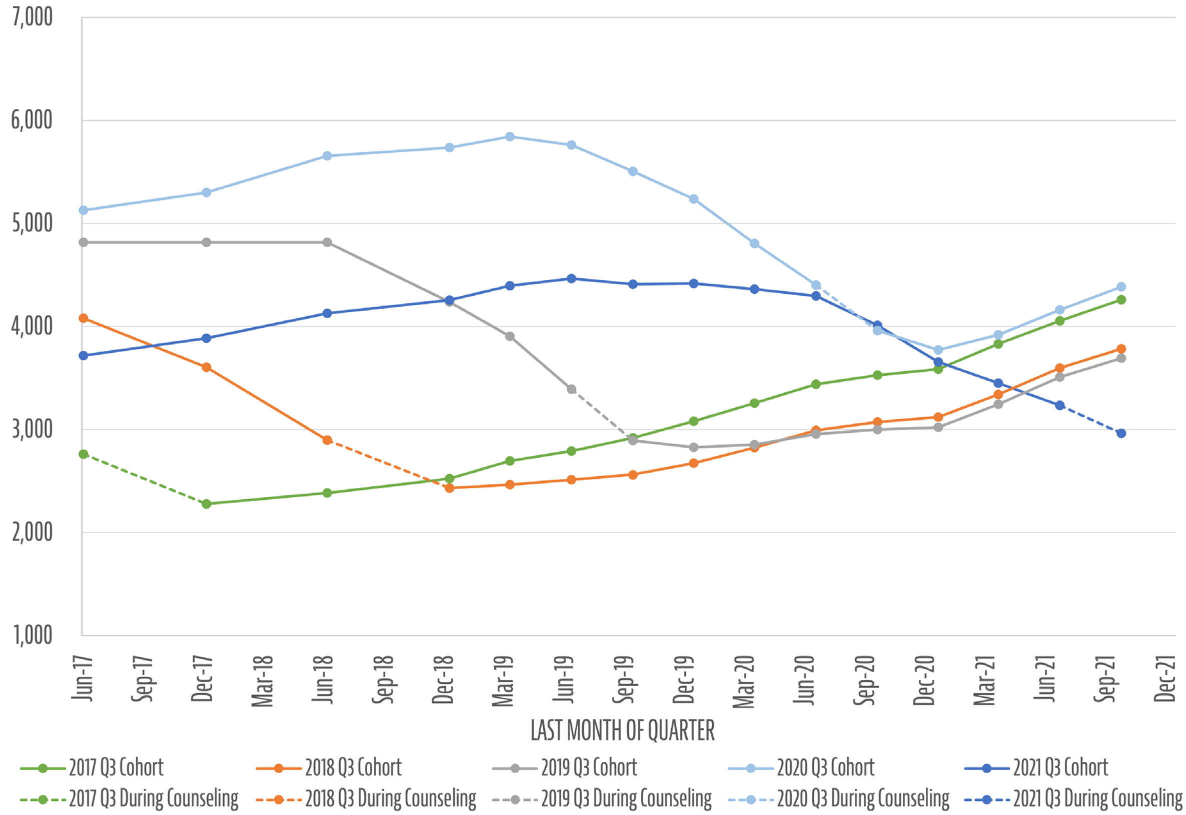
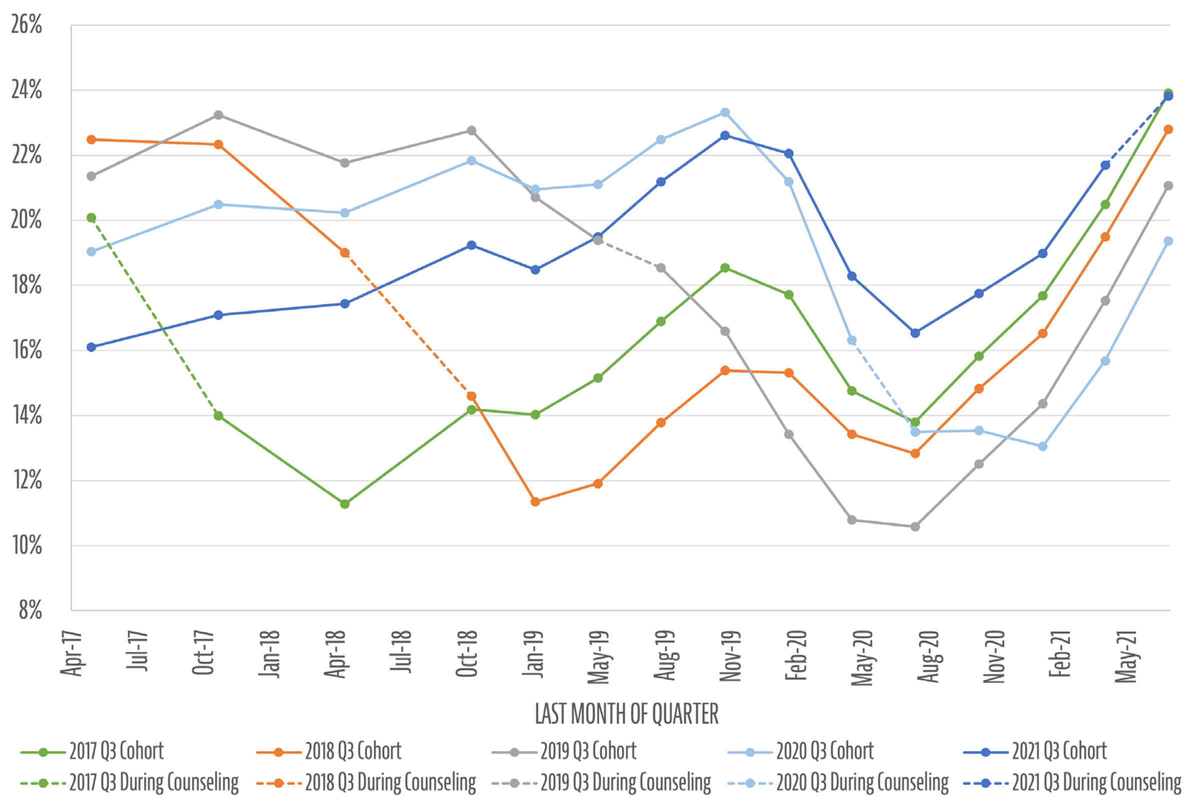


CHART 13 SHARE OF CONSUMERS WHO OPENED BANKCARD IN THE PREVIOUS 6 MONTHS AMONG Q3 COHORTS

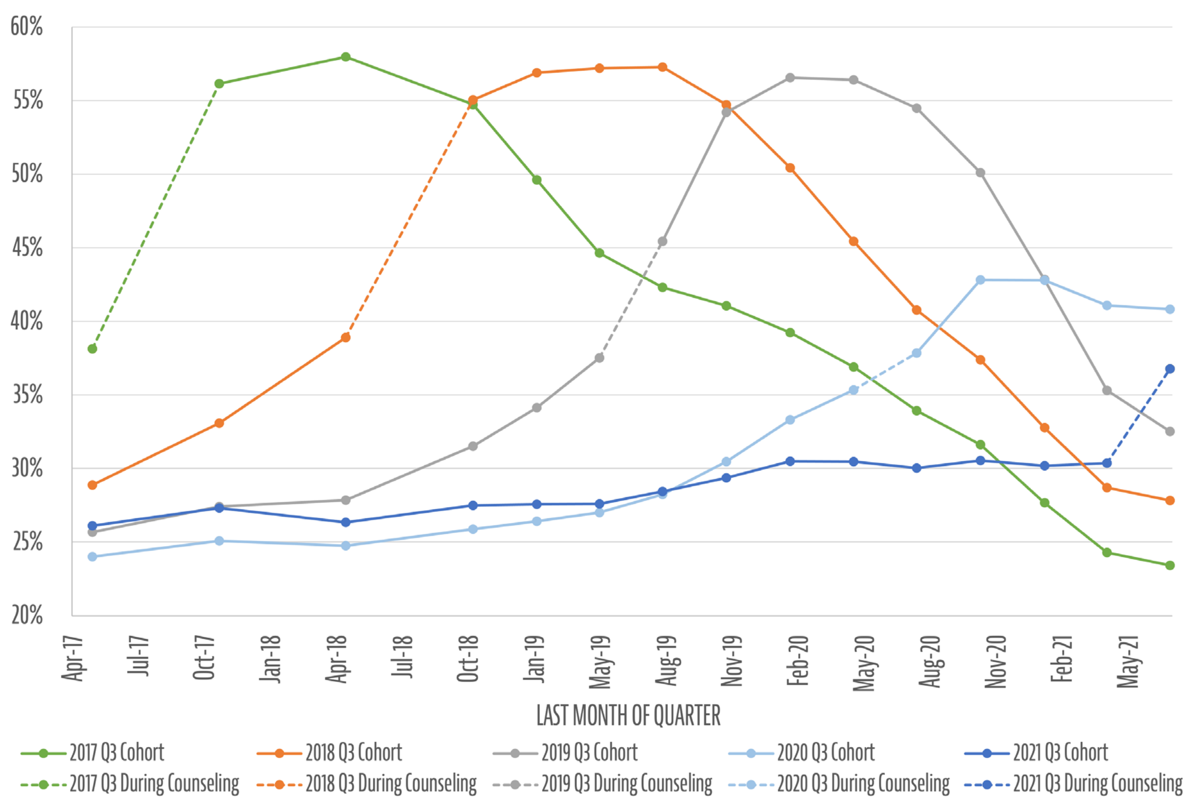


4.4.3 Credit Performance

Finally, we turn to trends in credit performance both before and after counseling across the various Q3 cohorts. We start with measures of delinquencies and charge offs and finish with credit scores, since they are a composite metric that reflects both changes in utilization rates (discussed above) and payment history. As described above, changes in credit reporting practices with regard to pandemic-related forbearances may also have affected scores over the last 18 months of the study period.

Chart 14 and Chart 15 provide trended information for the share of consumers with any tradelines and with bankcard tradelines, respectively, that were 60 or more days past due (DPD) in the previous 12 months.[60] The pre-pandemic cohorts show similar patterns, with the share of consumers experiencing delinquencies rising gradually in the quarters before counseling and even more sharply thereafter, followed by substantial subsequent declines.[61] These trends are significantly dampened among the post-COVID cohorts, however. For example, the share of consumers counseled in Q3 2020 that experienced delinquencies of 60+ DPD across all tradelines peaked at 43 percent within a quarter after counseling, while the earlier cohorts typically peaked at about 57 percent within about four quarters. While we cannot see beyond the quarter of counseling for the Q3 2021 cohort, only 30 percent of that group had experienced a 60+ DPD as of the start of that quarter, compared to about 38 percent of the three pre-pandemic cohorts. Trendlines on the shares of consumers experiencing 60+ DPD delinquencies on bankcards are similar although the disparities are not quite as large. For instance, the share of Q3 2020 consumers with such delinquencies is about 10 percentage points below the prior cohorts at its peak, and the Q3 2021 cohort starts the quarter of counseling only about four percentage points below the starting points for the pre-pandemic cohorts.

CHART 14 SHARE OF Q3 COHORTS WITH ANY TRADES 60+ DPD IN THE LAST 12 MONTHS (EXCLUDING COLLECTIONS)



60 The charts exclude accounts in collections.

61 Because the metric looks back 12 months, it is a lagging indicator.

CHART 15 SHARE OF Q3 COHORTS WITH REVOLVING BANKCARD TRADES 60+ DPD IN THE LAST 12 MONTHS (EXCLUDING COLLECTIONS)

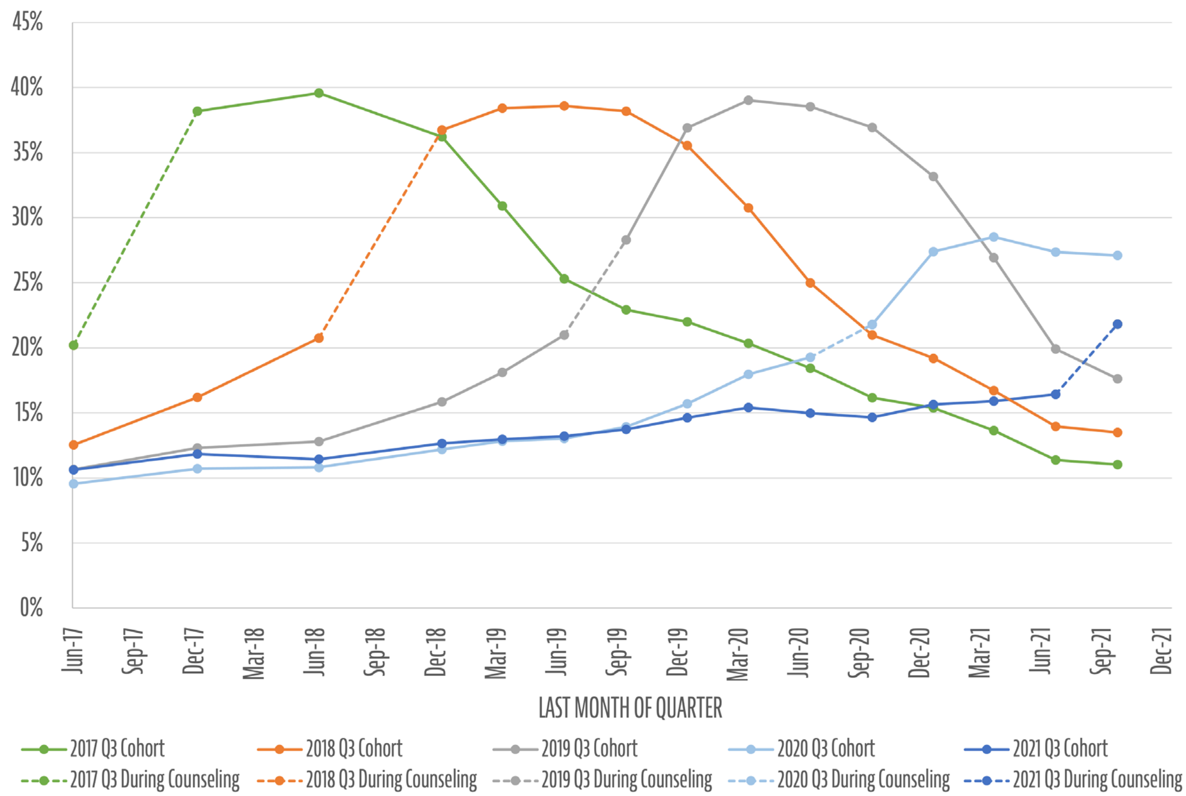


Chart 16 and Chart 17 focus on the share of consumers who have experienced charge offs in the past 12 months and on the average total balance of unsatisfied charge offs for those consumers who have them. The presence of charge offs suggests that the consumer has been struggling with delinquencies for some time, since the change in accounting status usually occurs at 120 days past due for closed-end accounts and 180 days past due for open-end products. Here, the share of consumers who have experienced charge offs as of the baseline quarter is relatively similar as between pre- and post-pandemic groups, and the post-pandemic groups actually slightly higher average balances. After counseling, further increases in the percentage of consumers who have experienced charge offs is substantially lower in the post-pandemic groups, but differences in average balances are more modest. Again, this may suggest the presence of subgroups within the post-pandemic cohorts, with one group of consumers who have experienced relatively recent financial shocks and were thus less likely to reach charge off and another group that had experienced a previous set of shocks or more chronic problems before the pandemic hit, with distress patterns that were more similar to those experienced by pre-pandemic cohorts.

CHART 16 SHARE OF Q3 COHORTS WITH CHARGE OFFS IN THE LAST 12 MONTHS

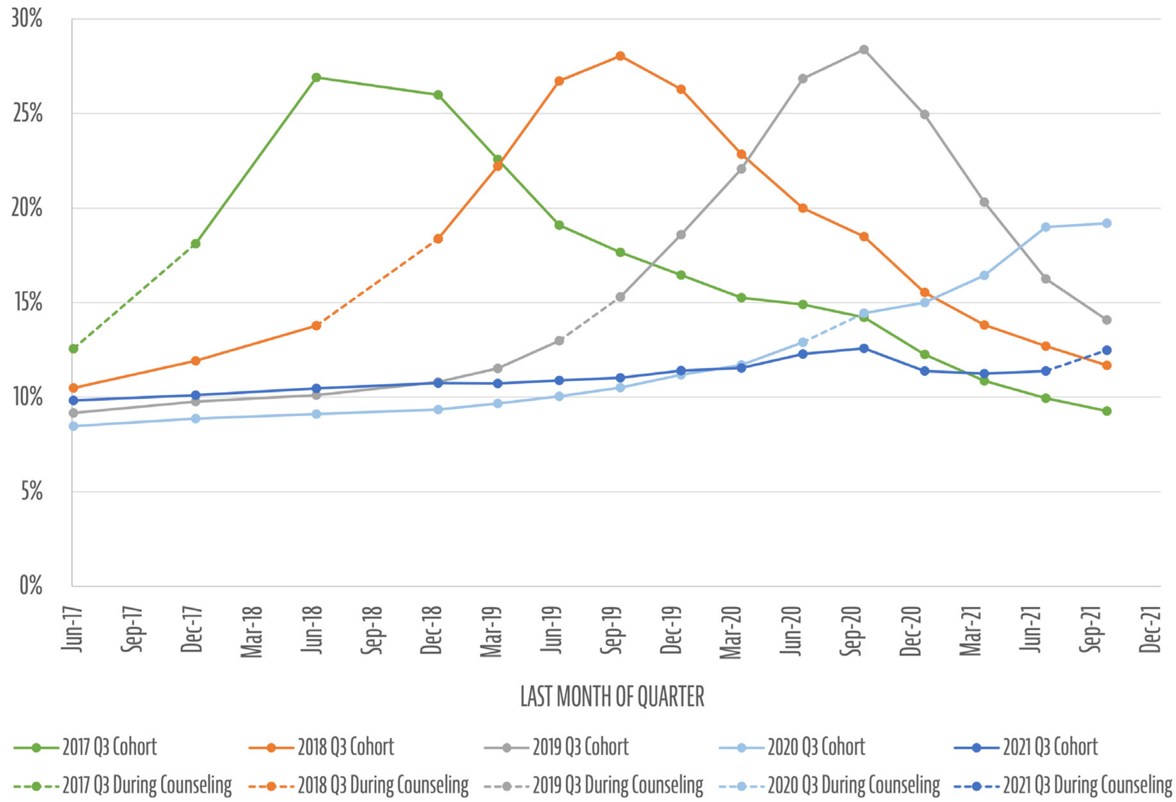
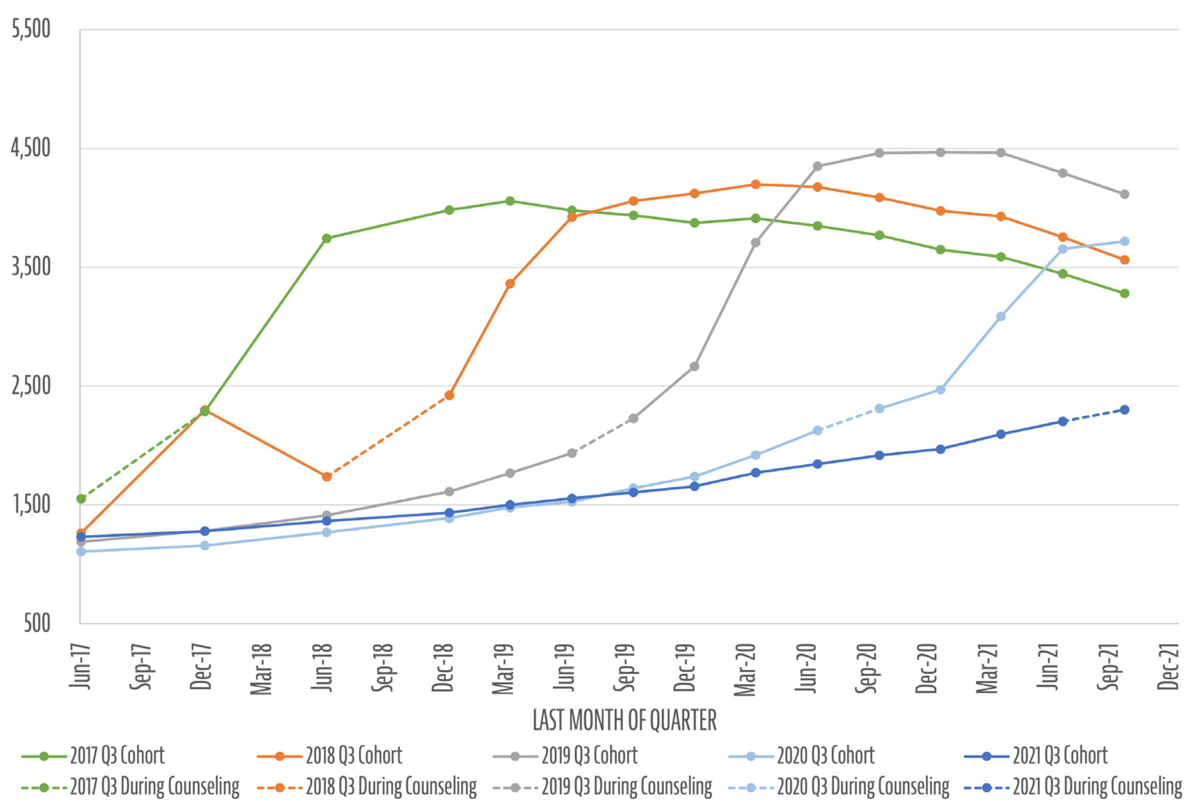
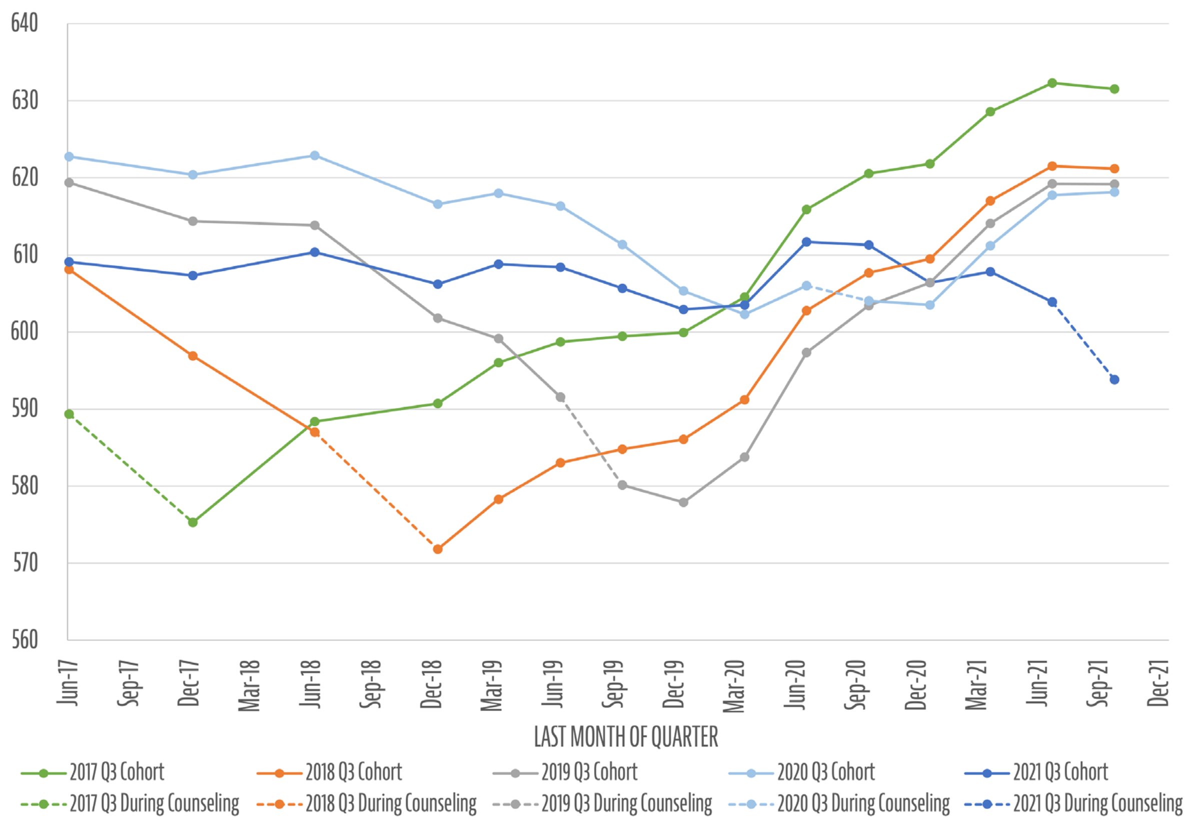


CHART 17 AVERAGE TOTAL BALANCE ON UNSATISFIED CHARGE OFFS ACROSS ALL CONSUMERS IN Q3 COHORTS



In Chart 18, we track the average Vantage score for counseled consumers over time, by the period in which they received counseling. Similar to the previous charts, we see a fairly stable pattern among pre-pandemic groups that starts to shift after COVID-19. Specifically, in the pre-pandemic cohorts, VantageScores begin a gradual decline over several quarters that accelerates right before counseling and for about a quarter afterward, followed by a relatively steady rebound that exceeds baseline scores on the eve of counseling after about a year and continues to climb thereafter. This demonstrates both the distress consumers faced as they were seeking counseling and the general upward trend in financial outcomes after counseling, and is generally consistent with prior research.

CHART 18 AVERAGE VANTAGE SCORES AMONG Q3 COHORTS



In the first quarter of the pandemic, however, all of the cohorts experience an increase in credit scores. This both produces a sharper improvement in the rebound than the pre-pandemic cohorts had shown in previous quarters and temporarily reverses the declines that the Q3 2020 and Q3 2021 cohorts were experiencing. While scores subsequently begin to decline again for both post-pandemic cohorts, the Q3 2020 cohort's averages never dip below 600 and actually rebound to levels the cohort had not experienced since 18 months before counseling in the first six months of 2021. The Q3 2021 cohort, which appears historically to have had lower average scores than the Q3 2020 group, initially experiences a bigger score increase early in the pandemic but by the quarter of counseling experiences a sharper decline that is more similar to that experienced by pre-pandemic cohorts. Nevertheless, it is still starting from a higher average than those earlier cohorts because of the unusual boost earlier in the pandemic.

4.5 Synthesis

The data reveal a complex picture of the consumers who entered the counseling system during the pandemic and their level of distress. The incidence of unemployment and income shocks increased substantially after the onset of the pandemic, and while changes in income levels were relatively modest (likely thanks to enhanced federal unemployment insurance benefits), a number of other metrics suggest that consumers who sought counseling may have had somewhat less resiliency than the population in pre-pandemic eras. For example, they had smaller amounts of tangible assets, were less likely to have some college education, and were less likely to be married or living with a partner. Particularly given the uneven medical and financial impacts of COVID-19, the fact that Black and Hispanic consumers made up a larger proportion of the counseled population is also significant.

At the same time, consumers who sought counseling during the pandemic tended to have greater available credit on their card accounts, lower levels of payment delinquencies, and higher credit scores. This may suggest both that consumers who did seek counseling requested assistance relatively quickly after the onset of financial distress due to the unprecedented levels of uncertainty after the lockdown and that short-term programs such as lender forbearances, related credit reporting procedures, and stimulus payments helped households minimize delinquencies temporarily. However, consumers who sought counseling during the pandemic also tended to have somewhat higher balances in collections and charge-off status compared to earlier cohorts.

These patterns may suggest the presence of subgroups within the post-pandemic population, for instance one group who experienced one or more shocks that they were able to partially mitigate prior to entering counseling through pandemic relief programs, and another group that had been struggling with much older shocks or chronic financial problems far before the pandemic. While the incidence of income shocks rose substantially in populations counseled after March 2020, it is striking that only about a third of the consumers who sought counseling in any given quarter after the onset of the pandemic cited unemployment or income losses. The fact that the number of consumers who qualified for DMPs declined by a faster rate during the pandemic than overall counseling volumes also suggests that the post-pandemic group has faced high levels of financial distress.

The trend analyses comparing various credit report metrics for the consumers who sought counseling in Q3 of each year between 2017 and 2021 provide some additional support for the presence of distinct groups within the broader population of consumers counseled during COVID-19. In particular, consumers who were counseled in Q3 2021 appear to have a significantly different debt profile from earlier groups. For instance, they were less likely to have mortgages, tended to have lower balances on mortgage and bankcard accounts where they had such loans, had less available credit on their card accounts, and had lower historical credit scores. This profile may reflect the fact that some agencies increased outreach to renters during this time period, given that only about 50 percent of federal rental assistance had been distributed by the end of Q3 2021.

The availability of lender forbearances during the pandemic is a critical factor in these analyses, potentially affecting both which consumers chose to seek counseling and the state of their finances before and after counseling. To better understand the scope of such forbearances on counseled populations and U.S. adults more generally, we next analyze the profiles and credit trends of forbearance recipients with a particular eye toward credit card accounts.

5. PRIVATE CREDITOR FORBEARANCES DURING COVID

This section of the report examines private creditor forbearances provided to consumers shortly after the onset of the COVID pandemic. As discussed in the Introduction, we use the term "forbearance" to describe a temporary pause on required debt payments for a particular loan or credit account. Some industry segments and lenders may use other terms for these arrangements, such as deferrals or temporary hardship programs. We consider a loan to be in forbearance regardless of whether interest accrues during the period in which payments are suspended.[62]

Our primary focus is the prevalence and outcomes of forbearances for the sample of counseled consumers in this study. However, we also compare the counseled population's experience with forbearances to the experiences of consumers in the general population. This allows us to examine the extent to which counseled consumers received forbearances at a higher (or lower) rate than the general population, and to compare the characteristics of the counseled consumers with forbearances to consumers in the general population. We expect that counseled consumers represent a particularly distressed population who may both be more likely to obtain forbearances and to struggle to resume payments once creditor forbearances end.

We first document the prevalence of forbearances across different loan types received by consumers from the onset of the pandemic through September 2021, including forbearances on mortgages, automobile loans, student loans, personal finance loans, and credit cards. We then conduct a deeper analysis of consumers who received *credit card* forbearances. Credit card forbearances are less studied in the current literature relative to forbearances on mortgages in particular, but credit card forbearances are potentially very relevant for the consumers who sought credit counseling right before and after the onset of the COVID pandemic. Private creditor forbearances could serve as a complement or precursor to a DMP, or in some circumstances, could serve as a short-term substitute to DMPs.

We examine the characteristics of consumers with credit card debt who received forbearances, compared to consumers who did not receive credit card forbearances—in the general population and among our sample of counseled consumers, including those with and without DMPs. A prior survey of large card issuers found that the raw number of forbearances were fairly evenly distributed across credit score bands, while a consumer survey found that credit card accommodations through August 2020 were more common among nonwhite consumers, renters, consumers with annual incomes below $60,000, and consumers who reported experiencing income shocks than other groups.[63] However, our analysis is among the first to investigate patterns among consumers with credit card forbearances for

62 We do not consider other types of customer accommodations, such as changes in credit lines or settlements of debt for less than the full balance owed, although some lenders did offer such assistance to some consumers during the pandemic.

63 CFPB, 2020; Chakrabarti, Lu, Scally & van der Klaauw, 2021.

the first 18 months of the pandemic based on a national random sample of consumers as well as a particularly distressed group of consumers who sought credit counseling.

After identifying baseline differences in who received credit card forbearances, we plot quarterly trends in delinquencies, charge offs, credit scores, card balances, and available credit for consumers with and without credit card forbearances after the onset of COVID. We compare these trends separately for the counseled and general populations, and then within the counseled population, for consumers with and without DMPs. This allows us to explore the extent to which private creditor forbearances helped consumers resolve short-term liquidity shocks.

5.1 Analysis Approach

This section of the analysis relies on consumer credit data from Experian for two distinct samples of consumers. The first is the sample of counseled consumers described previously in this report. For this analysis, we focus primarily on consumers who were counseled after the onset of the COVID pandemic, beginning in Q2 2020 through Q3 2021. When discussing the results in the main text, we sometimes limit the output to the sample of consumers counseled in Q3 2020, the quarter immediately after the onset of the COVID pandemic.[64] This allows for a deeper focus on a representative cohort of consumers counseled during the COVID pandemic. For some of our analyses, we benchmark the Q3 2020 cohort to consumers counseled in Q3 of other years prior to or after the onset of COVID, while holding constant any seasonal variation in the type of consumers seeking counseling.

The second sample is a random sample of consumers with credit data in the national population, which is drawn from Experian credit data as part of the Ohio State University Consumer Credit Panel (OSU-CCP) as described in Section 3.1. For this analysis, we include consumers with a credit file between Q1 2019 through Q3 2021 and observe their credit trends before and after the onset of the pandemic.

In both samples, we code the extent to which consumers had evidence of a forbearance on a specific loan or line of credit using account (tradeline) level data. The tradeline data provides a full snapshot of the status of each account as of the last month of each quarter, as well as limited monthly trended information regarding account balances and required payment amounts. We construct a series of forbearance indicators (0,1) that take the value of 1 if an individual had evidence of a forbearance on any account of a given type that is open or closed with a non-zero balance over the course of a given quarter.[65] We separately code forbearances for mortgages, automobile loans, personal finance loans, student loans, and credit cards. Following COVID-era forbearance reporting practices, we identify the presence of a payment forbearance in the tradeline credit data using two methods. First, we consider whether the creditor has reported a non-zero balance but no required monthly payment in at least one month of the quarter; second, we also include accounts for which a creditor has furnished a code identifying the account as in forbearance or in deferral as of the last month of the quarter. These are commonly used approaches to identify accounts in forbearance or payment accommodations using

64 Results for other cohorts are reported in Appendix C.

65 We include accounts that were designated as either open or closed so long as they had a non-zero balance at some point during the quarter of interest, but exclude accounts with statuses such as foreclosure, bankruptcy, charge off, or settled for less than full balance. Consistent with common practice, we also exclude stale accounts for which the creditor did not report updates in the prior three months.

credit data.[66] However, they are approximations as they rely on voluntary creditor reporting.[67] We further exclude from our definition of forbearance accounts that had been open for less than three months because the lack of a required payment could be due to a promotional program. This exclusion most affects credit cards and auto loans in our data, which may contribute to differences in the share of auto and credit card accounts that we code as in forbearance relative to studies that do not exclude newly opened accounts from the definition of forbearance.

In analyzing credit card accounts, we focused on revolving bankcards (major credit cards) and no preset spending limit bankcards, as well as retail revolving trades (e.g., department store credit cards).[68] We excluded charge cards that require the entire payment due in full each month because we understand that reporting practices on those products varied during the pandemic in ways that would make it difficult to identify forbearances consistently. In tallying forbearances on credit card accounts, we also excluded accounts where the balance was below $150 to focus on situations for which a payment forbearance would be substantive.

To better understand credit card forbearances, we divide both samples into groups based on whether they received any forbearances on credit card accounts at any point in time from Q2 2020 through Q3 2021. For this analysis, we limit the samples to consumers with a valid credit card trade during the same period. Of the 2,831,448 unique consumers in the national random sample as of Q4 2019, 1,807,492 had a valid credit card trade during the COVID period, of whom 327,073 were identified as having ever received a credit card forbearance. For the counseled consumer sample, we further divide the sample by whether they enrolled in a DMP after counseling, in addition to the presence of a card forbearance. Of the 166,154 unique consumers in the counseled sample from Q2 2020 through Q3 2021, 140,080 had a valid credit card trade. Of this group, 17,403 enrolled in a DMP and received card forbearances, 22,135 were enrolled in a DMP and did not receive card forbearances, 34,177 did not enroll in a DMP but did receive card forbearances, and 66,365 did not enroll in a DMP or receive card forbearances.

5.2 Private Creditor Forbearances by Loan Type

We summarize the share of consumers with forbearances on various loan types across the first 18 months of the pandemic and by quarter. It is important to note that while we code forbearances at the *account* level, shares of forbearances are reported at the *consumer* level. We do this because our interest is in comparing the characteristics of *consumers* with and without forbearances on debt payments during COVID. For trade types like mortgages where consumers often have only one account, the shares at the account and consumer level will be similar. For trade types like credit cards where most consumers have multiple credit card accounts, the probability of a consumer having at least one such account with a forbearance during the COVID period will be higher than

66 FinRegLab, 2020. For examples, see Cherry et al., 2021, and Brown, Collins, and Moulton, 2022.

67 Creditors are not required to report scheduled payment amounts on trades, and prior to the pandemic, creditors were less likely to report scheduled payment amounts for credit card trades compared to installment trades. However, after the onset of the COVID pandemic in March 2020, it became more common for creditors to report scheduled payment amounts on credit card trades. Practices evolved after passage of the CARES Act, with credit bureau guidance advising creditors to report trades in forbearance as having $0 scheduled payment, but having a positive balance. Our coding relies on private creditor reporting to identify forbearances. We did not treat accounts with a code reflecting that the consumer had been affected by a natural disaster as forbearances unless they had additional indicia of payment relief. Such codes may be used by creditors as a general indicator of hardship even if a consumer does not receive a forbearance or other accommodation. For additional background on credit reporting practices regarding disaster-related hardships and accommodations, see FinRegLab, 2020.

68 To gain a more complete picture, we included retail revolving trades in the analysis, although the majority of forbearances involved bankcards. See Footnote 70 for further discussion of bankcard forbearances. We limit eligible accounts to those for which the individual is financially responsible (e.g. excluding accounts for which the individual is only an authorized user).

the share of credit card accounts with a forbearance. To allow for benchmarking to other studies at the account level, Appendix Chart C1 reports the share of credit card accounts in the national and counseled samples coded as in forbearance in a given month.[69]

Table 9 reports the percent of consumers counseled after the beginning of the pandemic who obtained various types of loan forbearances as compared to the national sample. We report the statistics for all consumers in the national random sample and counseled population as of Q4 2019, and then limited to those with a given type of debt (defined as having a non-zero balance on at least one account of a given debt type during the quarter in which we measure forbearances). The results underscore the relatively high distress level among counseled populations, as illustrated by the fact that they obtained forbearances on each loan type more frequently than the national sample.

The results also shed light on the relatively high share of consumers with credit card debt in forbearance at some point during the pandemic. Specifically, 11.6% of consumers in the national sample had credit card debt in forbearance over the first 18 months of the pandemic—comparable to the 13.1% of consumers in the national sample with student loan debt in forbearance. Of consumers with credit card debt, 18.1% of the national sample and 36.8% of consumers in the counseled sample had credit card debt in forbearance at some point during the pandemic.[70]

Counseled consumers with mortgage debt displayed similarly high rates of mortgage forbearance uptake (30 percent), over three times the rate nationally. Given that mortgage payments often make up a substantial portion of households' monthly budgets and that federal law mandated the provision of forbearances on about 70 percent of such loans, it is not surprising that relatively distressed households with mortgages would obtain mortgage forbearances. If anything, it is striking that counseled consumers with credit cards obtained forbearances on their card accounts at comparable or even slightly higher rates, given that the availability of forbearances was not required by law and that monthly minimum payments tend to be lower on such products.

Among those who obtained card forbearances, counseled consumers were more than twice as likely as consumers in the national sample to obtain a forbearance on at least one other type of non-student loan trade as well. However, those percentages were relatively low in both groups—at 24 percent for counseled consumers and 10 percent nationally.

69 Notably, the share of credit card accounts in forbearance in a given month is much lower than the share of consumers in a quarter with a credit card forbearance on any account during any month of the quarter. For example, at the peak, 3.1 percent of credit card accounts in the national sample were in forbearance as of May 2020. Aggregating the same data to the consumer and quarter, we find that 8.5 percent of consumers in the national sample had at least one credit card account in forbearance in Q2 2020. Our credit card forbearance trends at the account level are similar to prior analyses during the initial peak but somewhat lower in subsequent periods. See for example Cherry et al, 2021, Figure 2 Panel A.

70 In a separate analysis not shown, we estimate the share of consumers with a bankcard in forbearance, excluding retail revolving trades. Overall, 9.1% of consumers in the national sample had a bankcard in forbearance over the first 18 months of the pandemic. Of consumers with open or closed bankcards with a non-zero balance, 15.1% of consumers in the national sample and 31.5% of consumer in the counseled sample had at least one bankcard in forbearance at some point during the first 18 months of the pandemic.

TABLE 9 SHARE OF CONSUMERS WITH FORBEARANCES AMONG CONSUMERS COUNSELED DURING THE PANDEMIC AND IN THE NATIONAL SAMPLE

	COUNSELED Q2 2020 OR AFTER		NATIONAL SAMPLE	
	%	N	%	N
ALL CONSUMERS				
% WITH ANY CREDIT CARD FORBEARANCE	31.04%	166,154	11.55%	2,831,448
% WITH ANY AUTO FORBEARANCE	6.51%	166,154	1.90%	2,831,448
% WITH ANY MORTGAGE FORBEARANCE	6.84%	166,154	2.26%	2,831,448
% WITH ANY PERSONAL INSTALLMENT LOAN FORBEARANCE	3.95%	166,154	0.67%	2,831,448
% WITH ANY STUDENT LOAN FORBEARANCE	32.46%	166,154	13.11%	2,831,448
% WITH ANY NON-STUDENT LOAN FORBEARANCE	38.65%	166,154	14.86%	2,831,448
% WITH ANY NON-STUDENT LOAN FORBEARANCE ON AT LEAST TWO TRADE TYPES	8.30%	166,154	1.37%	2,831,448
CONSUMERS WITH A NON-ZERO BALANCE ON A GIVEN DEBT TYPE				
% WITH ANY CREDIT CARD FORBEARANCE AMONG THOSE WITH CREDIT CARD DEBT	36.82%	140,080	18.10%	1,807,492
% WITH ANY AUTO FORBEARANCE AMONG THOSE WITH AUTO DEBT	11.30%	95,791	5.26%	1,021,432
% WITH ANY MORTGAGE FORBEARANCE AMONG THOSE WITH MORTGAGE DEBT	30.04%	37,838	8.57%	748,499
% WITH ANY PERSONAL FINANCE LOAN FORBEARANCE AMONG THOSE WITH PERSONAL FINANCE LOAN DEBT	8.69%	75,427	4.57%	417,451
% WITH ANY STUDENT LOAN FORBEARANCE AMONG THOSE WITH STUDENT LOAN DEBT	95.65%	56,392	88.62%	418,938
% WITH ANY NON-STUDENT LOAN FORBEARANCE AMONG THOSE WITH CREDIT CARD DEBT	44.74%	140,080	22.33%	1,807,492
CONSUMERS WITH A CREDIT CARD FORBEARANCE				
% WITH A SECOND TYPE OF NON-STUDENT LOAN FORBEARANCE IN ADDITION TO A CREDIT CARD FORBEARANCE	24.53%	51,580	10.15%	327,073

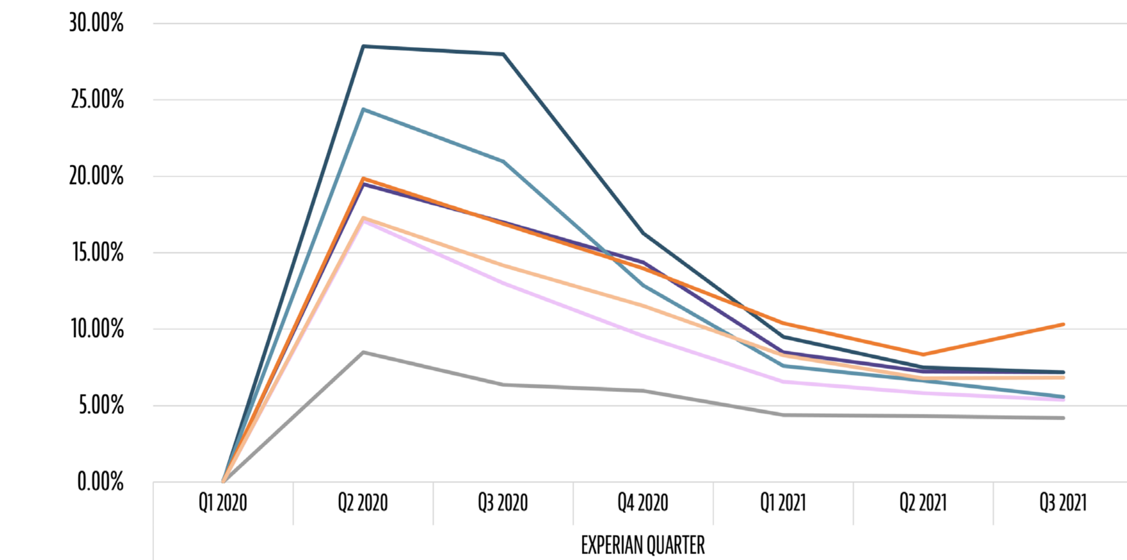
Charts 19 through 22 plot quarterly trends in forbearances from Q2 2020 through Q3 2021, limiting the sample to consumers with a given debt type (credit card, mortgage, auto, or personal loans). For example, for credit card forbearances we report the share of people with a non-zero credit card balance in any month of a particular quarter who also had a forbearance on a credit card in any month of the same quarter. We plot forbearance trends for the national sample and for the cohort of consumers who were counseled in Q3 of a given calendar year (2019 through 2021) by DMP enrollment status. This allows us to explore the extent to which the higher rates of forbearances among the counseled population shown in Table 8 are driven by people seeking counseling at that particular point in the pandemic, or if the counseled population is simply more likely in general to obtain forbearances—even if they were counseled prior to the onset of the COVID pandemic.

Because credit card forbearances are the primary focus of this paper, Appendix Table C1 reports the share of consumers with a credit card forbearance for all counseled consumers (not limited to those counseled in Q3 of a given year) by quarter, cohort, and DMP enrollment status. Appendix Table C2 reports the number of counseled consumers with an eligible credit card account (the denominator for the share with forbearance) by quarter, cohort, and DMP enrollment status.

Looking across the charts demonstrates that there is heterogeneity in the timing of forbearances by debt type. In both the national and counseled samples, the share of consumers with credit card forbearances peaked in Q2 2020 and declined through Q4 2020, with a much lower share of consumers in forbearances for credit card debt by Q1 2021 (about 4 percent of consumers in the national sample). A similar trend can be seen for auto debt and personal finance loans where the share with forbearances peaked in Q2 2020 with a decline through Q1 2021 and then leveled off in Q2 and Q3 2021. Forbearances on mortgage loans, by contrast, remained consistently high from Q2 2020 through Q4 2020, with a noticeable decline after Q1 2021. This likely reflects the longer-term nature of mortgage forbearance (in six-month increments for loans subject to CARES Act requirements, up to 18 months) compared with short-term forbearances on credit cards (often only a few months in total) and auto loans (typically only up to 6 months).

Focusing on consumers with credit cards, Chart 19 shows consumers counseled in Q3 2020 who enrolled in a DMP had the highest forbearance rate, with a peak of 28.5 percent in Q2 2020, compared to a peak of 8.5 percent in the national sample. Consumers counseled in Q3 2020 were not only more likely to receive credit card forbearances relative to the national population in Q2 2020, but they were also more likely to receive forbearances relative to consumers counseled in Q3 2019 or Q3 2021.[71] In addition, consumers who enrolled in DMPs had higher forbearance rates for the duration of 2020 than consumers who did not enroll in DMPs. For the Q3 2021 counseled cohort who enrolled in a DMP, the share with a credit card forbearance actually increased from Q2 2021 to Q3 2021—their quarter of counseling. For consumers counseled during the pandemic, credit card forbearances often occur in the same quarter as counseling or enrollment in a DMP.

CHART 19 SHARE WITH A CREDIT CARD FORBEARANCE (AMONG THOSE WITH CREDIT CARD DEBT)

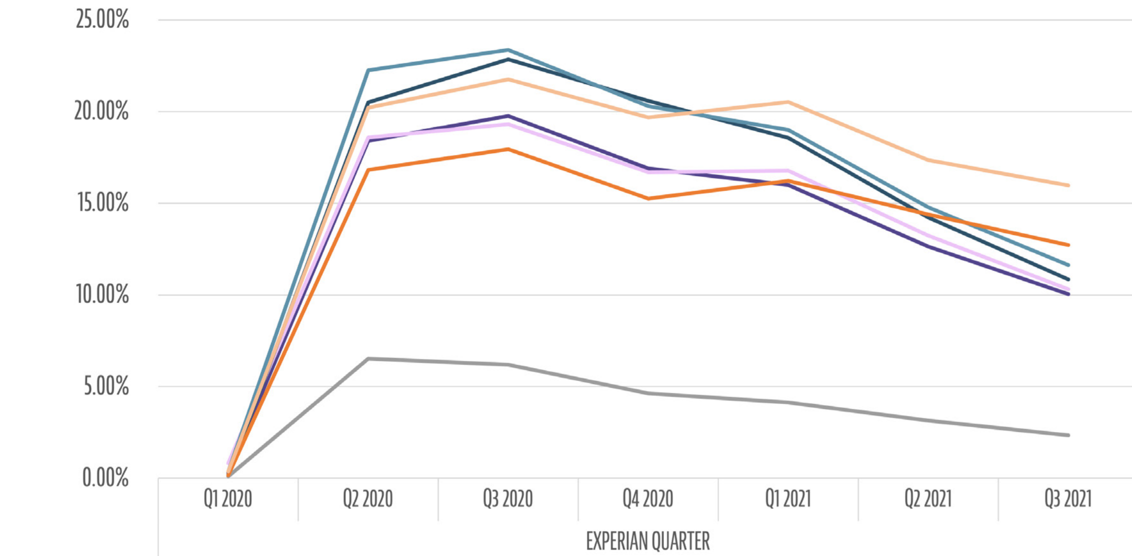


	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
National	0.01%	8.50%	6.37%	5.97%	4.40%	4.31%	4.19%
2019 Q3 DMP	0.11%	19.48%	17.00%	14.38%	8.50%	7.22%	7.18%
2019 Q3 No DMP	0.05%	17.09%	13.02%	9.57%	6.57%	5.83%	5.39%
2020 Q3 DMP	0.03%	28.51%	27.98%	16.26%	9.50%	7.50%	7.18%
2020 Q3 No DMP	0.09%	24.39%	20.96%	12.85%	7.61%	6.65%	5.58%
2021 Q3 DMP	0.04%	19.85%	16.90%	13.98%	10.39%	8.33%	10.33%
2021 Q3 No DMP	0.04%	17.30%	14.17%	11.52%	8.30%	6.80%	6.84%

71 Appendix Table C1 reports forbearances by quarter for consumers counseled in quarters other than Q3. We find that in any given quarter during the pandemic, consumers who were counseled in that same quarter or nearby quarters were more likely to be in forbearance on their credit card debt in that quarter than consumers counseled in earlier or later quarters. We also find that consumers enrolling in a DMP have higher rates of credit card forbearances than those not enrolling in a DMP consistently across counseled cohorts and quarters.

With regard to consumers with mortgage debt, Chart 20 shows that counseled consumers with mortgage debt were much more likely to be in forbearance than the consumers in the national sample in all periods. While the national sample share in forbearance dropped to about 2.4 percent by the end of Q3 2021, 10 to 16 percent of consumers in the counseled cohorts were in forbearance in the same period. Consumers counseled in Q3 2021 who did not enroll in a DMP had the highest share still in forbearance as of Q3 2021 (16 percent). Chart 20 illustrates the sustained financial impact of mortgage forbearances for relatively distressed (counseled) consumers with such loans.

CHART 20 SHARE WITH A MORTGAGE FORBEARANCE (AMONG THOSE WITH MORTGAGE DEBT)



	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
National	0.11%	6.52%	6.19%	4.64%	4.13%	3.14%	2.35%
2019 Q3 DMP	0.30%	18.40%	19.76%	16.91%	16.00%	12.63%	10.04%
2019 Q3 No DMP	0.82%	18.58%	19.30%	16.69%	16.78%	13.23%	10.31%
2020 Q3 DMP	0.18%	20.50%	22.86%	20.58%	18.56%	14.23%	10.84%
2020 Q3 No DMP	0.37%	22.24%	23.37%	20.30%	19.00%	14.77%	11.63%
2021 Q3 DMP	0.16%	16.81%	17.94%	15.25%	16.22%	14.38%	12.73%
2021 Q3 No DMP	0.37%	20.20%	21.76%	19.67%	20.52%	17.35%	15.96%

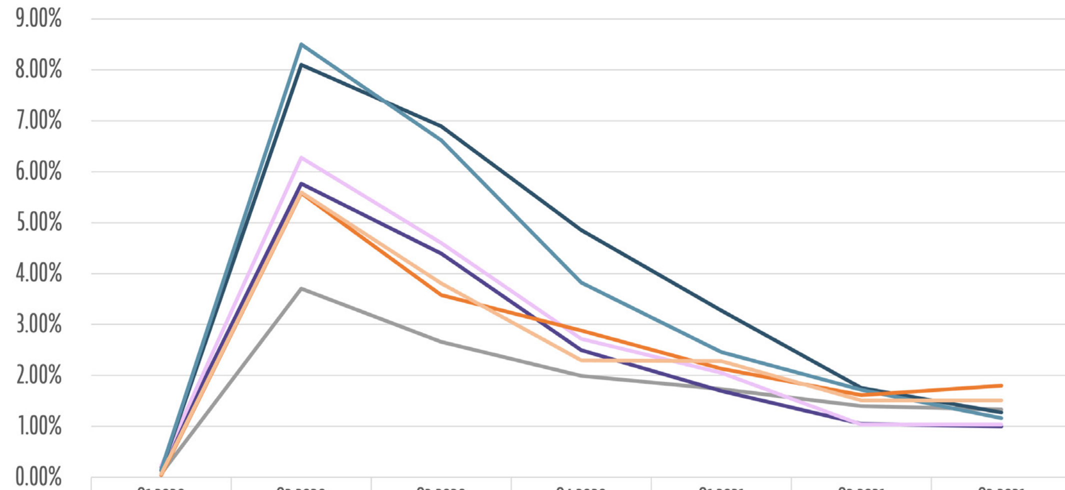
Chart 21 plots the share of consumers with auto debt in forbearance as of a given period. A much larger share of counseled consumers with auto debt were in forbearance through Q1 2021 relative to the national sample, after which the shares begin to converge in Q2 2021. Consumers counseled in Q3 2020 who subsequently enrolled in a DMP had the highest peak in Q2 2020 (7.4 percent), compared to 3.2 percent of consumers in the national sample. Aside from higher peaks, the share in forbearance remains elevated longer for counseled consumers regardless of the year of counseling. The Q2 2020 and Q3 2020 shares in forbearance are relatively similar for the counseled cohorts, while the shares decline from Q2 2020 to Q3 2020 for the national sample.

CHART 21 SHARE WITH AN AUTO LOAN FORBEARANCE (AMONG THOSE WITH AUTO DEBT)

EXPERIAN QUARTER	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
National	0.12%	3.25%	2.59%	1.62%	1.37%	0.77%	0.74%
2019 Q3 DMP	0.32%	6.23%	5.69%	3.56%	2.69%	0.98%	1.35%
2019 Q3 No DMP	0.39%	5.93%	5.63%	3.65%	2.91%	1.52%	1.48%
2020 Q3 DMP	0.44%	7.50%	6.89%	4.41%	2.96%	1.41%	1.58%
2020 Q3 No DMP	0.35%	6.67%	6.42%	4.01%	3.27%	1.67%	1.67%
2021 Q3 DMP	0.25%	5.73%	5.80%	2.82%	2.85%	1.56%	1.73%
2021 Q3 No DMP	0.44%	5.44%	5.72%	3.74%	2.99%	1.79%	2.09%

Finally, Chart 22 plots the share of consumers with personal finance loan debt in forbearance. Here, there is a notable difference not only between counseled consumers and the national sample, but also between consumers counseled in Q3 2020 relative to consumers counseled one year earlier (Q3 2019) or one year later (Q3 2021). Specifically, as of Q2 2020, about 8 percent of consumers with personal loan debt who were counseled in the next quarter (Q3 2020) had personal loan debt in forbearance, compared with about 5 to 6 percent of all other counseled cohorts and 3.4 percent of consumers in the national sample with personal loan debt. By the end of Q3 2021, the shares in forbearance converge, with relatively few consumers with personal loans having debt in forbearance.

CHART 22 SHARE WITH A PERSONAL FINANCE LOAN FORBEARANCE (AMONG THOSE WITH PERSONAL FINANCE DEBT)



EXPERIAN QUARTER	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
National	0.07%	3.71%	2.66%	1.99%	1.73%	1.40%	1.33%
2019 Q3 DMP	0.21%	5.77%	4.39%	2.49%	1.69%	1.05%	1.00%
2019 Q3 No DMP	0.22%	6.28%	4.60%	2.72%	2.05%	1.03%	1.03%
2020 Q3 DMP	0.14%	8.10%	6.89%	4.85%	3.27%	1.75%	1.27%
2020 Q3 No DMP	0.16%	8.50%	6.62%	3.82%	2.46%	1.72%	1.16%
2021 Q3 DMP	0.04%	5.58%	3.57%	2.88%	2.13%	1.61%	1.80%
2021 Q3 No DMP	0.06%	5.59%	3.81%	2.30%	2.28%	1.51%	1.51%

5.3 Profiles of Consumers with Private Credit Card Forbearances

In this section of the report, we compare demographic and credit characteristics as of Q4 2019 for consumers with credit card debt who received at least one credit card forbearance between Q2 2020 and Q3 2021 to those with credit card debt who did not receive any credit card forbearances during this period. Here, the counseled sample includes all consumers counseled after the onset of the COVID pandemic, between Q2 2020 and Q3 2021, who have a non-zero balance on any credit card account at any time during the pandemic (n=140,080). In the national sample, 18.1 percent of consumers with credit card debt received a forbearance at some point during the pandemic (n= 327,073). In the counseled sample, 44 percent of DMP consumers (n= 17,403) and 34 percent of non-DMP consumers (n= 34,177) received a forbearance on a credit card at some point during the pandemic.

Unlike earlier sections of the report that use the quarter prior to counseling as a baseline, we use Q4 2019 as the baseline quarter here because it provides a snapshot of consumers' finances prior to the onset of the COVID pandemic. We use only information provided in Experian data for this comparison since we lack the kind of administrative data collected by the credit counseling agencies for the national population; accordingly, demographic information is more limited and income-related metrics are based on Experian's estimations rather than on consumer-reported data. Credit characteristics are measured by the same constructs used elsewhere in this report, including credit performance, debt levels, and credit access. Appendix Table A1 provides full definitions for each measure. It is important to note that differences observed at baseline (Q4 2019) may be the result of differences in the types of consumers who sought forbearances (consumer selection), or differences in the types of consumers that creditors were more likely to approve for forbearances (creditor selection). We cannot disentangle these two potential sources of variation in this descriptive comparison.

Table 10 summarizes baseline demographic and credit characteristics for our national and counseled samples. There are no differences in gender, age, or estimated income between consumers who obtained forbearances and those who did not in the national sample, and differences in gender and age were modest in the counseled samples. Estimated household incomes were higher for the counseled sample consumers who received forbearances, and estimated debt-to-income ratios were higher in both samples among those who received forbearances.[72]

Turning to credit characteristics, consumers with forbearances in national sample had slightly lower credit scores at baseline than consumers who did not receive forbearances. However, in the counseled sample, consumers with forbearances had credit scores that were 20 to 30 points higher at baseline than consumers who did not receive forbearances. Relatedly, in both the national and counseled samples, consumers who obtained forbearances had stronger credit performance (as of Q4 2019) than consumers who did not obtain forbearances. Consumers who subsequently received forbearances in 2020 or 2021 were less likely to have delinquent or derogatory trades, trades with a charge off, and trades in collections as Q4 2019. Furthermore, the average balances on trades charged off, derogatory, or in collections as of Q4 2019 were smaller for consumers who subsequently obtained forbearances compared to those who did not. This indicates that consumers who were already severely behind on credit cards prior to the onset of the pandemic (in Q4 2019) sought (or were offered) credit card forbearances at a lower rate than consumers who were current on their credit card trades prior to the onset of the pandemic.

When examining debt types and levels, we observe that consumers who subsequently obtained forbearances in both the national and counseled samples were more likely to have mortgage, student, auto, and personal loans as of Q4 2019. They also had higher levels of baseline debt across various loan categories.

Prior to the onset of the pandemic, consumers who subsequently obtained forbearances were also more likely to have evidence of credit access. On average, consumers who later obtained forbearances were more likely to have available credit on their credit cards as of Q4 2019. They were also more likely to have recently opened a new credit card, auto loan, or mortgage in the prior 6 months. This indicates that consumers who were actively utilizing their credit cards and who had available credit for consumption were more likely to seek or to be approved for forbearances than consumers without as much credit access.

72 Income reported in this table is estimated by Experian using a predictive algorithm based on credit characteristics. This allows us to compare the predicted income for the counseled sample to the predicted income for the national sample. The differences between consumers who received forbearances and those who did not within each group (national sample, consumers with DMPs, and consumers who received counseling only) were statistically significant at the 95 percent confidence level except for the percent of consumer with open authorized user accounts in the national sample.

TABLE 10 BASELINE CREDIT CHARACTERISTICS OF CONSUMERS WITH CREDIT CARD DEBT

		NATIONAL SAMPLE FORBEARANCES		COUNSELED SAMPLE FORBEARANCES			
				DMP		NO DMP	
		YES	NO	YES	NO	YES	NO
	COUNT	327,073	1,480,419	17,403	22,135	34,177	66,365
DEMOGRAPHICS	AGE	49	49	44	44	44	41
DEMOGRAPHICS	SHARE FEMALE	51%	51%	66%	69%	64%	64%
DEMOGRAPHICS	AVERAGE INCOME INSIGHT SCORE	102.2	102.6	70.3	61.1	71.4	57.7
DEMOGRAPHICS	ESTIMATED DEBT-TO-INCOME RATIO	17.2	12.5	27.8	22.6	25.3	19.0
CREDIT PERFORMANCE	*VANTAGE SCORE*						
CREDIT PERFORMANCE	% WITH A VANTAGE SCORE	99.8%	99.5%	99.9%	99.5%	99.6%	98.1%
CREDIT PERFORMANCE	AVG. VANTAGE SCORE	718	722	631	610	637	604
CREDIT PERFORMANCE	*DELINQUENT AND DEROGATORY*						
CREDIT PERFORMANCE	% WITH A CHARGE OFF IN THE LAST 12 MONTHS	2.9%	4.1%	6.1%	13.3%	6.5%	15.1%
CREDIT PERFORMANCE	% WITH TRADES 60+ DPD IN THE LAST 12 MONTHS	9.7%	10.8%	19.6%	31.6%	20.0%	33.9%
CREDIT PERFORMANCE	% WITH CREDIT CARD TRADES 60+ DPD IN THE LAST 12 MONTHS	4.6%	5.4%	10.7%	18.3%	10.4%	18.5%
CREDIT PERFORMANCE	% WITH TRADES 90+ DPD IN THE LAST 12 MONTHS	7.4%	8.8%	14.7%	26.2%	15.4%	29.0%
CREDIT PERFORMANCE	% WITH CREDIT CARD TRADES 90+ DPD IN THE LAST 12 MONTHS	3.4%	4.3%	7.4%	14.6%	7.5%	15.3%
CREDIT PERFORMANCE	AVG. BALANCE ON PRESENTLY UNSATISFIED CHARGE OFFS	$457	$594	$677	$1,410	$901	$1,852
CREDIT PERFORMANCE	% WITH TRADES PRESENTLY DEROGATORY	8.0%	10.9%	13.0%	27.3%	15.4%	34.0%
CREDIT PERFORMANCE	AVG. OF TRADES PRESENTLY DEROGATORY	$702	$963	$950	$2,107	$1,333	$2,958
CREDIT PERFORMANCE	% WITH TRADES IN COLLECTIONS	14.7%	17.1%	21.1%	35.1%	24.8%	44.9%
CREDIT PERFORMANCE	AVG. BALANCE ON COLLECTIONS	$276	$384	$355	$821	$519	$1,261
DEBT LEVELS	*PRESENCE OF DEBT*						
DEBT LEVELS	% WITH A MORTGAGE	41.4%	33.7%	30.1%	23.1%	28.8%	18.5%
DEBT LEVELS	% WITH A STUDENT LOAN	20.3%	17.4%	36.5%	35.6%	32.3%	32.9%
DEBT LEVELS	% WITH AN AUTO LOAN	50.3%	39.2%	60.5%	54.4%	56.3%	47.0%
DEBT LEVELS	% WITH A PERSONAL FINANCE LOAN	6.8%	4.5%	20.8%	19.5%	14.7%	13.3%
DEBT LEVELS	*DEBT BALANCES AMONG ALL CONSUMERS (INCLUDING ZEROES)*						
DEBT LEVELS	AVG. MORTGAGE DEBT	$79,256	$63,266	$53,241	$37,328	$52,687	$30,863
DEBT LEVELS	AVG. STUDENT LOAN DEBT	$8,125	$6,381	$17,307	$16,439	$14,403	$13,586
DEBT LEVELS	AVG. AUTO LOAN DEBT	$10,480	$7,338	$12,104	$10,008	$11,099	$8,281
DEBT LEVELS	AVG. PERSONAL FINANCE LOAN DEBT	$453	$271	$1,444	$1,258	$997	$719
DEBT LEVELS	AVG. CREDIT CARD DEBT	$7,559	$3,958	$13,914	$8,027	$13,300	$5,487
CREDIT ACCESS	*EXISTING ACCESS*						
CREDIT ACCESS	% WITH AN OPEN CREDIT CARD	94.5%	85.1%	96.3%	83.9%	93.7%	70.7%
CREDIT ACCESS	% WITH AVAILABLE CREDIT	89.3%	80.6%	82.1%	66.1%	80.8%	55.3%
CREDIT ACCESS	AVG. AVAILABLE CREDIT	$17,596	$14,584	$7,002	$4,234	$8,763	$4,325
CREDIT ACCESS	% WITH OPEN AUTHORIZED USER ACCOUNTS	25.0%	24.9%	19.1%	15.9%	17.9%	13.1%
CREDIT ACCESS	*NEW ACCESS*						
CREDIT ACCESS	% WITH AUTO LOANS OPENED IN THE LAST 6 MONTHS	10.0%	7.4%	12.9%	11.4%	12.1%	9.9%
CREDIT ACCESS	% WITH CREDIT CARDS OPENED IN THE LAST 6 MONTHS	20.5%	14.1%	34.5%	28.2%	31.4%	22.1%
CREDIT ACCESS	% WITH MORTGAGES OPENED IN THE LAST 6 MONTHS	3.6%	2.7%	3.2%	2.2%	2.7%	1.5%

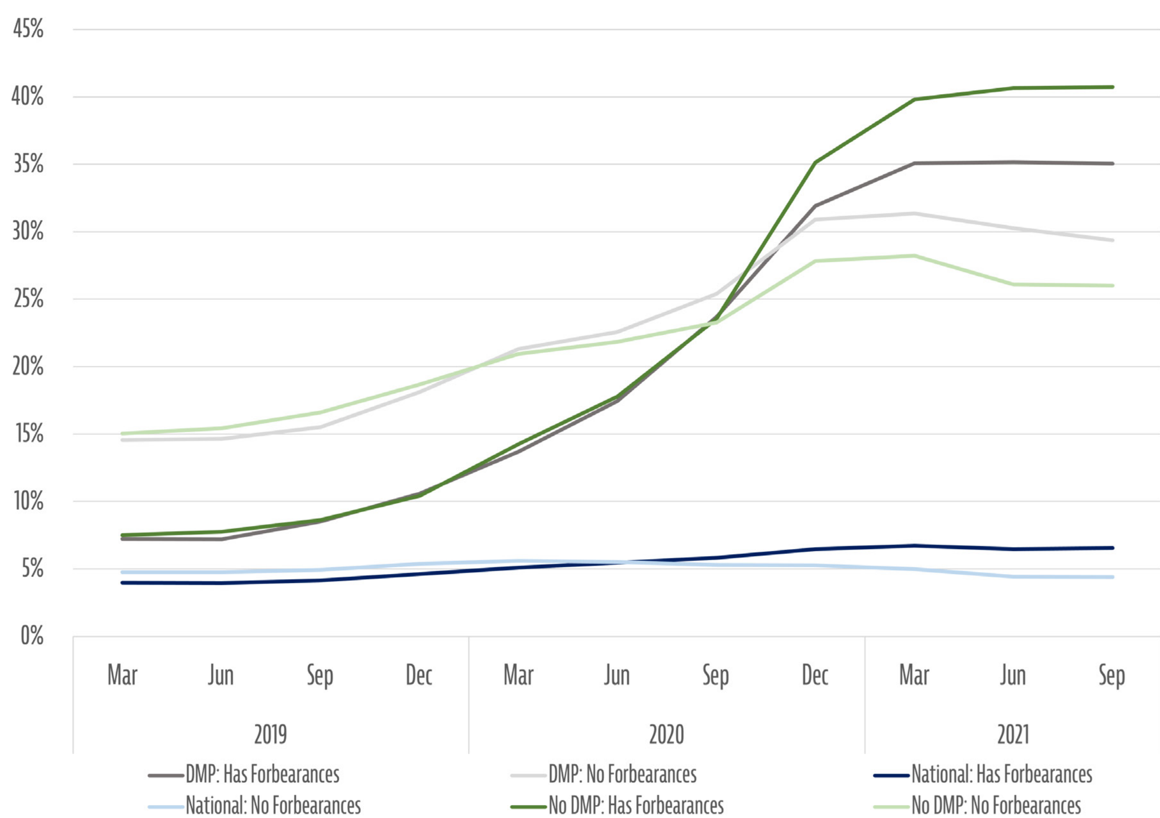
5.4 Credit Trends by Forbearance and DMP Status

Our final analysis plots credit trends from Q1 2019 for consumers who did and did not receive credit card forbearances. Here, we focus primarily on indicators of credit performance using some of the same metrics reported in Section 4 for counseled consumers, as well as credit card balances. This illustrates the extent to which consumers who received credit card forbearances show signs of credit payment distress before and after the forbearance period, and in the case of counseled consumers, if this level of distress differs for those who do and do not enroll in a DMP.

For the analysis below, we present results for consumers with credit card debt who were counseled in Q3 2020 who did or did not receive forbearances on credit cards at some point in time between Q2 2020 and Q3 2021. In Appendix C (Charts C2 through C11), we present similar charts for consumers with credit card debt who were counseled in Q2 2020 and Q4 2020. In each chart, we also report credit trends for consumers in the national sample with credit card debt who did and did not receive credit card forbearances during the same 18-month period. We know from our earlier analysis that the majority of credit card forbearances occurred in Q2 2020, with very low rates of credit card forbearances by early 2021. Thus, the 2021 quarters provide some indication of the post-forbearance credit performance of consumers who received credit card forbearances for both populations.

Chart 23 plots the share of consumers with bankcard trades 60 or more days delinquent or derogatory in the last 12 months, limited to consumers with bankcard debt. For counseled consumers, the gray lines represent those enrolling in a DMP while the green lines represent those not enrolling in a DMP. The darker shading (gray or green) indicates the counseled consumer also received private creditor forbearances on bankcards at some point in 2020 or 2021 (predominately in Q2 2020, as previously reflected in Chart 19). The blue lines represent consumers in the national sample, with darker shading indicating those who received a forbearance.

CHART 23 SHARE WITH BANKCARD TRADES 60+ DAYS DELINQUENT IN THE LAST 12 MONTHS (EXCLUDING COLLECTIONS)



Several items stand out about the trends chart. First, while all groups of counseled consumers experienced an increase in the share who were 60+ DPD on bankcard debt in the quarters leading up to counseling (as documented earlier in the report), their starting points and rates of increase are quite different. Among consumers who did not go on to obtain bankcard forbearances, the share of consumers who had at least one account 60+DPD was already relatively high at the beginning of 2019, increasing gradually through the quarter of counseling. In contrast, the consumers who go on to obtain forbearances started with a much smaller share with delinquencies through Q3 2019, but then experienced a faster and more consistent increase all the way through the quarter of counseling, where all counseled groups converge with about 24 to 25 percent of counseled consumers having 60+ DPD delinquencies on bankcards as of the end of Q3 2020.

This finding is in line with Table 10, which showed that counseled consumers who subsequently obtained forbearances had stronger credit profiles and lower delinquency levels as of Q4 2019 than counseled consumers who did not obtain forbearances. However, it also emphasizes that both groups were experiencing financial strains prior to the pandemic, and in fact that the rate of deterioration may actually have been more severe for consumers who ended up obtaining forbearances than for the more chronically distressed group who did not obtain forbearances.

Second, after the counseling quarter (Q3 2020), the sharper rate of increase in the share of consumers with delinquencies continues for the consumers who obtained bankcard forbearances, and actually surpasses the groups who did not obtain forbearances after the pandemic. The share of consumers who were 60+DPD in the past 12 months among borrowers who obtained forbearances peaked in Q1 2021 at 40 percent among consumers who did not enroll in DMPs (dark green line) and 35 percent among those who did enter DMPs (dark grey line). It is important to keep in mind that we cannot observe the counterfactual rate of delinquency for consumers absent private creditor forbearances.

Another important factor to put these trends in context is that the 24 to 25 percent of counseled consumers who were delinquent at the end of the quarter of counseling (Q3 2020) during the COVID pandemic is lower than the typical share of counseled consumers who were delinquent at the end of the quarter of counseling prior to the pandemic. For example, Chart 15 in Section 4.4 indicates that 28 percent of consumers counseled in Q3 2019 were delinquent as of the end of the quarter of counseling. This seems to suggest that card forbearances and other pandemic relief programs in the first months after the onset of the pandemic likely prevented a substantial share of consumers from going delinquent.

A third point of interest is that the national trends (blue lines) also show an extremely slight but directionally similar switching pattern, where those with private creditor forbearances (dark blue line) see a slight increase in credit card delinquencies beginning in Q3 2020, while those without private creditor forbearances (light blue line) see a slight decrease in delinquencies during the same period.

In Chart 24, we plot the share of consumers with credit card debt who had a charge off in the last 12 months. While not limited to charge offs on credit card trades, the majority of charge offs reported in credit data involve credit card accounts. It is important to remember that this indicator captures a charge off on any trade (the extensive margin). Chart 25 plots an alternative measure of charge offs that captures the intensive margin—the average balance on trades presently charged off. While both charge-off measures provide an indication of severe credit distress, we do not know from these measures if the charged-off account(s) represent credit cards that were part of a private creditor forbearance or a DMP.

The trends in the share of consumers with a charge off by forbearance and DMP status are flatter than for 60+ DPD delinquencies but show some similarities. Among consumers who do not end up obtaining forbearances, the share with charge offs in the past year is substantially higher in early 2019 than it is for the consumers who go on to obtain forbearances. The share with charge offs starts to increase gradually over subsequent quarters for all counseled consumers until the end of the quarter of counseling (Q3 2020). After the counseling quarter (Q3 2020), trends in the share of consumers with charge offs further diverge based on forbearance and DMP status. Counseled consumers who obtained forbearances but did not enroll in DMPs experience a second sharper jump, eventually peaking in Q3 2021 with 29 percent of consumers having experienced a charge off in the past 12 months. By contrast, for counseled consumers with credit card forbearance who enroll in a DMP, the share with charge offs peaks at 20 percent by the end of Q3 2021—lower than all other counseled consumer groups. In the national sample, consumers who subsequently obtain forbearance have a lower share with charge offs than those who do not obtain forbearances prior to the onset of the COVID pandemic—however, the share increases slightly for those who obtain forbearances beginning in Q2 2021.

As shown in Chart 25, increases in the average balances of unsatisfied charge offs are relatively consistent across the different groups until the quarter of counseling (Q3 2020). After that point, consumers who received private credit card forbearances start to experience faster rates of increase than those who did not obtain forbearances, but there is a substantial difference in the ultimate peaks for those who enrolled in a DMP as compared to those who did not enroll in a DMP (peak of $2,429 on average compared to $4,624). Between Q4 2020 and Q3 2021, charge-off amounts increased an average of $2,559 for counseled consumers who received forbearances but did not enroll in a DMP (dark green) while those who did enroll in a DMP (dark grey) only experienced a $917 increase. We do not know the extent to which this is a treatment effect of the DMP or simply reflects differences in the types of consumers who sort into a DMP. We also do not know the counterfactual rate or dollar amount of debt that would have been charged off absent private credit card forbearances. The national sample also shows a slight increase in unsatisfied charge off balances among consumers who obtained forbearances compared to those who did not obtain forbearances beginning Q2 2021.

CHART 24 SHARE WITH A CHARGE OFF IN THE LAST 12 MONTHS

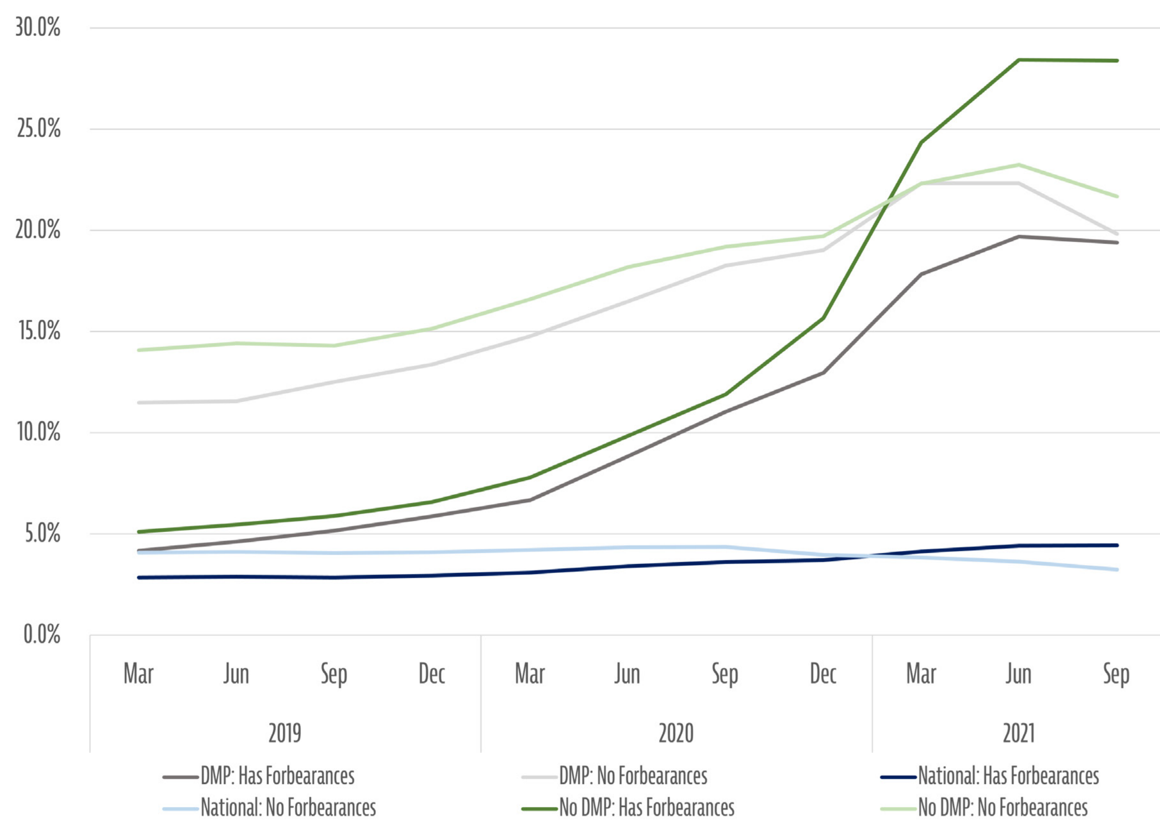


CHART 25 AVERAGE BALANCE ON PRESENTLY UNSATISFIED CHARGE OFFS

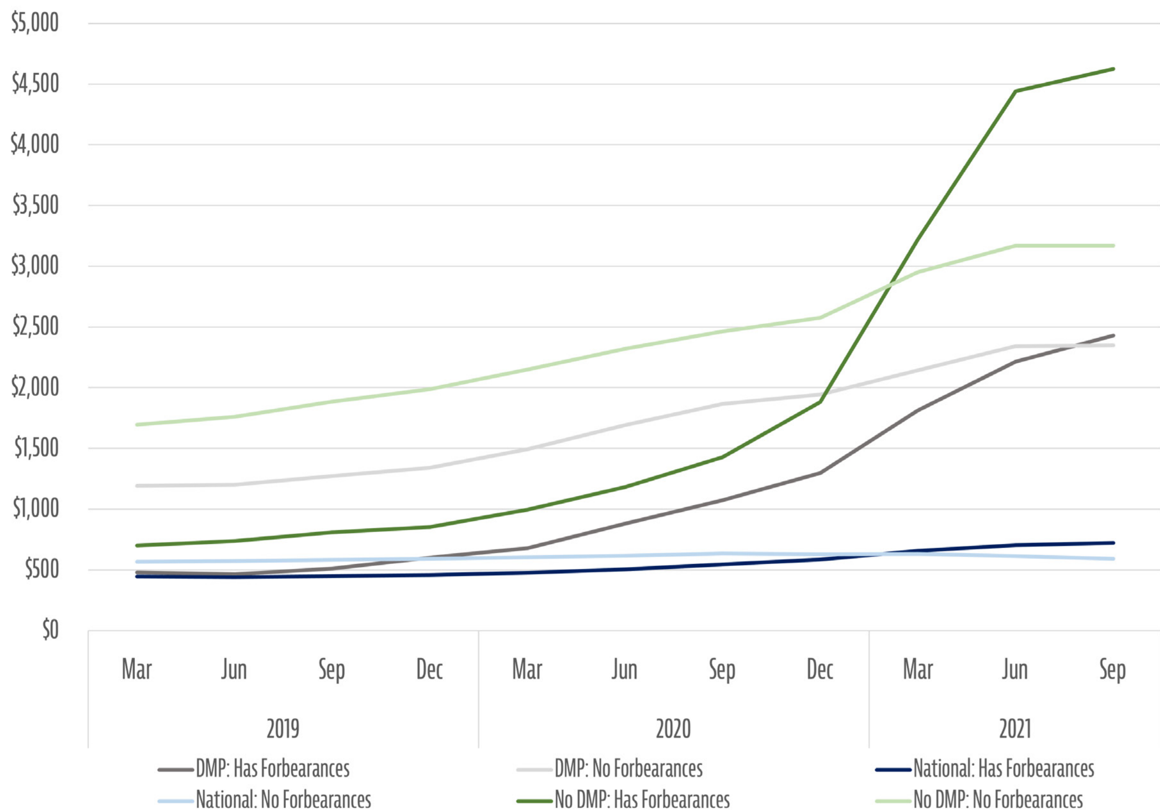


Chart 26 plots the average credit score of consumers with credit card debt, by subsequent forbearance and DMP status. Consistent with the baseline differences reported in Table 10, counseled consumers who subsequently obtain forbearances start out with credit scores that were 24 to 38 points higher in Q1 2019 than counseled consumers who did not subsequently obtain forbearances. However, the credit scores for the two groups begin to converge by the end of the quarter of counseling (Q3 2020), where the difference drops to 11 points. Credit scores then begin to gradually increase for the counseled groups who enroll in a DMP, with a one quarter delay in the credit score increase for counseled consumers who did not enroll in a DMP. In the national sample, consumers who obtained forbearances start out with similar credit scores to consumers who did not obtain forbearances. Both groups experience a slight increase in credit score after the onset of the pandemic (at the end of Q2 2020).

CHART 26 AVERAGE VANTAGE SCORE AMONG THOSE WITH A VANTAGE SCORE

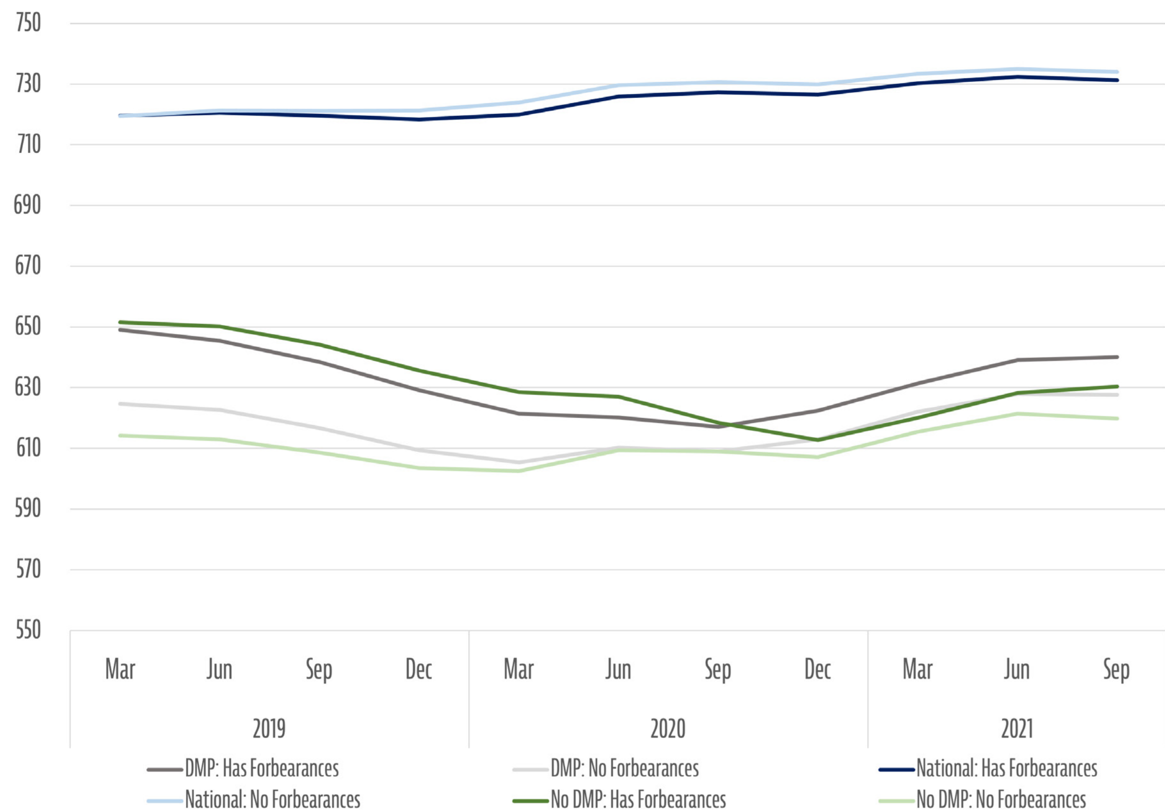
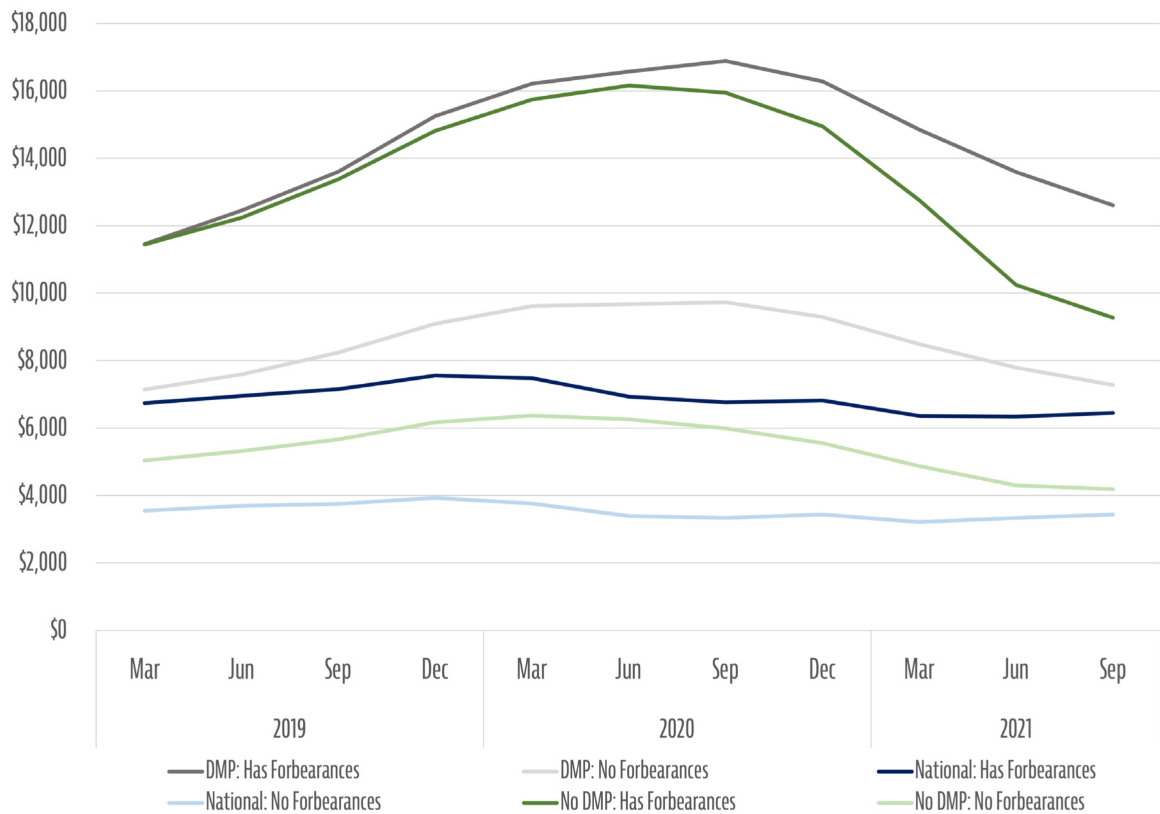


Chart 27 plots trends in balances on open and closed bankcards among those with card debt, by forbearance and DMP status. Counseled consumers who obtained forbearances started with substantially higher balances in 2019 and experienced larger increases through the quarter of counseling in Q3 2020. After that point, they also experienced sharper reductions in balances than the consumers who did not obtain forbearances, with the largest single declines among consumers who obtained forbearances but did not enroll in DMPs. This is the same group who also experienced the greatest increase in charge offs, which could contribute to the decline in observed balances. In credit report data, credit card balances can decline for numerous reasons, including accelerated repayment, reductions in spending, and creditor charge offs. In the national population average card balances start declining early in 2020, pause briefly in Q4, and then decline again in Q1 2021 before leveling out.

CHART 27 AVERAGE BALANCES ON OPEN AND CLOSED BANKCARDS



The charts presented in this section focus on consumers counseled in Q3 2020. The timing of counseling for that cohort immediately follows the onset of the pandemic and spike in credit card forbearances in Q2 2020. It is thus difficult to determine the extent to which the inflection points in trends that we observe between Q2 and Q4 of 2020 are related to the timing of counseling, to something about the expiration of forbearances, or to other COVID era pandemic support programs. To better differentiate the effects, Appendix C (Charts C2 through C11) presents similar charts for consumers with credit card debt who were counseled in Q2 2020 and Q4 2020. The general credit trends are similar, although the timing of the inflection points differs slightly by timing of counseling. For example, for consumers counseled in Q2 2020 with credit card forbearances, there is a notable increase in the share with charge offs (Chart C4) after Q1 2020 and then again after Q3 2020. For consumers counseled in Q4 2020 with credit card forbearances, there is a notable increase in charge offs after Q3 2020 and then again after Q4 2020. The timing of the second inflection point coincides perfectly with the stark decrease in the share with credit card forbearances for each particular cohort shown in Table C2 of Appendix C. These results suggest the first inflection point is related to the timing of counseling, while the second inflection point is related to the expiration of forbearances.

5.5 Synthesis

More than one-third of consumers who sought counseling during the first 18 months of the pandemic obtained at least one non-student loan forbearance—more than double the rate among the national population—but only about 8 percent obtained forbearances on two or more non-student loan types. It is not surprising that about 30 percent of counseled consumers with mortgages obtained forbearances on those loans, given that mortgage payments make up a substantial portion of household budgets and that federal programs provided borrowers who had experienced pandemic hardships a right to obtain forbearances upon request for up to 18 months for about 70 percent of that market. However, counseled consumers and consumers in the national sample actually obtained forbearances on credit cards more often than on any other non-student loan category, despite the fact that minimum monthly payments are relatively low, the forbearances were not guaranteed, and they often lasted for only a few months.

Consumers who obtained credit card forbearances tended to have relatively high debt levels but lower delinquency and charge off rates as of a pre-pandemic baseline than consumers who did not obtain forbearances. However, tracing trendlines over time reveals a more complicated picture. As with cohorts counseled prior to the pandemic, consumers who were counseled in Q3 2020 began to experience a decline in their credit profiles (increase in delinquencies, decrease in credit scores) about a year prior to counseling (in late 2019). However, once the pandemic hit in Q2 2020, consumers who obtained forbearances tended to experience a more rapid deterioration in various credit metrics, even though they started from a stronger initial position. This may be indicative of a secondary shock that both motivated them to obtain forbearances and continued to have negative effects on delinquencies, charge offs, and charged-off balances after the short-term relief ended.

Because delinquency and charge off metrics were rising relatively rapidly among consumers who obtained credit card forbearances both before and after the pandemic, their credit scores continued to decline over most of 2020. In late 2020 and early 2021, those consumers' scores begin to rise at roughly the same rate as counseled consumers who had not obtained forbearances, and somewhat more sharply than consumers in the national sample. Average card balances also begin to decline among counseled consumers in that same late 2020 and early 2021 time period, which may help explain the increase in credit scores in 2021.

These trends suggest that among counseled consumers, those who obtained private credit forbearances may have experienced secondary shocks around the time of the onset of the pandemic. The fact that delinquency and charge off metrics continued to rise after obtaining the forbearances, seeking counseling, and (in some cases) enrolling in DMPs could indicate that those consumers were not successful in obtaining forbearances on all accounts. The trends could also indicate that some consumers experienced delinquencies and other negative outcomes after initial forbearances expired. However, while the negative trends are substantial, it is also notable that negative credit trends for consumers who sought counseling during the pandemic were substantially less severe than in pre-pandemic cohorts. Along with enhanced unemployment insurance benefits as discussed in Section 4, forbearances may have helped consumers enter counseling and DMPs before their credit reports had deteriorated to the same level as consumers who sought counseling before 2020.

6. CONCLUSION

These initial findings point to a number of additional empirical and policy questions about the role of lender forbearances, credit score protections, and other short-term relief programs during one of the most severe economic contractions in the last century. The findings also highlight important questions about the relationships between short-term (e.g., credit card forbearance) and long-term (e.g., DMPs) relief programs that are available to households who are struggling to manage credit card debt and other unsecured loans.

While isolating the effect of individual relief initiatives is difficult due to a number of factors, additional research into the following topics could potentially help inform future programs for distressed borrowers particularly in the context of future downturns and disasters:

» **How consumers prioritized among different loan products and individual accounts in seeking forbearances during the pandemic, and ways to reduce process burdens in obtaining borrower relief:** Despite sharp increases in unemployment, infection rates, and economic uncertainty in Q2 2020, it is striking that consumers generally did not obtain forbearances across all loan types and accounts. Future research would be helpful to understand which accounts received forbearances across individual consumers' portfolios of debts and the longer-term outcomes of accounts with and without forbearances. Qualitatively, it would be helpful to understand the extent to which heterogeneity in forbearances within a consumer's portfolio of accounts was driven by the process burdens of having to submit separate requests to individual lenders or by consumers' assessment of the relative advantages and disadvantages of particular relief programs. Understanding how consumers weighed factors such as the size and cost of the underlying loan, the short-term financial benefits of particular forbearances, psychological relief from the risk of delinquencies and collections calls, and the potential effects of forbearances on long-term debt costs could also be helpful. Finally, evaluating mechanisms for streamlining request processes could be particularly important for credit cards and other general unsecured loans given that many consumers have substantially higher numbers of such accounts as compared to mortgage or auto loans.

» **How differences in lender relief programs and practices may have affected household budgets and behaviors:** Differences in eligibility requirements, forbearance lengths, waivers of fees and/or interest, post-forbearance transition programs, and consumer communications may also have played a significant role in determining which borrowers obtained which forbearances and the impact of that relief. A more nuanced understanding of these features' effects could help to identify best practices and promote greater consistency, which in turn could reduce process burdens for consumers as they consider which assistance to request in future emergencies.

- **The extent of household benefits from the credit reporting requirements of the CARES Act as compared to forbearances and income support programs.** Forbearances and income support programs gave consumers varying degrees of financial flexibility to make other debt or expense payments. By freezing the level of delinquency on accounts that were subject to forbearance or other accommodations, the CARES Act provided additional relief that could affect households' ability to access credit over time. Measuring the short- and long-term impact of the credit reporting provisions independent of the other relief programs on credit scores and household finances is challenging but could help to inform the prioritization of different types of relief for future programs. Future research can also examine substitution effects between accounts and trade types, where forbearances on one type of debt (such as mortgage or student loan debt) may lead to accelerated repayment of a different type of debt (such as credit card debt).
- **Processes and supports for borrowers as they exit short-term forbearance programs and the need for a broader spectrum of long-term repayment options for consumers who are struggling to manage credit cards and other general unsecured credit.** Additional examination at the account and consumer levels to trace post-forbearance patterns concerning delinquencies, charge offs, and enrollment in longer-term workout programs could be helpful to better understand the initial results and the potential need for better communications regarding substantive options and processes as short-term programs end. The fact that the number of consumers who qualify for DMPs dropped even more dramatically than general counseling volumes during the pandemic also underscores the potential need for additional long-term workout options. A preliminary analysis of the consumers enrolling in one such option is provided in Appendix B, and evaluation of other repayment plans will be a significant component of the broader research project.
- **The potential need for different short- or long-term options for consumers who have experienced acute shocks as compared to more chronic financial distress.** Patterns in both the forbearances and credit counseling analyses suggest there may be subgroups with substantially different experiences and credit profiles among the broader population of consumers who seek counseling services. Additional research could potentially assess the existence of such groups and whether a continuum of more tailored support programs could better assist them to stabilize their finances.
- **The extent to which obtaining credit counseling and enrolling in debt management plans before consumers' credit reports have deteriorated to typical levels changes the speed and extent of their long-term recovery.** Experiences in the mortgage market after the 2008 financial crisis indicated that workout efforts were more likely to succeed if consumers enrolled before they built up substantial arrearages and other financial damage. The pandemic may provide an additional opportunity to test this premise by assessing the extent to which reducing the damage to consumers' credit reports through short-term relief programs affects the speed and extent of long-term recovery for counseled consumers and DMP participants.

We are assessing the potential for future research on these topics in addition to the other elements of the broader project as described in Section 2.1. In addition to the empirical research, other reports in this project will explore the potential evolution of related policy, regulation, and market practices based on stakeholder engagement and policy and legal analyses. The goal is to take a broad-based look at potential innovations to support more rapid and inclusive recoveries from personal and broader economic crises such as COVID-19.

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APPENDIX A

Supplemental Counseling Material

TABLE A1 MEASURE DEFINITIONS

SHORTENED MEASURE NAME	MEASURE	SOURCE
AGE	Age of counseled consumer in years, calculated as the difference between birth year and year of counseling	Agency Data
NUMBER UNDER 18 IN HOUSEHOLD	Number of household members under the age of 18 at the time of counseling	Agency Data
FEMALE	Coded "1" if counseled consumer identifies as female; "0" otherwise	Agency Data
EDUCATION: LESS THAN HIGH SCHOOL	Coded "1" if highest level of education completed for counseled consumer is less than high school; "0" otherwise	Agency Data
EDUCATION: HIGH SCHOOL GRADUATE O R EQUIVALENT	Coded "1" if highest level of education completed for counseled consumer is high school or equivalent; "0" otherwise	Agency Data
EDUCATION: SOME COLLEGE OR COLLEGE DEGREE	Coded "1" if highest level of education completed for counseled consumer is some college or college degree; "0" otherwise	Agency Data
EDUCATION: OTHER	Coded "1" if highest level of education completed for counseled consumer is missing; "0" otherwise	Agency Data
MARRIED/LIVING WITH A PARTNER	Coded "1" if marital status of counseled consumer is married or living with a partner; "0" otherwise	Agency Data
RACE/ETHNICITY: ASIAN	Coded "1" if race of counseled consumer is Asian; "0" otherwise	Agency Data
RACE/ETHNICITY: BLACK	Coded "1" if race of counseled consumer is Black; "0" otherwise	Agency Data
RACE/ETHNICITY: HISPANIC	Coded "1" if ethnicity of counseled consumer is Hispanic, and race is either "White" or "Other"; "0" otherwise	Agency Data
RACE/ETHNICITY: OTHER	Coded "1" if race of counseled consumer is Other and Ethnicity is Non Hispanic; "0" otherwise	Agency Data
RACE/ETHNICITY: NON-HISPANIC WHITE	Coded "1" if race of counseled consumer is "White" and Ethnicity is Non Hispanic; "0" otherwise	Agency Data
UNEMPLOYMENT OR INCOME SHOCK	Coded "1" if reason for seeking counseling is related to loss of income, job loss, or unemployment, or the consumer is flagged as unemployed at the time of counseling; "0" otherwise	Agency Data
UNEMPLOYMENT	Coded "1" if reason for seeking counseling is related to unemployment, or the consumer is flagged as unemployed at the time of counseling; "0" otherwise	Agency Data
MONTHLY INCOME	Gross monthly household income reported by consumer at the time of the counseling session	Agency Data

SHORTENED MEASURE NAME	MEASURE	SOURCE
MONTHLY HOUSING EXPENSES	Total monthly payments for mortgage, rent, utilities, and maintenance as reported by consumer at the time of the counseling session.	Agency Data
UNSECURED DEBT	Outstanding balance on unsecured debt as reported by consumer at the time of the counseling session.	Agency Data
TANGIBLE ASSETS	Total assets including value of home if applicable, as reported by consumer at the time of the counseling session.	Agency Data
INCOME INSIGHT SCORE	Experian estimated annual household income, in thousands.	Experian
DTI SCORE	Experian estimated monthly debt payments as a percent of monthly household income (values range from 0 to 100)	Experian
ANY MORTGAGE	Coded "1" if consumer has any mortgage trade that is open or closed with a balance > $0, reported in the last 3 months excluding derogatory trades; "0" otherwise	Experian
ANY STUDENT LOAN	Coded "1" if consumer has any student loan trade that is open or closed with a balance > $0, reported in the last 3 months excluding derogatory trades (deferred included); "0" otherwise	Experian
ANY AUTO LOAN	Coded "1" if consumer has any auto loan or lease trade that is open or closed with a balance > $0, reported in the last 3 months excluding derogatory trades; "0" otherwise	Experian
ANY PERSONAL FINANCE LOAN	Coded "1" if consumer has any personal finance loan that is open or closed with a balance > $0, reported in the last 3 months excluding derogatory trades; "0" otherwise	Experian
BALANCE ON MORTGAGES	Total balance on all mortgage trades that are open or closed with a balance > $0, reported in the last 3 months excluding derogatory trades	Experian
BALANCE ON STUDENT LOANS	Total balance on student loan trades that are open or closed with a balance > $0, reported in the last 3 months excluding derogatory trades (deferred included)	Experian
BALANCE ON AUTO LOANS	Total balance on auto loan or lease trades that are open or closed with a balance > $0, reported in the last 3 months excluding derogatory trades	Experian
BALANCE ON PERSONAL FINANCE LOANS	Total balance on personal finance loan trades that are open or closed with a balance > $0, reported in the last 3 months excluding derogatory trades	Experian
BALANCE ON OPEN AND CLOSED BANKCARD ACCOUNTS	Total balance on revolving bankcard trades that are open, or closed with a balance > $0, reported in the last 3 months excluding derogatory and authorized user trades	Experian
ANY OPEN BANKCARD ACCOUNTS	Coded "1" if consumer has any revolving bankcard trades that are open, reported in the last 3 months excluding derogatory and authorized user trades; "0" otherwise	Experian
# OF OPEN CARDS	Total number of revolving bankcard trades that are open, reported in the last 3 months excluding derogatory and authorized user trades	Experian
ANY AVAILABLE CREDIT	Coded "1" if the consumer has any available credit remaining on open revolving bankcards, reported in the last 3 months excluding authorized user trades; "0" otherwise	Experian
AVAILABLE CREDIT	Total amount of available credit remaining across all open revolving bankcards, reported in the last 3 months excluding authorized user trades	Experian
ANY AUTHORIZED USER TRADES	Coded "1" if the consumer has any open revolving bankcard trades for which they are listed as an authorized user, reported in the last 3 months; "0" otherwise	Experian
OPENED AUTO LOAN IN LAST 6 MONTHS	Coded "1" if the consumer has any auto loan or lease trade opened in the last 6 months; "0" otherwise	Experian
OPENED BANKCARD IN LAST 6 MONTHS	Coded "1" if the consumer has any revolving bankcard trade opened in the last 6 months excluding authorized user trades; "0" otherwise	Experian
OPENED MORTGAGE IN LAST 6 MONTHS	Coded "1" if the consumer has any mortgage trade opened in the last 6 months; "0" otherwise	Experian

SHORTENED MEASURE NAME	MEASURE	SOURCE
ANY VANTAGE SCORE	Coded "1" if the consumer has a Vantage Score reported by Experian; "0" otherwise.	Experian
VANTAGE SCORE	Experian's proprietary credit score, based on Vantage 4.0, with a range of 300 to 850.	Experian
ANY TRADES EVER 60 OR MORE DAYS DELINQUENT OR DEROGATORY OCCURRED IN THE LAST 12 MONTHS EXCLUDING COLLECTIONS	Coded "1" if the consumer has any trades ever 60 or more days delinquent or derogatory in the last 12 months excluding collections; "0" otherwise	Experian
ANY REVOLVING BANKCARD TRADES EVER 60 OR MORE DAYS DELINQUENT OR DEROGATORY OCCURRED IN THE LAST 12 MONTHS	Coded "1" if the consumer has any revolving bankcard trades ever 60 or more days delinquent or derogatory in the last 12 months excluding collections; "0" otherwise	Experian
ANY TRADES EVER 90 OR MORE DAYS DELINQUENT OR DEROGATORY OCCURRED IN THE LAST 12 MONTHS EXCLUDING COLLECTIONS	Coded "1" if the consumer has any trades ever 90 or more days delinquent or derogatory in the last 12 months excluding collections; "0" otherwise	Experian
ANY REVOLVING BANKCARD TRADES EVER 90 OR MORE DAYS DELINQUENT OR DEROGATORY OCCURRED IN THE LAST 12 MONTHS	Coded "1" if the consumer has any revolving bankcard trades ever 90 or more days delinquent or derogatory in the last 12 months excluding collections; "0" otherwise	Experian
ANY CHARGE OFF IN LAST 12 MONTHS	Coded "1" if the consumer has any charge off on a trade that occured in the last 12 months; "0" otherwise	Experian
TOTAL BALANCE ON PRESENTLY UNSATISFIED CHARGED-OFF TRADES INCLUDING SETTLED CHARGED-OFF TRADES	Total balance on presently unsatisfied charge off trades including settled charge off trades	Experian
ANY BALANCE ON COLLECTIONS	Coded "1" if the consumer has any balance on medical or non-medical collection trades; "0" otherwise	Experian
TOTAL BALANCE ON COLLECTIONS	Total balance on medical or non-medical collection trades	Experian
ANY TRADES PRESENTLY DEROGATORY EXCLUDING COLLECTIONS	Coded "1" if the consumer has any trades presently derogatory excluding collections trades; "0" otherwise	Experian
BALANCE ON TRADES PRESENTLY DEROGATORY EXCLUDING COLLECTIONS	Total balance on trades presently derogatory excluding collections trades	Experian

CHART A1 AVERAGE TOTAL BALANCE ON TRADES PRESENTLY DEROGATORY EXCLUDING COLLECTIONS

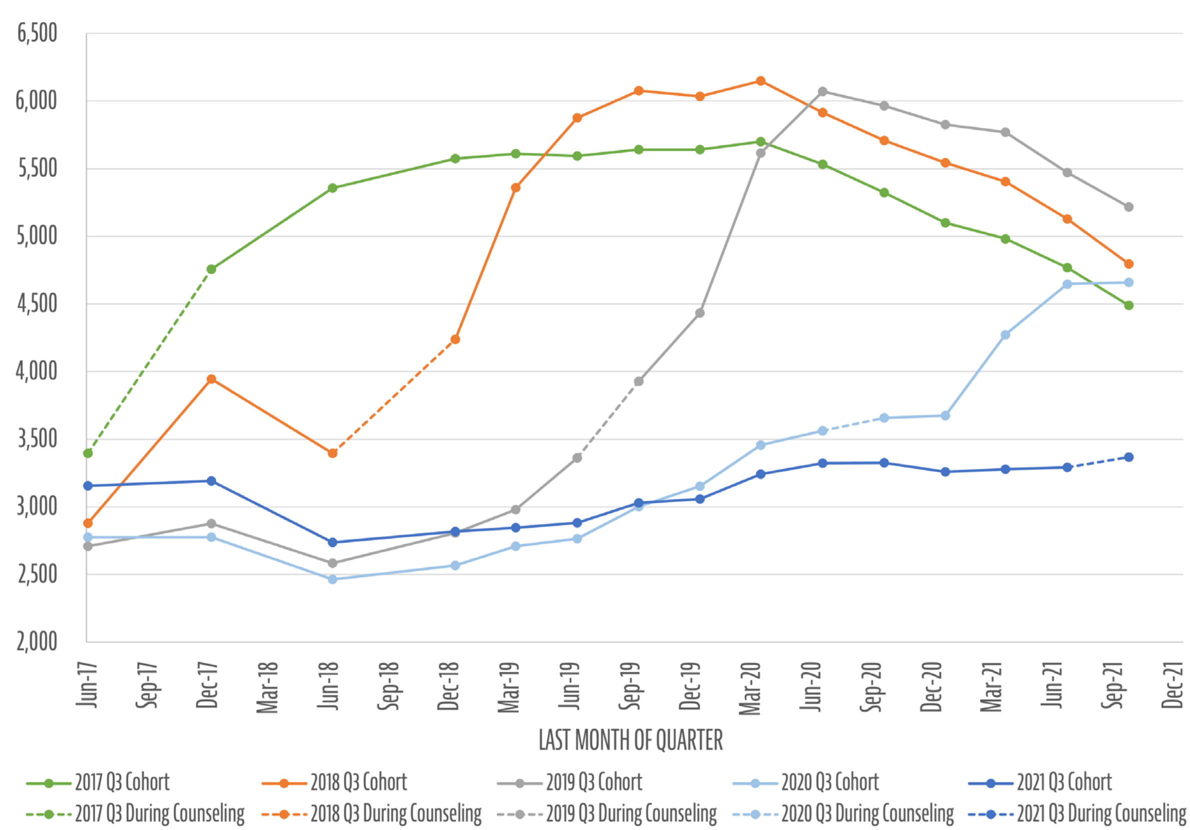


CHART A2 SHARE OF Q3 COHORTS WITH A BALANCE ON TRADES PRESENTLY DEROGATORY EXCLUDING COLLECTIONS

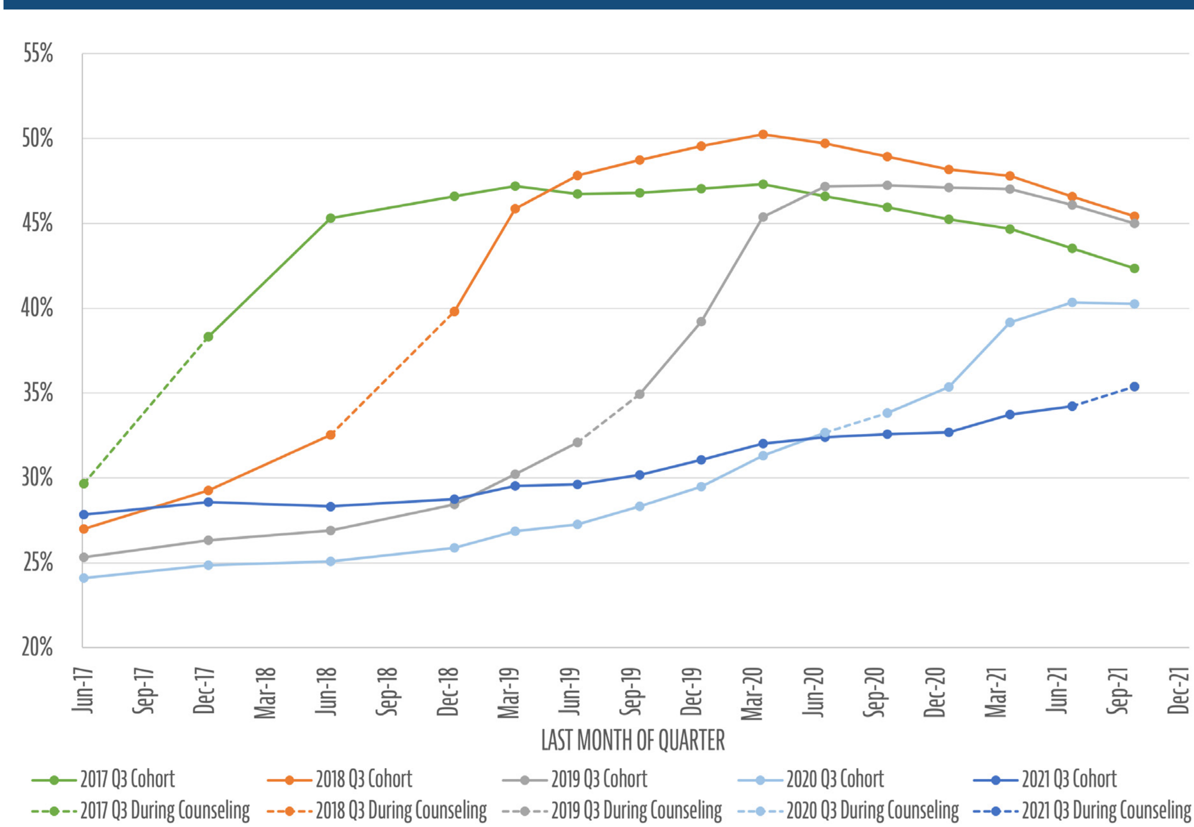


CHART A3 AVERAGE TOTAL BALANCE ON COLLECTIONS

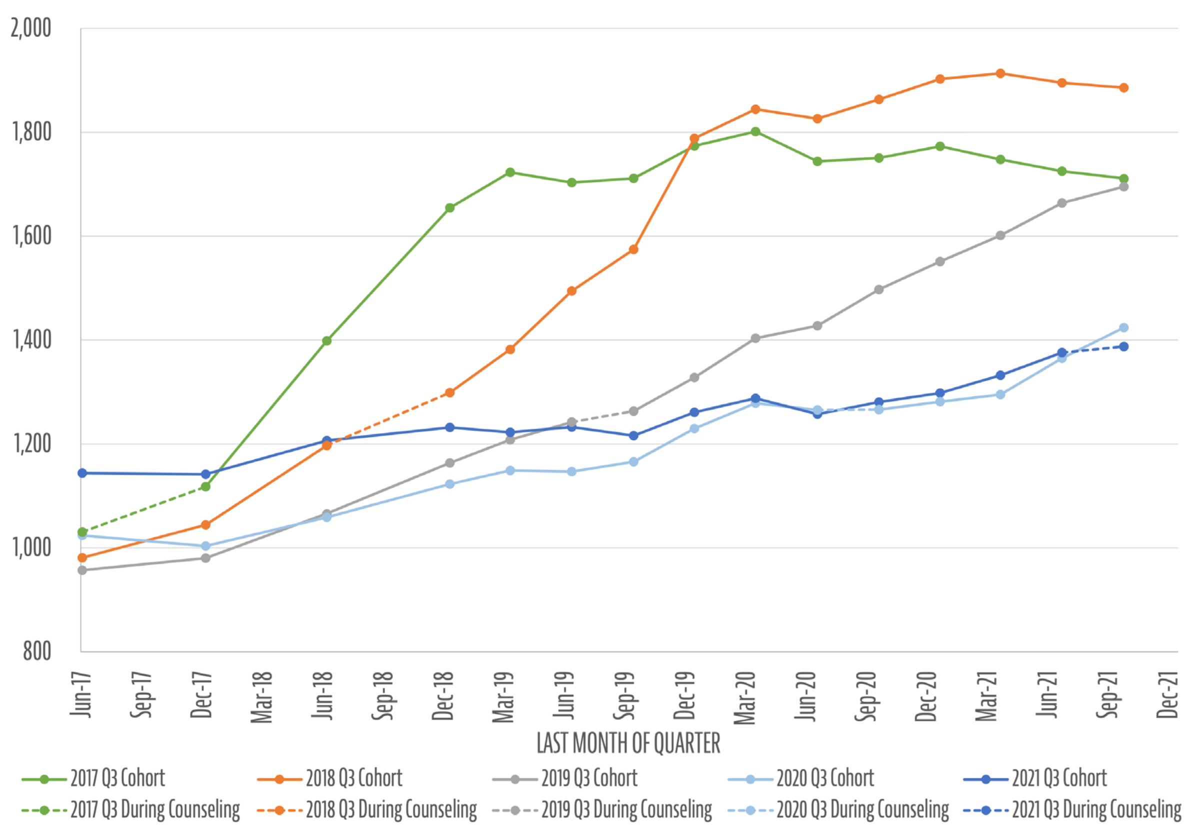


CHART A4 SHARE OF Q3 COHORTS WITH A BALANCE ON COLLECTIONS

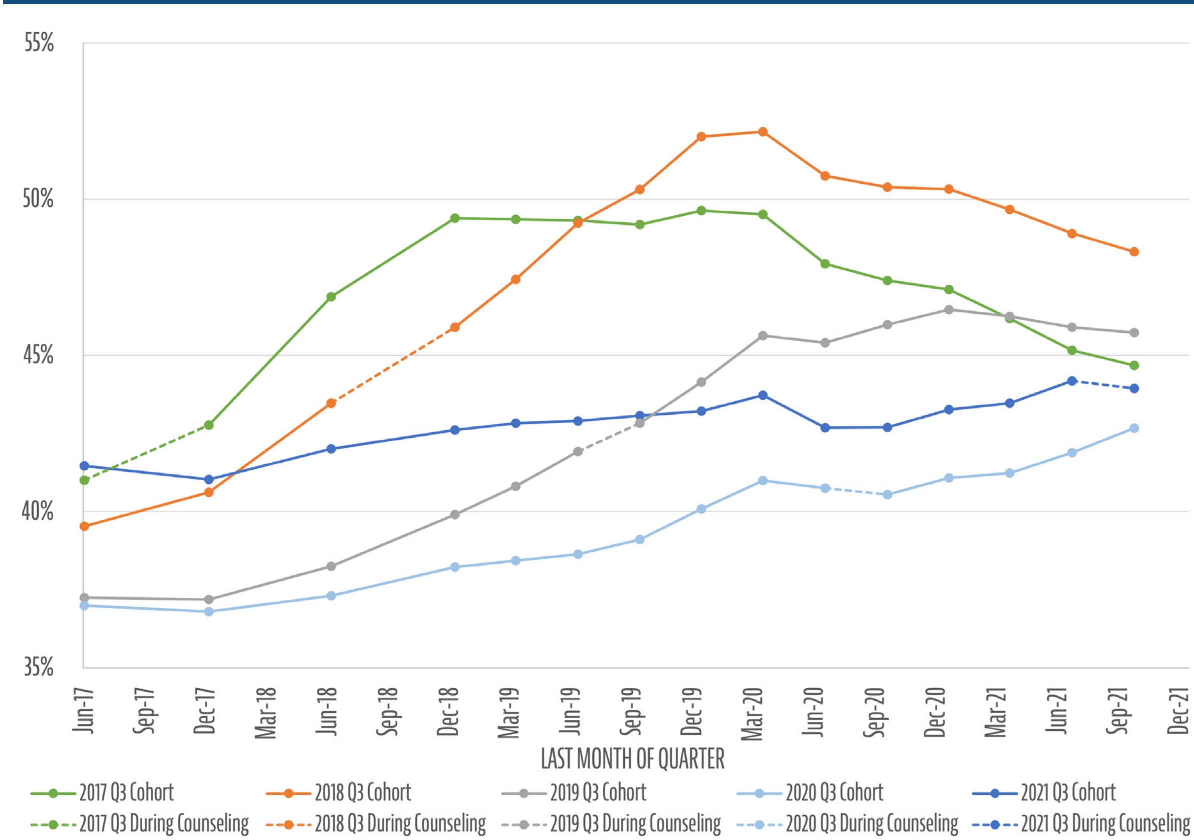


CHART A5 AVERAGE STUDENT DEBT

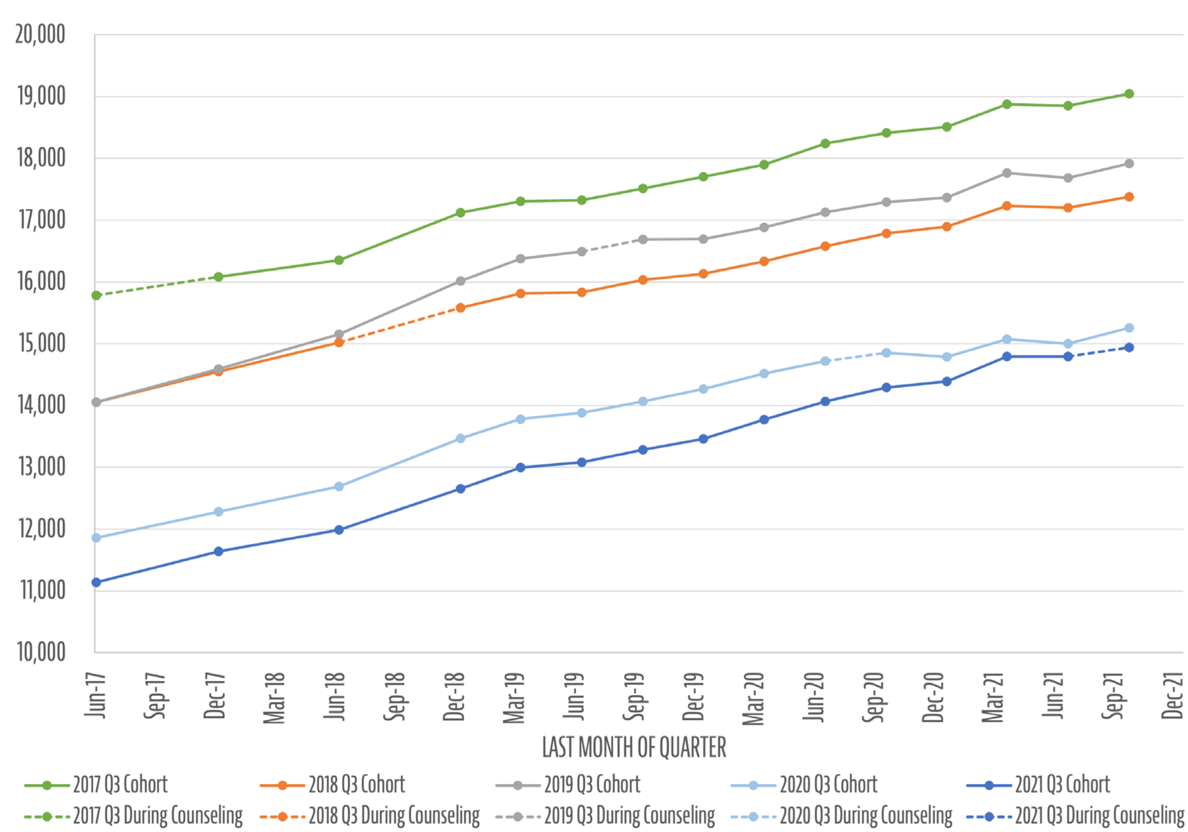
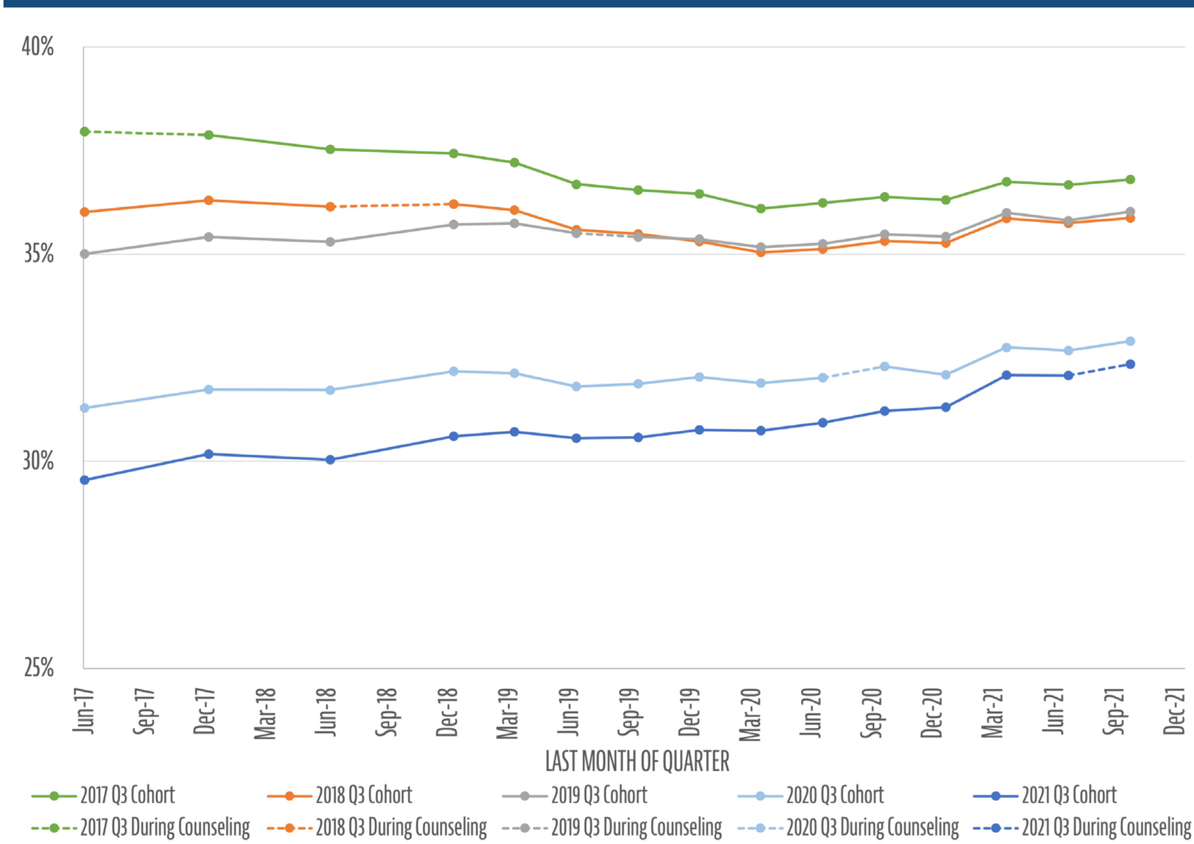


CHART A6 SHARE OF Q3 COHORTS WITH STUDENT DEBT



APPENDIX B

Participants in the Less Than Full Balance Pilot Project

The longer-term project that this report grew out of is focused in part on alternative repayment plan structures that could potentially be used by consumers who do not qualify for or are not interested in participating in a traditional debt management plan that repays all principal in a maximum of 60 months. A pilot for a less-than-full-balance (LTFB) payment plan for consumers who have already reached charge off is the first of these alternative structures to be tested. A handful of credit counseling agencies began offering such plans in 2019, and several more agencies began offering LTFB plans during the pandemic. However, some lenders will not participate in a plan for an individual consumer if that consumer's other unsecured lenders are not also willing to participate. This reduces the chance of hybrid arrangements but also reduces the number of consumers who are eligible to participate.

In this Appendix we present a brief descriptive analysis to better understand the types of consumers who are enrolling in LTFB structures to date. We focus solely on consumers who enrolled in LTFB plans after the onset of the pandemic, and we benchmark the LTFB participants against DMP participants more generally. We use the All Agencies Sample that is referenced in Section 3.2 because that allows us to draw on data from five additional agencies. While they did not provide full information on all counseled consumers across the entire study period, their information on DMP enrollees after January 2020 was robust.

We first describe the All Agencies Sample as compared to the Analysis Sample that was used for the analyses in main text, and then proceed to the LTFB analysis. Table B1 presents a summary of select demographic data on the counseled consumers for whom we received data for the Analysis Periods discussed in Section 3.2. The "All Agencies" columns present the summary statistics for all of the counseled consumers at participating agencies for whom we had linked data from Experian, while the "Analysis Sample" limits the data to consumers from agencies that reported data on both consumers who received only counseling and consumers who enrolled in DMPs.

TABLE B1 DEMOGRAPHICS DISTRIBUTION FOR COUNSELED CONSUMERS

DEMOGRAPHIC		ALL COUNSELED		NOT ENROLLED IN DMP		ENROLLED IN DMP	
		ALL AGENCIES	ANALYSIS SAMPLE	ALL AGENCIES	ANALYSIS SAMPLE	ALL AGENCIES	ANALYSIS SAMPLE
AVERAGE AGE		43.3	43.0	42.5	42.3	45.0	44.9
AVERAGE NUMBER OF UNDER 18 IN HOUSEHOLD		1.7	1.9	1.6	1.9	1.6	1.9
SHARE FEMALE		66%	64%	64%	64 %	69%	69%
EDUCATION	SHARE LESS THAN HIGH SCHOOL	4%	5%	5%	5%	3%	3%
	SHARE HIGH SCHOOL GRADUATE OR EQUIVALENT	28%	26%	29 %	29%	26%	25%
	SHARE AT LEAST SOME COLLEGE OR COLLEGE DEGREE	66%	66 %	70 %	64%	69%	70%
	SHARE OTHER	2%	2%	2%	2%	2%	3%
SHARE MARRIED/LIVING WITH A PARTNER		27%	28%	26%	26%	28%	34%
RACE / ETHNICITY	SHARE ASIAN	3%	3%	3%	3%	3%	3%
	SHARE BLACK	20%	20%	21%	21%	18%	18%
	SHARE HISPANIC	12%	12%	13%	12%	11%	12%
	SHARE OTHER	7%	7%	7%	7%	7%	6%
	SHARE NON-HISPANIC WHITE[73]	58%	58%	57%	57%	61%	61%
	SHARE NON-HISPANIC WHITE[74]	52%	49%	48%	46%	58%	55%
CHANGES TO EMPLOYMENT AND INCOME	UNEMPLOYMENT OR INCOME SHOCK	25%	29%	27%	28%	20%	30%
	UNEMPLOYMENT	17%	20%	19%	20%	12%	17%

Table B2 presents the distribution by agency reported income and assets.

TABLE B2 INCOME AND ASSET DATA FOR THOSE COUNSELED

CATEGORY	INCOME / ASSETS	ALL COUNSELED		NOT ENROLLED IN DMP		ENROLLED IN DMP	
		ALL AGENCIES	ANALYSIS SAMPLE	ALL AGENCIES	ANALYSIS SAMPLE	ALL AGENCIES	ANALYSIS SAMPLE
AGENCY DATA ON INCOME/ASSETS (TOP CODE 99%)	AVERAGE MONTHLY INCOME (EXCLUDING ZEROES)	$3,385	$3,343	$3,314	$3,272	$3,524	$3,503
	AVERAGE MONTHLY HOUSING EXPENSE	$1,187	$1,144	$1,130	$1,124	$1,310	$1,196
	AVERAGE UNSECURED DEBT	$20,294	$19,703	$19,080	$18,106	$21,972	$22,039
	AVERAGE TANGIBLE ASSETS	$95,014	$84,238	$94,729	$81,195	$95,199	$88,406
CREDIT BUREAU DATA ON INCOME (TOP CODE 99%)	AVERAGE INCOME INSIGHT SCORE	58	59	58	58	59	61
	AVERAGE DTI SCORE	25	25	24	23	28	29

73 This percentage assumes that those missing ethnicity are non-Hispanic, slightly increasing this group.

74 This percentage excludes those missing ethnicity.

For the main analysis using the All Agencies Sample, we compare the population of consumers where the consumers received a debt management plan with a less than full balance (LTFB) payment for at least one of their accounts with consumers who enrolled in debt management plans with no accounts that have an LTFB feature.[75] Limiting our review to post-COVID counseled consumers gives us a more consistent baseline with regard to pandemic dynamics and program rollouts. However, only 465 consumers have LTFB accounts within the sample population after the onset of the pandemic, and not all the agencies that contributed data participate in the program. As such, observed differences between LTFB consumers and regular DMP participants may reflect differences across agencies or small samples rather than features of the program.

We provide the same comparisons as was done for COVID and pre-COVID consumers in Section 4.2. On demographics, the consumers in the LTFB program have slightly more children in the household, are less likely to be male, less likely to have gone to college, less likely to be married or living with a partner, more likely to African American or non-Hispanic white, less likely to be Asian or Hispanic, and are somewhat more likely to face an income or unemployment shock than those consumers without an LTFB payment.

TABLE B3 DEMOGRAPHIC DISTRIBUTION FOR ENROLLED CONSUMERS BY WHETHER THEY HAVE A LESS THAN FULL BALANCE ACCOUNT (POST-COVID COUNSELED)

DEMOGRAPHIC		HAS AN LTFB ACCOUNT	REGULAR DMP PARTICIPANTS	DIFFERENCE
AVERAGE AGE		44.6	45.1	-0.5
AVERAGE NUMBER OF UNDER 18 IN HOUSEHOLD		1.6	1.5	0.2
SHARE FEMALE		64.8%	67.2%	-2.4%
EDUCATION	SHARE LESS THAN HIGH SCHOOL	1.7%	2.8%	-1.1%
	SHARE HIGH SCHOOL GRADUATE OR EQUIVALENT	28.5%	25.7%	2.8%
	SHARE AT LEAST SOME COLLEGE OR COLLEGE DEGREE	65.1%	68.1%	-3.0%
	SHARE OTHER	4.7%	3.4%	1.3%
SHARE MARRIED/LIVING WITH A PARTNER		20.9%	23.3%	-2.4%
RACE / ETHNICITY	SHARE ASIAN	2.0%	3.1%	-1.0%
	SHARE BLACK	23.6%	18.5%	5.1%
	SHARE HISPANIC	8.8%	12.9%	-4.1%
	SHARE OTHER	4.7%	7.3%	-2.6%
	SHARE NON-HISPANIC WHITE[76]	60.8%	58.2%	2.6%
	SHARE NON-HISPANIC WHITE[77]	61.3%	55.9%	5.4%
CHANGES TO EMPLOYMENT AND INCOME	UNEMPLOYMENT OR INCOME SHOCK	26.2%	23.7%	2.5%
	UNEMPLOYMENT	21.7%	13.5%	8.2%

75 Most consumers who participated in the LTFB pilot have all their enrolled accounts flagged as LTFB, but a few appear to have hybrid plans where some enrolled accounts are expected to repay the full amount of principal and others are not.

76 This percentage assumes that those missing ethnicity are non-Hispanic, slightly increasing this group.

77 This percentage excludes those missing ethnicity.

Table B2 presents similar data to that included in Table 5 showing income and asset information, but comparing those consumers with and without an account in the LTFB program. The income and asset data demonstrate that consumers in the LTFB program, have lower levels of unsecured debt and fewer tangible assets, while having similar monthly incomes and housing expenses.

TABLE B4 INCOME AND ASSET DATA FOR ENROLLED CONSUMERS BY WHETHER THEY HAVE A LESS THAN FULL BALANCE ACCOUNT (POST-COVID COUNSELED)

CATEGORY	INCOME / ASSETS	HAS AN LTFB ACCOUNT	REGULAR DMP PARTICIPANTS	DIFFERENCE
AGENCY DATA ON INCOME/ASSETS (TOP CODE 99%)	AVERAGE MONTHLY INCOME (EXCLUDING ZEROES)	$3,451	$3,492	-$41
	AVERAGE MONTHLY HOUSING EXPENSE	$1,294	$1,265	$29
	AVERAGE UNSECURED DEBT	$20,681	$22,930	-$2,249
	AVERAGE TANGIBLE ASSETS	$82,330	$95,561	-$13,231
CREDIT BUREAU DATA ON INCOME (TOP CODE 99%)	AVERAGE INCOME INSIGHT SCORE	54	60	-5.7
	AVERAGE DTI SCORE	18	24	-6.8

A key driver for the success of counseled consumers is their level of credit distress at the time they seek counseling. In Table B3, we show measures of the level of credit distress at the time that consumers seek counseling for those with and without an LTFB account. Overall, the LTFB consumers have substantially more credit distress than the non-LTFB consumers. The LTFB consumers came into counseling with lower credit scores, more charge offs, more delinquencies, higher balances on collections, and more non-collection derogatory tradelines.

TABLE B5 DEMOGRAPHIC DISTRIBUTION FOR ENROLLED CONSUMERS BY WHETHER THEY HAVE A LESS THAN FULL BALANCE ACCOUNT (POST-COVID COUNSELED)

MEASURE	HAS AN LTFB ACCOUNT	REGULAR DMP PARTICIPANTS	DIFFERENCE
SHARE WITH VANTAGE SCORE	100%	100%	0%
AVERAGE VANTAGE SCORE	560	602	-42
SHARE WITH A CHARGE OFF IN LAST 12 MONTHS	37.9%	12.0%	25.8%
SHARE WITH TRADES EVER 60 OR MORE DAYS DELINQUENT OR DEROGATORY OCCURRED IN THE LAST 12 MONTHS EXCLUDING COLLECTIONS	68.6%	35.1%	33.5%
SHARE WITH REVOLVING BANKCARD TRADES EVER 60 OR MORE DAYS DELINQUENT OR DEROGATORY OCCURRED IN THE LAST 12 MONTHS	51.8%	21.9%	29.9%
SHARE WITH TRADES EVER 90 OR MORE DAYS DELINQUENT OR DEROGATORY OCCURRED IN THE LAST 12 MONTHS EXCLUDING COLLECTIONS	64.5%	28.4%	36.1%
SHARE WITH REVOLVING BANKCARD TRADES EVER 90 OR MORE DAYS DELINQUENT OR DEROGATORY OCCURRED IN THE LAST 12 MONTHS	48.2%	17.1%	31.1%
AVERAGE OF TOTAL BALANCE ON PRESENTLY UNSATISFIED CHARGED-OFF TRADES INCLUDING SETTLED CHARGED-OFF TRADES	$11,012	$1,762	$9,250
SHARE WITH TOTAL BALANCE ON COLLECTIONS	71.4%	35.9%	35.5%
AVERAGE OF TOTAL BALANCE ON COLLECTIONS	$3,631	$938	$2,693
SHARE WITH TRADES PRESENTLY DEROGATORY EXCLUDING COLLECTIONS	83.4%	29.5%	53.9%
AVERAGE OF TRADES PRESENTLY DEROGATORY EXCLUDING COLLECTIONS	$12,102	$2,648	$9,454

The credit scores of the borrowers and the counts of derogatory trade accounts indicate some of the challenges faced by consumers seeking counseling. In Table B4, we present statistics on the types of credit the consumers utilized, and their level of indebtedness given that credit. Some of these measures may indicate access to other assets (*e.g.*, having a mortgage indicates home ownership) that may both be a debt burden and a potential resource for weathering shocks. LTFB consumers had fewer credit products than their pre-COVID counterparts, with the exception of student loans. They were less likely to have a mortgage, personal installment, or auto loan, and when they did have such loans, their debt levels were lower on these loans that their non-LTFB counterparts. They also had lower debt on their open or closed bankcards. The only product on which they had higher debt levels was student lending.

TABLE B6 DEBT LEVELS FOR ENROLLED CONSUMERS BY WHETHER THEY HAVE A LESS THAN FULL BALANCE ACCOUNT (POST-COVID COUNSELED)

CATEGORY	MEASURE	HAS AN LTFB ACCOUNT	REGULAR DMP PARTICIPANTS	DIFFERENCE
TYPE OF DEBT	SHARE WITH A MORTGAGE	19.1%	22.8%	-3.6%
	SHARE WITH A STUDENT LOAN	36.1%	34.9%	1.2%
	SHARE WITH AUTO LOANS	45.8%	54.3%	-8.5%
	SHARE WITH PERSONAL FINANCE LOANS	12.3%	22.9%	-10.7%
LEVEL OF DEBT	AVERAGE BALANCE ON MORTGAGES (OF THOSE WITH A MORTGAGE)	$164,587	$171,961	-$7,374
	AVERAGE BALANCE ON MORTGAGES (ACROSS ALL CONSUMERS)	$31,502	$39,135	-$7,633
	AVERAGE BALANCE ON STUDENT LOANS (OF THOSE WITH A STUDENT LOAN)	$55,405	$45,978	$9,427
	AVERAGE BALANCE ON STUDENT LOANS (ACROSS ALL CONSUMERS)	$20,017	$16,069	$3,948
	AVERAGE BALANCE ON AUTO LOANS (OF THOSE WITH AN AUTO LOAN)	$16,297	$19,161	-$2,864
	AVERAGE BALANCE ON AUTO LOANS (ACROSS ALL CONSUMERS)	$7,465	$10,410	-$2,945
	AVERAGE BALANCE ON PERSONAL FINANCE LOANS (OF THOSE WITH A PERSONAL FINANCE LOAN)	$4,562	$6,123	-$1,561
	AVERAGE BALANCE ON PERSONAL FINANCE LOANS (ACROSS ALL CONSUMERS)	$559	$1,403	-$844
	AVERAGE BALANCE ON OPEN AND CLOSED BANKCARD ACCOUNTS (OF THOSE WITH ACCOUNTS)	$7,550	$12,177	-$4,628
	AVERAGE BALANCE ON OPEN AND CLOSED BANKCARD ACCOUNTS (ACROSS ALL CONSUMERS)	$4,157	$10,309	-$6,152

Consumers facing financial pressures often turn to credit to manage income or expense shocks. However, at times they find increasing debt levels increase their overall levels of financial distress. As shown in Table B5, LTFB consumers were less likely to have open bankcards, and less likely to have available credit on those cards. When they did have available credit, they generally had less available to them. Table B5 also provides detail on the behavior of consumers coming into counseling with respect to accessing new credit. The LTFB consumers were less likely to gain new access to credit on any product reviewed than their non-LTFB counterparts.

TABLE B7 CREDIT ACCESS FOR ENROLLED CONSUMERS BY WHETHER THEY HAVE A LESS THAN FULL BALANCE ACCOUNT (POST-COVID COUNSELED)

CATEGORY	MEASURE	HAS AN LTFB ACCOUNT	REGULAR DMP PARTICIPANTS	DIFFERENCE
EXISTING ACCESS	SHARE WITH OPEN BANKCARDS	51.4%	87.4%	-36.0%
	AVERAGE # OF OPEN CARDS (WITH OPEN CARDS)	2.0	3.8	-1.8
	AVERAGE # OF OPEN CARDS (ACROSS ALL CONSUMERS)	1.0	3.2	-2.2
	SHARE WITH AVAILABLE CREDIT	35.5%	63.4%	-27.9%
	AVERAGE AVAILABLE CREDIT (AMONG THOSE WITH AVAILABLE CREDIT)	$1,476	$5,121	-$3,645
	AVERAGE AVAILABLE CREDIT (ACROSS ALL CONSUMERS)	$524	$3,248	-$2,724
	SHARE WITH OPEN AUTHORIZED USER TRADES	12.3%	15.4%	-3.1%
NEW ACCESS	SHARE OPENED AUTO LOAN IN LAST 6 MONTHS	6.5%	9.9%	-3.4%
	SHARE OPENED BANKCARD IN LAST 6 MONTHS	10.5%	20.9%	-10.4%
	SHARE OPENED MORTGAGE IN LAST 6 MONTHS	0.4%	1.8%	-1.4%

APPENDIX C

Supplemental Forbearance Material

CHART C1 SHARE OF CREDIT CARD ACCOUNTS IN FORBEARANCE BY MONTH (OF OPEN OR CLOSED ACCOUNTS WITH A NON-ZERO BALANCE)

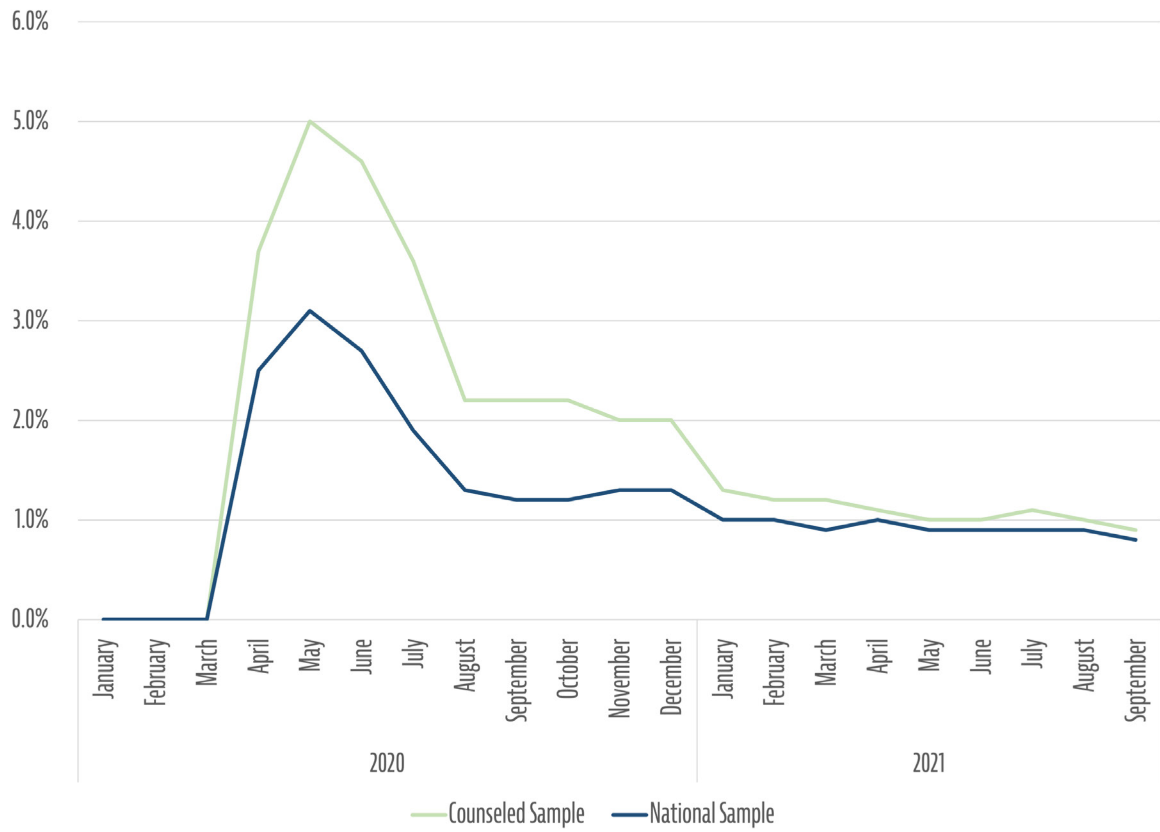


TABLE C1 THE SHARE OF CONSUMERS WITH A CREDIT CARD FORBEARANCE FOR ALL COUNSELED CONSUMERS

	COHORTS					
CREDIT CARD FORBEARANCES	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
NATIONAL	8.50%	6.37%	5.97%	4.40%	4.31%	4.19%
2017 Q3 DMP	15.37%	12.83%	11.48%	6.66%	6.00%	5.96%
2017 Q3 NO DMP	12.67%	9.89%	8.80%	6.27%	5.91%	5.79%
2018 Q3 DMP	19.00%	16.53%	14.71%	6.95%	6.28%	5.79%
2018 Q3 NO DMP	13.86%	10.70%	8.49%	5.91%	5.65%	5.43%
2019 Q3 DMP	19.48%	17.00%	14.38%	8.50%	7.22%	7.18%
2019 Q3 NO DMP	17.09%	13.02%	9.57%	6.57%	5.83%	5.39%
2020 Q2 DMP	29.05%	22.25%	13.91%	8.06%	7.28%	6.16%
2020 Q2 NO DMP	24.55%	17.81%	10.68%	7.31%	6.32%	5.99%
2020 Q3 DMP	28.51%	27.98%	16.26%	9.50%	7.50%	7.18%
2020 Q3 NO DMP	24.39%	20.96%	12.85%	7.61%	6.65%	5.58%
2020 Q4 DMP	26.67%	22.58%	19.34%	13.10%	8.16%	6.99%
2020 Q4 NO DMP	23.66%	20.03%	14.84%	8.47%	6.55%	6.17%
2021 Q1 DMP	24.89%	21.53%	17.04%	13.59%	11.13%	7.45%
2021 Q1 NO DMP	22.38%	18.45%	13.45%	9.67%	7.02%	6.18%
2021 Q2 DMP	20.79%	18.63%	15.78%	10.04%	11.31%	8.56%
2021 Q2 NO DMP	18.74%	16.07%	12.86%	8.70%	7.64%	6.45%
2021 Q3 DMP	19.85%	16.90%	13.98%	10.39%	8.33%	10.33%
2021 Q3 NO DMP	17.30%	14.17%	11.52%	8.30%	6.80%	6.84%

TABLE C2 THE NUMBER OF CONSUMERS WITH AN ELIGIBLE CREDIT CARD ACCOUNT

CREDIT CARD FORBEARANCES	COHORTS					
	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
NATIONAL	1,598,552	1,622,110	1,639,814	1,614,724	1,628,264	1,642,732
2017 Q3 DMP	9,891	9,836	9,880	9,763	9,754	9,810
2017 Q3 NO DMP	17,769	17,872	18,178	18,410	18,746	19,176
2018 Q3 DMP	11,406	11,349	11,380	11,101	11,102	11,200
2018 Q3 NO DMP	21,039	21,025	21,385	21,621	22,038	22,534
2019 Q3 DMP	12,410	12,176	12,060	11,776	11,646	11,648
2019 Q3 NO DMP	22,280	21,774	21,829	21,867	22,090	22,331
2020 Q2 DMP	6,317	6,260	6,196	6,116	6,074	5,995
2020 Q2 NO DMP	15,713	15,600	15,473	15,285	15,278	15,291
2020 Q3 DMP	7,661	7,645	7,550	7,466	7,388	7,285
2020 Q3 NO DMP	16,867	16,996	16,914	16,640	16,457	16,390
2020 Q4 DMP	6,895	6,874	6,850	6,777	6,694	6,609
2020 Q4 NO DMP	15,119	15,201	15,353	15,177	14,999	14,749
2021 Q1 DMP	5,938	5,940	5,938	5,888	5,869	5,822
2021 Q1 NO DMP	13,153	13,234	13,378	13,534	13,604	13,680
2021 Q2 DMP	4,921	4,948	4,961	4,958	4,961	4,918
2021 Q2 NO DMP	12,488	12,585	12,749	12,879	13,291	13,319
2021 Q3 DMP	5,593	5,633	5,680	5,725	5,771	5,751
2021 Q3 NO DMP	12,383	12,555	12,802	12,997	13,347	13,634

CHART C2 SHARE WITH REVOLVING BANKCARD TRADES 60+ DAYS DELINQUENT AMONG THOSE COUNSELED IN Q2 2020 AND IN THE NATIONAL SAMPLE

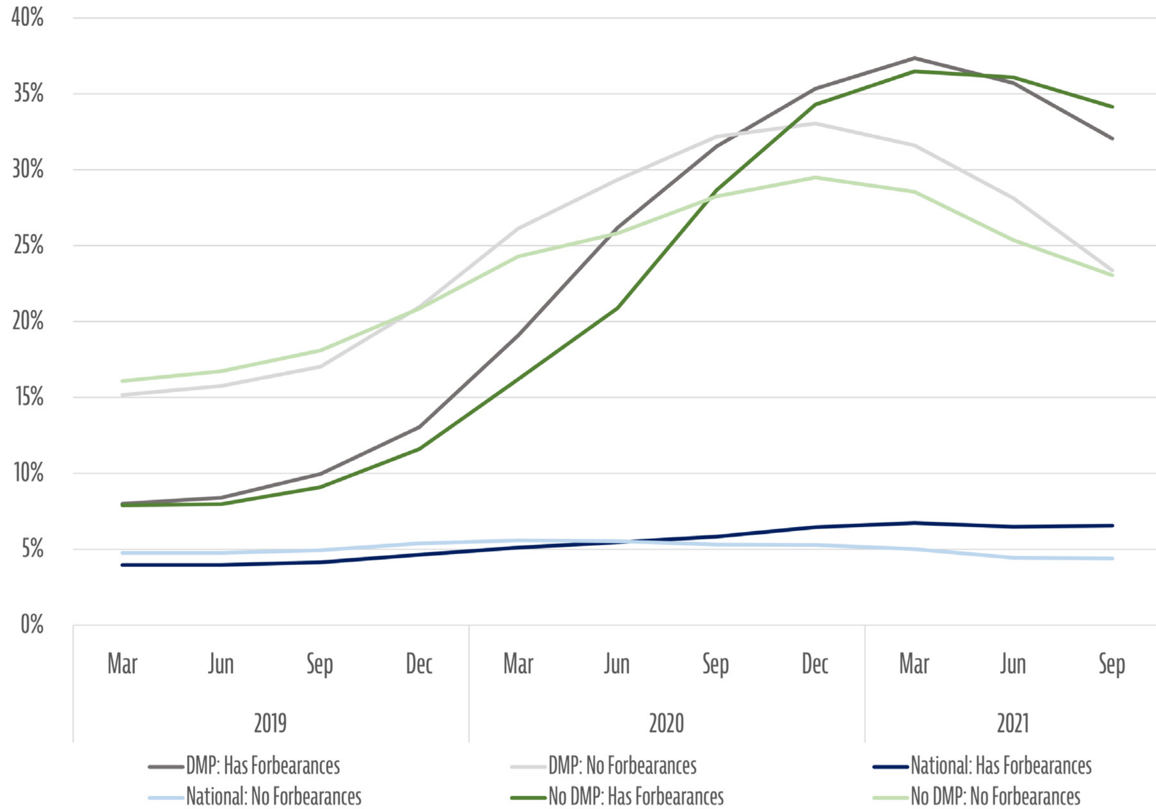


CHART C3 SHARE WITH A REVOLVING BANKCARD TRADE 60+ DAYS DELINQUENT AMONG THOSE COUNSELED IN Q4 2020 AND IN THE NATIONAL SAMPLE

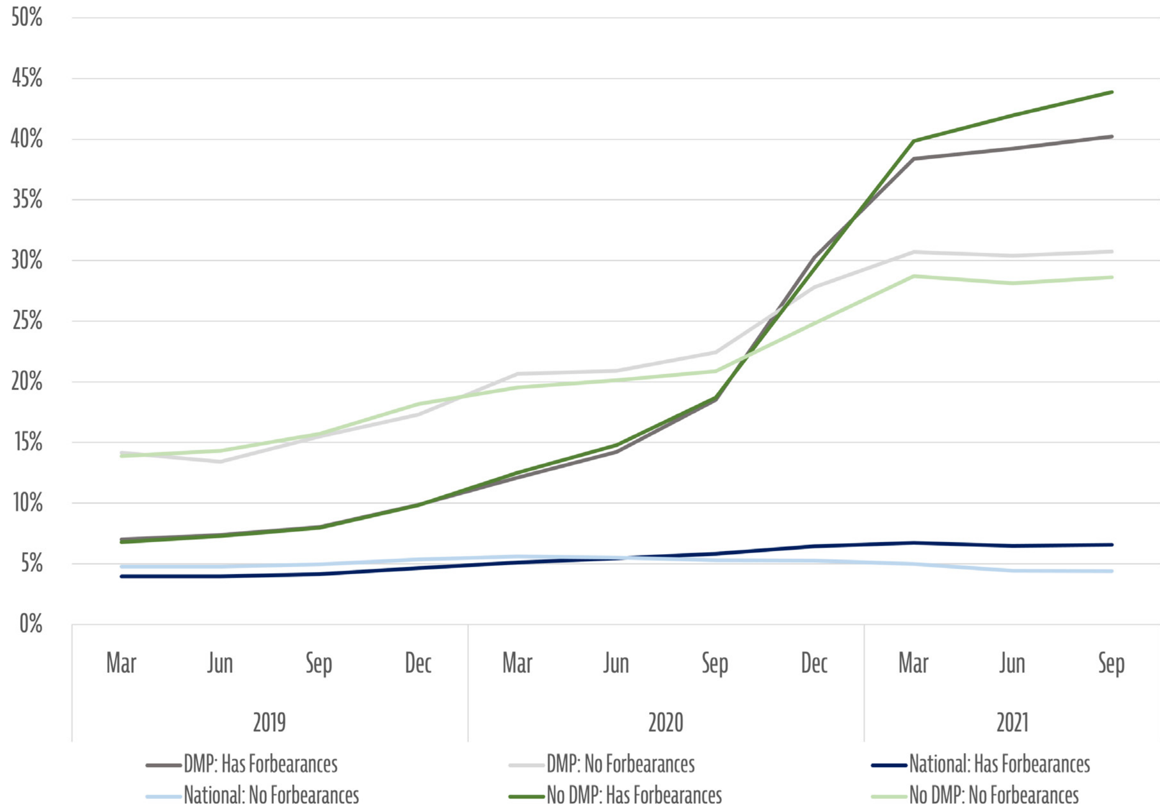


CHART C4 SHARE WITH A CHARGE OFF IN THE LAST 12 MONTHS AMONG THOSE COUNSELED IN Q2 2020 AND IN THE NATIONAL SAMPLE

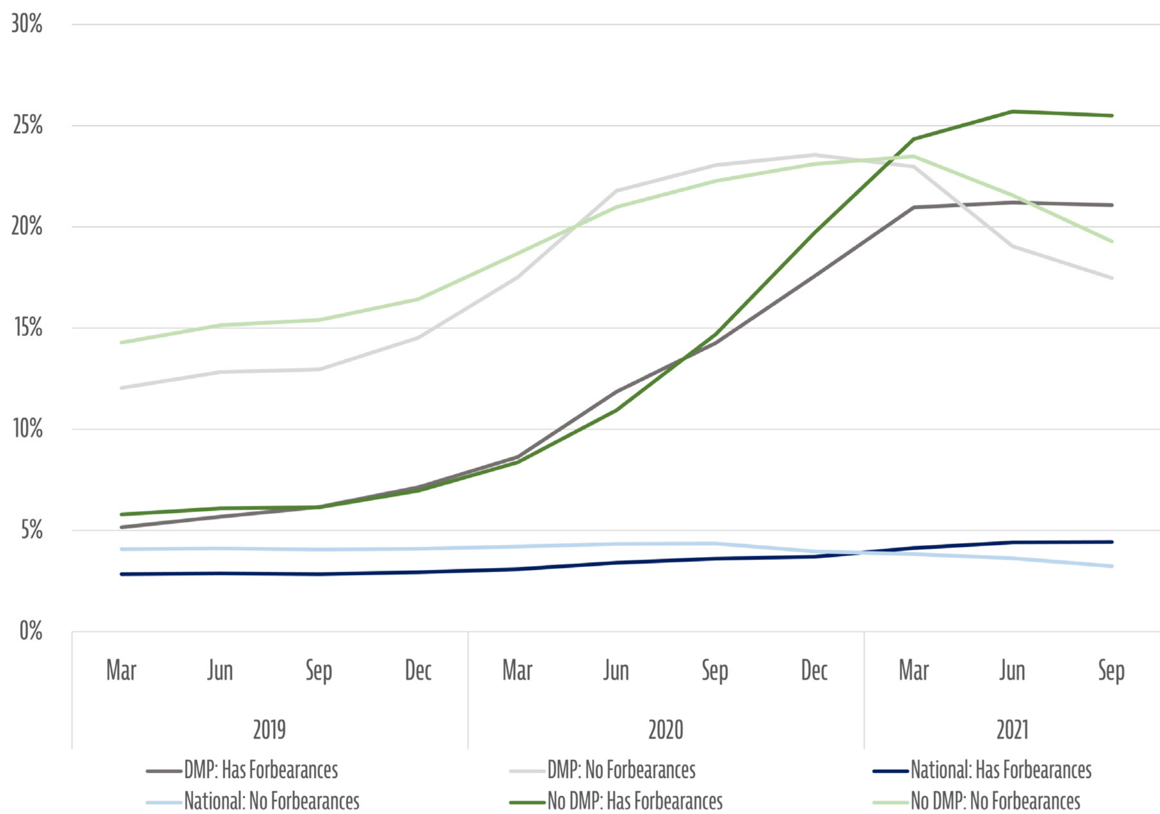


CHART C5 SHARE WITH A CHARGE OFF IN THE LAST 12 MONTHS AMONG THOSE COUNSELED IN Q4 2020 AND IN THE NATIONAL SAMPLE

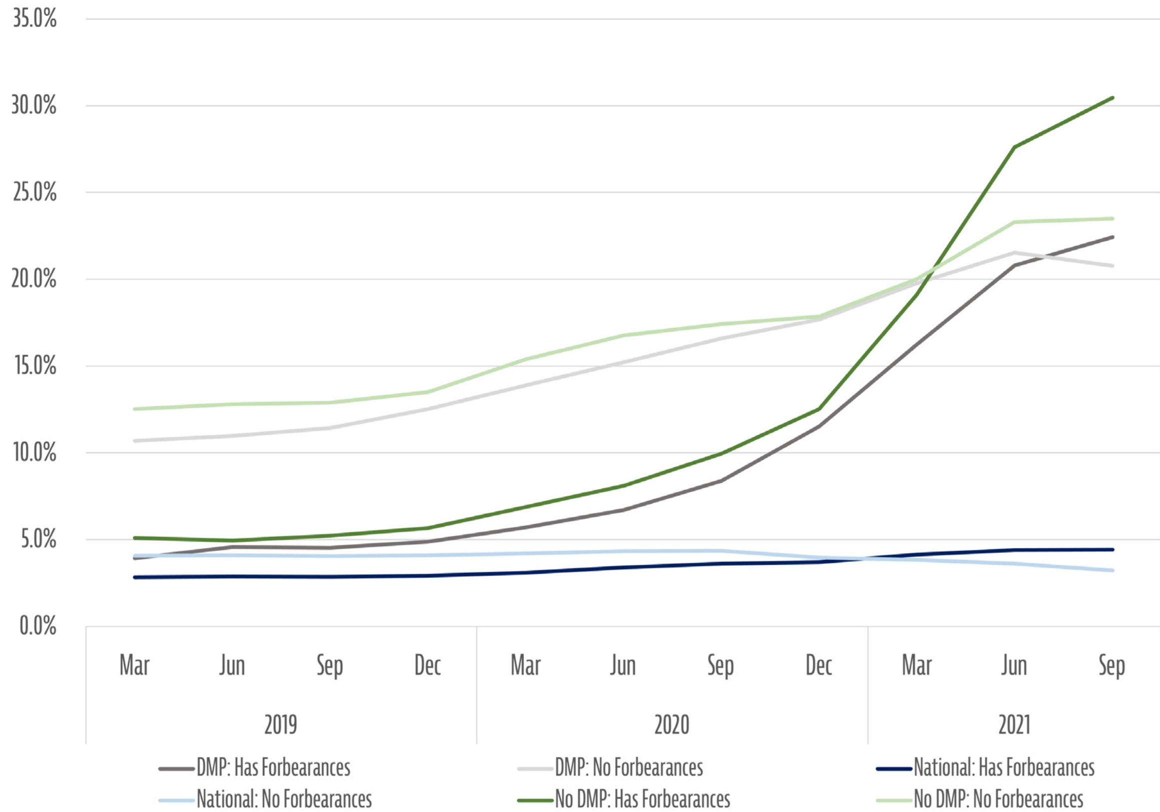


CHART C6 AVERAGE BALANCE ON PRESENTLY UNSATISFIED CHARGE OFFS AMONG THOSE COUNSELED IN Q2 2020 AND IN THE NATIONAL SAMPLE

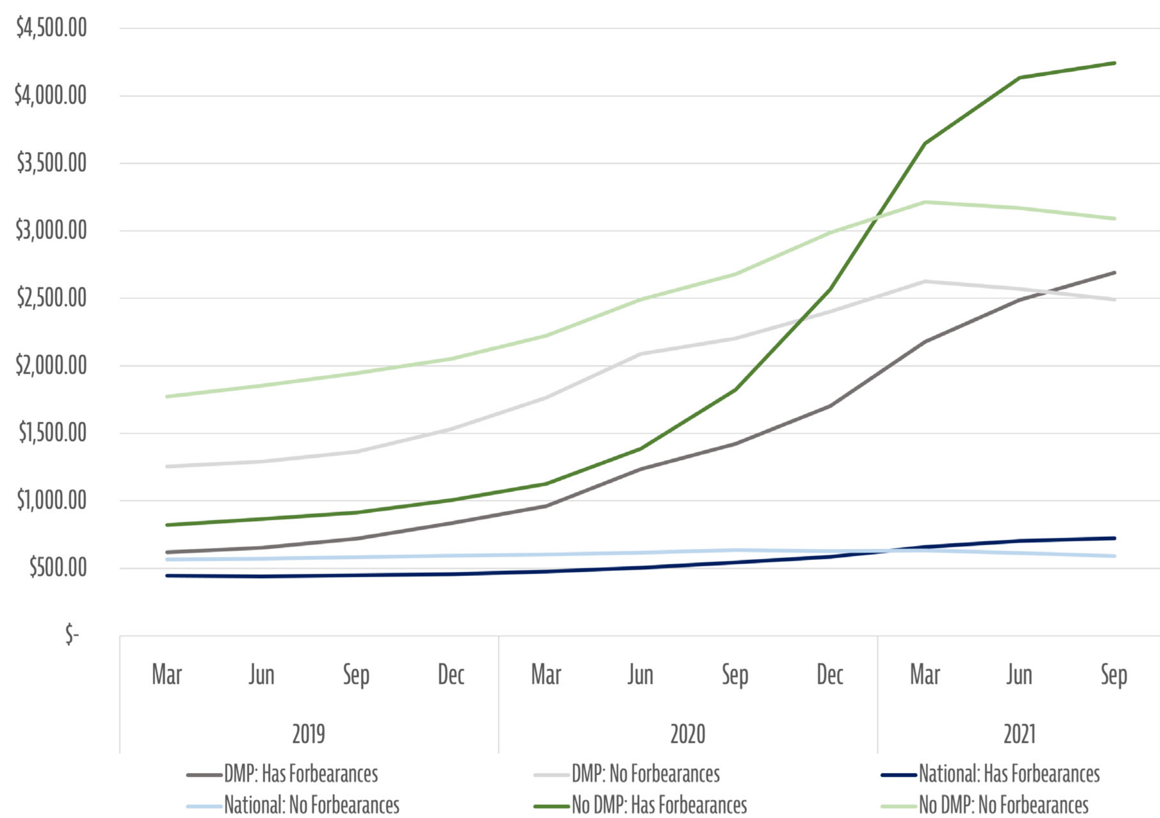


CHART C7 AVERAGE BALANCE ON PRESENTLY UNSATISFIED CHARGE OFFS AMONG THOSE COUNSELED IN Q4 2020 AND IN THE NATIONAL SAMPLE

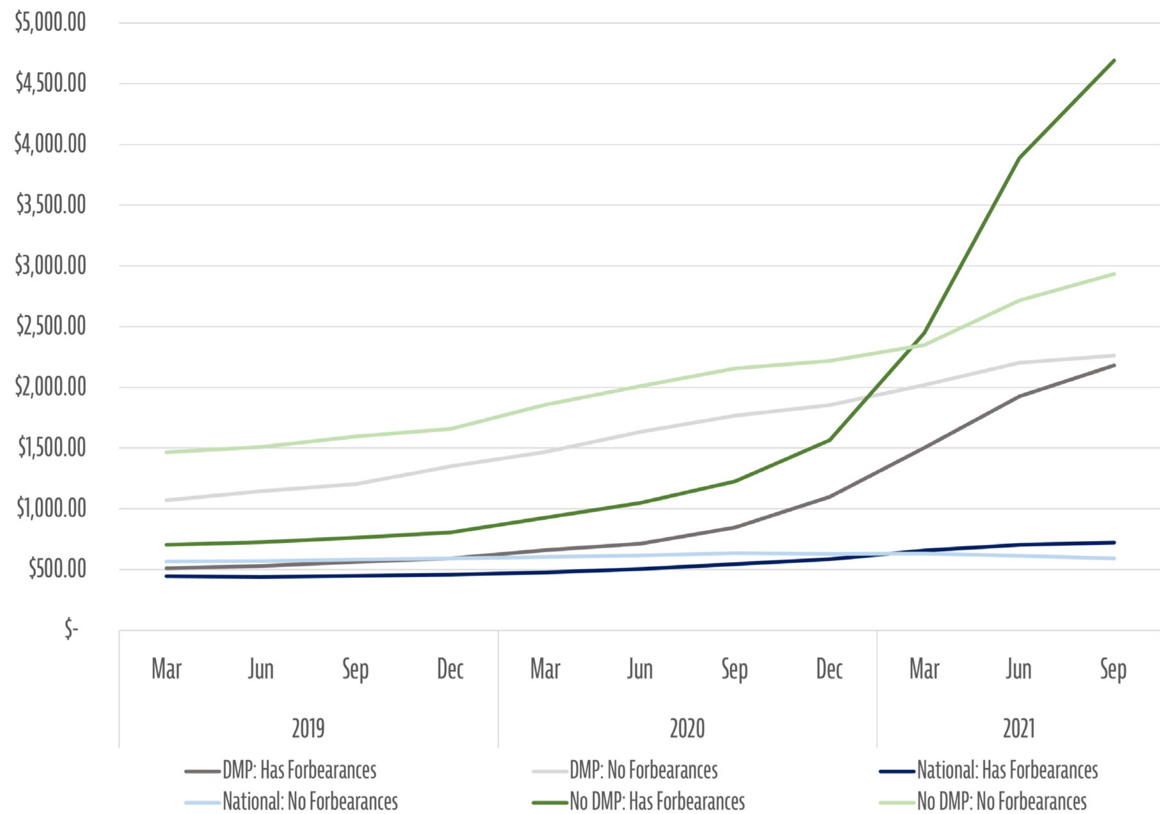


CHART C8 AVERAGE VANTAGESCORE AMONG CONSUMERS WITH A VANTAGESCORE COUNSELED IN Q2 2020 AND IN THE NATIONAL SAMPLE

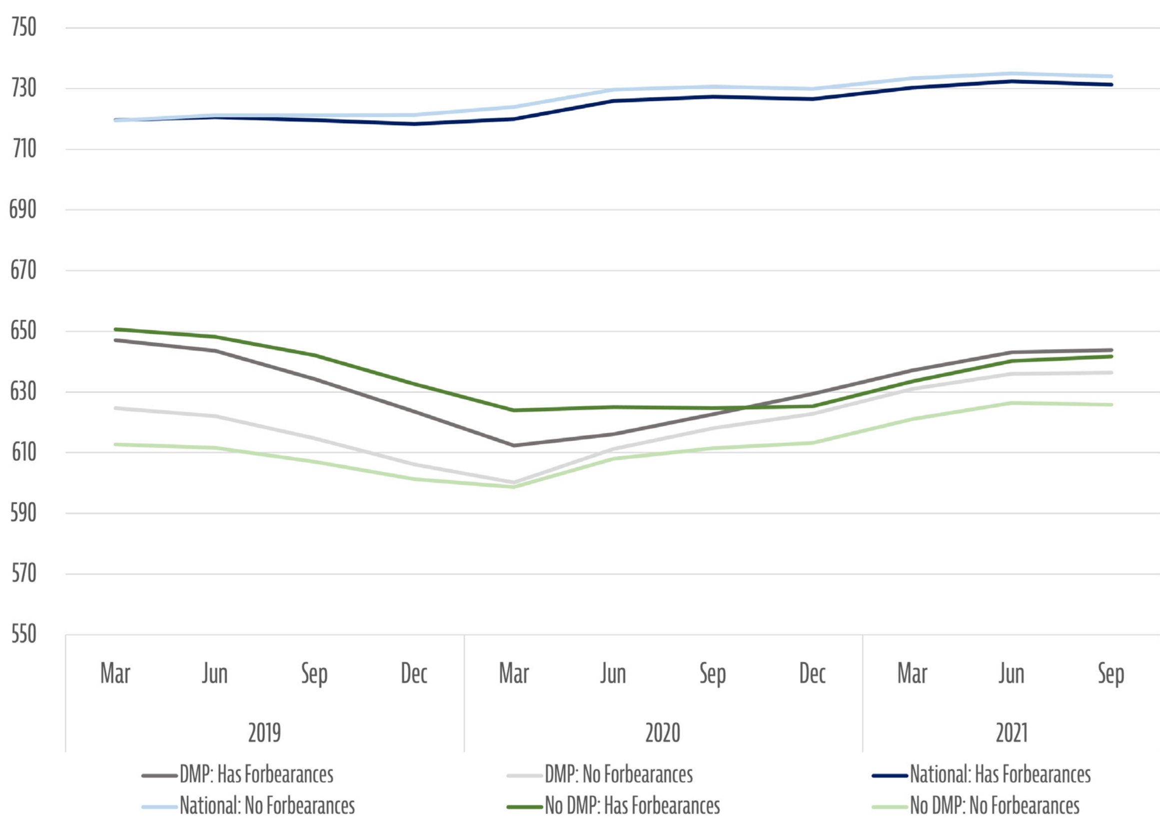


CHART C9 AVERAGE VANTAGESCORE AMONG CONSUMERS WITH A VANTAGESCORE COUNSELED IN Q4 2020 AND IN THE NATIONAL SAMPLE

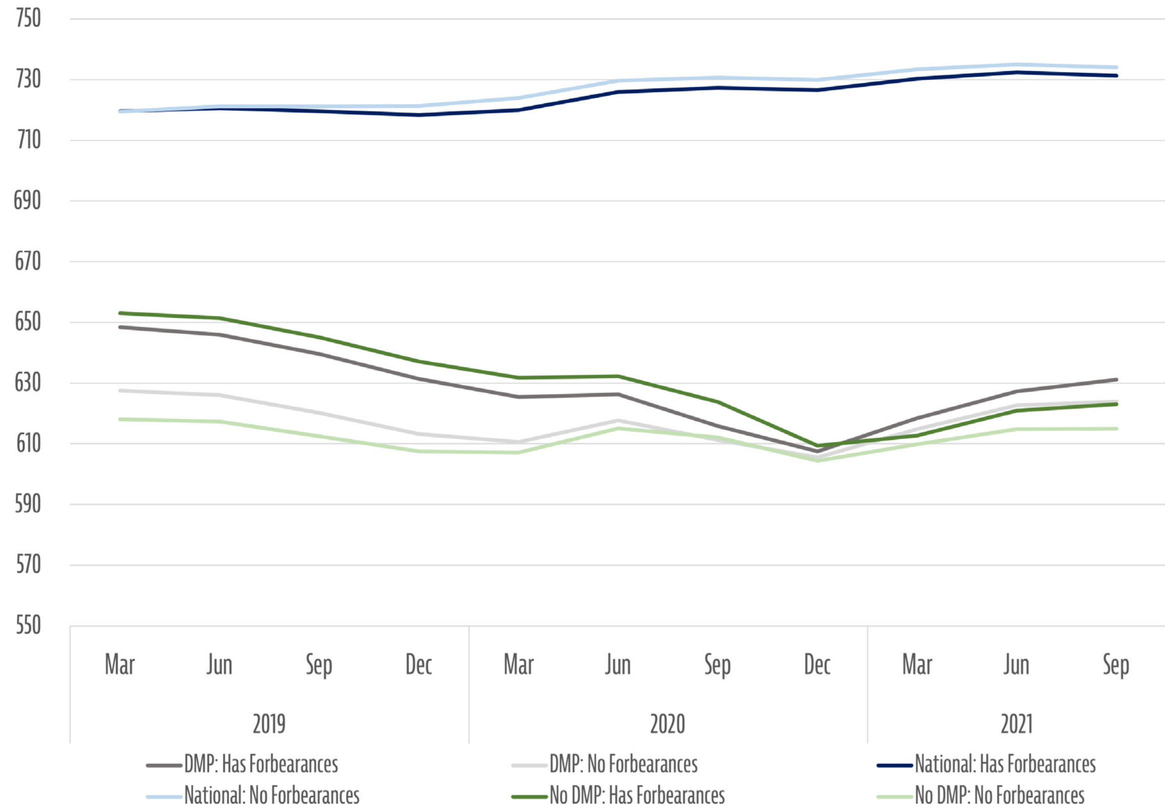


CHART C10 AVERAGE BALANCE AMOUNT ON OPEN AND CLOSED CREDIT CARDS AMONG THOSE COUNSELED IN Q2 2020 AND IN THE NATIONAL SAMPLE

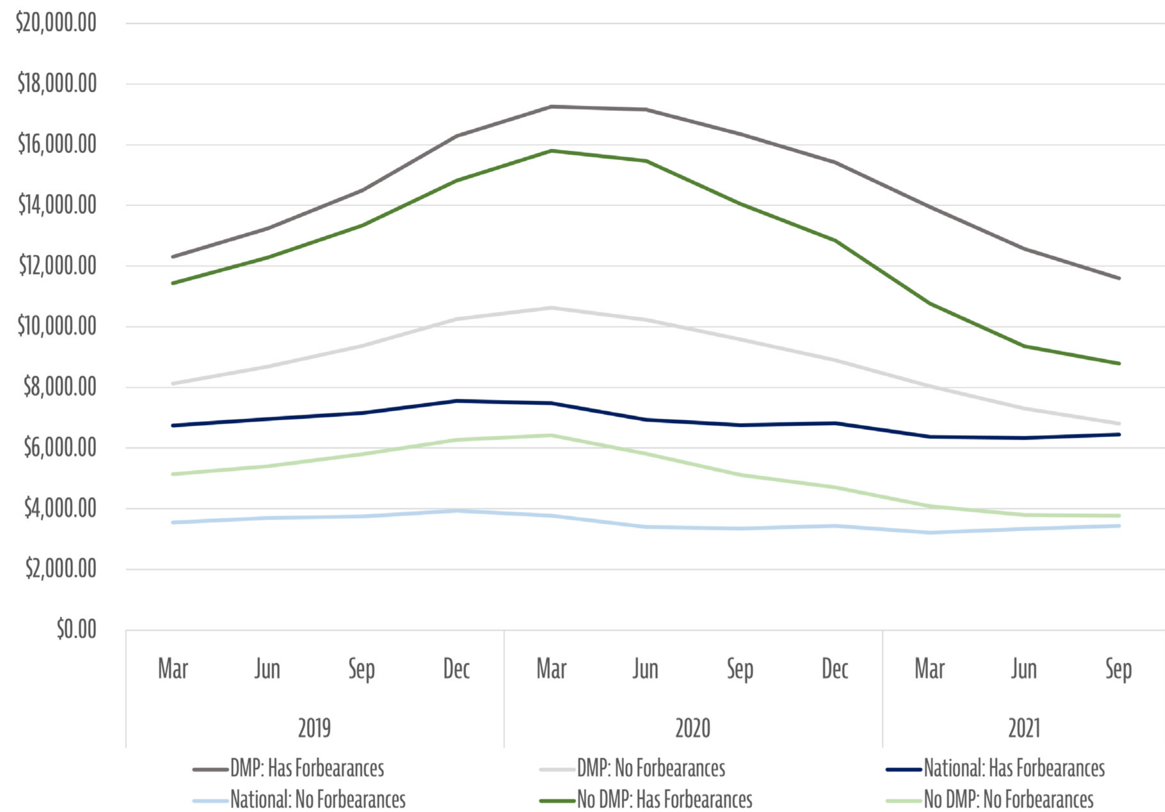
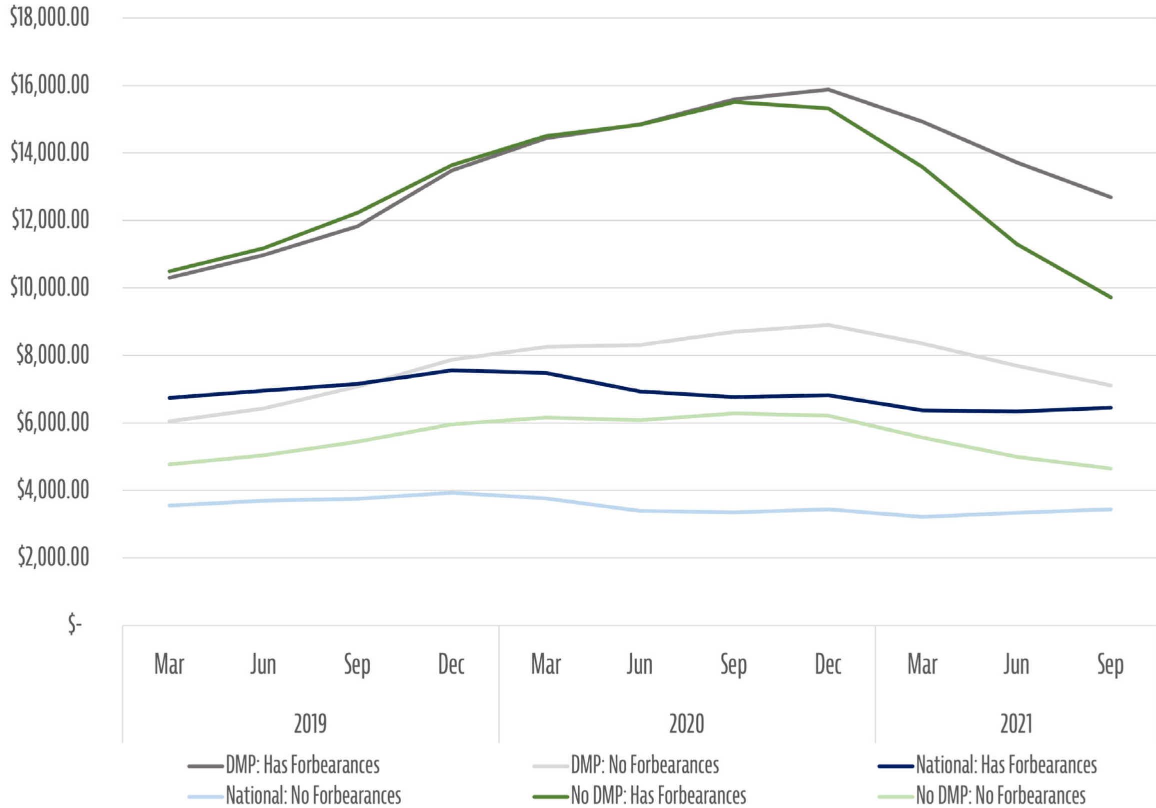


CHART C11 AVERAGE BALANCE ON OPEN AND CLOSED CREDIT CARD TRADES AMONG THOSE COUNSELED IN Q4 2020 AND IN THE NATIONAL SAMPLE



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