

**Written Testimony of Mark W. Begor**  
**Chief Executive Officer, Equifax Inc.**  
**Senate Committee on Banking, Housing, and Urban Affairs**  
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Chairman Brown, Ranking Member Scott and distinguished members of the Committee, thank you for the opportunity to be here today. I am Mark Begor, and since April 2018 I have served as the Chief Executive Officer of Equifax. Over the past five years, my focus has been to build a New Equifax with a corporate culture that values and supports consumers, customers, and our communities and that is governed by a commitment to industry-leading cybersecurity practices for the protection of data in our stewardship. I recognize the important role Equifax plays in the financial lives of consumers and I take this responsibility very seriously.

Our company's purpose is to help people live their financial best, and Equifax strives to put consumers first and support economically healthy individuals and financially inclusive communities. Putting consumers first and supporting financial inclusion is at our core, and Equifax is committed to helping people and small businesses access useful and affordable financial products and services that meet their needs - including payments, savings, credit, insurance and government benefits - delivered in a responsible and sustainable way. We know that every financial first - whether it's a first job, college education, bank account, credit card, car loan, apartment lease, small business loan, government benefit or mortgage - can spur positive economic change. To help power more of these financial firsts, Equifax has invested billions of dollars into unique data, verification insights, fraud reduction tools, powerful modeling techniques and industry-leading, cloud-based technology solutions that empower our customers to bring greater access to financial opportunity to more people in more places.

Today, I would like to discuss our commitments in a number of critical areas: promoting financial inclusion through Equifax innovation and differentiated data, being consumer friendly at every touchpoint, ensuring that our data is as accurate as possible, using data responsibly, and keeping the data entrusted to us secure and helping our customers innovate faster with more comprehensive insights into the people and communities they serve.

***Equifax is using its differentiated data to expand access to credit for more consumers***

We know we play a critical role in the financial ecosystem of the United States. Last year, we helped 13.4 million people secure a mortgage or home equity loan, 31.1 million car buyers obtain a loan, 100.1 million people get approved for a credit or retail card, and 8.2 million students access a loan to further their education. We also fulfilled 45 million verifications to support the administration of government assistance programs. While traditional credit data remains a strong indicator of credit history and past financial reliability, we know that one of the keys to responsibly expanding consumer access to credit and supporting a more inclusive economy is leveraging expanded Fair Credit Reporting Act (FCRA) compliant information that is not traditionally included in a credit report.

We constantly look for ways to continue to expand access to underserved consumers who may not have access to mainstream financial services products. About 80 million U.S. consumers are either credit invisible with no credit file or have a thin file which limits their access to the formal financial marketplace. Our research shows that leveraging alternative data sources could help these consumers become scorable or obtain lower cost financial products, and we are committed to making that happen. For example, we recently became the first in our industry to provide telecommunications, pay TV and utilities attributes to the mortgage industry to help streamline the mortgage underwriting process and provide a more complete picture of consumers' financial profiles. The majority of American adults have at least one utility or cell phone bill in their name. Delivering these telecommunications, pay TV and utilities attributes to mortgage lenders alongside traditional credit reports can help create greater home ownership opportunities for more than 191 million U.S. consumers, 80% of whom have traditional credit files but who may benefit from additional insights into their financial profile. Using this additional data could raise the credit scores of as many as 2.4 million subprime consumers by an average of 30 points, moving them into the near-prime score band and potentially enabling them to receive more favorable offers or rates.

We are further promoting financially inclusive lending with the recent launch of OneScore, a unique new consumer credit scoring model that combines traditional credit history with telecommunications, pay TV and utility payment data on over 191 million consumers, as well as Equifax DataX and Teletrack specialty finance data on 80 million consumers - including payment history from non-traditional banks and lenders. The power of this combined data has the potential to increase credit scores by up to 25 points and the scorable population by more than 20%. Powered by advanced analytics and machine learning, OneScore is able to score an estimated 8.8 million more credit-seeking consumers than when compared to traditional scoring models. In addition, approximately 15% - or 6.3 million - more applicants that are considered subprime, no hit or thin file could be approved for a near prime or prime financial product without increasing risk when OneScore is used in combination with a traditional risk score.

We are continuing to invest in alternative data that supports financial inclusion and expands access to credit by dedicating more resources to the reporting of renters' on-time housing payments. Recent studies have shown that approximately 44 million households rent their home or apartment and that 30% of the median U.S. income is required to pay the average rent, making rental payment reporting an important but under-utilized tool in building the credit history of credit thin or credit invisible consumers. We are partnering with the Credit Builders Alliance, a nonprofit network that connects equity-focused nonprofits and credit bureaus, to help housing providers develop and implement rent reporting initiatives and we are strengthening our partnerships with rent aggregators to enable landlords to report rental payments, as well as exploring opportunities to expand the inclusion of consumer-permissioned rental data in credit files. In addition, through the Equifax Foundation, we are partnering with organizations in Atlanta and St. Louis that provide financial empowerment services to underserved consumers in low-to-moderate income communities as a means of decreasing the racial wealth gap. Equifax understands that poverty and lack of generational wealth can adversely affect a person's entire lifetime as well as the lives of future generations. Building financial capability is a critical step to establishing individual

financial health and generational wealth that can change the trajectory and livelihood of families and communities. All of these initiatives are aligned with our purpose of helping people live their financial best.

***Equifax is striving to be consumer friendly at every touch point***

In addition to our efforts to expand access to credit, Equifax is taking strong steps to be more consumer friendly at every touch point. Over the past 5 years, we have invested over \$75 million to make it easier for consumers to interact with us, including accessing their credit report or credit score online and making Spanish-language credit reports available online and by mail.

We are improving the overall experience that consumers have with Equifax by ensuring that our written communications are in plain language; we have added tools like video clips to our website to help consumers navigate the dispute process; and we have made it easier for consumers to both manage their disputes online and track their dispute through the process. We are committed to correcting errors on consumer credit reports quickly and transparently and are working with our colleagues at the other nationwide consumer reporting agencies (NCRAs) to improve our shared back-end data furnishing processes to further limit errors.

To further support the financial health of consumers, we have improved the *MyEquifax* consumer portal, which offers free consumer credit reports and free credit scores each month as well as access to new financial offers and services, helping to simplify processes like finding auto loans. About 17 million people have leveraged the services offered through *MyEquifax* since its inception. Additionally, we have made it a focus to strengthen our educational web material. In 2022, we published 50% more articles and videos to our online Consumer Knowledge Center, with new content published two-to-three times per week. This Consumer Knowledge Center now contains more than 350 educational resources on topics ranging from how credit decisions impact credit scores to identity theft.

We also work collaboratively with the other NCRAs to support consumers. During the COVID-19 pandemic Equifax, along with Experian and TransUnion, expanded the offering of free credit reports to consumers each week, so that when times were uncertain and payment plans were being offered, consumers could make sure arrangements they negotiated were appropriately reflected in their credit reports. We believe this helped people focus on their personal wellbeing, health, and families throughout the pandemic. These reports remain available free of charge through the end of 2023.

The NCRAs further collaborated on the reporting of medical collection debt on consumer credit reports with the understanding that most medical debt is generally not taken on voluntarily. Effective April 2023, medical collection debt with an initial reported balance of under \$500 has been removed from U.S. consumer credit reports. With this change nearly 70% of the total medical collection debt tradelines reported to the NCRAs are now removed from consumer credit files. This announcement follows the changes that we jointly made in 2022 to remove paid medical collection debt from U.S. consumer credit reports and to increase the time period before

unpaid medical collection debt appears on a consumer's report from six months to one year,<sup>1</sup> giving consumers more time to work with insurance and/or healthcare providers to address their debt before it is listed on their credit file. All of these actions are aligned with our goal of putting consumers first.

### ***Equifax is ensuring that our data is as accurate as possible***

Another element of our focus on consumers is ensuring that we maintain the most accurate data possible. This effort requires strong data stewardship. Even a single error on a consumer's credit report is one error to many. It is a personal priority for me that consumers trust their credit reports to contain the most accurate and complete data possible.

The NCRAs operate under a robust regulatory environment governed by the Fair Credit Reporting Act<sup>2</sup> (FCRA) and subject to the jurisdiction of the Federal Trade Commission, Consumer Financial Protection Bureau, state attorneys general, and state banking regulators. Under the FCRA, consumer reporting agencies, as well as data furnishers and users of consumer reports such as banks, must meet stringent requirements regarding accuracy and permissible use of the data. If a consumer disputes the accuracy of any information in their credit report, for example, consumer reporting agencies are required to conduct a reasonable reinvestigation within statutory timeframes.<sup>3</sup> Additionally, Equifax monitors data furnishers to ensure they are meeting Equifax's and industry standards. If a data furnisher is not compliant, Equifax will implement a remediation plan and ultimately terminate the data furnisher if the issues are not corrected. We believe our procedures meet our statutory obligations and we will continue to strive for the highest possible levels of accuracy to benefit consumers and the lending institutions that rely on this information to offer fair and affordable financial products.

Consumers may submit disputes through mail, over the telephone, or through our online channel. In the event of disputed accuracy of an item on a credit file, Equifax conducts a reinvestigation that includes working with the identified data furnisher if appropriate to determine whether the disputed information is inaccurate. Communications between Equifax and the data furnisher are conducted through an online web service called the Online Solution for Complete and Accurate Reporting (e-OSCAR). Once the data furnisher completes its investigation and returns those results, Equifax will make necessary updates to the credit file, if any, and communicate those results to the consumer. Equifax will also send notification back to the data furnisher confirming any credit file maintenance actions that may have occurred.

I am driving further industry leading enhancements to our accuracy program in the areas of automation, communication, and proactive correction.

1. We are leveraging our Cloud investment to automate more processes to quickly identify potential accuracy issues, including where data submitted to us by our furnishers is

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<sup>1</sup> The March 2015 National Consumer Assistance Plan (NCAP) announced after the nationwide consumer reporting agencies reached agreement with over 30 state attorneys general required the removal of all medical debt that had been reported but was later paid by insurance companies. NCAP also prohibited the reporting of medical collection debt for at least 180 days.

<sup>2</sup> 15 U.S.C. §§ 1681, *et seq.*

<sup>3</sup> 15 U.S.C. § 1681i.

illogical or inconsistent with other data that we have received. This will allow us to screen illogical conditions and anomalies before data is included in consumer credit files.

2. We are establishing feedback loops to communicate the issues we identify and work with our furnishers to ensure they identify the root cause of inaccurate reporting and correct it going forward. We have a team dedicated to working directly with our furnishers on these issues, which will not only improve data accuracy at Equifax, but across the credit reporting ecosystem.
3. We are building processes to analyze data furnished to us and data updated as a result of disputes to identify trends and potential errors in reporting. This will allow Equifax to proactively reach out to our furnishers to correct reporting errors before the information in consumer files is disputed.

While I am proud of the progress that we have made in this area, there is more that we can and will do. We are deeply committed to putting consumers first, and that means ensuring that we are providing lenders accurate information so that consumers can get the credit they need. Our accuracy obligations to consumers are also supported by our market incentive to provide the most accurate data possible to our customers so that they can assess risk and offer financial products and services on the most appropriate terms.

### ***Equifax is committed to responsibly and appropriately using personal data***

In addition to a strong data accuracy program, Equifax is committed to responsibly and appropriately using personal data. Five principles form the foundation of our data privacy program:

1. Equifax leverages quality data to drive progress. We are committed to maintaining and using data that is accurate, relevant, and timely.
2. Equifax takes its data stewardship responsibilities seriously. We are transparent about how we use and safeguard data in our possession.
3. Equifax believes in discretion of data. We share data only for legitimate purposes, respecting the importance of data in the lives of individuals.
4. Equifax exercises due diligence in its partnerships when we share or receive data. We evaluate both sources and recipients of data for alignment with our values.
5. Equifax has taken a designing for privacy approach. We take privacy into consideration as we grow our products, services, and standards.

Equifax believes in being transparent about the collection, use and storage of personal data. For example, in the U.S., Equifax publishes a single consolidated privacy statement and updates it regularly to be transparent about how we collect, use, and share data. Our privacy statement also details how consumers can exercise control over their data.

In accordance with these principles of data use, Equifax offers solutions to help our customers make data-driven decisions. These solutions include providing data to help employers make informed personnel decisions about potential employees and to help credentialed property managers make more informed decisions and get rental applicants into safe and quality housing

faster. If an employer uses background checks in making personnel decisions, the employer must comply with the Fair Credit Reporting Act and laws that protect people from discrimination. Employers rely on consumer reporting agencies and others throughout the hiring process to provide them with information they need to make informed decisions about a potential candidate, including verification of employment history or credit information. Equifax's employment screening reports do not contain credit scores. Equifax's tenant screening business is predominantly driven through resellers to whom we provide credit report information from one or more nationwide consumer reporting agencies, credit scores from VantageScore® or FICO®, income and employment information from The Work Number®, or Equifax digital identity and fraud authentication products.

***Equifax has invested substantially in technology to help our customers innovate and to keep the data entrusted to us more secure***

To enable all of these advances, Equifax has invested an incremental more than \$1.5 billion over the last five years to undertake a complete technology transformation to the most advanced Cloud capabilities available. This is one of the largest cloud technology investments ever undertaken in our industry and is changing nearly every facet of our infrastructure and capabilities. The Equifax Cloud™ is expanding the depth and accuracy of our data to help our customers innovate faster and create more effective insights into the people and communities they serve so that they can deliver better outcomes for consumers. Our industry leading cloud transformation has created an agile new foundation for the enterprise to develop solutions that are faster, more reliable, more powerful, and more secure than ever before. In 2022, we harvested the power of our new Equifax Cloud capabilities and differentiated data to deliver more than 100 new products guided by our purpose of helping people to live their financial best.

We are aggressively working to complete this transformation. And, as we transform, we continue to focus on our leadership in data security and to build a culture where data security is central to our global team's DNA. From our employee engagement to our technology infrastructure, data fabric and product development, security is embedded in everything we do. Over the last five years, we have built one of the world's most advanced and effective cybersecurity programs. Our security capabilities exceed all major industry benchmarks, with Equifax ranked in the top 1% of Technology companies and top 3% of Financial Services companies analyzed for three consecutive years. Our migration to the Equifax Cloud gives us more robust visibility into the security across our enterprise, which in turn enables us to detect and respond to threats with more speed and precision. In 2022, we effectively responded to 39 million cyber threats per day while conducting more than 374,000 simulations to test our global workforce and preparing for the future.

Transparency has been critical to the growth and strength of our security program. We believe that more communication, more collaboration, and more transparency, with all companies delivers stronger security. Actively sharing the best practices we've gained as we work to implement change is why we developed our Security Annual Report, and why we have continued to actively

engage with customers, policymakers, and other organizations, regarding the challenges and opportunities in cybersecurity on a daily basis.

As part of our Equifax Cloud transformation, we have launched a state-of-the-art FedRAMP security environment to support our U.S. government programs in the Cloud. We also developed CloudControl, a platform that gives our customers real-time visibility into the security of their Equifax Cloud products and services. We also are committed to industry collaboration, as further evidenced by the appointment of our Chief Information Security Officer as a Strategic Engagement Advisor to the Federal Bureau of Investigation (FBI). In this role, our CISO will support the FBI's efforts to strengthen their relationship with the private sector and will support the Bureau in addressing the range of cyber threats facing businesses across America.

***Equifax has a dedicated and diverse workforce committed to helping people live their financial best***

And at the heart of delivering all of this progress is our people. At Equifax, we value our people and recognize that our employees drive our progress, innovation, and contributions to our communities. Equifax employs approximately 14,000 employees in 24 countries and more than 7,000 in the U.S. We believe that increasing diversity and inclusion leads to higher levels of innovation for our customers and consumers, strong engagement levels and ultimately better business outcomes. We have consistently improved enterprise-wide trends around representation and promotions for both women and employees of diverse ethnic backgrounds, and pride ourselves on promoting and hiring highly-qualified candidates who enhance our culture, add diverse perspectives and deliver on our business strategy. Within our senior leadership team, nearly 60% identify as female or as having a diverse racial or ethnic background, 45% of the Equifax global workforce identify as female, and 4 of our 10 Board members are female. Consistent with our commitment to diversity, we have expanded the requirements for diverse candidate interview slates for all professional and management roles.

Thank you for the opportunity to share some of the key priorities of the New Equifax. While we still have more work to do, I am proud of the transformation we have made over the past five years. Equifax remains committed to putting consumers first at every touchpoint, to promoting financial inclusion through innovation and differentiated data, to ensuring that our data is as accurate as possible, using data responsibly, keeping the data entrusted to us secure and to helping our customers innovate faster with more comprehensive insights into the people and communities they serve. Our resolve to achieve our company purpose to help people live their financial best has never been stronger.

Thank you again for the opportunity to provide this testimony and for your dedication to your constituents and American consumers.