



Overview: Consumer-Permissioned Channels for UTR Data*

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Many recent initiatives to tap utility, telecommunications, and rental (UTR) data for credit underwriting focus on channels that require consumers to provide affirmative consent, provide log-in credentials, and/or pay fees to facilitate data flows to lenders. This shift to new channels can facilitate data access even when UTR companies do not take the initiative to report payment history to credit bureaus and can give consumers more control over their financial data. But the new channels also raise new market and policy issues compared with traditional data flows.

OVERVIEW OF ACCESS CHANNELS

Individual companies voluntarily furnish most data in the US credit reporting system. Once they decide to provide data, furnishers are subject to compliance obligations under the Fair Credit Reporting Act. But consumers often do not have the ability to stop or start the data flows to credit bureaus, and companies decide whether and to which bureaus to provide information. Some furnishers also report only severely delinquent accounts but not routine payments. Most lenders provide full-file reporting of both on-time and late payments to Equifax, Experian, and TransUnion, for instance,

but information on UTR accounts is usually provided to credit bureaus only in connection with debt collections attempts, if at all.

Some new UTR data initiatives focus on facilitating UTR companies' routine furnishing to credit bureaus, such as by helping them standardize data elements and manage accuracy complaints. But many initiatives focus on new channels that depend on consumers taking affirmative action to initiate the data flows. These efforts take several forms:

- Some rent reporting platforms offer to reach out to landlords on behalf of consumers who sign up for their services to ask the landlords for help reporting their payment history to credit bureaus.
- Some services obtain UTR payment history from information available on the websites of banks or telecom and utility companies. To access the information, the services typically ask consumers to provide their log-in credentials so that an intermediary called a data aggregator can sign on to the relevant website to collect the bank account or payment history records for transmission to a credit bureau or an individual lender.

- Some services provide consumers payment apps or transaction accounts through which they can route their UTR payments. The services' systems then capture the payment history to be forwarded to one or more credit bureaus.

Many of these initiatives market to consumers to sign up for their services, often in exchange for a monthly fee. Others market to lenders to pay for the data transfer costs. Some services provide the data only to a particular lender in connection with a particular loan application, while others provide the data to one or more credit bureaus for inclusion in their general credit files. The latter approach allows lenders to access the information without having to use special processes or pay additional fees beyond what they would otherwise do to pull a consumer's credit report or credit score. In such cases, the information can also be accessed by other customers of the credit bureau for such activities as employment or tenant screening.

MARKET AND POLICY ISSUES

Technology and market developments have made consumer-permissioned data transfers easier, but it is difficult to gauge the current scale and impact of individual customer-permissioned UTR ventures. Surveys suggest consumers are relatively comfortable sharing UTR payment history for underwriting purposes, but awareness about specific options varies. Reaching consumers who are less connected to the traditional credit information system or who lack bank accounts or digital access may be particularly challenging, and fees could be a barrier for low-income consumers. In the context of federally subsidized housing, where the federal Privacy Act has been interpreted to require tenant permission before on-time payments can be reported to credit bureaus, operators report that obtaining consumer consent can be administratively challenging.

Adoption by lenders is another source of uncertainty. Although lender interest appears to be growing, individual companies vary as to their willingness to invest resources in validating new data sources and adjusting processes. Where pulled from bank account data, customer-permissioned sources do not contain all the information furnishers typically provide to credit bureaus, such as the amount owed. Some sources have also expressed concern that only certain populations of consumers may be willing to authorize data flows or that individual applicants might provide selective access that does not include accounts they have struggled to pay.

Because of the diversity of channels being used to transfer data in this rapidly evolving ecosystem, consumers who authorize data access through a particular platform or service may find that the individual lender to which they apply does not have access to that data source or uses scoring models that will not account for the information. Some reporting platforms provide information about which lenders use their services, but potential disconnects between consumers, data sources, and lenders are likely to remain a concern while ventures work to increase their scale and market penetration.

Technology systems and regulatory frameworks are also evolving to account for these new data flows, such as by moving away from reliance on consumers' log-in credentials to reduce the risk that the credentials could be misused to conduct unauthorized transactions and to address privacy, accuracy, and data security concerns. The Consumer Financial Protection Bureau is in the early stages of a rulemaking that is expected to address the requirements for consumer-permissioned data transfers of information from banks and other financial services providers, but the project may not address all types of consumer-permissioned transfers of UTR information and may take multiple years to complete and implement.

* For more information, see Kelly Thompson Cochran and Michael Stegman, [Utility, Telecommunications, and Rental Data in Underwriting Credit](#) (Washington, DC: Urban Institute and FinRegLab, 2021).