

The Year Ahead: An Update on Fintech & Student Lending

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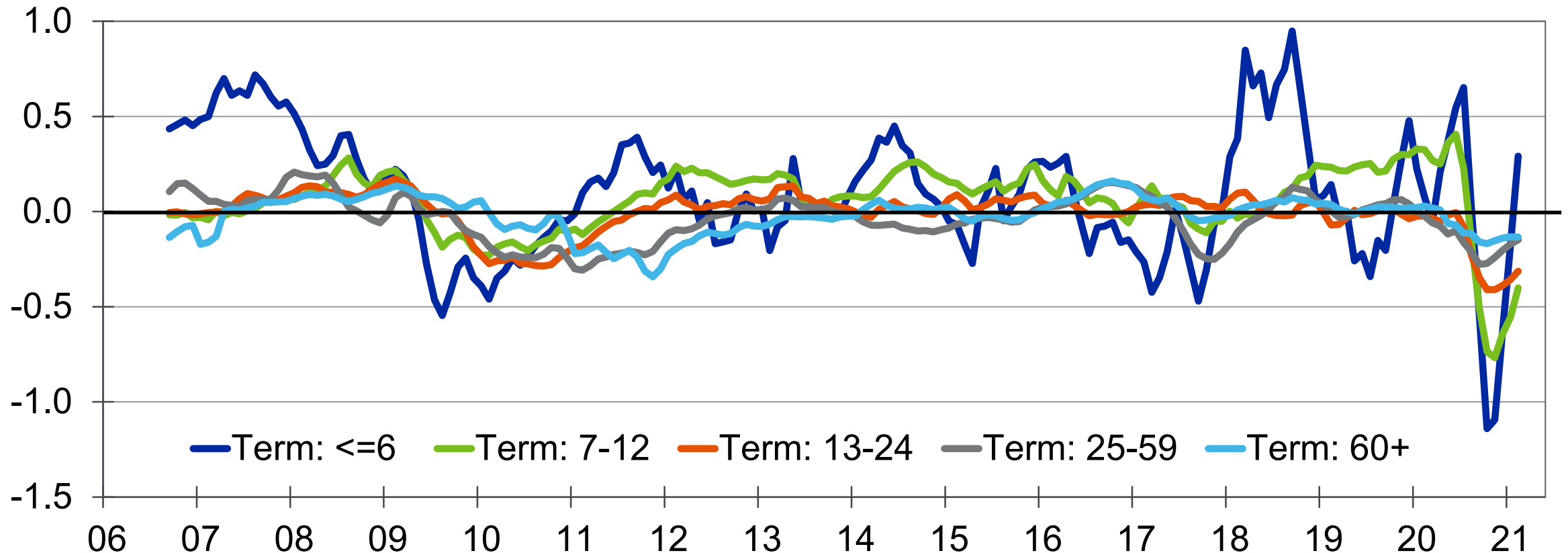
March 2021

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FinTech

Personal Loan Lenders Weathered the Recession

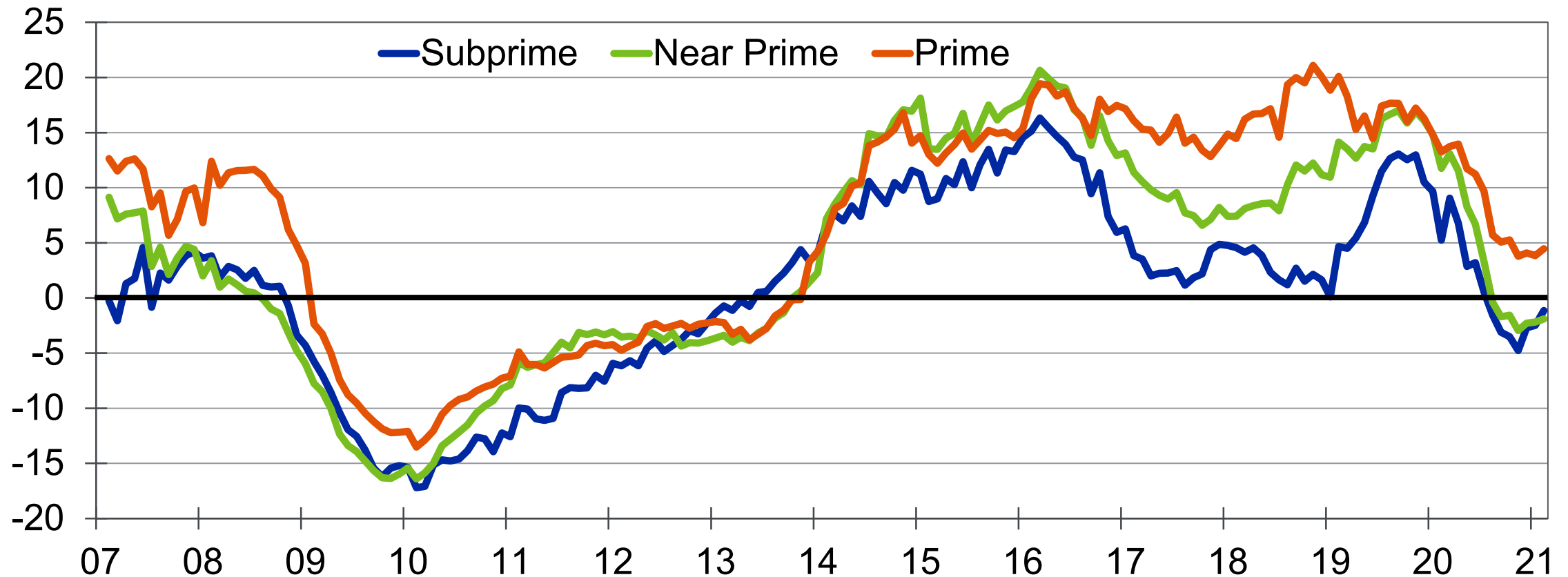
60-day delinquency rate, % of \$, YoY diff, 3-mo MA



Sources: CreditForecast.com, Moody's Analytics

Loan Standards Tight

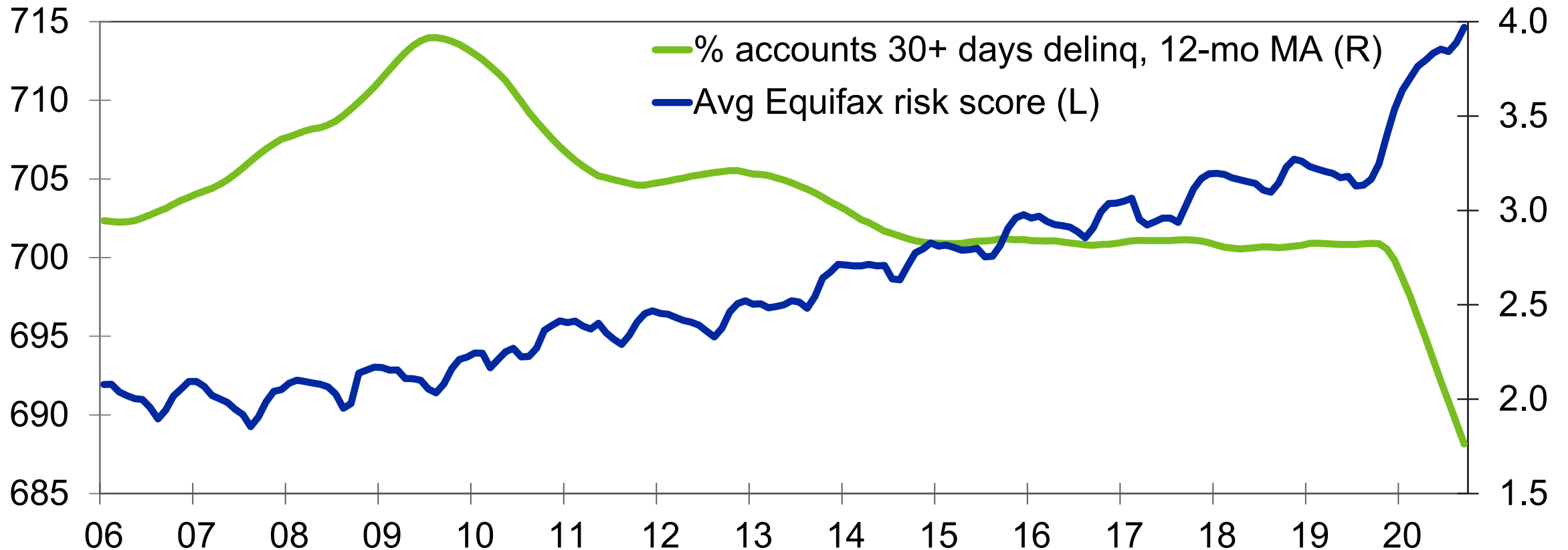
%, YoY balance difference, consumer installment



Sources: CreditForecast.com, Moody's Analytics

Credit Score Inflation Masks Risk

Avg Equifax risk score and % of accounts 30+ days past due



Sources: CreditForecast.com, Moody's Analytics

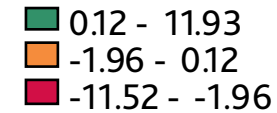
Unsecured Debt During A Pandemic

Average Unsecured Balance, Real 2020 \$



Sources: CreditForecast.com, Moody's Analytics

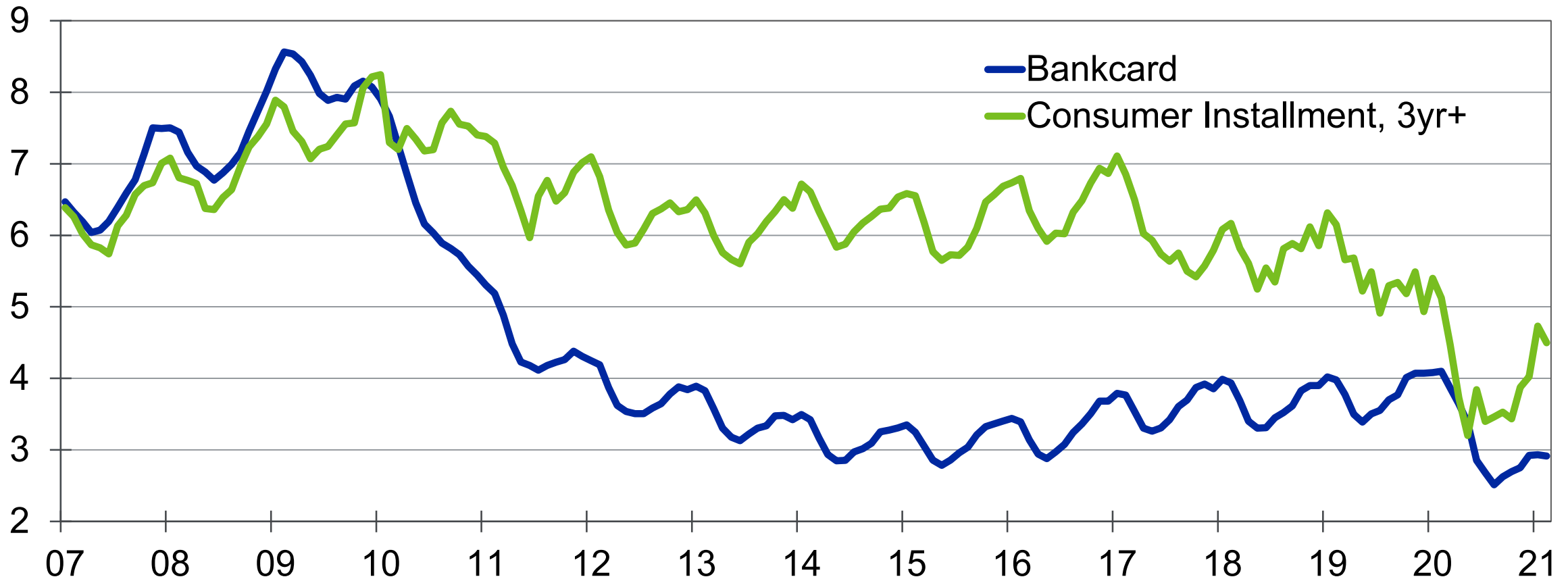
Consumer Installment Balance, YoY % Change



MOODY'S ANALYTICS

Fintech Seeks Risk/Opportunity With Younger Borrowers

Total delinquency rate, % of \$, <35 years old



Sources: CreditForecast.com, Moody's Analytics

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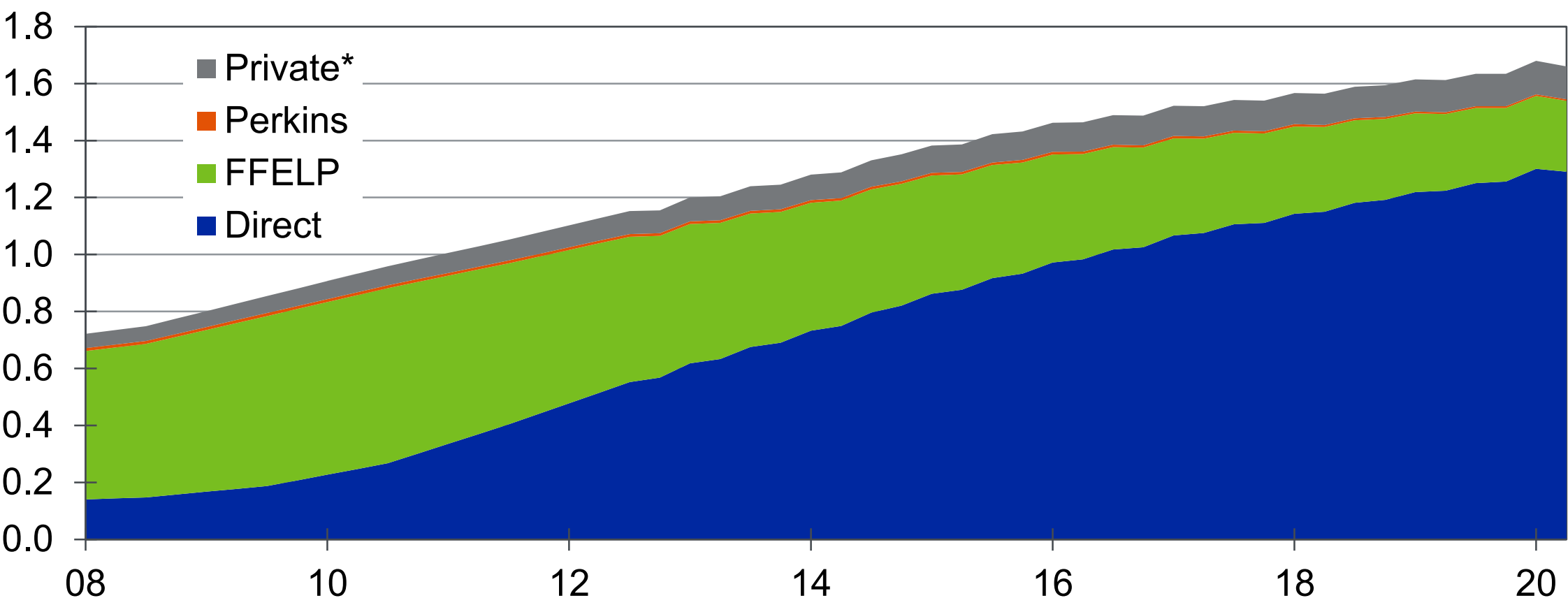
Student Lending

Student Lending Update 2021Q1

- » **Forbearance levels remain steady. Delinquencies low and stable.**
- » **The Biden administration extended payment deferral to 30 September 2021**
 - » Does not cover private student loans (PSL) or Federal Family Education Loan Program (FFELP) student loans
- » **Proposed higher education reform would have mixed implications for student loans**
 - » ***Free public university*** for qualified students and more widely available Pell grants would reduce loan balances of in-school borrowers.
 - » ***Expanded income-based repayment*** would have a negative impact on certain FFELP transactions as more borrowers would be allowed to make smaller payments on their loans.
 - » ***Debt forgiveness*** would improve household balance sheets, particularly for lower income borrowers. Potential moral hazard problem without broader reforms.

One Nation Under Student Debt

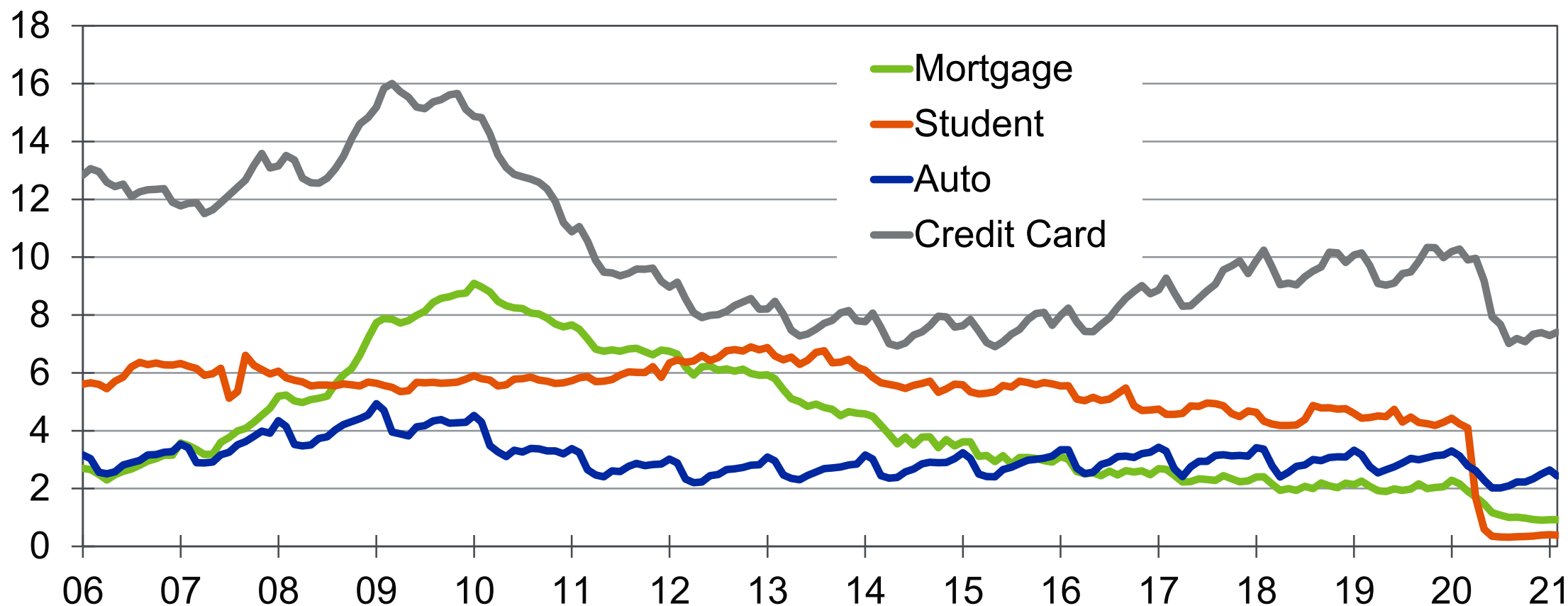
2020\$ tril



Sources: Department of Education, Moody's Analytics **estimated*

Student Loan Delinquencies Are Low...For Now

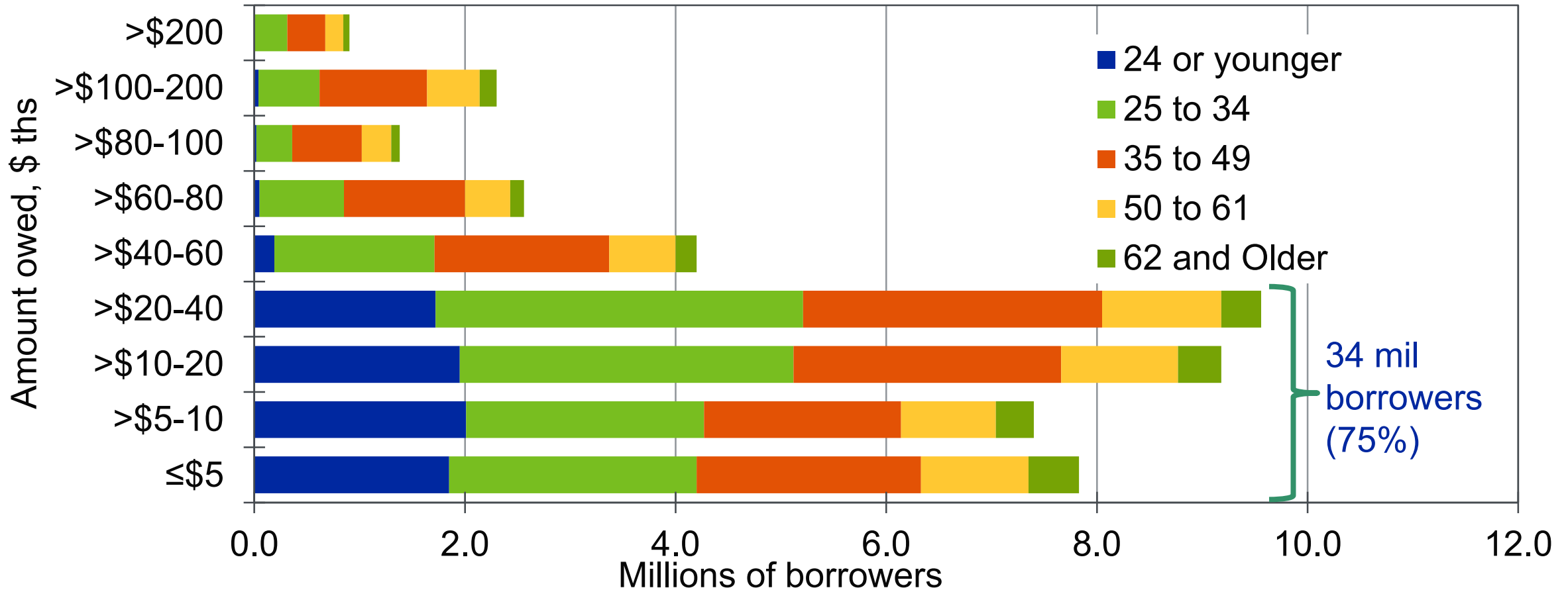
Delinquent loans, % of total balances



Sources: Equifax, Moody's Analytics

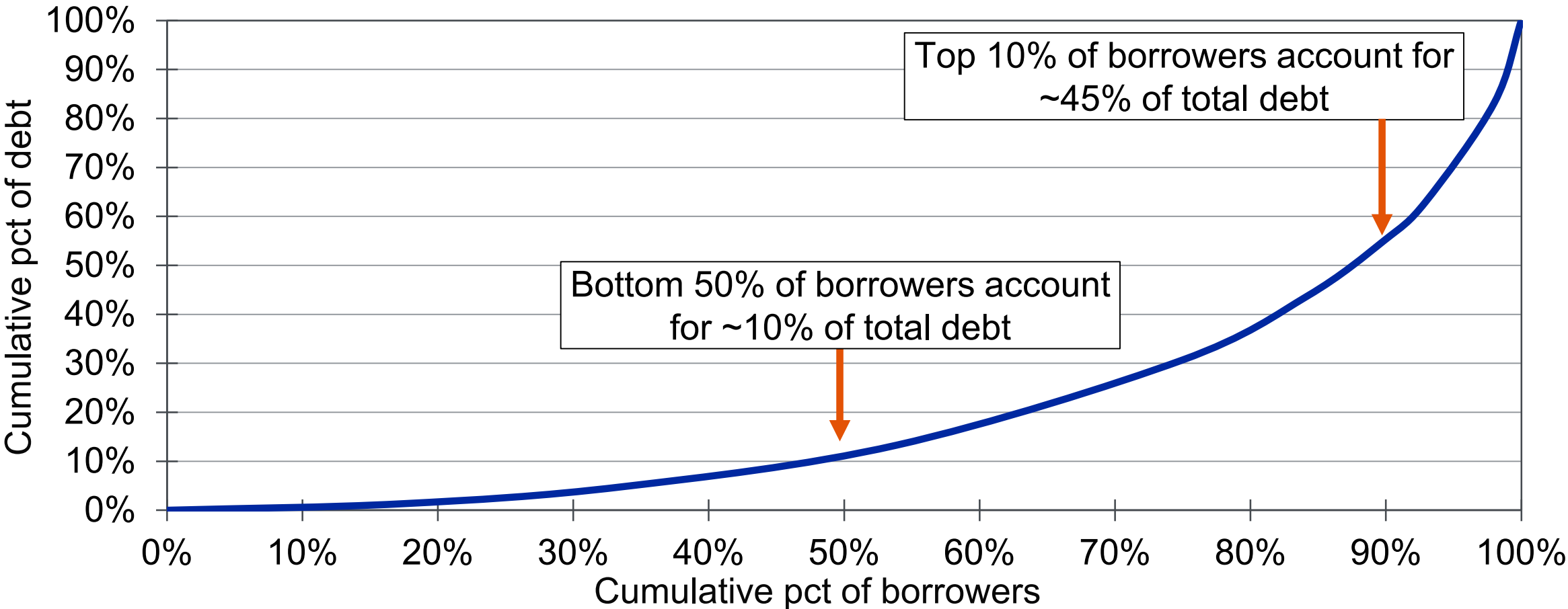
Most Student Loan Borrowers Owe Less Than \$40,000

Millions of borrowers by amount owed in \$ ths and age of borrower



Sources: Department of Education, Moody's Analytics

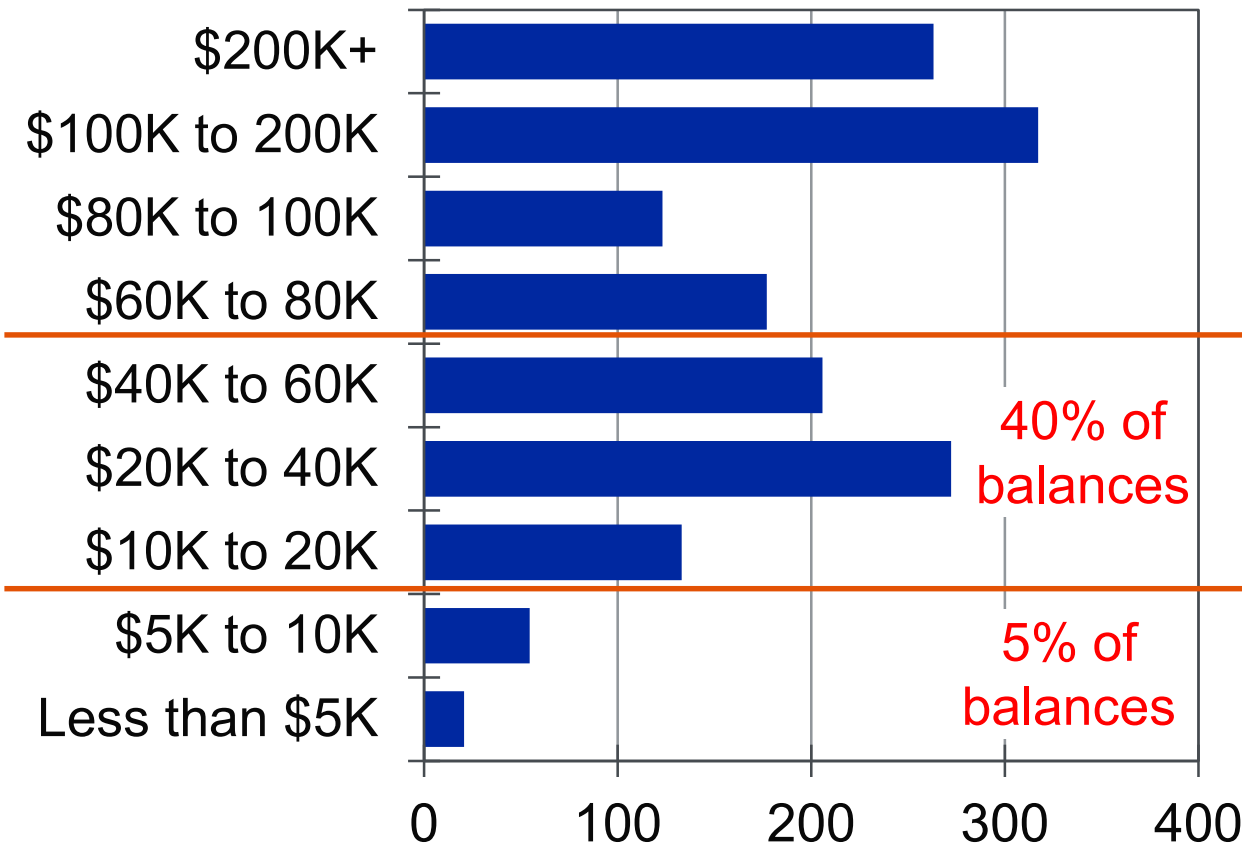
Debt Distribution Is Highly Skewed



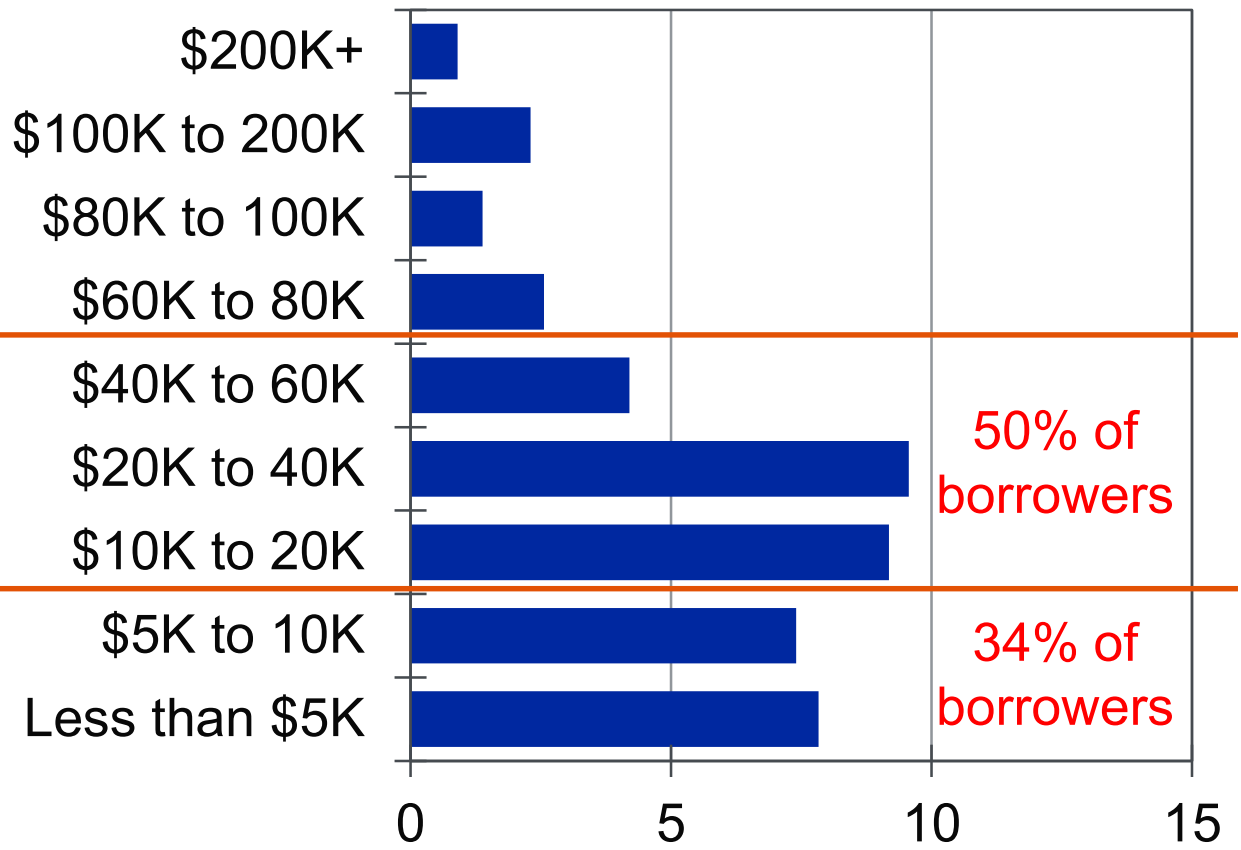
Sources: Department of Education, Moody's Analytics

Proposal: \$10K Grants + Cap Govt Loans at \$60K + Reforms

Outstanding balance by amount owed, \$ bil



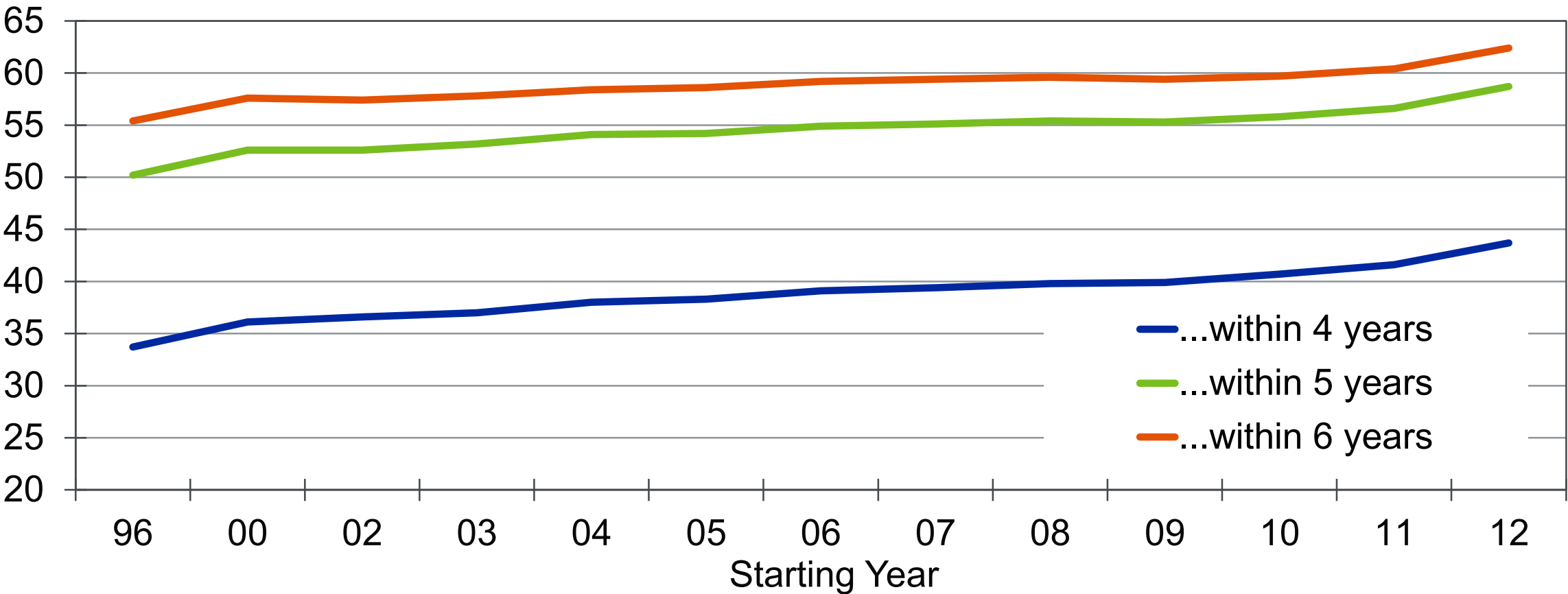
Number of borrowers by amount owed, mil



Sources: Department of Education, Moody's Analytics

Underlying Issue: College Completion Rates

Pct of student entering college receiving Bachelor's degree...



Sources: Department of Education, Moody's Analytics



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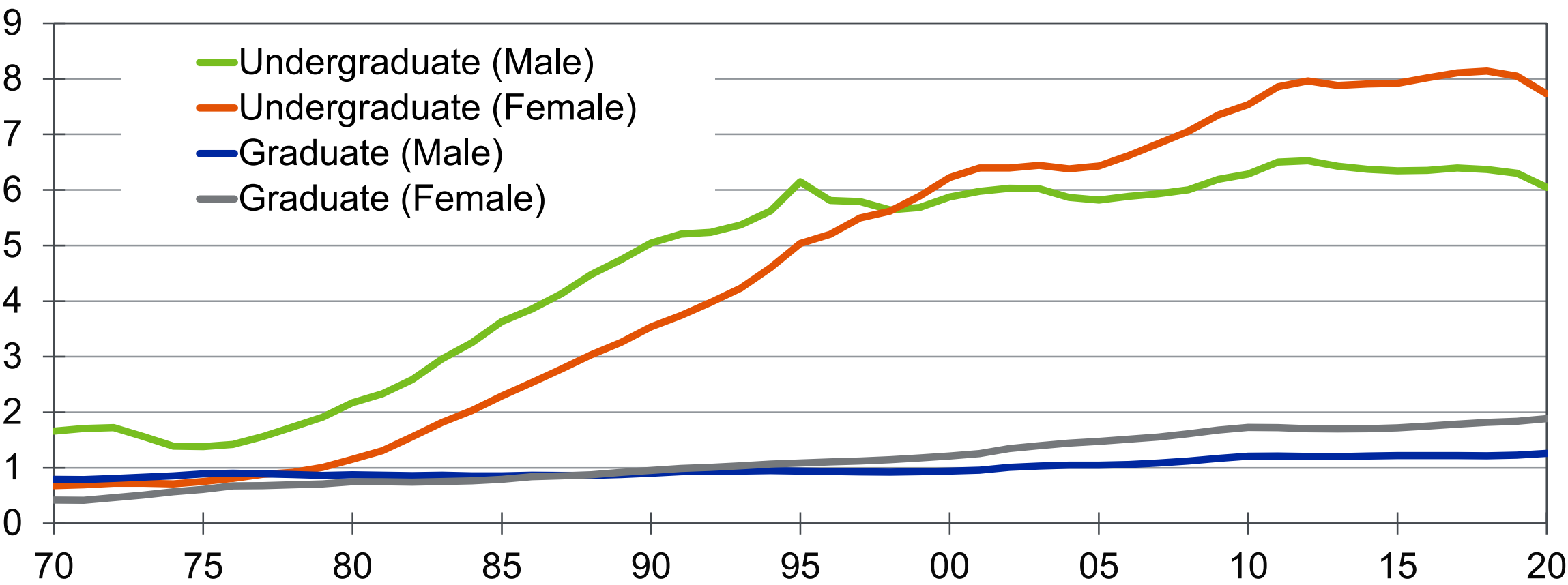
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Appendix

Enrollment Trends Sideways...

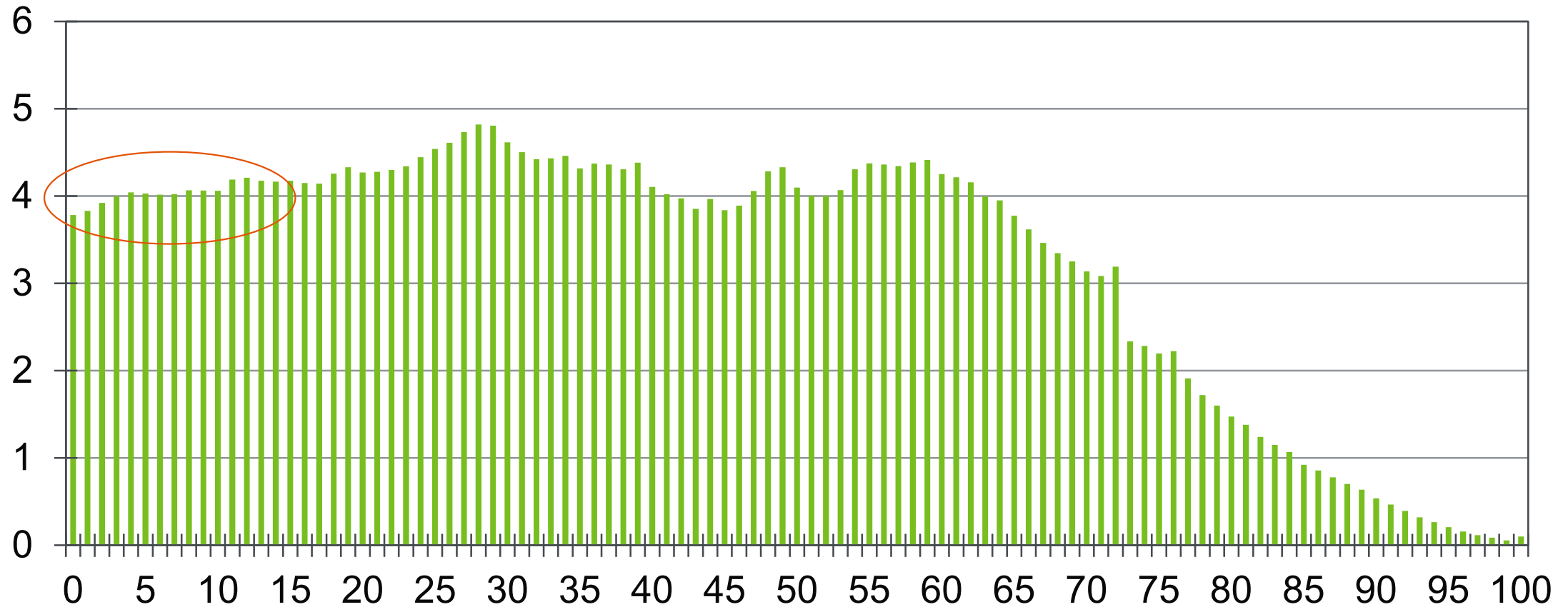
Students, mil



Sources: Department of Education, National Student Clearinghouse, Moody's Analytics

...And Smaller Generations Are Coming

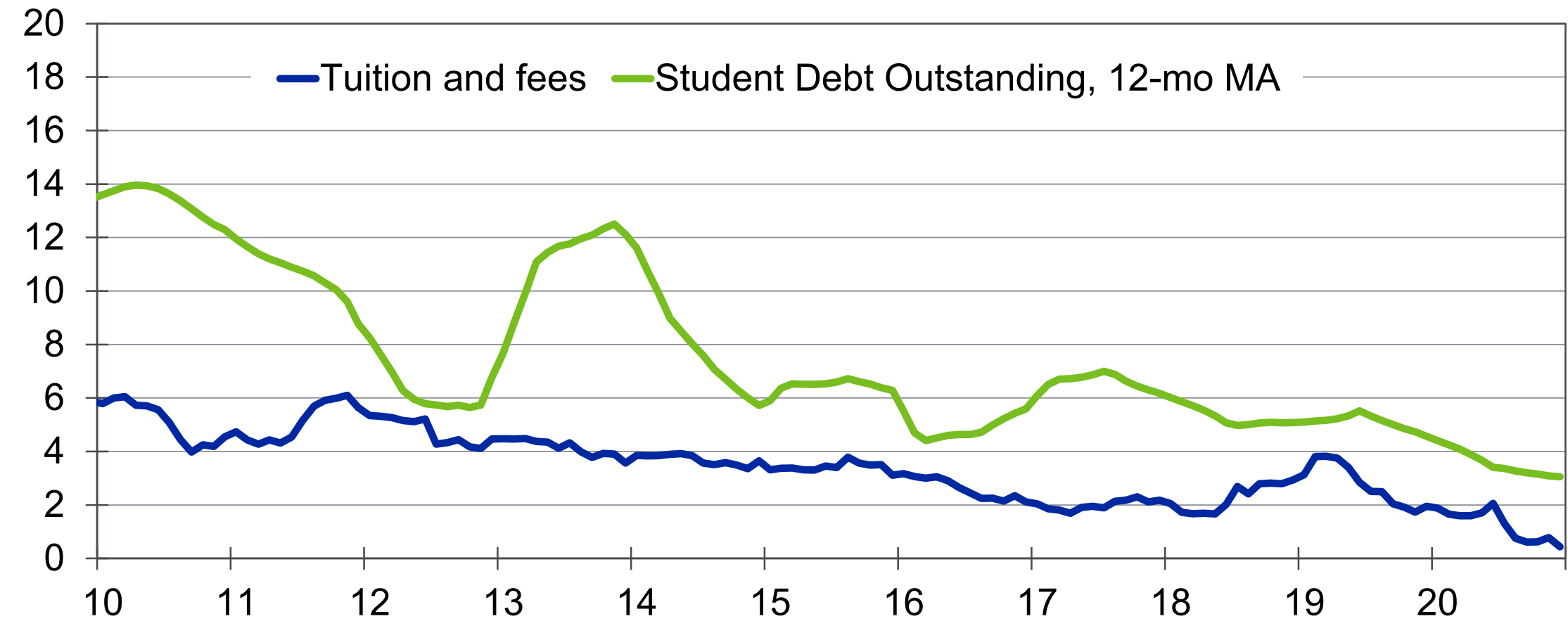
Population estimate by single age cohort for 2019, mil



Sources: Census Bureau, Moody's Analytics

Borrowing Is Rising Faster Than Tuition

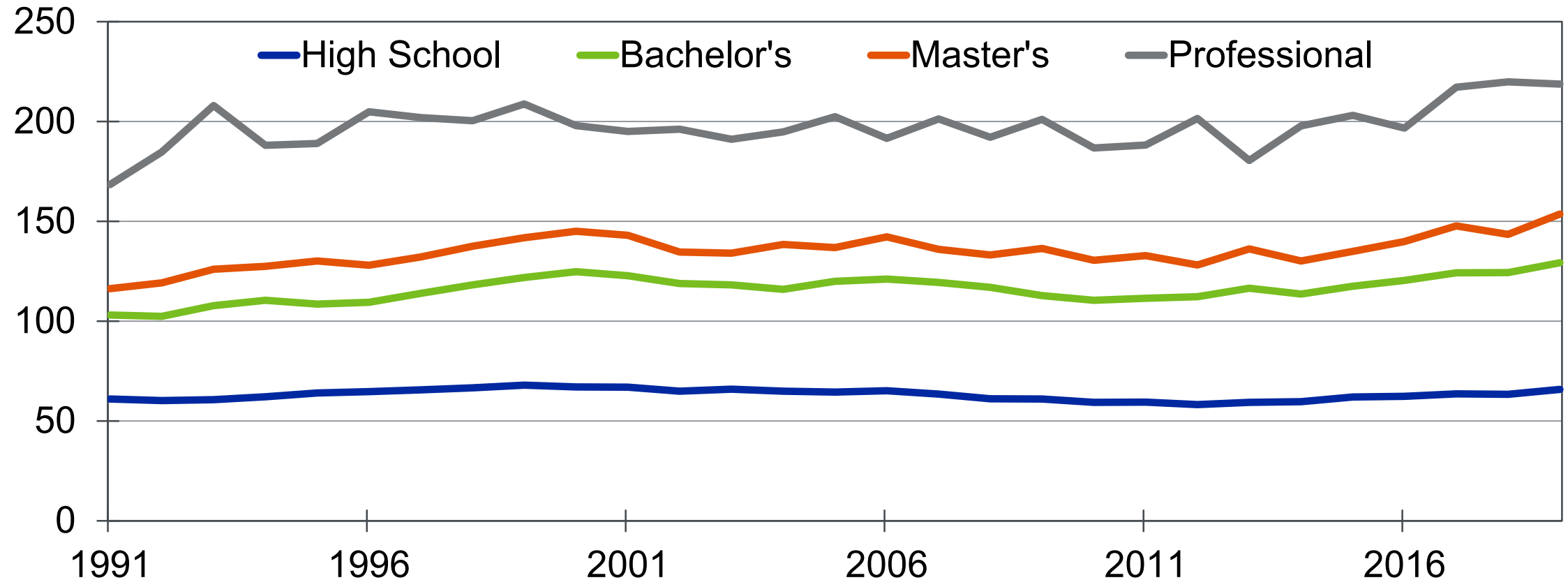
Year over year growth, %



Sources: BLS, Equifax, Moody's Analytics

A College Education Still Pays

Average household income by education level of householder, \$ ths



Sources: Census Bureau, Moody's Analytics