

Credit Reporting Data Analytics

Consumer Financial Services

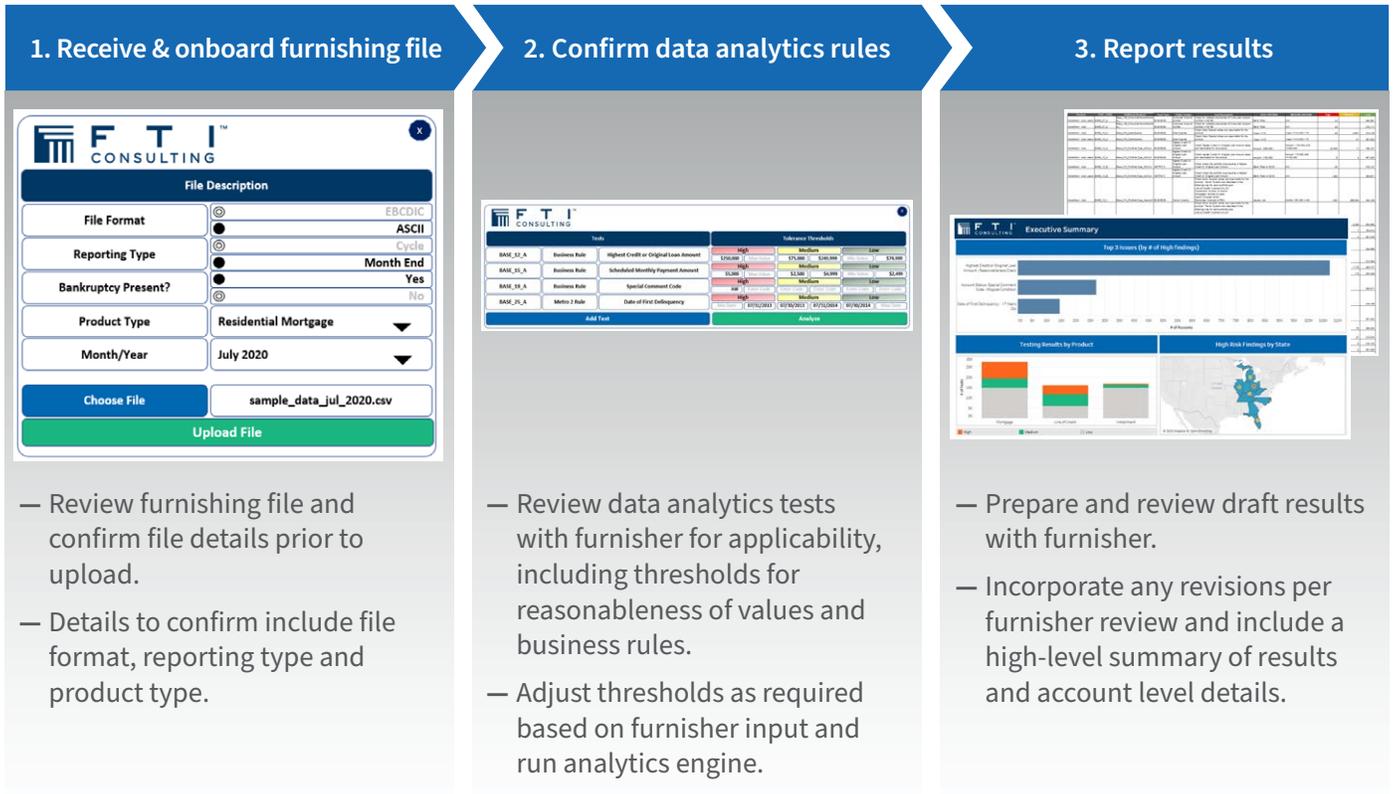
Compliance with the Fair Credit Reporting Act (“FCRA”) remains a high-risk issue for financial institutions of all sizes and complexity levels due to increasing regulatory scrutiny and enforcement actions. To date, the Consumer Financial Protection Bureau (“CFPB”) has issued millions of dollars in fines associated with enforcement actions for non-compliance and emphasizes in a recent publication that “even a seemingly minor inaccuracy in a credit report can lead to a consumer being denied a loan, housing, or a job.”¹

As part of FTI Consulting’s suite of FCRA solutions, we offer EvaluData, a proprietary data analytics tool designed to assess the overall health of the Metro 2[®] furnishing file based on business rules and Metro 2[®] guidance. See a description of the rules below.

RULE CATEGORY	DESCRIPTION
Single File Metro 2 [®] Rules	<ul style="list-style-type: none">– FTI’s single file rule set uses proprietary logic to evaluate each tradeline in a one-month period based on illogical conditions between different fields.– Our rule set is designed with each use case in mind to help avoid overlapping test conditions and minimize false positives.
Cross Period Metro 2 [®] Rules	<ul style="list-style-type: none">– FTI also offers a more complex set of rules to evaluate Metro 2[®] fields across two consecutive reporting periods.– The Cross Period rules are designed to detect illogical progressions of fields when compared to the previous reporting period’s data.– These rules can detect furnishing errors that cannot be detected by reviewing only a single file.
Business Rules	<ul style="list-style-type: none">– FTI offers a set of business rules designed to be tailored to each furnisher’s existing policies and business practices.– FTI can easily adjust the tool logic based on furnisher business rules and product portfolio.– These rules include a review for extreme values in date and dollar amount fields.

High Level Process

Below is the overview of the process to upload a furnishing file for review, calibrate the tests and report on results using EvaluData.²



FTI’s proprietary EvaluData tool includes over 175 rules, including many which cover a variety of scenarios and can be configured to each furnisher’s reporting practices and portfolios. These rules including the following:

Single File Metro 2® Rule Examples	Cross Period Metro 2® Rule Examples	Business Rule Examples
<ul style="list-style-type: none"> Illogical field conditions such as the Payment History Profile (“PHP”) field containing “B” bytes embedded within a string of other values. Use of illogical Equal Credit Opportunity Act (“ECO”) Codes in each borrower segment. Delinquency rules, such as having a derogatory Account Status without a Date of First Delinquency (“DOFD”). 	<ul style="list-style-type: none"> Cross period static fields such as Date Opened remaining the same over the life of the account. Cross period field progression across consecutive cycles such as the first byte of the payment history profile should correspond to the account status from the prior period. Cross period (traditional) bankruptcy rules, such as authorized users should not be reported if a petition code was reported in the prior period. 	<ul style="list-style-type: none"> Extreme values for fields such as Scheduled Monthly Payment Amount and Date Opened. Use of Special Comment Codes for certain scenarios such as reporting end of term fees. Chosen method for natural or declared disaster reporting.



FTI Consulting's Regulatory Expertise

FTI Consulting's Financial Services team **effectively addresses regulatory compliance challenges, examinations and enforcement actions** to help clients mitigate and manage risk, ensure compliance and resolve regulatory inquiries.

FTI professionals have **assisted more than 40 financial institutions** in assessing and enhancing credit reporting practices including furnishing, disputes, systems and associated policies and procedures, and our work has been used to **defend regulatory examination findings and enforcement actions**.

We work diligently to help clients **avoid unwanted regulatory scrutiny or resolve identified compliance gaps and perform remediation** in an efficient and timely manner.

FCRA Experience

- FTI professionals have been involved in numerous engagements related to the FCRA **including evaluating Metro 2[®] furnishing files totaling hundreds of millions of tradelines across a wide range of products and industries**, including Auto Finance, Mortgage, Credit Cards and Small Balance Installment Loans.
- The FTI team includes **the former Deputy Chief Compliance Officer for Equifax Inc.** who can provide significant insight into how the Consumer Reporting Agencies ("CRAs") process data and disputes, along **with former CFPB examiners who have examined various financial institutions' portfolios for compliance with the FCRA**.

Multidisciplinary Team

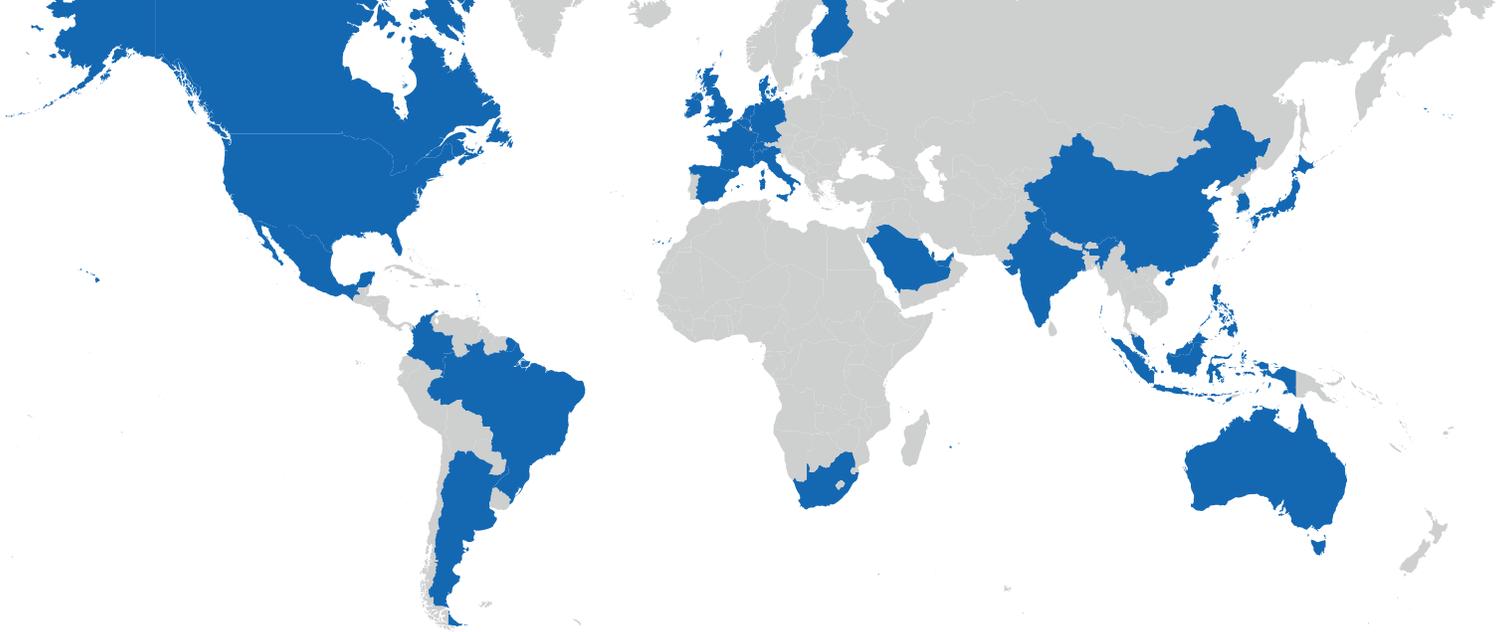
- FTI has **a dedicated data analytics practice** which has extensive experience developing strategic business solutions requiring in-depth analysis of large, disparate sets of financial, operational and transactional data.
- FTI also has a **robust business and technology transformation team** which supports high impact change management initiatives including facilitating cross-functional workshops to develop and update business requirements and provide project management support for system implementations.

Other CFPB Compliance Service Offerings

- We are leaders in CFPB compliance solutions, having **conducted mock examinations and assessed the effectiveness of Compliance Management Systems** at many leading financial institutions.
- FTI professionals have also been engaged by clients to **support time-sensitive post-examination Matters Requiring Attention ("MRAs") and Consent Orders**.

1 CFPB, Credit reporting companies and furnishers have obligations to assure accuracy in consumer reports, May 6, 2022
<https://www.consumerfinance.gov/about-us/blog/credit-reporting-companies-and-furnishers-have-obligations-to-assure-accuracy-in-consumer-reports>

2 Screenshots are an illustrative example and do not reflect actual results.



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Our clients include Fortune 500 corporations, FTSE 100 companies, global banks, major and local law firms and state and national governments and agencies in the U.S. and other countries. In addition, major U.S. and international law firms refer us or engage us on behalf of their clients.

1982

Year Founded and \$6.2B Equity Market Cap*

Top 50

Advisor to the world's top 50 bank holding companies

7,700+

Employees Worldwide

NYSE:FCN

Publicly traded

99/100

Advisor to 99 of the world's top 100 law firms

82/100

82 of Fortune Global 100 corporations are clients

**Number of total shares outstanding as of April 20, 2023, by the closing price per share on April 20, 2023.*

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