

[National Consumer Law Center Attorney Chi Chi Wu to Testify on July 25 before U.S. House on Use of Alternative Credit Data to Expand Access to Credit](#)

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Full testimony of NCLC attorney Wu will be available before or by 10 a.m. EDT on July 25, 2019: <https://bit.ly/alt-credit-scoring>

Download new NCLC issue brief: "[Credit Invisibility and Alternative Data: Promises and Perils](#)"

Boston - On Thursday, July 25, at 10 a.m. ET, National Consumer Law Center attorney Chi Chi Wu will testify before the U.S. House Task Force on Financial Technology at the hearing "[Examining the Use of Alternative Data in Underwriting and Credit Scoring to Expand Access to Credit.](#)" During her testimony, Wu will discuss how alternative data has the potential to benefit, but also poses risks to millions of consumers who are either "credit invisible" or have impaired records with the "Big Three" credit bureaus: Equifax, Experian, and TransUnion.

"We have a chance with new data sources, and models to do better," says **National Consumer Law Center attorney Chi Chi Wu**. "The question is whether we will do so or whether we will contribute to the gaping inequality in our society."

Whether alternative data will benefit or hurt consumers depends on several key factors, including:

- What kind of alternative data is being used?
- How is the alternative data being used?
- What is the accuracy and predictiveness of the data?
- What level of disparate impact does the data have on protected groups, especially communities of color?

According to the [Consumer Financial Protection Bureau](#) (CFPB), 26 million Americans (or about 1 in 10) do not have a credit history, and another 18 million are unscorable. There are significant racial disparities with respect to credit invisibility. About 15% of African American and Latinx consumers have no credit history compared to 9% of Whites. Another 13% of African Americans and 12% of Latinx consumers are unscorable, compared to 7% of Whites.

If alternative data is used for credit decision-making, its use must be regulated by the Equal Credit Opportunity Act (ECOA). Unless the data represents direct experience between the lender and the consumer, it should also be regulated by the Fair Credit Reporting Act (FCRA). Compliance with both these laws will be critical for the purposes of accuracy, predictiveness, transparency, and minimizing disparate impact.

In conjunction with Wu's testimony, NCLC published a new issue brief "[Credit Invisibility and Alternative Data: Promises and Perils.](#)"