

# Household Debt & Credit Report for the Second District Technical Notes

## Data Source

The NY Fed Consumer Credit Panel (CCP) consists of detailed Equifax credit report data for a unique longitudinal quarterly panel of individuals and households. The panel is a nationally representative sample of all individuals with a social security number and a credit report. The Household Debt and Credit Report for the Second District relies on quarterly data from a 5% random sample of these individuals. For more information see the NY Fed staff report, [An Introduction to the FRBNY Consumer Credit Panel](#).

## Technical Notes

### Consumers in NY Fed CCP/Equifax

The NY Fed CCP /Equifax data represent the population with a social security number and a credit report. Nationally, the majority of adults meet the sample requirements. However, the share of the adult population with a social security number and a credit report varies by geography.<sup>1</sup>

|                      | <b>Population 18+</b><br><i>Census Bureau<br/>American Community Survey<br/>2012 1-year estimate</i> | <b>Credit Report<br/>Population</b><br><i>NY Fed CCP/Equifax 2012<br/>4-quarter weighted average</i> | <b>Estimated<br/>share of adult<br/>population with<br/>a credit report</b> |
|----------------------|--|--|---|
| <b>United States</b> | 240,144,241  | 237,262,500  | 99%   |
| <b>Connecticut</b>   | 2,796,880  | 2,760,600  | 99%   |
| <b>New Jersey</b>    | 6,834,599  | 6,759,400  | 99%   |
| <b>New York</b>      | 15,303,944   | 14,144,400   | 92%   |
| <b>New York City</b> | 6,552,644  | 5,401,700  | 82%   |

### Loan Types

For this analysis we distinguish between the following types of loans: mortgage accounts, revolving home equity lines of credit (HELOC), auto loans, credit cards, and student loans. Total (overall) balance also includes consumer finance, retail, and other loans, though we do not break these out separately.

### Joint accounts

Some accounts are jointly held by multiple individuals. For aggregate balance measures (e.g., per capita balance and percent of total balance 90+ days late), we adjust joint account balances downwards by 50 percent to avoid double counting. For measures that describe borrower characteristics (e.g., average borrower balance) we do not adjust joint balances, because borrowers are accountable for the full balance, regardless of joint status.

### Delinquency status

Varies between current (paid as agreed), 30-day late (between 30 and 59 days late; not more than 2 payments past due), 60-day late (between 60 and 89 days late; not more than 3 payments past due), 90-day late (between 90 and 119 days late; not more than 4 payments past due), 120-day late (at least 120 days past due; 5 or more payments past due) or collections, and severely derogatory (any of the previous states combined with reports of a repossession, charge off to bad debt or foreclosure). Not all creditors provide updated information on payment status, especially after accounts have been derogatory for a longer period of time. Thus the payment performance profiles obtained from our data may to some extent reflect reporting practices of creditors.

<sup>1</sup> See Lee and van der Klaauw (2010) for a more detailed discussion of factors that may affect coverage rates.

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Note that the delinquency rate we report for student loans considers only loans that are in the repayment cycle. As explained in a recent [report](#), delinquency rates for student loans are likely to understate actual delinquency rates because about half of student loans are currently in deferment, in grace periods or in forbearance. This implies that among loans in the repayment cycle, delinquency rates are roughly twice as high as the rates reported here.

### *Collections*

Third party collections are collections listed within the last 12 months that are not being handled by the original creditor. This includes both public record and account level third party collections information. Only a small proportion of third party collections are related to credit accounts; the majority of collection actions are associated with medical and utility bills.<sup>2</sup>

## Data Dictionary

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**Total Debt Balance per Capita:** Total debt in our sample divided by the total number of individuals in our sample (population with a credit report). In order to avoid double counting, we adjust balances for joint accounts. Figures are rounded to the \$100.

**Borrower Rates:** The percent of individuals in our sample (population with a credit report) with a positive balance, by loan type.

**Average Borrower Balance:** The average balance among borrowers (individuals in our sample with a positive balance), by loan type. Average borrower balances are not adjusted for joint accounts. Figures are rounded to the \$100.

**Overall Consumer Distress:** The percent of individuals in our sample (population with a credit report) who hold debt that is 90 or more days delinquent and/or hold debt that is in third party collections within the last 12 months.

**Percent of Balance 90+ Days Late:** Percent of the total balance by loan type that is either 90-day late, 120-day late or severely derogatory. 90+ days late is synonymous with seriously delinquent. In order to avoid double counting, we adjust balances for joint accounts.

**Mortgage Borrowers Status:** Composition of mortgage borrowers by delinquency status. Percent of mortgage borrowers who are current, 30-89 days late, 90 or more days late, and any delinquency (either 30 -89 days late, or 90 days late).

**Mortgage Borrower Current to Delinquent Transition Rate (Newly Delinquent):** Mortgage borrowers who became delinquent since the previous quarter, expressed as a percent of all borrowers who were *current* on their mortgage at the end of the previous quarter.

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<sup>2</sup> See Avery, R.B., P.S. Calem, G.B. Canner and R.W. Bostic, "An Overview of Consumer Data and Credit Reporting", Federal Reserve Bulletin, Feb. 2003, pp 47-73.