



CASE STUDY

How American Express Expanded Its Credit Card Market to U.S. Newcomers

KEY TAKEAWAYS

- Unlock a new, low-risk, highly qualified potential customer base of millions of U.S. newcomers by accessing consumer-permissioned international credit data.
- Increase portfolio profitability and build loyalty by extending appropriate credit to qualified consumers.



THE CHALLENGE

Today, there are over 5 million immigrants who arrived in the U.S. in the last five years who will typically acquire multiple products that require credit history (e.g. credit card, bank account, apartment lease, phone plan). They also often exhibit prime credit characteristics when evaluated using their international credit history.

While this population segment exhibits low credit risk according to their international credit history, they remain severely underserved because lenders typically only use domestic credit history to assess creditworthiness. Often, U.S. newcomers either receive credit products poorly aligned with their experience and risk levels or have their applications declined outright.

PRIME CREDIT CHARACTERISTICS OF U.S. NEWCOMERS*

59%

HAVE A SUPER-PRIME SCORE IN THEIR HOME COUNTRY

9+

AVERAGE CREDIT BUREAU TENURE YEARS IN THEIR HOME COUNTRY

~5

AVERAGE NUMBER OF TRADES IN THEIR HOME COUNTRY

\$120K

AVERAGE USD INCOME IN THE UNITED STATES



*Source: Analysis conducted by Nova Credit on real consumer credit information provided by American Express

American Express identified the need to better serve this highly valuable segment as a lever for growth but lacked key critical capabilities for underwriters to properly assess credit risk. Amex searched for a solution that provided underwriters access to quality data in real time and at scale to extend credit lines to U.S. newcomers while maintaining a responsible risk portfolio.

THE SOLUTION

Nova Credit partnered with Amex to offer a cross-border underwriting solution to issue credit cards to applicants new to the U.S. To make this happen, Amex used Credit Passport®, a consumer-permissioned, FCRA consumer report product that translates international credit data to a U.S.-equivalent report familiar to underwriters.

With Credit Passport®, Amex is enabled to access consumer-permissioned international credit data in 12 countries and plans to activate more over the next few months. Nova Credit navigates each country's credit data structure and compliance requirements to produce a single, ready-to-use file for every applicant. This file contains data that is aligned to U.S. credit data standards, including a U.S.-equivalent credit score, aggregate attributes, tradeline, repayment history, and more.

Together, American Express and Nova Credit now provide recent immigrants with a consumer-permissioned solution to streamline access and share their international credit data.

“ With Nova Credit, we provide a seamless application experience, are able to extend credit to a very deserving segment, and help them build credit history when they arrive in the U.S. ”

— Sara Milsten
*Executive Vice President,
U.S. Consumer Marketing,
U.S. Consumer Services,
American Express*




THE RESULTS

Credit Passport® has enabled Amex to unlock the U.S. newcomer population at scale and open thousands of new accounts since the partnership was launched.

This strategy to approve U.S. newcomers using Credit Passport® helped Amex confidently use a new data set to service a new market while responsibly managing their risk portfolio.



AMEX & CREDIT PASSPORT® RISK ASSESSMENT*

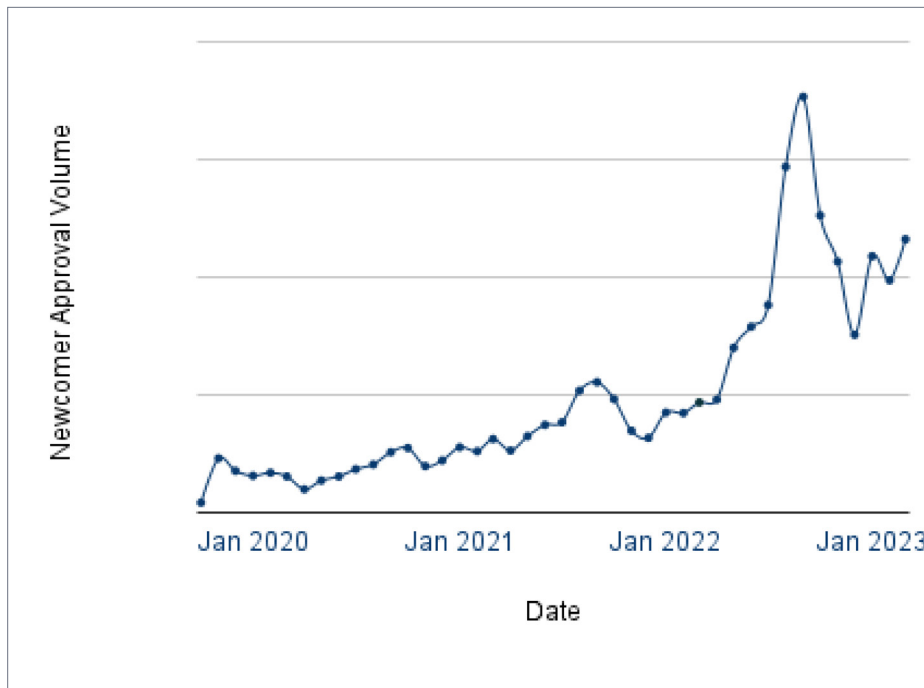
	Average Adult U.S. Population <i>Prime Account Holders</i> <i>US VantageScore 660+</i>	Amex accounts approved using Credit Passport® <i>Accounts opened 12 months+</i>
Indexed Delinquencies <small>(90+ days past due in 12 mos)</small>	100	21
Indexed Revolving Utilization	100	95
Average Age of Tradelines	15 years	9.31 years
Average # of Trades	15	10
Average # Open Trades	6.5	5

*Source: Analysis conducted by Nova Credit on real consumer credit information provided by a US bureau

Accounts approved using the Credit Passport® are **more than 79% less risky** (79% less likely to be 90+ days past due in 12 months) than domestic account holders with prime credit scores.

The volume of newcomer application approvals continues to increase significantly as the U.S. relaxes its immigration restrictions related to the COVID-19 virus. While using Credit Passport®, Amex saw credit card approval volume for newcomers increase 145% in Q1 2023 vs. Q1 2022 due to an increase in applicant volume.

CREDIT PASSPORT® FACILITATES NEWCOMER APPROVAL



With U.S. immigration trends bouncing back to pre-COVID levels and new capabilities in place to serve the U.S. newcomer segment, Amex is now positioned to capitalize on a profitable long-term customer growth strategy. 🎯

“It’s challenging to underwrite an applicant without knowing their credit history, and the absence of a credit identity can make significant transactions, like getting a credit card, very difficult. Nova Credit’s Credit Passport® helps American Express give people access to their international credit data so that they can arrive and thrive in this country.”

— Atul Ranjan
Vice President, Global Consumer
Customer Management,
American Express

To learn more visit

novacredit.com

or reach us at sales@novacredit.com



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