The June 2023 VantageScore CreditGauge shows U.S. consumers used credit cautiously, as delinquencies rose and stayed elevated compared to June 2022. Early-stage delinquencies jumped, recording the largest month-over-month increase in past 12 months while lending originations rebounded.

### Key Metrics/June 2023*

**Overall Delinquency Rates:**
- 30-59 DPD: 0.82%
- 60-89 DPD: 0.27%
- 90-119 DPD: 0.11%

**Balance-to-Loan Ratio:**
- Auto Loan: 64.05%
- Credit Card: 30.36%
- First Mortgage: 82.21%
- Personal Loan: 71.83%

**Total % Newly Opened Accounts on File:**
- Auto Loan: 1.60%
- Credit Card: 3.62%
- First Mortgage: 0.33%
- Personal Loan: 2.99%

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**The Subprime Credit Tier Migration Remained Stagnant in June**

- The June 2023 CreditGauge analysis showed the average VantageScore credit score declined less than one point but remained at 702. The exclusion of Medical Debt from the VantageScore models contributed to a 4.5-point year-over-year increase.
- The Subprime credit segment continued to shrink in June, maintaining an 18.0% level similar to May.

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*For definitions, see page 6*
Delinquencies At Highest Level In 30-59 DPD and 60-89 DPD Compared To 2022

Overall Delinquency Trends as a % of Outstanding Balance

- Overall delinquency rates across all Days Past Due (DPD) categories continued to climb in June 2023 compared to a year ago.
- In June 2023, the largest month-over-month increase in early stage (30-59 DPD) delinquencies was recorded, jumping from 0.71% in May to 0.82% in June, an increase of 0.11%.

Auto Loan delinquencies remained prominent at the product level, with 30-59 DPD and 60-89 DPD categories showing highest rates. Notably, the 30-59 DPD category continued to register the largest year-over-year surge of 0.34%.

Overall Delinquency Rates For Lower Credit Tier Borrowers Rose Year-Over-Year

- For June 2023, an upward trend in delinquency rates was observed across Days Past Due categories for Subprime and Nearprime and Prime credit tiers when compared to June 2022.
- Superprime is the only segment where 60-89 DPD category delinquencies inched lower compared to prior year.
In June 2023, Credit Card and Personal Loan recorded higher delinquency rates when compared to pre-pandemic levels across most DPD Categories.

Except for the 30-59 DPD category, Auto Loan surpassed in delinquency rates when compared to pre-pandemic levels.

In the 30-59 DPD category, both Auto Loan and Mortgage month-over-month delinquency rates experienced an increase of 0.12% each.

In the 60-89 DPD category, all products showed an uptick in delinquency rates month-over-month with Auto Loan recording the highest increase by 0.04%.

In the 90-119 DPD category, Credit Card is the only product displayed a decrease of .01% in delinquency rate month-over-month. All other products increased in delinquency rates compared to the previous month.

In the 60-89 DPD category, all products showed an uptick in delinquency rates month-over-month. Auto Loan recorded the highest increase by 0.04%.

In the 90-119 DPD category, Credit Card is the only product displayed a decrease of .01% in delinquency rate month-over-month. All other products increased in delinquency rates compared to the previous month.

13-Month Delinquency Rate Trends by Product and Days Past Due

In June 2023, Credit Card and Personal Loan recorded higher delinquency rates when compared to pre-pandemic levels across most DPD Categories.

Except for the 30-59 DPD category, Auto Loan surpassed in delinquency rates when compared to pre-pandemic levels.
A Flattened Trend Continued In Total Balances And Utilization Rate

**Total Average Balance and Utilization Rate/Balance-To-Loan Ratio**
- Year-over-year overall balances have remained high, with an increase of $3,182 (+3.2%). However, on a month-over-month basis, overall balances and utilization rate remained flat indicating that consumers are spending cautiously.

**Average Balance and Utilization Rate/Balance-To-Loan Ratio by Product**
- The Auto Loan sector continued to be impacted by elevated car prices. Average balances in Auto Loans have risen by $1,297 over the past year, with a slight increase of $110 compared to May 2023.
- The average Credit Card balance inched up in June 2023, reaching $5,988, prompting a slight rise in utilization rate to 30.4%.
- In June 2023, the average balance of Mortgages saw a minor uptick of $191. Conversely, the Mortgage balance-to-loan ratio showed a slight decline of 0.2% compared to the previous month. However, when analyzing year-over-year data, Mortgage balances surged by $7,823.
- A cautious borrowing trend is evident as Personal Loan balances saw a modest $79 month-over-month increase. Moreover, the average balance-to-loan ratio showed a marginal 0.1% uptick compared to the prior month.
Across all generations, Auto Loan originations saw a slight increase compared to previous month, with Gen Z experiencing the largest increase of 0.2% compared to May 2023. Despite an improvement in auto inventory supply, new Auto Loans continued to be impacted by higher interest rates and ongoing economic conditions.

Across all generations, there was a decrease in the percentage of new Mortgage accounts opened on a year-over-year basis. The Silent generation has observed the most substantial decline, with a decrease of 38%, closely followed by Boomers and Gen X, both experiencing a 37% drop. Mortgage new account activity witnessed a slight month-over-month increase in June across all generations, largest for Gen Z at 0.2%, primarily influenced by seasonal factors.

In June 2023, new account activity grew across all products recording a sharp increase after a brief decrease last month. Month-over-month Personal Loan increased the most at 0.4% followed by Credit Card at 0.24%, Auto Loan at 0.13% and Mortgages at 0.05%.

In comparison to June 2022, lenders continued to adopt cautious lending, while consumers continued to face rising interest rates.
Key Terms/Data Source Defined:

Data Source: The data used to create CreditGauge Powered by VantageScore is sourced from the credit file data from the three credit bureaus (Equifax, Experian, and TransUnion). The data in the credit files is combined with VantageScore credit score data to prepare the monthly analysis.

Terms Defined:

Average VantageScore 4.0 Credit Score: The average VantageScore credit score provided in this analysis is a monthly average and it is compared to the same period prior year to measure change.

Credit Tiers: In this report there are four Credit Tiers. Subprime (300–600), Nearprime (601–660), Prime (661–780) and Superprime (781–850). The credit tiers are defined ranges of VantageScore 4.0 credit scores.

Products: The products included in this analysis include: Auto (Loans + Leases), Mortgage, Credit Card, and Personal Loan.

Delinquency Rates: In this analysis, delinquency rates are calculated as a percentage of DPD (Days Past Due) balance compared to total open and active balance. Delinquency buckets provided are 30 – 59 DPD (Days Past Due), 60 – 89 DPD (Days Past Due), and 90 – 119 DPD (Days Past Due).

Balance-To-Loan Ratio: BTL reflects the average balance-to-loan amount on open and active installment accounts.

Utilization Rate: Reflects the total outstanding balance divided by the total credit limit on open and active revolving accounts.

Percentage of Newly Opened Accounts: The percent of newly opened accounts reflects the percentage of consumers that had at least one account opened in the past month.


About VantageScore:

Over 3,000 banks, fintechs and other companies use VantageScore credit scores every day to assess consumer creditworthiness. Last year, over 19 billion VantageScore credit scores were used representing a 30% yearly increase. Most top 10 US banks, large credit unions and leading fintechs use VantageScore credit scores in one or more lines of business including Credit Card, Auto Loan, Personal Loan and more.

VantageScore is an independently managed joint venture company of the three Nationwide Credit Reporting Agencies (NCRAs) – Equifax, Experian, and TransUnion.

View and Opinions: CreditGauge represents the views and opinions of VantageScore and does not necessarily reflect or represent the views and opinions of its affiliates and owners including the Nationwide Credit Reporting Agencies (NCRAs) – Equifax, Experian, and TransUnion.