# Emerging credit insights

## Cashflow trends for unserved and underserved borrowers drawn from millions of real-time credit applications

Q2 2026

EDGE

# Executive summary

*Emerging Credit Insights* reflects what lenders in the EDGE network are seeing in real time across millions of credit applications from nonprime borrowers at the moment of application. Unlike panel-based or self-reported data, these observations are drawn directly from live underwriting environments, with a complete view of borrower cashflow.

### INCOME

**Income rose year over year across all three risk tiers**, ahead of core inflation, while wide gaps between tiers persisted.

### OBLIGATIONS

**Borrowers showed signs of deleveraging this quarter**, with less loan stacking across risk tiers and, for subprime and deep subprime, smaller buy-now-pay-later (BNPL) payment amounts.

### FINANCIAL STRESS

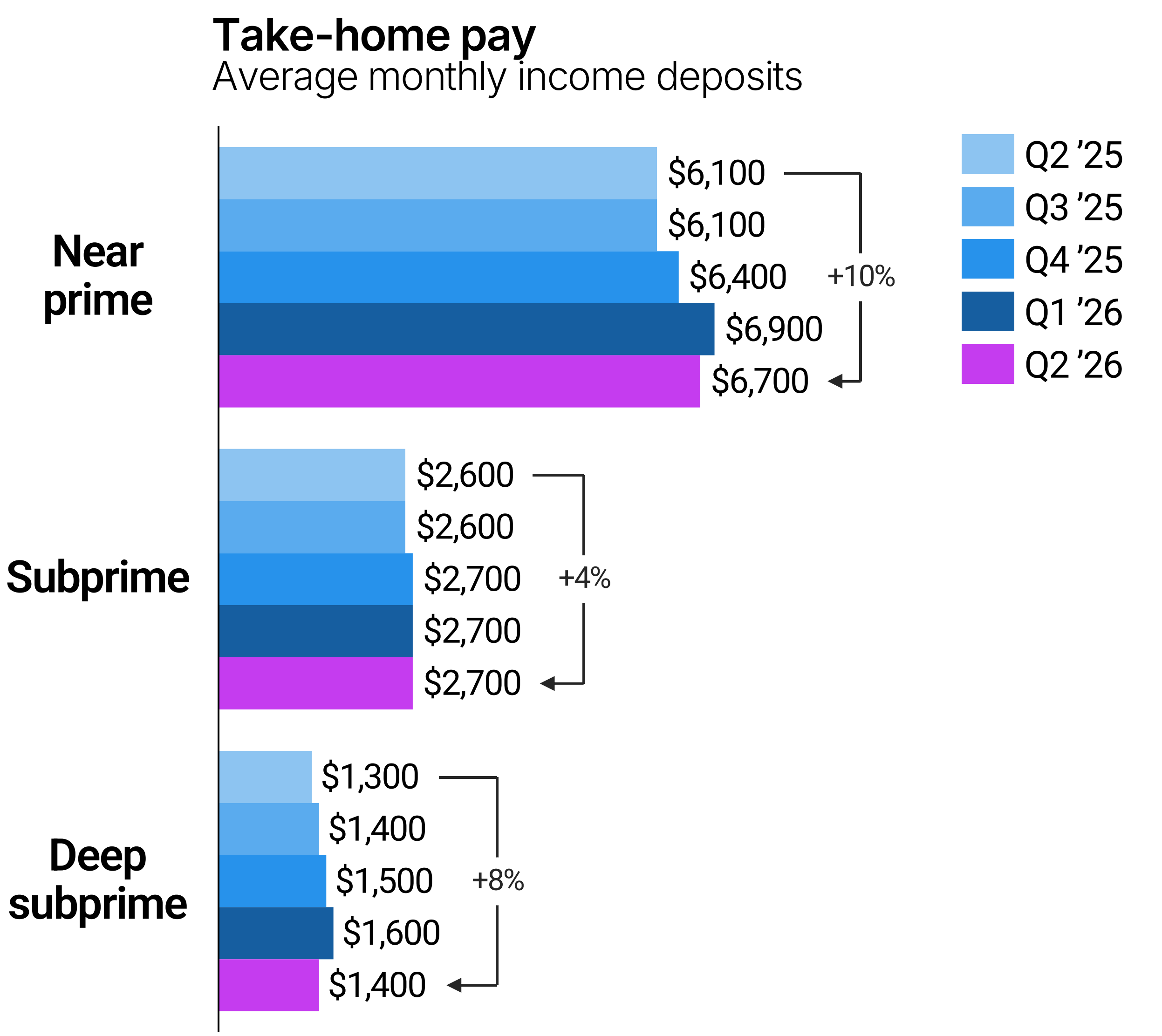
**Financial stress reversed course this quarter** after a year of broad increases. The pullback was sharpest in deep subprime and, to a lesser extent, subprime, while near prime held near its recent high – making it the most-stressed tier of the three for the first time in the series.

Taken together, this quarter indicates a broad pullback among subprime and deep subprime borrowers across obligations and stress, even as near prime posted the highest stress reading of the three despite its income and balance advantage. These shifts are visible at the moment of application, well before they would surface in a credit file.

# Income

Income rose year over year across all three risk tiers, with each tier posting gains in-line or greater than typical measures of inflation like the Consumer Price Index. As in the prior year, income eased slightly from a seasonal high in Q1.

Stable, broadly correlated growth across tiers means the wide income gap between them has persisted. Not every measure in this report follows that same ordering, however – a reminder that income is just one aspect of financial health.

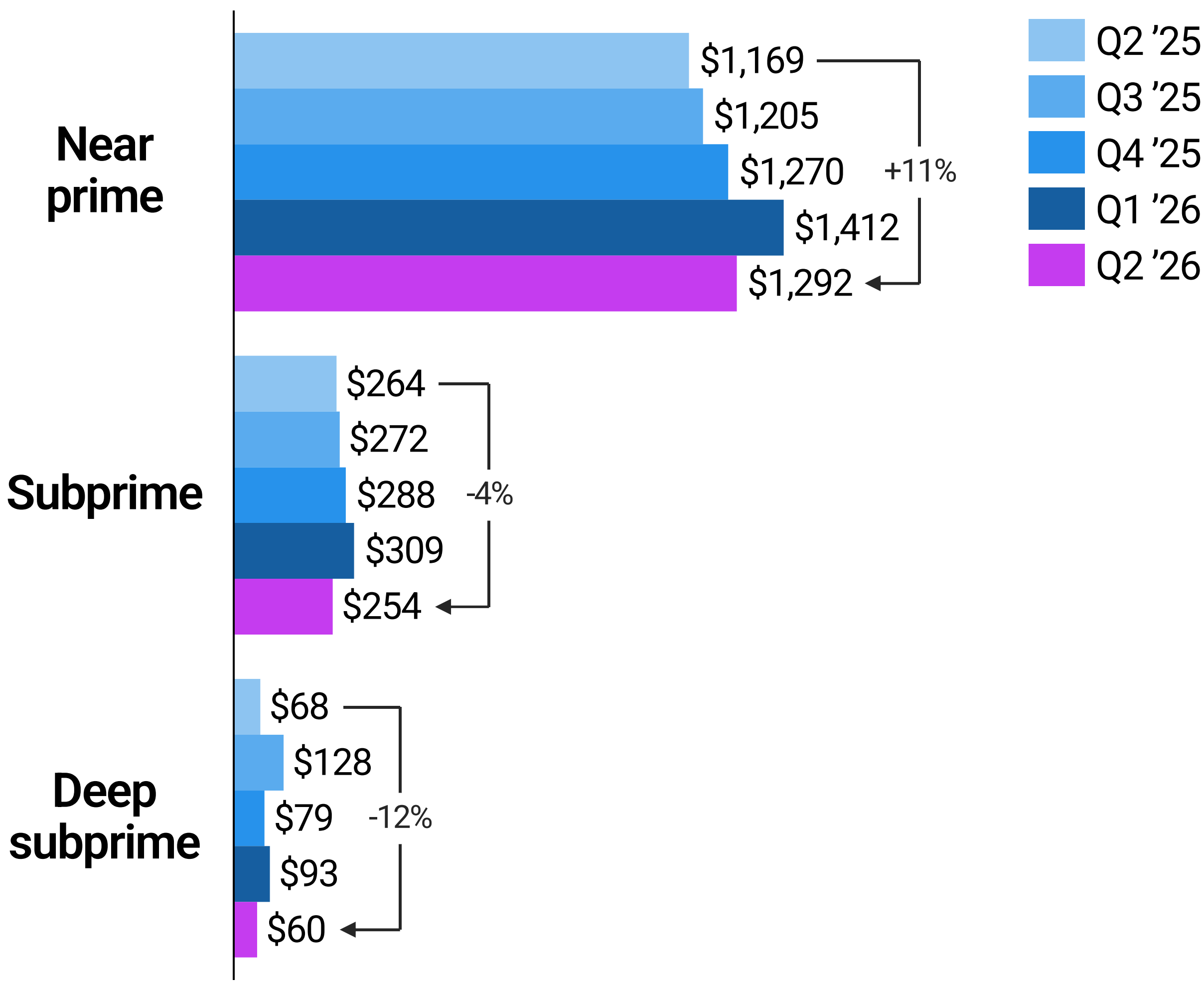


# Balances

Balances followed their usual seasonal pattern in Q2, pulling back across all three risk tiers from seasonal Q1 peak levels attributable to tax refunds.

Near prime applicants appear to have retained more of that seasonal buffer than a year ago. Subprime and deep subprime balances are roughly flat versus the prior year with variance reflecting normal noise for a population where most live paycheck to paycheck.

**Average daily balance**
Average account balance per applicant

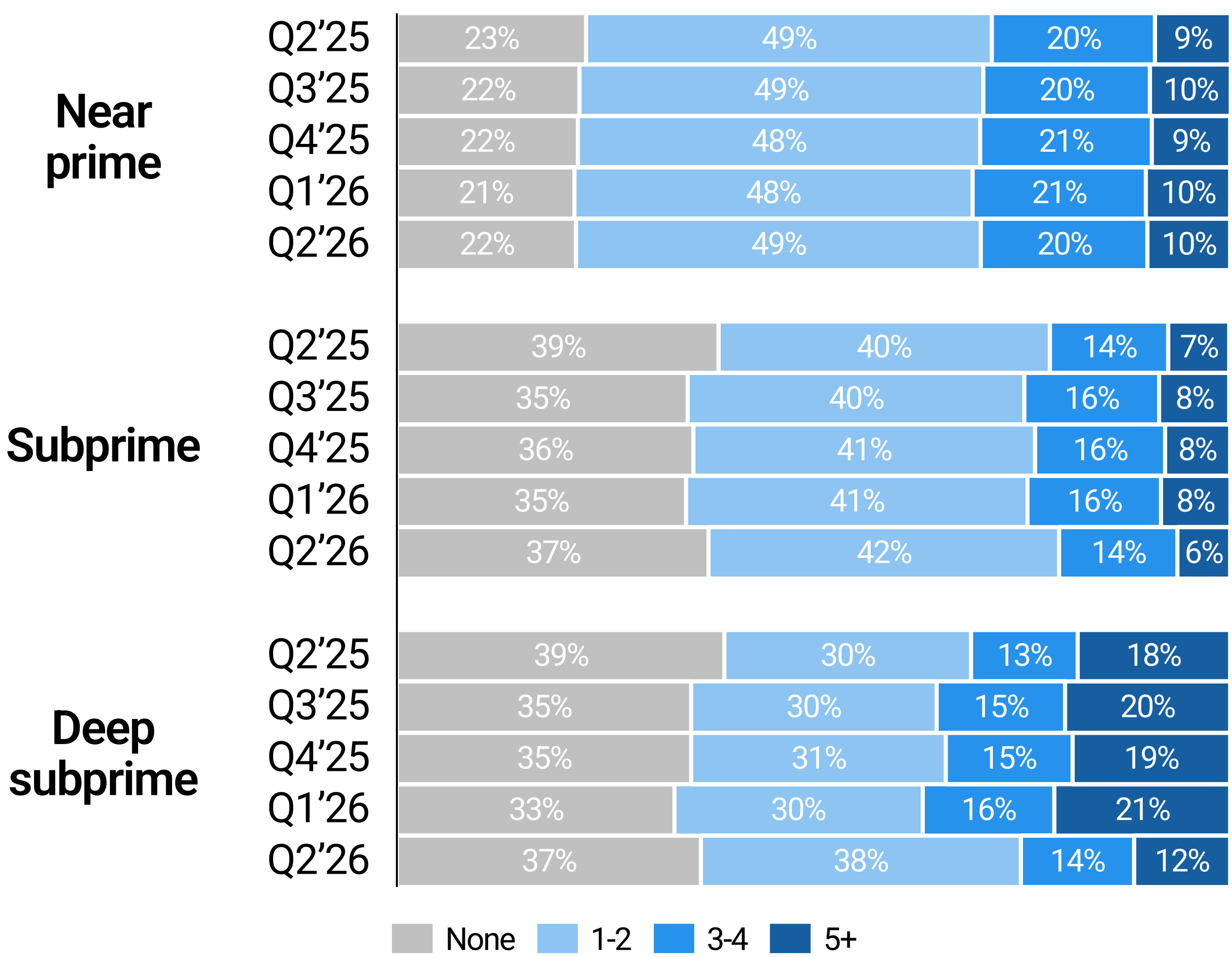


# Loan payments

Deep subprime applicants show signs of deleveraging this quarter, retreating from a broadly rising multi-lender trend observed over the past year.

The share of deep subprime applicants who paid five or more lenders in the prior 90 days dropped to nearly half of recent levels, the sharpest pullback of any tier this year and part of a broader curtailment in the number of lenders with recent payments by this highest-risk tier of applicants.

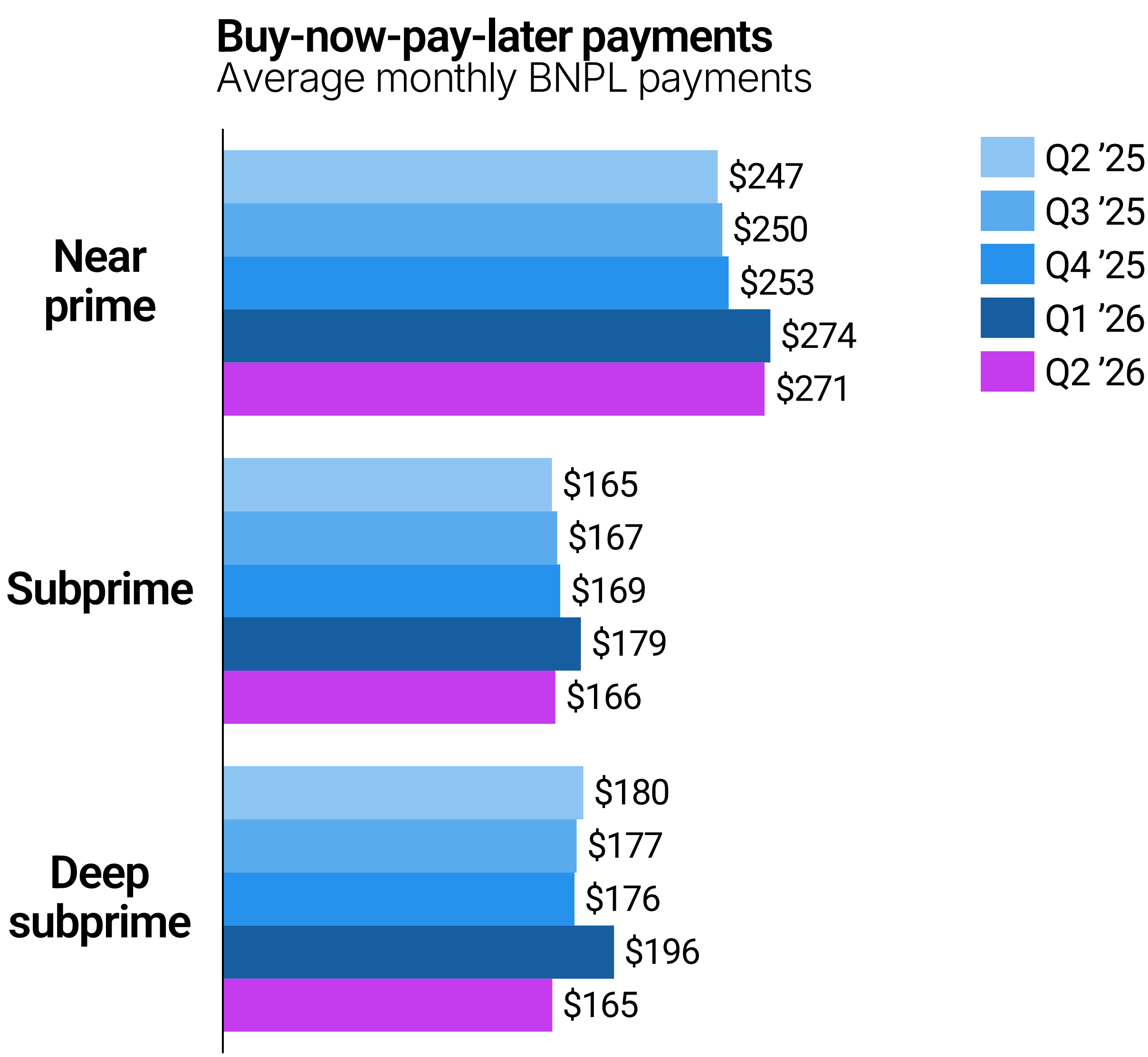
**Applicants by number of lenders paid**
Percentage of applicants by number of distinct lenders paid during prior 90 days



# Hidden liabilities

Average monthly buy-now-pay-later (BNPL) payments diverged across tiers this quarter, breaking from the broad growth trend over the past year.

Near prime payments remain materially higher than where they stood a year ago while deep subprime payments pulled back to their lowest level in the series and subprime payments were little changed relative to the prior year after spiking in Q1.



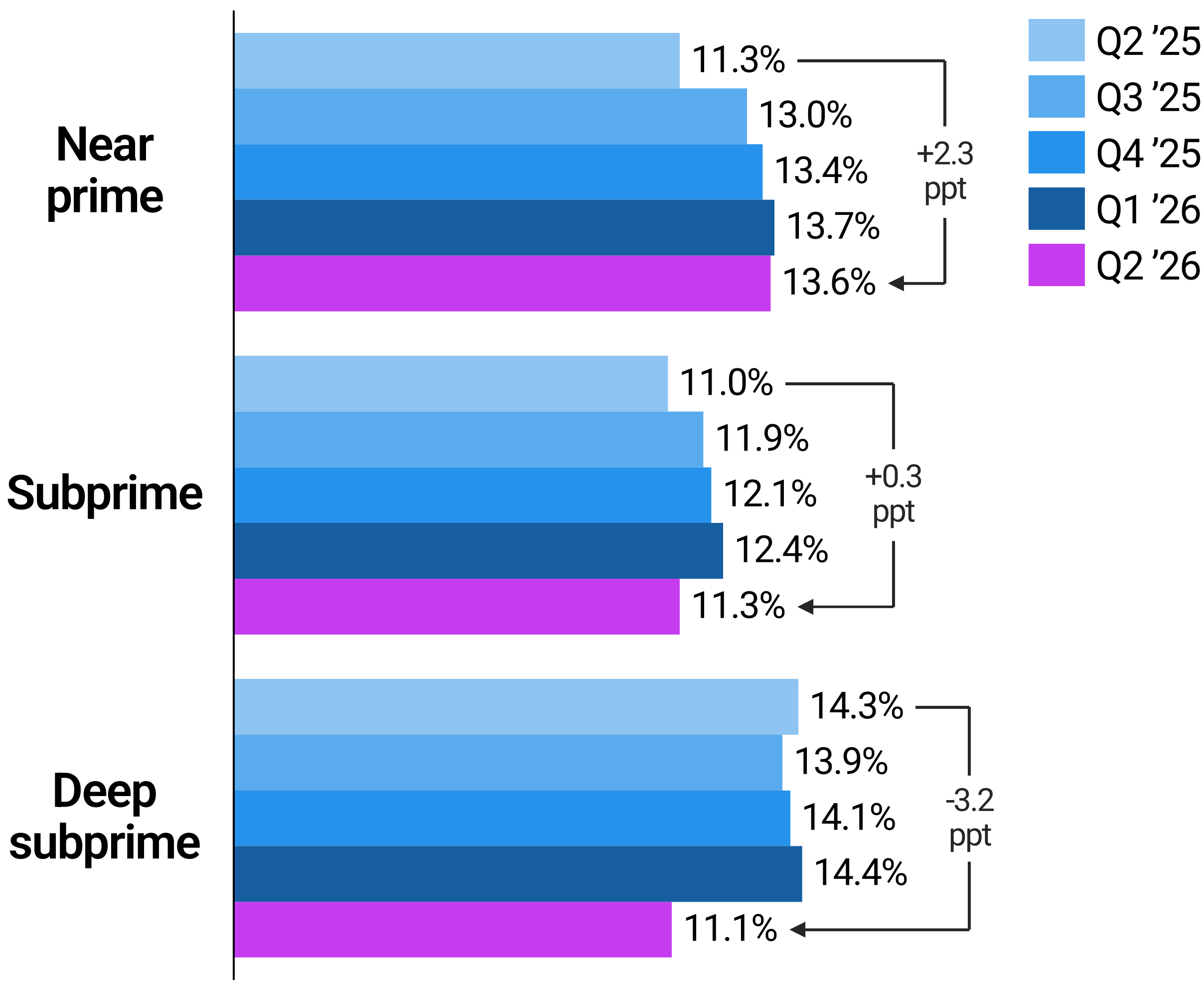

  Note: Excludes applicants with no BNPL payments 

# Financial stress

Financial stress broke from its multi-quarter upward trend this quarter, with the reversal concentrated in subprime and, more sharply, deep subprime applicants.

Deep subprime posted the steepest pullback of the three tiers, subprime eased only modestly, and near prime held close to its recent high. As a result, near prime applicants now appear the most stressed of the three tiers – a reversal of the pattern credit tier alone would predict.

**Debt settlement and insufficient funds (NSF)**
Percentage of applicants with one or more high risk behaviors during each quarter



# Methodology

*Emerging Credit Insights* is derived from millions of credit applications processed through the EDGE network, reflecting credit-seeking consumers at the moment of application in live underwriting environments. The network includes more than 70 lenders serving nonprime consumers, with each observation based on a complete view of applicant cashflow rather than panel or self-reported data.

Borrowers are segmented into three risk tiers – near prime, subprime, and deep subprime – based on EDGE Score, a cashflow-based credit score calibrated to the same expected probability of default as comparable FICO® and VantageScore® ranges.

Metrics are calculated at the time of application across five consecutive quarters, from Q2 2025 through Q2 2026. Income reflects average monthly take-home pay derived from deposit activity. Balances reflect the average daily closing balance during the quarter. Buy-now-pay-later obligations reflect average monthly payment amounts for borrowers with detected activity. Financial stress reflects the share of borrowers with one or more debt settlement occurrences or insufficient funds (NSF) events. Loan payments reflect the number of distinct lenders paid in the 90 days prior to application.

# About EDGE

EDGE was developed inside a profitable consumer lending business to address a practical limitation: traditional credit data does not fully capture how nonprime borrowers manage cashflow in real time. Today, EDGE operates as a consumer reporting agency for cashflow data and risk insights, sitting at the center of a growing network of fintech lenders, credit card issuers, financial institutions, and other platforms evaluating consumers at the moment of application. This network provides a real-time view of borrower cashflow and obligations beyond traditional credit files. Our models and attributes are built and validated in live underwriting environments and designed for immediate use in credit decisions, with performance measured in loan outcomes and refined through continuous use in production underwriting.

Learn more at edgescore.com