

Emerging credit insights

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

Q1 2026



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 has remained stable across risk tiers. Near prime borrowers now earn at levels comparable to mainstream consumers, but their liquidity profiles and credit usage remain distinct from those populations.

Borrower obligations are expanding in ways not fully captured by traditional credit data. Buy-now-pay-later participation continues to rise. A growing share of borrowers' financial activity is occurring outside conventional credit reporting.

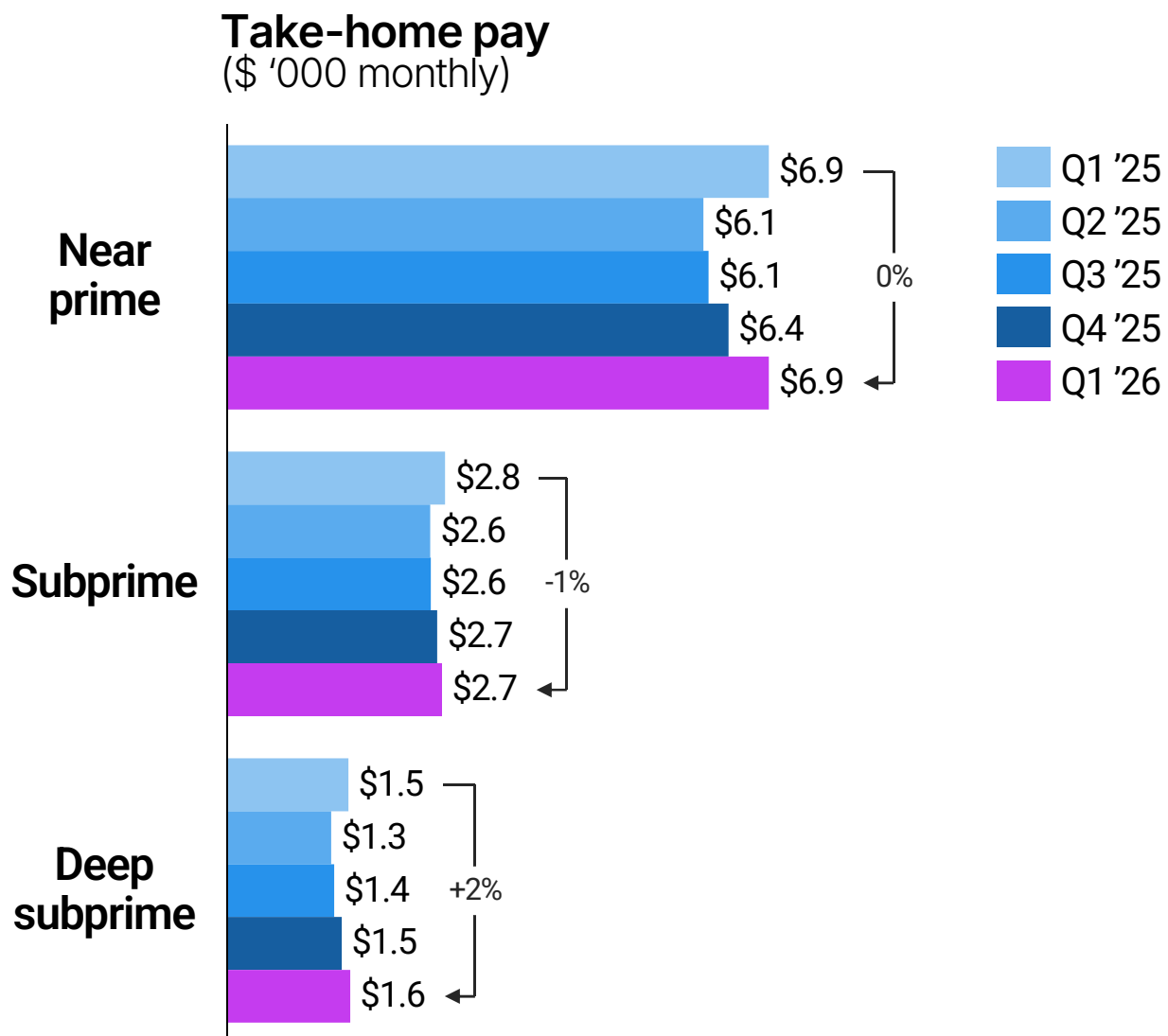
At the same time, indicators of financial stress have increased across risk tiers over the past year, and differences between segments have narrowed, driven primarily by rising stress among near prime.

This is not a population in decline, but one actively managing liquidity with fewer conventional tools than the credit system typically captures. For lenders evaluating borrowers through a cashflow lens, these dynamics are increasingly visible at the moment of application.

Income

Income has remained stable across all three risk tiers, with near prime borrowers earning at levels consistent with mainstream consumers while deep subprime averages remain materially lower.

Despite this gap, income differences are not translating into equivalent differences in liquidity or credit behavior. Income alone is becoming a less reliable indicator of financial capacity in this population.

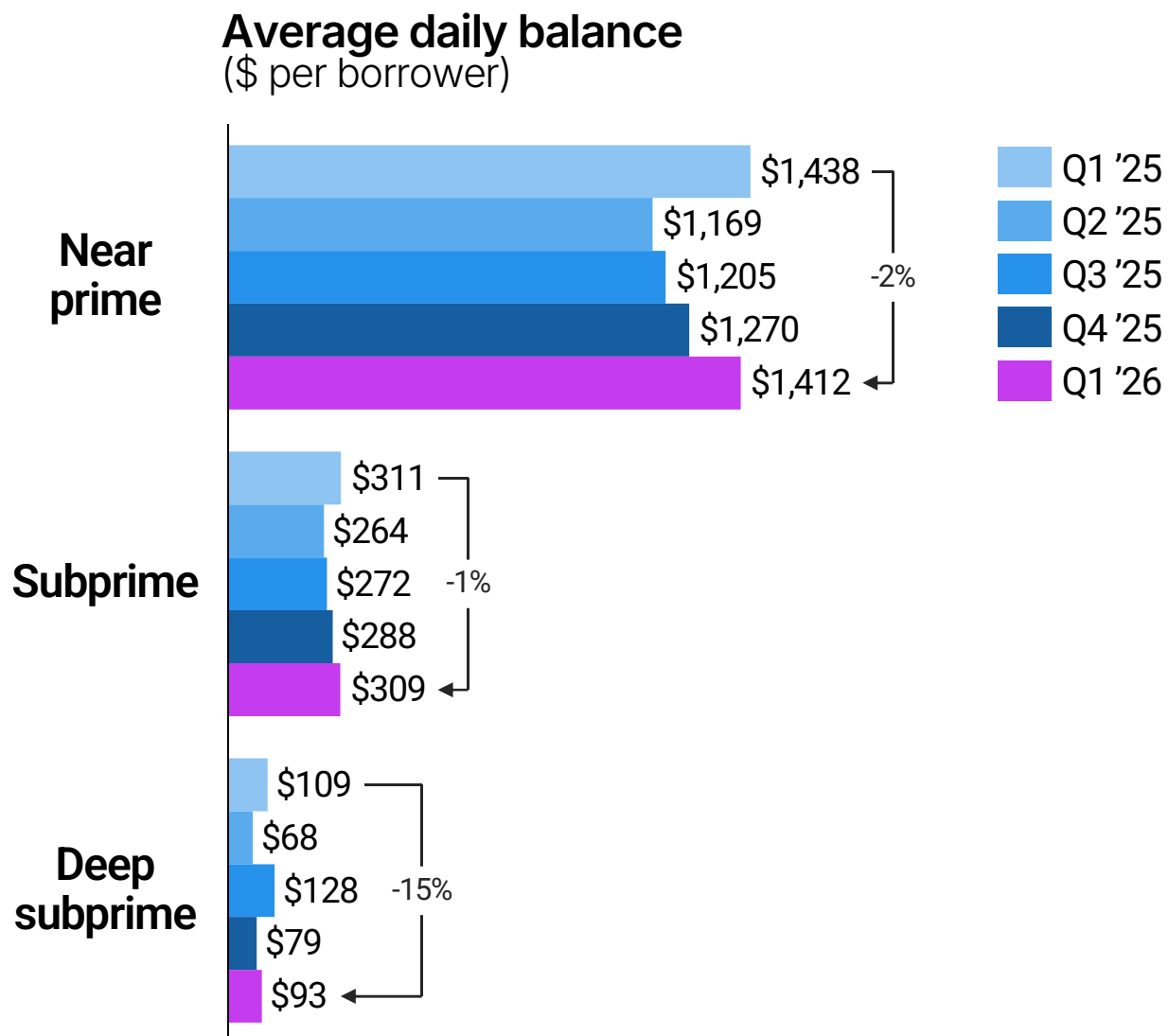


Balances

Average daily account balances reflect borrower liquidity over time, with near prime borrowers showing a visible Q1 increase consistent with tax refund season.

Subprime and deep subprime borrowers show similar patterns, though balances return more quickly to prior levels.

Deep subprime borrowers typically held between \$68 and \$128 across quarters, where even modest changes in income or expenses can materially impact available liquidity.



Loan payments

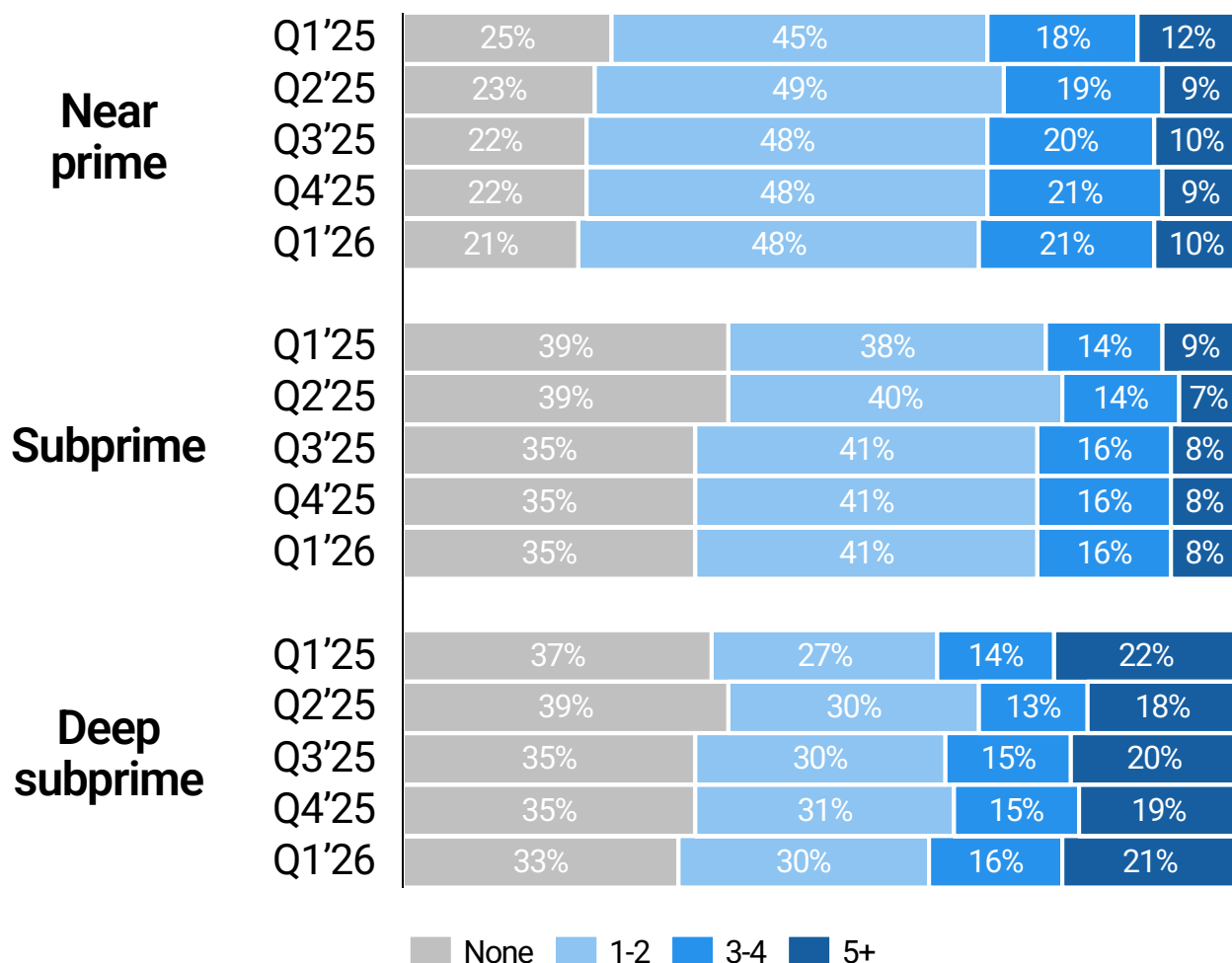
Fewer applicants are arriving without recent loan payments, as the share with no payments in the prior 90 days has declined.

Most applicants are making payments to at least one lender, with activity across one to four lenders.

Higher levels of multi-lender activity are also present, particularly among deep subprime borrowers, though this pattern is observed across all risk tiers.

Recent lenders paid

(% of applicants by number of lenders paid during prior 90 days)

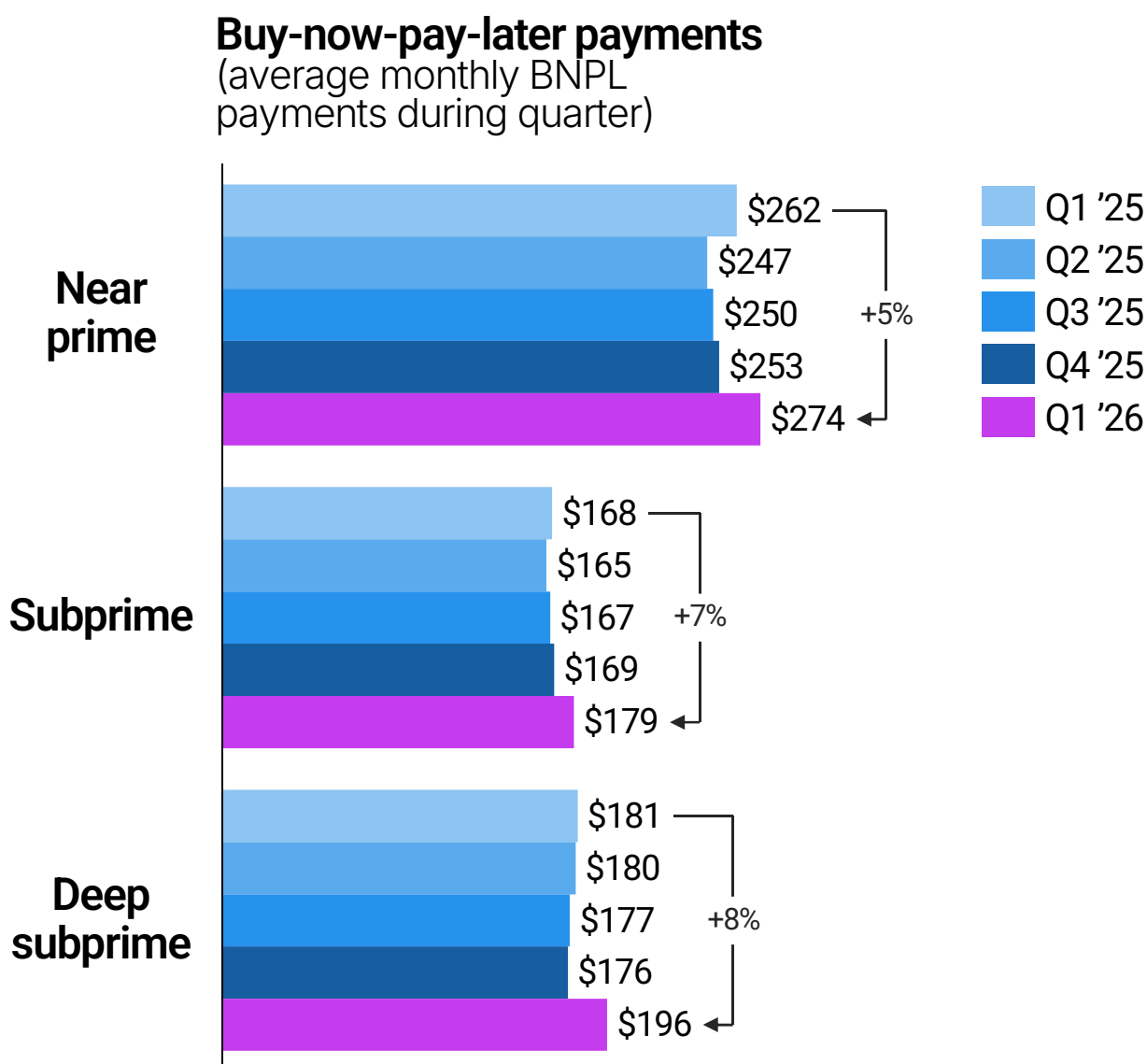


Hidden liabilities

Buy-now-pay-later (BNPL) utilization continues to expand across the borrower population.

Within this data, monthly payment amounts differ by risk tier, with higher risk borrowers showing the fastest increases.

These obligations are not consistently reflected in traditional credit data, leaving a portion of borrower activity outside conventional views of total debt.



Financial stress

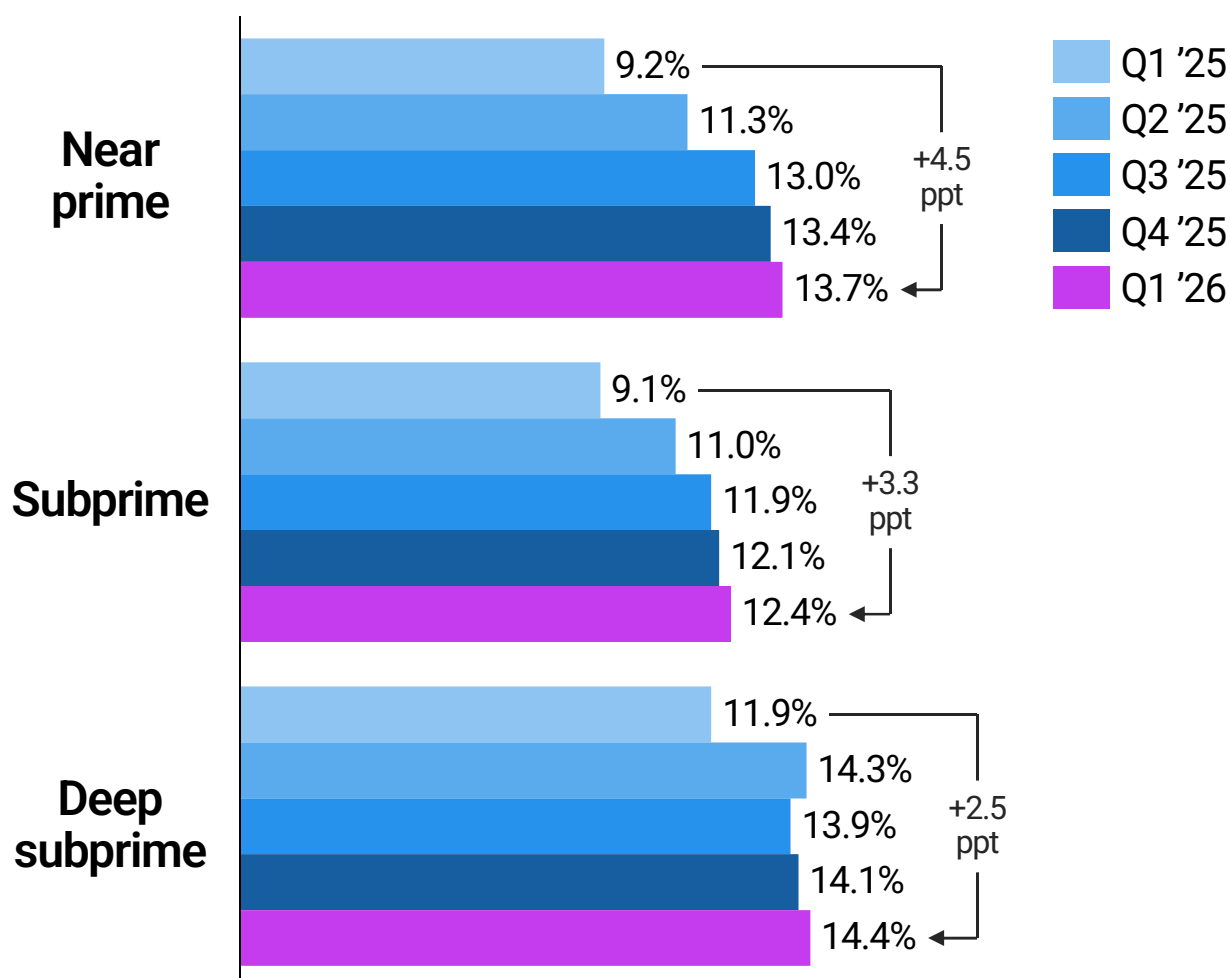
Indicators of financial stress have increased across near prime and subprime borrowers over the past year, with near prime rising into a similar range as other tiers.

Subprime follows a comparable upward pattern, while deep subprime levels appear relatively stable over the same period.

As a result, differences between segments have narrowed, driven primarily by movement in the higher tiers.

Debt settlement and insufficient funds (NSF)

(% of borrowers with one or more high risk behaviors during quarter)



Methodology

Emerging Credit Insights is derived from millions of credit applications processed through the EDGE network, reflecting borrowers at the moment of application in live underwriting environments. The network includes more than 60 lenders serving nonprime consumers, with each observation based on a complete view of borrower 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 Q1 2025 through Q1 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