Presentation Outline

NYFed's Center for Microeconomic Data currently houses two major data collection efforts:

- **Survey of Consumer Expectations (SCE)**
- **NYFed Consumer Credit Panel (CCP)**

For each:
- Brief description of content

- Examples of research related to inequality, opportunity, inclusive growth

- Data access, linkages and potential enhancements

The Survey of Consumer Expectations (SCE)

- ## What is it?

  - − A relatively new survey focusing on expectations using frontier methodology from economics, psychology and survey design

- ## Why collect expectations data?

  - − Monitor the public's expectations for (e.g.) inflation, wage

  - − Understand the link between expectations and decisions

  - − Understand expectations formation

  - − Collect evidence on time-sensitive topics of interest

- ## Informs monetary policy, growing body of academic research

SCE Main Features

- **Monthly**, since June 2013

- Nationally representative rotating internet **panel** (12 months) of ~1,300 household heads

- Monthly core module: Expectations about economy and household
  - Inflation, unemployment, wage growth, home prices, individual expenditure items, HH income, HH spending, taxes, government debt, credit access, labor market transitions
  - point predictions and density forecasts

- Rotating triannual/annual modules on special topics
  - Credit access, labor market, housing market, spending, household saving, informal employment, family leave, student loans, ACA
  - Randomized (and incentivized) experiments

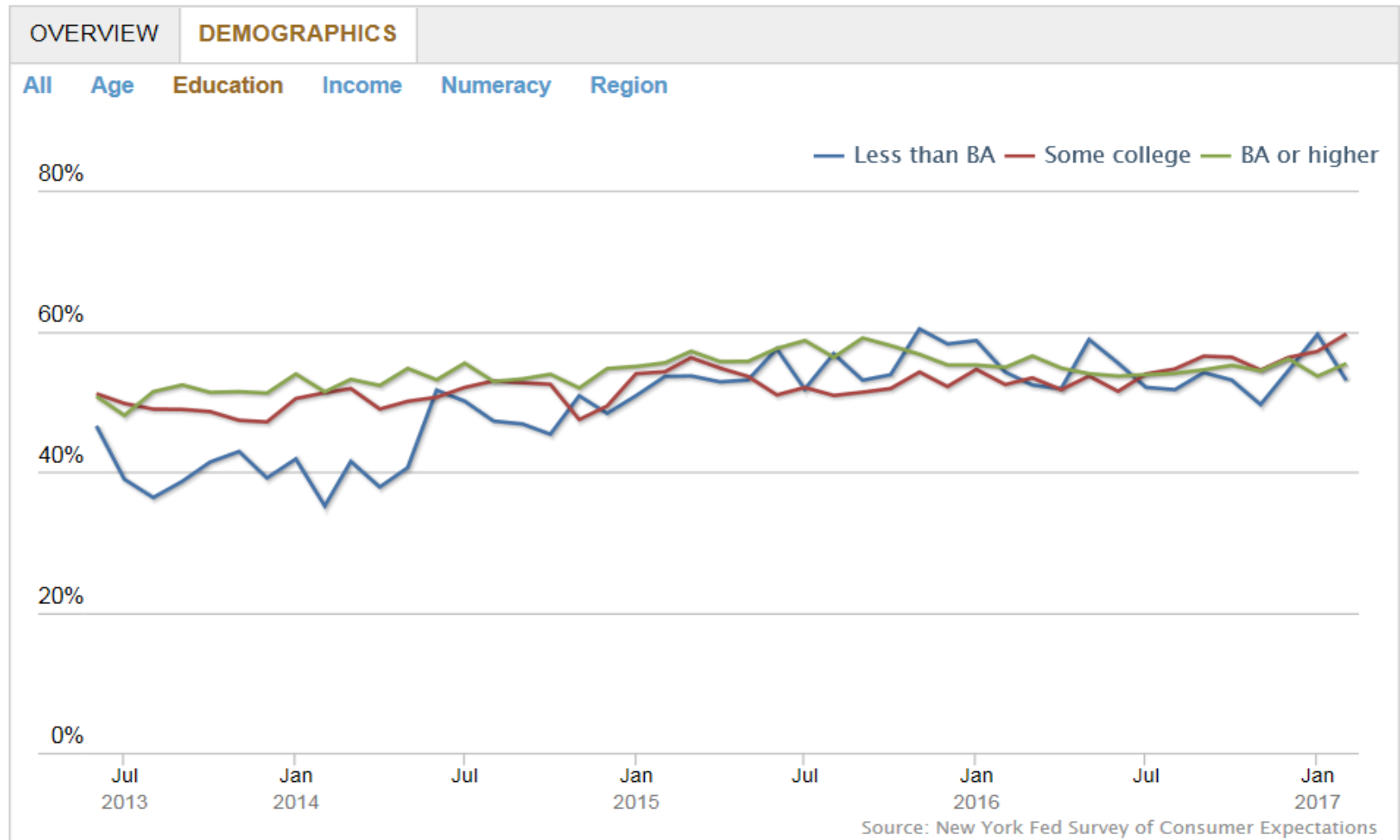# SCE value for study of inequality, opportunity and inclusive growth

- While relatively small sample, has very rich longitudinal information on views, circumstances, and outcomes

- Can analyze economic expectations and behavior by, e.g.:
  - Gender, race/ethnicity, age, education, income, HH composition, numeracy and financial literacy

Three examples:

- Job finding expectations – by education
- Partisan heterogeneity in financial outlook pre- and post-election
- Credit Access – discouraged borrowers by credit score

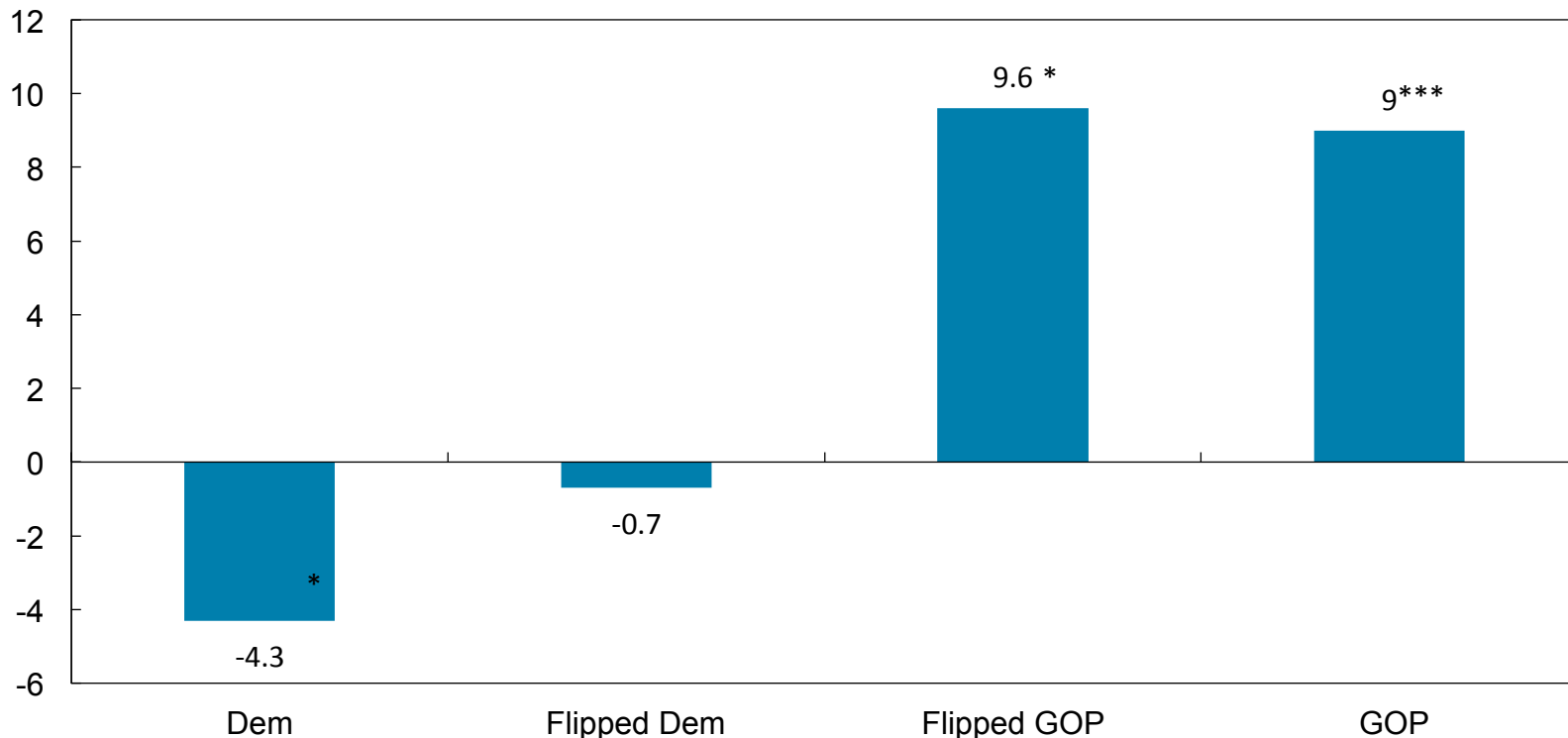# From SCE Monthly Survey: Job Finding Expectations

Mean probability of finding a job in next three months if lose job today

Change in Percent Saying Expect to be Financially Better Off Year From Now
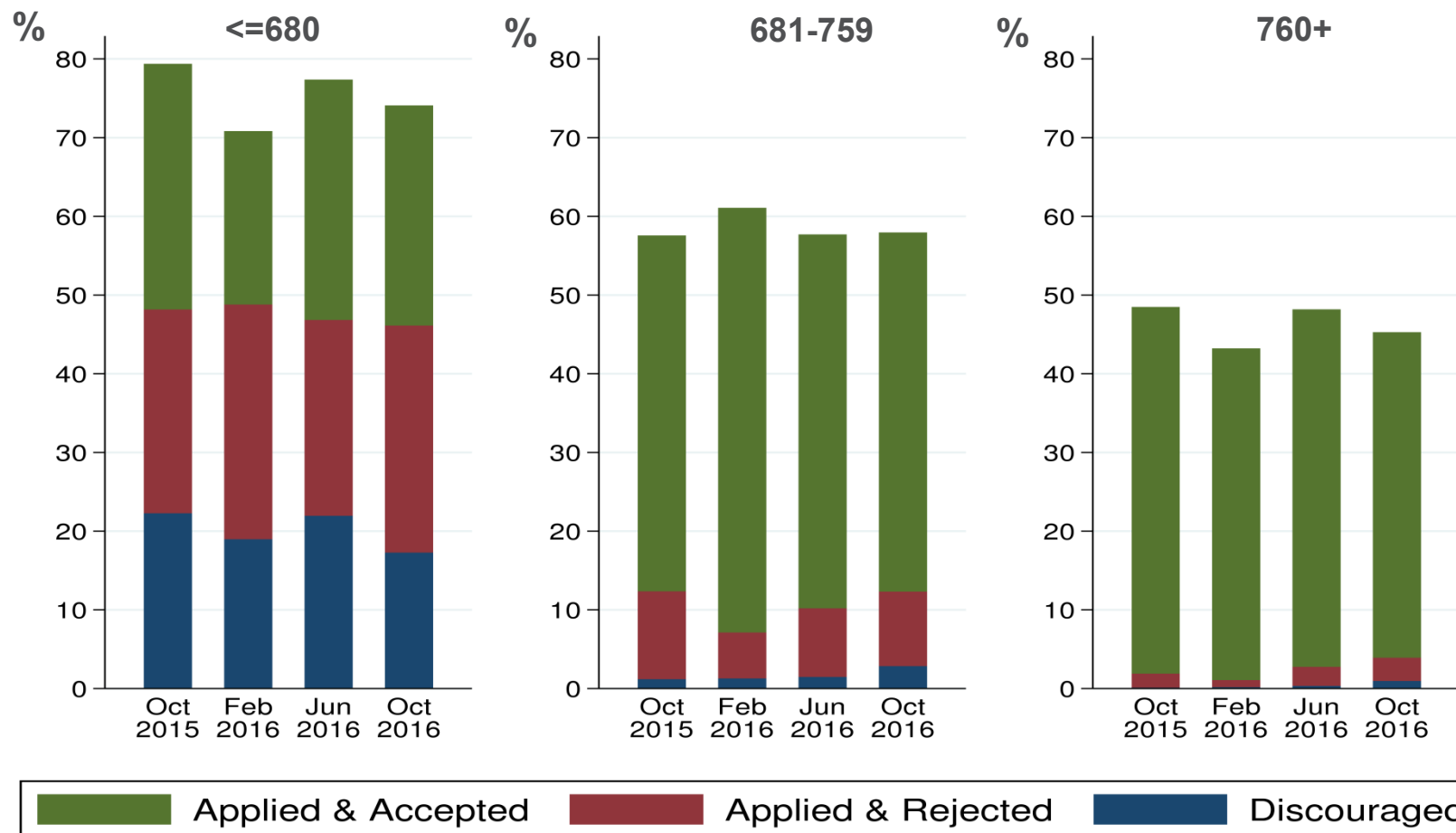
Percentage Point Change

Source: New York Fed Survey of Consumer Expectations.

Notes: The chart shows the (post-election minus pre-election) change in the proportion of respondents who say they expect to be financially better off in twelve months. Significance level of mean change is denoted: * 10%, ** 5%, *** 1%.

Credit Experiences over the past 12 months

Applied and Accepted: Applied for credit and all applications were fully or partially granted
Applied and Rejected: Applied for credit and an application was fully rejected
Discouraged: Did not apply for credit because did not think would get approved

Data Access, Linkages, Potential Enhancements

- Monthly press releases and blog postings on NYFed **Center for Microeconomic Data** website, with interactive charts

- Micro-data released to public, available for download after an initial embargo period

- Currently no data linkages, but exploring link to credit reports

- Option to propose new survey questions

- *Wish list*: increase sample size, survey spouses

The NYFed Consumer Credit Panel (CCP)

- ## What is it?

  - A **quarterly panel** of individuals and households based on Equifax credit reports
  - Design & acquisition began in 2008 in response to financial crisis

- ## What consumer debt information included?

  - Consumer level balance, delinquency, and payment information:
    - Mortgages, home equity lines of credit, auto loans, credit cards, student loans
  - Longitudinal information on individual loans:
    - Mortgages, home equity lines of credit, student loans
  - Public record information:
    - bankruptcies, collections, tax liens, foreclosures
  - Individual characteristics:
    - birth year, geographic location (state, zipcode, census block), credit score, household composition

CCP Main Design Features

- Primary sample: 5% of individuals with a credit report (13 M indiv)

- Household sample: includes all members that reside at the same address of primary members (47 M individuals)

- Quarterly data available 1999Q1-2017Q1, ongoing

- Unique panel design:
  - Follows same primary members over time
  - Remains representative: in any given quarter the panel can be used to compute nationally representative estimates of levels and changes in various aspects of individual- and household-level liabilities

- Many potential uses:
  - Consumer financial behavior, entry into homeownership, household formation, home equity, subprime auto and credit card borrowing and delinquency, geographic mobility, impact of natural disasters

# CCP value for study of inequality, opportunity and inclusive growth

- Huge sample, very rich longitudinal information on individual and household debts and delinquencies

- Few demographic variables. No individual level information on
    - Gender, race/ethnicity, income (though credit score good proxy)

- But great geographic detail: can link to ZIP, Census block/tract characteristics + other matches at individual level to other datasets

Three examples:
- Shifts in Mortgage Borrowing by Credit Score
- Evidence of Hardship in Oil-producing Counties?
- Student debt repayment and defaults by school-leaving cohort

CCP Trends Suggest Mortgage Lending Standards Remain Tight

Credit Score at Mortgage Origination*
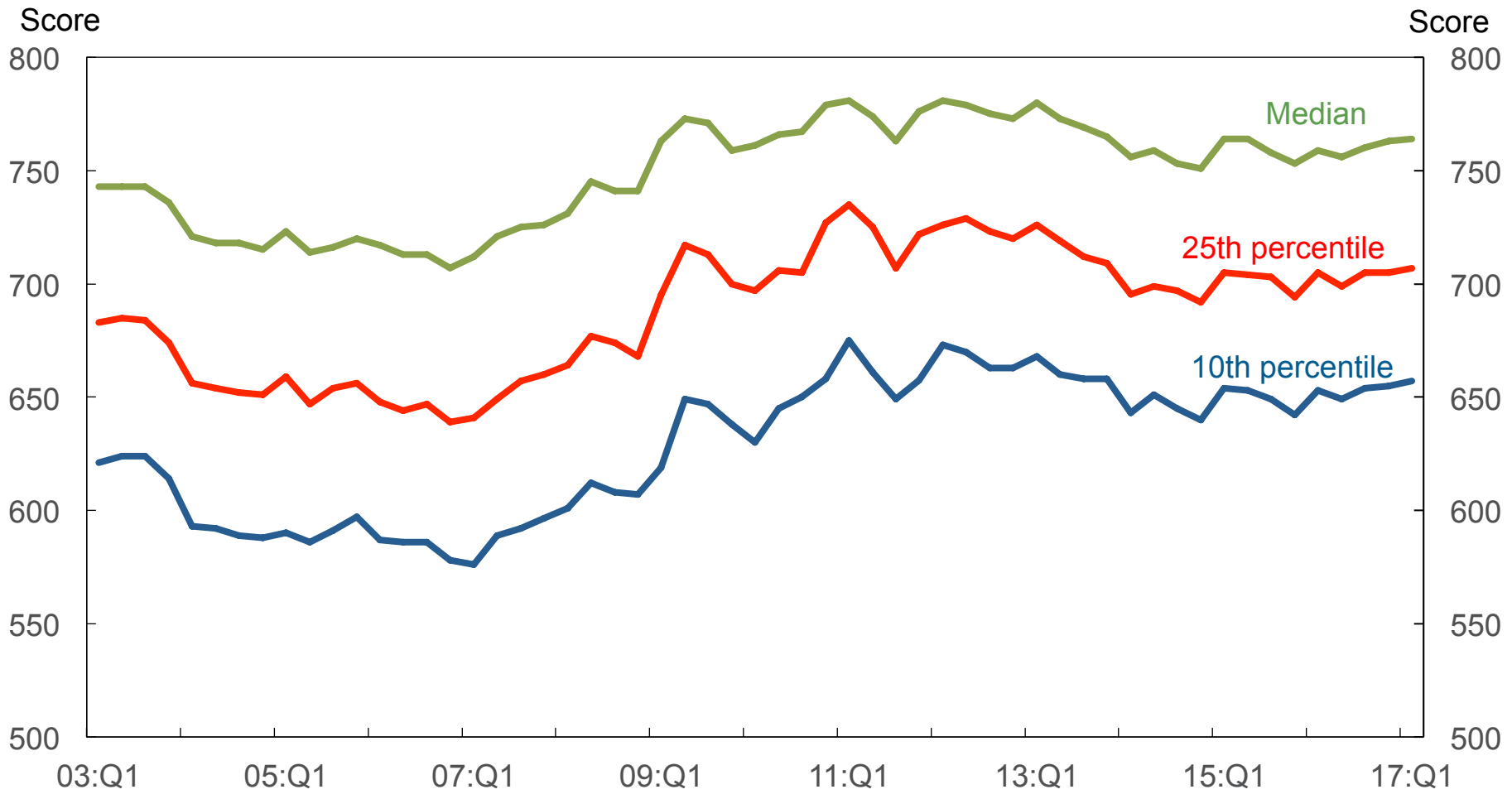
Source: New York Fed Consumer Credit Panel/Equifax

* Credit Score is Equifax Riskscore 3.0; mortgages include first-liens only.
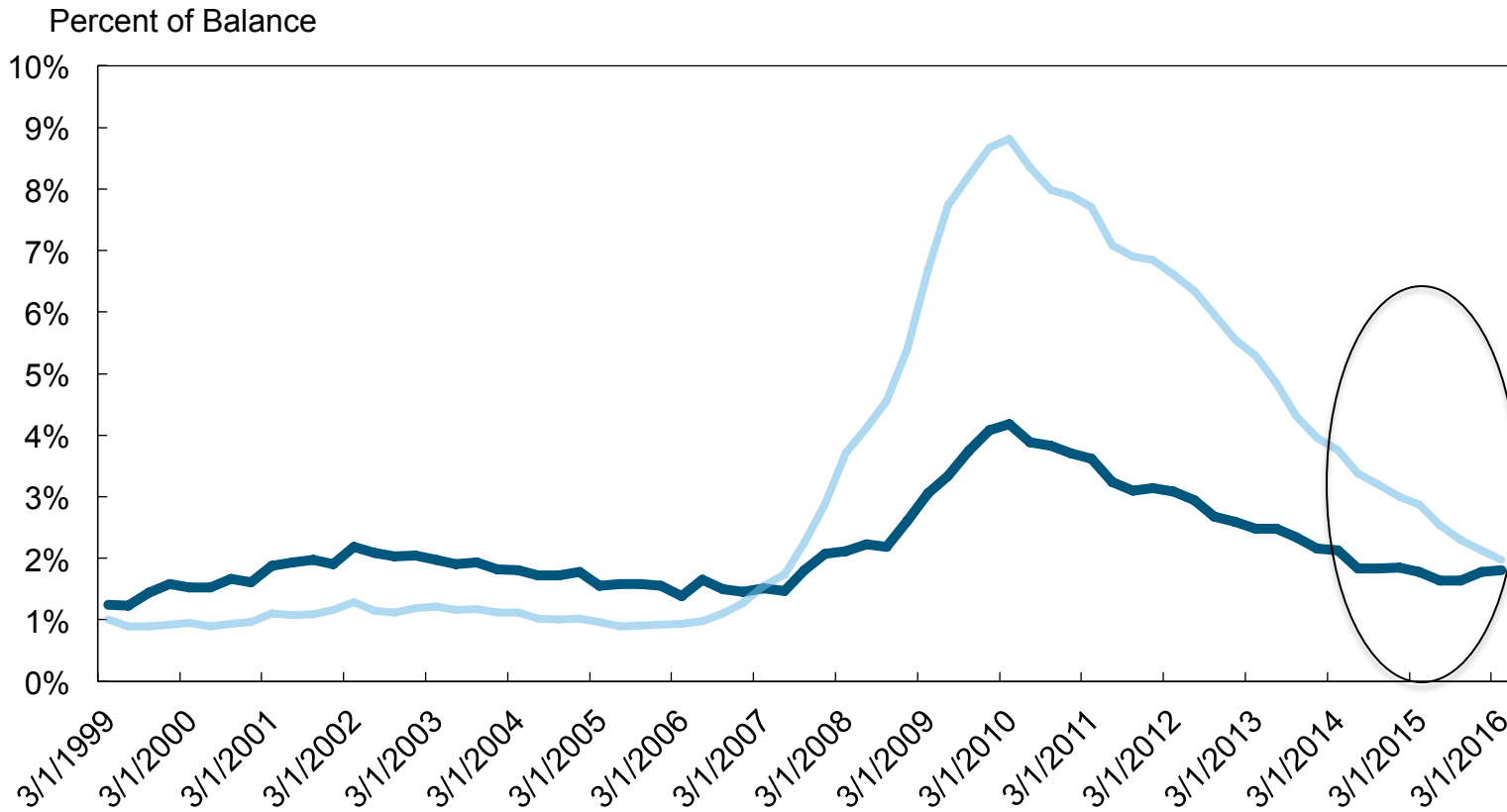
*data for 4th quarter of each year
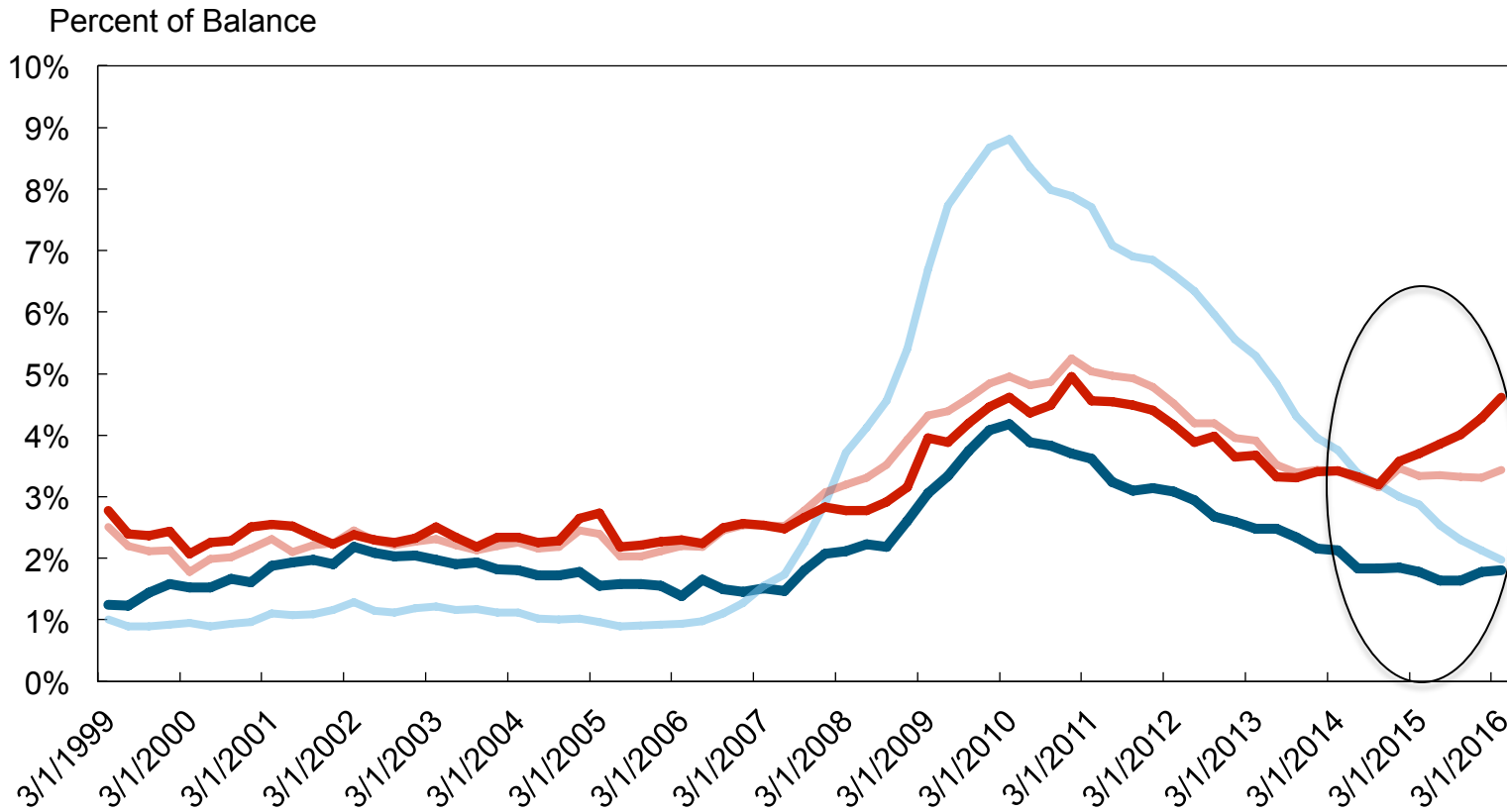
90+ Day Delinquency Rates

Source: New York Fed Consumer Credit Panel / Equifax

CCP: Hints of Increased Hardship in America's Oil-Producing Counties (Liberty Street Economics Blog May 24, 2016)
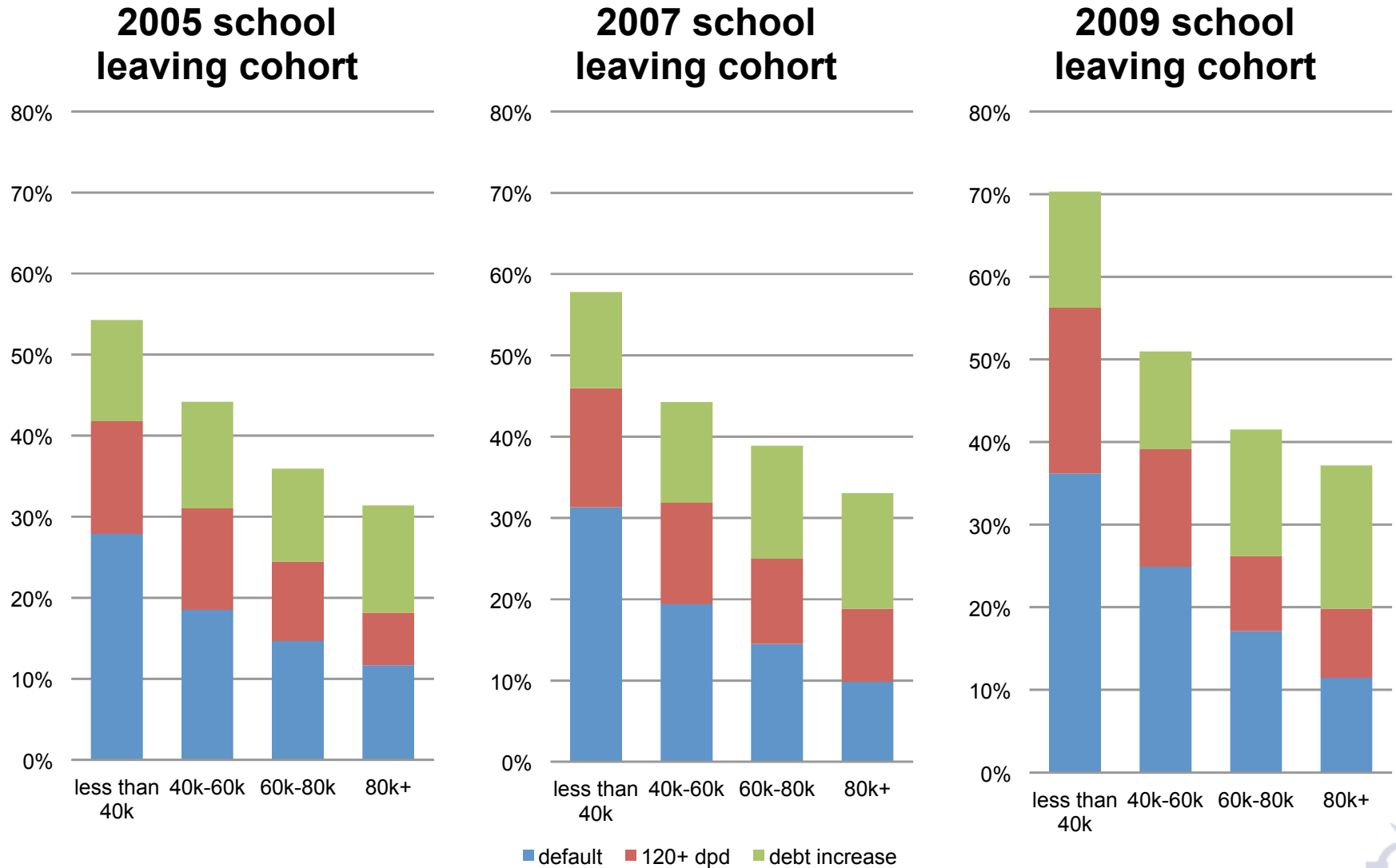
90+ Day Delinquency Rates

Legend:
- Mortgage high energy
- Mortgage U.S. average
- Auto high energy
- Auto U.S. average

Percent of Balance

Source: New York Fed Consumer Credit Panel / Equifax

CCP: 5-year cohort student loan repayment difficulties, by ZIP income

2005 school leaving cohort

2007 school leaving cohort

2009 school leaving cohort

Legend: default ■ 120+ dpd ■ debt increase

Source: FRBNY Consumer Credit Panel/Equifax

Data Access, Linkages, Potential Enhancements

- Quarterly Report, press releases and blog postings

- Posting of national, state and county-level data and research

- CCP micro data available to all FRBs and BoG through RADAR
  - Used for research and policy (financial stability, monetary policy, regional analysis and community outreach)
  - Over 150 research papers, academic journal articles, policy briefs

- Individual or loan-level data linkages of CCP with:
  - College transcripts and financial aid data (CUNY,WV,NSC)
  - LP (Loan Performance) and Real Estate Listings data
  - LPS (McDash) – owner-occupancy fraud (Elul, Tilson 2015)
  - HMDA – Disproportionate effect on tighter credit conditions on minorities' credit access (Bhutta, Ringo 2016)
  - Payday Loan Applicant data (Bhutta, 2012)

- *Wish List*: Link to earnings records, small business (owner) data