What are We Seeing in Consumer Credit Trends Today? A Video Interview with Ohad Samet

By Lucia Herrera on August 9th, 2022 in Industry Insights, Industry Interviews, Webinars

The financial landscape for both consumers and businesses is particularly uncertain right now. Many new fintechs and neobanks are experiencing their first delinquency surge and others soon to follow. This year, the challenges of managing delinquencies and navigating an uncertain economy will compound, making it imperative for companies to critically think about their strategy to collect from consumers in debt.

But from the perspective of a seasoned veteran of the financial services industry, what are we really seeing in consumer credit trends today? And what should businesses really be preparing for tomorrow?

We sat down with TrueAccord co-founder Ohad Samet to get his insights on what we're seeing in consumer credit trends today, managing delinquencies, and how to navigate in this economy. **Watch our interview or read the transcript below»»**

What are we seeing in consumer credit trends today?

> **OHAD SAMET, TrueAccord co-founder:**
> I think we all notice that we're dealing with a lot of lagging indicators in terms of consumer capacity to pay. Of course, one leading indicator is demand for credit. But in terms of what consumers are able to do—meaning their sentiment—are they willing to pay? Are they able to pay? Do they have enough disposable income? So many of these numbers are trailing indicators.
>
> However, consumer net worth is still high. Why is that? It's because stocks in primary, the value of primary residences, is calculated in the net worth of consumers. And so if you believe there was a bubble or just a run up in prices because of a lot of demand and very low supply, then that would artificially inflate the net value or net assets of consumers, and we will only discover how consumers are faring realistically in a few months.
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> Even if from a trailing indicator perspective, meaning delinquencies, net worth and so on, we are not seeing a drop yet. We're only seeing banks increase their loss reserves in anticipation for losses.
>
> We are definitely seeing a change in consumer sentiment. It can be because they're running out of money. It can be because of general sentiment in the market. Inflation is up, risk is up, consumers start saving more—but we are definitely seeing that. And that, to me, is a leading indicator that we all need to be aware of.

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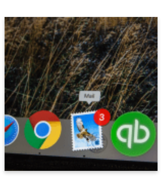
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