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The Concentration of Financial Disadvantage: Debt Conditions and Credit Report Data in Massachusetts Cities and Boston Neighborhoods

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Key Findings

- Credit report data reveal large disparities in credit scores, debt collection rates, and other measures of financial distress across cities in Massachusetts and between Boston neighborhoods.
- For example, half of consumers in Springfield, Lawrence, and the Boston neighborhoods of Roxbury and Mattapan have subprime credit scores, compared to just 8 percent in Newton and the Beacon Hill neighborhood.
- About 1 in 3 residents of Roxbury and Mattapan have debt collections on their credit reports, compared to just 5 percent in several higher-income Boston neighborhoods.
- Since credit report information influences future access to credit, lending terms, and other outcomes, the concentration of financial disadvantage can further exacerbate inequality between residents across cities and neighborhoods.
- Credit and debt measures contribute a unique and important perspective on the financial conditions of communities that cannot be fully captured by traditional socioeconomic measures such as income and poverty levels.

Introduction

Communities across Massachusetts and the city of Boston show very high levels of inequality in household income and wealth.¹ As credit and debt have become central to household finances, debt measures provide important insight into the financial conditions of families and communities beyond traditional socioeconomic indicators, like neighborhood income. This brief presents data on debt, credit scores, payment delinquency, and debt collection from individual credit reports for cities in Massachusetts and neighborhoods in Boston. Our analysis of credit report data finds significant geographic disparities in the debt conditions of residents among cities in Massachusetts and among neighborhoods within the city of Boston.

Consumer credit records include detailed information on loans and other accounts reported directly by creditors, information from public records (e.g. bankruptcy, foreclosure, civil judgments), and information reported by collection agencies.² Since lenders use credit reports to evaluate the credit risk of individual borrowers, this information determines access to credit and lending terms for mortgages, auto loans, personal loans, credit cards, and other loans.³ Credit reports are also used in hiring, rental decisions, and insurance underwriting.⁴ Therefore, credit report information has direct long-term impacts on one's ability to access credit, obtain stable employment, and maintain stability in the face of job loss or other unexpected changes to household finances.

Data on credit scores and debt measures are available at the national, state, county, and metro area levels from various sources.⁵ This brief provides a closer look at cities across Massachusetts and neighborhoods within Boston. The socioeconomic conditions of neighborhoods have traditionally been measured by income and poverty levels, which are widely available from the U.S. Census and other public sources. The credit and debt measures presented in this brief contribute a unique and important perspective on the financial conditions of communities—one that income measures cannot fully capture. While credit report information has a direct impact on an individual's financial circumstances, the aggregate conditions of household credit and debt for cities and neighborhoods are also of interest, as the economic health of communities may significantly affect the financial well-being of their residents. The financial conditions of residents can also have important implications for the economic health of cities and communities.⁶

Data

This analysis uses the Federal Reserve Bank of New York (FRBNY) Consumer Credit Panel, which includes detailed credit report data from Equifax for a large representative sample of individuals who have a credit report.⁷ The sample does not include individuals without a credit history and social security number; an estimated 91 percent of adults in Massachusetts have a credit file and credit score.⁸ To the extent that individuals without a credit history are more likely to have lower incomes and lower net wealth, this sample likely skews upward in the income distribution.⁹ The data set includes detailed information on various types of loans held by individuals, credit scores, payment history on loans, and debt collection activity.

The Consumer Credit Panel does not include information on the race/ethnicity or income of the individual, since that information is not included in consumer credit files. Neighborhood demographics are available from other data sources, such as the Census and American Community Survey. This brief does not present correlations between the neighborhood debt conditions derived from the credit report data and neighborhood demographic measures from other data sources. Explanations for observed correlations between neighborhood demographic measures and neighborhood debt conditions would require statistical analysis that accounts for a range of confounding factors, which is outside the scope of this brief. The data analyzed here is from 2017 (Q2). The sample size for Massachusetts is 279,051 individuals. This brief reports measures for the ten largest cities in Massachusetts and Boston neighborhoods (with at least 100 observations in the sample). Additional cities are reported in the appendix, which includes all Massachusetts cities with a population greater than 50,000.

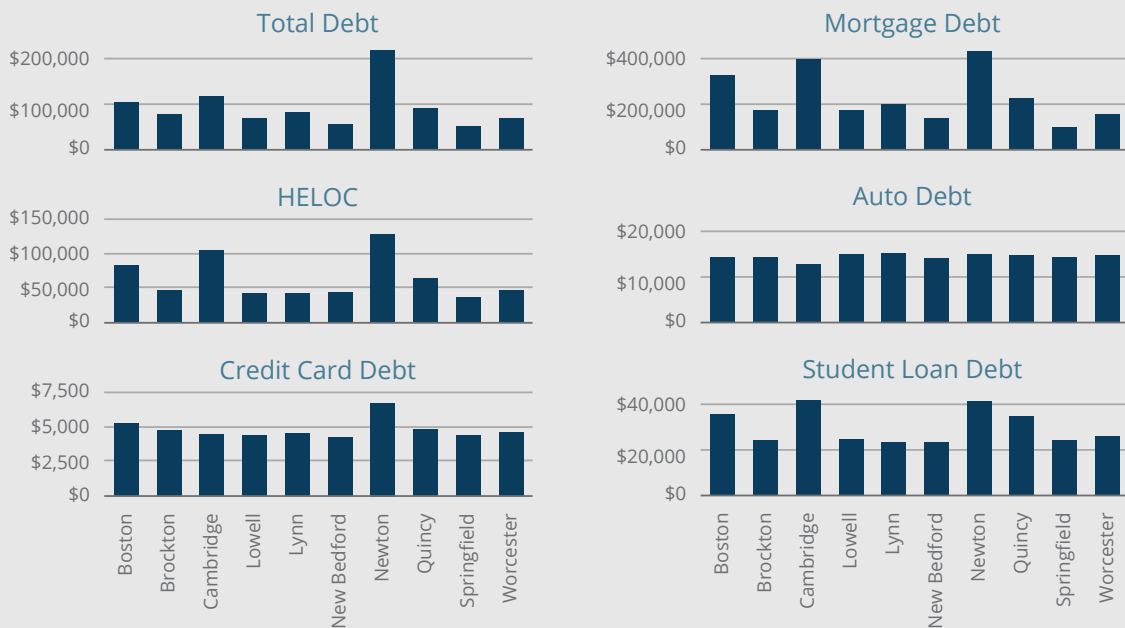
Debt Amounts

Households in the U.S. held a total of \$13.15 trillion of consumer debt at the end of 2017, based on credit report data.¹⁰ Mortgage debt is the largest component of household debt, accounting for 68 percent of aggregate household debt balances. Based on information reported directly by households in the Survey of Consumer Finances, families in the U.S. with some debt owed an average of \$123,400 in 2016. For the median family with debt, 15 percent of family income goes to debt payments. Of families in the U.S. with some debt, about one in fourteen (7 percent) faces debt payments that amount to more than 40 percent of their family income, a measure that indicates serious financial distress.¹¹

Figure 1 reports average debt amounts for the ten largest Massachusetts cities (debt amounts for additional cities and Boston neighborhoods are reported in the appendix). The total debt amount includes the total balance across all accounts reported in the credit file data, excluding accounts in bankruptcy. These accounts include mortgages, home equity loans, auto loans, credit card accounts, student loans, and other retail loans. The data does not include the total amount of medical debt owed or other bills that do not appear in a credit file. Although medical debt is

Figure 1 | Average Debt Amount by Type of Debt

Massachusetts Cities



Source: FRB New York Consumer Credit Panel/Equifax, 2017Q2

Note: The average amount for each type of debt is calculated only for those with some debt of that type.

a significant burden for many families, medical debt typically appears in a credit file only when it is reported as unpaid or in collections.¹²

Of individuals in Massachusetts with a credit file, 77 percent owe at least some debt; the average total debt for these consumers is \$117,371. For the 75 percent of Boston residents in the sample that owe some debt, the average total debt is \$103,071. Average amounts for each type of debt are reported in the appendix for Massachusetts cities (Table A1) and Boston neighborhoods (Table A2).

As seen in Figure 1, mortgage debt is the largest category. This category includes all mortgage installment loans, including first mortgages and closed-end home equity installment loans (but excludes revolving home equity lines of credit, which are tabulated separately). In Massachusetts, 28 percent have mortgage debt, compared to 18 percent in Boston. Mortgage debt amounts vary widely between cities and between neighborhoods in Boston, in part reflecting significant differences in housing prices. Home equity revolving debt includes home equity lines of credit (HELOCs); like mortgage debt, the average amount of home equity revolving debt generally corresponds to local property values. Credit card debt is the most common form of debt, held by 62 percent in Massachusetts. An estimated 30 percent of the sample across Massachusetts has auto debt, and 16 percent has student loan debt.

Credit Scores

Credit scores are used to summarize the estimated credit risk of borrowers based on information in their credit histories. Lenders interpret credit scores as a measure of the likelihood that a borrower will miss payments or default on a loan. Consumers with high scores can generally access loans with lower interest rates and other favorable lending terms. Those with lower credit scores receive higher interest rates and less favorable lending terms; in some cases, lenders are unwilling to extend loans to those with low credit scores. The key components in credit-scoring models are payment history, the number and type of credit accounts in a credit file, the amount of available credit that is utilized by a consumer, and the age of credit accounts.¹³ The credit score analyzed here is the Equifax Risk Score 3.0, which ranges from 280 to 850. Numerical measures of credit scores, payment delinquency, and debt collection are reported in the appendix for Massachusetts cities (Table A3) and Boston neighborhoods (Table A4).

Figure 2 reports average credit scores and the share of residents with a subprime score for Massachusetts cities. The term “subprime” can be used to describe loans or borrowers. However, there is no official definition of subprime loans or subprime borrowers.¹⁴ This brief reports the share of borrowers with a credit score that can be considered “subprime”—defined here as a credit score below 660. The average credit score in Massachusetts is 725, and 23 percent of consumers have subprime credit scores.

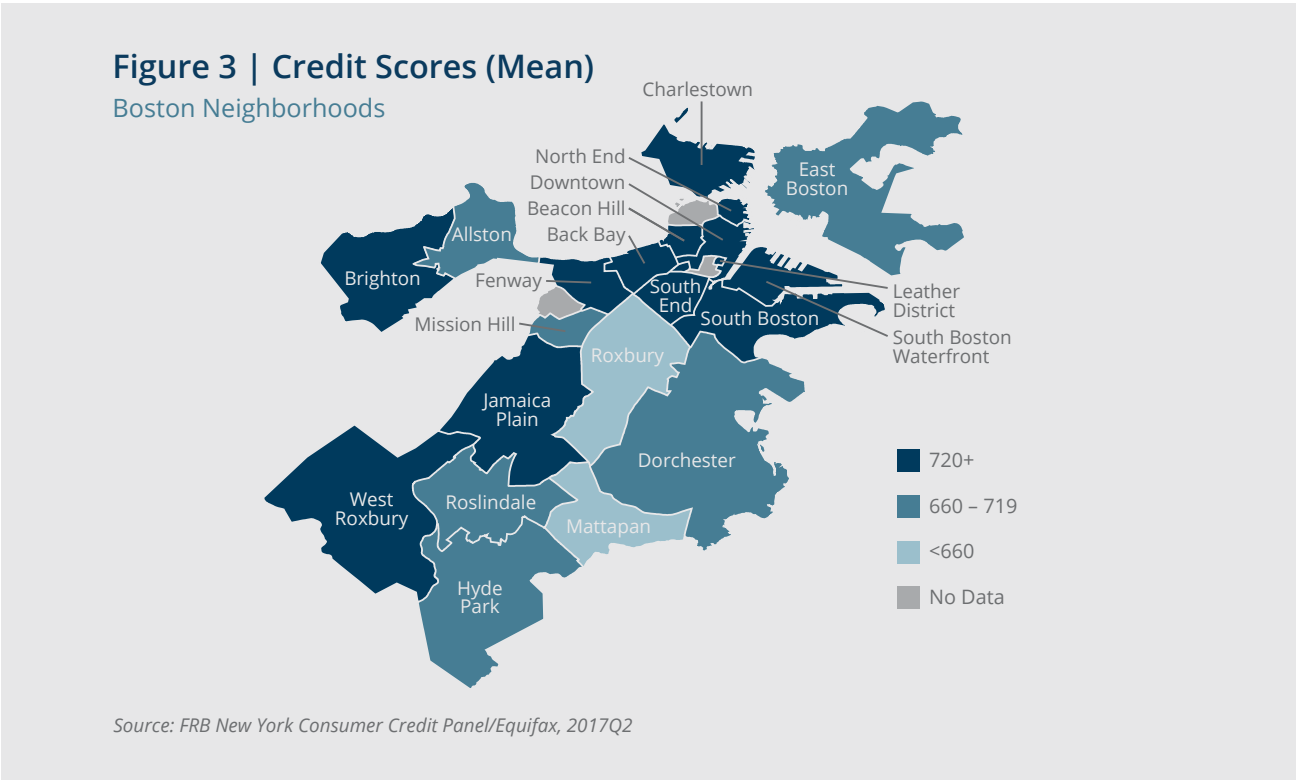
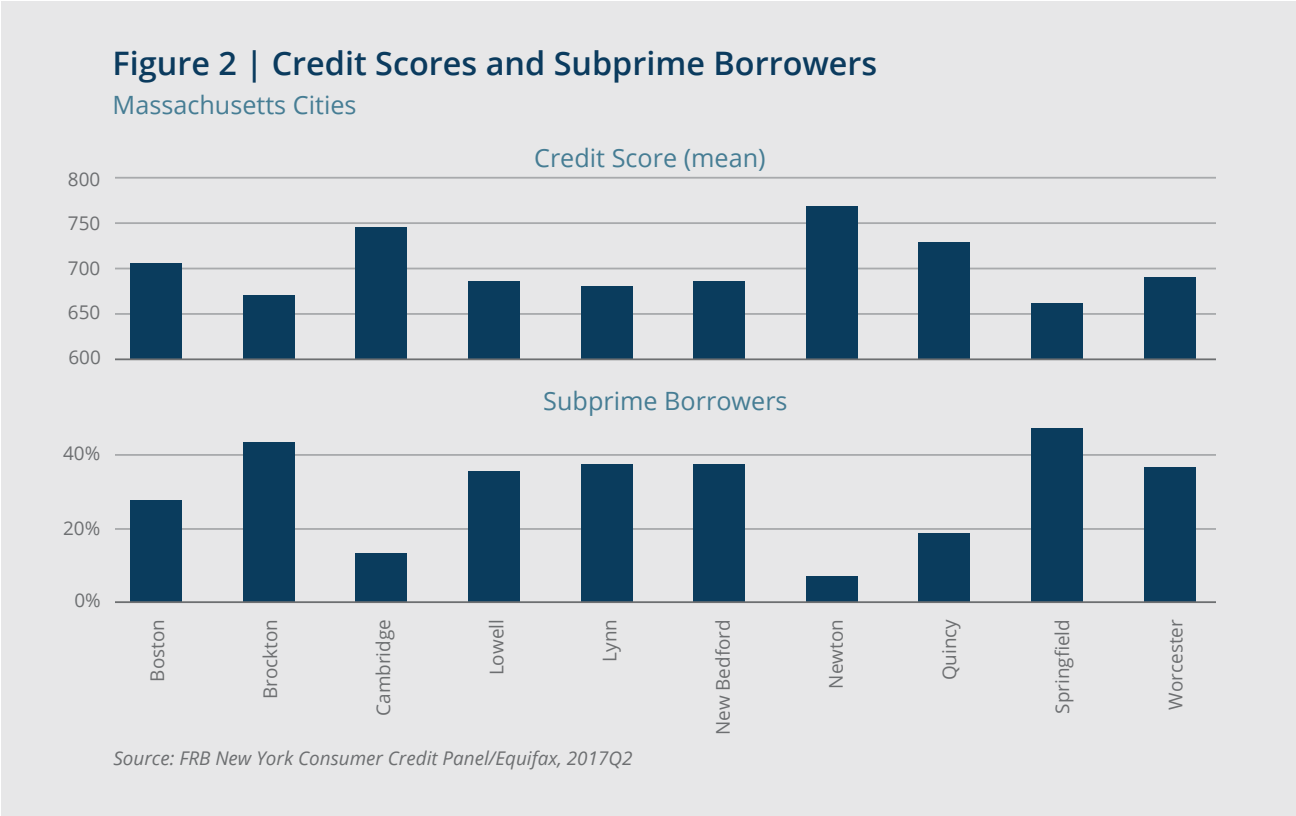
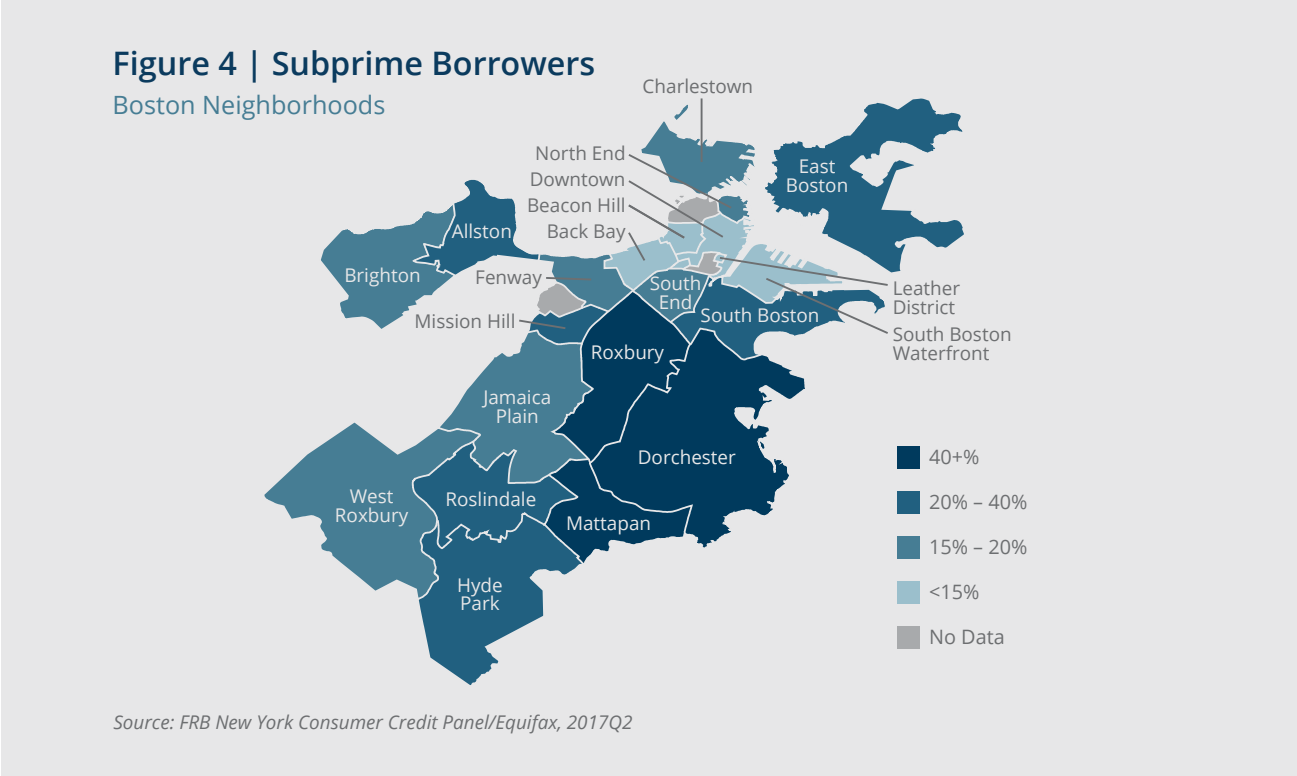


Figure 3 shows substantial disparities in average credit scores within the city of Boston (numerical values for credit scores by neighborhood are reported in Appendix Table A4). Two neighborhoods, Roxbury (650) and Mattapan (657), have average credit scores that are below the subprime threshold, while the highest average credit score is in Beacon Hill (755). Figure 4 shows the share of residents with a subprime score by neighborhood. These disparities in credit scores reflect wide disparities in access to financial resources between neighborhoods in Boston.



Payment Delinquency

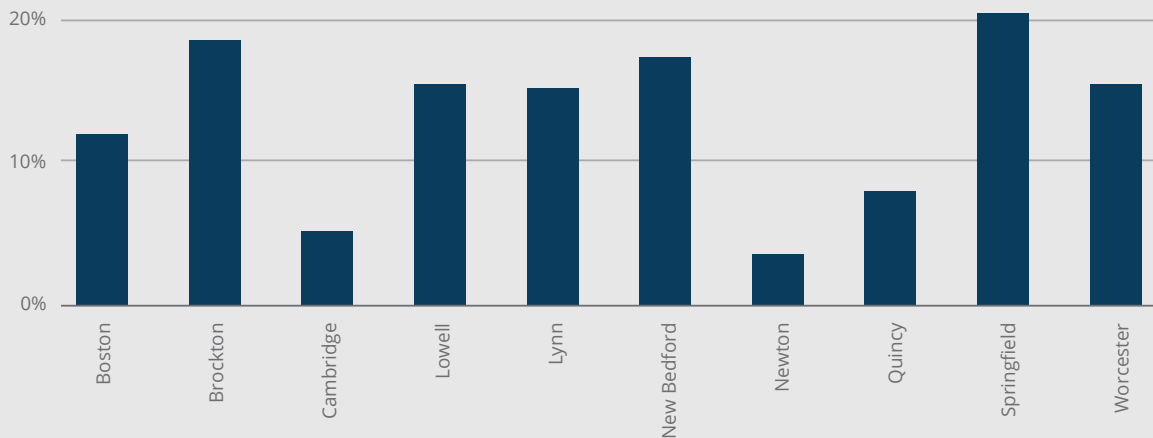
Credit reports include detailed information on account payment history—whether accounts are paid on time or past due—for each account that is reported by creditors. Lenders consider the likelihood of an account becoming delinquent as a significant element in assessing the credit risk of borrowers. The inability to pay bills or debt payments on time is an indicator of financial distress.

Figure 5 reports the share of residents in Massachusetts cities that have at least one account in their credit history that is 60 days or more past due. Across Massachusetts, 10 percent of consumers have at least one account that is at least 60 days past due. In Boston, where 12 percent of residents have at least one such account in their credit history, the variation in rates across neighborhoods shows the uneven prevalence of financial distress across the city. Figure 6 shows the share of residents with at least one account that is 60 days or more past due by neigh-

borhood. More than one in five residents in Roxbury (22 percent) and Mattapan (21 percent) has an account that is at least 60 days past due—approximately ten times the percentage in Beacon Hill (2 percent).

Figure 5 | Payment Delinquency: Percent with at Least One Account 60+ Days Past Due

Massachusetts Cities



Source: FRB New York Consumer Credit Panel/Equifax, 2017Q2

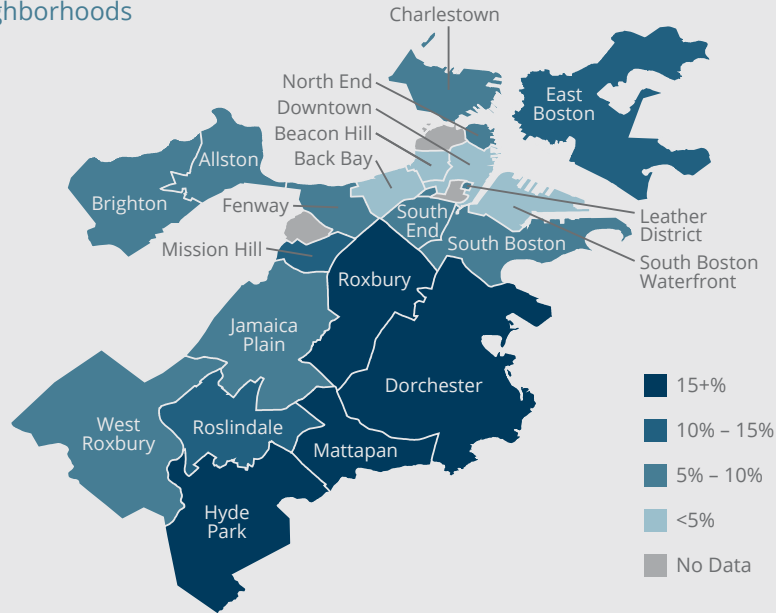
Debt Collection

Debt collection is an important indicator of financial distress that can also adversely affect a consumer's future financial well-being. When reported in a credit file, debt collection is considered a derogatory item that lowers credit scores, affects future access to credit and lending terms, and influences the decisions of employers, insurers, and landlords who use credit report information. Unpaid debts that can go to collections include loans (e.g. auto, student, credit cards) and bills (e.g. medical, utilities). After a debt or bill has gone unpaid, the original creditor can attempt to collect the unpaid amount through its own efforts, contract with a third-party collector to collect the debt on behalf of the original creditor, or sell the account to a third-party debt buyer who then owns the rights to collect the unpaid debt. Creditors and debt collectors have discretion on whether to report debt collection activity to credit bureaus; they are not required to do so.

The data on debt collection available in the FRBNY Consumer Credit Panel is limited to third-party collections. This does not include information on collections that are handled by the original creditor, and thus almost surely understates the extent of debt collection among households in the sample. Although the estimates

Figure 6 | Payment Delinquency: Percent with at Least One Account 60+ Days Past Due

Boston Neighborhoods



Source: FRB New York Consumer Credit Panel/Equifax, 2017Q2

reported in this brief are limited to third-party collections, they are useful in showing the geographic variation in the prevalence of debt collection. The estimates presented here are not directly comparable to other studies that include data other than third-party collections or have different definitions of debt in collections.¹⁵ In a nationally representative survey by the Consumer Protection Financial Bureau (CFPB), 32 percent of consumers reported that they had been contacted by a creditor or debt collector in the preceding year. More than half (52 percent) of those with a household income below \$20,000 had been contacted about a debt in collection.¹⁶ Since creditors and debt collectors are not required to report collections to credit bureaus, consumers may be contacted about unpaid debts that do not appear in credit files. The data in the FRBNY Consumer Credit Panel does not include information on the type of debt in collections. A CFPB analysis of credit reports found that the majority of collections in consumer credit files are for medical and utility bills. About 20 percent of credit reports have at least one medical bill in collections, according to the CFPB.¹⁷

Figure 7 shows the share of residents with any third-party collections activity reported in their credit file by city, with the prevalence of debt collection in credit files ranging significantly across cities. About one in three residents (33 percent) in Springfield show activity with third-party debt collections, compared to 5 percent in

Newton. Figure 7 also shows the average amount of debt in collections, by city, for individuals with some reported third-party debt collection activity. The variation in the prevalence of debt collection within the city of Boston is shown in Figure 8. More than one-third of residents in Roxbury and Mattapan show activity with third-party debt collections, compared to just 5 percent in Beacon Hill. Average debt collection amounts by neighborhood are reported in Appendix Table A4.

Figure 7 | Debt Collections: Percent with 3rd-Party Debt Collections

Massachusetts Cities



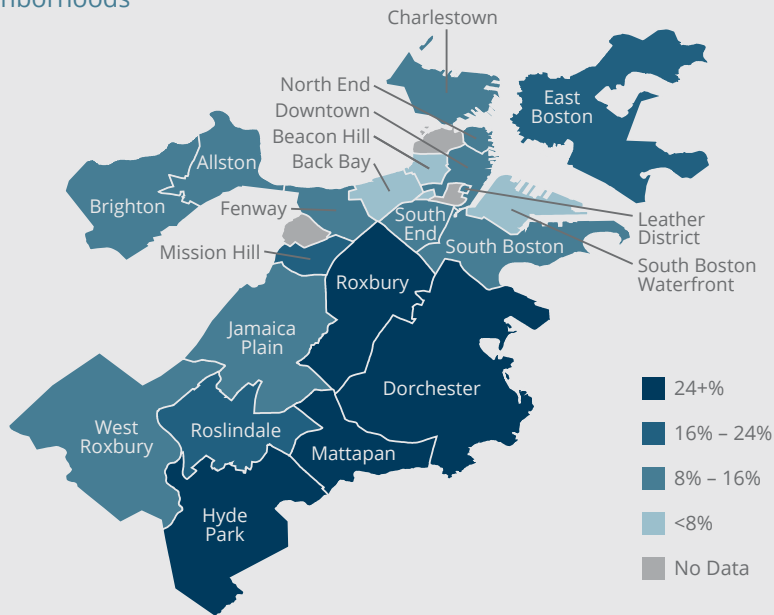
Source: FRB New York Consumer Credit Panel/Equifax, 2017Q2

Discussion

Massachusetts and the city of Boston have high levels of income inequality compared to other states and cities. This brief shows significant disparities in other important dimensions of economic well-being: debt conditions, credit scores, and other measures of financial distress. The data presented here illustrate the geographic concentration of financial disadvantage, with considerable variation in these measures across cities in Massachusetts and between neighborhoods within Boston. Although the citywide measures for Boston are similar to the state averages, there are large sections of the city in which the financial conditions of residents are more precarious than suggested by the citywide measures.

Residents of some cities and low-income neighborhoods commonly experience challenges in their financial lives that are nearly unknown to residents of high-income communities. For example, a third or more of residents in the city of Springfield and the Roxbury and Mattapan neighborhoods of Boston have some third-party debt collection activity reported in their credit files, compared to just 5 percent of residents in the city of Newton and the Beacon Hill neighborhood of Boston. Therefore, potential policy responses—such as local lending requirements, regulation of debt collection practices, and credit improvement programs—have especially significant implications for residents of disadvantaged communities.

Figure 8 | Debt Collections: Percent with 3rd Party Debt Collections
Boston Neighborhoods



Source: FRB New York Consumer Credit Panel/Equifax, 2017Q2

These measures reflect the current financial conditions of residents and also directly influence their future financial well-being. Since credit report information determines future access to credit, lending terms, and other outcomes not related to lending, these disparities can further exacerbate inequality between residents across cities and neighborhoods.

Socioeconomic characteristics of neighborhoods, such as median income and levels of joblessness, significantly influence a range of economic, social, health, and educational outcomes for neighborhood residents. Concentrated financial disadvantage, as measured by debt conditions, credit scores, and debt collection, may af-

fect community residents through a number of mechanisms. For example, economic investment may be responsive to the financial health of community residents. Also, the types of lenders active in these communities influence both the ability of residents to access capital for various purposes and the associated lending terms. The overall financial stability of neighbors may have other spillover effects on residents as well.

This brief suggests that the aggregate financial conditions of residents are an important characteristic of cities and neighborhoods. Like median income and poverty levels, the debt condition measures presented here reflect the current conditions of residents and can also shape the economic and financial opportunities that become available to these residents.

About the Author



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Anmol Chaddha was a senior policy analyst at the Federal Reserve Bank of Boston specializing in economic, racial, and urban inequality. Questions on this brief may be directed to:

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Tables

Table A1 | Debt by Type

Massachusetts Cities (with Population Greater than 50,000)

	Total Debt		Mortgage Debt		Home Equity Revolving		Auto		Credit Card		Student Loan		Other Debt	
	%	Mean	%	Mean	%	Mean	%	Mean	%	Mean	%	Mean	%	Mean
Massachusetts	77%	\$117,371	28%	\$248,753	8%	\$68,627	30%	\$15,077	62%	\$5,672	16%	\$31,739	30%	\$3,770
Cities														
Boston	75%	\$103,071	18%	\$338,789	4%	\$82,774	22%	\$14,182	63%	\$5,330	20%	\$36,516	24%	\$3,289
Brockton	73%	\$77,146	24%	\$179,210	3%	\$46,683	29%	\$14,331	54%	\$4,823	18%	\$24,756	34%	\$3,171
Cambridge	76%	\$117,030	18%	\$411,315	4%	\$104,259	14%	\$12,950	67%	\$4,612	15%	\$42,575	14%	\$2,762
Chicopee	71%	\$60,052	23%	\$125,330	6%	\$38,526	32%	\$14,576	55%	\$4,977	14%	\$25,426	33%	\$3,489
Fall River	67%	\$55,484	17%	\$151,272	2%	\$55,835	26%	\$14,374	51%	\$4,295	14%	\$23,634	32%	\$4,292
Haverhill	77%	\$90,428	29%	\$180,527	5%	\$55,574	37%	\$14,574	61%	\$5,475	18%	\$27,147	35%	\$3,619
Lawrence	73%	\$51,341	14%	\$191,161	1%	\$46,223	26%	\$13,721	56%	\$3,657	14%	\$23,254	40%	\$2,477
Lowell	72%	\$68,748	20%	\$178,378	4%	\$41,739	31%	\$15,203	56%	\$4,535	16%	\$25,361	33%	\$3,216
Lynn	73%	\$80,729	22%	\$204,797	4%	\$41,958	29%	\$15,306	56%	\$4,659	16%	\$23,633	34%	\$2,750
Malden	75%	\$77,851	19%	\$231,839	4%	\$52,559	26%	\$14,251	62%	\$4,601	16%	\$32,049	27%	\$2,708
Medford	78%	\$113,332	27%	\$263,899	7%	\$65,771	28%	\$13,006	66%	\$4,856	18%	\$35,975	27%	\$2,987
New Bedford	69%	\$56,306	18%	\$149,825	4%	\$44,197	27%	\$13,982	51%	\$4,313	13%	\$23,812	33%	\$2,752
Newton	78%	\$217,920	32%	\$443,714	11%	\$126,267	22%	\$15,132	68%	\$6,879	11%	\$41,650	19%	\$3,388
Peabody	75%	\$108,263	27%	\$227,309	8%	\$61,723	33%	\$14,070	61%	\$5,202	16%	\$31,974	34%	\$3,650
Quincy	73%	\$90,181	21%	\$233,895	5%	\$63,675	25%	\$14,701	61%	\$4,933	16%	\$35,294	25%	\$2,704
Revere	73%	\$83,295	19%	\$242,599	4%	\$75,393	27%	\$13,819	59%	\$4,937	14%	\$28,993	31%	\$2,848
Somerville	77%	\$98,502	18%	\$332,902	4%	\$61,774	21%	\$12,413	67%	\$4,257	19%	\$38,118	21%	\$3,251
Springfield	67%	\$49,871	19%	\$110,597	3%	\$38,294	25%	\$14,534	48%	\$4,380	16%	\$24,674	32%	\$2,797
Taunton	74%	\$80,424	26%	\$172,172	5%	\$48,108	34%	\$15,230	57%	\$5,050	16%	\$25,817	36%	\$3,151
Waltham	77%	\$118,066	25%	\$287,178	6%	\$79,647	30%	\$14,667	66%	\$4,826	15%	\$34,665	25%	\$2,739
Weymouth	77%	\$100,537	29%	\$207,670	6%	\$45,552	29%	\$14,649	61%	\$5,741	19%	\$33,630	34%	\$3,246
Worcester	71%	\$67,489	19%	\$169,477	4%	\$47,395	30%	\$14,795	54%	\$4,681	18%	\$26,505	30%	\$2,950

Source: FRB New York Consumer Credit Panel/Equifax, 2017Q2

Note: Mean debt amounts are calculated for individuals with nonzero debt of each type. Calculations exclude an observation with a top-coded total debt amount (\$9,999,999) to avoid distorted means. 'Other debt' includes personal loans, sales financing, and retail loans.

Table A2 | Debt by Type

Boston Neighborhoods

	Total Debt		Mortgage Debt		Home Equity Revolving		Auto		Credit Card		Student Loan		Other Debt	
	%	Mean	%	Mean	%	Mean	%	Mean	%	Mean	%	Mean	%	Mean
Boston	75%	\$103,071	18%	\$338,789	4%	\$82,774	22%	\$14,182	63%	\$5,330	20%	\$36,516	24%	\$3,289
Neighborhoods														
Allston	71%	\$41,913	6%	\$256,347	–	–	14%	\$11,587	62%	\$4,263	23%	\$43,263	15%	\$2,764
Back Bay	80%	\$167,176	18%	\$619,733	4%	\$151,418	16%	\$15,302	74%	\$8,892	13%	\$35,885	15%	\$4,564
Bay Village	79%	\$238,098	28%	\$564,649	–	–	17%	\$17,823	73%	\$6,757	14%	\$84,398	14%	\$1,651
Beacon Hill	83%	\$170,303	20%	\$582,204	4%	\$176,633	14%	\$14,415	78%	\$9,726	15%	\$42,464	14%	\$2,642
Brighton	78%	\$67,953	12%	\$292,270	3%	\$84,545	20%	\$11,647	69%	\$4,534	24%	\$41,361	18%	\$2,255
Charlestown	80%	\$173,733	29%	\$423,700	4%	\$70,906	30%	\$13,406	71%	\$5,661	18%	\$36,209	22%	\$3,544
Dorchester	72%	\$82,207	16%	\$273,315	3%	\$69,150	23%	\$14,713	55%	\$4,664	21%	\$29,516	29%	\$3,048
Downtown	74%	\$136,538	17%	\$459,547	5%	\$169,116	13%	\$13,989	67%	\$7,183	13%	\$55,601	17%	\$4,390
East Boston	72%	\$75,034	14%	\$302,444	2%	\$59,183	22%	\$15,476	60%	\$4,868	15%	\$30,892	29%	\$2,561
Fenway	72%	\$49,986	6%	\$321,849	2%	\$89,225	9%	\$12,757	60%	\$4,148	22%	\$43,308	11%	\$4,107
Hyde Park	78%	\$98,389	25%	\$242,239	4%	\$53,632	28%	\$14,657	61%	\$4,820	23%	\$30,141	35%	\$3,648
Jamaica Plain	78%	\$137,482	23%	\$371,811	5%	\$104,852	21%	\$13,914	66%	\$4,728	20%	\$48,368	20%	\$2,789
Leather District	68%	\$161,923	16%	\$582,298	3%	\$143,427	13%	\$17,513	62%	\$7,563	9%	\$62,617	19%	\$2,729
Mattapan	72%	\$73,380	16%	\$239,974	3%	\$51,501	27%	\$15,177	55%	\$4,137	22%	\$29,780	30%	\$3,283
Mission Hill	72%	\$39,297	6%	\$271,667	–	–	15%	\$14,465	62%	\$3,316	18%	\$44,785	17%	\$2,678
North End	82%	\$96,548	16%	\$374,904	5%	\$76,676	19%	\$13,908	74%	\$5,715	21%	\$37,236	22%	\$7,203
Roslindale	78%	\$117,074	27%	\$273,494	5%	\$57,739	26%	\$14,823	62%	\$4,717	22%	\$30,339	27%	\$3,278
Roxbury	69%	\$51,393	9%	\$253,166	2%	\$67,448	23%	\$13,360	51%	\$4,251	22%	\$28,692	28%	\$2,836
South Boston	80%	\$137,454	23%	\$386,088	5%	\$75,683	26%	\$13,935	70%	\$6,304	24%	\$39,190	22%	\$4,544
South Boston Waterfront	88%	\$125,402	23%	\$373,690	–	–	27%	\$19,179	83%	\$5,642	26%	\$46,174	19%	\$2,961
South End	77%	\$153,126	21%	\$464,442	5%	\$94,903	18%	\$15,075	67%	\$7,632	17%	\$54,358	19%	\$1,906
West Roxbury	79%	\$139,474	32%	\$288,714	8%	\$63,071	28%	\$13,365	66%	\$5,401	19%	\$29,419	27%	\$3,546

Source: FRB New York Consumer Credit Panel/Equifax, 2017Q2

Note: Mean debt amounts are calculated for individuals with nonzero debt of each type. Calculations exclude an observation with a top-coded total debt amount (\$9,999,999) to avoid distorted means. ‘Other debt’ includes personal loans, sales financing, and retail loans.

Table A3 | Credit Score, Payment Delinquency, and Debt Collections

Massachusetts Cities (with Population Greater than 50,000)

	Credit Score		Payment Delinquency	Debt Collections	
	Mean	Percent with subprime score (<660)	Percent with an account 60+ days past due	Percent with an account in collections	Amount in collections (mean)
Massachusetts	725	23%	10%	15%	\$1,701
Cities					
Boston	705	28%	12%	19%	\$1,496
Brockton	671	43%	19%	28%	\$1,513
Cambridge	745	13%	5%	8%	\$1,898
Chicopee	704	32%	13%	21%	\$1,643
Fall River	686	39%	17%	29%	\$1,703
Haverhill	705	31%	14%	22%	\$1,743
Lawrence	652	50%	20%	33%	\$1,574
Lowell	686	36%	15%	28%	\$1,627
Lynn	683	38%	15%	24%	\$1,751
Malden	706	28%	13%	18%	\$1,416
Medford	732	19%	9%	12%	\$1,654
New Bedford	687	38%	17%	27%	\$1,494
Newton	768	8%	4%	5%	\$1,729
Peabody	726	23%	11%	14%	\$1,740
Quincy	730	20%	8%	13%	\$1,313
Revere	698	33%	14%	21%	\$1,795
Somerville	732	17%	7%	12%	\$1,630
Springfield	662	47%	20%	33%	\$1,655
Taunton	695	35%	14%	21%	\$1,782
Waltham	736	18%	8%	12%	\$2,023
Weymouth	722	22%	11%	16%	\$1,543
Worcester	689	36%	16%	26%	\$1,771

Source: FRB New York Consumer Credit Panel/Equifax, 2017Q2

Table A4 | Credit Score, Payment Delinquency, and Debt Collections
Boston Neighborhoods

	Credit Score		Payment Delinquency	Debt Collections	
	Mean	Percent with subprime score (<660)	Percent with an account 60+ days past due	Percent with an account in collections	Amount in collections (mean)
Boston	671	43%	19%	28%	\$1,513
Neighborhoods					
Allston	711	21%	9%	11%	\$1,552
Back Bay	752	12%	5%	6%	\$1,332
Bay Village	758	13%	6%	7%	\$1,180
Beacon Hill	755	8%	2%	5%	\$599
Brighton	723	19%	8%	10%	\$1,457
Charlestown	740	19%	6%	10%	\$1,218
Dorchester	670	43%	18%	29%	\$1,530
Downtown	742	14%	5%	10%	\$1,278
East Boston	695	31%	14%	19%	\$1,491
Fenway	720	16%	6%	9%	\$989
Hyde Park	680	38%	17%	27%	\$1,403
Jamaica Plain	728	20%	8%	13%	\$1,131
Leather District	743	15%	5%	9%	\$1,942
Mattapan	657	48%	21%	35%	\$1,553
Mission Hill	693	30%	13%	17%	\$1,946
North End	729	17%	8%	10%	\$1,389
Roslindale	710	28%	12%	18%	\$1,254
Roxbury	650	51%	22%	35%	\$1,507
South Boston	724	21%	8%	13%	\$1,926
South Boston Waterfront	749	12%	5%	5%	-
South End	730	19%	8%	13%	\$1,518
West Roxbury	735	18%	8%	13%	\$1,830

Source: FRB New York Consumer Credit Panel/Equifax, 2017Q2

Endnotes

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- ³ Consumer Financial Protection Bureau. (2012). *Key Dimensions and Processes in the U.S. Credit Reporting System: A Review of How the Nation's Largest Credit Bureaus Manage Consumer Data*. Retrieved from http://files.consumerfinance.gov/f/201212_cfpb_credit-reporting-white-paper.pdf
- ⁴ Federal Trade Commission. (2007). *Credit-Based Insurance Scores: Impacts on Consumers of Automobile Insurance: A Report to Congress by the Federal Trade Commission*. Retrieved from https://www.ftc.gov/sites/default/files/documents/reports/credit-based-insurance-scores-impacts-consumers-automobile-insurance-report-congress-federal-trade/p044804facta_report_credit-based_insurance_scores.pdf
- ⁵ For debt measures at the national level, see the Survey of Consumer Finances (<https://www.federalreserve.gov/econres/scfindex.htm>) and the *Quarterly Report on Household Debt and Credit* (<https://www.newyorkfed.org/microeconomics/hhdc.html>). For states and counties, see *Community Credit* (<https://www.newyorkfed.org/data-and-statistics/data-visualization/community-credit-profiles/index.html>). For states and metro areas, see the *Consumer Credit Explorer* (<https://www.philadelphiafed.org/eqfx/webstat/index>).
- ⁶ McKernan, S.M., Ratcliffe, C., Braga, B. & Kalish, E.C. (2016). *Thriving Residents, Thriving Cities: Family Financial Security Matters for Cities*. Washington, DC: Urban Institute. Retrieved from <https://www.urban.org/research/publication/thriving-residents-thriving-cities-family-financial-security-matters-cities>
- ⁷ Lee, D. & Van der Klaauw, W. (2010). *An Introduction to the FRBNY Consumer Credit Panel*. Federal Reserve Bank of New York Staff Reports, No. 479. Retrieved from https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr479.pdf
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- ⁹ For information on the prevalence of unbanked and underbanked households and the use of alternative financial services by income, see: Federal Deposit Insurance Corporation. (2016). *FDIC National Survey of Unbanked and Underbanked Households, Executive Summary: 2015*. Retrieved from <https://www.fdic.gov/householdsurvey/2015/2015execsumm.pdf>
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- ¹⁴ Some researchers define a subprime loan by its specific lending terms, whether the loan was originated by a lender who specializes in high-risk loans, or whether the loan was made to a consumer with a credit score below some level.
- ¹⁵ Braga et al. (2016). *Local Conditions and Debt in Collections*. Washington, DC: Urban Institute. Retrieved from <https://www.urban.org/sites/default/files/publication/81886/2000841-Local-Conditions-and-Debt-in-Collections.pdf>
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