



2026 Q1 Credit Risk Review

Trends and Early Risk Indicators in Consumer Credit

Walker Flythe, Cameron Ruh, Pallavi Vemuri, Yuhan Hou, Scott Barton
May 2026

Executive Summary

Risk performance softened across most assets in early 2026

- Credit card delinquencies for Q2 2025 originations are tracking slightly above 2022, the worst vintage in recent memory
- 60+ DPD auto delinquencies edged up to record highs
- Severe mortgage delinquencies continued climbing
- Conversely, PL delinquencies remained relatively low, pre-2025 card vintages are largely flat, and student loan delinquencies continued recovering

Key macroeconomic indicators mirrored elevated credit risk

- Unemployment rates continued marginally increasing alongside debt servicing payments
- Real wage growth stagnated, suppressed by nominal wage growth in the lowest quartile falling to record lows

Executive Summary: Overall Consumer Credit

Credit Card



- 2025 credit card vintage delinquencies continue to track above the prior four years
- Overall credit card delinquency rates rose slightly in Q1, following seasonal patterns
- Origination activity continued to increase significantly year-over-year among subprime and super prime segments

Personal Loans



- Q2 2025 vintage delinquency rates performed in line with recent years
- Delinquencies rose in Q1 2026 to meet Q1 2025 levels
- Year-over-year originations increased across risk segments, particularly in prime plus and super prime

Auto Loans



- Auto loan delinquency rates reached record highs in Q1, driven by subprime and near prime
- Stable asset prices and APRs combined with increasing term lengths and monthly payments point to rising LTV
- Year-over-year originations fell across all risk levels except subprime

Student Loans



- Student loan delinquencies continued decreasing in Q1 2026, though subprime delinquencies remained above pre-pandemic levels
- Policy uncertainty persists, with involuntary collections of federal student loans temporarily paused

Mortgage & HELOC



- The rise in severe delinquencies accelerated in Q1 2026
- HELOC credit limits and utilization remained elevated and continued to trend upward
- Recent executive orders aim to ease homebuilding and lending

Q1 2026 Lending Regulation & Policy Changes

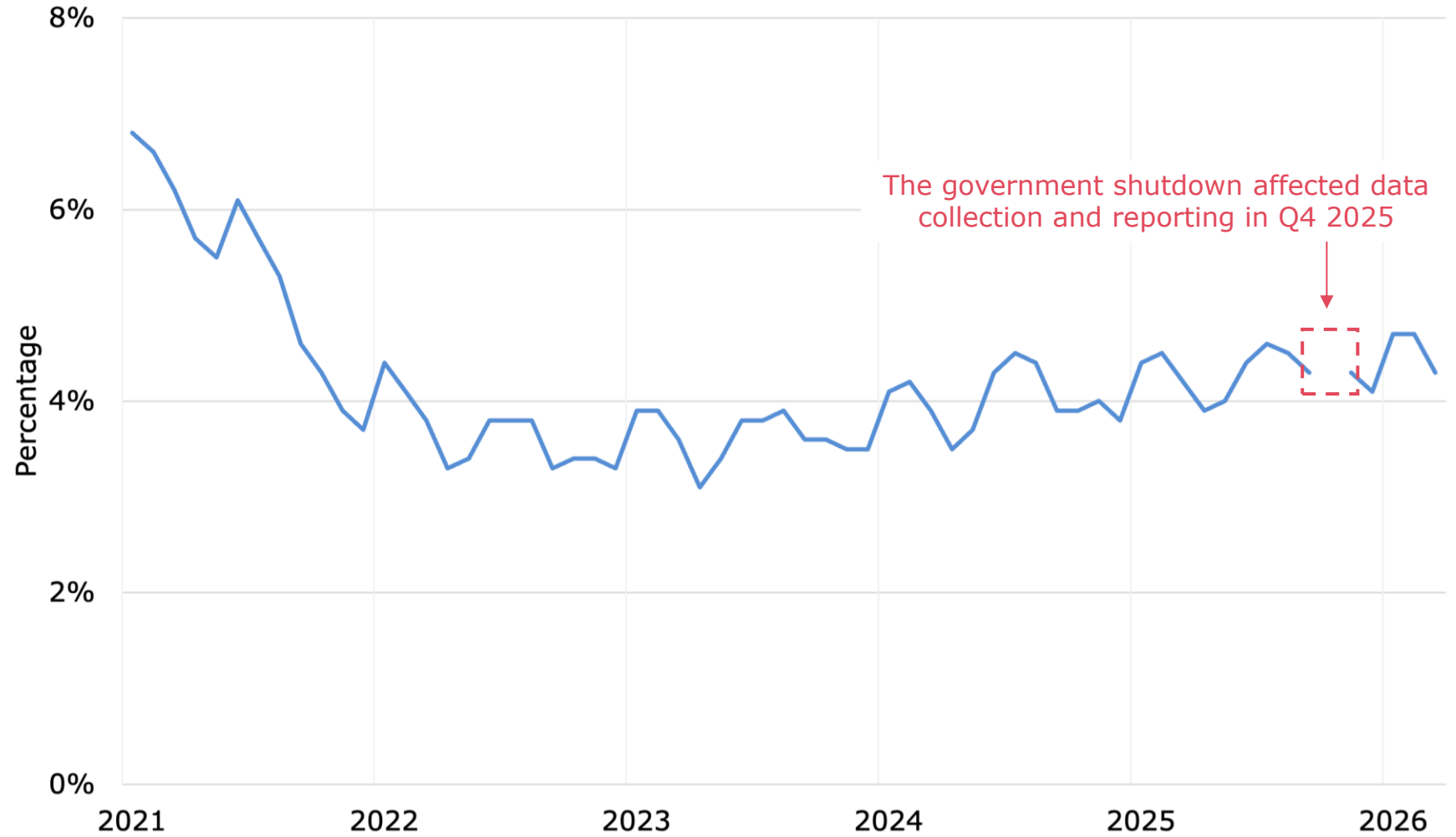
- **Model Risk Management (MRM) Guidance:** New interagency MRM supervisory guidance replaces SR 11-7 with SR 26-2. The content of 26-2 is philosophically aligned with 11-7's precepts but lightens certain requirements by increasing bank asset size requirements for policy exemption, clarifying materiality definitions, and modifying examination procedure scope. ([OCC Bulletin](#))
- **CFPB Announces Final Rule on Disparate Impact:** The CFPB finalized a rule eliminating its use of disparate impact in fair lending enforcement and clarifying that disparate impact usage is not an obligation of the Equal Credit Opportunity Act (ECOA). ([Bloomberg Law](#))
- **Student Loan Wage Garnishment Delayed:** The Department of Education announced an implementation delay for involuntary federal student loan collections on January 16th to allow borrowers time to consider new repayment options, including the simplified Income-Driven Repayment plan effective July 1, 2026. ([U.S. Department of Education](#))
- **Bank Capital Overhaul Proposal:** Regulators proposed regulatory capital requirement updates in March. The proposal replaces the current two-framework calculation approach with a new Expanded Risk-Based Approach. It further replaces the use of internal models in the credit risk framework with a granular, standard approach. ([FDIC FIL-7-2026](#))
- **President Trump Signs Executive Orders on Home Affordability:** Executive Order 14393 seeks to ease mortgage-related regulations to simplify lending for smaller community banks. Executive Order 14394 focuses on reducing housing regulatory burdens to boost home construction. ([Associated Press](#), [Executive Order 14393](#), [Executive Order 14394](#))
- **CFPB and DOJ Withdrew Immigration Status Guidance under ECOA:** On January 12th, 2026, the CFPB and DOJ withdrew their October 2023 joint statement cautioning lenders against broad use of immigration or citizenship status in credit decisions. ([CFPB Newsroom](#))

*Note: This presentation is for informational purposes only and does not constitute financial, legal, or regulatory advice. The insights provided are based on current industry trends and should not be interpreted as definitive predictions about regulatory or macroeconomic developments.

- State of the Consumer
- Credit Card
- Personal Loan
- Auto
- Student Loan
- Mortgage



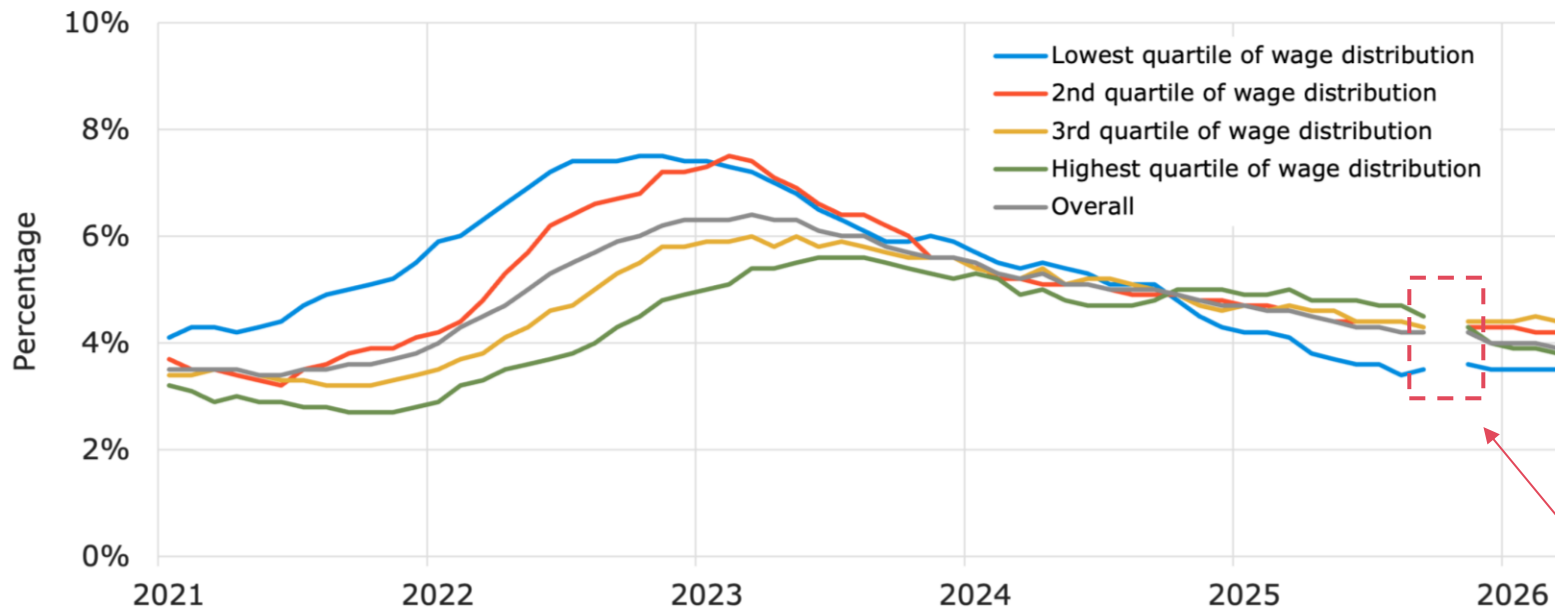
Unemployment Rate (Not Seasonally Adjusted)



Unemployment remained low, with fluctuations mirroring historical Q1 patterns

Wage growth was stable across income levels and remained historically low for the lowest quartile

Wage Growth Rate by Wage Distribution

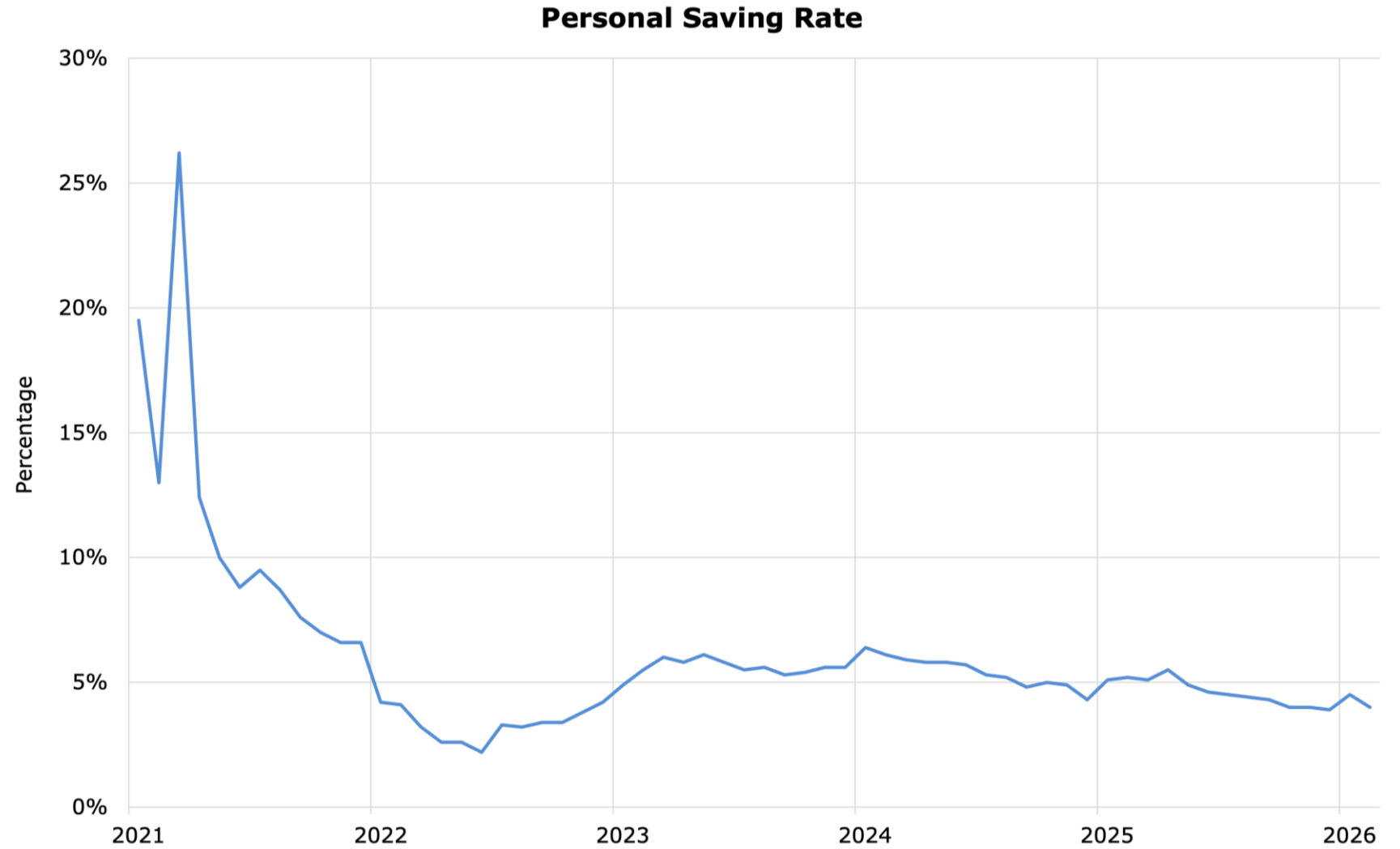


Real Wage Growth (Seasonally Adjusted)



The government shutdown affected data collection and reporting in Q4 2025

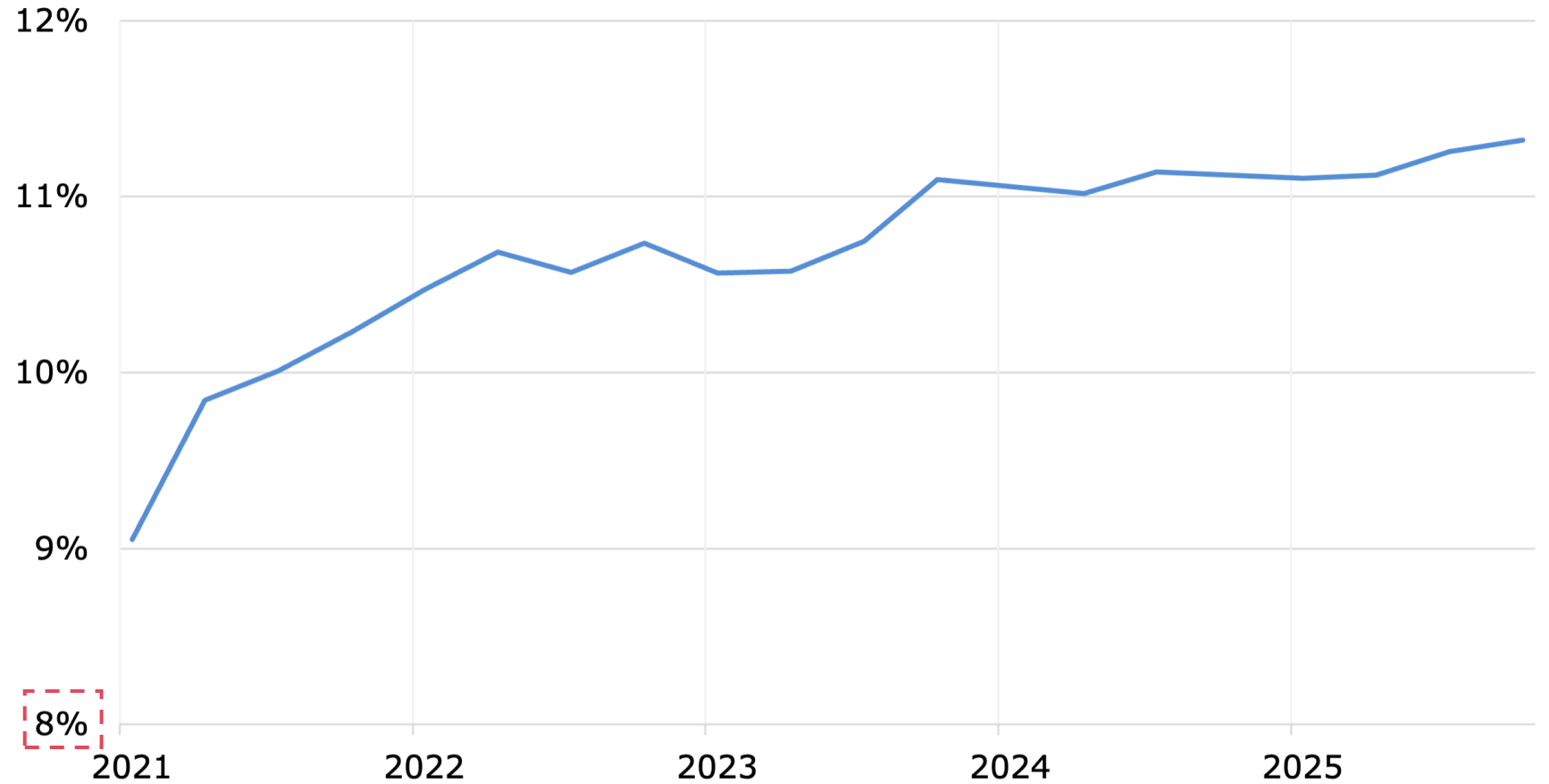
The personal saving rate fluctuated slightly but remained close to Q4 levels



Source: ZOS, [FRED](#). Data as of Apr 9, 2026

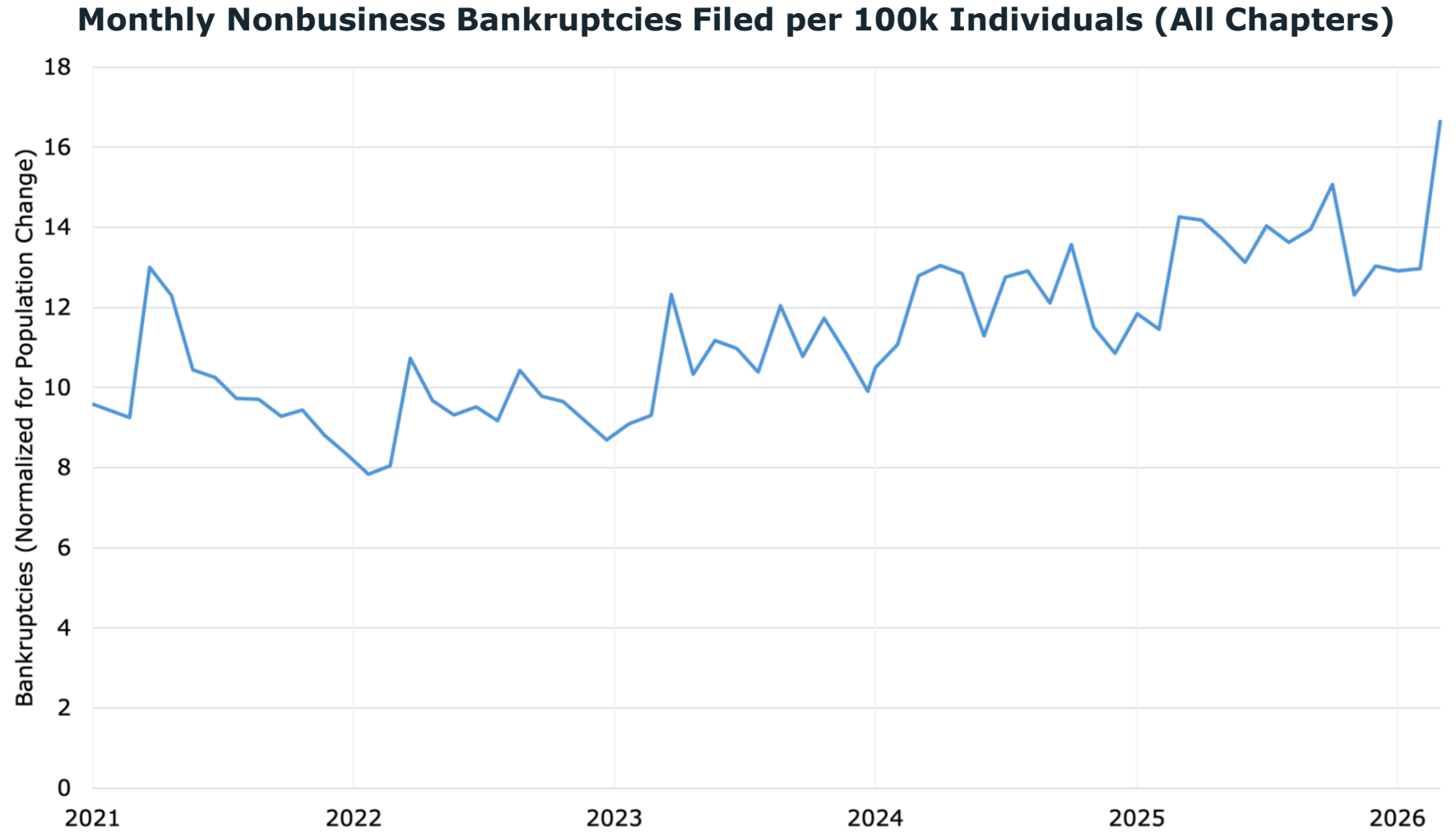
Household debt payments continued to rise relative to disposable income

Household Debt Service Payments as a Percent of Disposable Personal Income



Source: ZOS, [FRED](#). Data as of Mar 20, 2026

Bankruptcies spiked in March 2026, with Q1 totals up 13% YoY

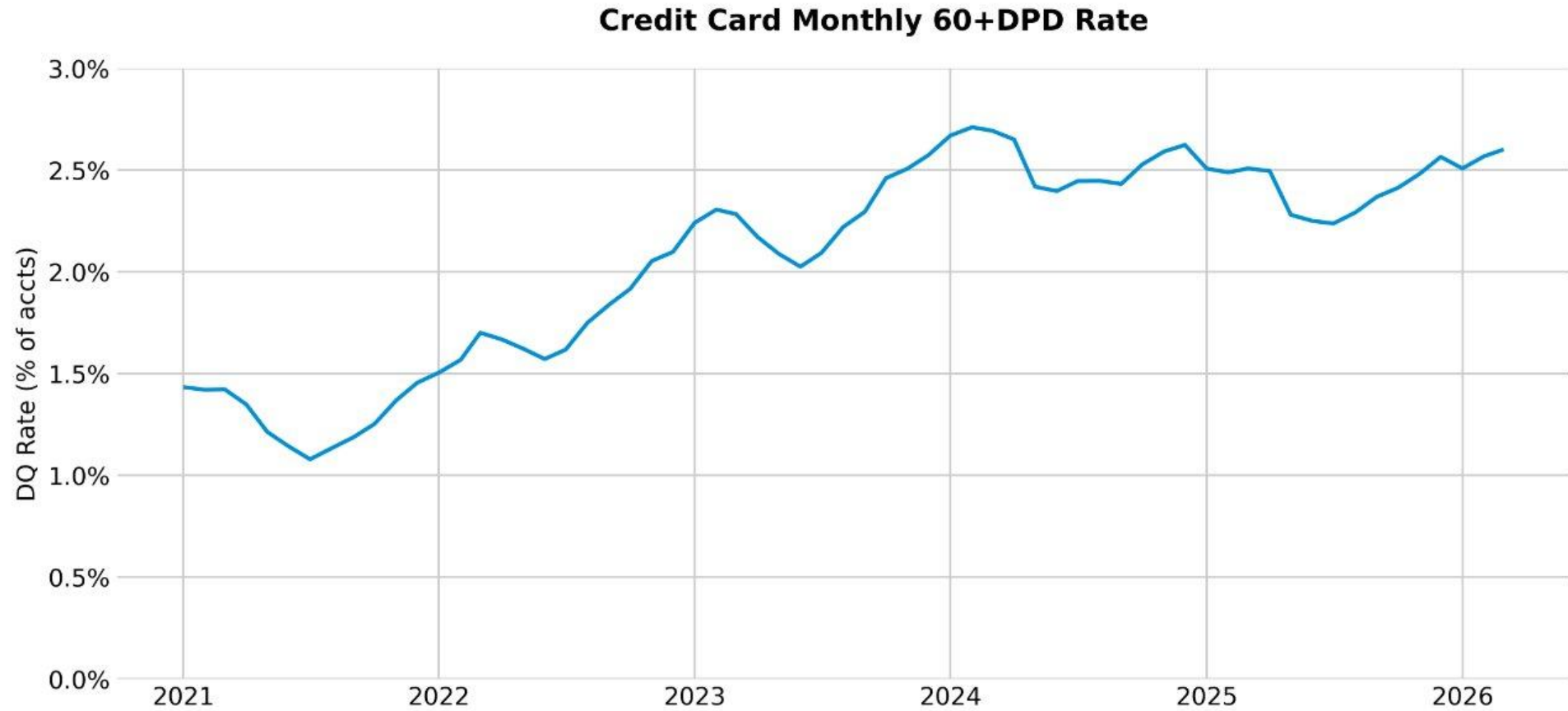


Source: 20S, [U.S. Courts F-2 \(One Month\) Reports](#) (Data as of Mar 31, 2026), [U.S. Census Bureau](#) (Data as of Jul 1, 2025)

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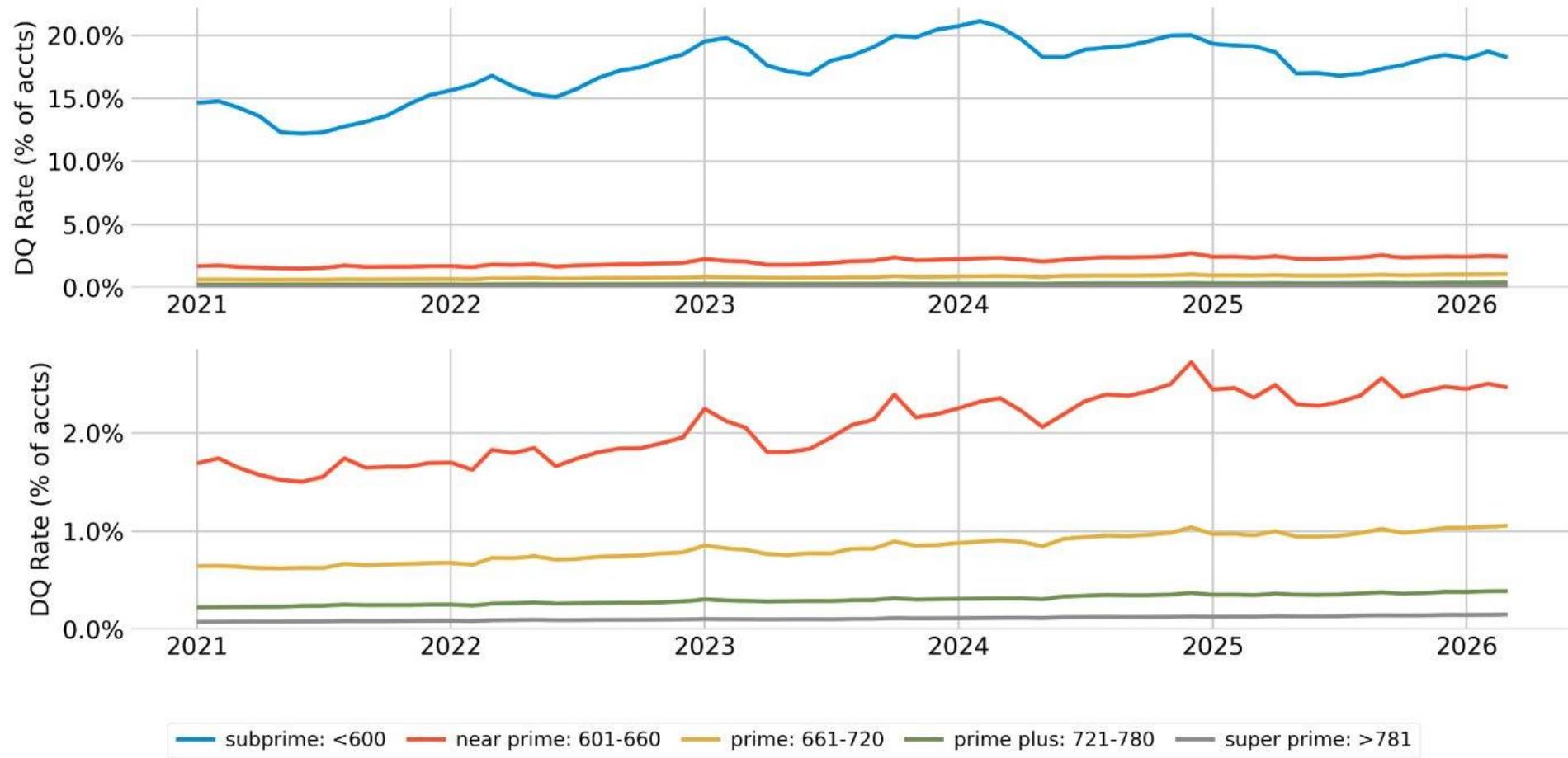
Card delinquencies rose in Q1 2026, following a 2025 end-of-year dip



Source: 20S, Equifax Ignite. Data as of Apr 20, 2026

**Q1 2026
delinquencies
remained
mostly flat
across risk
bands**

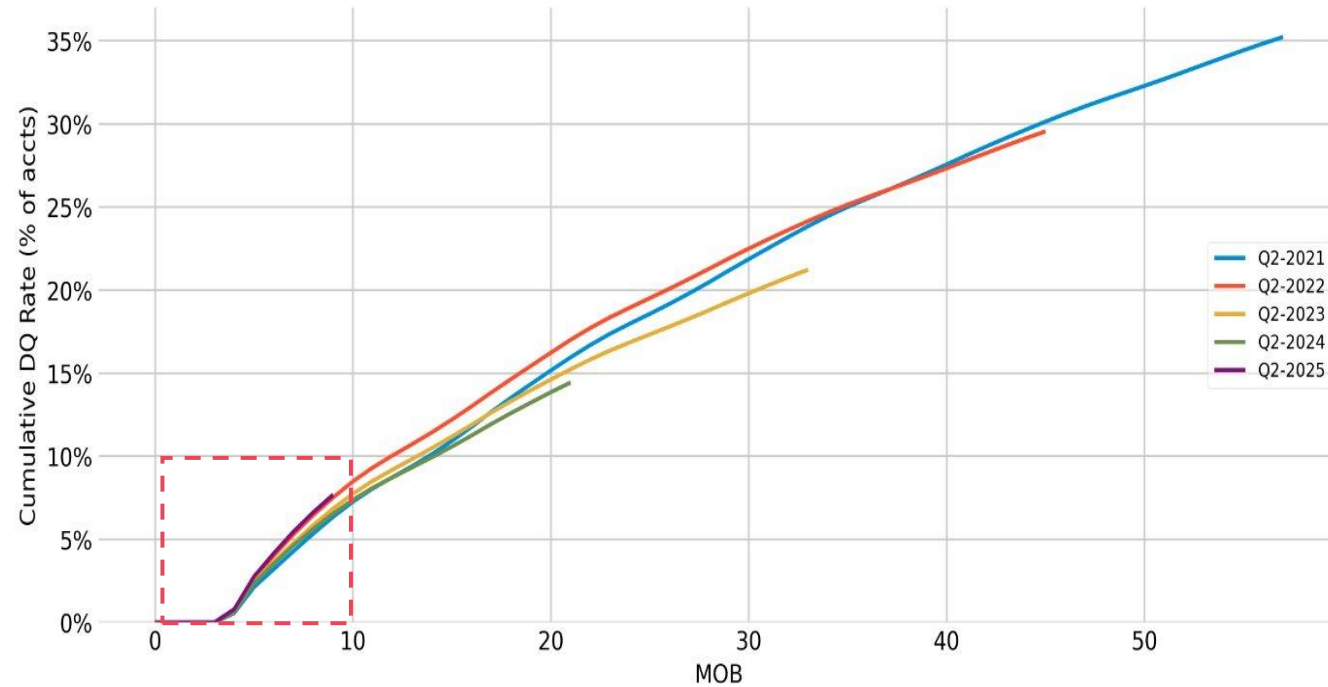
Credit Card Monthly 60+DPD Rate by Origination Vantage



Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

**2025
cumulative
delinquencies
remained
elevated and
continued to
track 2022, the
weakest cohort
in recent history**

Credit Card Cumulative 60+DPD Rate by Annual Vintage

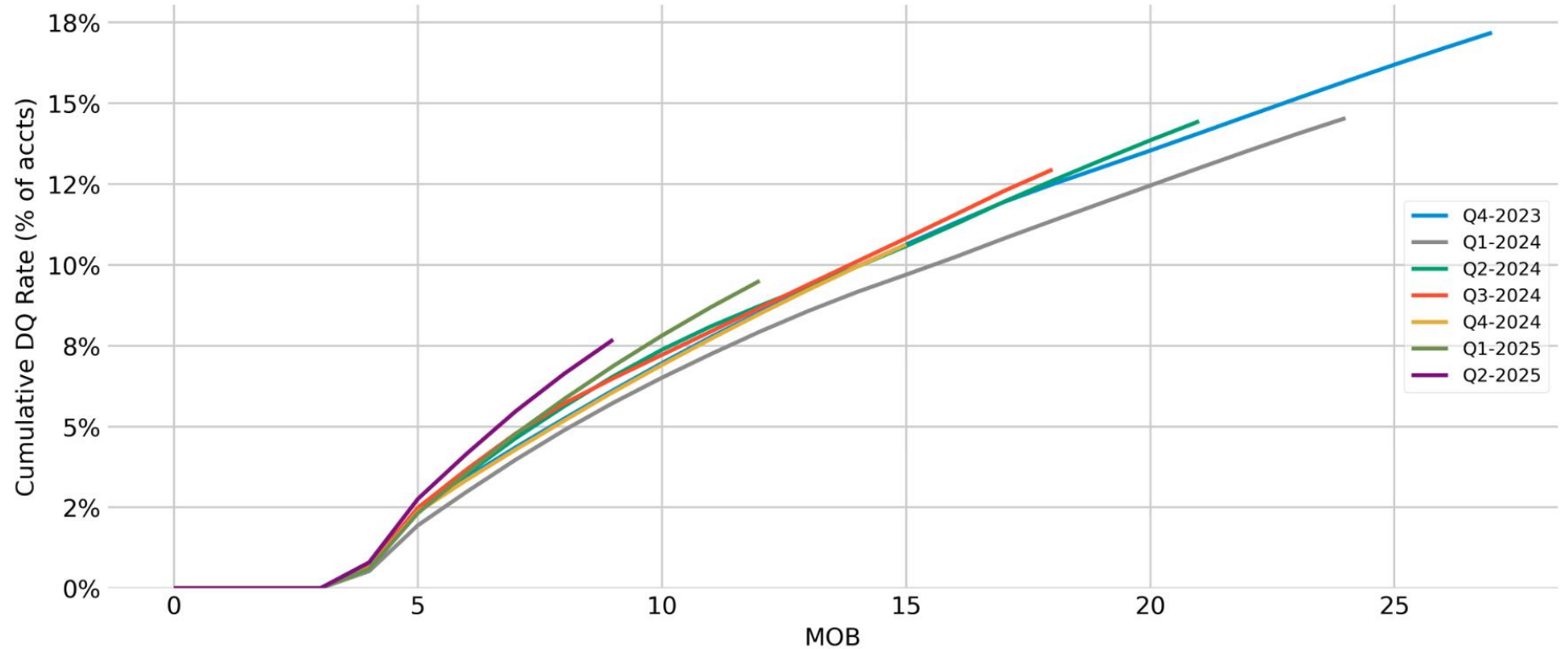


Vintage	Cumulative 60+ DPD at MOB 9
Q2 2025	7.7%
Q2 2024	6.6%
Q2 2023	6.9%
Q2 2022	7.5%
Q2 2021	6.4%

Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

Recent vintages show fanning beyond seasonal trends, with the highest delinquencies seen in the two most recent vintages

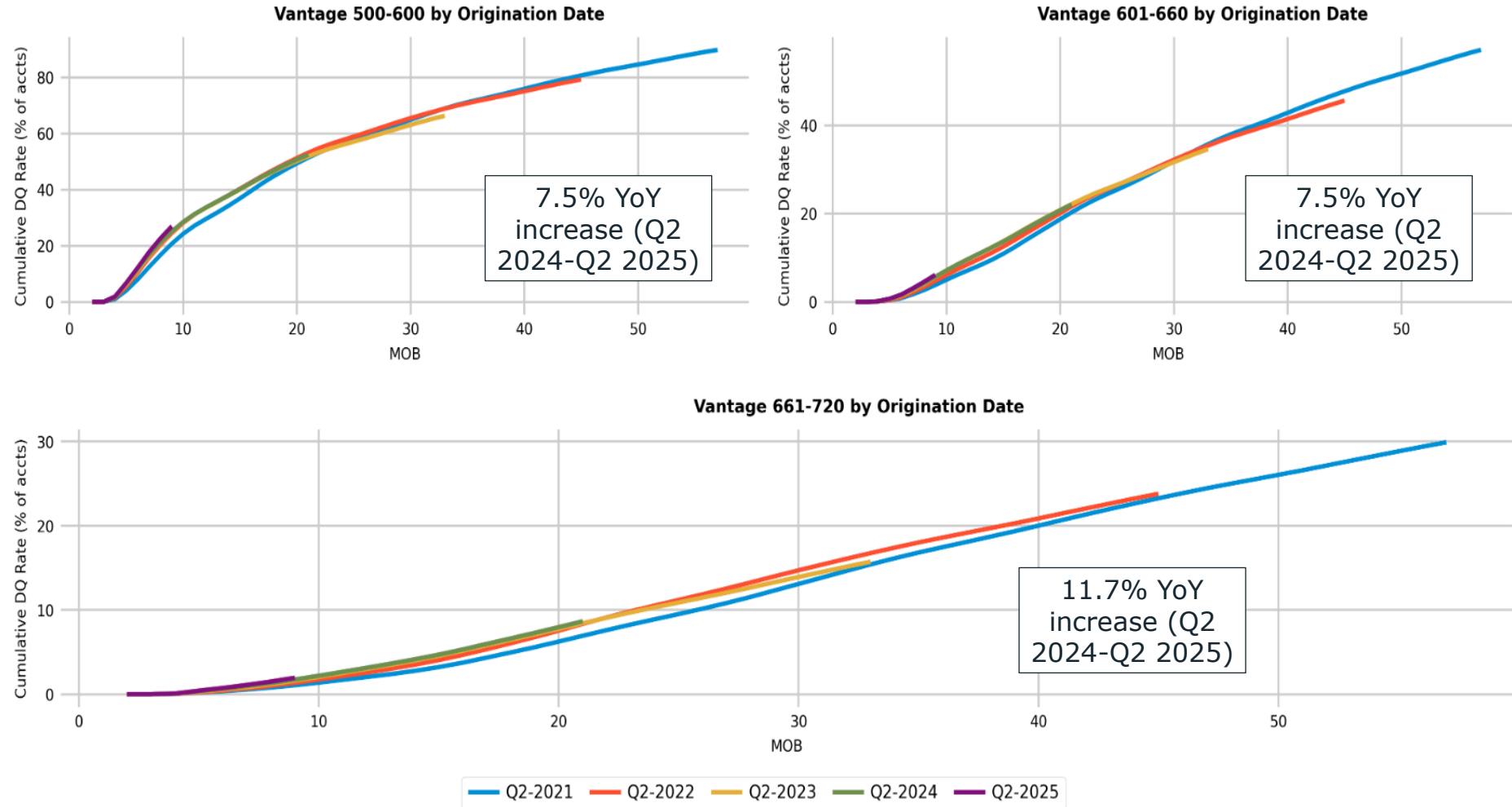
Credit Card Cumulative 60+DPD by Quarterly Vintage



Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

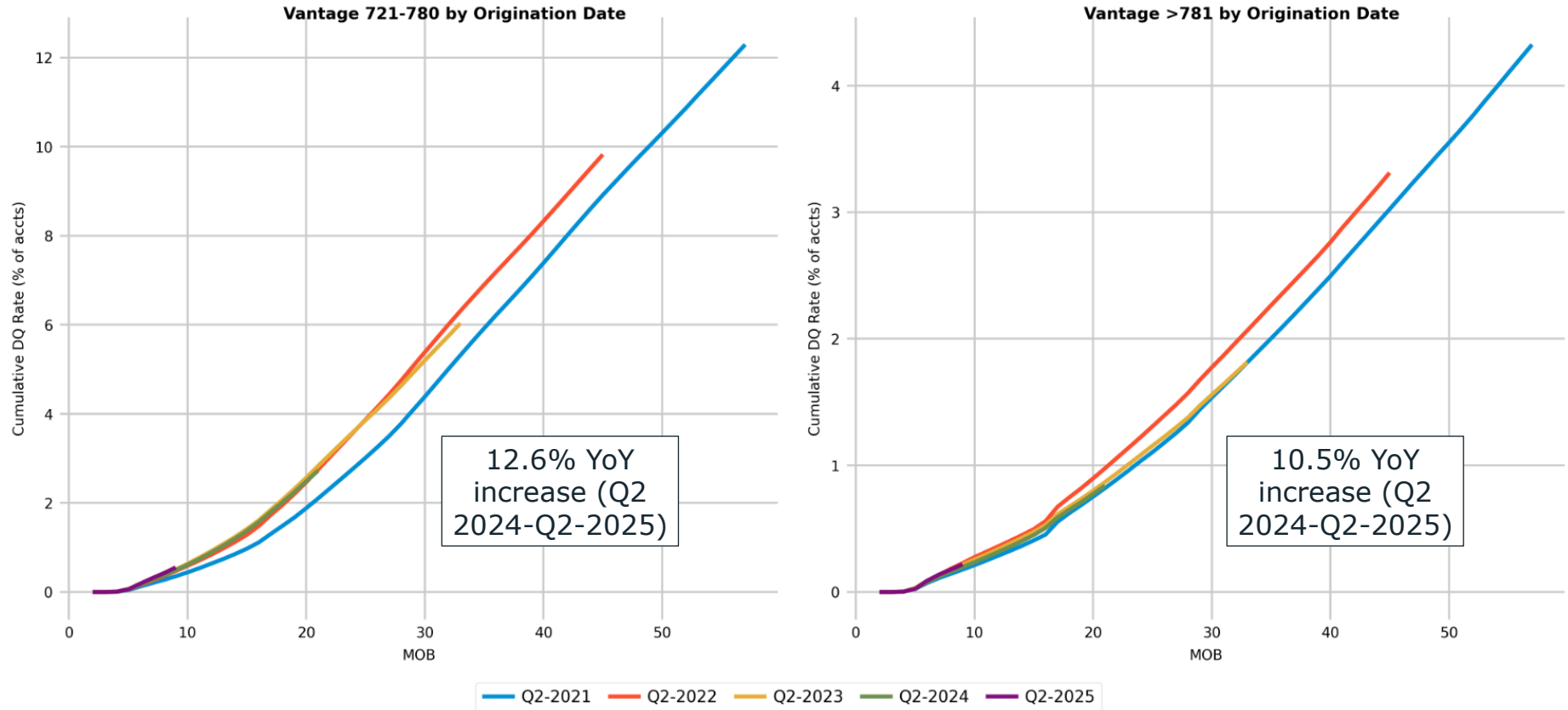
Across risk bands, Q2 2025 is performing worse than prior vintages (Slide 1 of 2)

Credit Card Cumulative 60+DPD Rate by Annual Vintage and Risk



Across risk bands, Q2 2025 is performing worse than prior vintages (Slide 2 of 2)

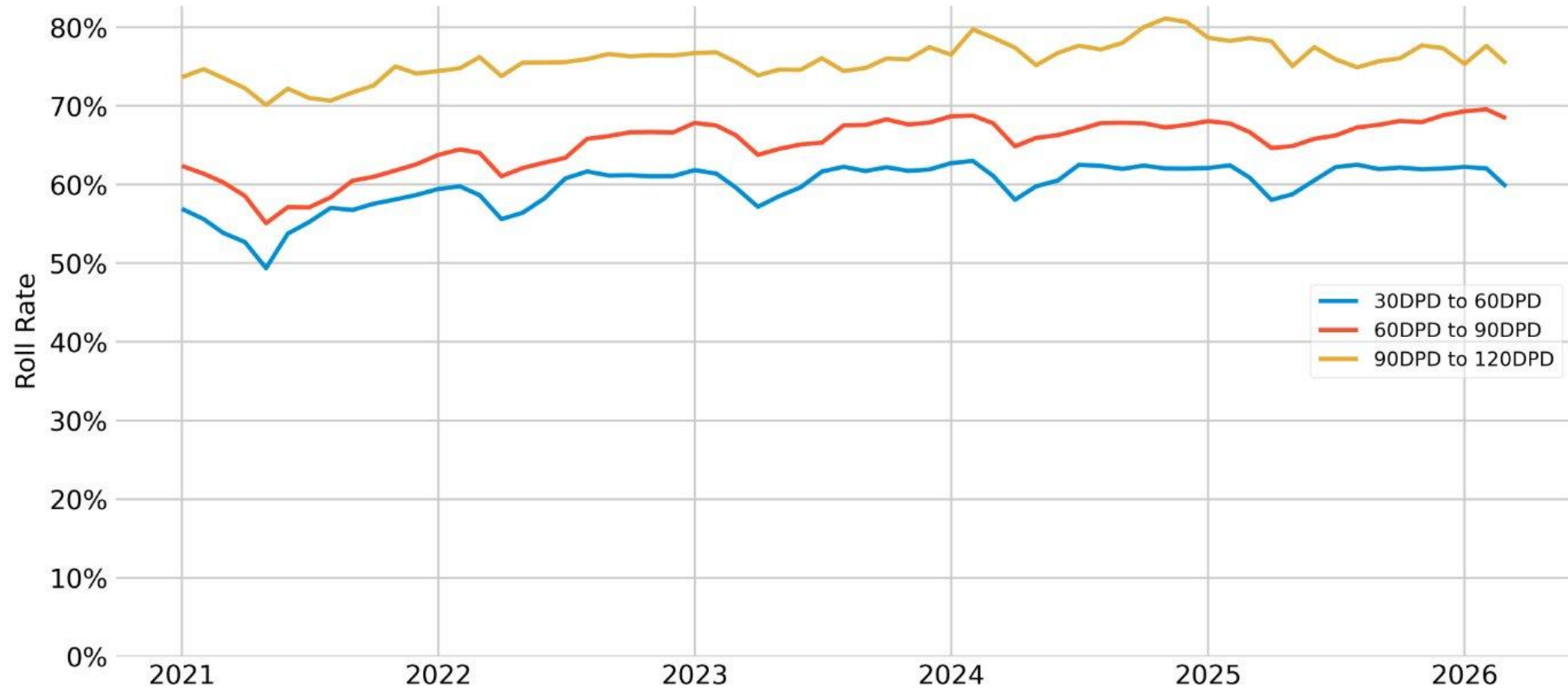
Credit Card Cumulative 60+DPD Rate by Annual Vintage and Risk



Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

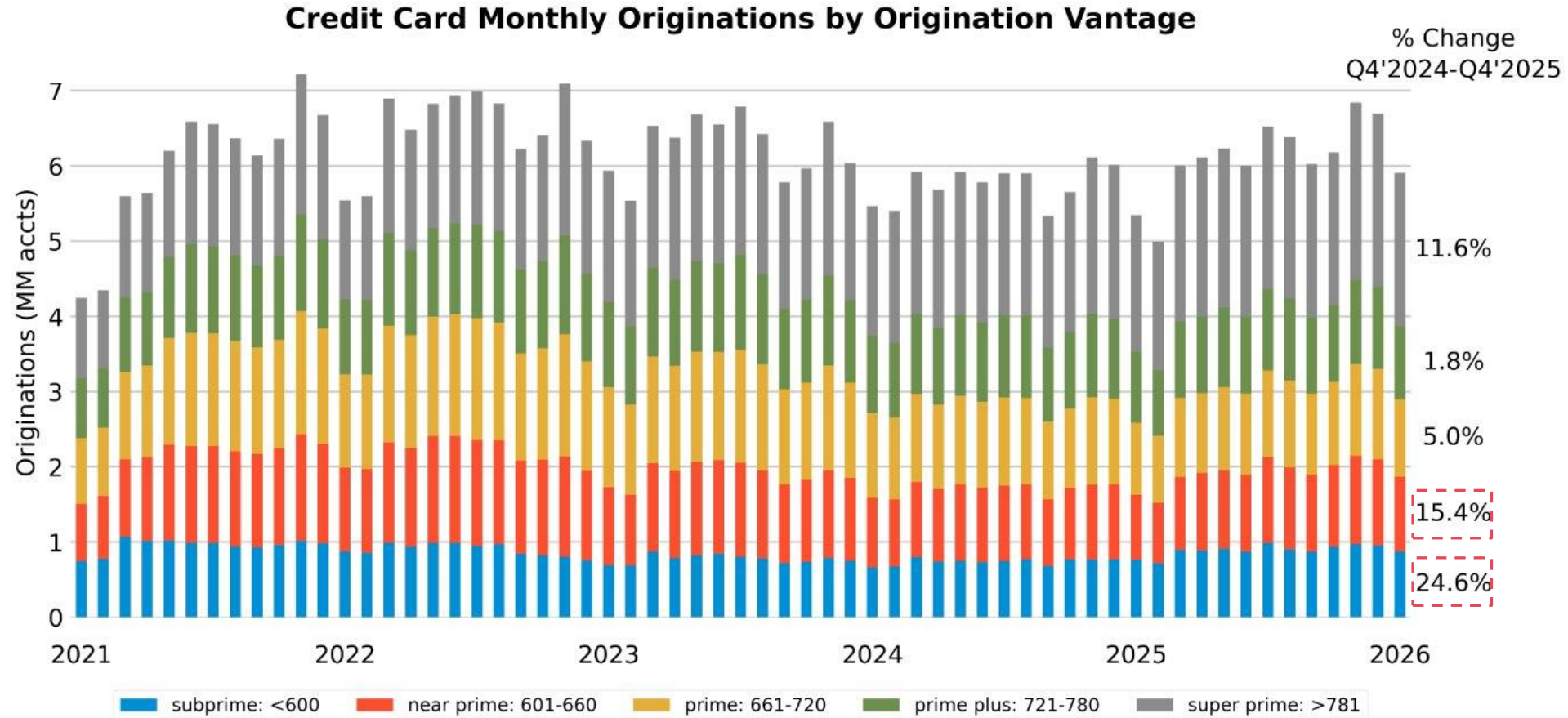
Roll rates dipped in the latter half of Q1 2026, in line with seasonal trends

Credit Card Monthly Roll Rates

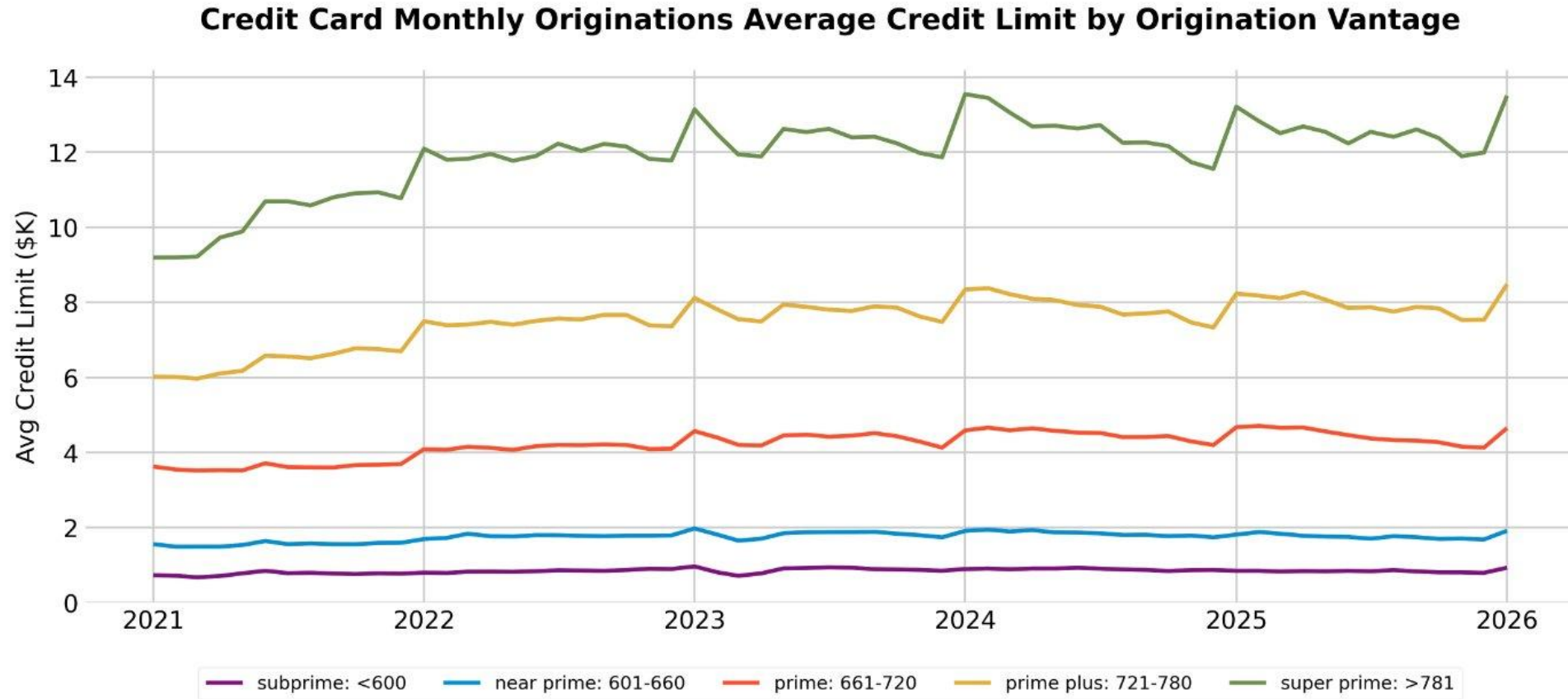


Source: 20S, Equifax Ignite. Data as of Apr 20, 2026

YoY growth in subprime and near prime surpassed other risk bands, with super prime growth not far behind

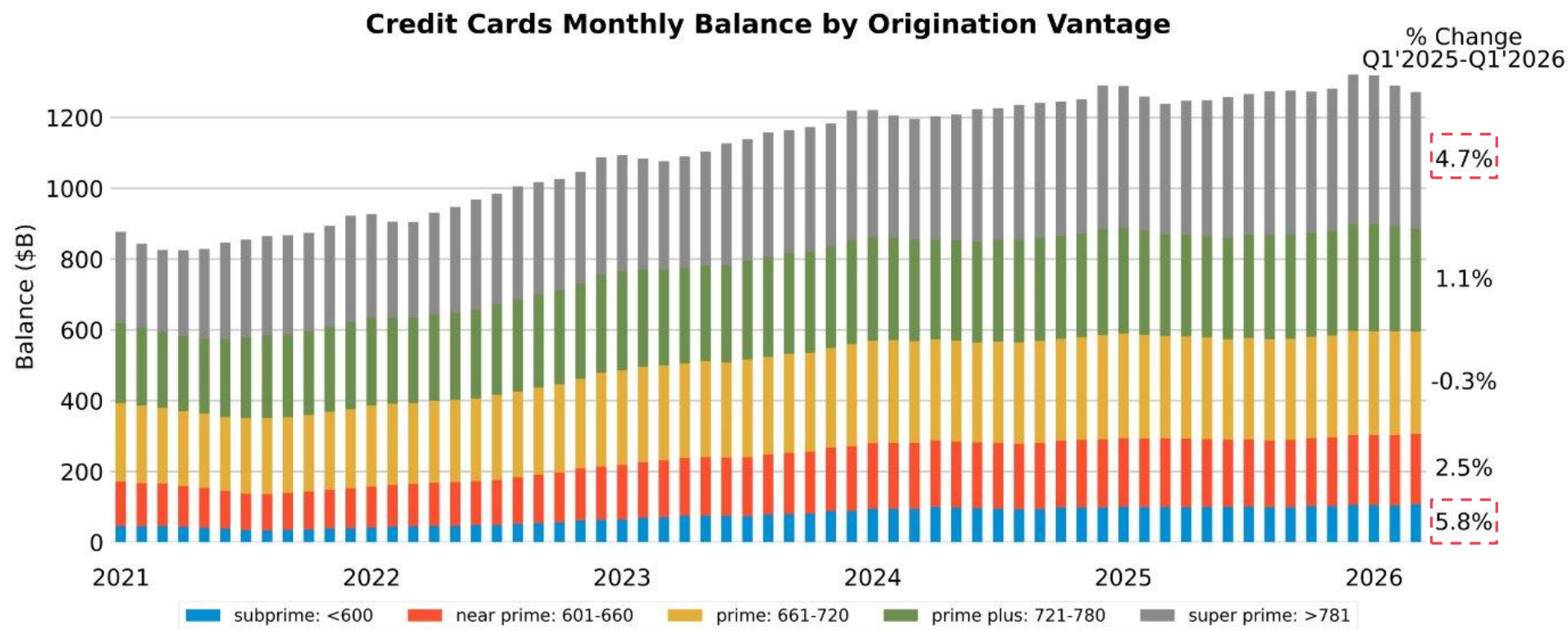


Average credit limits ticked up at the end of 2025, in line with seasonal patterns



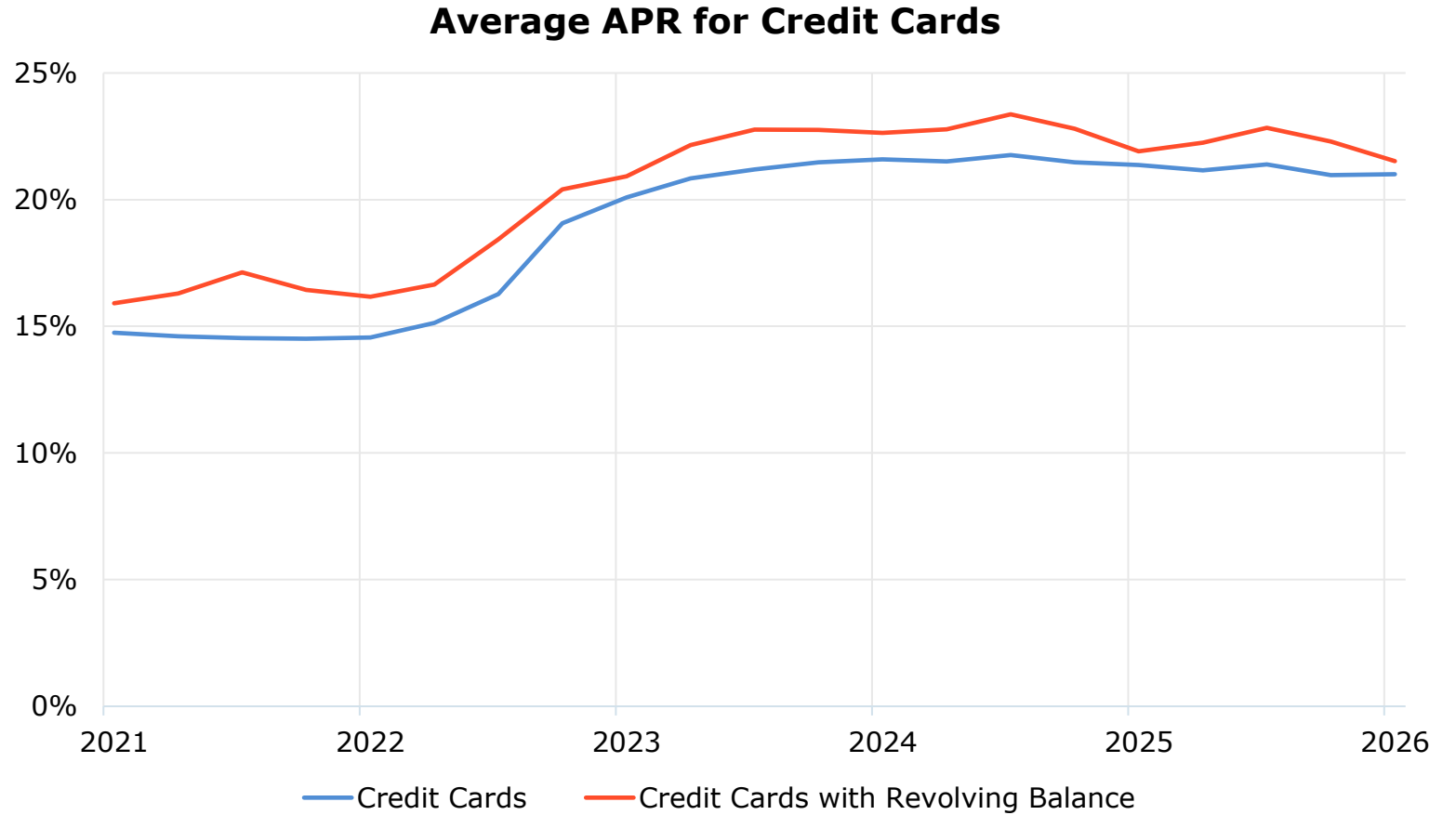
Source: 20S, Equifax Ignite. Data as of Apr 20, 2026

Credit card debt was mostly steady, rising in subprime and super prime risk tiers



Source: 20S, Equifax Ignite. Data as of Apr 20, 2026

Card APRs remained stable overall, with a decrease among cards with a revolving balance

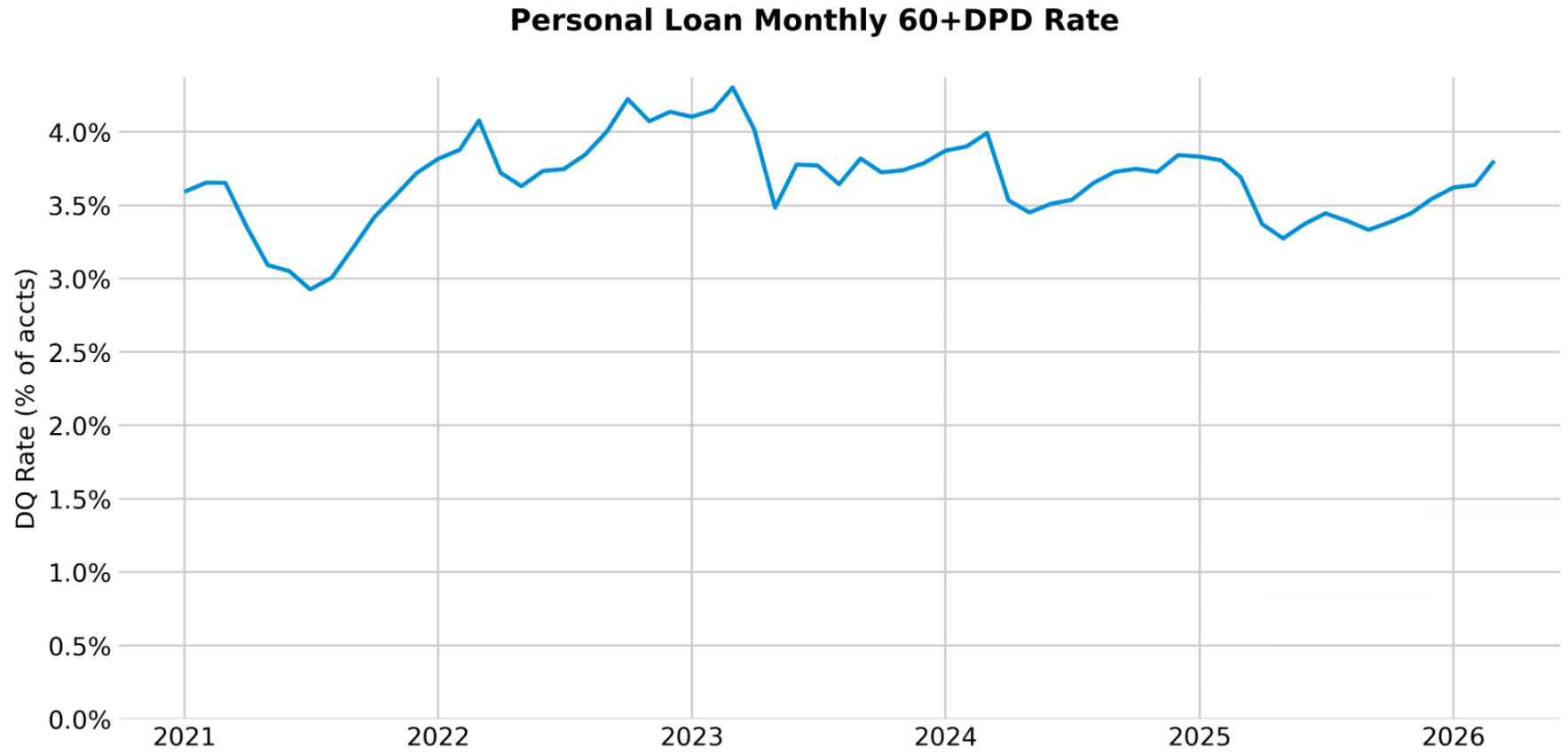


Source: 20S, Federal Reserve G19 [report](#). Data as of Apr 7, 2026

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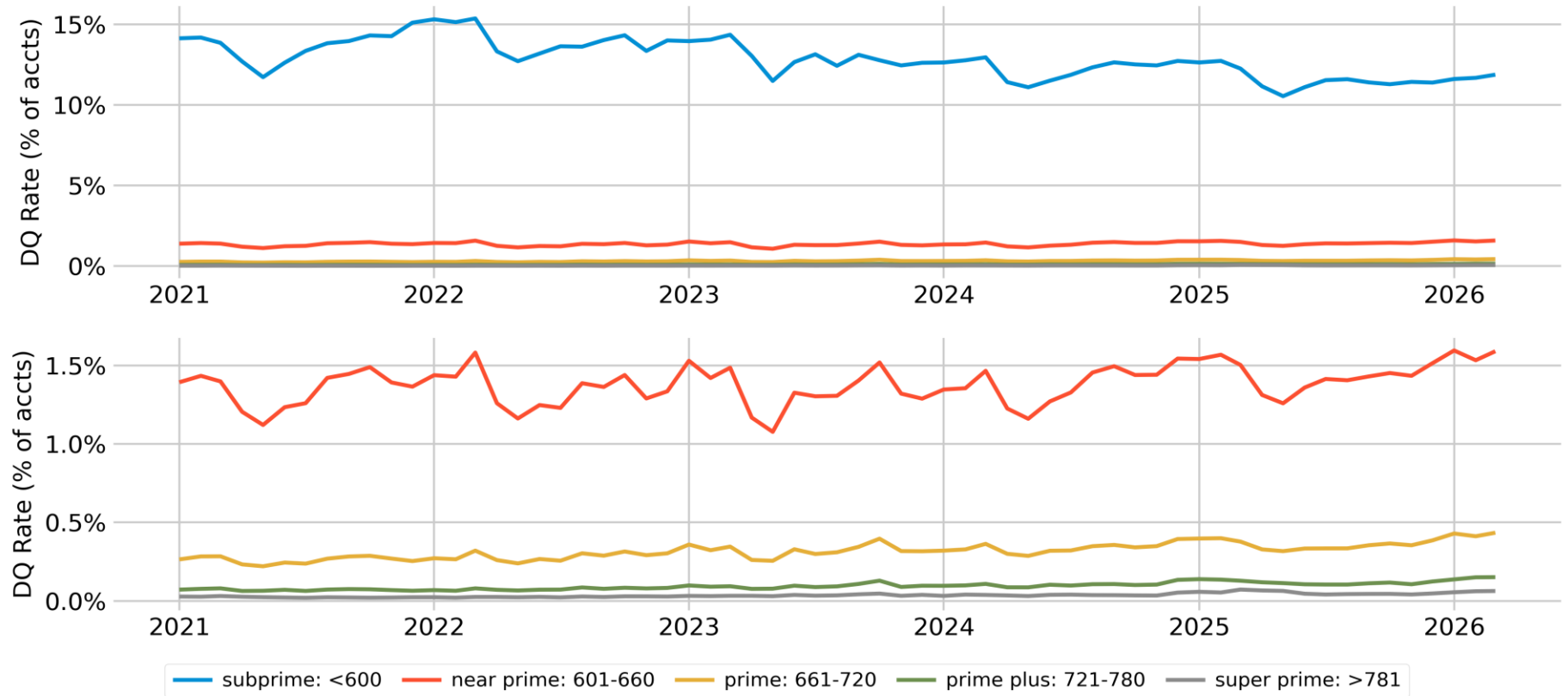
**60+ DPD rates
rose for personal
loans in Q1 2026**



Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

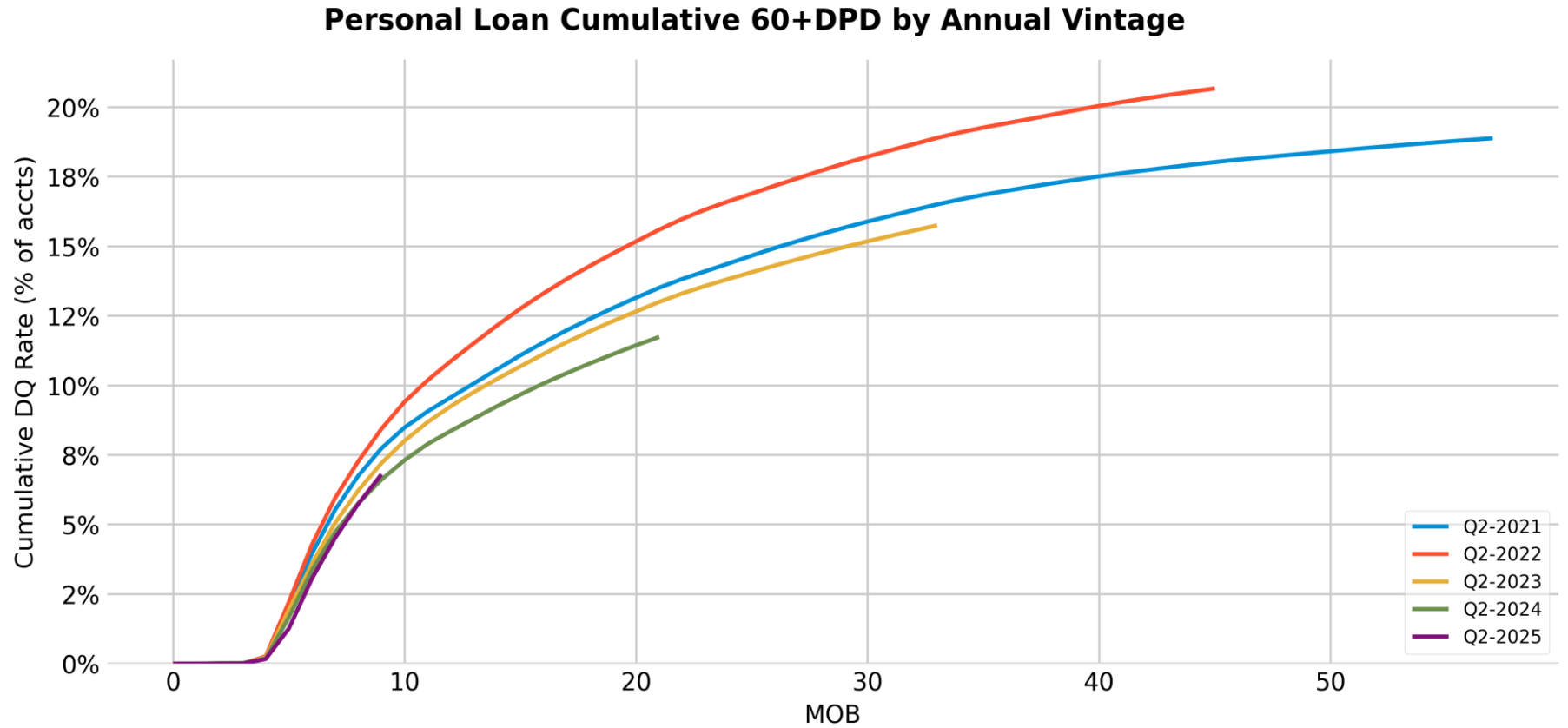
Rising delinquencies occurred across risk bands, with slight increases in all Vantage tiers

Personal Loan Monthly 60+DPD Rate by Origination Vantage



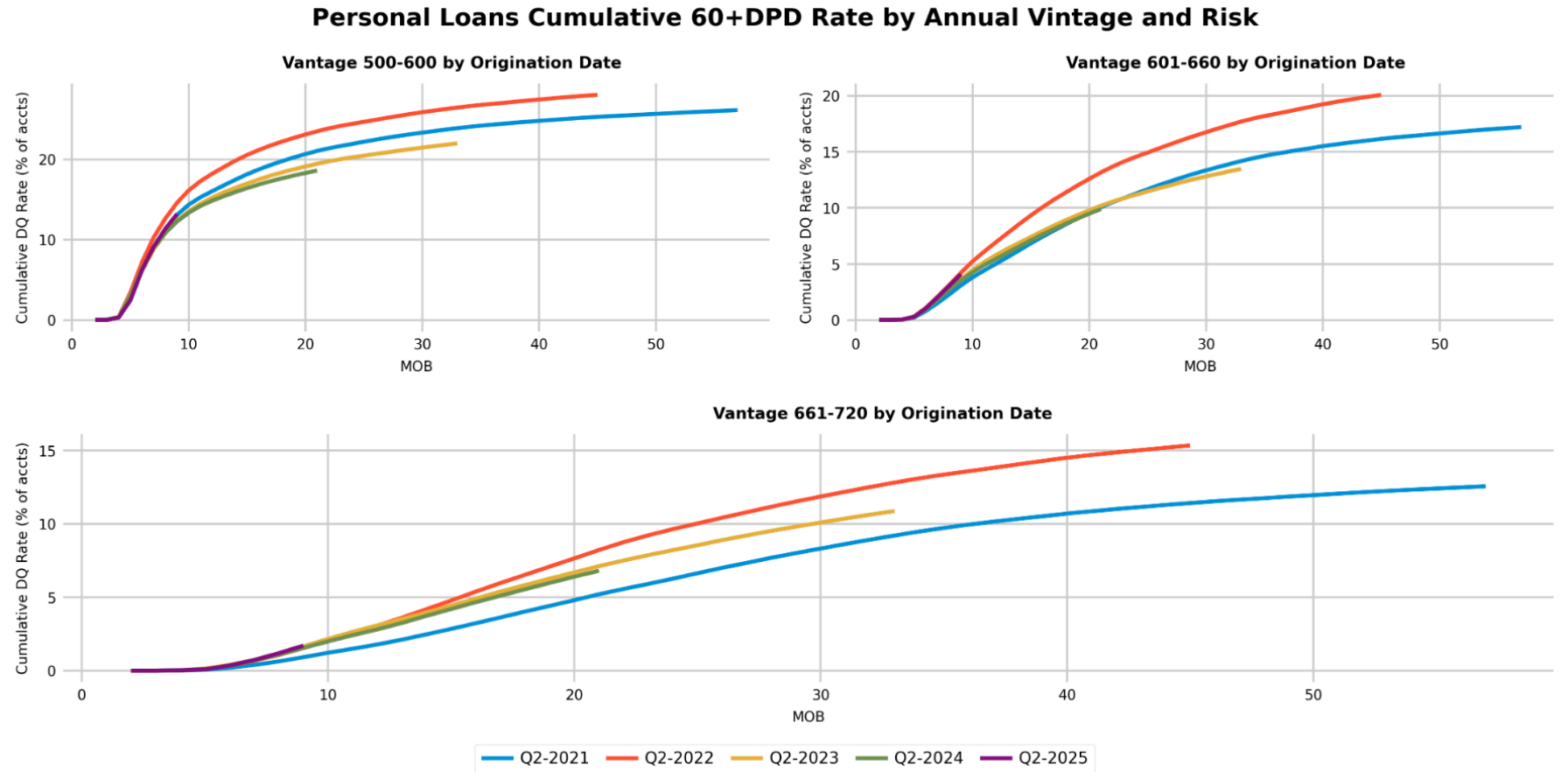
Source: 20S, Equifax Ignite. Data as of Apr 20, 2026

The Q2 2025 vintage performed in line with or better than recent years



Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

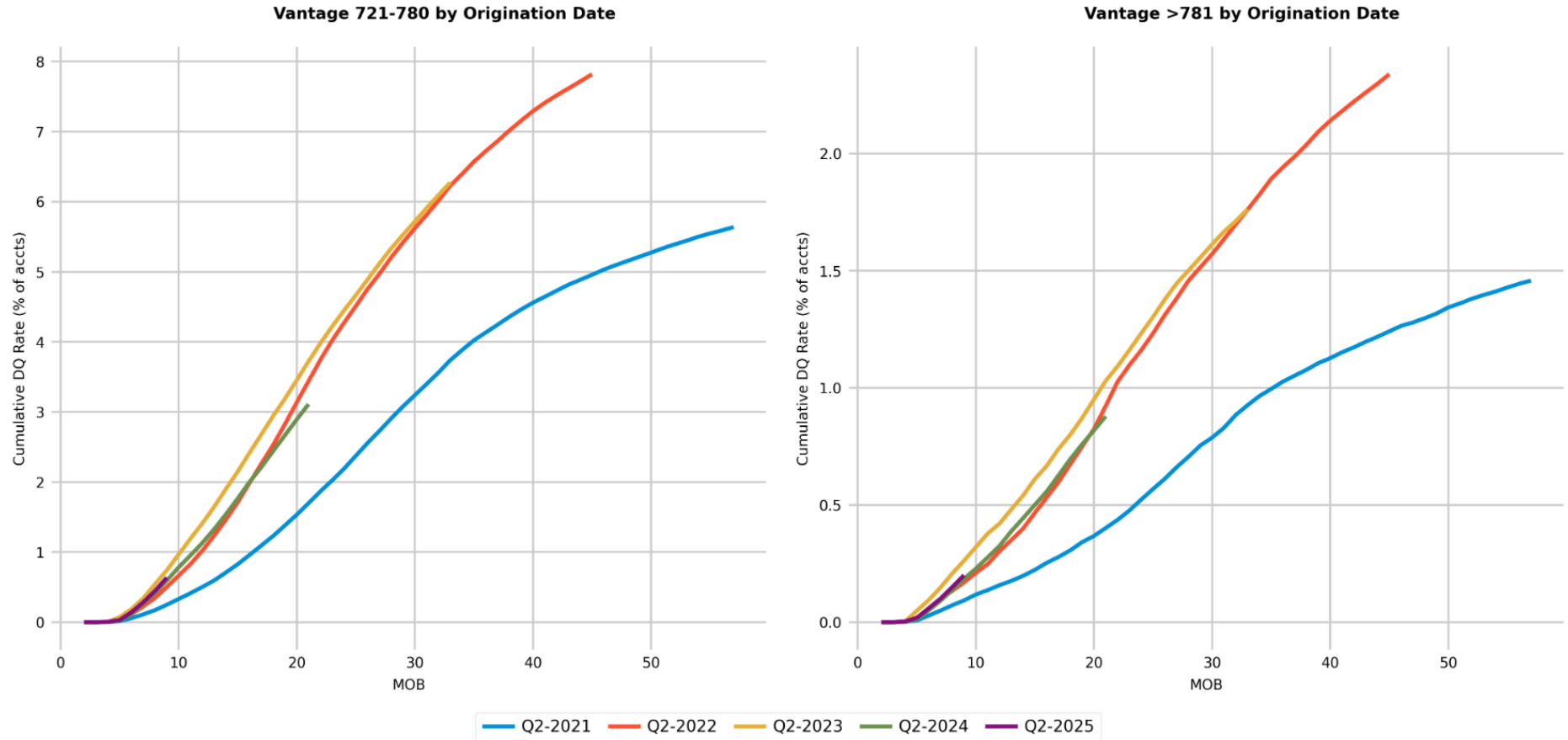
**Q2 2025
performance in
lower Vantage
bands was
weaker than
recent vintages,
particularly in
prime
(Slide 1 of 2)**



Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

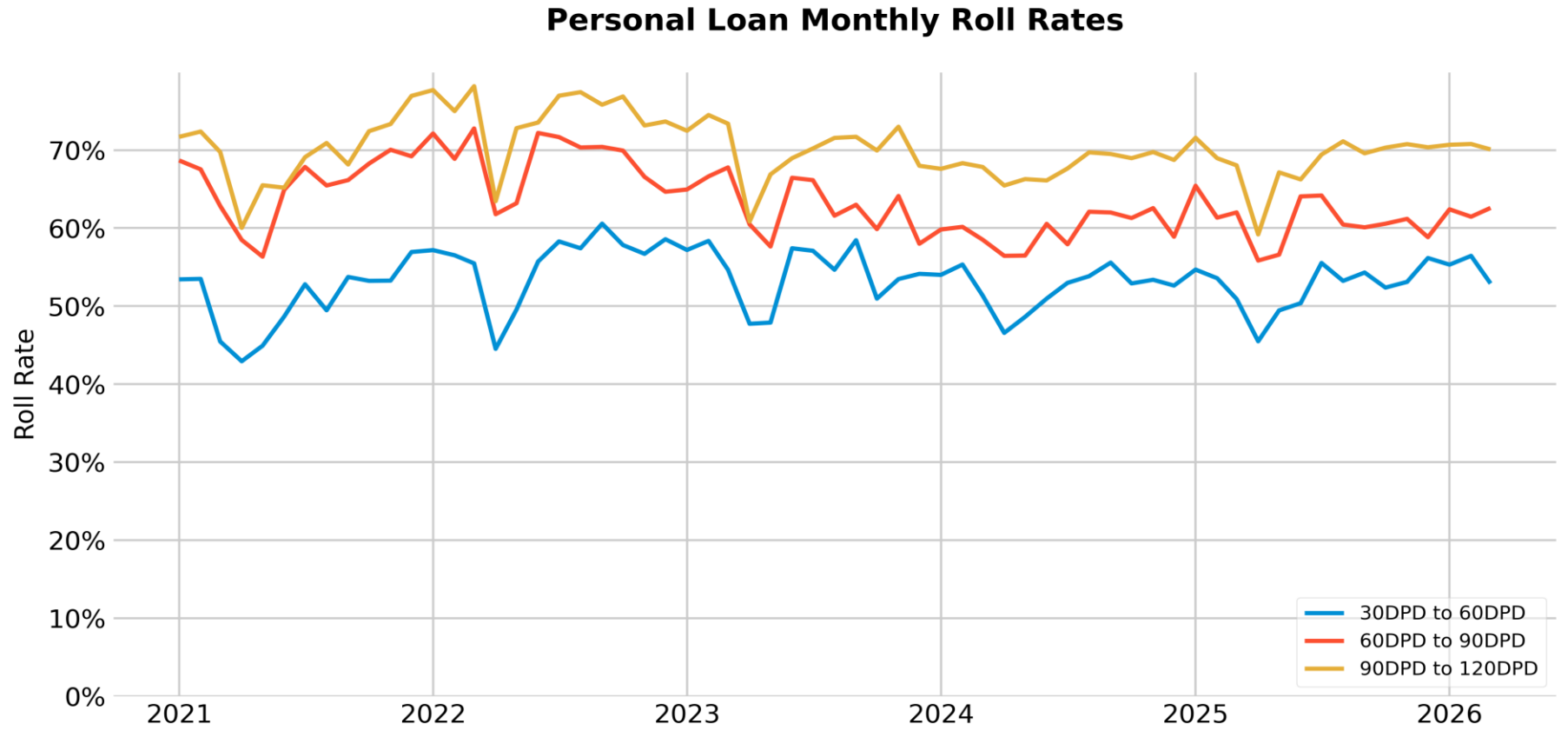
For higher
Vantage tiers,
Q2 2025
delinquencies
align with
recent years
(Slide 2 of 2)

Personal Loans Cumulative 60+DPD Rate by Annual Vintage and Risk



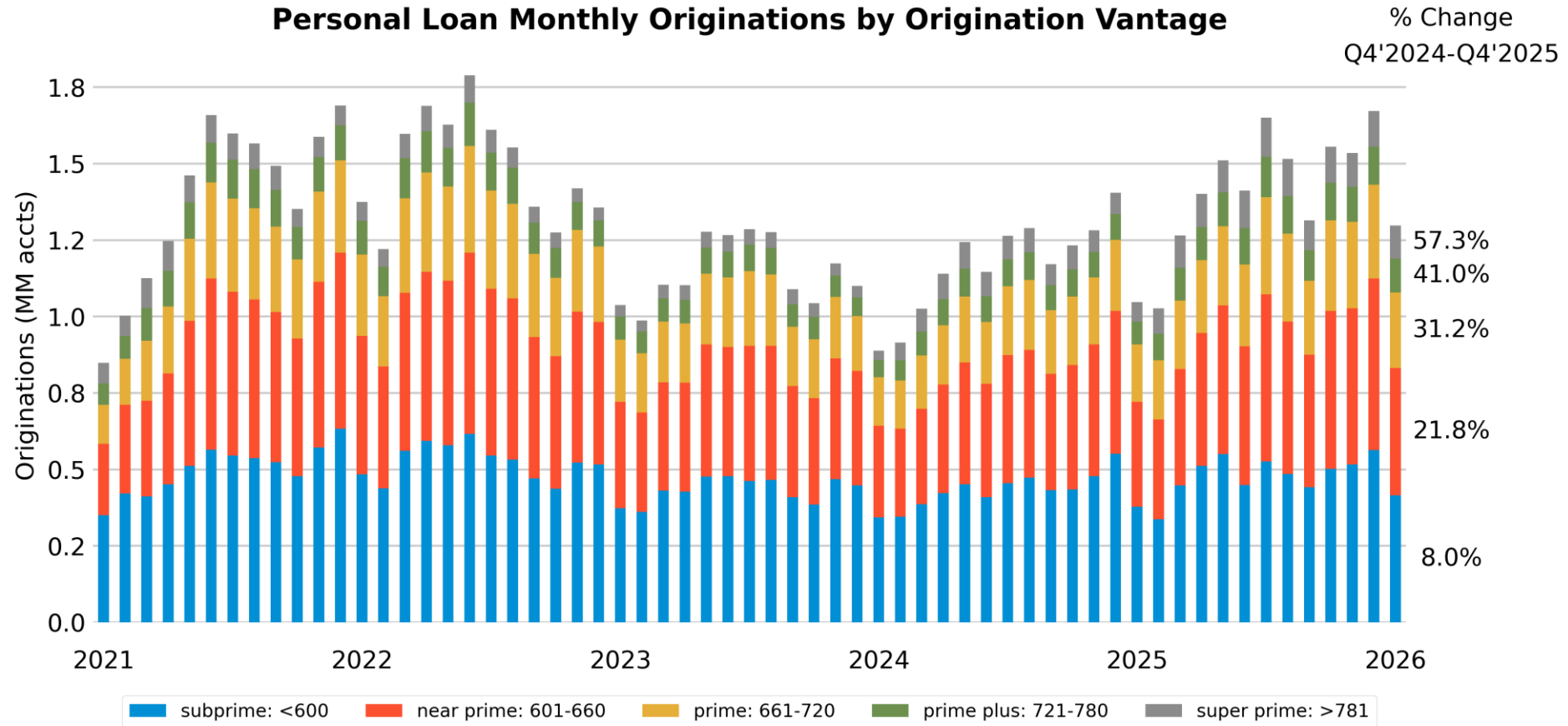
Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

Fluctuations in
PL roll rates
align with
seasonal trends

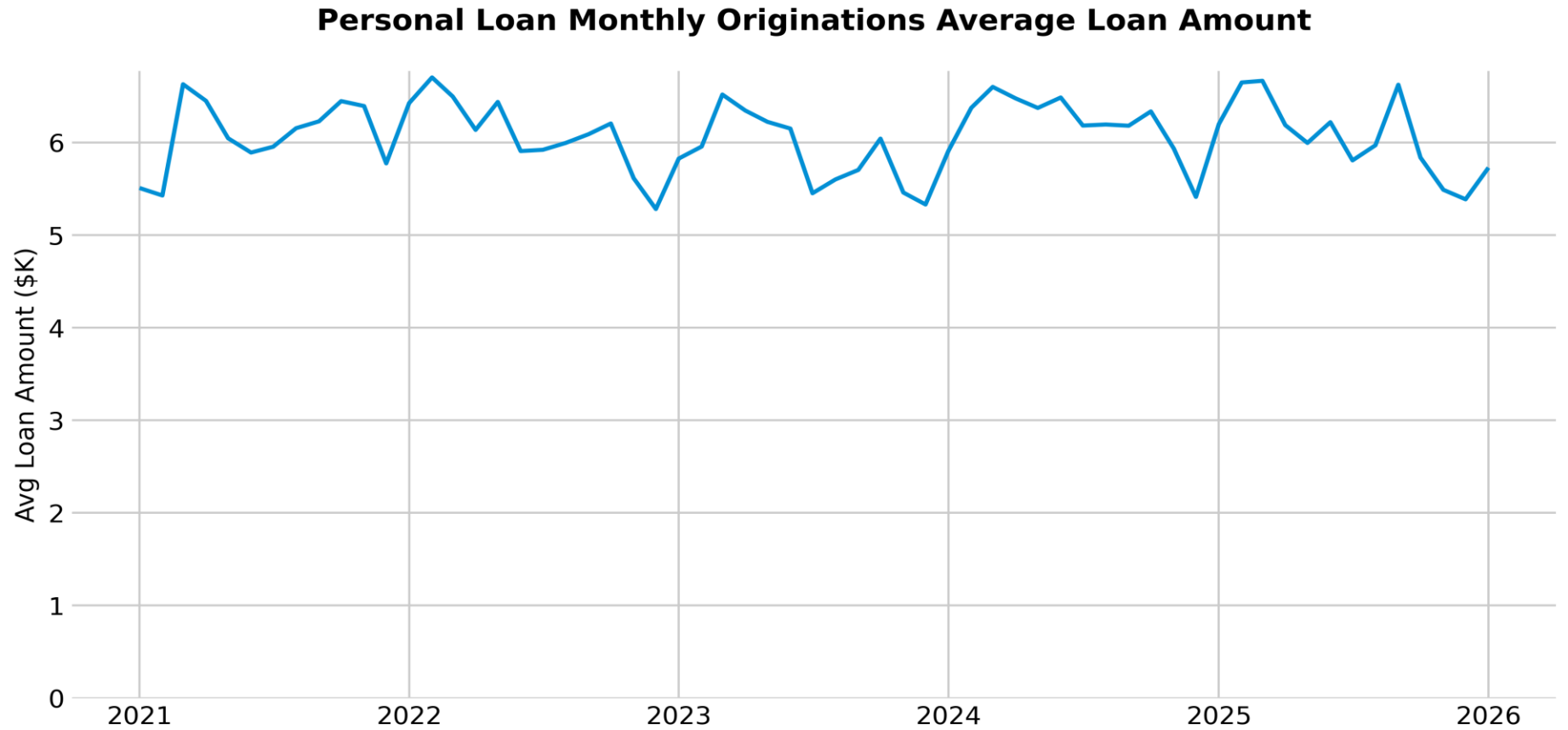


Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

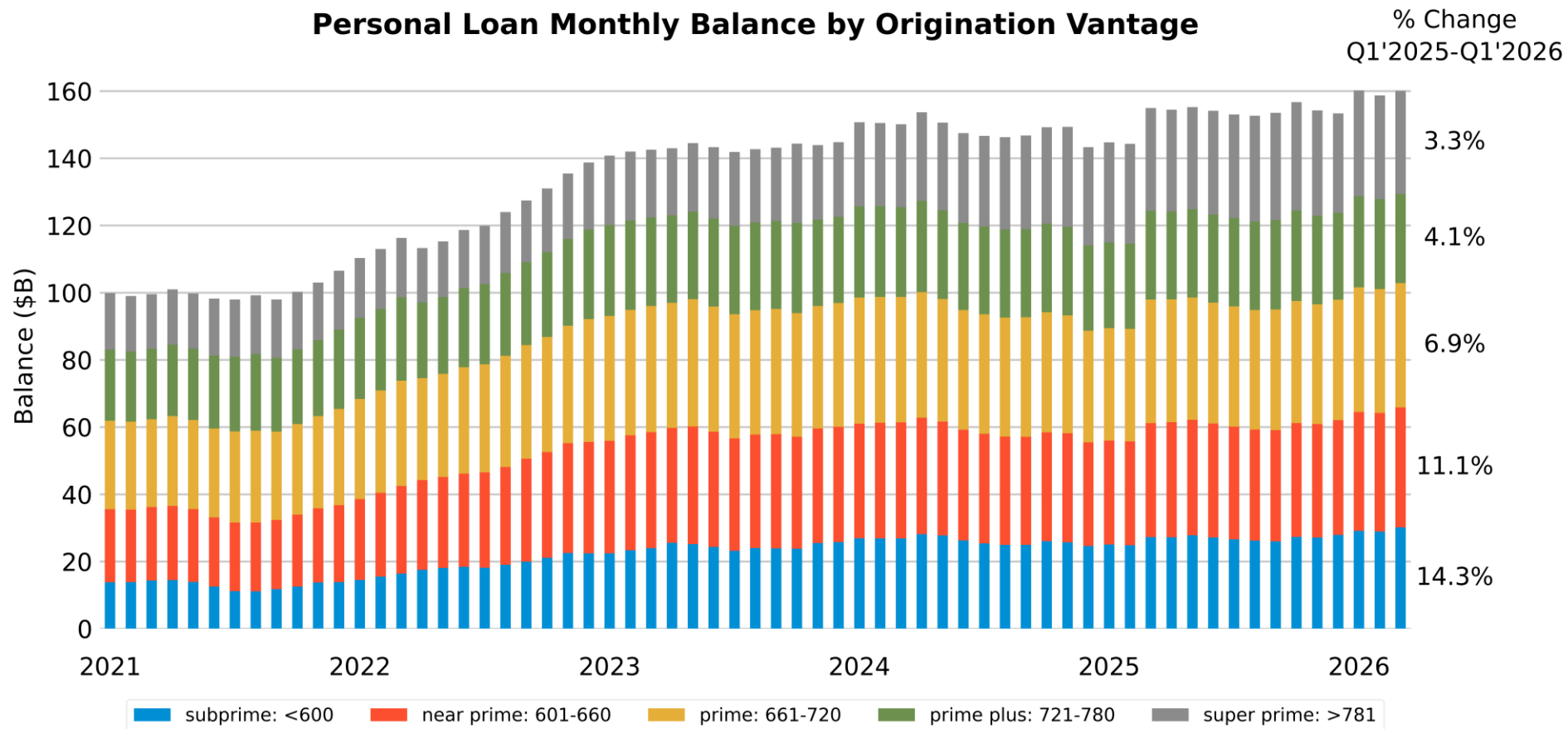
YoY change in monthly originations is significantly elevated, particularly in higher Vantage bands



Average loan amounts remained relatively stable



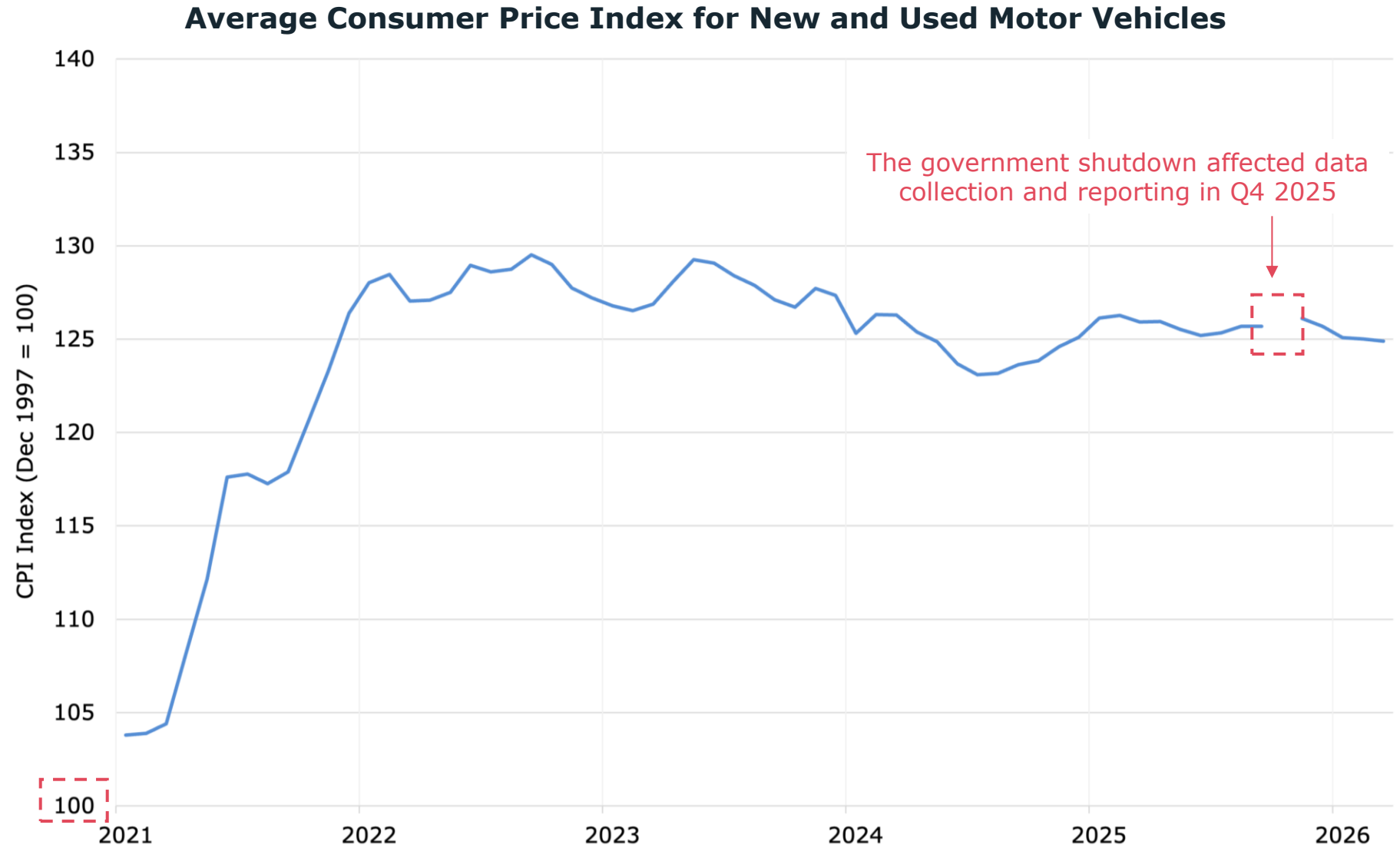
Origination growth drove an increase in monthly balances, especially in lower Vantage tiers



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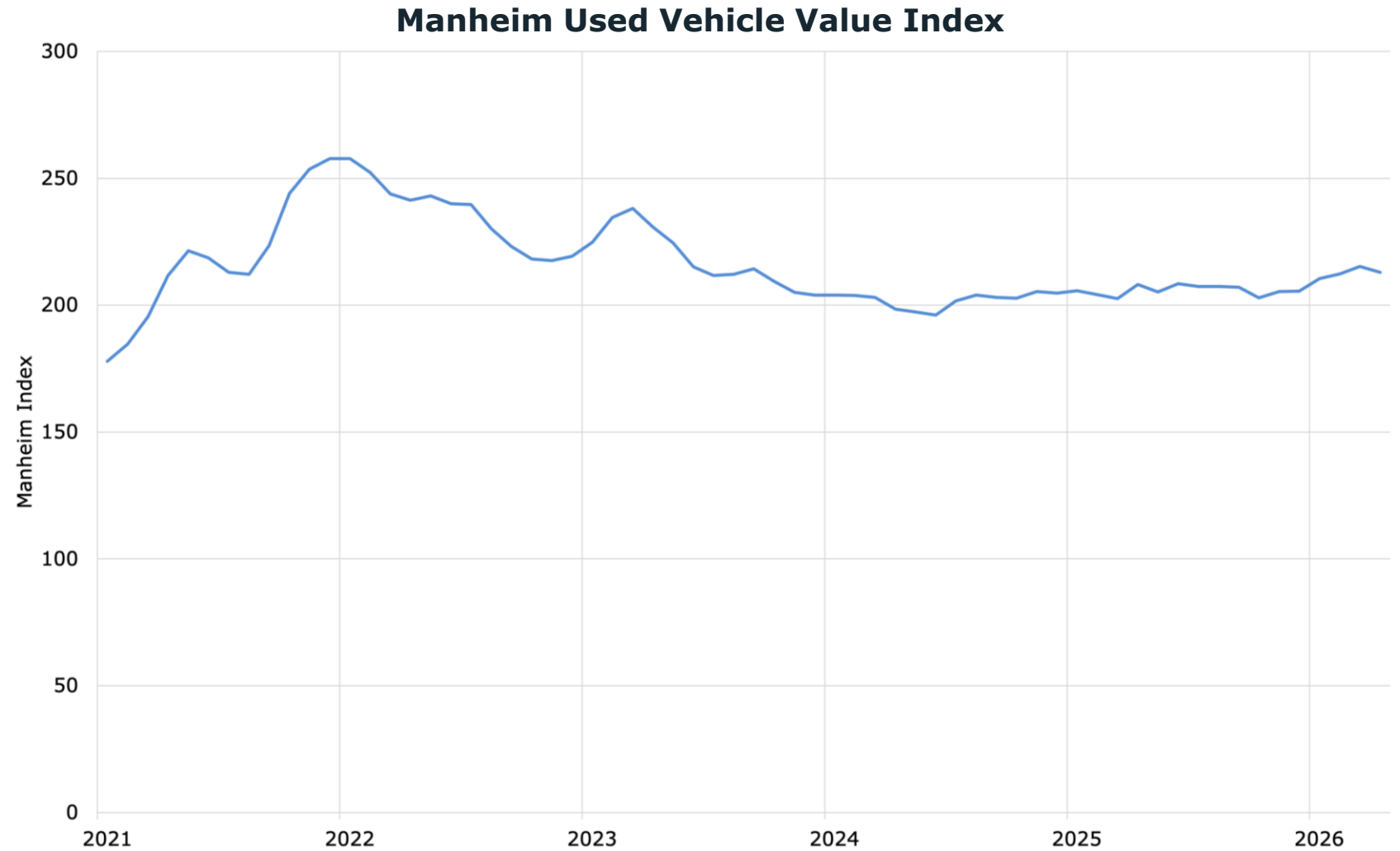


**New and used
vehicle prices
remained
relatively
stable through
Q1 2026**



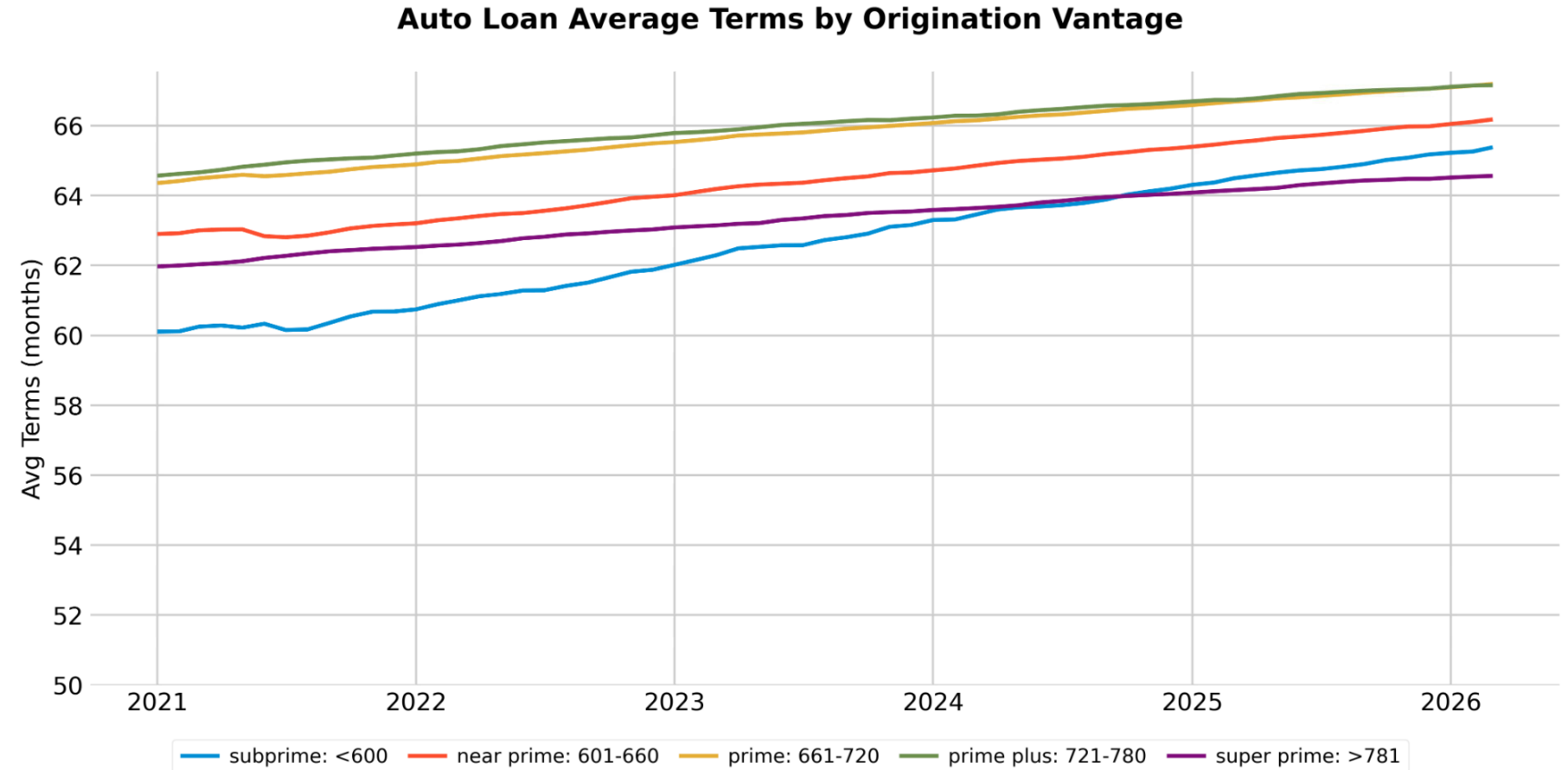
Source: 20S, [FRED](#). Data as of Apr 10, 2026

Used vehicle prices saw a continued rise in early 2026, with a slight decline in March



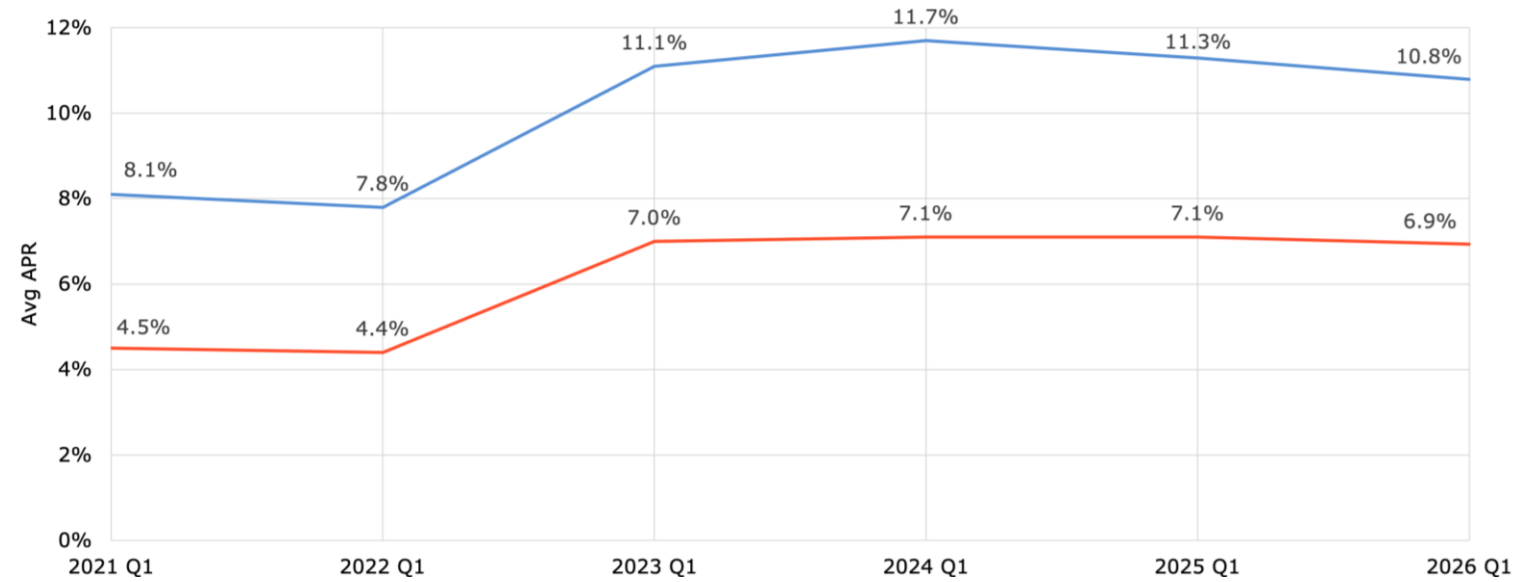
Source: 20S, [Manheim](#). Data as of Apr 17th, 2026

Auto loan terms lengthened across Vantage tiers in 2026, with the largest increases among subprime borrowers



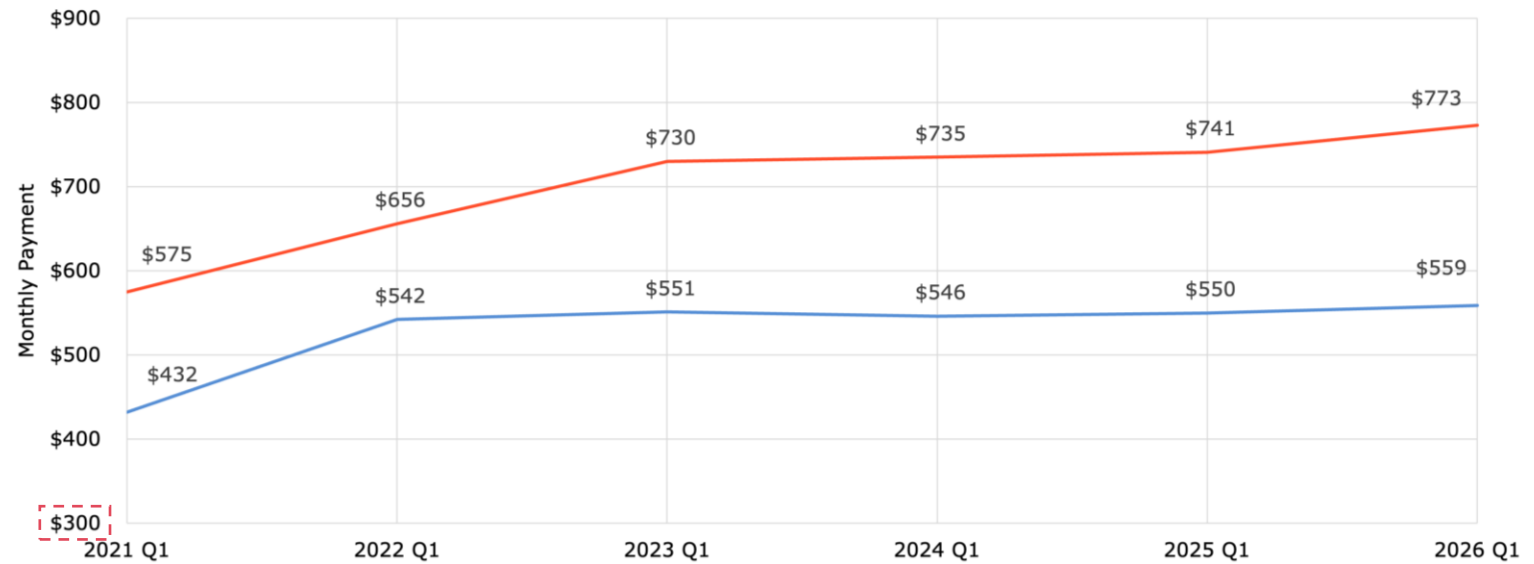
While auto loan APRs continued to ease in Q1, average monthly car payments rose to record highs

Average APR on New & Used Cars



— New Car
— Used Car

Average Monthly Payment on New & Used Cars



Source: [Edmunds](#) reports 2020-2026. Data as of Apr 1, 2026

Auto loan delinquency rates continued to rise in Q1, exceeding recent peaks

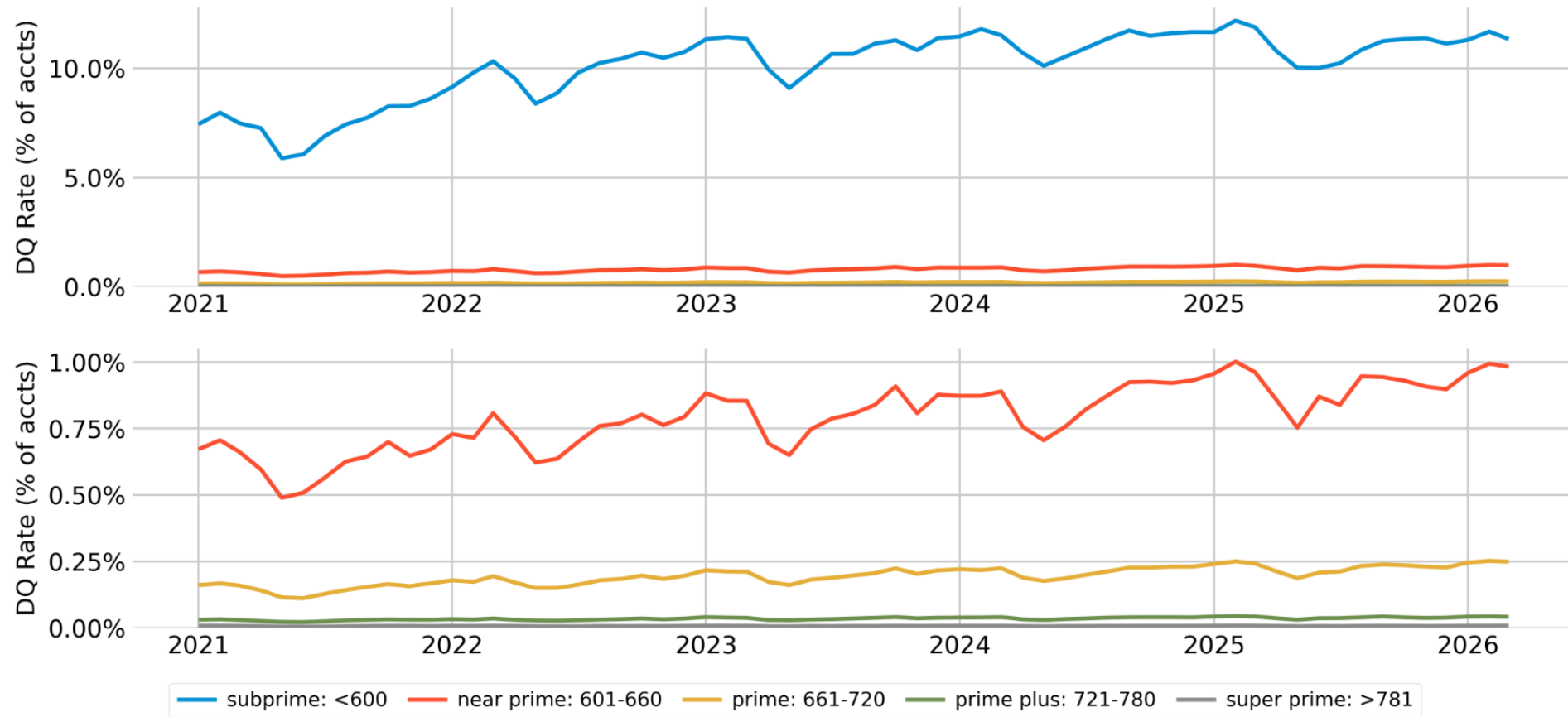
Auto Loan Monthly 60+DPD Rate



Source: 20S, Equifax Ignite. Data as of Apr 20, 2026

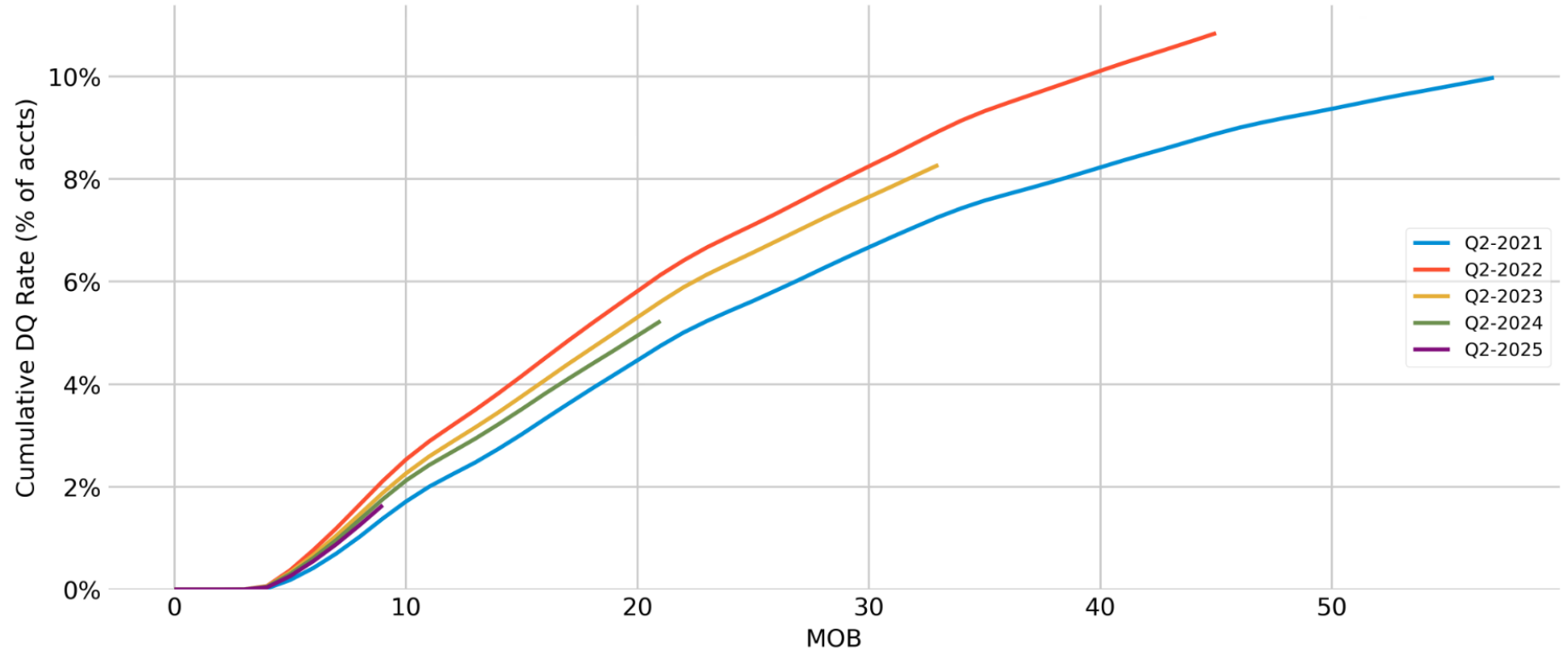
Delinquency rates remained elevated, driven primarily by subprime and near prime bands

Auto Loan Monthly 60+DPD Rate by Origination Vantage



Q2 2025 delinquencies showed improvement relative to the previous three years

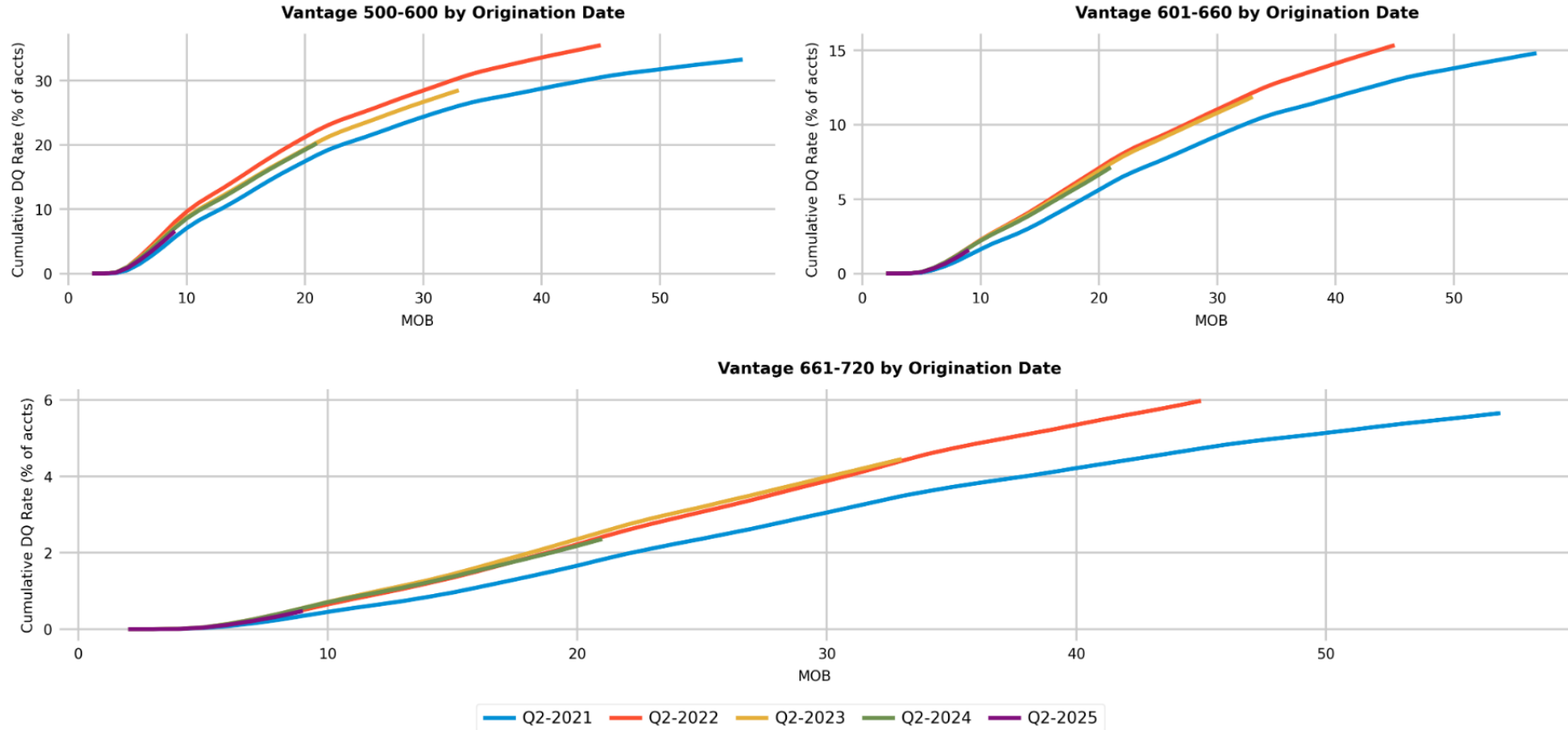
Auto Loan Cumulative 60+DPD by Annual Vintage



Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

Subprime Q2 2025 vintages slightly outperformed the past three years, while other bands held steady (Slide 1 of 2)

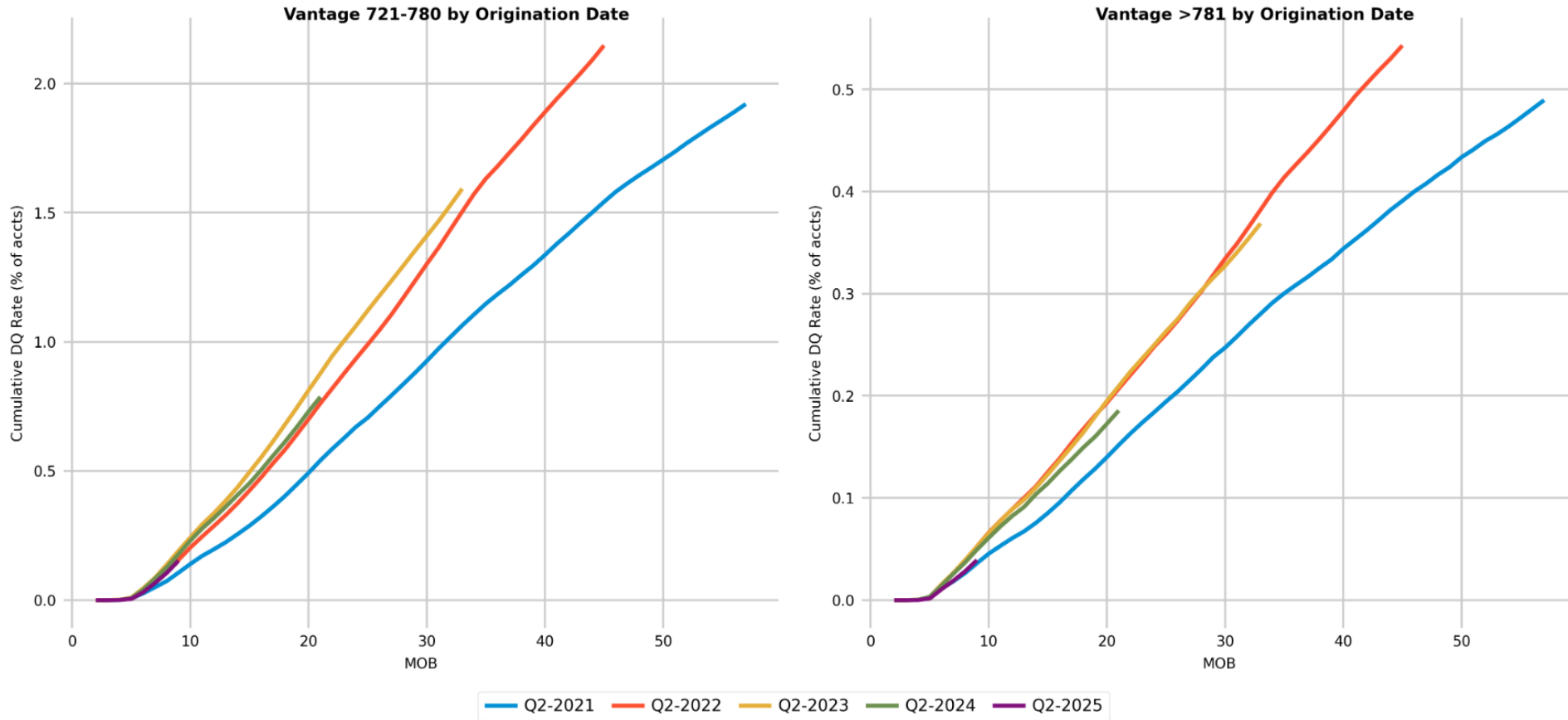
Auto Cumulative 60+DPD Rate by Annual Vintage and Risk



Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

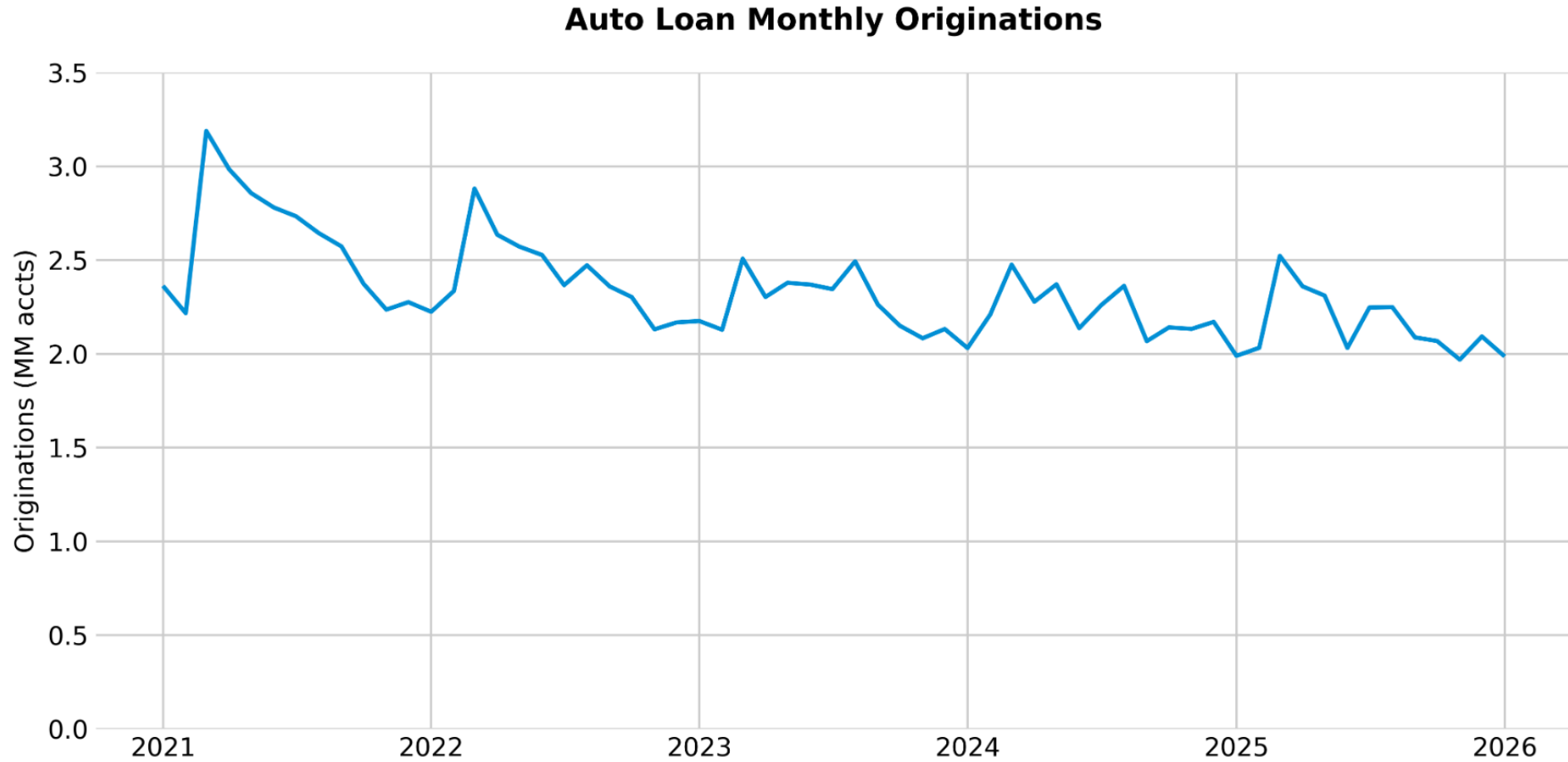
Prime-plus Q2 2025 vintages outperformed 2023-24, with super prime outperforming 2022 as well (Slide 2 of 2)

Auto Cumulative 60+DPD Rate by Annual Vintage and Risk



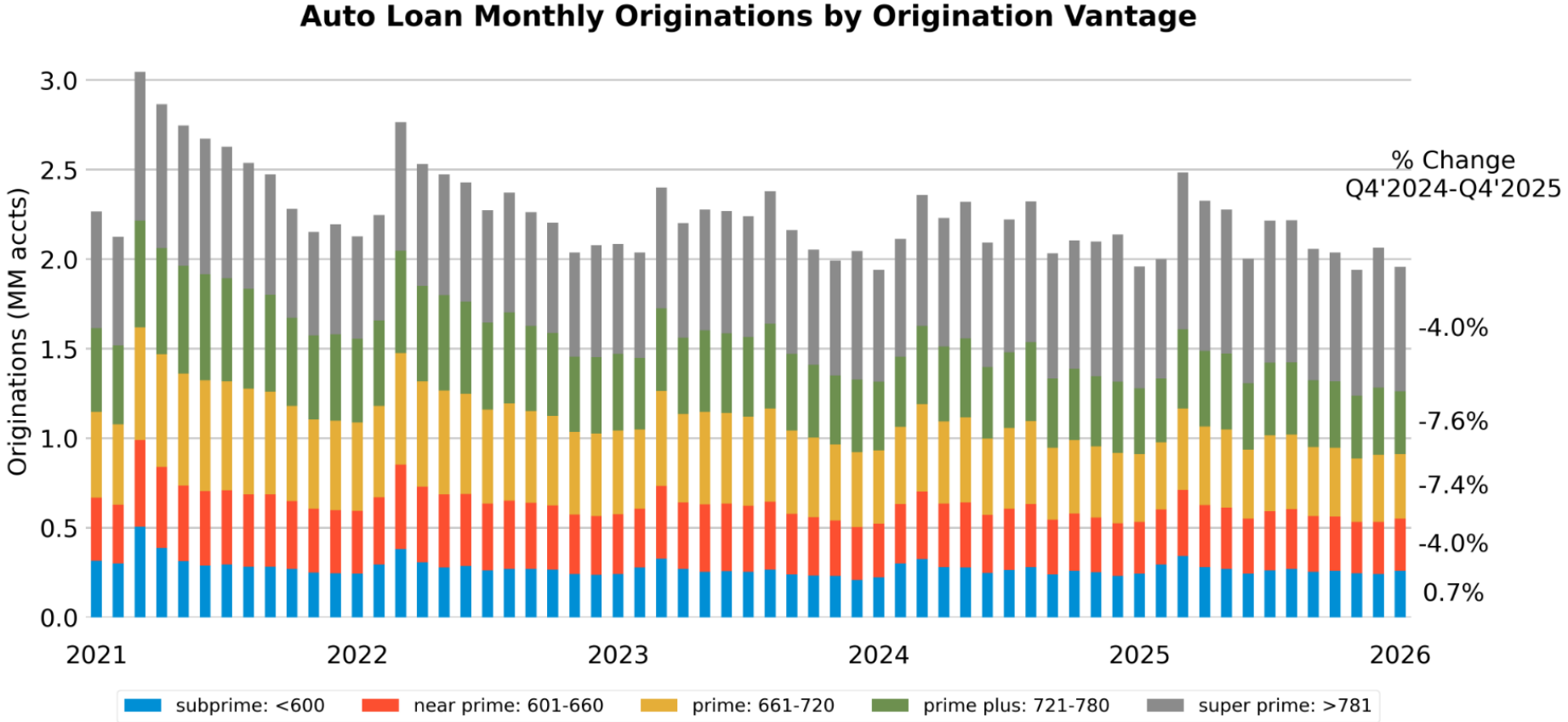
Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

**Auto loan
originations
remained
relatively low
through the end
of 2025**



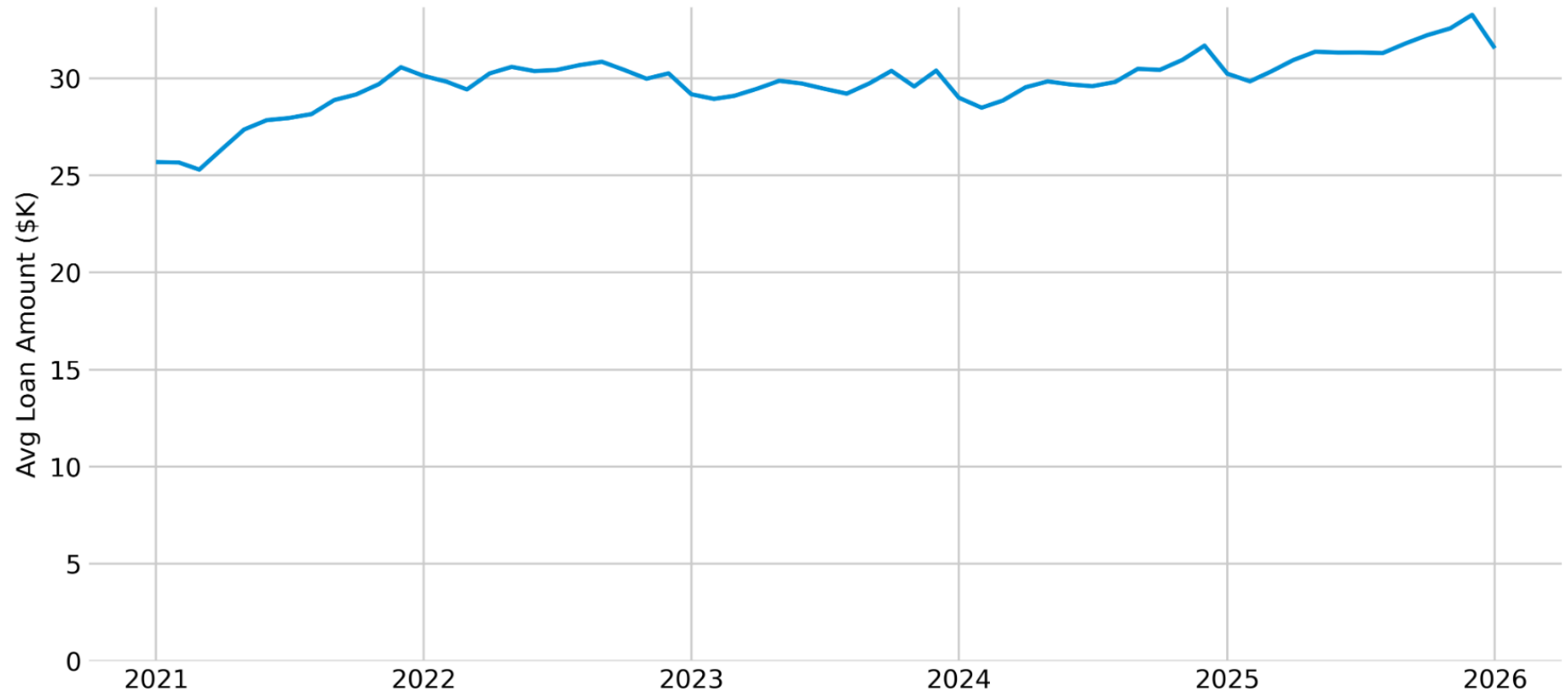
Source: 20S, Equifax Ignite. Data as of Apr 20, 2026

YoY auto loan originations fell across all risk bands except for subprime



Source: 20S, Equifax Ignite. Data as of Apr 20, 2026

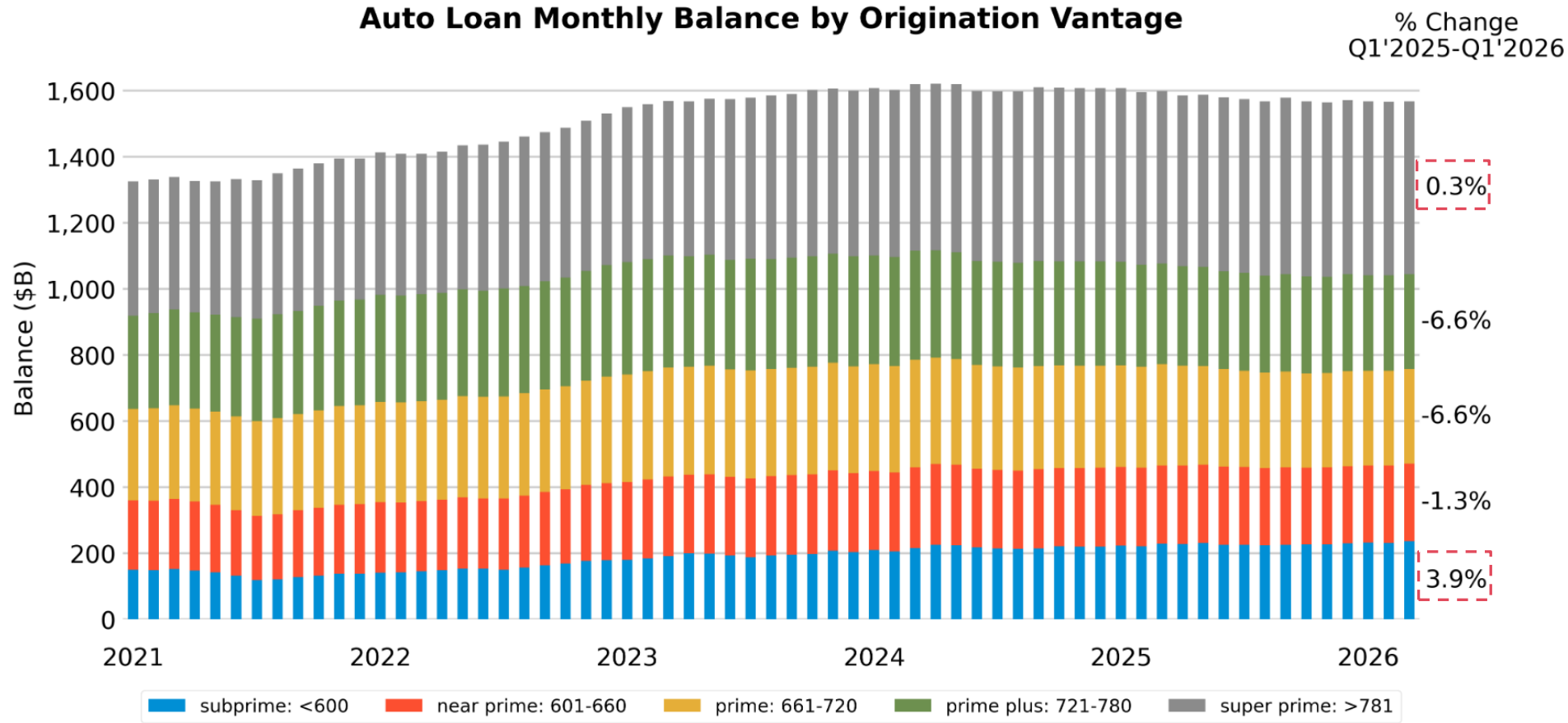
Auto Loan Monthly Originations Average Loan Amount



Average auto loan amount increased YoY, reaching new highs

Source: 20S, Equifax Ignite. Data as of Apr 20, 2026

Loan balances remained stable YoY, with growth concentrated in super prime and subprime

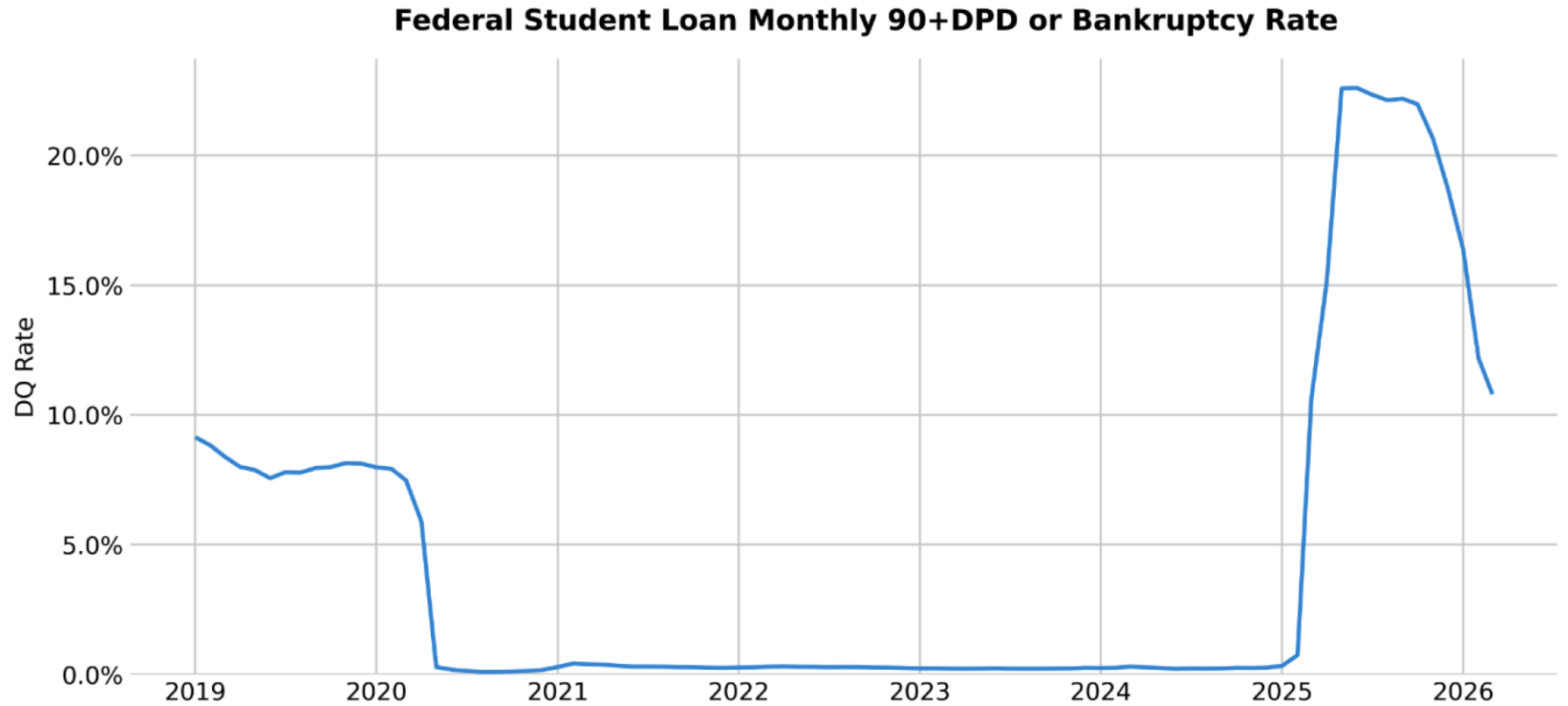


Source: 20S, Equifax Ignite. Data as of Apr 20, 2026

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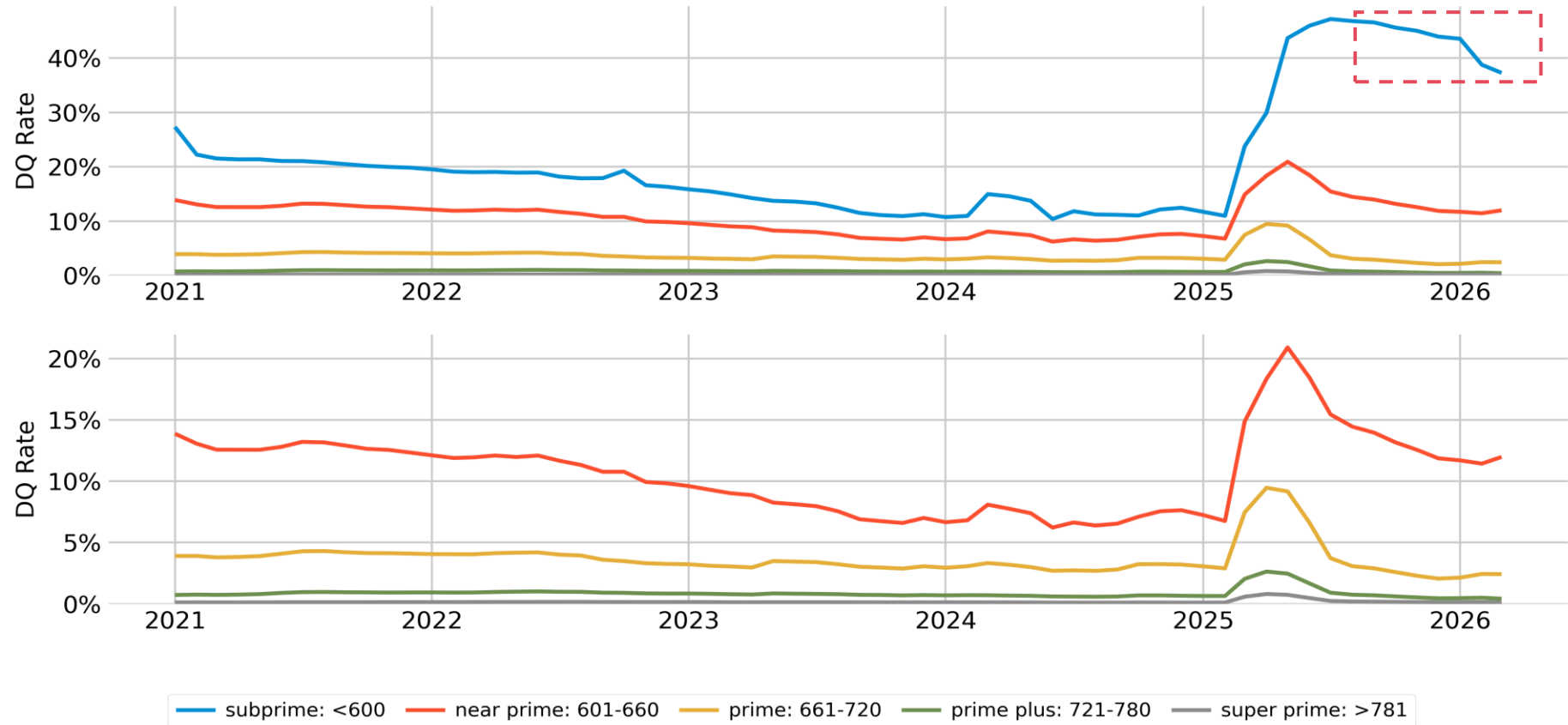
Student loan delinquencies continued to decline dramatically in Q1, following a spike from resumption of bureau reporting



Source: 2OS, Equifax Ignite. Data as of Apr 20, 2026

Subprime student loan delinquencies fell but remain elevated, while other risk bands were relatively steady

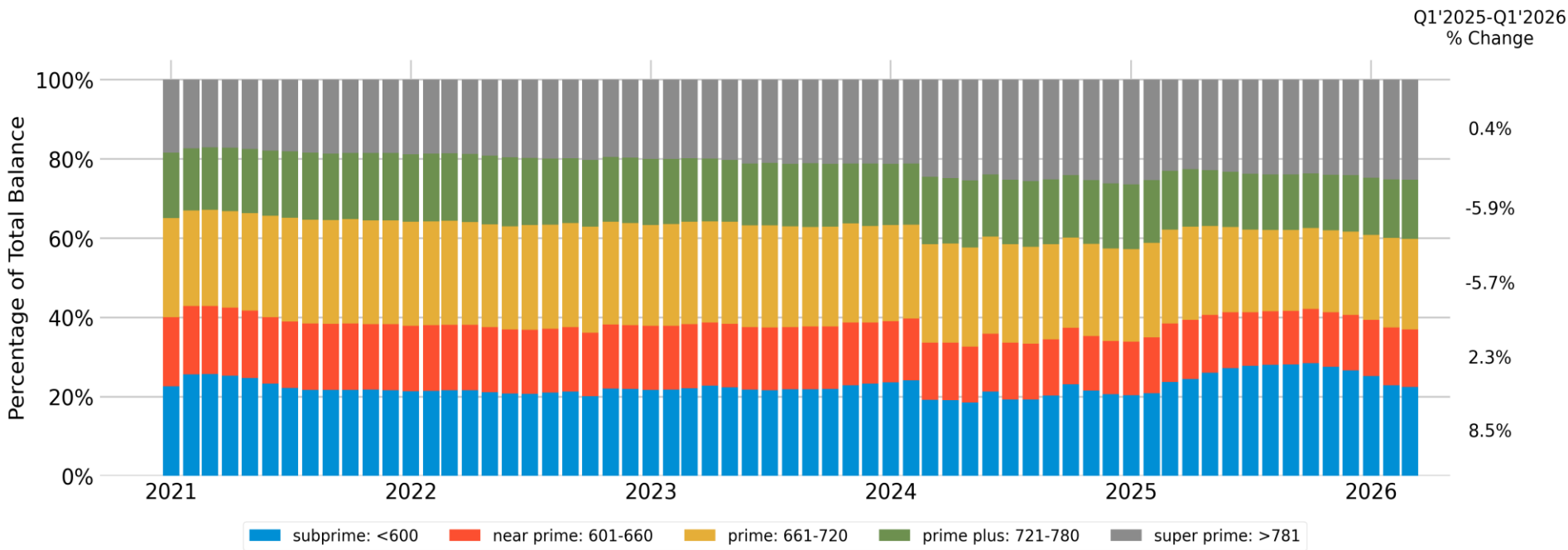
Student Loan Monthly 90+DPD or Bankruptcy Rate by Origination Vantage



Source: 20S, Equifax Ignite. Data as of Apr 20, 2026; Include both Federal and Private Loans

Monthly balance distributions remained stable across Vantage bands, but subprime and near prime gained share YoY

Student Loan Monthly Balance Distribution by Origination Vantage

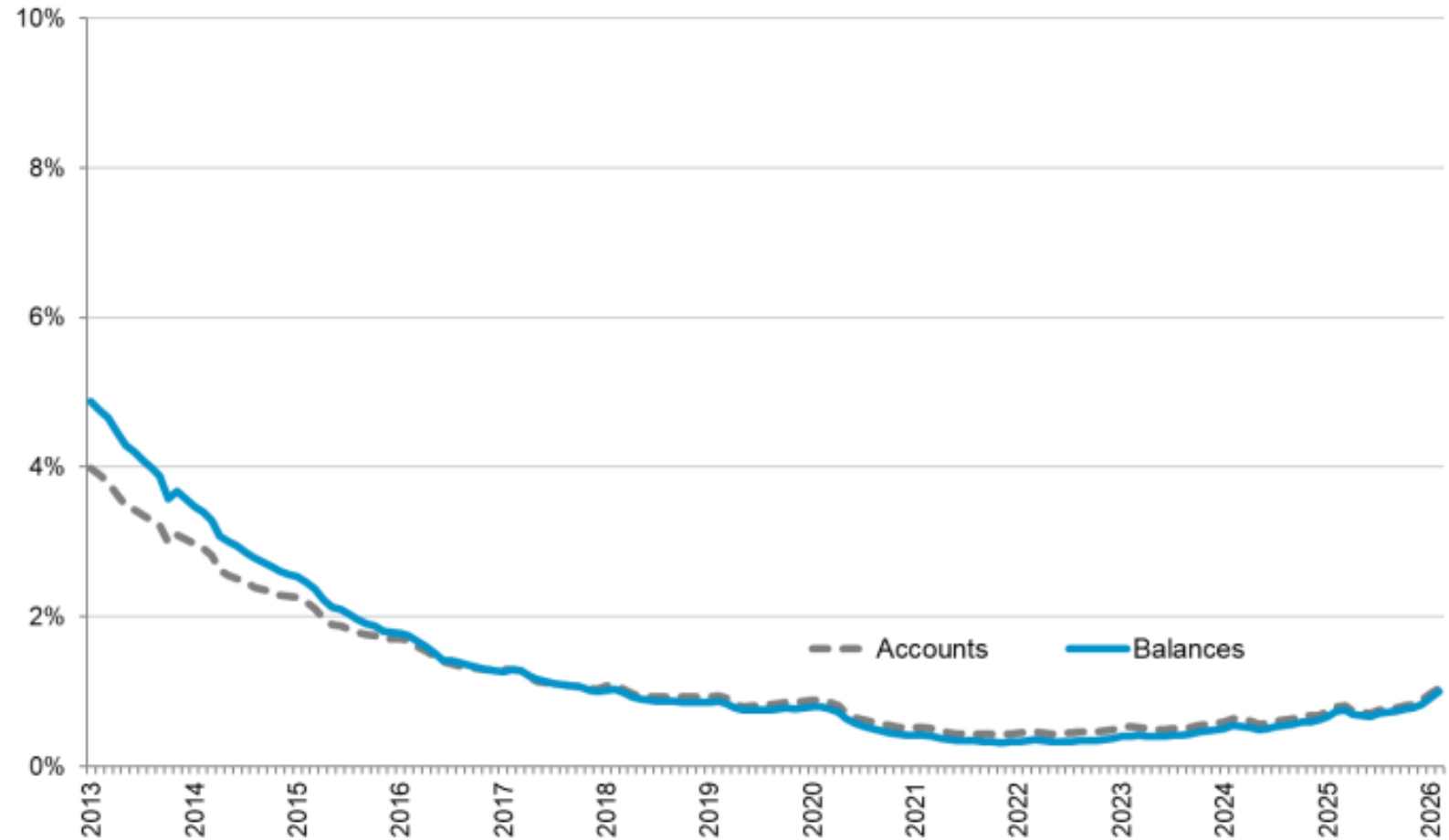


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Severe Delinquency Rate

90+ Days Past Due, in Bankruptcy and In Foreclosure
Percent of Accounts and Balances; NSA; Excludes Severe Derogatory



Severe delinquencies in first mortgages rose in Q1 2026

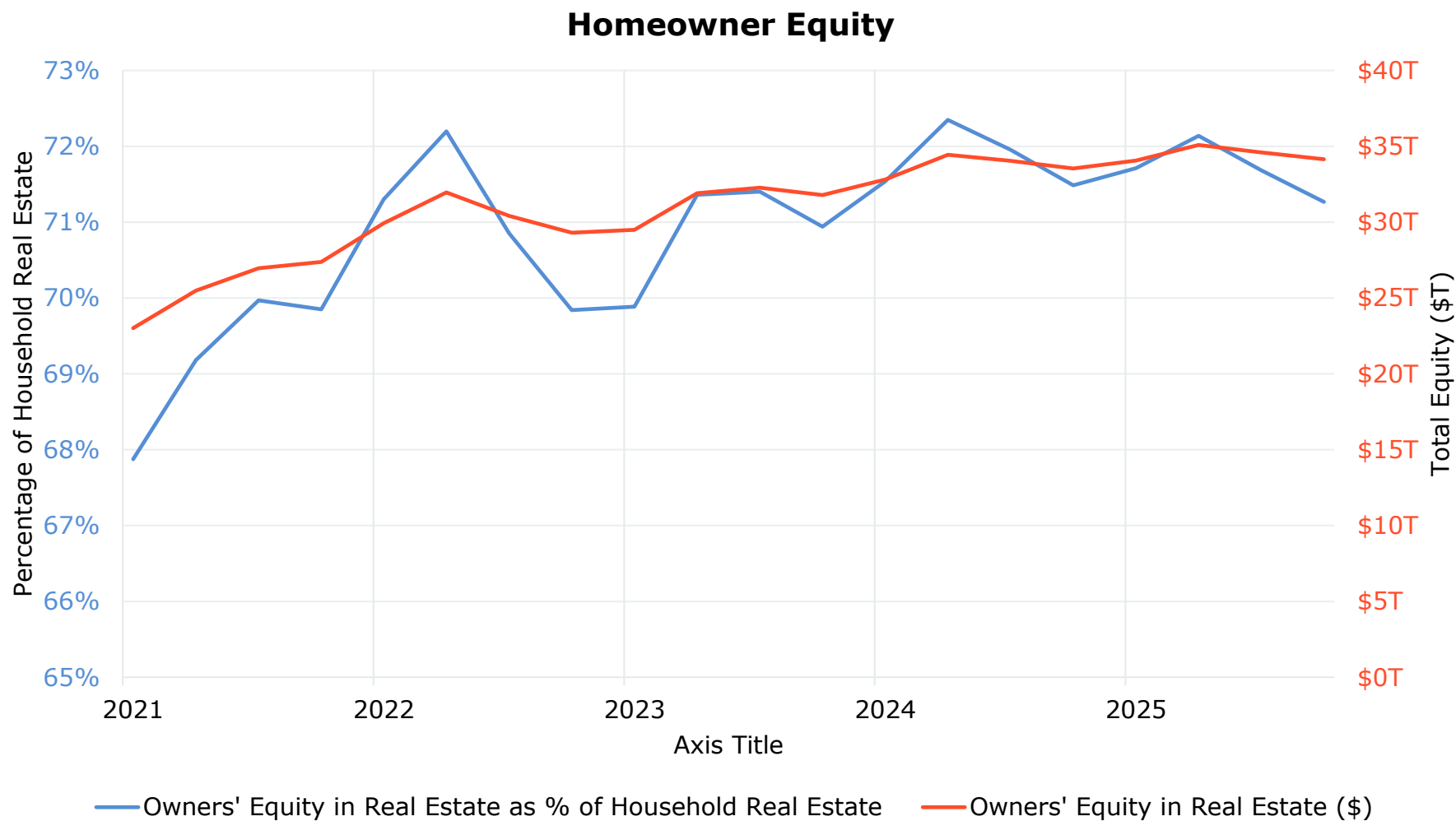
The average mortgage rate remained stable, increasing slightly in Q1 2026

30 Year Fixed Rate Mortgage Average



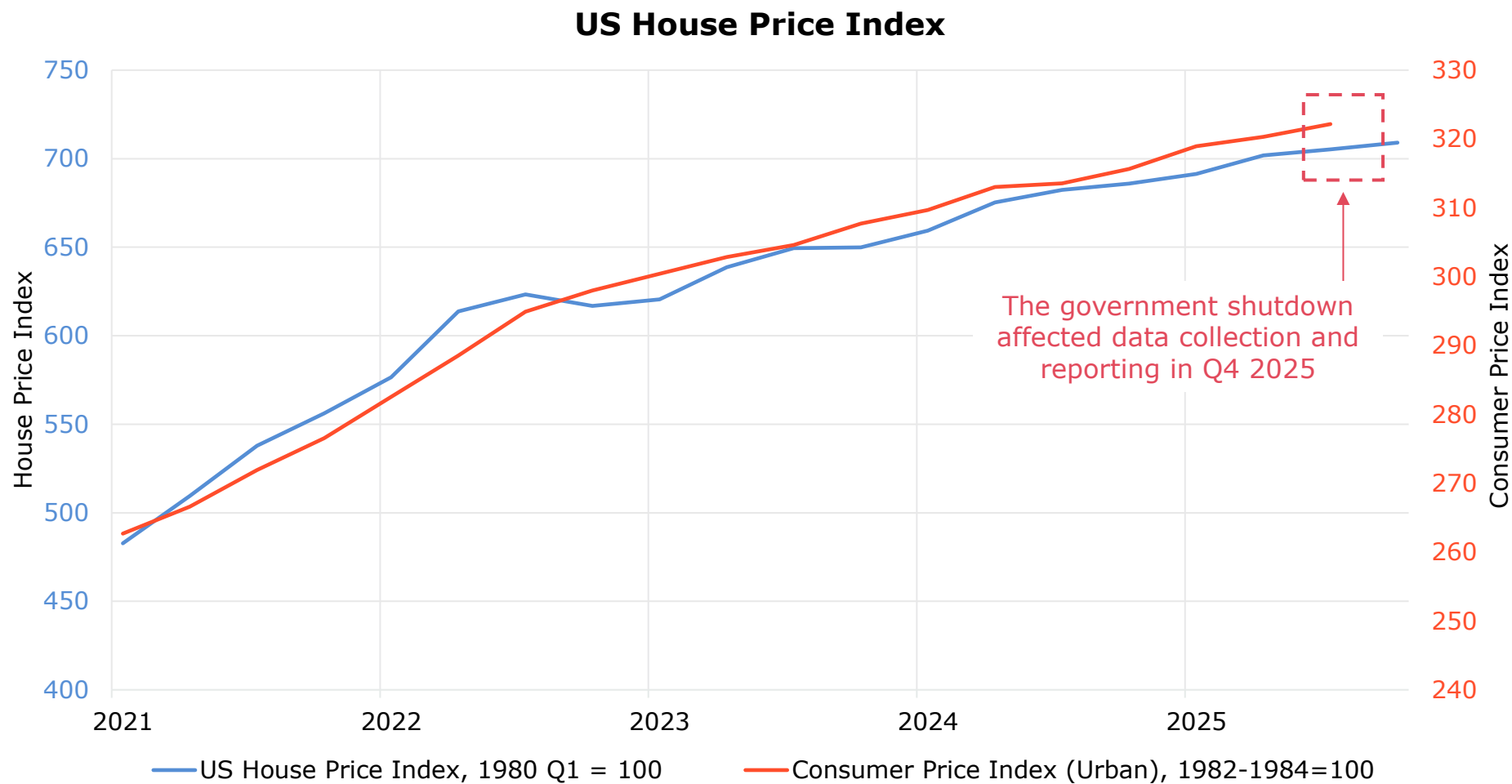
Source: 20S, [FRED](#). Data as of Apr 16th, 2026

Homeowner equity remained near record highs despite recent dip



Source: ZOS, FRED ([blue line](#), [red line](#)). Data as of March 19th, 2026

US housing prices continued steady growth in Q1 2026

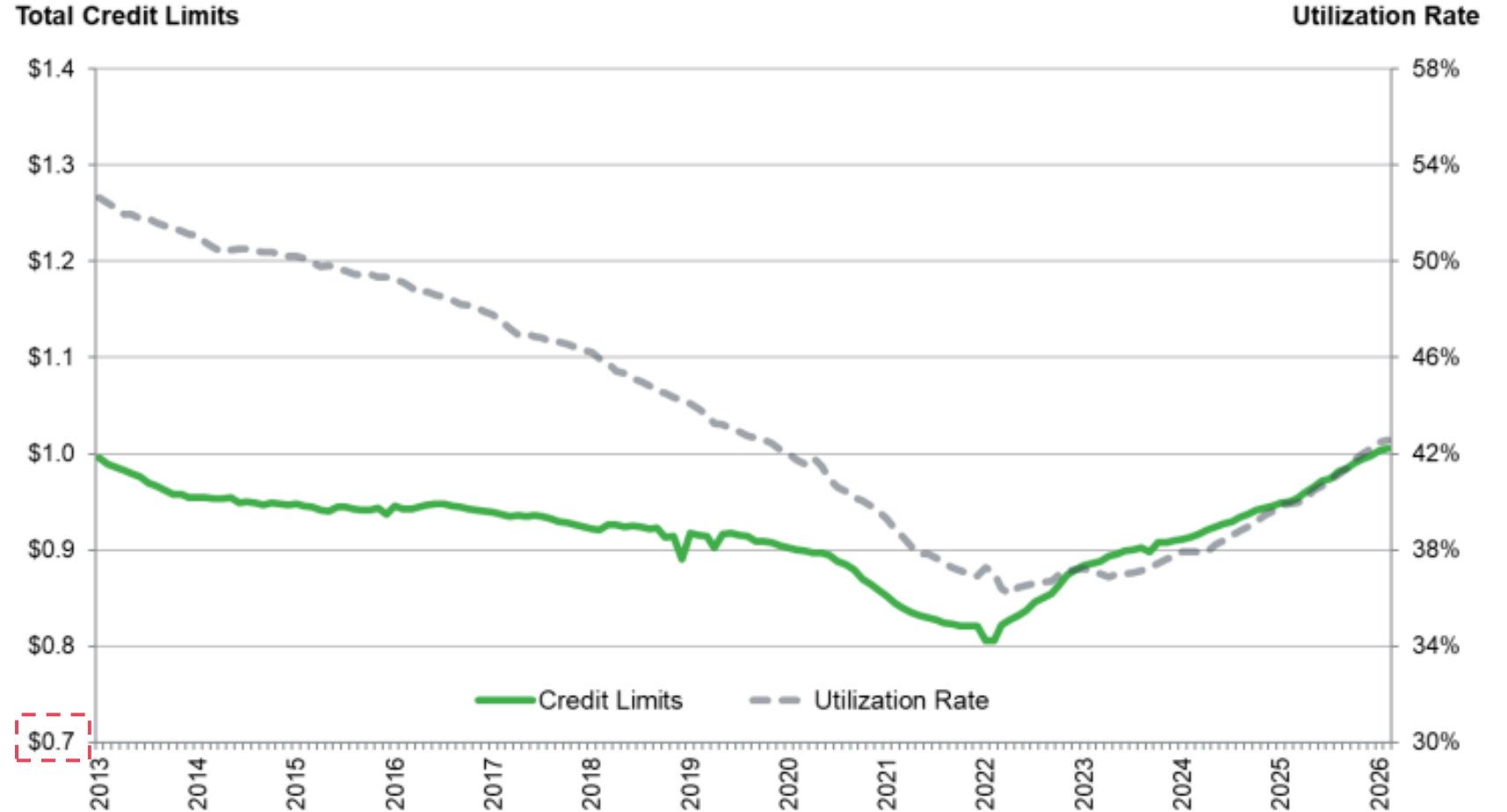


Source: ZOS, FRED ([blue line](#), [red line](#)). Data as of Feb 24th, 2026

Utilization and Credit Limit

Utilization Rate in %; NSA
Credit Limit in \$Trillions; NSA

HELOC credit limits and utilization continued to rise, driven by higher home equity and values



Source: [Equifax](#). Data as of March 2026

Acknowledgments

The authors would like to especially thank Equifax for facilitating the Ignite platform used to generate these views. The authors would also like to thank dv01, Bank of America, Experian, Transunion, and others cited throughout for the data used to generate insights in this paper.

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About 2OS

2nd Order Solutions (2OS) is a boutique credit risk advisory firm that specializes in solving the world's most challenging credit problems. 2OS was founded 18 years ago and consults to a wide range of banks, card issuers, fintechs, and specialty finance companies in the US and abroad.

2OS has deep experience with lending businesses across Card, Auto, Small Business, and Personal Loans, at all points in the credit lifecycle. 2OS partners have vast expertise in all aspects of Collections, both as operating executives and as consultants.

For more insights and commentary on the lending industry, visit us at <https://2os.com/insights/>

Equifax Ignite Definitions

Active accounts: This includes all accounts that have a reported status in the most recent three months. Accounts categorized as closed are included in the month in which that status was first reported and are excluded from active accounts thereafter.

Definition of delinquency: For credit cards, auto loans, and personal loans, accounts are classified as delinquent at 60+ days past due. Specifically, they are included in 60-90 DPD, 90-120 DPD, and 120+ DPD buckets; charged-off and bankrupt accounts are excluded. For student loans, accounts are classified as delinquent at 90+ DPD. These accounts are included in 90-120 DPD, 120+ DPD, and bankruptcy buckets; charged-off accounts are excluded. Vintage performance views are cumulative.

Definition of personal loans: Personal finance and installment loans are classified as personal loans.

Origination timing: Originations are lagged by 2 months from the current archive date.

Vantage bucket: In any charts where borrowers are split out by Vantage bucket, borrowers without a Vantage score are excluded.

Vantage bucket timing: To better observe movements within Vantage buckets (and reduce the effect of re-classification of accounts across buckets), the Vantage score is observed at a 3-month lag from the current archive date.



Providing World-Class Credit Risk
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