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Consumer Finances in Rural Areas of the Southern Region

Data Point
Office of Research

Consumer Financial Protection Bureau

This data point is part of an occasional series of publications from the Consumer Financial Protection Bureau's Office of Research. These publications are intended to further the CFPB's objective of providing an evidence-based perspective on consumer financial markets, consumer behavior, and regulations to inform the public discourse. See 12 U.S.C. §5493(d).

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Executive Summary

This report is the second in a series profiling the finances of consumers in rural communities.[1] It takes a broad look at consumer financial profiles in the southern region of the U.S. compared to other geographies, including credit scores, financial distress, medical debt, and other debt categories. Nearly 48 million people live in the southern region examined in this report, which includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.[2] Twenty-three percent of consumers in the southern region live in rural counties and 15 percent live in Persistent Poverty Counties (PPCs), about double the national rural and PPC shares of 14 percent and 7 percent respectively. This report is intended to provide a starting point in better understanding the financial situations, needs and challenges of consumers in rural areas in the southern region. For an in-depth look at issues related to banking and credit access in both rural and non-rural areas in the southern region, see the CFPB's report on Banking and Credit Access in the Southern Region of the U.S.[3]

Many consumers in the region's rural areas may face challenges in the consumer financial marketplace. Like rural consumers in other areas, rural southerners are older and earn less than non-rural consumers on average.[4] Consumers in the southern region's rural areas also face distinct challenges. They are more likely to have a subprime credit score and tend to have less digital and physical access to financial service providers than other rural consumers. This can make it more difficult and expensive to get credit. These challenges may reflect in part persistent correlations between race and economic outcomes.[5] Twenty-four percent of rural southerners in this region are Black, for example, compared to 3 percent of Americans in other rural areas.

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[1] The first report in the series is on rural Appalachia. See Liu, Luce, Orevba, Sebastian, and Shupe, "Consumer Finances in Rural Appalachia," (September 2022), available at https://files.consumerfinance.gov/f/documents/cfpb_consumer-finances-in-rural-appalachia_report_2022-09.pdf

[2] These are a subset of the states in, for example, the Census Bureau's South Region.

[3] CFPB, "Banking and Credit Access in the Southern Region of the U.S.," (June 2023).

[4] For brevity, we refer to consumers in the eight-state southern region examined in this report as "southerners" and those in rural areas in the region as "rural southerners"

[5] See, for example, Bynum "Testimony of William J. Bynum, Hope Enterprise Corporation / Hope Credit Union / Hope Policy Institute before the United States Senate Committee on Banking, Housing and Urban Affairs," (April 2021) available at https://www.banking.senate.gov/imo/media/doc/Bynum%20Testimony%204-20-21.pdf. For a recent academic paper on these issues, see Feigenbaum, Lee, and Mezzanotti. "Capital Destruction and Economic Growth: The Effects of Sherman's March, 1850–1920." (October 2022) available at https://doi.org/10.1257/app.20200397

Key Findings

Section 2 summarizes how rural southerners and rural southerners living in Persistent Poverty Counties fare across consumer financial products. Key findings include:

- Sixty-seven percent of rural southerners have a credit card, compared to 75 percent in rural areas outside the southern region and 80 percent nationwide. Rural southerners who do have credit cards have higher utilization rates than consumers elsewhere. The average consumer in the rural southern region has a balance of 38 percent of their credit limit, compared to a national average of 31 percent.

- Rural southerners and rural southerners living in Persistent Poverty Counties are as likely to have an auto loan as the national average (42 percent), slightly less than the average for rural counties outside the southern region (45 percent). However, two-year delinquency rates in the rural southern region (16 percent) and rural southern Persistent Poverty Counties (20 percent) are higher than the national average (11 percent) and in rural areas outside the southern region (10 percent).[6]

- Twenty-three percent of rural southerners have an outstanding mortgage, lower than the average for rural areas outside the southern region (28 percent). Seven percent of mortgages in the rural southern region are home-only secured manufactured home loans, compared to 3 percent in other rural areas and 1 percent nationally.

- The median remaining balance for rural southerners with student loans ($17,499) is similar to the median for rural consumers outside the southern region ($17,231) and lower than the national median ($20,286). However, median scheduled monthly payments are lower in the rural southern region. The median rural southerner has a scheduled monthly payment of $157, compared to $169 in other rural areas and a national average of $192.

- Rural southerners who apply for credit are less likely to obtain it and take it out than the national average, even when comparing across groups with similar credit scores. For example, the share of credit card applications that are eventually originated in the rural south is 4 percentage points lower than the national average for consumers with both subprime and super-prime credit scores.

[6] Delinquency rates are the share of consumers with at least one 60+ day delinquency, charge-off, or collection in a given category during the 24 months between March 2020 and April 2022.

- Across credit products, rural southerners tend to pay higher interest rates on average. In rural parts of the southern region, the average interest rate on a mortgage was 3.51 percent in 2021, compared to 3.13 percent nationally. For credit cards, the median interest rate in the region's rural areas is 18.99 percent, compared to 17.74 percent in other rural areas and 17.90 percent nationwide.

In Section 3, this report further examines consumer distress in medical collections and other markets in the rural southern region, compared to other geographic areas, with distress measured as the two-year delinquency rate. Key findings include:

- Rural southerners are more likely to have medical collections on their credit report (28 percent) than consumers elsewhere (17 percent). The prevalence of reported medical collections varies widely among states in the southern region; 34 percent of rural South Carolinians have a medical debt collection tradeline, over 41 percent more than the share of rural consumers with a medical collection in Mississippi (24 percent).

- Nationwide consumer reporting agencies have recently changed their reporting practices to remove medical collections that are paid or under $500. Rural southerners are more likely to have at least one medical collection eligible for removal (20 percent) than rural non-southerners (15 percent) or the national average (12 percent).

- Medical collections are the most common type of delinquency in the rural southern region, followed by student loans (21 percent) and credit cards (18 percent). Rural southerners with medical collections are much more likely to have a delinquency on other types of debt. For example, 16 percent of rural southerners with an auto loan were at least 60 days delinquent at some point over a two-year period. For those with medical collections, the auto loan delinquency rate more than doubles, to 33 percent.

1. Demographic and Economic Profile of the Rural Southern Region

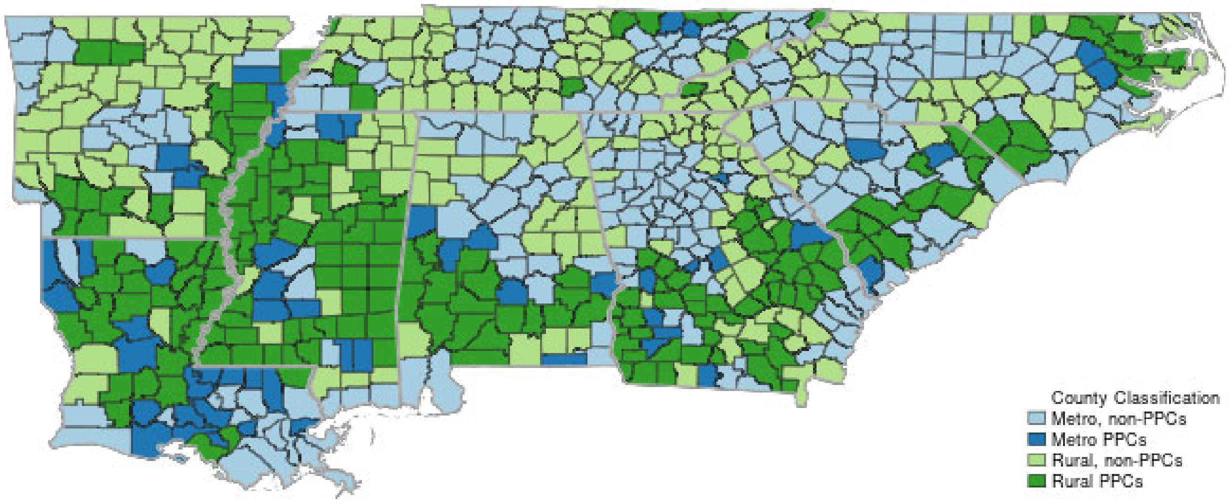
This report examines the following southern states: Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.[7] These states are home to 48 million people and share a number of demographic characteristics. The region is disproportionately rural, with 23 percent living in a rural county compared to 14 percent of the population nationwide.

This region is also rich in its diversity, with a mix of race, age, and incomes, across both rural and non-rural communities. This region has a large rural Black population. Nearly a quarter of rural southerners are Black, and 70 percent of the national rural Black population resides in the eight states covered by this report. Although the share of the population born outside the United States living in the South (7 percent) is lower than the national average (14 percent), over 3 million immigrants live in the region. While the region's rural areas have a substantial population of older residents, 21 percent rural southerners are between 18 and 34 years old. Understanding these variations within the region, and how they compare to elsewhere, contributes to understanding different experiences people may have in accessing financial services.

Nearly half (48 percent) of the nation's Persistent Poverty Counties, in which poverty rates have been 20 percent or more for at least 30 years, are in the southern region (shown in Figure 1.) More than seven million people live in southern Persistent Poverty Counties. Following the national pattern, most southern Persistent Poverty Counties are also rural (187 out of 240), and these rural Persistent Poverty Counties include roughly four million people.

[7] For brevity, we refer to consumers in the eight-state southern region examined in this report as "southerners" and those in rural areas in the region as "rural southerners."

FIGURE 1: MAP OF SOUTHERN COUNTIES



Note: The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. PPC stands for persistent poverty county. Source: Rural and urban status definitions are from the U.S. Department of Agriculture (USDA) Rural-Urban Commuting Area Codes. PPC definitions stem from the Economic Development Administration (EDA).

Table 1 below details selected characteristics for rural Persistent Poverty Counties and rural areas as a whole in the southern region and compares these to other rural areas outside of the region and to the national average. There are only 4.0 bank or credit union branches per 10,000 residents in the rural south, well below the 6.3 branches per 10,000 people in non-southern rural areas.[8] Furthermore, just 69 percent of households in rural parts of the southern region have access to broadband, compared to 83 percent of households nationally. The CFPB's report on banking and credit access in the South discusses how these factors may impact banking access and credit access in the region.[9]

[8] Branches per 10,000 people is a common metric for measuring access to financial services, but may not capture other important aspects of accessibility, such as the distance consumers must travel to visit a branch. Consumers in sparsely populated rural counties with relatively high branches per capita may lack ready access to banking services due to long or inconvenient travel times.

[9] CFPB, "Banking and Credit Access in the Southern Region of the U.S.," (June 2023).

TABLE 1: REGIONAL CHARACTERISTICS

	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Non-rural southern region	Southern region	Nationwide
Median household income	$36,827	$42,021	$52,028	$58,200	$54,527	$65,770
Percent age 18-34	22	21	21	24	23	23
Percent age 60+	24	25	26	21	22	22
High school graduation rate (percent)	82	83	88	89	88	90
Percent with at least some college	44	47	52	61	58	62
Percent with a post-secondary degree	22	24	29	37	34	39
Percent Black	41	24	3	26	3	12
Percent Hispanic	4	5	10	8	10	18
Percent White	52	67	81	61	81	61
Percent Asian	1	1	1	3	1	5
Percent American Indian or Alaska Native	2	1	2	0	2	1
Percent foreign-born	2	3	4	8	7	14
Percent speaking a language other than English at home	5	5	10	11	9	22
Percent of households with broadband access	64	69	76	81	78	83
Bank/CU branches per 10,000 residents	4.3	4.0	6.3	3.0	3.6	5.0

	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Non-rural southern region	Southern region	Nationwide
Percent of owner-occupied housing	67	70	73	67	67	66
Number of counties	187	399	1,576	289	688	3,142

Note: The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. PPC stands for persistent poverty county. Source: 2019 5-year American Community Survey (ACS) county-level data. Sample size refers to the number of counties. Bank branch data is derived from CFPB analysis of Federal Financial Institutions Examination Council, National Information Center (December 2021), National Credit Union Administration, Credit Union and Corporate Call Report Data, Quarterly Data (December 2021), and Census Bureau's Annual Population Estimates (December 2020).

2. Consumer Finance Profiles

This section compares credit and debt portfolios of rural southerners with 1) the national average and 2) other rural consumers in other parts of the U.S. For example, we contrast the prevalence of and typical balances on credit cards, auto loans, mortgages, and student loans across groups of consumers to illuminate how the financial situations of rural southerners compare to and differ from those for consumers elsewhere. Moreover, we show these measures for Persistent Poverty Counties (PPCs) within the rural southern region to highlight consumer finance profiles of individuals in counties with persistently lower incomes. [10] We draw on the CFPB's Consumer Credit Panel (CCP), a comprehensive, national, 1-in-48 sample of de-identified credit records maintained by one of the three nationwide consumer reporting agencies (NCRAs). In doing so, we consider all open credit tradelines of consumers who appear in the CCP sample at least once between the first quarter of 2020 and the first quarter of 2022.[11] For Table 2 and subsequent tables, the sample size of unique consumer-level observations is as follows: 64,776 in rural Persistent Poverty Counties in the southern region, 181,899 in the rural southern region, 584,789 in non-southern region rural areas, and 5,734,997 for the national average.

Table 2 shows the share of consumers in each region with an average credit score (over the 2020–2022 period) in each credit score category.[12] Compared with all consumers nationally, a larger share of rural southerners have a deep subprime or subprime credit score (37 percent compared to 26 percent), and a smaller share has a prime or super-prime score (49 percent compared to 63 percent). These differences are more pronounced in rural Persistent Poverty Counties in the southern region, where 42 percent of consumers have a deep subprime or subprime credit score and only 43 percent have prime or super-prime credit scores. Likewise, as shown in Table 3, among majority-minority census tracts in the region, there are differences

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[10] A Persistent Poverty County (PPC) is defined as any county or county equivalent that has had 20 percent or more of its population living in poverty over the last 30 years, as measured by the decennial census.

[11] For the purposes of this analysis, consumers in the panel without a census tract and consumers who reside in U.S. territories (American Samoa, Puerto Rico, U.S. Virgin Islands, and Guam) were excluded from the sample. The time period is chosen for comparability with the previous report on Consumer Finances in Rural Appalachia and includes the effects of the COVID-19 pandemic and related emergency financial support efforts.

[12] Credit scores are designed to help lenders assess potential borrowers' credit risk. However, they may not always accurately reflect an individual consumer's likelihood to repay. For example, studies have found that a substantial minority of consumers have errors on their credit reports with the three nationwide consumer reporting agencies (CRAs), including errors substantial enough to meaningfully affect consumers' credit scores. From October 2021 to September 2022, the CFPB received nearly one million credit or consumer reporting complaints. The CFPB sent more than 565,000 credit or consumer reporting complaints to companies for response. See CFPB, "Annual Report of Credit and Consumer Reporting Complaints" (January 2023) available at https://www.consumerfinance.gov/data-research/research-reports/annual-report-consumer-credit-reporting-complaints-analysis-of-complaint-responses-equifax-experian-transunion-2022/

between rural and non-rural areas. Low credit scores may hinder access to low-interest credit products and increase the likelihood that a consumer uses higher-interest alternative financial services such as payday, pawn, or auto title loans.[13]

TABLE 2: PERCENT OF CONSUMERS IN EACH CREDIT SCORE GROUP IN THE RURAL SOUTHERN REGION AND NATIONWIDE

Credit Score Group	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Southern Region	Nationwide
Deep Subprime	5	4	2	3	2
Subprime	37	32	22	28	22
Near Prime	15	14	12	13	12
Prime	28	31	35	34	37
Super-Prime	15	19	28	22	26

Note: Credit score categories are defined as: deep subprime (credit scores below 499), subprime (credit scores of 500-599), near prime (credit scores of 600-659), prime (credit scores of 660-779) and super-prime (credit scores of 780 or above). The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. PPC stands for persistent poverty county. Source: CFPB CCP 2020–2022.

TABLE 3: PERCENT OF CONSUMERS IN EACH CREDIT SCORE GROUP IN MAJORITY-MINORITY CENSUS TRACTS FOR SOUTHERN REGION AND NATIONWIDE

Credit Score Group	Rural southern majority-minority	Non-rural southern majority-minority	Non-rural southern region	Southern region	Nationwide
Deep Subprime	5	4	3	3	2
Subprime	40	32	27	28	22
Near Prime	16	14	13	13	12
Prime	26	33	34	34	37
Super-Prime	14	18	22	22	26

Note: Credit score categories are defined as: deep subprime (credit scores below 499), subprime (credit scores of 500-599), near prime (credit scores of 600-659), prime (credit scores of 660-779) and super-prime (credit scores of 780 or above). The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. Source: CFPB CCP 2020–2022.

[13] See for example Fulford and Shupe, "Consumer use of payday, auto title, and pawn loans: Insights from the Making Ends Meet Survey" (May 2021) available at: https://www.consumerfinance.gov/data-research/researchreports/consumer-use-of-payday-auto-title-and-pawn-loans-insights-making-ends-meet-survey/. Data regarding use of payday, auto title and pawn loan usage stem from the Making Ends Meet survey. The CCP does not contain this information.

2.1 Credit Cards

Rural southerners are less likely than consumers nationally to have a general-purpose credit card.[14] As shown in Table 4, only 67 percent of rural southerners, and 62 percent of rural southerners living in Persistent Poverty Counties, have an open credit card, compared to 80 percent of consumers nationally. Rural southerners who do have credit cards typically have lower balances. The median credit card balance among consumers in the rural south is 17 percent lower than the median for consumers nationwide, or $1,000 compared to $1,207.

The lower credit card balances observed in the rural south do not necessarily indicate lower debt burdens. Average credit card utilization rates, defined as the total balance amount on a consumer's credit cards divided by their total credit limit, are notably higher in the region, at 38 percent in the rural south and 42 percent in rural southern Persistent Poverty Counties compared to 31 percent nationwide. High utilization rates are one measure of potential financial distress, and utilization rates above 30 percent may adversely impact credit scores.[15] Higher utilization rates mean consumers have less credit available in case of an emergency or unexpected expense.

TABLE 4: CREDIT CARD USAGE, IN THE RURAL SOUTHERN REGION AND NATIONWIDE

	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Nationwide
Percent with credit card	62	67	75	80
Median balance on credit cards	$890	$1,000	$1,121	$1,207
Mean utilization rate on credit cards	42	38	32	31
Percent with at least one credit card delinquency over two-year period	21	18	13	14

Note: Median balance exclude accounts with $0 balances. The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. PPC stands for persistent poverty county.
Source: CFPB CCP 2020–2022.

A more direct sign of financial distress is inability to make required payments on debt, or delinquency. Eighteen percent of rural southerners were severely delinquent on one or more credit cards between March 2020 and April 2022, four percentage points higher than the national average. In rural southern Persistent Poverty Counties, the credit card delinquency rate is 21 percent. Despite lower median balances, high utilization rates and high delinquency rates

[14] In this report, we count authorized users as having a general purpose credit card.

[15] See, e.g. Experian, "What is a Credit Utilization Rate?", available at https://www.experian.com/blogs/ask-experian/credit-education/score-basics/credit-utilization-rate/. Accessed March 1, 2023

suggest that, on average, the burden of credit card debt is higher among rural southerners than nationally.

Both perceived creditworthiness and general credit market conditions affect consumers' ability to access a credit card when they wish to borrow. The CCP allows us to measure the likelihood that a consumer receives a credit card or a higher limit when they apply.[16] Figure 2 displays the percent of credit card applications originated for consumers living in the rural south compared to the national average. Because the likelihood of successful origination is highly dependent on credit score, we show origination rates for the five standard credit score categories and for unscored consumers. This controls, in part, for average differences in credit scores between regions.

Analysis of data on credit card accounts (not shown) reveals that rural southerners who get credit cards pay higher interest rates on average. Median interest rates on credit card accounts in rural southern Persistent Poverty Counties (19.99 percent) are higher than in the rural southern region as a whole (18.99 percent) or the national average (17.90 percent.) Consumers generally pay interest on their credit card balances only if they do not pay the balance in full each month. Credit card accounts that carry a balance from month to month are called revolving accounts. Credit card accounts are also much more likely to be revolving in the rural south (64.5 percent) and thus subject to these interest rates, compared to the national average (56.2 percent.)[17]

Nationally, 51 percent of credit card applications result in new credit in our data, compared to 40 percent in the rural southern region and 36 percent in rural southern Persistent Poverty Counties.[18] This is partially explained by lower average credit scores among consumers in the

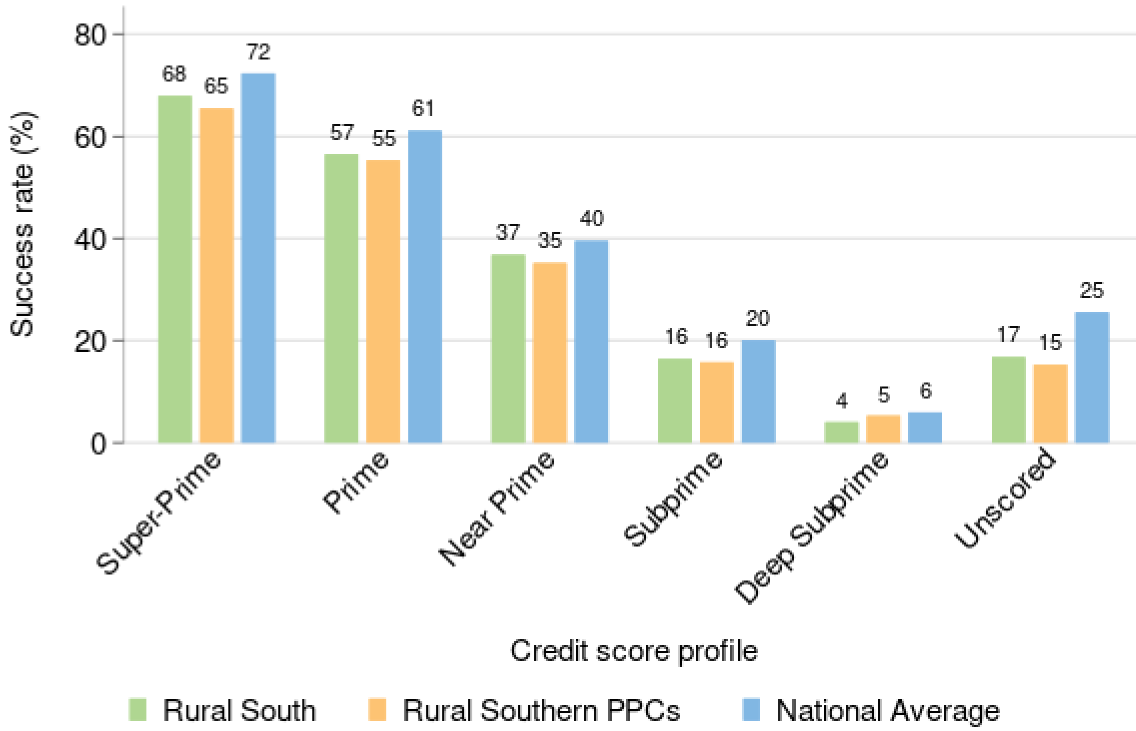
[16] For most forms of credit, when a consumer submits an application, the lender will seek information about the consumer from a nationwide credit reporting company. This is referred to as a "hard inquiry." Hard inquiries are visible on consumers' credit reports and are one input into most credit scoring models. Most, but not all, hard inquiries result from applications for a new account. For example, applications for a credit limit increase on an existing account may also generate a hard inquiry. We define success as an inquiry that results in the opening of a new, corresponding account or a limit increase of at least 5 percent within 14 days of the inquiry date. A consumer may have several inquiries within this time period, with some successful. We take the average success rate for each consumer between March 2020 and April 2022 and then average over all consumers in each region. If lenders deny a credit application before initiating a hard inquiry, the inquiry will not appear in the CFPB's Consumer Credit Panel (CCP) and will not be counted as a failed origination in the success rates presented here. Furthermore, lenders do not always send inquiries to all three NCRAs. Because the CCP includes data from only one of the three NCRAs, there are likely to be additional applications not captured by our data.

[17] We calculated the share of general purpose credit card accounts in the Federal Reserve Board's Y-14 dataset that are revolving divided by the total number of revolving and transacting accounts in November 2021. The Y-14 dataset contains monthly bank holding companies with total consolidated assets exceeding $50 billion.

[18] The overall origination rate, aggregated across credit score bins, can be obtained from the distribution of consumers' credit scores in a region, shown in Table 2, multiplied by the origination rates in Figure 2.

rural southern region, as shown in Table 2.[19] However, Figure 2 shows that credit card applications in the rural southern region are generally 3–5 percentage points less likely to be approved than applications by consumers with similar credit scores the nationally across every credit score tier. This difference means that rural southerners with subprime credit scores are 20 percent less likely to successfully obtain a credit card than consumers with subprime credit scores nationwide. There are many potential explanations for this gap in success rates. Further analysis to differentiate between these factors is beyond the scope of this report.

FIGURE 2: PERCENT OF CREDIT CARD APPLICATIONS ORIGINATED



Note: Credit score categories are defined as: deep subprime (credit scores below 499), subprime (credit scores of 500-599), near prime (credit scores of 600-659), prime (credit scores of 660-779) and super-prime (credit scores of 780 or above). People without a credit score were categorized as unscored. The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. PPC stands for persistent poverty county. Success rates are defined as the share of inquiries that result in the opening of a new, corresponding account or a limit increase of at least 5 percent within 14 days of the inquiry date. Source: CFPB CCP March 2020-March 2022.

[19] For example, if success rates in rural southern PPCs were equal to the national averages, the overall success rate would be 41.4 percent, rather than 36 percent.

2.2 Auto Loans

Forty-two percent of rural southerners and of the subset of those consumers living in Persistent Poverty Counties have auto loans. This percentage is similar to that for consumers nationwide but three percentage points lower than the percentage of consumers in other rural areas of the U.S with an auto loan. As shown in Table 5, the median balance outstanding on auto loans for rural southerners is a bit higher compared to consumers in other parts of the country.[20] However, because median incomes in the rural south are much lower than the national average, the burden of auto loans may be comparatively higher for consumers in rural areas in the southern region. The median auto loan balance as a percent of tract-level median income in the rural south, for example, is 40 percent compared to 26 percent nationwide. In rural southern Persistent Poverty Counties, the median ratio rises to 46 percent. This means that in southern rural Persistent Poverty Counties, the median auto loan balance is nearly half of median household income.

Relatively high delinquency rates may also indicate that that auto loans are more likely to pose a financial burden for rural consumers in the region. Consumers with auto loans in rural southern Persistent Poverty Counties are almost twice as likely to be more than 60 days delinquent on at least one auto loan than consumers nationwide (20 percent compared to 11 percent.) In the rural southern region as a whole, 16 percent of consumers with auto loans had a severe delinquency between March 2020 and April 2022.

TABLE 5: AUTO LOANS, IN THE RURAL SOUTHERN REGION AND NATIONWIDE

	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Nationwide
Percent with auto loan	42	42	45	42
Median balance on auto loan	$14,792	$14,496	$13,450	$13,249
Median tract-level household income among consumers with an auto loan	$38,443	$43,917	$53,800	$71,687
Ratio of median auto loan balance to tract median household income in percent	46	40	31	26

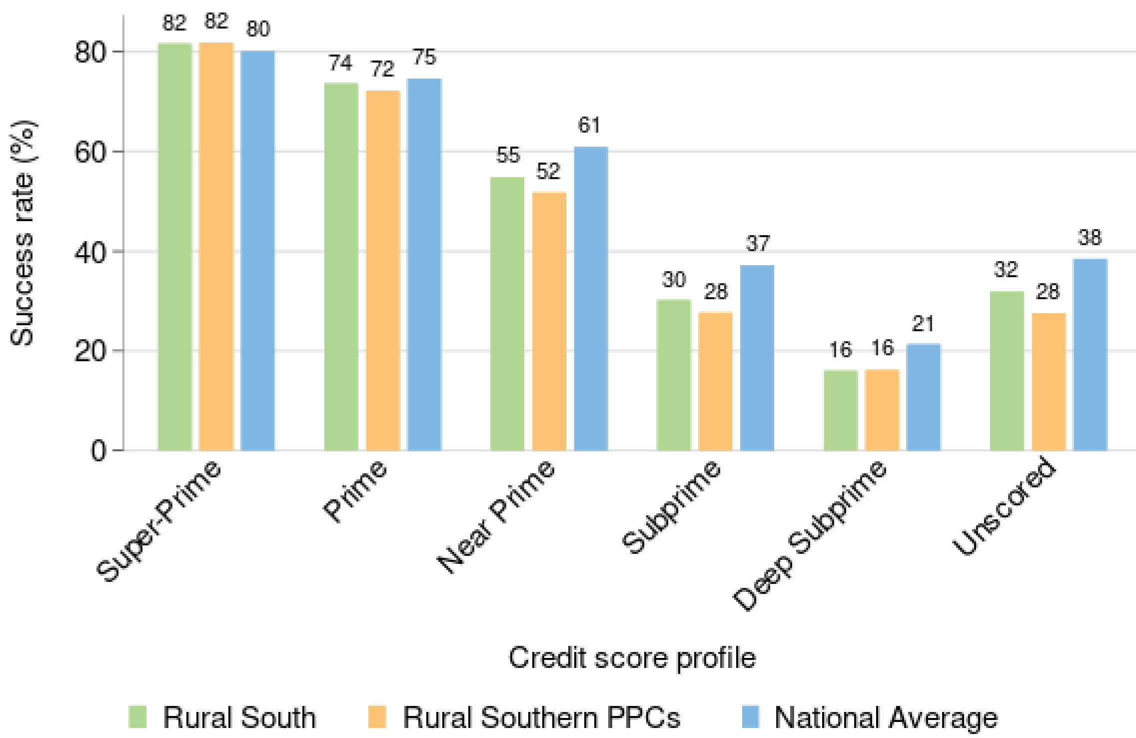
[20] Most auto lenders furnish to the nationwide credit reporting agencies. However, many small finance companies and Buy-Here-Pay-Here dealerships do not. Therefore, the estimated share of consumers with an auto loan is likely underestimated using only the information in the CCP. Small finance companies and Buy-Here-Pay-Here dealerships are more likely to serve subprime consumers, we are especially likely to underestimate subprime and deep subprime auto loans. For more information, see Clarkberg, Gardner, and Low, "Data Point: Subprime Auto Loan Outcomes by Lender Type" (September 2021) available at https://files.consumerfinance.gov/f/documents/cfpb_subprime-auto_data-point_2021-09.pdf

	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Nationwide
Percent with a delinquency on auto loan over a two-year period	20	16	10	11

Note: The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. PPC stands for persistent poverty county. Source: CFPB CCP 2020–2022.

Figure 3 displays the percent of auto loan applications from people living in the region that were successfully originated compared to the national average.[21] Among consumers with the highest credit scores, origination rates in the rural south are similar to rates nationwide. However, consumers with subprime or deep subprime credit scores are 19 to 24 percent less likely to successfully originate an auto loan in the rural south compared to the national average. For additional analysis by majority-minority Census tract, see Appendix A. Due to longer commutes and a lack of alternative transit infrastructure compared to urban dwellers, many rural southerners remain highly dependent on personal vehicles for transportation, and may therefore be particularly impacted by difficulty obtaining an auto loan.

FIGURE 3: PERCENT OF AUTO LOAN APPLICATIONS ORIGINATED



Note: Credit score categories are defined as: deep subprime (credit scores below 499), subprime (credit scores of 500-599), near prime (credit scores of 600-659), prime (credit scores of 660-779) and super-prime (credit scores of 780 or above). People without a credit score were categorized as unscored. The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. PPC stands for persistent poverty county. Source: CFPB CCP March 2020-2022.

[21] If lenders deny a credit application before initiating a hard inquiry, the inquiry will not appear in the CFPB's Consumer Credit Panel (CCP) and will not be counted as a failed origination in the success rates presented here. Furthermore, lenders do not always send inquiries to all three NCRAs. Because the CCP includes data from only one of the three NCRAs, there are likely to be additional applications not captured by our data.

2.3 Home Loans

Most consumers, particularly low- and middle-income consumers, cannot purchase a home with cash up front and therefore need to finance their home purchase through mortgages. Rural southerners are less likely to have a first-lien mortgage than consumers nationally.[22] Nineteen percent of consumers in rural southern Persistent Poverty Counties and 23 percent of rural southerners have a first-lien mortgage, compared to 29 percent of consumers nationally and 28 percent in other rural areas. This may be partially explained by a higher share of rural southerners who have paid off their mortgages. Slightly fewer rural southerners (70 percent) live in owner-occupied housing than consumers in rural areas outside the southern region (73 percent.) Among consumers with a first-lien mortgage, the median mortgage balance in the rural southern region is slightly lower than the median balance in other rural areas ($95,790 compared to $103,489.) Unlike with auto loans, mortgage debt balances relative to income do not appear to be much higher in the rural southern region. The median first-lien mortgage balance as a percent of tract-level median income in the region (257 percent) is less than the national average (268 percent), but greater than in other rural areas (233 percent). However, other measures of mortgage debt burden, such as delinquency rates, are higher in the rural south. For example, consumers in rural southern Persistent Poverty Counties are twice as likely to be delinquent on their mortgage as rural consumers outside the southern region.[23]

TABLE 6: FIRST-LIEN MORTGAGES, IN THE RURAL SOUTHERN REGION AND NATIONWIDE

	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Nationwide
Percent with mortgage	19	23	28	29
Median balance on mortgage	$76,627	$95,790	$103,489	$165,975
Median tract-level household income among consumers with a mortgage	$40,117	$46,189	$56,169	$79,862
Ratio of median mortgage balance to median income (percent)	251	257	233	268

[22] A first-lien mortgage loan is paid first in the event of default, and a second-lien or "subordinated" loan is paid out only if there is money left over after paying off the first-lien mortgage. Typically, home purchase loans are first-lien mortgages and other mortgage products such as home equity loans are not. It is possible to use a second-lien mortgage to finance a down payment for home purchase and mortgage products like home equity loans or HELOCs may be first-lien if the first mortgage has been paid off.

[23] This data covers the period from 2020-2022 and therefore reflects the challenges of the pandemic as well as the flow of pandemic relief to historically underserved and rural areas. Many of the Housing Assistance Fund programs administered by the states for homeowners behind on mortgage payments due to the pandemic did not begin receiving applications until early 2022 and therefore may not be fully reflected in this report.

	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Nationwide
Percent with a mortgage delinquency over a two-year period	6	4	3	2

Note: The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. PPC stands for persistent poverty county. Source: CFPB CCP 2020–2022.

We examine differences in mortgage interest rates and the share of manufactured home loans more fully using data from the Home Mortgage Disclosure Act (HMDA) for the most recent year available, 2021.[24] For further analysis and discussion of mortgage lending in the southern region, see the CFPB's report on banking and credit access in the South.[25] Rural southerners who take out mortgages tend to pay higher rates than consumers elsewhere. In 2021, the mean interest rate for a home purchase loan in rural southern Persistent Poverty Counties was 3.942 percent, compared to 3.127 percent nationally. The difference in median interest rates is much smaller (25 basis points), which indicates that the distribution of interest rates has a long right tail, with some consumers paying much higher interest rates than the median mortgage holder.

TABLE 7: HOME PURCHASE MORTGAGE APPLICATIONS IN 2021, IN THE RURAL SOUTHERN REGION AND NATIONWIDE

	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Nationwide
Total mortgage applications for home purchase	65,011	206,133	555,446	6,334,679
Total mortgage applications for home purchase per 1,000 residents	16	19	16	19
Median interest rate	3.250	3.125	3.125	3.000
Mean interest rate	3.942	3.512	3.262	3.127
Percent originated	44	55	67	71
Percent denied	39	27	15	11
Percent of originations that are manufactured homes (home and land secured)	5	9	10	3

[24] For more information on this dataset, see Liu, Jo, Skhirtladze, and Barriere, "An Updated Review of the New and Revised Data Points in HMDA," (August 2020), available at https://files.consumerfinance.gov/f/documents/cfpb_data-points_updated-review-hmda_report.pdf.

[25] See CFPB, "Banking and Credit Access in the Southern Region of the U.S.," (June 2023).

	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Nationwide
Percent of originations that are manufactured homes (only home secured)	6	7	3	1

Note: All rows refer to loans for home purchases and exclude refinance applications. The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. PPC stands for persistent poverty county. Source: HMDA 2021.

As is the case for other credit markets, perceived creditworthiness and general credit market conditions influence the share of home loan applications that are originated or denied as well as the interest rate paid when originated. In the mortgage market, these measures are also affected by characteristics of the product itself, such as the loan-to-value ratio of the property, the duration of the loan, the type of property. It is important to note that the numbers displayed in Table 7 are unconditional and do not account for important differences in these factors.[26] Additionally, HMDA data do not capture certain types of alternative home financing such as seller-financing, land contracts, or lease-to-own arrangements, which are disproportionately used by low-income consumers.[27]

Mortgage borrowers in the rural southern region are four times more likely to get mortgages for manufactured homes than mortgage borrowers nationwide (16 percent compared to 4 percent.) The share of home-only (chattel) loans, for which the land underneath the home is not used as collateral, is seven times higher in the rural southern region (7 percent compared to 1 percent.) These loans tend to be much more expensive than other mortgages.[28] Furthermore, many of these homeowners rent the land where their home is located, making them vulnerable to both repossession by the lender and rent hikes or eviction by the owner of the land. Consumers can

[26] While the HMDA data contain information about many of these variables, further analysis controlling for these factors is beyond the scope of this report.

[27] Among consumers who have ever borrowed to buy a home, an estimated six percent had used a lease-purchase (rent-to-own) agreement, six percent had used a seller-financed mortgage, five percent had used a land contract, and 11 percent had used a home-only loan. See The Pew Charitable Trusts, "Millions of Americans Have Used Risky Financing Arrangements to Buy Homes," (April 2022), available www.pewtrusts.org/-/media/assets/2022/05/millionsofamericanshaveusedriskyfinancing_brief.pdf

[28] Manufactured homes are factory-built housing constructed after June 15, 1976 in accordance with the U.S. Department of Housing and Urban Development's Manufactured Home Construction and Safety Standards codes. Manufactured homes are distinct from RVs, park model homes, and modular home sections. See Russell, O'Reilly, Schneider, Melton, Schwartz and Leitner, "Manufactured Housing Finance: New Insights from the Home Mortgage Disclosure Act Data," (May 2021), available at https://www.consumerfinance.gov/data-research/researchreports/manufactured-housing-finance-new-insights-hmda/ and "Manufactured-housing consumer finance in the United States," available at https://files.consumerfinance.gov/f/201409_cfpb_report_manufactured-housing.pdf.

lose their home if they fall behind on their lot rent and lack the means to move their home to a new location.

2.4 Student Loans

Eighteen percent of consumers nationwide have an open student loan compared to 15 percent within the rural south. The ratio of consumers with a student loan to residents with at least some college education is slightly higher in the rural southern region (32 percent) than for the nation as a whole (29 percent). For those that do have student loan debt, the following analysis shows it may be more of a burden for those in the rural southern region than nationally, particularly when looking at balance-to-income ratios, delinquency rates, and lower levels of accessing relief options such as income driven relief (IDR) plans.

Table 8 displays the characteristics of student loan borrowers in the rural south and nationally. Due to payment suspensions during the pandemic, this analysis focuses on all student loan borrowers as of February 2020, prior to the enactment of the CARES Act.[29] Table 8 provides a baseline for several measures that are correlated with the ability of borrowers to repay their loans after the measures end.[30]

TABLE 8: STUDENT LOAN BORROWERS AS OF MARCH 2020, IN THE RURAL SOUTHERN REGION AND NATIONWIDE

	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Nationwide
Median scheduled monthly student loan payment	$151	$157	$169	$192
Median remaining student loan balance	$18,233	$17,499	$17,231	$20,286
Median tract-level household annual income	$37,230	$42,780	$53,718	$71,017
Student loan balance as a percent of tract-level income (median)	59	52	44	43

[29] While federal student loans comprise the majority of student loans, the credit bureau data do not allow us to distinguish between federally held and privately held student loans. The latter did not necessarily benefit from the payment suspensions afforded to federal student loans. However, we do not expect the inclusion of some privately held student loans to substantially impact this analysis.

[30] For more information on student loan borrowers and the construction of these measures, see Conkling, Gibbs and Jimenez-Read, "Student Loan Borrowers Potentially At-Risk when Payment Suspension Ends," (April 2022) available at: https://files.consumerfinance.gov/f/documents/cfpb_cares-vulnerable-student-loan-borrowers_report_2022-04.pdf (hereinafter Conkling, Gibbs and Jimenez-Read 2022).

	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Nationwide
Percent of borrowers delinquent	11	9	7	7
Median balance if delinquent	$19,566	$19,766	$22,202	$25,089
Percent of borrowers in default	16	14	10	9
Percent receiving assistance through IDR	20	19	21	21

Note: For this table, the sample is restricted to borrowers with outstanding student loans in February 2020. Median scheduled monthly payments exclude borrowers who have defaulted or have deferred payments. Delinquencies are defined as at least 90 days past due but not yet in default. Delinquency and default are measured for a single month, not cumulatively. Median balances exclude accounts with $0 balances. Receiving assistance excludes accounts with a remaining $0 balance. The CCP does not contain consumer-level income information. The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. PPC stands for persistent poverty county. Sample size refers to the number of unique consumer observations.

Student loan borrowers in the rural south have lower monthly payments and delinquent balance amounts than the respective national averages. Student loan borrowers in rural parts of the southern region, especially those in Persistent Poverty Counties, however, tend to live in tracts with lower median incomes. Consequently, these borrowers face a much higher student loan debt burden. The median ratio of student loan balances to tract-level household annual income is 52 percent in the rural south compared to 43 percent for consumers nationally. Comparatively high rates of delinquency and default on student loans among rural southerners also potentially point to greater student-loan debt burdens in the region. Meanwhile, rural southern student loan borrowers are slightly less likely to be on income-driven repayment (IDR) plans before the pandemic and subsequent relief measures.[31]

The combination of these factors indicates that, relative to both student loan borrowers nationally and to borrowers in non-southern rural counties, consumers in the rural south may have a harder time meeting their payment obligations when pandemic relief policies end.

[31] Payment assistance refers to borrowers who are likely enrolled in an income-driven repayment (IDR) plan (See Conkling, Gibbs and Jimenez-Read 2022).

3. Consumer Distress and Delinquencies

3.1 Medical Collections

Medical debts are the most common type of third-party collection furnished on consumers' credit reports.[32] Such collections can adversely affect a consumer's ability to access financial products, housing, or employment. In March 2022, in response to concerns of erroneous reporting of medical debt and the consequences for consumers, Equifax, Experian, and TransUnion announced their decision to stop reporting certain types of medical debt on credit reports, to be implemented over time and completed in April 2023. This entailed not reporting medical bills until they are one year past due (compared to 180 days previously), removing paid medical collections entirely, and no longer reporting medical debt tradelines under $500.[33]

A 2022 CFPB publication explored the impact these changes may have on consumers nationally and found that about half of consumers with medical collection tradelines will have all of them removed. Moreover, the removals will be concentrated geographically. South Carolina had the second-highest per-capita share of medical collections to be removed, following West Virginia.[34] Moreover, the southern region has the highest percentage of individuals with medical debt in collections.[35] Rural southerners are also more likely to have paid off medical debt or collections less than $500 than consumers nationwide. A 2023 CFPB publication finds that removing medical collections from a consumer's credit report increases their credit score by 25 points on average, leading to expanded access to credit at a lower cost.[36]

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32 See Sandler and Nathe "Consumer Credit Trends: Paid and Low-Balance Medical Collections on Consumer Credit Reports," (July 2022), available at https://www.consumerfinance.gov/data-research/research-reports/paid-and-low-balance-medical-collections-on-consumer-credit-reports/ (hereinafter Sandler and Nathe 2022).

33 See "Equifax, Experian, and TransUnion Support U.S. Consumers with Changes to Medical Collection Debt Reporting", March 18. 2022., Press Release. Available at https://newsroom.transunion.com/equifax-experian-andtransunion-support-us-consumers-with-changes-to-medical-collection-debt-reporting/.

34 See Sandler and Nathe 2022

35 See Figure 3 in "Medical Debt Burden in the United States," (March 2023), available at https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf.

36 See Brown and Wilson, "Data Point: Consumer Credit and the Removal of Medical Collections from Credit Reports," (April 2023), available at https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-removal-medical-collections-from-credit-reports_2023-04.pdf

TABLE 9: MEDICAL COLLECTIONS, IN THE RURAL SOUTHERN REGION AND NATIONWIDE

	Rural PPCs in southern region	Rural southern region	Rural non-southern region	Nationwide
Percent with medical debt collection over a two-year period	29	28	19	17
Percent with any medical debt collection paid or less than $500 over a two-year period	20	20	15	12

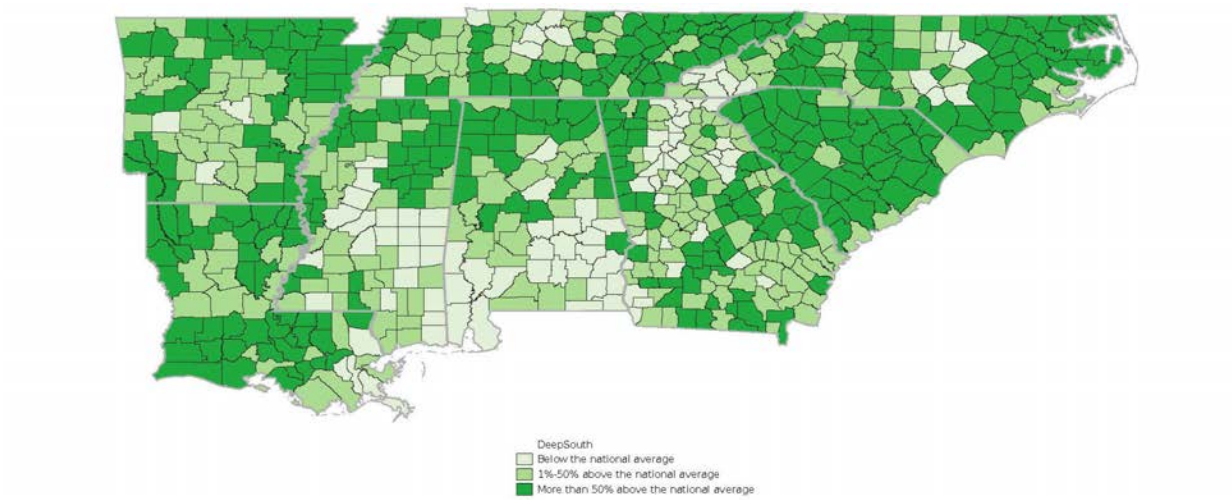
Note: The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. PPC stands for persistent poverty county. NCRAs are expected to remove paid medical debt as well as that with an initial balance below at least $500 from credit reports in 2023. Source: CCP 2020–2022.

An above-average share of consumers in the rural south (28 percent), and, in particular, in rural southern Persistent Poverty Counties (29 percent), has at least one medical collection on their credit record over a two-year period. This share is only 17 percent on average for consumers nationally and 19 percent among rural consumers outside of the southern region. The share of rural consumers with a medical collection tradeline varies widely among states in the southern region, 34 percent of rural South Carolinians have a medical debt collection tradeline, over 41 percent more than the share of rural consumers with a medical collection in Mississippi (24 percent.) This means that all eight states in the rural southern region have a higher share of consumers with medical collections than the national average or rural areas outside the southern region.

Table 9 shows that, compared to consumers nationally, a greater share of consumers in the rural south may have at least one medical collection removed from their credit records. Twenty percent of consumers in both the rural southern region and in rural Persistent Poverty Counties in the southern region will likely see at least one medical collection removed from their credit report as part of the nationwide credit reporting agencies' plan to exclude paid medical collections and reported medical collections less than $500 as it is implemented. This share is five percentage points higher than in other rural areas across the country and 8 percentage points higher than the national average (12 percent). This appears to be driven primarily by the higher prevalence of medical collections in the rural southern region, not a higher share of consumers with medical collections benefiting from the changes. Seventy-one percent (20 percent out of 28 percent) of rural southerners with medical collections will have at least one medical collection record removed. This is comparable to the national average, and much lower than the share of rural consumers with medical collections outside the southern region who will benefit (79 percent.)

We display the relative importance of medical collection removals for consumers in the southern region at the county level in Figure 4. The figure shows the share of consumers who are likely to have at least one collection removed from their credit reports in each county, either because the medical collection had been paid or it was less than $500, relative to the national average of 12 percent.[37] The share of consumers with at least one reported medical collection that would be removed is more than 150 percent of the national average in southern counties and almost all counties in South Carolina. One reason for the large share of removals in South Carolina is that South Carolina has the second highest share (behind West Virginia) of consumers with at least one medical collection on their credit report.

FIGURE 4: RELATIVE SHARE OF CONSUMERS WITH LIKELY MEDICAL COLLECTIONS REMOVALS FROM CREDIT REPORTS



Note: The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. CCP 2020–2022.

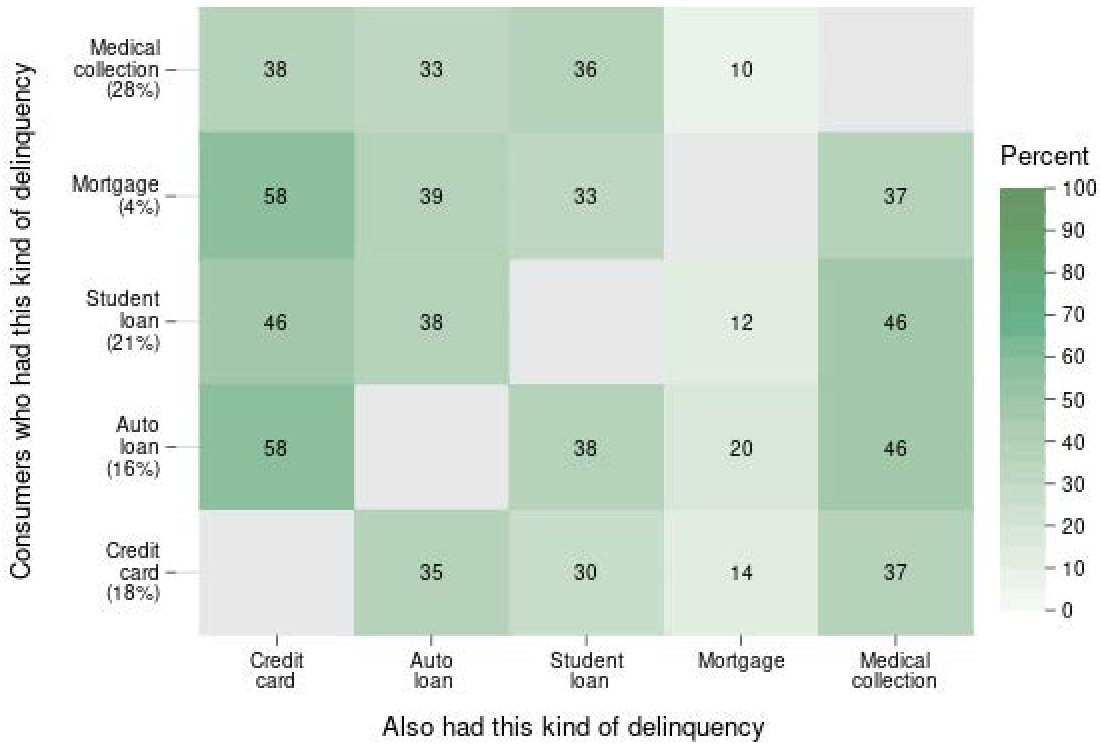
3.2 Consumer Delinquencies

Consumers who have trouble paying for a bill or expense often have multiple financial difficulties. We investigate the likelihood that consumers in the southern region who have one type of delinquency also have a delinquency on a consumer debt of another kind. Figure 5 shows these likelihoods for consumers in the rural southern region, which look similar to those of

[37] Specifically, we calculate the share of consumers in each county who will have at least one collection removed divided by the national share. Removals include previous collections that are paid in full as of March 2022 and collections with an initial balance less than $500. However, removals are primarily driven by collections with an initial balance of less than $500, as most medical collections nationally and in the southern region remain unpaid. The policies of medical providers may drive differences in the share of collections furnished to credit reporting companies.

consumers nationally (not shown). Among rural southerners who have each type of tradeline (medical collection, mortgage, student loan, auto loan, and credit card), the y-axis labels show the percent who also had at least one severe delinquency in the corresponding loan type between March 2020 and April 2022.[38]

FIGURE 5: SHARE OF RURAL SOUTHERN CONSUMERS WITH MEDICAL DEBT OR DELINQUENCY ON VARIOUS TYPES OF CREDIT



Note: Delinquencies are defined as loans at least 60 days past due, charged-off, or in collection at least once over the period of March 2020-April 2022. All percentages are conditional on the consumer having that type of loan except medical collections, due to a lack of data on who has medical debt. For consistency with the other loan types, the definition of student loan delinquency differs here from what we present in Table 8. Notably, our definition of student loan delinquency here includes loans that are in default. The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. Source: CFPB CCP.

Overall, rural southern consumers are most likely to have a reported medical collection (at 28 percent) compared to other types of delinquencies. Among borrowers with the corresponding type of debt, the next most prevalent delinquency categories are student loans (21 percent) and credit cards (18 percent). Each row corresponds to the sample of borrowers with a delinquency

[38] We report only delinquencies of more than 60 days, collections, and charge-offs in order to highlight severe delinquencies that are more substantial than an occasional missed payment of a few days. These delinquencies may include those on active accounts as well as closed accounts and those that have been charged off and remain on the consumer's credit record.

of the loan type indicated on the y-axis, and each cell contains the percentage of this sample with an additional delinquency, corresponding to the type indicated on the x-axis.

Rural southerners are considerably more likely to have a medical collection on their credit report (28 percent) compared to consumers nationally (17 percent, Table 9). Those with a medical collection have a dramatically higher prevalence of other types of delinquencies on their credit accounts. For example, Figure 5 shows that 18 percent of credit card holders in the rural southern region have a delinquency on at least one credit card account. However, among credit card holders with a reported medical collection, the delinquency rate is 38 percent.[39] We cannot distinguish whether having a reported medical collection leads to higher rates of credit card delinquency or whether consumers with medical collections are also consumers who would otherwise have relatively high credit card delinquency rates.

Similarly, the mortgage delinquency rate among mortgage holders in the rural south is only four percent; however, among those with a medical collection tradeline, the rate is over twice as high, at 10 percent. This pattern is even starker for those with a reported medical collection and an auto loan or student loan. While 16 percent of rural southerners with auto loans had at least one severe delinquency on an auto loan between March 2020 and April 2022, those with a medical collection tradeline have a 33 percent rate of auto loan delinquency, and while 21 percent of consumers with student loans are delinquent in the same region, those with a medical collection tradeline had a 36 percent rate of student loan delinquency.

Delinquency rates on other kinds of loan products are even higher among consumers with an auto loan delinquency. For example, 20 percent of consumers with an auto loan delinquency also had a mortgage delinquency, nearly five times higher than the overall mortgage delinquency rate (4 percent). Among those with an auto delinquency and a credit card, the share with a credit card delinquency is 58 percent, over three times the credit card delinquency rate for all consumers in the sample (18 percent). Likewise, the share of student loan borrowers with a delinquency is 21 percent, but among borrowers with a delinquent auto loan, the student loan delinquency rate is 38 percent.

[39] We use delinquency rate here to refer to the percent of consumers with at least one delinquency, rather than the share of accounts or balances that are delinquent.

4. Conclusion

The findings above present an initial overview of the consumer finances of rural southerners and is intended to start a conversation with stakeholders in the region about priorities for further research and policy development. Key findings include:

- Compared to the nation as a whole, rural southerners are 10.6 percent less likely to have a credit card and 17.9 percent less likely to have an outstanding mortgage. These gaps may partially reflect relatively lower likelihoods of successfully taking out credit, even within credit score tiers. Without adequate access to these products, consumers may experience increased difficulty responding to unexpected expenses or building wealth through home equity.

- Across credit products, rural southerners who obtain credit tend to pay higher interest rates on average. In rural parts of the southern region, the average interest rate on a mortgage was 3.51 percent, compared to 3.13 percent nationally. For credit cards, the median interest rate in the region's rural areas is 18.99 percent, compared to 17.74 percent in other rural areas and 17.90 percent nationwide.

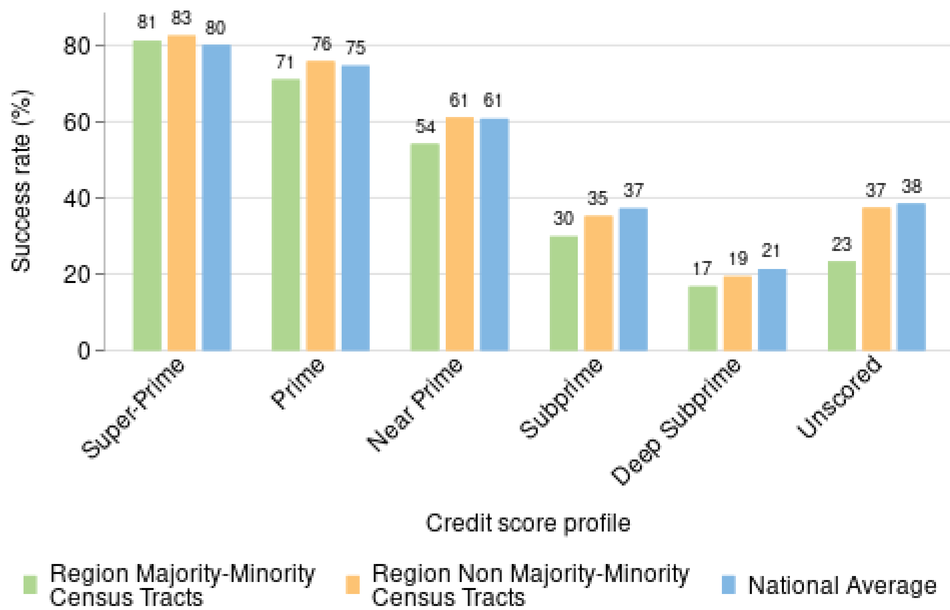
- Rural southerners are more likely to have medical collections (28 percent) than consumers elsewhere (17 percent). The prevalence of medical collections varies widely among states in the southern region, 34 percent of rural South Carolinians have a medical debt collection tradeline, over 41 percent more than the share of rural consumers with a medical collection in Mississippi (24 percent).

- Medical collections are the most common type of delinquency in the rural southern region, followed by student loans (21 percent) and credit cards (18 percent). Rural southerners with medical collections are much more likely to be delinquent on other types of debt. For example, 16 percent of rural southerners with an auto loan were at least 60 days delinquent at some point over a two-year period. For those with medical collections, the auto loan two-year delinquency rate more than doubles, to 33 percent.

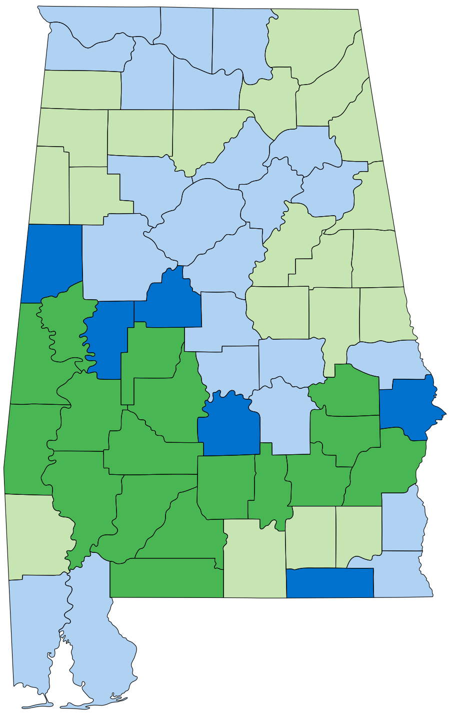
This report is intended to provide a starting point in better understanding the financial situations, needs, and challenges of consumers in rural areas in the southern region. The CFPB continues to monitor credit conditions in rural southern region and other areas within the United States of America.

APPENDIX A: AUTO ORIGINATIONS IN MAJORITY-MINORITY CENSUS TRACTS

FIGURE 6: PERCENT OF AUTO LOAN APPLICATIONS ORIGINATED



Note: Credit score categories are defined as: deep subprime (credit scores below 499), subprime (credit scores of 500-599), near prime (credit scores of 600-659), prime (credit scores of 660-779) and super-prime (credit scores of 780 or above). People without a credit score were categorized as unscored. The southern region includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. PPC stands for persistent poverty county. Source: CFPB CCP March 2020-2022.



Alabama

Map of counties in Alabama.

- Metro PPC*
- Metro, non-PPC
- Rural PPC
- Rural, non-PPC

*persistent poverty county

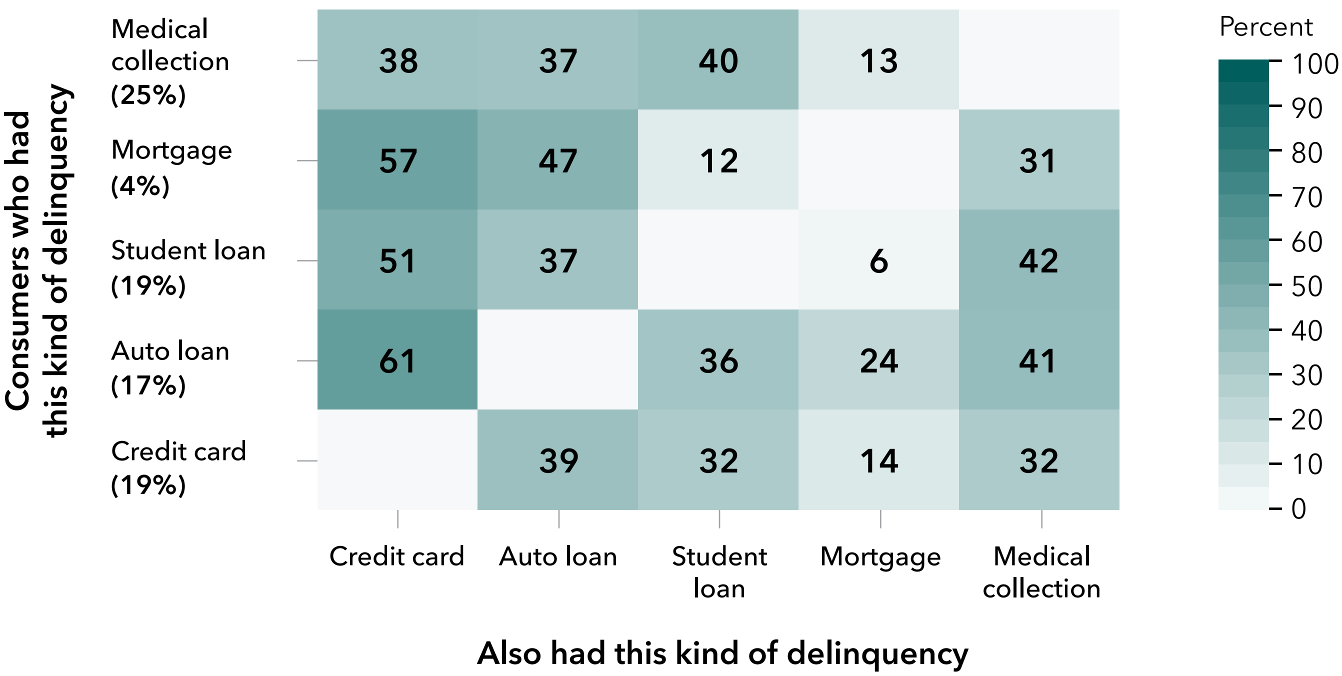
Consumer credit profiles in the southern region in comparison: Alabama.

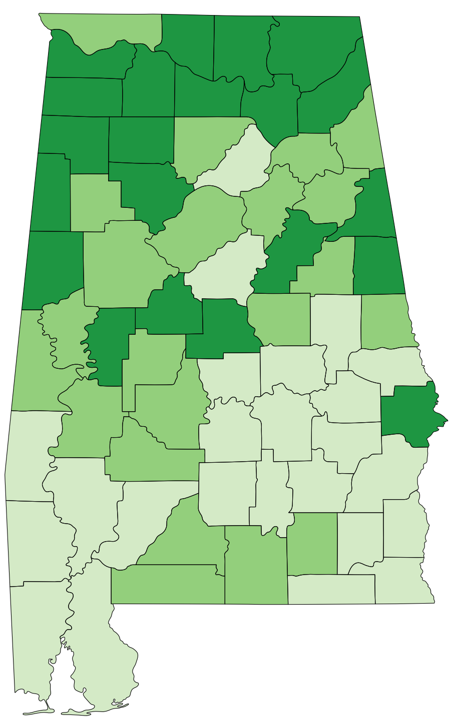
Credit characteristic	National average	Alabama	Rural Alabama
Percent with mortgage	29	27	22
Median balance on mortgage	$165,975	$124,220	$88,831
Percent with credit card (cc)	80	71	66
Median balance on cc	$1,207	$1,117	$980
Utilization rate (cc)	31	37	41
Percent with auto loan	42	43	43
Median balance on auto loan	$13,249	$14,415	$14,533
Percent with student loan	18	18	14
Percent w/ medical debt collection	17	22	25
Median household income	$63,929	$50,833	$41,603
Deep subprime	4	6	6
Subprime	22	29	32
Near prime	12	13	15
Prime	37	32	30
Super-prime	26	20	17
Observations	5,734,997	88,659	19,773

ALABAMA

CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION

Share of rural southern consumers in Alabama with delinquencies on multiple types of credit.





Relative share of consumers with likely medical debt collections removals from credit report.

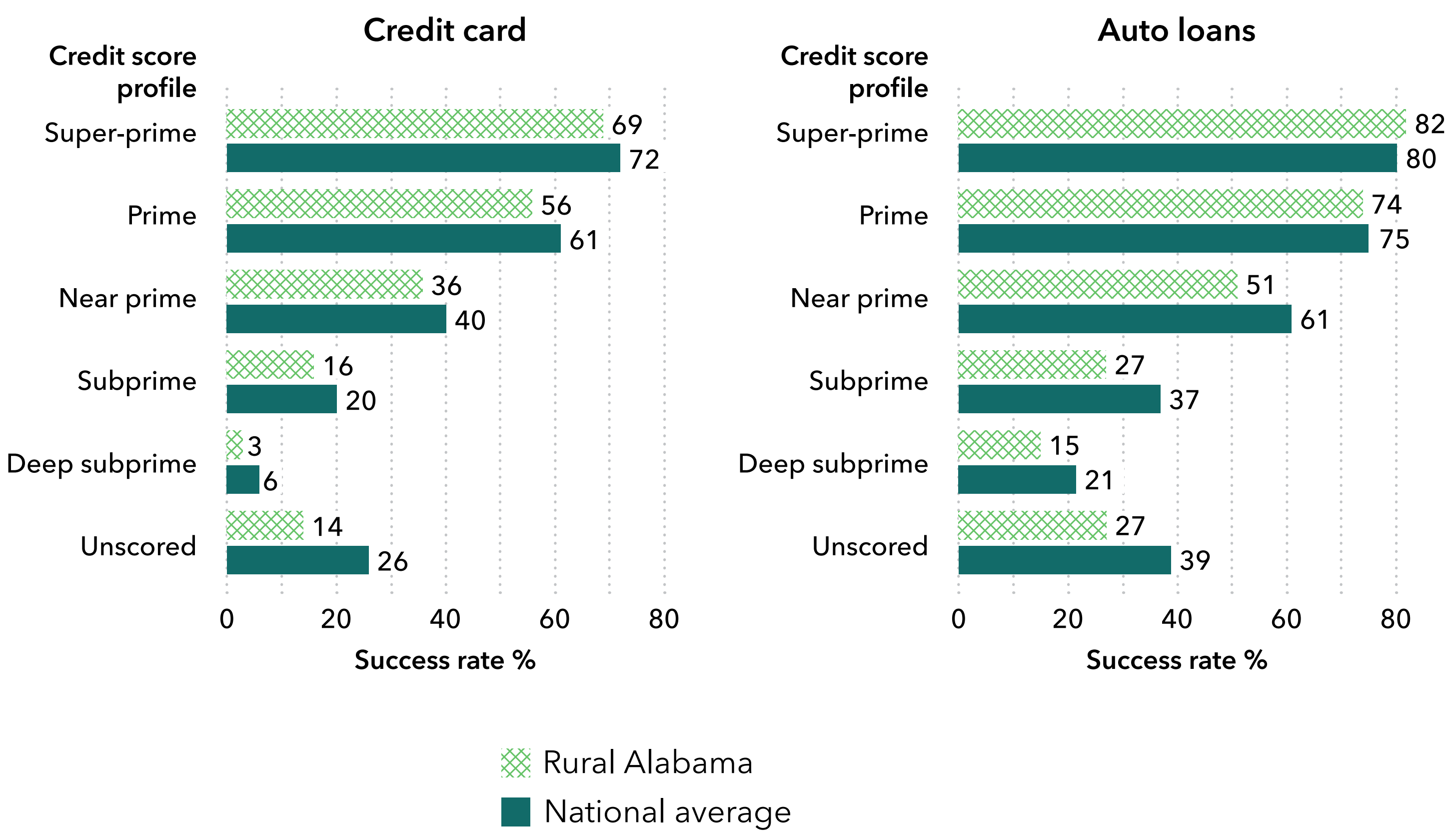
- Below national average
- 1-50% above national average
- More than 50% above national average

Student loan borrowers in Alabama.

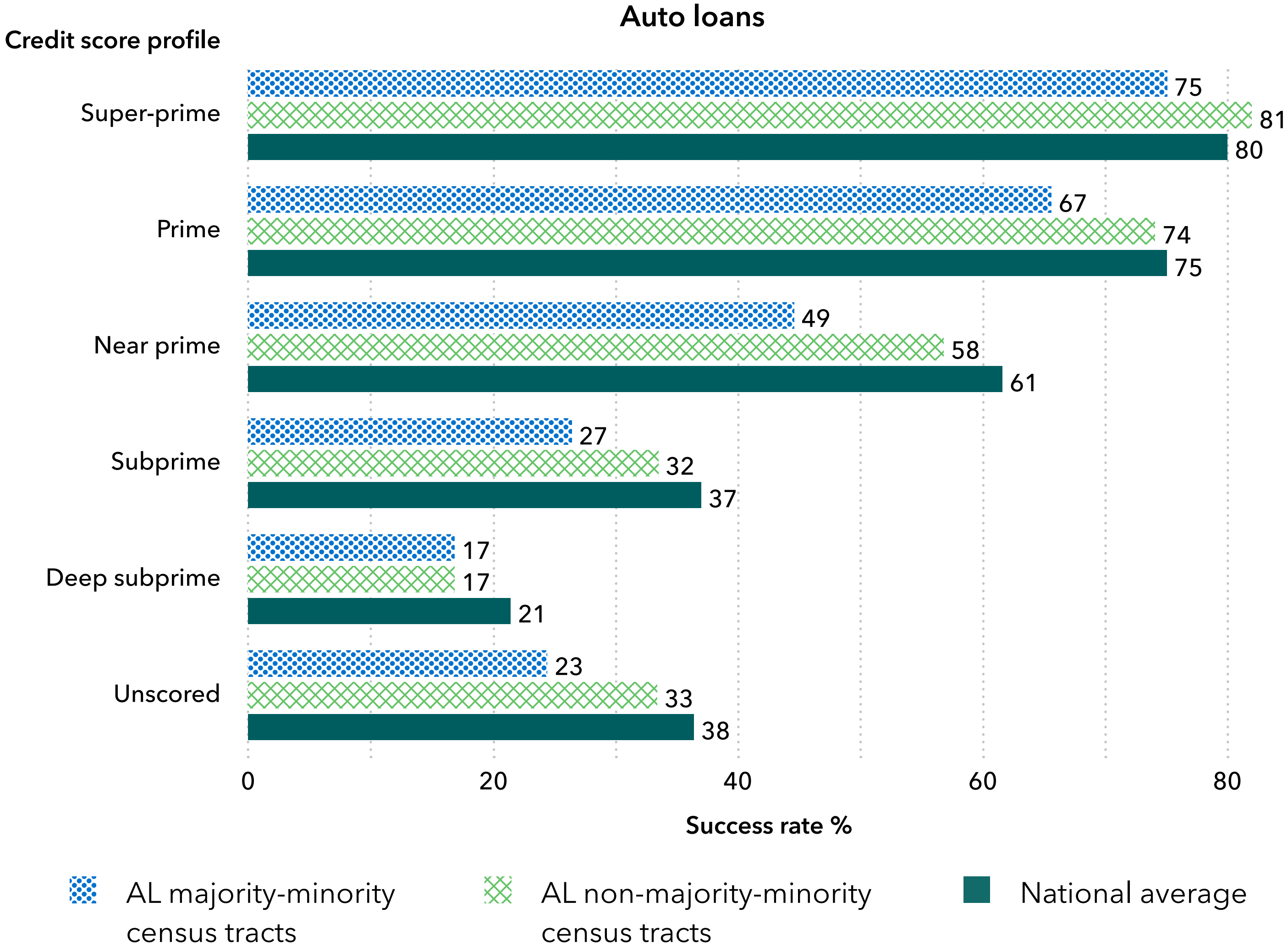
Credit characteristic	National average	Alabama	Rural Alabama
Median scheduled monthly student loan payment	$192	$175	$156
Median annual household income	$71,017	$56,550	$41,604
Median student loan debt balance to income	43	56	64
Share delinquent	7	8	8
Median balance if delinquent	$25,089	$27,336	$26,434
Share in default	9	12	13
Share receiving assistance through IDR*	21	21	18
Observations	917,310	13,906	2,408

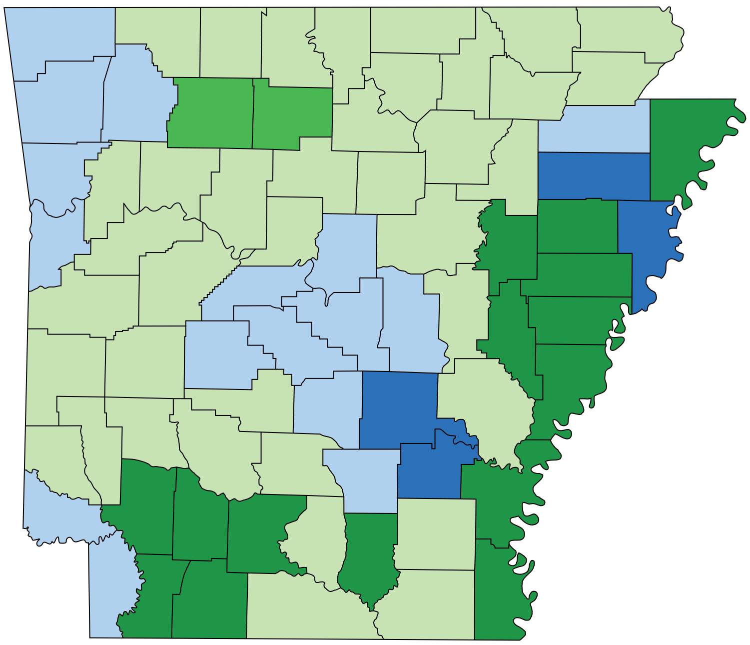
*Income-driven repayment

Percent of applications originated for credit cards and auto loans, rural Alabama vs. national average.



Auto loan application acceptance rates in Alabama, by credit score.





Arkansas

Map of counties in Arkansas.

- Metro PPC*
- Metro, non-PPC
- Rural PPC
- Rural, non-PPC

*persistent poverty county

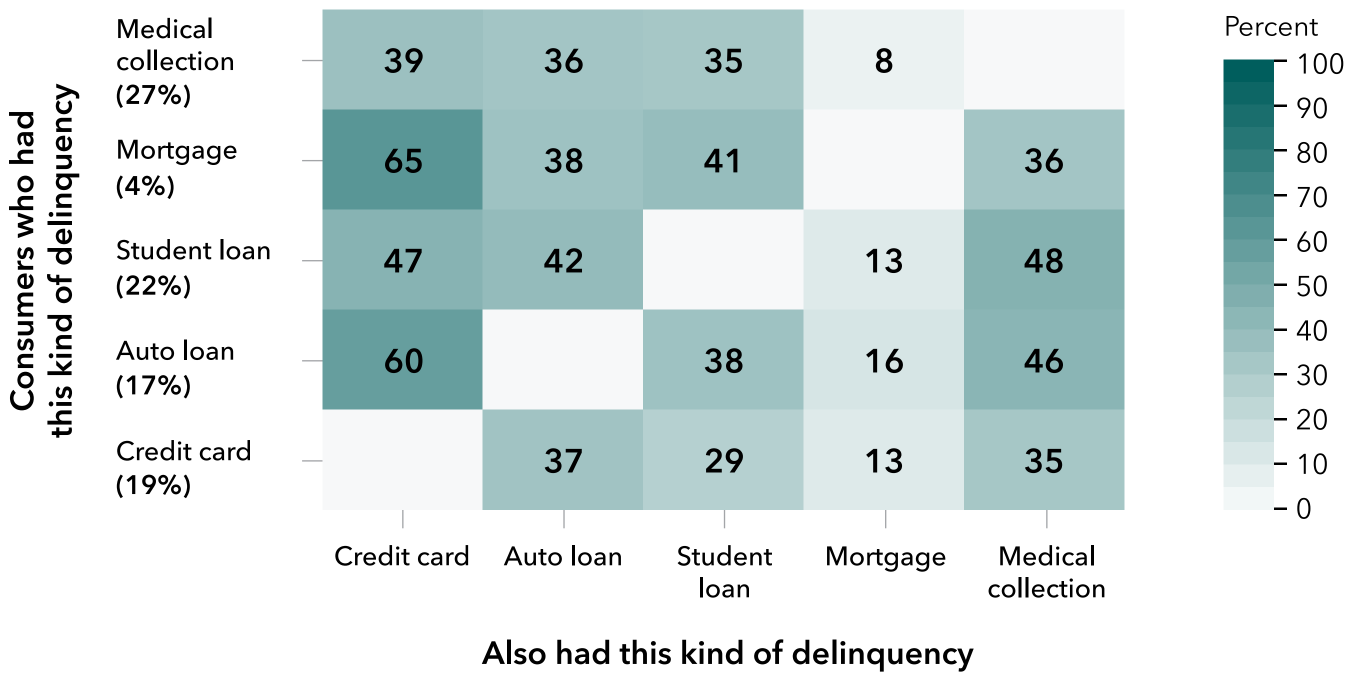
Consumer credit profiles in the southern region in comparison: Arkansas.

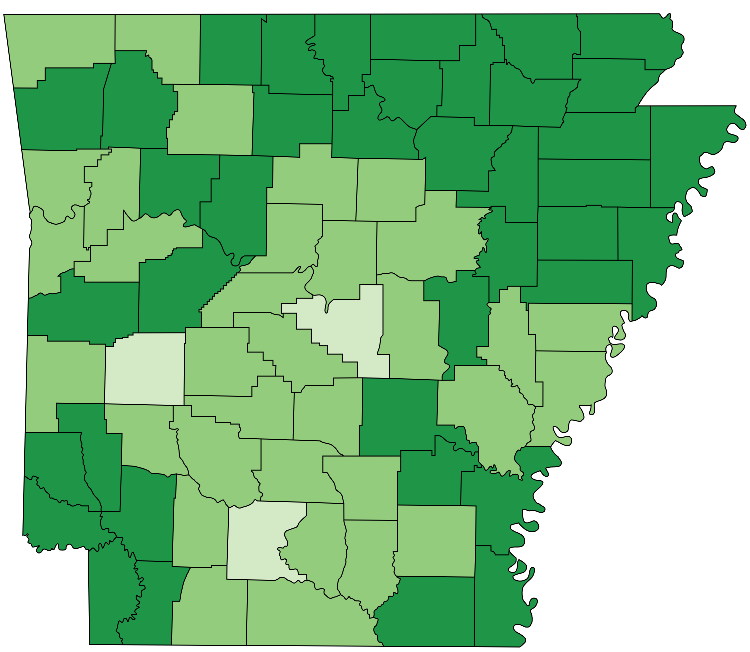
Credit characteristic	National average	Arkansas	Rural Arkansas
Percent with mortgage	29	27	23
Median balance on mortgage	$165,975	$112,171	$81,769
Percent with credit card (cc)	80	72	68
Median balance on cc	$1,207	$1,082	$981
Utilization rate (cc)	31	38	39
Percent with auto loan	42	47	46
Median balance on auto loan	$13,249	$14,786	$14,633
Percent with student loan	18	18	15
Percent w/ medical debt collection	17	23	27
Median household income	$63,929	$48,724	$41,574
Deep subprime	4	5	5
Subprime	22	29	31
Near prime	12	13	14
Prime	37	32	30
Super-prime	26	20	20
Observations	5,734,997	52,716	19,043

ARKANSAS

CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION

Share of rural southern consumers in Arkansas with delinquencies on multiple types of credit.





Relative share of consumers with likely medical debt collections removals from credit report.

- Below national average
- 1-50% above national average
- More than 50% above national average

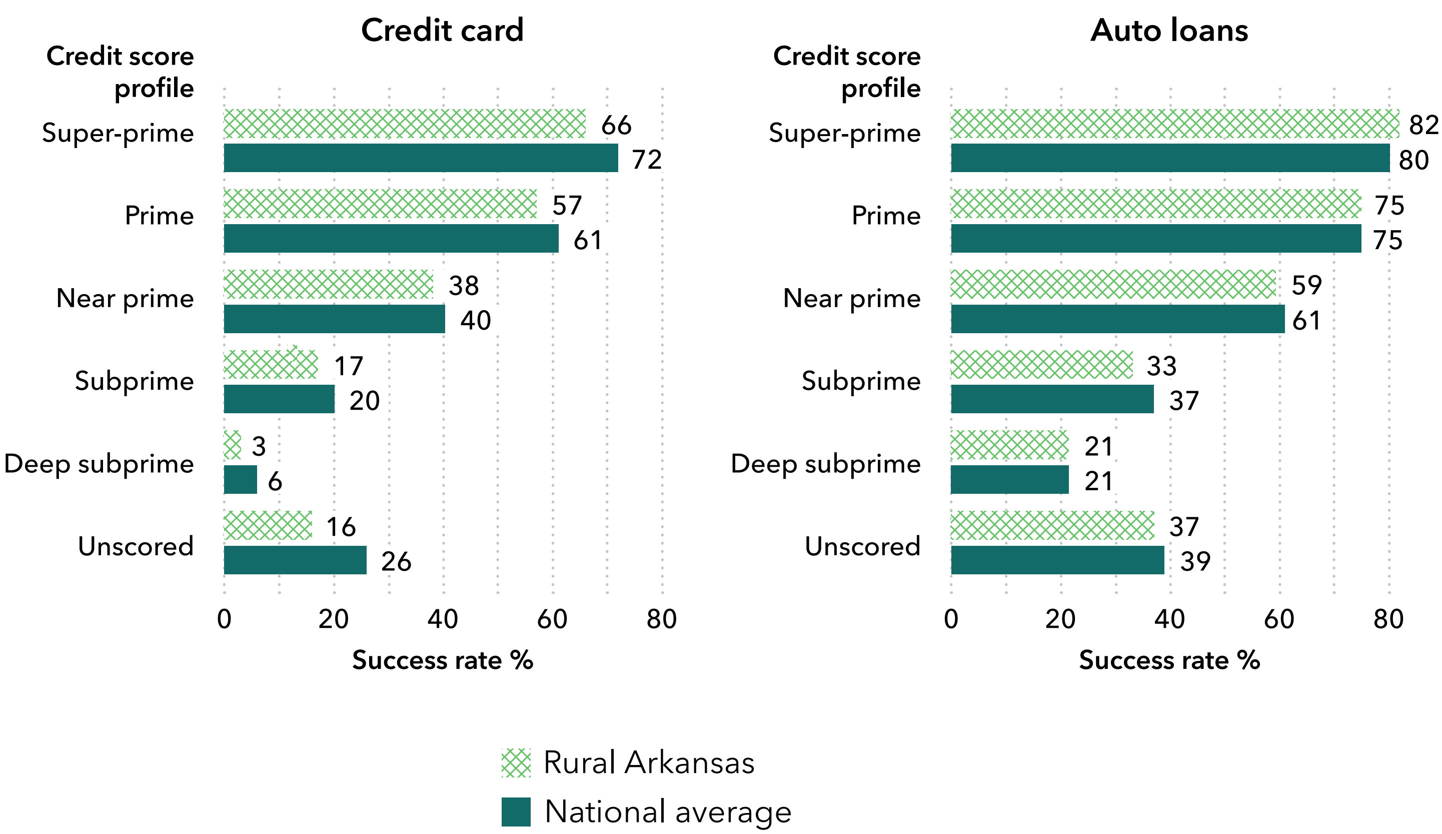
ARKANSAS
CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION

Student loan borrowers in Arkansas.

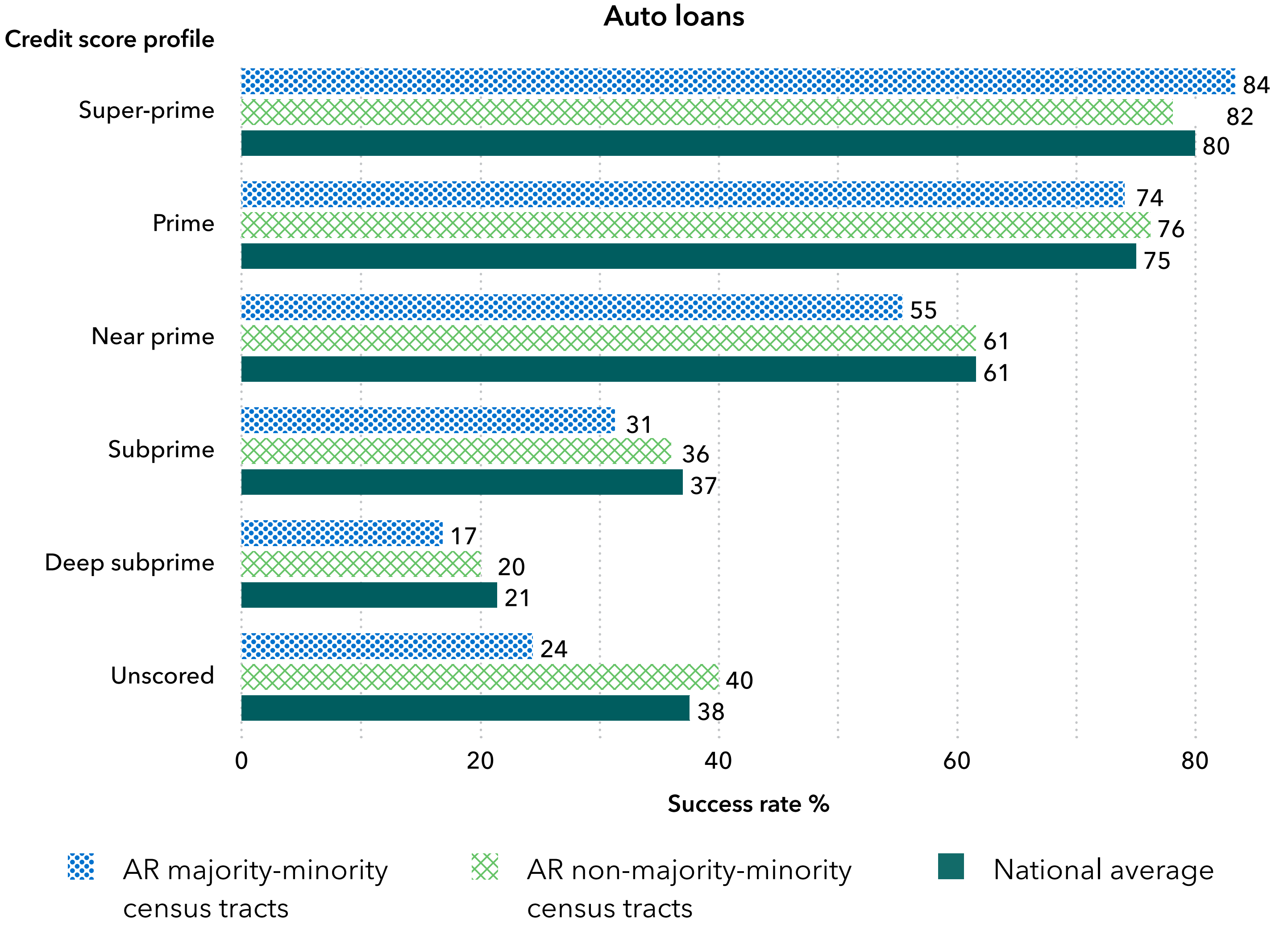
Credit characteristic	National average	Arkansas	Rural Arkansas
Median scheduled monthly student loan payment	$192	$166	$140
Median annual household income	$71,017	$52,301	$41,794
Median student loan debt balance to income	43	47	37
Share delinquent	7	9	9
Median balance if delinquent	$25,089	$21,027	$15,117
Share in default	9	12	15
Share receiving assistance through IDR*	21	20	18
Observations	917,310	8,560	2,487

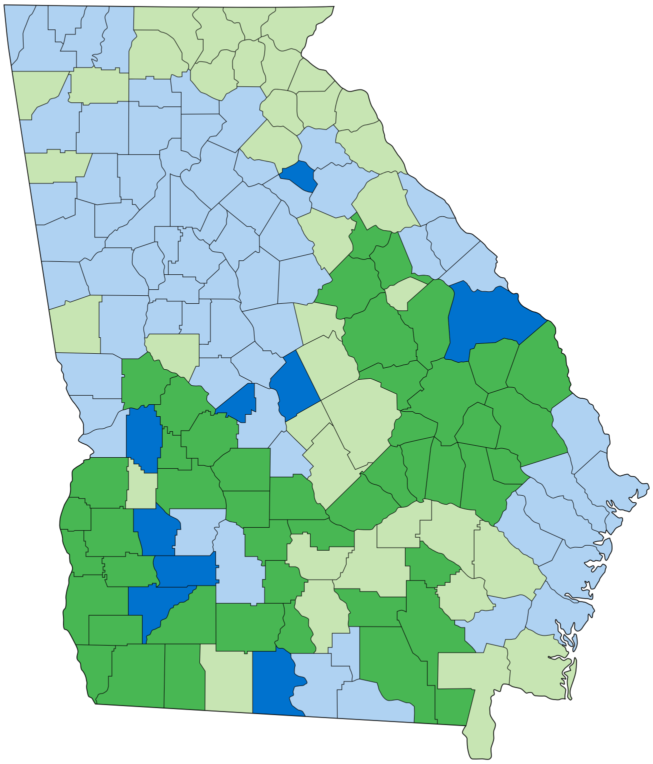
*Income-driven repayment

Percent of applications originated for credit cards and auto loans, rural Arkansas vs. national average.



Auto loan application acceptance rates in Arkansas, by credit score.





Georgia

Map of counties in Georgia.

- Metro PPC*
- Metro, non-PPC
- Rural PPC
- Rural, non-PPC

*persistent poverty county

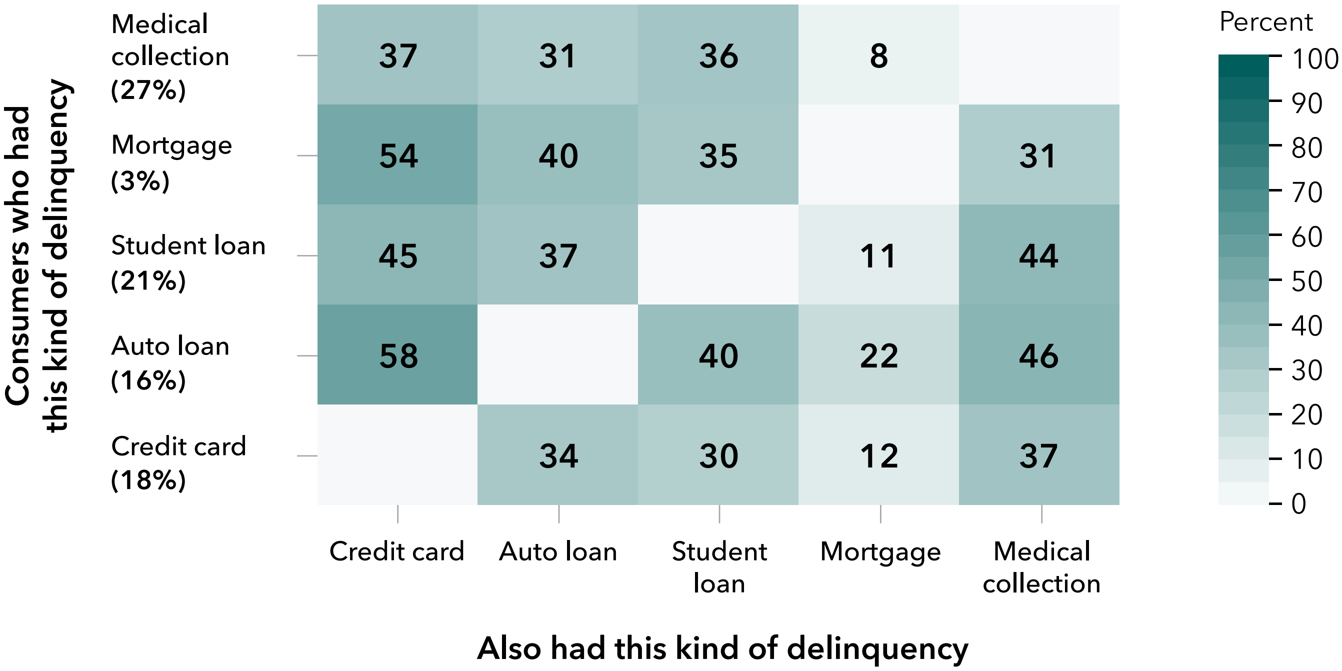
Consumer credit profiles in the southern region in comparison: Georgia.

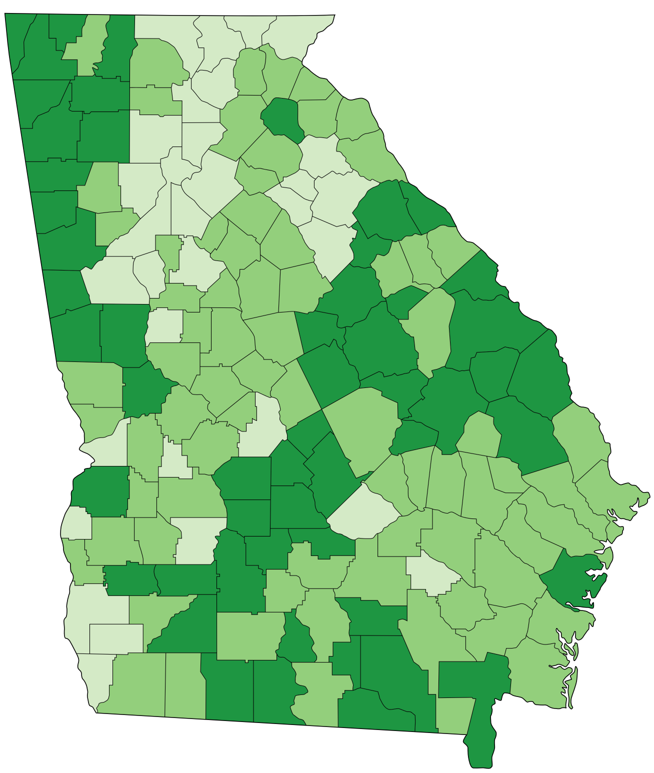
Credit characteristic	National average	Georgia	Rural Georgia
Percent with mortgage	29	28	22
Median balance on mortgage	$165,975	$151,815	$106,475
Percent with credit card (cc)	80	77	66
Median balance on cc	$1,207	$1,192	$1,037
Utilization rate (cc)	31	37	39
Percent with auto loan	42	42	41
Median balance on auto loan	$13,249	$14,851	$15,371
Percent with student loan	18	20	16
Percent w/ medical debt collection	17	21	27
Median household income	$63,929	$60,046	$41,935
Deep subprime	4	5	6
Subprime	22	28	32
Near prime	12	14	14
Prime	37	34	30
Super-prime	26	20	18
Observations	5,734,997	185,971	29,985

GEORGIA

CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION

Share of rural southern consumers in Georgia with delinquencies on multiple types of credit.





Relative share of consumers with likely medical debt collections removals from credit report.

Below national average

1-50% above national average

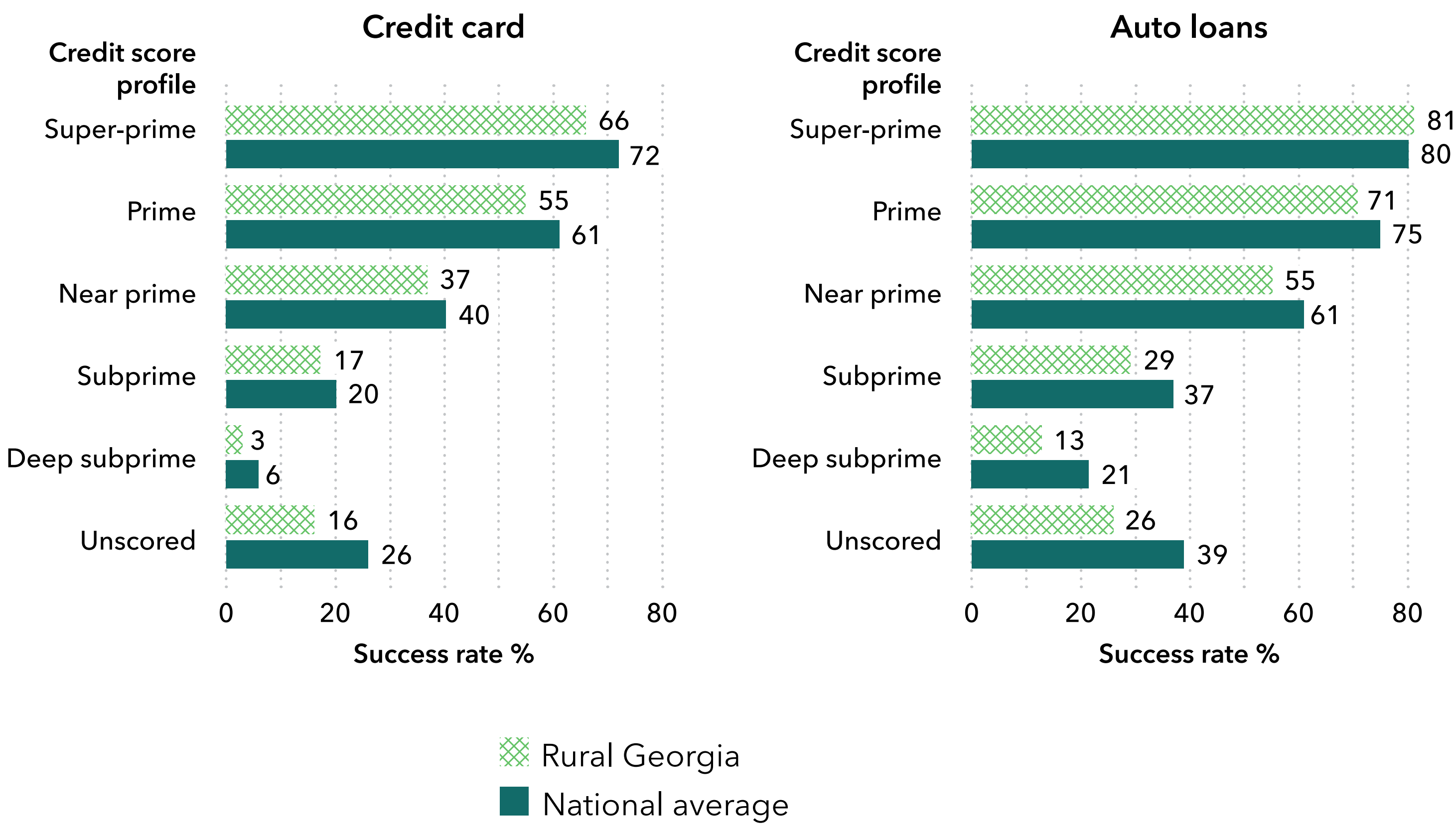
More than 50% above national average

Student loan borrowers in Georgia.

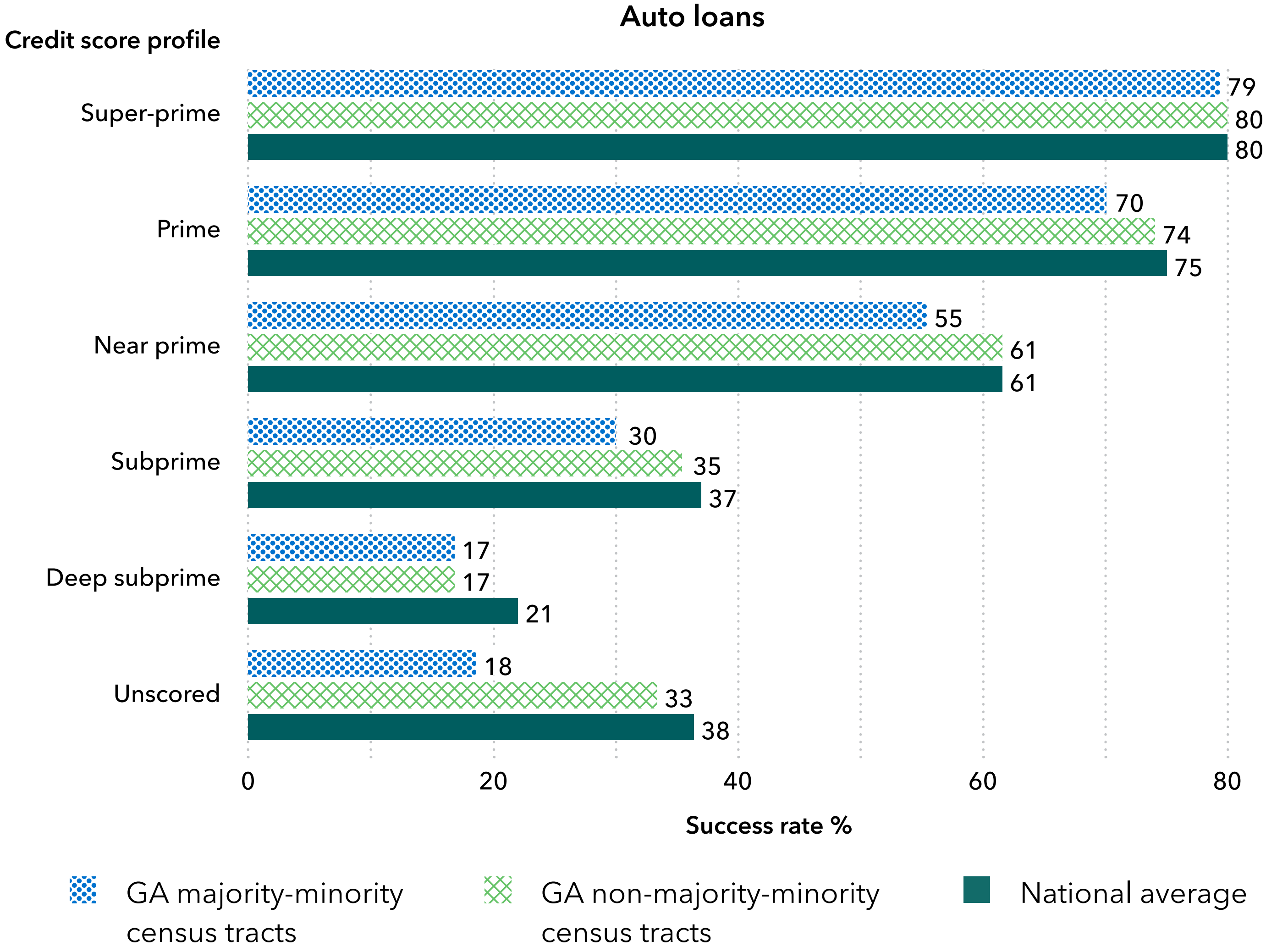
Credit characteristic	National average	Georgia	Rural Georgia
Median scheduled monthly student loan payment	$192	$193	$160
Median annual household income	$71,017	$65,265	$44,212
Median student loan debt balance to income	43	54	47
Share delinquent	7	9	9
Median balance if delinquent	$25,089	$29,777	$18,534
Share in default	9	11	13
Share receiving assistance through IDR*	21	22	22
Observations	917,310	33,931	4,126

*Income-driven repayment

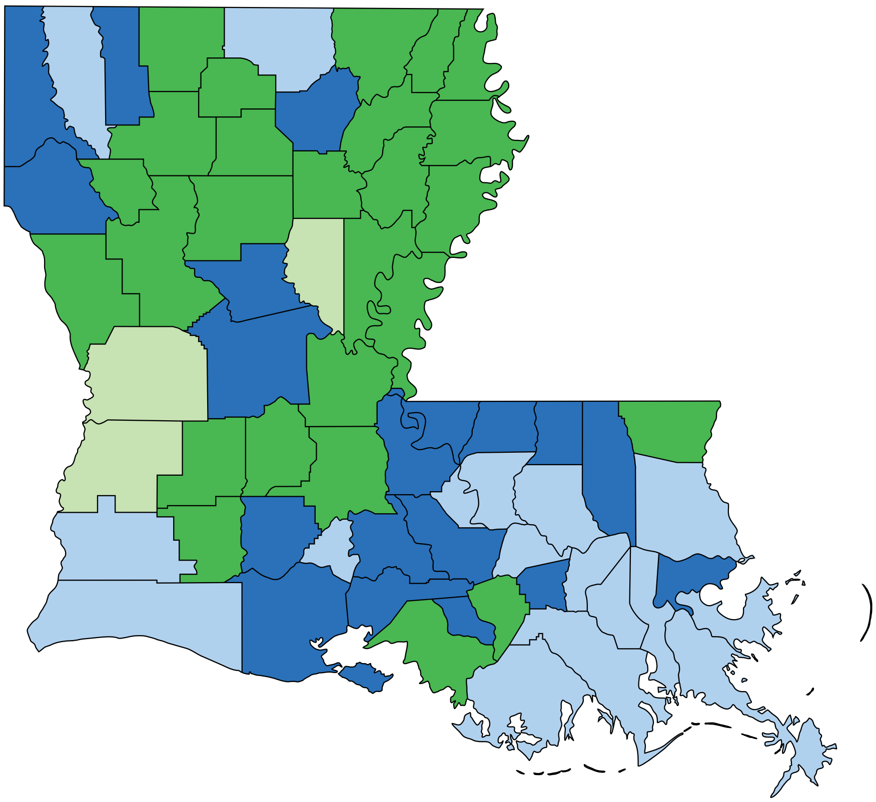
Percent of applications originated for credit cards and auto loans, rural Georgia vs. national average.



Auto loan application acceptance rates in Georgia, by credit score.



LOUISIANA
CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION



Louisiana

Map of counties in Louisiana.

- Metro PPC*
- Metro, non-PPC
- Rural PPC
- Rural, non-PPC

*persistent poverty county

Consumer credit profiles in the southern region in comparison: Louisiana.

Credit characteristic	National average	Louisiana	Rural Louisiana
Percent with mortgage	29	26	21
Median balance on mortgage	$165,975	$128,837	$80,509
Percent with credit card (cc)	80	70	62
Median balance on cc	$1,207	$1,121	$977
Utilization rate (cc)	31	37	40
Percent with auto loan	42	43	43
Median balance on auto loan	$13,249	$15,831	$16,325
Percent with student loan	18	19	16
Percent w/ medical debt collection	17	25	29
Median household income	$63,929	$51,179	$40,799
Deep subprime	4	5	6
Subprime	22	31	35
Near prime	12	14	15
Prime	37	31	29
Super-prime	26	19	16
Observations	5,734,997	78,652	12,218

LOUISIANA

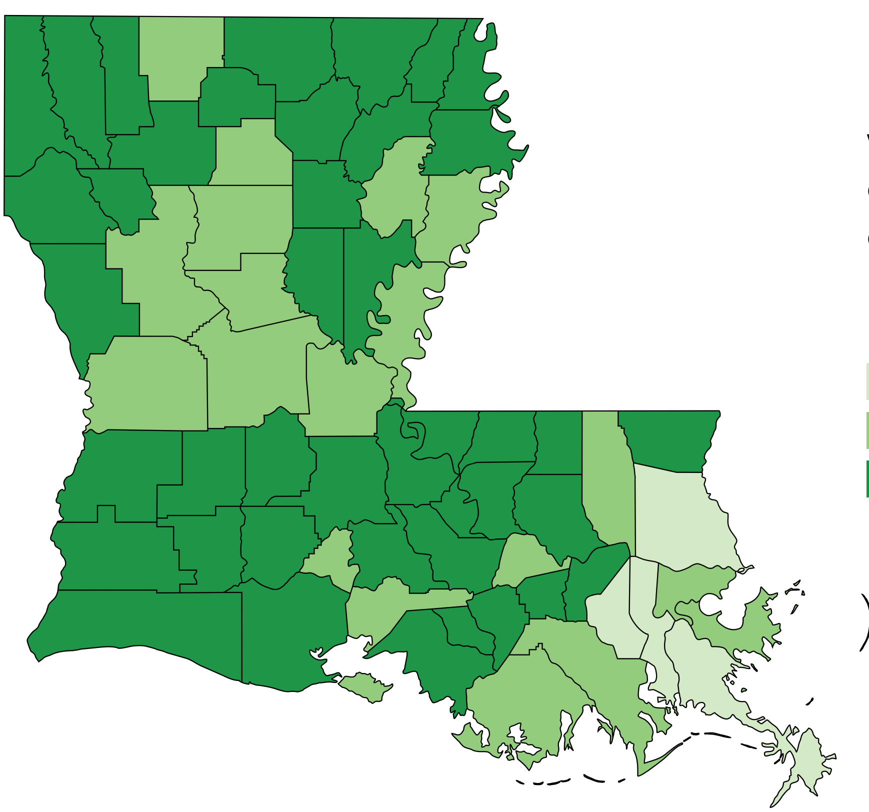
CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION

Share of rural southern consumers in Louisiana with delinquencies on multiple types of credit.

Consumers who had this kind of delinquency	Credit card	Auto loan	Student loan	Mortgage	Medical collection
Medical collection (29%)	40	35	42	10	
Mortgage (5%)	60	41	33		34
Student loan (22%)	45	40		11	48
Auto loan (19%)	56		38	20	46
Credit card (20%)		34	31	14	38

Also had this kind of delinquency

Percent: 0–100



Relative share of consumers with likely medical debt collections removals from credit report.

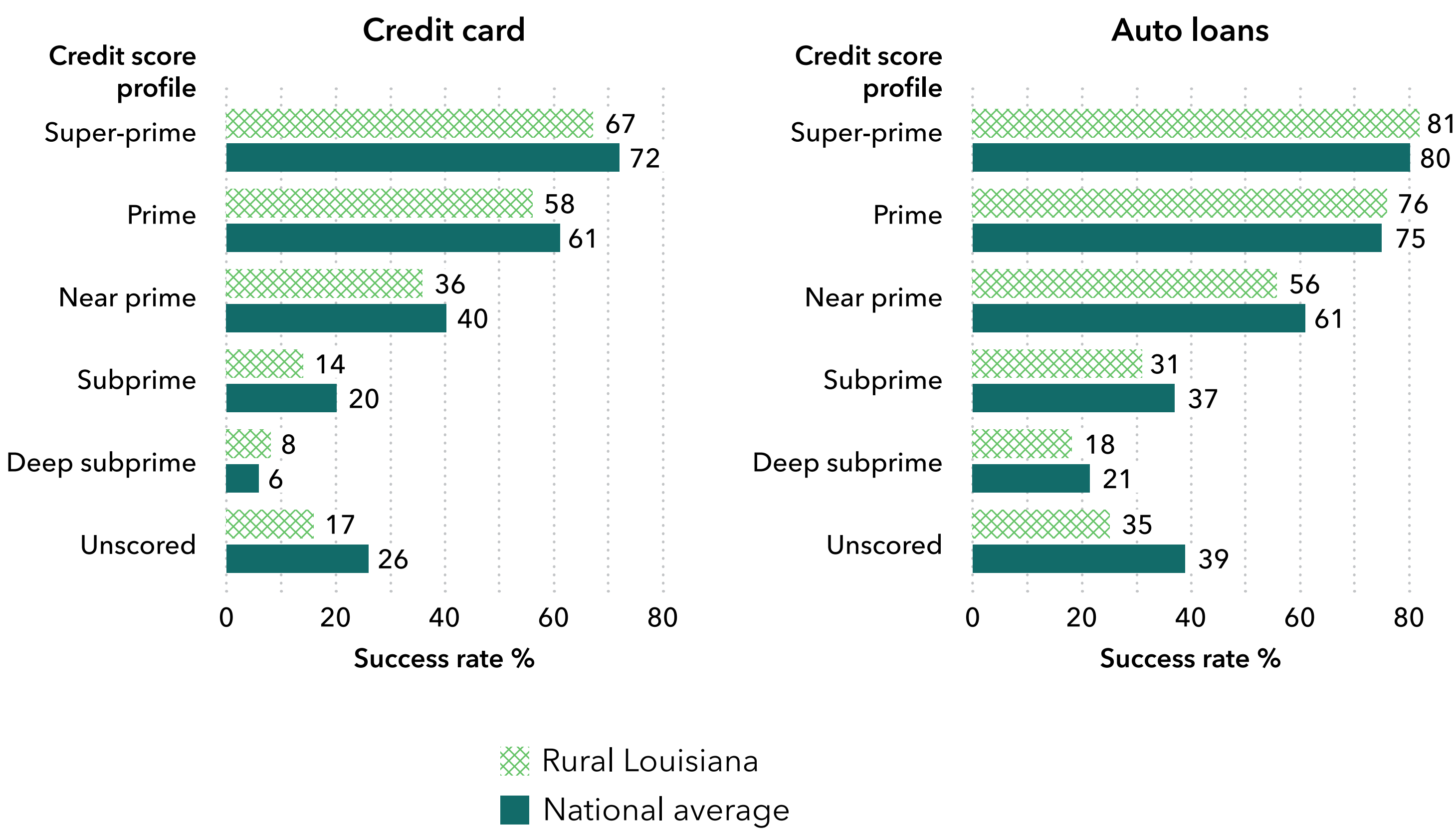
- Below national average
- 1-50% above national average
- More than 50% above national average

Student loan borrowers in Louisiana.

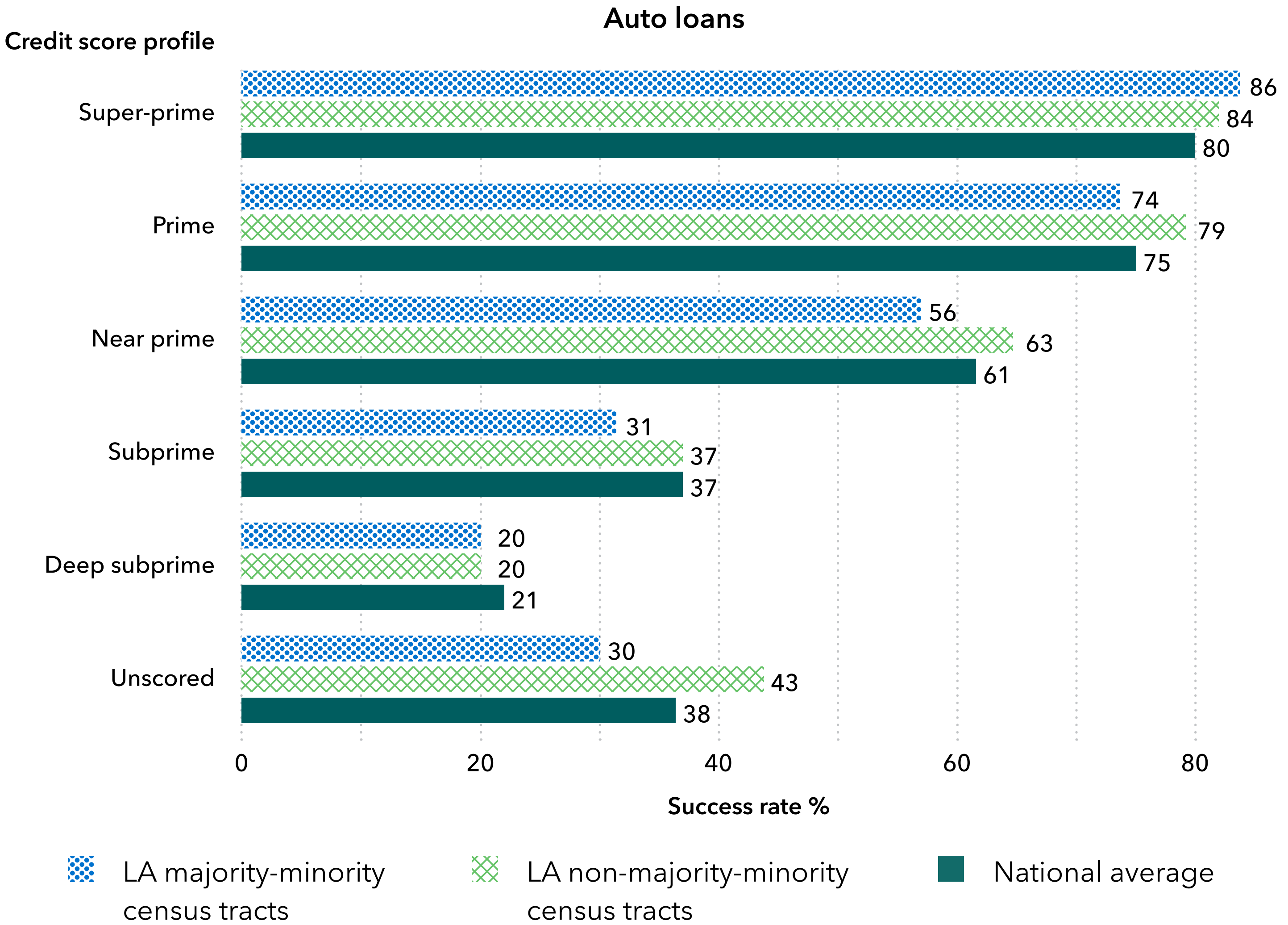
Credit characteristic	National average	Louisiana	Rural Louisiana
Median scheduled monthly student loan payment	$192	$163	$145
Median annual household income	$71,017	$53,696	$38,331
Median student loan debt balance to income	43	52	79
Share delinquent	7	9	10
Median balance if delinquent	$25,089	$23,466	$23,817
Share in default	9	12	14
Share receiving assistance through IDR*	21	21	17
Observations	917,310	13,064	1,700

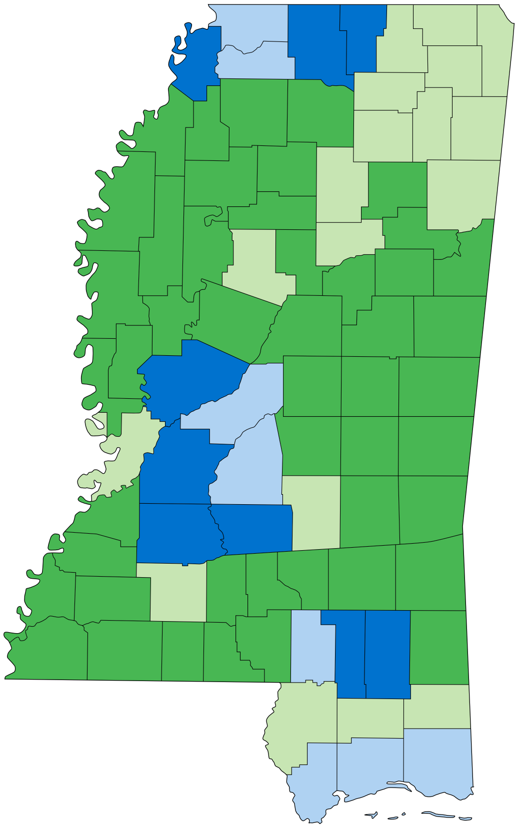
*Income-driven repayment

Percent of applications originated for credit cards and auto loans, rural Louisiana vs. national average.



Auto loan application acceptance rates in Louisiana, by credit score.





Mississippi

Map of counties in Mississippi.

- Metro PPC*
- Metro, non-PPC
- Rural PPC
- Rural, non-PPC

*persistent poverty county

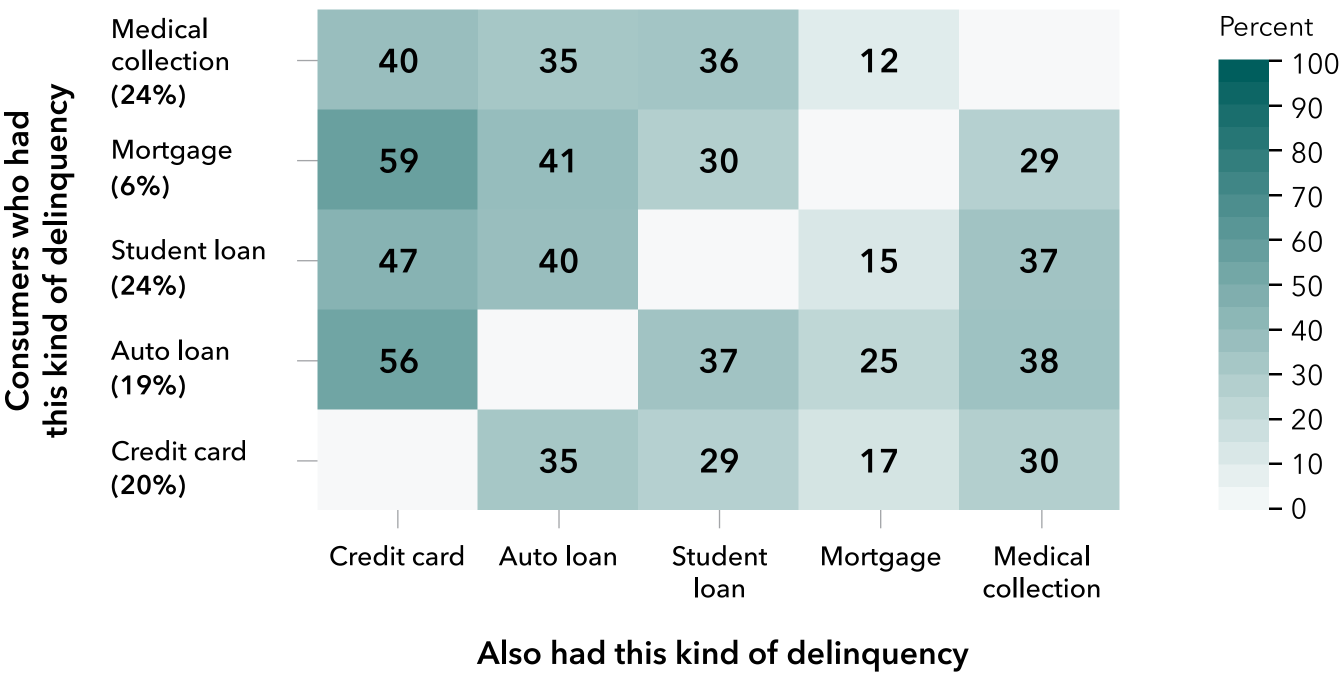
Consumer credit profiles in the southern region in comparison: Mississippi.

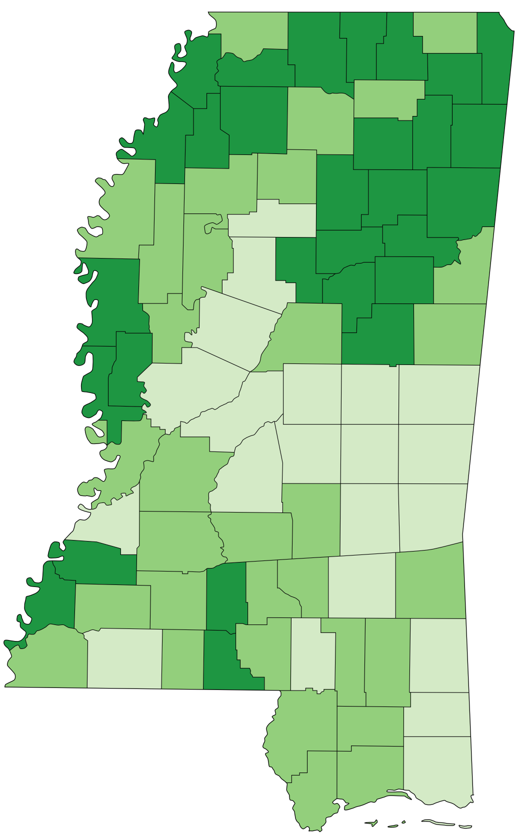
Credit characteristic	National average	Mississippi	Rural Mississippi
Percent with mortgage	29	24	20
Median balance on mortgage	$165,975	$104,571	$79,971
Percent with credit card (cc)	80	69	64
Median balance on cc	$1,207	$981	$885
Utilization rate (cc)	31	41	42
Percent with auto loan	42	45	44
Median balance on auto loan	$13,249	$14,731	$14,593
Percent with student loan	18	20	18
Percent w/ medical debt collection	17	22	24
Median household income	$63,929	$45,250	$40,648
Deep subprime	4	5	6
Subprime	22	31	33
Near prime	12	15	15
Prime	37	31	30
Super-prime	26	17	16
Observations	5,734,997	47,092	24,537

MISSISSIPPI

CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION

Share of rural southern consumers in Mississippi with delinquencies on multiple types of credit.





Relative share of consumers with likely medical debt collections removals from credit report.

- Below national average
- 1-50% above national average
- More than 50% above national average

Consumer Financial Protection Bureau

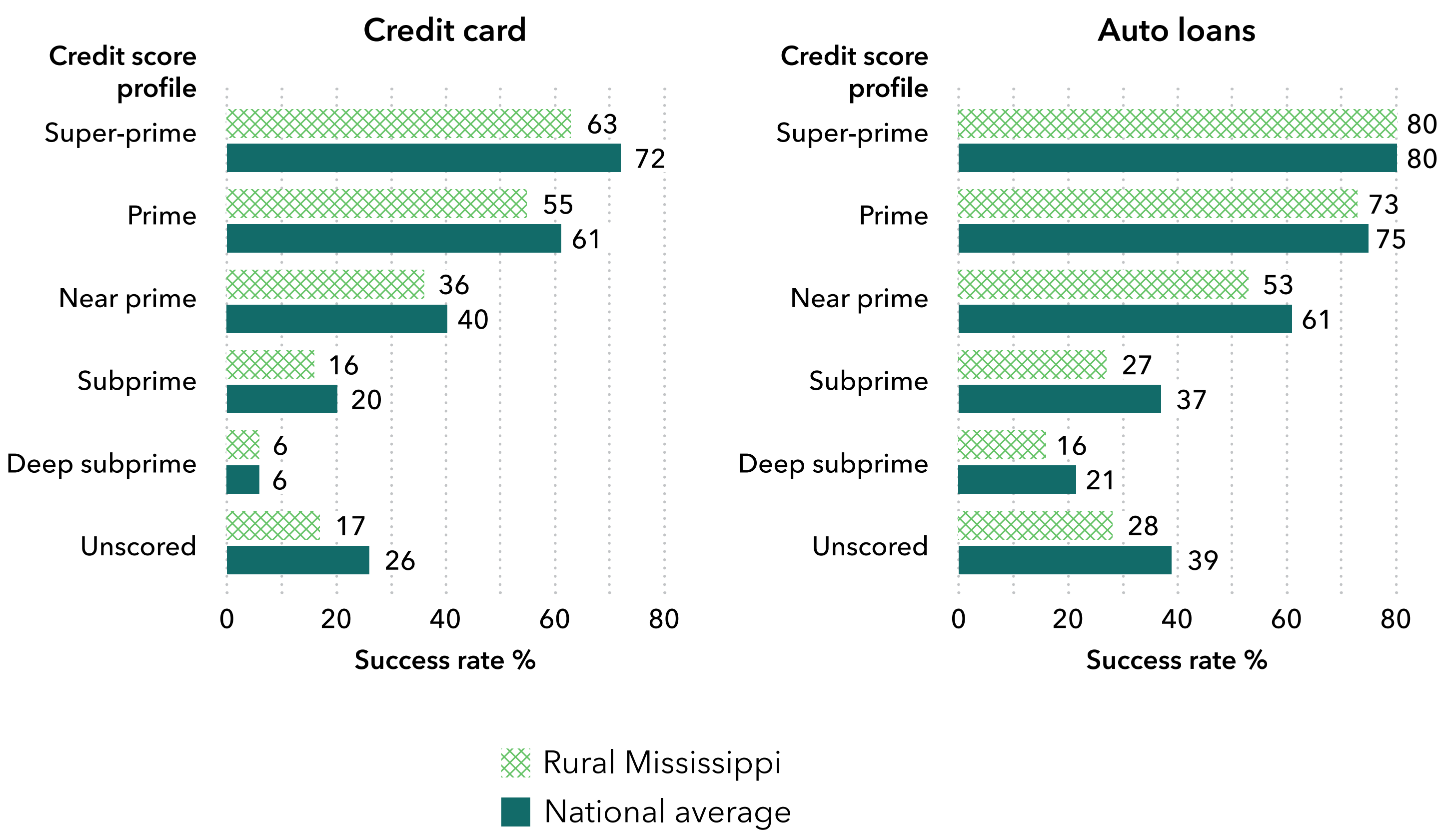
Learn more at **consumerfinance.gov**

Student loan borrowers in Mississippi.

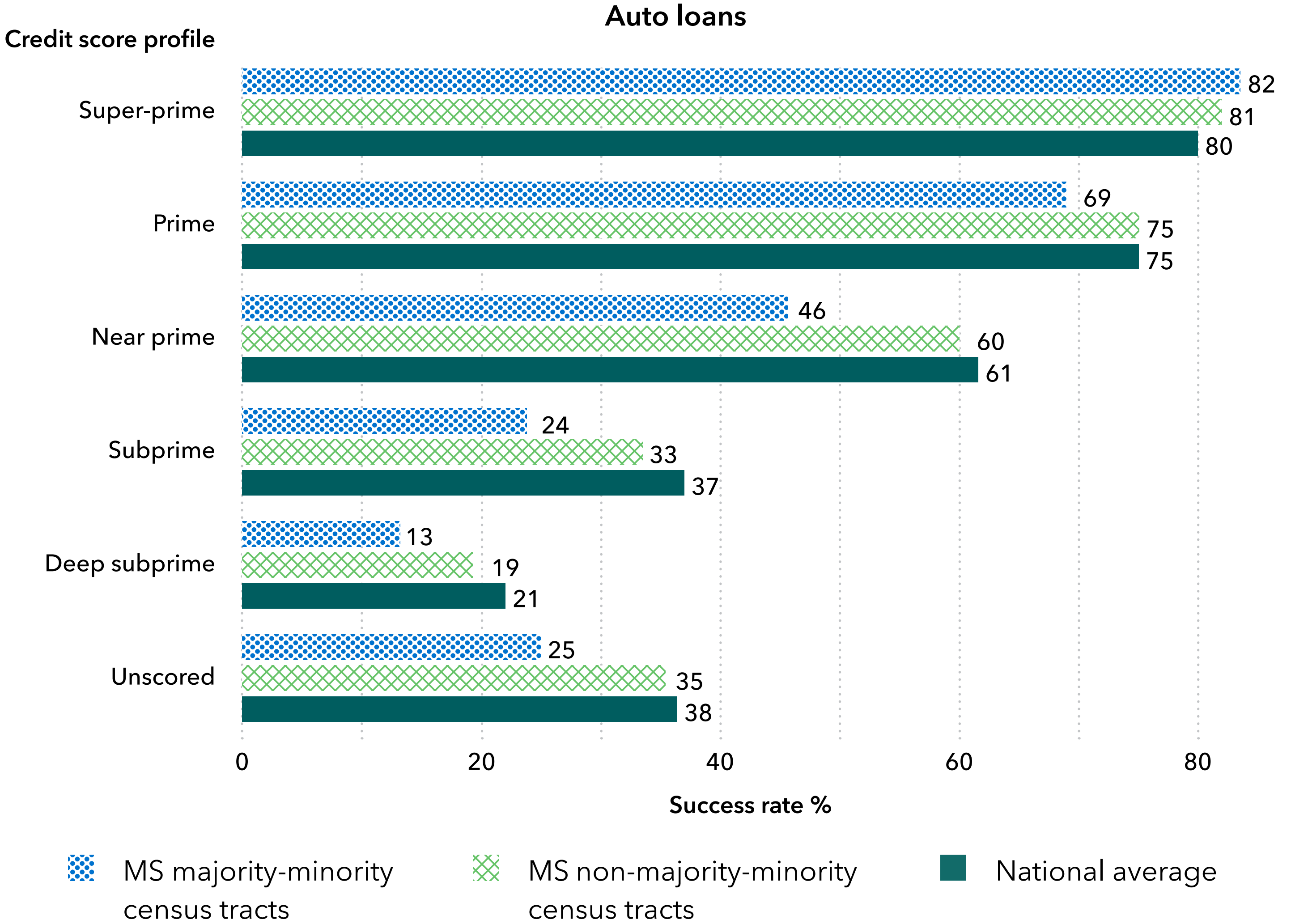
Credit characteristic	National average	Mississippi	Rural Mississippi
Median scheduled monthly student loan payment	$192	$156	$146
Median annual household income	$71,017	$48,955	$40,027
Median student loan debt balance to income	43	55	55
Share delinquent	7	9	9
Median balance if delinquent	$25,089	$21,743	$19,004
Share in default	9	15	16
Share receiving assistance through IDR*	21	21	19
Observations	917,310	8,433	3,960

*Income-driven repayment

Percent of applications originated for credit cards and auto loans, rural Mississippi vs. national average.

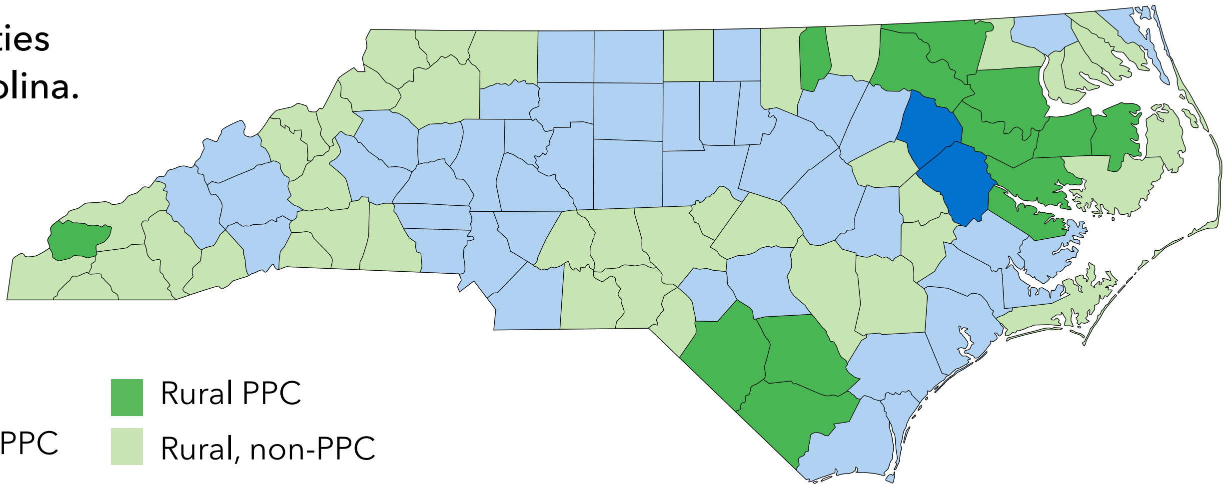


Auto loan application acceptance rates in Mississippi, by credit score.



North Carolina

Map of counties in North Carolina.



Metro PPC*
Metro, non-PPC
Rural PPC
Rural, non-PPC

*persistent poverty county

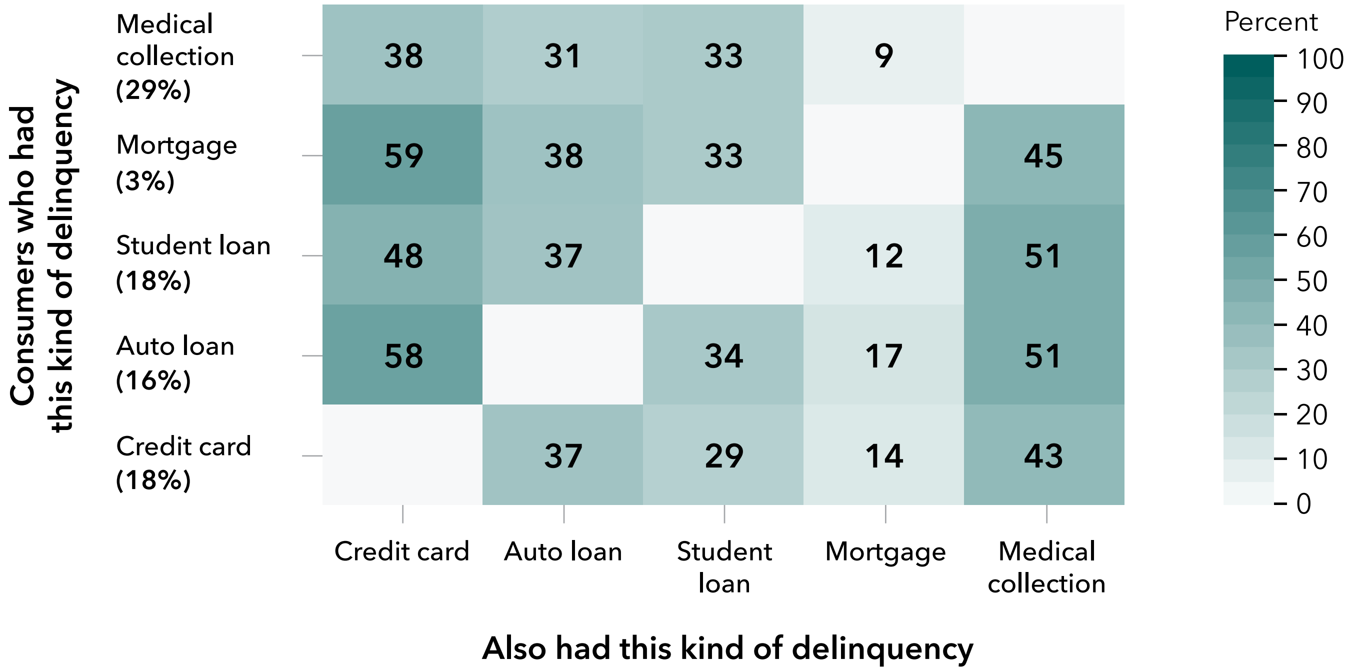
Consumer credit profiles in the southern region in comparison: North Carolina.

Credit characteristic	National average	North Carolina	Rural North Carolina
Percent with mortgage	29	31	26
Median balance on mortgage	$165,975	$144,421	$111,014
Percent with credit card (cc)	80	78	72
Median balance on cc	$1,207	$1,167	$1,063
Utilization rate (cc)	31	33	36
Percent with auto loan	42	44	44
Median balance on auto loan	$13,249	$13,566	$13,706
Percent with student loan	18	17	13
Percent w/ medical debt collection	17	23	29
Median household income	$63,929	$54,476	$44,125
Deep subprime	4	4	5
Subprime	22	24	28
Near prime	12	13	14
Prime	37	35	32
Super-prime	26	24	21
Observations	5,734,997	181,678	37,422

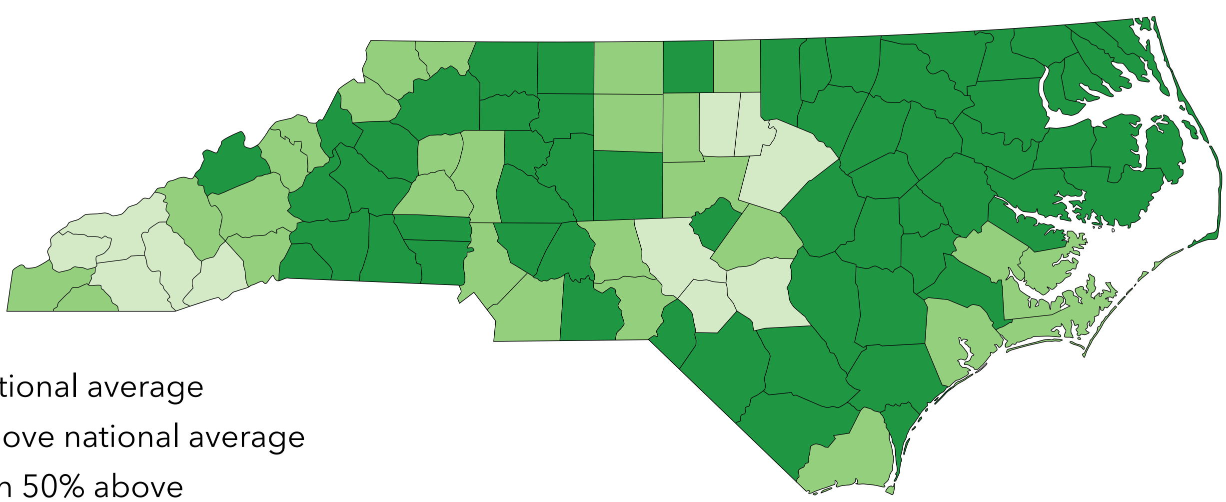
NORTH CAROLINA

CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION

Share of rural southern consumers in North Carolina with delinquencies on multiple types of credit.



Relative share of consumers with likely medical debt collections removals from credit report.



Below national average

1-50% above national average

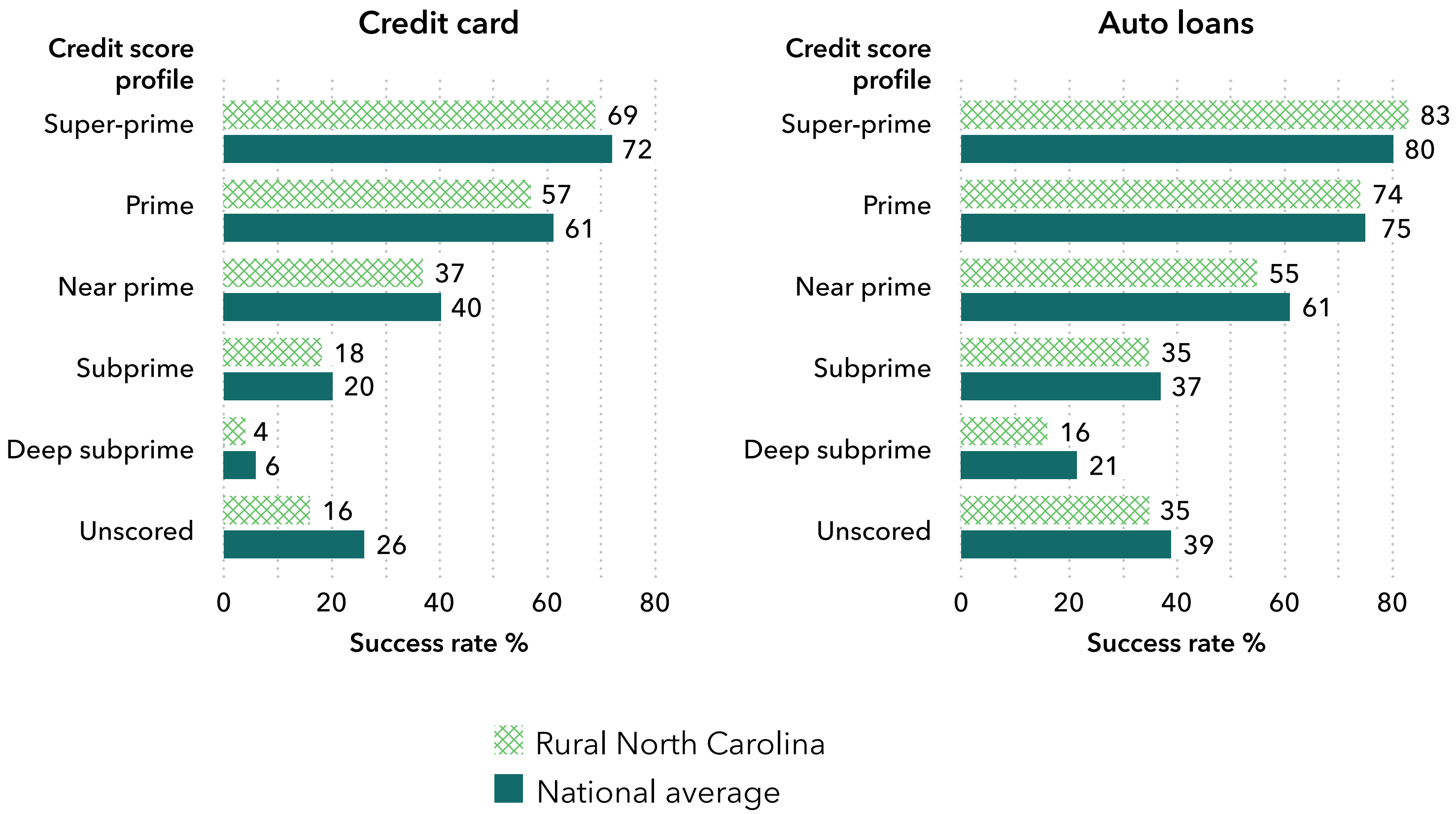
More than 50% above national average

Student loan borrowers in North Carolina.

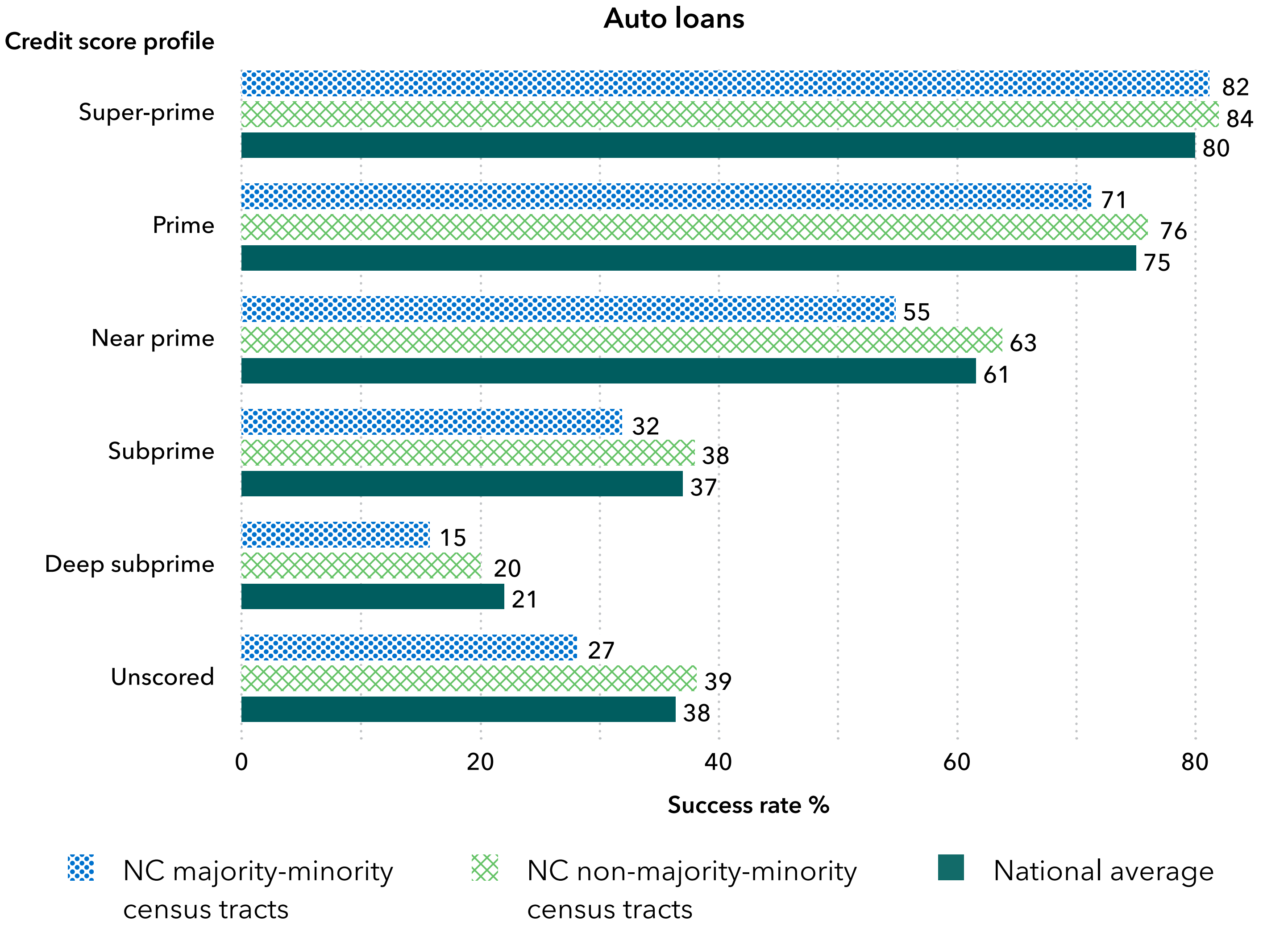
Credit characteristic	National average	North Carolina	Rural North Carolina
Median scheduled monthly student loan payment	$192	$189	$168
Median annual household income	$71,017	$62,031	$46,747
Median student loan debt balance to income	43	48	46
Share delinquent	7	7	8
Median balance if delinquent	$25,089	$25,528	$18,672
Share in default	9	9	11
Share receiving assistance through IDR*	21	21	18
Observations	917,310	28,132	4,353

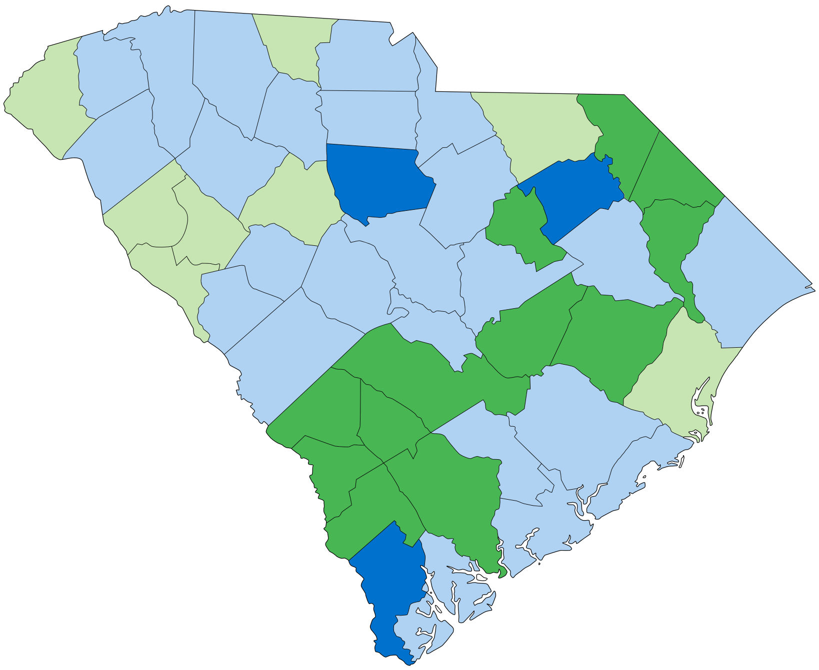
*Income-driven repayment

Percent of applications originated for credit cards and auto loans, rural North Carolina vs. national average.



Auto loan application acceptance rates in North Carolina, by credit score.





South Carolina

Map of counties in South Carolina.

- Metro PPC*
- Metro, non-PPC
- Rural PPC
- Rural, non-PPC

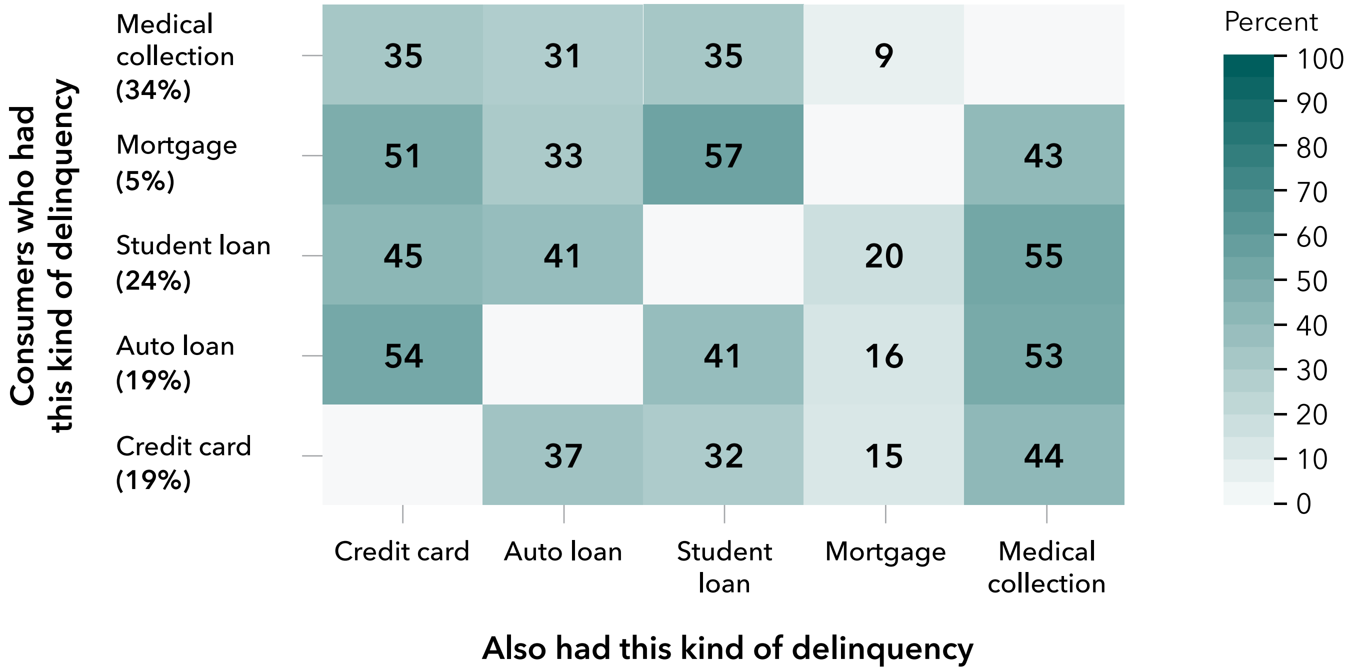
*persistent poverty county

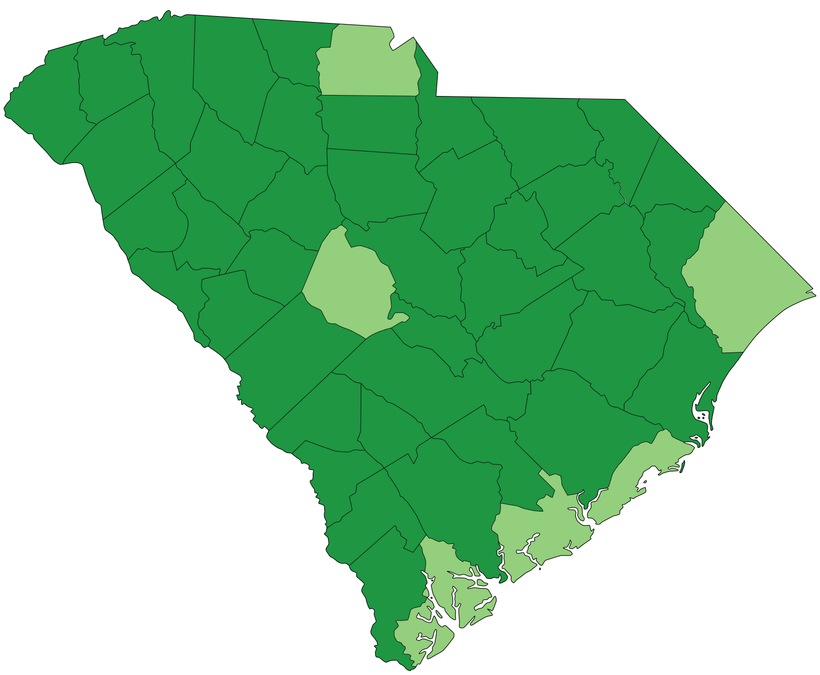
Consumer credit profiles in the southern region in comparison: South Carolina.

Credit characteristic	National average	South Carolina	Rural South Carolina
Percent with mortgage	29	29	20
Median balance on mortgage	$165,975	$141,519	$90,124
Percent with credit card (cc)	80	73	62
Median balance on cc	$1,207	$1,199	$969
Utilization rate (cc)	31	35	39
Percent with auto loan	42	42	38
Median balance on auto loan	$13,249	$13,599	$13,369
Percent with student loan	18	19	17
Percent w/ medical debt collection	17	27	34
Median household income	$63,929	$53,616	$38,582
Deep subprime	4	5	7
Subprime	22	28	36
Near prime	12	13	14
Prime	37	31	26
Super-prime	26	22	18
Observations	5,734,997	91,742	12,803

SOUTH CAROLINA
CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION

Share of rural southern consumers in South Carolina with delinquencies on multiple types of credit.





Relative share of consumers with likely medical debt collections removals from credit report.

- Below national average
- 1-50% above national average
- More than 50% above national average

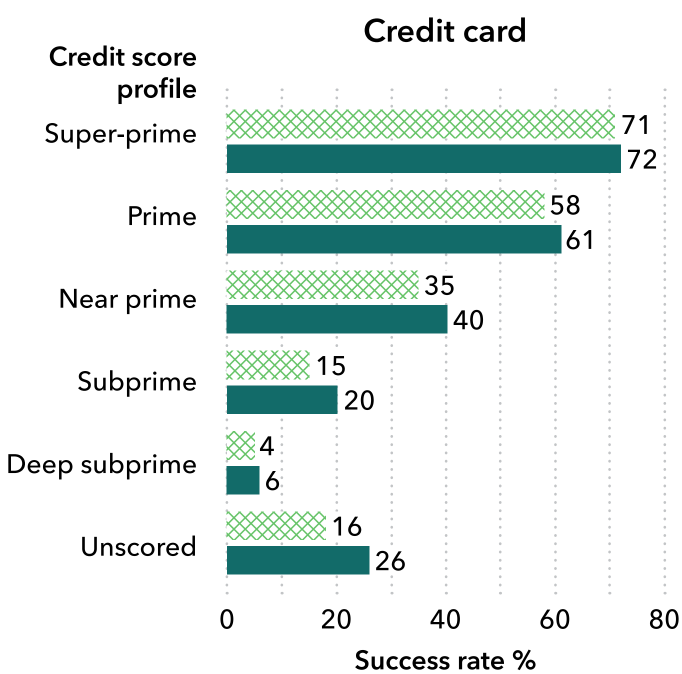
SOUTH CAROLINA
CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION

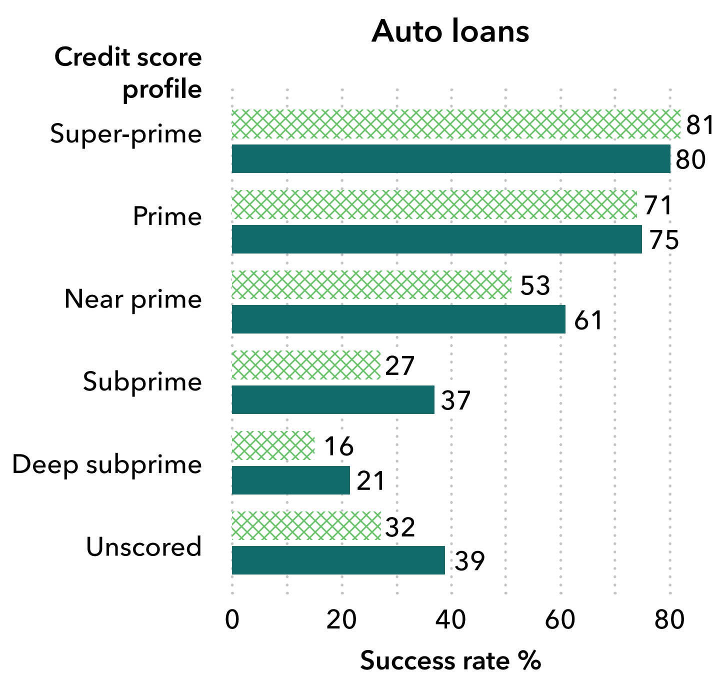
Student loan borrowers in South Carolina.

Credit characteristic	National average	South Carolina	Rural South Carolina
Median scheduled monthly student loan payment	$192	$189	$158
Median annual household income	$71,017	$58,600	$40,517
Median student loan debt balance to income	43	54	85
Share delinquent	7	8	10
Median balance if delinquent	$25,089	$29,294	$34,472
Share in default	9	11	14
Share receiving assistance through IDR*	21	22	20
Observations	917,310	15,643	1,958

*Income-driven repayment

Percent of applications originated for credit cards and auto loans, rural South Carolina vs. national average.

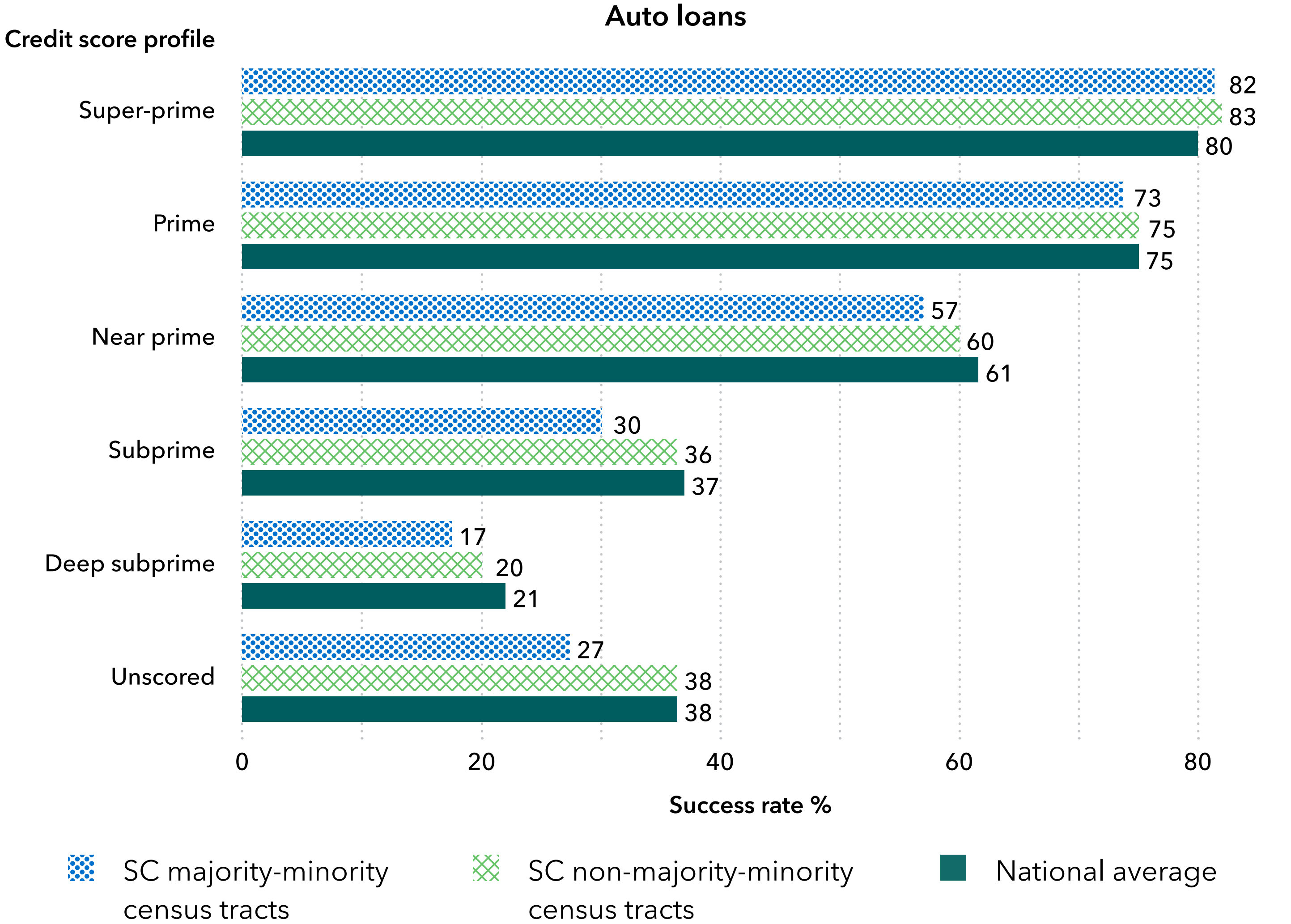




Rural South Carolina
National average

SOUTH CAROLINA
CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION

Auto loan application acceptance rates in South Carolina, by credit score.

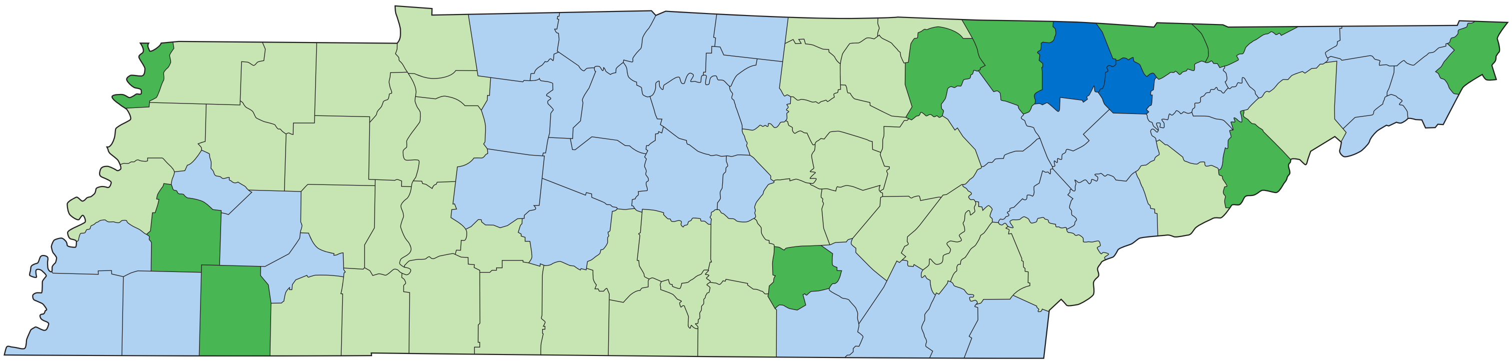


Consumer Financial Protection Bureau

Learn more at **consumerfinance.gov**

Tennessee

Map of counties in Tennessee.



Metro PPC* | Metro, non-PPC | Rural PPC | Rural, non-PPC

*persistent poverty county

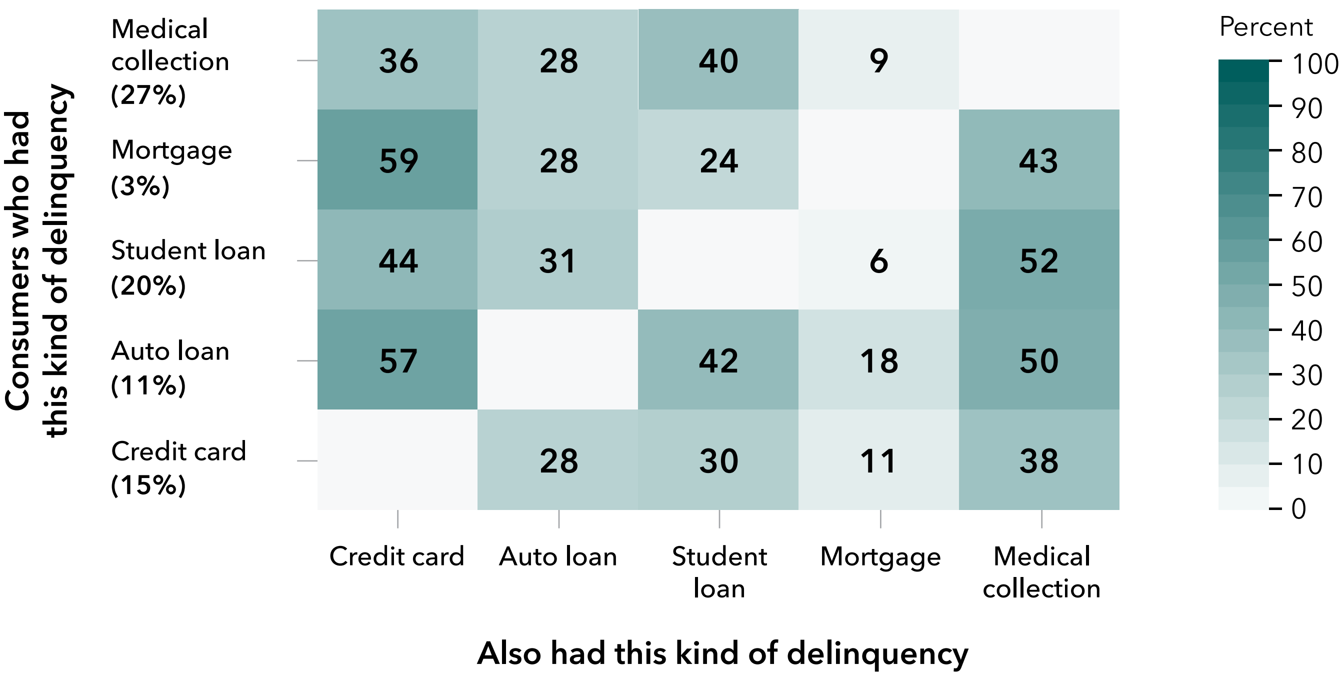
Consumer credit profiles in the southern region in comparison: Tennessee.

Credit characteristic	National average	Tennessee	Rural Tennessee
Percent with mortgage	29	29	25
Median balance on mortgage	$165,975	$138,944	$97,651
Percent with credit card (cc)	80	73	67
Median balance on cc	$1,207	$1,188	$1,030
Utilization rate (cc)	31	34	35
Percent with auto loan	42	42	40
Median balance on auto loan	$13,249	$14,206	$14,220
Percent with student loan	18	17	12
Percent w/ medical debt collection	17	23	27
Median household income	$63,929	$52,951	$44,113
Deep subprime	4	5	6
Subprime	22	26	27
Near prime	12	13	13
Prime	37	34	32
Super-prime	26	23	21
Observations	5,734,997	118,451	26,118

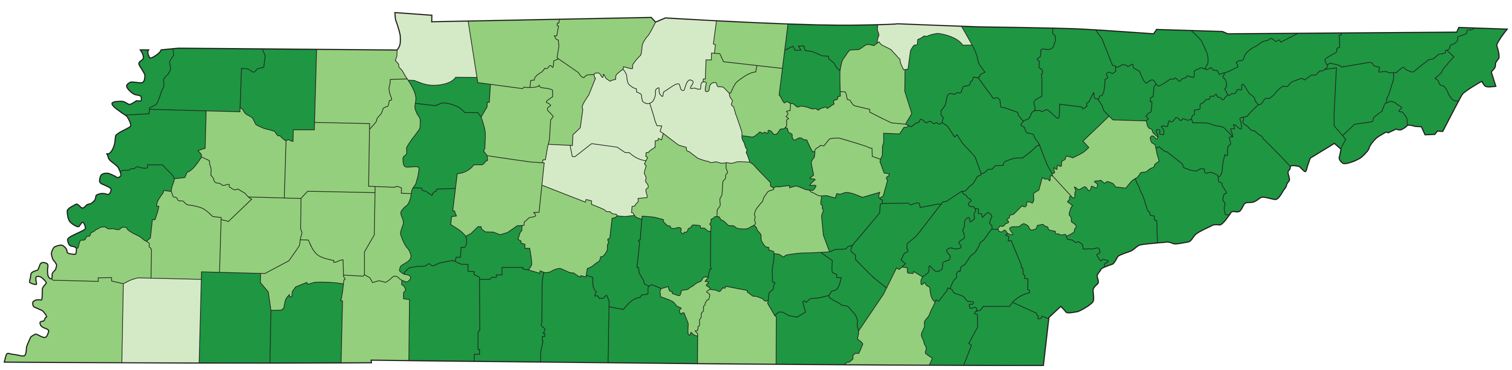
TENNESSEE

CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION

Share of rural southern consumers in Tennessee with delinquencies on multiple types of credit.



Relative share of consumers with likely medical debt collections removals from credit report.



Below national average

1-50% above national average

More than 50% above national average

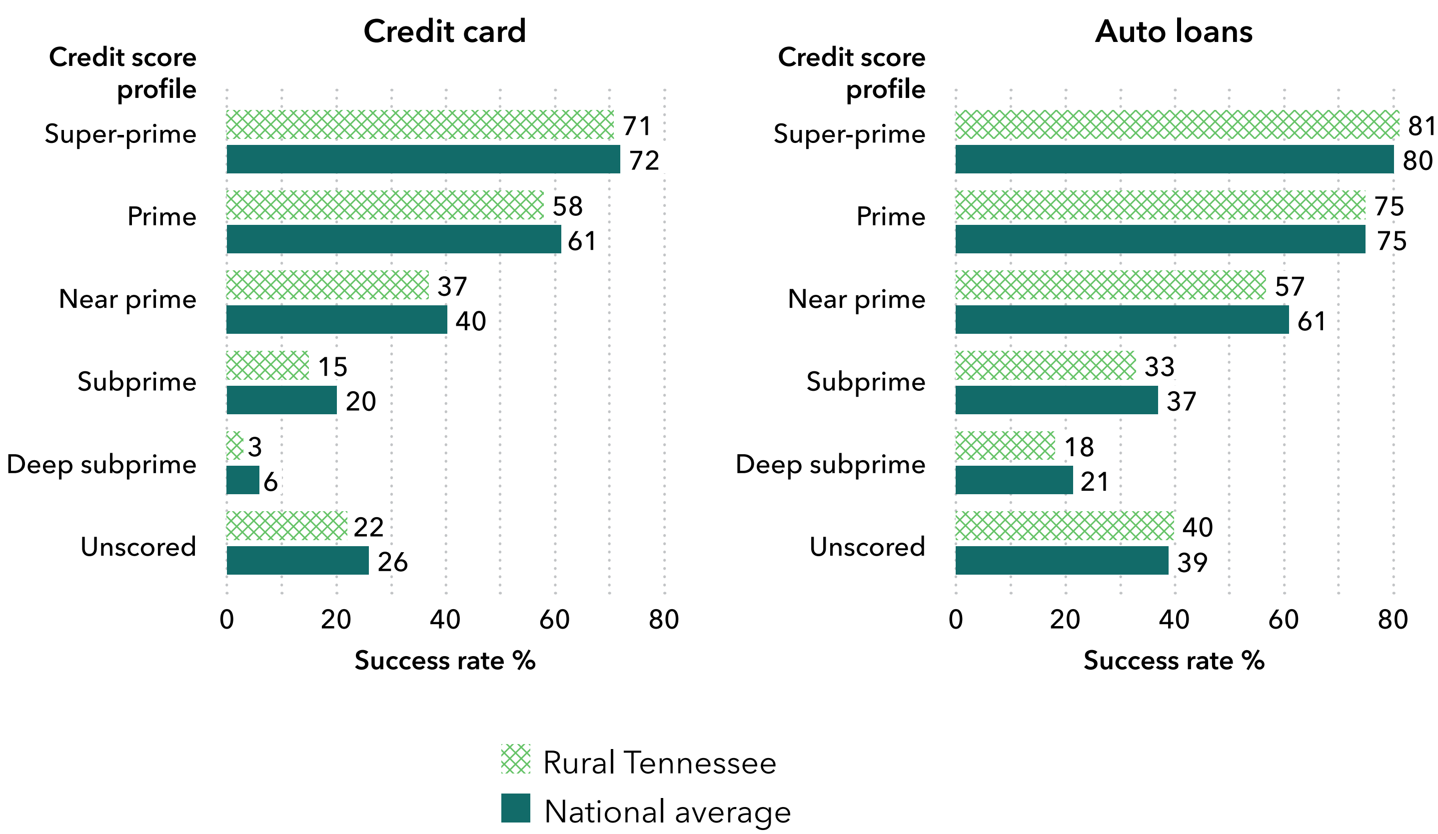
TENNESSEE
CONSUMER FINANCES IN RURAL AREAS OF THE SOUTHERN REGION

Student loan borrowers in Tennessee.

Credit characteristic	National average	Tennessee	Rural Tennessee
Median scheduled monthly student loan payment	$192	$182	$160
Median annual household income	$71,017	$59,595	$44,521
Median student loan debt balance to income	43	48	44
Share delinquent	7	8	7
Median balance if delinquent	$25,089	$25,458	$19,636
Share in default	9	11	14
Share receiving assistance through IDR*	21	22	20
Observations	917,310	18,144	2,863

*Income-driven repayment

Percent of applications originated for credit cards and auto loans, rural Tennessee vs. national average.



Consumer Financial Protection Bureau

Learn more at **consumerfinance.gov**

Auto loan application acceptance rates in Tennessee, by credit score.