



4 proven steps to improve your Metro 2[®] reporting accuracy

A healthy credit ecosystem is good for consumers and businesses alike. Most consumers today rely on their ability to secure credit from financial institutions to pay for their homes, automobiles, and college educations with optimal repayment terms. Likewise, lenders use the information provided to them by the consumer reporting companies (CRCs) to identify fraud, approve a consumer's credit line, and set the repayment terms—all risk-based calculations central to the stability of the market.

Given the implications a credit report can have on a consumer's financial well-being, it's important to get it right the first time. The integrity of the entire credit reporting system, in fact, depends on the accuracy and trustworthiness of that data. And this requires work on the part of CRCs and data furnishers (such as local credit unions, credit card companies, student loan providers, etc.) to ensure that information provided to the bureaus is correct and complete.

That's why the Consumer Data Industry Association (CDIA) created the Metro 2[®] data format for consumer credit information. The format provides a standardized methodology through which data furnishers can provide consumer records to the CRCs. The problem is that current regulation leaves the door open for furnishers to selectively report data fields designated by the Metro 2[®] format, which can lead to a great deal of confusion when it comes to resolving disputes filed by consumers.

Accurate and complete credit reporting is a cornerstone of our economy. Here's how you can start improving your Metro 2[®] data files in four proven steps.

1. Define a data quality methodology

Understanding your overall data landscape is the first step towards improving tradeline data accuracy. After all, you'll need to know what types of data you're storing and transmitting to the CRCs and how that information is entering your systems to begin with. Furthermore, you'll also want to know how often that information is updated or cleansed to determine whether or not it's even accurate. Our research indicates that two percent of contact data goes bad every month, so knowing how often names and addresses are updated is an important step in ensuring you match the correct identities. Lastly, you should identify whether that information is consistent in all of your systems as varying record-keeping can make it hard to determine a source of truth and lead to a confusing dispute process.

Once you've understood your data landscape, you can implement cleansing and standardization processes to fix any issues you've identified. An example of a common change might include standardizing suffixes—such as Jr., 2, 2nd, II, etc.—to ensure that individuals in your database are matched to the appropriate records. While that is just one example, other types of data may need to be standardized or cleansed, including dates (on a tradeline this could be the account opening date or the date of first delinquency), addresses, telephone numbers, social security numbers, and currency values (such as account balances).

2. Assess data accuracy proactively

Maintaining accurate tradeline data requires a proactive approach to data management. Now that you've identified areas of inconsistency in your data, take advantage of this opportunity to define some business-specific rules and standards by which data should be formatted moving forward. This will ensure that as new or updated information enters your database, it conforms to the standards you've established and remains formatted appropriately.

There are a couple ways you can go about this. You can use validation tools at the point of capture to verify and standardize information as it comes into your systems, and you can use a platform approach to transform data in larger batches. While a real-time solution at point of capture makes a great first line of defense for contact information, the platform solution will enable you to dig a little deeper into data quality challenges at the account level for true root-cause analyses. For a proactive, holistic approach to data quality, you should deploy both of these methods in your systems. This will enable you to identify issues in your Metro 2® files and resolve them prior to submitting to the CRCs.

3. Establish data monitoring

An easy way to ensure your Metro 2® files are in compliance is to use a platform approach to monitor your data feeds. Using the business-specific rules for transformations that you identified previously, you can set data quality thresholds to monitor these specific data fields. Even better, you can program rules that are specific to the Metro 2® format that can quickly and easily tell you which of your records are in compliance and which are not, and provide you with a reason for why certain records have failed. With around-the-clock insight into the health of your data feeds, you can identify anomalies and resolve them much more quickly than manual methods would allow.

Whether your need for Metro 2® accuracy is driven by regulatory pressure or customer experience, you may be expected to provide a return on investment (ROI) to the business. By monitoring the quality of your data feeds over time, you can track its results and generate

reports that can be shared with business leadership. With a demonstrable improvement in Metro 2® reporting accuracy, you can show how you are solving key business challenges like improving the customer dispute experience and reducing penalties associated with non-compliance.

4. Implement data governance

Any long-term data management program is only as good as the governance around it. That's why it's critical to your Metro 2® reporting to develop the adequate business processes and controls to ensure that those who interact with your data do so in a consistent way. One proven method is to designate data stewards at your organization who will be responsible for managing the quality of your Metro 2® submission file. These stewards should monitor your consumer data files on a daily basis and take action when issues arise.

But data governance cannot and should not be done in a silo. In fact, it is frequently about affecting business-wide culture around data. That's why it's important to establish a governance council for Metro 2® to ensure that there is high-level oversight into the success of the program. With greater visibility into the goals, progress, and outcomes of the data management program, data stewards will be more accountable to the accuracy of the data they intend to report to the CRCs and those who interact with data will understand their obligation to its accuracy.

The quality of your Metro 2® data is central to the entire credit ecosystem and market stability. By following these four steps, you can ensure the data that you report is correct, complete, and compliant.

Learn how DataArc 360™ can help streamline your Metro 2® reporting process.

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