The ABCs of Credit Reporting

Presented to NAME

Presented by NAME OF PRESENTER
DAY/MONTH/YEAR
More than 70% of purchases in the United States are made with credit.

There are **four** types of credit:

1. Revolving
2. Charge cards
3. Installment credit
4. Service credit
1. What is true about credit?

a. Credit is borrowing money to pay for goods and services

b. Credit carries an agreement to pay later

c. The average consumer uses four bankcards

a and b
It’s a fact

When a consumer applies for credit, the credit grantor usually contacts a credit reporting agency.
2. What is a credit reporting agency (CRA)?

a. A business that sells information to a credit bureau

b. A federal agency that regulates consumer loans

c. A company that gathers, stores and sells information to potential credit grantors

C
It’s a fact

There are **three** major credit reporting agencies:

1. Experian
2. Equifax
3. TransUnion
3. A credit report is:

a. A record of an individual’s borrowing and debt repayment habits

b. Important in the process of securing credit

c. Public, not private, information

a and b
4. Information in a credit report includes:

a. Medical history and all criminal convictions
b. Name, Social Security number and birth date
c. Some public records and employment history

b and c
The Fair Credit Reporting Act (FCRA) outlines what can and cannot be included in a credit report.
5. What else is true about credit reports?

a. Credit bureaus use them to make credit granting decisions
b. They serve as your credit references
c. They contain a variety of credit scores

b
6. Information that is NOT included in a credit report:

a. Ethnicity and religious preference
b. Speeding and parking tickets
c. Public records related to financial obligations

a and b
It’s a fact

A request to view your credit report is called a *credit inquiry*. 
7. Who has access to a credit report? Examples include:

a. Telephone, cell phone and utility companies
b. Only those who have written permission
c. Creditors and insurers

a and c
Prospective employers may ask to view your credit report to determine if you would be a reliable employee.
8. Why is my credit report important?

a. It includes your final credit score
b. Negative information stays on your report for 15 years
c. It helps potential creditors assess creditworthiness

C
9. A credit score is a number:

a. To help lenders and others predict risk

b. That indicates debt-to-asset ratio

c. Calculated by a standardized formula
10. Who calculates a credit score?

a. The Consumer Financial Protection Bureau (CFPB)
b. Individual lenders and credit reporting agencies
c. Collection agencies

b
It’s a fact

Many people don’t know that their credit scores are not part of their credit history and that scores don’t appear as part of their credit report.
11. Possible consequences of a poor credit score include:

a. Lower interest rate on a saving account
b. Difficulty renting an apartment
c. Denied employment
12. Possible consequences of a good credit score include:

a. Lower interest rate on loans and credit cards
b. Reduced insurance premiums
c. Fewer installment payments

a and b
It’s a fact

Late payments are called *delinquencies*. *Default* is the total failure to pay a debt.
13. Submitting a payment more than 30 days late:

a. Has no effect on credit because of the grace period
b. Will result in a delinquency that remains on your credit report up to seven years
c. May cause your credit score to drop

b and c
It’s a fact

Financial mistakes can have long-term consequences.

Negative information stays on your credit report for 7 to 10 years.
14. How can you improve a poor credit score?

a. Hire a credit repair service

b. Close all existing credit accounts and start over

c. File Chapter 13 bankruptcy

None are correct
It’s a fact

OK …

That last question was tricky, but credit repair services are, too.

There is nothing that a credit repair company can do for you that you can’t do yourself for free!
15. Maintain good credit by:

a. Paying bills on time
b. Opening a variety of credit accounts
c. Using credit cards responsibly

a and c
16. How does utilization affect my credit score?

- a. High utilization helps a credit score
- b. Low utilization hurts a credit score
- c. Low utilization helps a credit score

C
Utilization measures how much available credit is being *used*.

If the balances on *credit accounts are low*, it shows that you are using credit responsibly, which *helps* your credit score.
17. What are some ways to build a credit history?

- Opening and maintaining a checking and/or savings account
- Paying rent on time
- Having one or two credit cards and paying the balance in full each month

b and c
It’s a fact

Creditworthiness is the ability to receive approval for the use of credit you need or want.
18. What is financial risk?

a. Taking chances
b. Having too many credit cards
c. The probability of financial loss
19. Legal reasons credit may be denied include:

a. Receiving public assistance
b. Having an income that’s too low
c. Not being employed long enough

b and c
20. Consumers who are denied credit should:

a. Ask the creditor why their application was denied
b. Boycott the business on social media
c. Complain to the Better Business Bureau

a
It’s a fact

The Fair Credit Reporting Act (FCRA) requires a creditor to give specific reasons if credit is denied.
21. Why is knowing about credit reporting important for teenagers?

- A credit report is required for college financial aid
- It affects your financial future
- A credit report can reveal identity theft

b and c
It’s a fact

With some exceptions, most teenagers don’t have a credit report.
22. It is a good idea to check your credit report:

a. At least once every 12 months
b. Before making a major purchase
c. Once a month

a and b
23. What is the process for obtaining a free credit report?

a. Subscribe to a credit monitoring service

b. Request a report at www.annualcreditreport.com

c. Ask the Consumer Financial Protection Bureau (CFBP) to send a report