



# The ABCs of Credit Reporting

Presented to NAME

Presented by NAME OF PRESENTER  
DAY/MONTH/YEAR



# It's a fact

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**







## It's a fact

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**





## It's a fact

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

a



# 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

**b**



## 12. Possible consequences of a good credit score include:



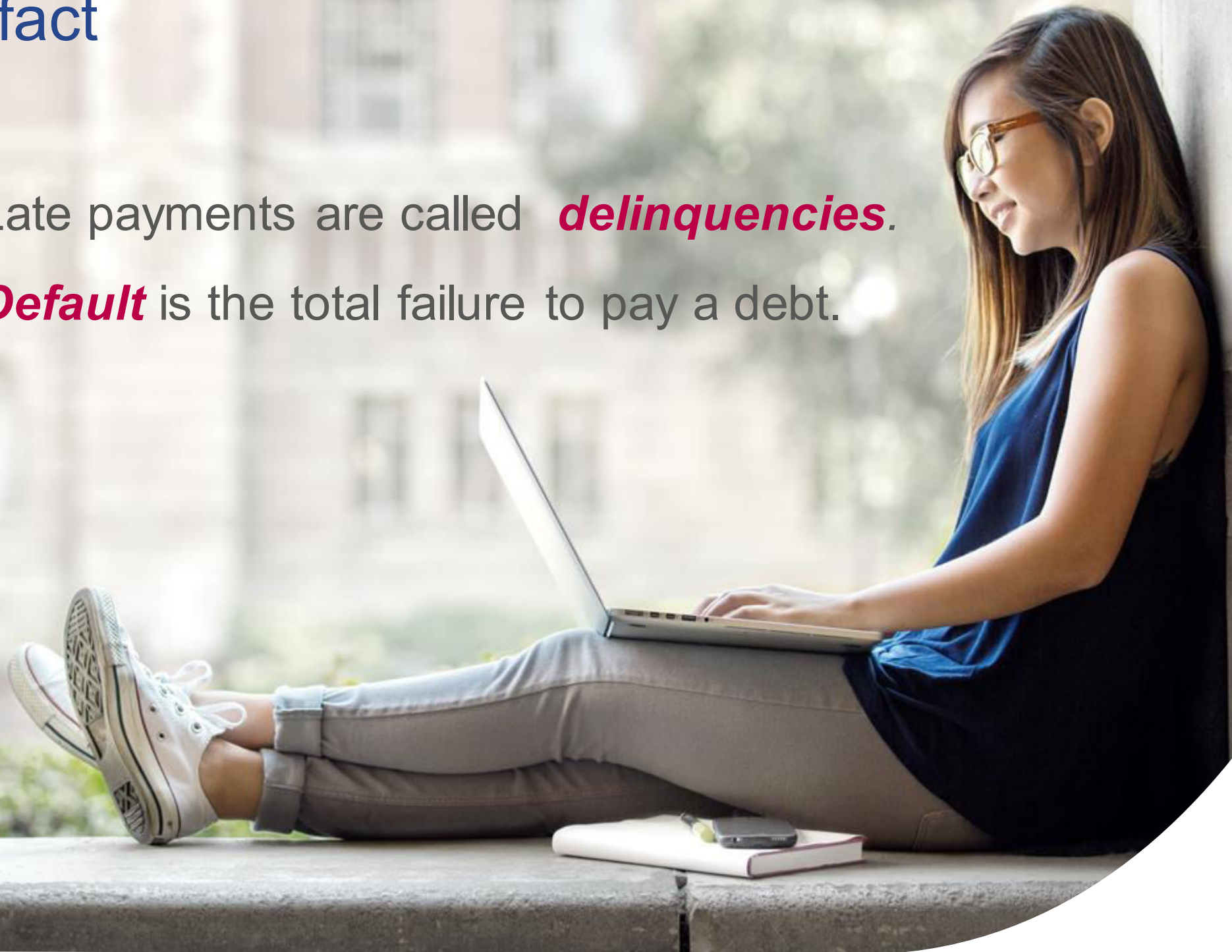
- a. Lower interest rate on loans and credit cards
- b. Reduced insurance premiums
- c. Fewer installment payments

**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

# It's a fact

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?



- a. Opening and maintaining a checking and/or savings account
- b. Paying rent on time
- c. 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

C

## 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. A credit report is required for college financial aid
- b. It affects your financial future
- c. 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](http://www.annualcreditreport.com)
- c. Ask the Consumer Financial Protection Bureau (CFBP) to send a report

b





 **experian**™