



Give me a little credit

Credit reports and credit scores



Disclaimer

- The purpose of this presentation is to help you better understand credit reporting and to provide general information about how you can manage your credit report so that you can get the credit you need and want. For legal reasons, I:
 - ▶ cannot discuss issues specific to your personal credit report
 - ▶ cannot advise individuals about how to improve their personal credit report or credit scores
 - ▶ cannot submit disputes regarding your personal credit report on your behalf

- Information regarding Experian policies and processes is current as of the date of this presentation but may change.



Our people and locations

**17,000 people across
40 countries**



North America

Latin America

UK and Ireland

EMEA

Asia Pacific

Some of our office locations



Corporate Office – UK

Cardinal Place, 80 Victoria Street,
London, SW1E 5JL,
United Kingdom



Operational Headquarters – UK

Landmark House, Experian Way,
NG2 Business Park, Nottingham,
NG80 1ZZ, United Kingdom



Operational Headquarters – USA

475 Anton Blvd. Costa Mesa,
CA 92626, United States

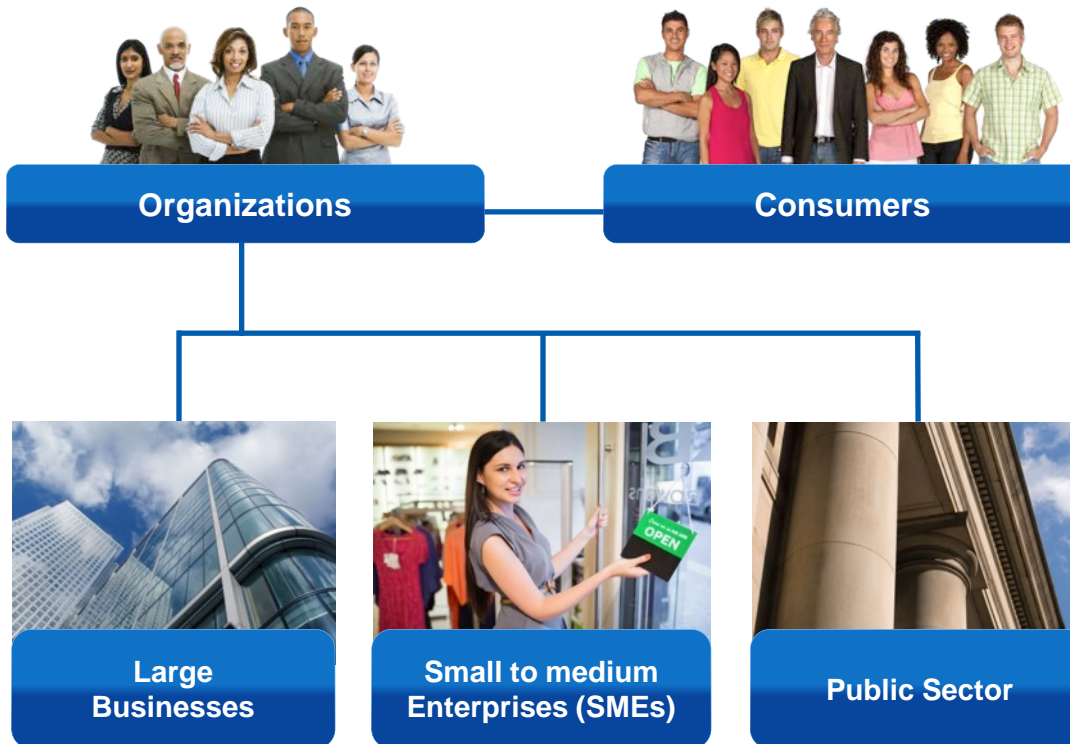


Operational Headquarters – Brazil

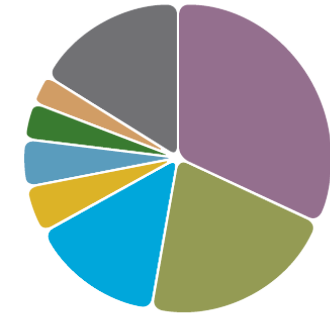
Serasa Experian, Alameda dos
Quinimuras,
187-3 andar, CEP 04068-900,
Planalto Paulista, São Paulo, Brazil



We help clients of all sizes, from individual consumers to large multi-national companies



Our Industry Focus



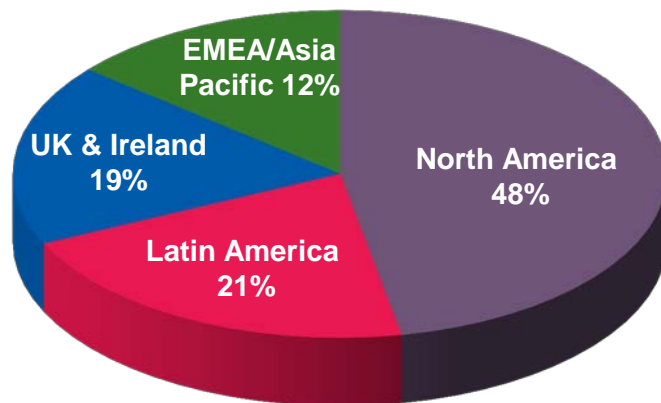
32%	Financial Services
21%	Direct-to-consumer
14%	Retail
5%	Automotive
5%	Telecoms & Utilities
4%	Insurance
3%	Public Sector & Education
16%	Other

Year ending 31st March 2012

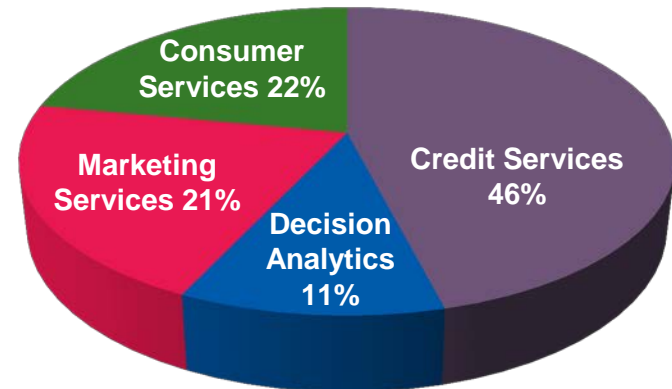


A diverse portfolio by region, business line and customer segment

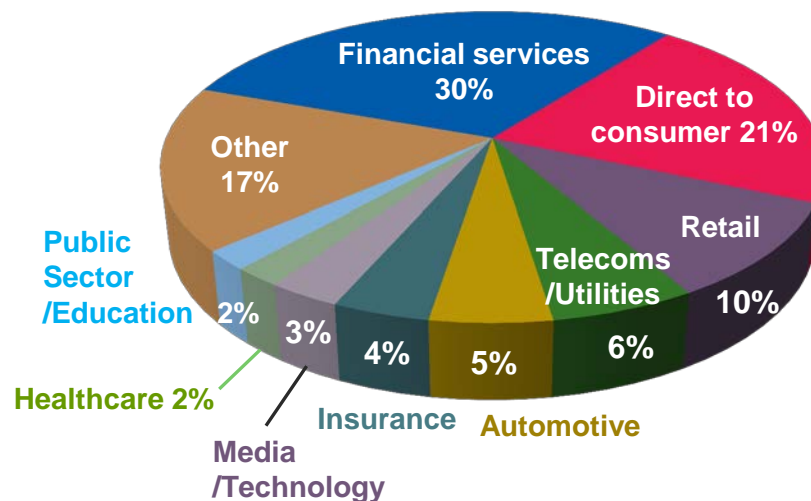
By region*



By business line*



By customer segment*



* Contribution to Group revenue FY13



Credit

It is a privilege you earn

The choice is yours





What is credit?



- Obtaining goods or services and paying for them at a later date under agreed upon terms
- Credit cards, mortgages and car loans
- Service contracts: cable television, telephone, utility service
- Your financial references



Credit does not equal debt

**Build a positive credit history
so you can get the best
terms when you invest in
debt.**





Credit reports and financial services make the world go round





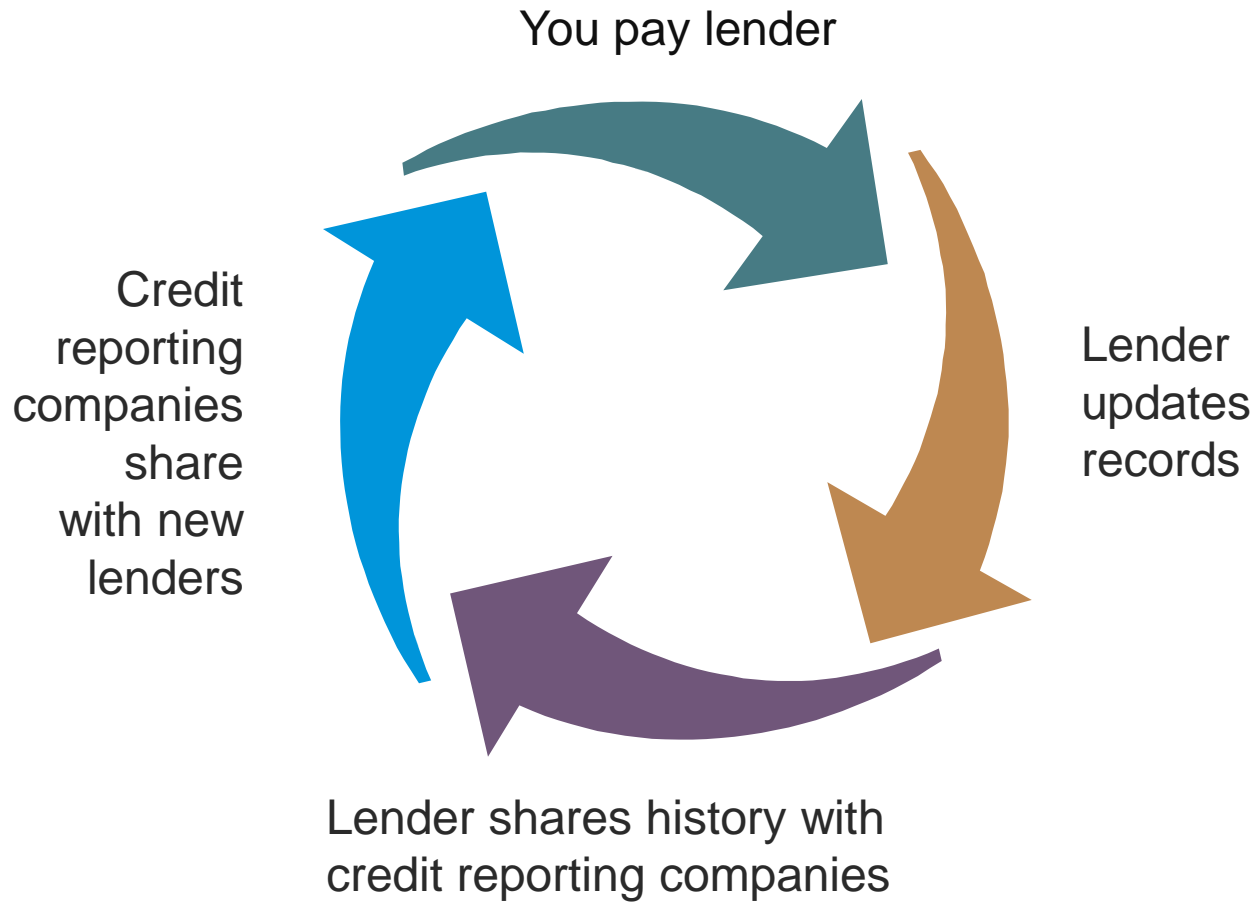
The three national credit reporting companies



- Credit reporting companies serve consumers and businesses by making possible:
 - ▶ Instant credit
 - ▶ Lower-cost credit
 - ▶ Nationwide credit
 - ▶ Widespread availability
 - ▶ Account management



The credit cycle





Credit reporting companies are like libraries

Credit reporting company clients check out information ...



... If they have a permissible purpose under the law



Defining credit reports and their importance



- What is a credit report?
 - ▶ Your personal credit report includes a record of your financial accounts and obligations and the identification information associated with them
 - ▶ This report is sometimes called a credit file or a credit history
 - ▶ Credit reporting companies collect and organize data about your credit history from your creditor's and public records



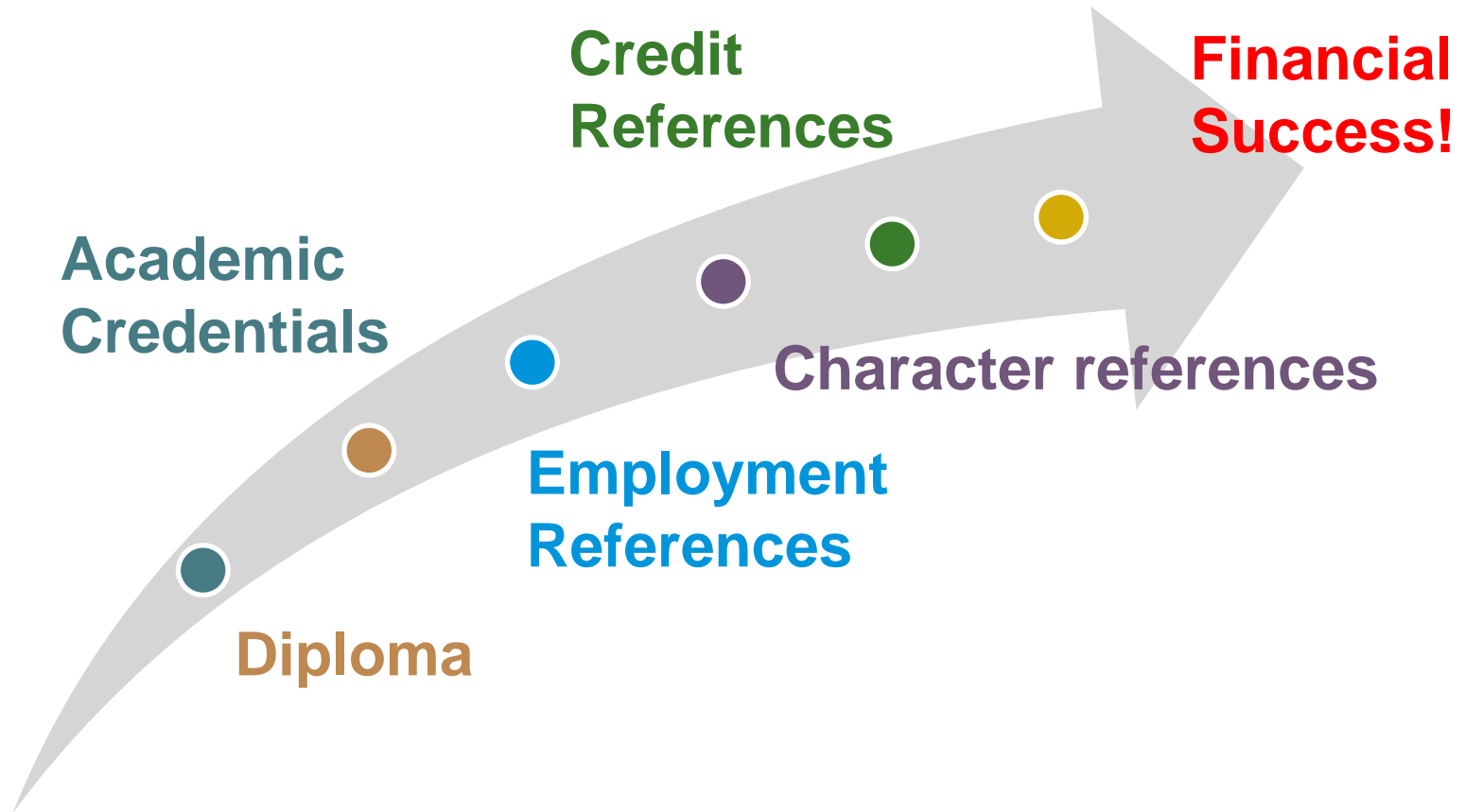
Defining credit reports and their importance



- Why is it important?
 - ▶ Lenders use credit reports and credit scores to gauge the likelihood that you will pay back a loan
 - A strong credit history enables you to obtain a credit card, home and auto loans and many other valuable credit services, and can affect the amount that you pay for those services
 - ▶ Reports are also used in other non-lending situations – employment checks, apartment rental applications, utilities, cellular phones, etc.
 - ▶ Your credit report serves as your financial references to companies with whom you want to do business



You need good credit references





The Fair Credit Reporting Act

Permissible purposes

- Open or manage credit accounts
- Offers of credit
- Employment purposes
- Underwrite insurance
- A business transaction initiated by the consumer
- Court order or federal jury subpoena
- Valuation of risk of an investor
- Eligibility for government license
- Disclosure to consumer





The players in the credit cycle





What's in a credit report?



- Identifying information
- Account information
- Public record information
- Inquiries
- Dispute instructions



Rental payment history data

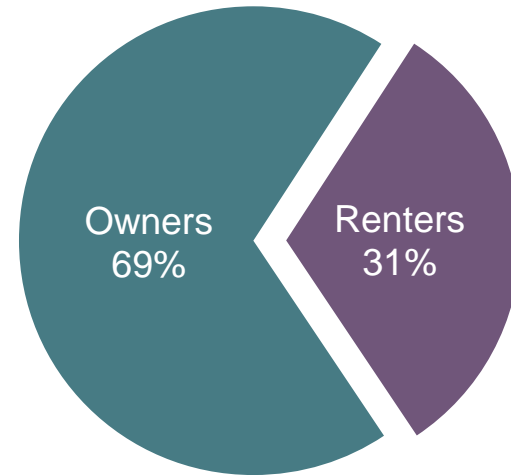
What is it?

- On-time as well as late payments
- Bad checks and/or insufficient funds (NSF)
- Unfulfilled lease terms
- Outstanding balances/write-offs
- Previous collections activity

Why is it important?

- 96 million of 300 million U.S. residents rent
- Rental payments not previously on credit report
- 64 million U.S. consumers insufficient/no credit history
- Consumers rejected with good payment history

United States Population

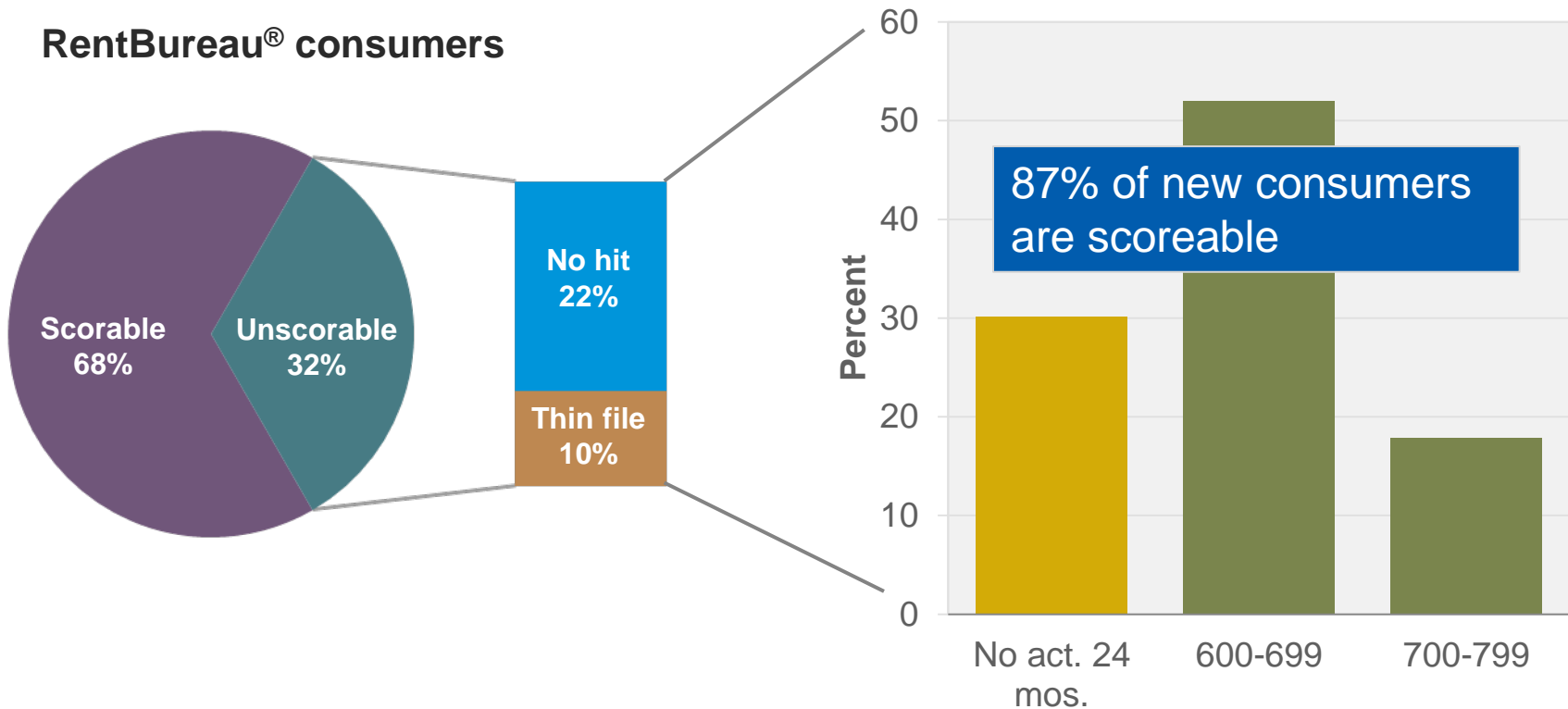




Rental data Increases scoreable population

Rental payment information improves scores for existing consumers and helps score previously unscorable consumers

RentBureau® consumers



Learn more at www.experian.com/buildcredithistory



Initiating a dispute

- Must get report directly from Experian
 - ▶ Toll-free number on report gives you access to customer service
 - ▶ Report number identifies you and your record
 - ▶ You and customer service representative will be looking at the same information in the same order
- Can dispute online, by telephone or by mail
- Dispute must be specific





Processing a dispute

- Credit reporting company verifies with the source of the information (creditor or court)
- Must allow up to 45 days for processing
- Source verifies, corrects or updates
- Secure, encrypted electronic system is used
- Creditors required to report corrections to all databases
- Consumer can add statement of dispute if issue is not resolved with source





Information comes from you

Information you provide in an application for credit, housing, or insurance is reported to credit reporting companies

APPLICANT INFORMATION				A married applicant may apply for a separate account		PLEASE PRINT IN BLACK INK	
Your First Name	Middle Initial	Last Name	Social Security Number				
Chris	LOU	Gerardo	508-7-514				
Street Address				Home Phone With Area Code		Business Phone With Area Code	
1001 S. Holly St. #8				204			
Years of Credit	Number of Dependent Children	Home Phone With Area Code		Business Phone With Area Code		Date of Birth	
10 yrs	1	204				3-17-64	
Do You	Own	Rent	Own Mobile Home	Live With Parents	Other	Monthly Rent/Mortgage	
Monthly Income - Total All Sources*		Employer	Years on Job		Occupation		
			yrs mos				
*You need not furnish alimony, child support, or separate maintenance income information if you do not want us to consider it in evaluating your application. Include co-applicant income if applicable.							
CREDIT INFORMATION							
Checking/Savings	Checking	Savings	Bank Loan	MasterCard/Visa	Discover	AMEX/Diners	Department Store
✓	✓	✓					
CO-APPLICANT				AUTHORIZED BUYER			
- Also Responsible for Account				- Allows Person to Purchase on Account			
Name (First, Middle Initial, Last)				Occupation		Business Phone With Area Code	
						Years on Job	
						yrs mos	
If I do not qualify for a JCPenney Credit Account, please consider this as an application for a Starter Account offered through JCPenney Card Bank, NA.							
Signature		Date		Co-Applicant Signature		Date of Birth (Co-App)	
Chris Gerardo		3-27-97					
CREDIT INSURANCE ENROLLMENT AREA							
YES	I wish to protect my JCPenney Account with Credit Insurance for the cost as described on the enclosed insert. I understand the insurance is not required.			APPLICANT (SIGN TO ENROLL)		Date of Birth	
NO	I waive my right to enroll for Credit Insurance at this time.			SPOUSE'S NAME		Date of Birth	
In signing this enrollment form, I authorize J.C. Penney Company, Inc. to advance to J.C. Penney Life Insurance Company and J.C. Penney Casualty Insurance Company amounts equal to the premiums becoming due under the policy applied for and bill such amounts with my JCPenney Credit Account. I agree to pay such amounts when billed.							
For Store Use:				Account Number		Associate Number	
						369	
						0607-2	



How long is information kept on a report?



Open accounts in good standing	Indefinitely
Closed accounts in good standing	10 years
Late or missed payments	7 years
Collection accounts	7 years
Civil judgments	7 years
Chapter 7 bankruptcy	10 years
Chapter 13 bankruptcy	7 years
Unpaid tax liens	10 years
Paid tax liens	10 years
Credit inquiries	2 years



What's NOT in a credit report?



- Credit reporting companies do not store:
 - ▶ Criminal background
 - ▶ Medical information
 - ▶ Buying habits / transaction data
 - ▶ Bank account information
 - ▶ Credit scores



Common myths about credit reporting

When paid, the bad debt will go away

The credit reporting company denied me credit

I'm not responsible for those charges on our account

A divorce decree separates joint accounts

Consumers must give their permission for a report to be issued
(employment is the exception)

Requesting your own report and preapproved offers harms your credit history

There is only one credit score and it is on every report



What is a credit score?

- Used instead of a manual “score sheet”
- Valuable risk management tool
- Many different models, with many different scales available from many different sources
- Credit reporting companies often apply the model selected by the creditor when delivering the credit report; however, the credit scoring model, or formula, is proprietary to the developer and is not known by the credit reporting company





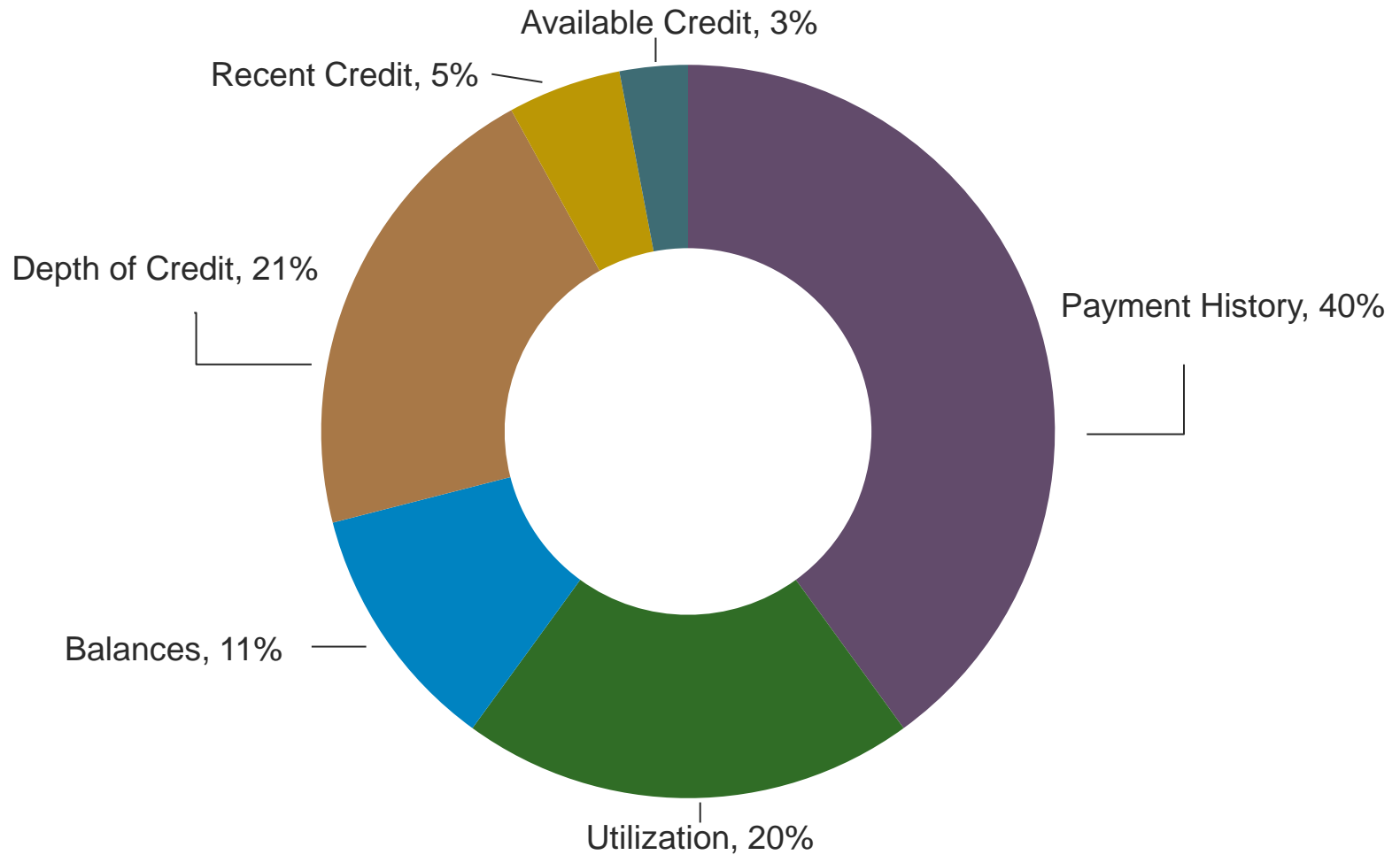
Risk factors are the key



- Generated when a risk score is calculated
- Tell the consumer what to address in their credit history to become more creditworthy
- Are largely consistent from model to model
- Are usually included in or described in an adverse action notice
- Experian provides risk factors to consumers with the scores it provides through its direct-to-consumer services

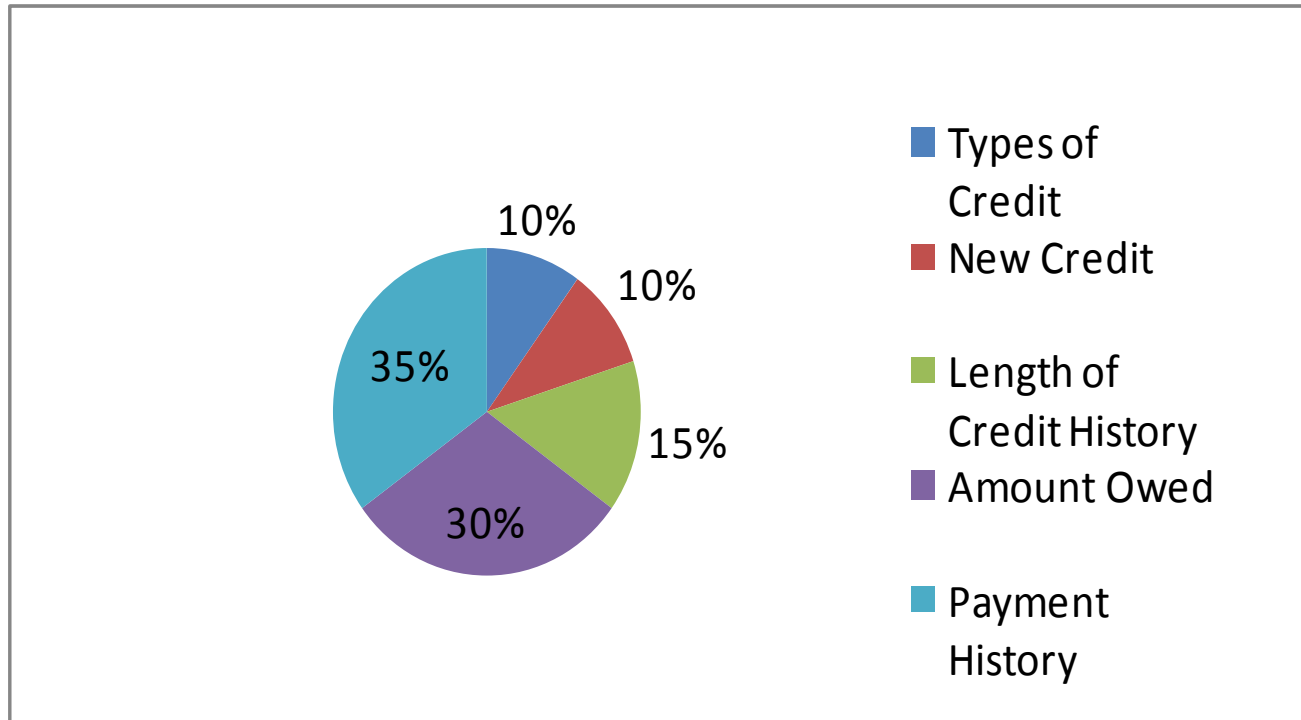


VantageScore 3.0 Characteristics Contributions



Composition of a FICO Score

■ *Percentage breakdown*



How Mistakes Affect FICO Scores

DAMAGE POINTS: HOW MISTAKES AFFECT FICO SCORES		
Credit mistake	If your score is 680	If your score is 780
Maxed-out card	Down 10 to 30 pts.	Down 25 to 45 pts.
30-day late payment	Down 60 to 80 pts.	Down 90 to 110 pts.
Debt settlement	Down 45 to 65 pts.	Down 105 to 125 pts.
Foreclosure	Down 85 to 105 pts.	Down 140 to 160 pts.
Bankruptcy	Down 130 to 150 pts.	Down 220 to 240 pts.
Source: FICO		



Ten rules for managing credit



1. Establish a credit report
2. Always pay as agreed
3. Get a credit card
4. Use caution in closing accounts
5. Apply for credit judiciously
6. Time is key
7. Demonstrate stability
8. Have a plan
9. Put credit to work for you
10. Share you knowledge



Learn to live credit smart and enjoy the benefits

Trying to protect young people from credit is like trying to protect them from drowning by not teaching them how to swim.





Centralized source for free reports

www.annualcreditreport.com



- One every twelve months
- Single contact point
 - ▶ Telephone - 877 322 8228
 - ▶ Mail
 - ▶ Internet
- Fee for credit score disclosure



Experian Education Resources – On the Web

- **Free annual FACT Act credit report**

- ▶ www.annualcreditreport.com

Access to free report from each of the three credit reporting companies

- **Experian**

- ▶ www.experian.com/crediteducation

Ask Experian advice column, sample consumer report, frequently asked questions

- ▶ www.livecreditsmart.com

Credit trends and information to inspire consumers to use credit wisely

- ▶ www.experian.com/consumer-education-content.html

Electronic versions of our published materials, sample credit report, videos, PowerPoint presentations with talk notes and more





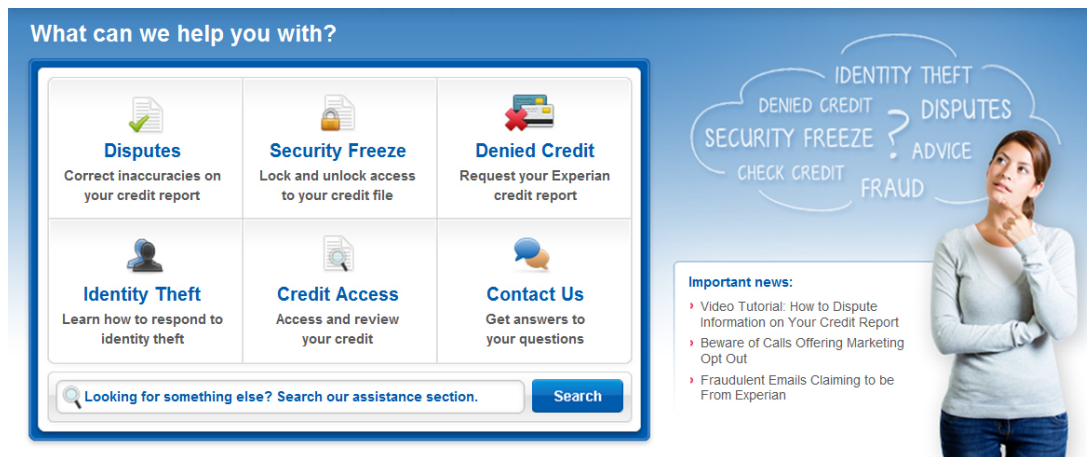
Experian Consumer Resources – Credit and beyond

- www.experian.com

- ▶ Experian subscription-based credit monitoring and unlimited Experian credit reports and scores, consumer assistance and education resources

- [Credit Educator](#)

- ▶ Personalized review and guidance about your credit report and score by an Experian professional for a nominal fee.
- ▶ www.experian.com/consumer-products/credit-educator.html

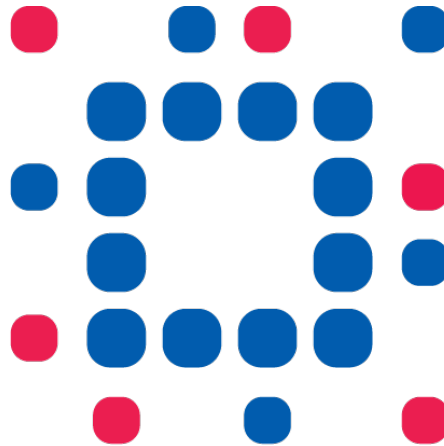


- ProtectMyID.com

- ▶ For fee service that monitors credit report and other sources to provide early alert to identity theft and services to aid in rapid recovery

- www.AutoCheck.com

- ▶ For fee vehicle history reports to help consumers make good pre-owned auto purchasing decisions



Experian®

A world of insight