



BORROWING: CREDIT HISTORY

WHAT IS YOUR CREDIT HISTORY?

Your credit history is sort of like your financial report card.

- ▶ It's a collection of financial information about you that shows how you handle your money and your debt, including:
 - information about the accounts you've opened
 - the length of time they've been open
 - whether you make payments on time
- ▶ This information is gathered by credit reporting agencies (Equifax and TransUnion) from:
 - Financial Institutions
 - Retailers
 - Lenders

IS CREDIT HISTORY IMPORTANT?

- ▶ Your credit history gives lenders the information they need to determine your creditworthiness (whether they can lend you money and expect you to repay it).
 - Because of this, your credit history *is* important.
 - Your credit history impacts your credit future.

BAD CREDIT HISTORY

If you have a bad credit history:

- ▶ You pay find it difficult to find a lender who will lend you money.
 - This can affect your ability to buy a car or a home or to get a credit card.
- ▶ You may not be able to purchase some services such as signing up for a cell phone or internet provider.
- ▶ You may not qualify for some jobs.
- ▶ Landlords may not want to rent to you.

GOOD CREDIT HISTORY

If you have a good credit history:

- ▶ You will be more likely to qualify for a higher loan amount.
- ▶ You may be able to get a lower interest rate when you do borrow money.
- ▶ You may be able to pay lower premiums on your insurance.
- ▶ Cellphone and internet service providers will look at your credit history to determine whether you will be a good customer.
- ▶ Potential landlords will also look at your credit history to determine if they can rely on you to pay your rent on time.