

# Credit Building Apps

Apps that Can Help Build and Repair Credit  
Webinar of September 27, 2018

Sponsored by Community Development and the  
Payments, Standards, and Outreach Group  
of the Federal Reserve Bank of Minneapolis

# About Us



## Isaiah Goodman

Owner of Becoming Financial

“Developing your financial character with dynamic planning and empowerment”

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# About Us



## Mary Hughes

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The Federal Reserve has a wide-ranging participatory role in the payments system, helping to ensure efficiency, integrity and accessibility.

[MinneapolisFed.org](http://MinneapolisFed.org)  
Federal Reserve Bank of Minneapolis

# Disclaimer

The apps and tools described in this webinar are intended to serve as examples. This webinar is not intended to promote or advocate a specific action or product. Potential users of each product should do their own research and determine if the product is right for them.

Views expressed are not necessarily those of, and should not be attributed to, the Federal Reserve Bank of Minneapolis or Becoming Financial.

# Agenda

## Background and Goal of Webinar

- Overview of U.S. Credit Score
- The Power of a Good Credit Score

## Featured Applications

- Seven Credit Building Applications

## Questions

Special thanks to intern Machaela Spear for her excellent research work.

# U.S. Credit Score

## *Credit Score*

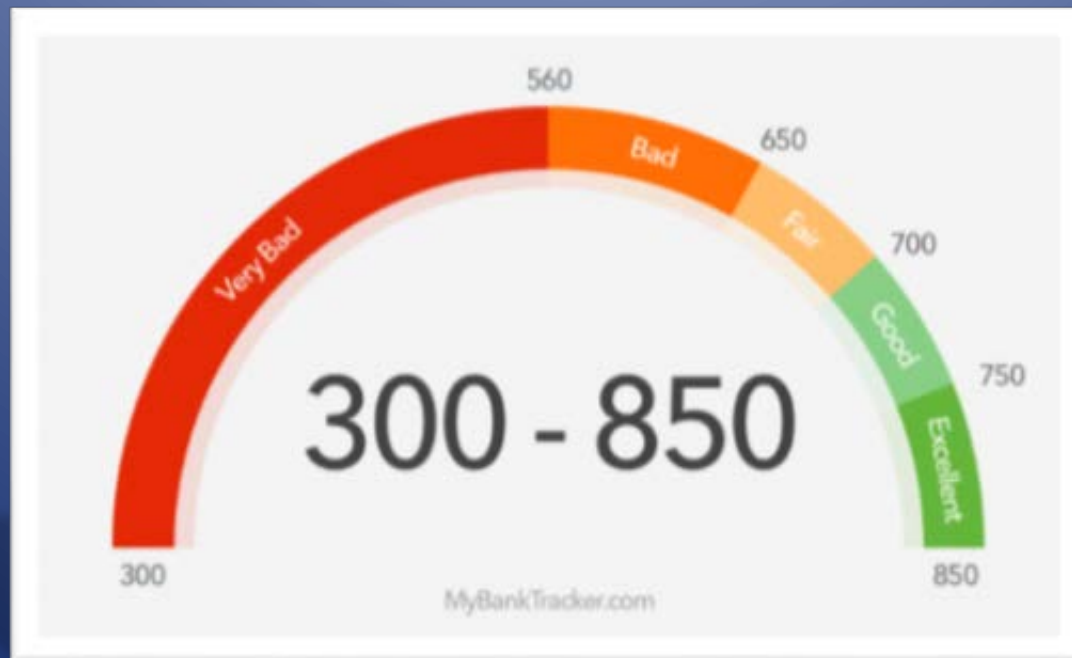
A number assigned to a person that indicates to lenders their capacity to repay a loan.

-Oxford Dictionary

**Equifax**

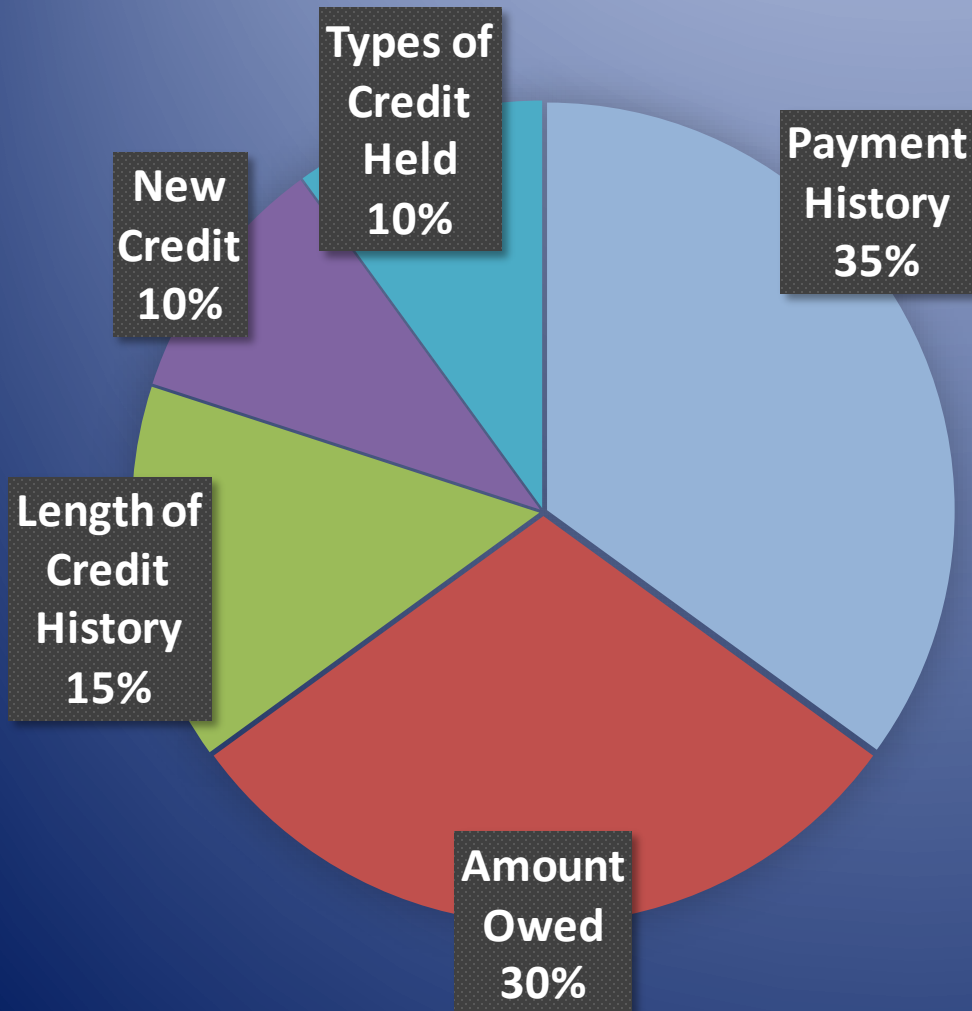
**TransUnion**

**Experian**



# Components of a Credit Score

What affects a credit score?



What *doesn't* impact your score...

- Race / ethnicity
- Religion
- Gender
- Marital status
- Location
- Net worth (assets)

# What things lower a credit score?

- Letting an account go delinquent
- Making a late payment
- Maxing out a credit card
- Picking up a negative public record (foreclosure, bankruptcy, lien, wage garnishment)
- Becoming a victim of identify theft





Approved!

## Your Credit Can Get Checked When You Apply For...

- Credit card
  - store credit cards and lines of credit
- New job
- Loans
  - auto, student, personal, business and home mortgage
- New apartment or other rental property
- Utility services / monthly bills
  - e.g., cell phone bill
- Auto insurance
- Opening a checking or savings account
- Armed services
- Assisted living facilities

# Today's Featured Apps





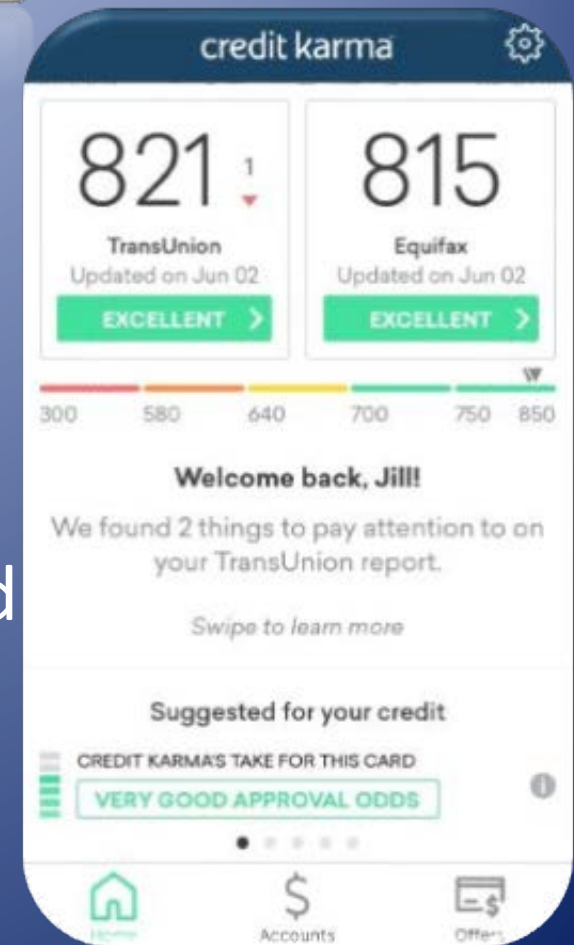
# Discover Credit Scorecard

- Free credit Snapshot available for anyone, even non-Discover customers
- Easy first look at credit score
- Information on what is currently helping and hurting your score



# credit karma

- Credit score estimation based on both TransUnion and Equifax reports
- Credit simulator
- Payoff calculators and personalized tips to improve your credit
- "Direct Dispute" credit report disputing service





## Cost & Fees:

- Completely free
- Will never ask for credit card information

## Requirements:

- Last four of SSN
- Email address for login

## Target Market:

- People looking for general credit help and education
- Anyone looking to improve or monitor their credit score

## Risks:

- Sharing of personal information

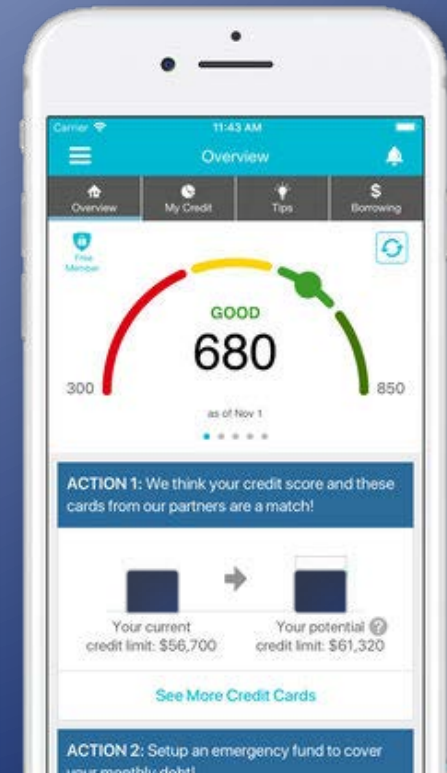
## Security:

- 128-bit encryption
- Won't sell your personal information to third parties

# credit sesame

Get your free credit strategy

- Free credit monitoring with alerts
- Credit score from TransUnion
- Loan and credit card recommendations
- \$50,000 in identity theft insurance and fraud resolutions assistance





## Cost & Fees:

- Completely free
- Will never ask for credit card information

## Requirements:

- Last four of SSN
- Email address for login

## Target Market:

- Vulnerable adult looking for identity theft protection
- Anyone looking to improve or monitor their credit score

## Risks:

- Sharing of personal information

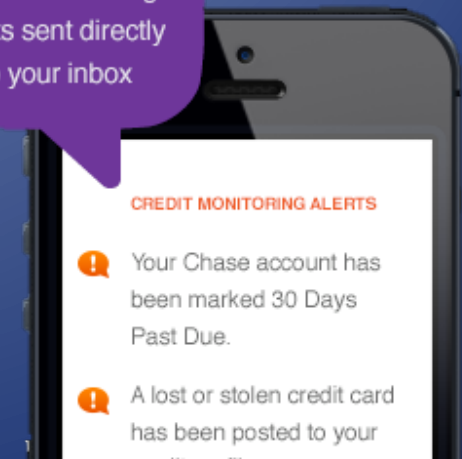
## Security:

- 128-bit SSL and 256-bit AES encryption
- Verisign, TRUSTe, and McAfee SECURE approved



- Free full credit report every three months from TransUnion and VantageScore
- Comparison of last four credit reports
- Score analysis and suggestions for improvement
- Credit timeline and trends to predict future credit scores

Credit Monitoring Alerts sent directly to your inbox







## Cost & Fees:

- Free and paid versions available
- Will never ask for credit card information unless you sign up for pro version

## Requirements:

- Last four of SSN
- Email address for login

## Target Market:

- Soon-to-be first time home buyers
- Anyone looking to improve or monitor their credit score

## Risks:

- Sharing of personal information

## Security:

- Norton Secure Certified



- Debt advocate who will help restructure your debt
- Helps customize your payments to fit your budget
- Tools to help rebuild credit if you have missed past payments





## Cost & Fees:

- Free quote
- Interest rates depend on individual applicants

## Requirements:

- Last four of SSN
- Email address for login
- General personal information

## Target Market:

- People looking to get out of debt or refinance
- Anyone looking to improve their credit

## Risks:

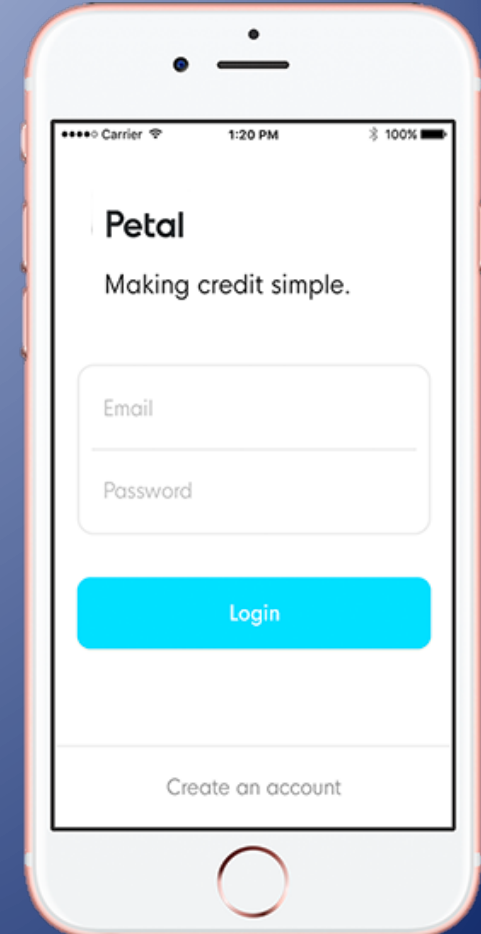
- Sharing of personal information

## Security:

- SSL secure connection technology



- Simple no-fee credit card
- Designed for people with subpar credit
- Reminders and automated payments
- Upfront interest rates in dollar values





- International credit data equivalent to U.S. bureau data
- Helps new Americans utilize their prior credit from outside of the U.S.
- FCRA and ECOA compliant



# How do you correct an error in your credit report?

- Each of the credit bureaus websites documents the credit dispute process on their websites
  - They may recommend that a person contact their creditors first to verify the accuracy of the information
- Do-it-yourself credit repair software can be purchased



# APPENDIX

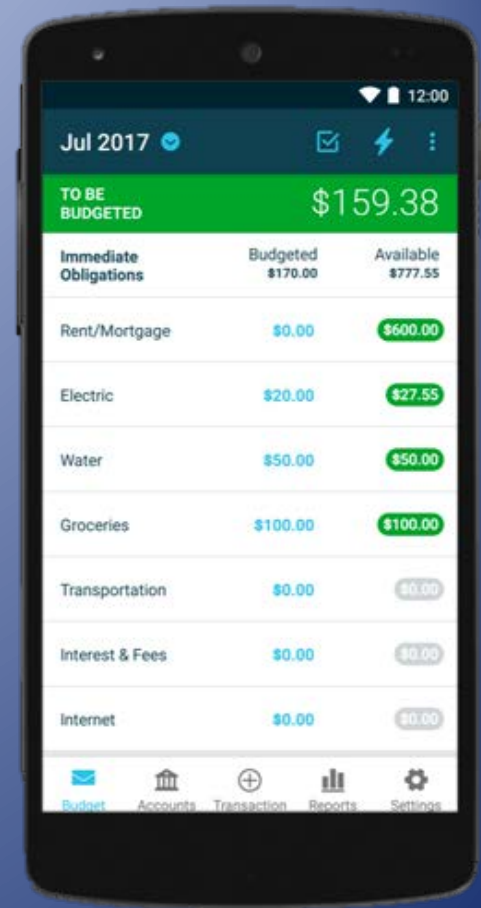
More Apps to Help Build or Repair Credit





You Need a Budget

- Budgeting tool that gives your money a job and breaks the paycheck to paycheck cycle
- New customers save on average \$200 in the first month
- Free first 34-days, then \$6.99/month; first year free for students







- Free bill tracker and manager
- Dashboard with all your bills in one place
- Due date reminders and optional automated bill pay setting



# DEBT PAYOFF PLANNER



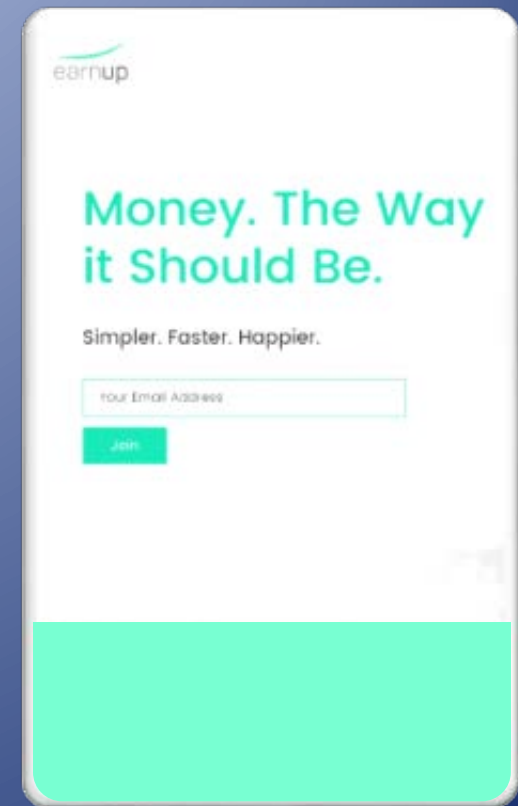
- Simple debt organizer
- No personal identifiable information required
- Loan and debt education resources
- Free or pro version \$1/month

The smartphone screen shows a 'Payoff Plan' with four steps. Each step lists debts and their corresponding payments. Step 1 shows a 21-month duration for Toyota Loan, Personal Loan, and Visa 0090. Step 2 shows a 1-month duration for Toyota Loan, Visa 0090, and Personal Loan. Step 3 shows a 29-month duration for Toyota Loan and Personal Loan. Step 4 shows a payment for Toyota Loan. A 'Debt Paid' notification for Visa 0090 is also visible, indicating it was paid off in May 2017 after 1 year and 10 months.

STEP	DEBT	PAYMENT
1	Toyota Loan	\$135.47
	Personal Loan	\$13.37
	Visa 0090	\$63.72
DURATION	21 months	
2	Toyota Loan	\$138.70
	Visa 0090	\$60.49
	Personal Loan	\$13.37
DURATION	1 months	
Debt Paid: Visa 0090		
Paid off on: May 2017 (1 year 10 months)		
3	Toyota Loan	\$199.19
	Personal Loan	\$13.37
DURATION	29 months	
4	Toyota Loan	\$201.62



- Sets aside money when you can afford it and automatically pays your loans each month
- Notifications when EarnUp finds ways to save you money
- \$9.95/month to add unlimited loans



# Questions



# RESOURCES

- History of FICO and the FICO credit score: [Myfico.com/consumer-division-of-fico.aspx](https://myfico.com/consumer-division-of-fico.aspx)
- What does and does not influence your credit score: [Creditkarma.com/advice/i/learn-credit-score-factors/](https://creditkarma.com/advice/i/learn-credit-score-factors/)
- Why good credit is important: [Thebalance.com/reasons-why-good-credit-matters-960178](https://thebalance.com/reasons-why-good-credit-matters-960178)