



ABA News to Use

Keeping banking's frontline personnel informed

Know Your Score

Do you know your score? If not, it's time to find out.

Credit scores have come to play a critical role in today's world. They not only help lenders determine whether to give you a loan and at what interest rate, but they also are used by potential employers, landlords and insurance companies to assess your financial health.

A recent report from the Government Accountability Office found that while many consumers are familiar with the basics of credit reports and scores, they don't always know how their financial behavior can affect their credit score. Following are some key facts about credit scores that you should know:

- Credit scores are calculated from a consumer's payment history, length of credit history, new credit, types of credit used, and amounts owed. The combination of each of these areas is what makes up the overall score, which range from 300-850.
- The score is an objective measurement of credit risk based on information in your credit reports, so it's important for consumers to review those reports at least annually to check for errors.
- A high credit score indicates strong creditworthiness, and that qualifies you for better interest rates on your loans – whether they are mortgage loans or credit card loans.
- Maxing out on your credit lines and paying bills late will lower your credit score.
- The impact of a credit score on a borrower's interest rate can be significant. For instance, a borrower with a score of 760 could pay three percentage points less in interest on a mortgage than someone with a score of 560. Lower interest rates also mean lower monthly payments.

Find more information about [Credit Scores](#).

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