

# WHAT REALLY GOES INTO A Credit Profile

Your Credit Profile is an assessment of your creditworthiness. Comprised of a Credit Score and Credit Report generated using data from your credit history, it can determine whether you qualify for a particular credit card, loan, mortgage or service, and on what terms.

## INGREDIENTS

### Lenders

Information sourced from recognised credit providers, such as:

- Banks
- Credit Unions
- Store Credit Issuers
- Payday Lenders

Telecommunication Providers\*

Utility Providers\*

### Public Record

Public record information is sourced from:

- ASIC
- The Judiciary System

\*While these providers do not share the full details of your repayment history, they may provide information on any defaulted accounts or credit advances (e.g. post-paid services).

## FINAL PRODUCT

### Credit Report

The information collected is used to calculate your Credit Score and determine your borrowing eligibility.

Our Credit Reports detail the positive and negative factors impacting your Equifax Credit Score.



## Components of an Equifax Credit Score\*\*:



Comprehensive Credit Reporting Information (CCR) 33%

Credit Limits 3%

Repayment History 30% (For Credit Cards, Loans and Mortgages)

Adverse Events 10%

Personal Information 3%

Credit Report Age 3%

Credit Application 51%

\*\*This is a standard Equifax Credit Score model used in our assessment. Please note that this model may be subject to change.

## How are Credit Scores calculated?

Equifax Credit Scores are a number anywhere from 0 to 1,200. The higher the number, the better the score. Our Credit Scores are calculated based on the underlying data contained in a Credit Report. What can be collected in a Credit Report is strictly regulated by the **Privacy Act 1988 (Cth)** ('the Privacy Act').

We calculate the score using private and public information collected directly from you as well as from credit providers and other agencies (e.g. repayment histories, court actions relating to debit and credit, insolvency and ASIC records).

Includes public information

court actions

insolvency

ASIC

The Privacy Act also mandates a consumer's right to see the data held and dispute it if believed to be incorrect. Request a copy of your Credit Report today at [equifax.com.au](http://equifax.com.au).

The Equifax Credit Score is a numerical expression of your risk profile and ability to repay a debt. The higher the score the lower the risk. Our unique algorithm looks at the relative rating of your credit behavior against the ratings of the entire Australian population – with scores generated on request and at a point in time, to ensure the most comprehensive and accurate assessment.

This algorithm has been developed from learnings based on decades of experience in analysis of credit transactions of the Australian consumer. Looking at a huge number of variables with different weightings in different circumstances at different times, the Equifax model calculates a score that is a proven predictor of credit risk.

Where two people may be given the same Credit Score, this is very likely to be the result of different contributing factors.

Considering a broad scope of credit eligibility criteria, lenders look at a range of other influences beyond what is outlined in the final Credit Report and/or score.

## What is NOT included in a Credit Score?

A credit bureau can only hold data permitted under the Privacy Act. This means there are strict guidelines on the data used to calculate a bureau credit score.

While the items on the right may reflect who you are as a person and be an indication of your net worth, credit bureaus such as Equifax are not provided (nor allowed to collect) this information to determine credit worthiness.

- gender
- race/religion
- dependents
- salary
- superannuation
- savings
- cars
- houses
- jewellery

## What if something is not correct on my Credit Report?

It's important to remember that the information used to generate a Credit Report is provided by lenders to Equifax. The best way to correct information in a Credit Report is for you to **speak directly with the lender that provided it**.

If you have any issues in approaching them, we can help by endeavouring to contact them on your behalf. **We offer this service completely FREE OF CHARGE.**

## How do credit providers use Scores/Credit Reports?

Credit providers ask a series of questions on their application forms for a very good reason: **to gain the most complete picture of the status of your credit worthiness.**

Scores/Credit Reports are important tools for risk assessment – but they are typically considered alongside a whole range of evaluation criteria by lenders.

Some credit providers will use a **Credit Score** as a strong weighting in their decisions, most often for credit cards and personal loans (unsecured credit).

Credit Report  
Credit Score: 768

Others, particularly when considering a mortgage application, may prefer to rely more heavily on the data in a **credit report**.

## New Developments

All Credit Reporting Bodies around the world update their scoring models from time to time to ensure they are reflective of the current credit landscape. Equifax's Credit Score model was updated in January 2017 – for the first time since 2009.

Our new model uses an enhanced algorithm to incorporate more recent learnings regarding the **links between credit activity and future credit risk**, with additional Comprehensive Credit Reporting Information (CCR) introduced as part of the last revision of the Privacy Act. This means most Australians applying for credit will find their score has changed to some degree.

The **new information** includes (but is not limited to) items such as;

- account opening date
- whether minimum monthly repayments have been made on time for the last 24 months
- if repayments are behind, and how far
- type of credit issued
- credit limit
- when/if the account is closed

The transition to more comprehensive data allows Credit Reporting Bodies to be fairer when assessing credit worthiness. This will, in time, lead to credit providers placing more importance on good credit-based behaviour – helping people to secure credit, recover faster from adverse situations and minimise the time it takes to establish a credit history.

As more CCR information is disclosed, consumers will benefit from the relative strength and improvement of an Equifax Credit Score being more closely linked to regular on-time minimum repayment of credit commitments.

**EQUIFAX**

To find out more, visit [equifax.com.au](http://equifax.com.au)