

Credit Score

SAFA Financial Literacy Lesson

What is Credit Score?

Credit Score is a mathematical model that predicts how likely you are to pay back a loan in the given time period, essentially highlighting the trustworthiness of an individual to pay back their loans.



FICO Score

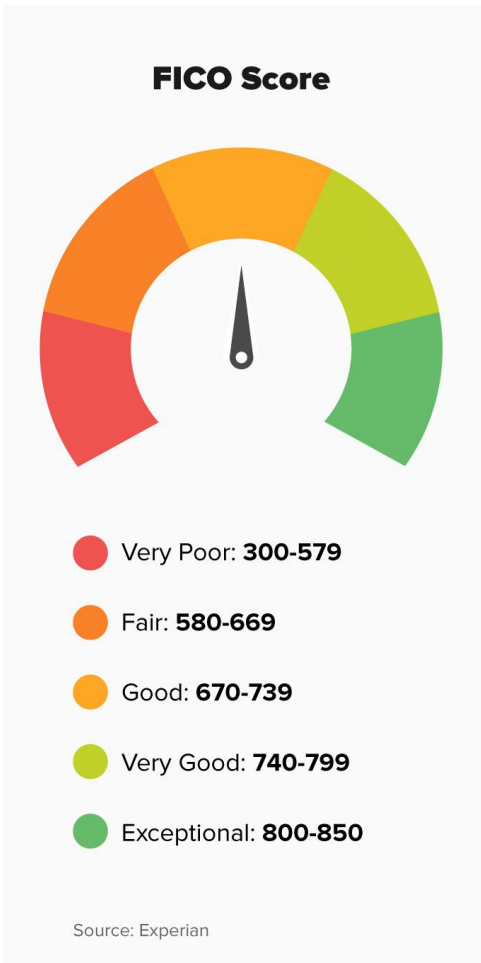
Very Poor: 300-579

Fair: 580-669

Good: 670-739

Very Good: 740-799

Exceptional: 800-850



Vantage Score

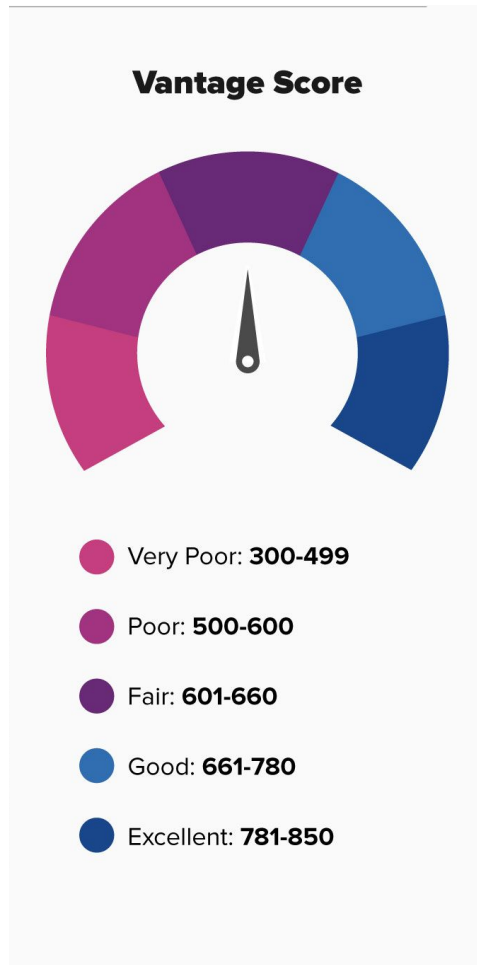
Very Poor: 300-499

Poor: 500-600

Fair: 601-660

Good: 661-780

Excellent 781-850



Why should you improve your credit score?

With a better credit score, you are more trustworthy, and as a result, you might only be eligible for certain loans if you have a certain score, and you may receive favorable rates on certain loans if you have a high score. You also will be unable to get a credit card if you have below the credit score range that they desire.



How should you improve your credit score?

Make sure to pay back loans, as it will establish you as more trustworthy to offer loans to. This ensures that when you need it, you will be able to get loans, and you can also have more favorable rates. In regards to FICO, you should prioritize your credit utilization ratio, as other than the 35% of it determined by payment history, another 30% of it is determined by credit usage. Try to use 30% of your credit limit or less.

