


Credit Scores + Financial Behavior



The  explored the outcomes on credit scores and financial behaviors of microentrepreneurs who used a secured credit card.

92% who started without a score had established one by 12 months.

60% with a low existing score were able to increase their scores.

42% moved from a subprime to a prime credit.



Average Scores at 12 months

low-income and minority entrepreneurs are often denied credit at higher rates because of lower scores.

At Pilot Start:

Clients with no credit scores:



At 12 mos.

665

Clients with existing scores:



598

“Given the challenges faced by disadvantaged entrepreneurs in accessing credit, these improved scores represent a substantial asset to move their businesses forward.”

Financial Behaviors on Card

How to build credit with a secured card:



1.

Always pay on time



2.

Keep balances under 30%



3.

Don't use the card to consume

Results:



Majority of cardholders **paid on time** but most **did not keep balances low**.



Increased access to credit and **lower debt to income** after 12 months with the card.



Allocating Coaching Time: Data show that clients who start with low existing scores need more reinforcement regarding use of the card than clients with no scores.