**Credit reporting agencies and credit reports**

**Definition**

Credit reporting agencies, also known as credit bureaus, are companies that collect and maintain individual credit information and sell it to creditors, lenders, and consumers in the form of a credit report. The primary function of these agencies is to compile and provide information that helps lenders assess an individual's creditworthiness.

**Major Credit Reporting Agencies**

In the United States, there are three major credit reporting agencies:

1. **Equifax**
2. **Experian**
3. **TransUnion**

These agencies collect data from various sources such as banks, credit card companies, and other lenders. They then use this data to create credit reports and calculate credit scores.

**Credit Reports**

**Definition**

A credit report is a detailed report of an individual's credit history prepared by a credit bureau. It includes personal information, credit accounts, credit inquiries, public records, and collections. Credit reports are used by lenders to determine an individual's creditworthiness before issuing loans, credit cards, or other financial products.

Credit reporting agencies maintain credit reports on approximately 200 million adult consumers in the U.S. Their data covers about 9 out of 10 adults in the country.

As of June 30, 1999, a sample of credit records from a national credit reporting company contained 1.8 billion credit accounts, 204 million public records, 220 million collection agency accounts, and 1.2 billion credit inquiries.

Equifax listed its "data processing equipment and infrastructure" assets as worth $306.3 million as of September 30, 2022, up from $299.6 million at the end of 2021.

**Components of a Credit Report**

1. **Personal Information**: Name, address, Social Security number, date of birth, and employment information.
2. **Credit Accounts**: Information about current and past credit accounts, including the type of account, credit limit or loan amount, account balance, and payment history.
3. **Credit Inquiries**: A record of all the companies or individuals who have accessed the credit report.
4. **Public Records and Collections**: Information about bankruptcies, foreclosures, tax liens, and accounts that have been turned over to collection agencies.

**Statistical Data**

**Consumer Credit Data in the US**

|  |  |
| --- | --- |
| Metric | Value |
| Total Consumer Debt | Over $4 trillion |
| Average FICO Credit Score | 711 |
| Total Credit Card Debt | $930 billion |
| Average Number of Credit Accounts | 11 |
| Average Credit Card Balance | $5,315 |
| Auto Loan Debt | $1.3 trillion |
| Mortgage Debt | $10.3 trillion |
| Student Loan Debt | $1.7 trillion |

**Credit Reporting Agencies**

|  |  |  |  |
| --- | --- | --- | --- |
| Agency | Number of Consumers Served (US) | Number of Businesses Served (US) | Global Data Coverage |
| Equifax | 235 million | 25 million | Over 800 million consumers worldwide |
| Experian | 235 million | 25 million | Over 1 billion individuals worldwide |
| TransUnion | 200 million | 25 million | Not specified |

**Importance of Credit Reports**

Credit reports play a crucial role in the financial system by enabling lenders to make informed decisions. A good credit report can help consumers secure loans at favorable terms, while a poor credit report can result in higher interest rates or loan denials. Consumers are encouraged to regularly check their credit reports for accuracy and to dispute any errors they may find.

**Conclusion**

Credit bureaus (Equifax, Experian, TransUnion) track your borrowing history to create credit reports. These reports impact loan approvals and interest rates. Check your reports regularly and fix any errors.