

My Blog

By VeronikaRodenberger

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For the past 27 years, FICO Credit Scores have been the bedrock of most consumer- lending decisions in the US. These scores were based mostly on consumers history of paying mortgages, credit card balances and loans. The FICO model has been periodically updated to help lenders to be more informed about credit-granting decisions and help the consumer get access to the credit they need. The most widely used version is FICO Score 8.

The latest update is that Fair Isaac Corp. (the company behind FICO) has decided to test out a new type of scores called UltraFICO with credit reporting agency Experian and a technology company called Finicity. This will be unveiled early next year (2019) and will consider the borrowers bank-account balance and cash-management behavior in addition to the [traditional credit](#).

The move to test the new scoring system comes in the wake of some financial companies who are supplementing traditional credit scores with an analysis of customer's bank account to assess consumer's creditworthiness.

KEY FEATURES

Here are a few key features as to how it works and who could benefit from the new UltraFICO scoring system.

. The new FICO score will be optional and will be offered only to consumers who opt for it. They will be given the choice to do so when they do not qualify by the more traditional systems. However, they should also agree to share with the lender personal information, and allow them to access their banking and saving data to evaluate overall financial responsibility.

. This new system will potentially improve the credit scores of many Americans who have less than stellar or borderline credit score (upper 500 to the low 600s) by 20 points or more depending on the details of their financial profile.

.'People who have strong credit scores need not consider UltraFICO scores but they could use it as a second chance,' says Sally TayloShoff Vice President of FICO.

.Consumers with an average bank-account of \$400 and with no history of negative balances are more likely to benefit because it will take into account how old your bank-account is, the frequency of activity and evidence of saving.

.It will particularly benefit millennials(people aged 18-34) who did not have the opportunity to build up a credit history. It will also help people who are in a financial rut and are rebuilding their credit scores.

.It also might be easier for millions of Americans to get any type of loan including a mortgage loan-especially if they have a subprime credit score (500-600 FICO) or have little or no credit history at all. The new UltraFICO score has definitely a lot of promise as an alternative scoring method, provided

the consumers have true control over what level of detail they share and whether to share information or not.

However, it is not clear whether the other two credit bureaus Equifax and TransUnion will eventually participate in the Ultra FICO test. TransUnion in an email statement said that 'it applauds all efforts that promote financial inclusion and expand economic opportunity' but Equifax did not comment on this. 'According to Smith' The new scoring system is revolutionary as consumers will play a direct role, for the first time ever to determine their own credit scores.

About the Author:

My name is Sofia Meghan Gibson a Financial Adviser at Zinu Credit Repair. It is a legitimate credit repair agency in US. That offers a free credit repair consultation, which includes a complete review of your FREE credit report summary and score. If you are looking for the [best credit repair](#) company in your area. Please contact me.