



The comment below is in response to this excellent Article posted in the Huffington Post by Catherine New. Please read the blog post first and feel free to respond in her post:

[Experian Debuts New Credit Score, Helps Bring 'Underbanked' Into Lending Fold](#)

By Lou Rodriguez/The Amateur Consumer

Posted On July 6, 2012

Helps bring the 'Underbanked' into the lending fold? Read 'fresh revenue' provided by an unsuspecting Amateur Consumer! So 'Extended View' takes into consideration 'pay day loan' payment history, rental payment history, and takes a 'deep dive' into public records? Are you kidding me?

Let's attack these 3 one at a time:

- 1) Pay Day Loans**-They're notorious for high interest rates and for inducing consumers into a self-destructive cycle of debt from which they almost never recover; in other words, built in suckers for more - high cost credit!
- 2) Rental Payment History** - Of the 3, this is the only one that would provide a great service for consumers off the financial grid or recovering from a financial crisis and trying to rebuild a better credit score. This one truly would bring them back into the 'lending fold'.
- 3) Public Records** - Where to begin with this one. Let's start with how public records are obtained by the CRA's; First off all, courthouses do not report to the credit bureaus and because most public record information is accessible only by visiting courthouses and other government buildings in person, the CRA's usually hire contractors to gather information which will only have a negative effect on your credit score such as tax liens and outstanding judgments.

Why is this information important for you and I as Amateur Consumers to know? Because this negative information leads to 'risk-based pricing'. Risk-based pricing refers to the practice of setting or adjusting the price and other terms of credit provided to you and based on our creditworthiness. The lower your score, the more that 'money' will cost you - plain and simple - And herein lies the problem!

If two out of the three items mentioned that are used to create an 'Extended View Score' are negative, what do you think that score will look like? Better yet, what do you think the interest rate and fee's associated with obtaining that credit will look like?

Additionally, according to Mr. Wagner, consumers cannot get a copy of their Extended View credit report? Hmmm, says right there in the name - CREDIT REPORT, doesn't it? To ensure that consumers know when they are being judged on the basis of records compiled by a third-party, (which extended view is and uses) Congress, in the FCRA defined the term "consumer report" quite broadly:

"Consumer report" means any written, oral, or other communication of any information by a consumer reporting agency bearing on a consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal

characteristics, or mode of living which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer's eligibility for (A) credit or insurance to be used primarily for personal, family, or household purposes; (B) employment purposes; or (C) any other purpose authorized under [this] section."

So, to the extent that data by Extended View is being used for credit decisioning, this is a clear example of risk-based pricing and because it is risk-based pricing, if anyone reading this comment is denied credit based on data provided by Extended View, this should automatically generate an adverse action notification to be sent directly to you - the consumer. This notice will give you 60 days in which to receive and review the report used to make that decision, in this case the 'Extended View' Consumer Report or as Mr. Wagner calls it - *a credit report!* This will be interesting to watch moving forward.

So in closing, Mr Chi Chi Wu says it best; "Putting you in the system is not necessarily a benefit if you're not going to get affordable credit," Isn't that the point of bringing the "underbanked" into the lending fold anyway?