

Fico credit scores

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A credit score is index, which measures the credit risk. It absorbs the information from your credit history into a single number at a particular point of time. This forms a basis for the assessment of your credit report and rating your credit risk by lenders.

There are many types of credit scores, which are developed by different independent companies. Today, the most widely used counting system of credit scores is FICO - developed by Fair Isaac Corporation. FICO scores range from 300 to 850, with 850 being the best possible FICO score. Some credit reporting agencies are experimenting with a broader range of scores.

Now it is easy to get your credit scores to check your financial life. Thus, you can define five main influencing factors and techniques to improve your credit score:

1) Payment history - approximately 35% of total score. The data can be broken down into few components:

- Payment information on various types of accounts;
- The appearance of any adverse public records;
- How much time has passed since any delinquencies;
- The number of past due items listed on a credit report;
- How many accounts are being paid as agreed.

Extensive geography of timely payments helps your score.

2) Amounts owed - approximately 30% of total score. The more you owe compared to your credit limit, the lower your score will be.

3) Length of credit history - approximately 15% of total score. A longer credit history will increase your score.

4) Types of credit used - approximately 10% of total score. You can improve your credit score, with various types of loans.

5) New Credit - approximately 10% of total score.

It is important to adhere to the ways to improve the factors that make up your credit score. It's a process that takes time, that is why it is important to maintain a high score in the long-term.

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