

**The Second Quarter 2010  
FreeScore.com Consumer Credit Score  
Awareness Study  
Issued: May 2010**

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**Credit Score Awareness  
Results in Total**

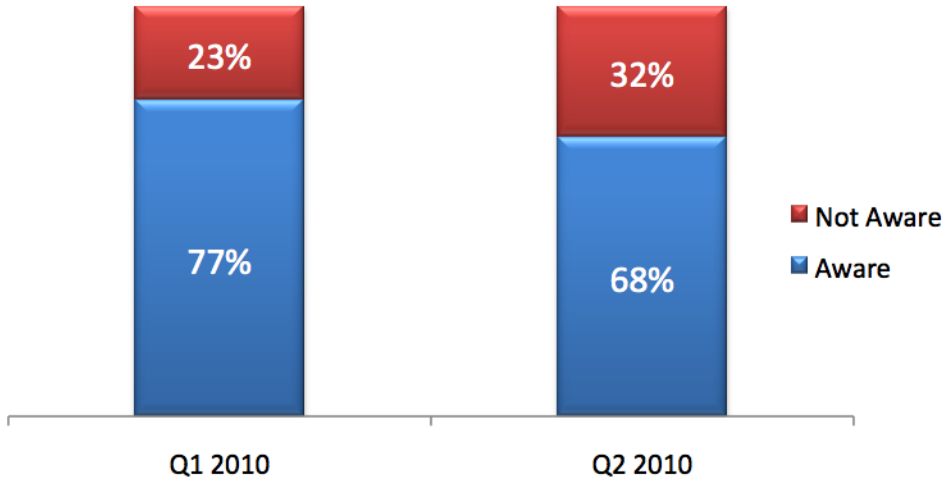
The Second Quarter 2010 FreeScore Consumer Credit Score Awareness Study was fielded in April 2010.

**PURPOSE:** The purpose of the study was to gauge and track knowledge regarding credit scores and reports of American Consumers 18+.

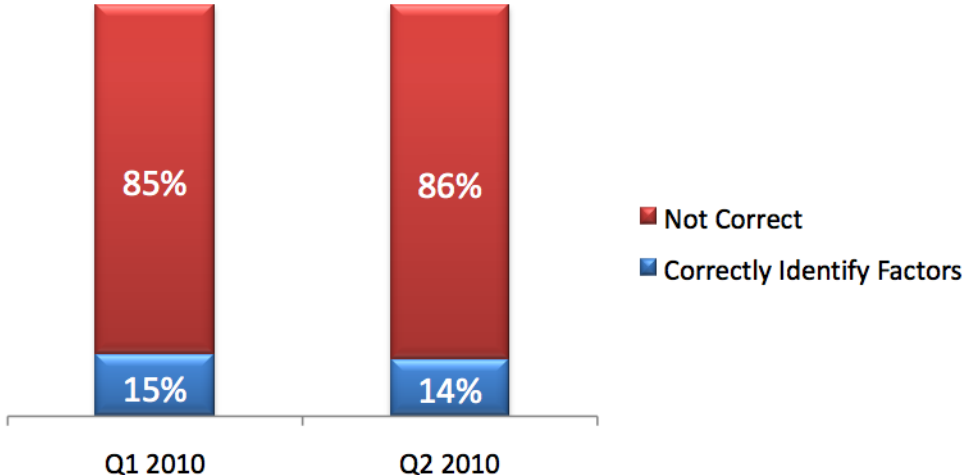
**METHODOLOGY:** 1,000 Americans age 18 and older were surveyed online. Respondents were solicited via email by a third-party vendor, Survey Sampling International, from their panel. Compensation for participating in the survey included an entry into Survey Sampling International's sweepstakes.

**Results in Total**

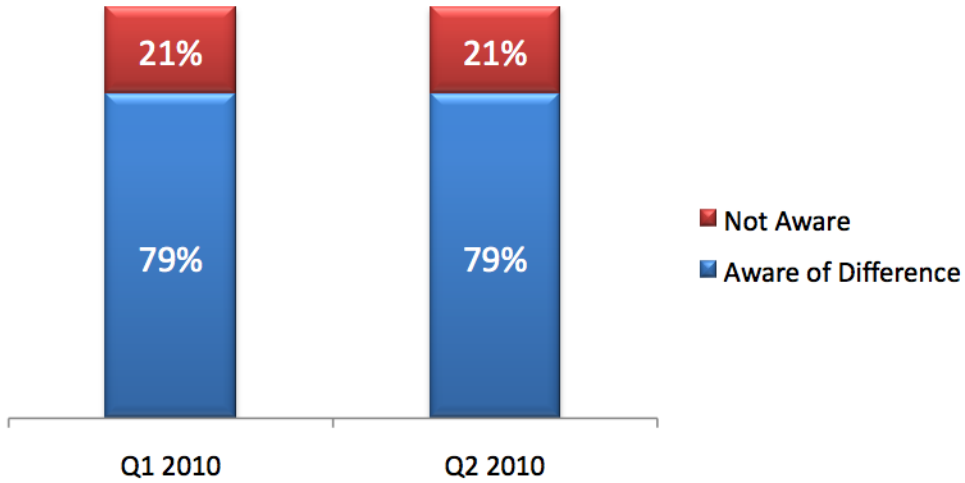
- Consumer awareness of credit scores significantly declined versus Q1 2010.



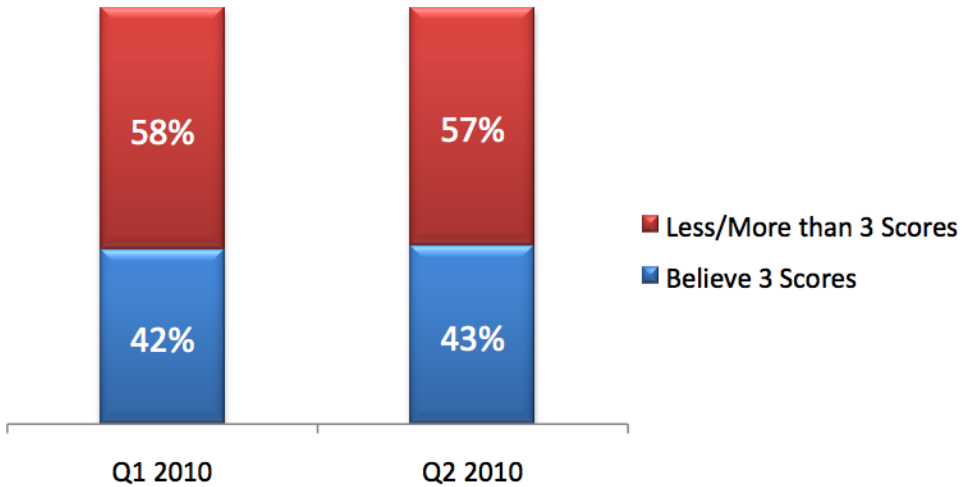
- While overall awareness declined, consumer awareness of the contributing factors to their credit scores (credit report, payment history, length of credit history, and account balances) is unchanged.



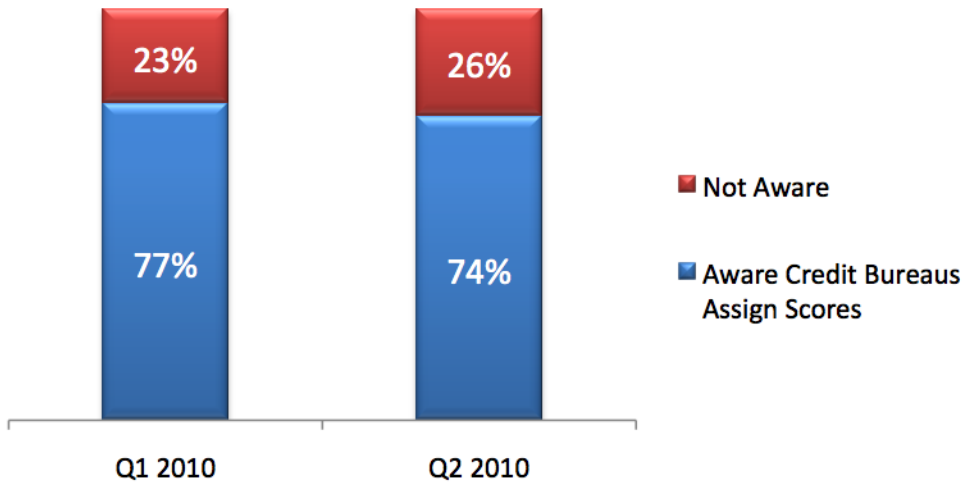
- A majority of consumers continue to claim to understand the difference between credit REPORTS and credit SCORES.



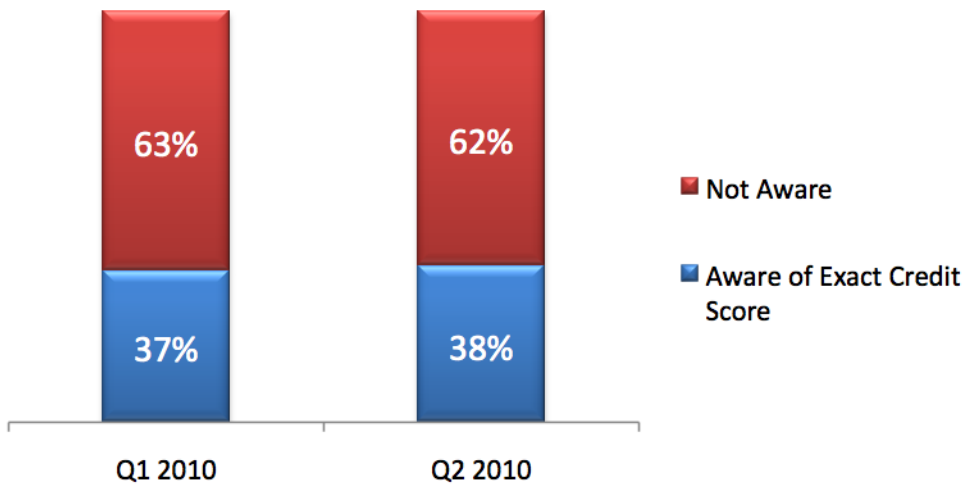
- The number of people aware that they have 3 credit scores remains consistent.



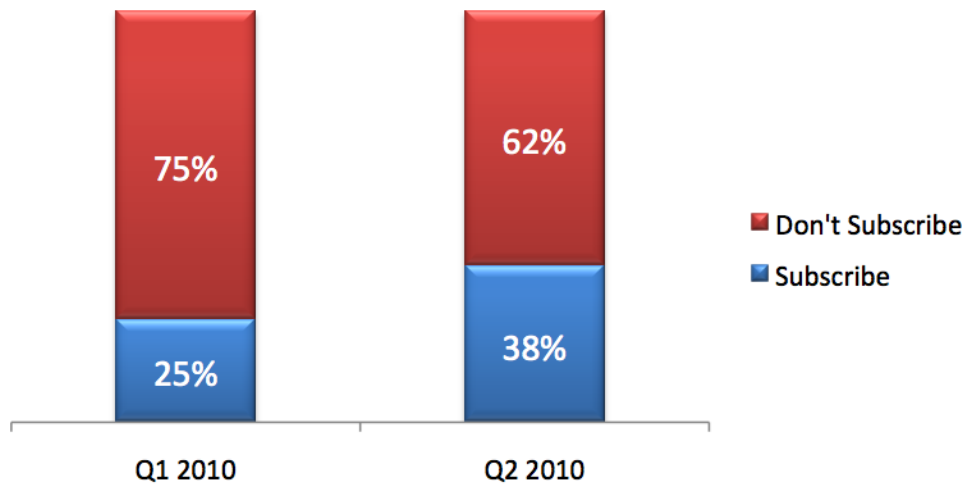
- The majority of people continue to recognize that the credit bureaus are responsible for assigning credit scores.



- The percentage of people who claim to know their EXACT credit score is unchanged.



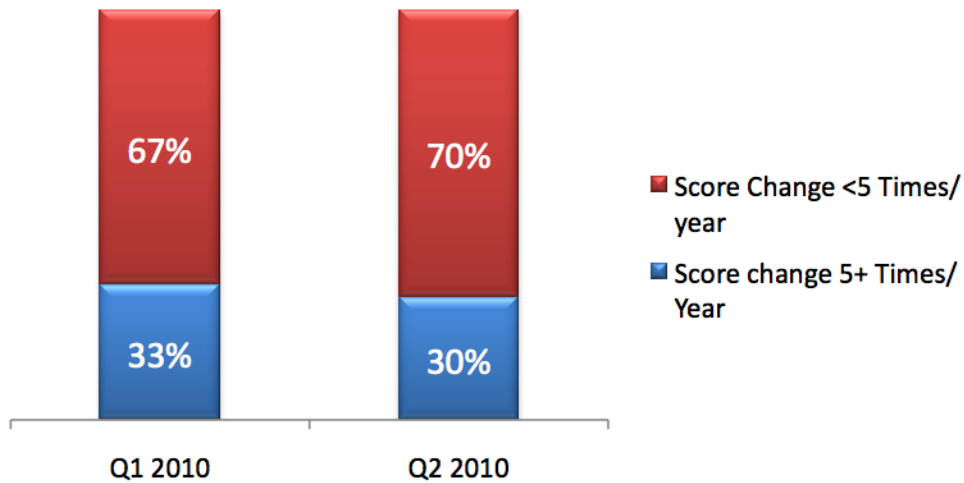
- Consumers are more likely in Q2 to be subscribing to a service that allows them to check their credit reports/scores.



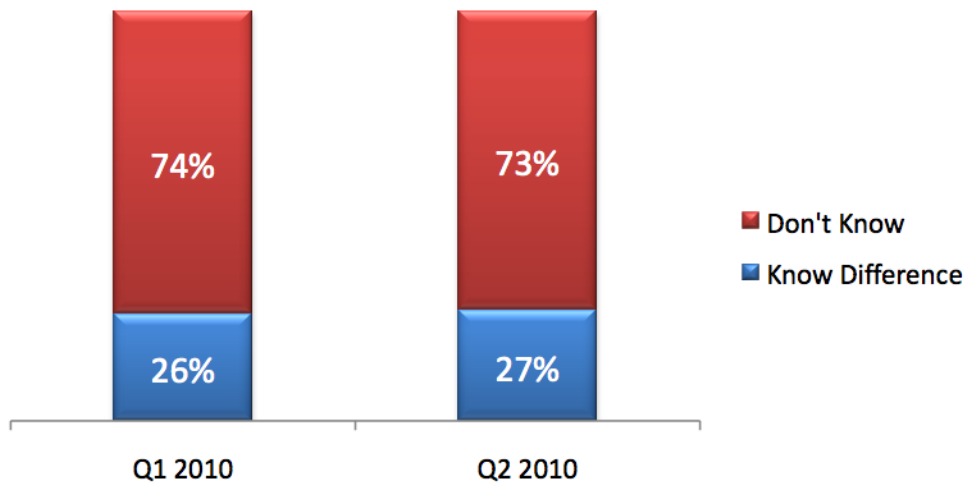
- Reasons for why consumers would check their credit shifted versus Q1 2010. Planning to apply for a loan, being refused credit, and planning to apply for a mortgage/new apartment are less motivating than previously seen.

	Q1 2010	Q2 2010
Curious	47%	51%
Planning to apply for a loan	47%	35%
Worried about identity theft	35%	34%
Been refused credit	40%	29%
Planning to apply for a mortgage or new apartment	41%	32%
Wanted to find ways to improve credit rating	31%	28%
Considering looking for a new job	15%	14%
Other	6%	6%

- Awareness of how frequently a credit score can change is relatively unchanged vs. Q1 2010. It remains that only about one-third of consumers know a score can change 5 or more times in a year.



- The majority of consumers remain uneducated on the differences between hard and soft credit inquiries.



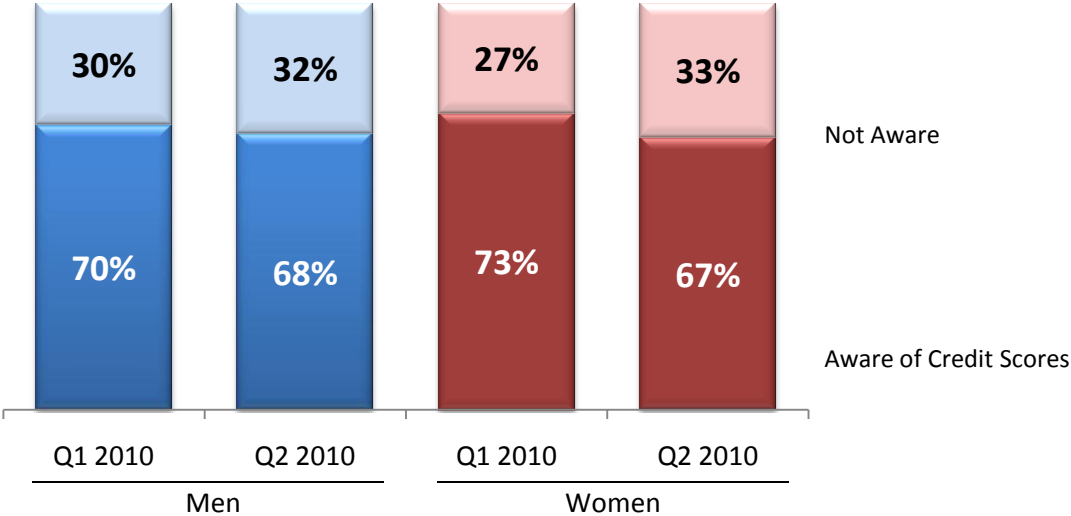
- In Q2 2010, a greater number of consumers are unsure as to which behavior will have a greater positive impact on their credit rating.

	Q1 2010	Q2 2010
Paying cash for everything and having no credit card balances	8%	12%
Paying with credit cards and keeping balances low	85%	76%
Not sure	7%	13%

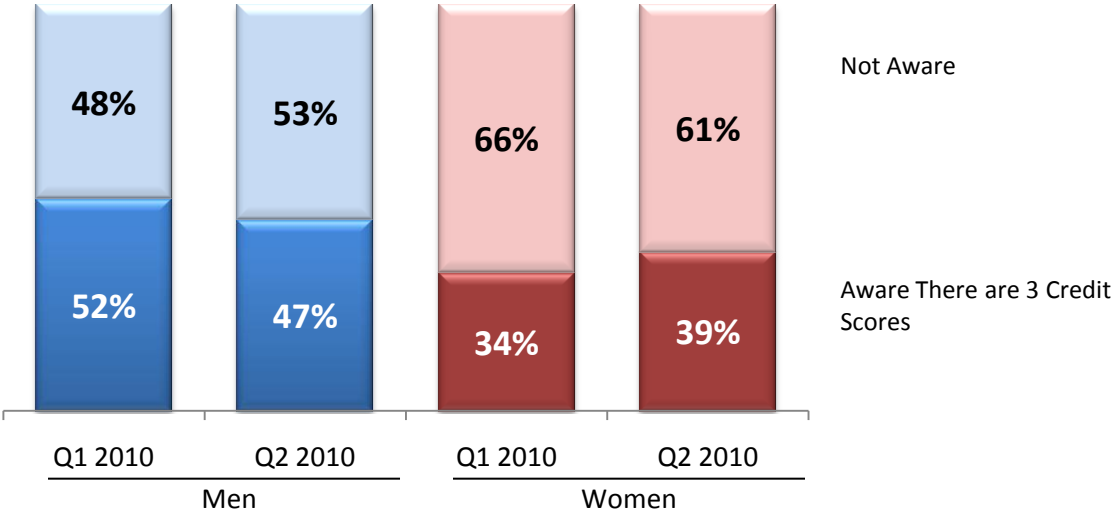
## **Credit Score Awareness Results by Gender**

**Results by Gender**

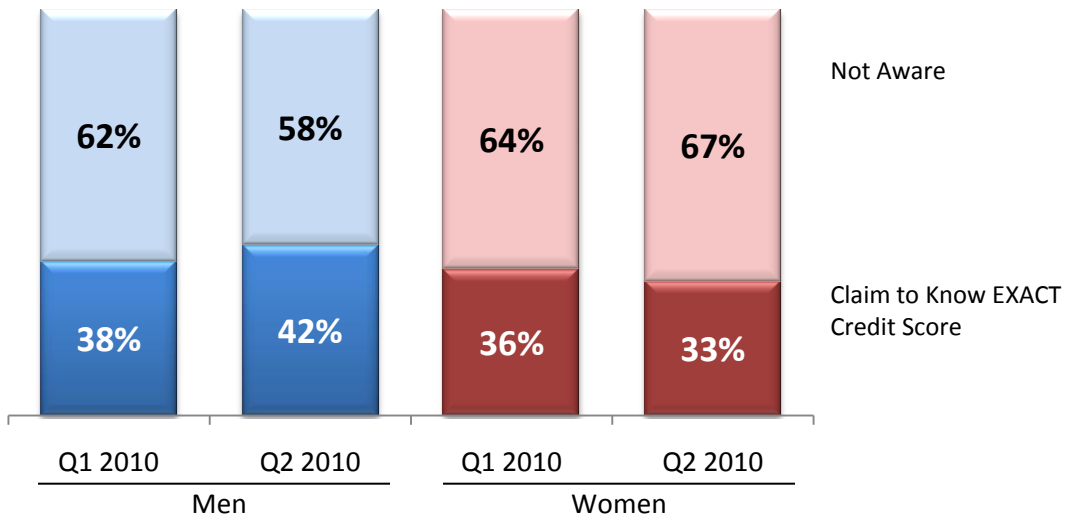
- Overall, we see that men have a greater knowledge surrounding credit scores than women.
- In addition to less overall knowledge regarding credit scores, women are less likely in Q2 2010 to even be aware of credit scores than they were in Q1.



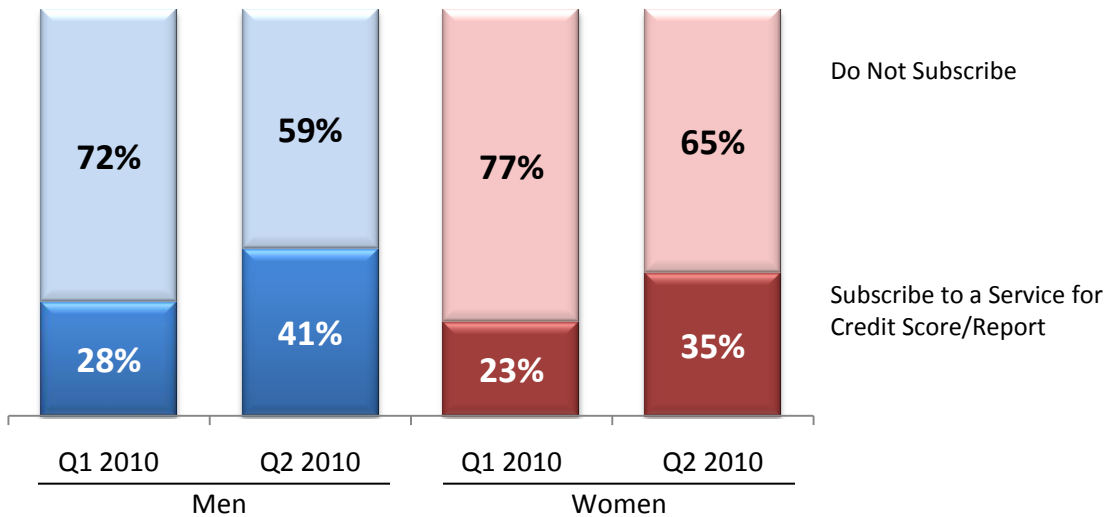
- Women continue to be less aware that they have 3 scores than men.



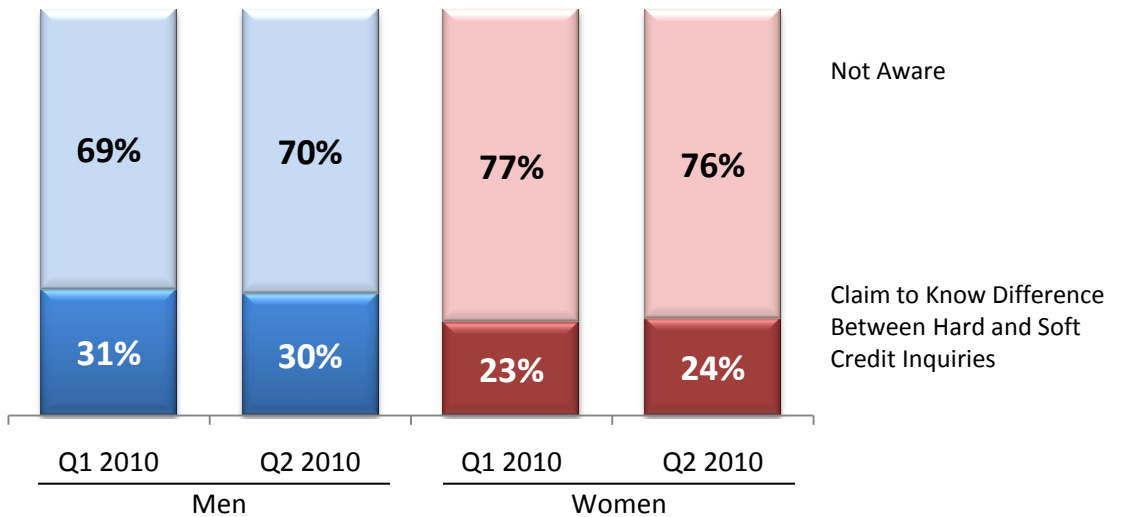
- In Q2 2010, women are less likely than men to claim to know their exact credit score.



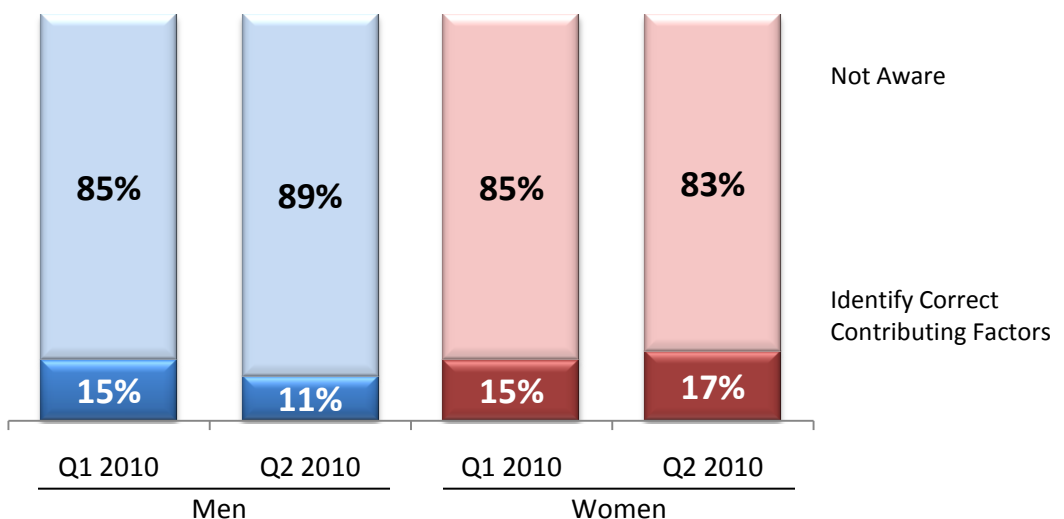
- In Q2, both genders are more likely to be subscribing to a service that provides them with their credit scores/reports. However, men remain slightly more likely than women to be actively subscribing to their credit information.



- Women remain less likely to claim know the difference between “hard” and “soft” inquiries to their credit histories than men.



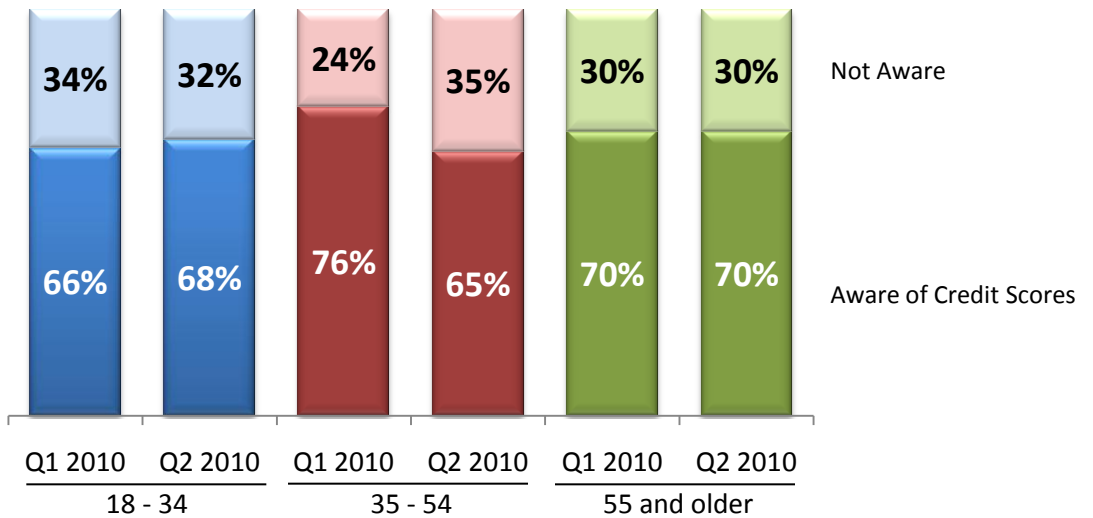
- While women appear to be less knowledgeable about credit scores in general, in Q2 2010, they are more likely than men to be able to identify the 4 factors that contribute to one’s credit score (credit report, payment history, length of credit history, account balances).
- However, regardless of gender, the majority cannot correctly identify the elements that influence credit scores.



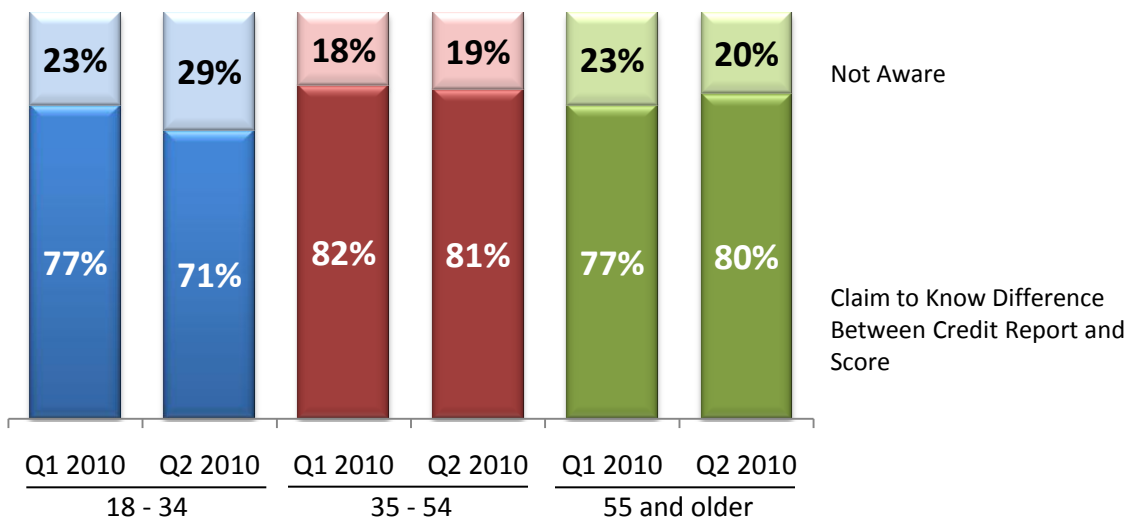
## **Credit Score Awareness Results by Age**

## Results by Age

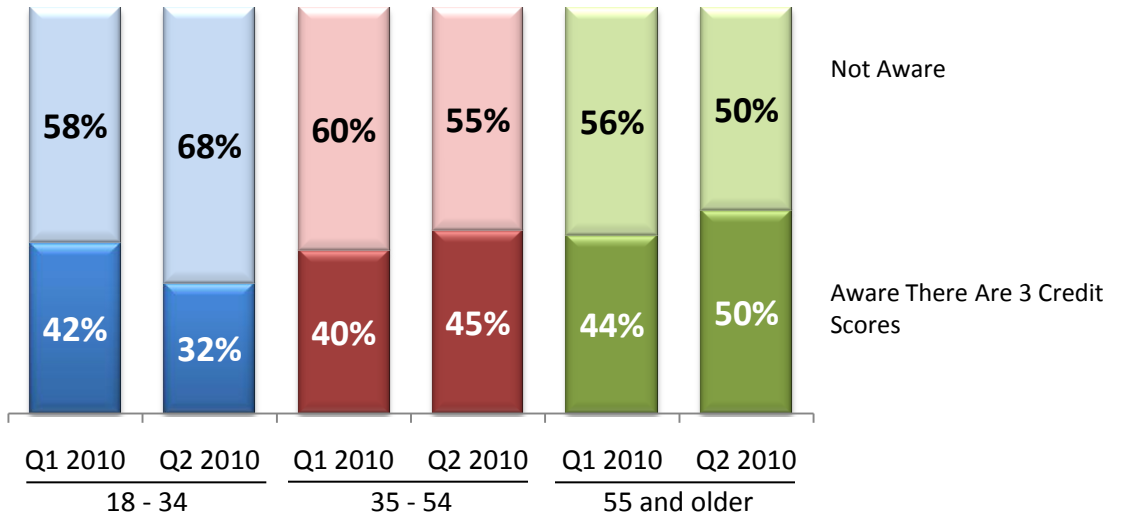
- Results revealed several differences in credit score knowledge based on consumers' ages.
- In Q2 2010, there was little variation of credit score awareness by age group.



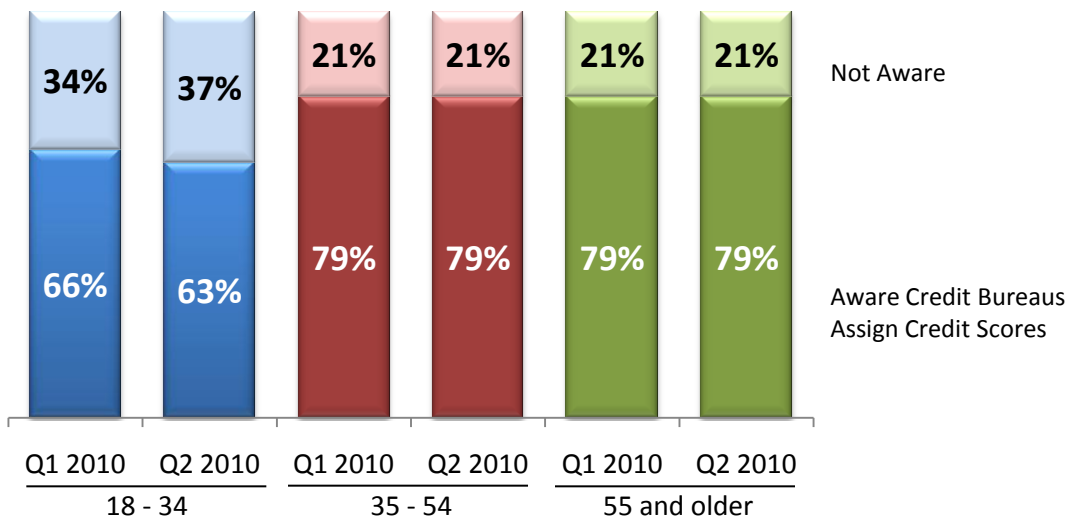
- In Q2 2010, 18-34-year-olds' understanding of the differences between credit scores and reports dropped, making those consumers less knowledgeable than their older counterparts.



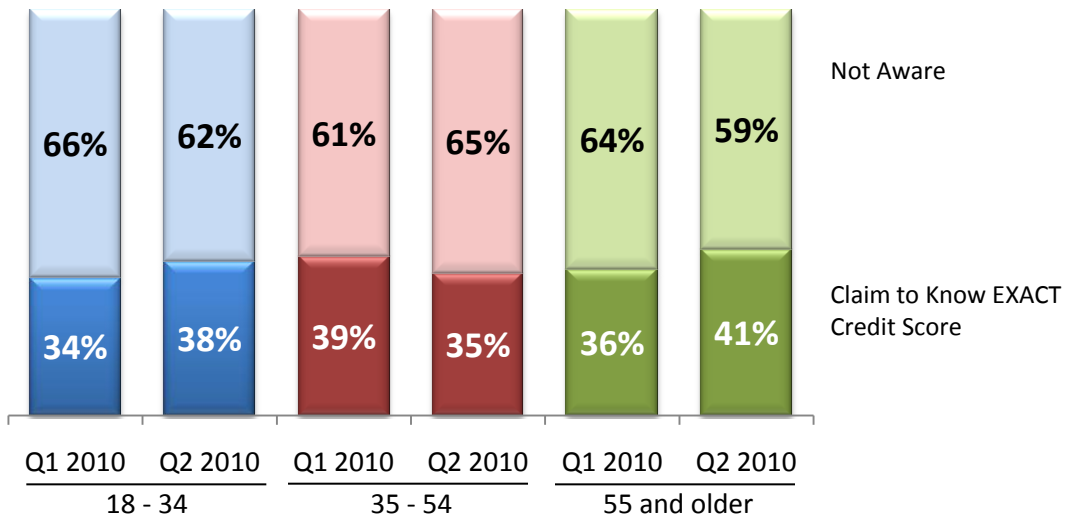
- 18-34-year-olds' awareness that they have 3 credit scores also dropped in Q2. Meanwhile, awareness of 3 scores actually grew for consumers 35 and older.



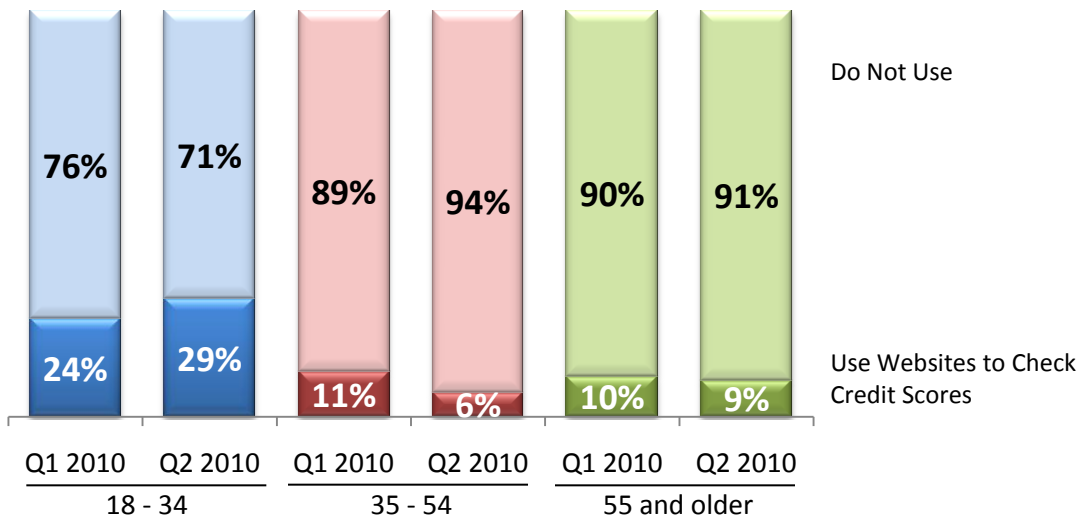
- 18-34-year-olds remain less aware that the credit bureaus are responsible for assigning credit scores.



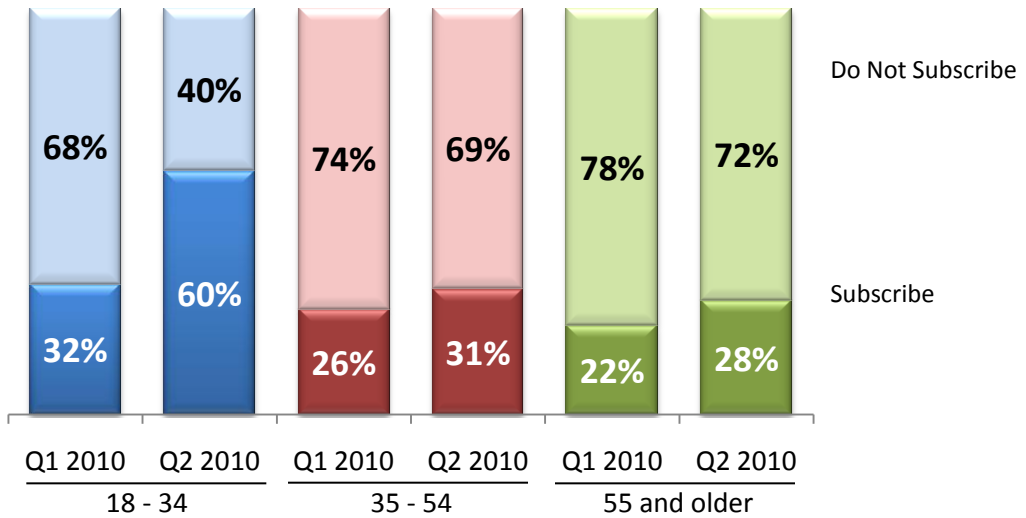
- However, age seems to have little impact on whether or not consumers claim to know their exact credit scores.



- Younger consumers remain more likely to utilize websites to check their credit scores.



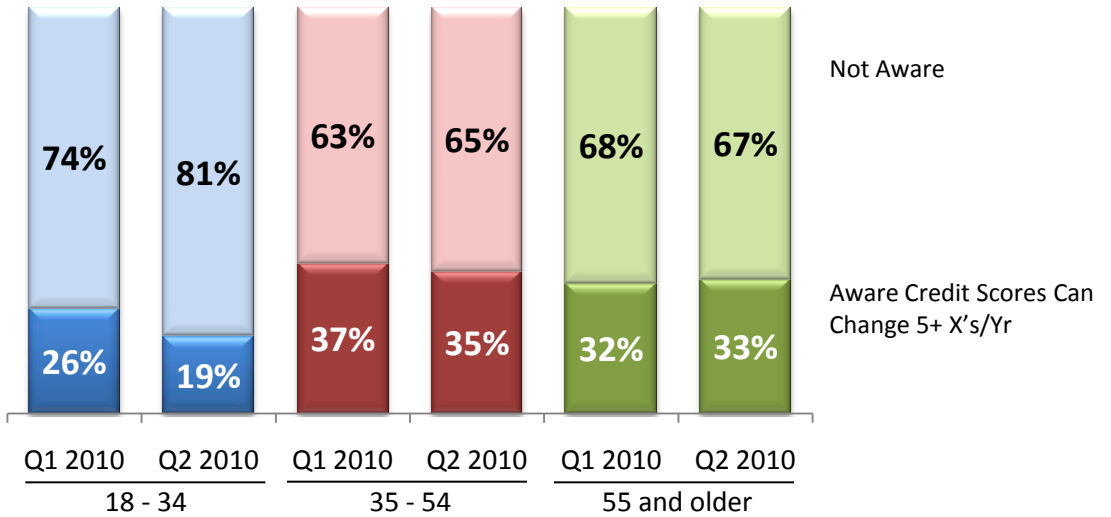
- Younger consumers are also more likely to be subscribing to a service that provides them with their credit scores/reports. In Q2 2010, younger consumers drove the increase seen in terms of more consumers subscribing to get their credit information.



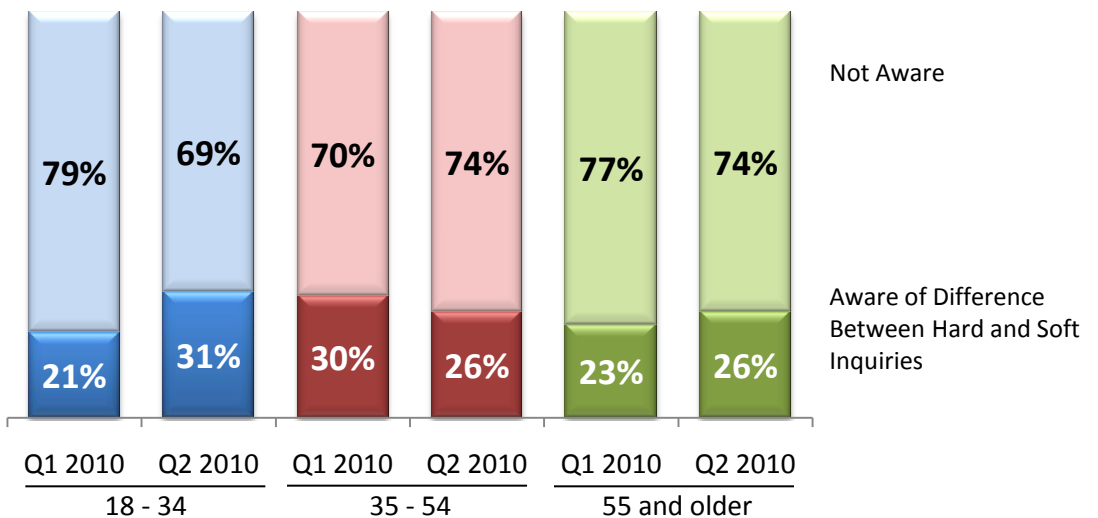
- In Q2 2010, curiosity as a reason to check your credit score increased as a driver for younger consumers.
- Checking your score to improve your credit rating actually decreased as a driver for consumers over the age of 35 versus Q1 2010.

	<u>18-34</u>		<u>35-54</u>		<u>55 and older</u>	
	<u>Q1 2010</u>	<u>Q2 2010</u>	<u>Q1 2010</u>	<u>Q2 2010</u>	<u>Q1 2010</u>	<u>Q2 2010</u>
Curious	54%	64%	47%	46%	44%	46%
Wanted to find ways to improve credit rating	38%	42%	32%	24%	28%	20%

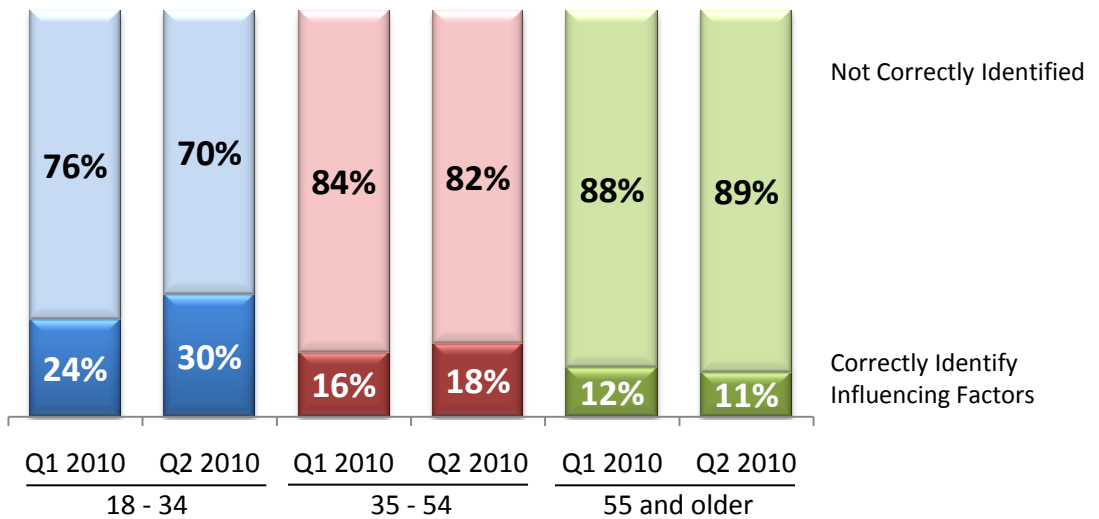
- While younger consumers remain the least likely to know that credit scores can change 5 or more times in a year, their awareness dropped even further in Q2 2010.



- However, in Q2 2010 younger consumers now claim to be more aware of the difference between “hard” and “soft” credit inquiries than they were in Q1.



- While younger consumers may be less knowledgeable about credit scores in some aspects, they are more likely than those 35 and older to be able to recognize the factors that influence their credit scores (credit report, payment history, length of credit history, and account balances).
- Younger consumers' awareness of the influencing factors increased in Q2 2010.



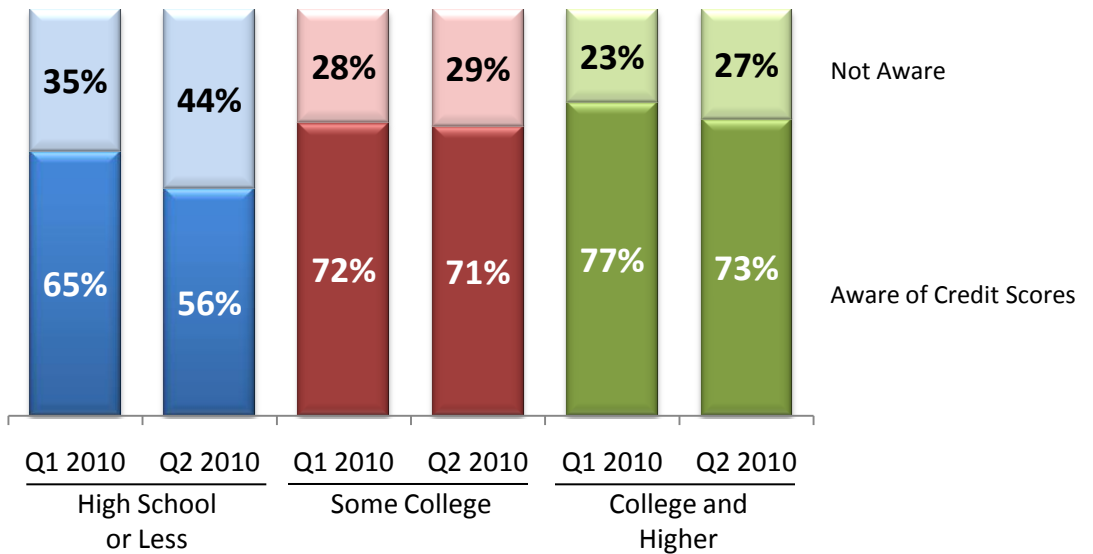
- While the majority of all age groups continue to believe that using credit and keeping balances low is the most beneficial behavior, we see declines in this belief across the board in Q2 2010, along with greater uncertainty.

	<u>18-34</u>		<u>35-54</u>		<u>55 and older</u>	
	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010
Paying cash for everything and having no credit card balances	13%	21%	8%	11%	8%	5%
Paying with credit cards and keeping balances low	78%	68%	85%	73%	86%	83%
Not sure	9%	11%	7%	16%	6%	12%

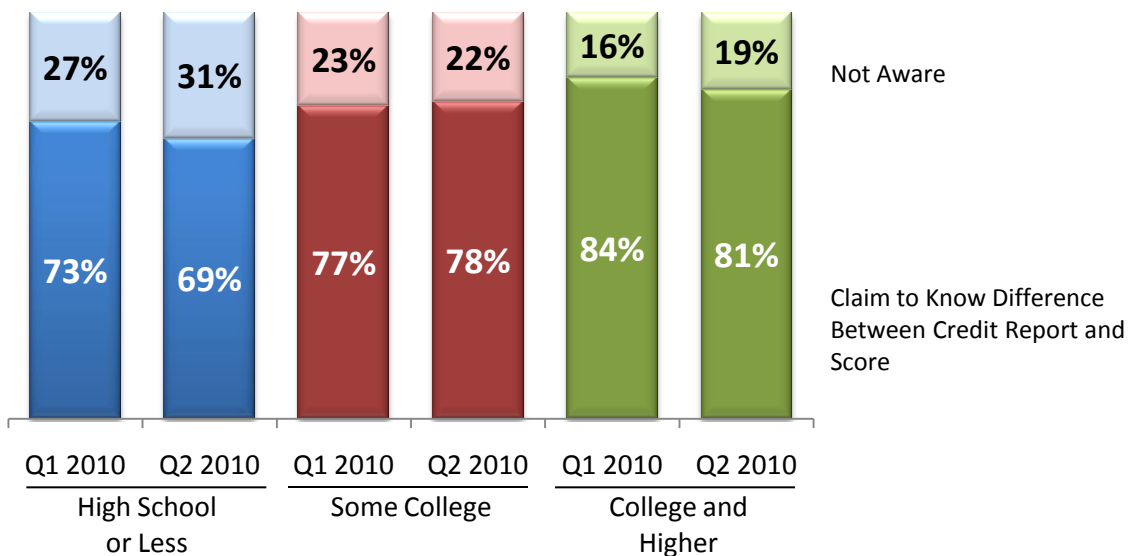
## **Credit Score Awareness Results by Education Level**

## Results by Education

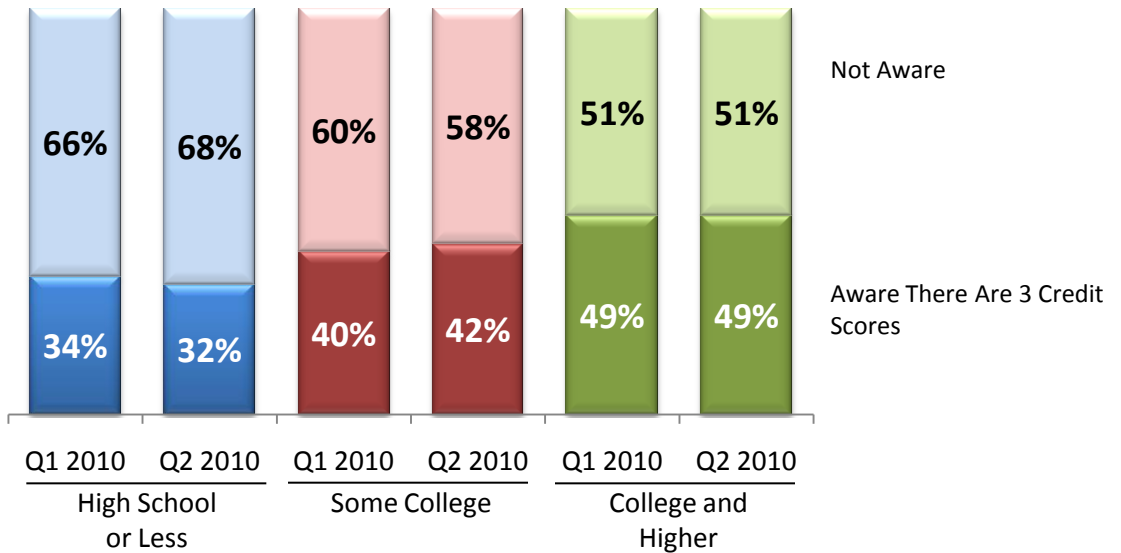
- In general, a consumer's educational level appears to have an impact on his or her knowledge regarding credit scores.
- Those with a higher education are more likely to be aware of what a credit score is.



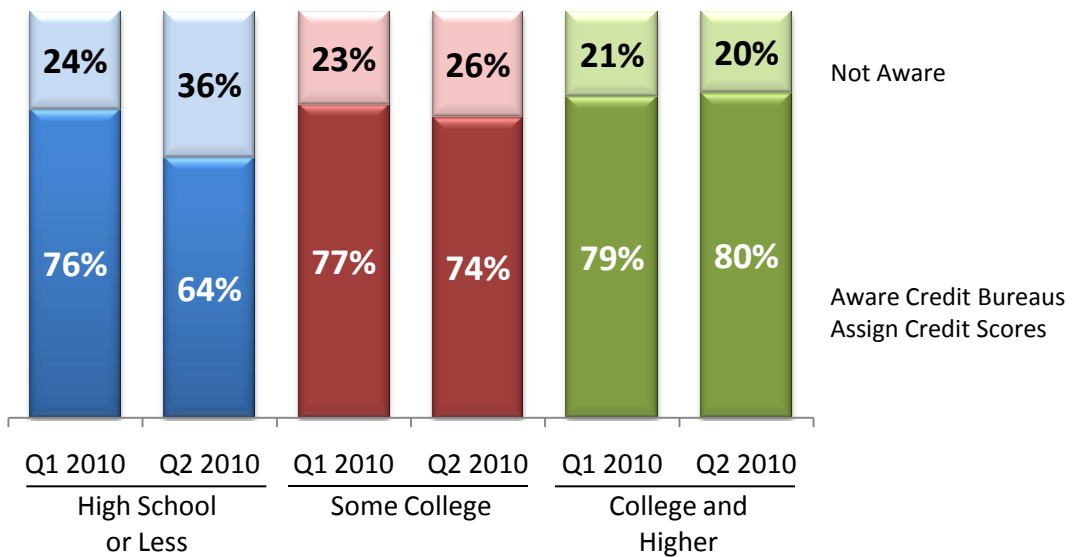
- Higher-educated consumers also are more likely to claim knowledge about the difference between credit scores and credit reports.



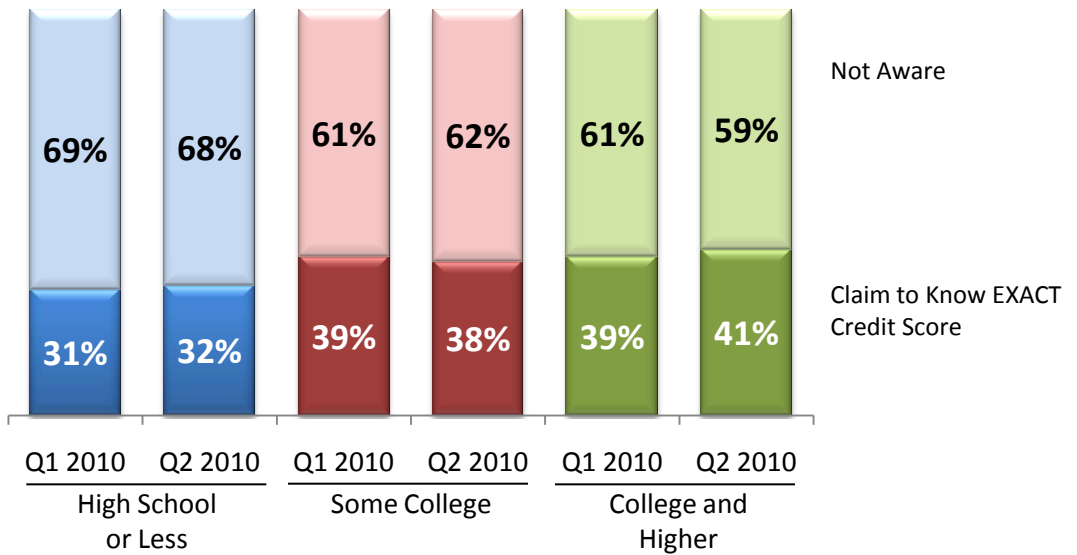
- With higher education also comes a greater awareness that there are 3 credit scores.



- Those with higher educations continue to be more likely to know that the credit bureaus are responsible for assigning credit scores. Additionally, those with high school educations or less are even less aware of the credit bureaus' role vs. Q1 2010.



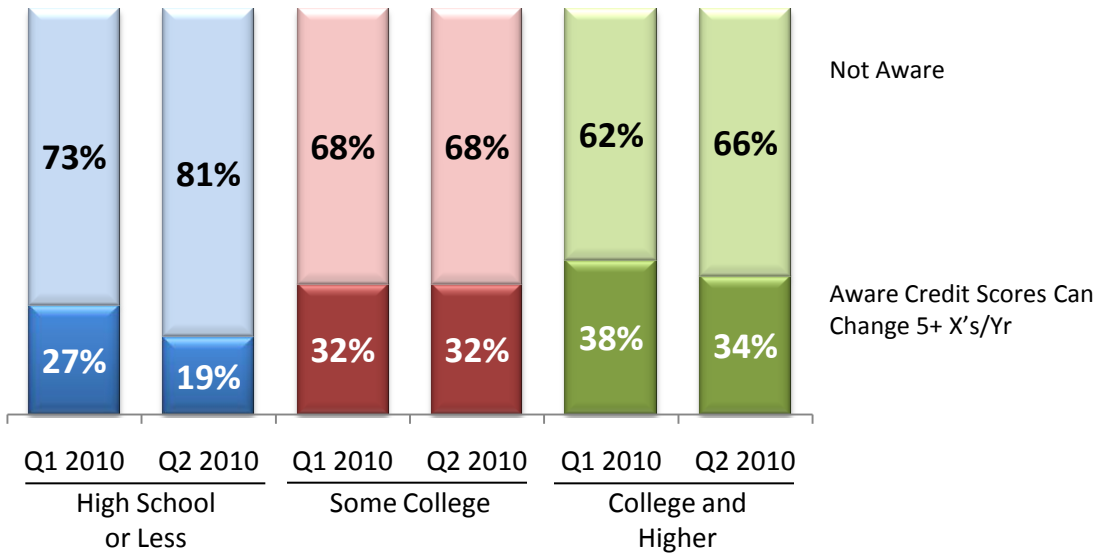
- As educational levels increase, so does the likelihood that consumers will claim to know their EXACT credit score.



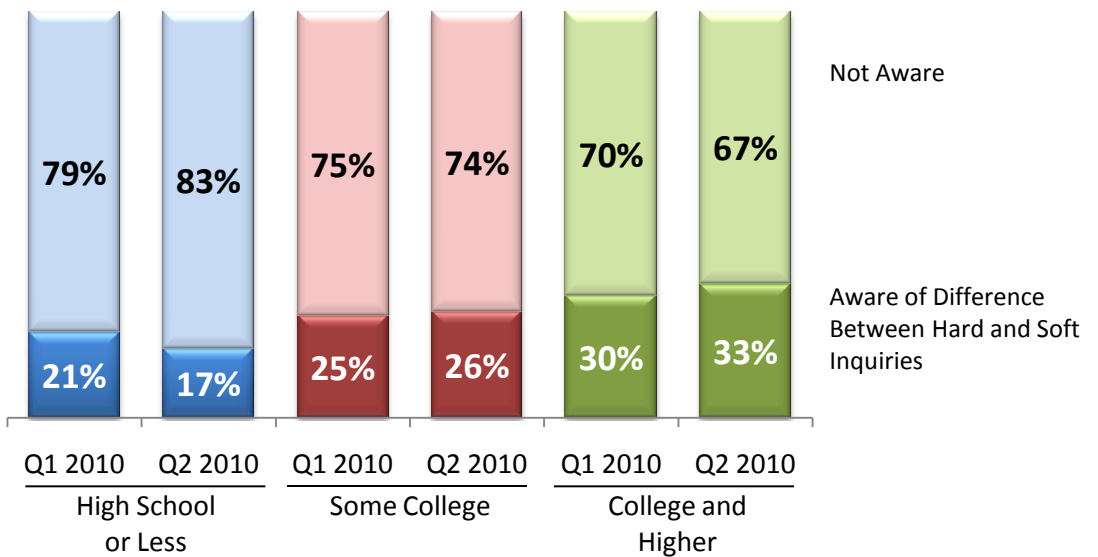
- Identity theft concerns continue to be a greater driver for checking credit scores among more educated consumers. Those with high school degrees or less are even less motivated by identity theft worries than Q1 2010.

	<u>High School or Less</u>		<u>Some College</u>		<u>College and Higher</u>	
	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010
Worried about identity theft	32%	22%	34%	33%	38%	41%

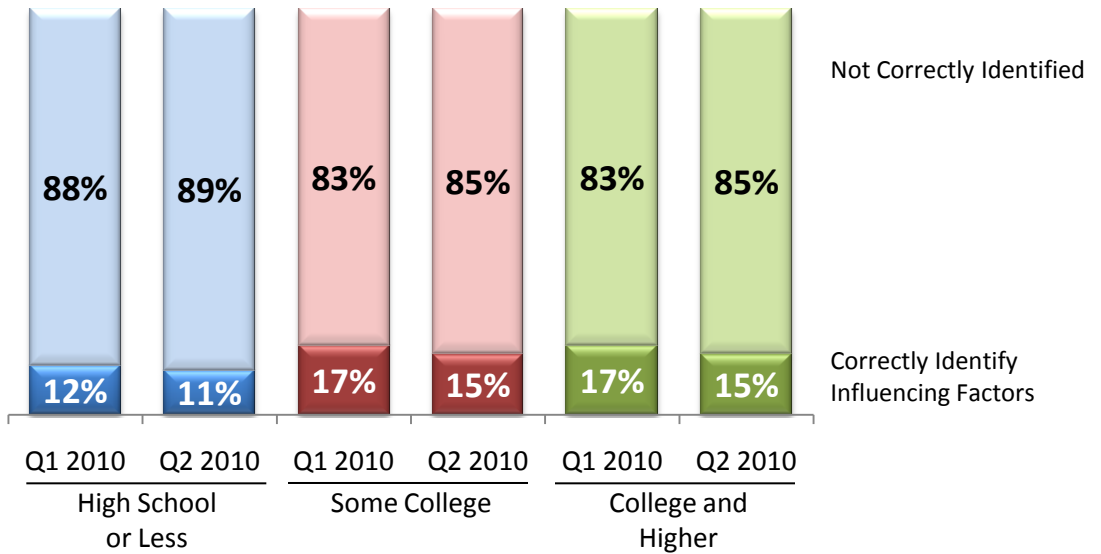
- Knowledge that credit scores can change 5 or more times a year increases with advanced levels of education. Additionally, those with the least education are becoming less aware of the frequency of credit score volatility.



- Like other credit score-related facts, those with higher levels of education claim to be more likely to know the difference between “hard” and “soft” credit inquiries.



- While education does lead to greater awareness/understanding about some facets of credit scores, those with higher educations are not more likely to correctly identify the elements that impact one's credit score (credit report, account balances, length of credit history, and payment history).



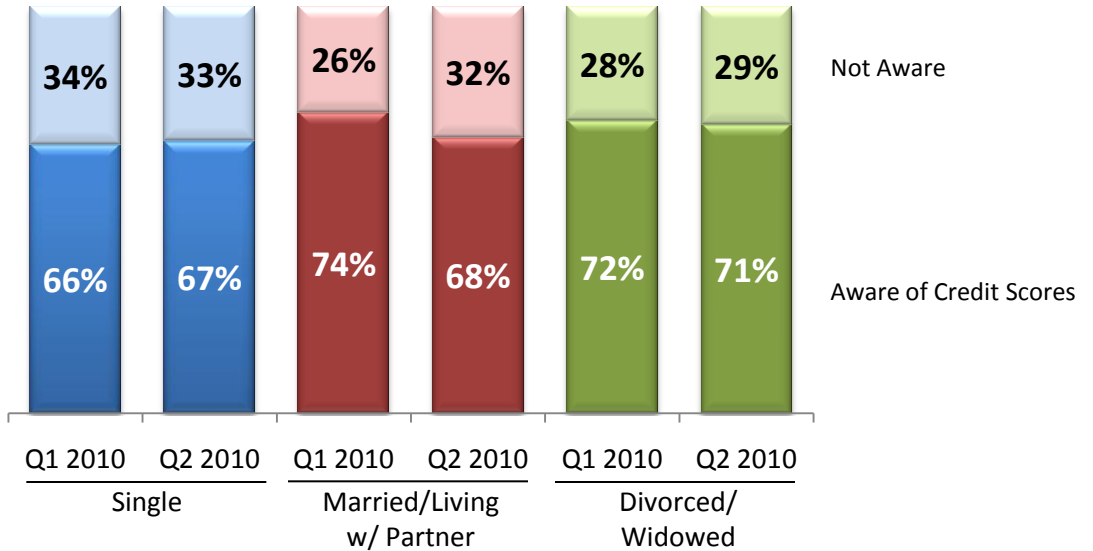
- Those with some college education or less seem less confident as to which behavior is more beneficial for their credit score vs. Q1 2010.

	<u>High School or Less</u>		<u>Some College</u>		<u>College and Higher</u>	
	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010
Paying cash for everything and having no credit card balances	9%	16%	9%	12%	7%	9%
Paying with credit cards and keeping balances low	80%	66%	85%	72%	87%	83%
Not sure	11%	18%	6%	16%	6%	8%

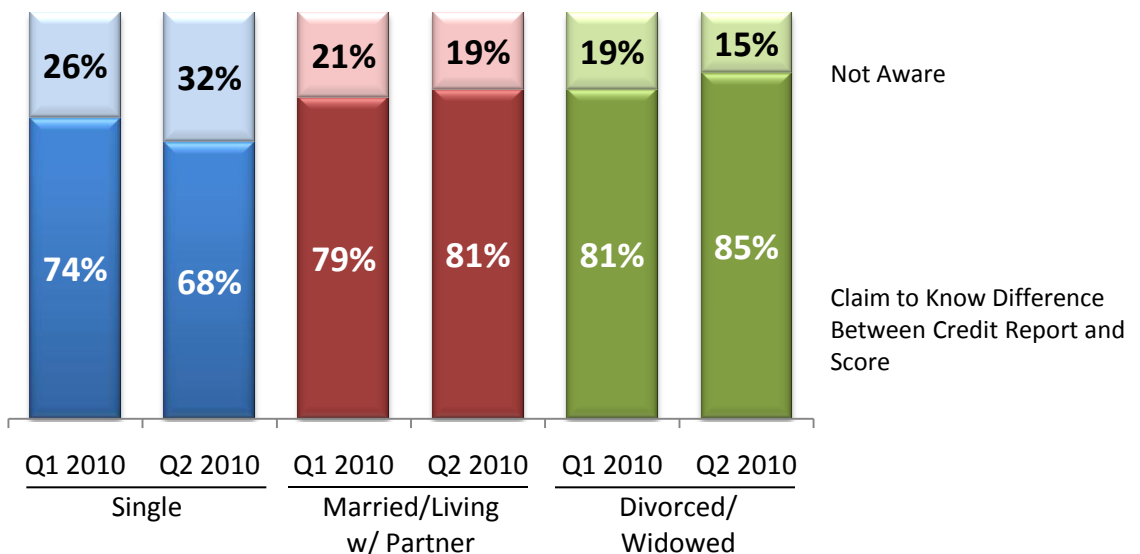
## **Credit Score Awareness Results by Marital Status**

## Results by Marital Status

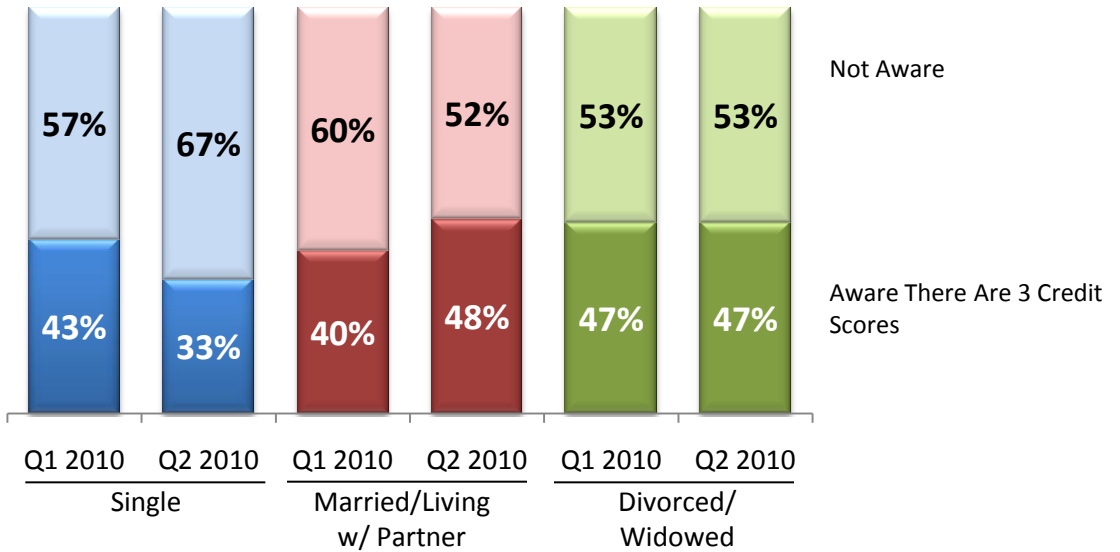
- There are several differences in consumer knowledge of credit scores based on marital status.
- However, the overall awareness of credit scores does not appear to be affected by marital status.



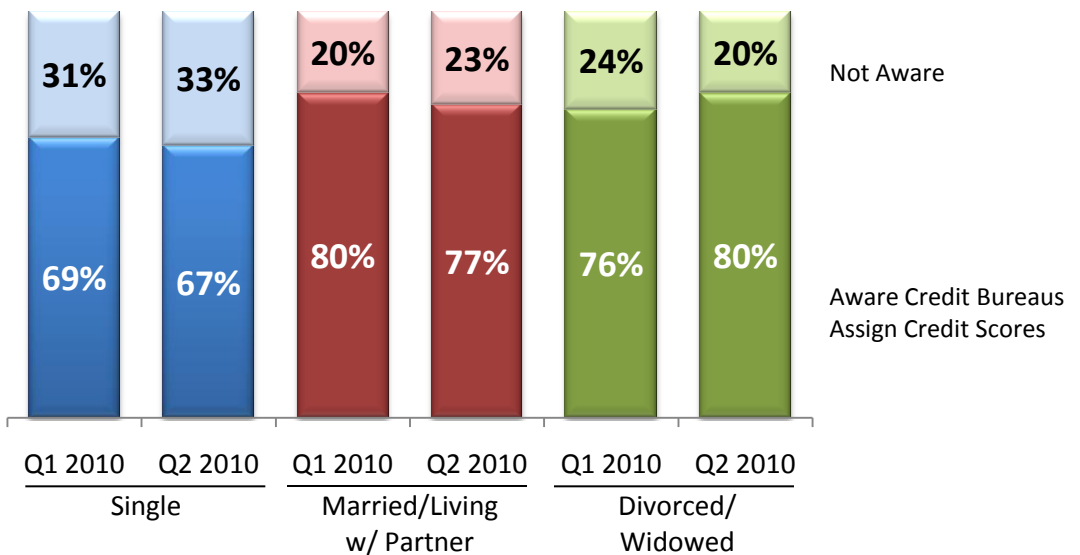
- Single consumers, though, are somewhat less likely to claim to know the difference between credit SCORES and credit REPORTS. Their knowledge gap actually widened in Q2 2010 versus Q1 2010.



- Single consumers saw a decline in the level of awareness of the existence of three credit scores versus Q1 2010.



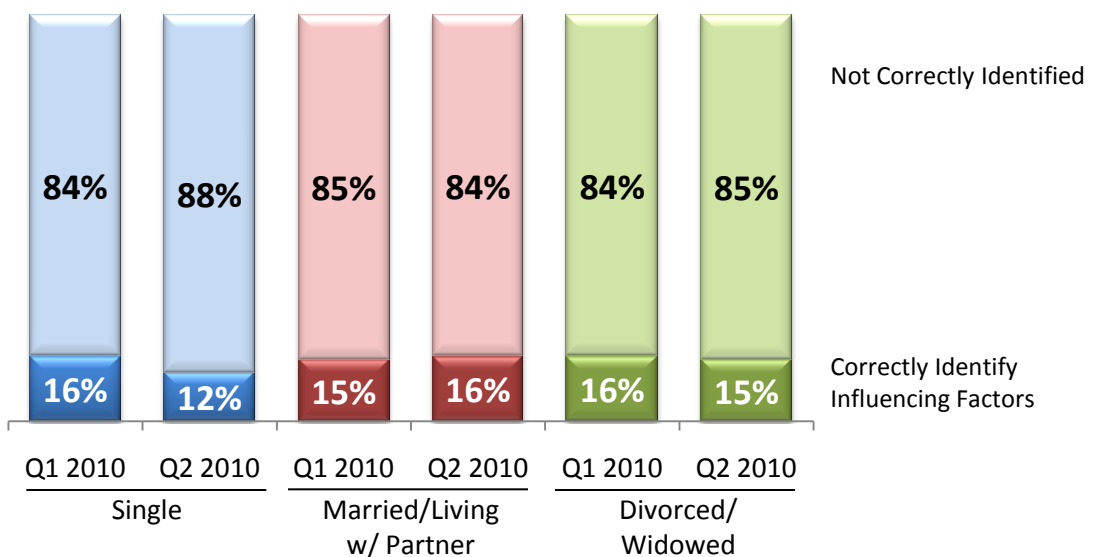
- Additionally, single consumers are somewhat less aware that the credit bureaus are responsible for assigning credit scores.



- Curiosity is a greater motivating factor for single consumers in Q2 2010 versus Q1. Additionally, curiosity seems to now resonate more with this audience than consumers who are now or were once married.
- Wanting to improve one's credit rating is now less impactful on those who are married or were once married.

	<u>Single</u>		<u>Married/Living w/ Partner</u>		<u>Divorced/Widowed</u>	
	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010
Curious	50%	57%	46%	49%	46%	47%
To improve credit rating	33%	38%	31%	24%	30%	21%

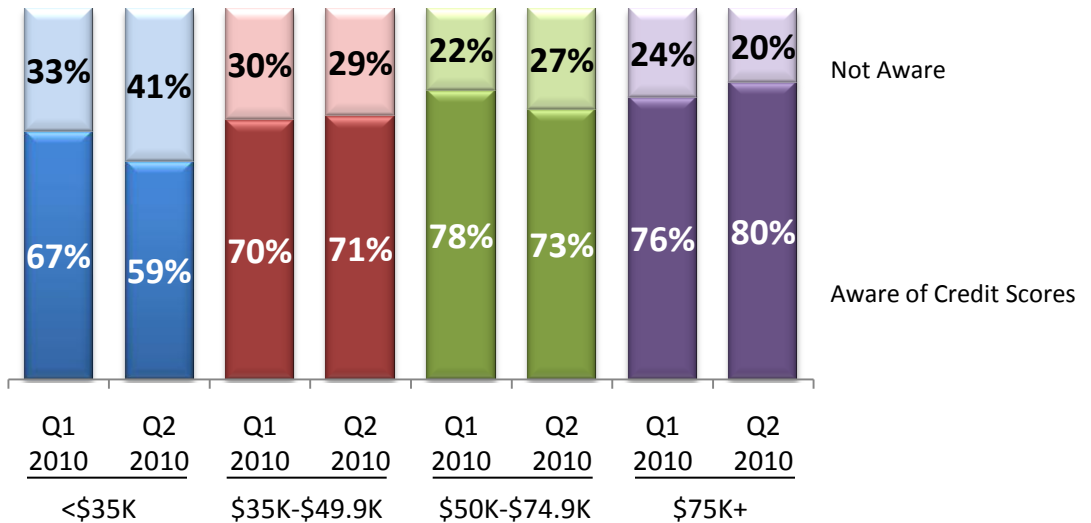
- Marital status appears to have little impact on whether or not consumers are able to identify the factors that influence their credit scores (credit report, payment history, length of credit history, and account balances).



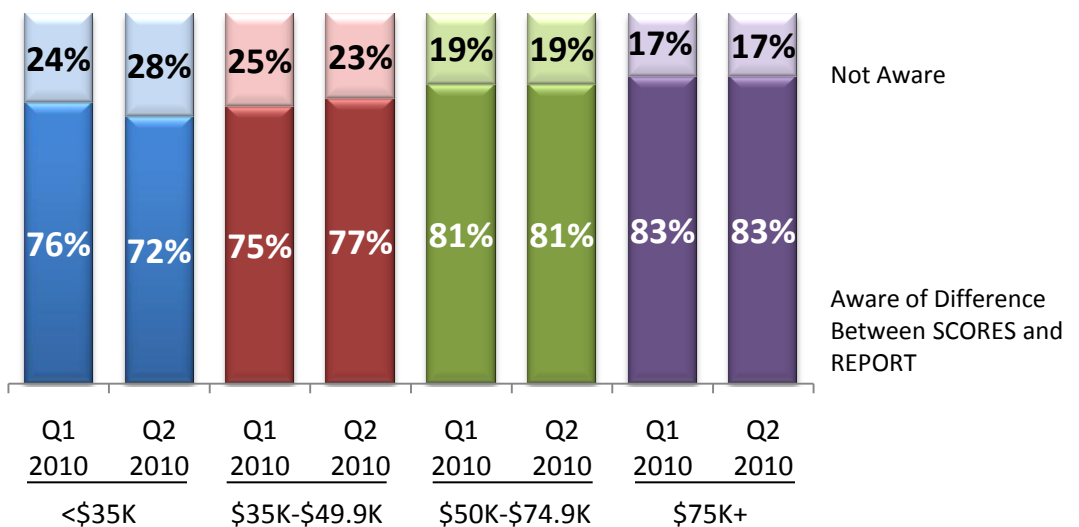
## **Credit Score Awareness Results by Household Income**

## Results by Household Income

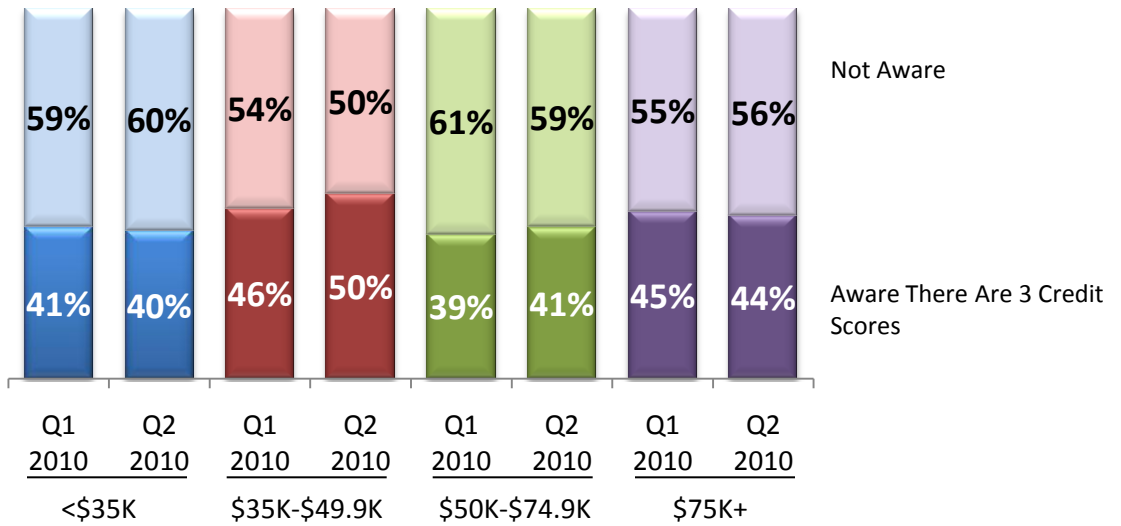
- In general, we see that there is greater claimed knowledge regarding credit scores as household income levels increase.
- Not only do those with the lowest incomes remain the least aware of credit scores, their awareness levels actually dropped versus Q1 2010.



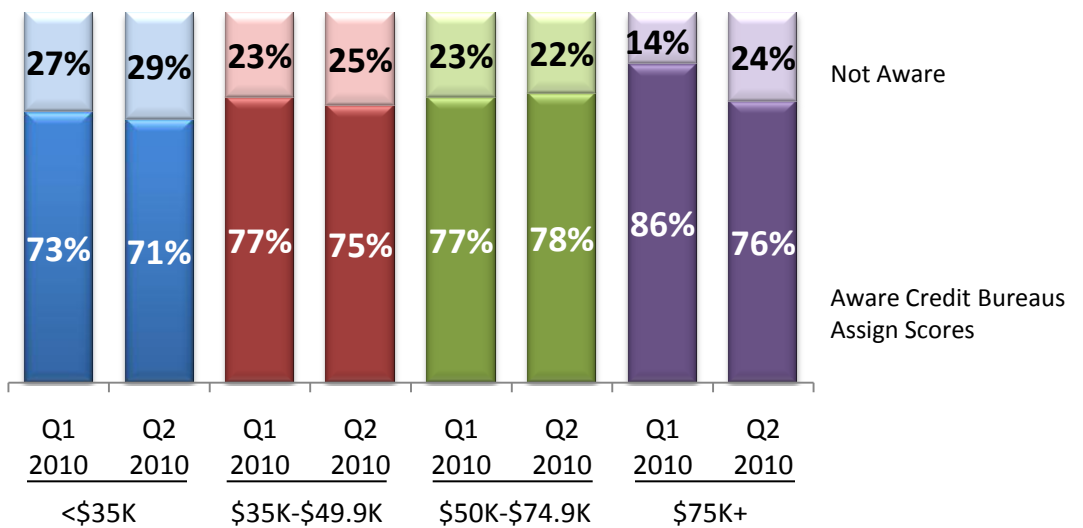
- Claimed understanding of the difference between credit SCORES and credit REPORTS increases as household income increases.



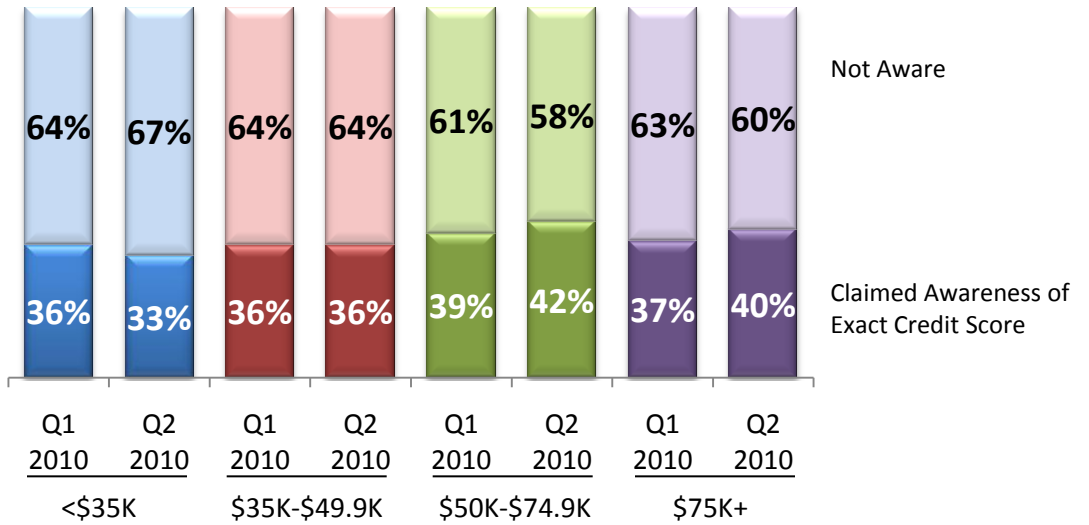
- However, income does not have a direct impact on whether or not consumers are aware that they have three credit scores.



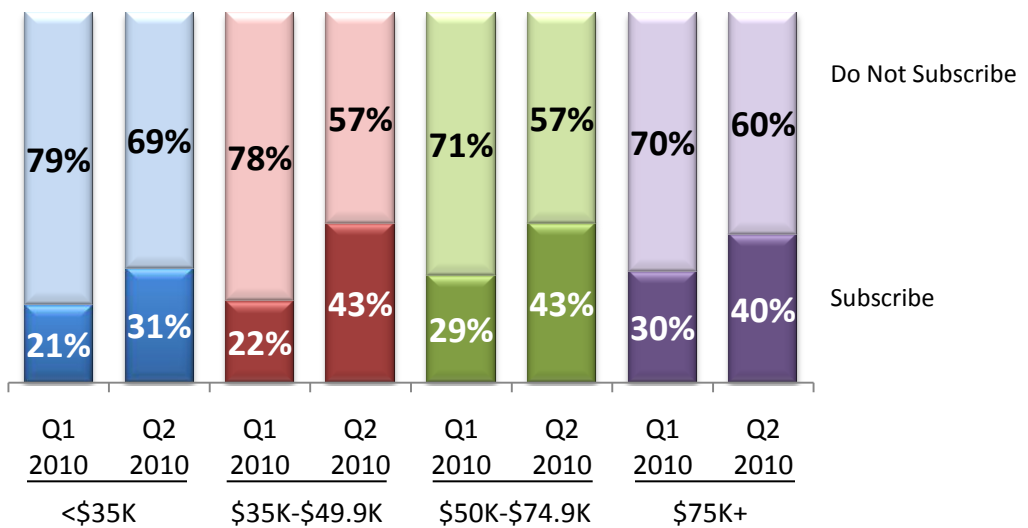
- Recognition that the credit bureaus assign credit scores increases with greater income levels.



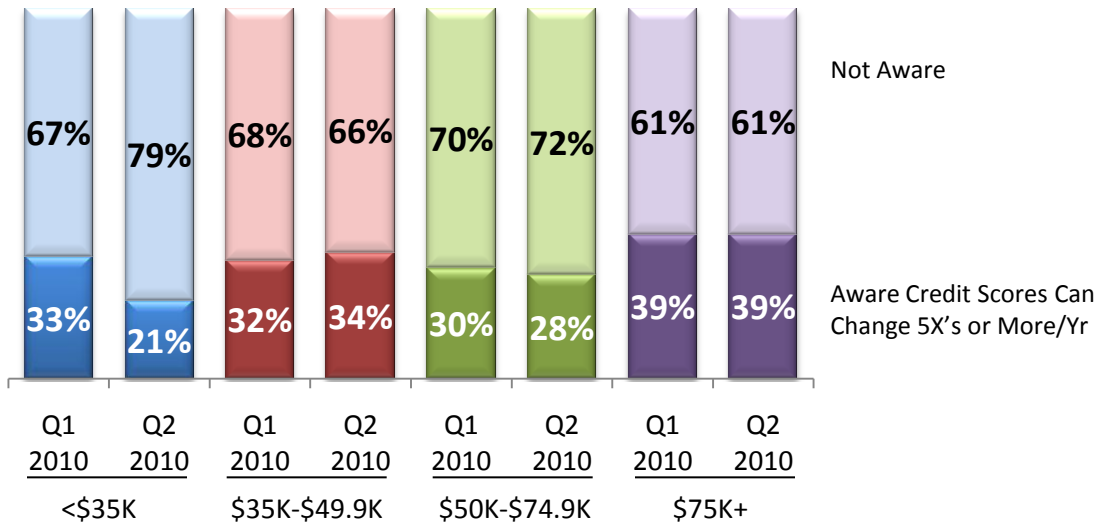
- Claimed knowledge of one's EXACT credit score also increases with income.



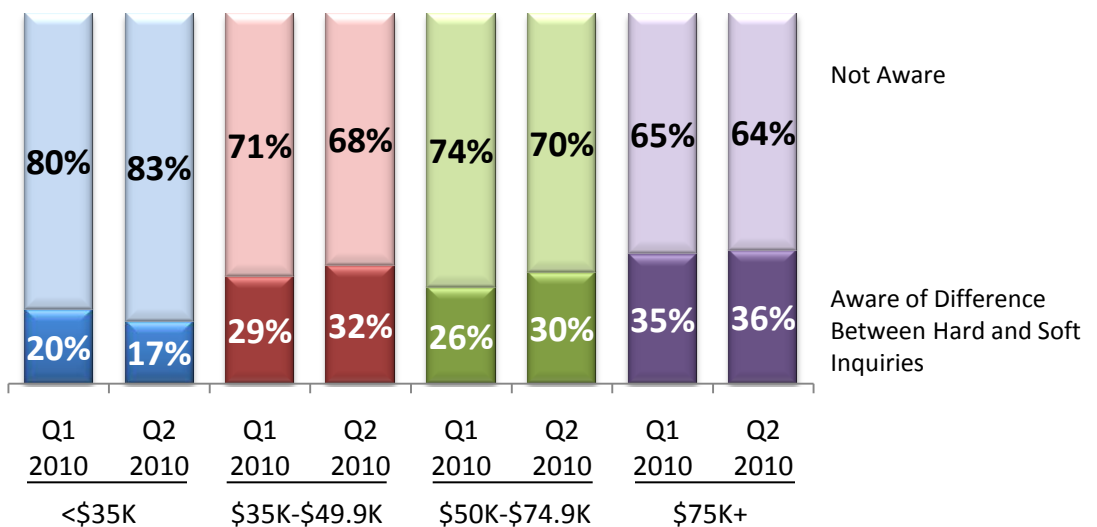
- While those with greater income levels continue to be more likely to subscribe to a credit scores/report service, all income levels saw an increase in those subscribing to services.



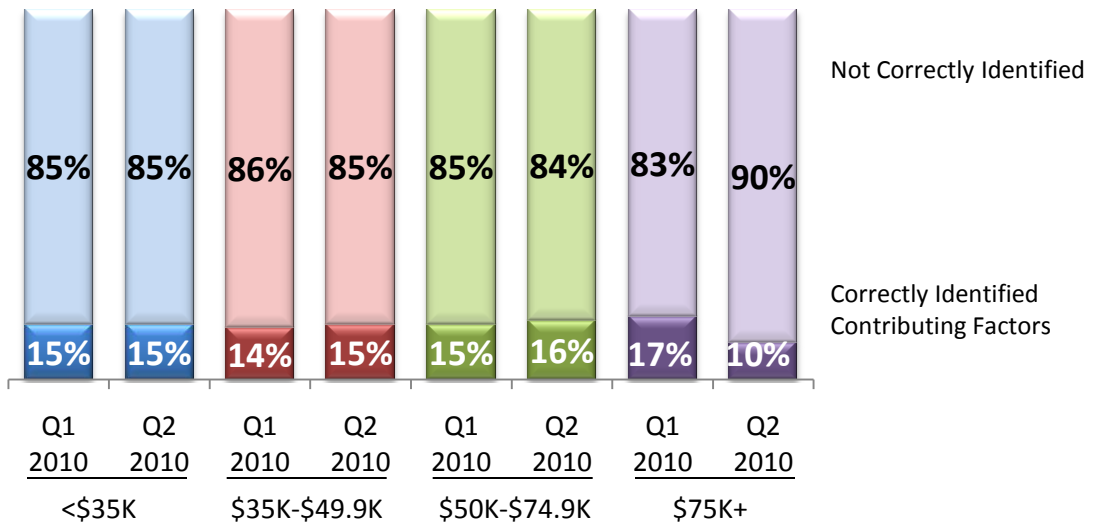
- Consumers with household incomes of less than \$35,000 saw a decline in awareness of the existence of 3 credit scores. For consumers making \$35,000 and above, there is little difference in awareness levels of the 3 credit scores.



- As with many other credit-related areas, claimed understanding of the difference between “hard” and “soft” credit inquiries also increases with income.



- While income does appear to affect many elements of credit knowledge, those with higher incomes are NOT more likely to be able to identify the factors that affect one's credit score (credit report, payment history, account balances, and length of credit history).
- In fact, those with the highest incomes actually declined in their stated ability to identify the correct factors versus Q1 2010.



- While most consumers believe that paying with credit and keeping balances low has the most positive impact on credit ratings, consumer confusion is increased in Q2 2010, regardless of income level.

	<\$35,000		\$35,000 - \$49,999		\$50,000 - \$74,999		\$75,000+	
	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010
Paying cash for everything and having no credit card balances	9%	15%	10%	16%	6%	8%	8%	9%
Paying with credit cards and keeping balances low	79%	67%	86%	77%	88%	80%	89%	83%
Not sure	12%	18%	4%	7%	6%	12%	3%	8%

## **Appendix**

### **About FreeScore.com**

FreeScore, LLC is a leading provider of credit scores, reports and consumer credit information, along with identity theft protection services, in the United States.

For over a year, consumers across the nation have accessed their credit information through secure, FreeScore-branded web pages. Consumers can use this information to track and manage their credit behavior, to identify and eliminate credit fraud and identity theft risks, and to get a competitive advantage when negotiating interest rates on credit cards and loans.

FreeScore.com has become a destination site for an increasingly credit-conscious public. The site offers immediate access to credit scores, reports and monitoring as well as educational information and tips on how to safeguard one's credit and identity.

### **About Carrie Coghill Kuntz**

Carrie Coghill Kuntz is the Director of Consumer Education for FreeScore.com. She has co-authored two books on personal finance, "The Newlyweds' Guide to Investing & Personal Finance" and "What's Your Investing IQ?", and contributed to a third work, "Getting Started in 401(k) Investing."

Ms. Kuntz is recognized as one of this country's foremost authorities on consumer money management and is a highly sought-after source by prestigious publications, including *Business Week*, *Forbes.com*, *Investor's Business Daily*, *Dow Jones*, and *Money Magazine*, among many others. *Barron's Magazine* has acknowledged her as a leading expert in the area of personal finance.

Carrie shares her knowledge and understanding of personal finance matters and personal credit concerns with *FreeScore* visitors on a regular basis. Her insights are designed to enlighten and inform our readers about the complex world of credit and other everyday money matters.

### **About Survey Sampling International**

Survey Sampling International is the premier global provider of sampling solutions for survey research. SSI reaches respondents in 72 countries via Internet, telephone, and mobile. Client services include questionnaire design consultation, programming and hosting, and data processing. SSI serves more than 1,800 clients, including 48 of the top 50 research organizations. Founded in 1977, SSI has 17 offices in 15 countries.