



NEWITY

*Financial Literacy Webinar*

***Improving and Maintaining Credit***

# NEWITY Speakers



**Synora G.**

*Senior Business Incentives Specialist*

Since 2010, Ms. Synora has worked for the most prestigious banks and credit unions nationwide. Her experience has included internal and external supervision as well as underwriting for bank branches and call centers. Ms. Synora earned the title of financial literacy educator in these roles due to her success in helping consumers obtain personal and business credit by way of credit risk analysis. Synora is also a small business owner herself. Today, Ms. Synora is focused on creating resources that empower economic development and growth in her community.



**Stephanie P.**

*Business Incentives Specialist II*

Stephanie focuses on client management by successfully contributing to the compliance, quality assurance, and client satisfaction at NEWITY. She has supported several teams within the Members Services Department (Escrow, Billing, ERC & General Inquiries). She is well versed in strategic planning and relationship building to improve client relationships and drive revenue growth.



**Ian Z.**

*Lead Underwriter*

Ian manages NEWITY's SBA 7(a) loan underwriting team. In this role, Ian and his team focus on understanding each business' history, financial background, and capital uses for their requested loan amount. Ian graduated from the University of Illinois in Champaign-Urbana with a Bachelor's degree in Economics and earned his Master's in E-Business from Newcastle in the UK.

# Introduction



Why is business credit important to improve and maintain? A strong business credit score can help you in many ways including: secure better terms on business loans, get lower rates on business insurance and negotiate more favorable terms with suppliers.

# What Contributes To Your Business Credit Score



CREDIT  
UTILIZATION



PAYMENT  
HISTORY



OUTSTANDING  
DEBTS



LENGTH OF  
CREDIT HISTORY



COMPANY  
SIZE

# Financial Basics For Your Business

## Budget

- Create a budget and know how much you can afford to spend weekly, monthly, bi-monthly or quarterly.

## Bills

- Pay your bills early and on time, (to avoid the “DBT-Days Beyond Terms” category). Days Beyond Terms is a category that refers to “how long” after the agreed-upon due date it took the customer to pay their bill. The DBT category average is 1-7 days.
- Payment categories such as Anticipates and Prompt are part of the credit bureaus algorithm that produces a credit risk and business failure projection score businesses buy when considering whether to partner with or provide your company credit.

## Education

- Stay educated and financially savvy. Financial literacy resources help lower the amount of people that are consumed by debt, and provides hope to our future investors, business owners, and borrowers.

# Credit Reporting Agencies

- Check your business credit score periodically.
  
- While reading your business credit report, make sure to watch out for these red flags:
  - High credit utilization
  - Multiple credit accounts – credit cards, loans, line of credit, OD, etc.
  - Bounced cheques
  - Loan defaults
  - Negative cash flows
  
- Three ways to check business credit:
  1. Equifax Business Credit Reports
  2. Experian (The Experian Intelliscore Plus)
  3. Dun and Bradstreet

# Equifax Business Credit Reports

- Provide the in-depth information you need to make smart business decisions including credit profile, credit summary, public records and risk scores
- Business Credit Risk Score 101-992 (Higher Score, Higher Risk)  
Business Failure Score 1000-1610 (Higher Score, Higher Risk)

# Experian (The Experian Intelliscore Plus)

- Used to predict seriously derogatory payment behavior. Key Factors are:
  - Number of commercial accounts with terms other than NET 1-30 days
  - Number of commercial accounts that are not current
  - Number of commercial accounts with high utilization
  - Length of time on Experian file  
Collecting information
  - Score Range
    - 1-10 (High Risk)
    - 11-25 (Medium-High Risk)
    - 26-50 (Medium Risk)
    - 51-75 (Low-Medium Risk)



# Dun & Bradstreet

- Corporate Profile: This shows the information on how many years your company has been in business, its chief executive or principal officer(s), number of employees, type of business, D&B D-U-N-S number, and line of business.
- Financial Statements: A official record of the financial activities and snapshot of a business's financial health.
- Supplier Evaluation Score: The Dun & Bradstreet supplier and Evaluation Risk Rating (A.K.A SER Rating) predicts the likelihood that a company will obtain legal relief from creditors or cease operations without paying creditors in full over the next 12 months.

# Links and Resources

1. Duns: <https://www.dnb.com/>
2. Equifax: <https://www.equifax.com/>
3. Experian: <https://www.experian.com/help/login.html>
4. Lexis Nexis: <https://consumer.risk.lexisnexis.com/freeze>
5. NAICS Code: <https://www.naics.com>
6. NAV: <https://www.nav.com/>
7. SageStream: <https://www.sagestreamllc.com/>
8. Transunion: <https://www.transunion.com/>

# FAQs

- **How can I improve my business credit rating?**

Some of the easy ways to improve your business credit rating include establishing a good repayment track record on business loans, paying vendors on time, applying for a business credit card, closely monitoring your credit report, etc.

- **How can I improve my credit score fast?**

To improve your credit score quickly, you must pay your bills on time, apply for a credit card if you currently don't have any, retain old credit card accounts, and maintain a lower credit utilization ratio.

- **How can I increase my business loan eligibility?**

To improve your business loan eligibility, you should ensure no default on credit payments, make debt payments on time, restrict credit utilization, and refrain from multiple loan applications.

- **How can I fix my business credit?**

To repair your business credit, you should make timely payments to creditors, reduce debt utilization, segregate business and personal finances, and secure bank loans as part of a positive credit track record strategy.

- **How do I build up my business credit without using my personal credit?**

To separate business credit from personal credit while building the former, you must establish business loans instead of using personal loans for business usage. Use working capital loans and regularly check business credit scores to stay on track with business credit.

- **How long does it take to build small business credit?**

It can take from one to three years to build a small business credit, depending on whether the business has had any past credit history and length of credit history.

- **Is business credit and personal credit the same?**

No, business credit is different from personal credit as the former is based on a business's financial history, whereas the latter is based on one's personal credit track record.



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**Thank you**