

What Is Credit?

Credit is the ability to buy something today and pay for it later. The credit you have may be in the form of a bank loan, mortgage, credit card, personal loan, payday loan or other type of loan.

Credit is usually granted with a repayment structure. The length or term of the loan, payment schedule, interest rates, fees and other terms are agreed upon by the lender and the borrower. The amount of money borrowed is called debt

Sometimes, a reference to your “credit” may actually refer to your traditional credit report—more properly called your credit *history*—which lists all the types of credit you use. In other cases, it may refer to your credit *score*, which is a number calculated based on the information in your credit history.

What is alternative credit?

Any payment account that is not found in your Equifax, Experian or TransUnion credit report is considered “nontraditional” or “alternative” credit. Typically, property managers and landlords, utility companies, cell phone providers, insurance companies and other service providers do not report their customers’ account information and payment history to the national credit bureaus.

But because you receive goods or services from these types of companies in advance of paying for them, these accounts are an excellent indication of your credit-worthiness. Federal law requires creditors to consider these forms of alternative credit when making a decision about whether to grant credit to you.

Find out more information about how the The eCredable AMP Credit Report™ and AMP Credit Rating™ can help by using alternative credit accounts to show a history of on-time payments.