What's the Difference Between Prime and Subprime Borrower?

If you borrow money, you (and the type of loan you receive) may be categorized as prime or subprime.

Subprime is a term used to describe the types of credit and interest rates offered to consumers with low credit scores, damaged credit or no credit. Subprime credit cards, mortgages and loans typically require security deposits, annual or application fees, and/or higher interest rates. Consumers who apply for subprime credit offers have typically had credit problems in their past or lack a credit history altogether. They therefore represent a higher risk to the creditor.

Prime is a term used to describe the credit granted to consumers with good or excellent credit. Prime credit cards, mortgages and loans usually do not require security deposits and they often have lower (or no) application fees, carry lower interest rates, and offer rewards programs and other benefits.

Lenders decide whether you are a prime or subprime borrower based on your traditional credit score. If you don't have a traditional credit history or credit score, or even if you do, lenders must consider your an eCredable AMP Credit Report™ if you present it to them with your credit application.