

# LOAN HISTORY AND SCORE GRADING

## The essence of credit history

Credit history is a set of information on quality of fulfillment of current and closed financial liabilities of the customer, which is collected in the Credit Bureau based on the information provided by credit organizations. The information collected is systemized by the Credit Bureau and as needed (Application of a new loan, monitoring of acting loan and etc) is provided to financial institution having the appropriate authority making the request. The client's credit history is essential for the lending organization in order to assess the creditworthiness of the given client and to make a decision to grant or reject a loan.

To change an incorrect or incomplete credit history, the client can apply to the ACRA Credit Bureau by submitting a written application manually or electronically, find out what information is stored about him/her and what is the source of the incorrect or incomplete information.

To submit an application to ACRA Credit Bureau, please visit the following link:  
<https://acra.am/?lang=hy>

Please follow the link below for the importance and significance of credit history:  
<https://www.abcfinance.am/lifesituations/credit-history.html>

## The nature of credit SCORE scoring

When granting certain types of loans, the financial organization uses a scoring system for assessing the creditworthiness of the client. The SCORE grade of the Applicant is mainly formed from various criteria of the credit history, based on which the applicant's creditworthiness is assessed using a scoring system. The score allows the financial organization to model and predict the possible behavior of the applicant during the period of the new loan, taking into account the eagerness of the applicant to repay previous and current obligations, the frequency of taking on new obligations and other criteria.

ARMECONOMBANK OJSC company uses the scoring system of evaluation developed and implemented by the Bank.

The factors affecting the SCORE grade are: credit burden, availability of recorded income, previously overdue liabilities and etc. Each request of credit history may have a negative impact on SCORE grade of the particular applicant and reduce it.

The customer's credit history and score can be improved by taking the following steps:

- fully repay existing overdue loan obligations and exclude even one day delays in performance of obligations on current loans;
- avoid becoming a guarantor for loans of untrustworthy persons in the future;
- have recorded income.

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