

# What is Equifax

Equifax is a multinational company that specializes in consumer credit reporting. This credit reporting company is also available in India as Equifax Credit Information Services Private Limited (ECIS) and Equifax Analytics Private Limited. In fact, it is one of the four credit information companies in the country. This means that the company uses trusted and unique data and analytics to assess the credit history and creditworthiness of consumers worldwide. Equifax is responsible for computing the Equifax credit score for consumers to get to know their credit standing. This score, along with the Equifax credit report, also makes it easy for lenders, employers and other interested parties to assess how creditworthy you are.

## What is Equifax Credit Score

The Equifax credit score is a 3-digit number that can range from 300 to 850. It is calculated by taking into account different factors like your credit repayment history, your credit mix, your credit utilization ratio and more. The higher your Equifax score is, the better since it indicates a good credit history.

Your Equifax credit score is a part of your Equifax credit report. This document has a summary of your credit cards and loans and includes your repayment or default history too. It also contains details of your credit inquiries.

## How to Check Equifax Credit Score and Report

You can easily get your free Equifax credit score and report online on the Equifax website itself. In fact, as per the mandates of the Reserve Bank of India, all individuals can get one free credit report each year. So, if you have already availed this one free report, you will have to pay for the next one if your enquiry is within the same year.

- Step 1: Visit the official Equifax website and download the Credit Report Request available on the website, and fill in the details needed.
- Step 2: Self-attest the documents required, like your identity proof (such as voter's ID, driving license, passport or PAN card) and address proof (like a utility bill, bank statement, driving license, ration card, or rental agreement).
- Step 3: In case you are making a paid enquiry, attach a Demand Draft (DD) in favor of 'Equifax Credit Information Services Pvt. Ltd', with the amount needed to get your credit score or your credit score and report.

- Step 4: Send the documents and the DD via post or courier to the address mentioned on the website.
- Step 5: Alternatively, you can email copies of the documents to [ecissupport@equifax.com](mailto:ecissupport@equifax.com)

That's all you need to do. You will then receive information about your credit score and/or credit report within the specified time.

## How is the Equifax Score Calculated?

Your Equifax credit score is calculated by taking into account several factors like the ones outlined below.

### ◆ **Your Repayment History**

Timely repayments in your credit history positively impact the calculator of your Equifax credit score. So, ensure that you promptly pay your loans, EMIs and other credit bills as and when they are due.

### ◆ **Your Credit Utilization Ratio**

This refers to the percentage of your total credit limit that you use. The lower this ratio is, the better. Ideally, if you limit your credit utilization ratio to 30%, your credit score calculator will be positively impacted.

### ◆ **The Types of Credit Used**

There are different types of credit, like secured and unsecured options. A healthy credit mix can boost your credit score since this is also factored into the calculator of the 3-digit number.

### ◆ **The Length of Your Credit History**

The length of your credit history also plays a pivotal role in the calculator of your Equifax score. The longer your credit history is, the more data the company has to analyse and arrive at an accurate score.

### ◆ **New Credit Enquiries**

The number of credit enquiries made is also included in the calculator. A higher number of credit enquiries shows that you are heavily dependent on credit for your financial needs. This is not a good sign and adversely affects your credit score.

## What are the Different Ranges of Equifax Score

You know that the credit scores calculated by Equifax range from 300 to 850. But what is the ideal score to maintain? To understand this, let's take a closer look at the different ranges of the Equifax score.

Equifax credit score range	Category
350 to 579	Poor
580 to 669	Fair
670 to 739	Good
740 to 799	Very good
800 to 850	Excellent

## Benefits of Having a Good Equifax Score

There are many advantages of keeping your Equifax score at 740 or above. If you are wondering what the benefits of a good score are, check out the top reasons to have a good Equifax credit score below.

**Easier Loan Approval:** If you have a good Equifax credit score, you will find it easier to get your loan applications approved. This is because you will be considered more creditworthy.

**Lower Interest Rates:** A high Equifax score also makes it easier for you to get loans and credit cards with lower rates of interest, where possible.

**Higher Credit Limit:** You may even be eligible for a higher credit limit on your credit card, or to borrow a higher amount of loan when you need to.

**Better Terms and Conditions:** In general, a good credit score helps you access credit facilities that have more favorable terms and conditions.

## Why is it Important to Have a Good Equifax Credit Score

It is important to have a good credit score because many entities like banks, financial institutions, and even employers may consider this parameter before giving you a credit facility or a job, as the case may be.

Here is a quick overview of the main reasons why a good Equifax credit score is important.

**Housing Hunting is Easier:** Many landlords today also look at your credit score and credit history to assess your ability to pay rent on time. A good Equifax credit score makes it easier for you to find a house on rent if you need to.

**You Get Better Job Prospects:** As mentioned above, your Equifax credit score may also matter to a potential employer. So, with a good credit score, you come across as a better candidate for a position that may be open.

**You can Achieve Your Life Goals Faster:** Many life goals like building a house or buying a car require financing through loans. And credit cards can help pay for other life goals like an international vacation. Since a good Equifax score makes it easier for you to access such credit facilities, you can pay for and achieve your life goals sooner.

## Factors That Affect Your Equifax Credit Score

**Delayed Credit Card or Loan Emi Repayments:** Failing to pay credit card bill or EMI or paying them past the due date is never advisable as it will directly affect your credit score poorly.

**Too Many Credit Enquiries:** If you make too many credit enquiries within a short time, you will be considered as credit-hungry consumer, bringing your score down.

**Using Too Much of Your Credit Limit:** Using a higher percentage of your credit limit can also affect your credit score negatively. It may be difficult for you to get new credit facilities in this case.

**Using Only One Kind of Credit Facility:** The type of credit you use matters. Relying on just one kind of credit can pull down your credit score too.

**A Short Credit History:** If your credit history is too short or non-existent, the company may not have much data to use to compute your credit score.

# How to Improve Your Equifax Score

Now that you know which factors are used in calculating your credit score and which factors affect it adversely, you can easily take measures to improve your score if you need to. Here are some ways to do this.

**Pay Your Dues on Time:** Make sure you pay your loan EMLs and credit card bills on time. If you are having trouble doing this, you can set up an auto-debit mandate wherever possible.

**Keep Your Old Credit Cards:** Keeping your old credit cards even when you get a new one helps you retain your credit history. A longer credit history is beneficial.

**Only Make Enquiries if You Need Credit:** Do not make unnecessary credit enquiries. Only do so if you are sure you need a new credit facility.

**Limit Your Credit Utilization Ratio:** Keep your credit utilization ratio to 30% or lower. For instance, if your credit card limit is Rs.1 Lakh, don't pay for more than Rs.30,000 worth of purchases via credit.

