

## Credit Bureau Report

by Paul Wee | Mar 3, 2014 | Blog |



One of the things I realise is that many clients have not come to grips with is their Credit Bureau Report, which is generated by Credit Bureau Singapore ([www.creditbureau.com.sg](http://www.creditbureau.com.sg))

When I discuss their conduct on their credit facilities, many will tell me (*sheepishly I might add*) that they may be a little late on some of their payments.. but hey.... "the banks should be happy right?.. I mean they earn interest from me right?"

I hate to break it to you... but such behaviour does not bode well for you in the longer term.

One of the wisest men I know, and an astute analyst, once told me, many years ago, that in order to see where Singapore will be in the next 10-20 years in terms of the financial industry, all we had to do was look at the US.

He is right about that.

In the last 3 years, we have seen the CBS report play an increasingly important role. From a mere reflection of repayment conduct, the report now assigns a score to each person (AA, BB, CC, etc). These scores reflect the risk of default of loans taken out by these persons.

While the current rules on Total Debt Serving Ratio (TDSR) ignores the repayment conduct on these credit facilities, the credit scores are affected by the timeliness of repayments, as well as the number of credit facilities. Looking at the US, they now have FICO scores and loads of advice and services provided for people to learn how they can manage their FICO scores.

I think it is a matter of time when the CBS scores will translate to numerical scores (like our US counterparts) and *WILL* become even more important... so let's start building some financial discipline before this creeps up on us!

### About the author

Paul has been in the financial industry for more than 20 years and banking for 15 years. He has started a mortgage brokerage, helping clients think through all the issues related to their mortgages and helping them realize that different housing loans suit different people, depending on their profiles and individual financial circumstances.



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