



# Ways to build a great credit score

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## Introduction

Often unexpected expenses occur in our life for which one does not have sources or resources to meet the liability. Nor some may have reserve funds or savings to fall back on; at times the funds required may be more than the savings.

During such times people look around to seek credit or loans to mitigate such emergencies. Though there are several online and offline lenders who offer funds, they are dispensed against only collateral or such securities. This article tries to suggest methods to improve credit ratings to secure borrowings.

Few may be in possession of fixed assets like property or gold to offer as security to take loans. Even if one were to find such lenders the interest rates could be high or repayment tenure could be very short rendering the debt unserviceable.

Moreover lenders who offer better lending rates look at credit scores to ascertain creditworthiness of individuals before considering the disbursal of loans.

This article attempts to provide suggestions of how one could improve his or her credit ratings to seek loans or borrowings at a lower rate.

## Statement of Problem

Many of us are not aware of methods of how to manage our credit worthiness ratings to enable easier borrowings at times of emergencies, be it health or family functions like marriages or ceremonies. There are quite a few who take loans at very high rates falling into debt trap.

Apart from these major expenses, we do have bills to pay and with digital payments on the surge, bills can be paid with credit cards to effectively utilize the free revolving credit offered by credit card issuers. Upon study of various secondary materials and articles on the internet an attempt has been made to analyze ways

to manage better credit score, so that credit available can be used effectively and utilized to manage one's resources in efficient manner.

## Research Methodology

Descriptive analysis based on study of available secondary literature

1. It is wise to understand who would be interested in browsing the credit score report and for what reasons. This will let one infer how many inquiries have been made and any unnecessary or illegal inquiries can be questioned.
2. Next it will be prudent to examine how many hard and how many soft inquiries had been performed. Soft inquiries do not affect the rating report.
3. When an error is found in a credit report, immediately the creditor should be contacted and the mistake should be rectified.
4. It is very important to secure the credit report from accredited credit bureaus which are accepted by all lenders.
5. One must pay credit card bills on time, even if he or she delays the utilities bills payment like electricity or water bill. This will ensure that the credit report is not hurt.
6. One must not take credit more than 30% of credit limit to have good credit ratings.

## Conclusion

1. Its good practice to maintain good credit score so that loans are not desired and also lower interest rates are offered for lower credit risks
2. Maintaining a good credit score helps one not to get into bad debts or debt trap. Funds or loans are availed at easier interest rates and if serviceable loans are availed, they can be paid on time.
3. This improves and enhances the chances of getting loans as and when are needed.

**Citations/References**

Secondary literature was studied in general. The following are cited as reference materials used in this article.

1. <https://archesadvancedsolutions.com>
2. <https://roadto750.com>
3. <https://forextradesloan.blogspot.com>
4. <https://mortgagecreditpro.com>
5. <https://h20dots.wordpress.com>
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