The Global Credit Score Panel

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The Global Credit Score Panel

“A conversation the credit scoring community needs to have”
Our Team

Esther Lyon Delsordo
Computer Science - Mathematical Sciences with a minor in Biology

Betta Lyon Delsordo
Computer Science and Spanish with a Certificate in Cybersecurity

Cory Emlen
Mathematics with a minor in Computer Science

Trinity Kurr
Wildlife Biology and French with a certificate in Media Arts
Problem

The nature and uses of credit scores locally and globally can have adverse effects on credit consumers by serving as barriers to entry and barriers to mobility in financial systems.
Literature Review
What are credit scores?

- **Credit Scores**: “a number that represents a rating of how likely you are to repay a loan and make the payments on time... Having a higher credit score means businesses see you as less of a financial risk, which means you’re more likely to get credit or pay less for it” (1).

- **Alternative Credit Scores**: calculated with alternative methods
- **Credit Proxies**: use other data in place of a credit score
How do credit scores work as barriers to entry to the credit system?

- Having no credit or outdated credit history can make consumers ineligible
- Those in low income neighborhoods are more likely to be “credit invisible” or “unscored”
- Scores reduced for new users
- Proxy data issues: web traffic
- Errors in credit reports
  - 1 in 5 customers have an error that lowers their score

US Consumer Financial Protection Bureau, 2017
How do credit scores work as barriers to mobility?

- Credit scores as a proxy for responsibility
- Problem: when low credit scores are instead the result of loss of income or other unmitigable circumstances
- Harmful when used for hiring practices: those with low income will be the most in need of a job

Kiviat, (2019)
Alternatives to credit scores

- Machine Learning Algorithms
- Cell Phone Data
- Social Media Analysis

Limitations:
- Used widely over various sectors, no set guidelines for use
- Built in bias
- Requires money and time for trial and error
- Privacy and ethical concerns

Lorberfeld, 2019
Our Approach
Our Goal

Spark national and global conversations on how credit scores should be calculated and how that data can be used ethically
Our Approach

- To interview experts in a dialogue and a podcast series to raise awareness and generate ideas about how the wide-reaching impacts of credit scores can be changed for the better.
- Website: recordings and information
- Interview credit scoring experts
Evaluation Process

Quantitative Data Collection:

- Mansfield Dialogue attendance
- Website traffic
- View count of YouTube videos of interviews/panels and podcast episodes
- Pre-post survey responses

Significance of data collected:

- General level of community interest
- Has a quick return rate, simple analysis

Limitations of collection methods:

- Little information
- Highly dependant on sufficient advertising
Contribution and Findings
Our Contribution: Global Credit Scoring Podcast

- 10 episodes
- Covered history, ethics, uses and future of credit scoring around the world
- Interviewed credit scoring experts from 4 countries and in many different areas of expertise
Our Contribution: Mansfield Live Panel Event

- 1 hour panel discussion with Dr. Cristián Bravo and Dr. Josh Lauer

- Held April 13th with the Mansfield Center
Engagement

Total impact: 534 people reached
Website visits: 164
YouTube views: 305
Mansfield event registrants: 35
Podcast listens: 30
Who was our audience for the Mansfield Event?

- On a scale from 1 to 5, how much prior knowledge do you have of credit scoring?

- For those with a credit score, how much of an impact has your credit score had on your life?
Who was our audience for the Mansfield Event?

Which of the following describes you and/or your viewing group?

- University Student: 17.1%
- Broader University Community: 31.4%
- Non-Profit Community: 5.7%
- Retired: 14.3%
- Government: 20.0%
- Business Community: 5.7%
- Other: 5.7%
Pre/Post Survey Analysis

Do you think credit scores should be used for purposes other than lending?

Do you think credit scores are calculated fairly?
“Your podcast is already having impact on the real world. Raymond Anderson, the author of the Credit Scoring Toolkit (one of the best known books on how to create credit scores) will include quotations from our conversation in his second edition of the book.” – Dr. Cristián Bravo
“Credit scoring in some ways is like the canary in the coal mine if we’re worried about algorithms in society” - Dr. Josh Lauer
References