

# Dun & Bradstreet calls for positive credit score system

**Joyce Moulakis**

Dun & Bradstreet yesterday stepped up its push for a parliamentary inquiry into Australia's credit scoring system despite evidence that the use of more information had raised credit access for younger age groups.

D&B representatives and president of New York's Information Policy Institute, Michael Turner, are to meet this week with Attorney-General Philip Ruddock to argue for fuller credit reporting and to lobby for a formal parliamentary inquiry.

Australia is one of the few countries with a negative credit-scoring model, which allows lenders making credit assessments to look only at employer details, past credit applications, current loans in default, default payment dates, dishonoured cheques or court judgements.

Under D&B's proposed model, lenders would have access to additional information, such as the number of credit accounts and their type, the average number of days in which an account is paid, and the spending limit on the accounts.

"Offers are calibrated to match the credit risk and credit capacity," Dr Turner told a Committee for Economic Development of Australia lunch.

He said a system which included more information typically led to increased lending to the private sector.

But data given by Dr Turner showed comprehensive reporting in the US led to the biggest gains in credit for those under 36 years of age.

But he said moving away from a negative credit reporting system led to a drop in loan defaults.

Consumer advocates are not yet

convinced. They have largely criticised the D&B proposal, saying more information did not guarantee responsible lending and that credit bureaus needed to first rid the system of errors.

Baycorp Advantage wants to work with consumer groups to improve the accuracy of credit data, and establish a dispute resolution system, before moving toward a comprehensive credit reporting system.

Three of the nation's four major banks have expressed in-principle support for a shift to a positive reporting model.