

2017

# New Standards in Credit Repair

White Paper download

Why this is so important to the Credit Repair Industry.



## **A new class of consumers has emerged; Millennials (people ages 20 to 35).**

In short Millennials don't know how credit works (we will show you survey result further down in this report). A credit repair company must understand that the old standard credit repair viewpoint is not a sufficient solution for all of its clients. More than 65% of clients will fall into the new category.

What are we talking about when we say Old Standard Credit Repair Viewpoint?

The viewpoint of credit repair has been for years to only focus on disputing negative information on a consumer's credit report period. Get the bad stuff off that is affect the credit score at all cost; sending letters to creditors, credit bureaus, dispute-dispute and on and on.

Not only has this technique become antiquated it doesn't apply to the new pattern of clients. We are going to break down the two into separate sections. First let's review the new standpoint.

### **Understanding the Millennials**

In a recent survey of Millennials a shocking realization has been discovered about the knowledge and perception of credit they have.

The first is that 42% of millennials considered using a credit card a scary thing and do not have one (other than one from their parents or as an authorized user).

If this is the case then what is it you are going to provide for this customer? Not much in the Old Standard. But, with the new direction there is plenty that you can do to help this client. As you can tell it is not disputing accounts to the credit bureaus.

### Education offering Knowledge to inform them!

Using WorkShops about all of the characteristics of Credit, the different types of credit, how much credit is considered good and how much is considered bad. Understanding Credit Scores (this is a big, big, big one). What the difference between all of the different Score models and types from different vendors to what type is used by a specific lender and category.

This information is not taught in schools, so where do they learn them? Parents, many parents have gone through a traumatic realization of credit themselves with the mortgage crisis and piling of debt over the last 10 years. 45% of people today cannot afford a financial crisis of \$1,000, 21% cannot afford a \$400 financial crisis.

This is astonishing! So you can see why a millennial may have concerns about credit. Yes, you can help these people build a rainy day fund and create a budget to get out of this (many of these people are in this situation due to budgeting not that they do not have the income).

## Now let's talk about millennials that have credit cards.

48% carry high balance on credit card each month and 31% said they are dependent on their credit card for basic living expenses.

Wow! So how does the old standard credit repair help this client? They don't. The card is used as bases for Living Expenses!

Knowledge is the key factor here. Yes, many of us from time-to-time have had a short fall and done the same thing. However, this can create a pattern that needs to be stopped, especially if the client needs to increase their credit score. Therein lies a deeper problem for them other than just improving their credit score. Goal Plans need to be initiated to build a plan of action to climb out of this setting to meet their hopes-and-dreams. You need a system that you can establish this so that the client can actualize the end results.

The next quandary is that 34% of millennials thought missing a card payment would either increase their credit score or have no effect. Here's a Fact; a recent late payment could cause up to a 90 point decrease in credit scores.

Will disputing this as "never late" resolve and improve the score?

If it didn't what is the solution; the new standards have a solution.

## The second Group of clients

Is the old standard a thing of the past or is it still needed for the rest of the client base?

The old standard is a thing of the past to a degree. Most credit repair companies just do what the client can do for themselves sending a request to the credit bureaus to correct. New standards in credit repair are using software and a data base of millions of accounts to analyze the information on a consumers report.

Here is an example of old way vs new way; consumer has an account that is derogatory that is an old account from years ago. The old standard dispute is "not my account"; let's say the account name is ABC Collection and the consumer states I never opened an account with ABC so it is not my account (having no knowledge of the previous debtor).

The problem with this statement is that the account is actuality the consumers account and therefore remains on the clients report after investigation. Here's why; MRS (Merchant Retail Store) provided credit to said client, client defaulted on payments to MRS, MRS accelerated its options to collect an overdue account. After not being able to collect opted to sale the account to a collection company (ABC Collection) at a loss allowing by law ABC to collect the debt (i.e. the account is verified as the clients account).

The new standards would be to use a company that offers a software analysis to investigate the account using a data base of millions of accounts from all venues of accounts documenting violations, errors and sources.

Would the results be different?

The worst case is you have the same results verified and this is a possible result. The analysis of the Collection Company may compile a history of inaccurate reporting, violations, and maybe the account was not acquired legitimately. In this case it would not have been disputed "not my account" it would have the violation attached to the dispute resulting from the software data base analysis. Results have been proven to be much higher using these technologies.

The new direction requires more of a skill set rather than the old standard sending a dispute letters to the credit bureaus. Plus access to Data Driven analysis derived from Software designed to target these errors and violations. In addition to this you must have a system designed to educate your clients via workshops, videos, and build Goal Plans to achieve result with the client's interaction. As you can tell with the new clientele 65% of clients in this era have other problems with no direction to help them.

It is a wide open field with very little competition. We can tell that the industry has changed due to a few internet facts. Credit repair companies advertising for clicks using google have dropped dramatically in price and

competition. We believe this is due to the fact that the New Era of clients are not served well by the old standard credit repair and need the New Standard as we just described.

### **What if I do not have the skill set needed to provide the service?**

This can be done using the same WorkShops as you provide to your clients. You will learn the same information from the workshops that you are sharing the knowledge.

Seek Training about ideas, formulas and processes you do not understand.

We have these programs available for you; System with WorkShops, System to analyze credit reports for dispute, Training to understand the new direction and all on a Brandable Mobile Platform that your clients can access and communicate with you securely.

**We recommend for a system to manage your clients providing WorkShops, Goal Plans and many more options to check out:**

**Smart Money Cloud** <http://smartmoney.cloud>

To view the Credit Repair industry product that they offer go to this link:

<http://smartmoney.cloud/modules.html#info>

They offer a wide variety of features from Private label Branding of online system compatible with all devices Mobile and Tablets to Secure File Vaults for sensitive document with bank level encryption to internal messaging systems with your clients. For larger groups they offer an Enterprise system allowing unlimited employee pipelines with employee Brand on its own App for client access.

## **For New Credit Disputing Standards we recommend:**

**Disputing Tech** <http://disputing.tech>

For \$50 they dispute all of the negative accounts and inaccuracies on a client credit report at one-time to all three of the credit whether its 10 accounts or 100 it doesn't matter it is just \$50!

They use the New Standards in Software Analysis collected data assembled from millions of accounts from previous analysis.