

What is Credit?

Credit is where a person receives merchandise, money or services for little or no money up front, but promises to pay an agreed upon amount of money, in an agreed upon amount of time in the future. Usually the person or company that gives credit to a person charges a fee for providing the service and that is sometimes called "interest".

The amount a lender will agree to loan you, or even IF they will loan you any amount at all, is based on various factors that include your credit score, how much debt you already have, what you own, how much you make, and whether or not you have a good character.

There are two organizations in Canada that track and report your credit score Equifax and TransUnion. For more information credit scores and what you need to know, visit their websites at [Equifax](#) and [TransUnion](#).

Having good credit can make it easier to do things such as:

- Borrow money
- Get approved for a credit card
- Rent an apartment or house
- Qualify for a car loan
- Get better interest rates on credit cards and loans
- You can improve your credit score, or create a good one, by taking a few responsible actions:
 - Pay all of your bills on time. Paying late, or having your account sent to a collection agency has a negative impact on your credit score.
 - Try not to run your balances up to your credit limit. Keeping your account balances below 75% of your available credit may also help your score.
 - Avoid applying for credit unless you have a genuine need for a new account. Too many inquiries in a short period of time can sometimes be interpreted as a sign that you are opening numerous credit accounts due to financial difficulties, or overextending yourself by taking on more debt than you can actually repay. Most scoring formulas will not penalize you if, for example, you are shopping for the best mortgage rate or the best car loan.

For more information about credit and loans, [contact a lender](#) at your nearest branch we would love to hear from you.