Tip sheet

4 ways you can improve your credit reporting accuracy

In recent years, businesses have paid up to $18 million in legal damages for consumer credit reporting errors.[1] As customer expectations grow, credit reporting errors can have severe consequences that create more work for you and your customers. This, of course, can harm your customer relationships and can result in lost revenue or non-compliance penalties associated with the Fair Credit Reporting Act (FCRA). The following tips can help you get a handle on your data quality and improve the accuracy of your credit reporting processes.

1. Favor accuracy over speed.

Organizations today are under constant time constraints to simultaneously report on past issues and prepare the next month's reports. Inherently, this can mean small mistakes on a consumer's credit file are overlooked until a dispute is raised. Slowing down processes to catch critical errors, like missing dates of first delinquency or incorrect Equal Credit Opportunity Act (ECOA) codes, can help to prevent poor customer experiences and reduce the associated financial risks.

2. Arm your staff with strategies to stop mistakes.

Make sure your staff is equipped with the knowledge to spot and fix mistakes early on. For example, is your staff trained on how to properly address and document disputes? Do they perform root cause analyses or just fix issues as they arise? Having a few internal training sessions and workshops could be immensely helpful for getting your staff on the same page. These efforts could help transform your organization into a culture of data quality, and of course, prevent costly errors.

3. Automation is your friend.

Automation is the key to accurate credit reporting. By building preprogrammed data quality rules into an automated workflow, you can identify errors and anomalies in large data volumes and monitor data quality around the clock. Not only can the right tools help you remain in compliance with specific regulations, like the Metro 2® format, but also implementing these processes can help to save your employees time and boost their productivity.

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4. Nip errors in the bud.

Turn to technology to identify and fix errors early on. Data profiling tools, which offer visual dashboards and reporting capabilities, can provide immediate insight into your Metro 2® file. This can help you to identify and resolve reporting errors that could result in a dispute. With greater transparency and control over the credit reporting process, you can spend less time reacting to consumer disputes and more time creating great customer experiences.

Catching errors early on in the credit reporting process can save you and your consumers from a great deal of hassle. However, don't feel like you're alone in the process. A solution like DataArc 360™ can help you spot mistakes early, improve accuracy, and help make sure your data is accurate and compliant with the Metro 2® reporting format.

Improve your Metro 2® accuracy and reduce disputes with a proactive approach to data quality. Learn how DataArc 360™ can help you.

Tell me more

[1] Bernard, Tara Siegel. "An $18 Million Lesson in Handling Credit Report Errors." Nytimes.com, Aug. 2, 2013.

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