

*Statement of Congressman Michael N. Castle*

*Financial Institutions Subcommittee Hearing on  
"Helping Consumers Obtain the Credit They Deserve"*

*May 12, 2005*

Thank you Chairman Bachus and Ranking Member Sanders for holding this hearing before the Financial Institutions Subcommittee today. I would like to specially thank both Chairman Oxley and Chairman Bachus for working with me on bringing this issue before the Committee, I believe it is an important one that warrants further discussion.

Today, more people have access to credit than ever before, however, there are indications that some Americans -- the young, minorities and recent immigrants in particular -- are not truly engaged in this competitive marketplace because they have little or no existing credit history for which lenders can assess risk and offer credit. As our witness Dr. Turner states in his recently released report, "Giving Underserved Consumers Better Access to the Credit System," there are an estimated 35 to 50 million American borrowers who don't have credit scores, bank accounts, or whose files have too little information to be used in allocating credit.

I feel there is information, such as rent and utility payments, that is not currently reported to the credit reporting agencies that could be helpful to consumers. For example, if an individual pays their rent on time each month there is no transmission of this information to the credit reporting agencies -- conversely, individuals with mortgages do receive credit for paying their obligation on time and this further adds to their credit score and history.

Mr. Chairman, that begs this question: If people regularly meet their contractual obligations for a variety of services, why should that responsible behavior not be taken into account and used to advantage the consumer? Now, it could be that the different payments I mentioned may not prove to be predictive of future behavior and there may be state regulations related to certain utility providers that limit sharing of some of this information.

But, I hope that our witnesses today will help us better understand the predictiveness and value of the data. I am pleased a number of the panelists will discuss innovative products the marketplace has developed to better serve the needs of all of our constituents, specifically those with thin or no credit history, so they can have access to the best and most competitive offers of credit possible.

Thank you again Chairman Bachus for holding this hearing today and I look forward to hearing from our panelists.