



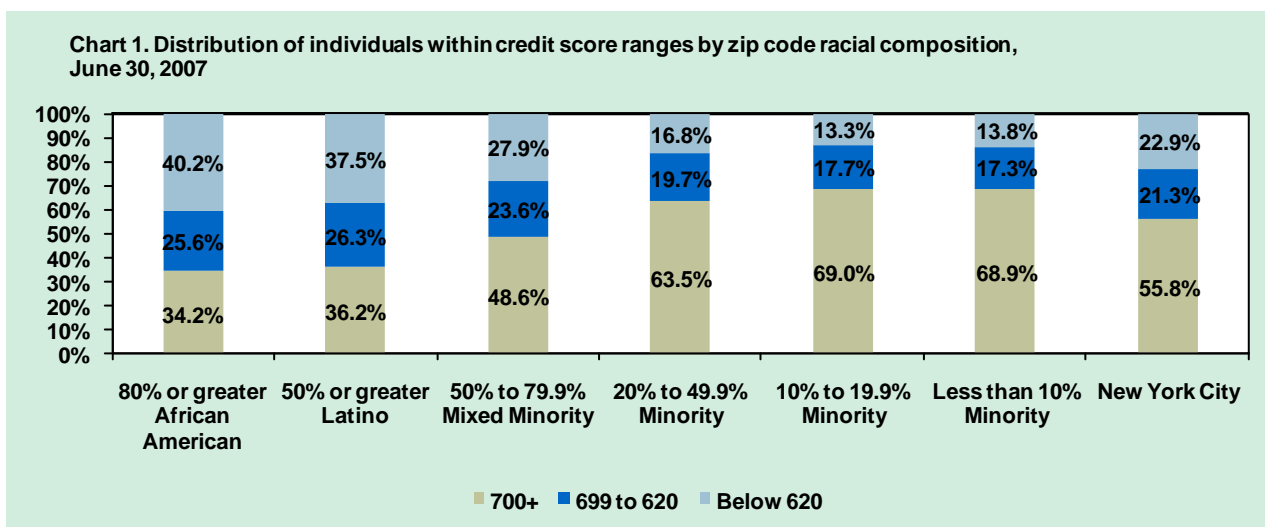
Addendum to “Understanding Credit Score Patterns in New York City”

2007 Credit Score Patterns

The following analysis is an addendum to the [previously released fact sheet](#) examining credit score patterns in New York City in 2009. That analysis took 2009 zip code-level credit score data for the five boroughs of New York City and examined geographic differences in credit scores by the predominant race or ethnicity of a zip code. This analysis looks at similar patterns in New York City for 2007.¹

Analysis of 2007 data show:

- **There were clear disparities in credit characteristics between communities of color and white communities in New York City in 2007.** Individuals living in communities of color were far more likely to have “non-prime” credit scores, while individuals in predominantly white communities were much more likely to have “prime” credit scores. Table 1 shows that in New York City in 2007, 22.9 percent of people had credit scores below 620, a common boundary for consideration for prime credit. In contrast, 40.2 percent of the people in highly African-American neighborhoods had scores below 620. In majority Latino communities, 37.5 percent of individuals had credit scores below 620. In majority Latino communities, 37.5 percent of individuals had credit scores below 620. In predominantly white communities, only 13.8 percent had credit scores below 620.

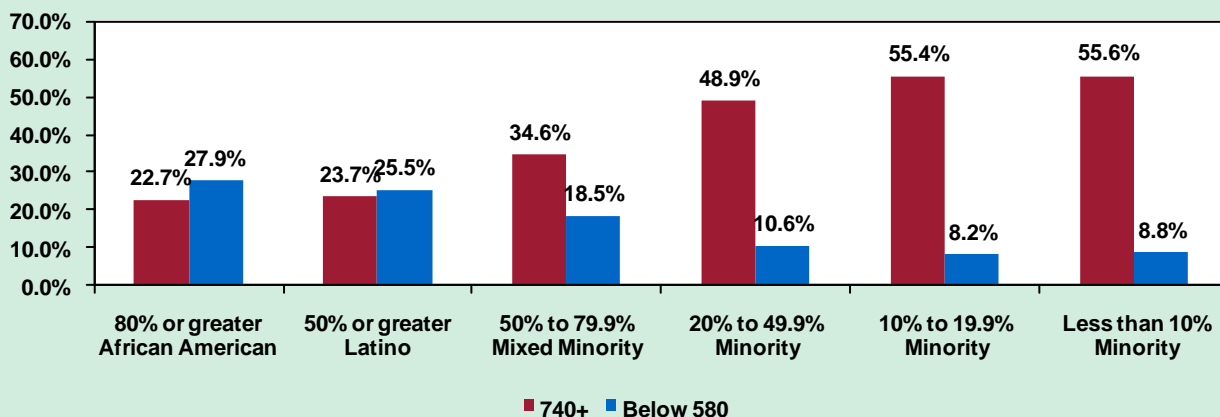


- **There was tremendous polarization in credit score distributions in 2007.** Table 2 shows that in New York City, 27.9 percent of individuals in highly African American communities had a credit score below 580, the lowest range. This was over three times the percentage of individuals in predominantly white communities in the same credit score range. However, 55.6 percent of individuals in predominantly white communities had credit scores above 700.

¹ This analysis uses zip code-level data from a large national credit bureau. Data for each zip code represents a five percent sample of the zip code population in the credit bureau’s database. Individuals not in the credit bureau’s database, such as individuals with no conventional credit history, would not be included in this sample. The report analyzes the credit bureau’s general-purpose model that is designed to predict the likelihood of a consumer becoming seriously delinquent or worse. Scores range from 280 to 850 with the lowest scores being individuals at the highest risk of delinquency and the highest scores being individuals with the lowest risk of delinquency. The bureau’s model is based on the payment behavior of a representative national sample of consumers and considers a comprehensive set of over 400 consumer credit attributes covering key information relevant to risk-related behaviors. Demographic data on the estimated racial and ethnic composition of each zip code in 2009 was linked to each zip code.

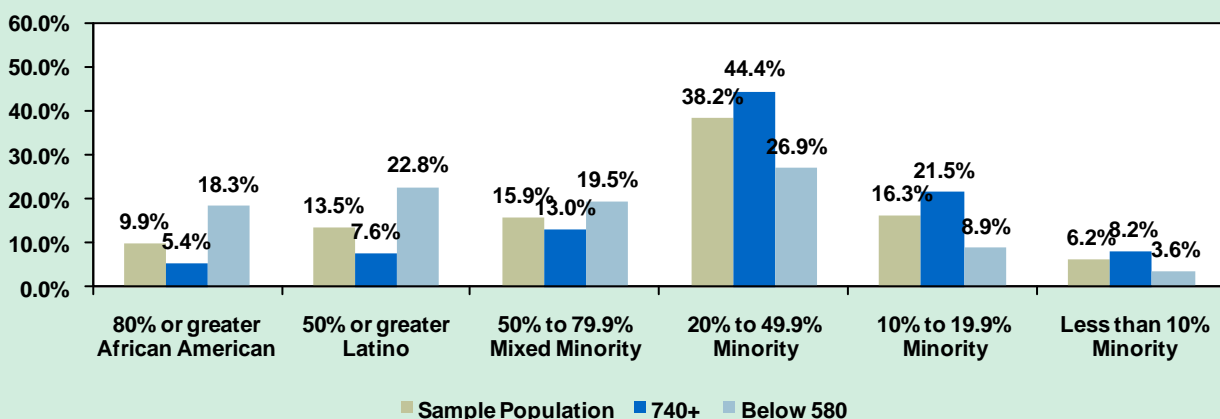
white communities had credit scores 740 or greater. This is a percentage more than twice as large as that found in predominantly African American communities.

Chart 2. Percent of individuals in highest and lowest credit score ranges by zip code racial/ethnic composition, 2007



- A disproportionate share of people with credit scores below 580 lived in highly African American communities in 2007.**² Based on the sampled population from the credit bureau dataset, 9.9 percent lived in highly African American communities. However, as Chart 3 shows, 18.3 percent of the people with credit scores below 580 lived in highly African American zip codes. Conversely, only 5.4 percent of the individuals with a credit score above 740 lived in highly African American communities. Similarly, 13.5 percent of the sample population lived in communities greater than 50 percent Latino, but 22.8 percent of individuals with credit scores below 580 lived in majority Latino zip codes. On the other hand, majority white zip codes had an over-representation of individuals with higher credit scores. For example, 16.3 percent of the sample population lived in zip codes between 10 and 19.9 percent minority while 21.5 percent of individuals with credit scores 740 or greater were in these zip codes. Conversely, only 8.9 percent of individuals with credit scores below 580 lived in these zip codes.

Chart 3. Distribution of New York City Sample Population by Racial/Ethnic Composition of Zip Code and Credit Score Grouping



² This analysis groups individuals from each zip code sample by credit score category to determine what percentage of the sampled population lives in different types of communities based on racial and ethnic composition. The percentages for each colored bar sum to 100 percent.