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A Proponent to Urge Congress to evaluate credit reporting agencies

I serve as a Business Strategist helping transform entrepreneurs, particularly women and minorities, into high-growth CEOs. One major way of accomplishing this is by preparing these individuals to access capital and financing in order to expand their business. It is a known fact that minorities, particularly African Americans, struggle with business expansion due to lack of access to capital. Credit scores have played a major role in this challenge. Credit scores of the African American community have a direct relation to low income and wealth attributed by systematic discrimination in obtaining high-paying jobs, redlining in housing, and much more.

According to the Association of Enterprise Opportunity's Tapestry of Black Business Report (2016), "Financial institutions' heavy reliance on consumer credit scores can have a disparate effect on Black-owned small businesses, since credit scores may reflect the impact of inconsistent income and low wealth, which factors are associated with vulnerability to crises and predatory practices in financial markets. Therefore, the personal consumer credit score of the business owner may prove a poor proxy for the health of the person's business. Further, to the extent that credit-scoring models, such as FICO, are based on the credit-worthiness of borrowers who have routine interactions with mainstream sources of credit such as credit cards, revolving lines of credit, small business loans, and other banking services, those scores can provide misleading insight into the credit-worthiness of borrowers who have limited or no interactions with mainstream banks. In fact, 20 percent of Black households are unbanked, compared to just four percent of White non-Hispanic households, and another 33 percent of Black households are underbanked (utilizing nonbank, alternative financial services), compared to 16 percent of White non-Hispanic households."

On behalf of Aventi Enterprises, we are in favor of urging Congress to fixing our credit scoring system to allow individuals the opportunity for credit and financial support regardless of their current socio-economic status.



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