How Does FICO Score Discriminates People?

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Math in Social Context: How Does FICO Score Discriminates People?  
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**Statement of Problem**  
The FICO Score, the standard credit score, is used as a weapon of mathematical destruction as its algorithm creates a systematic discrimination against a disadvantaged racial group.

**Possible Suggestions**  
The most credit scoring models only consider homeowners’ housing payments and ignore rentals’ rental payment history, which put many Black consumers at a disadvantage. Thus, many research suggests the models should include cash flows and payment history on rent and utilities.

**How Does FICO Score Discriminates?**  
Although FICO Score was introduced to provide an equal financial opportunity for everyone, underlying relationships between determinants of FICO and racial discrimination cause the score to be affected.

For example, while homeownership can help one’s FICO Score, it is also partially affected by redlining. Thus, minorities are negatively impacted, and will have lower scores than whites in comparable situations. As such, it becomes much harder to borrow and create generational wealth.

**Sources**  

