

SOCIAL IMPACT REPORT

I. INTRODUCTION

Expanding access to balanced, truthful content

Prior to the internet, personal reputations were mostly a function of word of mouth, and concrete evidence of a person's character actually required getting to know them. In today's world, meeting someone in person isn't so much a first impression as it is a chance to confirm or refute what can already be found online. For better or worse, people are using online search engines to find information about you and other people that cross their paths. However, with the increasing speed of digital engagement, events can turn sour fast, and damage to one's personal reputation can be disproportionate. For high-profile and average individuals alike, personal reputations are built and lost in a matter of minutes.

Increasingly, people are using two online indicators - social content and credit history - as proxies to determine an individual's character and trustworthiness. This reductionist approach is faulty, dangerous and unsustainable, for two main reasons:

1/ **It is increasingly difficult to determine the truthfulness of online content, specifically the accuracy of online personal reputations.** As questionable online media sources proliferate, virtually anyone can publish damaging and unfiltered information with limited recourse. Unfortunately, laws and regulations are limited in their ability to fully protect one's online identity - applying only to registered, regulated media.

2/ **Credit reports are notorious for their high error rates and providing a limited view of one's credit worthiness.** Credit reports make no distinction for the different rationales behind why individuals may have defaulted on payments. For a large majority of the population, bad credit is often a function of unforeseen circumstances like sudden illness or divorce, and not a true reflection of their risk profile.

1 in 5 American consumers has an error on their credit report and 5% endure errors so serious they are likely overcharged for credit card debts, auto loans, insurance policies and other financial obligations.*

48% *of American adults who've searched their own names online say their Google results aren't positive.***

* US Federal Trade Commission
** Pew Research Center's Internet & American Life Project

Right of Reply Ltd.: The gold standard of reputation management

With this in mind, Right of Reply Ltd. was founded to provide rapid, low-cost, and legally sound solutions to protect against negative online content. By creating online platforms to access complete and updated personal information, individuals are empowered to respond to negative or erroneous content with timeliness and relevance. At the same time, the general public can access multiple perspectives on specific content and form a full and unbiased opinion regarding a person or event.

As a leading online reputation company, Right of Reply Ltd. empowers individuals to regain control and 'tell their truth' on the two key determinants affecting their reputation - credit reports and personal online content - through two key subsidiaries:

RIGHT OF REPLY LTD.

SUBSIDIARIES	RoR Tell Your Truth www.ror.news	RoCC reply on credit check www.roccnow.com
CHALLENGE ADDRESSED	Negative online content	Negative credit reports
TECHNOLOGY	Patented search, respond and publish functions. Utilises blockchain technology.	
GOAL	Empower individuals to respond to negative content with timeliness and relevance. Present the general public with access to multiple perspectives on specific content to form a full and unbiased opinion regarding a person or event.	

Right of Reply Ltd.'s mission is to become the gold standard of reputational management and right of expression by reaching out to larger populations through conventional web channels. As a subscription and voucher-based service, Right of Reply Ltd. provides direct value to both consumers and enterprises.

It takes 20 years to build a reputation and five minutes to ruin it' - Warren Buffett

II. RoCC: Reply on Credit Check

Credit reporting: A faulty & outdated system

Living with limited or bad credit history is extremely difficult and can severely restrict one's access to a wide range of financial tools. While credit reports are used as proxy for one's financial reputation, significant issues with both the collection and reporting process have resulted in strong calls for reform.

Collection Reporting Agencies are often rebuked by consumers and federal agencies alike for:

- Proprietary and poorly understood formulas for determining creditworthiness that have disproportionate control over consumer lives
- Repeated inaccuracies in credit reports
- Costly and time-consuming commitments to correct erroneous reports
- Outdated scores that do not keep up with modern-day economic realities.

Given society's high reliance on the credit reporting system, one would assume that strong mechanisms are in place to ensure balanced and reliable reporting. In reality, speed and volume are favoured over accuracy, and large-scale inaccuracies are often tolerated. For Credit Reporting Agencies, the costs of correcting the data far outweigh the benefits, and consumers are left at a severe disadvantage.

In the United States, there are no transparent platforms to showcase creditworthiness or to refute credit report errors. Even if a consumer attempts to correct a report error, there is no guarantee of a positive outcome. Credit Reporting Agencies are legally required to check with the creditor or debt collector and ask them whether they stand by their claim, it is only then that Credit Reporting Agencies review supporting documentation, which can take a minimum of thirty days to process.

Moreover, the current system for calculating credit scores no longer meets the needs of contemporary consumers. In today's world, circumstances can change radically, and unforeseen events such as divorce or sudden illness can quickly and adversely affect one's credit history. Under the current system, consumers with an otherwise strong credit history are viewed in the same light as people who intentionally default on loans. There is no system that enables consumers to provide reasons for defaulting and explain why they might have fallen on hard times, thereby making it harder for consumers to bounce back efficiently.

PROCESS FOR DETERMINING CREDIT SCORE AND SETTLING DISPUTES IN THE UNITED STATES

1. Credit Reporting Agencies (Equifax, TransUnion, Experian) collect information from banks, mortgage servicers, debt collectors and other credit providers and sell raw data back to potential lenders.
2. The data in credit reports are aggregated into a single credit score (e.g. FICO score), which is widely used to determine if a consumer qualifies for a loan and if so, at what interest rate.
3. Credit Reporting Agencies are not responsible for credit report accuracy - consumers are. If consumers see an error on their report, they have to contact one of the big three Credit Reporting Agencies to dispute information.
4. Credit bureaus are legally required to check with creditors or debt collectors to ask them whether they stand by their claims.
5. Credit Reporting Agencies review supporting documentation, which can take a minimum of thirty days to process.

RoCC: The future of credit risk assessments

Reply on Credit Check (RoCC) is an online applied technology that enables users to review and respond to negative content regarding one's personal credit history.

RoCC gives individuals the opportunity to refute errors on their personal credit reports. It provides a wider range of data points and documentation to prove and assess credit worthiness in an effective and non-contentious manner.

As part of the Right of Reply Ltd suite, RoCC leverages RoR's powerful platform and tools to disrupt the credit risk assessment system.

Tools for fair & complete credit assessments

RoCC enables individuals to regain control of their personal reputation by empowering them to fully express truths regarding their personal financial history. Too often, consumers and their creditworthiness are reduced to a mere number, dictating what financial options are available to them. Until now, there were no effective means for consumers to refute credit report errors; nor were there platforms to effectively share rationales for poor credit rating, or vehicles for highlighting a broader set of data points that showcase creditworthiness.

RoCC leverages RoR's powerful platform and empowers subscribers to:

1. AUTHORISE CREDIT REVIEWERS: Share a credit report and responses to authorised persons/organisations, such as employers, banks, accountants, with the 'Who Can Read' tool.

2. CHECK CREDIT: Receive a real-time credit report from all major credit rating agencies, receive dynamic updates with any new changes to a report, with the 'Check the Credit' tool.

3. RESPOND IMMEDIATELY: Refute errors in a credit report by uploading supporting documentation, share rationales for poor credit history that allow creditors to receive a full picture of payments before determining credit worthiness, with the 'Tell Them Why' tool.

4. ANALYSE CONTENT: At a glance, potential creditors can review consumers' uploaded documents and receive an unbiased and objective evaluation of the rationales justifying poor credit. Creditors can also analyse content not usually captured in credit reports (e.g. utilities and remittances), which can showcase positive payment history and allow them to conduct a more accurate assessment of consumers' credit worthiness with the 'Check Why' tool.

5. HIGHLIGHT POSITIVE CONTENT: Upload documents that showcase a wider range of positive payment history such as utility bills and remittances, highlight personal financial responsibility to new creditors, with the 'Good Payments' tool.

How it works

1

A USER ENTERS THE SITE & REGISTERS

- The individual's complete profile is shared and verified through ROR's blockchain platform.

2

USERS DETERMINE WHO CAN READ THEIR CREDIT REPORT

- Can be modified at anytime
- Authorised persons/ organisations can include employer, bank, accountant. **"Who Can Read"** Tool

3

DOWNLOAD CREDIT REPORT

- **"Check the Credit"** Tool, for a fee
- Can be requested from all major credit rating agencies
- Dynamic updates - the individual will be notified when changes are made to a credit report

4

INSERT COMMENTS AND DOCUMENTS JUSTIFYING THE REPORT

- **"Tell Them Why"** tool

5

PUBLISH

- Comments are shared with credit agencies and authorised persons

RESULT:

1/ Credit agencies will receive a modified report with consumer annotations; any future creditors requesting the consumer's credit history will be offered the choice between the traditional report and the RoCC report with annotations and supporting documentation. As an RoCC subscriber, potential creditors would receive the consumer's comments automatically as part of the service.

2/ An annotated credit report is posted on the ROCC website and is available to anyone whom the user has authorised with the "Who Can Read" tool .

20%

of Americans are shocked to find errors on their credit report. Credit report mistakes can lead to disqualification for mortgages and car loans, as well as increased insurance premiums and interest rates. In some cases, mistakes can prevent individuals from securing a job.

* www.credit.com

RoCC Key Beneficiaries

INDIVIDUALS:
right to have their truth be known

RoCC empowers individuals to regain ownership of their financial reputation and express truths regarding their financial history. Currently, algorithms determine one's credit worthiness and do not give a full picture of a person's capability to pay. RoCC enables individuals to correct credit report errors while empowering them to share the rationales behind why they may have defaulted on loans e.g. sudden illness, divorce. In many cases, consumers default due to unforeseen circumstances, not because of poor money management.

Sharing truths does not guarantee an improvement on credit rating; however, it enables consumers to share a full and complete picture of their financial history and allow creditors to make an informed choice without being automatically discredited.

CREDIT REPORTING AGENCIES:
improve reputation and credit report accuracy

Credit Reporting Agencies suffer from an extremely negative reputation and are the second most frequent source of consumer complaints at the US Consumer Financial Protection Bureau. Complaints due to incorrect information on credit reports comprise of a whopping 74% of total complaints. Strong negative perceptions, coupled with public embarrassments like the Equifax data breach, demand a significant improvement on operations and product offerings.

RoCC provides a seamless opportunity for Credit Reporting Agencies to reduce their liabilities and empower consumers to update their credit histories with accurate information in a timely manner.

CREDITORS:
right to a consumer's full and balanced financial history

Creditors are given a full picture of a consumer's credit history, including the consumer's perspective, and are empowered to make an informed choice on whether to engage in a financial relationship.

Creditors can review documents that would otherwise not appear in a traditional credit report (e.g. rent, utilities, remittances) and benefit from a wider range of data points to make a balanced and more informed choice on a person's creditworthiness. Through RoCC's powerful tools, creditors can easily de-risk financial engagements and access large pools of traditionally underserved communities.

III. Social Impact to Consumers

Not all bad credit is created equal

Unfortunately, a common misconception about people with bad credit is that they have managed their finances poorly. In reality, there are many reasons why people have bad credit - ranging from unforeseen circumstances to not being fully educated on the mechanics of how credit ratings are calculated.

RoCC helps level the playing field for consumers who have fallen on hard times and empowers them to reclaim their financial reputations by separating bad circumstances from a trajectory of otherwise solid history of creditworthiness.

Common causes of bad credit

1/ DIVORCE: During a divorce, a spouse may have to pay legal fees or child support payments that exceed their monthly income. These added expenses can become a huge financial burden, making it difficult to pay off credit card or other monthly bills.

2/ SUDDEN ILLNESS: Medical expenses can be an extreme financial burden, especially in cases of sudden illness or accidents. Not only will a person have to pay off the medical bills, they will lose income while unable to work. In many cases, unpaid medical bills are turned over to collection agencies, causing bad credit.

3/ LOSS OF JOB: The loss of a job and unemployment often result in bad credit. When a person's source of income suddenly stops, it becomes necessary to use finances to pay the bills and buy food. When consumers are unable to pay off credit card statements, credit scores suffer.

4/ DEATH OF SPOUSE: The survivor of a spouse who has passed away will often be responsible for medical and funeral expenses. In addition, the overall household income will decrease, leading to a loss of financial stability. This difficult event can weaken the finances of even the most responsible person.

43 million

Americans have medical debt that adversely affects their credit. For 15 million consumers, medical debt was the only blemish on their credit report*

* US Consumer Financial Protection Bureau

Helping underserved communities affected by poor credit history

~14%

*of the American population has no credit score whatsoever and is labelled as credit invisible. As a result, these underbanked individuals will have difficulty obtaining new lines of credit.**

Underserved consumers often suffer from poor credit because not enough positive payment history is reported for them. Generally, lenders for mortgages, credit cards, student loans, and automobiles report payment history on a monthly basis. On-time payments for loans often results in positive payment histories, thereby influencing credit scores. However, fewer low-income consumers have mortgages and credit cards for which payments are regularly reported.

While low-income consumers frequently pay rent and phone bills, this type of payment history is less likely to be reported. The consequence is that underserved consumers who make regular monthly payments have fewer opportunities to build positive histories.

RoCC helps elevate underserved communities by highlighting data points indicating financial responsibility that would otherwise be overlooked. Through the RoCC platform, low-income consumers can upload documents indicating on-time payments for rental properties, utilities, phone bills, and remittances to home countries. RoCC widens the definition of what it means to be creditworthy and promotes financial inclusion for traditionally marginalised communities.

8 million

times a year, US consumers have contact one of the big three Credit Reporting Agencies to dispute information.**

* www.valuepenguin.com

** Brookings Institute

Mitigating societal effects of bad credit

Bad credit can prevent consumers from accessing financial tools such as mortgages, credit cards, or other loans, but can also have far reaching consequences affecting personal relations and well-being. By providing mechanisms for consumers to overcome bad credit and regain access to financial tools, RoCC promotes:[1]

HEALTHY RELATIONSHIPS:

Often, when consumers cannot borrow money from traditional lenders due to bad credit, they turn to friends and family for help. Being late on credit card payments damages credit ratings but being late on promises to repay friends can destroy relationships, resulting in social isolation. RoCC offers opportunities for consumers to reconnect with creditors and financial tools they otherwise would not have accessed.

DECREASED STRESS:

Bad credit and stress are like conjoined twins. The average US household carries $16,748 in credit card debt, and 22% said they felt 'extreme' stress over their finances.[2] This stress manifests itself through lack of sleep, loss of focus, and nagging worry. RoCC helps reduce stress by empowering consumers with a sense of agency. Individuals can now take control of their financial reputations by sharing their truths and reaching out to Credit Reporting Agencies in an efficient and effective manner.

HIGHER QUALITY OF LIFE:

Bad credit can prevent people from getting an education, from leaving unhealthy relationships, and from getting better jobs. The burden of negative credit history is a stranglehold and can keep people from fulfilling their potential. RoCC restores financial reputations and frees individuals to achieve their dreams.

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* https://www.aol.com/article/finance/2015/05/09/15surprising-effects-bad-credit/21174646/
** 2016 Nerdwallet Survey

IV. Restoring Public Confidence in Credit Reporting Agencies

In the most basic terms, Credit Reporting Agencies function as a reputation service, yet they themselves have suffered from a series of reputation hits that are too large to ignore:

September 2017:
Equifax reveals the data of 143 million customers was breached

January 2018:
Investigation reveals Equifax and TransUnion provided different credit scores to lenders and consumers, when reporting should have been consistent for all end-users

March 2018:
Equifax reveals executives engaged in insider traded stocks before the public was notified of the breach

April 2018:
Equifax sends erroneous breach notification letters to an undisclosed number of people

April 2018:
Facebook announces it was dropping Experian and TransUnion as data partners, to improve customer data privacy

These incidents have left many questioning the legitimacy of these organisations and wondering whether the blows to Credit Reporting Agencies, and growing concern about consumer privacy in general, could lead to major changes in how credit risk is reported.

If Credit Reporting Agencies are to maintain their dominance in the risk assessment ecosystem, they must partner with organisations like RoCC to create fairer, more precise credit history reports; and more importantly, take strides to ameliorate their negative reputation amongst the public.

1/3

*Nearly a third of 'scorable' Americans have a credit score lower than 601 – the distinction between bad and fair credit.**

1/4

*Low credit scores proved to be a hindrance to 1 in 4 would-be home buyers aged 35 to 44, the typical window during which many buyers purchase a first home.***

74%

*Credit reporting is the second most frequent source of consumer complaints handled by the Consumer Financial Protection Bureau, trailing only debt collection. The top two sources of those complaints were: incorrect information on a credit report (74%) or regarding the credit reporting company's investigation of a complaint (11%).****

* creditsesame.com
** Experian
*** Consumer Financial Protection Bureau

Through partnership with RoCC, Credit Reporting Agencies like Experian, TransUnion, and Equifax can improve internal efficiencies, while enhancing their public reputation by providing better services, like:

1/ Empowering consumers to correct erroneous reports in real-time:

Consumers generally have to wait 30 or more days before credit report errors are corrected.

2/ Enabling consumers to share rationales for why they defaulted on loans:

Credit report and scores do not offer an opportunity for consumers to showcase why they may have defaulted on loans. By empowering consumers with a voice, Credit Reporting Agencies help restore dignity to an otherwise shameful situation.

3/ Validate consumers through blockchain technology:

Currently, Credit Reporting Agencies validate consumer identity through social security numbers. Given recent data breaches, it is now easier for impostors to ruin the credit history of others with little ramification. By partnering with RoCC, Credit Reporting Agencies benefit from blockchain technology that verifies user identities and gives increased confidence to consumers that their personal credit history is protected.

4/ Surfacing creditors who repeatedly provide inaccurate information:

US legislation only requires Credit Reporting Agencies to check with creditors on whether or not there is a claim on a consumer. Currently, there is no penalty for creditors who supply incorrect information. Through RoCC's big data capabilities, it will be easy to surface and investigate repeat offenders, thereby putting Credit Reporting Agencies on the side of advocating for fair and objective information.

5/ Increases access for people to view credit reports:

Through RoCC's push technology, consumers are prompted whenever there is an update on their credit report. Through this service, consumers are alerted of issues before they become a major impediment.

6/ Increases types of information credit reports contain, providing more insight into financial responsibility:

RoCC enables consumers to upload documentation such as rent, utility payments, or regular remittances sent to family, that provide important information about credit worthiness. Through RoCC's word cloud technology, RoCC enables Credit Reporting Agencies to consider a broader set of data points to determine financial responsibility without additional hurdles.

As the World Bank shares: *'Credit reporting systems should effectively support the sound and fair extension of credit in an economy as the foundation for robust and competitive credit markets. In doing so, credit-reporting systems should be safe and efficient and fully supportive of data subjects and consumer rights.'*

By partnering with RoCC, credit-reporting agencies can provide value on this service while enhancing the accuracy of the data it provides.

ABOUT THIS REPORT

Independent Preparation

This report was prepared by Tiffany Chan, an independent consultant based in Washington, DC, USA. All materials are fair and accurately portray the activities and outcomes of Reply on Credit Check, Ltd. as of May 2018.

Tiffany Chan
Independent Consultant

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