

Things are Looking Up

The New York Times recently [summarized](#) the emerging technologies that hope to revolutionize how you do your finances. And by “revolutionize,” I really mean, “No longer have to worry about them at all.” According to the publication, these are apps that should manage your bills, find the best insurance for you, prepare your taxes, and make it so you don’t have to think about your finances any more than you think about how food gets from the farm to your table.

We often forget that a person’s credit score can be the effect of poor choices or bad luck in the past. It could have been a persistent problem or a single catastrophic event. But, today’s suboptimal credit score doesn’t necessarily reflect current misery.

According to a study by Elevate’s Center for the New Middle Class, 77 percent of nonprime Americans, people with credit scores below 700, think their personal finances are “fair,” “good”, or “very good.” This goes against the popular view of nonprime Americans being buried in a mountain of bills with their heads in their hands, and a grim outlook on their financial tomorrow.

Actually, fifty-seven percent of nonprime Americans believe their finances will improve in the next three months. We know that credit scores take time to improve, so are these Americans uninformed? The data says probably not. Nonprime Americans check their credit score 40% more often than prime Americans (based on the Center’s “Savvier than you think” report). Current credit score doesn’t necessarily equate to a person’s current finances.

Does this kind of distinction—between day-to-day finances and credit score—lead to delusion for the nonprime American? Would they be better off with a clear-eyed more negative view of their finances until they can catch up and achieve prime status?

Actually, optimism can help people better manage the stress in their lives, [according to the Mayo Clinic](#). Being attentive to their current situation, no matter their past, and telling themselves that things are getting better, probably helps nonprime Americans find solutions that can contribute to actual improvement.