



Credit Profiling: Just Another Way of Being Watched

I received a letter in the mail one day stating that my Bank of America Business card was being closed with no explanation whatsoever. I called them to find out the reason and they told me, due to my ‘inactivity’ they had the right to close it down. The woman also questioned me about some dental charge made months ago stating that seemed to be an inappropriate charge on a business card, making me feel as if I was using my card wrongfully. In addition, I did not get a heads up letter as to what was going to take place, nor did they try to offer transferring my points to my other Bank of America credit card (I had a lot of points).

Because of the economic crisis America is in, things have definitely changed in terms of the credit industry. There was once a time when credit card companies were looking for reasons to extend us credit. As a matter of fact, Bank of America Business had called me a couple of years ago and told me I was pre-approved for the card and made me feel special. Had I known they were just going to shut me down I wouldn't

have bothered with them. What angers me the most is that these credit card companies call and harass us, holding us on the line until we concede and just as simply – they snatch it back. They also can lower the available credit line on a card, so a card that once had a \$15,000 line could easily, with no warning, be reduced to \$250. I don't have time nor do I want to deal with the back and forth of checking my credit, soft hit, hard hit, whatever. Just leave me alone!

I began discussing my issues with a few banker friends and they started telling me about credit data profiling, a \$25 billion business. One of the biggest players is Equifax. Credit card companies utilize this service to render credit worthiness and detailed assessments of a person's spending habits, likelihood of payment, and the risk of defaulting. These profiling companies literally ‘judge’ us by our previous and current behaviors and report back to the card company what they predict we will do which allows them to raise our interest or, like me, get my card closed down. Banks would rather risk cutting the credit of an upstanding bill payer than have another default on their books. And it's all very confusing because there is this fine balance of using your credit card too much and not using it enough.

Let's say, you're not that big of a drinker and really don't spend too much money in bars, but one night you decide to split a bill of margaritas. You have good credit and a job, your friend doesn't have great credit and is jobless. Both of you have now just put your credit at risk. According to Robert Manning, author of “Credit Card Nation” the first problem the card company sees is booze, especially if you rarely charge alcohol to your card. “Alcohol might be a red flag that you're despondent because you're about to get laid off from your job”. He goes on to state that splitting a bill with an unemployed debtor makes the employed individual look bad to their card company.

All right fine, amidst the economy, you're doing well and decide to go to the spa. Well, getting a massage or spending money to relax is also another red flag. You now look like you're trying to relax because you're stressed about money. Even something as simple as going bargain hunting sends the message that you're starting to downscale to lower-cost stores because you might possibly be losing your job. It's all about credit worthiness these days and the finance market is more than ever dependent on those conclusions. Data profiling has gotten so intricate with their models, which examines your past actions and what makes you tick, that they can almost predict where you're going to take your next vacation and what amenities you will include on that vacation.

Top 10 Purchases That Should Not Be Charged On Credit Cards:

Traffic Tickets – People who have charged traffic tickets have defaulted on their cards.

Retreading Tires – Looks desperate like you can't afford new tires – credit card companies don't like desperation.

Bargain Binges – If you haven't used your credit card at a 99-cent store or Wal-Mart, don't start now! American Express has been accused of cutting people's credit because they shopped at Wal-Mart.

Adult Playthings – Porn is seen as escapism – escapism of financial worries.

Marriage Counseling and Therapy – Divorce can destroy your finances and therapy makes you look unstable.

Lottery Tickets – Don't look irresponsible and don't start charging your Visa in Vegas.

Cash Advances – Using a credit card check to pay a bill – not a good look.

Personal Pampering – Looks like you're trying to reduce stress, possibly financial stress.

Income Taxes – Could indicate your debts and bills are overwhelming you.

Booze – Carry cash to a bar!

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