DATA FOR *PROGRESS*

ALTERNATIVE DATA AND THE FUTURE OF CREDIT SCORING

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August 2020

INTRODUCTION

In 2017, the Consumer Financial Protection Bureau (CFPB), issued the request for "Information Regarding Use of Alternative Data and Modeling Techniques in the Credit Process." The CFPB sought "to learn more about current and future market developments, including existing and emerging consumer benefits and risks, and how these developments could alter the marketplace and the consumer experience." As the request noted, "Alternative data and modeling techniques are changing the way that some financial service providers conduct business."[1] Broadly defined, alternative data is that which is not considered traditional data by credit bureaus.

This Data for Progress report examines the increased interest in alternative data among a broad array of entities, including elected officials, consumer advocacy and civil rights organizations, the consumer credit industry, and the growing financial technology (fintech) sector. The following topics are examined:

- The uncredited and the push for alternative data
- The scope of alternative data
- Privacy, transparency, discrimination, and proposed public credit registry
- The COVID-19 pandemic and proposed credit reporting moratoriums
- Survey results: Attitudes about alternative data, credit scoring transparency, and pandemic-related moratoriums
- Policy recommendations

The uncredited and the push for alternative data

Credit scoring is "a statistical method used to predict the probability that a loan applicant or existing borrower will default or become delinquent." Commonly used in credit card, small business, and mortgage lending, credit scores may also impact applying for an automobile, an apartment, or a private student loan. The scores may be used to determine if an applicant should be approved and if so, at what interest rate.[2]

Given the significance of credit scores, the push for alternative data is part of a broader agenda of financial inclusion, which the World Bank defines as when "individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way."[3] Financial inclusion initiatives often target those groups considered the "unbanked" or the "underbanked," which, per the Federal Deposit Insurance Corporation (FDIC), means "no one in the household had a checking or savings account" and "the household had an account at an insured institution but also obtained financial products or services outside of the banking system." Services outside of the banking system, labeled "alternative financial services" (AFS), may include "money orders, check cashing, international remittances, payday loans, refund anticipation loans, rent-to-own services, pawn shop loans, or auto title loans."[4]

Related to credit scores, financial inclusion advocates have focused on those groups they label credit invisibles or credit unscorables. The former have no credit history with one of the three nationwide credit reporting companies, Equifax, Experian, and TransUnion.[5] Credit unscorables are those who have either a "thin" credit file, which includes "fewer than three sources of payment information, or trade lines" or a "stale" credit file in that they have no recent credit history.[6] The "exact definition of what constitutes 'insufficient' or 'stale' information differs across credit scoring models, as each model uses its own proprietary definition."[7] A report from the Political & Economic Research Council (PERC) underscores the stakes of being, in the current credit scoring system, invisible or unscored: "Given insufficient data, the default assumption of lenders in that no score equals high risk. Such applicants are almost always rejected."[8]

A 2015 CFPB report estimates that as of 2010, there are 26 million adults who are credit invisible and 19 million adults who are credit unscorable. Combined, these 45 million people represent almost 20 percent of the adult population, with African Americans and Latinos more likely to be credit invisible or credit unscorable than white people and Asian Americans.[9] Such racial disparities have been noted by elected officials, such as Senator Kamala Harris, who, when campaigning for president last summer, called for alternative data as a means to address the racial home ownership gap in which African Americans and Latinos lag behind other groups.[10]

The scope of alternative data

What counts as alternative data can be fairly broad in scope. The aforementioned 2017 CFPB request defines alternative data as "any data that are not 'traditional.'" Per the CFPB, "traditional data" is:

> *data assembled and managed in the core credit files of the nationwide consumer reporting agencies, which includes tradeline information (including certain loan or credit limit information, debt repayment history, and account status), and credit inquiries, as well as information from public records relating to civil judgments, tax liens, and bankruptcies. It also refers to data customarily provided by consumers as part of applications for credit, such as income or length of time in residence.*[11]

Given that negative payment histories are factored into credit reports, which, as "a summary of your credit history" is the basis for calculating a credit score, elected officials have called for the inclusion of positive payment histories.[12] In doing so, they seek changes to the Fair Credit Reporting Act, which became public law in 1970. For example, Senator Harris's aforementioned plan to remedy the racial home ownership gap includes this key point: "Amend the Fair Credit Reporting Act to require the credit scores reported by credit reporting agencies to include payments of rent, phone bills, and utilities, helping prospective borrowers build stronger credit."[13] Democratic Congressman Keith Ellison introduced H.R.435 – Credit Access and Inclusion Act of 2017, which was passed in the House of Representatives in June of 2018.[14] Republican Senator Tim Scott introduced S.3040 – Credit Access and Inclusion Act of 2018, which called for "the reporting of certain positive consumer-credit information to consumer reporting agencies," with "positive" data including "a consumer's performance in making payments either under a lease agreement for a dwelling or pursuant to a contract for a utility or telecommunications service."[15]

Along with S. 3040, Senator Scott, with Democratic Senator Mark Warner, introduced the bill S.1685 - Credit Score Competition Act of 2017, which, like the House version H.R.898 - Credit Score Competition Act of 2017, sought to "require Fannie Mae and Freddie Mac to establish procedures for considering certain credit scores in making a determination whether to purchase a residential mortgage, and for other purposes."[16] Senator Scott's announcement about the bill on his website makes more explicit what "certain credit scores" mean here: "'Our goal in introducing this legislation is to encourage Fannie Mae and Freddie Mac to consider more inclusive methodologies in determining a borrower's creditworthiness. Alternate scoring models have the potential to make homeownership a reality for more qualified borrowers who lack access to traditional forms of credit.'"[17] As Senator Scott stated at a Senate Banking Committee hearing, "'If a family pays their utility bills or their phone bills on time for a decade, it ought to count towards their ability to have a home.'"[18]

Noted in the announcement for bill S.1685, as government sponsored enterprises (GSEs), Fannie Mae and Freddie Mac are "mandated to consider a decades-old credit scoring model that does not take into account consumer data on rent, utility, and cell phone bill payments."[19] The "decades-old credit scoring model" Fannie Mae and Freddie Mac use is the FICO score. Created by Fair Isaac Corporation, the FICO score was introduced in 1989 and is dominant in the consumer credit industry. As Fair Isaac boasts on its website, "FICO® Scores are the most widely used credit scores."[20] Cited is a 2018 market research report, conducted by Mercator Advisory Group, finding that FICO scores were used in over 90 percent of U.S. lending decisions, including mortgage, credit card, and automobile loans.[21]

The push for alternative data, then, can be about market competition in the for-profit credit scoring system. For example, VantageScore Solutions, a company created by Experian, Equifax, and Transunion in 2006, applauded the Credit Score Competition Act. The company's website features a post about bill S.1685, which includes this statement from President and CEO Barrett Burns:

> *No single company should have a government-sanctioned monopoly, especially when there are millions of consumers that are negatively impacted. Infusing competition into this integral area will improve fairness, transparency, and inclusiveness without compromising on standards.*[22]

On the website for the VantageScore, under the section "What distinguishes our model," an answer given is "Millions more scored." Alluding to those who are credit invisible and unscorable, the section notes, "Traditional credit scoring models exclude many consumers, often leaving them unable to get credit. For example, other models do not score consumers who are new to the credit market or who use credit infrequently."[23] Unsurprisingly, VantageScore Solutions supported the Credit Score Competition Act––even featuring on its website an interview with Senator Scott about the bill.[24]

Along with VantageScore Solutions, many financial technology (fintech) companies are trying to challenge the FICO score's dominance. As marketplace lenders, fintech companies are "typically online financial platforms that leverage technology to reach potential borrowers, evaluate creditworthiness, and facilitate loans."[25] Many fintech companies factor in alternative data. Some of this data goes beyond the alternative data of positive payment histories of rent, utility, and cell phone bills as some fintech companies mine digital footprints and social media activity. In doing so, they are helping develop a profile of "digital character"––"a digital profile assessed to make inferences regarding character in terms of credibility, reliability, industriousness, responsibility, morality, and relationship choices."[26]

A story in *Mother Jones* provides a summary of some of the alternative data fintech companies take into consideration:

> *Among the US-based online lenders that factor in social media to their lending*

decisions is San Francisco-based LendUp, which checks out the Facebook and Twitter profiles of potential borrowers to see how many friends they have and how often they interact; the company views an active social media life as an indicator of stability. The lender Neo, a Silicon Valley start-up, looks at the quality and quantity of an applicant's LinkedIn contacts for clues to how quickly laid-off borrowers will be rehired. Moven, which is based in New York, also uses information from Twitter, Facebook, and other social networking sites in their loan underwriting process.[27]

Privacy, transparency, discrimination, and proposed public credit registry

The proliferation of marketplace lending––with a reported 14 billion in loans––has caught the attention of regulators, both at the state and federal levels.[28] While recognizing "the potential for online marketplace lending to expand access to credit to historically underserved borrowers," concerns have been raised about the use of alternative data, particularly social media activity.[29] For example, in 2016 the Federal Trade Commission issued a report on marketplace lenders, which included a discussion of companies' tracking of social media activity. That same year, Senators Jeff Merkley, Sherrod Brown, and Jeanne Shaheen requested an updated report on the fintech marketplace from the U.S. Government Accountability Office (GAO). One of their concerns was alternative data and the possibility of discrimination and compliance with consumer protection laws: "Many fintech companies use non-traditional data to underwrite loans, such as social media information or search engine history. What implications are there from the use of non-traditional data?"[30] Senators Merkley and Brown also penned a letter to the heads of the Consumer Financial Protection Bureau, the Federal Reserve, the National Credit Union Administration, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, requesting they "outline steps they are taking to ensure effective oversight of the emerging financial technology, or 'fintech,' marketplace." This letter also raises the issue of alternative data: "Many fintech firms use alternative data and proprietary algorithms to underwrite loans. While these alternative approaches may provide the opportunity to expand access to credit, some observers have raised concerns about the potential for violations of fair lending laws as well consumer protection laws."[31]

Concerns about alternative data are not limited to the use of social media activity. The aforementioned 2017 CFPB request for "Information Regarding Use of Alternative Data and Modeling Techniques in the Credit Process" notes:

> *…alternative data and modeling techniques could present risks for consumers. These risks include but are not limited to potential issues with the accuracy of alternative data and modeling techniques; the lack of transparency, control, and ability to correct data that might result from their use; potential infringements on consumer privacy; and the risk that certain data could dampen social mobility, result in discriminatory outcomes, or otherwise disadvantage certain groups, characteristics, or behaviors.*[32]

Financial data organizations, consumer and civil rights advocates, and data scholars have weighed in on the impact of alternative data on those who are credit invisible and credit unscorable. Senators Scott and Warner's Credit Score Competition Act of 2017 received "broad support from the housing industry, including the large and small lender trade associations, the National Association of Realtors and consumer advocates groups like the National Fair Housing Alliance and civil rights groups including the NAACP."[33] In 2019, the Financial Data and Technology Association of North America ("FDATA North America") sent a letter to the House Financial Services Committee Task Force on Financial Technology expressing support for the use of alternative data and noted the positive impact it could have on those who are credit invisible or credit unscorable.[34] Testifying before the same task force, Chi Chi Wu, staff attorney for the National Consumer Law Center, underscored the need to distinguish between types of alternative data, noting the difference between "financial alternative data" and "non-financial alternative data" or "big data," which "encompasses a far-ranging array of information, including social media profiles, web browsing history and behavioral data."[35]

While regulators, as previously noted, are examining the use of big data by marketplace lenders, the use of financial alternative data also carries with it certain risks. An example given in the "Data & Civil Rights: Consumer Finance Primer," is the relative flexibility of utility companies who might not shut off utilities right away in the case of non-payment. While this might be immediately useful for the customer, what might be revealed in the course of this alternative data being reported is delinquency on bills. As the authors conclude, "increasing the mechanisms of assessment may also unintentionally harm those that such a system is intended to empower," which suggests greater visibility has the potential to further disadvantage those alternative data is proposed to support.[36] As Wu states in her testimony to the Task Force on Financial Technology, "For some purposes, the lack of a credit history could be better than a negative history."[37]

Given that the inclusion of alternative data may increase assessment in the name of financial inclusion, the debate about alternative data involves the issues of consumer privacy and transparency in terms of the credit scoring process. While elected officials have raised concerns about regulating fintech, including marketplace lenders' use of social media data, the issues of privacy and transparency are inherent to the U.S. credit scoring system, regardless of which type of data is factored in. As the think tank Demos reminds us, "America's credit reporting system is controlled by 3 big, for-profit companies—Experian, Transunion, and Equifax—which collect lending and payment data on 220 million Americans without consumers' permission or approval, and there is no way for consumers to opt out from having personal financial data collected."[38] Regarding transparency, although credit bureaus may disclose the relative weight of certain factors in their calculations,

> *Behind the three-digit score…is a process that cannot be fully understood, challenged, or audited by the individuals scored or even by the regulators charged with protecting them. Credit bureaus routinely deny requests for details on their scoring systems. No one outside the scoring entity can conduct an audit of the underlying predictive algorithms. Algorithms, and even the median and average scores, remain secret. The lack of transparency of credit-scoring systems leaves consumers confounded by how and why their scores change.*[39]

A related issue is how scores are used in lending decisions and the possibility of discrimination. As Cassandra Jones Havard explains, "Current anti-discrimination laws still favor intentional conduct as the basis of a claim." With the increasing reliance on credit scores and the power of the credit scoring industry, discrimination that may occur in the application process may be more difficult to legally challenge, as lenders may be able to conceal or defend discriminatory lending practices by invoking credit scores as a scientific basis of risk assessment: "borrowers are unaware of why the lender is offering a certain loan product. Borrowers are essentially told, 'This is the right product for your credit needs given your credit score.'" Taken together, this is what Havard describes as "second-generation discrimination," which "involves risk-based pricing," whereas the "first-generation's lending disparity involved credit rationing that denied credit to applicants." Second-generation discrimination, then, is "comprised of lending discrimination in both product offerings and borrower selection, and is arguably more complex than the 1960s fair lending laws envisioned."[40]

Given the issues of privacy, transparency, and potential discrimination, some have called for the United States to establish a public credit registry rather than have only a for-profit credit reporting system. One proponent of a public credit registry is Demos, who points out in a 2019 policy brief, "Our consumer data is their product; thus, these corporations are not accountable to consumers. The companies have no incentive to be concerned about racial equity or fairness."[41] Senator Bernie Sanders, as part of his presidential campaign platform to eliminate medical debt, supported the development of a public credit registry. Like Demos, who calls for different algorithms to address discrimination, Sanders champions the use of "a public, transparent algorithm to determine creditworthiness that eliminates racial biases in credit scores."[42] A worthy goal, but, as Elena Botella warns, "As long as our economy is racially biased, our credit scores will be too."[43]

The COVID-19 pandemic and proposed credit reporting moratoriums

On March 23, 2020, Congressman Brad Sherman introduced the Disaster Protection for Workers' Credit Act, which called for "an immediate moratorium on all negative credit reporting, which will stay in place for four months," "free, unlimited credit reports and credit scores for a year from the end of the crisis," and the prevention of "any negative information associated with medical debt incurred for treatment of COVID-19 from impacting credit reports and credit scores." The Democratic congressman's bill was a companion to the one, of the same name, introduced a week earlier in the Senate by Democratic senators Brian Schatz and Sherrod Brown.[44]

The current global pandemic is not the first time elected officials have sought relief for the public from the credit scoring system when faced with social disasters. After Hurricane Sandy in 2012, Andrew M. Cuomo, as governor of New York, issued a request in 2013 to FICO, TransUnion, Experian, Equifax, and the Consumer Data Industry Association (CDIA) to protect Hurricane Sandy victims from negative marks on their credit scores. As the press release emphasized, "Unless the credit reporting agencies act, thousands of Sandy victims could face higher costs for home, auto, and business loans."[45] A 2019 Urban Institute report shows an average 10-point decline in credit scores four years out among those devastated by Hurricane Sandy.[46]

As “the voice of the consumer reporting industry,” the CDIA represents “consumer reporting agencies including the nationwide credit bureaus, regional and specialized credit bureaus, background check companies, and others.” At the end of March, 2020, the CDIA issued “Helping Consumers Avoid Credit Problems if They Have Been Impacted by Coronavirus (COVID-19),” which states, “For years, the credit bureaus have had programs in place to minimize or eliminate the negative credit impact of extreme events, like a natural or declared disaster, or a pandemic.” This includes, according to the statement, forbearance plans and deferred payment plans created by creditors and lenders, and codes that have long been in place to be used by credit bureaus “to enable lenders and creditors to report consumers in financial distress.”[47] While the CDIA paints a rosy picture of a benevolent credit reporting industry, the reality is much bleaker according to an opinion piece penned by Ed Mierzwinski and Sabrina Clevenger of the Public Interest Research Group (PIRG). As they point out, “Historically, each individual company or lender has been able to unilaterally decide whether it will allow measures such as delayed payments and forbearance. We’ve seen this during nearly every financial disaster in the last half-century… Restricting negative credit reporting has been unsuccessful even during natural disasters and government shutdowns.”[48] Ultimately, the Disaster Protection for Workers’ Credit Act was shelved, with the credit industry claiming it will use a “a natural-disaster code during the pandemic for missed or late payments.” Yet as Mierzwinski countered, “Reporting negative information with a code doesn’t work because that negative information is still in the system.” According to him, “The only way to truly help people is to shut off the spigot of negative information from the credit bureaus.”[49] Committed to keeping the spigot flowing, an amendment to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was made public law on March 27, 2020, addresses the “responsibility of furnishers” in terms of reporting accommodations.[50]

Despite the Disaster Protection for Workers’ Credit Act being shelved, 73 civil rights, faith, labor, and consumer advocacy groups, in late June of 2020, signed a letter in support of many of its provisions, including the moratorium on negative credit reporting, being included as Section 110401 in the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act. As the letter declares, “These provisions will greatly help consumers whose finances have been devastated by the economic crisis caused by COVID-19. Section 110401 is much more effective and will protect consumers better than the limited credit reporting provisions of the CARES Act…”[51]

Survey results: Attitudes about alternative data, credit scoring transparency, and pandemic-related moratoriums

From July 24-25, 2020, Data for Progress conducted a survey about themes addressed in this report. The sample is of 1,318 likely voters nationally using web panel respondents. The sample was weighted to be representative of likely voters by age, gender, education, race, and voting history. The survey was conducted in English.[52]

INCLUSION OF ALTERNATIVE DATA

Two questions (Questions 1 and 2) ask respondents about support for various forms of alternative data being included in credit reports and note how, as this report discusses, it is suggested by some that the inclusion of this data may help those with limited or invisible credit histories. Results show that support for including alternative data in credit reports is related to the type of data as well as the social characteristics of respondents, such as gender, race, and age.

When asked about the inclusion of payment histories for rent, utilities, and cell phones (Question 1) the majority of respondents express support. The degree of support differs in terms of race and gender. Men tend to show more support for the inclusion of this alternative data than women and white respondents tend to show more support than Black respondents. The starkest difference between men and women is in terms of strongly support, and for white respondents and Black respondents, in terms of somewhat support and somewhat oppose. Political party also matters, as the degree to which Independent/Third Party respondents support the inclusion of this type of alternative data differs from Republican

1. Credit reports typically rely on payment histories for loans and credit cards. Some propose including payments for utilities, rent, and cell phones in credit reports. They claim this will help those with limited or invisible credit histories. Do you support or oppose the inclusion of this additional data in credit reports?

	STRONGLY SUPPORT	SOMEWHAT SUPPORT	SOMEWHAT OPPOSE	STRONGLY OPPOSE	DON'T KNOW	WEIGHTED N
TOPLINE	25%	31%	18%	10%	15%	1,367
DEMOCRAT	25%	35%	18%	9%	13%	540
INDEPENDENT/ THIRD PARTY	24%	23%	20%	10%	23%	337
REPUBLICAN	25%	31%	20%	11%	13%	490
FEMALE	19%	30%	21%	12%	18%	732
MALE	32%	31%	16%	8%	13%	635
UNDER 45	28%	28%	21%	9%	13%	408
45+	24%	31%	18%	10%	17%	959
NO COLLEGE	23%	28%	20%	11%	18%	862
COLLEGE	29%	35%	17%	9%	11%	505
BLACK OR AFRICAN AMERICAN	22%	21%	30%	8%	19%	184
WHITE	25%	33%	17%	10%	14%	1,077

respondents and Democrat respondents.

Respondents do not express as much support for the inclusion of social media activity (Question 2). Whereas most respondents are in support of credit reports including payment histories for rent, utilities, and cell phones, more opposition than support is expressed for the inclusion of social media activity. This pattern is consistent across social groups with the exception of those under the age of 45. There is also a noticeable difference between men and women with the latter showing much more opposition for social media activity being included, which raises questions regarding if women may be worried that their social media activity may be used against them. And Black respondents and white respondents express differing degrees of opposition, with almost 50 percent of the latter strongly opposing the inclusion of social media activity compared to only 28 percent of Black respondents.

2. Credit reports typically rely on payment histories for loans and credit cards. Some propose including social media activity data in credit reports. They claim this will help those with limited or invisible credit histories. Do you support or oppose the inclusion of social media activity data in credit reports?

	STRONGLY SUPPORT	SOMEWHAT SUPPORT	SOMEWHAT OPPOSE	STRONGLY OPPOSE	DON'T KNOW	WEIGHTED N
TOPLINE	12%	14%	19%	43%	12%	1,367
DEMOCRAT	11%	15%	21%	42%	12%	540
INDEPENDENT/ THIRD PARTY	7%	11%	19%	44%	20%	337
REPUBLICAN	16%	16%	17%	43%	8%	490
FEMALE	4%	11%	22%	49%	14%	732
MALE	20%	19%	16%	35%	10%	635
UNDER 45	25%	24%	19%	21%	12%	408
45+	6%	10%	19%	52%	12%	959
NO COLLEGE	7%	14%	19%	45%	15%	862
COLLEGE	19%	15%	19%	39%	8%	505
BLACK OR AFRICAN AMERICAN	12%	24%	22%	28%	15%	184
WHITE	11%	13%	18%	47%	11%	1,077

3. Given the cost of medical care and issues with health insurance, some propose not including medical debt in credit reports. Do you support or oppose having medical debt excluded from credit reports?

	STRONGLY SUPPORT	SOMEWHAT SUPPORT	SOMEWHAT OPPOSE	STRONGLY OPPOSE	DON'T KNOW	WEIGHTED N
TOPLINE	37%	24%	16%	11%	13%	1,367
DEMOCRAT	38%	24%	15%	11%	12%	540
INDEPENDENT/ THIRD PARTY	35%	19%	16%	11%	18%	337
REPUBLICAN	37%	27%	16%	11%	18%	490
FEMALE	35%	25%	16%	11%	14%	732
MALE	39%	22%	16%	11%	11%	635
UNDER 45	35%	25%	18%	10%	13%	408
45+	38%	23%	15%	12%	13%	959
NO COLLEGE	36%	24%	14%	11%	15%	862
COLLEGE	39%	23%	18%	11%	9%	505
BLACK OR AFRICAN AMERICAN	28%	29%	20%	8%	14%	184
WHITE	40%	23%	14%	11%	12%	1,077

EXCLUSION OF MEDICAL DEBT

Respondents were asked about the exclusion of medical debt from credit reporting (Question 3). The majority of respondents express support for excluding medical debt, a pattern that remains regardless of political affiliation, age, education, race, and gender.

CREDIT SCORING TRANSPARENCY AND PUBLIC CREDIT REGISTRY

Two questions (Questions 4 and 5) asked respondents about transparency regarding how credit scores are calculated and the implications of only a for-profit credit scoring system in the United States. When asked about making public how credit scores are calculated (Question

4), respondents express more support than opposition. While this pattern is consistent across social groups, Black respondents show a significantly lower amount of strong support compared to white respondents, which raises the question of what concerns, if any, they may have regarding possible detrimental effects of making public credit scores and the scoring process. There is more parity for strong support in terms of political party and gender. When asked about the creation of a public credit registry rather than a for-profit credit scoring system (Question 5), respondents, regardless of social group, express more support than opposition.

4. While credit bureaus may share how certain factors are weighed in credit scoring, the calculations that credit bureaus use to calculate credit scores are not publicly available. Do you support or oppose making public how credit scores are calculated?

	STRONGLY SUPPORT	SOMEWHAT SUPPORT	SOMEWHAT OPPOSE	STRONGLY OPPOSE	DON'T KNOW	WEIGHTED N
TOPLINE	41%	27%	11%	8%	13%	1,367
DEMOCRAT	40%	25%	12%	8%	14%	540
INDEPENDENT/ THIRD PARTY	42%	20%	11%	7%	19%	337
REPUBLICAN	41%	32%	11%	8%	8%	490
FEMALE	41%	27%	11%	6%	15%	732
MALE	41%	26%	12%	10%	11%	635
UNDER 45	31%	32%	16%	10%	12%	408
45+	45%	24%	9%	7%	14%	959
NO COLLEGE	38%	25%	13%	8%	17%	862
COLLEGE	47%	29%	9%	8%	7%	505
BLACK OR AFRICAN AMERICAN	22%	28%	18%	12%	20%	184
WHITE	45%	26%	9%	7%	12%	1,077

5. The United States currently only has a for-profit credit reporting system. Some are proposing a public credit registry, which would have a more transparent calculation system and would not be operated by for-profit companies. Do you support or oppose a public credit registry?

	STRONGLY SUPPORT	SOMEWHAT SUPPORT	SOMEWHAT OPPOSE	STRONGLY OPPOSE	DON'T KNOW	WEIGHTED N
TOPLINE	27%	30%	15%	9%	19%	1,367
DEMOCRAT	32%	29%	12%	7%	20%	540
INDEPENDENT/ THIRD PARTY	22%	26%	18%	9%	24%	337
REPUBLICAN	25%	35%	15%	11%	14%	490
FEMALE	23%	32%	13%	9%	22%	732
MALE	32%	28%	16%	8%	15%	635
UNDER 45	32%	30%	15%	8%	15%	408
45+	25%	31%	14%	9%	21%	959
NO COLLEGE	24%	29%	15%	9%	23%	862
COLLEGE	34%	33%	13%	8%	12%	505
BLACK OR AFRICAN AMERICAN	19%	30%	22%	5%	24%	184
WHITE	29%	31%	12%	10%	18%	1,077

PANDEMIC-RELATED MORATORIUMS

Two questions (Questions 6 and 7) asked respondents about modifications to the credit scoring process given the COVID-19 pandemic. When asked if there should be a moratorium on negative credit reporting during the pandemic (Question 6), respondents express more support than opposition. While this pattern is consistent across social groups, among political parties, Independent/Third Party have a lower percentage supporting a moratorium on negative credit reporting compared to Democrats and Republicans. There are also differences in degrees of support in terms of educational levels and between Black respondents and white respondents. Similar patterns are found when respondents were asked if there should be a moratorium on negative information associated with medical debt during the pandemic (Question 7), with the exception of more parity in terms of support regardless of education.

6. **Some are calling for a moratorium on negative credit reporting during the coronavirus (COVID-19) pandemic and for some time after. Do you support or oppose this requested moratorium on negative credit reporting?**

	STRONGLY SUPPORT	SOMEWHAT SUPPORT	SOMEWHAT OPPOSE	STRONGLY OPPOSE	DON'T KNOW	WEIGHTED N
TOPLINE	30%	29%	16%	9%	16%	1,367
DEMOCRAT	36%	29%	15%	7%	13%	540
INDEPENDENT/ THIRD PARTY	23%	26%	17%	9%	26%	337
REPUBLICAN	28%	30%	17%	11%	14%	490
FEMALE	28%	28%	17%	9%	18%	732
MALE	32%	30%	15%	9%	14%	635
UNDER 45	28%	29%	17%	11%	15%	408
45+	30%	29%	15%	8%	17%	959
NO COLLEGE	27%	27%	17%	10%	19%	862
COLLEGE	35%	31%	15%	8%	11%	505
BLACK OR AFRICAN AMERICAN	25%	27%	19%	8%	21%	184
WHITE	31%	29%	15%	9%	16%	1,077

7. **Some are calling for the elimination of any negative information associated with medical debt during the coronavirus (COVID-19) pandemic and for some time after. Do you support or oppose this requested elimination of negative information associated with medical debt?**

	STRONGLY SUPPORT	SOMEWHAT SUPPORT	SOMEWHAT OPPOSE	STRONGLY OPPOSE	DON'T KNOW	WEIGHTED N
TOPLINE	39%	26%	13%	7%	15%	1,367
DEMOCRAT	47%	24%	11%	5%	13%	540
INDEPENDENT/ THIRD PARTY	34%	24%	9%	11%	23%	337
REPUBLICAN	35%	29%	17%	8%	11%	490
FEMALE	39%	25%	12%	7%	16%	732
MALE	39%	26%	13%	8%	13%	635
UNDER 45	35%	25%	12%	7%	16%	408
45+	41%	26%	12%	6%	15%	959
NO COLLEGE	39%	25%	11%	8%	17%	862
COLLEGE	40%	26%	16%	7%	10%	505
BLACK OR AFRICAN AMERICAN	31%	21%	20%	7%	21%	184
WHITE	42%	26%	12%	7%	13%	1,077

Policy recommendations

IMMEDIATELY ENACT A MORATORIUM ON NEGATIVE CREDIT REPORTING AND NEGATIVE INFORMATION ASSOCIATED WITH MEDICAL DEBT DURING THE PANDEMIC AND BEYOND

Survey results show that there is strong support for a moratorium on negative credit reporting and negative information associated with medical debt during the COVID-19 pandemic and beyond. This support is consistent with calls from some elected officials, consumer advocates, and civil rights, labor, and community organizations as noted in this report. Given the economic devastation people are experiencing in terms of employment, evictions, and closing businesses, they may be disadvantaged more in the credit scoring process. Along with medical debt that may be accrued for non-COVID reasons, the medical costs for those who become infected with COVID, particularly those who have been hospitalized for long periods of time, are exorbitant.

MORE MEASURES TO PREVENT DISADVANTAGE IN THE CREDIT SCORING INDUSTRY

From the results of the survey, it appears that there is some support for the inclusion of alternative data, depending on what type it is. Certain items being included in credit reports, such as payment histories for rent, utilities, and cell phone, garner more support than other alternative data, such as social media activity. What is important to keep in mind is that both questions asked about the inclusion of a type of alternative data towards possibly being helpful for those impacted by the credit scoring process: "They claim this will help those with limited or invisible credit histories." As respondents were not provided with some of the concerns that have been raised in this report about alternative data, including the type that was more supported among respondents, policy makers should move with caution in terms of drawing from survey results to legitimize alternative data. Indeed, what the results may reveal is more of a concern among respondents that people are being disadvantaged in the credit scoring process and policy makers might propose measures that address this concern while also remaining in tune with the stated limitations of alternative data. More extensive audits of the long-term impact of alternative data may be needed.

A specific measure that could be taken immediately is to exclude medical debt from credit reports. While this could be part of a COVID-relief policy, the cost of medical care, as well as access to health insurance––particularly as it relates to employment––necessitates the exclusion of medical debt as a policy issue warranting more attention, regardless of pandemic-relief measures.

GREATER TRANSPARENCY IN THE CREDIT REPORTING SYSTEM

Survey results show support for making public how credit scores are calculated as well as for a public credit registry. As delineated in this report, consumer advocates and scholars call for more transparency in terms of credit scoring calculations. In doing so, many draw our attention to the link between a lack of transparency and the U.S. credit system being run by for-profit companies. More, they underscore the power these companies have in terms of not making publicly available credit scoring calculations, that they––rather than regulators––tend to control audits, offer various products that might impact consistency in terms of a credit profile, and may be able to use scores to mask discrimination. Also noted in this report, some bills calling for the inclusion of alternative data may challenge marketplace dominance by some companies but do not call into question that the United States only has a for-profit credit scoring system. This for-profit industry, unsurprisingly, worked against COVID-relief measures.

Establishing a public credit registry will be a step in eliminating the for-profit industry's role in credit scoring and perhaps provide greater transparency and more consistent credit calculations. While policy makers should push for greater transparency by removing for-profit companies from credit scoring––which a public credit registry may help achieve––we can consider if credit scoring needs to exist at all given it builds on and perpetuates existing racial, gender, and economic hierarchies and is key to the dominance of financial services and the financialization of social life.

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52. The margin of error is +/- 2.7 percent. NB: subgroups with a n-size less than 50 (<50) are not shown on these cross-tabs. Not displayed are N<50 subgroups because the sample is too small to have statistical significance. Samples of these subgroups were taken for representational and weighting purposes to accurately reflect the electorate makeup. Some values may not add up to 100 due to rounding.

ABOUT THE AUTHOR

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