

PRE-APPROVED CREDIT CARDS

Pre-approved cards are the result of one bank who now has you as a customer, and sells your name to another bank or a series of banks so they can offer you their credit cards. Here's how it usually works:

Many smaller banks want to be credit card issuers but, because of limited facilities for credit card processing, it is sometimes difficult for a smaller bank to cash in on the credit card boom. What's been developed is an interconnect system where large banks will process credit card applications and issue the credit cards for the little banks.

For example, let's say that Mini Savings & Loan wants to get in on the Plastic Pursuit. However, Mini does not have the facility or the staff to process credit card applications and issue credit cards. What Mini has to do is contract the service with Maxi Bank.

Since Maxi has several banks that they provide this service to, Mini Savings & Loan is just a welcome addition to their roster of client banks for whom they process and issue credit cards.

When you apply for a credit card at Mini Savings & Loan, your application is actually forwarded to Maxim Bank who runs a credit check and, granting you have good credit, issues you your choice of VISA or MasterCard with Mini Savings & Loan's name on it.

However, since Maxi is the issuing bank and since it has your credit on their file, they can very well send you an application for their own credit card. They can also sell your name to their other client-banks who can offer you their credit cards on a pre-approved basis.

Another source that sells your name is the credit bureau. Because they can program their computers to search for names of existing credit card holders with clean and healthy files, they can provide issuing banks with a premium mailing list of people to whom the banks can send pre-approved credit card applications.