THE PEW HEALTH GROUP

TWO STEPS FORWARD:

After the Credit CARD Act, Credit Cards Are Safer and More Transparent — But Challenges Remain

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www.pewtrusts.org/creditcards

TABLE OF CONTENTS

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EXECUTIVE SUMMARY

Times have changed in the credit card industry. After months of economic recession, heightened unemployment and historic legal reforms, credit cards today look very different than they did just a year or two ago. The Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009 was intended to create a fairer and more transparent marketplace, and initial indicators suggest that it is meeting its goals.[1] One recent survey showed that nearly three in four American credit card holders agreed that their accounts are better off today than they were prior to passage of the new law.[2]

To implement the Credit CARD Act, Congress directed the Federal Reserve Board to issue three sets of new rules. In August 2009, the Federal Reserve required issuers to give consumers 45 days to evaluate changes in rates or fees before those changes could apply. In February 2010, new rules limited issuers' ability to raise interest rates on existing balances, impose penalty rates, assess overlimit fees and apply payments in ways that unfairly maximized finance charges. Finally, in August 2010, a new set of rules will attempt to satisfy the new law's mandate that "any penalty fee or charge" must be "reasonable and proportional."

This report presents findings of the Pew Health Group's most recent assessment of the credit card marketplace, based on data collected in March 2010. Like our previous publications (based on data from December 2008 and July 2009), this report represents an analysis of prices and practices based on a thorough review of written credit card application disclosures. These findings reflect all consumer credit cards offered online by the largest 12 bank and largest 12 credit union issuers—nearly 450 credit cards in all.

Our latest research confirms that many troublesome practices have disappeared from the market. The Credit CARD Act targeted what regulators called "unfair or deceptive" practices, such as "hair trigger" penalty interest rate increases on existing balances for minor account violations, unfair payment allocation and imposition of overlimit fees without consent. Prior to the recent legal reforms, Pew's research showed that 100 percent of credit cards from the largest banks included these and other practices that are now banned.[3] The elimination of these practices marks a major improvement since our July 2009 data collection.

Predictions that legal reform would stimulate the growth of new fees have so far not materialized.[4] Just 14 percent of all reviewed cards included an annual fee (compared to 15 percent in July 2009), and there was no indication of a trend toward adding new types of fees. Yet the median size of annual fees grew between July 2009 and March 2010, rising from $50 to $59 for banks and from $15 to $25 for credit unions. When annual fees did apply, they were clearly listed within legally mandated pricing disclosure tables.

Overlimit fees and arbitration clauses have become much less common. Fewer than 25 percent of all surveyed cards had an overlimit fee, down from more than 80 percent of cards in July 2009. Arbitration clauses, which impair consumers' rights to settle disputes in court, are now found in only 10 percent of bank card disclosures, compared to 68 percent in July 2009. At the same time, advertised interest rates continued to rise (see feature box).

INTEREST RATES CONTINUED TO RISE FOR MANY CONSUMERS:

Credit card issuers typically advertise a range of interest rates for cardholders with different credit scores. Pew has tracked interest rates at two levels—lowest advertised and highest advertised—over several survey periods. Median advertised rates continued to rise for many consumers in the most recent period. See **Table 1** for a summary of median advertised interest rates.

Among the banks, growth in lowest advertised purchase rates has slowed (growth was 6 percent between July 2009 and March 2010 compared to 23 percent between December 2008 and July 2009). Conversely, highest advertised purchase rates grew more, rising by 17 percent in recent months compared to 13 percent in the earlier period. Overall, both highest and lowest advertised bank purchase rates grew by 30 percent in the 15 months between December 2008 and March 2010.

Among the credit unions, lowest advertised rates did not change between July 2009 and March 2010 (Pew did not track credit union data prior to July 2009). During the same period, highest advertised credit union purchase rates rose by 17 percent. Credit card interest rates and fees were generally lower among the largest credit union issuers compared to the largest bank issuers.

Still, challenges remain. Even under new regulations, penalty interest rate practices remained widespread. At least 94 percent of bank cards and 46 percent of credit union cards included penalty rate terms. Where disclosed, the median penalty rate rose by one percentage point from July 2009, to 29.99 percent. Unfortunately, the Federal Reserve recently refused to set rules to ensure that penalty interest rate increases are subject to its "reasonable and proportional" standards, indicating its belief that Congress did not intend such regulations to exist.

A troubling new trend emerged: some disclosures stopped including the size of penalty interest rates even as issuers reserved the right to impose them. Other issuers failed to state what cardholder actions would trigger penalty rate increases or how cardholders could return to non-penalty rates. Under longstanding banking regulations, cardholders are entitled to know the key pricing terms of their accounts, including when penalty rates may apply and how high they may be. When issuers withhold key penalty pricing information, cardholders become vulnerable and uninformed. It is a worrisome trend that runs counter to the Credit CARD Act's goals of transparency and simplicity.

Meanwhile, surcharge fees for cash advances rose sharply. Bank cash advance and balance transfer fees rose by one-third between July 2009 and March 2010, from 3.00 percent to 4.00 percent. Credit union cash advance fees rose by one quarter, from 2.00 to 2.50 percent. Compared to bank cards, credit union cards generally remained less likely to include surcharge fees and more likely to cap the fees voluntarily to a stated maximum.

The cost of penalty fees generally held steady—but may soon drop. The size of bank penalty fees for late payments or overlimit transactions remained unchanged, at a median of $39. Credit union late fees rose to a median of $25 (up from $20 in July 2009). Overlimit fees for the 19 percent of credit union cards that included them remained unchanged at $20. The Federal Reserve recently announced new regulations that will take effect in August 2010. The rules will cap some penalty fees and generally require issuers to provide justification for any penalty fee of more than $25 to federal regulators.

Key findings about credit card pricing and practices are summarized in **Table 1**.

TABLE 1

KEY FINDINGS AT A GLANCE AS OF MARCH 2010

All APRs and fees below are medians.

	Banks	Credit Unions	Comments
Purchase APR (Lowest Advertised)	**12.99%**	**9.90%**	**Banks:** Up 6% since 7/09 and 30% since 12/08. **Credit Unions:** No increase since 7/09.
Purchase APR (Highest Advertised)	**20.99%**	**16.15%**	**Banks**: Up 17% since 7/09 and 31% since 12/08. **Credit Unions:** Up 17% since 7/09.
Cash Advance APR (Lowest Advertised)	**24.24%**	**11.40%**	**Banks:** Up 20% since 7/09. Credit Unions: Up 12% since 7/09.
Cash Advance APR (Highest Advertised)	**24.24%**	**16.00%**	**Banks:** Up 14% since 7/09. **Credit Unions:** Up 16% since 7/09.
Penalty APR (where disclosed)	**29.99%**	**17.90%**	Penalty rate practices changed significantly since 7/09. New legal rules prohibit imposing penalty rate increases with little or no notice. Still, they remained common. 94% of bank cards and 46% of credit union cards included penalty rates. But almost half the bank cards stopped disclosing their actual penalty APRs.
Late Fee	**$39**	**$25**	No significant change in prevalence of late fees (99.76% of bank cards and 95% of credit union cards). Amount of credit union fee rose from $20 in 7/09.
Overlimit Fee	**$39**	**$20**	Only one in four cards charged the fee, down from more than 80% in 7/09. No change in fee amount.
Cards with Rewards-Related Penalties	**23%**	**0%**	Five banks tied rewards accrual to payment status. At least one issuer takes away already- accrued rewards if a cardholder becomes 60 days or more past due.
Any Time, Any Reason Change in Terms	**APR Existing Balances: No Cards** **APR New Transactions: All Cards**	**APR Existing Balances: No Cards** **APR New Transactions: All Cards**	Nearly every card in 7/09 had any time, any reason change in terms policies. The Credit CARD Act affected this practice by prohibiting issuers from changing rates or other terms on outstanding balances (with very few exceptions). It also requires 45 days' advance notice before changing terms for new transactions.
Cash Advance Fee	**4.00%**	**2.50%**	**Banks:** Up from 3.00% in 7/09. **Credit Unions:** Up from 2.00% in 7/09.
Balance Transfer Fee	**4.00%**	**2.50%**	**Banks:** Up from 3.00% in 7/09 **Credit Unions:** No change since 7/09.
Annual Fee	**$59**	**$25**	Up from $50 for banks and $15 for credit unions in 7/09. No significant change in prevalence of annual fees. 14% of all cards had them in 3/10 compared to 15% in 7/09.
Overdraft Advance Fee	**3.00%**	**None**	No significant change in prevalence or median fee since 7/09.

...continued

TABLE 1

KEY FINDINGS AT A GLANCE AS OF MARCH 2010

All APRs and fees below are medians.

	Banks	Credit Unions	Comments
International Transaction Fee	**3.00%**	**2.00%**	Some issuers charged a fee for international transactions made in dollars as well as for transactions made in a foreign currency.
Cards with Arbitration Clauses	**10%**	**0%**	Arbitration agreements were disclosed in 68% of bank cards in 7/09. No credit union cards disclosed arbitration agreements in 7/09.
Cards with Inactivity Fees	**1%**	**0%**	Likely higher because some issuers did not disclose the fee as part of online disclosures. Federal regulations will soon ban these fees.
Cards with Minimum Payment Formula Stated	**5%**	**38%**	Most issuers did not disclose the required minimum payment during the application process. Those that did typically required payment of 1 percent of the principal balance (2 percent for credit unions) plus current interest and penalty charges.

Note: Data represents all consumer credit cards offered online by the largest 12 bank and largest 12 credit union issuers, which together control more than 91 percent of outstanding credit card debt. APR is Annual Percentage Rate.

INTRODUCTION

The consumer credit card market has seen significant changes in recent months. A groundbreaking new law—the Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009—has eliminated many previously common practices that were harmful to consumers. The new law succeeded in advancing a number of consumer protection principles, including many of those included in Pew's Safe Credit Card Standards.[5] The Federal Reserve Board is responsible for implementing the new consumer protections of the Credit CARD Act in three stages over the course of one year.[6]

The first set of protections, effective August 2009, required:

- Issuers must provide 45-day advance notice of interest rate increases or other significant changes.
- Issuers must give cardholders an opportunity to opt out of certain changes in terms by closing the account and paying off the remaining balance at the previous rate over a period of time.

The most comprehensive set of new provisions, effective February 2010, required:

- Issuers must not raise interest rates on any outstanding balance except due to (1) the end of a promotional period, (2) the action of a variable index rate, (3) the end of a workout agreement or (4) late payments of 60 days or more.
- Overlimit fees must not apply without prior cardholder opt-in.
- Payments in excess of the minimum payment due must be applied first to balances with the highest annual percentage rates.
- Additional protections for young adults must apply, including a co-signer or ability to repay assessment.

The third and final set of the Credit CARD Act's restrictions, effective August 2010, will require:

- Penalty fees and charges must be "reasonable and proportional" to the cardholder's omission or violation. This will include a $25 penalty fee safe harbor guideline.
- Issuers must perform a review, every six months, of accounts that experienced interest rate increases. This review should determine if changes in key factors (e.g., credit risk of the cardholder or market conditions) warrant a rate reduction.

The following pages present the most recent data on how the credit card market has (and has not) changed since the passage of the Credit CARD Act. We show the interest rates, fees, penalties and other important features of credit cards as of March 2010. Consistent with our December 2008 and July 2009 surveys, Pew researchers collected all online consumer credit card disclosures from the largest 12 bank and largest 12 credit union issuers as measured by outstanding credit card debt. Together, these issuers controlled 91 percent of credit card debt nationwide. There were 448 credit cards meeting our criteria in March 2010 (411 from banks and 37 from credit unions)—13 percent more cards than the top 12 bank and top 12 credit unions offered in July 2009. A complete explanation of methodology may be found in **Appendix C**.

Throughout the report we make comparisons between bank card and credit union card data as a means of demonstrating similarities and differences between the two main types of credit card providers available to most consumers. Though the largest credit unions hold slightly more than 1 percent of all credit card debt, credit union data provides useful price comparison information for consumers and benchmarking data for regulators.

Readers will gain from this report a comprehensive view of the credit card products made available by the largest bank and credit union issuers. We have offered analysis of significant trends and identified how the new law has affected the market. Generally, however, we have not attempted to explain why such trends may be occurring. With so many factors affecting the credit card industry—from the new Credit CARD Act and revised capital requirements to a weak economy, persistent unemployment and a dynamic competitive landscape—there are many possible explanations for changes in this market.

Overall, Pew's research shows that credit card industry practices have changed substantially since 2009. Credit cards are now safer and more transparent for consumers than at any time in recent years, even though some challenges remain.

INTEREST RATES (APRs)

Credit card issuers typically advertise a range of interest rates for cardholders with different credit scores. Where this is the case, Pew calculates median interest rates at two levels, lowest advertised and highest advertised. Our research shows that interest rates on purchases and cash advances continued to increase during the last half of 2009 and into 2010.[7]

In general, advertised credit union rates remained lower than those of banks. Meanwhile, the move toward variable rate cards is nearly complete, as none of the bank cards in our survey contained a fixed purchase or cash advance annual percentage rate. Two credit unions continued to offer fixed-rate cards.

PURCHASE RATES

Among the surveyed banks, median advertised interest rates for purchases were 12.99 percent (lowest advertised) and 20.99 percent (highest advertised). For credit unions, median purchase rates were 9.90 percent (lowest advertised) and 16.15 percent (highest advertised). **Figure 1** shows median purchase interest rates for banks and credit unions.

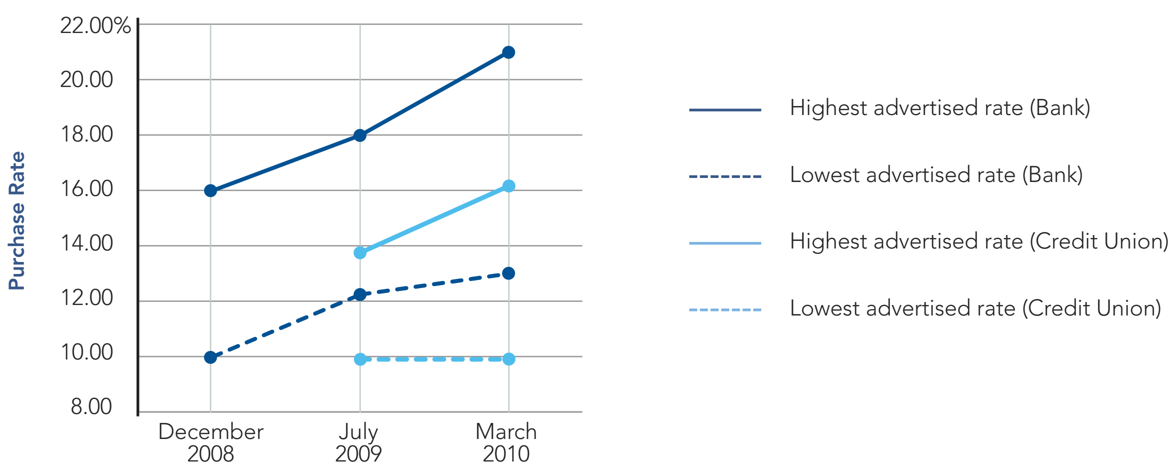
Overall, bank advertised purchase rates increased by more than 30 percent between December 2008, when Pew began collecting data, and March 2010. Growth in lowest advertised bank purchase rates has slowed recently (growth was 6 percent between July 2009 and March 2010 compared to 23 percent between December 2008 and July 2009). Conversely, highest advertised purchase rates grew more in recent months, rising by 17 percent between July 2009 and March 2010 compared to 13 percent in the December 2008 to July 2009 period.

Certain credit union purchase rates also increased in recent months. Highest advertised rates rose 17 percent between July 2009, when Pew first collected credit union data, and March

FIGURE 1

MEDIAN PURCHASE RATES BY ISSUER TYPE

High and Low Advertised Purchase Rates for Banks and Credit Unions



Note: Data represents all consumer credit cards offered online by the largest 12 bank and largest 12 credit union issuers, which together control more than 91 percent of outstanding credit card debt. For purchase annual percentage rates (APRs), issuers typically advertise a range of rates, depending on a consumer's credit profile. Credit union data is only displayed for 2009 and 2010, as Pew did not include credit unions in its December 2008 survey.

2010. Lowest advertised credit union purchase rates remained steady. In March 2010, median advertised bank purchase rates were more than 30 percent higher than comparable credit union rates in both lowest and highest advertised categories.

Despite the overall trend of interest rate increases, two banks and five credit unions lowered certain advertised purchase rates since July 2009. For complete interest rate data, including issuer-by-issuer advertised purchase rates, see **Appendix A**.

CASH ADVANCE RATES

Advertised bank cash advance rates grew faster than purchase rates according to our research, with a median annual percentage rate of 24.24 percent for both lowest and highest advertised cash advance rates. Most bank issuers did not advertise a range of rates for cash advances, offering instead a single rate for all customers. For credit union cards, the median advertised cash advance rate did vary by cardholder credit profile, from 11.40 percent for lowest advertised rates to 16.00 percent for highest advertised rates. Since July 2009, median advertised cash advance rates rose significantly among all issuers, rising between 14 and 20 percent for banks and between 12 and 16 percent for credit unions, depending on a cardholder's credit profile.[8]

The difference between bank and credit union cash advance rates continued to be significant, with median advertised bank rates 52 to 113 percent higher than credit union rates (see **Figure 2**). One credit union, representing three cards in the survey, continued to offer fixed rates for cash advances. All other credit union cards came with variable cash advance rates.

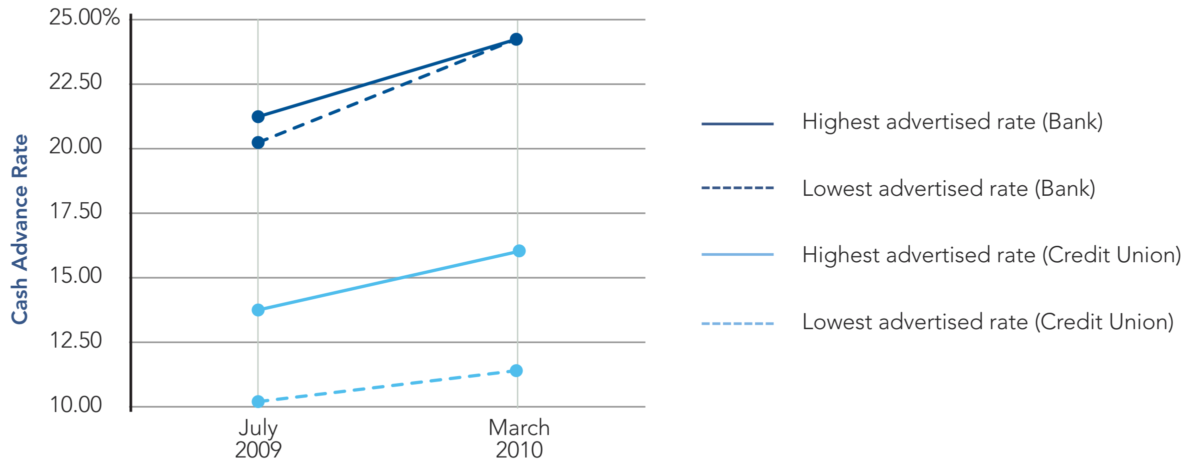
PROMOTIONAL INTEREST RATES

Our survey shows that 78 percent of bank cards and 16 percent of credit union cards offered an initial promotional rate for either purchases or balance transfers or both. The median promotional

FIGURE 2

MEDIAN CASH ADVANCE RATES BY ISSUER TYPE

High and Low Advertised Cash Advance Rates for Banks and Credit Unions



Note: Data represents all consumer credit cards offered online by the largest 12 bank and largest 12 credit union issuers, which together control more than 91 percent of outstanding credit card debt. Data is only displayed for 2009 and 2010, as Pew did not collect cash advance data in its December 2008 survey.

period for banks was 7 months, with a maximum period of 15 months. The median promotional period for credit union balance transfers was 24 months. Though promotional rates for purchases were less common among credit unions, one credit union card offered a promotional purchase rate lasting 36 months.

DEFERRED INTEREST

Deferred interest agreements offer the cardholder the opportunity to delay payment of interest for a specific period of time. If the cardholder repays the *entire balance* before the end of the deferment period, he or she will owe no interest charges. However, if the cardholder fails to repay the *entire balance* before the deferment period ends, the issuer can impose interest charges retroactive to the day the money was borrowed. These interest charges are calculated based on the entire initial loan amount, and are not reduced based on any payments the cardholder made during the deferment period. One credit card in our survey included a deferred interest promotion—the first time we have seen such an offer included in the mainstream card products in our survey.

ANALYSIS OF INTEREST RATES

No surveyed banks offered fixed rates for either purchases or cash advances, although two surveyed credit unions offered fixed purchase rates and at least one offered fixed cash advance rates. By contrast, the vast majority of cards featured variable interest rates—rates that rise or fall with certain third-party indexes, such as the Wall Street Journal Prime Rate. Use of a variable rate structure allows issuers to protect themselves against rate fluctuations in the market, which affect their own cost of doing business. The movement to variable rate cards is likely a response to new rules in the Credit CARD Act that strengthened the meaning of the term "fixed rate." Before the Act, issuers could advertise "fixed rates" but then alter those rates later by sending a "change in terms" notice to the cardholder. This practice is no longer permissible; any "fixed rate" balance must now truly be fixed.

In our October 2009 report, we identified a trend called "partially variable rates." Interest rates on cards that were "partially variable" would go up when third-party index rates rise, but would not decrease below a fixed minimum set by the issuer.[9] Pew submitted comments to the Federal Reserve Board raising the issue of partially variable rates based on the Credit CARD Act's requirement that a variable rate must vary in accordance with a third-party index not under an issuer's control.[10] As a result, the Board clarified in its February 22 rules that such fixed minimums are not permissible under the new law.[11] Partially variable rates have disappeared as of our March 2010 data collection.

For the first time, our research shows a mainstream bank credit card product that carried a deferred interest promotion. In general, however, credit card deferred interest programs are limited to private label cards for use at specific retail stores. Pew's Safe Credit Card Standards would prohibit deferred interest offers because they allow issuers to charge interest retroactively on money a cardholder has already repaid. Fortunately, recent Federal Reserve regulations will reduce the danger of deferred interest programs by preventing issuers from revoking deferment periods as a penalty unless accounts become 60 days or more past due.

CREDIT CARD PENALTIES

Penalties, such as late fees or penalty rate increases, were part of every bank card and nearly every credit union card. While the presence of penalties has remained common in recent years, there are two notable developments since Pew's July 2009 survey. First, the use of overlimit fees declined sharply. Second, the use and disclosure of penalty interest rate increases changed significantly as the Credit CARD Act went into effect.

LATE FEES AND OVERLIMIT FEES

Late fees remained a nearly ubiquitous feature of credit cards. However, the presence of overlimit fees decreased sharply (as shown in **Figure 3**). Less than one-quarter of all cards in the survey included overlimit fees, compared to approximately four out of five in July 2009. Where penalty fees did apply, the amount of the fee remained relatively constant. The median credit union late fee increased from $20 to $25, and overlimit fees were unchanged from July 2008 at $20. Both late and overlimit fees for bank cards remained constant at $39. For current fee information, see **Table 2**.

PENALTY INTEREST RATE INCREASES (PENALTY APRs)

The Credit CARD Act of 2009 introduced stringent new restrictions on the use of penalty interest rates (also known as "penalty" or "delinquency APRs"). Almost all banks and about half of surveyed credit unions continued to reserve the right to raise interest rates when accounts become past due or over limit. As shown in **Figure 4**, the percentage of bank cards that had penalty interest rate terms rose to 94 percent (up from 90 percent in July 2009). Another 5 percent of bank cards appeared to include penalty interest rates, but no specific information was given about what actions would trigger the penalty. Credit unions' use of penalty interest rate terms was at 46 percent of cards (down slightly from 52 percent in July 2009).

Since February of this year, issuers have been legally prohibited from applying penalty interest rate increases on existing balances except if accounts become 60 days past due. All issuers that continued to have penalty rate terms appeared to follow this policy. However, issuers remain free under the law to trigger penalty rate increases prospectively (on new transactions) any time after the account has been open for one year, as long as they give 45 days' advance notice to the cardholder.

For the first time since we began documenting credit card terms in 2008, we identified examples of accounts that included interest rate penalties of an undisclosed size. Application disclosures

TABLE 2

MEDIAN PENALTY FEES

March 2010

	LATE FEE		OVERLIMIT FEE	
	Cards with Fee	Amount	Cards with Fee	Amount
Banks	99.76%	$39	23%	$39
Credit Unions	95%	$25	19%	$20

Note: Data represents all consumer credit cards offered online by the 12 largest bank and 12 largest credit union issuers.

clearly stated that interest rates may be increased in response to late payments or other violations, but the penalty interest rate (or penalty APR) was not shown. Nearly half of all cards that were subject to interest rate increases as a penalty for account violations did not state a penalty APR. Previously, all major credit card issuers that used penalty rates included a penalty APR in standard pricing disclosure tables. **Appendix B** includes sample disclosures from our data set. One sample shows a pricing disclosure including a penalty APR.[12] The other sample shows the new type of disclosure that establishes the possibility of a rate increase in response to account violations, but does not show the actual penalty APR.[13]

In recent years, issuers have tended to set a maximum penalty rate that could apply to any cardholder. For example, a credit card product might have a 29.99 percent penalty interest rate (the median disclosed penalty rate in our review). A cardholder with a lower purchase rate (e.g., 10.99 percent) would be subject to a penalty rate premium of up to 19 percentage points, while a cardholder with a higher purchase rate (e.g., 20.99 percent) would be subject to a penalty rate premium of

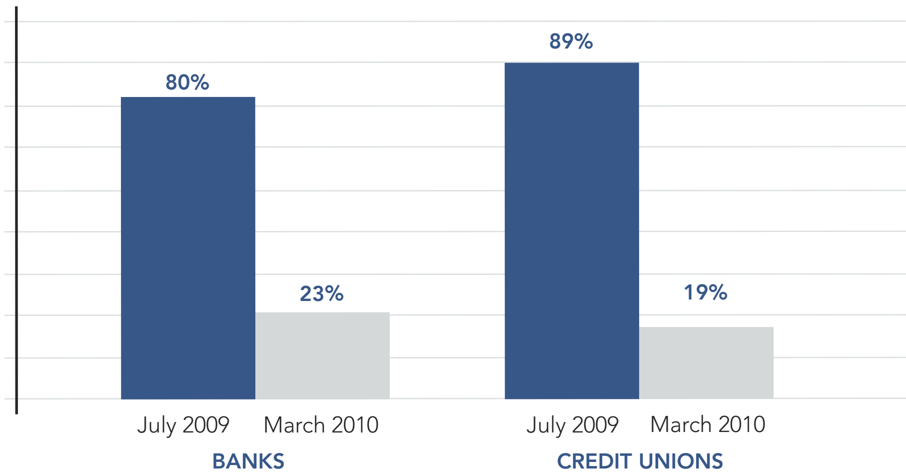
MANY ISSUERS HAVE ABANDONED OVERLIMIT FEES

As shown in **Figure 3**, there has been a dramatic shift away from the use of overlimit fees—charges the issuer imposes in exchange for allowing the cardholder's account to exceed the stated credit limit. In July 2009, 10 of the largest 12 bank issuers and 10 of the largest 12 credit union issuers imposed overlimit fees. As of March 2010, only four banks and two credit unions continued to charge overlimit fees. The Credit CARD Act of 2009 did not prohibit overlimit fees, but as of February 2010, new rules require issuers to obtain customer agreement to opt in before the fee may be charged. A new "reasonable and proportional" standard will apply to the size of the fee starting in August 2010.

FIGURE 3

CREDIT CARDS WITH OVERLIMIT FEES

July 2009 vs. March 2010



Note: Data represents all consumer credit cards offered online by the largest 12 bank and largest 12 credit union issuers, which together control more than 91 percent of outstanding credit card debt. Chart shows percentage of all reviewed cards that included an overlimit fee.

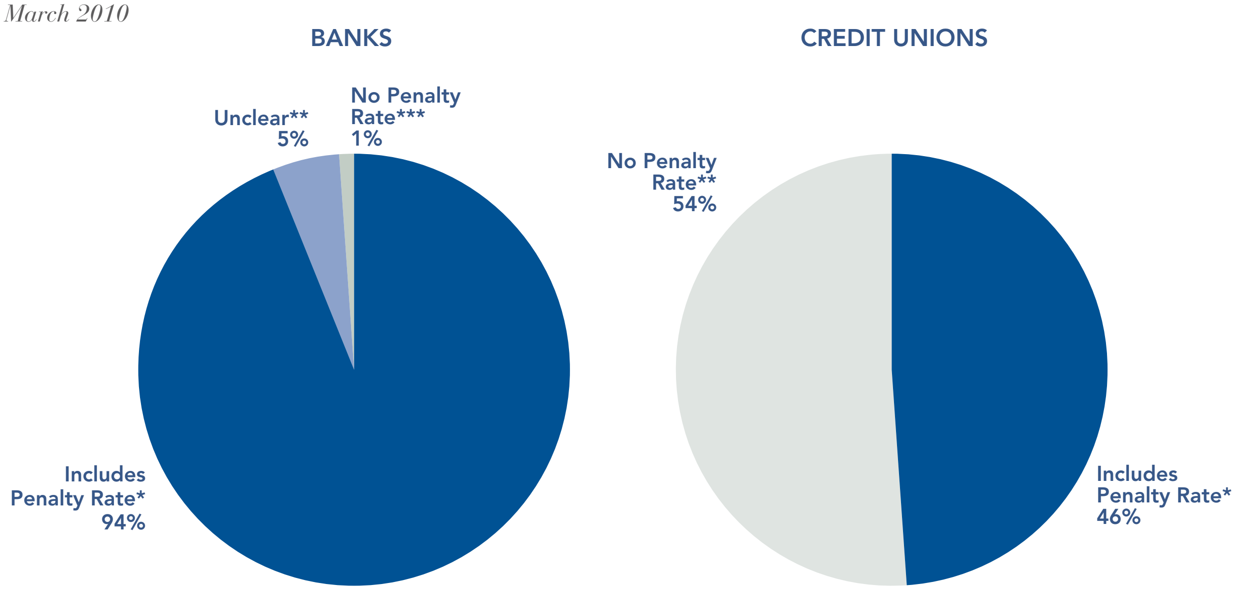
up to nine percentage points. While this practice continues to be the norm, at least one issuer has adopted the more consumer-friendly practice of setting penalty rates by reference to the original, non-penalty rates on each account: Discover's penalty rate is five percentage points above any applicable non-penalty rate. Pew's Safe Credit Card Standards have called for penalty rates to be no more than seven percentage points above non-penalty rates (see Policy Recommendations for more discussion).

The Credit CARD Act of 2009 created a new, legally mandated "cure," or return to the original non-penalty interest rate. This legal requirement applies only when cardholders whose accounts became 60 days past due make six consecutive months of on-time payments starting immediately when a penalty rate is imposed. Otherwise, card issuers are free to decide how long penalty rates will apply, as long as they meet regulatory disclosure requirements (see Analysis subsection). For example, issuers may continue to apply penalty interest rate increases indefinitely, even after cardholders make six months of on-time payments if those payments did not start immediately when the penalty was imposed.

Some issuers disclosed cure periods with terms that offered consumers more opportunity to cure penalty interest rates. For example, Wells Fargo included what we call a "rolling" cure period; i.e., any penalty rate will cease to apply whenever a cardholder makes six consecutive months of on-time payments (regardless of when the on-time payment period begins). In addition to the legally mandated cure, American Express appeared to remove penalty interest rate increases on new transactions after any 12 consecutive months of on-time payment.

FIGURE 4

CREDIT CARDS WITH PENALTY RATES
March 2010



Banks:
* Amex, BofA, Barclays, Cap One, Chase, Citi, Discover, PNC, Wells. BofA discloses terms but not rate.
** US Bank
*** Target, USAA

Credit unions:
* Digital, Golden 1, Navy, Pentagon, Schools First
** America First, BECU, Patelco, PA State Employees, Suncoast, Vystar and Wescom

Note: Data represents all consumer credit cards offered online by the 12 largest bank and 12 largest credit union issuers.

Pentagon Federal Credit Union provided a three-month rolling cure period on all penalty interest rate increases.

Overall, however, the disclosure of penalty rate cure periods was inconsistent across issuers. Only 3 of the 10 banks that used penalty interest rates included notice of cure periods, including the legally mandated cure periods. Altogether, only one in five bank penalty rate disclosures mentioned a right to cure. Among credit unions, however, all five issuers that used penalty interest rates also included information about cure periods in all cases.

REWARDS-RELATED PENALTIES

For the first time, we collected data on loyalty rewards programs, specifically on how "rewards" may be used to penalize cardholders for late or overlimit behavior. Five banks and 23 percent of surveyed bank cards disclosed restrictions on the ability of a cardholder to collect rewards while in penalty status. At least one issuer may withdraw already-issued rewards for cardholders who are 60 days or more past due. No credit unions disclosed using rewards programs as a penalty mechanism.

The use of rewards restrictions or cancellations as a penalty may be understated by these figures. In some cases, the provisions regarding rewards and their revocation are disclosed in mailed cardholder agreements, not in online disclosures. For example, news reports suggest that some issuers require a reinstatement fee for points lost during a month of late payment.[14] We did not see this type of fee in the application disclosures of our survey sample.

ANALYSIS OF CREDIT CARD PENALTIES

Credit card penalty rate models are in flux. Before the Credit CARD Act of 2009 took effect, card issuers had a strong incentive to disclose penalty interest rate terms. By disclosing the penalty rates at the time of account application, issuers secured the legal right to impose penalty interest rate increases immediately and without further notice whenever accounts became past due or overlimit. Issuers generated large amounts of revenue by exploiting this opportunity.[15] However, provisions of the Credit CARD Act that took effect in February 2010 effectively eliminated that advantage. Issuers are now required to give the same advance notice when imposing penalty interest rate increases as they do when changing any material part of an account agreement. Our research shows that some issuers appear to have concluded that they no longer need to disclose penalty triggers or the penalty rate (i.e., the size of the penalty interest rate), even if one can apply. These issuers would instead seem to rely on standard "change in terms" notices to penalize cardholders whose accounts become past due or over limit.

Yet longstanding disclosure rules require issuers that use penalty interest rate increases to disclose the increased rate that may apply, a brief description of the event or events that may result in the increased rate and a brief description of how long the increased rate will remain in effect. An important federal banking regulation, known as Regulation Z, specifically requires these disclosures during account application and opening if the issuer is reserving the right to raise interest rates as a penalty for specific violations, such as a "late payment" (see 12 CFR 226.5a(b)(1)(iv) and 12 CFR 226.6(b)(2)(i)(D), included in the end notes of this report).[16] While the Credit CARD Act added new rules to give consumers stronger protections against *when* penalty interest rate increases may apply, it did not relieve issuers of their disclosure obligations under Regulation Z.

Federal banking regulators should evaluate recent changes in the way penalty rates are disclosed for compliance with Regulation Z (see the Policy Recommendations section for more discussion and additional suggestions based on our Safe Credit Card Standards).

FEES FOR TRANSACTIONS AND ACCOUNT ACCESS

TRANSACTION SURCHARGE FEES

Cash advance and balance transfer fees were common surcharges, particularly for bank card issuers. Both cash advance and balance transfer fees, typically set as a percentage of the transaction, were usually subject to a minimum dollar fee. Less commonly, issuers voluntarily capped the fee to a specific maximum dollar amount. **Tables 3-A and 3-B** show both bank and credit union median rates, minimum and maximum fees and the prevalence of each.

CASH ADVANCE FEES

All 12 bank issuers and 99 percent of their cards disclosed a cash advance fee. The median bank cash advance fee was 4 percent, up from 3 percent in July 2009 (a 33 percent increase). Though bank cash advance fees are rising overall, there has been a reduction in the proportion of cards at the highest end of the fee scale. In our last report, we showed that half of all credit cards offered by Bank of America, the largest issuer, had a 5 percent

TABLE 3-A

MEDIAN CASH ADVANCE FEES
March 2010

	Cards with Fee	Amount	Cards Stating a Minimum	Cards Stating a Maximum
Banks	99%	4.00% (Min: $10) (Max: N/A)	99%	0%
Credit Unions	49%	2.50% (Min: $2.50) (Max: $10)	67%	61%

TABLE 3-B

MEDIAN BALANCE TRANSFER FEES
March 2010

	Cards with Fee	Amount	Cards Stating a Minimum	Cards Stating a Maximum
Banks	94%	4.00% (Min: $10) (Max: $75)	99%	1%
Credit Unions	32%	2.50% (Min: $3) (Max: $100)	100%	75%

Note: Data represents all consumer credit cards offered online by the 12 largest bank and 12 largest credit union issuers, which together control more than 91 percent of outstanding credit card debt. Cash advance and balance transfer fees are expressed as a percentage of each transaction, but typically a minimum fee applies. Less often issuers will set a maximum fee cap as well.

cash advance fee as of July 2009.[17] By March 2009, nearly all of Bank of America's cards had a 4 percent cash advance fee, and none of their cards had a 5 percent cash advance fee.

Five of twelve credit unions and almost half (49 percent) of the credit union cards included a cash advance fee. The median credit union cash advance fee was 2.5 percent.

Figure 5 shows the prevalence of cash advance fees for banks and credit unions. There has been no change in the likelihood of bank card cash advance fees since July 2009 when 99 percent of cards expressed the fee. There has been a slight decline in the use of cash advance fees for credit unions, down from 59 percent of cards in July 2009.

Ninety-nine percent of bank cards and 67 percent of credit union cards set a minimum fee amount for any cash advance transaction (median of $10 for banks and $2.50 for credit unions). Conversely, none of the bank cards capped how large the fee could be, while 61 percent of credit union cash advance fees were voluntarily capped at a fixed dollar amount (median $10). As shown in **Figure 6**, the typical cash advance fee has risen from 3.00 percent to 4.00 percent.

BALANCE TRANSFER FEES

Balance transfer fees were almost as common as cash advance fees. Ten of the 12 largest banks and 94 percent of their cards included a balance transfer fee, compared to 88 percent of cards in 2009. The median bank balance transfer fee was 4 percent of the transaction amount; the median credit union fee was 2.5 percent. As with cash advance fees, the median bank balance transfer fee was up from 3 percent in July 2009. Three credit union issuers and 32 percent of credit union cards disclosed a balance transfer fee. This is up from 25 percent of credit union cards in July 2009.

Ninety-nine percent of bank cards and 100 percent of credit union cards that charged a balance transfer fee specified a minimum fee (median $10 for banks and $3 for credit unions). One percent of the bank cards specified a maximum balance transfer fee ($75), while 75 percent of credit union cards capped balance transfer fees to a maximum amount (median $100).

ANNUAL FEES

The prevalence of annual fees was down slightly overall, from 15 percent of all surveyed cards in July 2009 to 14 percent in March of this year. During this period, annual fees became slightly less common among the surveyed banks, and slightly more common among surveyed credit unions. Meanwhile, the size of the median annual fee rose, from $50 to $59 for bank cards and from $15 to $25 for credit union cards. Annual fees ranged from $29 to $450 for banks and from $15 to $50 for credit unions. For complete information on annual fee use and size, see **Figure 7**.

INACTIVITY FEES

For the first time, with data from the March 2010 survey, we have examined inactivity fees and found that the fee was not often disclosed in card issuers' online terms and conditions. Inactivity fees may apply when cardholders do not spend more than a certain amount per year on their cards. In our review, only 1 percent of bank cards and no credit union cards disclosed an inactivity fee. Recently, the Federal Reserve announced rules that will ban inactivity fees effective August 2010.[18]

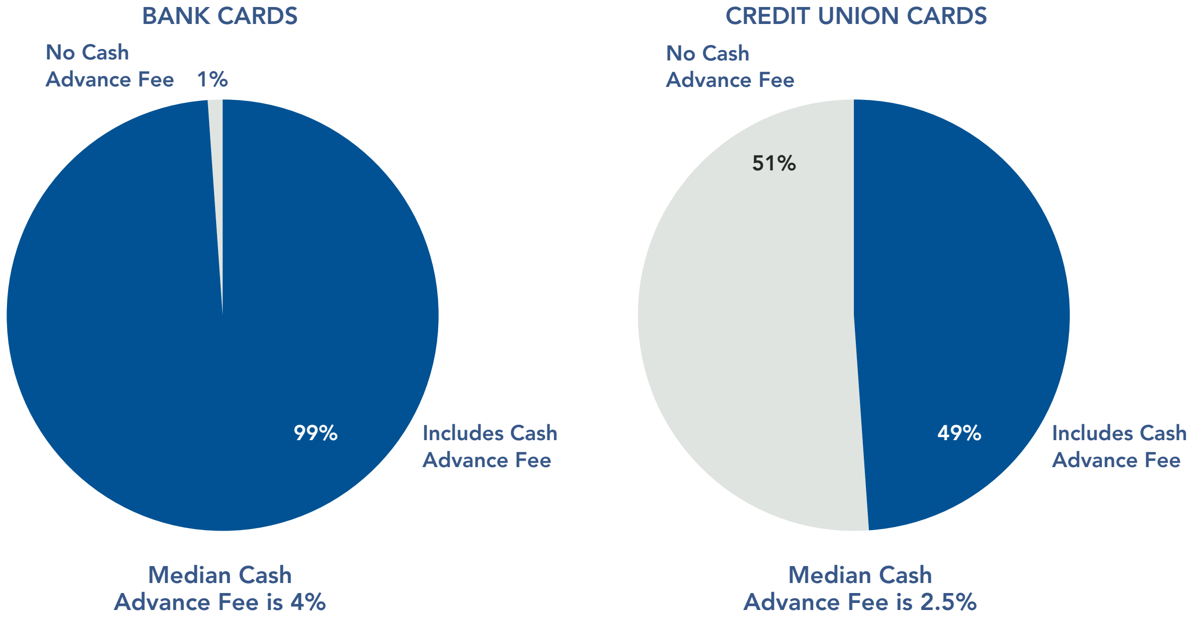
OVERDRAFT ADVANCE FEES

Overdraft advance fees are surcharges assessed by issuers for covering checking account overdrafts using the credit card line of credit. Three banks, representing half of all bank cards, disclosed an overdraft advance fee. No credit unions disclosed use of an overdraft advance fee. The fee is typically a percentage of the overdraft, and the median overdraft advance fee was 3 percent. One issuer offered

FIGURE 5

CREDIT CARDS WITH CASH ADVANCE FEES

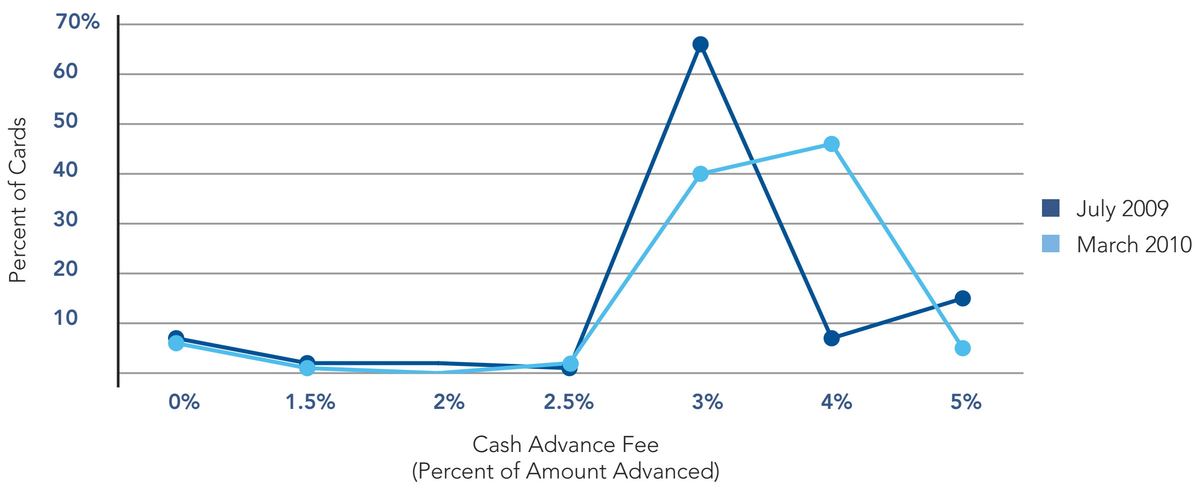
March 2010



Note: Data represents all consumer credit cards offered online by the 12 largest bank and 12 largest credit union issuers, which together control more than 91 percent of outstanding credit card debt. The figure above represents the percentage of cards that expressed a cash advance fee.

FIGURE 6

SHIFT IN CASH ADVANCE FEES FROM JULY 2009 TO MARCH 2010



Note: Data represents all consumer credit cards offered online by the 12 largest bank and 12 largest credit union issuers, which together control more than 91 percent of outstanding credit card debt. The figure above represents the percentage of reviewed cards that included cash advance fees of various amounts (issuers charge the fees as a percentage of each transaction). A 0 percent fee indicates a cash advance fee did not apply. There has been an overall shift towards higher cash advance fees, from a median of 3 percent in July 2009 to a median of 4 percent in March 2010.

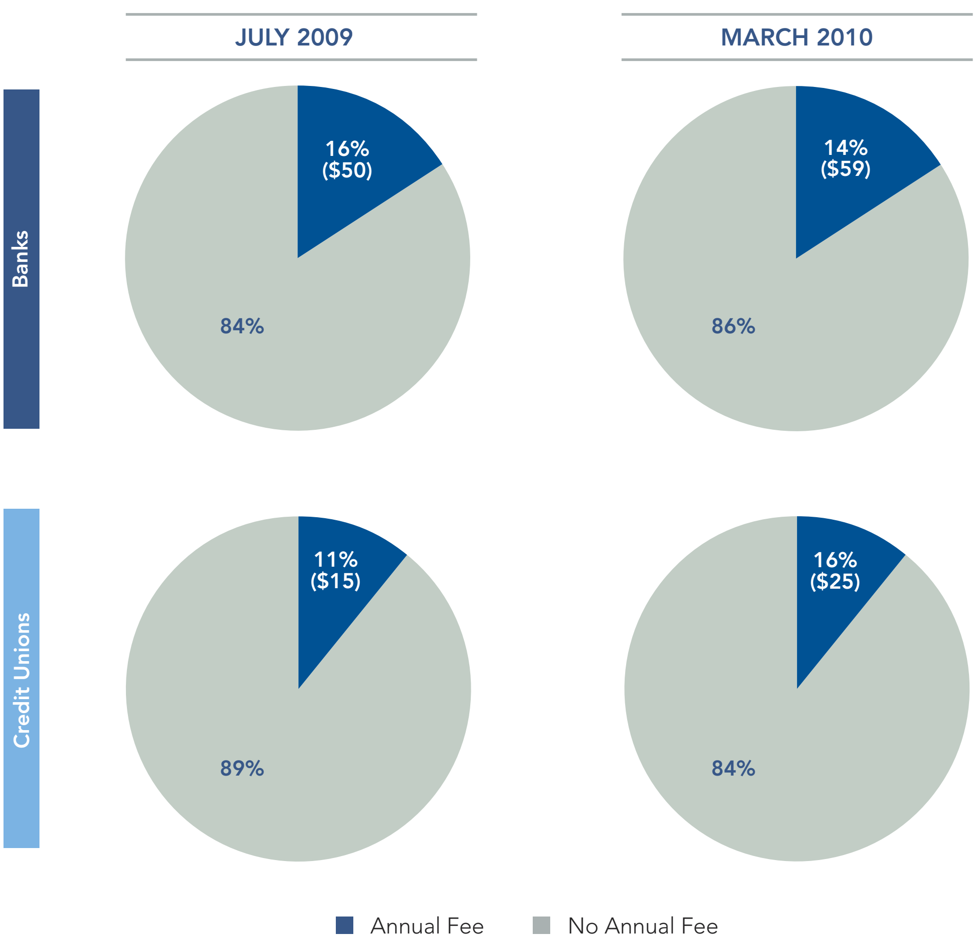
a tiered overdraft advance program with fees ranging from $10 to $20 based on overdraft amount (as opposed to a fixed percentage of the overdraft itself).

INTERNATIONAL TRANSACTION FEES

Ninety-one percent of bank cards and 57 percent of credit union cards expressed an international transaction fee. The median fees were 3 percent for bank cards and 2 percent for credit union cards. Several issuers appeared to make a distinction between foreign purchase or ATM transactions in U.S. dollars and those in a foreign currency. One issuer even made a distinction in pricing, charging 2 percent of the transaction amount for dollar transactions and 3 percent for foreign currency transactions. For instance, if a cardholder purchases a plane ticket from an international airline, but the transaction is completed in U.S. dollars, the fee would be 2 percent. If a cardholder is visiting a foreign country and makes the same ticket purchase in foreign currency, the fee would be 3 percent.

FIGURE 7

CREDIT CARDS WITH ANNUAL FEES
July 2009 vs. March 2010



Note: Data represents all consumer credit cards offered online by the 12 largest bank and 12 largest credit union issuers, which together control more than 91 percent of outstanding credit card debt. The figure above represents the percentage of cards that expressed a cash advance fee. Dollar amounts refer to median annual fee for each card type.

ANALYSIS OF TRANSACTION AND ACCOUNT ACCESS FEES

The Credit CARD Act provided new regulations for interest rates and penalty charges, but did little to address non-penalty fees. The exception is a new requirement prohibiting account opening fees from exceeding 25 percent of the card's total credit limit (a practice regulators previously observed in sub-prime credit card accounts).

Our research shows that the increase in cash advance fees comes at a time when cardholders are drastically cutting back on their use of credit card cash advances. In 2009, cardholders cut back on cash advances by more than 40 percent compared to 2008.[19] Bank issuers appeared to be recouping some of this lost fee income by increasing cash advance fees while simultaneously raising cash advance annual percentage rates, as noted above. Transaction surcharges add costs that are not reflected in applicable APRs, and can tend to undermine the value of "low-rate" promotional offers (see Policy Recommendations section for more discussion).

Despite some predictions that use of annual fees would proliferate, our research shows that the instance of annual fees was down slightly from July 2009.[20] The typical size of annual fees, when they did apply, increased noticeably, however.

The structure of some overdraft advance fees may warrant additional scrutiny by federal regulators. One issuer charged a range of fees based on the amount of the overdraft. The lowest range of overdraft advance for the program was $0 to $25, with a charge of $10 levied on overdrafts between these amounts. It may be difficult to justify an overdraft protection fee that is potentially larger than the overdraft itself.

OTHER TRENDS

MANDATORY ARBITRATION

Mandatory binding arbitration agreements require that disputes between the cardholder and issuer be addressed through a private arbitration process. Pew's current analysis shows a dramatic drop in arbitration clauses from July 2009 (see **Figure 8**). In March 2010 only 10 percent of bank cards indicated a cardholder was subject to arbitration, and nearly half (49 percent) of those cards indicated that the cardholder may opt out of arbitration by contacting the card issuer. The prevalence of mandatory arbitration clauses was down from 68 percent in 2009. No credit union cards disclosed an arbitration clause in July 2009 or March 2010.

A number of issuers have indicated over the past year their intent to do away with mandatory binding arbitration clauses in cardholder agreements.[21] In July 2009, the Office of the Minnesota Attorney General reached an agreement with the National Arbitration Forum requiring the company to stop administering consumer arbitrations.[22] Pew's Safe Credit Card Standards continue to call for the elimination of arbitration clauses from credit card agreements.

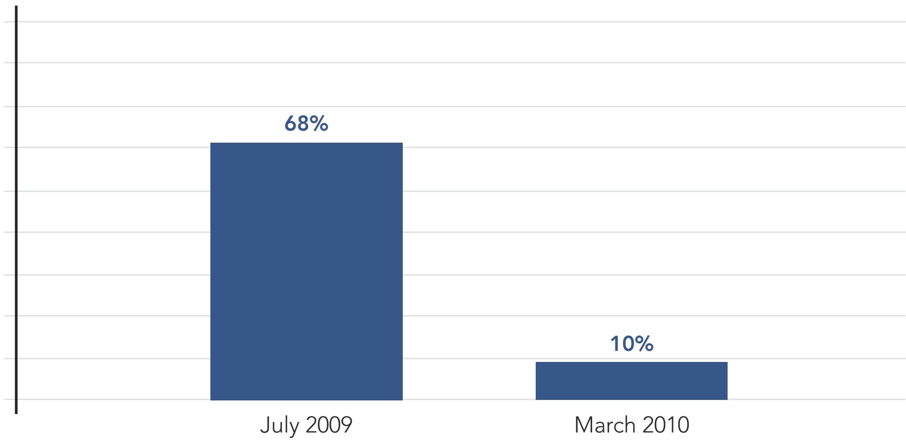
PARTIALLY VARIABLE RATES

In our October 2009 report, we identified that issuers were moving toward partially variable rates that could rise with the prime rate but would not fall below a fixed minimum as the prime rate came down. In our July 2009 sample, partially variable rates were disclosed in 38 percent of bank card cash advance rates and in 9 percent of bank card purchase rates. Eleven percent of credit union cards' cash advance rates and 9 percent of purchase rates were partially variable. As previously noted in this report, the Federal Reserve Board issued regulations earlier this year prohibiting card issuers from using partially variable rates. As of March 2010, partially variable rates were no longer found in issuers' online terms and conditions.

FIGURE 8

BANK CARDS WITH MANDATORY BINDING ARBITRATION CLAUSES

July 2009 vs. March 2010



Note: Data represents all consumer credit cards offered online by the 12 largest bank issuers, which together control almost 90 percent of outstanding credit card debt. Percentage of bank cards containing a mandatory binding arbitration clause. No credit union cards contained a mandatory binding arbitration clause in July 2009 or March 2010.

APPLICATION OF PAYMENTS

Many credit card accounts contain multiple types of balances—for promotional offers, purchases, cash advances or others—and each balance may carry a different annual percentage rate. Prior to passage of the Credit CARD Act, card issuers routinely applied cardholders' monthly payments first to balances with the lowest interest rates. In a statement published in early 2009, the Federal Reserve Board declared that this practice could cause cardholders to suffer "substantial monetary injury."[23] One of the major developments of the Credit CARD Act was the mandatory change to issuers' policies on application of payments. The new law requires issuers to apply the portion of a cardholder's payment above the minimum payment first to balances with the highest annual percentage rate. This rule addressed previous problems with application of payment practices (by paying down any low-rate balance before any high-rate balance, issuers were maximizing finance charges to consumers).

In December 2008, 100 percent of bank cards applied all payments first to low-rate balances. In July 2009, 95 percent of bank cards continued to apply payments first to low-rate balances; the remaining 5 percent did not disclose their policies. In March 2010, the majority of issuers were silent on their application of payments policies, but those that disclosed how they applied payments appeared to comply with the new Credit CARD Act requirements.

MINIMUM PAYMENT DUE FORMULAS

Though credit cardholders are not required to pay their balances in full each month, issuers typically require a minimum monthly payment. One bank issuer, representing slightly less than 5 percent of surveyed bank cards, disclosed its formula for determining minimum payments. Four credit union issuers, representing 38 percent of credit union cards, disclosed their minimum payment policies.

As discussed above, new rules under the Credit CARD Act require issuers to apply payments in excess of the minimum payment due first to high-rate balances. However, the law continues to allow issuers to credit the entire minimum payment amount to low-rate balances. This rule may give issuers an incentive to increase the size of the minimum payment due, but the lack of disclosure of minimum payment policies makes it difficult to assess whether these policies are changing.

YOUNG ADULT PROTECTIONS

A portion of the Credit CARD Act deals with the protection of adults under age 21.[24] Only one card in our entire survey mentioned special provisions for young people, indicating that a co-signer would be required if the applicant was under age 21. These new protections have not been widely reflected in card issuers' terms and conditions.

POLICY RECOMMENDATIONS

Since 2007, the Pew Health Group has generated credit card research and recommendations for policymakers, including the Safe Credit Card Standards and comment letters to the Federal Reserve, regarding each set of rules implementing the Credit CARD Act (available at www.pewtrusts.org/creditcards). Below, we provide an updated set of recommendations based on our latest research.

1. Federal bank regulators should ensure full and reliable disclosure of credit card penalty interest rates.

Until recently, credit card issuers routinely reserved the right to raise interest rates on existing balances at any time or for any reason, including as a penalty for late payment or overlimit transactions. The Credit CARD Act specifically limits this practice. It sets new statutory limitations on when penalty interest rate increases can apply (only on existing balances when accounts become 60 days past due, and only on new transactions after issuers give 45 days' advance notice).

However, a troubling new penalty rate trend is emerging that is undermining the transparency of the market. Pew's research shows a dramatic deterioration in penalty rate disclosures. Among surveyed cards that allow interest rates to rise in response to cardholder behavior, nearly half failed to disclose the potential penalty rate. This marks the first time we have seen card issuers reserve the right to impose interest rate penalties without disclosing the actual penalty interest rate. Similarly, one issuer failed to disclose what actions could trigger the penalty rate, and seven issuers warned of penalty rates without mentioning actions cardholders could take to return to non-penalty status.

When opening a credit card account, cardholders have the right to full disclosure of the costs they may incur. Longstanding federal banking regulations continue to require credit card issuers to provide initial disclosures of the interest rates that may apply, including penalty interest rates. The Credit CARD Act included several new provisions designed to improve consumers' ability to make informed decisions and to strengthen the contract between borrower and lender by prohibiting retroactive interest rate increases. Money borrowed on a credit card must now always be charged the same interest rate terms that applied at the time the cardholder decided to borrow the money. Full, reliable disclosure of interest rate terms is critical to the success of this policy.

To ensure full disclosure of penalty interest rates, federal bank regulators should enforce existing disclosure rules to ensure that annual percentage rates (APRs) that may apply in response to violations are disclosed in advance. Federal banking regulations have long required issuers to disclose the penalty APR and what actions would trigger it. See, for example, initial account disclosure requirements in Regulation Z, 12 CFR 226.5a(b)(1)(iv) and 226.6(b)(2)(i)(D), which govern interest rate increases in response to specific events such as a "late payment."

The Credit CARD Act did not change these disclosure rules. New Section 171 of the Truth in Lending Act, as created by Section 101 of the Credit CARD Act, specifically prohibits issuers from increasing the annual percentage rate of any outstanding balance except due to (1) the end of a promotional period, (2) the action of a variable index rate, (3) the end of a workout agreement or (4) late payments of 60 days or more. Unless issuers can claim one of these exceptions, they may not raise interest rates on existing balances. When claiming the fourth exception, for late payments of 60 days or more, issuers remain subject to the initial penalty rate disclosures in Regulation Z.

Unfortunately, the large number of cards in the market for which penalty rates apply but are not disclosed suggests a breakdown of regulatory control. Accordingly, the Federal Reserve, the Office of the Comptroller of the Currency (OCC) and other federal regulators should enforce rules requiring the disclosure of applicable penalty APRs. Full disclosure should also include notice of what actions may trigger the penalty, and what actions will lead to a return to non-penalty rates. Even responsible families sometimes face times of hardship that require them to choose between paying one bill, such as a mortgage, and another, such as a credit card. They deserve to know the costs of their decisions in advance. They also deserve to know their rights when negotiating with billers or debt collectors.

2. The Federal Reserve should expressly prohibit issuers from charging penalty interest rates that are higher than initially disclosed rates.

There are no federal interest rate limits applicable to credit cards. Issuers remain free to establish interest rates, including penalty interest rates, at any level they choose.[25] Once the rate is disclosed, however, and consumers enter into the agreement, issuers should be bound to that rate. This principle is fundamental to the reforms of the Credit CARD Act and the underlying goals of strengthening transparency and consumers' contractual rights. By removing issuers' discretion to raise interest rates on existing balances, Congress clearly intended for credit cardholders to know with certainty the costs of borrowing money before making transactions or incurring debt.

The Federal Reserve modified Regulation Z to implement various requirements of the Credit CARD Act. For example, in 12 CFR 226.9 and 12 CFR 226.55, a number of new regulatory rules control the actions of issuers that wish to raise interest rates as a penalty for account violations. These rules oblige issuers to send 45 days' notice to cardholders before imposing penalty interest rate increases. Some issuers appear to be interpreting these new rules to give them the right to set the amount of the penalty rate applicable to *existing balances* at the time they send this 45-day notice, even if a lower penalty APR was previously disclosed. However, regulators must prohibit this practice.

The Federal Reserve should ensure that issuers cannot set penalty rates for previously incurred debts at the time of the violation. Any interest rate increase that is imposed due to delinquency or other violations must be limited to the percentage included in initial disclosures provided before consumers incurred their outstanding debts. Allowing issuers to set ad hoc penalty rates would render the longstanding initial account disclosure rules of Regulation Z pointless, and leave cardholders vulnerable and uninformed.

3. The Federal Reserve should monitor new market developments and evaluate the need for regulatory action.

• ***Track rewards program-related penalties, protect against potential abuses or unreasonable practices and strengthen disclosure requirements.*** In addition to charging penalty fees and interest, some credit card issuers penalize loyalty or "rewards" programs based on cardholder behavior such as making late payments. Pew's research shows that at least 5 of the largest 12 banks can suspend rewards programs due to such violations, and at least one of these banks will withdraw already-issued rewards for cardholders who are 60 days or more past due.

Given the prevalence of rewards program-related penalties and the importance that many consumers place on rewards programs when making purchasing decisions, the Federal Reserve should closely monitor such penalties. If evidence of abuse or unfair dealing emerges, the Federal Reserve should respond using its unfair and deceptive acts and practices powers or its "reasonable and proportional" credit card penalties mandate.

• ***Monitor transaction surcharge fees to ensure against deceptive hidden costs that undermine the value of "low-rate" promotional offers or interest rate disclosures.*** Pew's research shows that transaction surcharges—such as balance transfer and cash advance fees—are rising. The Credit CARD Act and recent regulatory developments have not affected the imposition of these fees, and it appears that issuers are relying more heavily on them. Surcharge fees can equate to high effective rates of interest, which may surprise cardholders, particularly those who respond to "low-rate" balance transfer offers. Regulators should continue to watch for unfair or deceptive promotional offers that include unreasonably high transaction surcharges.

4. Issuers should take additional steps to make credit cards safer and more transparent.

• ***Eliminate overlimit fees.*** Pew's Safe Credit Card Standards call for the elimination of overlimit fees.[26] The Credit CARD Act partially addressed the problem of overlimit fees by requiring issuers to gain cardholder opt-in before charging them.[27] Further, the Federal Reserve has set rules that will limit most overlimit fees to the lesser of 100 percent of the violation (e.g., a $5 overlimit fee for being $5 over the limit) or $25 for the first violation and $35 for the second violation in six months.[28] Pew's research shows that many issuers have abandoned overlimit fees altogether, and just one-quarter of surveyed cards continued to include the fee. We applaud the issuers who have discontinued the use of overlimit fees, and encourage other issuers to follow.

• ***Apply all payment amounts first to balances with the highest interest rate.*** The Credit CARD Act generally requires payments to be applied first to highest-rate balances. But an exception allows issuers to apply the first portion of every payment (the amount equal to the minimum payment due) to lowest-rate balances. When issuers take advantage of this exception, as Pew's research shows they generally do, they can increase finance charges by delaying the pay-down of high-rate balances. Unfortunately, many consumers will remain vulnerable to offers of low promotional rates that do not reflect the actual effective rates they will pay due to the use of the minimum payments exception on the back end. Pew's Safe Credit Card Standards would require the entire payment amount (including the minimum payment amount) be paid first to balances with the highest interest rates.

• ***Eliminate penalty interest rates for existing balances, or, at a minimum, charge penalty rates of no more than seven percentage points above non-penalty rates and remove the penalties anytime cardholders pay on time for six consecutive months.*** Penalty interest rate terms allow issuers to raise interest rates on existing balances as a penalty for late payment. Penalty rates continue to be two to three times higher than base advertised rates—potentially adding penalties of 20 percentage points or more. Pew's previous analysis has demonstrated that such penalties can significantly increase the size of the minimum payment due, making it difficult or impossible for a struggling cardholder to resume on-time payment.[29] Unless distressed consumers can pay on time for the first six months after the penalty is imposed, penalty rates can last indefinitely.

The Credit CARD Act directs the Federal Reserve to ensure that "any penalty fee or charge" is "reasonable and proportional" to a cardholder's actions.[30] Unfortunately, the Federal Reserve has refused to include penalty interest rate increases under its implementing rules.[31] Though penalty rates remain common, many credit unions and a small number of bank cards no longer have them. We encourage all issuers to either remove penalty interest rate terms or to restrict them to reasonable levels. Pew's Safe Credit Card Standards call for a maximum seven-point penalty interest premium that will cease to apply whenever cardholders make six consecutive on-time payments.

- ***When charging fees related to account application, access or maintenance, bundle them into no more than a single annual fee.*** The Pew Safe Credit Card Standards would require that all maintenance fees, including annual access or membership fees, be expressed as a single annual fee, so that cardholders receive transparent pricing. Consolidating fees in this way clarifies the cost to the cardholder and reduces incentives issuers may have to embed multiple service fees that make the overall price of credit difficult to identify or compare. A recently announced Federal Reserve rule will ban inactivity fees.[32] This rule should inhibit proliferation of fees that were reducing price transparency and making it harder for indebted consumers to cut back on spending. We applaud the Federal Reserve's rule and encourage them to take further steps designed to contain the proliferation of access fees.[33] We also encourage issuers to refrain from charging any account access or maintenance fees beyond a single annual fee.

- ***Remove mandatory binding arbitration clauses.*** Recent legislative and regulatory efforts to reform the credit card industry did not directly address mandatory binding arbitration clauses. These clauses in cardholder agreements limit cardholders' legal rights to settle disputes in court and instead require cardholders to submit to the decision of a private arbitrator that is often selected by the credit card issuer. The Pew Safe Credit Card Standards continue to call for the elimination of pre-dispute binding arbitration. Fortunately, our research shows that arbitration is declining, with no top credit unions and only a small minority of top banks including it in their consumer credit card terms. We encourage the minority of card issuers that continue to use arbitration clauses to abandon the practice.

CONCLUSION

The Credit CARD Act did much to address issues of credit card safety and transparency, including restricting interest rate increases on outstanding balances, introducing consumer-friendly payment allocation rules and regulating costly penalties. In most respects, pricing information in the market reflects the elimination of many of the harmful practices that were once widespread. Credit cards are now safer and more transparent for consumers than at any time in recent years. Still, higher transaction surcharges and the use of undisclosed penalty rates are undermining the general trend toward increased transparency. With relatively modest policy changes to address these concerns, credit card issuers and regulators can add to the significant improvements seen in the industry over the past year.

APPENDIX A: INTEREST RATE DATA

TABLE A-1

MEDIAN PURCHASE RATES

	December 2008	July 2009	March 2010
Banks	9.99% to 15.99%	12.24% to 17.99%	12.99% to 20.99%
Credit Unions	N/A	9.90% to 13.75%	9.90% to 16.15%

Note: Data represents all consumer credit cards offered online by the 12 largest bank and 12 largest credit union issuers, which together control more than 91 percent of outstanding credit card debt. Credit union data is only displayed for 2009 and 2010 as Pew did not include credit unions in its December 2008 survey.

TABLE A-2

MEDIAN CASH ADVANCE RATES

	December 2008	July 2009	March 2010
Banks	N/A	20.24% to 21.24%	24.24%
Credit Unions	N/A	10.20% to 13.75%	11.40% to 16.00%

Note: Data represents all consumer credit cards offered online by the 12 largest bank and 12 largest credit union issuers, which together control more than 91 percent of outstanding credit card debt. Credit union data is only displayed for 2009 and 2010 as Pew did not include credit unions in its December 2008 survey. Bank cash advance data was not collected in December 2008.

TABLE A-3

MEDIAN PENALTY RATES

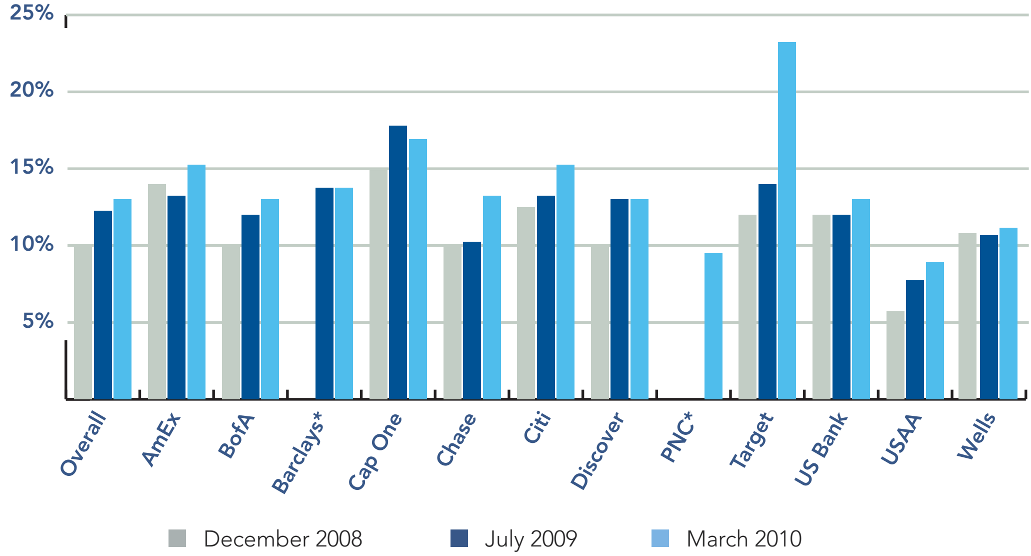
	December 2008	July 2009	March 2010
Banks	27.99%	28.99%	29.99%
Credit Unions	N/A	17.90%	17.90%

Note: Data represents all consumer credit cards offered online by the 12 largest bank and 12 largest credit union issuers, which together control more than 91 percent of outstanding credit card debt. Credit union data is only displayed for 2009 and 2010 as Pew did not include credit unions in its December 2008 survey.

FIGURE A-1

BANK PURCHASE RATES

Lowest Advertised (Median of All Advertised Cards)

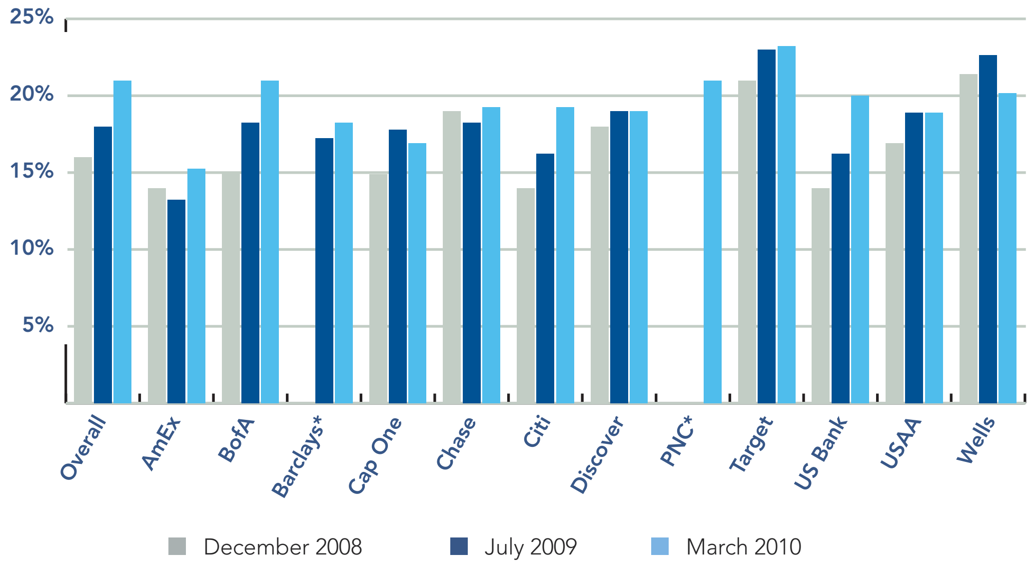


Note: Data represents all consumer credit cards offered online by the 12 largest bank issuers, which together control almost 90 percent of outstanding credit card debt. For purchase annual percentage rates (APRs), issuers typically advertise a range of rates depending on a consumer's credit profile. *Barclays was not part of Pew's December 2008 survey and PNC was not part of Pew's December 2008 or July 2009 survey.

FIGURE A-2

BANK PURCHASE RATES

Highest Advertised (Median of All Advertised Cards)

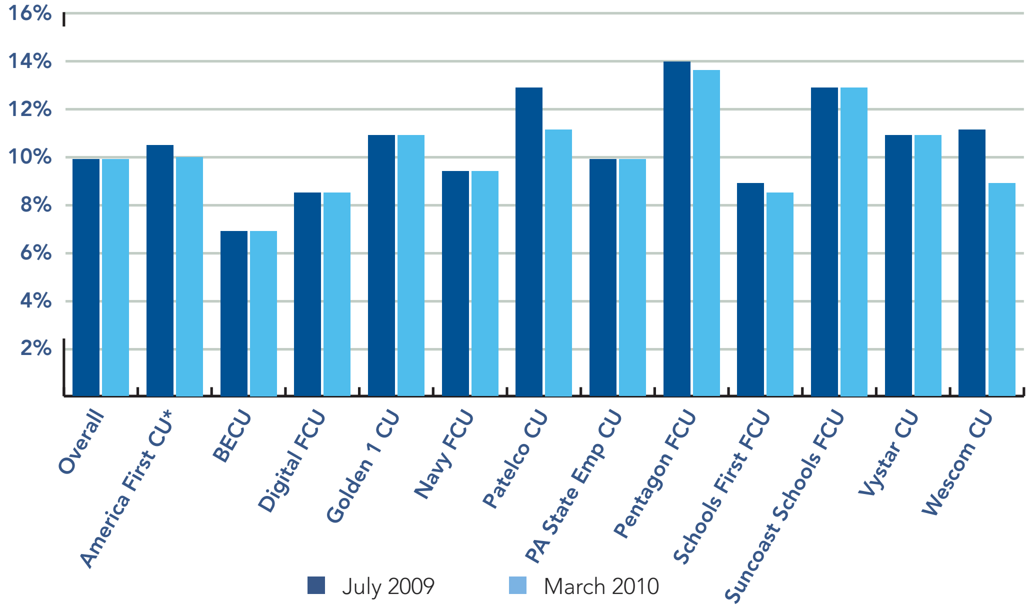


Note: Data represents all consumer credit cards offered online by the 12 largest bank issuers, which together control almost 90 percent of outstanding credit card debt. For purchase annual percentage rates (APRs), issuers typically advertise a range of rates depending on a consumer's credit profile. *Barclays was not part of Pew's December 2008 survey and PNC was not part of Pew's December 2008 or July 2009 survey.

FIGURE A-3

CREDIT UNION PURCHASE RATES

Lowest Advertised (Median of All Advertised Cards)

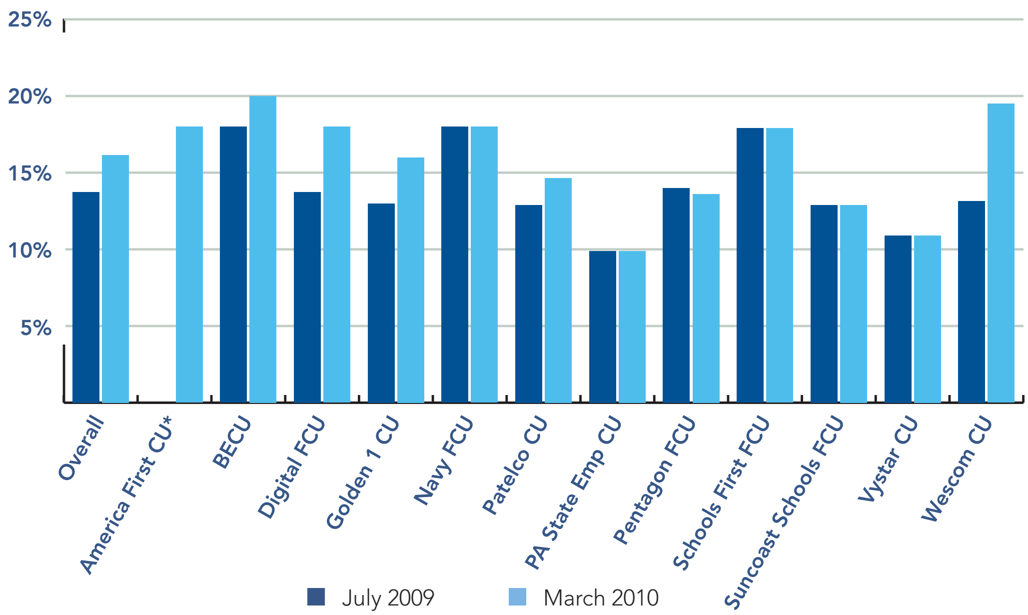


Note: Data represents all consumer credit cards offered online by the 12 largest credit union issuers, which together control more than 1 percent of outstanding credit card debt. For purchase annual percentage rates (APRs), issuers typically advertise a range of rates depending on a consumer's credit profile. *America First Credit Union did not disclose a range of rates in July 2009.

FIGURE A-4

CREDIT UNION PURCHASE RATES

Highest Advertised (Median of All Advertised Cards)

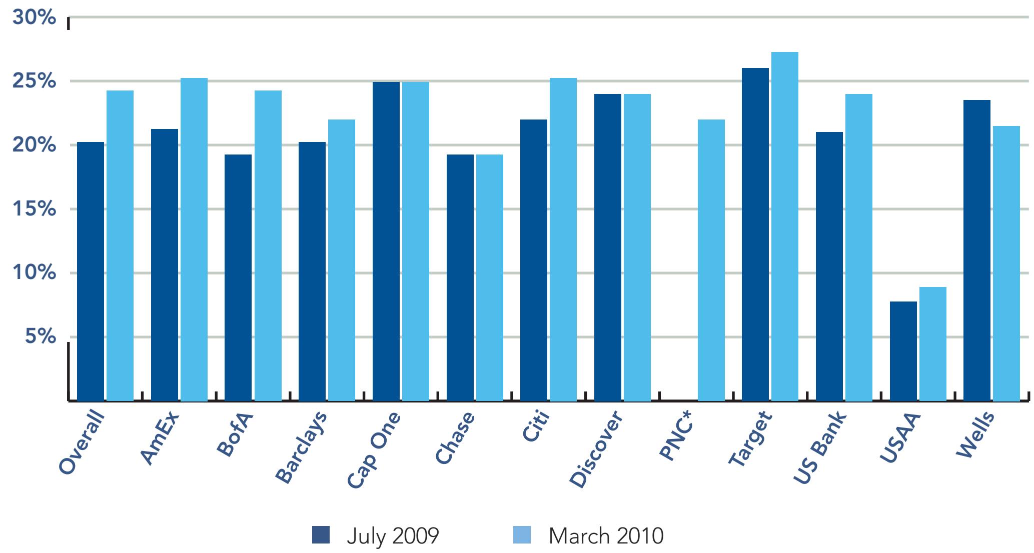


Note: Data represents all consumer credit cards offered online by the 12 largest credit union issuers, which together control more than 1 percent of outstanding credit card debt. Generally for purchase annual percentage rates (APRs), issuers typically advertise a range of rates depending on a consumer's credit profile. *America First Credit Union did not disclose a range of rates in July 2009.

FIGURE A-5

BANK CASH ADVANCE RATES

Lowest Advertised (Median of All Advertised Cards)

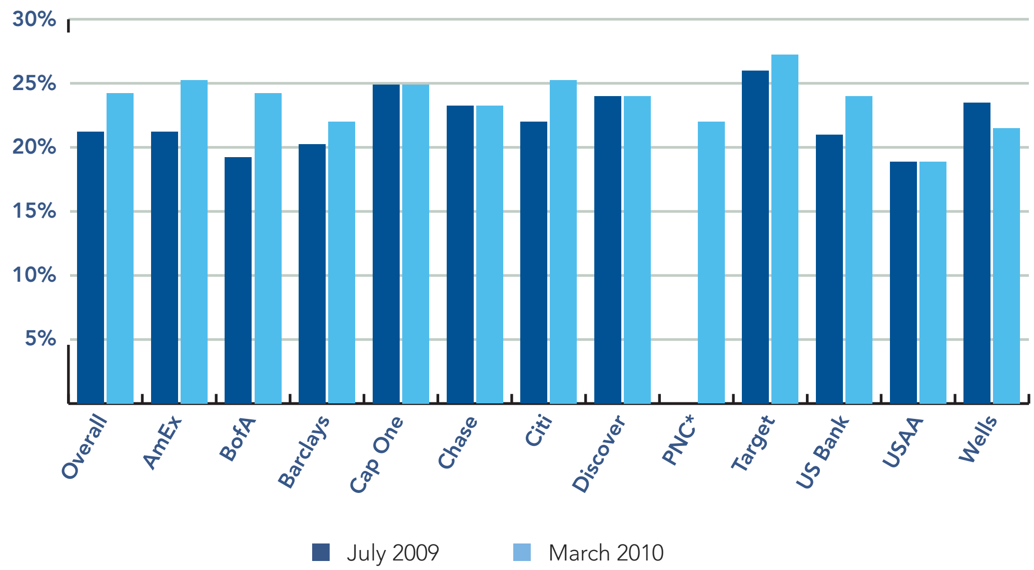


Note: Data represents all consumer credit cards offered online by the 12 largest bank issuers, which together control almost 90 percent of outstanding credit card debt. For cash advance annual percentage rates (APRs), issuers typically advertise a range of rates depending on a consumer's credit profile. *PNC was not part of Pew's July 2009 survey.

FIGURE A-6

BANK CASH ADVANCE RATES

Highest Advertised (Median of All Advertised Cards)

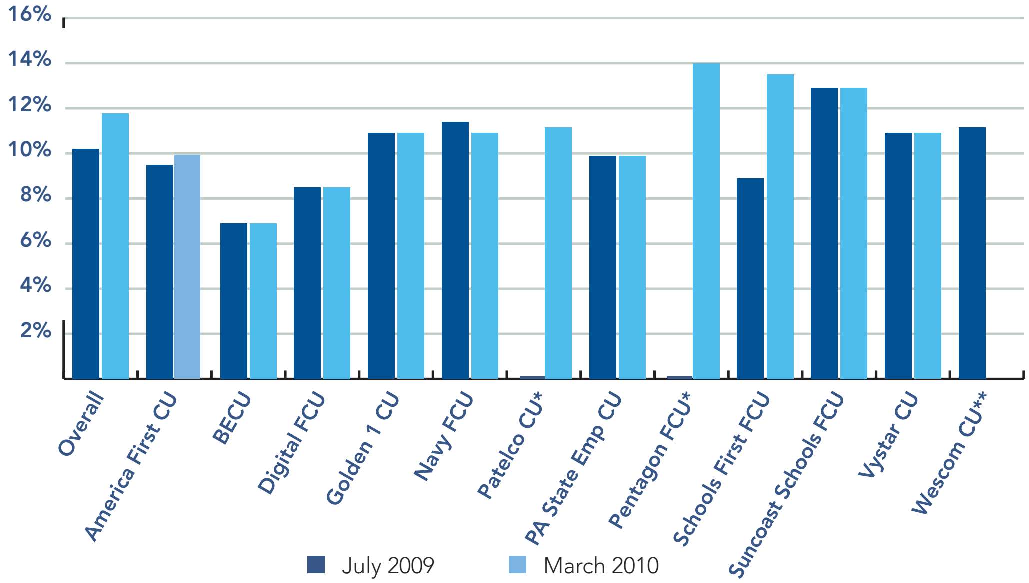


Note: Data represents all consumer credit cards offered online by the 12 largest bank issuers, which together control almost 90 percent of outstanding credit card debt. For cash advance annual percentage rates (APRs), issuers typically advertise a range of rates depending on a consumer's credit profile. *PNC was not part of Pew's July 2009 survey.

FIGURE A-7

CREDIT UNION CASH ADVANCE RATES

Lowest Advertised (Median of All Advertised Cards)

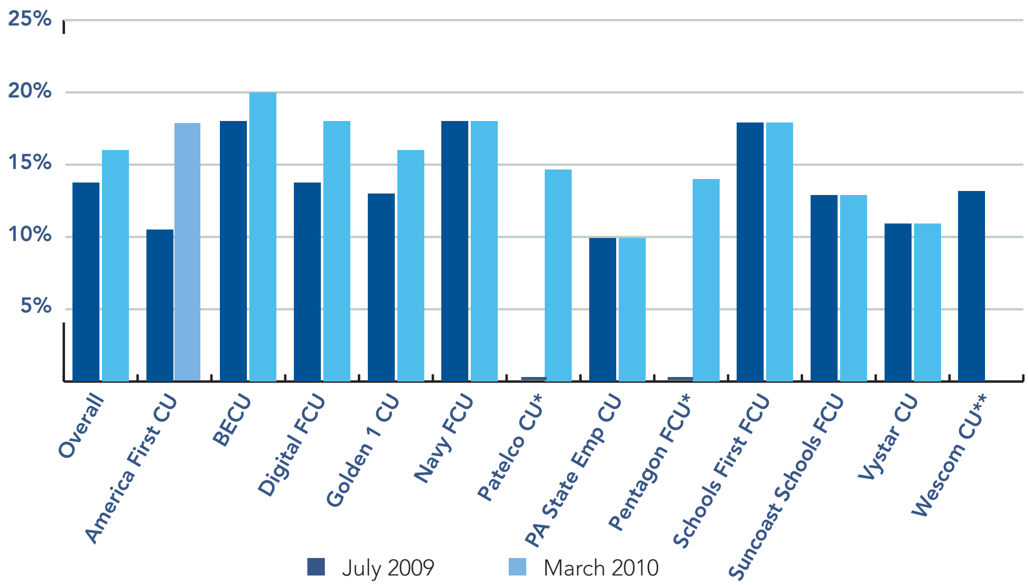


Note: Data represents all consumer credit cards offered online by the 12 largest credit union issuers, which together control more than 1 percent of outstanding credit card debt. For cash advance annual percentage rates (APRs), issuers typically advertise a range of rates, depending on a consumer's credit profile. *Palteco Credit Union and Pentagon Federal Credit Union did not disclose a cash advance rate in July 2009. **Wescom Credit Union did not disclose a cash advance rate in March 2010.

FIGURE A-8

CREDIT UNION CASH ADVANCE RATES

Highest Advertised (Median of All Advertised Cards)



Note: Data represents all consumer credit cards offered online by the 12 largest credit union issuers, which together control more than 1 percent of outstanding credit card debt. For cash advance annual percentage rates (APRs), issuers typically advertise a range of rates, depending on a consumer's credit profile. *Palteco Credit Union and Pentagon Federal Credit Union did not disclose a cash advance rate in July 2009. **Wescom Credit Union did not disclose a cash advance rate in March 2010.

APPENDIX B: EXAMPLES—PENALTY RATE DISCLOSURE & NON-DISCLOSURE

For the first time since Pew began documenting credit card terms in 2008, we identified examples of accounts in March 2010 that included interest rate penalties of an undisclosed size. The figures below present sample credit card application disclosures from Pew's data set. The first sample shows a pricing disclosure including a penalty interest rate (also known as a "default rate" or "penalty APR"). The second sample demonstrates the new type of disclosure that establishes the possibility of a rate increase in response to account violations, but does not show the actual penalty APR.

FIGURE B-1

EXAMPLE PENALTY RATE DISCLOSURE—SHOWS PENALTY APR

Discover Motiva Card

Overview | Rewards | **Rates & Disclosures**

Important information about your Discover Motiva Card

Know what to expect before you apply for a card by browsing the specific terms that may be offered to you based on your credit history.

Annual Percentage Rate (APR) For Purchases	3.99% for 6 months from the date of account opening,* then the standard APR, **a rate between** 11.99% variable and 18.99% variable
Other APRs	**Balance Transfers:** 3.99% for 12 months from the date of account opening for balance transfers made within 15 days of your application*, then the standard APR for purchases. **Cash Advances:** 23.99% variable **Default Rate:** Between up to 16.99%* variable and up to 23.99% variable for purchases; up to 28.99% variable for cash advances*
Variable Rate Information	The standard purchase APR may vary monthly and equals the Prime Rate plus an amount between 8.74% and 15.74%. The cash advance APR may vary monthly and equals the Prime Rate + 20.74%. The default APR for purchases may vary monthly and equals the Prime Rate + an amount between up to 13.74% and up to 20.74%; the default APR for cash advances may vary monthly and equals the Prime Rate + up to 25.74%.†
	We will not charge you periodic finance charges on new purchases, or any

*Each time you fail to make a payment when due, we may, in accordance with applicable law, (i) terminate the availability of any introductory/promotional APRs on new transactions, and (ii) increase your APRs for new transactions to variable Default Rates which will be determined by adding up to an additional 5 percentage points to the otherwise applicable APR. Your Default Rate is determined based on your creditworthiness and other factors such as your current APRs, and your account history. See Cardmember Agreement for details.

CARDMEMBER AGREEMENT: You agree to be bound by the terms of the Cardmember Agreement, which will be sent with the Card. You also agree Cardmember Agreement and the account are governed by Delaware and fe The terms of your account, including rates and fees, are subject to change extent permitted by law.

ARBITRATION: The Cardmember Agreement provides that we may choos a claim relating to your account by binding arbitration, in which case, you w

Source: Discover, Discover Motiva Card online disclosure from March 2, 2010, http://www.discovercard.com/.

FIGURE B-2

EXAMPLE PENALTY RATE DISCLOSURE—DOES NOT SHOW PENALTY APR

Terms and Conditions of BankAmericard Cash Rewards Visa Signature Card close window

Print

Details of Rate, Fee, and Other Cost Information

As required by law, rates, fees, and other costs of the credit card offer are disclosed here. All account terms are governed by the Credit Card Agreement. Account and Agreement terms are not guaranteed for any period of time; all terms, including fees and the APRs for new transactions, may change in accordance with the Agreement and applicable law. We may change them based on information in your credit report, market conditions, business strategies, or for any reason. If this account becomes sixty days or more past due, we may amend the terms of the Agreement to increase all interest rates, including interest rates on existing promotional rate balances. You should thoroughly review all the materials in this package so that you are fully informed about your credit card loan.

Interest Rates and Interest Charges	
† Annual Percentage Rate (APR) for Purchases	**0%** Introductory APR for the first 7 or 10 statement Closing Dates following the opening of your account, based on your creditworthiness. *See [1] below for explanation.* After that, your APR will be **12.99%** to **20.99%**, based on your creditworthiness when you open your account. This APR will vary with the market based on the Prime Rate as set out in the Variable-Rate Information section of your Agreement.
APR for Balance Transfers	**0%** Introductory APR for the first 7 or 10 statement Closing Dates following the opening of your account for all Balance Transfers and Direct Deposits, based on your creditworthiness. *See [1] and [2] below for explanation.* After that, your APR for Balance Transfers and for any Direct Deposits that were subject to the Introductory APR will be **12.99%** to **20.99%**, based on your creditworthiness when you open your account. This APR will vary with the market based on the Prime Rate.
APR for Cash Advances	**24.24%** for all Direct Deposits, Check Cash Advances, ATM Cash Advances, Bank Cash Advances, Overdraft Protection and Cash Equivalent transactions. *See [3] below for explanation.* This APR will vary with the market based on the Prime Rate.
How to Avoid Paying Interest on Purchases	Your due date is at least 25 days after the close of each billing cycle. We will not charge you any interest on purchases if you pay your entire balance by the due date each month.
Minimum Interest Charge	If you are charged interest, the charge will be no less than $1.50.
For Credit Card Tips From The Federal Reserve Board	To learn more about factors to consider when applying for or using a credit card, visit the website of the Federal Reserve Board at http://www.federalreserve.gov/creditcard.

Fees

Source: Bank of America, BankAmericard Cash Rewards Visa Platinum Plus online disclosure from March 1, 2010, https://www.bankofamerica.com/creditcards/cardoverview.action?context_id=overview_page.

APPENDIX C: METHODOLOGY

Through ongoing research documenting practices across a broad range of products offered by the credit card industry, the Pew Health Group seeks to provide information and recommendations to support the development of sound policy, regulatory and business decisions.

Data in this report is based on an analysis of application disclosures provided by credit card issuers at the time a consumer applies for a credit card. Pew's research staff gathered these disclosures for all consumer credit card products offered online by the country's 12 largest bank issuers and the 12 largest credit union issuers. Except as noted in **Table C-1**, we gathered all data between March 1 and March 3, 2010. The largest 12 bank issuers hold nearly $694 billion, or 89.8 percent, of the overall credit card debt of $772 billion and include the top 10 Visa and MasterCard issuers, plus American Express and Discover. The largest 12 credit unions hold nearly $9.5 billion, or 1.2 percent of overall credit card debt.[34]

The data set included nearly 450 consumer credit card products offered by these top issuers. All cards were visible on issuers' Websites and available for review to the general public. For each issuer, every Visa,

TABLE C-1

CREDIT CARD ISSUERS INCLUDED IN THE STUDY

Bank Issuers	Credit Union Issuers
American Express	America First CU
Bank of America	Boeing Employees (BECU)
Barclays	Digital Federal CU
Capital One	Golden 1 CU
JPMorgan Chase	Navy Federal CU
Citigroup	Patelco CU
Discover	Pennsylvania State Employees (PSECU)
PNC	Pentagon Federal CU
Target	SchoolsFirst Federal CU
U.S. Bank	Suncoast Schools Federal CU
USAA	VyStar CU
Wells Fargo	Wescom CU

Note: Because of the limited information available on their Web sites, Arizona Federal Credit Union and Security Service Credit Union were excluded from the study despite being part of the 12 largest credit union issuers. We replaced them with Patelco and Golden 1 Credit Unions, the next-largest credit union issuers by outstanding credit card debt. We removed HSBC from the survey because the bank's disclosures were not available online until after personal identification, such as Social Security number, was provided. Pew researchers requested disclosures by mail but did not receive them. For this reason, we added PNC, the next-largest bank issuer, to our 2010 survey. PNC's online disclosures were collected March 23, 2010. During our initial collection, Citi appeared to have outdated disclosures, and for this reason we re-collected Citi data on March 23. Additionally, because of data file flaws, America First CU fee data are from May 1, 2010.

MasterCard, American Express and Discover branded consumer credit card was reviewed, including student cards but not including secured or business cards.

The analysis is based on the contractual powers of card issuers as provided in the application disclosures that issuers are required by law to provide to potential customers. Researchers coded each set of disclosures into a database, accounting for pricing terms (interest rates, fees), penalty conditions (triggers for penalty pricing, applicable cure periods), payment terms (application of payments, grace periods), change in terms conditions and so on. Data for March 2010 in this report are based on this analysis. Data for July 2009 and December 2008 are based on our previous reports in which we conducted a similar analysis.[35]

In most cases, the application disclosures provide complete information about the terms we reviewed. In some cases, however, issuers provided incomplete information. For example, not all issuers disclosed terms of mandatory arbitration agreements in the application disclosures. Therefore, we have reported whether or not the application disclosure mentions arbitration, but do not presume to know the details of the agreements. Similarly, we have reported whether the issuer has disclosed its contractual right to impose penalty interest rate increases, or the consumer's contractual right to cure the penalty and return to the originally agreed rate, but we do not presume to know the full extent of an issuer's policies on the use of penalty pricing. This approach is consistent with our viewpoint that consumers who are shopping for credit cards should understand their contractual rights and obligations before entering into an agreement, and know where issuers have sole discretion to decide important terms.

This report presents comparisons between credit cards offered by the largest 12 bank issuers and those from the largest 12 credit union issuers. We understand that for some analytical purposes a comparison between banks and credit unions would require more statistical nuance to account for the differences in size (the credit unions hold only about 1 percent of outstanding credit card debt versus about 90 percent for the banks), scope (demographics, credit profiles, geography), general risk factors (credit unions often offer cards that are tied to deposit accounts or are issued in conjunction with membership regimes that allow for better risk control) and the like. Indeed, some members of the banking community have cautioned that providing simple comparisons between bank and credit union credit cards may be misleading if it is not controlled for these and other factors, such as the 18 percent cap on interest rates for federally chartered credit unions.

However, our purpose in providing the comparison is not to explain why banks have higher pricing or include more punitive terms on their credit cards. Rather, our purpose is to give useful comparative pricing information for consumers and to suggest possible benchmarking data for policymakers to analyze as they see fit. The Credit Union National Association has recently released data showing that there are 92.6 million credit union members, suggesting that these financial institutions' products are viable options for many Americans.[36]

ENDNOTES

1 The new law is the *Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009*, Public Law 111-24, 111th Cong., 1st session (May 22, 2009).

2 Connie Prater, "Poll: 3 in 4 Credit Cardholders Say Their Accounts are Better Off Today," Creditcards.com, May 22, 2010, http://www.creditcards.com/credit-card-news/credit-card-act-poll-anniversary-1282.php.

3 Nick Bourke and Ardie Hollifield, *Still Waiting: "Unfair or Deceptive" Credit Card Practices Continue as Americans Wait for New Reforms to Take Effect*, (Washington, DC: The Pew Charitable Trusts, 2009), www.pewtrusts.org/creditcards (accessed June 24, 2010).

4 See, e.g., Andrew Martin, "Credit Card Industry Aims to Profit from Sterling Payers," Business, *New York Times*, May 18, 2009, http://www.nytimes.com/2009/05/19/business/19credit.html (accessed June 25, 2010).

5 Standards found in the Pew Health Group's March 2009 report. See Nick Bourke, *Safe Credit Card Standards: Policy Recommendation for Protecting Credit Cardholders and Promoting a Functional Marketplace*, (Washington, DC: The Pew Charitable Trusts, 2009), www.pewtrusts.org/creditcards. See, e.g., Bourke and Hollifield, *Still Waiting: "Unfair or Deceptive" Credit Card Practices Continue as Americans Wait for New Reforms to Take Effect*.

6 See 74 FR 139 (July 22, 2009) at p. 36077; 75 FR 34 (February 22, 2010): 7658. As of this report, the final rule on the Federal Reserve's August 2010 provisions has been released but has not been updated in the Federal Register. Board of Governors of the Federal Reserve System, "Press Release, June 15, 2010." http://www.federalreserve.gov/newsevents/press/bcreg/20100615a.htm (accessed June 25, 2010).

7 In analyzing interest rate information, it is important to distinguish between advertised rates and actual rates. Our interest rate data cover information for new accounts moving forward, but do not address rates of current cardholders. Similarly, we were unable to ascertain which card applicants receive each type of advertised rate.

8 Unlike in March 2010, bank issuers tended to advertise a range of cash advance fees in July 2009, depending on a cardholder's creditworthiness.

9 Bourke and Hollifield, *Still Waiting: "Unfair or Deceptive" Credit Card Practices Continue as Americans Wait for New Reforms to Take Effect*: 9-11.

10 Nick Bourke, *Comments Submitted to the Federal Reserve by the Pew Safe Credit Cards Project (Regulation Z Substantive and Disclosure Requirements Under the Credit CARD Act of 2009)*, (Washington, DC: The Pew Charitable Trusts, 2009), www.pewtrusts.org/creditcards (accessed June 24, 2010).

11 75 FR 34 (February 22, 2010): 7737 et seq.

12 Discover, Discover Motiva Card online disclosure from March 2, 2010, http://www.discovercard.com/

13 Bank of America, BankAmericard Cash Rewards Visa Platinum Plus online disclosure from March 1, 2010, https://www.bankofamerica.com/credit-cards/cardoverview.action?context_id=overview_page.

14 Candice Choi, "Credit Card Rewards: Use Or Lose Those Credit Card Rewards," *MSNBC*, April 7, 2010, http://www.msnbc.msn.com/id/36221106/ns/business-personal_finance/ (accessed June 25, 2010).

15 Credit card issuers generated at least $10 billion in annual revenue using practices that the new law has banned. See Bourke and Hollifield, *Still Waiting: "Unfair or Deceptive" Credit Card Practices Continue as Americans Wait for New Reforms to Take Effect*: 6.

16 12 CFR 226.5a(b)(1)(iv) and 12 CFR 226.6(b)(2)(i)(D) govern initial credit card disclosure requirements, and the language of these two sections is substantially similar. 12 CFR 226.5a(b)(1)(iv) is copied below. Note that paragraph (b)(1)(iv)(B) discusses introductory interest rate offers that may expire after a certain number of months.

Penalty rates (A) In general. Except as provided in paragraph (b)(1)(iv)(B) of this section, if a rate may increase as a penalty for one or more events specified in the account agreement, such as a late payment or an extension of credit that exceeds the credit limit, the card issuer must disclose pursuant to paragraph (b)(1) of this section the increased rate that may apply, a brief description of the event or events that may result in the increased rate, and a brief description of how long the increased rate will remain in effect.

17 Bourke and Hollifield, *Still Waiting: "Unfair or Deceptive" Credit Card Practices Continue as Americans Wait for New Reforms to Take Effect*: 15.

18 Board of Governors of the Federal Reserve System, "Press Release, June 15, 2010."

19 The Nilson Report Issue #942 (February 2010) and Issue #924 (April 2009).

20 Martin, "Credit Card Industry Aims to Profit from Sterling Payers."

21 See, e.g., Robin Sidel, "Bank of America Ends Arbitration Practice," *Wall Street Journal*, August 14, 2009, http://online.wsj.com/article/SB125019071289429913.html (accessed June 25, 2010); Maria Aspen, " JP Morgan Chase Ends Credit Card Arbitration," *American Banker*, November 20, 2009, http://www.americanbanker.com/news/jpmorgan-chase-ends-credit-card-arbitration-1004177-1.html (accessed June 25, 2010).

22 Office of the Minnesota Attorney General, "National Arbitration Forum Barred from Credit Card and Consumer Arbitrations Under Agreement with Attorney General Swanson," Press Release, July 20, 2009, http://www.ag.state.mn.us/consumer/pressrelease/090720nationalarbitrationagremnt.asp (accessed June 24, 2010).

23 74 FR 18 (January 29, 2009): 5512 et seq.

24 For the young adult provisions of the law, see *Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009*, Public Law 111-24, Title III.

25 There are no federal limits on the size of credit card interest rates. The Credit CARD Act requires "any penalty fee or charge" to be "reasonable and proportional." Though Pew has encouraged the Federal Reserve Board to include penalty interest rate increases under its reasonable and proportional rules (based on our Safe Credit Card Standards), the Board did not do so.

26 Bourke, *Safe Credit Card Standards: Policy Recommendation for Protecting Credit Cardholders and Promoting a Functional Marketplace: 7*.

27 *Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009*, Public Law 111-24, Section 102(a).

28 Board of Governors of the Federal Reserve System, "Press Release, June 15, 2010."

29 Bourke, *Comments Submitted to the Federal Reserve by the Pew Safe Credit Cards Project (Regarding Reasonable and Proportional Rules Under the Credit CARD Act of 2009)*.

30 *Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009*, Public Law 111-24, Section 102.

31 Board of Governors of the Federal Reserve System, Final Rule, 12 CFR Part 226 (June 15, 2010): 37-39, http://www.federalreserve.gov/newsevents/press/bcreg/20100615a.htm (accessed July 2, 2010). Pew has previously argued the legal and practical necessity of regulating penalty interest rate increases. See, e.g., Bourke, *Comments Submitted to the Federal Reserve by the Pew Safe Credit Cards Project (Regulation Z, Reasonable and Proportional Penalty Charges and Other Rules Under the Credit CARD Act of 2009)*: 18 et seq.

32 Board of Governors of the Federal Reserve System, Final Rule, 12 CFR Part 226: 84 et seq.

33 To effectuate succinct disclosure of all access or maintenance fees, banking regulators have several models to follow. For example, the Department of Housing and Urban Development has created rules requiring consolidated disclosures pursuant to the Real Estate Settlement Procedures Act (RESPA). For more on RESPA rules, see http://www.hud.gov/offices/hsg/ramh/res/respamor.cfm.

34 The Nilson Report Issue #931 (August 2009), Issue #942 (February 2010) and Issue #924 (April 2009).

35 See Bourke, *Safe Credit Card Standards: Policy Recommendation for Protecting Credit Cardholders and Promoting a Functional Marketplace*; Bourke and Hollifield, *Still Waiting: "Unfair or Deceptive" Credit Card Practices Continue as Americans Wait for New Reforms to Take Effect*.

36 Credit Union National Association, "Monthly Credit Union Estimates," April 2010, http://advice.cuna.org/download/mcue.pdf (accessed June 29, 2010).

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For more information on the Safe Credit Cards Project or the issues we cover, see www.pewtrusts.org/creditcards.

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