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Rep. Maloney: Today's Credit Card Reforms "the Beginning of the End of Unfair Practices by Card Issuers"

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New York, NY – Rep. Carolyn Maloney (D-NY) joined with New Yorkers and representatives of Consumers Union, NYPIRG, Demos, and NEDAP to hail new credit card reforms that went into effect this morning. The reforms, contained in the Credit Card Accountability, Responsibility, and Disclosure Act, which Maloney authored in the House, will give credit card holders advance notice of interest rate increases and will end due-date gimmicks that lure consumers into paying sky-high fees and penalties.

Under the new rules -implemented by the Federal Reserve as required in Maloney's legislation- credit card issuers must follow three new guidelines. Starting today, card companies must:

- (1) Provide 45 days written notice to consumers of any interest rate increases or other significant changes to the terms of a credit card account;
- (2) Inform consumers of their right to cancel the card before the rate hike goes into effect; and
- (3) Send statements to consumers 21 days before the due date of any payment.

"This is the beginning of the end of unfair, deceptive, and anti-competitive practices by credit card issuers," Rep. Maloney said. "Increased notice of rate hikes will allow the credit markets to function more efficiently and allow consumers to shop around for a better rate and cancel the old card. Increased notice of payments due will give consumers time to better manage their credit.

"These first reforms end decades of business-as-usual for card companies. Come February, most of the remaining provisions kick in: a ban on rate hikes on existing balances, double-cycle billing, and elimination of many other tricks and traps that keep people indebted longer. These are big changes for consumers-- and they're long overdue," Maloney concluded.

"This is a great day for consumers. The Credit CARD Act reins in abusive and deceptive credit card

lending practices, and restores fairness to the marketplace for financially vulnerable families, who are struggling in this sharp economic downturn,” said Chuck Bell, programs director for Consumers Union, the publisher of Consumer Reports. “These long overdue reforms are strongly supported a broad national coalition of consumer, civil rights, labor and community organizations. We greatly appreciate Rep. Carolyn Maloney’s efforts to introduce the Credit CARD Act, and lead the fight for these critically important credit card protections.”

"NYPIRG applauds Congresswoman Maloney's work to stop credit card marketers from luring students, and all New Yorkers, into burdensome debt. The CARD Act will bring sunlight onto changes in terms that used to be hidden, end practices that enticed students and other young people to get into debt early and deeply, and encourage better consumer education," said Patrick Krug, the Chair of NYPIRG's Board of Directors.

"For millions of American families, even well before the recent economic downturn, credit cards have become a go-to source to cover basic expenses that incomes no longer meet--and a safety net in times of emergency. At the same time, credit card issuers adopted fees and penalties that brought financial havoc to these households and ensured them in a cycle of ever-growing balances that can take decades to pay off. Finally, this legislation--the CARD Act-- will provide desperately needed consumer protections and end some of the most egregious practices of the credit card industry," said José A. García, Associate Director of the Economic Opportunity Program at Demos, a national research and policy center that has studied the rise in credit card debt.

Consumers who suspect that their banks are not complying with the new requirements can initiate a complaint with the Office of Comptroller of the Currency, which regulates credit card practices. Consumers can submit a complaint form through the OCC website, www.occ.treas.gov, or by calling 1-800-613-6743 from 8 a.m. to 8 p.m. EST, Monday to Friday.

Background

H.R. 627, introduced by Maloney as the “Credit Cardholders’ Bill of Rights” and passed as the “Credit CARD Act,” is the first major regulation of the credit card industry in decades. It was passed by a vote of 279-147 and signed by President Obama in May, 2009.

Learn more about the credit card reforms here:

http://maloney.house.gov/index.php?option=com_issues&task=view_issue&issue=298&Itemid=35

Read the bill language here:

http://maloney.house.gov/index.php?option=com_issues&task=view_issue_leg&issue=298&Itemid=35

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