

Financial Services Committee
Financial Institutions Subcommittee Hearing: "HR 5244 the Credit Card Holders' Bill of
Rights: New Protections for Consumers"
Opening Statement for Congressman André Carson
April 17, 2008

Thank you Chairwoman Maloney and Ranking Member Biggert for holding this hearing today on the issue of credit card practices and in particular, H.R. 5244, the Credit Card Holders' Bill of Rights. For many individuals, credit cards offer necessary sources of liquidity and allow individuals to establish good credit by making on time payments and not carrying a balance.

Recent trends; however, have shown that consumers rely more heavily on this source of credit and the average household now carries \$8,000 in credit card debt. While balances have increased, so have the incidence in which those consumers have fallen victims to deceptive and, in some cases, predatory credit card company practices.

As we have discussed in numerous hearings in the Financial Services Committee this week, hard-working Americans loosing their homes at a devastating rate. Job cuts, increased energy and health costs all severely limit their disposable income.

In light of these growing financial burdens, more and more consumers have come to rely on credit cards to make basic payments such as utility costs. During this fragile time in our economy, consumers need enhanced disclosure from their credit card companies, not to fall victim to ill-advised loan agreements and hidden rate hikes.

The egregious practice of universal default and "any time any reason rate" hikes are particularly troubling. These practices are not instigated by a consumer's irresponsibility in paying their loans; rather they reflect a company's effort to achieve higher profits as they provide no corrective course of action after universal default is triggered.

I am please that companies like Citi Cards have ceased these practices and I am pleased they are forbidden in H.R. 5244.

Beyond these practices, I have concerns regarding excessive fees and the populations who are aggressively targeted for credit cards. I am particularly worried about the number of young adults taking on credit card debt while they are in school and have limited means to pay their bills. The average college student now holds an average of

\$2,169 in credit card debt. Further, 76% of undergraduates have credit cards and 47% have four or more.

Clearly, we need stronger oversight and regulations of this industry in addition to enhanced financial literacy programs for consumers. I thank Chairwoman Maloney for bringing forth this responsible bill. I look forward to hearing testimony in regards to the bill from our witnesses.