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Friday, 25 February 2011 15:11

On May 22, 2009 President Barack Obama signed the Credit Card Accountability, Responsibility, and Disclosure Act, also known as the CARD Act. At the time, many consumer advocates rejoiced at the enactment that stopped the ability of card issuers to raise annual percentage rates (APRs) even when customers were current on their existing balances. Moreover, the sum of reforms enacted took a full 15 months for all provisions to take effect.

Despite the protections consumers gained from the CARD Act, some industry executives warned that the historic reform would make credit costlier and less available. Further, there were predictions that rules and oversight would bring “unintended consequences” for consumers.

Yet a new research report from the Center for Responsible Lending, Credit Card Clarity: CARD Act Reform Works, refutes the foretold doom and instead finds that this specific reform has not led to increased prices, nor has access to cards gone down. CRL believes that the CARD Act’s transparency will foster healthy competition among card issuers.

According to Josh Frank, a senior researcher with CRL and author of the report, “People mistake higher rates on mail solicitations and other offers in the last year as a price hike. But, the facts show that offers now just more closely match actual costs. Prices have been level, but borrowers have a much better picture of what those prices are.”

Three key findings emerged from the new research:
1. New rules have reduced the difference between stated rates and actual rates paid on credit cards. An estimated $12.1 billion in previously obscure yearly charges are now stated more clearly in credit card offers;
2. Once the economic downturn is taken into account, the actual rate consumers have paid on credit card debt has remained level; and
3. Direct-mail offers have been extended at a volume and pace consistent with economic conditions.

According to CRL, inaccurate pricing information likely caused many borrowers to take on more credit card debt than they otherwise would have. Since the reform, however, prices have leveled and available credit has not tightened beyond what would normally be expected in an economic downtown.

The complete report is available online at: http://www.responsiblelending.org/credit-cards/research-analysis/credit-card-clarity.html .

For this new report, CRL analyzed five data sets, including two from the Federal Reserve Board and concluded that the new rules have been beneficial to consumers. Additionally, CRL anticipates that continued price transparency will likely lower lending costs during the long term.

Earlier CRL research has shown that in the absence of basic rules, credit card issuers relied on confusing, complex pricing to charge more than consumers expected or understood.

When one considers how frequently consumers use credit cards, the significance of these findings cannot be overstated. The CARD Act gives everyday consumers an important financial victory. It's an encouraging sign when the law puts people and their well-being ahead of profiteers.

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