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## **Credit Card Legislation: Are You Getting Full Disclosure?**

March 11, 2008

Dear Colleague:

Discussion of credit cards has increased in light of recently proposed credit card legislation in the House and Senate.

With a hearing on credit card practices scheduled for March 13<sup>th</sup> in the Subcommittee on Financial Institutions and Consumer Credit, it is important to bear in mind the key findings of the October 2006 Government Accountability Office (GAO) report entitled "Credit Cards – Increased Complexity in Rates and Fees Heightens Need for More Effective Disclosures."

The GAO study shows that on whole, credit card interest rates have declined over time and nearly half of all credit card holders pay no interest. Nearly 75% of credit cards have no annual fees. Consumer fee levels remain under control, with most cardholders avoiding any fees, and fee levels remaining constant over the past 15 years.

**Most importantly, GAO found that the increased complexity of credit card pricing has resulted in more complex disclosures and its sole recommendation was that the Federal Reserve should "ensure that disclosures more clearly emphasize those terms that can significantly affect cardholder costs."**

The Federal Reserve is already working to revise disclosures under "Regulation Z" of the Truth in Lending Act, as the GAO report recommends. Moreover, the Fed has indicated its intent to undertake a thorough review of its Unfair and Deceptive Acts and Practices (UDAP) authority and to utilize it in addressing concerns in all types of consumer lending, including credit cards. Moving forward, we must carefully weigh the potential – and unintended – negative effects of legislation on an industry that provides consumers convenience, security, rewards, and flexibility and powers more than \$2.5 trillion dollars in transactions each year.

For additional information on the GAO report, you can find the report at <http://www.gao.gov/new.items/d06929.pdf> or contact Wes McClelland at 225-5611.

I remain respectfully,

JOHN CAMPBELL  
Member of Congress