Subject: Regulation AA

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Proposal: Regulation AA - Unfair or Deceptive Acts or Practices
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Comments:
Having made so many unwise loans and even more unwise investment portfolio decisions, the banks are in a position where they need cash. It is fully understandible that banks must be well-capitalized, for, quite simplified, if banks don't have money, nobody has money. But, their unwise decisions (any savvy participant in securities market would know to never chase yield), should not be borne by the backs of the people, who, as it is, will surely have to fund a taxpayer bailout/subsidy. Banks with credit card divisions should not be given carte blanche to scalp credit card accountholders because we are the lowest on the credit food chain. Capitalism- where banks take advantage of inefficiencies and people's own ignorance- is one thing; a corporate bordello- where banks are allowed to make all the rules, tilting the playing field to their advantage- is another. Corporations (and related entities) already have more rights than people. The MBNA-supported (since swallowed up by Bank of America) bankrupcy law is one example, where corporations have a greater legal right to declare bankrupcy than citizens. Another example is that banks can "export" interest rates across states more easily than people can (legally) transport guns across state lines. Finally, the credit card companies have the right to alter your credit

card agreement at any time and for any reason. Nominally, we have no negotiating rights; any attempt to alter those terms, it typically states, would result in cancellation of the account agreement (read: they will close your account faster than they can wipe their asses with the paper on which you wrote your "amendments."). In practice, of course, we do have negotiating powers (not rights), subject to our leverage and credit scores. Unless one has a credit score- which has dubious underlying logic and serious underlying reporting issues- of 760 or above, one is fighting uphill. Among the practices that should be banned is retroactive re-pricing, or jacking up the rate on an existing credit card balance, for any reason other than the customer paying late. This would be on a par with welching. On the subject of late payments, we must eliminate arbitrary due times, which make a payment late if it arrives on the due date but does so after, say, 1 p.m. Central time. How can this effectively be proven or dis-proven? The mail comes post-marked, but not time-stamped. Eliminate double-cycle billing, which essentially charges two months' interest on a balance carried only one month. Unfair payment allocation, in which the issuer applies your monthly payment only to your lowest-rate balance (typically a balance transfer), so that your higher-rate balances- typically purchases and cash advances- continue to accrue interest. No one of sound mind would agree to such an allocation, so banks should not have the right to impose such terms.
Bait-and-switch offers, in which one interest rate is heavily advertised but applicants wind up with another, much higher one. Banks know- through "soft" inquiries"- the approximate credit rating of each person to whom they make an offer. So, especially given all the impositions they make upon the cardholders, if a cardholder is going to be subjected to a "hard" credit inquiry, the banks should have to make a firm offer beforehand. Ban the charging overdraft fees based on holds. Certain merchants (gas stations, hotels, car rental outfits) are notorious for placing big holds on your checking account when you use a debit card. These holds are typically for far more than you actually spend and may not be released for hours or even days after the transactions, yet some banks count these holds as actual transactions and charge fees as if you'd actually overdrawn your account. The consumer (though the parent company of the bank may own such merchants) certainly has no control over the amount of a hold and these holds are not subject to any binding regulation, industry standard or even custom and usage. The only person at risk here, through no action of our own, is the consumer. Along those lines, ban mandatory bounce protection, or "courtesy overdraft" coverage, that can't be turned off, which means overdraft transactions automatically get approved and rack up big fees, hardly a courtesy. It's one thing for consumers to knowingly exceed their limits and it's not the government's responsibility- though it will do so for the banks-

to save one from one's own unwise spending habits. But, such an option- and, indeed, notice- should be presented to the consumer before the actual transaction and imposition of fees. Unbeknownst to the consumer, there may be an exorbitant hold, as explained above, placed on the account by a merchant. More generally, the consumer should be armed with any information about the account that the issuer already knows. Imagine, for a hot minute, that The People had the right to tell the card company that sending unnecessary materials (like when they send offers to buy pens with your statement), literature or other items (and The People have the right to determine that qualifies as unnecessary and an item) gives a cardholder the right to impose up to a $50 handling fee (for each item) on the banks, payable by a reduction in the account balance (at the cardholder's option, of course). Though this is not nearly as unfair as the terms imposed by the card companies, this would have the executives at the credit card companies (and their lobbyists) up in arms. For once, they would know how the consumer feels.