

Don Mach - 07/29/2008 04:00:10 PM

Subject: Regulation AA

I am a banker in the Houston area. Have spent 35 years in the industry as a real estate lender. I am 61 years old and have no credit card debt and have not paid a dime of interest to a credit card company for 10 or so years.

In my opinion, the next major financial crisis to hit the US will be the result of all of the consumer credit card debt. This is unsecured debt. The mortgage crisis will take care of itself and we will not be talking about it a year from now. However credit cards are another story. I see huge amounts of credit card debt on borrower's personal financial statements and credit reports. What I see are many folks who in no way should have \$5000, \$10,000 etc lines of credit from card companies. The banks issuing these cards should know better. There is a lack of proper underwriting, in my opinion.

In no way should card companies be allowed to increase rates due to what is call universal defaults or the fact that someone now deems the borrower to be a higher risk. Charge a late fee for late payments but increasing the rate is just wrong. Borrowers who are constantly late need to be cut off. Those folks most likely cannot afford the current rate much less a 39% rate. The companies love to have folks pay 39% interest each month.

Additionally have you tried to call a card company and talk to a live person? If you do you will get someone in Pakistan who parrots a prepared statement and one gets no where. I am a banker and have problems and I understand the system. Most consumers do not. This moving call centers overseas is just plain wrong.

I work for a smaller independent bank in the Houston area and we do not issue credit cards. I have never worked for a bank that issues credit cards. Perhaps that taints my view but I think the time has long come for more regulations on banks granting cards. The situation is way out of control, I believe.

Lets not require more stupid disclosures and paperwork as no one reads them anyway. Privacy laws and policies are a complete joke in my opinion as no one reads them and throws them away. A waste of time and money. Keep it simple but stop the abuse from credit card issuing banks.

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