

From: SELCO Community Credit Union, Douglas Grout
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Comments:

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Name: Douglas Grout
Affiliation: SELCO Community Credit Union
Category of Affiliation:
Address:
City:
State:
Country:
Zip:
PostalCode:

Comments:

Regulation Z Credit Card Act 2009. Overlimit fees: The solution to overlimit fees for consumers on the surface seems appropriate. To give our members the option to opt-out of overlimit fees seem very consumer friendly. This new legislation will cause a high cost to the consumer in the long term view. The administration to continue with overlimit fees creates a new pricing model that does not return any value to the customer. Additionally any lost revenue due to this legislative change will cause institution to look for other avenues to increase revenue. Recently large banking institution have been implementing higher interest rate for card holder. These rate adjustment could be associated to the loss of projected revenue for discontinuing over limit fees. Due to regulation, the cost of over limit fees have relocated from just those whom abuse their credit limits to everyone within the credit card industry that receives higher interest rates. Those that never have gone over the limit now are subsidizes those that do. Protected Balances- This makes managing a credit card program very difficult. Due to protected balances and the requirement of applying monthly payments to higher rate balance portion, will have a drastic effect on whether SELCO will want to offer good promotional rates to the membership. The impact of the changes keep lower interest rates on the books longer in a rising rate environment. It also has the same effect that when rates are decreasing. Thus management of yield to continue good credit card program become a challenge. If administration expense continue increase and revenue streams decrease, credit union card programs made need to either increase rate(like large national banks) or exit the credit card market.