

From: Saks Fifth Avenue, Jim Coggin, Jr.  
Subject: Regulation Z - Truth in Lending (Credit Card Act)

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Comments:

Saks Fifth Avenue would like to file the following comments with respect to the proposed Amendments to Regulation Z implementing the provisions of the Credit Card Responsibility and Disclosure Act of 2009. Specifically we are concerned about the proposed rule requiring that - before opening a new credit card account or increasing the credit limit on an existing account - card issuers consider a consumer's ability to make the required payments based upon the consumer's income or assets and the consumer's current obligations.

We believe that the proposed rule is unnecessary because we already consider the consumer's ability to pay. Our card issuers systems query the consumer reports, which can immediately evaluate the consumer's ability to pay based upon their behavior as reported to the credit bureau. Consumers who clearly have the ability to pay are automatically approved and those who clearly do not have the ability pay are automatically denied. When there is uncertainty, the transaction is referred for additional scrutiny. In that case, we carefully review the specific applicant's credit history and if there is still uncertainty, a request is made for confirmation of assets and/or income. This confirmation is obtained from a bank and/or employer and thus is more accurate than self reported income.

In addition, we believe that the proposed rule will restrict commerce. Most consumers will be reluctant to provide their income at point of sale. This is private information that many people do not share with friends or family and yet the proposed rule would require that they share it with their sales person and potentially in the presence of strangers. This will discourage some consumers from shopping regardless of their ability to pay.

Finally, we are concerned that this will weaken existing safe credit practices. Information that is reported to the credit bureaus is provided by third parties who have a duty to present the information accurately and completely. Self reported information is not as reliable. For a variety of reasons, consumers may overstate or understate their income and this would lead to unmerited approvals and denials.

We greatly appreciate your consideration of these matters.

Sincerely,

Jim Coggin, Jr.

Sr. Vice President, Credit Operations and Facilities

Saks Fifth Avenue