

BILLING CODE: 4810-AM-P

BUREAU OF CONSUMER FINANCIAL PROTECTION

[Docket No. CFPB-2019-0002]

Request for Information Regarding Consumer Credit Card Market

AGENCY: Bureau of Consumer Financial Protection.

ACTION: Notice and request for information.

SUMMARY: The Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act or Act) requires the Bureau of Consumer Financial Protection (Bureau) to conduct a review (Review) of the consumer credit card market, within the limits of its existing resources available for reporting purposes. In connection with conducting that Review, and in accordance with the Act, the Bureau is soliciting information from the public about a number of aspects of the consumer credit card market as described further below.

DATES: Comments must be submitted on or before [INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*] to be assured of consideration.

ADDRESSES: You may submit responsive information and other comments, identified by the document title and Docket No. CFPB-2019-0002, by any of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *E-mail:* FederalRegisterComments@cfpb.gov. Include the document title and Docket No. CFPB-2019-0002 in the subject line of the message.
- *Mail:* Comment Intake, Bureau of Consumer Financial Protection, 1700 G Street, NW, Washington, DC 20552.

- *Hand Delivery/Courier:* Comment Intake, Bureau of Consumer Financial Protection, 1700 G Street, NW, Washington, DC 20552.

Instructions: All submissions should include the agency name and docket number for this proposal. Because paper mail in the Washington, DC area and at the Bureau is subject to delay, commenters are encouraged to submit comments electronically. In general, all comments received will be posted without change to <http://www.regulations.gov>. In addition, comments will be available for public inspection and copying at 1700 G Street, NW, Washington, DC 20552, on official business days between the hours of 10 a.m. and 5 p.m. Eastern Time. You can make an appointment to inspect the documents by telephoning (202) 435-7275.

All comments, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. Sensitive personal information, such as account numbers or Social Security numbers, should not be included. Comments generally will not be edited to remove any identifying or contact information.

FOR FURTHER INFORMATION CONTACT: Wei Zhang, Credit Card Program Manager, Division of Research, Markets, and Regulations, at (202) 435-7700, or wei.zhang@cfpb.gov. If you require this document in an alternative electronic format, please contact CFPB_Accessibility@cfpb.gov.

Authority: 15 U.S.C. 1616(a), (b).

SUPPLEMENTARY INFORMATION: Section 502(a) of the CARD Act¹ requires the Bureau to conduct a review, within the limits of its existing resources available for reporting purposes, of the consumer credit card market every two years. To inform that review, section 502(b) instructs the Bureau to seek public comment.²

¹ See 15 U.S.C. 1616(a).

² See 15 U.S.C. 1616(b).

The Bureau's first such review was published in October 2013; the Bureau's second such review was published in December 2015; the Bureau's third such review was published in December 2017.³ To inform the Bureau's next review, the Bureau hereby invites members of the public, including consumers, credit card issuers, industry analysts, consumer groups, and other interested persons to submit information and other comments relevant to the issues expressly identified in section 2 below, as well as any information they believe is relevant to a review of the credit card market.

1. Background: the CARD Act

The CARD Act was signed into law in May 2009.⁴ Passage of the Act was expressly intended to "establish fair and transparent practices related to the extension of credit" in the credit card market.⁵ To achieve these agreed-upon purposes, the Act changed the requirements applicable to credit card practices in a number of significant respects.⁶

2. Issues on which the Bureau seeks public comment for its Review.

In connection with its pending Review, the Bureau seeks information from members of the public about how the credit card market is functioning. The Bureau seeks comments on the experiences of consumers and providers in the credit card market and on the overall health of the credit card market, as outlined in section 502(a) and in (a) through (g) below. As noted above, while the Bureau identifies specific topics of interest below, the Bureau wants to be alerted to and understand the information that consumers, credit card issuers, industry analysts, consumer

³ CARD Act Report, available at http://files.consumerfinance.gov/f/201309_cfpb_card-act-report.pdf; The Consumer Credit Card Market, available at http://files.consumerfinance.gov/f/201512_cfpb_report-the-consumer-credit-card-market.pdf; The Consumer Credit Card Market, available at https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2017.pdf.

⁴ The CARD Act's provisions took effect in three stages: August 2009, February 2010, and October 2011.

⁵ Public Law 111-24, 123 Stat. 1734 (2009).

⁶ See CARD Act Report, pp. 10-13, available at http://files.consumerfinance.gov/f/201309_cfpb_card-act-report.pdf.

groups, and other interested persons believe is most relevant to the Bureau's review of the credit card market, so this list of subjects should not be viewed as exhaustive. Commenters are encouraged to address any other aspects of the consumer credit card market that they consider would be of interest or concern to the Bureau.

Please feel free to comment generally and/or respond to any or all of the questions below but please indicate in your comments on which topic areas or questions you are commenting:

(a) The terms of credit card agreements and the practices of credit card issuers

How have the substantive terms and conditions of credit card agreements or the length and complexity of such agreements changed over the past two years?

How have issuers changed their pricing, marketing, underwriting, or other practices?

How are the terms of, and practices related to, major supplementary credit card features (such as credit card rewards, deferred interest promotions, balances transfers, and cash advances) evolving?

How have practices related to collecting on delinquent and charged-off credit card debt changed over the past two years?

Has the use of electronic communication (e.g., email or SMS) by creditors and debt collectors in connection with credit card debt grown or otherwise evolved?

How are the practices of for-profit debt settlement companies changing and what trends are occurring in the debt settlement industry? How are creditors and non-profit credit counseling agencies responding to these changes and trends?

(b) The effectiveness of disclosure of terms, fees, and other expenses of credit card plans

How effective are current disclosures of rates, fees, and other cost terms of credit card accounts in conveying to consumers the costs of credit card plans?

What further improvements in disclosure, if any, would benefit consumers and what costs would card issuers or others incur in providing such disclosures?

How well are current credit card disclosure rules and practices adapted to the digital environment? What adaptations to credit card disclosure regimes in the digital environment would better serve consumers or reduce industry compliance burden?

(c) The adequacy of protections against unfair or deceptive acts or practices relating to credit card plans

What unfair, deceptive, or abusive acts and practices exist in the credit card market? How prevalent are these acts and practices and what effect do they have? How might any such conduct be prevented and at what cost?

(d) The cost and availability of consumer credit cards

How have the cost and availability of consumer credit cards (including with respect to non-prime borrowers) changed since the Bureau reported on the credit card market in 2017? What is responsible for changes (or absence of changes) in cost and availability? Has the impact of the CARD Act on cost and availability changed over the past two years?

How, if at all, are the characteristics of consumers with lower credit scores changing? How are groups of consumers in different score tiers faring in the market? How do other factors relating to consumer demographics or financial lives affect consumers' ability to successfully obtain and use card credit?

(e) The safety and soundness of credit card issuers

How is the credit cycle evolving? What, if any, safety and soundness risks are present or growing in this market, and which entities are disproportionately affected by these risks? How, if at all, do these safety and soundness risks to entities relate to long-term indebtedness on the part of some consumers, or changes in consumers' ability to manage their debts? Has the impact of the CARD Act on safety and soundness changed over the past two years?

(f) The use of risk-based pricing for consumer credit cards,

How has the use of risk-based pricing for consumer credit cards changed since the Bureau reported on the credit card market in 2017? What has driven those changes or lack of changes? Has the impact of the CARD Act on risk-based pricing changed over the past two years?

How have CARD Act provisions relating to risk-based pricing impacted (positively or negatively) the evolution of practices in this market?

(g) Consumer credit card product innovation

How has credit card product innovation changed since the Bureau reported on the credit card market in 2017? What has driven those changes or lack of changes? Has the impact of the CARD Act on product innovation changed over the past two years?

How have broader innovations in finance, such as (but not limited to) new products and entrants, evolving digital tools, greater availability of and new applications for consumer data, and new technological tools (like machine learning), impacted the consumer credit card market, either directly or indirectly? In what ways do CARD Act provisions encourage or discourage innovation? In what ways do innovations increase or decrease the impact of certain CARD Act provisions, or change the nature of those impacts?

Dated: December 21, 2018.

Kathleen Kraninger,

Director, Bureau of Consumer Financial Protection.

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