

Bachus: Credit Card Bill Will Make An Already Difficult Economic Situation Worse

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April 30, 2009

WASHINGTON - Congressman Spencer Bachus (AL), the top Financial Services Committee Republican, issued the following statement regarding credit card legislation being considered by the House today:

"We are in the midst of a severe economic downturn. Home values are plummeting, unemployment is up and hard-working Americans are facing unprecedented difficulties in securing credit. But this bill will, in my view, only make an already difficult economic situation worse. This bill will raise the price of credit for consumers and limit their access to credit."

"Credit cards play a crucial role in the lives of everyday Americans and the economy overall. Electronic payments now account for more than half of all transactions. Any legislation or regulation of credit card practices will have a profound impact on the lives and livelihoods of millions of Americans.

"We all share the goal of protecting consumers from unfair and deceptive credit card practices and ensuring that they receive useful and complete disclosures. Like many of my colleagues, I have received calls from constituents about credit card practices that certainly don't seem fair. That is why I do not question the motivation or sincerity of those who want to address these practices. However, we must be careful that in trying to protect consumers, we do not end up imposing new costs on them or the U.S. economy overall. The problem with this bill is that it goes much too far. This bill will limit credit card issuers' ability to accurately price for risk and it will likely force responsible card-holders to subsidize irresponsible ones through higher fees and less generous reward programs.

"What we need is flexible and balanced regulation to protect consumers without causing serious unintended consequences. The Federal Reserve has already released new rules - due to be implemented on July 1, 2010 - to protect consumers who use credit cards. The Fed has issued 1,200 pages of regulations. These regulations are the

result of extensive consumer testing conducted by the Fed, which also reviewed over 60,000 public comments before issuing the rules. The Fed rules comprehensively address the credit card practices which concern us all. This bill will only lay potentially duplicative and confusing mandates on top of an exhaustive set of regulations.

"The last thing Congress needs to do at this time of economic uncertainty is raise the cost of credit or restrict its availability. Yet this bill does both and that will harm, not help consumers."

NOTE: Click [HERE](#) and [HERE](#) to view floor speeches that Bachus gave during consideration of this bill.

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