

Bachus asks Fed Governors to finish review of credit card disclosure requirements

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Review of "Regulation Z" has been underway since 2004

House Financial Services Ranking Member Spencer Bachus has urged the Board of Governors of the Federal Reserve to complete its first review of credit card disclosure requirements in over two decades.

In correspondence to Federal Reserve Chairman Ben Bernanke, Bachus and Rep. Paul Gillmor (R-OH) — ranking member of the House Financial Services Subcommittee on Financial Institutions and Consumer Credit — argue that credit card disclosure requirements known as "Regulation Z" have failed to keep pace with the dramatic changes which have occurred in the credit card industry.

"Federal Reserve statistics indicate that Americans now hold almost 600 million credit cards," stated Reps. Bachus and Gillmor. "We are concerned, however, that changes in credit card products make it more difficult for consumers to understand the terms of their credit card accounts and to shop for new accounts." Reps. Bachus and Gillmor cite a 2006 GAO study that highlighted weaknesses in current credit card disclosures.

The Federal Reserve Board has not completed a comprehensive review of Regulation Z since 1982. While the Board initiated a review of Regulation Z's open-end disclosure requirements in December 2004, it has not yet suggested any revisions.

"I firmly believe that consumers should be well-informed with respect to credit card products so that they may decide which product offering is best for them," stated Rep. Bachus. "Regulation Z must be revised in order to achieve this goal."

"With over 600 million credit cards in circulation today, Americans have tremendous access to credit. With that access however, people are increasingly becoming confused with the products available to them and the fees incurred. I think that before Congress begins considering legislation, we should hear from the regulators to determine what is best for the consumers," said Rep. Gillmor

Text of the Bachus-Gillmor letter to Chairman Bernanke follows.