

BUREAU OF CONSUMER FINANCIAL PROTECTION

[Docket No. CFPB-2023-0009]

Request for Information Regarding Consumer Credit Card Market

AGENCY: Bureau of Consumer Financial Protection.

ACTION: Notice and request for information.

SUMMARY: Section 502(a) of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act or Act) requires the Consumer Financial Protection Bureau (CFPB) 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 section 502(b) of the Act, the CFPB 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 April 24, 2023, to be assured of consideration.

ADDRESSES: You may submit responsive information and other comments, identified by the document title and Docket No. CFPB-2023-0009, by any of the following methods:

- *Federal eRulemaking Portal:* <https://www.regulations.gov>. Follow the instructions for submitting comments.
- *Email:* FederalRegisterComments@cfpb.gov. Include the document title and Docket No. CFPB-2023-0009 in the subject line of the message.
- *Mail/Hand Delivery/Courier:* Comment Intake, Request for Information Regarding Consumer Credit Card Market, Consumer Financial Protection Bureau, c/o Legal Division Docket Manager, 1700 G Street, NW, Washington, DC 20552. Because paper mail in the

Washington, DC area and at the CFPB is subject to delay, commenters are encouraged to submit comments electronically.

Instructions: The CFPB encourages the early submission of comments. All submissions should include the agency name and docket number for this request for information. Please note the number of the topic on which you are commenting at the top of each response (you do not need to address all topics.) In general, all comments received will be posted without change to <https://www.regulations.gov>. 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, Consumer Credit, Payments, and Deposits Markets Section Chief, 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.

SUPPLEMENTARY INFORMATION: Section 502(a) of the CARD Act¹ requires the CFPB 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 CFPB to seek public comment.²

The CFPB's first such review was published in October 2013; the CFPB's second such review was published in December 2015; the CFPB's third such review was published in December 2017; the CFPB's fourth such review was published in August 2019; the CFPB's fifth

¹ See 15 U.S.C. 1616(a).

² See 15 U.S.C. 1616(b).

such review was published in September 2021.³ To inform the CFPB's next review, the CFPB 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 CFPB seeks public comment for its Review

In connection with its pending Review, the CFPB seeks information from members of the public about how the credit card market is functioning. The CFPB seeks comments on the experiences of consumers and credit card issuers in the credit card market and on the overall health of the credit card market, as outlined in section 502(a) and in (1) through (7) below. While the CFPB identifies specific topics of interest below, the CFPB also wants to be alerted to and understand the information that consumers, credit card issuers, industry analysts, consumer groups, and other interested persons believe is most relevant to the CFPB's review of the credit

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; The Consumer Credit Card Market, available at https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2019.pdf; The Consumer Credit Card Market, available at https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2021.pdf.

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

⁵ Pub. L. 111-24, 123 Stat. 1734 (2009).

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

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 believe would be of interest or concern to the CFPB.

Please feel free to comment generally 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:

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

a. 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?

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

c. How are the terms of, and practices related to, major supplementary credit card features (such as credit card rewards, deferred interest promotions, balance transfers, and cash advances) evolving? What are the terms of, practices related to, and prevalence of emerging supplementary credit card features (such as credit card installment plans)?

d. How have issuers' marketing practices changed since the CFPB reported on the credit card market in 2021? Has this impacted consumers' ability to comparison shop? If so, in what ways?

e. What practices of credit card issuers may uniquely affect special populations (such as servicemembers and their dependents, low- and moderate-income consumers, older Americans, and students)? What are the effects of protections specific to special populations (for example, the Servicemembers Civil Relief Act or the Military Lending Act)? How are these changing and what, if any, trends are evolving?

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

g. 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? If so, in what ways?

h. How are the terms of, and practices related to, partnerships between credit card issuers and merchant partners (such as hospitality, airline, healthcare, and/or retail companies) evolving?

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

a. 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?

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

c. 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?

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

a. 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? With regard to any unfair, deceptive, or abusive acts and practices that exist in the credit card market, how might any such conduct be prevented and at what cost?

(4) The cost and availability of consumer credit cards

a. How have the cost and availability of consumer credit cards (including with respect to non-prime borrowers) changed since the CFPB reported on the credit card market in 2021?

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?

b. 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 credit cards?

(5) The safety and soundness of credit card issuers

a. What, if any, safety and soundness risks related to the credit cycle are present or growing in this market, and which entities are disproportionately affected by these risks? Has the impact of the CARD Act on safety and soundness changed over the past two years?

b. How have current dynamics related to funding sources (such as asset-backed securities or deposits) for credit card receivables affected issuers' profitability and lending operations? What changes, if any, in capital markets for credit cards have there been since the last biennial report? How do capital requirements for different types of institutions affect competition in the credit card market or consumer's access to and cost of credit? How might these trends positively or negatively impact consumers?

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

a. How has the use of risk-based pricing for consumer credit cards changed since the CFPB reported on the credit card market in 2021? 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?

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

(7) Consumer credit card product innovation and competition

a. How has credit card product innovation changed since the CFPB reported on the credit card market in 2021? 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?

b. How is competition in the consumer credit card market changing? How has the CARD Act (positively or negatively) impacted competition between credit card issuers? How, if at all, do these changes and impacts relate to the cost or availability of consumer credit cards?

c. What barriers to entry, if any, exist in the consumer credit market? What obstacles may smaller financial institutions face when launching a credit card product? How are these impediments changing and what, if any, trends are evolving? To what extent are financial institutions adopting “credit card-as-a-service” offerings? How might these changes affect competition, promote innovation, or introduce risk, if at all?

d. How have broader innovations in finance, such as (but not limited to) new products and entrants offering unique features (like rewards redemption for cryptocurrency, environmental causes, and other categories beyond cash-back or points), 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?

e. How do innovations by firms offering other consumer financial products and services (such as buy-now-pay-later credit, mobile payments, or non-card point-of-sale loans) compete

with credit cards, and to what extent do consumers view them as effective alternatives to or substitutes for credit cards?

Rohit Chopra,

Director, Consumer Financial Protection Bureau.