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Media Release

FOR IMMEDIATE RELEASE

Albin Testifies on Credit Card and Overdraft Protection

March 19, 2009, Alexandria, Va. – National Credit Union Administration Associate General Counsel Sheila Albin testified today before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit addressing legislation designed to aid consumers: “H.R. 627, the Credit Cardholders’ Bill of Rights Act of 2009; and H.R. 1456, the Consumer Overdraft Protection Fair Practices Act of 2009.

Crafted to level the playing field and stop or restrict unfair, deceptive and anti-competitive consumer credit card practices (UDAP), the credit card bill would act to protect cardholders against arbitrary interest rate hikes, being unfairly penalized when an account is current, due-date gimmicks, misleading terms, and excessive fees. The bill would also prevent card issuers from providing subprime cards to those who cannot afford them.

Citing results of a 2005 Woodstock Institute research report Albin said, “Federally insured credit union credit card products tend to have fewer fees, lower fees, and clearer disclosures. The study concluded there is a clear difference between credit cards issued by banks and those issued by federally insured credit unions. Federally insured credit union credit card programs show credit card lending is sustainable without exorbitant penalties and misleading terms and conditions.”

The overdraft protection bill would extend protections of the Truth In Lending Act to overdraft protection programs and services provided by financial institutions.

NCUA’s general lending regulations require credit union boards to establish a policy and fees for overdraft protection programs and NCUA examiners consider the reasonableness of fee income when reviewing credit union programs.

“The NCUA believes the UDAP rule addresses most of the practices and problems to which H.R. 627 is directed,” Albin said. “To the extent areas of concern remain, The NCUA is prepared to work with its sister agencies to address those problems.”

Concerning overdraft protection, recent changes in the Truth in Savings Act rule and a Federal Reserve Board regulatory proposal address key areas of concern within H.R. 946.

“Credit cards and overdraft protection programs are useful member services,” Albin said. “NCUA believes it has the proper controls and oversight in place to ensure abuse is appropriately identified and addressed. NCUA will continue to monitor credit union credit card programs to ensure unfair and deceptive practices do not materialize.”

The testimony is available online at: [click here](#).

The National Credit Union Administration is the independent federal agency that regulates, charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, also operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of nearly 89 million account holders in all federal credit unions and the majority of state-chartered credit unions.

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