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March 30, 2009

The Honorable Chris Dodd
Chairman, Committee on Banking,
Housing and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Richard Shelby
Ranking Member, Committee on Banking,
Housing and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Dodd and Senator Shelby:

I am writing on behalf of the members of the American Bankers Association in opposition to the "Credit Card Accountability Responsibility and Disclosure Act of 2009" (S. 414), which is scheduled to be marked up by your Committee on March 31. **S. 414, if enacted as currently drafted, would exacerbate the problems facing the U.S. economy by imposing serious restraints on card lenders' ability to serve consumers and small businesses.**

Among other things, S. 414 seeks to put into statute the sweeping card reforms adopted by the Federal Reserve Board (Fed) and other financial services regulators in December 2008. These regulations, which entirely revamp disclosures and address a wide range of concerns expressed by policymakers over card practices, involve a *complete reworking* of credit card internal operations, risk management, and funding mechanisms, among other things. As such, they represent an enormous drain on the resources and lending abilities of both large and small card lenders. S. 414 seeks to codify these regulations, but does not do so precisely, and would force regulators to go back and revise card rules that were carefully crafted and based on detailed regulatory analysis, extensive consumer testing, and over 66,000 public comments. Lenders of all sizes have already taken extensive efforts to comply with these sweeping reforms, and if confronted by new requirements, will have even more difficulty serving their customers at a time their customers most need it.

S. 414 also goes far beyond the Fed's broad, new regulatory mandates by adding provisions that would micromanage how lenders, for example, price and market their products and how they may be paid. These detailed prohibitions have not been subject to close scrutiny to determine what impact they may have on the availability and price of credit for tens of millions of Americans with imperfect or limited credit records, or who otherwise receive substantial benefit from credit card loans. Nor has the overall impact on the broader economy been fully explored. For example, there has been no analysis of the impact on immigrant populations with limited credit histories, those who have had credit problems in the past, the college student population, small businesses that use personal credit cards to help fund their operations, or even efforts by the Administration and Congress to jumpstart our economy.

Moreover, there has not been careful consideration over potential unintended consequences of various other provisions of this legislation. It should be fully explored,

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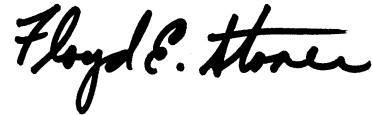
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for example, whether the provision on limiting reporting to credit bureaus on the opening of card accounts actually facilitates identity theft, as well as what impact a short implementation period under the bill would have on credit card operations or available credit. Such issues may compound the broader concerns already expressed.

Given the sweeping aspects of recent regulatory pronouncements and the potential unintended consequences of the underlying legislation, we strongly urge the Committee to oppose S. 414 when it comes before the Committee tomorrow.

Thank you for considering our views.

Respectfully,

A handwritten signature in black ink that reads "Floyd E. Stoner". The signature is written in a cursive, flowing style with a prominent initial "F".

Floyd E. Stoner

Cc: Senate Banking Committee Members