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April 21, 2009

The Honorable Barney Frank
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Spencer Bachus
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Frank and Ranking Member Bachus:

I am writing on behalf of the members of the American Bankers Association to express very serious concerns about H.R. 627, the Credit Cardholders' Bill of Rights Act of 2009, which is scheduled to be marked up in the Financial Services Committee on Wednesday, April 22.

H.R. 627 is unnecessary and potentially counterproductive in light of the sweeping credit card rules adopted by the Federal Reserve Board (Fed), Office of Thrift Supervision (OTS), and the National Credit Union Administration (NCUA) in December 2008. Enactment of H.R. 627 adds further restrictions on the ability of credit card issuers to factor in risk when making credit decisions, and increases the already extensive operational challenges facing the industry as they prepare to comply with the Fed's rules.

The Financial Institutions Subcommittee improved H.R. 627 during the April 1 markup by adopting a more workable one-year implementation period. In addition, efforts have been, and continue to be, made to bring the bill in closer conformity to the Fed's rules. However, we are still very concerned that the bill does not track the new rules precisely enough and that additional, and potentially unworkable, restrictions will be added through amendments during the Committee's markup. We are particularly opposed to amendments that would modify the effective date.

Even if enacted in its present form, H.R. 627 would limit the ability of credit card issuers to make more loans and would impede their ability to operate in this very challenging economic environment. As a consequence, it directly conflicts with other government initiatives and potentially exacerbates the problems facing the U.S.

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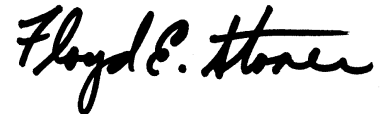
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economy by impacting the cost and availability of credit for consumers and small businesses.

We want to continue to work with the Committee to address these and other concerns about this legislation before it goes to the House floor.

Thank you for considering our views.

Sincerely,

A handwritten signature in black ink that reads "Floyd E. Stoner". The signature is written in a cursive style with a large, prominent 'F' and 'S'.

Floyd E. Stoner

Cc: Members of the House Financial Services Committee