

Credit CARD Decisions: Making the Most of New Consumer Protections

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Key words: credit, finances, consumer protection

Target Audience

In an environment of escalating economic turbulence in 2007 and 2008, credit card companies implemented policies and practices that consumers experienced as unfair and unwarranted. Consumers found they had little or no recourse to protect the family budget from unexpected and dramatic payment increases. Even a stellar payment history failed to offer protection against account changes such as increased interest rates, reduced credit lines, account closures and other changes to account agreements. In 2009, Congress responded and passed legislation offering consumers greater protection against these widespread card issuer practices that consumers experienced as abusive.

The Credit Card Accountability, Responsibility, and Disclosure (CARD) Act of 2009 creates new consumer protections and establishes uniform rules for all lenders issuing open-ended credit, commonly referred to as credit card accounts. Since nearly all Americans use credit cards to some extent the vast majority of Americans will be affected by this credit CARD legislation and the need for consumer education is essential.

Credit Card Decisions highlights prohibited lender practices, explains the new consumer protections, and offers tips about how to manage accounts to protect or build a consumer's FICO score. The curriculum includes a brief introduction to credit reports and credit scores to enhance participant understanding of the importance of CARD Act provisions and account management behaviors.

This curriculum is designed to be used by educators, including those in the university classroom and Extension educators, with college students and community citizens. Curriculum would be appropriate in economics, finance, and family and consumer sciences courses. Extension educators could use the program with adult audiences. The material would also be beneficial to high school students in their junior and senior year as they contemplate the responsibilities of independent living.

Objectives/Purpose

This program is designed to increase the public's knowledge about the new Credit CARD Act provisions. Participants will gain an understanding of how to monitor their accounts for lender compliance to the Act's provisions, learn how to manage their accounts to enjoy the full benefit of the Act's protections, and gain a better overall understanding of credit reports and FICO scores.

Content/Description

Curriculum includes examples to illustrate numerous provisions of the CARD Act, including fixed due dates, the definition of an on-time payment, and the limitations on penalty interest rate periods. Also highlighted are less than favorable lender practices that are not prohibited under the CARD Act. Fact sheets are provided to aid participants in accessing the maximum benefit available under the legislation.

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