

MEMORANDUM

---

TO: David Silberman  
FROM: Oliver I. Ireland  
DATE: February 22, 2011  
RE: Aggregated Survey Responses

---

Below are aggregated responses to the CARD Act Implementation Questions that you addressed to nine credit card issuers.

Where applicable, the banking practices discussed in the aggregated survey responses below are implemented by each of the nine banks in a manner consistent with the CARD Act.

**REPRICING OF BALANCES ON EXISTING ACCOUNTS****1. What is your current practice with respect to applying a “penalty” APR to existing balances on accounts which are delinquent? Do you currently plan to change that practice?**

Six banks do not currently apply penalty rates to existing balances on delinquent accounts.

Three banks apply penalty rates to existing balances on delinquent accounts consistent with the CARD Act.

**2. Since the effective date of the CARD Act, have you tested applying a penalty APR to delinquent accounts? If not, are you planning to do so?**

Of the six banks reported in question 1 as not currently applying a “penalty” APR to existing balances on accounts which are delinquent, none reported testing the application of penalty APRs to delinquent accounts since the effective date of the CARD Act.

**INCREASING THE APR ON NEW TRANSACTIONS FOR EXISTING ACCOUNTS****3. What is your current practice with respect to applying a “penalty” APR to new transactions on accounts which are delinquent. Do you currently plan to change that practice?**

Five banks do not currently apply penalty rates to new transactions on delinquent accounts.

One of the five banks that does not currently apply penalty rates to new transactions on delinquent accounts has current plans to do so in the near future.

Four banks apply penalty rates to new transactions on delinquent accounts consistent with the CARD Act.

**4. Since the effective date of the CARD Act, have you tested applying a penalty APR to new transactions with respect to accounts which are delinquent? If not, are you planning to do so?**

Of the five banks reported in question 3 as not currently applying a “penalty” APR to new transactions on accounts which are delinquent, four banks have reported no testing since the effective date of the CARD Act and one reports testing since the effective date of the CARD Act.

Of the four banks reporting no testing since the effective date of the CARD Act, one bank plans to test in 2011.

**5. What is your current practice with respect to conducting a risk-based pricing review on existing accounts? Specifically:**

**a. Do you have any existing practice of reviewing the APR on existing accounts based on a triggering event involving Cardmember behavior on an account?**

See answers above for question number one under “Repricing of Balances on Existing Accounts: and question number three under “Increasing the APR on New Transactions for Existing Accounts.”

**b. Do you have any existing practice of reviewing the APR on existing accounts based on some external triggering event (change in score, external delinquency)?**

Nine banks do not have any existing practice of reviewing the APR on existing accounts based on some external triggering event (change in score, external delinquency).

**c. Do you have any existing practice of reviewing the APR on existing accounts at periodic intervals?**

One bank has an existing practice of conducting upward repricing reviews on new transactions on existing accounts at periodic intervals consistent with the CARD Act.

Eight banks do not have an existing practice of conducting upward repricing reviews on existing accounts at periodic intervals.

**6. Do you currently plan to adopt any or all of the practices listed above? If so, which practices?**

See answers above.

**7. Since the effective date of the CARD Act have you tested any or all of the practices listed above? If so, which practices?**

See answers above.

**8. Are you planning to test any or all of the practices listed above? If so, which practices?**

See answers above.

#### **OVERLIMIT FEES**

**9. What is your current practice with respect to offering cardholders the opportunity to opt in to overlimit fees and with respect to assessing overlimit fees on cardholders who have opted in? Are you currently planning to change that practice?**

Three banks offer cardholders the opportunity to opt in to overlimit fees and charge overlimit fees.

Six banks do not offer cardholders the opportunity to opt in to overlimit fees and do not charge overlimit fees.

**10. What is your current practice with respect to authorizing overlimit charges with respect to cardholders who have not opted in (or have not been offered the opportunity to opt in) to overlimit fees? Are you currently planning to change that practice?**

Nine banks selectively authorize overlimit transactions for cardholders that either have not opted in or have not been offered the opportunity to opt in to overlimit fees.

**11. Since the effective date of the CARD Act have you tested offering cardholders the opportunity to opt in to overlimit fees and charging such fees? If not, are you planning to do so?**

Of the six banks that do not currently offer cardholders the opportunity to opt in to overlimit fees, none reported testing since the effective date of the CARD Act.

#### **MINIMUM PAYMENT**

**12. Since the enactment of the CARD Act in May 2009, have you changed the formula utilized to calculate minimum payments so as to increase the minimum payment or**

**increased the dollar amount of the minimum monthly payment? If so, which type of change did you make (formula or minimum dollar amount)?**

Since the enactment of the CARD Act in May 2009, three of the nine banks have not changed the formula utilized to calculate minimum payments so as to increase the minimum payment or increased the dollar amount of the minimum monthly payment.

Since the enactment of the CARD Act in May 2009, four of the nine banks have increased the dollar amount of the minimum monthly payment.

Since the enactment of the CARD Act in May 2009, four of the nine banks have changed the formula utilized to calculate minimum payments for a portion of their accounts.

**13. Are you planning to change either the formula utilized to calculate the minimum payment or the dollar amount of the minimum monthly payment? If so, which type of change are you planning to implement?**

None of the nine banks reported current plans to implement a change to the formula utilized to calculate the minimum payment or the dollar amount of the minimum monthly payment.