

September 22, 2008

To: Members of the House of Representatives

Re: Opposition to H.R. 5244, the Credit Cardholders' Bill of Rights Act of 2008

The undersigned trade associations, representing a broad cross-section of users and providers of credit in our nation's economy, strongly urge you to vote against H.R. 5244, the Credit Cardholders' Bill of Rights of 2008. Enactment of this bill will increase the cost of credit for consumers and small businesses across the country, reduce access to such credit at the very time our economy needs it, and potentially further roil the securities markets at the very time we can least afford it.

Legislation mandating higher prices to consumers makes little sense at any time, let alone when global markets face the degree of turmoil that they are faced with today. H.R. 5244 is the wrong solution at the wrong time. The bill would:

- Limit the ability of lenders to manage risk in making loans – this will force lenders to increase prices for everyone to compensate for that added risk, even for low-risk cardholders who will now be subsidizing higher risk customers. Small businesses will find it harder to use credit cards to assist in funding their operations.
- Dictate that low-cost credit options, like “0%” promotional rates that individuals and small businesses rely upon to lower their costs of borrowing, would disappear.
- Inject further uncertainty into the securitization marketplace (responsible for funding over 50% of card lending, and equaling *hundreds of billions of dollars*), further disrupting the markets and potentially causing serious liquidity problems for our economy.
- Act in advance of federal regulators, who are putting regulations in place by the end of this year that address consumer concerns while balancing them against potential harm to individuals, small businesses, and our economy.

These are serious consequences that we believe Congress should not take lightly. We urge you to vote against H.R. 5244 when it comes to the floor this week.

Sincerely,

American Bankers Association  
American Financial Services Association  
American Securitization Forum  
Consumer Bankers Association  
Financial Services Forum  
Independent Community Bankers of America  
National Association of Manufacturers  
The Financial Services Roundtable  
U.S. Chamber of Commerce