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2005 Credit Card Survey

Card companies use common 'risk factors' to impose unfair rate hikes, finds CA

Credit card penalty interest rates and universal default rate hikes, often cited as a way for card companies to manage risk, top the list of unfair credit card practices. In its new credit card study, Consumer Action (CA) uncovered the top reasons that lead banks to impose penalty rates. CA's findings show that anyone—not just people in financial difficulties—could be subjected to a much higher rate.

Universal default

Universal default rate hikes are imposed by credit card companies based on

the way customers handle other credit accounts. This year, 44.68% of banks said they have universal default policies—a slight increase from last year's survey. According to customer service representatives, the following circumstances, in descending order of importance, can trigger a universal default rate hike:

- Credit score gets worse: 90.48%
- Paying mortgage, car loan or other creditor late: 85.71%
- Going over credit limit: 57.14%
- Bouncing a payment check: 52.38%
- Too much debt: 42.86%
- Too much available credit: 33.33%
- Getting a new credit card: 33.33%
- Inquiring about a car loan or mortgage: 23.81%

CA found default rates as high as 35% (Merrick Bank). Runners-up for the highest default rates are Citibank, Bank of America and Provident at 29.99%. The lowest default rate is 12% (Arkansas National Bank).

Eleven of the 21 banks with universal default policies are willing to reduce the higher rates if cardholders' credit histories improve. Three more banks said it was "possible." Twelve banks out of these 14 said that after six months of improved

credit, the rate might be adjusted downward—although not always to the original rate.

Advance notice of default or penalty rate increases is not required by law. In many cases, the first time consumers learn of a rate increase is when they open their statements. This year, several large banks such as Citibank, Chase and MBNA announced their intentions to give cardholders advance notice of such interest rate increases and allow cardholders to "opt out" of paying them. However, when consumers decline to accept the change, they lose the use of the card.

"It's nice to get a warning," said CA's Linda Sherry, who coordinated the survey, "but for many folks, there is nothing they can do with the heads up. They can't afford to pay off the balance, and to transfer the balance to another credit card they need a clean credit record."

Sherry noted that people who reject the change of terms lose the use of their card, immediately or at the end of the expiration period, depending on the bank. "The opt-out protects you from the higher interest rate, but it's unfair in any case to raise the interest rate on an existing balance."

Penalty rates

Penalty rates are much higher interest rates triggered when you pay your

credit card bill late—even once. Late payments are not the only reason issuers impose higher penalty interest rates. Going over your credit limit or bouncing a payment check can trigger a rate increase, too, in addition to hefty fees.

The average penalty rate this year is 24.23%, up from the 2004 average of 21.91%. This increase is probably attributable to the fact that most penalty rates vary with the Prime Rate, and from last year's survey to this year's the Prime Rate increased two percentage points (from 4% to 6%).

Late payments result in higher penalty rates with 78.7% of the issuers—a drop from 85% of the issuers last year. Of the issuers who assess penalty rates, 43.2% said a penalty rate could be triggered by just one late payment. Last year just 31% assessed a higher rate after one late payment.

More than half (57.45%) of the banks with penalty rates were willing to reduce the rate if cardholders improved the way they handled their accounts. Six more issuers said it might be possible to reduce the rate. In most cases this means an on-time payment record of six months or more and then cardholders must ask for a rate review.

More findings

CA's yearly snapshot of credit card industry practices examines 146 credit cards from 47 banks. Janice Kohn, Joseph Ridout and Joe Caldarola conducted the survey between April 1 and June 21, 2005.

The average interest rate for all cards

See "Survey findings" on page 2

Survey at a glance

Issuers: 47
Cards: 146
Average APR: 12.61%

Variable Cards: 118
Average Variable APR: 12.96%
Average Variable Rate Range: 6.00% (Ranier Pacific, Town Bank and Wells Fargo) to 24.94% (Merrick Bank)

Fixed Rate Cards: 28
Average Fixed APR: 11.15%
Fixed Interest Rate Range: 6.5% (Pulaski Bank) to 16.50% (Commerce Bank)

Consumer Action speaks to Senate Banking Committee Unfair credit card practices explored

By Jennifer Daw Holloway

Consumer Action's Linda Sherry appeared before the Senate Banking Committee on May 17, along with other consumer advocates and credit card company executives who had been invited to testify on credit card industry practices. Sherry joined Travis Plunkett of the Consumer Federation of America (CFA), Edmund Mierzwinski of the U.S. Public Interest Research Group and Dr. Robert Manning, author of the book "Credit Card Nation," in representing the consumer interest.

The hearing was called to give the committee an opportunity to determine whether the credit industry is providing consumers with the information necessary to make responsible credit-related

decisions, said Committee Chair Sen. Richard Shelby (R-AL). The topic was of pressing importance, "due to the unprecedented size and scope of this industry," said Shelby, noting that 6,000 financial institutions issue over 640 million credit cards to 145 million Americans.

Practices questioned

"Universal default" was a hot topic at the hearing. Universal default rate hikes are imposed by credit card companies based on the way customers handle other credit accounts. Many credit card companies use credit reports to track their customers' credit. When customers' credit scores drop, the company often doubles or triples their interest rates. During CA's testimony, Sherry cited

several real-life consumer experiences received by CA's complaint hotline.

Despite some legislative attempts to reform credit card disclosures, consumers are often shortchanged in receiving key information on credit card rates and terms. "Our experience is that obtaining accurate information from credit card companies is frequently exasperating and difficult, and the answers are often lacking in key details about conditions, especially those related to fees and other costs, and to the circumstances that trigger universal default rules," Sherry told the committee.

This practice "tops the list of unfair practices," said Sherry, because customers are given little choice about the rate or fee hikes. In 2004, CA found penalty interest rates as high as 29.99% and this year has seen one bank charging a penalty rate of 35%.

During the hearing, Anthony Jenkins of Citigroup announced that it would no longer penalize customers without giving them prior notice and allowing them to reject any changes in terms. However, Citigroup customers who exercise their new option to opt out of the higher

interest rate can use their cards at the existing rate until the expiration date. Upon the card's expiration, the account would be closed and no new charges would be allowed. The cardholder would be allowed to pay off any remaining balance at the existing interest rate.

To many consumer advocates, Citigroup's announcement is just a small step in protecting consumers.

Plunkett, CFA's legislative director, said Citigroup's new policy was more responsible but he noted that disclosure of universal default rate increases is not the same as stopping this inequitable practice altogether. He called universal default policies "fundamentally unfair. One late payment can result in significant increases in interest rates although there is little to no evidence that a single late payment to one creditor increases the likelihood of default to all creditors."

"It's the only industry in the world to re-price something you already paid for," Sherry told *The Washington Post* after the hearing.

The hearing highlighted the fundamental differences between consumer

See "Senate hearing" on page 9

Consumer Action

www.consumer-action.org

Consumer Action is a non-profit 501(c)(3) advocacy and education organization founded in 1971. CA publishes surveys and distributes multilingual educational materials in printed form and on the Internet.

Referrals and advice

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(415) 777-9635

(213) 624-8327

TTY: (415) 777-9456

hotline@consumer-action.org

San Francisco

221 Main St., Suite 480
San Francisco, CA 94105
(415) 777-9648
E-mail: info@consumer-action.org

Ken McEldowney
Executive Director

Kathy Li
Director, San Francisco Office

Michael Heffer
Business Manager

Joseph Ridout
Consumer Services Manager

Nani Susanti
Technical Assistance

Hazel Kong
Office Manager

Ricardo Perez
Mail Room Operations

Joe Caldarola, Sol Carbonell, Ruth Gilbert
Consumer Advice Counselors

Mikael Wagner
Consumer Advocate

Kinny Li, Philip Mak, Annie Tran, Dennis Wong, Cui Yan Xie
Support

Los Angeles

523 West Sixth St., Suite 1105
Los Angeles, CA 90014
(213) 624-4631

Cher McIntyre
Director of Advocacy

Guadalupe Aguilar
Consumer Advocate

Kathleen McGregor
Program Associate

Washington, DC

P.O. Box 1762
Washington, DC 20013
(202) 544-3088

Linda Sherry
Director, National Priorities
(Editor, Consumer Action News)

Jennifer Daw Holloway
Associate, National Priorities

Healthy Children Organizing Project

221 Main St., Suite 480
San Francisco, CA 94105
(415) 777-9648

Neil Gendel
Director

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Survey findings

Continued from 2

is 12.61%, ranging from 6% (Ranier Pacific, Town Bank and Wells Fargo) to 24.94% (Merrick Bank). The 2005 Credit Card Survey found that 118 of surveyed cards have variable rates, with an average interest rate of 12.96%, and 28 cards have fixed rates, with an average rate of 11.15%.

Bounced check fees

If your payment check to your credit card company bounces, 42 (89.3%) of the surveyed banks will charge you a fee. The average bounced check fee at these banks is \$28.61. The fees range from \$15 (First Internet Bank of Indiana) to \$38 (American Express).

Late payments

Of surveyed cards, 138 (94.52%) carry late payment fees. The average late fee this year is \$27.46, only a penny off the 2004 average. Thirty-two issuers (68.1%) assess a late fee immediately if the payment is not received by the due date.

This year 40% of surveyed issuers employ tiered late fees tied to the cardholder's balance, a decline from the 48% of issuers with the policy last year. The difference is probably attributable to mergers between large issuers such as Bank of America and Fleet, and Chase and Bank One/First USA.

"The nature of the industry, with mergers and the fact that companies are constantly adding new cards and dropping old ones, makes it difficult to provide an apples-to-apples comparison from year to year," said Sherry. In 2003, only 20% of surveyed issuers used tiered late fee structures.

Over-limit fees

138 cards (93.87%) have over-limit fees. The average fee on those cards is \$30.18. Contrary to what many people believe, a purchase that takes you over your credit limit will not necessarily be denied. Instead, you'll be stuck with an over-limit fee, which can be assessed every month until your balance is under the limit. The fee can be as high as \$39 at Citibank and MBNA. Many banks now use average daily balances to determine if you've exceeded your limit at anytime during the billing cycle, instead of the ending balance on your monthly statement. This can trigger an over-limit fee even if you are not over limit at the close of the billing cycle.

The industry should either deny charges that go above the credit limit or not charge a fee," said Sherry. "If they are going to accept charges over the credit limit they should be happy just with the added interest and be forbidden from adding on fees."

Cut-off times

CA found that 34% of banks set a cut-off time on the due date. Payment deadlines on the due date ranged from noon local time to 9 p.m. Eastern time.

Over Limit Fees

Cards	Fee
65	\$35
26	\$29
17	Tiered fee, with an average of: \$27.66
11	No fee
7	\$20
6	\$25
4	\$39
4	Tiered fee, with an average of: \$20
2	\$10
2	Tiered fee, with an average of: \$10
2	5% of over-limit amount (\$15 minimum)

Credit limits

Twenty-five (53%) surveyed banks said that they reduce cardholders' credit limits under certain circumstances, usually for the following reasons:

- Late payments, going over limit or account in collection.
- Poor credit report or your credit score declines.
- Excessive late payments.
- Having several cards from the same issuer. (This frequently happens when credit card companies merge.)
- Account subject to a default (penalty) APR.
- Your income falls.
- Too much of your outstanding credit is used.
- "Severe account abuse."
- You become a credit risk.

Annual fees

Cards without annual fees make up the majority at 67.35% (99 cards). Of the 47 cards that have annual fees, the average fee is \$43.27—an increase of 15.9% from last year's \$37.33. (This is perhaps because of the higher number of mileage and rewards cards CA is seeing.)

Cash APRs

Of the 146 cards surveyed, 74.8% have a higher APR for cash advances taken with the card. The average cash advance rate on these 110 cards is 20.23%. On cash advances, the interest begins to accrue immediately, even if you do not carry a balance.

Cash advance fees

Among surveyed cards, 137 (93.2%) have cash advance fees that average 3.01%. The cash advance fee is limited to a maximum charge on 35 of the cards. Maximum charges protect consumers from higher fees, but minimum charges can result in a higher payment than would be necessary under a strict percentage approach. Maximums range from \$10-\$75 and average \$41.28. A minimum charge applies on 132 of the cards. The minimums range from \$2-\$15 and average \$6.98.

Balance calculation

Five surveyed banks (10.63%) use two-cycle billing. Cards issued by Chase, Discover Bank, National City Bank, Provident and First National Bank of Omaha employ dual cycle billing. Because of the Chase merger last year with Bank One, issuer of First USA cards, conditions may vary on Chase cards.

Only people who carry a balance occasionally are affected by credit cards that use two-cycle average daily balance, as it results in a higher finance charge in the second month you carry a balance than you would pay on a card with one-cycle billing.

Arbitration

Twenty-one (57.5%) of the surveyed banks confirmed that they require consumers to settle disputes using arbitration. Of those banks, 15 (71.4%) insist on "binding" arbitration decisions, which prevent cardholders from appealing the decision.

Introductory rates

Of the 146 surveyed cards, 70 (47.6%) offer teasers on new purchases, 91 (61.9%) on balance transfers and 22 (14.96%) on cash advances or convenience check transactions. (Convenience

Late fees on surveyed cards

Cards	Late Fee
21	Tiered fee, with an average of: \$29
17	Tiered fee, with an average of: \$27.67
14	\$29
14	Tiered fee, with an average of: \$27
14	Tiered fee, with an average of: \$26.33
13	Tiered fee, with an average of: \$27.67
10	\$35
7	\$25
4	No fee
3	\$39
3	Tiered fee, with an average of: \$34.33
3	Tiered fee, with an average of: \$25
3	Tiered fee, with an average of: \$22
3	\$20
3	Tiered fee, with an average of: \$18.33
3	5% of minimum payment due (\$15 minimum)
2	Tiered fee, with an average of: \$29.67
2	\$16.50
1	Tiered fee, with an average of: \$32
1	Tiered fee, with an average of: \$23.33
1	Tiered fee, with an average of: \$21.97
1	Tiered fee, with an average of: \$12.50
1	\$10
1	5% of minimum payment due
1	\$5.40

checks are checks tied to your credit card account. When you write one and give it to the payee, you are taking out a cash advance on your credit card.)

• Purchases: Short-term "teaser" promotions on purchases include 48 cards with "Zero%" offers. Fourteen of these offers last for 12 months. Other APRs on purchase teasers range from 1.70%-8.99% and last for 6 to 15 months.

• Balance transfers: Intro rates on balance transfers include 57 Zero% offers. Twenty-one of the offers last 12 months. On four American Express cards, it is

Grace periods

Grace period	Cards
25 days	74
20 days	56
20-25 days	14
22 days	1
No grace period	1

possible to transfer a balance and pay 9.99% interest for the life of the balance. Other APRs on balance transfers range from 1.70%-8.99% and last for 6-10 months.

• Cash advances: Two companies, HSBC and Ohio Savings Bank (an MBNA card), have interest free offers on cash advances for 12 months and Juniper Bank has one for six months. Low rate introductory offers on cash advances range from 1.70%-9.99%.

Rewards cards. Among the surveyed cards, 52 (35.6%) offer rewards such as cash, miles, auto purchase points, merchandise points and gasoline.

The overall percentage of credit card offers from surveyed banks with rewards has increased sharply since last year's 23%.

"We see a shift in the industry toward cards that give something back, because industry research shows that rewards cardholders make more purchases, tend to use their rewards card exclusively and are less likely to jump ship for a lower-rate card," said Sherry. ■

For more on rewards cards, see page 3. A chart on pages 10-12 details all teaser offers found by CA during the survey.

Reaping rewards...or not?

Look before you leap on rewards cards

By P. Slavin

Rewards cards allow cardholders to earn perks such as cash rebates, points toward merchandise or airline mileage.

Gerri Detweiler, author of "The Ultimate Credit Handbook," is an authority on credit card reward programs. But she admits to learning some personal lessons the hard way. Some years ago, while living in Washington, D.C., Detweiler tried to use bonus airline miles she'd earned on a reward credit card to visit her sister in Alaska. She quickly accrued enough points on her card to earn a free ticket, only to find she could not board Alaska Airlines in Washington. Her only choice was to buy another ticket and fly to the West Coast to pick up an Alaska Airlines flight.

Detweiler tells the story to make a point: Make sure the reward in question will actually be of benefit to you. "Think it through," she warns. "Is the 'reward' one you really want or need?"

The fundamentals

There's more to rewards cards than you might imagine. To get the most from one—or to avoid losing its benefits

and even being penalized—you have to stay on your toes. These cards require you to exercise discipline over your finances, keep your goals in mind and do your homework.

Consumers need to know the fundamentals of smart use of reward cards, experts say. The first rule of thumb, according to Curtis Arnold, founder of CardRatings.com, is "if you occasionally carry a balance on your cards, you should avoid the allure of reward cards. Most reward cards have higher interest rates than traditional credit cards and some, particularly airline reward cards, have annual fees. Such disadvantages usually far outweigh any rewards you might earn." If you plan to carry a balance, adds Arnold, you're better off looking for a low-interest credit card.

Second, says Arnold, don't blow your monthly budget just to get rewards. "It's very alluring to get a couple hundred dollars back at the end of the year," but if you exceed your budget and can't pay your credit card bill in full, you will likely be looking at finance charges far greater than the value of your rewards.

Third, he advises that you do not "bank" your points, which means you let them accumulate. Too many things

Cash is king—'up to' a point

By Jennifer Daw Holloway

On average, American households have 11 credit cards. What would entice consumers to take on yet another card? Rewards!

Ranging from "cash back" to airline miles to NASCAR merchandise, credit card companies are targeting your particular interests with hard-to-refuse offers.

In its new survey of credit cards, Consumer Action (CA) found 52 cards offering rewards such as cash, miles, auto purchase points, merchandise points and gasoline. Many people like cold hard cash—available from American Express Blue Cash, Bank of America Money Return Platinum, Chase Manhattan's Cash Builder and Free Cash Rewards, Citibank AT&T Universal Cash Back Rewards and the Wells Fargo Cash Back Platinum. Watch for the words "up to," as they can signal that the reward is capped at a certain spending level.

• Bank of America's Money Return card pays you 10% of your interest charges at the end of the year. The card

has a fixed Zero% introductory APR on purchases and balance transfers for the first six billing cycles following the opening of your account, so you won't get any cash back for that period. After six months, a variable APR applies.

• American Express Blue Cash is tied to spending, not interest, and requires that you spend at least \$6,500 to receive its full 5% back on purchases. Cash rewards are based on your prior spending and annual rewards are capped after you've spent \$50,000. The card comes with a Zero% introductory offer for the first six billing cycles.

• Chase Cash Builder has rebates based on tiered balances: 0.25% for the first \$2,000, 0.50% for \$2,000-\$4,000, 0.75% from \$4,000-\$6,000 and 1% for purchases above \$6,000. When you carry a balance, your reward is doubled, up to 2 percent for balances over \$6,000. (Remember that when you carry a balance you are paying interest.)

• Chase Free Cash Rewards allows you

See "Cash rewards" on page 10

could happen—the card might scale back the points you've already earned or the airline could fail. "You could lose all your points," says Arnold.

Detweiler suggests that if you run into financial problems such as divorce, illness, or job loss, cash in your rewards as soon as possible. If you're late in paying your credit card bills, you'll forfeit your rewards.

The fine print

To get the most out of reward cards and avoid the pitfalls, experts say you have to look at the fine print and analyze what a card offers.

Individual cards that allow you to choose the reward you want from a menu, including cash back, points toward merchandise or airline miles, may provide the least rewards in the long run. Having more than one option on the same card is a plus, says Arnold, but if you choose the cash back option you may find that the card is much less valuable than a card that offers only a cash

back reward. Cash back cards may pay 1%-5% back on your purchases. However, Arnold warns that cards with a variety of rewards give you the cash equivalent of only a quarter or half of a percent on purchases. The difference can amount to hundreds of dollars a year.

Arnold points to a recently marketed Discover card that promised 2% back on all purchases. People thought they were going to get 2% in cash, "but you could only get up to 1% in cold cash. To get 2% back, you had to use the points for merchandise." And in discount stores like Wal-Mart and K-Mart, he says, the reward is only a quarter of a percentage point of all purchases.

If your reward is coming to you in gift certificates or merchandise points, make sure the stuff interests you. (You can view some companies' offerings online.) Research how many points are required for an item and compare that with its retail price. For example, a new bicycle for

See "Rewards cards" on page 10

Getting the ultimate reward

- Ask if the annual fee can be waived the first year.
- Use your rewards card for everyday purchases that you can pay in full each month. Use a low rate card for carrying balances.
- Pay on time—you can lose your miles or rewards if you make a late payment.
- Look for cards that offer free or low-priced companion tickets.
- Choose a card with a generous expiration policy on points and miles and no blackout or seat restrictions.
- Remember that cash advances, fees and finance charges don't count toward rewards or miles.
- If you have a cash back card, remember to ask for a check when the minimum rewards pay-out has accrued.

Lowest rate credit cards

Cards with no annual fees

Variable Rates

APR	Bank (Card Name)
6.75%	First Command Bank (Platinum)
7.49%	Franklin Templeton Bank & Trust (Platinum)
7.65%	Chase (Gold)
8.45%	Rainier Pacific Bank Variable Rate Platinum
8.90%*	Wells Fargo Platinum and Commerce Bank Classic/Gold/Platinum Variable

Fixed Rates

APR	Bank (Card Name)
7.90%*	MBNA (South Trust Platinum - Code C1HH and Working Assets Platinum Plus - Code K3FV)
8.49%*	MBNA (Sovereign Bank World Points Platinum Plus - Code 2FVX)
8.74%*	American Express (Blue)
8.90%	Capital One (Fixed)
8.99%*	MBNA Sun Trust World Points (Code HH1V)

Cards with annual fees

Variable Rates

APR	Fee	Bank (Card Name)
6.00%	\$50 ¹ , \$60 ² and \$79 ³	Town North Bank (Prime Plus ¹), Ranier Pacific Bank (Prime Gold ²) and Wells Fargo (Prime Rate Card ³)
7.92%	\$50	Arkansas National Bank
8.74%*	\$25**	Chase (Bank of NY Platinum)
9.74%*	\$40**	Cambridge Bank and Trust Platinum
9.90%	\$10**	First Federal Bank (Standard/Classic)

Fixed Rates

APR	Fee	Bank (Card Name)
6.50%	\$35	Pulaski Bank (Standard and Classic)
6.50%	\$50	Pulaski Bank (Gold)
11.88%	\$12	Gilmer County Bank and Appalachian Community Bank (Cash Rewards)
14.90%	\$20	Tompkins Trust Company (Classic)

* This is the issuer's lowest rate and is available only to applicants with excellent credit.

** Fee may be waived under certain conditions.

Minimum payment size eyed by federal regulators

In September 2004, federal bank regulators directed credit cards issuers to make sure that minimum payments on credit cards are large enough to reduce the cardholder's balance and not just cover finance charges or fees. Several banks have responded by requiring each month that cardholders pay current interest charges and fees in addition to a small principal payment.

Calculations by Consumer Action show that this method will cut years off repayment time. However, paying a \$1,000 balance under a typical new minimum payment formula—even with no new purchases—will still take more than five years to pay off.

2% minimum payment example

\$1,000 balance
17% APR
2% minimum payment = \$20
Interest Paid: \$14.17
Total payment: \$20
Balance reduced by \$5.83

Citibank calculation method

\$1,000 balance
17% APR
1% of balance = \$10
Interest payment: \$14.17
Total payment = \$24.17
Balance reduced by \$10

At this rate, the debt would take 207 months to pay off, at an interest cost of \$1,590.35.

At this rate, the debt would take 63 months to pay off, at an interest cost of \$512.82.

In the past decade, minimum payments typically have been figured as a percentage of the balance, with many banks requiring only 2%. Learning of the regulators' dictum, many people assumed that companies would raise their minimum payments requirements to 3%-4%. However, many early responders have instead required that cardholders pay current interest and fees each month along with a small payment to be applied toward the balance.

Regulators had expressed concern that making small minimum payments—especially payments requiring only 2% of the balance—would cause consumers with high credit card rates to increase their debt because they are not even paying all the interest being charged. If none of the payment is applied to the balance, it can result in “negative amortization,” causing the balance to increase even if the cardholder makes no new purchases.

According to CA's new survey, top credit card issuers Bank of America, Citibank, MBNA and Chase have since last year changed the way in which they calculate minimum payments. Instead of figuring monthly minimum payments using a simple percentage of the balance after new finance charges have been added, Citibank and Chase are asking that 1% of the balance be paid each month, in addition to new finance charges and fees. Bank of America is requiring cardholders to pay \$10 plus new finance charges and fees. MBNA requires card-

holders to make a payment equal to 2.25% of the balance, or \$15, whichever is greater, plus finance charges and fees. (See chart at right.)

CA's research also shows that most surveyed banks have not changed practices in response to the regulators' directive. Most continue to calculate the minimum payment using only a percentage of the balance and include:

- Nineteen (40.4%) require a 2% minimum payment, with 16 of them insisting that cardholders pay at least \$10-\$20.
- Nine (19.1%) ask for a 2.5% payment, with four requiring cardholders to pay at least \$10-\$50.
- Ten (21.3%) ask for a 3% payment, with six requiring at least \$10-\$20.

“In the 1980s, it was pretty typical to see 4% minimum payments,” said CA Executive Director Ken McEldowney. “In our surveys since that time, we noted an almost across-the-board move toward 2% minimum payments—which certainly is not high enough.”

Banks have latitude in responding to the regulators' directive, but whatever their response, the results will be scrutinized during periodic regulatory examinations. Federal bank examiners will be on the lookout for “inappropriate” account management, risk management and loss allowance practices. Regulators especially frowned on minimum payment requirements that “consistently fall short of covering all finance charges and fees assessed during the billing cycle” and that allow the “outstanding balance to build.”

“The pitfalls of negative amortization are magnified when sub-prime accounts are

How surveyed banks calculate the minimum payment

Calculation method	Banks
2% of the balance	Appalachian Community Bank/Gilmer Bank, Universal Savings Bank, Wilmington Trust Company
2.5%	Amalgamated Bank, American Express, HSBC Bank USA, National City Bank, Wells Fargo
2.5% to 3%	EverBank
3%	BB&T Bank, First Federal Bank, M&I Bank, Nordstrom Federal Savings Bank
2% (or \$10, whichever is greater)	Cambridge Bank and Trust, Citizens Bank, Discover Bank, Metropolitan National, Pulaski Bank, Simmons First National, State Farm, Tompkins Trust Company, Town North Bank, US Bank
2% (or \$15)	Juniper Bank, TIB Independent Bankers Bank
2% (or \$20)	BMW Bank, Rainier Pacific Bank
2% (or \$25)	First Internet Bank of Indiana, Franklin Templeton Bank & Trust
2.5% (or \$10)	First Penn Bank
2.5% (or \$15)	GE Money Bank
2.5% (or \$20)	Household Bank
2.5% (or \$50)	First Command Bank
3% (or \$10)	RBC Centura Bank
3% (or \$15)	Capital One, Commerce Bank, Merrick Bank, Provident
3% (or \$20)	First National Bank of the Mid-Cities
5%	Helena National Bank
5% (or \$10)	Arkansas National Bank
\$10, plus current fees and finance charges	Bank of America
1% of the balance, plus current fees and finance charges	Citibank
2% or \$10, or 1% of the balance, plus current fees and finance charges	Chase, First National Bank of Omaha
2.25% of the balance (\$15 minimum) plus any new finance charges	MBNA
Divide by 60 and add current finance charges	Penn Security Bank and Trust Company

involved, and even more so when the condition is prolonged by recurring over-limit fees and other charges that are primarily intended to increase recorded income for the lender rather than enhance the borrowers' performance or their access to credit,” said bank regulators. “Prolonged negative amortization, inappropriate fees, and other practices that inordinately compound or protract consumer debt and disguise portfolio performance and quality raise safety and soundness concerns and are subject to examiner criticism.”

The best advice is to pay more than the minimum. “If you are carrying credit card balances, pay them down by making the largest minimum payment you can,” advises McEldowney. “Even with the changes, paying only what the card company asks will keep you in debt for many years.” ■

Senate bills target abusive credit card practices

By Jennifer Daw Holloway

Two Senate bills introduced this year strive to protect credit cardholders from anti-consumer practices. Consumer Action actively supports both bills. The Credit Card Accountability Responsibility Act (S. 499) was reintroduced in the 109th Congress by its author, Sen. Christopher Dodd (D-CT). Sen. Daniel Akaka (D-HI) offered the Credit Card Minimum Payment Warning Act (S. 393).

An impassioned Dodd, who has been critical of the credit card industry, said at a May 17 Senate Banking Committee hearing on industry practices that they were turning credit cards into “wallet-

sized predatory loans.”

S. 499 contains a number of important provisions that could end some very unfair practices. It would:

- Reduce the impetus that credit card companies have to hike rates under the so-called risk-based pricing strategy they call “universal default.” It would accomplish this by prohibiting “retroactive” interest rate changes that subject existing balances to a higher rate. The bill would require companies to give

consumers advance notice of interest rate increases and allow them to reject rate changes and pay off their balances at the lower rate.

- Restrict access to credit cards for people under age 21, except for those

**‘They’re turning credit cards into wallet-sized predatory loans.’
Sen. Christopher Dodd**

who have the permission of their legal guardians or who can prove that they have adequate income. The measure attempts to quell rampant credit card marketing on college campuses.

- Force credit card companies to consider postmarks when assessing late payment fees.
- Prohibit penalties, finance charges, interest charges or cancellations from being imposed for on-time payments.
- Stop over-limit fees on transactions that were approved by the credit card company.
- Require that temporary “teaser” rates be clearly labeled and explained to customers.

Akaka's bill complements the reforms suggested in S. 499 by arming consumers with detailed information about how long it would take to pay back their credit card balances. The bill would help cardholders “avoid financial pitfalls that can lead to bankruptcy,” says Akaka. The legislation would give all cardholders detailed and personalized information on the length of time in months and years and the total interest costs of making only the minimum payments. ■

Joint credit card reform ideas

In a move to eliminate reckless and abusive lending by credit card companies, Consumer Action has joined the Consumer Federation of America, Dr. Robert Manning, author of “Credit Card Nation” and the U.S. Public Interest Research Group (U.S. PIRG) in issuing joint recommendations for legislative and regulatory reform:

- Prohibit unsound loans. Make issuers offer credit the old-fashioned way, using sound underwriting principles that are based on the ability of consumers to pay and that ensure the cardholder will not become overextended financially by taking on more debt.

- Protect young creditors. Prohibit the reckless extension of credit to college students. When issuing credit cards to young adults under age 21, credit card issuers should have to obtain the signature of the young person's parent or guardian

See “Reform ideas” on page 11

Consumer Action 2005 Credit Card Survey

Note: You are prohibited from using Consumer Action's name or any reference to its surveys in advertising or for any other commercial purpose.

Key:

APR: Annual Percentage Rate
V: Variable interest rate
F: Fixed interest rate
***** (Asterisk): See note in Additional Information column.
Min.: minimum fee
Max.: maximum fee

Definitions:

Annual Percentage Rate (APR): The yearly interest rate. The APRs listed are for purchases—cash advances often carry a higher APR.

Grace Period: The number of days after the close of the last billing cycle in which you can pay off new bills without being charged interest—if there is no prior balance. Unless otherwise noted, cards have a 25-day grace period.

Notes:

- Survey was conducted between 4/1/05-6/21/05.
- Survey does not include introductory or promotional (teaser) rates. (See pages 10-12 for teaser rates at the time of the survey.)
- For variable rates, the APR may not reflect recent changes in the index, such as the Prime, Federal Discount rates or LIBOR. (The Prime Rate was 6% during this survey. It was changed to 6.25% on June 30. Bankrate.com lists all current index rates.)

Card Issuer Phone Number/Web Site	Annual Fee	APR	Additional Information
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Amalgamated Bank - Gold Plus card 800-365-6464 • www.aboc.com	\$45	8% V	Cash advance fee: 2.5%/\$2.50 min./\$30 max. Late fee: \$25. Over limit fee: \$20. APR is Prime + 2.5%.
Gold card	None	10% V	APR is Prime + 4.5%. Other terms same as above.
Standard Plus card	\$37	8.25% V	APR is Prime + 2.75%. Other terms same as above.
Standard card	None	11.50% V	APR is Prime + 6.00%. Other terms same as above.
American Express - Blue Cash 800-600-2583 www.americanexpress.com	None	10.74%- 15.74% V	Grace period: 20 days. Cash advance fee: 3%/\$5 min./\$50 max. Late fee: \$15<\$100; \$29, \$100-\$1,000; \$35>\$1,000. Over limit fee: \$35. APR is Prime + 4.99%-9.99%.
Blue	None	8.74%- 15.74% F	APR is 3.99%-10.99%. Other terms same as above.
Delta Skymiles 800-223-2670 • www.delta.com	\$55*	15.74% V	APR is Prime + 9.99%. *Annual fee may be waived for first year. Other terms same as above.
Optima	None	15.74% V	APR is Prime + 7.99%. Other terms same as above.
Arkansas National Bank 888-226-5262 www.anbfinancial.com	\$50*	7.92% V	Cash advance fee: 2%/\$5 min./\$25 max. Late fee: \$25. Over limit fee: \$25. *Annual fee waived for Arkansas National Bank checking account holders.
Bank of America - Gold (fixed rate) 800-678-2632 www.bankofamerica.com	None	9.90%- 12.90% F	Grace period: 20 days. Cash advance fee: 3%/\$10 min./no max. Late fee: \$19<\$100; \$29, \$100-\$1,000; \$39>\$1,000. Over limit fee: \$35.
Gold (variable rate)	None	13.49%- 18.49% V	APR is Prime + 9.90%-12.99%. Other terms same as above.
Platinum (fixed rate)	None	9.90% and 8.90%* F	*8.90% rate requires a balance transfer. Other terms same as above.
Alaska Airlines Classic	\$45	15.49% V	APR is Prime + 9.99%. Other terms same as above.
Alaska Airlines Gold	\$45	13.49% V	APR is Prime + 7.99%. Other terms same as above.
Alaska Airlines Platinum	\$75	12.49% V	APR is Prime + 6.99%. Other terms same as above.
Alaska Airlines Signature	\$75	12.49% V	APR is Prime + 6.99%. Other terms same as above.
American West Flight Fund Classic	\$45	15.49% V	APR is Prime + 9.99%. Other terms same as above.
American West Flight Fund Platinum	\$75	12.49% V	APR is Prime + 6.99%. Other terms same as above.
Chrysler Rewards Platinum	None	11.49%- 15.49% V	APR is Prime + 5.99%-9.99%. Other terms same as above.
Dodge Rewards Platinum	None	11.49%- 15.49% V	APR is Prime + 5.99%-9.99%. Other terms same as above.
Efectiva	None	9.49%- 18.49% V	APR is Prime + 8.99%-12.99%. Other terms same as above.
Jeep Rewards Platinum	None	11.49%- 15.49% V	APR is Prime + 1.90%. Other terms same as above.
MilesEdge	\$30/ \$19*	10.24%- 18.24% V	APR is Prime + 3.99%-12.99%. *Annual fee is \$30 if applying by phone, \$19 if applying online. Other terms same as above.
Money Return Platinum	None	9.49%- 18.49% V	APR is Prime + 8.99%-12.99%. Other terms same as above.
Power Rewards Platinum	None	9.49%- 18.49% V	APR is Prime + 8.99%-12.99%. Other terms same as above.
US Airways Classic	\$50	15.49% V	APR is Prime + 9.99%. Other terms same as above.
US Airways Gold	\$70	15.49% V	APR is Prime + 9.99%. Other terms same as above.
US Airways Signature/Platinum	\$90	15.49% V	APR is Prime + 9.99%. Other terms same as above.
BB&T Bank Platinum Fixed Rate Preferred (Apply by phone only.) 800-476-4228 • www.bbandt.com	None	9.90%- 10.90% F	Cash advance fee: 3%/\$5 min./no max. Late fee: \$35. Over limit fee: \$29. BB&T interest rates are based on applicant's credit history, application information and banking relationship.
Platinum Variable Preferred (Apply online only.)	None	9.65%- 10.65% V	APR is Prime + 3.90%-4.90%. Other terms same as above.
Platinum Variable Standard (Apply online only.)	None	12.65%- 21.65% V	APR is Prime + 6.90%-15.9%. Other terms same as above.
BMW Financial Services - BMW Card 888-269-2273, www.bmwusa.com	None	11.74% V	Grace period: 22 days. Cash advance fee: 3%/\$5 min./no max. Late fee: \$15<\$100; \$29, \$100-\$1,000; \$35>\$1,000. Over limit fee: \$29. APR is Prime + 5.99%.

Credit card survey continues on page 6.

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Card Issuer Phone Number/Web Site	Annual Fee	APR	Additional Information
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Cambridge Bank and Trust - Platinum 617-441-1475 www.cambridgetrust.com	\$40*	9.74%- 18.74% V	Grace period: 20-25 days. Cash advance fee: 4%/\$5 min./no max. Late fee: \$35. Over limit fee: \$35. APR is Prime + 3.99% -12.99%. *Annual fee may be waived for the first year.
Classic	\$20*	11.74%- 20.74% V	APR is Prime + 5.99%-14.99%. *Annual fee waived for the first year. Other terms same as above.
Capital One - Fixed Rate 800-424-9977, www.capitalone.com	None	8.90%- 14.90% F	Cash advance fee: 3%/\$5 min./no max. Late fee: \$29<\$1,000; \$35>\$1,000. Over limit fee: \$29.
Go Miles Rewards Signature	None	9.90% V	No late fee on Signature card. Over limit fee: \$29. APR is LIBOR + 7.30%. Other terms same as above.
Chase - Cash Builder 800-677-7101, www.bankone.com	None	11.74%- 20.74% V	Grace period: 20 days. Cash advance fee: 3%/\$10 min./no max. Late fee: \$15<\$250; \$39>\$250 Note: Late fee is \$39 on all balance amounts when a penalty interest rate (default APR) is in effect. Over limit fee: \$35. APR is Prime + 4.99%-14.99%.
Chase Gold	None	7.65% V	APR is Prime + 9.99%. Other terms same as above.
Chase Perfect Card	\$19*	14.74%- 20.74% V	APR is Prime + 8.99%-14.99%. Other terms same as above.
Chase Platinum	None	9.74%- 20.74% V	APR is Prime + 3.99%-14.99%. Other terms same as above.
Chase Platinum Relationship Account	None	9.74%- 20.74% V*	No over limit fee. APR is Prime + 3.99%-10.99%. Other terms same as above.
Chase Ultimate Rewards Platinum	None	10.74%- 19.74% V	APR is Prime + 4.99%-14.99%. Other terms same as above.
AOL Platinum 800-677-7101, www.bankone.com	None	11.74%- 20.74% V	No over limit fee. APR is Prime + 5.99%-14.99%. Other terms same as above.
AARP Rewards Platinum (Code 35W), 877-896-2751 • www.aarp.org	None	11.74%- 20.74% V	Over limit fee: \$29. APR is Prime + 5.99%-14.99%. Other terms same as above.
Bank of New York Platinum 888-LINKBNY • www.bankofny.com	\$25*	8.74%- 19.74% V	APR is Prime + 2.99%-13.99%. *Fee waived for first year. Other terms same as above.
Continental Airlines World/Platinum	\$85/ \$65*	15.74% V	Over limit fee is \$35 on Platinum card. No over limit fee on World card. APR is Prime + 9.99%. *\$85 annual fee for World card, \$65 for Platinum card.
Fidelity Bank 800-347-7887 (Apply by phone.)	None	13.74% V	Late fee: \$15<\$200; \$39<\$200. Note: Late fee is \$39 on all balance amounts when a penalty interest rate (default APR) is in effect. APR is Prime + 7.99%. Other terms same as above.
Free Cash Rewards Platinum 800-677-7101 • www.bankone.com	None	11.74%- 20.74% V	Cash advance fee: 3%/\$10 min./\$75 max. Late fee: \$15<\$250; \$39>\$250. Over limit fee: \$35. APR is Prime + 5.99%-14.99%. Other terms same as above.
Southwest Airlines Rapid Rewards 800-483-9573 • www.southwest.com	\$39/ \$59*	14.4% V	*\$59 fee for Signature card; \$39 for standard card. No over limit fee on Signature card. No maximum cash advance fee. APR is Prime + 8.65%. Other terms same as above.
United Mileage Plus 877-228-1327 • www.bankone.com	\$60	15.64% V	No over limit fee. APR is Prime + 9.99%. Other terms same as above.
Value Miles Platinum 800-347-7887 • www.bankone.com	None	11.74%- 20.74% V	Cash advance fee: 3%/\$10 min./\$75 max. APR is Prime + 5.99%-14.99%. Other terms same as above.
Citibank AAAdvantage Gold/Platinum 800-640-1517 • www.citibank.com	\$50	15.99% V	Grace period: 20-25 days. Cash advance fee: 3%/\$5 min./no max. Late fee: \$15<\$100; \$29, \$100-\$1,000; \$39>\$1,000. Over limit fee: \$29. (Some accounts do not have an over limit fee.) APR is Prime + 9.99%.
Associated Bank Classic 866-492-6827 www.associatedbank.com	None	13.99% V	Grace period: 20 days. Over limit fee: \$35. APR is Prime + 7.99%. Other terms same as above.
Associated Bank Platinum	None	9.99% V	APR is Prime + 3.99%. Other terms same as above.
AT&T Universal Cash Rewards 800-662-7759 www.universalcard.com (Online only offer.)	None	11.49% V	APR is Prime + 5.49%. Other terms same as above.
AT&T Universal Platinum	None	9.99% V	APR is Prime + 3.74%. Other terms same as above.
AT&T Universal Rewards	None	11.49%- 12.74% V	APR is Prime + 4.49% & 5.49%. Other terms same as above.
Citi Diamond Preferred Rewards 800-248-4226 www.diamondpreferredrewards.com	None	10.99%- 12.74% V*	*APR is Prime + 4.99% for online offers and Prime + 6.99% on phone offers. Other terms same as above.
Citi Platinum Select 800-456-4277 • www.citibank.com	None	9.99% V	Grace period: 20-25 days. No over limit fee. APR is Prime + 3.99%. Other terms same as above.
Conoco Card 877-645-1898 • www.conoco.com	None	15.99% V	Grace period: 20 days. Over the limit fee: \$35. APR is Prime + 9.99%. Other terms same as above.
Conoco Card - Platinum	None	11.99% V	APR is Prime + 5.99%. Other terms same as above.
Quicken Gold 800-422-3118 www.quickencard.com	None	15.99% V	APR is Prime + 9.99%. Other terms same as above.
Quicken Platinum Select	None	11.99% V	APR is Prime + 5.99%. Other terms same as above.
Sears Gold 800-347-8480 • www.searscard.com	\$25*	12.90%- 18.00% V	APR is Prime + 7.14%-12.25%. Applications are available at Sears stores. *Annual fee may be waived for the first year.

Credit card survey continues on page 7.

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Card Issuer Phone Number/Web Site	Annual Fee	APR	Additional Information
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Citizens Bank Royal Bank of Scotland Platinum 800-684-2222 • www.rbsnb.com	None	11.99% V	Cash advance fee: 3%/\$5 min./no max. Late fee: \$39. Over limit fee: \$39. APR is Prime + 5.99%.
People's Bank Platinum 877-525-9248 • www.peoples.com	None	11.74% V	APR is Prime + 5.99%. Other terms same as above.
Commerce Bank Classic/Gold/Platinum 800-645-2103 www.commercebank.com	None	8.90%- 15.90% V	Grace period: 25 days. Cash advance fee: 3%/\$3 min./\$25 max. Late fee: No fee on balances under \$50; \$20, \$50-\$100; \$35>\$100. Over limit fee: \$29. APR is Prime + 3.90%-10.90%.
Royals Card	None	9.90%- 16.90% V	APR is Prime + 3.90%-10.90%. Other terms same as above.
Special Connections Classic (Online applications only.)	None	16.50% F	Terms same as above.
Discover Bank - Classic 800-487-2978 • www.discovercard.com	None	13.99%- 15.99% V*	Grace period: 25 days. Cash advance fee: 3%/\$5 min./no max. Late fee: \$15<\$100; \$25, \$100-\$1,000; \$39>\$1,000. Over limit fee is tied to balance: \$15<\$1,000; \$35>\$1,000. APR is Prime + 8.24%-10.24%. *Rates differ on phone and online offers.
Platinum	None	9.99%- 15.99% V	APR is Prime + 4.24%-10.24%. Other terms same as above.
Titanium	None	9.99% V	APR is Prime + 3.99%. Other terms same as above.
EverBank - Platinum 888-882-3837 (#3) • www.everbank.com	None	9.90%- 12.90% V	Grace period: 25 days. Cash advance fee: 2.5%/\$2.50 min./no max. Late fee: \$29. Over limit fee: \$29. APR is Prime + 1.90%-4.90%.
First Command Bank - Classic 888-763-7600 www.firstcommandbank.com	None	11.50% F	Grace period: 25 days. No cash advance, late or over limit fees.
Platinum	None	6.75% V	APR is Prime + 1.00%. Other terms same as above.
First Federal Bank - Standard/Classic 800-768-3248 • www.firstfederal.com	\$10*	9.90% V	Grace period: 25 days. Cash advance fee: 2%/\$3 min./\$50 max. Late fee: \$5.40. Over limit fee: \$10. APR is Prime + 3.9%. *Annual fee waived with FFB checking accounts.
First Internet Bank of Indiana - Classic 888-873-3424 • www.firstib.com	None	12.00% F	Grace period: 25 days. Cash advance fee: 2%/\$10 max./no min. Late fee: \$16.50. Over limit fee: None on balances under \$100; \$20>\$100. Apply online or by mail only.
Select	None	10.00% F	No grace period. Other terms are the same as First Internet Bank of Indiana card above.
First National Bank of Omaha 888-467-2217 • www.firstnational.com Emigrant Savings Bank Gold/ Platinum Card www.emigrant.com*	None	15.58% V	Cash advance fee: 3%/\$15 min./no max. Late fee: \$29<\$500; \$35, \$500-\$1,000; \$39>\$1,000. Over limit fee: \$35. APR is LIBOR + 12.50% (never lower than 13.99%). *Apply online only.
Gold Card*	None	11.04% V	APR is LIBOR + 8.00%. *Apply on phone only. Other terms same as above.
Platinum Card 877-932-3626	None	11.36% V	APR is LIBOR + 8.50% (never lower than 9.99%). Other terms same as above.
First National Bank of the Mid-Cities 817-283-4615 • www.fnbmidcities.com	None	13.92% F	No cash advance, late or over limit fees.
First Penn Bank - Classic/Gold 866-437-2265 • www.firstpennbank.com	None	11.90% V	No cash advance fee. No over the limit fee. Late fee: \$8 (or 5% of the balance if less). The APR is Prime + 4.65.*
Franklin Templeton Bank & Trust Platinum 800-238-2761 • www.ftbank.com	None	7.49%*, 9.49% or 13.49% V	Cash advance fee: 3%/\$5 min./no max. Late fee: \$29. Over the limit fee: \$29. APR is Prime + 3.49%-7.49%. *Preferred customer rate.
GE Money Bank Wal-Mart Card 800-347-2683 • walmartcreditcard.com	None	9.87%, 15.87% or 18.87% V	Cash advance fee: 3%/\$5 min./no max. Late fee: \$14.97 for balances of \$30-\$149.99; \$28.97, \$150-\$999.99; \$34.97>\$1,000. Over limit fee: \$25. APR is Prime + 4.12%-13.12%.
Gilmer County Bank/Appalachian Community Bank Cash Rewards 706-276-8000 • www.acbanks.net	\$12	11.88% F	No cash advance fee. Late fee: \$10. Over limit fee: \$10.
Helena National Bank - Basic, Gold and "Blues" cards 888-338-6451 • www.hnb.com	\$15, \$25*	10.75% V	Cash advance fee: 3%/\$3 min./no max. Late fee: \$25. Over limit fee: \$25 if more than 10% over limit. APR is Prime + 5.00%. *Annual fee for Basic is \$15; Gold and "Blues," \$25.
Household Bank - GM Card 800-846-2273 • www.gmcard.com	None	10.74%, 14.74% or 16.74% V	Grace period: 20 days. Cash advance fee: 3%/\$15 min./no max. Late fee: \$19<\$100; \$29, \$100-\$1,000; \$39>\$1,000. Over limit fee: \$35. APR is Prime + 4.99%, 8.99% or 10.99%.
HSBC Bank USA - Cash & Fly 800-975-4722 • http://us.hsbc.com	None	10.24%, 14.24% or 17.24% V	Cash advance fee: 3%/\$5 min./\$50 max. Late fee: \$15<\$100; \$25, \$100-\$1,000; \$35>\$1,000. Over limit fee: \$29. APR is Prime + 4.24%, 8.24%, 11.24%.
HSBC Platinum	None	10.24%, 14.24% or 17.24% V	All terms, including APR formula, are the same as above.
Juniper Bank Farm Bureau Bank World Card 800-492-3276 www.farmbureaubank.com	None	11.24% V	Grace period: 20 days. Cash advance fee: 3%/\$5 min./no max. Late fee: \$25<\$100; \$29, \$100-\$999; \$35>\$1,000. No over limit fee. APR is Prime + 5.49%.
Orbitz Card 888-232-0780 www.juniperbank.com	\$39	13.74% V	APR is Prime + 7.99%.

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Card Issuer Phone Number/Web Site	Annual Fee	APR	Additional Information
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M&I Bank - Classic 800-642-2657 • www.mibank.com	\$15*	13.90% V	Cash advance fee: 3%/\$5 min./\$20 max. Late fee: \$35. Over limit fee: \$35. APR is Prime + 7.90%. *Annual fee waived if three or more purchases or cash advances are made each year.
Platinum	\$25*	11.90% V	APR is Prime + 5.90%. Other terms same as above.
MBNA 800-932-2775 http://www.mbna.com Astoria Federal Savings Bank Platinum Plus (Code A36P)	None	12.99% F	Cash advance fee: 3%/\$10 min./no max. Late fee: \$15-\$100; \$29, \$100-\$1,000; \$39>\$1,000. Over limit fee tied to balance: \$15<\$500; \$29, \$500-\$1,000; \$39 >\$1,000.
Atlantic Coast Federal Bank World Points Platinum Plus (Code KQ99) 800-833-6262 • www.acfederal.net	None	11.15% V	APR is Prime + 5.40%. Other terms same as above.
Comerica Bank Platinum Plus (Code EXUT) 800-551-0839 • www.comerica.com	None	10.99% F	Fixed APR. Other terms same as above.
Huntington Direct Bank Platinum Plus 800-480-2265 • www.huntington.com	None	10.65% V	APR is Prime + 4.90%. Other terms same as above.
L.L. Bean Platinum Plus World Points (Code CRVV) 800-545-7898 • www.llbean.com	None	10.15% V	APR is Prime + 4.15%. Other terms same as above.
MBNA World Points (Code NV2W) 800-932-2775 • www.mbna.com	None	11.99% F	Fixed APR. Other terms same as above.
M&T Bank World Points (Code S9E3) 800-551-0839 www.mandtbank.com	None	9.99% F	Fixed APR. Other terms same as above.
Nature Conservancy Card (Code XUOY) 800-932-2775 • www.mbna.com	None	12.99% F	Fixed APR. Other terms same as above.
Ohio Savings Bank Platinum Plus (Code KRI2) 800-551-0839 www.ohiosavings.com	None	9.90% V	APR is Prime + 3.90%. Other terms same as above.
PNC Bank World Points (Code A877) 800-551-0839 • www.pncbank.com	None	9.99% F	Fixed APR. Other terms same as above.
Regions Bank World Points Platinum Plus (Code HOAV) 800-545-7899 www.unionplanters.com	None	9.99% F	Fixed APR. Other terms same as above.
Roslyn Savings Bank Platinum Plus (Code A8J5) 800-551-0839 • www.roslyn.com	None	12.99% F	Fixed APR. Other terms same as above.
Sovereign Bank World Points Platinum Plus (Code 2FVX) 800-551-0839 www.sovereignbank.com	None	8.49% or 9.90% F*	*Apply by phone for 8.49% APR and online for 9.90% APR. Fixed APR. Other terms same as above.
Sun Trust World Points (Code HH1V) 800-932-2775 • www.suntrust.com	None	8.99% F	Fixed APR. Other terms same as above.
Wachovia Bank (Code HQCO) Platinum with World Points Variable 800-932-2775 • www.wachovia.com	None	10.99% V	APR is Prime + 4.99%. Other terms same as above.
Working Assets Card Funding Services Platinum Plus (Code K3FV) 800-932-2775 www.workingassets.com	None	7.90% F	Fixed APR. Other terms same as above.
South Trust Bank Platinum with World Points Fixed (C1HH) 800-551-0839 • www.southtrust.com	None	7.90%-13.99% F*	Fixed APRs. *APR is based on applicant's credit history. Other terms same as above.
Merrick Bank - Classic 877-727-6885 • www.merrickbank.com	\$36-\$72	16.70%, 22.95% or 24.95% V*	Cash advance fee: 4%/\$5 min./no max. Late fee: \$35. Over limit fee: \$29. APR is Prime + 11.95%, 18.20% or 20.20%. *APR based on applicant's credit history.
Metropolitan National Bank Cash Rewards Platinum 800-558-3424 • www.metbank.com	\$40*	9.99%-18.99% V*	Grace period: 20-25 days. Cash advance fee: 4%/\$5 min./no max. Late fee: \$15<\$99.99; \$29, \$100-\$999.99; \$39>\$1,000. Over limit fee: \$35. APR is Prime + 3.99%-12.99%. **APR based on applicant's credit history. *Fee is waived with one purchase each year. No phone applications.
Classic	\$20	11.99%-20.99% V	All terms same as above, including annual fee waiver.
Platinum	\$40	9.99%-18.99% V	All terms same as above, including annual fee waiver.
Travel Rewards Platinum	\$55	9.99%-18.99% V	APR is Prime + 3.99%-12.99%. Other terms same as above, except the annual fee waiver.
National City Bank - Elite 800-762-0974 • www.nationalcity.com	None	9.49%, 10.99% or 12.99% V*	Grace period: 20 days. Cash advance fee: 3%/no min./\$30 max. Late fee: \$15<\$150; \$25, \$150.01-\$1,000; \$35>\$1,000. Over limit fee: \$35. APR is Prime + 3.49%-6.49%. *APR based on applicant's credit history.
Everyday Rewards Elite	None	10.24%-13.49% V	APR is Prime + 4.49%-7.99%. Other terms same as above.

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Card Issuer Phone Number/Web Site	Annual Fee	APR	Additional Information
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Nordstrom Federal Savings Bank Platinum 800-964-1800 www.nordstrombank.com	None	9.90%- 20.90% V*	Cash advance fee: 3%/\$5 min./no max. Late fee: \$5<\$200; \$20>\$200. No over the limit fee. APR is Prime + 3.90%-14.90%. *APR based on applicant's credit history.
Penn Security Bank & Trust Co. 800-327-0394 • www.pennsecurity.com (Application will be mailed upon request.)	None	14.80% F	Cash advance fee: 2%. Late fee: \$20. Over the limit fee: \$20 (charged only if account is 10% over the credit limit).
Providian - Platinum 800-647-8641 • www.providian.com	None	9.99%- 19.99%* V	Cash advance fee: 3%/\$10 min./No max. Late fee: \$19<\$200; \$39>\$200. Over limit fee: \$35. APR is Prime + 5.99%-15.99%. *APR based on applicant's credit history.
Pulaski Bank - Standard/Classic 800-982-2265 • www.pulaskibank.com	\$35	6.50% F	No cash advance fee. Late fee: \$29. Over limit fee: \$29.
Gold	\$50	6.50% F	All terms same as above.
Rainier Pacific Bank - Prime Gold 800-228-2858 (Press "0") www.rainierpac.com	\$60	6.00% V	No cash advance fee. Late fee: \$29. Over limit fee: \$25. APR is Prime Rate.
Variable Rate Platinum	None	8.45% V	APR is Prime + 2.95% (no lower than 8.00%). Other terms same as above.
RBC Centura Bank Low Rate Classic/Gold 877-252-8229 • www.centura.com	\$18	11.49% or 12.49% V	Cash advance fee: 3.5%/\$5 min./\$75 Max. Late fee: \$29. Over limit fee: \$29. APR is Prime + 5.49% for Classic card and Prime + 6.49% for Gold card.
No Fee Classic/Gold	None	12.49% or 13.49% V	APR is Prime + 6.49% for Classic card and 7.49% for Gold card. Other terms same as above.
No Fee Platinum	None	9.49% V	APR is Prime + 3.49%. Other terms same as above.
Simmons First National Platinum Rewards 800-272-2102 • www.simmonsfirst.com. (Online or mail applications only.)	None	8.95% V	Cash advance fee: 3%/\$4 min./\$50 max. Late fee: \$29. Over limit fee: \$29. APR is Prime + 5.00%.
Gold Select and Classic	None*/ \$35**	11.00% V	APR is Prime + 5.00%. *Gold Select card has no annual fee. **Classic card has \$35 annual fee (Arkansas residents, \$25).
State Farm - Good Neighbor Card 877-734-2265 www.statefarm.com/bank/bank.htm	None	9.74% V	Grace period: 20 days. Cash advance fee: 3%/\$5 min./no max. Late fee: \$29. Over limit fee: \$29. APR is Prime + 3.99%.
Platinum Rewards	None	12.65% V	APR is Prime + 6.90%. Other terms same as above.
TIB Independent Bankers Bank 800-367-7576 • www.tibsite.com	None	13.90% V	Cash advance fee: 2%/\$2 min./no max. Late fee: \$29. Over limit fee: \$29. APR is Prime + 7.90%
Tompkins Trust Company - Classic 877-282-0444 • www.tompkinstrust.com	\$20	14.90% F	Cash advance fee: 2%/\$2 min./\$10 max. Late fee: \$20. Over limit fee: \$20. Must apply by mail.
Gold	\$20	11.00% V	APR is Prime + 5.00%. Other terms same as above.
Town North Bank Branch Price Account 877-866-2265 • www.tnbonline.com	None	7.99%- 15.99% V*	Cash advance fee: 2%/\$2 min./\$30 max. Late fee: \$15 or 5%, whichever is lesser. Over limit fee: \$15 or 5% of the amount over limit, whichever is less. APR is Prime + 1.99%-9.99%. *APR based on applicant's credit history.
Prime Plus	\$50	6.00% V	APR is Prime Rate. Other terms same as above. No phone applications.
Universal Savings Bank 888-214-1427 • www.usbankfa.com	None	10.24% V	Cash advance fee: 3%/\$5 min./\$50 max. Late fee: \$35. Over limit fee: \$35. APR is Prime + 4.49%.
US Bank - Classic 800-444-1244 • www.usbank.com	\$20*	11.99%- 20.99% V**	Grace period: 20-25 days. Cash advance fee: 4%/\$5 min./no max. Late fee: \$15<\$100; \$29, \$100-\$1,000; \$39>\$1,000. Over limit fee: \$35. APR is Prime + 5.99%-14.99%. *Annual fee waived with one purchase each year. **APR based on applicant's credit history.
Platinum	\$40	9.99%- 18.99% V	APR is Prime + 3.99%-12.99%. Other terms same as above, including fee waiver.
SkyPass Classic/Platinum 800-360-2900 • www.usbank.com	\$50 or \$80*	14.99%- 15.99% V	APR is Prime + 9.99%. *Classic Card fee is \$50 and Platinum Card fee is \$80. Other terms same as above.
World Perks (Northwest Airlines) 800-692-8472 • www.usbank.com	\$55 or \$90*	15.75% V	Cash advance fee: 3%/\$5 min. Late fee: \$35 (\$38 if late two times in 12 months). APR is Prime + 9.75%. *Platinum Card fee is \$55 and Signature Card fee is \$90. Other terms same as above.
Wells Fargo - Cash Back Platinum 800-642-4720 • www.wellsfargo.com	None	11.15%- 22.75%* V	Grace period: 20-25 days. Cash advance fee: 4%/\$5 min./no max. Cash advance minimums may vary according to card. Late fee: \$15<\$100; \$29, \$100-\$1,000; \$35>\$1,000. Over limit fee: \$35. APR is Prime + 5.15%-16.75%. *APR based on applicant's credit history.
Platinum	None	8.90%- 21.25% V	APR is Prime + 2.90%-15.25%. Other terms same as above.
Prime Rate Card	\$79	6.00% V	APR is Prime Rate. Other terms same as above.
Wilmington Trust Company - Platinum 800-834-8386 www.wilmingtontrust.com	None	11.74% V	Grace Period: 25 days. Cash advance fee: 3%/\$4 min./\$75 max. Late fee: \$25. Over limit fee: \$25. APR is Prime + 5.99%.

Senate hearing

Continued from 1

advocates and credit card companies about how cardholders should be treated. The industry defends its practices

as a way to protect itself from the risks of revolving credit accounts. "There are significant operational, funding, and other costs that are associated with maintaining the infrastructure that allows consumers to use credit cards," said Jenkins in his testimony, adding that

well-run companies make profits only when they carefully manage the risks of lending. "The best indicator of whether an individual will repay a loan is his or her payment behavior with us and other lenders," said Jenkins.

Sherry, in her closing remarks to the

committee, noted that anti-consumer practices based on "risk management" have led Consumer Action to conclude "the industry is in the process of fundamentally redefining its business model to shift the risk of lending from itself to its unwitting consumers." ■

Cash rewards

Continued from 3

to earn one point for every \$1 in card purchases. Accrue 2,500 points and you can choose between a \$25 check or a \$25 gift certificate to national chain restaurants and merchants. Rewards are limited to 60,000 points per calendar year, or about \$600 in cash or gift certificates.

- The AT&T Universal card, issued by Citibank, gives you up to 5% back on purchases. You can only earn \$300 each year and you have to wait until you've earned at least \$50 to get a check. The checks are not automatically sent—you need to ask.

- Wells Fargo's Cash Back Platinum gives up to 1% cash back. You get the full 1% only after you have racked up more than \$450 worth of purchases in each billing cycle. You earn cash rewards at a lower percentage rate on the first \$450 in purchases during each billing cycle.

Your money does not arrive automatically—you have to call and request it. Wells Fargo issues your money in \$20 increments, so if you want the \$132 you earned, you can get only \$120 until you earn more. The maximum cash reward you can earn in a year is \$500.

Most cash-back cards define "eligible" purchases as those made at stand-alone stores such as supermarkets, gas stations and pharmacy chains. Purchases at discount warehouses, department stores, convenience stores and mail order and online catalogs may earn at a lower rate or even be ineligible for cash rewards. ■

Rewards cards

Continued from 3

\$25,000 worth of points is a bad deal if you could buy the bike for \$100. "You're better off with a plain Jane 1% cash back [card]," says Arnold.

Look for the restrictions on using your airline miles. There may be no seats available on a desired flight or travel may be limited to certain times and days. If you want to run your child's college tuition or your income taxes through your rewards card, you may be stymied by annual mileage caps.

"Tiered cards" tie rewards to your spending levels—the more you spend, the higher your point percentage becomes. If you charge \$2,000-\$5,000 a year, you probably will earn a quarter percentage point, but if you charge over \$10,000 you may earn 1.5%, and up to 5% for purchases at stand-alone drugstores, supermarkets, and gas stations.

Experts say if you charge less than \$10,000 in a year, you're usually better off with a card offering a flat 1% "cash back" on all purchases.

Watch for earnings limits on reward cards. A heavy card user can reach the cap in six months and earn no rewards the rest of the year. For example, the Citibank Dividend Platinum Select Master Card offers a rebate of 5% on some purchases from the first dollar, but \$300 is the most you can earn. That's just \$6,000 in applicable purchases. ■

\$24 billion in card penalty fees last year

According to CardWeb, U.S. cardholders paid more than \$24 billion in credit card fees in 2004, an 18% jump over 2003.

The figure includes \$14.8 billion in penalty fees, specifically late payment fees and over limit fees.

Annual fees grew from the year before, from \$3.4 billion to \$3.5 billion. Cash advance fees increased from \$5.6 billion to \$6.1 billion.

For more information visit CardWeb (www.cardweb.com). ■

Introductory offers at time of survey

Card	Purchases	Balance transfers	Cash advances/ checks
American Express Blue	Zero% (For up to 15 months)	3.99% (life of balance)	No offer
American Express Blue Cash	Zero% (6 months)	4.99% (life of balance)	No offer
American Express Delta Skymiles	No offer	9.99% (life of balance)	No offer
American Express Optima	Zero% (6 months)	8.99% (life of balance)	No offer
Bank of America American West Flight Fund Classic	1.9% (6 months)	1.90% (6 months)	No offer
Bank of America American West Flight Fund Platinum	1.9% (6 months)	1.90% (6 months)	No offer
Bank of America Chrysler Rewards Platinum	Zero% (6 months)	Zero% (6 months)	No offer
Bank of America Dodge Rewards Platinum	1.90% (6 months)	1.90% (6 months)	No offer
Bank of America Efectiva	Zero% (6 months)	Zero% (6 months)	No offer
Bank of America Gold Variable Rate	8.90% (6 months)	8.90% (6 months)	No offer
Bank of America Jeep Rewards Platinum	1.90% (6 months)	1.90% (6 months)	No offer
Bank of America MilesEdge	Zero% (6 months)	Zero% (6 months)	No offer
Bank of America Money Return Platinum	Zero% (6 months)	Zero% (6 months)	No offer
Bank of America Platinum (Fixed Rate)	Zero% (6 months)	Zero% (6 months)	No offer
Bank of America Power Rewards Platinum	Zero% (6 months)	Zero% (6 months)	No offer
Bank of America US Airways Classic	1.90% (6 months)	1.90% (6 months)	No offer
Bank of America US Airways Gold	1.90% (6 months)	1.90% (6 months)	No offer
Bank of America US Airways Signature/Platinum	1.90% (6 months)	1.90% (6 months)	No offer
BB&T Bank Platinum Variable (online rate) for Preferred Accounts	Zero%-1.90% (6 months)	Zero%-1.90% (6 months)	No offer
BB&T Bank Platinum Variable (online rate) for Standard Accounts	Zero%-1.90% (6 months)	Zero%-1.90% (6 months)	No offer
Cambridge Bank and Trust Classic	Zero% (6 months)	Zero% (6 months)	No offer
Cambridge Bank and Trust Platinum	Zero% (6 months)	Zero% (6 months)	No offer
Chase AARP Rewards Platinum (Code 35W)	Zero% (12 months)	Zero% (12 months)	No offer
Chase AOL Platinum	Zero% (12 months)	Zero% (12 months)	No offer
Chase Bank of New York Platinum	Phone: Zero% (9 months); Online: Zero% (12 months)	Phone: Zero% (9 months); Online: Zero% (12 months)	No offer
Chase Cash Builder	Zero% (3 or 12 months depending on credit rating)	Zero% (3 or 12 months depending on credit rating)	No offer
Chase Continental Airlines World and Platinum	7.99% (6 months)	7.99% (6 months)	No offer
Chase Fidelity Bank	Zero% (12 months)	Zero% (12 months)	No offer
Chase Free Cash Rewards Platinum	Zero% (12 months)	Zero% (12 months)	No offer
Chase Perfect Card	Zero% (3 or 12 months depending on credit rating)	Zero% (3 or 12 months depending on credit rating)	No offer
Chase Platinum	Zero% (3 or 12 months depending on credit rating)	Zero% (3 or 12 months depending on credit rating)	No offer
Chase Platinum Relationship Account	Zero% (12 months)	Zero% (12 months)	No offer
Chase Ultimate Rewards Platinum	Zero% (3 or 12 months depending on credit rating)	Zero% (3 or 12 months depending on credit rating)	No offer
Chase Value Miles Platinum	Zero% (12 months)	Zero% (12 months)	No offer
Citibank AT&T Universal Cash Rewards	No offer	Zero% (12 months)	No offer
Citibank Associated Bank Platinum	Zero% (12 months)	Zero% (12 months)	No offer
Citibank AT&T Universal Platinum	No offer	Zero% (12 months)	No offer
Citibank AT&T Universal Rewards	No offer	Zero% (12 months)	No offer
Citibank Conoco Platinum	Zero% (6 months)	Zero% (6 months)	No offer
Citibank Conoco Regular	Zero% (6 months)	Zero% (6 months)	No offer
Citibank Diamond Preferred Rewards	No offer	Zero% (12 months)	No offer
Citibank Platinum Select	Zero% (12 months)	Zero% (12 months)	No offer

Introductory offer chart continues on page 11.

Card	Purchases	Balance transfers	Cash advances/ checks
Citibank Quicken Gold	Zero% (6 months)	Zero%-1.90% (6-9 months) (Phone and online offers differ.)	No offer
Citibank Quicken Platinum Select	Zero% (6 months)	Zero%-1.90% (6-9 months) (Phone and online offers differ.)	No offer
Citizens Bank People's Bank Platinum	Zero% (8 months)	Zero% (8 months)	No offer
Citizens Bank Royal Bank of Scotland Platinum	Zero% (10 months)	Zero% (10 months)	No offer
Commerce Bank Classic/Gold/Platinum Variable	3.90% (6 months)	3.90% (6 months)	No offer
Commerce Bank Royals	3.90% (6 months)	3.90% (6 months)	No offer
Commerce Bank Special Connections Classic	3.90% (6 months)	3.90% (6 months)	No offer
Discover Bank Classic	No offer	Zero% (12 months)	No offer
Discover Bank Platinum	No offer	Zero% (12 months)	No offer
Discover Bank Titanium	Zero% (12 months)	Zero% (12 months)	No offer
First National Bank of Omaha Emigrant Savings Bank Gold & Platinum	2.90% (6 months)	2.90% (6 months)	No offer
First National Bank of Omaha Gold	Zero% (9 months)	No offer	No offer
First National Bank of Omaha Platinum	Zero% (6 months)	Zero% (6 months)	No offer
Household Bank GM Card Standard/Platinum	Zero% (6 months)	Zero% (6 months)	Zero% (6 months)
HSBC Bank USA Cash & Fly	Zero% (12 months)	Zero% (12 months)	Zero% (12 months)
HSBC Bank USA Platinum/Standard	Zero% (12 months)	Zero% (12 months)	Zero% (12 months)
Juniper Bank Farm Bureau Bank World	No offer	Zero% (6 months)	No offer
Juniper Bank Orbitz Card	No offer	Zero% (6 months)	Zero% (6 months)
M&I Bank Classic	5.90% (6 months)	No offer	No offer
M&I Bank Platinum	7.90% (6 months)	No offer	No offer
MBNA Astoria Federal Savings Bank Platinum Plus (Code A36P)	1.70% (6 months)	1.70% (6 months)	1.70% (6 months)
MBNA Atlantic Coast Federal Bank World Points Platinum Plus (Code KQ99)	No offer	2.90% (6 months)	2.90% (6 months)
MBNA Comerica Bank Platinum Plus (Code EXUT)	No offer	2.90% (6 months)	2.90% (6 months)
MBNA Huntington Direct Bank Platinum Plus	2.90% (6 months)	2.90% (6 months)	No offer
MBNA L.L. Bean Platinum Plus World Points (Code CRVV)	No offer	2.90% (6 months)	2.90% (6 months)
MBNA M&T Bank World Points Platinum Plus (Code S9E3)	No offer	2.90% (6 months)	2.90% (6 months)
MBNA Nature Conservancy Card (Code XUOY)	No offer	1.70% (6 months)	1.70% (6 months)
MBNA Ohio Savings Bank Platinum Plus (Code KRI2)	No offer	Zero% (6 months)	Zero% (6 months)
MBNA PNC Bank World Points (Code A877)	No offer	2.90% (6 months)	2.90% (6 months)
MBNA Regions Bank World Points Platinum Plus	No offer	1.70% (6 months)	1.70% (6 months)
MBNA Roslyn Savings Bank Platinum Plus (Code A8J5)	No offer	1.70% (6 months)	1.70% (6 months)
MBNA South Trust Platinum with World Points Fixed (C1HH)	No offer	1.90% (6 months)	No offer
MBNA Sovereign Bank World Points Platinum Plus (Code 2FVX)	No offer	Phone: 1.70%; Online: 2.90% (6 months)	Phone: 1.70%; Online: 2.90% (6 months)
MBNA Sun Trust World Points (Code CWRO)	No offer	1.70% (6 months)	1.70% (6 months)
MBNA Wachovia Bank Platinum with World Points Variable (Code HQCO)	1.70% (6 months)	1.70% (6 months)	1.70% (6 months)
MBNA Working Assets Card Funding Services Platinum Plus (Code K3FV)	No offer	2.90% (12 months)	2.90% (6 months)
MBNA World Points (Code NV2W)	No offer	1.70% (6 months)	1.70% (6 months)
Metropolitan National Bank Cash Rewards Platinum	Zero% (6 months)	Zero% (6 months)	No offer
Metropolitan National Bank Classic	Zero% (6 months)	Zero% (6 months)	No offer
Metropolitan National Bank Platinum	Zero% (6 months)	Zero% (6 months)	No offer
Metropolitan National Bank Travel Rewards Platinum	Zero% (6 months)	Zero% (6 months)	No offer
National City Bank Elite	Zero% (6 months)	No offer	No offer

Introductory offer chart continues on page 12.

Reform ideas

Continued from 4

or determine that the youth has a job or other income sufficient to pay credit card charges.

- Stop issuers from collecting on particularly abusive loans in bankruptcy.

Unjust rates and fees

- Ban retroactive changes in terms. Stop issuers from changing the rules in the middle of the game by raising interest rates on past purchases and existing balances.

- No adverse changes in terms for no reason. Credit card company contracts currently claim the right to change terms for any reason and even with no reason at all, just because they can.

- Ban punitive "universal default" interest rates based on alleged missteps with another issuer. It is unfair to impose a penalty rate on a consumer who has not made a late payment or otherwise defaulted.

- No interest rate hikes allowed for activity not directly linked to a specific credit card account.

- No interest rate hikes for minimal drops in credit scores or minor problems with other creditors.

- No interest rate hikes for activity not directly linked to a specific account without the express agreement of the cardholder and the right to pay off the account at the existing rate.

- Require credit card companies to follow the Internal Revenue Service (IRS) and accept the postmarked date as proof of on-time payments. This would also eliminate the practice of assessing late payment fees when payment is received on the due date, but after an arbitrary cut-off time such as 11 a.m.

- Ensure that all fees and other charges closely match the true cost borne by the card issuer.

- Ban rollover or repeat late and over-limit fees charged in consecutive months.

- Ban over limit fees when the issuer approves the transaction.

Deceptive practices

- Ban issuers from changing terms during the life of a card without at least one billing cycle's advance notice and the cardholder's express agreement to accept the change.

- Ban pre-dispute binding mandatory arbitration requirements.

- Ban deceptive advertising and "invitation to apply" solicitations that do not make a truly firm offer of credit. These deceptive offers lead consumers to believe that they are pre-approved for or have a good chance of getting certain interest rates. Most consumers instead receive cards at much less favorable interest rates and terms.

Empower consumers

- Give consumers a personalized warning on their monthly statements calculating the length of time—in months and years—and the total interest costs that will accrue if they make only the requested minimum payment.

- Stop issuers from downplaying permanent interest rates in advertisements and solicitations and from trumpeting temporary rates as "fixed rates."

- Enhance the disclosure table in all cardholder agreements, with personalized information about the terms of the card granted. Include the APR, the credit limit and the amount of all fees, including late charges, cash advance fees, over limit fees and any other miscellaneous fees.

Increase penalties

- Toughen Truth-in-Lending Act (TILA) penalties.

- Give aggrieved consumers a private right of action to enforce the Federal Trade Commission Act to challenge unfair or deceptive practices by businesses, including banks. ■

For more information visit these web sites: CFA (www.consumerfed.org); U.S. PIRG (www.uspirg.org); Credit Card Nation (www.creditcardnation.com).

Card	Purchases	Balance transfers	Cash advances/ checks
Providian Platinum	No offer	Zero% (12 months)	No offer
Pulaski Bank Gold	No offer	Zero% (6 months)	No offer
Pulaski Bank Standard/Classic	No offer	Zero% (6 months)	No offer
RBC Centura Bank No Fee Classic/Gold	4.90% (5 months)	No offer	No offer
RBC Centura Bank No Fee Platinum	2.90% (5 months)	No offer	No offer
Simmons First National Platimun Rewards	No offer	Zero% (6 months)	No offer
State Farm Good Neighbor Card	No offer	Zero% (6 months)	No offer
State Farm Platinum Rewards	2.90% (balance)	2.90% (6 months)	No offer
TIB Independent Bankers Bank	5.90% (6 months)	No offer	5.90% (6 months)
Town North Bank Branch Price Account	No offer	4.99% (6 months)	No offer
US Bank Classic	Zero% (6 months)	Zero% (6 months)	No offer
US Bank Platinum	Zero% (6 months)	Zero% (6 months)	No offer
Wells Fargo Cash Back Platinum	Zero%-5.90% (6 months)	Zero%-5.90% (6 months)	No offer
Wells Fargo Platinum	Zero%-5.90% (6 months)	Zero%-5.90% (6 months)	No offer
Wilmington Trust Company Platinum	Zero% (6 months)	Zero% (6 months)	No offer

Groups work to end binding arbitration

In February, public interest organizations including Consumer Action launched a national effort to stop corporations from using binding mandatory arbitration (BMA) to strip millions of people of their right to take disputes to court. More about the coalition can be found at the Stop BMA web site (www.stopbma.org).

Buried in the fine print of credit card bills, health insurance plans, employee handbooks and purchase contracts, BMA funnels cases into a costly private legal system that favors companies. The result is the undermining of consumer protection, civil rights and other laws designed to level the playing field between big businesses and individuals.

Arbitration clauses almost always prohibit class actions and often require that hearings be held in locations inconvenient to consumers making the claims. Proceedings are kept confidential, and no legal precedents are set.

Joan Claybrook of Public Citizen notes, "It's galling that corporations are systematically denying individuals their right to go to court." ■

Questions arise over credit card foreign transaction fees

Visa, the dominant credit card payment network, announced this spring that it was changing its 1% currency conversion fee to a 1% "foreign transaction" fee charged on all cross-border transactions made in dollars or foreign currency.

Some foreign merchants offer optional "dynamic currency conversion" to immediately convert your purchase into dollars when you buy something abroad. This means the purchase price is converted to

dollars before it's passed to your credit card company. However, it is far from clear whether this will exempt cardholders from a 1% fee assessed by MasterCard and Visa on foreign transactions.

"It's possible you could be billed three times for conversion if you take the dynamic currency conversion option—by the merchant, the card payment networks and your credit card company," said Linda Sherry of Consumer Action, noting that many card companies add their own fee to foreign transactions.

MasterCard said that it might charge a fee on dollar-based cross-border transactions that would be slightly lower than

its currency conversion fee of 1%. If the company adopts a change, it would continue to charge 1% when it converts purchases made in foreign currency.

Sherry noted that if the fee is charged on dollar-based, cross-border transactions it might affect Internet shoppers.

"Nowadays it is common to buy online from foreign companies."

The majority of top 10 credit card issuers add their own fee on top of the currency conversion fee charged by MasterCard and the foreign transaction fee

charged by Visa. Consumer Action's survey finds that cardholders may pay up to 3% of the transaction amount. (See chart at right for banks that charge an extra fee.)

Five surveyed banks do not pass on foreign currency transaction fees and do not have their own charge. Twenty-three banks pass along the 1% MasterCard-Visa fees to cardholders. Surveyed banks with their own, extra currency conversion fees include:

- 13 issuers (27.6%) that charge 2%.
- 5 issuers that charge 1%.
- American Express, which charges 2%.

Using your credit card abroad is still

CA finds that cardholders may pay a fee of up to 3% of the transaction when making purchases from merchants outside the U.S.

Foreign Transaction Fees

MasterCard and Visa charge a 1% foreign transaction fee. Customer service representatives at the banks below told CA's surveyors that the banks they work for add a percentage-based fee of their own. The percentages shown include the MasterCard-Visa 1%. The banks listed with "no fees" absorb the MasterCard-Visa 1% fee and do not pass it through to cardholders. All other surveyed banks (see pages 5-9) pass through only the MasterCard-Visa 1%. American Express, not affiliated with MasterCard or Visa, charges a 2% currency conversion fee.

Banks	Fee
Bank of America, Cambridge Bank and Trust, Citibank, Citizens Bank, Commerce Bank, First National Bank of Omaha, JP Morgan Chase, MBNA, Metropolitan National, National City Bank, Ranier Pacific Bank, US Bank and Wells Fargo	3%
BB&T Bank, Helena National Bank, Juniper Bank, Pulaski Bank and Simmons First National Bank	2%
American Express	2%*
Amalgamated Bank, BMW Bank, Capital One, Discover and Tompkins Trust Company	No fees

*Note: American Express, not affiliated with MasterCard and Visa networks, charges a 2% fee.

one of the most cost effective ways to pay while traveling. Even with the 3% currency conversion fee charged by most major credit cards, using your credit card abroad remains a bargain.

Of the top 10 card issuers, only Capital One has no fees on foreign transactions. It never added a surcharge of its own, and it has stopped passing along the MasterCard-Visa fee to its cardholders.

MBNA, which held out in adding its own currency conversion fee, announced in April that it would assess a total 3% charge, including the MasterCard-Visa fee, on all cross-border foreign transactions. ■

CA moves to new headquarters

Consumer Action's San Francisco flagship office is newly located at 221 Main St., Suite 480, San Francisco, CA 94105. The phone and fax numbers have not changed.

The organization moved in early July to its handsome new offices in downtown San Francisco, close to the Embarcadero and the Ferry Building.

Shortly before the move, Kathy Li, who has worked at CA since 1993, became director of the San Francisco office. Li had been director of CA's National Consumer Resource Center. Li is well known as a consumer advocate in San Francisco's Chinese American community, where she hosted a popular Cantonese consumer radio show as part of her work at CA.

CA has hired Jennifer Daw Holloway in its Washington, DC, office. Linda Sherry, who has worked for CA in DC since August of 2004, recently took on a new title—director of national priorities. Holloway is staff writer and associate, national priorities.

Holloway has held editorial positions at several DC-based associations, including the American Psychological Association.

"Some people are under the impression that we work only in California," said Sherry, who has been with CA since 1994. "To the contrary, we are active on many issues of national importance, including banking, telecommunications, consumer privacy and other issues." ■

Join Consumer Action

Consumer Action depends on the financial support of individuals. CA members receive a subscription to *CA News*. New members also receive *How to Complain*. In addition, members have the satisfaction of supporting our advocacy efforts in California and nationally, a free hotline and the distribution of more than two million free educational brochures a year.

- \$25, Regular Membership.
- \$35, Regular Membership (first class mailing).
- \$15, Senior or Student Membership.
- \$10, Low Income Membership.
- \$50, Corporate Subscription (first class mailing, and all CA press releases).
- Donation to CA's Publication's Fund, supporting the free distribution of CA materials to consumers.

Name _____ Address _____

City _____ State _____ ZIP _____

Mail to: Consumer Action, 221 Main St., Suite 480, San Francisco, CA 94105.

Donations to CA are tax-deductible.

7/05