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Project Report

“Credit Cards: What You Need To Know” and “Families and Credit Cards”

2010 Activities

Despite their conveniences, credit cards present a level of risk for consumers who do not understand the provisions governing their credit lines or the impact that fees can have on their household budgets.

In response, Consumer Action partnered with American Express on a project to develop and distribute materials consumers can easily understand. Consumer Action relied on its national network of more than 8,000 community based organizations (CBOs) to get these materials into the hands of consumer that need them the most.

“The recent brochures our organization received have been so helpful. We use the brochures in our Smart Consumer workshop ... our clients are so thankful for the information. If it were possible to have a brochure that includes all the new CARD ACT information that would be great.” — Daniela Galvan, New Economics for Women

Background

The average credit card debt per household with credit card debt is \$14,750.¹

The average APR on new credit card offers is 14.73%.²

The total U.S. revolving debt (98 percent of which is made up of credit card debt) is \$796.5 billion, as of November 2010.³

A well-managed line of credit can build a person’s credit history and can help confront unforeseen emergencies; however, the benefits will be offset if consumers are not shown how to keep the fees and interest rates to a minimum.

¹ The Survey of Consumer Payment Choice,” Federal Reserve Bank of Boston, January 2010)

² CreditCards.com Weekly Rate Report,
Feb. 9, 2011

³ Federal Reserve’s G.19 report on consumer credit,
March 2010)

The recent CARD Act has yielded many benefits. Consumer Action’s recent Credit Card Survey revealed that 24% of the consumers polled are making larger payments now that the new disclosures show how long it will take to pay the balance. 60% of those carrying a balance said they had significantly paid down their balance over the past year, and 40% of consumers noticed their interest rates rise over the past year, half of whom were able to attribute the increase to market conditions.

“First I would like to thank you for having this information available for agencies like ours. I absolutely love what I do in teaching financial literacy. I have been doing this for about 18 years and have used your material for about 5 years or longer. The information that I request is used both in group and one on one sessions. I find this information extremely helpful for the clients and in a very easy to understand format. ALL of my participants seem to appreciate the information. Feed back from the evaluations from group sessions are always positive and the two most responses are: “Why are they not teaching this in the schools?” and “Where were you 5 years ago?”

“Again, the information that you are able to provide is invaluable to those of us who see financial literacy the most important tool for today’s economic stressed society. Thank you for the work that you do and provide. It is greatly appreciated.” — Theresa Ross, Myrtle Beach Housing Authority

The Project Contained Several Elements:

Publications

Consumer Action’s unique community outreach is built on “modules,” educational toolkits containing one or more multilingual and easy-to-read consumer fact sheets as well as course curriculums, question-and-answer background guides, PowerPoint presentations and interactive classroom exercises and activities for instructors.

These resources are available for easy download from www.consumer-action.org. Community groups can also request bulk orders of the materials free of charge. The materials are designed to allow community educators flexibility to meet the specific needs of their local communities. They are also written with a keen eye to cultural sensitivity. This latter point is important when conveying information to new immigrants who must learn concepts different from those of their homelands.

Materials Distribution

Requests for the Project’s materials were fulfilled at the organization’s headquarters in San Francisco. Though CBOs are offered the opportunity to make donations to partially cover the cost of shipping and printing, the resources are always available to organizations free of charge. In 2010, Consumer Action distributed the following:

Publication:	Language:	Quantity:
Credit Cards - What You Need to Know	English	61,067
	Spanish	24,226
	Chinese	3,236
	Vietnamese	2,757
	Korean	2,175
Credit Card Terms - Training Manual	English	2,707
Credit Card Terms - Training Guide	English	639
Families and Credit Cards Brochure	English	47,918
	Spanish	20,342
	Chinese	2,675
	Vietnamese	2,192
	Korean	2,025
Families and Credit Cards Training Manual	English	1,618
Families and Credit Cards Training Guide	English	329
Total		173,906

“We use the Consumer Action publications in our workshops and also our counselors use them when they are meeting one on one with a client. Your publications give good basic information that can be easily understood by the consumer. So far this year I have reached over 1,000 participants in workshops. Thank you for providing the materials free of charge. As a non-profit I could not provide copies of all these materials to all my participants. They are better off taking something home to review later than trying to remember everything from class.”— Jane Schoeck, Catholic Commission Housing Resource Center

Material Updates

Changing legislation and general developments necessitate updates to our materials to provide the most relevant information. Following is a list of Project publications that Consumer Action revised during the year.

Publication:	Languages:	Description:
Credit Cards - What You Need to Know	Chinese English Korean Spanish Vietnamese	The brochure helps readers understand the different types of cards available; sort through offers to choose the card that’s right for them; understand credit card terms and conditions, and avoid fees and penalty rates.
Credit Cards - What You Need to Know Training Manual	English	The training manual, written in question-and-answer format, gives trainers the background they need to help participants understand how credit cards work and that the way they use credit cards can have an important impact on their overall credit.
Families and Credit Cards	English Chinese	The educational brochure is written for parents who are weighing the merits of giving their children credit

	Korean Spanish Vietnamese	cards. The topics covered include youth and credit cards, adding cardholders to your account, secondary cardholder policies, payment options for kids while they're traveling and helping young people understand the importance of good credit.
Families and Credit Cards Manual	English	The manual provides trainers with background on credit options for youth and how to help young people understand the importance of good credit. Topics include credit cards, prepaid cards, adding cardholders to your credit card account, secondary cardholder policies, and payment options for kids while they're traveling.

Outreach and Training

The outreach staff members are bilingual and represent diverse cultures, and understand how to deliver educational content, curricula and training tips in the most culturally sensitive means possible. The goal of the American Express regional meetings is to train CBO staff on how to best use the content in the educational modules to assist their clients

Following is a list of roundtable training sessions carried out in partnership with American Express. Note: "Staff Size" refers to the total number of staff employed by the participating organizations whose staff were trained at the meeting..

Date:	Location:	Participants:	Staff Size:
May 19, 2010	Memphis, TN	49	549
July 28, 2010	Minneapolis, MN	45	1,786
September 29, 2010	Detroit, MI	40	623
Total		139	2,958

Part of what makes these trainings better than other financial education efforts is the high level of interaction between the Consumer Action trainers and the participants. 2010 witnessed the creation of two activities that have proven popular with CBO participants have found very valuable. These exercises help participants learn how best to assist their clients.

The Credit Card Shuffle game contains instructions and a set of 32 cards with questions related to material in Consumer Action's Credit Cards: What You Need to Know educational module. CBO workshop leaders use the cards in a variety of interactive activities to help reinforce concepts introduced in the module. The activity was first introduced at a training in Salt Lake City in 2008, and in 2010 the exercise was revised in time for the Minneapolis and Detroit roundtables. It can be downloaded from the Consumer Action web site at:

http://www.consumer-action.org/outreach/articles/credit_card_shuffle_activity/.

The second activity is called “12 Credit Card Facts” and debuted at the training in Detroit. Although it is just a one-page fill-in-the-blank form reminiscent of elementary school worksheets, the outreach staff turned this activity into an “interactive game” by printing it out on poster-sized paper and having everyone at each table work race against the other tables to answer all the questions. The teams use colorful “sticky dots” which have letters on them to fill in their poster. The first team to complete their poster with all the right answers and race to the front to display their poster wins a prize. CBOs use this activity in educational programs. A version of the activity can be downloaded from the Consumer Action web site at: http://www.consumer-action.org/outreach/articles/12_credit_card_facts_quiz_activity/

“I have used my most recent order of free educational materials from Consumer Action as handouts or gifts for the City of Greenville/ Chamber of Commerce Minority Business Owners Luncheon. Our Sorority, Delta Sigma Theta, sponsored a networking social for this event and we are trying to make sure that EVERYone we know knows about Consumer Action. We also use your materials for youth training programs about ways to use/get credit, importance of savings ... We LOVE Consumer Action and definitely acknowledge and appreciate ALL that you do for so many. We have been your “cheerleaders” for years and will continue to spread the word about what wonderful resources you are to any community. We hope that many other organizations and especially our Sorority Chapters members are taking advantage of what great materials you publish. Thanks again for helping us educate MANY on these timely topics that everyone needs to understand!”— DeDe Carney, Delta Sigma Theta Sorority / Greenville Chapter

About Consumer Action

Consumer Action has been a champion of underrepresented consumers nationwide since 1971. A nonprofit 501(c)3 organization, Consumer Action focuses on financial education that empowers low to moderate income and limited-English-speaking consumers to financially prosper. It also advocates for consumers in the media and before lawmakers to advance consumer rights and promote industry-wide change.

By providing financial education materials in multiple languages, a free national hotline, and an Annual Credit Card Survey, Consumer Action helps consumers assert their rights in the marketplace and make financially savvy choices. More than 8,000 community and grassroots organizations benefit annually from its extensive outreach programs, training materials, and support.

To add your support to our programs and activities, please contact:

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