

## Press Releases

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December 18, 2008

### OTS 08-062 - OTS Approves Final Rule Barring Unfair Credit Card Practices

FOR RELEASE

Thursday, Dec. 18, 2008

CONTACT:

William Ruberry

(202) 906-6677

(202) 368-7727 - cell

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**Washington, D.C.** — The Office of Thrift Supervision (OTS) approved a final rule today to prohibit savings associations from engaging in unfair credit card practices. The Federal Reserve Board (FRB) and the National Credit Union Administration (NCUA) are expected to approve the same rule, thus providing consumers with uniform protections regardless of which type of financial institution issued their credit card.

The OTS began the interagency effort to protect consumers in August 2007 by issuing an Advance Notice of Proposed Rulemaking to seek comments on a broad array of practices related to the marketing, originating and servicing of credit cards and other products. Many comments responding to the notice urged a uniform approach across the federally regulated financial services industry.

The FRB and NCUA joined the OTS for the next step in the federal rulemaking process and in May 2008, the agencies issued a Notice of Proposed Rulemaking that generated 66,000 comments and led to today's final rule. The OTS version of the rule will apply to savings associations, the FRB rule will apply to banks and the NCUA rule will apply to federal credit unions.

The rule bans practices often cited as unfair to consumers, such as raising the interest rate on an existing credit card balance when the consumer is paying the credit card bill on time.

"I am extremely proud that OTS leadership has culminated in this important rule to ensure fair treatment for the millions of Americans who use credit cards," said OTS Director John Reich. "The rule will enhance public confidence in financial institutions and establish a level playing field for institutions that want to do business fairly without suffering competitive disadvantages."

The rule requires that consumers receive a reasonable amount of time to make their credit card payments, prohibits payment allocation methods that unfairly maximize interest charges and, in the subprime credit card market, limits fees that reduce the credit available to consumers.

Although the rule takes effect July 1, 2010, the OTS encourages institutions under its supervision to make their best efforts to conform as soon as practical, particularly to the provisions related to high-fee cards.

A summary of the rule and the full rule are attached.

[OTS to Host Teleconference for Industry on Credit Card Rules](#)

**Related Files**

- **08-062A UDAP Final Rule - Fact Sheet** – <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2008-62a.pdf>
  - **08-062B UDAP Final Rule - Full** - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2008-62b.pdf>
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